IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS UNDER RULE 144A OR (2) NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to this offering memorandum, and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of this offering memorandum. In accessing this offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAW.

THIS OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: To be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside of the United States and to the extent you purchase securities described in the attached offering memorandum, you will be doing so pursuant to Rule 144A or Regulation S under the Securities Act. This offering memorandum is being sent at your request and by accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to Barclays Bank PLC ("Barclays"), Citigroup Global Markets Limited ("Citigroup"), Deutsche Bank AG, Singapore Branch ("Deutsche Bank") and J.P. Morgan Securities Plc ("J.P. Morgan") (together, the "Initial Purchasers") that (1) you and any customers you represent are either (a) QIBs or (b) not a U.S. person and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) you consent to delivery of this offering memorandum by electronic transmission.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If this is not the case, you must return this offering memorandum to us immediately. You may not, nor are you authorized to, deliver or disclose (whether orally or in writing), in whole or in part, the contents of this offering memorandum to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, this offering shall be deemed to be made by the underwriters or such affiliate on behalf of PTT Public Company Limited in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the PTT Public Company Limited and the Initial Purchasers nor any person who controls any of them nor any director, officer, official, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum received by you in electronic format and the electronic version initially distributed or the hard copy available to you on request to the Initial Purchasers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The information in this offering memorandum is not complete and may be changed. This offering memorandum is not an offer to sell these securities, nor a solicitation to buy these securities, in any jurisdiction where the offer or sale is not permitted.

PTT Public Company Limited

(registered in the Kingdom of Thailand as a public company with limited liability)

U.S.$500,000,000 3.375% Senior Notes due 2022

U.S.$600,000,000 4.500% Senior Notes due 2042

PTT Public Company Limited (the "Issuer" or "PTT"), a company registered in the Kingdom of Thailand as a public company with limited liability, is offering U.S.$500,000,000 aggregate principal amount of its 3.375% Notes due 2022 (the "2022 Notes") and U.S.$600,000,000 aggregate principal amount of its 4.500% Notes due 2042 (the "2042 Notes") (collectively, the "Notes"). The 2022 Notes will mature on October 25, 2022 and the 2042 Notes will mature on October 25, 2042. Interest on the Notes will be payable semi-annually and interest will accrue from October 25, 2012, and the first payment date is April 25, 2013.

The Notes will be effectively subordinated to all of the Issuer's secured debt to the extent of the value of the assets securing such debt.

The Issuer may redeem the Notes in whole, but not in part, at any time at a price equal to their principal amount plus any accrued but unpaid interest, in the event of certain tax changes as described under "Description of the 2022 Notes — Optional Tax Redemption" and "Description of the 2042 Notes — Optional Tax Redemption." For a more detailed description of the Notes, see "Description of the 2022 Notes" beginning on page 248 and "Description of the 2042 Notes" beginning on page 265.

See "Risk Factors" beginning on page 27 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any State or other jurisdiction of the United States. Accordingly, the Notes are being offered and sold to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S") and within the United States only to qualified institutional buyers ("QIBs") in reliance on Rule 144A ("Rule 144A") under the Securities Act. Prospective purchasers that are QIBs as defined under Rule 144A are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of restrictions on offers, sales and transfers of the Notes and distribution of this offering memorandum ("Offering Memorandum"), see "Plan of Distribution" and "Transfer Restrictions."

Approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing of the Notes on the Official List of the SGX-ST. Such approval will be granted when the Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed contained herein. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Notes, the Issuer or its subsidiaries. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for as long as the Notes are listed on the SGX-ST.

Price for the 2022 Notes: 99.605% plus accrued interest, if any, from the issue date
Price for the 2042 Notes: 98.702% plus accrued interest, if any, from the issue date

The Issuer expects that delivery of the Notes will be made to investors in book-entry form through The Depository Trust Company ("DTC") for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream, Banking, *société anonyme* ("Clearstream, Banking"), on or about October 25, 2012 (or such other time and date as the Issuer and the Initial Purchasers (as defined herein) may agree).

Joint Lead Managers and Joint Bookrunners

Barclays **Citigroup** **Deutsche Bank** **J.P. Morgan**

The date of this Offering Memorandum is October 18, 2012.

You should rely only on the information contained in this Offering Memorandum or to which the Issuer has referred you. The Issuer has not authorized anyone to provide you with information that is different. This Offering Memorandum may only be used where it is legal to sell these securities. The information in this Offering Memorandum may only be accurate as of the date of this Offering Memorandum.

The Issuer, to the best of its knowledge and belief, having made all reasonable enquires, confirm that (i) this Offering Memorandum contains all information with respect to the Issuer and the Notes which is material in the context of the issue and offering of the Notes, (ii) the statements contained herein relating to the Issuer and the Notes are in every material particular true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Memorandum with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Memorandum misleading in any material respect and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer is furnishing this Offering Memorandum on a confidential basis in connection with an offering exempt from registration under the Securities Act and applicable state securities laws solely for the purpose of enabling a prospective investor to consider the purchase of the Notes. The information contained in this Offering Memorandum has been provided by the Issuer and other sources identified in this Offering Memorandum. None of the Trustee, Paying Agent, Registrar, Transfer Agents (each as defined below) or Barclays Bank PLC ("Barclays"), Citigroup Global Markets Limited ("Citigroup"), Deutsche Bank AG, Singapore Branch ("Deutsche Bank") and J.P. Morgan Securities Plc ("J.P. Morgan" and together with Barclays, Citigroup and Deutsche Bank the "Initial Purchasers" and each, an "Initial Purchaser") has independently verified the information contained in this Offering Memorandum. No representation or warranty, express or implied, is made by the Initial Purchasers of the Notes or by their respective U.S. selling Agents or the Trustee, Paying Agent, Registrar or Transfer Agents as to the accuracy or completeness of such information, and nothing contained in this Offering Memorandum and appendices is, or shall be relied upon as, a promise or representation by the Initial Purchasers or such Agents or the Trustee, Paying Agent, Registrar or Transfer Agents and no responsibility or liability is accepted by any of them as to the accuracy or completeness of the information contained or incorporated in this Offering Memorandum or any other information provided by the Issuer in connection with the issue of the Notes. None of the Trustee, Paying Agent, Registrar, Transfer Agents (each as defined below) or the Initial Purchasers accepts any liability in relation to the information contained or incorporated by reference in this Offering Memorandum or any other information provided by the Issuer in connection with the issue of the Notes. Advisors or consultants named in this Offering Memorandum have acted pursuant to the terms of their respective engagements and do not make, and should not be taken to have verified, any statement or information in this Offering Memorandum unless expressly stated otherwise. Any reproduction or distribution of this Offering Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein is prohibited, except to the extent such information is otherwise publicly available. You should be aware that since the date of this Offering Memorandum there may have been changes in the Issuer's business or otherwise that could affect the accuracy or completeness of the information set out in this Offering Memorandum. This Offering Memorandum should not be considered as a recommendation by the Initial Purchaser or the Trustee, Paying Agent, Registrar or Transfer Agents that any recipient of this Offering Memorandum should purchase the Notes.

The securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption from registration. You should be aware that you may be required to bear the risk of an investment in the Notes for an indefinite period of time.

Each person receiving this Offering Memorandum acknowledges that: (i) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of such information or its investment decision; and (ii) no person has been authorized to give any information or to make any representation concerning the Issuer, its subsidiaries and affiliates, the Notes (other than as contained herein and information given by the duly authorized officers and employees of the Issuer in connection with investors' examination of the Issuer and its subsidiaries and the terms of this offering of the Notes (the "Offering")) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer or the Initial Purchasers.

The Notes have not been approved or disapproved by any United States federal or state securities commission or regulatory authority (including the United States Securities and Exchange Commission), nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The distribution of this Offering Memorandum and this Offering may in certain jurisdictions be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes and the distribution of this Offering Memorandum, see "Plan of Distribution" and "Transfer Restrictions" below.

In making an investment decision, you must rely on your own examination of the Issuer and the terms of this Offering, including the merits and risks involved. The Issuer is not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this Offering Memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

The Issuer reserves the right to withdraw this Offering at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

In connection with this Offering, certain persons participating in the Offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes and on a financial market. Specifically, the Stabilizing Manager may bid for and purchase Notes in the open market to stabilize the price of the Notes. The Initial Purchasers may also over allot the Offering, creating a syndicate short position. In addition, the Initial Purchasers may bid for and may stabilize or maintain the market price of the Notes above market levels that might otherwise prevail. The Initial Purchasers are not required to engage in these activities, and may end these activities at any time in their sole discretion without prior notice. These activities will be undertaken solely for the account of the Initial Purchasers, and not for and on behalf of the Issuer.

Notwithstanding anything in this Offering Memorandum to the contrary, each investor in the Notes (and any employee, representative, or other agent of any investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and the U.S. federal tax structure of the transactions contemplated by this Offering Memorandum and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. federal tax treatment and U.S. federal tax structure.

UNITED STATES INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, THE ISSUER HEREBY INFORMS YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED. SUCH DESCRIPTION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NO OFFERS OR SALES OF THE NOTES OFFERED PURSUANT TO THIS OFFERING MEMORANDUM MAY BE MADE IN THAILAND.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To preserve the exemptions for resales and transfers pursuant to Rule 144A, the Issuer will furnish, upon the request of a holder of the Notes, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act, to such holder or beneficial owner or to a prospective purchaser of the Notes or interest therein who is a "QIB" within the meaning of Rule 144A, in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such Notes or beneficial interest therein unless, at the time of such request, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), or is included in the list of foreign private issuers that claim exemption from the registration requirements of Section 12(g) of the Exchange Act and therefore is required to furnish to the U.S. Securities and Exchange Commission certain information pursuant to Rule 12g3-2(b) under the Exchange Act.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated in Thailand. All of our directors are residents of Thailand. A substantial portion of our assets and the assets of our directors, are located in Thailand. As a result, you may not be able to:

- effect service of process upon us or these persons outside Thailand; or
- enforce against us or our directors judgments obtained in courts outside of Thailand. These judgments include judgments relating to the federal securities laws of the United States.

Our Thai counsel, Allen & Overy (Thailand) Co., Ltd. has advised us that Thai courts will not enforce any judgment or order obtained outside Thailand, but a judgment or order from a foreign court, in the discretion of a court in Thailand, may be admitted as evidence of an obligation in a new proceeding instituted in that court, which will consider the issue or the evidence before it.

Thus, to the extent investors are entitled to bring legal action against us, they may be limited in their remedies and any recovery in any Thai proceedings might be limited depending on the relevant court's discretion.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements. These forward-looking statements relate to analyses and other information, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. You are cautioned not to rely on these forward-looking statements.

These forward-looking statements include, without limitation, statements relating to:

- our future overall business development and economic performance;
- our estimated financial information regarding, and the future development and economic performance of, our business;
- our future earnings, cash flow and financial position;
- our expected pipeline expansion plans;
- our business strategy to increase integration of our existing business with our international trading operations;
- our strategy of expanding international investment, including in alternative and bio energy, such as coal and palm oil;
- the amount and nature of future exploration, development and other capital expenditures required by us;
- wells to be drilled by PTTEP;
- future prices and demand for natural gas, crude oil and refined petroleum products;
- estimates of PTTEP's proved reserves; and
- the liberalization of the Thai gas industry.

Although our management believes that our expectations as reflected by such forward-looking statements are reasonable based on information currently available to us, no assurances can be given that such expectations will prove to be correct. In addition, our management's expectations with respect to its exploration, production and development activities are subject to risks arising from the inherent difficulty of predicting the presence, yield or quality of oil and gas reserves, as well as unknown or unforeseen difficulties in extracting or transporting any oil or gas found, or doing so on a commercial basis.

The forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors including:

- fluctuations in prices of natural gas, crude oil, condensate, coal, refined petroleum products and petrochemical products;
- change in estimates of reserves;
- the continued availability of capital and financing;
- general economic and business conditions both globally and regionally and energy demand and supply in Thailand and Southeast Asia;
- the inability to execute growth plans;
- the failure of PTTEP to continue to achieve exploration successes;
- failure or delays by PTTEP in achieving production from development projects or failure to achieve targeted production or sales volumes;
- the achievement of development plans and targets in relation to our projects;
- liability for remedial actions and other damages under environmental regulations or associated third-party claims; and
- other factors beyond our control.

Our risks are more specifically described in "Risk Factors." If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. We do not undertake to update our forward-looking statements or risk factors to reflect future events or circumstances.

CERTAIN DEFINED TERMS AND CONVENTIONS

Market data and certain industry forecasts used throughout this Offering Memorandum were obtained from internal surveys, market research, publicly available information and industry publications published by third party sources that we believe are reliable. Such information has been accurately reproduced herein and, as far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of we or the Initial Purchasers make any representation as to the accuracy or completeness of this information. The industry in which we operate is subject to a high degree of uncertainty and risks due to a variety of factors, including those described under "Risk Factors." These and other factors could cause results to differ materially from the information contained in such publications, surveys, forecasts and market research.

All references to "Thailand" or "Thai" herein are references to the Kingdom of Thailand. All references to the "Government" herein are references to the government of Thailand. All references to "Myanmar" are references to the Union of Myanmar, formerly known as Burma.

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, the "Issuer," "PTT," and "we," "us" or "our" refers to PTT Public Company Limited, and, unless otherwise indicated or required by context, PTT's consolidated subsidiaries. References to "PTT Group" are to ourselves, our subsidiaries and our associates. References to "PTTEP" mean PTT Exploration and Production Public Company Limited and its consolidated subsidiaries.

All financial information, descriptions and other information in this Offering Memorandum regarding PTT's activities, financial condition and results of operations are, unless otherwise indicated or required by context, presented on a consolidated basis.

In this Offering Memorandum, references to "U.S. dollars," "U.S.$" and "dollars" are to the currency of the United States of America, references to "Thai Baht," "Bt" and "Baht" are to the currency of Thailand, references to "¥" and "JPY" are to the currency of Japan, references to "S$" are to the currency of Singapore, references to "A$" are to the currency of Australia, references to "MYR" are to the currency of Malaysia and references to "CAD" and "Canadian dollar" are to the currency of Canada. This Offering Memorandum contains conversions of certain amounts into dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, all other U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00. See "Exchange Rate Information." No representation is made that the Baht or dollar amounts referred to herein could have been or could be converted into dollars or Baht, as the case may be, at this rate, at any particular rate or at all.

Any discrepancies in the tables included herein between totals and sums of the amounts listed are due to rounding.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Memorandum contains our consolidated financial statements as of and for the years ended December 31, 2011 and 2010 (the "Annual Financial Statements"), and as of and for the six months ended June 30, 2012 and 2011 (the "Interim Financial Statements"), in each case prepared in accordance with revised Thai generally accepted accounting principles ("GAAP"), which is aligned with International Financial Reporting Standards, effective as of January 1, 2011 ("Thai Financial Reporting Standards" or "TFRS").

On January 1, 2011, we began reporting under TFRS. As a result, certain line items for the year ended December 31, 2010 in the income statement and the statement of financial position have been restated and/or reclassified (as compared to our previously published financial statements as of and for the year ended December 31, 2010) for comparison purposes to conform with the changes made in the audited financial statements for the year ended December 31, 2011 in compliance with amendments to Thai Accounting Standards, new Thai Accounting Standards, new Thai Financial Reporting Standards and new Thai Financial Reporting Interpretations, as mandated by the Stock Exchange of Thailand and the Federation of Accounting Professions. For the changes with respect to the financial year ended December 31, 2010 related to this and other changes in accounting policies, see Note 3 to our Annual Financial Statements included elsewhere in this Offering Memorandum.

Furthermore, on January 1, 2012, PTT International, a wholly-owned subsidiary of ours, began reporting its functional currency in U.S. dollars, based on the main denomination of its sales and operating costs, a change from reporting in Thai Baht. As a result, we have restated our consolidated statement of financial position as of December 31, 2011 and included this restated balance sheet in this Offering Memorandum to facilitate comparison with our consolidated statement of financial position as of June 30, 2012, which contains the financial data from PTT International that has been converted into Thai Baht from U.S. dollars. See Note 3.3 to the Interim Financial Statements found elsewhere in this Offering Memorandum, for more details concerning the impact of this change in functional currency on the Company's statement of financial position as of December 31, 2011.

Our consolidated financial statements as of and for the year ended December 31, 2009 were prepared in accordance with generally accepted accounting principles in Thailand and reporting practices in Thailand effective at that time, which differ in certain significant respects from IFRS, with which TFRS is aligned. As such, the financial information as of and for the year ended December 31, 2009, as prepared under Thai GAAP effective at that time is not comparable with the financial information in our Annual Financial Statements and Interim Financial Statements as restated or prepared under TFRS appearing in "Summary Historical Consolidated Financial Data" and elsewhere in this Offering Memorandum. For this reason, this Offering Memorandum does not contain financial information for the year ended December 31, 2009.

Our Annual Financial Statements have been audited by the Office of the Auditor General of Thailand, an agency of the Government. Our Interim Financial Statements are unaudited but have been reviewed by the Office of the Auditor General of Thailand, as set forth in their interim review report contained therein.

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" are calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

This Offering Memorandum contains supplemental non-TFRS financial measures and ratios that are not required by, or presented in accordance with, TFRS.

NON-TFRS FINANCIAL MEASURES

The term "EBITDA" refers to earnings before interest expenses, taxes, depreciation and amortization. The term "EBIT" refers to earnings before interest expenses and taxes. Earnings as used in calculating PTT's EBITDA and EBIT includes sales and service income and the operating income components of other income, which primarily includes transportation income.

We believe that EBITDA and EBIT are widely accepted financial indicators of an entity's operating performance and an entity's ability to incur and service debt. EBITDA and EBIT should not be considered by an investor as alternatives to net income or income from operations, or as indicators of our operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or as an alternative to cash flows as a measure of liquidity. Our computation of EBITDA and EBIT may differ from similarly titled computations of other companies.

Further, EBITDA and EBIT are not a measurement of our financial performance or liquidity under TFRS and should not be considered as an alternative to net income, gross revenues or any other performance measure derived in accordance with TFRS or as an alternative to cash flow from operations or as a measure of our liquidity.

The non-TFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results reported under TFRS.

The table below provides a reconciliation from our consolidated net income for the period, as presented in our Annual Financial Statements and Interim Financial Statements, to EBIT and EBITDA on a consolidated basis.

	Year ended December 31,			Six months ended June 30,		
	2010[1]	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
Net income for the period	101,504	125,226	3,936	76,835	55,197	1,735
Add:						
Income taxes	33,961	43,231	1,359	25,218	25,126	790
Earnings before tax	135,465	168,457	5,295	102,053	80,323	2,525
Add/(Deduct):						
Finance costs	16,803	18,041	568	8,873	9,262	291
Gain on foreign exchange rates	(6,362)	(1,266)	(40)	(3,810)	(630)	(20)
Other expenses, net	(786)	3,137	99	(3,298)	6,022	189
Interest income	(2,679)	(3,477)	(109)	(1,818)	(1,650)	(52)
Share of net income/loss from associates	(18,816)	(29,462)	(927)	(21,658)	(5,935)	(186)
EBIT	123,625	155,430	4,886	80,342	87,392	2,747
Add:						
Depreciation and amortization	46,705	55,318	1,739	26,546	30,828	969
EBITDA	170,330	210,748	6,625	106,888	118,220	3,716

(1) The financial information as of and for the year ended December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011. See Note 3.1 of the Annual Financial Statements.

(2) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

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OFFERING MEMORANDUM SUMMARY

This summary may not contain all of the information that is important to you. You should read the entire Offering Memorandum, including the financial statements and related notes, before making an investment decision. You should pay special attention to the "Risk Factors" section beginning on page 27 of this Offering Memorandum to determine whether an investment in the Notes is appropriate for you.

Our Business

We are a fully integrated national petroleum and petrochemical company. Our operations cover our industry's entire business value chain, from upstream activities such as oil and gas exploration and production to midstream activities such as gas distribution to downstream activities such as refining and marketing. We conduct our business activity directly and through our PTT Group companies mainly in Thailand with a presence in 21 other countries.

Our primary business activities are:

- **Petroleum exploration and production.** We engage in oil and gas exploration and production in Thailand, neighboring countries and across the globe through our 65%-owned subsidiary PTT Exploration and Production ("PTTEP").

- **Natural gas supply procurement, processing, transmission and distribution.** Our gas business owns substantially all of Thailand's natural gas transmission and distribution pipeline network. Our operations include purchasing and processing natural gas and LNG for processing and distribution to end users and petrochemical facilities, as well as other gas-related businesses.

- **Petroleum products distribution.** Our oil business primarily engages in the marketing and distribution of quality petroleum products such as fuel oil, diesel, gasoline, gasohol, kerosene, aviation fuel, LPG, lubricating oils and asphalt through retail and export channels.

- **International trading.** We engage in procurement, import, export and international trading of crude oil, condensate, petroleum and petrochemical products, solvents and chemicals and coal through our international trading business.

- **Petroleum refining and petrochemical and refinings production.** We are the largest petrochemical and refining group in Thailand, with interests in a majority of Thailand's refineries and petrochemical facilities, and represented 84% of the country's refining capacity as of June 30, 2012. Our petrochemicals and refining business leverages synergies between our upstream oil and gas exploration, production and trading activities and our fully integrated refining and petrochemical and refining subsidiaries, associates and joint ventures through off-take arrangements and business integration initiatives.

- **International investment in overseas projects.** Our subsidiary PTT International has invested in overseas projects, including, as of the date of this Offering Memorandum, a 45.3% interest Sakari, a coal mine operator in Indonesia with interests in coal projects in Madagascar and Brunei. Our subsidiary PTT Green Energy invests in palm oil plantations as sources of clean, renewable feedstock for our downstream refining and chemicals businesses and has amassed a land bank of approximately 200,000 hectares in Indonesia.

Our net sales and service income was Baht 1,898,682 million, Baht 2,428,165 million, Baht 1,184,434 million and Baht 1,374,922 million in 2010, 2011 and the six months ended 2011 and 2012, respectively. Our net income was Baht 101,504 million, Baht 125,226 million, Baht 76,835 million and Baht 55,197 million in 2010, 2011 and the six months ended 2011 and 2012, respectively. Our EBIT was Baht 123,625 million, Baht 155,430 million, Baht 80,342 million and Baht 87,392 million in 2010, 2011 and the six months ended 2011 and 2012, respectively. In the first half of 2012, PTTEP's EBIT represented 59.8% of our EBIT, our gas business represented 27.7% and our oil business represented 9.4%. Our coal business represented 2.3% of EBIT and our petrochemical business represented 1.0%.

Competitive Strengths

We believe that our historical success and our potential for future growth are due primarily to our:

- strategic importance to the Thai economy;
- fully integrated natural gas and oil business creating value through comprehensive product offerings;
- international upstream business with a diversified portfolio and clear growth strategy;
- diversified income and dominant position in an established and growing natural gas market that generate stables returns;
- operational synergies between our oil business, international trading business and petrochemicals and refining business;
- strong financial fundamentals and conservative credit metrics; and
- experienced management team.

Strategic importance to the Thai economy

Our mission with regards to the Kingdom of Thailand is to ensure the long-term energy security of the country. We benefit from strong state support via the Government's 66.4% holding in us through the Ministry of Finance holding 51.1% and the Vayupak Fund holding 15.3% as of September 10, 2012. Government support offers us various benefits including financial security, as we are rated at a sovereign level by credit agencies, and commercial advantages when negotiating transactions with foreign governments and other companies. The following table lists our credit ratings as of October 5, 2012.

	Moody's	**Standard & Poor's**	**Fitch**	**Japan Credit Rating Agency**
Foreign Currency	Baa1	BBB+	BBB	A-
Local Currency	Baa1	BBB+	A-	A

We are the largest company on the Thai Stock Exchange by market capitalization. Our group of companies, which include PTT, PTTEP, PTTGC, Thaioil, IRPC and Bangchak, represented 18.9% of the overall market capitalization of the Thai Stock Exchange as of September 25, 2012.

Fully integrated natural gas and oil business creates value through comprehensive product offerings

We are a fully integrated national petroleum and petrochemical company that encompasses all stages of the petroleum value chain, from upstream activities such as oil and gas exploration and production to midstream activities such as gas distribution to downstream activities such as refining and marketing. By participating in every stage of the gas supply chain, we are able to generate returns and create value from each segment of our operations. PTTEP's upstream operations provide us access to a favorable return in the exploration and production of natural gas, while our transmission business gives us the stable and strong returns of a regulated utility. Our GSPs allow us to extract gas products from the natural gas we purchase which sell at consistently higher margins as compared to the original natural gas we purchase. Our refinery and petrochemical subsidiaries and associates provide us with value added services that enhance the commodities we produce. Finally, our natural gas distribution and marketing activities provide us with marketing returns.

International upstream business with a diversified portfolio and clear growth strategy

We believe our large portfolio of blocks offers a diversification of reserves, production and exploration opportunities and risks. As of June 30, 2012, PTTEP has working interests in 41 exploration and production projects in 11 countries, 19 of which are in production, three are under development and 19 are under exploration, consisting of a combination of oil and gas producing as well as development and exploration assets. We had a geographically balanced portfolio of proved reserves, with 56% of reserves located in Thailand and 44% overseas in 11 countries. We had a strong foundation in Thailand and its adjacent areas with 18 projects, of which 13 are in production and 5 are in various stages of exploration and development. Outside of Thailand and its adjacent areas, we had 23 projects located in the Asia Pacific, North American, Middle Eastern, North African regions, with 7 in production and 16 in various stages of exploration and development.

We believe that our assets, which include 20 petroleum producing assets and 21 assets in various stages of development and exploration provide a good balance between cash flow generation and future growth prospects. In our growth hubs of Southeast Asia, North America,

Australia and East Africa, we have 19 petroleum producing assets, such as the Greater and South Bongkot, Arthit, S1, MTJDA, Yadana, Yetagun and Canada Oil Sands KKD projects, and 19 development and exploration assets, such as the Montara, Zawtika and Rovuma Offshore Area 1, Myanmar M3 and M11 projects. Our growth hubs provide us with a strong production base with clear opportunities to enhance our business in the near to medium term. Outside of our growth hubs, we have 1 production asset and 3 development and exploration assets in the Middle East, North Africa and New Zealand, respectively.

We have acquired a number of potential exploration permits and acreages in our portfolio, which we expect will contribute to further development and production.

Diversified income and dominant position in an established and growing natural gas market that generates stable returns

Our earnings income is and is derived from a number of business segments, subsidiaries and associated companies, which reduces our exposure to oil price volatility. In addition, PTTEP's earnings are driven primarily by natural gas prices which are less volatile than oil prices since they are determined by formulae linked to a basket of items and include adjustable price floors. We also generate stable returns as the sole owner and operator of substantially all of the transmission pipelines in Thailand. Gas income are mainly derived from our transmission tariff, which is not linked to natural gas or oil prices. Our cost-plus structure and our long-term gas sales agreement with customers, together with assured supply through matching contracts with PTTEP, provide stable cash flows and regulated internal rates of return on equity of 18.0% and 12.5% for transmission through our current gas pipelines and gas pipelines developed under the revised Gas Pipeline Master Plan III, respectively. We can also capture potential growth as Thailand's natural gas consumption has experienced persistent growth, generating a compound annual growth rate of 7.8% from 2009 through 2011, from 3,564 MMSCFD in 2009 to 4,143 MMSCFD in 2011, according to EPPO.

Operational synergies between our oil business, international trading business and petrochemicals and refining business

Our strategic investments in petrochemical and refining companies and our significant position in the oil marketing and trading businesses allow us to create operational synergies between feedstock supply and product off-take. We have implemented several group collaboration initiatives to enhance synergies and efficiency among our petrochemical and refining businesses including group co-investment, crude co-loading, group price forecasting, and group hedging. Our PTT Group Operational Excellence program encourages operational knowledge transfer and zero unplanned shutdown time. The recognition by major oil producers of our status as the national purchaser of crude oil and condensate allows us to achieve competitive industry margins on our supply of feedstock. In addition, our fully integrated petrochemical and refining businesses obtains feedstock from our upstream operations to produce high value-added petrochemical products, which command higher margins relative to intermediate-stage petrochemical and refining products. For example, we are able to utilize the ethylene generated in our olefins crackers to produce polymers based products that deliver higher sales margins as compared to the direct sale of ethylene.

Strong financial fundamentals and conservative credit metrics

Our liquidity is supported by solid cash flow generation and good access to capital markets and banks. We generated EBITDA of Baht 210,748 million (U.S.$6,625 million) during 2011 and Baht 118,220 million (U.S.$3,716 million) in the first half of 2012. 73% of PTT's long-term debt

is in the form of debentures with an outstanding principal amount of Baht 298,792 million (U.S.$9,392 million) while 27% is in the form of loans with an outstanding principal amount of Baht 111,982 million (U.S.$3,520 million) as of June 30, 2012.

Short-term debt of Baht 52,653 million (U.S.$1,655 million) accounted for 12% of our total debt, while about 40%, or Baht 165,125 million (U.S.$5,191 million) had a maturity beyond five years as of June 30, 2012. Cash and current investments of Baht 114,667 million (U.S.$3,605 million) as of June 30, 2012 compared with Baht 52,653 million (U.S.$1,655 million) of debt maturing within the next 12 months.

Our EBITDA interest coverage ratio, where interest coverage is equal to EBITDA for any period divided by interest expense during such period, stood at 12.11 times as of December 31, 2011 and at 13.49 times as of June 30, 2012. We adopt a conservative treasury policy of capping net debt divided by EBITDA at under 2.0 times and net debt divided by equity at under 1.0 times. Net debt, or total interest bearing debt net of cash and cash equivalents and current investments, divided by EBITDA stood at 1.33 times as of December 31, 2011 and at 1.47 times as of June 30, 2012. Net debt divided by equity stood at 0.44 times as of December 31, 2011 and at 0.48 times as of June 30, 2012.

Experienced management team

Almost all of our key senior management personnel were involved in PTT's initial public offering in 2001 and PTTEP's initial public offering in 1993 and follow-on offering in 1998. They all have extensive experience in successfully managing a Thai publicly-listed and industry leading energy company. As of June 30, 2012, all of our senior managers held Masters or Doctoral degrees and most have been employed by us for more than 23 years.

Overall Business Strategy

Our goal is to achieve consistent, sustainable growth in order to maintain our position as "The Thai Premier Multinational Energy Company" while continuously developing our capabilities in organizational management, corporate governance and social and environmental stewardship. We intend to strategically execute initiatives that reflect sustainable business values, reduce costs, increase profits and enhance competitiveness through our business portfolio which operates on all levels of the energy value chain.

Enhance Thailand's Energy Security through our "Big, Long and Strong" and "TAGNOC" Initiatives

We were founded in 1979 during an international oil crisis to safeguard Thailand's energy. We aim to secure Thailand's energy supply by sustainably developing domestic energy resources, including the development of alternative fuels and green energy, as well as procuring petroleum from sources outside of Thailand. Since 2009, we have pursued this mission through our "Big, Long and Strong" goals to ensure our financial and economic health. Our "Big" goal is to achieve significant financial strength and resources, as measured by joining the Fortune 100. Our goal was to join the Fortune 100 by 2020, however, we succeeded in 2011 and were ranked number 95. Our "Long" goal is to achieve sustainable development of our resources, as measured by joining the Dow Jones Sustainability Index and achieving a long value chain covering upstream, mid-stream

and downstream businesses. Likewise, our goal was to join the Dow Jones Sustainability Index by 2013, which we succeeded in doing in 2011. Our "Strong" goal is to achieve consistent high performance and innovation, as measured by performing in the top quartile against other energy companies. We believe that, measured by these three goals, only two other energy companies have succeeded in meeting all three.

We have also formed a strategic theme of becoming a "Technologically Advanced and Green National Oil Company" ("TAGNOC"). "Technologically Advanced" means we aim to develop additional value added products and transform from an asset-based company to a knowledge-based company. Our goal is to generate at least 20% of our total annual revenue from knowledge-based assets by 2020. "Green" means we intend to increase investment in green and environmentally friendly products. Our goal is to generate at least 2% of our total annual revenue from green energy by 2020. We also intend to play a leadership role in promoting green awareness in the Thai society. "National Oil Company" means we aim to continuously enhance energy security, create national wealth and strengthen the national economy by supporting Thailand's transition into a knowledge-based economy.

Maximize PTTEP's exploitation of domestic and foreign oil and gas resources

One of our core strategies is the expansion of PTTEP's exploration and production investments in Thailand and Southeast Asia and beyond. For example, in August 2012, we finalized PTTEP's acquisition of Cove Energy, which secured our 8.5% interest in the Rovuma Area 1 project in Mozambique, which has estimated gas resources of up to 60 trillion cubic feet.

In order to create value in the long term and secure reserves outside Thailand and its adjacent regions, PTTEP intends to expand its investments in countries that it believes have high oil and gas potential and where the company has existing projects, such as Myanmar, Australia, Indonesia, Vietnam, Canada and Africa. PTTEP intends to focus mainly on business development and transactions with respect to conventional exploration and production projects in the development and production phase. However, as with the acquisition of KOSP-KKD in Canada, PTTEP will also selectively pursue opportunities to invest in unconventional exploration and specialized production projects such as oil sands, deepwater drilling and heavy oil.

Such investments will serve to satisfy domestic demand and secure continued supply to our midstream and downstream operations and also enhance the security of supply for Thailand. In addition, we believe that the stated PTTEP strategy would result in the highest rate of return on capital as compared to our other business operations.

Increasing the value of our natural gas business by capturing growth opportunities and maximizing the benefits from our value-added and peripheral businesses

Through the following strategies, we plan to preserve and increase the value of our natural gas business in the face of industry liberalization by expanding our operations and activities to meet increased demand for natural gas as Thailand moves to cleaner energy sources.

- *Gas Demand Growth*. We anticipate that gas demand will grow at an average of 7.5% per year from 2011 to 2014, from 4,161 MMSCFD in 2011 to 5,147 MMSCFD in 2014. We plan to capitalize on growth in natural gas demand from our existing customer base,

expand our sales to new customers predominately in the industrial sector and expand sales to power producers switching from alternative fuels to natural gas for electricity generation. For example, we intend to expand sales to EGAT and private power producers. We also plan to develop new demand for our natural gas by developing our International Trading Business Unit. In anticipation of further demand increases, we intend to complete the first phase of expansion on our LPG import facilities at our Khao Bo Ya LPG terminal in Sriracha, Chonburi, which we expect will expand import capacity in 2013 to 250,000 tons/month from the current capacity of 132,000 tons/month. We also plan to increase the demand for our gas-based petrochemical feedstocks through our investment in the expansion of PTTGC.

- *Network Expansion*. We have recently completed a series of 10 expansion projects for our pipeline infrastructure, resulting in significant additional transmission capacity to meet increased demand. We intend to commission an offshore compressor in the fourth quarter of 2012, increasing our pipeline capacity to 5,580 MMSCFD, and our fourth onshore compressor in the fourth quarter of 2013, increasing our pipeline capacity to 6,980 MMSCFD. We recently increased the volume of gas products we extract from natural gas to 6.7 million tons per annum ("MTA") by constructing our sixth GSP. We also completed the Trans Thai-Malaysia pipeline and GSP joint venture project, a 50-50 joint venture between Petroliam Nasional Berhad ("PETRONAS") and us. Our current expansion plans include the expansion of the provincial pipeline network to the northern and north eastern parts of Thailand, namely the provinces of Nakornsawan and Nakornratchasrima, which we expect to be complete in 2015. Moreover, to accommodate anticipated gas supply from Myanmar's Zawtika field, we are currently constructing a pipeline from the Zawtika field to our gas block valve station at Ban I Tong, Thong PhaPoom, Kanchanaburi, adjacent to the Thai-Myanmar border. We expect this project to be complete in 2013.

- *Additional Procurement*. We will seek to secure new sources of natural gas supply in Thailand under long-term contracts as they become available. We have negotiated long-term gas purchase agreements with the joint venture partners in the Arthit project, the joint venture partners in Phu Horm project and the joint venture partners with respect to blocks A-18 and B-17 in the MTJDA project. We have also recently signed an amendment to the gas purchase agreement for Bongkot to procure additional gas from that field. We formalized our investment in Myanmar's Zawtika M9 gas field in January 2012 and anticipate production to begin in 2013.

- *Sustaining Efficiency.* We intend to leverage our low cost operations, well-developed infrastructure and experienced management team to sustain efficiency and strong returns from our gas operations. In 2002, we appointed Shell Global Solutions to assist us in enhancing our pipeline capacity and in increasing our efficiency in transporting natural gas in our transmission system. We have since continually worked to enhance our pipeline network, both onshore and offshore.

Enhancing the profitability of our oil marketing and trading businesses by leveraging infrastructure and network supremacy

- *Oil Marketing:* We plan to focus on improving our marketing margins and return on investments through selectively focusing new investments in our retail service stations, including internationally, on higher return opportunities and improving throughput per retail station by enhancing and reinforcing consumer confidence in our brand image. For example, we have already opened our first PTT branded service station in Laos, Cambodia and the Philippines. We also plan to increase volume in our oil trading business by leveraging our existing logistical network, including our depots and operations facilities. In retail marketing, we seek to increase our revenues by promoting a variety and greater number of non-oil services at service stations, as well as by introducing NGV at more stations.

- *Oil and Gas Trading:* We intend to better use existing assets to create new marketing channels and expand revenue diversification in our oil trading business. We intend to increase the export value of our products by seeking new supply sources and locating new marketing channels such as marine bunkering and selling gas oil directly to end users. We are taking advantage of our existing infrastructure, such as the Khao Bo Ya gas oil tank in Sriracha, Chonburi and methanol tank in Phra Pradaeng District, Bangkok, to add value to trading activities and enhance trading opportunities arising from economies of scale in cargo, including break-bulk and volume consolidation services. We intend to provide trading services to companies in our petrochemicals segments to enhance our supply chain and risk management systems, which are expected to reduce our risk exposure and stabilize our revenue flow from this business.

Consolidating our interests in the petrochemical and refining sectors and expanding cautiously as opportunities arise

- We intend to achieve "Top Quartile Performance in Asia Pacific" in the petrochemical and refining industry by strengthening synergies across the value chain, enhancing performance through our PTT Group Operational Excellence program, expanding investment into related businesses and green businesses, and continuing to create opportunities through consolidation, acquisition and joint ventures. We have established PTTGC as our flagship petrochemicals company, while Thaioil Plc. ("Thaioil") is our flagship refinery.

- We intend to continue to invest in the cost-effective expansion of gas-based operations of companies in our Petrochemicals and Refining Business Unit's petrochemicals segment, while rationalizing these investments by consolidating and capitalizing on existing synergies between our subsidiaries and associates. For example, in October 2011, we merged PTT Chemical Plc. and PTT Aromatics and Refining Plc. to create PTTGC in order to leverage economies of scale to reduce unit costs as well as achieve a fully integrated production process that delivers more value-added specialty downstream products. We believe this merger has increased the product coverage across all major petrochemical building blocks, creating a diversified portfolio to withstand volatility in the price of raw materials and products and is attractive to shareholders. We believe this enables us to fully integrate our refining, aromatics and olefins businesses and leverage their feedstock to expand our product portfolio of intermediate and derivative products, including higher value added products.

- We intend to leverage the logistics and customer network of our oil marketing and trading businesses to balance our off-take obligations among our various refining interests.

- We have set up centers of excellence such as PTT Maintenance and Engineering Co., Ltd. and PTT Energy Solutions Co., Ltd. which pool resources and expertise in maintenance and engineering services and in engineering consultancy services respectively.

Increasing investment into coal projects

We are increasing our investment into coal producing assets. Most recently, on August 27, 2012, through our indirectly wholly owned subsidiary PTT Mining Ltd., we made a S$1.2 billion offer for the remaining 54.7% of Sakari that we do not own. As of the date of this Offering Memorandum, we have acquired a direct and indirect interest in Sakari of 45.3%. We anticipate the increased shareholding in Sakari will provide greater contributions to our results of operations going forward. Over the next four to five years, we expect to implement a ramp up in production at each of Sakari's Jembayan and Sebuku coal projects in Indonesia, which will increase production volumes and increase revenues. In addition, we have made other investments, such as our March 2012 U.S.$50 million investment to increase our shares in Red Island Minerals to 100%, gaining full control of a mining license in the Sakoa Coal Field project in Madagascar.

Summary of the Petroleum Industry in Thailand and Globally

The petroleum industry in Thailand has historically been regulated by the Government. Due to a Government policy of reducing Thailand's dependency on petroleum products and promoting energy efficiency, petroleum products as a percentage of total energy consumption in Thailand decreased from 41.6% in 2007 to 36.5% in 2011 while natural gas as a percentage of total commercial primary energy consumption in Thailand increased from 38.3% to 43.9% in the same period. Nevertheless, due to increased demand over the same period of time, total consumption of petroleum products remained relatively stable, decreasing in by 1.0% and 5.0% in 2007 and 2008, respectively, and increasing by 1.4%, 1.5% and 3.3% in 2009, 2010 and 2011, respectively, while natural gas consumption increased by 6.2%, 5.4%, 5.2%, 15.9% and 3.3% for the same years, respectively. Coal and power imported from neighboring countries also play a significant role in Thailand's energy consumption. In 2011, Lignite/coal imports were 17.4% and hydro/imported electricity was 2.0% of total commercial primary energy consumption.

Thailand receives 79% of its natural gas supply from indigenous sources, of which PTTEP supplies 27%, Chevron supplies 32% and other suppliers supply 41%. Thailand receives 21% of its natural gas supply from imports, 86% of which are sourced from Myanmar and 14% of which are LNG imports. Approximately 59% of Thailand's natural gases is used to generate electricity, while 14% is used by the industrial sector and 6% is used for NGV. GSPs process 14% of the total natural gas supply for use as petrochemical feedstock while they process 7% into LPG and NGL for use in the industrial sector, households and the transportation industry.

Thailand receives 17% of its oil from indigenous sources and imports 83%. Approximately 93% of imported oil is crude and condensate that is processed by Thailand's refineries, while 7% is refined petroleum products for direct consumption. Approximately 75% of indigenous-sourced oil is processed by Thailand's refineries and 25% is exported. Approximately 89% of the refined petroleum products produced in Thailand are sold domestically while 11% are exported.

Globally, according to the BP Review of World Energy 2012 report (the "BP Review"), world primary energy consumption grew by 2.5% in 2011, roughly in line with the 10-year average and consumption in OECD countries fell by 0.8%, the third decline in the past four years. Conversely, non-OECD consumption grew by 5.3%, in line with the 10-year average. All of the net growth in energy consumption took place in emerging markets, with China alone accounting for 71% of the global energy consumption growth. As per the BP Review, oil remains the world's leading fuel, at 33.1% of global energy consumption, but continued to lose market share for the 12th consecutive year.

Our Corporation

We were established on October 1, 2001 as a result of the corporatization of our predecessor, the Petroleum Authority of Thailand. Our predecessor was established in 1979 under the Petroleum Authority of Thailand Act B.E. 2521 (A.D. 1978) (the "PTT Act") to serve as the national petroleum company. All of our businesses, assets (excluding gas pipeline system and certain plot of land where the pipeline had been installed), rights, debts, and liabilities were transferred to us from our predecessor under the State Enterprises Corporatization Act B.E. 2542 (A.D. 1999) (the "Corporatization Act"). Our principal executive offices are located at 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok 10900, Thailand. Our principal website address on the internet is *http://www.pttplc.com*. The information on our website is not part of this Offering Memorandum.

SUMMARY OF THE 2022 NOTES OFFERING

The following is a brief summary of some of the terms of the 2022 Notes. For a more detailed description of the terms of the Notes, see "Description of the 2022 Notes." Terms used in this summary and not otherwise defined shall have the meanings given to them in the 2022 Indenture.

Issuer	PTT Public Company Limited
Offering	U.S.$500,000,000 aggregate principal amount of 3.375% Notes due 2022 are being offered (i) in the United States to QIBs in reliance on Rule 144A and (ii) outside of the United States to non-U.S. persons in reliance on Regulation S. See "Plan of Distribution."
Issue Price of the 2022 Notes	99.605% of the principal amount of the 2022 Notes, plus accrued interest, if any, from the issue date of the 2022 Notes.
Maturity Date of the 2022 Notes	October 25, 2022.
Interest	The 2022 Notes will bear interest from and including October 25, 2012, at the rate of 3.375% per annum payable semi-annually in arrear on April 25 and October 25 of each year up to and excluding the maturity date, October 25, 2022, with the first interest payment to be made on April 25, 2013.
Status	The 2022 Notes will be unsecured and will be the Issuer's direct, unconditional and unsubordinated general obligations and will rank *pari passu* among themselves and at least equally with all of the Issuer's other outstanding unsecured and unsubordinated general obligations. The 2022 Notes will be effectively subordinated to all of the Issuer's secured debt to the extent of the value of the assets securing such debt.

Holders' Put Right	In the event that (i) the Government, directly or indirectly, ceases to own and control at least 50% of the Issuer's issued and outstanding stock and (ii) within 180 days from the date of such decrease in ownership the Issuer's Credit Rating issued by each of the Standard & Poor's Ratings Service, a division of the McGraw Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's") is reduced below such Credit Rating in effect immediately prior to the time that the Government ceases to own and control at least 50% of the Issuer's issued and outstanding capital stock, then each holder of the 2022 Notes will have the right, at such holder's option to require the Issuer to repurchase all of such holder's 2022 Notes at a price equal to 100% of the unpaid principal amount thereof plus accrued interest on the 20th business day after the Trustee mails to each holder of the 2022 Notes a notice regarding such event in the manner described under "Description of the 2022 Notes — Holders' Put Right — Put Procedures."
Certain Covenants.	The indenture under which the 2022 Notes will be issued (the "2022 Indenture") contains certain covenants that limit (i) the incurrence of liens, mortgages, or pledges on certain of the Issuer's assets and (ii) certain sale/leaseback transactions. However, these limitations and restrictions are subject to important exceptions. See "Description of the 2022 Notes — Certain Covenants."
Future Indebtedness	The 2022 Indenture does not contain any restrictions on the incurrence of future indebtedness.
Events of Default.	The 2022 Notes will be subject to certain events of default, including the failure by the Issuer to pay principal of (which must continue for 7 days) or interest or premium on (which must continue for 30 days) the 2022 Notes and acceleration of certain other indebtedness. See "Description of the 2022 Notes — Events of Default."
Withholding Tax	See "Description of the 2022 Notes — Additional Amounts" and "Taxation — Thailand Taxation."
Optional Tax Redemption	The 2022 Notes may be redeemed at the Issuer's option, in whole but not in part, at a price equal to the principal amount thereof plus accrued and unpaid interest, in certain circumstances in which the Issuer would become obligated to pay Additional Amounts. See "Description of the 2022 Notes — Optional Tax Redemption."
Optional Redemption.	The 2022 Notes may be redeemed at the Issuer's option, in whole or in part, at any time at a price equal to 100% of the principal amount of the 2022 Notes redeemed, plus the Applicable Premium and accrued and unpaid interest, if any, to the redemption date.

Further Issues	The Issuer may, from time to time, without the consent of the holders of the 2022 Notes, create and issue further notes having the same terms and conditions as the 2022 Notes in all respects so that such further issue shall be consolidated and form a single series with the 2022 Notes; provided that, if any further issue is not fungible with the 2022 Notes for U.S. federal income tax purposes, such further issue shall trade separately from such previously issued 2022 Notes under a separate CUSIP number but shall otherwise be treated as a single series with all other 2022 Notes issued under the 2022 Indenture. See "Description of the 2022 Notes — Further Issuances."
Use of Proceeds	The net proceeds from the sale of the 2022 Notes, which are estimated to be approximately U.S.$498 million after payment of commissions to the Initial Purchasers, will be used for general corporate purposes, including, but not limited to, financing our capital expenditures, working capital and/or refinancing our debt.
Listing	Approval-in-principle has been obtained for the listing of the 2022 Notes on the Official List of the SGX-ST. The 2022 Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for as long as the 2022 Notes are listed on the SGX-ST.
Form, Denomination and Registration	The 2022 Notes offered hereby will be issued in fully registered form, issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Rule 144A 2022 Notes offered in the United States to QIBs in reliance on Rule 144A will be evidenced by a Rule 144A Global Note deposited with the Trustee, as custodian for, and registered in the name of a nominee of, DTC. Rule 144A 2022 Notes evidenced by such Rule 144A Global Note will settle in DTC's Same Day Funds Settlement System, and secondary market trading activity in such Rule 144A 2022 Notes will therefore settle in immediately available funds. Regulation S Global Notes offered outside the United States in reliance on Regulation S will be evidenced by a Regulation S Global Note deposited with the Trustee, as custodian for, and registered in the name of a nominee of, DTC for its direct and indirect participants, including Euroclear and Clearstream, Banking.
Ratings	The 2022 Notes are expected to be rated BBB+ by S&P and Baa1 by Moody's. A rating is not a recommendation to buy, sell or hold the 2022 Notes and may be subject to revision or withdrawal at any time by the assigning rating agency.
Delivery of the Notes	Delivery of the 2022 Notes, against payment in same-day funds, is expected on or about October 25, 2012.

Risk Factors	See "Risk Factors" beginning on page 27 for a discussion of certain risks that you should consider in connection with an investment in the 2022 Notes.
Trustee	Deutsche Bank Trust Company Americas will act as the Trustee under the 2022 Indenture for the 2022 Notes.
Paying Agent, Registrar and Transfer Agent	Deutsche Bank Trust Company Americas.
Governing Law	The 2022 Notes and the 2022 Indenture are governed by, and construed in accordance with, the laws of the State of New York.

Security Codes for the 2022 Notes

Rule 144A Notes:	**Regulation S Notes:**
CUSIP No.: 69367C AC9	CUSIP No.: Y71548 BY9
ISIN: US69367CAC91	ISIN: USY71548BY95
Common Code: 084393398	Common Code: 084393444

SUMMARY OF THE 2042 NOTES OFFERING

The following is a brief summary of some of the terms of the 2042 Notes. For a more detailed description of the terms of the 2042 Notes, see "Description of the 2042 Notes" (collectively with the "Description of the 2022 Notes", the "Descriptions of the Notes.") Terms used in this summary and not otherwise defined shall have the meanings given to them in the 2042 Indenture.

Issuer	PTT Public Company Limited
Offering	U.S.$600,000,000 aggregate principal amount of 4.500% Notes due 2042 are being offered (i) in the United States to QIBs in reliance on Rule 144A and (ii) outside of the United States to non-U.S. persons in reliance on Regulation S. See "Plan of Distribution."
Issue Price of the 2042 Notes	98.702% of the principal amount of the 2042 Notes, plus accrued interest, if any, from the issue date of the 2042 Notes.
Maturity Date of the 2042 Notes	October 25, 2042.
Interest	The 2042 Notes will bear interest from and including October 25, 2012, at the rate of 4.500% per annum payable semi-annually in arrear on April 25 and October 25 of each year up to and excluding the maturity date, October 25, 2042, with the first interest payment to be made on April 25, 2013.
Status	The 2042 Notes will be unsecured and will be the Issuer's direct, unconditional and unsubordinated general obligations and will rank *pari passu* among themselves and at least equally with all of the Issuer's other outstanding unsecured and unsubordinated general obligations. The 2042 Notes will be effectively subordinated to all of the Issuer's secured debt to the extent of the value of the assets securing such debt.

Holders' Put Right	In the event that (i) the Government, directly or indirectly, ceases to own and control at least 50% of the Issuer's issued and outstanding stock and (ii) within 180 days from the date of such decrease in ownership the Issuer's Credit Rating issued by each of the Standard & Poor's Ratings Service, a division of the McGraw Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's") is reduced below such Credit Rating in effect immediately prior to the time that the Government ceases to own and control at least 50% of the Issuer's issued and outstanding capital stock, then each holder of the 2042 Notes will have the right, at such holder's option to require the Issuer to repurchase all of such holder's 2042 Notes at a price equal to 100% of the unpaid principal amount thereof plus accrued interest on the 20th business day after the Trustee mails to each holder of the 2042 Notes a notice regarding such event in the manner described under "Description of the 2042 Notes — Holders' Put Right — Put Procedures."
Certain Covenants.	The indenture under which the 2042 Notes will be issued (the "2042 Indenture") (collectively with the 2022 Indenture, the "Indentures") contains certain covenants that limit (i) the incurrence of liens, mortgages, or pledges on certain of the Issuer's assets and (ii) certain sale/leaseback transactions. However, these limitations and restrictions are subject to important exceptions. See "Description of the 2042 Notes — Certain Covenants."
Future Indebtedness	The 2042 Indenture does not contain any restrictions on the incurrence of future indebtedness.
Events of Default.	The 2042 Notes will be subject to certain events of default, including the failure by the Issuer to pay principal of (which must continue for 7 days) or interest or premium on (which must continue for 30 days) the 2042 Notes and acceleration of certain other indebtedness. See "Description of the 2042 Notes — Events of Default."
Withholding Tax	See "Description of the 2042 Notes — Additional Amounts" and "Taxation — Thailand Taxation."
Optional Tax Redemption	The 2042 Notes may be redeemed at the Issuer's option, in whole but not in part, at a price equal to the principal amount thereof plus accrued and unpaid interest, in certain circumstances in which the Issuer would become obligated to pay Additional Amounts. See "Description of the 2042 Notes — Optional Tax Redemption."
Optional Redemption.	The 2042 Notes may be redeemed at the Issuer's option, in whole or in part, at any time at a price equal to 100% of the principal amount of the 2042 Notes redeemed, plus the Applicable Premium and accrued and unpaid interest, if any, to the redemption date.

Further Issues	The Issuer may, from time to time, without the consent of the holders of the 2042 Notes, create and issue further notes having the same terms and conditions as the 2042 Notes in all respects so that such further issue shall be consolidated and form a single series with the 2042 Notes; provided that, if any further issue is not fungible with the 2042 Notes for U.S. federal income tax purposes, such further issue shall trade separately from such previously issued 2042 Notes under a separate CUSIP number but shall otherwise be treated as a single series with all other 2042 Notes issued under the 2042 Indenture. See "Description of the 2042 Notes — Further Issuances."
Use of Proceeds	The net proceeds from the sale of the 2042 Notes, which are estimated to be approximately U.S.$592 million after payment of commissions to the Initial Purchasers, will be used for general corporate purposes, including, but not limited to, financing our capital expenditures, working capital and/or refinancing our debt.
Listing	Approval-in-principle has been obtained for the listing of the 2042 Notes on the Official List of the SGX-ST. The 2042 Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for as long as the 2042 Notes are listed on the SGX-ST.
Form, Denomination and Registration	The 2042 Notes offered hereby will be issued in fully registered form, issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Rule 144A 2042 Notes offered in the United States to QIBs in reliance on Rule 144A will be evidenced by a Rule 144A Global Note deposited with the Trustee, as custodian for, and registered in the name of a nominee of, DTC. Rule 144A 2042 Notes evidenced by such Rule 144A Global Note will settle in DTC's Same Day Funds Settlement System, and secondary market trading activity in such Rule 144A 2042 Notes will therefore settle in immediately available funds. Regulation S Global Notes offered outside the United States in reliance on Regulation S will be evidenced by a Regulation S Global Note deposited with the Trustee, as custodian for, and registered in the name of a nominee of, DTC for its direct and indirect participants, including Euroclear and Clearstream, Banking.
Ratings	The 2042 Notes are expected to be rated BBB+ by S&P and Baa1 by Moody's. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by the assigning rating agency.
Delivery of the Notes	Delivery of the 2042 Notes, against payment in same-day funds, is expected on or about October 25, 2012.

Risk Factors	See "Risk Factors" beginning on page 27 for a discussion of certain risks that you should consider in connection with an investment in the 2042 Notes.
Trustee	Deutsche Bank Trust Company Americas will act as the Trustee under the 2042 Indenture for the 2042 Notes.
Paying Agent, Registrar and Transfer Agent	Deutsche Bank Trust Company Americas.
Governing Law	The 2042 Notes and the 2042 Indenture are governed by, and construed in accordance with, the laws of the State of New York.

Security Codes for the 2042 Notes . . . . . .

Rule 144A Notes:	**Regulation S Notes:**
CUSIP No.: 69367C AD7	CUSIP No.: Y71548 BZ6
ISIN: US69367CAD74	ISIN: USY71548BZ60
Common Code: 084393568	Common Code: 084393584

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present our selected financial information, which should be read in conjunction with our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" that appear elsewhere herein. The summary financial information as of and for the years ended December 31, 2010 and 2011 and as of and for the six-month periods ended June 30, 2011 and 2012 are derived from our Annual Financial Statements and Interim Financial Statements contained elsewhere in this Offering Memorandum.

Our Annual Financial Statements and Interim Financial Statements are prepared and presented in accordance with TFRS. The Annual Financial Statements and Interim Financial Statements have, respectively, been audited and reviewed by the Office of the Auditor General of Thailand, an agency of the Government. See "Presentation of Financial Information."

Our audited consolidated financial statements as of and for the year ended December 31, 2009, having been prepared and presented in accordance with Thai GAAP effective at the time, are not comparable with the financial information in our Annual Financial Statements and Interim Financial Statements appearing below and elsewhere in this Offering Memorandum, and therefore have not been included in this Offering Memorandum.

On January 1, 2012, PTT International, a wholly-owned subsidiary of ours, began reporting its functional currency in U.S. dollars, based on the main denomination of its sales and operating costs, a change from reporting in Thai Baht. Because this change is a change in accounting policy, PTT International restated its financial statements. Please see note 3.3 to the Interim Financial Statements found elsewhere in this Offering Memorandum. As a result, we have restated our consolidated statement of financial position as of December 31, 2011 and included this restated statement of financial position below and elsewhere in this Offering Memorandum to facilitate comparison with our consolidated statement of financial position as of June 30, 2012, which contains the financial data from PTT International that has been converted into Thai Baht from U.S. dollars.

For more details concerning further changes in accounting policies and restatements, see "Presentation of Financial Information."

THE FOLLOWING TABLES PRESENT INCOME STATEMENT DATA FOR THE PERIODS INDICATED.

	Year ended December 31,			Six months ended June 30,		
	2010[1]	2011[1]		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
	(audited)		(unaudited)	(unaudited)		(unaudited)
Sales and service income	1,898,682	2,428,165	76,329	1,184,434	1,374,922	43,220
Cost of sales and services	1,724,780	2,208,896	69,436	1,073,469	1,258,189	39,551
Gross margin	173,902	219,269	6,893	110,965	116,733	3,669
Other income	13,026	16,601	521	8,839	10,512	331
Income before expenses	186,928	235,870	7,414	119,804	127,245	4,000
Selling expenses	11,268	10,439	328	5,273	6,050	190
Administrative expenses	24,670	33,911	1,066	13,838	14,897	468
Executive remunerations	710	656	21	327	368	12
Petroleum exploration expenses	2,721	6,615	208	4,220	3,120	98
Petroleum royalties and remuneration	18,540	22,030	693	10,582	12,263	385
Other expenses	1,929	6,449	202	106	7,527	237
(Gain) Loss on foreign exchange	(6,362)	(1,266)	(40)	(3,810)	(630)	(20)
Operating income	133,452	157,036	4,936	89,268	83,650	2,630
Share of income from investments in associates	18,816	29,462	927	21,658	5,935	186
Income before finance costs & income taxes	152,268	186,498	5,863	110,926	89,585	2,816
Finance costs	16,803	18,041	568	8,873	9,262	291
Income before income taxes	135,465	168,457	5,295	102,053	80,323	2,525
Income taxes	33,961	43,231	1,359	25,218	25,126	790
Income for the years	101,504	125,226	3,936	76,835	55,197	1,735
Attributable to:						
Equity holders of the Company	83,992	105,296	3,310	67,199	45,899	1,443
Non-controlling interests	17,512	19,930	626	9,636	9,298	292
Net income	101,504	125,226	3,936	76,835	55,197	1,735

(1) The financial information as of and for the year ended December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011. See Note 3.1 of the Annual Financial Statements.

(2) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

THE FOLLOWING TABLES PRESENT CERTAIN STATEMENTS OF FINANCIAL POSITION AS OF THE DATES INDICATED.

The table below presents our consolidated statement of financial position as of the dates indicated and has been extracted from our Annual Financial Statements and Interim Financial Statements. As described in more detail in "Presentation of Financial Information," the statement of financial position information provided below as of December 31, 2011 has been restated to facilitate comparison with our financial condition as of June 30, 2012.

	As of December 31,			As of June 30,	
	2010[1]	2011[2]		2012	
	Bt. millions	Bt. millions	U.S.$ millions[3]	Bt. millions	U.S.$ millions[3]
	(audited)	(audited/restated)		(unaudited)	(unaudited)
Assets					
Current assets					
Cash and cash equivalents	135,801	116,132	3,651	96,104	3,021
Current investments	21,784	10,962	345	18,563	584
Trade accounts receivable	140,348	171,362	5,387	229,053	7,200
Other accounts receivable	18,805	32,625	1,026	37,382	1,175
Short-term loans	284	5,006	157	4,969	156
Inventories	31,231	26,000	817	35,304	1,110
Materials and supplies	11,102	13,160	414	12,298	387
Other current assets	4,578	5,877	184	26,320	827
Total current assets	363,933	381,124	11,981	459,993	14,460
Non-current assets					
Available-for-sale investments	13,591	11,680	367	11,688	367
Investments in associates	205,063	227,854	7,163	216,699	6,812
Investments in subsidiaries	–	–	–	–	–
Investments in jointly controlled entities	–	–	–	–	–
Other long-term investments	2,179	1,750	55	1,816	57
Long-term loans	5,878	146	5	375	12
Investment properties	8,732	8,345	262	8,220	258
Property, plant and equipment	496,661	601,337	18,903	622,452	19,567
Intangible assets	20,712	52,614	1,654	53,885	1,694
Mining properties	32,699	33,180	1,043	37,362	1,174
Goodwill	17,542	28,433	894	28,986	911
Deferred tax assets	16,446	19,318	607	18,575	584
Advance payments for gas purchases	8,305	7,346	231	6,566	207
Other non-current assets	37,368	28,719	902	29,236	919
Total non-current assets	865,176	1,020,722	32,086	1,035,860	32,562
Total assets	1,229,109	1,401,846	44,067	1,495,853	47,022
Liabilities and Shareholders' Equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	8,594	15,520	488	28,629	900
Trade accounts payable	137,222	195,843	6,156	231,765	7,285
Other accounts payable	12,027	35,912	1,129	29,333	922
Current portion of long-term loans	28,562	54,979	1,728	24,023	755
Short-term loans	7,945	–	–	–	–
Income tax payable	27,038	26,356	828	17,966	565
Accrued expenses	39,589	–	–	–	–
Short-term provision for decommissioning costs	3,753	2,313	73	541	17
Other current liabilities	4,934	4,599	145	6,298	198
Total current liabilities	269,664	335,522	10,547	338,555	10,642

	As of December 31,			As of June 30,	
	2010[1]	2011[2]		2012	
	Bt. millions	Bt. millions	U.S.$ millions[3]	Bt. millions	U.S.$ millions[3]
	(audited)	(audited/restated)		(unaudited)	(unaudited)
Non-current liabilities					
Other long-term accounts payable	705	672	21	655	21
Long-term loans	342,467	337,324	10,604	387,495	12,181
Deferred tax liabilities	19,850	42,937	1,350	45,528	1,431
Employee benefit obligations	5,148	5,500	173	5,746	181
Long-term provision for decommissioning costs	22,152	22,629	711	22,886	719
Deposits on LPG cylinders	6,038	6,567	206	6,838	215
Other non-current liabilities	5,671	6,982	220	6,599	207
Total non-current liabilities	402,031	422,611	13,285	475,747	14,955
Total liabilities	671,695	758,133	23,832	814,302	25,597
Shareholders' equity					
Share capital					
Authorized share capital	28,572	28,572	898	28,572	898
Issued and paid-up share capital	28,490	28,563	898	28,563	898
Premium on ordinary shares	27,586	29,211	918	29,211	918
Retained earnings					
Appropriated					
Legal reserve	2,857	2,857	90	2,857	90
Reserve for self-insurance fund	1,005	1,035	33	1,035	33
Unappropriated	428,456	501,217	15,755	527,131	16,570
Other components of equity	(7,690)	(7,120)	(224)	(6,211)	(195)
Total equity attributable to equity holders of the Company	480,704	555,763	17,470	582,586	18,314
Non-controlling interests	76,710	87,950	2,765	98,965	3,111
Total shareholders' equity	557,414	643,713	20,235	681,551	21,425
Total liabilities and shareholders' equity	1,229,109	1,401,846	44,067	1,495,853	47,022

(1) The financial information as of December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011 as presented in the Annual Financial Statements, but not the unaudited but reviewed financial information as of June 30, 2012. See Note 3.1 of the Annual Financial Statements.

(2) The financial information as of December 31, 2011 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the unaudited but reviewed financial information as of June 30, 2012. See Note 3 of the Interim Financial Statements. This restatement has been made to facilitate comparison with our consolidated statement of financial position as of June 30, 2012, which contains the financial data from PTT International that has been converted into Thai Baht from U.S. dollars as a result of PTT International having begun reporting its functional currency in U.S. dollars as of January 1, 2012.

(3) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

THE FOLLOWING TABLES PRESENT CERTAIN CASH FLOW DATA FOR THE PERIODS INDICATED.

	Year ended December 31,			Six months ended June 30,		
	2010[1]	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
	(audited)		(unaudited)	(unaudited)		(unaudited)
Cash Flow Data:						
Net income from operating activities before changes in operating assets and liabilities.	178,882	218,683	6,874	114,716	121,487	3,819
Net cash provided by operating activities	155,902	177,550	5,581	49,757	34,681	1,090
Net cash (used in) investing activities	(123,126)	(160,454)	(5,044)	(103,261)	(59,082)	(1,857)
Net cash provided by (used in) financing activities.	4,901	(45,423)	(1,428)	14,796	3,200	101
Net cash and equivalents at end of year	135,801	116,132	3,651	97,814	96,104	3,021

(1) The financial information as of and for the year ended December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011. See Note 3.1 of the Annual Financial Statements.

(2) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

THE FOLLOWING TABLES PRESENT CERTAIN OTHER FINANCIAL DATA AS OF THE DATES INDICATED.

	As of December 31,			As of June 30,	
	2010[1]	2011[2]		2012[3]	
	Bt. millions	Bt. millions	U.S.$ millions[4] (unaudited)	Bt. millions	U.S.$ millions[2]
Other Financial Data:					
Total liabilities	671,695	758,133	23,832	814,303	25,597
Total debt[5]	387,568	407,824	12,820	440,149	13,836
Net debt[6]	229,983	280,730	8,825	325,482	10,231
EBITDA[7]	170,330	210,748	6,625	118,220	3,716
EBIT[7]	123,625	155,430	4,886	87,392	2,747
EBITDA margin (%)[8]	8.97	8.68	8.68	8.60	8.60
EBITDA interest coverage ratio (times)[9]	11.22	12.11	12.11	13.49	13.49
Total liabilities/EBITDA	3.94	3.60	3.60	3.67	3.67
Total liabilities/equity	1.21	1.18	1.18	1.19	1.19
Total debt/EBITDA	2.28	1.94	1.94	1.98	1.98
Total debt/equity	0.70	0.63	0.63	0.65	0.65
Net debt/capital[10]	0.24	0.27	0.27	0.29	0.29
Net debt/EBITDA	1.35	1.33	1.33	1.47	1.47
Net debt/equity	0.41	0.44	0.44	0.48	0.48
Return on equity (%)[11]	18.46	20.32	20.32	14.76	14.76

(1) The financial information as of and for the year ended December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011. See Note 3.1 of the Annual Financial Statements.

(2) The statement of financial position information as of December 31, 2011 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited statement of financial position information as of June 30, 2012. See Note 3.1 of the Annual Financial Statements. However, the income statement information for the year ended December 31, 2011 that is used for the calculation of certain ratios contained in this table has not been regroup or reclassified. Instead, these figures remain as presented in the audited financial information for the year ended December 31, 2011.

(3) EBITDA figures used to calculate these ratios as of June 30, 2012 have been annualized by computing the average monthly EBITDA for the preceding 12 months. The EBITDA for the year ended December 31, 2012 will likely differ from the annualized number.

(4) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

(5) Total debt includes total lease liabilities.

(6) Net debt comprises total debt net cash and cash equivalents and current investments.

(7) EBIT is defined as earnings before interest expenses and taxes and EBITDA is defined as earnings before interest expenses, taxes, depreciation and amortization. Earnings for calculating our EBITDA and EBIT include sales and service income. EBITDA and EBIT are presented because the management believes that EBITDA and EBIT are widely accepted financial indicators of an entity's operating performance and ability to incur and service debt. EBITDA and EBIT should not be considered by an investor as alternatives to net income or income from operations, as indicators of our operating performance or other combined operations, as cash flow data prepared in accordance with generally accepted accounting principles, or as an alternative to cash flows as a measure of liquidity. our computation of EBITDA and EBIT may differ from similarly titled computations of other companies. See "Non-TFRS Financial Measures."

(8) EBITDA margin is equal to EBITDA divided by sales and service income.

(9) Interest coverage is equal to EBITDA for any period, divided by interest expense during such period.

(10) Capital comprises total debt and shareholder's equity.

(11) Return on equity comprises net profit attributable to equity holders of the Company divided by average total equity attributable to equity holders of the Company.

SUMMARY OPERATING, SALES AND ASSET DATA

The following table sets out summary operating, sales and net asset data for the periods indicated.

	As of or for the year ended December 31,			As of or for the six months ended June 30,	
	2009	2010	2011	2011	2012
	(units as indicated)				
Natural Gas Business					
Gas Procurement					
Volume (MMSCFD)[1]	3,575	4,058	4,184	4,278	4,424
Energy value (MMbtu)	1,304,875	1,481,170	1,527,160	774,309	805,251
Transmission and Distribution					
Pipeline capacity (MMSCFD)[2]	4,380	4,380	4,380	4,380	4,380
Transmission pipeline length (km)[2]	3,518	3,562	3,635	3,562	3,635
Distribution pipeline length (km)[2]	839	853	883	853	883
Total pipeline length (km)[2]	4,350	4,415	4,518	4,415	4,518
Gas sales volume (MMSCFD)[3]	3,554	4,040	4,161	4,231	4,396
Gas sales energy value (MMbtu)	1,300,860	1,474,600	1,515,845	765,811	801,164
Gas Separation Plants					
Volume of gas processed (MMSCFD)[1]	1,800	1,865	2,469	2,492	2,439
Volume of gas extracted (MMSCFD)[1] [4]	599	650	867	886	914
Product sales:					
LPG (tons)[5]	2,547,118	2,533,783	2,840,313	1,427,021	1,424,463
Ethane (tons)	1,064,948	1,162,884	1,797,764	924,345	997,451
Propane (tons)	269,399	268,203	541,584	277,376	284,565
NGL (tons)[3]	522,836	537,019	647,337	317,343	346,267
Total product sales	4,404,301	4,501,889	5,826,998	2,946,085	3,052,746
Exploration & Production Business (PTTEP)					
Natural gas sales (MMSCFD)	967	1,156	1,143	1221	1,060
Crude oil (Kb/d)	41	40	39	35	49
Condensate (Kb/d)	32	37	35	36	31
LPG (tons per day)	198	199	236	227	244
Bitumen (Kb/d)	–	–	4	2	6
Total sales (BOE/d)	233,756	264,575	265,047	272,307	258,426
Proved reserves:					
Natural gas (Bcf)	5,649	5,325	4,529	–[6]	–[6]
Crude oil and condensate (MMbbls)	218	214	275	–[6]	–[6]
Total proved reserves (MMBOE)	1,099	1,043	969	–[6]	–[6]
Oil Business					
Marketing (million liters)					
Gasoline	3,531	3,453	3,573	1,743	1,729
Fuel oil	1,666	1,882	1,964	898	1,107
Kerosene	6	8	8	4	5
LPG	5,774	6,710	6,870	3,349	3,661
Aviation fuel	2,416	2,471	2,522	1,268	1,283
Diesel	8,474	8,503	9,082	4,437	4,820
Lubricant products	155	174	164	88	93
Other sales	384	458	476	188	277
Total sales volume	22,406	23,659	24,659	11,975	12,975
Number of retail stations	1,282	1,308	1,326	1,309	1,335

	As of or for the year ended December 31,			As of or for the six months ended June 30,	
	2009	2010	2011	2011	2012
	(units as indicated)				
International Trading Business (million liters)					
Crude oil	41,727	41,928	39,683	19,866	21,389
Condensate	6,240	7,312	7,422	3,848	3,572
Refined products	8,761	11,463	11,358	5,015	7,834
Petrochemical products	3,579	2,972	4,221	2,114	1,414
Total sales volume	60,307	63,675	62,684	30,843	34,209
Petrochemicals and Refinery Business					
Petrochemicals(7) (8)					
Utilization (%)	95	90	86	85	83
Sales volume (Kton)	N/A(9)	3,007	3,146	1,694	1,484
HMC Polymers (Kton)	419	397	389	288	163
PTT Global Chemical (Olefins) (Kton)	N/A(9)	661	737	374	392
PTT Global Chemical (Aromatic) (Kton)	1,859	1,949	2,020	1,032	929
Refinery(7) (10)					
Total intake (KBD)	815	859	845	834	897
Utilization (%)	90	94	93	90	96
Capacity (KBD)	905	910	910	910	910
Sales volume	814	840	867	825	922
Coal					
Reserves (MT)	112	125	146	125	146
Resources (MT)	1,432	1,505	1,505	1,505	1,505
Production volume	8,449	10,550	10,664	5,653	4,711
Sales volume (Kton)	9,210	10,712	10,726	5,156	4,708

(1) Natural gas volume is determined at an energy conversion factor of 1,000 btu/cf.

(2) Changes to the pipeline operational information are recognized at the end of the year. The total length of our transmission pipeline data does not include any transmission or distribution pipeline that any of our subsidiaries or associates may have.

(3) Including natural gasoline derived from dew point control units.

(4) Extracted gas is the amount of processed gas converted to gas products.

(5) Including sales of LPG purchased from petrochemical producers.

(6) Reserve amounts are estimated annually and thus not available for the six months ended June 30, 2011 and 2012.

(7) PTT Global Chemical and its subsidiaries were founded on October 19, 2011 through the amalgamation of PTT Chemical Public Company Limited ("PTTCH") and PTT Aromatics and Refining Public Company Limited ("PTTAR").

(8) The 2009 and 2010 data included PTTCH, HMC Polymers, and PTT Phenol; while 2011, the first half of 2011, and the first half of 2012 data included PTT Global Chemical, HMC Polymers, and PTT Phenol, as a result of the amalgamation of PTTCH and PTTAR on October 19, 2011.

(9) Sales volume for 2009 is not comparable to sales volume of the other periods because the calculation methodology was changed in 2010.

(10) This data includes Thaioil, Star Petroleum Refining Co., Ltd., IRPC Plc. and Bangchak Petroleum Plc. but excluded PTTAR and PTT Global Chemical's refinery unit.

RISK FACTORS

You should carefully consider the following risk factors, as well as other information including the consolidated financial statements and the related notes included elsewhere in this Offering Memorandum, prior to deciding whether to make an investment in the Notes. The risks described below are not the only ones that may affect the Notes. Additional risks not presently known to us or that we currently believe immaterial may also become important factors that impair our business operations. In general, investing in securities of issuers in emerging market countries such as Thailand involves risks not typically associated with investing in the securities of companies in countries with more developed economies. To the extent it relates to the Government or Thai macroeconomic data, the following information has been extracted from official Government publications or other third party sources and has not been independently verified by us.

Risks Relating to Our Business

The volatility of prices for crude oil, condensate, natural gas, coal, petroleum and petrochemical products and the cyclical nature of the oil and gas industry affect our results of operations.

Most of our revenues are attributable to the sale of natural gas, crude oil, condensate and refined petroleum and petrochemical products. Domestic and international prices for our products generally reflect price fluctuations in international markets and are sensitive to other factors outside our control, including changes in worldwide industry capacity and output levels, cyclical changes in regional and global economic conditions, the price and availability of substitute products and changes in consumer demand, all of which from time to time have had a significant impact on product prices.

Historically, prices of crude oil, condensate, natural gas and coal have fluctuated widely in response to many factors. For example, in 2008, the Dubai Fateh monthly price per barrel of crude oil rose from U.S.$87.17 in January to U.S.$131.22 in July and then fell to U.S.$41.00 in November as the world oil market suffered from the beginnings of the global economic crisis which began in 2008, resulting in a sharp drop in demand for oil and a significant decrease in oil prices. Prices eventually recovered, fluctuating between U.S.$64.97 and U.S.$77.63 per barrel between July and December 2009, between U.S.$73.55 and U.S.$89.18 per barrel in 2010 and between U.S.$92.19 and U.S.$115.76 per barrel in 2011, as economic stimulus plans led to renewed confidence in the global economy and markets responded to political developments in the Middle East and North Africa. In 2012 through August, prices fluctuated between U.S.$94.24 per barrel and U.S.$122.28 as markets responded to the worsening of the European sovereign debt crisis.

We have recently invested in coal mines and increased trading in coal to diversify our exposures in the energy industry, increase our ability to meet regional demand for coal and mitigate risks, such as price volatility risk with respect to petroleum. For example, on August 27, 2012, we made a S$1.2 billion offer for 54.7% of the shares of Sakari Resources Ltd. ("Sakari"), a coal mining company with assets primarily in Indonesia, as part of a planned acquisition, which would, if we successfully purchased all shares, bring our ownership interest in Sakari to 100%. See "— Business Activities — New Business — PTT International." Coal prices are also subject to fluctuation and volatility. For example, the world coal market has also suffered from the global economic crisis which began in 2008, resulting in a sharp drop in demand for electricity by manufacturing centers in China and elsewhere, which resulted in a reduction of power generation from coal. This resulted in a decrease in coal prices from U.S.$126.95 per MT in 2008 to U.S.$71.82 per MT in 2009. In 2010, the price of coal fluctuated between U.S.$97.75 per MT and U.S.$126.10 per MT, while in 2011, the price of coal increased and fluctuated between U.S.$125.25 per MT and U.S.$111.35 per MT, with an average of U.S.$119.84 per MT, due to a growth in demand in the region.

In particular, international prices for natural gas, crude oil, condensate or coal are affected by factors outside our control which include:

- global and regional economic and political (including military) developments in crude oil, condensate and natural gas producing regions, particularly in the Middle East;
- the ability of the Organization of the Petroleum Exporting Countries ("OPEC") and other petroleum producing nations to set and maintain crude oil and natural gas production levels and prices;
- global and regional supply and demand for crude oil, condensate, coal, natural gas and refined petroleum products;
- competition from other energy sources;
- domestic and foreign government regulations and policies, such as China's monetary policies;
- significant accidents, such as explosions, affecting production capacities;
- weather conditions; and
- global economic conditions, including the European sovereign debt crisis.

Although we may, to a certain extent, be able to pass crude oil, natural gas and coal price fluctuations along to our customers, higher prices can negatively affect customer demand for these products; as such, we have in the past refrained and may in the future refrain from passing along such costs to maintain sales volumes, increase market share or protect consumers. These actions may negatively affect our margins and our results of operations. Further, the prices that we charge for our petrochemical and refined petroleum products are not always based on the prices that we pay for feedstock (i.e., natural gas, condensate and crude oil), so we can be adversely affected by divergent fluctuations between the prices for petrochemical and refined petroleum products, on the one hand, and the prices for natural gas, condensate and crude oil, on the other hand. Although we engage in risk management activities such as entering into short-term and long-term derivative contracts, there can be no assurance that fluctuations in the prices of crude oil, condensate, natural gas and coal will not have a material adverse affect on our business, financial condition and results of operations.

The tariff we are allowed to charge or our permitted return on investment in our pipeline transmission business could be lowered by the Government.

The natural gas prices we charge the Electricity Generating Authority of Thailand ("EGAT") and private power producers in our pipeline transmission business are regulated by the Government and consist of a pooled gas price (which reflects the weighted average price we pay for natural gas) plus a marketing margin plus a transmission tariff. The transmission tariff we charge is approved by a Government regulator, currently the Energy Regulatory Commission ("ERC"), a regulatory body established pursuant to the enactment of the Energy Industry Act B.E. 2550 (2007) (the "Energy Industry Act") to supervise and regulate the power and gas industries, including policy-making, tariff rates and investment planning for the power sector. The transmission tariff is calculated (based on regulatory guidelines) to allow us to receive an agreed internal rate of return on equity and to cover our investment, operating and maintenance costs.

The ERC will review the demand charge every three to five years and review the commodity charge annually. The demand charge is a fixed fee based on return on investment, and the commodity charge is a variable cost based on utilization. On May 29, 2012, we proposed to the ERC to approve an adjustment to the commodity charge. We expect the ERC to soon approve the adjusted commodity charge. We cannot assure you that our transmission tariff will not decrease in the future as a result of the review. Any such actions by the Government could have an adverse effect on our growth prospects, business, financial condition and results of operations.

Government intervention in our pricing decisions may adversely affect our business.

The Government has historically, in certain instances, sought to control inflation and achieve other social and economic objectives through intervention in the prices we charge for our petroleum products. The Government, through the ERC, has the ultimate discretion to regulate the prices at which we may sell our gas and oil products. Government intervention in our petroleum product pricing has resulted in losses incurred by us, in particular in our liquefied petroleum gas ("LPG") and natural gas for vehicles ("NGV") businesses. For instance, our sales prices for LPG and NGV, which are used in households, industry and transportation, are capped under Government policies aimed at mitigating impacts of increases in global oil prices and encouraging the use of NGV as an alternative fuel in the transport sector.

The Government most recently capped the sales price of NGV at Baht 10.50 per kilogram starting from May 16, 2012. On August 14, 2012, the Energy Ministry announced that this price cap would be extended indefinitely, pending the completion of a study on energy price restructuring and the impact it would have on consumers. However, our cost of production for NGV depends on market prices, and has been approximately Baht 14.50 per kilogram. Because we are unable to increase our sales price to match the costs of production, which vary according to market conditions, we run a significant loss in the NGV business segment and may continue to do so as long as the price cap remains in place.

LPG prices are similarly regulated so that households using LPG for cooking pay approximately Baht 18.13 per kilogram and industrial users pay approximately Baht 30.13 per kilogram, while transportation users pay approximately Baht 21.38 per kilogram. Under direction of the Thai Ministry of Energy ("MOEN"), we have imported LPG since 2008 at global market prices and sold it at capped prices to meet domestic demand and have received subsidies from the Oil Stabilization Fund to cover the difference between our selling price and our costs. We currently import LPG at approximately U.S.$893 per ton and sell it at U.S.$333 per ton. A report by the Energy Business Department stated that between March 2008 and July 2012, the Oil Stabilization Fund's LPG subsidies amounted to Baht 100.1 billion, approximately 83% of which was used to subsidize our LPG importing business. We are unable to sell our LPG in the international market and face uncertainty regarding the timing of reimbursement from the Oil Stabilization Fund.

While the Government has expressed an intention to restructure fuel pricing to reflect actual costs, reduce overconsumption and encourage efficiency, it is unclear whether such restructuring will be implemented and what effect it will have on our results of operations. The Government's failure to restructure fuel pricing would likely have an adverse effect on our business, financial condition and results of operations.

Our growth strategies and plans require significant acquisitions and infrastructure development as well as continued growth in the demand for natural gas.

In order to achieve our growth objective for oil, gas and coal production, we will need to make a number of large acquisitions, such as PTTEP's acquisition of a 40% interest in the Kos Dehseh Oil Sands Partnership ("KOSP-KKD") in Alberta, Canada in 2011 and of Cove Energy PLC ("Cove Energy") and a majority interest in Sakari in 2012. See "— Business Activities — Exploration and Production (PTTEP) — Production Sharing Contracts," "— Business Activities — Exploration and Production (PTTEP) — Recent Developments" and "— Business Activities — New Business — PTT International." Any inability to identify business entities for acquisition or the inability to make acquisitions on terms that we consider economically acceptable may prevent us from achieving our growth strategy.

The success of our acquisition strategies are subject to a number of factors outside our control. For example, before finalizing certain purchases of interests in foreign or domestic oil and gas concessions or coal mines, we may be required to obtain government approvals on regulatory or environmental matters. Such approval may require a public hearing and may delay our acquisitions. Intense competition for acquisition targets may significantly increase the cost of, or cause us to refrain from, completing acquisitions. Further, the inability to effectively manage the integration of acquisitions, including integration of information systems and personnel, could reduce our focus on subsequent acquisitions and current operations, which, in turn, could negatively impact our earnings and growth. We also face risks in developing the assets of our acquisitions. See "— The development of our projects involves construction, financing, regulatory and operational risks that could lead to increased expenses and lost revenues."

The successful growth of our business relies heavily on the continued growth of natural gas demand in Thailand and the expansion of our natural gas transmission and distribution facilities to meet that growth. The limits of our gas transmission facilities could constrain the expansion of our natural gas production and business growth in Thailand and neighboring countries.

Our current infrastructure development plans call for the continued implementation of a number of ongoing natural gas projects, including several projects under the revised Gas Pipeline Master Plan III. Projects under construction include the Fourth Gas Transmission Pipeline Project from Rayong to Kaengkhoi, the Onshore Compressor Station no. 4 at Rayong and the Standby Compressor Station at Saiyok, Kanchanaburi.

If we fail to successfully make and integrate acquisitions, accurately anticipate demand for natural gas, crude oil or coal or complete our ongoing and proposed infrastructure projects on schedule, our ability to expand our business and increase our revenues may be adversely affected and our costs could increase, which could have an adverse affect on our results of operations and financial condition.

We rely on EGAT as our primary customer for the sale of natural gas.

We sold to EGAT approximately 1,146 MMSCFD and 1,308 MMSCFD of natural gas, representing approximately 27.4% and 29.7% of our total volume of gas sold in 2011 and the first half of 2012, respectively. We are dependent to a significant extent on our sales to EGAT to generate sufficient cash flows for us to make payments to our suppliers pursuant to our gas purchase agreements. In addition to EGAT's obligations under direct agreements with us, EGAT is also obligated to pay us for gas not taken by certain independent power producers ("IPPs") under each IPP's individual gas sales agreement with us. Any significant reduction in our natural gas sales to EGAT, for example, due to a reduction in demand for electricity or financial difficulties at EGAT, could have a material adverse affect on our business, financial condition and results of operations.

On June 24, 2005, pursuant to a 2003 Cabinet resolution, EGAT was incorporated for privatization as Electricity Generating Public Company Limited. The Administrative Court later suspended the Government's privatization plans following complaints filed by various interest groups which resulted in EGAT reverting to a statutory corporation. EGAT therefore remains a state enterprise. Although the Government has assured us that our contracts with EGAT will remain enforceable, we cannot assure you whether the Government may decide to restructure and corporatize EGAT and whether such restructuring or corporatization may have an adverse effect on our relationship with EGAT or adversely affect the volume of our gas sales to EGAT, thereby adversely affecting our financial condition and results of operations. In addition, Thailand's reliance on natural gas as the primary source of feedstock for electricity generation, and on us as the main provider of such feedstock, may cause the Government to promote the introduction of alternative fuels to generate electricity. If EGAT and other power producers are permitted to secure alternative sources of feedstock, our financial condition and results of operations may also be adversely affected.

We have financially supported our associated companies in the past and must continue to do so up to certain specified amounts.

We make investments in new projects, business expansion initiatives and operational development initiatives to carry out our business strategy. Certain investments may be made either through newly established companies, through joint ventures with our strategic partners or through associated companies. We sometimes find it necessary to provide financial support to such entities to alleviate difficulties such as weak financial condition in the start up stage or otherwise to ensure our strategic goals are met. In some cases, these entities may encounter a lack of liquidity from unexpected circumstances during the course of operation and require financial support from shareholders.

We cannot assure you that our associated companies will not have further financial difficulties that may require further financial assistance from us, any of which could have a material adverse effect on our financial condition and results of operations. In addition, a default by us or by one of our associated companies in respect of our shareholder support obligations may permit certain of our lenders to accelerate the repayment of some of our debt. Further, we cannot assure you that we will not provide financial assistance to certain associated companies by increasing our equity interests in such associated companies above 50.0% or otherwise acquire control or joint control of these associated companies, in which case we will be required, under TFRS to consolidate the financial accounts of such companies from the date of acquiring control, which may in turn have an adverse affect on our consolidated financial condition.

Our development plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties.

Our businesses, particularly our exploration and production segment, natural gas transmission systems, gas separation plants and petrochemical plants require massive capital investments that are paid in advance. Our ability to maintain and increase our revenues, net income and cash flows depends upon our continued capital spending, including investing in, constructing, upgrading and maintaining our facilities. Our current business strategy calls for capital expenditures of approximately Baht 300,820 million from 2012 to 2014. Although we closely monitor and manage business risks, the actual investment capital required may deviate from our project plan due to factors beyond our control including unforeseen changes in the Thai and global economies, fluctuating demand for our products and feedstock, fluctuating prices for our products and the availability of external financing, thus potentially affecting the success and project capital costs.

Our ability to complete our capital expansion plans will depend in part on our ability to raise external financing, which is subject to a variety of other uncertainties including:

- our future results of operations, financial condition and cash flows;
- the condition of the economy in Thailand, Southeast Asia and globally;
- the political situation in Thailand and the government's policies relating to foreign currency borrowings;
- the condition of the petroleum industry globally, in Thailand and in the Southeast Asia region;
- the cost of financing and the condition of financial markets; and
- the projected risks associated with infrastructure development projects in Thailand.

Our inability to obtain sufficient funding on terms acceptable to us for our development plans could adversely affect our business, financial condition and results of operations. For additional information on our capital expenditure plans and financing requirements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate and foreign exchange risk to the extent of our variable rate and foreign currency debt and prevent us from meeting our obligations under the Notes and our senior secured credit facilities.

We have now, and will continue to have after the offering of the Notes, a substantial amount of indebtedness. As of June 30, 2012, our total indebtedness was approximately Baht 814,303 million (U.S.$25,597 million). Our substantial indebtedness could have important consequences, including:

- making it more difficult for us to make payments on our debt obligations;
- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our senior secured credit facilities, are at variable rates of interest, and as such, a significant increase in prevailing interest rates could also substantially increase our borrowing costs;
- restricting us from making acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and

- limiting our ability to take certain actions that we would otherwise take or to adjust to changing market conditions, thereby placing us at a competitive disadvantage compared to our competitors who are less highly leveraged.

We may from time to time incur substantial additional indebtedness, although our ability to do so may be restricted by the restrictions contained in the Indentures and our existing bank credit facilities. Certain of our bank credit facilities impose restrictions on us. Failure to comply with such restrictions may result in a default under the relevant credit facilities and could lead to acceleration of the payment under such credit facilities or under any instruments evidencing indebtedness that contain cross-acceleration or cross-default provisions. In such case, we might not be able to refinance or otherwise repay such indebtedness and our business, cash flow, financial condition, results of operations and prospects may be materially and adversely affected. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

Our operations and those of our subsidiaries and associated companies may be adversely affected by significant operating risks, hazards and natural disasters and resulting losses for which we may not be fully protected by insurance.

Exploring for, producing and transporting natural gas, crude oil and coal and producing and transporting refined petroleum and petrochemical products involve many risks and hazards. These hazards, which may include operational risks, such as failure to carry out operational best practices, earthquakes, floods, hurricanes, other natural disasters, terrorism or acts of war, may result in fires, explosions, oil spills, well blowouts, leakage, release of toxic fumes and other unexpected or dangerous conditions that may cause personal injuries or death, property damage, environmental damage and interruption of operations. For example, in August 2009, PTTEP experienced an oil and gas leak and fire at its Montara H1 project (the "Montara Incident") as a result of failing to adequately follow certain operational procedures. There can be no assurance that any future potential liabilities arising from these or other similar events will be covered by our existing insurance. See "— We may be subject to claims and liabilities under environmental, health, safety and other laws and regulations" and "Business — Business Activities — Exploration and Production (PTTEP) — The Montara Incident."

Most of our petroleum refinery and petrochemical subsidiaries, associates and joint ventures are located in Map Ta Phut Industrial Estate, Thailand's largest petrochemical industrial park. In May 2012, a fire broke out at a non-affiliated petrochemical plant in the Map Ta Phut Industrial Estate, killing 11 people and injuring 141 others. Additionally, many of PTTEP's production facilities are located offshore and subject to dangers inherent in marine operations. These dangers include capsizing, sinking, grounding and damage from severe weather conditions, which could also result in injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of our operations.

Although we maintain insurance coverage that we believe is in accordance with industry standards, we may not be fully protected by insurance against all risks either because adequate insurance is unavailable or is prohibitively expensive. In addition, there are certain types of losses, such as those due to hurricanes, other natural disasters, terrorism or acts of war, which although covered under our current insurance policies to varying degrees, may be uninsurable or not insurable at a reasonable premium in the future. Although we believe that our subsidiaries and associated companies, including PTTEP, likewise carry sufficient insurance based on industry standards, we have limited control over the amount of insurance which they maintain, and certain of these companies on which we rely to process petrochemicals and petroleum may not have adequate insurance. The occurrence of a significant event that we or our subsidiaries or associated companies are not fully insured against, or the insolvency of the insurer of such an event, could have a material adverse effect on our financial position, results of operations or prospects.

Our operations may be adversely affected by flooding or other natural disasters, which could result in increased expenses and lost revenues.

Our operations may be adversely affected by flooding or other natural disasters. For example, our coal mine operations abroad, particularly in Indonesia, are subject to flooding, which is a risk to our employees and affects the production capacity of the mine. Also, in October 2011, a major flood occurred in Thailand partially impacting our operations, including the procurement, production, storage, transportation and sale of our natural gas and petroleum products. In addition, our ability to operate certain land-based oil and gas exploration and production projects was affected as work areas and various roads were flooded, resulting in delivery delays and reduced demand for our products. As a result of the flood, production levels decreased in some of the projects located in the flooded areas, until they recovered in the end of 2011. The flood impacted natural gas demand as well, resulting in lower gas sales volume for the offshore Bongkot, Yadana and Yetagun projects.

In 2005, there was a significant drought in the Map Ta Phut Industrial Estate, which caused the level of water in the various reservoirs that supply water to the Map Ta Phut Industrial Estate to decline significantly. As companies in our petrochemicals segment rely significantly on water to cool their plants, they are vulnerable to water shortages. There can be no assurance that a drought will not occur in the future that will cause us to decrease our production levels which may materially and adversely affect our results of operations.

Drilling operations are subject to many hazards that could increase the likelihood of accidents. Accidents can result in costly delays or cancellations of drilling operations; serious damage to, or destruction of, equipment; personal injury or death; significant impairment of producing wells or underground geological formations; and major environmental damage.

We cannot assure you that floods or other natural disasters will not occur in the future or that we will not be adversely affected by them.

The development of our projects involves construction, financing, regulatory and operational risks that could lead to increased expenses and lost revenues.

As part of our growth strategy, our subsidiaries are developing oil and gas concession areas, petroleum refineries, petrochemical facilities and other infrastructure projects. The development and expansion of these projects involve many risks, including:

- the breakdown or failure of plant equipment or processes;
- failure to obtain required government licenses, permits and approvals;
- work stoppages and other industrial actions by employees or contractors;
- opposition from local communities and special-interest groups;
- engineering and environmental problems;
- construction and operational delays;
- inability to obtain capital to meet the capital expenditure requirements;

- unanticipated cost overruns; and

- adverse impact of economic, social and geo-political conditions.

If we experience any of these or other problems, we may not be able to derive income and cash flows from our projects and investments in a timely manner, in the amounts expected or at all. For example, in part due to a failure of operational processes, in 2009 an oil and gas leak began during the Montara H1's development well drilling, which continued until we stopped the leak in November 2009. The Montara Incident, which included subsequent repair and investigatory activity, delayed oil and gas production at the Montara H1 site for approximately three years. See "Business — Business Activities — Exploration and Production (PTTEP) — The Montara Incident." Furthermore, the projects we are developing and in which we invest require substantial capital outlay and a long gestation period before we will realize any benefits or returns on investments. The time and costs required in completing a project may be subject to substantial increases due to factors including shortages of, or increased competition or market prices for, materials, equipment, skilled personnel and labor, adverse weather conditions; natural disasters; labor disputes with contractors; accidents; changes in government priorities and policies; changes in market conditions; delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances.

On June 25, 2011, during the construction of a gas pipeline for our Platong Gas II offshore facility in the Gulf of Thailand, an existing pipeline of ours located in the construction area was damaged and began leaking. The leaks continued for nine days, with the released natural gas dissipating into the atmosphere. An emergency plan was activated and the affected offshore pipeline was shut down for 51 days. Three million litres of fuel oil equivalent of natural gas per day, which the pipeline normally carried, was diverted to two other pipelines. Normal operations re-commenced on August 15, 2012. As a result of the leak, PTT incurred costs to secure replacement fuel oil to supply to its customers under its gas sales agreements, since the pipeline shutdown interfered with our ability to deliver the contracted quantities to our customers. We also recognized impairment costs. As the natural gas dissipated into the atmosphere, there were no environmental cleanup costs. As of the date of this Offering Memorandum, we have filed suit against the contractor for all damages arising from the leak. Court proceedings are ongoing. See "Business — Legal Proceedings — Other Proceedings."

We cannot assure you that our projects will be completed on time, within budget or at all or that their gestation period will not be affected by any or all of these factors. In addition, we may be unable to pass on any higher development costs to our customers if our long-term contracts with our customers specify fixed prices. Any of these factors could adversely affect our business, financial condition, results of operations and prospects.

Our business depends on various government licenses, permits and approvals. If any of these licenses, permits and approvals are suspended, restricted, terminated or not extended prior to expiry, this would have a material adverse effect on us.

The Government, and other governments in jurisdictions where we have operations, regulate the health, safety and environmental management aspects of all of our operations, requiring us to obtain a variety of licenses, permits and approvals in order to conduct operations. Generally, the Department of Mineral Fuels ("DMF") under MOEN is responsible for regulating and overseeing the exploration and exploitation of Thailand's petroleum resources, and the Energy Minister is authorized to grant petroleum concessions with the consent of the Council of Ministers of Thailand,

or the Cabinet, which is the primary organ of the executive branch of the Government (the "Cabinet"). The Government owns all of Thailand's petroleum resources and awards concessions and other rights with respect to the exploration and production of such resources, which is one of our key business activities. Thailand's health, safety and environmental regulations, which are generally applicable to all our operations, are overseen by government agencies such as the Ministry of Industry, the Department of Industrial works, the Industrial Estate Authority of Thailand, the Ministry of Natural Resources and Environment, the Office of Natural Resources and Environmental Policy and Planning, and the Pollution and Control Department.

Two of our oil and gas production sharing contracts are regulated by the Malaysia-Thailand Joint Development Authority ("MTJDA"), a statutory body established under the laws of Malaysia and Thailand to regulate on behalf of the two governments certain oil and gas fields in the overlapping continental shelf area in the Gulf of Thailand known as the "JDA." The Myanmar and Indonesian governments regulate our concessions and other rights with respect to oil and gas exploration and production in their respective jurisdictions. Further, we have significant land investments in Indonesia and may invest in land in other jurisdictions for developing palm oil plantations for production of biofuels, and in coal mining companies operating in Indonesia. If the validity of any of our concessions or licenses were to be challenged, such licenses may be subject to suspension or revocation by a foreign government, resulting in cessation of production from the field, plantation, coal mine or other location or activity covered by the relevant license. If we were unsuccessful in lifting such suspension or re-obtaining the license, we would lose our right to develop our investments. Further, foreign governments have the regulatory authority to prevent us from purchasing and/or developing land and other assets according to our strategic plans.

We must also maintain, and from time to time extend and/or obtain other permits and authorizations including land and mining allotments, approvals of design and feasibility studies, pilot production projects and development plans and permits for the construction of facilities. Our infrastructure construction projects are subject to regulatory delays. For example, expansion projects of certain of our affiliates were initially suspended under court order in respect of the 2009 Map Ta Phut Industrial Estate administrative action which resulted in the suspension of environmental impact assessment approvals for certain projects since 2009. The Supreme Administrative Court granted an order lifting the suspension on the pending projects in June 2012. See "Business — Legal Proceedings — Map Ta Phut Industrial Estate Administrative Court Proceedings." Any suspension or loss of a license or a withdrawal of government approval would materially and adversely affect our business, financial condition, results of operations and prospects.

Our competitors may also seek to impede our rights to develop certain natural resources deposits by challenging our compliance with lender and auction rules and procedures or with the terms of the relevant license. Any non-compliance by us with licensing regulations or the terms of the relevant licenses could lead to the suspension, restriction or termination of the licenses and to administrative, civil and criminal liability.

If we fail to receive the necessary licenses, permits and authorizations, or if they are terminated and not renewed, we may have to delay investment or development programs, which could materially adversely affect our business, financial condition, results of operations and prospects.

Our business operations may be adversely affected by present or future product quality requirements and environmental regulations.

Our business is subject to certain laws and regulations relating to product quality and to environmental and safety matters in the exploration for and development, construction, production, transmission and distribution of oil, natural gas and coal. Our petrochemical and refining interests are also subject to increasingly stringent product quality and environmental and safety regulations. Many of the environmental laws and regulations and product quality standards applicable to us are significantly less developed than those in the United States and certain other developed market economies, and enforcement of existing requirements may be less rigorous than in such countries. We cannot assure you that any future environmental laws or change in enforcement policies will not result in a curtailment of production or a material increase in the costs of exploration, construction, production, development, transmission and distribution activities or otherwise adversely affect our business, results of operations and financial condition. Further, new legislation may result in material liabilities for our past discharge of oil, natural gas or other pollutants into the air, soil or water and may require us to incur costs to remedy the discharge. These costs could have a material adverse effect on our results of operations and business.

Our manufacturing operations depend on the performance and reliability of our equipment and machinery.

The smooth and uninterrupted operation of our petroleum refinery and petrochemical plants is largely dependent on the performance and reliability of equipment and machinery. In addition, the period leading up to the commencement of operations of newly constructed plants involves a number of risks including, without limitation, engineering, procurement and construction cost overruns and delays, environmental issues and costs, start-up and commissioning problems. Any unforeseen shutdown, breakdown, failure or malfunctioning of the equipment or machinery, or any part of the production process, may result in the loss of efficiency and product delays which could adversely affect our profitability and results of operations.

Our growth strategy in the refinery and petrochemicals industries is extensively influenced by the Government and any adjustments or changes in government policies or measures could have an adverse impact on us.

The Government exerts significant influence on the domestic oil and gas industry, including downstream industries such as petrochemicals manufacturing. The Government implements various industry policies and other economic measures, such as those relating to government spending, credit and financing, land use, governmental approval of new projects, environmental protection, technological and capacity requirements of operation facilities and foreign investment. Such industry policies and economic measures may significantly impact our decision to engage in construction projects and capital investments in the industry and could in turn have an adverse effect on our business and financial performance. The nature, scale and timing of these policies and measures may be affected by various factors. There is no guarantee that we will be able to make changes to our existing operations or services, develop new technologies, products or services or otherwise react promptly to meet the demand of these industry policies in serving our customers. Failing to do so would have an adverse effect on our business, financial condition and results of operations. The Government may, from time to time, adopt new industrial policies and economic measures to further regulate the oil and gas and petrochemical industries. Any new industry policies and economic measures may have a material and adverse effect on our operations.

Failure to respond quickly and effectively to product substitution or Government-mandated product formulations may adversely affect our business and prospects.

As a result of high oil prices and environmental concerns, the use of alternative fuels such as natural gas, ethanol and bio-diesel fuel have become more attractive to the Government and to our customers. In the event that alternative fuels become more affordable and available than petroleum products, customers may shift from petroleum to these alternative fuels not offered by us, resulting in lower sales volume. In recent years, the Government has also enacted regulations mandating inclusion of a percentage of alternative fuels in gasoline fuels sold or distributed by every oil company and may increase this requirement in the future. If we do not respond effectively to product substitutions or Government-mandated product formulations in the future, our business, financial conditions, results of operations and prospects may be adversely affected.

Our operations depend on the adequate and timely supply of raw materials, equipment and components, water and energy at acceptable prices and quality.

Our successful operations depend on our ability to obtain sufficient raw materials, equipment, components, energy and water supplies and other commodities from suppliers at commercially acceptable prices and quality in a timely manner. We are exposed to the market risk of price fluctuations for certain raw materials, equipment and components. The prices and availability of such materials may vary significantly from period to period due to factors such as consumer demand, production capacity, market conditions and costs of raw materials. In particular, petroleum-based feedstocks, which is a major raw material required for our operations, is subject to substantial pricing cyclicality. Additionally, increases in energy prices, including electricity, fuel or water prices, and any unavailability of or interruption in electricity, fuel or water supply could materially and adversely affect the operations of our business.

The supply of raw materials, equipment, energy and water required for our operations to a large extent depends on the economic, natural and other conditions of the regions where we operate our business. As such, we cannot assure you that we will be able to continue to obtain sufficient raw materials, equipment and components, energy or water at commercially acceptable prices, in a timely manner, or at all. Furthermore, if we are forced to acquire such materials at commercially acceptable prices, we may be prevented from passing on any cost increases to our customers. Any failure to obtain adequate raw materials, equipment and components, energy or water, or to do so on commercially acceptable terms or in a timely manner, could materially and adversely affect our business, results of operations and financial condition.

Our customers and other contractual counterparties may not be able to fulfill their contractual obligations to us, which could negatively impact our business and results of operations.

We are subject to the risk that our customers may not be able to obtain sufficient funding to pay us in a timely manner, or at all. Many of our customers require bank financing for operations and therefore financing terms available in the market may affect operations, cash flows and ability to pay their suppliers, including us, on time. Due to the continuing instability of the credit markets around the world, the availability of credit has continued to be relatively difficult or expensive to obtain in spite of governments' efforts to stabilize the credit markets. This situation could negatively impact our customers' ability to fund their operations and, therefore, purchase and pay for our products under their contractual obligations. Accordingly, if our customers are unable to obtain financing in a timely manner or at a reasonable cost, our sales and income levels may be adversely affected.

In addition, the counterparties to our credit agreements may go bankrupt if they suffer catastrophic demand on their liquidity that will prevent them from fulfilling their obligations under the agreements. We also routinely enter into contracts with counterparties including vendors, suppliers, and subcontractors that may be negatively impacted by events in the credit markets. If those counterparties are unable to perform their obligations to us or our customers, we may be required to provide additional services or make alternate arrangements on less favorable terms with other parties to ensure adequate performance and delivery of services to our customers. These circumstances could also lead to disputes and litigation with our partners or customers, which could have a material adverse impact on our reputation, business, financial condition, and results of operations.

Our research and development efforts may not result in successful outcomes.

Our future success depends in part on our ability to keep pace with the rapid technological changes in industries in which we operate. In order to maintain and enhance our competitive position and to continue to grow our business, we need to design, develop and implement advanced and more cost-efficient products and services to meet growing market demands and changing technical standards. The development of new technologies requires considerable investment of time, resources and capital, but may not yield as much benefit as we anticipate. Our expenditures for research and development ("R&D") were approximately Baht 1,436 million and Baht 1,492 million in 2010 and 2011, respectively, which accounted for approximately 2.6% and 2.0% of our consolidated net income, respectively. Approximately Baht 1,968 million is budgeted for R&D in 2012. We expect to continue to spend a significant portion of our net income on research and development in the future. For example, to strengthen our research and development capability with facilities supporting various PTT businesses, we plan to spend approximately Baht 2,900 million for the PTT Innovation Park construction project in 2013-2014.

However, R&D activities are inherently uncertain, and the success of any new service will depend on a number of factors, including competition, customer acceptance, price, general market conditions, government incentives, our ability to integrate customer feedback, our ability to accurately assess technological trends and customer needs and the strength of our marketing and distribution capabilities. In addition, our competitors may adopt advanced technologies that are more effective or commercially attractive at an even lower cost than we do. If our R&D efforts are not successful or our competitors' R&D efforts are more effective than ours, our financial position and results of operations could be materially and adversely effected.

We may fail to maintain effective quality control systems for our business operations. If the quality of our petrochemical products fails to meet industry standards, we may be subject to additional expenses or warranty claims, which may have material adverse effects on our business.

The quality of the products we manufacture is critical to the success of our business. In order to achieve the success of our business, we need to maintain an effective quality control system for our business operations. The effectiveness of our quality control system depends on a number of factors, including system design, related training programs and our ability to ensure that our employees adhere to our quality control policies and guidelines. Any negligence or mistake during the implementation of our quality control systems could result in defects in our products or services which in turn may subject us to contractual and other claims. Any such claims, regardless of the results, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations.

If our products fail to meet quality standards and technical requirements that we have agreed to, or if significant defects in our products are discovered by our customers, we may be exposed to warranty expenses which may have an adverse effect on our business, results of operations and financial condition. In addition, if there is a perception that our services are of substandard quality, our credibility and market reputation could be harmed and our sales and market share may be materially and adversely affected.

We may be subject to claims and liabilities under environmental, health, safety and other laws and regulations.

Our operations, which are often potentially hazardous, are subject to health, safety and other laws and regulations, including those inherent to the petroleum and petrochemical industries. Although we endeavor to comply with all environmental and health and safety laws and regulations at all times, we or one of our subsidiaries or associated companies may become involved in claims, lawsuits and administrative proceedings relating to environmental and health and safety matters in the future. For example, we are involved in ongoing proceedings and may become involved in new proceedings regarding the Montara Incident. In August 2012, we pleaded guilty to four charges brought by the National Offshore Petroleum Safety and Environmental Management Authority ("NOPSEMA") in Australia's Darwin Magistrates Court and accepted a penalty of A$510,000. This amount had been provisioned for in 2009 when the Montara Incident occurred. An adverse outcome in any pending or future proceedings may have a significant negative impact on our business, prospects, financial condition and results of operations and may include the imposition of civil, administrative or criminal liability on us or our officers, employees and/or management. See "Business — Business Activities — Exploration and Production (PTTEP) — The Montara Incident" and "Business — Legal Proceedings — Other Proceedings."

Furthermore, we may be subject to litigation arising from the failure or alleged failure of our subsidiaries or associated companies to comply with environmental or safety regulations. For example, beginning June 2009, a number of projects in which we had interests in Thailand's Map Ta Phut Industrial Estate have been subject to proceedings. As a result of these proceedings, permits held by several projects in which we had interests were ordered to be suspended, resulting in suspension of operations. In December 2009 and September 2010 court orders resulted in most of the projects in which we had interests being allowed to resume operations. In June 2012, the Supreme Administrative Court granted an order lifting the suspension on the last of our remaining suspended projects. See "Business — Legal Proceedings — Map Ta Phut Industrial Estate Administrative Court Proceedings." Protests relating to environmental and other issues have also occurred. Additional proceedings, enforcement actions or claims related to compliance with environmental requirements or alleged environmental damages and protests related to environmental and other issues may impact us directly or adversely affect our customers. Any such proceedings, claims or protests may have an adverse effect on our reputation, business, financial condition, results of operations and cash flows. See "Business — Quality, Security, Safety, Health and Environmental Matters." Litigation and protests related to the environment near the Map Ta Phut Industrial Estate and continued focus on these issues pose reputational and other risks that could materially and adversely affect our business and results of operations.

We rely on successful human resources development.

Our success in conducting our operations is highly dependent on our senior management for setting our strategic direction and managing our business, which are crucial to our success. Furthermore, our continued success also depends upon our ability to attract and retain qualified petroleum and chemical engineers, geologists, geophysicists and other technicians and managers with sufficient experience in the petroleum and petrochemical industries. We also use third-party contractors to undertake certain project tasks. There is a risk that key management and employees will resign or that third parties will not renew or continue their contracts with us and we will face difficulties in replacing them. Although we have been successful in the past in attracting qualified personnel and invest significant resources in training our personnel, shortages of trained engineers, geologists, geophysicists and other technicians and managers in Thailand and other countries where we operate may make it more difficult or costly for us to hire and retain adequate numbers of such personnel in the future.

The Government is our majority shareholder and may have interests which conflict with those of PTT or yours as a holder of the Notes.

As of September 10, 2012 the Government directly owned 51.1% and directly and indirectly owned 66.4% of our outstanding ordinary shares. Accordingly, the Government currently has the ability to elect a majority of our directors and determine the outcome of most actions requiring shareholder approval, and its interests may not be aligned with yours as a holder of the Notes. We, as a state enterprise, are also subject to certain restrictions in the conduct of our business to which other companies in Thailand may not otherwise be subject.

Further, conflicts of interest may arise between the Government and us in a number of areas relating to our past and ongoing relationships. For example, the Government's policy support for NGV has resulted in sales price controls that are below our costs and have caused us to suffer losses from our NGV business. There can be no assurance that we will be able to resolve any potential conflict with the Government or that, if resolved, we would receive a resolution as favorable as if the Government were dealing with an unaffiliated party.

Our gas purchase agreements, through which we obtain all of our natural gas, require us to pay for natural gas even if we cannot take delivery until later.

We purchase natural gas from producers in Thailand and Myanmar under gas sale agreements ("GSA") that contain take-or-pay provisions, which require us to pay for minimum quantities of natural gas each year whether or not we actually take delivery of that minimum quantity during that year ("take-or-pay gas"). Each GSA specifies a minimum annual contractual quantity to be bought by us, otherwise we must pay in advance for the volume not taken during that contract year under the take-or-pay condition. However, we may take this prepaid gas in later years as take-or-pay gas if we have already paid the minimum contracted amount for the year in subject.

Pursuant to these take-or-pay provisions under the GSAs we entered into with gas producers from the Yadana and Yetagun fields in the Gulf of Mataban in Myanmar, we made advance payments for gas that we could not take delivery of between 1998 and 2001 due to delays in the construction of the Ratchaburi Power Plant and the Ratchaburi-Wangnoi Gas Pipeline. As a result, in 2001, we booked as an asset Baht 36,266 million, which represented our total advance payments for take-or-pay gas. As of June 30, 2012, the outstanding amount of these advance payments was Baht 6,566 million. Since 2002 we have been able to take delivery of the full volume required under contract. Based on current demand in the markets, we believe that we can take delivery of the take-or-pay portion from the Yadana and Yetagun fields by 2016.

Additionally, we cannot assure you that:

- there will be a sufficient amount of natural gas to meet the demand which could potentially exceed our supply, while conversely a low demand may trigger the take-or-pay condition which we may have to comply with;

- the construction of our gas pipelines or downstream projects will be completed in a timely manner. Failure to complete these projects on time will prevent us from offtaking natural gas from producers at the specified start date and result in us paying the take-or-pay sum pursuant to take-or-pay obligations;

- there will not be any significant fluctuation in prices of crude oil which will directly impact the prices of natural gas. An increase in the price of natural gas may result in lower demand in the markets and we may suffer losses from the price fluctuations;

- we will not be able to take deliveries of take-or-pay portions of gas if we encounter substantially decreased demand in Thailand;

- any such prepaid natural gas will be available for delivery at a future date; or

- there will not be an interruption in natural gas supplied from Myanmar or elsewhere.

Any of these future problems or any other problems with our take-or-pay obligations, or in financing or utilizing our prepaid gas, could adversely affect our financial condition and results of operations. See "Business — Business Activities — Gas Business — Gas Procurement — Principal Terms of Gas Purchase Agreements."

The political and civil unrest in Algeria, Bahrain and Egypt may have negative consequences for our projects in these countries.

We participate or have participated in projects in Algeria, Bahrain and Egypt, which, like many countries in the Middle East and North Africa, have recently experienced mass political movements, protests and civil unrest and changes in government. These movements began in Tunisia on December 18, 2010 leading President Zine El Abidine Ben Ali to flee Tunisia on January 14, 2011. Due to similar hardships in the region and the success of protests in Tunisia, a chain of protests in Algeria, Egypt and Bahrain, amongst others, followed.

In Algeria, a wave of protests and riots started on December 28, 2010, provoked by the events of Tunisia and sudden rises in staple food prices. On February 24, 2011, the state of emergency in Algeria was officially lifted in response to the demonstrations and the ruling government continued to maintain control. In Bahrain, a series of demonstrations began on February 14, 2011. In response, King Hamad first addressed some reform issues and later employed state security forces and the forces of Saudi Arabia to quell the protests. The Bahrainian government was able to maintain control of the country. In Egypt, widespread protests focused on legal, political, and economic issues began on January 25, 2011 and ended when President Hosni Mubarak resigned on February 11, 2011. His resignation was followed by a suspension of Egypt's constitution and the establishment of military rule. A constitutional referendum was held in March 2011, parliamentary elections were held in November 2011 and presidential elections took place in May and June 2012, resulting in the appointment of Mohamed Morsi as President of Egypt on June 30, 2012 and the end of military rule. While we relinquished our interest in our single Egyptian project, Rommana, in May 2012, we may acquire other interests in Egypt in the future.

Throughout the time of political unrest in Egypt, there were 15 bombings on the pipelines of the state-owned Egyptian Natural Gas Holding Company ("EGAS"). The bombings resulted in suspension of gas deliveries for over 12 months to East Mediterranean Gas S.A.E. ("EMG"), of which we own 25% through our wholly owned subsidiary PTT International Co., Ltd. ("PTT International"), and materially and adversely affected EMG's business operations. EMG's main business is exporting natural gas from Egypt to power plants and industrial users in Israel under exclusive right arising from the 1979 Peace Treaty and the Memorandum of Understanding relating to the purchase and transmission of natural gas through a pipeline between the Arab Republic of Egypt and the State of Israel.

On April 18, 2012, EGAS and the Egyptian General Petroleum Corporation ("EGPC"), which are parties to a Gas Supply and Purchase Agreement (the "Source GSPA") with EMG, had notified EMG that they terminated the Source GSPA between the parties. EMG considers the termination attempt as unlawful and demanded its immediate withdrawal. EMG together with PTT International and other international shareholders are working closely with legal advisors to consider their possible options including the legal remedies against EGPC and EGAS in due course.

EMG has initiated arbitration against EGPC and EGAS in October 2011 due to EGPC and EGAS's persistent failure to supply natural gas quantities under the Source GSPA since the commencement of the Source GSPA and more severe failure since February 2011. As a result, PTT International recorded impairment losses amounting to Baht 5,822 million and Baht 3,972 million for the year ended 2011 and the six months ended June 30, 2012, respectively. EMG is seeking compensation from EGPC and EGAS for the damages resulting from their contractual breaches of the Source GSPA. EMG has further requested the arbitral tribunal to find that EGPC and EGAS failed to perform their obligations under the Source GSPA and rule that EGPC and EGAS are not entitled to terminate the Source GSPA and are liable for damages arising out of or in connection with their breach. The arbitration proceeding is ongoing. In addition, other international shareholders of EMG have initiated claims against the Government of the Arab Republic of Egypt under various bilateral investment treaties for the protection of their investments in EMG.

Additional effects of these events on political, economic and legal conditions in Algeria, Bahrain and Egypt remain uncertain. To operate in these countries, we work with the governments and government controlled entities. Prolonged civil or political instability in Algeria, Bahrain and Egypt or further changes in government may undermine our operations in these countries, which may adversely affect our ability to obtain natural gas and crude oil, and in turn may adversely affect our results of operations and financial condition.

We are reliant on infrastructure development and equipment provided by third parties in Thailand and other countries in which we conduct our business.

The expansion of natural gas production in Thailand and neighboring countries is currently constrained by the capacity limits of existing transportation facilities. In Thailand, substantially all such facilities are owned and operated by us, and we are currently undertaking projects to expand Thailand's existing transportation capabilities. In addition, our ability to pursue opportunities to develop and produce natural gas resources in neighboring countries depends upon the development of adequate infrastructure for the transportation of natural gas in such countries. Our failure or that of the relevant companies in these other countries to complete proposed pipeline projects on a timely basis or to expand other natural gas infrastructure may adversely affect our business, financial condition, results of operations and prospects.

If we are unable to obtain the equipment that we need to carry out our development plans with respect to our production assets, we may have to delay or restructure our development plans, which may have an adverse effect on our ability to commercialize our oil and gas reserves, and our ability to secure anticipated quantities of oil and gas for our operations, on a timely basis. Furthermore, depending on the complexity of our development projects, the competitive dynamics of the market, movements in prices of raw materials such as steel, and the availability and prices of contractors and equipment, we may have to pay significantly more than we currently anticipate to implement our development plans.

From time to time, we may face interruptions in the functioning of our production and delivery infrastructure due to logistical complications outside our control. In the event of a disruption or delay in the availability of this infrastructure, we would be unable to sell our products until the problem is corrected or until we find alternative means to deliver our products to our customers. Such alternative means, if available, would likely result in increased costs to us, and could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to monitor and deploy internal control measures with respect to our business operations in an effective and timely manner.

The development of our management and internal control measures has largely coincided with the expansion of our business. As we expand, maintaining financial and operational control through the effective allocation of financial and management resources in our growing operations will become increasingly important. There can be no assurance that we will be able to implement or maintain internal control mechanisms that will promptly and adequately respond to issues we may face arising from our expanded operations or otherwise. Any deficiency in internal controls or resource allocation policies could impair our ability to accurately report our financial results and successfully execute our business strategies.

Any acquisitions, dispositions or other investments may present risks or uncertainties.

We have recently made significant strategic acquisitions, and we may pursue additional acquisitions or dispositions of businesses, or investments in strategic business opportunities. There can be no assurance that we will be able to locate suitable acquisitions or investments, or that we will be able to consummate any such transactions on terms and conditions acceptable to us, or that such transactions will be successful. Acquisitions may bring us into businesses and countries in which we have not previously conducted operations and expose us to additional business risks that are different from those we have traditionally experienced. We also may encounter difficulties identifying all significant risks during our due diligence activities or integrating acquisitions and successfully managing the growth we expect to experience from such acquisitions. In the case of a divestiture, we may not be able to successfully cause the buyer of such divested business to assume the liabilities of that business or, even if such liabilities are assumed, we may have difficulties enforcing our rights, contractual or otherwise, against the buyer. In terms of investments, we may invest in companies that fail, causing a loss of all or part of our investment. In addition, if we determine that an other-than-temporary decline in the fair value exists for a company in which we have invested, we may have to write down that investment to its fair value and recognize the related write-down as an investment loss. For cases in which we are required under the equity method or the proportionate consolidation method of accounting to recognize a proportionate share of another company's income or loss, such income or loss may impact our results of operations.

Our failure to find, acquire or gain access to additional reserves and to develop existing reserves, replace existing reserves and develop additional reserves may adversely affect our ability to achieve our growth objectives.

Our ability to achieve our growth aspirations depends upon our success in finding and acquiring or gaining access to additional reserves. Approximately 53% of our proved reserves were undeveloped as of December 31, 2011. Our future success will depend on our ability to develop these reserves in a timely and cost-effective manner. We must continue to find, acquire, explore and develop new reserves to replace those produced and sold in order to maintain or grow production at current levels. We face challenges in sustaining production growth due to the maturation and depletion of our proved reserves. The success of presently contemplated exploration, development and production activities cannot be assured. The decision to explore or develop a property depends in part on geophysical and geological analyses and engineering studies, the results of which may be inconclusive or subject to varying interpretations. During the exploration phase, drilling activities are subject to numerous risks, including the risk that no commercially viable oil or natural gas accumulations will be discovered. The cost of drilling and operating wells is also often uncertain. Drilling may be curtailed, delayed or cancelled as a result of many factors, including weather conditions, government requirements and contractual conditions, shortages of or delays in obtaining equipment and reductions in product prices or limitations in the market for products. Geological uncertainties and unusual or unexpected formations and pressures may result in dry wells, which may result in unprofitable efforts. In the development phase, drilling activities are subject to fewer risks since more information becomes available. Gas wells have to be continuously monitored so that they can deliver the nominated quantities stated in the relevant long-term contracts. In addition, we face substantial competition in the search for and acquisition of potential resources, which requires a substantial investment. The possibility of finding or being able to acquire additional resources is uncertain.

Our future drilling, exploration and acquisition activities may not be successful. If our drilling, exploration and acquisition activities are unsuccessful, future proved reserves will decline, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our failure to manage our existing projects and growth effectively may adversely impact our business.

We plan to rapidly expand our exploration and production activities, in particular those located outside of Thailand. For instance, in 2011, we acquired a 40.0% interest in KOSP, a partnership that owns Canada Oil Sands KKD and, in 2012, we acquired Cove, which has assets in Mozambique and Kenya. This rapid expansion into other geographical regions has presented, and will continue to present, significant challenges for our management, operational and administrative systems and our ability to maintain effective systems of internal controls. In addition, many petroleum producing countries where we have made investments are subject to risks and uncertainties associated with political instability and difficult economic climates. There can be no assurance that we will not experience difficulties in managing our existing projects and growth effectively because of issues such as political difficulties, capacity and capital constraints, construction delays and operational difficulties at projects. We may also face difficulties in upgrading or expanding existing facilities, locating and providing suitable local senior management and training an increasing number of personnel to manage and oversee those projects.

Further, we must manage relationships with a large and growing number of partners, suppliers, contractors, service providers, lenders and other third parties. We may encounter difficulties integrating new acquisitions to meet our efficiency and performance standards, or keeping existing

projects up to those same standards. In addition, key personnel, either from existing or newly acquired projects, may not continue to work for us. We will also be required to constantly develop and adjust management and administrative responsibilities to match market conditions and our growth and expansion. Our continued development as an international petroleum exploration and production company requires us to identify new qualified personnel with widespread knowledge of our industry and the countries in which we operate. Our failure to identify suitable personnel for these management and administrative positions may adversely affect our ability to manage our growth and continue to pursue our growth strategy. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses, which could have an adverse impact on our results of operations, financial condition and prospects.

We depend on third-party operators for a significant number of our projects.

We hold interests in the majority of our development and production projects through joint ventures with international oil and gas companies. We do not act as the operator of many of these joint ventures. Therefore, we have limited control over the manner in which operations are conducted and the safety and environmental standards used in connection with these joint ventures. The failure of any operator to perform its obligations could have a material adverse effect on the development of or production from a project, which in turn could have a significant adverse effect on our anticipated exploration and development activities and our business, financial condition, results of operations and prospects. See "Business — Business Activities — Exploration and Production (PTTEP) — Joint Venture Agreements."

In addition, many of the operators of these joint ventures use equipment employing advanced technologies, such as turbo compressors, turbo generators and Supervisory Control and Data Acquisition ("SCADA") systems, which continue to evolve. Accordingly, such equipment could become out-of-date or obsolete prior to the time that the operator may have originally intended to replace it. For instance, the computer processors for equipment control systems are generally replaced every 15 years, however if a processor, a control system or equipment were to fall into obsolescence, the operators may need to purchase substantial amounts of new capital equipment. This could have a material adverse effect on the operator's ability to perform its obligations to develop or carry on production at a project, and in turn on our anticipated exploration and development activities.

Our petroleum exploration and production activities in foreign countries subject us to unforeseen risks.

To increase our oil and gas reserves and to improve our position in the world market, we have expanded our investment base to focus on petroleum exploration and production activities in a number of foreign countries in the Asia-Pacific region, the Middle East, North America and Africa. These international operations are subject to special risks that can materially affect our results of operations. These risks include:

- increased reliance on oil and gas revenues and potential exposure to increased price volatility;

- unsettled political conditions, war, civil unrest and hostilities in some gas or petroleum producing and consuming countries and regions where we operate or seek to operate;

- undeveloped legal systems;

- economic instability in foreign markets;
- the impact of inflation;
- fluctuations and changes in currency exchange rates; and
- governmental action such as expropriation of assets, general legislative and regulatory environment, exchange controls, changes in global trade policies such as trade restrictions and embargoes imposed by the United States and other countries.

To date, instability in the overseas political and economic environment has not had a material adverse effect on our financial condition or results of operations. We cannot predict, however, the effect that the current conditions affecting various foreign economies or future changes in economic or political conditions abroad could have on the economics of conducting exploration and production activities overseas. Any of the foregoing factors may have a material adverse effect on our international operations and, therefore, our business, financial condition and results of operations. See "— Risks Relating to Our Business — The political unrest in Algeria, Bahrain and Egypt may have negative consequences for our projects in these countries."

The price of bitumen is correlated with the market prices of heavy crude oil, which is subject to fluctuation.

The results of operations and financial condition of KOSP-KKD (formerly known as "Statoil Canada Partnership" or "SCP"), in which we hold a 40% interest, will be dependent upon, among other things, the prices that KOSP-KKD receives for its products, namely bitumen, bitumen blend or other bitumen products. Prices that KOSP-KKD receives for such products will be closely correlated to the price of crude oil. See "Risk Factors — Risks Relating to Our Business — The volatility of prices for crude oil, condensate, natural gas, petroleum and petrochemical products and the cyclical nature of the oil and gas industry affect our results of operations."

Any prolonged period of low crude oil prices could result in a decision by KOSP-KKD and its investors to suspend or slow development activities, to suspend or slow the construction or expansion of bitumen recovery projects, or (following the commencement of production) to suspend or reduce production levels. Any of these actions could have a material adverse affect on our results of operations and financial condition.

There is no generally recognized approach to determine the constant price for bitumen because the bitumen market is not yet mature and there are no published reference prices for bitumen. To price bitumen, marketers apply formulae that take as a reference point the prices published for crude oil of particular qualities such as Edmonton Light, Lloydminster Blend, or the more internationally known West Texas Intermediate ("WTI"). The price of bitumen fluctuates widely during the course of a year, with the lowest prices typically occurring at the end of the calendar year because of decreased seasonal demand for asphalt and other bitumen-derived products coupled with higher prices for diluents added to facilitate pipeline transportation of bitumen.

The market prices for heavy oil (which includes bitumen blends) are lower than the established market indices for light and medium grades of oil, which we generally produce, due principally to diluent prices and the higher transportation and refining costs associated with heavy oil. Also, the market for heavy oil is more limited than the markets for light and medium grades of oil, making it more susceptible to supply and demand fundamentals. Future price differentials are uncertain and any increase in the heavy oil differentials could have an adverse effect on KOSP-KKD's results of operations and financial condition.

As of March 31, 2012, KOSP-KKD had conducted an assessment of the carrying value of its assets to the extent required by IFRS and will continue to do so in the future. If crude oil prices decline, the carrying value of KOSP-KKD's assets could be subject to downward revision, and KOSP-KKD's earnings could be adversely affected. Accordingly, these possibilities may materially and adversely affect our business, financial condition, results of operations and prospects.

The steam assisted gravity drainage bitumen recovery process is subject to uncertainty.

One method by which KOSP-KKD may recover bitumen is through a process using steam assisted gravity drainage ("SAGD") technology, a process which is subject to uncertainty. The SAGD bitumen recovery process has had a limited operating history in commercial projects and there can be no assurance that KOSP-KKD's operations will produce bitumen at the expected levels, costs or on schedule. Current SAGD technologies require a significant amount of natural gas in the production of steam that is used in the recovery process. The amount of steam required in the production process can also vary and affect costs. KOSP-KKD has only limited operating history with respect to the average operating steam to oil ratio for its projects. Should the actual average operating steam to oil ratio in operations be higher than KOSP-KKD's estimates, it may result in one or more of the following: an increase in operating costs; lower bitumen production; or the requirement for additional facilities.

In addition, should KOSP-KKD encounter adverse reservoir conditions during the development of the project, ultimate bitumen recovery levels achieved by KOSP-KKD utilizing the SAGD recovery process may be negatively impacted. Such adverse reservoir conditions could include, but are not limited to, the following: regional poor quality geological features; depleted or partially depleted associated gas caps due to prior gas production; the existence of bottom or top water, inter-formation water, or any other formations into which bitumen can be lost; or the absence of an overlying cap rock.

Any of the foregoing events could have a material impact on the future operating activities conducted at, and the economic performance of, KOSP-KKD's projects, which in turn could have a material effect on our business, financial condition, results of operations and prospects.

The KOSP-KKD land leases are subject to renewal in the near future.

KOSP-KKD operates on lands leased from the Government of Alberta through the Alberta Department of Energy ("Alberta Energy"). These lease agreements convey the right to drill for, work, recover and remove oil sands that are owned by the Government of Alberta. Existing oil sands agreements can be transferred between parties. There are two types of leases, primary and continued. Primary leases are original leases, while continued leases are primary leases that have been renewed. KOSP-KKD's primary leases for various parcels of land expire between 2014 and 2022.

There is no automatic right of extension or renewal for oil sands leases. The lessee must apply to Alberta Energy to have the lease extended. If no application for continuation is made, the oil sands lease will automatically expire. The written application must include detailed information on the lease number, technical evaluation or production data, the evaluation criteria used, maps, and the amount of annual rent due. No additional fees are required when applying for a lease continuation. Lease continuation is governed by the Oil Sands Tenure Regulation (under the Mines and Minerals Act (Alberta)) (the "OSTR"). The main criterion that is used to determine whether a primary lease will be continued is whether the lessee has begun production on the lease or not. If

there is no production from a primary lease, the OSTR requires the lessee to achieve a minimum level of evaluation ("MLE") before the lease can be renewed. The MLE can be achieved in two ways: (i) one evaluation well must be drilled on each section included in the lease in a pattern that evaluates the lease and core data must be obtained for 25% of the wells drilled; or (ii) wells must be drilled on 60% of the sections included in the lease in a pattern that evaluates the lease, core data must be obtained for 25% of the wells drilled and appropriate seismic data is obtained from each undrilled section. An additional consideration is whether the lease rental fees have been paid on time.

There can be no assurance that KOSP-KKD will be able to renew its leases in a timely manner or at all. If KOSP-KKD is not able to renew its leases, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

The natural gas and crude oil, condensate and bitumen reserves data in this Offering Memorandum are only estimates; there is no independent reserve report available for our actual production, revenues and expenditures with respect to our reserves and actual values may differ from these estimates.

This Offering Memorandum includes estimates we made of our gross proved oil and natural gas reserves. No independent reserves report is available on our gross proved reserves. These estimates are based on our Classification of Petroleum Resources Guidelines, which is substantially similar to the standards established by the Society of Petroleum Engineers (the "SPE"), the SPE Petroleum Resources Management System. Investors should note, however, that different reserves reporting systems employ different assumptions. Our Classification of Petroleum Resources Guidelines may differ from the standards established by the United Slates Securities and Exchange Commission. In regards to the reserves and resources classification provided for KKD as of December 31, 2011, we refer to the figures from the independent report done by McDaniel & Associates Consultants Limited, which is based on the draft Canadian Oil and Gas Evaluation Handbook Vol. 3, Part 3 — Detailed Guidelines for Estimation and Classification of Bitumen and Steam Assisted Gravity Drainage (SAGD) Reserves and Resources, prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society) (the "COGE Handbook"). The COGE Handbook was reviewed in reference to the SPE Petroleum Resources Management System and there is now broad alignment between the COGE Handbook and the SPE definitions.

There are uncertainties inherent in estimating quantities of gross proved reserves and in the timing of development expenditures and the projection of future rates of production. However, the proved reserves data set out in this Offering Memorandum represents estimates of a high confidence, which, according to both the SPE Petroleum Resources Management System and COGE Handbook, means at least a 90% chance that quantities actually recovered will equal or exceed the estimates. Adverse changes in economic conditions may render it uneconomical to develop certain reserves.

There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond our control. The reserves data set forth in this Offering Memorandum represents estimates determined by us according to industry practice. In general, estimates of commercially recoverable oil and natural gas volumes, and the degree of their reliability, are based upon a number of variable factors and assumptions, such as

- the quality and quantity of technical and economic data;

- the prevailing oil and gas prices applicable to production;
- the historical production performance of the reservoirs;
- engineering judgments;
- forward-looking commercial and market assumptions;
- extensive reservoir and geological judgments;
- future operating costs; and
- the assumed effects of regulation by governmental agencies.

Determination of reserves estimates is an inexact, interpretative activity generally based upon the guidelines and definitions. There often exist various professional interpretive differences of guidelines and reserves classification between companies, other independent petroleum engineering consultants and operators. This is often evidenced by different reported reserves between consortium members of the same exploration or producing block. Such differences may include assigning volumes to proved, probable or possible reserves categories or to Contingent Resources, based on interpretation of guidelines or on views of the commercial viability of given oil or gas reserves or resources, at a particular point in time. There is no assurance that we, other independent petroleum engineering consultants or other operators will not change views on the interpretation of such guidelines or change interpretation of the commercial viability of given reserves or resources, and thus causing such resources or reserves to be reclassified into another category under SPE, COGE or other similar guidelines.

All such estimates involve uncertainties, and classifications of reserves are only attempts to define the degree of likelihood that the reserves will result in revenue for us. For these reasons, estimates of the commercially recoverable oil and natural gas volumes attributable to any particular group of properties, classification of such volumes based on uncertainty of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. In addition, such estimates can be and will be subsequently revised as additional pertinent data becomes available prompting revision. Actual recoverable reserves may vary significantly from such estimates. To the extent actual recoverable reserves are significantly less than our estimates, our financial condition and results of operations are likely to be materially and adversely impacted. See "Business — Business Activities — Gas Business — Exploration and Production (PTTEP) — Reserves." Similar uncertainty risk exists with respect to estimating coal reserves. See "Business — Business Activities — New Business — PTT International — Coal — Reserves."

Additionally, estimates of reserves based on uncertainty of recovery and estimates of future net revenues expected from those reserves may vary substantially. Finally, new drilling, testing and production after the date the estimates are made may cause substantial upward or downward revisions in the estimates. Our actual production, revenues, taxes and development and operating expenditures with respect to our reserves may vary materially from estimates.

Risks Relating to Our International Businesses

Our hedging strategy may not always be effective and does not require all risks to be hedged.

Our business operations involve a significant number of purchase and sale transactions across multiple petroleum products. To the extent we purchase a product from a supplier and do not immediately have a matching contract to sell the product to a customer, a downturn in the price of

the product could result in losses to us. Conversely, to the extent we agree to sell a product to a customer and do not immediately have a matching contract to acquire the product from a supplier, an increase in the price of the product could result in losses to us, as we then seek to acquire the underlying product in a rising market. In the event of disruptions in the product exchanges or markets on which we engage in these hedging transactions, our ability to manage product price risk may be adversely affected and this could in turn materially adversely affect our business, financial condition and results of operations. In addition, there are no traded or bilateral derivative markets for certain products that we purchase and sell, which limits our ability to fully hedge our exposure to price fluctuations for these products. In these instances, our ability to hedge our commodity exposure is limited to forward contracts for the physical delivery of a product or futures and swap contracts for a proxy product.

We are subject to counterparty risk in our marketing activities.

Our business operations are subject to non-performance risk by our suppliers, customers and hedging counterparties. For example:

- a significant increase in petroleum product prices could result in suppliers being unwilling to honor their contractual commitments to sell products to us at pre-agreed prices;

- a significant reduction in product prices could result in customers being unwilling or unable to honor their contractual commitments to purchase products from us at pre-agreed prices as occurred in 2008 and 2009 during the global economic crisis;

- customers may take delivery of products from us and then find themselves unable to honor their payment obligations due to financial distress or any other reasons; and

- hedging counterparties may find themselves unable to honor their contractual commitment due to financial distress or other reason.

We seek to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions, where appropriate, and by imposing limits on open accounts extended. However, no assurance can be given that our attempts to reduce the risk of customer non-performance will be successful in every instance or that our financial results will not be adversely affected by the failure of a counterparty or counterparties to fulfill their contractual obligations in the future. Such failure would have an adverse impact on our business, results of operations and financial condition, including by creating an unintended, unmatched commodity price exposure.

Our risk management policies and procedures may leave us exposed to unidentified or unanticipated risks.

Our operations are exposed to commodity price, foreign exchange, interest rate, counterparty (including credit), operational, regulatory and other risks. We have devoted significant resources to developing and implementing policies and procedures to manage these risks and expect to continue to do so in the future. Nonetheless, our policies and procedures to identify, monitor and manage risks have not been fully effective in the past and may not be fully effective in the future.

Some of our methods of monitoring and managing risk are based on historical market behavior that may not be an accurate predictor of future market behavior. Other risk management methods depend on evaluation of information relating to markets, suppliers, customers and other matters that

are publicly available or otherwise accessible by us. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective in doing so. We use, among other techniques, Value-at-Risk, or VaR, as a key risk measurement technique for our marketing activities. VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by us, nor do we expect that VaR results are indicative of future market movements or representative of any actual impact on our future results. Failure to mitigate all risks associated with our business could have a material adverse effect on our business, results of operations and financial condition.

Our coal business is dependent on our ability to obtain a stable supply of coal.

We have recently invested in coal mining and marketing businesses to increase our ability to meet regional demand for coal, diversify our exposures in the energy industry and mitigate risks, such as price volatility risk with respect to petroleum. All of our coal revenues are derived from coal sales and trading. We source our coal from Indonesian coal mines operated by Sakari Resources Limited ("Sakari"), which is listed on the Stock Exchange of Singapore, and of which we owned approximately 45.3% as of June 30, 2012. On August 27, 2012, we made a S$1.2 billion offer for the remaining 54.7% of Sakari to strengthen our interest in the coal sector of the energy industry.

From time to time, Sakari explores opportunities for expansion and acquisition of new mining assets. On August 13, 2012, Sakari announced that it has entered into a joint venture with the Royal Group of Cambodia to undertake exploration and development of coal opportunities throughout Cambodia. Sakari's initial equity interest in the venture is 70% and it will exercise management control and have the obligation to fund exploration and pre-feasibility activities. Sakari has commenced drilling to explore the coal potentials of approximately 100,000 hectares of land area. Also on August 13, 2012, Sakari announced it has entered into a Heads of Agreement ("HOA") to acquire a 100% interest in up to six coal mining concessions covering an area of over 29,000 hectares, located some 30 km to the north of Sakari's Jembayan mine in East Kalimantan. Under the terms of the HOA, Sakari has paid an initial, refundable cash deposit of U.S.$2 million, and will undertake an exploration program and due diligence review. If the results from these activities prove satisfactory to Sakari, the acquisition will proceed to completion. There is currently no certainty that the above coal exploration activities will be economically successful or, if successful, the extent of capital expenditures that may be needed to develop the project cannot be ascertained at this point in time.

If our coal producing contract areas become damaged or unfit for mining in any way, our source of coal may decrease significantly. In addition, if in such a case we are unable to source coal from third party suppliers, our coal business may be materially and adversely affected which may have a material adverse affect on our overall results of operations and prospects.

Risks Relating to Thailand

Most of our assets and operations are located in Thailand and we are subject to economic, legal and regulatory uncertainties in Thailand.

Most of our assets and operations, including our headquarters, are located in Thailand. Consequently, we are subject to political, legal and regulatory conditions in Thailand that differ in certain significant respects from those prevailing in other countries with more developed

economies. There is no assurance that the Thai economy will meet current projections or improve in the future. Any downturn in the Thai economy could have a material adverse effect on our business, financial condition, results of operations and prospects and the market price of the Notes. Furthermore, prior Governments have, in the past, intervened in the Thai economy and occasionally made significant changes in policy including, among other things, foreign exchange control, policies concerning wage and price controls (including energy price controls), capital controls and limits on imports, at times partially reversing such policies soon after the new policies were announced. See "— Risks Relating to our Business — We may be subject to claims and liabilities under environmental, health, safety, and other laws and regulations."

Our businesses and operations in Thailand are subject to the changing economic conditions prevailing from time to time in Thailand. From 1996 to 1998, Thailand's gross domestic product ("GDP") growth slowed significantly in relation to historical levels and the country entered a recession. Since 1999, Thailand's economy has been recovering, recording positive GDP growth each year until the global economy began to worsen in 2008. According to the National Economic and Social Development Board of Thailand ("NESDB"), Thailand's GDP declined by 2.3% in 2009, but grew by 7.8% in 2010 despite the political unrest in the early part of 2010. Thailand's GDP grew by 0.1% in 2011 primarily due to economic effects of severe flooding in the central regions of Thailand in the third and fourth quarters of 2011, which severely disrupted Thailand's economy. Thailand's GDP in the fourth quarter of 2011 contracted by 9.0%. According to initial estimates of the NESDB, Thailand experienced economic growth in the first quarter of 2012 as problems associated with the flooding were largely resolved. According to estimates of the International Monetary Fund, the GDP of the Association of Southeast Asian Nations ("ASEAN") countries is expected, on average, to grow at a compound annual growth rate of 4.3% in the next five years. However, the continued prospects for the global and regional economy are uncertain. The demand for energy is generally correlated with GDP, and a contraction in Thailand's GDP could lead to a reduction in the demand for energy, which could have a material adverse effect on our business, financial condition, results of operations and prospects. There is no assurance that the Thai economy will meet current projections or improve in the future. Any instability or economic downturn in Thailand could have a material adverse effect on our business, financial condition, results of operations and prospects and the market price of the Notes.

From 1996 to 1998, international credit rating agencies, including Moody's, Fitch and Standard & Poor's, lowered Thailand's sovereign rating as well as various Thai corporate debt ratings. With the improved performance of the Thai economy in 1999 through 2003, there was corresponding improvement in these credit ratings. Political unrest in late 2008, early 2009 and mid-2010 again put downward pressure on Thailand's sovereign ratings. As of June 30, 2012, Thailand's sovereign foreign currency long-term debt was rated "Baa1" with a stable outlook by Moody's, "BBB" with a stable outlook by Fitch and "BBB+" with a stable outlook by Standard & Poor's. Future lowering of the credit ratings for Thai sovereign debt may make it more expensive for us to obtain additional debt financing for our working capital and capital expenditures, which could have an adverse effect on our business, results of operations and financial condition.

Additionally, prior Governments have, in the past, intervened in the Thai economy and occasionally made significant changes in policy. Policy changes made by the Government and the Bank of Thailand have included the imposition (and subsequent reversal) of a one-year 30% unremunerated reserves requirement on foreign exchange inflows, under which any foreigner buying stock in Thailand had to place an extra non-interest-bearing deposit. There is no assurance that the Government will not in the future re-impose restrictive foreign exchange controls that may affect the outward remittance of funds, including interest or other payments payable on our Notes. Our business, financial condition, results of operations and prospects and the market price of the Notes may be adversely affected by future changes in Government policies.

Political conditions in Thailand will have a direct impact on our business and the market price of the Notes.

We are subject to a political, economic, legal and regulatory environment in Thailand that differs in certain significant respects from that prevailing in countries with more developed economies. Our business, financial condition, results of operations and prospects may be influenced in part by the political situation in Thailand, which has been unstable from time to time. In 2006, there was a military coup against the country's civilian political leadership. The coup leaders declared martial law and abrogated the 1997 Constitution. In 2007, the new Constitution came into force and a general election was subsequently held. Two new coalition governments took office in February and September 2008, respectively. There were a series of anti-government protests in 2008, including an occupation by protestors of the Government House and the seizure of Thailand's two key airports. In December 2008, the Thai Constitutional Court issued a verdict that disbanded certain government political parties, which dissolved the existing coalition government and removed the Prime Minister from office. The leader of the Democrat-led coalition was voted in as the new Prime Minister by the Thai Parliament in December 2008. There have been a series of protests and demonstrations evidencing resistance to the current coalition government. In March 2010, anti-government protestors (being supporters of the former Prime Minister Thaksin Shinawatra, who was ousted in a military coup in 2006) launched new protests aimed at removing the coalition government and holding new elections. Over the course of two months, the demonstrations turned violent, causing the government to declare a state of emergency in Bangkok on April 7, 2010 and later in 23 other provinces in central, northern and northeastern Thailand. In an effort to clear the protest sites, the government imposed curfews and restricted numbers at gatherings. A number of buildings, including a major shopping center, government buildings and the building where the SET is located were set on fire by certain demonstrators, causing serious damage. A number of people were also killed or injured. After the end of the demonstrations, the curfews were gradually lifted. The state of emergency was lifted on December 21, 2010 and the government pledged to implement a national reconciliation process. In July 2011, parliamentary elections were held and the Thai opposition party won a majority and subsequently formed a coalition government with four additional parties. Despite the results of the July 2011 elections, political tensions persist. There can be no assurance that the current government coalition will successfully resolve such divisions or that protests or other violent demonstrations will not recur. The effect of these events on political, economic and legal conditions in Thailand remains uncertain. Prolonged political instability in Thailand could have a material adverse effect on economic and legal conditions in Thailand, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Continued violence in southern Thailand and other regions in which we have operations, terrorist attacks and international and regional instability could adversely affect our business, financial condition, results of operations and prospects.

In 2004, the Government declared martial law in certain southern provinces in Thailand. The region recently has experienced increasingly serious and frequent incidents of violence, including bombings of commercial banks and power stations, which caused blackouts in the provinces. In 2005, the Government invoked an emergency decree to declare a state of emergency in the three southernmost provinces of Yala, Narathiwat and Pattani. The state of emergency imposed further controls in those provinces and allows the authorities to detain suspects without charge, ban public protests and censor the news media. On December 31, 2006, several bombs exploded in Bangkok, killing three people, and in February 2007 a coordinated series of explosions in Southern Thailand, including in schools. On March 31, 2012, a car bomb attack on the hotel district of Hat Yai, in the

southern part of Thailand, and a bomb attack in Yala Province killed and injured several people. A number of countries, including the United States, the United Kingdom, Australia and Canada have issued travel advisories relating to travel to Thailand in recent years as a result of the violence. Continued violence could lead to widespread unrest in Thailand or a major terrorist incident in Thailand similar to those in other parts of Southeast Asia. If the security condition deteriorates and violence spreads to the northern provinces of Thailand, our business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, political events in the Middle East, including future terrorist attacks against targets in the Middle East, Southeast Asia or other regions, rumors or threats of terrorist attacks or war, actual conflicts involving the Middle East and trade disruptions, all of which may impact our suppliers or customers who are principally located in Thailand, may adversely impact our operations. Political or economic developments related to these crises could adversely affect the Thai economy and the global economy and could have a material adverse effect on our business, financial condition, results of operations and prospects.

We face risks related to public health epidemics in Thailand or elsewhere.

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak, in Thailand or elsewhere. In April 2009, an outbreak of the H1N1 virus, commonly referred to as "swine flu," occurred in Mexico and spread to other countries, including Thailand. In 2004, an outbreak of the H5N1 viruses, also known as "bird flu," occurred in Southeast Asia and other regions, resulting in hundreds of deaths worldwide and significantly affecting Southeast Asia's economy. Vietnam, a regional neighbor of Thailand, reported two human fatalities caused by bird flu in January 2012. Since the beginning of 2012, there have been reports on the outbreak of the viral hand, foot and mouth disease in Thailand and other neighboring countries, including several confirmed human cases and deaths, particularly among children. If the outbreak of any of these viruses or other severe viruses, including severe acute respiratory syndrome, or "SARS," were to occur again and become widespread in Thailand or increase in severity, it could have an adverse effect on economic activity in Thailand, and could materially and adversely affect our business, financial condition and results of operations. Any future public health epidemics in Thailand or elsewhere could materially and adversely affect our business, financial condition, results of operations and prospects.

Fluctuations in the value of the Baht could adversely affect demand for our products and our financial condition and results of operations.

A significant amount of our revenues and costs are directly or indirectly linked to, or affected by, the U.S. dollar. As of January 1, 2011 and 2012, PTTEP and PTT International, respectively, adopted the U.S. dollar as their functional currency. While this has reduced the effect of exchange rates on our results of operations, we still face some currency exchange effects because we have costs denominated in Baht. Depreciation in the value of the Baht tends to have a detrimental effect on our costs. In addition, adverse economic conditions in Thailand incidental to the depreciation of the value of the Baht could increase energy prices in Thailand and reduce overall demand for our products and those of our customers which may partially offset the benefits of depreciation. Significant fluctuations in the Baht against the dollar could have an adverse effect on our financial condition and results of operations.

Non-enforceability of non-Thai judgments may limit your ability to recover damages from us.

Under Thai law, judgments entered by a United States court or any other non-Thai court, including actions under the civil liability provisions of the U.S. federal securities laws, are not enforceable in Thailand. An investor would have to bring a separate action or claim in Thailand. Although a non-Thai judgment could be introduced as evidence in a court proceeding in Thailand, a Thai court would be free to examine de novo issues arising in the case. In addition, there is no law prescribing that our assets are not subject to or exempted from any execution of judgment since such immunity and exemption were revoked by the Royal Decree Determining the Powers, Rights and Benefits of PTT Public Company Limited (No. 2) B.E. 2550 (A.D. 2007). According to the Royal Decree, we no longer have any privilege or immunity under the Petroleum Authority of Thailand Act. To the extent investors are entitled to bring legal action against us, they may be limited in their remedies and any recovery in any Thai proceeding might be limited depending on the court's discretion.

Our auditor is the Office of the Auditor General of Thailand, which may not be considered independent under IFRS.

As required by Thai law for state-owned enterprises, our auditor is the Office of the Auditor General of Thailand. The Office of the Auditor General of Thailand is an independent auditor with respect to us within the meaning of the standards established for independent auditors in Thailand. We cannot assure you, however, that it would be considered to be an independent auditor with respect to us within the meaning of the standards established under IFRS, in the United States or elsewhere.

Risks Relating to this Offering

Our business activities in Myanmar may restrict the ability of U.S. persons to invest in the Notes.

For both 2010 and 2011, approximately 13% of our oil and gas production volume came from the Gulf of Mataban in the territorial waters of Myanmar, which has a history of political instability. Since 1988, Myanmar has been subject of sanctions laws of the United States and other countries. However, since November 2010, it has taken steps to liberalize its economic and political systems. In response, the United States and other countries have eased or suspended sanctions to allow certain types of investment and trade activities that were previously banned under the sanctions.

In 1996, the U.S. Congress enacted legislation authorizing the President of the United States to impose economic sanctions on Myanmar to foster the protection of human rights and democratic government. On May 20, 1997, the U.S. government issued an order which prohibits "new investment" in Myanmar by U.S. persons and the facilitation by U.S. persons of new investment in Myanmar by foreign persons. The U.S. government has renewed the investment ban every six months since 1997. The Burmese Sanctions Regulations ("BSR") implement the executive order. In 2003 and 2008, the United States imposed or extended new economic sanctions against Myanmar which prohibit the importation to the U.S. of Burmese products and the exportation to Myanmar of U.S. financial services. In addition, the BSR also blocks property and interests in property within the United States or in the possession or control of a U.S. person, by certain persons or entities determined by the U.S. Secretary of the Treasury. In response to signals from the government of Myanmar, including parliamentary elections.

On April 18, 2012, the United States partially eased sanctions on Myanmar through General License No. 14-C, which allowed the export to Myanmar of certain financial services in support of not-for-profit activities. Other sanctions remained in place. On April 23, 2012, the Council of the European Union suspended all sanctions, except for certain arms related sanctions, for a period of one year. On July 11, 2012, the United States issued two new licenses that replaced General License No. 14-C. General License No. 16 authorizes U.S. persons or persons operating in the United States to export financial services to Myanmar, which, as defined in the BSR, which include a range of insurance, investment or brokerage services. General License No. 17 authorizes U.S. persons or persons operating in the United States to make new investments in Myanmar, as defined in the BSR. However, no financial services may be exported to, and no new investment may be undertaken with, the Myanmar Ministry of Defense or certain other groups or individuals. General Licenses No. 17 also requires that any U.S. person or person operating in the United States that makes a new investment in Myanmar comply with the U.S. Department of State's Reporting Requirements on Responsible Investment in Burma, which require an annual report for all investments over $500,000, a portion of which will be made public, and a report of any investment with the Myanma Oil and Gas Enterprise within 60 days of a new investment.

Although we have, through PTTEP's subsidiary International Limited ("PTTEPI"), entered into agreements to develop natural gas reserves located in Myanmar, we do not believe that a purchase of the Notes by a U.S. person would be likely to be deemed a "new investment" in Myanmar as defined in the BSR and requiring reporting to the U.S. Department of State predominantly because License No. 17 does not seem to implicate indirect, non-controlling investments in companies operating in Myanmar, as is contemplated by the Offering. Additionally, our subsidiary's investment in Myanmar does not involve any party prohibited by License No. 17, such as the Myanmar Ministry of Defense or certain other groups or individuals. However, we cannot assure you that a U.S. court or regulatory agency would agree with these conclusions and you may wish to consult your lawyers and the U.S. government directly for further assurances. A contrary determination could adversely affect our ability to raise funds from the U.S. capital markets and U.S. persons owning the Notes potentially could be required to divest themselves of the Notes, among other potential regulatory and legal implications, including an enforcement action by U.S. authorities.

In addition, the BSR prohibit the approval or other facilitation by U.S. persons of a transaction by a non-U.S. person that would constitute a prohibited investment in Myanmar as defined in the BSR and License No. 17. If any of the Initial Purchasers were a U.S. Person or included U.S. persons in the relevant activity and were found to have contravened the BSR or License No. 17 by "facilitating" a prohibited new investment in Myanmar to the Myanmar Ministry of Defense or certain other groups or individuals, through the offering of the Notes, any regulatory action against the Initial Purchasers resulting from such finding could adversely affect holders of the Notes as a result of a decline in the price of the Notes or otherwise.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to QIBs in reliance on the exemption provided by Rule 144A, to certain persons in offshore transactions in reliance on Regulation S, or pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws. For a further discussion of the transfer restrictions applicable to the Notes, see "Transfer Restrictions."

There is no public market for the Notes.

The Notes will be a new issue of securities with no existing trading market. Approval-in-principle has been obtained for a listing of the Notes on the SGX-ST. However, we cannot assure you that it will be able to obtain or maintain such listing or that, if listed, a liquid trading market will develop for the Notes. The Initial Purchasers have informed us that they currently intend to make a market in the Notes, although they are not obligated to do so and any such market making activities may be discontinued at any time without notice. Accordingly, even though the Notes may be listed on an exchange, we cannot assure you that an active market will develop for the Notes or as to the liquidity of, or the trading market for, the Notes. If an active market does develop, future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates, our operating results and the market for securities similar to the Notes.

The Notes will initially be held in book-entry form, and therefore you must rely on procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form, or definitive registered Notes are issued in exchange for book-entry interests (which may occur only in limited circumstances), owners of book-entry interests will not be considered owners or holders of the Notes. The common depository (or its nominee) for DTC will be the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing Notes will be made to Deutsche Bank Trust Company Americas, as principal paying agent, which will make payments to DTC. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depository for DTC, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of DTC and if you are not a participant of DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indentures.

Unlike holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters on a timely basis.

Similarly, upon the occurrence of an event of default under the Indentures, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through DTC. We cannot assure you that the procedures to be implemented through DTC will be adequate to ensure the timely exercise of rights under the Notes.

The Notes are an unsecured obligation.

As the Notes are our unsecured obligations, their repayment may be compromised if:

1. we enter into bankruptcy, liquidation, reorganization or other winding-up proceedings;

2. there is a default in payment under our future secured indebtedness or other unsecured indebtedness; or

3. there is an acceleration of any of our indebtedness;

and our assets are not sufficient to pay amounts due on the Notes.

The Notes will be effectively subordinated to all of PTT's secured debt to the extent of the value of the assets securing such debt, and to all obligations (whether secured or unsecured) of PTT's subsidiaries and associated companies.

The ratings assigned to the Notes by Moody's and Standard & Poor's may be lowered or withdrawn entirely in the future.

Both the 2022 Notes and the 2042 Notes are expected to be assigned a rating of Baa1 by Moody's and BBB+ by Standard & Poor's. The ratings address our ability to perform our obligations under the terms of the Notes and the credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

We cannot assure you that the rating assigned by Moody's or Standard & Poor's will be sustained for any given period of time or that a rating will not be lowered or withdrawn entirely by Moody's or Standard & Poor's. Except in limited circumstances, we have no obligation to inform the holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of any of the ratings assigned to the Notes may adversely affect the market price of the Notes.

The Notes do not contain restrictive financial or operating covenants.

The Indentures governing the Notes will contain various covenants intended to benefit the interests of the holders of the Notes that limit our ability to, among other things, incur liens under certain circumstances, consolidate or merge with or into, or sell substantially all of our assets to, another person. These covenants are subject to a number of important exceptions and qualifications. For more details, see "Description of the 2022 Notes – Certain Covenants" and "Description of the 2042 Notes – Certain Covenants." Each of 2022 Indenture and the 2042 Indenture, however, do not contain restrictive financial or operating covenants or restrictions on the payments of dividends, the incurrence of additional indebtedness, and the issuance or repurchase of securities (including subordinated or junior securities) by us. Subject to the terms of our existing corporate debt and other credit facilities, we may incur substantial additional indebtedness in the future.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Thai securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Thailand. Since the global financial crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Investment in the Notes may subject investors to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If an investor measures its investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollar relative

to the currency by reference to which an investor measures its investment returns, because of, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Notes.

The insolvency laws of Thailand may differ significantly from those of other jurisdictions with which the holders of the Notes are familiar.

Because we are incorporated under the laws of the Kingdom of Thailand, any insolvency proceeding relating to us would likely involve Thai insolvency laws, the procedural and substantive provisions of which may differ significantly from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in the Notes.

USE OF PROCEEDS

The net proceeds of the sale of the 2022 Notes are estimated to be approximately U.S.$498 million after payment of commissions to the Initial Purchasers. The net proceeds of the sale of the 2042 Notes are estimated to be approximately U.S.$592 million after payment of commissions to the Initial Purchasers. The total net proceeds from the offerings of the Notes are expected to be approximately U.S.$1,090 million. We intend to use the net proceeds we receive to finance our capital expenditures, working capital and/or refinancing our debt.

EXCHANGE RATE INFORMATION

Prior to July 2, 1997, the Bank of Thailand maintained the value of the Baht based on a basket of foreign currencies, the composition of which was not made public, but of which the dollar was believed to be the principal component. On July 2, 1997, the Government announced that it would no longer intervene to maintain the exchange rate at any particular level, which resulted in a substantial decrease in the value of the Baht against the dollar.

The following table presents, for the periods indicated, exchange rate information relating to the conversion of Thai Baht into U.S. dollars. We are providing this information solely for your convenience. These are not necessarily the rates we used in the preparation of our financial statements and we make no representation that the Baht or U.S. dollar amounts set forth herein or referred to elsewhere in this Offering Memorandum could have been, or could be, converted into U.S. dollars or Baht, as the case may be, at the rates indicated, at any particular rates, or at all.

(Bt per dollar)	At Period End[1]	Average[2]	Low[1]	High[1]
Period				
2007	33.885	34.564	33.390	36.234
2008	35.082	33.382	31.277	35.862
2009	33.517	34.318	33.258	36.349
2010	30.296	31.701	29.705	33.439
2011	31.832	30.500	29.837	31.832
2012				
January	31.181	31.578	31.181	32.053
February	30.389	30.728	30.389	31.164
March	30.989	30.696	30.618	30.989
April	30.870	30.888	30.870	31.157
May	32.036	31.342	30.911	32.036
June	31.965	31.656	31.570	32.021
July	31.720	31.655	31.581	31.931
August	31.518	31.436	31.353	31.743
September	30.966	30.999	30.934	31.399
October (through October 17)	30.765	30.684	30.690	30.991

Source: Bank of Thailand

(1) Amounts are based on daily average selling price.

(2) Averages are based on daily reference rates.

On October 17, 2012, the weighted-average interbank exchange rate was Baht 30.619 = U.S.$1.00.

CAPITALIZATION

The following table sets out our consolidated capitalization as of June 30, 2012, and as adjusted to give effect to the issuance of the Notes and the use of the proceeds as discussed in "Use of Proceeds."

	As of June 30, 2012		Adjusted for the offering	
	Bt. millions (unaudited)	U.S.$ millions[1] (unaudited)	Bt. millions (unaudited)	U.S.$ millions[1] (unaudited)
Short-term debt:				
Current portion of long-term debt[2]	23,795	748	23,795	748
Short-term loans	–	–	–	–
Long-term debt:				
Long-term debt[2]	386,979	12,165	386,979	12,165
The Notes	–	–	34,993	1,100
Total debt	410,774	12,913	445,767	14,013
Shareholder's equity:				
Issued and paid-up share capital	28,563	898	28,563	898
Premium on ordinary shares	29,211	918	29,211	918
Retained earnings				
Appropriated				
Legal reserve	2,857	90	2,857	90
Reserve for self-insurance fund	1,035	32	1,035	32
Unappropriated	527,131	16,570	527,131	16,570
Other components of Shareholders' Equity	(6,211)	(195)	(6,211)	(195)
Total equity attributable to equity holders of the company	582,586	18,313	582,586	18,313
Non-controlling interests	98,965	3,111	98,965	3,111
Total shareholders' equity	681,551	21,424	681,551	21,424
Total capitalization	1,092,325	34,337	1,127,318	35,437

(1) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

(2) Long-term debt is calculated by subtracting liabilities under finance leases from total long-term loans.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present our selected financial information, which should be read in conjunction with our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" that appear elsewhere herein. The summary financial information as of and for the years ended December 31, 2010 and 2011 and as of and for the six-month periods ended June 30, 2011 and 2012 are derived from our consolidated financial statements for those periods contained elsewhere in this Offering Memorandum.

Our Annual Financial Statements and Interim Financial Statements are prepared and presented in accordance with TFRS. The Annual Financial Statements and Interim Financial Statements have, respectively, been audited and reviewed by the Office of the Auditor General of Thailand, an agency of the Government. See "Presentation of Financial Information."

Our audited consolidated financial statements as of and for the year ended December 31, 2009, having been prepared and presented in accordance with Thai GAAP effective at the time, are not comparable with the financial information in our Annual Financial Statements and Interim Financial Statements appearing below and elsewhere in this Offering Memorandum, and therefore have not been included in this Offering Memorandum.

On January 1, 2012, PTT International, a wholly-owned subsidiary of ours, began reporting its functional currency in U.S. dollars, based on the main denomination of its sales and operating costs, a change from reporting in Thai Baht. Because this change is a change in accounting policy, PTT International restated its financial statements. Please see note 3.3 to the Interim Financial Statements found elsewhere in this Offering Memorandum. As a result, we have restated our consolidated statement of financial position as of December 31, 2011 and included this restated statement of financial position below and elsewhere in this Offering Memorandum to facilitate comparison with our consolidated statement of financial position as of June 30, 2012, which contains the financial data from PTT International that has been converted into Thai Baht from U.S. dollars.

For more details concerning further changes in accounting policies and restatements, see "Presentation of Financial Information."

THE FOLLOWING TABLES PRESENT INCOME STATEMENT DATA FOR THE PERIODS INDICATED.

	Year ended December 31,			Six months ended June 30,		
	2010[1]	2011[1]		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
	(audited)		(unaudited)		(unaudited)	
Sales and service income	1,898,682	2,428,165	76,329	1,184,434	1,374,922	43,220
Cost of sales and services	1,724,780	2,208,896	69,436	1,073,469	1,258,189	39,551
Gross margin	173,902	219,269	6,893	110,965	116,733	3,669
Other income	13,026	16,601	521	8,839	10,512	331
Income before expenses	186,928	235,870	7,414	119,804	127,245	4,000
Selling expenses	11,268	10,439	328	5,273	6,050	190
Administrative expenses	24,670	33,911	1,066	13,838	14,897	468
Executive remunerations	710	656	21	327	368	12
Petroleum exploration expenses	2,721	6,615	208	4,220	3,120	98
Petroleum royalties and remuneration	18,540	22,030	693	10,582	12,263	385
Other expenses	1,929	6,449	202	106	7,527	237
(Gain) Loss on foreign exchange	(6,362)	(1,266)	(40)	(3,810)	(630)	(20)
Operating income	133,452	157,036	4,936	89,268	83,650	2,630
Share of income from investments in associates	18,816	29,462	927	21,658	5,935	186
Income before finance costs & income taxes	152,268	186,498	5,863	110,926	89,585	2,816
Finance costs	16,803	18,041	568	8,873	9,262	291
Income before income taxes	135,465	168,457	5,295	102,053	80,323	2,525
Income taxes	33,961	43,231	1,359	25,218	25,126	790
Income for the years	101,504	125,226	3,936	76,835	55,197	1,735
Attributable to:						
Equity holders of the Company	83,992	105,296	3,310	67,199	45,899	1,443
Non-controlling interests	17,512	19,930	626	9,636	9,298	292
Net income	101,504	125,226	3,936	76,835	55,197	1,735

(1) The financial information as of and for the year ended December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011. See Note 3.1 of the Annual Financial Statements.

(2) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

THE FOLLOWING TABLES PRESENT STATEMENTS OF FINANCIAL POSITION AS OF THE DATES INDICATED.

The table below presents our consolidated statement of financial position as of the dates indicated and has been extracted from our Annual Financial Statements and Interim Financial Statements. As described in more detail in "Presentation of Financial Information," the statement of financial position information provided below as of December 31, 2011 has been restated to facilitate comparison with our financial condition as of June 30, 2012.

	As of December 31,			As of June 30,	
	2010[1]	2011[2]		2012	
	Bt. millions	Bt. millions	U.S.$ millions[3]	Bt. millions	U.S.$ millions[3]
	(audited)	(audited/restated)		(unaudited)	(unaudited)
Assets					
Current assets					
Cash and cash equivalents	135,801	116,132	3,651	96,104	3,021
Current investments	21,784	10,962	345	18,563	584
Trade accounts receivable	140,348	171,362	5,387	229,053	7,200
Other accounts receivable	18,805	32,625	1,026	37,382	1,175
Short-term loans	284	5,006	157	4,969	156
Inventories	31,231	26,000	817	35,304	1,110
Materials and supplies	11,102	13,160	414	12,298	387
Other current assets	4,578	5,877	184	26,320	827
Total current assets	363,933	381,124	11,981	459,993	14,460
Non-current assets					
Available-for-sale investments	13,591	11,680	367	11,688	367
Investments in associates	205,063	227,854	7,163	216,699	6,812
Investments in subsidiaries	–	–	–	–	–
Investments in jointly controlled entities	–	–	–	–	–
Other long-term investments	2,179	1,750	55	1,816	57
Long-term loans	5,878	146	5	375	12
Investment properties	8,732	8,345	262	8,220	258
Property, plant and equipment	496,661	601,337	18,903	622,452	19,567
Intangible assets	20,712	52,614	1,654	53,885	1,694
Mining properties	32,699	33,180	1,043	37,362	1,174
Goodwill	17,542	28,433	894	28,986	911
Deferred tax assets	16,446	19,318	607	18,575	584
Advance payments for gas purchases	8,305	7,346	231	6,566	207
Other non-current assets	37,368	28,719	902	29,236	919
Total non-current assets	865,176	1,020,722	32,086	1,035,860	32,562
Total assets	1,229,109	1,401,846	44,067	1,495,853	47,022
Liabilities and Shareholders' Equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	8,594	15,520	488	28,629	900
Trade accounts payable	137,222	195,843	6,156	231,765	7,285
Other accounts payable	12,027	35,912	1,129	29,333	922
Current portion of long-term loans	28,562	54,979	1,728	24,023	755
Short-term loans	7,945	–	–	–	–
Income tax payable	27,038	26,356	828	17,966	565
Accrued expenses	39,589	–	–	–	–
Short-term provision for decommissioning costs	3,753	2,313	73	541	17
Other current liabilities	4,934	4,599	145	6,298	198
Total current liabilities	269,664	335,522	10,547	338,555	10,642

	As of December 31,			As of June 30,	
	2010[1]	2011[2]		2012	
	Bt. millions	Bt. millions	U.S.$ millions[3]	Bt. millions	U.S.$ millions[3]
	(audited)	(audited/restated)		(unaudited)	(unaudited)
Non-current liabilities					
Other long-term accounts payable	705	672	21	655	21
Long-term loans	342,467	337,324	10,604	387,495	12,181
Deferred tax liabilities	19,850	42,937	1,350	45,528	1,431
Employee benefit obligations	5,148	5,500	173	5,746	181
Long-term provision for decommissioning costs	22,152	22,629	711	22,886	719
Deposits on LPG cylinders	6,038	6,567	206	6,838	215
Other non-current liabilities	5,671	6,982	220	6,599	207
Total non-current liabilities	402,031	422,611	13,285	475,747	14,955
Total liabilities	671,695	758,133	23,832	814,302	25,597
Shareholders' equity					
Share capital					
Authorized share capital	28,572	28,572	898	28,572	898
Issued and paid-up share capital	28,490	28,563	898	28,563	898
Premium on ordinary shares	27,586	29,211	918	29,211	918
Retained earnings					
Appropriated					
Legal reserve	2,857	2,857	90	2,857	90
Reserve for self-insurance fund	1,005	1,035	33	1,035	33
Unappropriated	428,456	501,217	15,755	527,131	16,570
Other components of equity	(7,690)	(7,120)	(224)	(6,211)	(195)
Total equity attributable to equity holders of the Company	480,704	555,763	17,470	582,586	18,314
Non-controlling interests	76,710	87,950	2,765	98,965	3,111
Total shareholders' equity	557,414	643,713	20,235	681,551	21,425
Total liabilities and shareholders' equity	1,229,109	1,401,846	44,067	1,495,853	47,022

(1) The financial information as of December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011 as presented in the Annual Financial Statements, but not the unaudited but reviewed financial information as of June 30, 2012. See Note 3.1 of the Annual Financial Statements.

(2) The financial information as of December 31, 2011 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the unaudited but reviewed financial information as of June 30, 2012. See Note 3 of the Interim Financial Statements. This restatement has been made to facilitate comparison with our consolidated statement of financial position as of June 30, 2012, which contains the financial data from PTT International that has been converted into Thai Baht from U.S. dollars as a result of PTT International having begun reporting its functional currency in U.S. dollars as of January 1, 2012.

(3) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

THE FOLLOWING TABLES PRESENT CERTAIN CASH FLOW DATA FOR THE PERIODS INDICATED.

	Year ended December 31,			Six months ended June 30,		
	2010[1]	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
	(audited)		(unaudited)	(unaudited)		(unaudited)
Cash Flow Data:						
Net income from operating activities before changes in operating assets and liabilities.	178,882	218,683	6,874	114,716	121,487	3,819
Net cash provided by operating activities	155,902	177,550	5,581	49,757	34,681	1,090
Net cash (used in) investing activities	(123,126)	(160,454)	(5,044)	(103,261)	(59,082)	(1,857)
Net cash provided by (used in) financing activities.	4,901	(45,423)	(1,428)	14,796	3,200	101
Net cash and equivalents at end of year	135,801	116,132	3,651	97,814	96,104	3,021

(1) The financial information as of and for the year ended December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011. See Note 3.1 of the Annual Financial Statements.

(2) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

THE FOLLOWING TABLES PRESENT CERTAIN OTHER FINANCIAL DATA AS OF THE DATES INDICATED.

	As of December 31,			As of June 30,	
	2010[1]	2011[2]		2012[3]	
	Bt. millions	Bt. millions	U.S.$ millions[4]	Bt. millions	U.S.$ millions[2]
			(unaudited)		
Other Financial Data:					
Total liabilities	671,695	758,133	23,832	814,303	25,597
Total debt[5]	387,568	407,824	12,820	440,149	13,836
Net debt[6]	229,983	280,730	8,825	325,482	10,231
EBITDA[7]	170,330	210,748	6,625	118,220	3,716
EBIT[7]	123,625	155,430	4,886	87,392	2,747
EBITDA margin (%)[8]	8.97	8.68	8.68	8.60	8.60
EBITDA interest coverage ratio (times)[9]	11.22	12.11	12.11	13.49	13.49
Total liabilities/EBITDA	3.94	3.60	3.60	3.67	3.67
Total liabilities/equity	1.21	1.18	1.18	1.19	1.19
Total debt/EBITDA	2.28	1.94	1.94	1.98	1.98
Total debt/equity	0.70	0.63	0.63	0.65	0.65
Net debt/capital[10]	0.24	0.27	0.27	0.29	0.29
Net debt/EBITDA	1.35	1.33	1.33	1.47	1.47
Net debt/equity	0.41	0.44	0.44	0.48	0.48
Return on equity (%)[11]	18.46	20.32	20.32	14.76	14.76

(1) The financial information as of and for the year ended December 31, 2010 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011. See Note 3.1 of the Annual Financial Statements.

(2) The statement of financial position information as of December 31, 2011 has been regrouped and wherever appropriate reclassified to present the figures on a substantially consistent basis compared to the audited statement of financial position information as of June 30, 2012. See Note 3.1 of the Annual Financial Statements. However, the income statement information for the year ended December 31, 2011 that is used for the calculation of certain ratios contained in this table has not been regroup or reclassified. Instead, these figures remain as presented in the audited financial information for the year ended December 31, 2011.

(3) EBITDA figures used to calculate these ratios as of June 30, 2012 have been annualized by computing the average monthly EBITDA for the preceding 12 months. The EBITDA for the year ended December 31, 2012 will likely differ from the annualized number.

(4) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

(5) Total debt includes total lease liabilities.

(6) Net debt comprises total debt net cash and cash equivalents and current investments.

(7) EBIT is defined as earnings before interest expenses and taxes and EBITDA is defined as earnings before interest expenses, taxes, depreciation and amortization. Earnings for calculating our EBITDA and EBIT include sales and service income. EBITDA and EBIT are presented because the management believes that EBITDA and EBIT are widely accepted financial indicators of an entity's operating performance and ability to incur and service debt. EBITDA and EBIT should not be considered by an investor as alternatives to net income or income from operations, as indicators of our operating performance or other combined operations, as cash flow data prepared in accordance with generally accepted accounting principles, or as an alternative to cash flows as a measure of liquidity. our computation of EBITDA and EBIT may differ from similarly titled computations of other companies. See "Non-TFRS Financial Measures."

(8) EBITDA margin is equal to EBITDA divided by sales and service income.

(9) Interest coverage is equal to EBITDA for any period, divided by interest expense during such period.

(10) Capital comprises total debt and shareholder's equity.

(11) Return on equity comprises net profit attributable to equity holders of the Company divided by average total equity attributable to equity holders of the Company.

SELECTED OPERATING, SALES AND ASSET DATA

The following table sets out summary operating, sales and net asset data for the periods indicated.

	As of or for the year ended December 31,			As of or for the six months ended June 30,	
	2009	2010	2011	2011	2012
	(units as indicated)				
Natural Gas Business					
Gas Procurement					
Volume (MMSCFD)[1]	3,575	4,058	4,184	4,278	4,424
Energy value (MMbtu)	1,304,875	1,481,170	1,527,160	774,309	805,251
Transmission and Distribution					
Pipeline capacity (MMSCFD)[2]	4,380	4,380	4,380	4,380	4,380
Transmission pipeline length (km)[2]	3,518	3,562	3,635	3,562	3,635
Distribution pipeline length (km)[2]	839	853	883	853	883
Total pipeline length (km)[2]	4,350	4,415	4,518	4,415	4,518
Gas sales volume (MMSCFD)[3]	3,554	4,040	4,161	4,231	4,396
Gas sales energy value (MMbtu)	1,300,860	1,474,600	1,515,845	765,811	801,164
Gas Separation Plants					
Volume of gas processed (MMSCFD)[1]	1,800	1,865	2,469	2,492	2,439
Volume of gas extracted (MMSCFD)[1] [4]	599	650	867	886	914
Product sales:					
LPG (tons)[5]	2,547,118	2,533,783	2,840,313	1,427,021	1,424,463
Ethane (tons)	1,064,948	1,162,884	1,797,764	924,345	997,451
Propane (tons)	269,399	268,203	541,584	277,376	284,565
NGL (tons)[3]	522,836	537,019	647,337	317,343	346,267
Total product sales	4,404,301	4,501,889	5,826,998	2,946,085	3,052,746
Exploration & Production Business (PTTEP)					
Natural gas sales (MMSCFD)	967	1,156	1,143	1221	1,060
Crude oil (Kb/d)	41	40	39	35	49
Condensate (Kb/d)	32	37	35	36	31
LPG (tons per day)	198	199	236	227	244
Bitumen (Kb/d)	–	–	4	2	6
Total sales (BOE/d)	233,756	264,575	265,047	272,307	258,426
Proved reserves:					
Natural gas (Bcf)	5,649	5,325	4,529	–[6]	–[6]
Crude oil and condensate (MMbbls)	218	214	275	–[6]	–[6]
Total proved reserves (MMBOE)	1,099	1,043	969	–[6]	–[6]
Oil Business					
Marketing (million liters)					
Gasoline	3,531	3,453	3,573	1,743	1,729
Fuel oil	1,666	1,882	1,964	898	1,107
Kerosene	6	8	8	4	5
LPG	5,774	6,710	6,870	3,349	3,661
Aviation fuel	2,416	2,471	2,522	1,268	1,283
Diesel	8,474	8,503	9,082	4,437	4,820
Lubricant products	155	174	164	88	93
Other sales	384	458	476	188	277
Total sales volume	22,406	23,659	24,659	11,975	12,975
Number of retail stations	1,282	1,308	1,326	1,309	1,335

	As of or for the year ended December 31,			As of or for the six months ended June 30,	
	2009	2010	2011	2011	2012
	(units as indicated)				
International Trading Business (million liters)					
Crude oil	41,727	41,928	39,683	19,866	21,389
Condensate	6,240	7,312	7,422	3,848	3,572
Refined products	8,761	11,463	11,358	5,015	7,834
Petrochemical products	3,579	2,972	4,221	2,114	1,414
Total sales volume	60,307	63,675	62,684	30,843	34,209
Petrochemicals and Refinery Business					
Petrochemicals[7] [8]					
Utilization (%)	95	90	86	85	83
Sales volume (Kton)	N/A[9]	3,007	3,146	1,694	1,484
HMC Polymers (Kton)	419	397	389	288	163
PTT Global Chemical (Olefins) (Kton)	N/A[9]	661	737	374	392
PTT Global Chemical (Aromatic) (Kton)	1,859	1,949	2,020	1,032	929
Refinery[7] [10]					
Total intake (KBD)	815	859	845	834	897
Utilization (%)	90	94	93	90	96
Capacity (KBD)	905	910	910	910	910
Sales volume	814	840	867	825	922
Coal					
Reserves (MT)	112	125	146	125	146
Resources (MT)	1,432	1,505	1,505	1,505	1,505
Production volume	8,449	10,550	10,664	5,653	4,711
Sales volume (Kton)	9,210	10,712	10,726	5,156	4,708

(1) Natural gas volume is determined at an energy conversion factor of 1,000 btu/cf.

(2) Changes to the pipeline operational information are recognized at the end of the year. The total length of our transmission pipeline data does not include any transmission or distribution pipeline that any of our subsidiaries or associates may have.

(3) Including natural gasoline derived from dew point control units.

(4) Extracted gas is the amount of processed gas converted to gas products.

(5) Including sales of LPG purchased from petrochemical producers.

(6) Reserve amounts are estimated annually and thus not available for the six months ended June 30, 2011 and 2012.

(7) PTT Global Chemical and its subsidiaries were founded on October 19, 2011 through the amalgamation of PTT Chemical Public Company Limited ("PTTCH") and PTT Aromatics and Refining Public Company Limited ("PTTAR").

(8) The 2009 and 2010 data included PTTCH, HMC Polymers, and PTT Phenol; while 2011, the first half of 2011, and the first half of 2012 data included PTT Global Chemical, HMC Polymers, and PTT Phenol, as a result of the amalgamation of PTTCH and PTTAR on October 19, 2011.

(9) Sales volume for 2009 is not comparable to sales volume of the other periods because the calculation methodology was changed in 2010.

(10) This data includes Thaioil, Star Petroleum Refining Co., Ltd., IRPC Plc. and Bangchak Petroleum Plc. but excluded PTTAR and PTT Global Chemical's refinery unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Annual Financial Statements and our Interim Financial Statements, and the selected historical financial and operating and reserves data, in each case together with the accompanying notes included elsewhere in this Offering Memorandum. Our Annual Financial Statements and our Interim Financial Statements have been prepared in accordance with TFRS. Our Annual Financial Statements have been audited by the Office of the Auditor General of Thailand; our Interim Financial Statements are unaudited but have been reviewed by the Office of the Auditor General, as set forth in their interim review report contained therein.

Our consolidated financial statements as of and for the year ended December 31, 2009 were prepared in accordance with generally accepted accounting principles in Thailand and reporting practices in Thailand effective at that time, which differ in certain significant respects from IFRS, with which TFRS is aligned. As such, the financial information as of and for the year ended December 31, 2009 as prepared under Thai GAAP effective at that time is not comparable with the financial information in our Annual Financial Statements and Interim Financial Statements contained in this Offering Memorandum. For this reason, this Offering Memorandum does not contain financial information as of and for the year ended December 31, 2009.

For more information concerning certain restatements and reclassifications that have been made in our Annual Financial Statements and our Interim Financial Statements, see "Presentation of Financial Information."

Overview

We are a fully integrated national petroleum and petrochemical company. Our operations cover our industry's entire business value chain, from upstream activities such as oil and gas exploration and production to midstream activities such as gas distribution to downstream activities such as refining and marketing. We conduct our business activity directly and through our PTT Group companies mainly in Thailand with a presence in 21 other countries.

Our primary business activities are:

- **Petroleum exploration and production.** We engage in oil and gas exploration and production in Thailand, neighboring countries and across the globe through our 65%-owned subsidiary PTTEP.

- **Natural gas supply procurement, processing, transmission and distribution.** Our gas business owns substantially all of Thailand's natural gas transmission and distribution pipeline network. Our operations include purchasing and processing natural gas and LNG for processing and distribution to end users and petrochemical facilities, as well as other gas-related businesses.

- **Petroleum products distribution.** Our oil business primarily engages in the marketing and distribution of quality petroleum products such as fuel oil, diesel, gasoline, gasohol, kerosene, aviation fuel, LPG, lubricating oils and asphalt through retail and export channels.

- **International trading.** We engage in procurement, import, export and international trading of crude oil, condensate, petroleum and petrochemical products, solvents and chemicals and coal through our international trading business.

- **Petroleum petrochemical and refining production.** We are the largest petrochemical and refining group in Thailand, with interests in a majority of Thailand's refineries and petrochemical facilities, and represented 84% of the country's refining capacity as of June 30, 2012. Our petrochemicals and refining business leverages synergies between our upstream oil and gas exploration, production and trading activities and our fully integrated petrochemical and refining subsidiaries, associates and joint ventures through off-take arrangements and business integration initiatives.

- **International investment in overseas projects.** Our subsidiary PTT International has invested in overseas projects, including, as of the date of this Offering Memorandum, a 45.3% interest Sakari, a coal mine operator in Indonesia with interests in coal projects in Madagascar and Brunei. Our subsidiary PTT Green Energy invests in palm oil plantations as sources of clean, renewable feedstock for our downstream refining and chemicals businesses and has amassed a land bank of approximately 200,000 hectares in Indonesia.

Our net sales and service income was Baht 1,898,682 million, Baht 2,428,165 million, Baht 1,184,434 million and Baht 1,374,922 million in 2010, 2011 and the six months ended 2011 and 2012, respectively. Our net income was Baht 101,504 million, Baht 125,226 million, Baht 55,197 million and Baht 76,835 million in 2010, 2011 and the six months ended 2011 and 2012, respectively. Our EBIT was Baht 123,625 million, Baht 155,430 million, Baht 80,342 million and Baht 87,392 million in 2010, 2011 and the six months ended 2011 and 2012, respectively. In the first half of 2012, PTTEP's EBIT represented 59.8% of our EBIT, our gas business represented 27.7% and our oil business represented 9.4%. Our coal business represented 2.3% of EBIT and our petrochemical business represented 1.0%.

Factors Affecting Our Results of Operations

Our results of operations and the comparability of our financial results over successive periods have been and will continue to be affected by a number of external factors, including general economic conditions and energy demand in Thailand and globally, changes in the prices of natural gas, crude oil, coal and refined petroleum products, Government intervention in our pricing decisions and fluctuations in exchange rates. Our results have also been, and will continue to be, affected by our investment policies, the terms of our long-term natural gas purchase agreements and natural gas sales agreements and the performance of our associated companies. For a further description of these factors and certain other factors affecting our financial performance, see "Risk Factors."

Natural Gas and Gas Product Prices

Our results of operations are substantially influenced by natural gas sales volume and prices. Our prices are linked to the Mean of Platts Singapore ("MOPS"), which generally fluctuates in correlation with crude oil prices. We primarily purchase our natural gas from producers in Thailand and Myanmar through long-term take-or-pay gas purchase agreements. The gas prices at which we purchase natural gas under our gas purchase agreements are initially agreed with our producers and

then periodically adjusted according to a formula that takes into account factors including fluctuations in fuel oil prices, the Baht/U.S. dollar exchange rate, as well as various economic indices which generally measure inflation. Under the terms of our gas purchase agreements, these gas prices are also subject to an adjusted price floor formula that protects the producers' revenues and an adjusted price ceiling formula that protects the competitiveness of natural gas against the price of our customers' principal alternative fuel, fuel oil. See "Business — Business Activities — Gas Business — Gas Procurement — Principal Terms of Gas Purchase Agreements."

Historically, prices of gas have fluctuated and are subject to volatility for many reasons. Since 2009, there has been shifting demand requirements resulting from slow economic growth in Europe and North America and variable growth in Asia, particularly China and India. In addition, geopolitical uncertainty as a result of unrest and regime changes in the Middle East and North Africa has greatly affected fuel prices. As a result, the average MOPS fuel price increased from U.S.$72.3 per barrel in 2010 to U.S.$101.2 per barrel in 2011. The price of liquefied petroleum gas also rose from U.S.$713 per ton in 2010 to U.S.$850 per ton in 2011. Most of our natural gas contracts factor the market price of fuel oil in their pricing mechanics, and our natural gas revenues have similarly been affected.

Within Thailand, the market for natural gas products has been influenced by local economic conditions. In 2011, Thailand's economy contracted due to recurrence of a global economic downturn, the Japanese Tsunami, which disrupted the supply chains for Thailand's domestic automotive industry, and devastating domestic flooding. According to the Bank of Thailand, GDP growth was 7.8% in 2010. There was positive growth in the first three quarters of 2011, however, a contraction of 9.0% of GDP in the fourth quarter of 2011 resulted in GDP growth of 0.1% in 2011. Despite the contracting economy in the fourth quarter, Thailand's energy consumption for the first 11 months of 2011 increased 3.5%. Thailand's consumption of natural gas, oil and LPG rose by 3.3%, 3.3% and 10.3%, respectively, in 2011 compared to 2010. LPG consumption growth was driven by a 35.3% increase in consumption of LPG in the transportation sector and a 9.1% increase in the household sector.

Our prices are also subject to Government regulation and policy. For example, the Government currently has a policy favoring NGV. Under the current policy, the Government set price is below the price under which we source NGV and in turn results in losses to us for this business. See "Risk Factors — Risks Relating to Our Business — Government intervention in our pricing decisions may adversely affect our business." We are currently negotiating with the Government arrangements by which we can increase the prices we charge for NGV.

Our natural gas is sold at a price that varies among our customers. We sell natural gas to EGAT, IPPs and small power producers ("SPPs") at a price based on a formula comprised of two major components — a gas charge and a transmission tariff. The gas charge is equal to a pooled price derived from the weighted average price we pay to purchase natural gas from various producers, plus a customer-specific marketing margin. The transmission tariff is composed of a demand charge and a commodity charge intended to recover our cost of investment in the transmission pipeline with a fixed return and related operating and maintenance expenses. The marketing margin and transmission tariff amounts are approved by the Government based on regulatory guidelines.

We also sell natural gas to industrial customers, including steel manufacturers, ceramic companies, metal work and glass work manufacturers, our associated and other petrochemical producers, refineries in which we have interests and other industrial customers. The price we charge our industrial customers for gas is based on a published reference price for their alternative fuel source, which is principally fuel oil.

The natural gas cost to our gas separation plants equals our pool price for natural gas from the Gulf of Thailand plus a marketing margin (to cover our supply costs) plus an offshore transmission tariff. Our gas separation plants separate natural gas into value-added gas products, some of which we sell to companies in our petrochemicals segment, generally on the basis of a formula linked to an international reference price of the particular value-added product. We also sell gas products to other customers based on published reference prices that generally reflect the supply and demand balance for these products. See "Business — Business Activities — Gas Business — Gas Marketing and Distribution."

We also sell LPG that is imported for use in refineries to our Oil Business at a transfer price that is linked to a Government-controlled supply price that in turn is linked to a published reference price (with discount). Our oil business then markets and sells LPG in the domestic market at a wholesale price that is controlled by the Government plus a marketing margin and may be subsidized through the Oil Stabilization Fund. Under this arrangement, the Oil Stabilization Fund is credited with the positive difference or debited with the negative difference between the Government-controlled supply price plus all applicable taxes (without the discount) and the wholesale LPG price controlled by the Government. As of June 30, 2012, the Government owed us Baht 8,326 million through the Oil Stabilization Fund, as the Government gradually liberalizes domestic LPG price controls. See "Business — Business Activities — Oil Business — Marketing of Oil Products — Commercial Marketing Segment."

Crude Oil and Condensate Prices

In 2011 and in the first six months of 2012, we imported approximately 62% and 58% of Thailand's total crude oil requirements, respectively, through our international trading business. In 2011, we purchased approximately 28.2 MMbbls of crude oil domestically and 159.5 MMbbls of crude oil from international sources. In 2011, our four largest foreign crude oil suppliers were the United Arab Emirates, Saudi Arabia, Oman and Azerbaijan.

In addition to the global factors affecting petroleum prices discussed above, economic conditions in Thailand also affected prices. For example, due to the flooding in the end of 2011, consumption of diesel fuel for rescue vehicles and portable power generators increased. Consumption of diesel fuel increased 5.3% in 2011. Government policies also affect the results of operations of our oil business. For example, ethanol consumption decreased by 2.0% in 2011 due to a reduction in the excise tax applicable to gasoline, which reduced the price gap between gasohol, which contains ethanol, and gasoline, which allowed customers to switch to gasoline consumption.

We import crude oil from major crude oil producers through our international trading business at published reference prices, which generally are determined by international market conditions and are sensitive to factors outside our control. Our imported crude oil is sold to our associated refineries at our purchase price plus an industry standard margin. Due to the low margins in the crude oil market, sales of crude oil account for a large portion of our total revenues, but only a relatively small portion of our net income. See "Risk Factors — Risks Relating to Our Business — The volatility of prices for crude oil, condensate, natural gas, petroleum and petrochemical products and the cyclical nature of the oil and gas industry affect our results of operations." In 2011 and in the first six months of 2012, we purchased approximately 159.5 MMbbls and 91.9 MMbbls of crude oil, respectively, from international producers. In 2011 and in the first six months of 2012, we purchased approximately 15.8 MMbbls and 5.0 MMbbls of condensate, respectively, from international producers.

We purchase crude oil and condensate from domestic sources through our international trading business under long-term supply agreements priced at the weighted average of a basket of international reference prices. We then resell domestic crude oil and condensate through our international trading business to companies in our refining and petrochemical interests at our price plus an industry standard margin. In 2011 and in the first six months of 2012, we purchased approximately 28.2 MMbbls and 13.8 MMbbls of crude oil, respectively, from domestic producers. In 2011 and in the first six months of 2012, we purchased approximately 29.3 MMbbls and 15.5 MMbbls of condensate, respectively, from domestic producers.

Refined Petroleum Product and Petrochemical Product Prices

We generally purchase refined petroleum products from our refining segment through our oil marketing and international trading businesses, typically in proportion to a percentage of the refining production capacity which reflects our percentage equity interest in the refineries. We then resell refined petroleum products in the domestic wholesale and retail markets through our oil marketing segment at competitive market prices and in export markets through our oil trading segment at competitive market prices, each of which are influenced principally by the price of crude oil, industry-wide refinery production capacity and the supply and demand balance for refined products. In certain cases, we also sell refined petroleum products on behalf of refineries in our refining segment on a commission basis through our oil trading segment. See "Business — Business Activities — Petrochemicals and Refining Business."

We generally purchase petrochemical products from our petrochemicals and refining business through our international trading business pursuant to long term contracts at published reference prices. We then resell these petrochemical products in the domestic market through our international trading business at published reference prices that are influenced by the price of crude oil (which also affects our price of natural gas), industry-wide petrochemical production capacity and the supply and demand balance for petrochemical products. In certain cases, we also sell petrochemical products on behalf of the companies in our petrochemicals and refining business on a commission basis through our international trading business.

The historical operating results of our petrochemical interests reflect in part the volatile and cyclical nature of the petrochemical industry. Historically, the petrochemical industry has experienced alternating periods of tight supply, resulting in increased prices and profit margins, followed by periods of substantial capacity addition, resulting in oversupply and declining prices and profit margins. In 2010 and 2011, significantly higher petrochemicals prices than in previous years led to extraordinary profits for our companies in our petrochemicals segment. In 2010, higher olefins prices resulted from rising crude oil prices due to uncertainty in the Middle East and limited supply of olefins due to unplanned shutdowns at a number of plants. In 2011, the global ethylene and propylene markets improved as a result of economic growth worldwide, supply disruptions due to the Japanese tsunami and a fire at a Taiwanese petrochemical plant in 2011. See "Business — Business Activities — Petrochemicals and Refining Business." These incidents affected our supply and demand dynamics and put downward pressure on our margins in 2011 and the first half of 2012.

Government Intervention in Our Pricing Decisions

Historically, in certain instances, the Government has sought to control inflation and achieve other social and economic objectives through intervention in our pricing decisions for our petroleum products. The Government has the ultimate discretion to regulate prices at which we may sell our gas and oil products. Government intervention in our petroleum product pricing has from time to time resulted in increases in our cost of sales without corresponding increases in the prices at which we sell our products. For example, when military operations against Iraq commenced in the early part of 2003, the Government intervened to stabilize the price of oil for a period of four months, from February to May of that year. On January 10, 2004, the Government again intervened to stabilize the price of oil. Beginning October 2004, the Government has generally allowed the price of oil and gasoline to float. Although rising oil prices generally have a significant effect on refineries, our refining companies enjoy a subsidy from the Government by way of reimbursement from the Oil Stabilization Fund, which insulates them substantially from high prices. The Government has used the Oil Stabilization Fund to stabilize prices since the beginning of 2011. See "Risk Factors — Risks Relating to Our Business — Government intervention in our pricing decisions may adversely affect our business."

Exchange Rates

Substantially all of our revenues and costs, although denominated in Baht, are directly or indirectly linked to or affected by the U.S. dollar or other foreign currencies. Depreciation in the value of the Baht tends to have a beneficial effect on our revenues and a detrimental effect on our costs, in Baht terms. Adverse economic conditions in Thailand incidental to the depreciation of the value of the Baht could increase energy prices in Thailand and reduce overall demand for our products and our customers' ability to pay for them. In addition, any significant future depreciation in the value of the Baht against the U.S. dollar could adversely affect the financial condition and results of operations of EGAT, our primary customer. As a result, significant depreciation of the Baht against the U.S. dollar could have an adverse affect on our revenues and results of operations. In addition, as of June 30, 2012, we had long-term foreign currency loans (including current portion) of Baht 188,404 million, which equaled approximately 46% of our total outstanding long-term loans, and it is possible that a substantial portion of our capital expenditures for future expansion programs may be financed in foreign currencies. Any depreciation in the Baht against the U.S. dollar would increase our financing costs, in Baht terms, and we cannot assure you that demand would be sufficient to generate revenue increases adequate to offset such increased costs.

Certain of our gas purchase agreements provide for an adjustment if the Baht/U.S. dollar exchange rate has fluctuated by more than 5% in a given month. Such price adjustments operate as a partial hedging mechanism against fluctuations in the Baht/U.S. dollar exchange rate and have the effect of increasing or decreasing our expenses measured in Baht. See "Business — Business Activities — Gas Business — Gas Procurement — Principal Terms of Gas Purchase Agreements" and "Risk Factors — Risks Relating to Thailand — Fluctuations in the value of the Baht could adversely affect demand for our products and its financial condition and results of operations."

Investments in Associated Companies

As a result of petrochemical and refining industry overcapacity and the severe economic difficulties associated with the Asian financial crisis, which included currency devaluation, limited availability of credit and recession in Thailand, the financial condition and results of operation of a number of our associated companies were adversely affected with the result that these associated companies were unable to meet their debt service obligations. The following table sets out our share of net income (loss) in our principal refining and petrochemical associated companies as reported in our consolidated financial statements using the equity method for the periods indicated.

Company	Year ended December 31,				Six months ended June 30,			
	2010		2011		2011		2012	
	Bt. millions	U.S.$ millions[1]	Bt. millions	U.S.$ millions[1]	Bt. millions	U.S.$ millions[1]	Bt. millions	U.S.$ millions[1]
	(audited)	(unaudited)	(audited)	(unaudited)	(unaudited)			
Thaioil Plc.	4,201	132	7,514	236	5,230	164	495	15
Star Petroleum Refining Co., Ltd.	2,116	66	2,960	93	2,174	68	(194)	(6)
Bangchak Petroleum Plc.	810	25	1,528	48	1,228	39	609	19
IRPC Plc.	2,250	71	1,443	45	2,306	73	(1,192)	(37)
PTT Global Chemical Plc.	8,041	253	14,763	464	9,516	299	5,650	178
PTT Phenol Co., Ltd.	1,068	34	973	31	738	23	2	0
PTT Maintenance and Engineering Co., Ltd.	70	2	58	2	24	1	9	0
Share of net income (loss) attributable to principal refining and petrochemical associates	18,556	583	29,239	919	21,216	667	5,379	169

(1) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

In the past, including the global financial crisis, we financially supported some of our associated companies. Recently, we have participated with the management, creditors and other principal shareholders of certain of our associated companies in providing financial support to those companies. Our participation has generally involved providing cost overrun support ("COS") and cash deficiency support ("CDS") to our associated companies, which generally takes the form of either equity contributions, subordinated debt, extended trade credit and/or shareholder loans.

The following table sets out, as of June 30, 2012, the approximate amounts and forms of shareholder loans and/or extended trade credit that we have provided to our associated companies.

Company	Currency	Limit	Loans	Extended Trade Credit	Others	Undrawn
		(all amounts in millions, unaudited)				
Jointly Controlled Entities and Associates						
PTT Global Chemical Public Co., Ltd.	Baht	5,807.69	4,823.82	–	–	–
Trans Thai-Malaysia (Thailand) Co., Ltd.(1)	U.S.$	187.50	–	–	–	187.50
	U.S.$	16.91	–	–	–	16.91
Trans Thai-Malaysia (Malaysia) Sdn. Bhd./1	U.S.$	12.95	–	–	–	12.95
PTT Asahi Chemicals Co., Ltd.(1)	U.S.$	243.50	16.98	–	26.34	200.18
Bangpa-in Cogeneration Limited/(1)	Baht	1,028.00	–	–	–	1,028.00
Subsidiaries						
Energy Complex Co., Ltd.	Baht	1,250.00	580.00	–	–	–
Wholly-owned Subsidiaries						
PTT LNG Co., Ltd.	Baht	23,408.00	22,758.00	–	–	–
PTT International Co., Ltd.	U.S.$	724.50	718.10	–	–	6.40
PTT Retail Business Co., Ltd.	Baht	4,900.00	4,430.58	–	–	–
PTT Tank Terminal Co., Ltd.	Baht	2,700.00	1,580.00	–	–	–
Combined Heat and Power Producing Co., Ltd.	Baht	540.00	450.00	–	–	–
PTT (Lao) Co., Ltd.(2)	Baht	210.00	170.00	–	–	40.00
PTT International Trading Pte Ltd(3)	U.S.$	1.19	1.19	–	–	–
Subic Bay Energy Co., Ltd.	U.S.$	100.00	–	99.81	–	0.19
Total	Baht	39,843.69	34,792.40	–	–	1,068.00
	U.S.$	1,286.55	736.27	99.81	26.34	424.13

Notes:

(1) Sponsor support agreements under project financing. Support limit estimated from loan outstanding of affiliates and contractor claims.

(2) Wholly-owned subsidiary of PTT Cambodia Limited.

(3) Loan facility denominated in Chinese Yuan using Bank of Thailand's selling rate as of June 30, 2012 for conversion.

We have financially supported our associated companies in the past and may continue to do so up to certain specified amounts and conditions.

Payments Made Pursuant To Take-or-Pay Obligations

We purchase natural gas from producers in Thailand and Myanmar under gas purchase agreements that contain take-or-pay provisions, which require us to pay for minimum quantities of natural gas each year, whether or not we actually take delivery of that minimum quantity during that year. In 1995 and 1997 we executed natural gas purchase agreements with take-or-pay obligations with producers in Myanmar to purchase natural gas from the Yadana and Yetagun gas fields. Our take-or-pay obligations under these agreements required us to begin taking natural gas from Yadana in August 1998 and from Yetagun in July 2000. We undertook these gas purchase agreements pursuant to Government policy, as reflected in Cabinet resolutions, which required us to procure additional supply adequate to meet expected increased demand for the Ratchaburi gas-fired power plant, other IPPs and other gas users. The Ratchaburi gas-fired power plant, however, did not become operational until October 2000 and domestic demand for natural gas was generally lower than expected due to the Asian financial crisis. As a result, we did not satisfy the annual minimum quantity of natural gas from Yadana and Yetagun until late 2001, at which time we booked the quantities of gas that we paid for but could not take ("take-or-pay gas") between 1998 and 2001 as an asset in the amount of Baht 36,266 million.

Since then, the aggregate contracted annual minimum quantities our customers are required to purchase under our natural gas sales agreements have generally exceeded the aggregate contracted annual minimum quantities we are required to purchase under the take-or-pay provisions of our gas purchase agreements with producers. As a result, we have been entitled to take delivery of certain quantities of gas that we could not take between 1998 and 2001, but nevertheless had to pay for, at no additional charge. As we receive this take-or-pay gas, we reduce the value of the take-or-pay gas asset. As of June 30, 2012, the remaining value of the take-or-pay gas asset was Baht 7,836 million (U.S.$246 million). We anticipate delivery of the last of the take-or-pay gas in 2016.

Pursuant to a July 25, 2000 Cabinet resolution, the Government allocated to us and EGAT 11.4% and 12.8%, respectively, of the total carrying costs for our prepayments for gas from Yadana and Yetagun. The Government also directed us to allocate the remaining 75.8% of the total carrying costs among our gas customers, including our gas separation plants. Total carrying costs for these prepayments are the sum of expected interest payments through 2013 (based on certain assumptions regarding future offtake and supply of prepaid gas). Total carrying costs include and are adjusted each year to reflect interest costs on additional prepayments, as well as the gain or loss on sales of prepaid gas. Gain or loss on sales of prepaid gas is the difference between our prepaid gas price and the realized price on future sales of prepaid gas. The annualized amount of total carrying costs remaining after giving effect to the adjustments is then allocated among ourselves, EGAT and our gas customers (a category which also includes EGAT). We billed EGAT's allocation of each annualized amount of total carrying costs in October of each year, and EGAT then has 30 days to remit full payment to us. We bill gas customers' allocation of each annualized amount of total carrying costs only to EGAT and IPPs as a surcharge on each gas sales transaction. This additional price component is recalculated each year to account for gains or losses on future sales of prepaid gas and the interest costs on additional prepayments.

In October 2002, the producers of the Yetagun field in Myanmar agreed to amend our gas purchase agreement in order to alleviate the burden of our carrying costs and accelerate our utilization of prepaid gas in exchange for our agreement to take higher quantities of gas. See "Risk Factors — Risks Relating to Our Business — Our gas purchase agreements, through which we obtain all of our natural gas, require us to pay for natural gas even if we cannot take delivery until later."

Coal Investments

As of June 30, 2012, we held a 45.3% interest in Sakari. We have recently made a tender offer of approximately S$1.2 billion to acquire the remaining 54.7% interest in Sakari. We expect to close the offer period on October 22, 2012. Sakari, which is listed on the SGX, is a coal producer and exporter primarily engaged in the mining and marketing of thermal coal from the Sebuku coal project and Jembayan coal project in Indonesia. Sakari's total reserves and resources as of June 30, 2012, were 146.5 MT and 1,500 MT, respectively. Sakari's sales volume was 9.2 MT, 10.7 MT, 10.7 MT and 4.7. MT in the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, respectively. Sakari's average selling price was U.S.$82 per ton, U.S.$73 per ton, U.S.$93 per ton and U.S.$95 per ton in the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, respectively. Our coal sales revenue was Baht 24,652 million, Baht 30,851 million and Baht 13,249 million for the years ended December 31, 2010 and 2011 and the six months ended June 30, 2012.

Our EBIT for coal sales was Baht 3,936 million, Baht 7,204 million and Baht 2,009 million for the years ended December 31, 2010 and 2011, and the six months ended June 30, 2012, respectively. We also believe Sakari is a competitive operator with respect to its Indonesia and Australian peers, with production cost per ton of U.S.$47 per ton, U.S.$55 per ton and U.S.$57 per ton in the same periods, respectively. As we have increased our interest in Sakari, we expect that it will have a greater impact on our results of operations going forward. In addition, over the next five years, we expect to implement a ramp up in production at each of the Jembayan and Sebuku coal projects, which will increase production volumes and increase revenues.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with TFRS, which is aligned with IFRS, and which requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the related disclosure of contingent assets and liabilities. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from our estimates. Some of our accounting policies require higher degrees of judgment than others in their application. The most significant policy involving our judgment and estimates is described below.

Exploration and Production Accounting Standards

We include certain exploration and production figures in our historical financial segment data, which are derived from the financial statements of PTTEP. PTTEP follows the successful efforts method of accounting for its oil and gas exploration and production activities, particularly with respect to the following:

- acquisition costs of concession rights are capitalized;
- exploratory costs, comprising geological and geophysical costs, as well as area reservation fees during the exploration stage, are charged to expenses as incurred;
- exploratory drilling costs are initially capitalized. If exploratory wells do not establish proved reserves or are determined to be economically unsuccessful, the related costs are charged as expenses; and

- development costs, whether relating to development wells or unsuccessful development wells, are capitalized.

Oil and Gas Reserves

Estimates of physical quantities of oil and gas reserves are determined by PTTEP engineers and in some cases verified by third-party experts. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Accordingly, these estimates do not include probable or possible reserves. Estimated oil and gas reserves are based on available reservoir data and are subject to future revision resulting from future changes in economic and operating conditions. See "Risk Factors — Risks Relating to Our Business — The natural gas and crude oil reserves in this Offering Memorandum are only estimates; currently there is no independent reserve report available for our actual production, revenues and expenditures with respect to our reserves and actual values may differ from these estimates." Significant portions of PTTEP's undeveloped reserves, principally in offshore areas, require the installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells. Proved reserves are reported on a gross basis, which includes PTTEP's net working interest and related host country's interest.

Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost less accumulated depreciation and allowance for impairment. The costs comprise any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. These include decommission costs, delivery and restoration costs, and any obligation associated with either its acquisition or a consequence of having used the items.

Repair and maintenance costs are recognized as expenses in the statements of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to us. Major renovations are depreciated over the remaining useful life of the related asset. When replacement costs are recognized in the carried amount of the property, plant and equipment, the replaced items are to be written off. We depreciate each significant component of property, plant and equipment separately.

We estimate the carrying amount of the property, plant and equipment based on current assessment of the future economic benefits. We review the recoverable amounts, the useful lives and depreciation methods of assets at least once a year. Depreciation is accounted for as expenses in statements of income and is calculated using the straight-line method over the estimated useful life of the assets. Land and construction in progress are not depreciated. Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from sales with the carrying amounts on the disposal dates, and are included in operating income or loss.

Investments in Subsidiaries

Subsidiaries are those companies controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their 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 purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of any consideration transferred. We measure the identifiable assets and liabilities acquired at fair value as of the acquisition date. Any changes in the equity interest in our subsidiaries while control is retained are recorded in equity. Investments in subsidiaries have been presented in the separate financial statements under the cost method.

Investments in Associates

Associates are those companies in which we have significant influence, but not control, over the financial and operating policies. We use the purchase method to record the acquisition of associates. Costs which are higher than the acquisition date fair value of identifiable assets and liabilities of the acquirer's equity interest in associates are recorded as goodwill and included in the investment in associates. The consolidated financial statements include our share of the total recognized gains and losses from associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. Unrealized gains or losses on transactions between us and our associates are eliminated to the extent of our interest in the associates unless the transactions provide evidence of impairment of the transferred assets. We record share of gains or losses from associates in proportion to our equity interest in those gains and losses. Any dividends received from associates are deducted from the book value of the investments. When our share of losses in associates equals or exceeds its interest in the associates, we do not recognize further losses, unless we have incurred collateral or constructive obligations or made payments on behalf of the associates. Investments in associates have been presented in the separate financial statements under the cost method and in the consolidated financial statements under the equity method.

Investments in Jointly Controlled Entities

Jointly controlled entities are established by contractual agreement, resulting in joint control. Jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. Under this method, we include our share of the jointly controlled entities' revenues, expenses, assets, liabilities and cash flows on a line-by-line basis with similar items in our financial statements, from the date that joint control commences until the date that joint control ceases. We recognize the portion of gains or losses on our sales of assets to the jointly controlled entities that is attributable to other ventures. We do not recognize its share of gains or losses from the jointly controlled entities that results from our purchase of assets from the jointly controlled entities until it sells the assets to an independent party. However, when loss on the transaction evidences a reduction in the net realizable value of current assets or an impairment loss, the loss is recognized immediately. Our interests in jointly controlled entities are presented in the separate financial statements under the cost method.

Advance Payments for Gas Purchased under Take-or-Pay Agreements

We have entered into gas purchase agreements with natural gas producers, under which we are required to take delivery of natural gas at annual minimum quantities. During each contract year, if we cannot accept natural gas according to the minimum quantities under the agreements, we are required to pay for the volume of natural gas which we cannot actually take. After the end of each contract year, we and the natural gas producers have to agree on and accept the volume of gas that should be taken into the calculation for that contract year, which is subject to the basis and conditions in the agreements. Under the agreements, we can take certain volumes of prepaid gas in subsequent years after taking delivery of natural gas at the minimum quantities for that given contract year. We recognize our obligations under the agreements as advance payments for gas purchased.

Financial Instruments

Financial assets in the statements of financial position include cash and cash equivalents, current investments, trade accounts receivable, other accounts receivable, short-term loans and long-term loans. Financial liabilities in the statements of financial position include bank overdrafts and short-term loans from financial institutions, trade accounts payable, other accounts payable and long-term loans. We utilize financial instruments to reduce our risk exposure associated with fluctuations in foreign currency exchange rates, interest rates as well as oil and gas market prices.

Forward foreign exchange contracts are recognized in the financial statements on inception. The premium or discount on the establishment of each agreement is amortized over the contract period. Foreign currency financial assets and liabilities as at the statements of financial position date are protected by cross-currency contracts and are translated to Thai Baht using the rates determined in the contracts. Gains or losses on early termination of such contracts or on early-repayment of the borrowings before maturity are taken to the statements of income. We have entered into futures contracts to hedge risks arising from fluctuations in oil prices in accordance with our oil purchase and sale agreements by determining future oil prices. Gains or losses arising from these contracts are recorded in the statements of income at the maturity of the futures contracts.

Use of Estimates and Significant Assumptions

The preparation of financial statements in conformity with Thai Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions used in the preparation of financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Our major estimates and assumptions are provisions, especially provisions for decommission costs, estimates of deferred tax liabilities, estimates of petroleum reserves, assumptions regarding the capitalization of exploration costs and the impairment of assets. See Note 3.3.28 of the audited, consolidated financial statements as of and for the years ending December 31, 2010 and 2011.

Consolidated Results of Operations

The following table sets out certain income and expense items from our consolidated statements of income for the periods indicated.

	Year ended December 31,			Six months ended June 30,		
	2010[1]	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
	(audited)		(unaudited)	(unaudited)		(unaudited)
Sales and service income	1,898,682	2,428,165	76,329	1,184,434	1,374,922	43,220
Cost of sales and services	(1,724,780)	(2,208,896)	(69,436)	(1,073,469)	(1,258,189)	(39,551)
Gross margin	173,902	219,269	6,893	110,965	116,733	3,669
Other income	13,026	16,601	521	8,839	10,512	331
Income before expenses	186,928	235,870	7,414	119,804	127,245	4,000
Selling expenses	(11,268)	(10,439)	(328)	(5,273)	(6,050)	(190)
Administrative expenses	(24,670)	(33,911)	(1,066)	(13,838)	(14,897)	(468)
Executive remunerations	(710)	(656)	(21)	(327)	(368)	(12)
Petroleum exploration expenses	(2,721)	(6,615)	(208)	(4,220)	(3,120)	(98)
Petroleum royalties and remuneration	(18,540)	(22,030)	(693)	(10,582)	(12,263)	(385)
Other expenses	(1,929)	(6,449)	(202)	(106)	(7,527)	(237)
Gain (loss) on foreign exchange	6,362	1,266	40	3,810	630	20
Operating income	133,452	157,036	4,936	89,268	83,650	2,630
Share of income from investments in associates	18,816	29,462	927	21,658	5,935	186
Income before finance costs & income taxes	152,268	186,498	5,863	110,926	89,585	2,816
Finance costs	(16,803)	(18,041)	(568)	(8,873)	(9,262)	(291)
Income before income taxes	135,465	168,457	5,295	102,053	80,323	2,525
Income taxes	(33,961)	(43,231)	(1,359)	(25,218)	(25,126)	(790)
Income for the years	101,504	125,226	3,936	76,835	55,197	1,735
Attributable to:						
Equity holders of the Company	83,992	105,296	3,310	67,199	45,899	1,443
Non-controlling interests	17,512	19,930	626	9,636	9,298	292
Net income	101,504	125,226	3,936	76,835	55,197	1,735

(1) The financial information as of and for the year ended December 31, 2010 has been regrouped and wherever appropriate reclassified in order to present the figures on a substantially consistent basis compared to the audited financial information for the year ended December 31, 2011. See Note 3.1 of the Annual Financial Statements.

(2) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

Segment Operations

Our consolidated results of operations for the six months ended June 30, 2011 and 2012 have not been audited. The information for PTTEP presented in our exploration and production segment has not been adjusted for minority interests.

As used below in the historical segment financial data, EBITDA is defined as earnings before interest expenses, taxes, depreciation and amortization and EBIT is defined as earnings before interest expenses and taxes. In the discussion and tables below, EBITDA and EBIT are presented because our management believes that EBITDA and EBIT are widely accepted financial indicators of an entity's operating performance and ability to incur and service debt. EBITDA and EBIT should not be considered by an investor as alternatives to net income or income from operations, as indicators of our operating performance or other combined operations, as cash flow data prepared in accordance with TFRS or as an alternative to cash flows as a measure of liquidity. Our computation of EBITDA and EBIT may differ from similarly titled computations of other companies. See "Non-TFRS Financial Measures."

Sales Revenue, Gross Margin, EBITDA and EBIT

	Year ended December 31,			Six months ended June 30,		
	2010	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
		(unaudited)		(unaudited)		(unaudited)
Exploration and Production						
Sales revenue	140,656	169,646	5,333	81,582	98,651	3,101
Cost of sales	(14,534)	(19,598)	(616)	(8,473)	(9,639)	(303)
Gross Margin[1]	126,122	150,048	4,717	73,109	89,012	2,798
Selling and administrative expenses	(5,513)	(7,836)	(246)	(3,733)	(3,852)	(121)
Exploration expenses	(2,721)	(6,615)	(208)	(4,220)	(3,120)	(98)
Petroleum royalties	(16,635)	(19,678)	(619)	(9,557)	(11,409)	(359)
Other operating income	586	2,093	66	560	1,611	51
EBITDA	101,839	118,012	3,710	56,159	72,242	2,271
Depreciation & amortization	(32,303)	(33,532)	(1,054)	(17,244)	(20,012)	(629)
EBIT	69,536	84,480	2,656	38,915	52,230	1,642
Gas Transmission, Processing and Marketing						
Sales revenue	357,018	412,801	12,976	198,249	244,074	7,672
Cost of sales	(300,319)	(336,106)	(10,565)	(157,688)	(208,087)	(6,541)
Gross Margin[1]	56,699	76,695	2,411	40,561	35,987	1,131
Selling and administrative expenses	(10,182)	(14,924)	(469)	(5,306)	(5,478)	(172)
Other operating income	695	424	13	228	432	14
EBITDA	47,212	62,195	1,955	35,483	30,941	973
Depreciation & amortization	(9,257)	(15,203)	(478)	(6,136)	(6,728)	(212)
EBIT	37,955	46,992	1,477	29,347	24,213	761
Oil						
Sales revenue	480,700	558,524	17,557	274,821	309,497	9,729
Cost of sales	(460,683)	(537,773)	(16,905)	(264,185)	(296,164)	(9,310)
Gross Margin[1]	20,017	20,751	652	10,636	13,333	419
Selling and administrative expenses	(10,146)	(10,020)	(315)	(4,764)	(5,391)	(169)
Other operating income	2,255	2,493	79	1,242	1,407	44
EBITDA	12,126	13,224	416	7,114	9,349	294
Depreciation & amortization	(2,409)	(2,443)	(77)	(1,252)	(1,146)	(36)
EBIT	9,717	10,781	339	5,862	8,203	258

	Year ended December 31,			Six months ended June 30,		
	2010	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
		(unaudited)		(unaudited)		(unaudited)
International Trading						
Sales revenue	1,061,694	1,427,553	44,875	696,648	809,685	25,452
Cost of sales	(1,058,747)	(1,423,748)	(44,755)	(694,557)	(810,120)	(25,466)
Gross Margin[1]	2,947	3,805	120	2,091	(435)	(14)
Selling and administrative expenses	(3,561)	(3,064)	(96)	(1,474)	(2,047)	(64)
Other operating income	2,967	2,549	79	1,178	2,422	76
EBITDA	2,353	3,290	103	1,795	(60)	(2)
Depreciation & amortization	(11)	(13)	–	(7)	(6)	–
EBIT	2,342	3,277	103	1,788	(66)	(2)
Petrochemicals						
Sales revenue	46,459	75,171	2,363	38,903	38,857	1,221
Cost of sales	(44,050)	(70,119)	(2,204)	(36,174)	(36,692)	(1,153)
Gross Margin[1]	2,409	5,052	159	2,729	2,165	68
Selling and administrative expenses	(1,247)	(1,739)	(55)	(790)	(870)	(27)
Other operating income	37	464	15	32	46	1
EBITDA	1,199	3,777	119	1,971	1,341	42
Depreciation & amortization	(368)	(883)	(28)	(388)	(503)	(16)
EBIT	831	2,894	91	1,583	838	26
Coal						
Sales revenue	24,652	30,851	970	14,092	13,249	416
Cost of sales	(15,830)	(17,408)	(547)	(8,029)	(8,272)	(260)
Gross Margin[1]	8,822	13,443	423	6,063	4,977	156
Selling and administrative expenses	(1,555)	(1,817)	(57)	(1,002)	(1,105)	(35)
Petroleum royalties	(1,905)	(2,351)	(74)	(1,025)	(853)	(27)
Other operating income	–	–	–	–	768	25
EBITDA	5,362	9,275	292	4,036	3,787	119
Depreciation & amortization	(1,426)	(2,071)	(66)	(975)	(1,778)	(56)
EBIT	3,936	7,204	226	3,061	2,009	63
Eliminations and others						
Total EBIT before unallocated and intercompany/intersegment eliminations	124,317	155,628	4,892	80,556	87,427	2,748
Inter-company/intersegment elimination items	192	330	10	148	258	8
Unallocated items	(884)	(528)	(16)	(362)	(293)	(9)
Combined EBIT	123,625	155,430	4,886	80,342	87,392	2,747

Note:

(1) Gross Margin excludes depreciation and amortization in cost of sales.

Net Income from Investments in Associates

We recognize the contributions of our unconsolidated subsidiaries and associates as net income from investments in associates. Net income from investments in associates is not considered operational income and does not contribute to our segment level revenues, EBITDA or EBIT. The following tables provides details on our net income from investments in associates for our businesses for the periods indicates.

	Year ended December 31,			Six months ended June 30,		
	2010	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[1]	Bt. millions	Bt. millions	U.S.$ millions[1]
	(audited)		(unaudited)		(unaudited)	
Exploration and production business	–	–	–	–	–	–
Gas business	(115)	(302)	(10)	183	171	5
Oil business	410	507	16	281	305	10
International trading business	–	–	–	–	–	–
Petrochemical business	6,194	11,221	353	10,278	5,661	178
Refinery business	12,362	18,018	566	10,938	(282)	(9)
Other businesses[2]	(35)	19	1	(22)	80	3
Total	18,816	29,463	926	21,658	5,935	187

Notes:

(1) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

(2) Other businesses includes the coal business.

Description of our Statement of Income

Sales and service income

Our sales and service income varies by our business lines. Sales figures for each business segment include sales to related parties and third-parties.

Sales revenue from PTTEP comprises sales of natural gas, crude oil and condensate products which PTTEP produces and sells to both domestic and international markets. It also includes revenue from certain pipeline transportation assets outside of Thailand.

Sales revenue from the gas business comprises natural gas sales and all natural gas products sales on the natural gas, services tariff related to natural gas sales, and revenue from pipeline transportation.

Sales revenue from the oil business comprises petroleum products sales through retail and wholesale marketing and export channels including revenue from non-oil business.

Sales revenue of the international trading business comprises the revenues from the procurement, import, export and international trading of crude oil, condensate, petroleum and petrochemical products, solvents and chemicals and coal, including services fee from chartering.

Sales revenue of the petrochemical business comprises sales of a wide range of petrochemical products, including both olefins and aromatics sales. However, our petrochemical associates, including PTTGC, affect our results as share of income from investments in associates.

Sales revenue from our coal business comprises coal sales from our coal business.

Cost of sales

Our cost of sales comprises the purchase price for natural gas, production expenses, the cost of imported crude oil and the production cost of coal, petrochemical and petroleum products. Cost of sales includes depreciation and amortization expense primarily related to our plant and equipment.

Other income

Other income includes interest income, transportation income, which is income from transporting products on barges, and penalty income.

Selling and administrative expenses

Selling and administrative expenses include, among other things, personnel expenses, advertising expenses, provisions for doubtful accounts, transportation and storage costs and rental expenses on usage rights to land and buildings. Selling and administrative expenses also includes depreciation and amortization expense primarily related to assets used in our selling and administrative activities.

Petroleum exploration expenses

Petroleum exploration expenses include geological and geophysical costs and dry hole costs. Dry hole costs refer to unrecoverable drilling and exploration costs associated with fields which could not be commercially developed.

Petroleum royalties and remuneration

Petroleum royalties and remuneration comprises the payments made to the Government under PTTEP's petroleum licenses and royalties made by our coal business to the relevant jurisdiction.

Other expenses

Other expenses include impairment losses.

Share of income from investments in associates

Our share of income from investments in associates comprises our interest in associated companies, including any gains or losses on foreign exchange. Our refinery business and certain of our petrochemical businesses, including PTTGC, amongst others, contribute to our share of income from investments in associates.

Finance costs

Our finance costs comprise interest expense for our long term and short term debt and other fees related to financing activities.

Consolidated Results of operations — Period to Period Comparison

Six months ended June 30, 2012 Compared to Six months ended June 30, 2011

Sales and service income and EBIT

Our sales and service income increased by 16.1% to Baht 1,374,922 million in the first half of 2012 from Baht 1,184,434 million in the first half of 2011 primarily due to the increase in the sales volume and selling prices in relation to the rise in global market prices. The average Dubai crude oil price increased from U.S.$105.60 per barrel in the first half of 2011 to U.S.$111.25 per barrel in the first half of 2012. Our EBIT increased by 8.8%, to Baht 87,392 million in the first half of 2012, from Baht 80,342 million in the first half of 2011.

Exploration and Production

Net sales revenue from our exploration and production business increased by 20.9% to Baht 98,651 million in the first half of 2012 from Baht 81,582 million in the first half of 2011, primarily due to our average selling price of all hydrocarbons on a BOE basis rising by 22.0% from U.S.$52.85 per BOE in the first half of 2011 to U.S.$64.47 per BOE in the first half of 2012 in relation to higher global oil prices. However, our average sales volume declined from 272,307 BOE per day in the first half of 2011 to 258,426 BOE per day in the first half of 2012 mainly due to the drop of natural gas and condensate due to the cessation of production at Arthit North in November 2011, even though the crude oil sales volume increased from the Vietnam 16-1 project and incorporation of the beam pump technique in the S1 project leading to a higher production volume of crude oil.

Our EBIT from our exploration and production business increased by 34.2% to Baht 52,230 million in the first half of 2012 from Baht 38,915 million in the first half of 2011, primarily as a result the increased revenues, but also due to decreased exploration expenses, related to a reduction in exploratory well write-off costs in the first half of 2012 compared to the first half of 2011. However, this was offset by an increase in depreciation, depletion and amortization expenses due to an increase in the number of completed assets at the Bongkot, S1, Contract 4 and Vietnam 16-1 projects.

Gas Business

Net sales revenue from the gas business increased by 23.1% to Baht 244,074 million in the first half of 2012 from Baht 198,249 million in the first half of 2011 primarily due to a 3.7% increase of our average natural gas sales volume, mainly due to growth in the manufacturing and transportation sectors, a 3.9% increase in sales volume of our GSPs due to the increased production of GSP Unit 6 during its ramp-up period to full capacity between January and March 2011, and a marginal increase in the average sales price of nearly all natural gas products related to increases in global petrochemical prices.

Our EBIT from the gas business decreased by 17.5% to Baht 24,213 million in the first half of 2012 from Baht 29,347 million in the first half of 2011, primarily due to losses associated with the sale of NGVs at a loss, as the Government regulated price was below the cost of sourcing NGV. In addition, the costs for natural gas feedstocks for our gas separation plants increased in relation to the fuel oil reference price as global petroleum prices increased during this period.

Oil Business

Net sales revenue from the oil business increased by 12.6% to Baht 309,497 million in the first half of 2012 from Baht 274,821 million in the first half of 2011, primarily due to a 7.9% increase in the sales volume, as measured in BOE, related to increased sales of LPG, diesel and fuel oil. The average price of Dubai crude oil also increased from U.S.$105.60 per barrel in the first half of 2011 to U.S.$111.25 per barrel in the first half of 2012.

Our EBIT from the oil business increased 39.9% to Baht 8,203 million in the first half of 2012 from Baht 5,862 million in the first half of 2011, primarily due to increases in crude oil prices, which resulted in increased selling prices for our diesel and aviation fuel products. However, our margins increased in the first half of 2012 compared to the first half of 2011 as the marketing margin in 2012 was not affected by the capped diesel prices because the Government utilized fuel oil instead.

International Trading Business

Net sales revenue of the international trading business increased by 16.2% to Baht 809,685 million in the first half of 2012 from Baht 696,648 million in the first half of 2011, primarily due to a 10.0% increase in sales volume related to an increase in the import volume of crude oil sold to refineries following the resumption of normal operations in 2012. In the first half of 2011, several Thai refineries, including ours, shut down operations for scheduled maintenance, requiring Thailand to increase fuel imports. For example, PPT Global Chemical Plc. ("PTTGC"), Thai Oil Plc. ("Thaioil"), IRPC Plc. ("IRPC") and Bangchak Petroleum Plc. ("Bangchak") were shut down for a combined 119 days in this period, compared to 30 days of shutdown for Bangchak in the first half of 2012.

Our EBIT from the international trading business incurred a loss of Baht 66 million in the first half of 2012 as compared to a gain of Baht 1,788 million in the first half of 2011, primarily due to a reduction in our inventory's net realizable value, which resulted in an accounting loss.

Petrochemical Business

Net sales revenue of the petrochemical business decreased by 0.1% to Baht 38,857 million in the first half of 2012 from Baht 38,903 million in the first half of 2011, primarily due a 1.4% decrease in the average selling price of the products of PTT Polymer Marketing Co., Ltd. ("PTTPM"), which was partially offset by a 0.2% increase in sales volumes. In addition, after a scheduled shutdown for maintenance in the first half of 2011, HMC resumed operations and contributed to the increase in production and sales volumes.

Our EBIT from the petrochemical business decreased by 47.1% to Baht 838 million in the first half of 2012 from Baht 1,583 million in the first half of 2011, primarily due to the resumption of operations at HMC which led to a significant increase in cost of sales as compared to 2011 when HMC was not operational.

Coal Business

Net sales revenue from coal decreased 6.0% to Baht 13,249 million in the first half of 2012 from Baht 14,092 million in the first half of 2011, primarily due to a 9.6% decrease in sales volume related to a decrease in production related to heavy rainfalls interrupting work and equipment relocation for new pits in Jembayan. This was somewhat offset by a 6.9% increase in average selling price.

Our EBIT from our coal business decreased by 34.4% to Baht 2,009 million in the first half of 2012 from Baht 3,061 million in the first half of 2011, primarily due to increased costs relating to an increase in field cost related to the handling of overburden and an increase in depreciation and amortization expense in the first half of 2012 related to increased production volume and the commencement of new production in the Sebuku coal project. As a result, Sebuku's sales volume in the first half of 2012 was 1 MT compared to 0.6 MT in relating to the first half of 2011.

Cost of sales

Our cost of sales increased by 17.2%, to Baht 1,258,189 million in the first half of 2012 from Baht 1,073,469 million in the first half of 2011. This increase was attributable primarily to goods purchased and raw materials used, which increased 15.6% from Baht 1,037,711 million in the first half of 2011 to Baht 1,199,746 million in the first half of 2012. These items primarily increased due to an increase in purchase volume, particularly of imported crude oil and refined products, and an increase of approximately 5% in global average oil prices.

Other Income

Our other income increased by 18.9%, to Baht 10,512 million in the first half of 2012 from Baht 8,838 million in the first half of 2011, due primarily to a 30.3% increase in transportation income related to an increase in Worldscale rate, the rate by which we calculate charges to our shipping customers, as well as an increase in worldwide freight rates and delivery volumes. Moreover, PTTEP received additional other income from insurance claims relating to the Montara incident, and also as a result of recognizing a downward adjustment to the purchase price of the KOSP-KKD project in the second quarter of 2012.

Selling and administrative expenses

Our selling and administrative expenses increased by 9.6%, to Baht 20,947 million in the first half of 2012 from Baht 19,111 million in the first half of 2011. The increase was primarily attributable to an increase in transportation costs, especially the shipping costs due to an increase in the volume of products moved and higher energy prices.

Petroleum exploration expenses

Our exploration expenses decreased by 26.1%, to Baht 3,120 million in the first half of 2012 from Baht 4,220 million in the first half of 2011. Substantially all of PTTEP's exploration expenses in the first half of 2012 were attributable to dry-hole costs, which decreased in the first half of 2012, compared to the first half of 2011.

Petroleum royalties and remuneration

Our petroleum royalties and remuneration expense increased 15.9% to Baht 12,263 million in the first half of 2012 from Baht 10,582 million in the first half of 2011. Royalties and remuneration expense is linked to revenue levels. The increase in expense is due the increase in PTTEP's sales revenues.

Other expenses

Our other expenses increased significantly to Baht 7,528 million in the first half of 2012 from Baht 106 million in the first half of 2011. During the second quarter 2012, PTTEP Australasia Pty Ltd ("PTTEP AA"), a subsidiary of PTTEP, recognized the impairment loss of U.S.$109 million or approximately Baht 3,455.13 million because there were indications of an increase in the Montara project costs, and production was rescheduled and is expected to begin late in the fourth quarter of 2012. In addition, EMG, an Egyptian company of which we own 25% through PTT International, recognized an impairment loss of Baht 3,972 million as a result of suspension of gas deliveries to EMG due to the political turmoil in Egypt beginning December 2010. See "Risk Factors — Risks Relating to Our Business — The political unrest in Algeria, Bahrain and Egypt may have negative consequences for our projects in these countries."

Gain on foreign exchange

Our gain on foreign exchange decreased significantly to Baht 630 million in the first half of 2012 from Baht 3,810 million in the first half of 2011. The decrease is primarily due to a loss on foreign exchange amounting to a loss derived from the loans of PTTEP Canada Limited used for financing KOSP-KKD in the first half of 2012, compared to foreign exchange gain in the first half of 2011 due to the appreciation of the Baht against the U.S. dollar in the first half of 2011.

Share of income from investments in associates

Our share of income from investments in associates decreased by 72.6% to Baht 5,935 million in the first half of 2012 from Baht 21,658 million in the first half of 2011. This represented a decrease relating to our refining associates of 102.6%, to a net loss of Baht 282 million in the first half of 2012, from a net gain of Baht 10,938 million in the first half of 2011. This decrease was primarily due a decrease in crude oil prices which resulted in stock loss and a mark-to-market related loss as the value of the associates' crude oil inventory declined. Our share of income from investments in associates relating to the petrochemical business also decreased 44.9%, to Baht 5,661 million in the first half of 2012 from Baht 10,278 million in the first half of 2011. This was primarily due to stock loss and a mark-to-market related loss as the value of the associates' crude oil inventory declined at PTTGC's refinery unit, as well as lower margins across almost all petrochemical projects.

Finance costs

Our finance costs increased by 4.4%, to Baht 9,262 million in the first half of 2012 from Baht 8,873 million in the first half of 2011. Our interest expenses increased mainly due to an increase in our long-term loans and bank overdrafts and short-term loans.

Income taxes

Our income taxes decreased 0.4% to Baht 25,126 million in the first half of 2012 from Baht 25,218 million in the first half of 2011. However, income taxes increased, as a percentage of net income before income taxes for the respective periods (including income attributable to equity holders of the company and non-controlling interests), from 24.7% in the first half of 2011 to 31.3% in the first half of 2012. This increase in taxes was primarily due to an increase in oversea income taxes of PTTEP related to increasing activities at foreign projects, such as KKD-KOSP and Vietnam 16-1.

Net income attributable to equity holders of the Company

Due to the above, net income attributable to equity holders of the Company decreased by 31.7%, to Baht 45,899 million in the first half of 2012 from Baht 67,199 million in the first half of 2011.

Year ended December 31, 2011 Compared to Year ended December 31, 2010

Sales and service income and EBIT

Our sales and service income increased by 27.9% to Baht 2,428,165 million in 2011, from Baht 1,898,682 million in 2010 primarily due to the increase in the sales volume and selling prices in relation to the rise in global market prices. The average Dubai crude oil price increased from U.S.$78.0 per barrel in 2010 to U.S.$106.2 per barrel in 2011. Our EBIT increased by 25.7%, to Baht 155,430 million in 2011, from Baht 123,625 million in 2010, primarily due to the increase in revenues associated with increased petroleum prices.

Exploration and Production

Net sales revenue from our exploration and production business increased by 20.6% to Baht 169,646 million in 2011 from Baht 140,656 million in 2010, primarily due to our average selling price rising by 23.8% from US$44.8 per BOE in 2010 to U.S.$55.5 per BOE in 2011 reflecting higher global oil prices. In addition, our average sales volume increased from 264,575 BOE per day in 2010 to 265,047 BOE per day in 2011. The increase in sales volume was mainly from sales volume of natural gas and condensate from the MTJDA-B17 project, Dilbit, or bitumen diluted with condensate, from the Canada Oil Sands KKD project as well as crude oil from the Vietnam 16-1 project. However, natural gas and condensate sales volume from the Arthit project dropped in relation to the contracted production plan. Sales volume of crude oil and natural gas from the B8/32 and the 9A projects decreased compared with 2010.

Our EBIT from our exploration and production business increased by 21.5% to Baht 84,480 million in 2011 from Baht 69,536 million in 2010, primarily as a result of the aforementioned increase in selling prices and volumes. However, this was partially offset by increased petroleum exploration expenses related to Indonesia SEMAI II, PTTEP Australasia, the Myanmar M3, M7, M11 and Bongkot projects.

Gas Business

Net sales revenue from the gas business increased by 15.6% to Baht 412,801 million in 2011 from Baht 357,018 million in 2010 primarily due to a 3.0% increase of the average natural gas sales volume, mainly due to the commencement of commercial operations of the GSP Unit 6, which increased demand. Our GSPs total sales volume increased 35.7% due to the commencement of operations of GSP Unit 6. In addition, there was an increase in the average sales price of all natural gas products in 2011 related to increases in global petrochemical prices.

Our EBIT from the gas business increased by 23.8% to Baht 46,992 million in 2011 from Baht 37,955 million in 2010, primarily due to the reasons stated above. However, this was partially offset by increases in costs for natural gas feedstock for our GSPs, which increased in relation to the fuel oil reference price. In addition, the increase in revenues was partially offset by the continuing mismatch between the costs of NGV and the Government regulated price, which resulted in a loss from this business.

Oil Business

Net sales revenue from the oil business increased by 16.2% to Baht 558,524 million in 2011 from Baht 480,700 million in 2010, primarily due to the increase in the average oil selling price. The average selling price of Dubai crude oil increased from U.S.$78.0 per barrel in 2010 to U.S.$106.2 per barrel in 2011. In addition, there was a 5.0% increase in the sales volume from LPG, diesel and fuel oil due to increasing demand for fuel oil from power producers, who switched from natural gas to fuel oil following the supply disruption from the Platong Gas II natural gas leak.

Our EBIT from the oil business increased by 10.9% to Baht 10,781 million in 2011 from Baht 9,717 million in 2010, primarily due to the reasons stated above. However, this was partially offset by increased transportation costs for our petroleum products, especially LPG, due to the effects of flooding.

International Trading Business

Net sales revenue of the international trading business increased by 34.5% to Baht 1,427,553 million in 2011 from Baht 1,061,694 million in 2010, primarily due to a 36.1% increase in oil prices. This was offset by a 1.8% decrease in sales volume, especially crude volume, related to reduced production volume caused by maintenance shutdowns at three of our associate refineries in 2011, compared to only one associate refinery in 2010.

Our EBIT from the international trading business increased by 39.9% to Baht 3,277 million in 2011 from Baht 2,342 million in 2010, primarily due to an increase in the margins in condensate and crude oil in relation to the increase in crude oil prices in the global market.

Petrochemical Business

Net sales revenue from petrochemicals increased by 61.8% to Baht 75,171 million in 2011 from Baht 46,459 million in 2010, primarily due to the increase in sales volume of PTTPM and average selling price of 49.9% and 7.7%, respectively, compared with 2010. In addition, the net sales revenue of HMC also increased due to an increase in sales volume due to capacity expansion and an increase in average selling price.

Our EBIT from the petrochemical business increased by 248.3% to Baht 2,894 million in 2011 from Baht 831 million in 2010, primarily due to an increase in sales revenue and dividend income of HMC.

Coal Business

Net sales revenue from coal increased by 25.1% to Baht 30,851 million in 2011 from Baht 24,652 million in 2010, primarily due to the increase in average selling price. The average selling price increased by 27.6% from 2010 to 2011, while sales volume slightly increased.

Our EBIT from our coal business increased by 83.0% to Baht 7,204 million in 2011 from Baht 3,936 million in 2010, primarily due to the increased sales prices and volumes as mentioned above. However, this was slightly offset by increases in depreciation and amortization and petroleum royalties expenses related to increased operations and production at the coal mines.

Cost of sales

Our cost of sales increased by 28.1%, to Baht 2,208,896 million in 2011 from Baht 1,724,780 million in 2010. This increase was attributable primarily to a 28.7% increase in the cost of goods purchased and raw materials used due to an increase in purchase volume, especially of imported crude oil condensate and refined products, as well as an increase of approximately 3% in global average oil prices, reflecting higher reference oil and natural gas products.

Other income

Our other income increased by 27.4%, to Baht 16,601 million in 2011 from Baht 13,026 million in 2010, due primarily to a 74.9% increase in miscellaneous other items under other income and a 29.8% increase in interest income primarily related to interest income from higher interest rate earned on short term investments and cash held in bank deposits. For miscellaneous other items, the increase principally resulted PTTEP and PTT's recognition of other income from the transfer of interest in Myanmar Zawtika, New Zealand Great South, Indonesia South Mandar, Indonesia South Sageri and Indonesia Sadang projects and gain from disposal of investments in PTTCH totaling Baht 994 million.

Selling and administrative expenses

Our selling and administrative expenses increased by 23.4%, to Baht 44,351 million in 2011, from Baht 35,938 million in 2010. The increase was primarily attributable to outsourcing, personnel and depreciation and amortization expenses. These expenses are all primarily related to increased expenses related to investments in our exploration and production business.

Petroleum exploration expenses

Our petroleum exploration expenses increased significantly to Baht 6,615 million in 2011, from Baht 2,721 million in 2010. The increase was primarily attributable to increased exploratory well write-off costs, primarily relating to the Indonesia Semai II project, the PTTEP AA project, the Myanmar M3, M7 & M11 (Aung Sinkha-1) projects and the Bongkot project. The increases in exploration expenses were also due in part to increased geology and geophysics studies expenses from the Algeria Hassi Bir Rekaiz project, the KOSP-KKD project and the Indonesia Malunda project.

Petroleum royalties and remuneration

Our petroleum royalties and remuneration expense increased by 18.8% to Baht 22,030 million in 2011 from Baht 18,540 million in 2010. Royalties and remuneration expense is linked to revenue levels. The increase in expense is due the increase in PTTEP's sales revenues.

Other expenses

Our other expenses increased significantly to Baht 6,450 million in 2011 from Baht 1,929 million in 2010. This increase was primarily due to EMG impairment losses in 2011 amounting to Baht 5,821 million.

Gain on foreign exchange

Our gain on foreign exchange decreased significantly to Baht 1,266 million in 2011 from Baht 6,362 million in 2010. Gain on foreign exchange decreased primarily due to Baht appreciation of 9.6% in 2011 from Baht/U.S.$33.52 to Baht/U.S.$30.30, compared to Baht depreciation of 5.0% in 2011 from Baht/U.S.$30.30 to Baht/U.S.$31.83.

Share of income from investments in associates

Our share of income from investments in associates increased by 56.6%, to Baht 29,463 million in 2011 from Baht 18,816 million in 2010. This represented an increase relating to our refining associates of 45.8%, to Baht 18,018 million in 2011, from Baht 12,362 million in 2010. This increase was primarily due to a higher gross refining margin compared to 2010. Gross refining margin is the difference between the price paid for crude oil and prices of the refined products sold. Our gross refining margin increased due to the price for our refined products increasing at a faster rate than the cost of the crude oil supplies for our refineries. Our share of income from investments in associates relating to the petrochemical business also increased 81.2%, to Baht 11,221 million in 2011 from Baht 6,194 million in 2010. This was primarily due to higher sales volume across all products, following the commencement of commercial operations at PTTPE's Ethane Cracker, the HDPE unit and LDPE unit on December 1, 2010, January 1, 2011 and February 1, 2011, respectively.

Finance costs

Our finance costs increased by 7.4%, to Baht 18,042 million in 2011 from Baht 16,803 million in 2010. Our interest expenses increased mainly due to an increase in our long-term loans (current and non-current) and bank overdrafts and short-term loans.

Income taxes

Our income taxes increased 27.3% to Baht 43,231 million in 2011 from Baht 33,961 million in 2010 and decreased, as a percentage of income before income taxes for the periods (including income attributable to equity holders of the company and non-controlling interests), from 25.7% in 2010 to 25.1% in 2011.

Net income attributable to equity holders of the Company

Due to the above, net income attributable to equity holders of the Company increased by 25.4%, to Baht 105,296 million in 2011, from Baht 83,992 million in 2010.

Liquidity and Capital Resources

Our primary sources of funding are cash provided by operating activities, short-term and long-term borrowings and capital contributions from the Ministry of Finance ("MOF"). Historically, we use funds primarily for capital expenditures, repayment of short-term and long-term borrowings and investments in our subsidiaries and associates.

We finance a significant portion of our business operations with long-term borrowings. As of June 30, 2012, long-term debt comprised approximately 41% of our capital employed (net debt, including current portion of long-term debt due within one year, plus equity). Our ability to obtain adequate financing to satisfy our capital expenditure and debt servicing requirements may be limited by our financial condition and results of operations and the liquidity of the international and domestic capital markets. If we fail to timely rollover, extend or refinance any of our liabilities, we may not be able to service our debts and/or pay our accounts payable and other obligations when they become due and payable. Our inability to obtain sufficient funding, or funding at prices acceptable to us, for our development plans could adversely affect our business, financial condition and results of operations. For additional information on our capital expenditure plans and financing requirements see "Risk Factors — Risks Relating to Our Business — Our development plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties" and "— Capital Expenditures."

Our ability to obtain external financing in the future is also subject to a variety of other uncertainties including:

- our future results of operations, financial condition and cash flows;
- the condition of the economy in Thailand, Southeast Asia and globally;
- the political situation in Thailand and the government's policies relating to foreign currency borrowings;
- the condition of the petroleum and petrochemical industry in Thailand and the Southeast Asia region;
- the cost of financing and the condition of financial markets; and
- the projected risks associated with infrastructure development in Thailand and elsewhere where we have operations.

We plan to fund the capital and related expenditures described in this Offering Memorandum through cash provided by operating activities, short-term and long-term debt and with a portion of the net proceeds we receive from the issuance of the Notes. Net cash provided by operating activities during the first half of 2012 was Baht 34,681 million. As of June 30, 2012, we had cash and cash equivalents of Baht 96,104 million.

The following table sets forth a condensed summary of the statements of cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,		
	2010	2011	2011	2011	2012	2012
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities:						
Net income from operating activities before changes in operating assets and liabilities[1]	178,882	218,683	6,874	114,716	121,487	3,819
Changes in operating assets and liabilities	20,628	(289)	(9)	(33,429)	(57,392)	(1,804)
Cash received from operating activities	199,510	218,394	6,865	81,287	64,095	2,015
Interest received	545	1,420	45	421	1,323	41
Interest paid	(446)	(190)	(6)	(98)	(4)	–
Income tax paid	(43,707)	(42,074)	(1,323)	(31,853)	(30,733)	(966)
Net cash provided by operating activities	155,902	177,550	5,581	49,757	34,681	1,090
Cash flows from investing activities:						
Proceeds from disposals of property, plant and equipment and intangible assets	1,516	63	2	14	187	6
Payment of property, plant and equipment	(102,590)	(108,044)	(3,396)	(41,064)	(56,619)	(1,781)
Advance payment of property, plant and equipment	(1)	–	–	–	–	–
Payment of intangible assets	(2,042)	(4,160)	(131)	(2,565)	(1,763)	(55)
Payment of mining properties development	(2,451)	(62)	(2)	(32)	(11)	–
Payment of long-term rental contracts on land and building	(348)	(321)	(10)	(181)	(37)	(1)
Deposit on business acquisitions	(10,851)	–	–	–	–	–
Payment of long-term loans	(340)	–	–	–	–	–
Payment of short-term loans	(40)	(289)	(9)	–	–	–
Payment of investments in subsidiaries	–	(15,165)	(477)	(14,495)	(1,559)	(49)
Payment of investments in jointly controlled entities	–	(57,616)	(1,811)	(57,485)	–	–
Payment of investments in associates	(2,672)	(4,252)	(134)	(4,064)	(325)	(10)
Payment of other long-term investments	(1,314)	–	–	–	–	–
Proceeds from disposals of long-term investments	–	1,973	62	1,968	–	–
Proceeds from long-term loans	220	949	30	796	63	2
Proceeds from short-term loans	–	8	–	–	–	–
Proceeds from cancellation of leasehold in gas stations	21	18	1	10	5	–
(Increase) Decrease in current investments	(12,856)	10,800	339	7,742	(7,577)	(238)
Interest received	763	4,036	127	633	645	20
Dividends received	9,859	11,608	365	5,462	7,909	249
Net cash (used in) provided by investing activities	(123,126)	(160,454)	(5,044)	(103,261)	(59,082)	(1,857)

	Year ended December 31,			Six months ended June 30,		
	2010	2011	2011	2011	2012	2012
	Bt. millions	Bt. millions	U.S.$ millions[2]	Bt. millions	Bt. millions	U.S.$ millions[2]
	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from financing activities:						
Proceeds from common share issue	3,627	1,983	62	1,321	–	–
Proceeds from issuing subordinated capital debentures	–	–	–	–	4,883	154
Proceeds from long-term loans	23,803	20,713	651	18,631	11,623	365
Proceeds from bond issue	45,526	21,284	669	21,257	50,437	1,585
Proceeds from short-term loans	26,932	2,330	73	11,991	16,637	523
Proceeds from promissory notes issue	–	4,520	142	4,520	–	–
Repayment of promissory notes	–	(4,520)	(142)	(4,520)	–	–
Repayment of long-term loans	(11,271)	(6,731)	(211)	(1,736)	(2,768)	(87)
Repayment of bonds and debentures	(21,355)	(22,749)	(715)	(8,000)	(40,873)	(1,285)
Repayment of short-term loans	(18,616)	(2,058)	(65)	(304)	(2,200)	(69)
Payment of finance lease liabilities	(211)	(226)	(7)	(116)	(132)	(4)
Increase (decrease) in bank overdrafts	2,939	(330)	(10)	(16)	(1,149)	(36)
Interest received	1	12	–	–	–	–
Interest paid	(14,719)	(18,548)	(583)	(8,466)	(8,980)	(282)
Dividend paid	(31,755)	(41,103)	(1,292)	(19,766)	(24,278)	(763)
Net cash (used in) provided by financing activities	4,901	(45,423)	(1,428)	14,796	3,200	101
Effects of exchange rate charges	(5,576)	1,489	47	810	909	28
Currency translation difference	(333)	7,169	226	(89)	264	8
Net increase (decrease) in cash and cash equivalents	31,768	(19,669)	(618)	(37,987)	(20,028)	(630)
Cash and cash equivalents at beginning of the period	104,033	135,801	4,269	135,801	116,132	3,651
Cash and cash equivalents at period end	135,801	116,132	3,651	97,814	96,104	3,021

Notes:

(1) Represents net income as adjusted for Depreciation, depletion and amortization (Reversal of) Loss on impairment of assets, (Gain) Loss on disposal of assets, (Gain) Loss on disposal of investments, Write-off property, plant and equipment, Share of income from investments in associates, Income attributable to non-controlling interests, Provision for employee benefit obligations, Unrealized (Gain) Loss on foreign exchange, (Reversal of) Doubtful accounts, Amortization of exploration costs, Amortization of debenture discounts, Amortization of deferred interest from finance leases, Allowance for loss on decline in value of inventories, (Reversal of) Allowance for obsolete materials and supplies, Dividends income, Income taxes, Interest income, Interest expenses and Others.

(2) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

Cash Flows from Operating Activities

Our net cash provided by operating activities was Baht 34,681 million for the first half of 2012, compared to Baht 49,757 million for the first half of 2011. This change was primarily due to an increase of current assets in the amount of Baht 19,689 million in the first half of 2012 which was mainly the result of PTTEP placing cash in restricted deposits in connection with its tender offer for Cove Energy. In addition, trade accounts receivable increased by Baht 57,259 million in the first half of 2012, compared to Baht 32,712 million in the first half of 2011, mainly reflecting later payments for sales in May and June of 2012 due to the payment date falling on a holiday and therefore being postponed to the next business day.

Our net cash provided by operating activities was Baht 177,550 million for 2011, compared to Baht 155,902 million for 2010, reflecting:

- a decrease in inventories of Baht 4,950 million in 2011, mainly due to a decrease in crude oil stock at one of our subsidiaries, compared to an increase in inventories of Baht 18,512 million in 2010 relating to crude oil and condensate inventories held by PTT for sale to its affiliates; and

- an increase in accrued expenses of Baht 13,798 million in 2011, reflecting the increase in project investments by PTTEP, compared to an increase of Baht 467 million in 2010.

These changes were partially offset by higher increases in trade accounts receivable in 2011, which increased by Baht 30,160 million, mainly as a result of increased sales to our industrial and petrochemical customers resulting from higher demand and the commencement of operations of our GSP Unit 6, compared to an increase in trade accounts receivable of Baht 12,787 million in 2010, as well as lower increases in accounts payable in 2011 compared to 2010.

Cash Flows from Investing Activities

In the first half of 2012, we had net cash outflows from investing activities of Baht 59,082 million, compared to Baht 103,261 million in the first half of 2011, primarily because we used no cash for the payment of investments in jointly controlled entities in the first half of 2012, compared to cash used of Baht 57,485 million in the first half of 2011. These investments in jointly controlled entities in the first half of 2011 related to PTTEP's investment in the KOSP-KKD project. Investments in subsidiaries also decreased, from Baht 14,495 million in the first half of 2011, reflecting PTT International's acquisition of International Coal Holdings Pty. Ltd., to Baht 1,559 million in the first half of 2012. Cash outflows for payments for property, plant and equipment increased by 37.9%, from Baht 41,064 million for first half of 2011 to Baht 56,619 million for the first half of 2012. In the first half of 2012, cash outflows for payments for property, plant and equipment were mainly attributable to the PTTEP's PTTEP Australasia, Myanmar Zawtika and Arthit projects and our fourth transmission pipeline and offshore compressor projects.

In 2010 and 2011, we had net cash outflows from investing activities of Baht 123,126 million and Baht 160,454 million, respectively. We used approximately 83.3% and 67.3% of our net cash used in investing activities in 2010 and 2011, respectively, for capital expenditures, and 2.2% and 48.0% in 2010 and 2011, respectively, for investments in subsidiaries, jointly controlled entities and associated companies. Cash outflows for payments for property, plant and equipment increased by 5.3%, from Baht 102,590 million in 2010 to Baht 108,044 million in 2011. In 2011, cash outflows for payments for property, plant and equipment were mainly attributable to PTTEP's investments in the KOSP-KKD, Bongkot, PTTEP Australasia and Arthit projects and our offshore compression projects, the third and fourth transmission pipeline project, the ESP and GSP Unit 6. Cash outflows for investments in jointly controlled entities and subsidiaries significantly increased in 2011. Investments in jointly controlled entities amounted to Baht 57,616 million in 2011, relating to PTTEP's investment in the KOSP-KKD project; and investments in subsidiaries were Baht 15,165 million in 2011, comprising PTT International's acquisition of International Coal Holdings Pty. Ltd. In 2010, additional investments in subsidiaries, associates and others comprised an increase in our percentage ownership of IRPC.

Cash Flows from Financing Activities

Our net cash inflows from financing activities decreased from Baht 14,796 million for the first half of 2011 to Baht 3,200 million for the first half of 2012, mainly due to a decrease of Baht 39,373 million due to redemption of debentures in the first half of 2012 compared to no redemption of debentures in the first half of 2011, partially offset by an increase of Baht 50,437 million from the proceeds from issuing debentures in the first half of 2012, compared to proceeds from debentures of Baht 21,257 million in the first half of 2011. Cash flows from financing activities increased from a net inflow of Baht 4,901 million in 2010 to a net outflow of Baht 45,423 million in 2011, primarily due to a reduction in the issuance of debentures and short-term loans. Cash flows from financing activities were reduced by dividends paid of Baht 31,755 million, Baht 41,103 million and Baht 24,278 million in 2010, 2011 and the first half of 2012.

The maturities of our long-term loans and debentures as of June 30, 2012 were as follows:

	Principal as of June 30, 2012							
	PTT		PTTEP		Other		Total	
	Bt. millions	U.S.$ millions[1]	Bt. millions	U.S.$ millions[1]	Bt. millions	U.S.$ millions[1]	Bt. millions	U.S.$ millions[1]
	(all amounts unaudited)							
Maturity								
Within 1 year . .	14,608	459	5,022	158	4,165	131	23,795	748
Between 1 to 2 years	28,396	893	11,694	368	5,513	173	45,603	1,434
Between 2 to 5 years	110,297	3,467	53,300	1,675	12,654	398	176,251	5,540
Beyond 5 years .	106,456	3,346	45,505	1,431	13,164	414	165,125	5,191
Total long-term debt	259,757	8,165	115,521	3,632	35,496	1,116	410,774	12,913

Note:

(1) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

The low interest rates and high liquidity in the Thai debt capital market continued into 2012, which has provided opportunities for us to raise long-term debt at favorable interest rates through issuance of long-term bonds. As of June 30, 2012, approximately 40% of our long-term debt had a maturity of longer than five years. On January 27 and May 21, 2012 we issued unsecured and unsubordinated Thai Baht debentures in the total amount of Baht 35,000 million.

Our total consolidated short-term and long-term debt outstanding as of December 31, 2010 and 2011 and June 30, 2012, were as follows:

	As of December 31,			As of June 30,	
	2010	2011	2011	2012	2012
	Bt. millions	Bt. millions	U.S.$ millions[1]	Bt. millions	U.S.$ millions[1]
	(audited)		(unaudited)	(unaudited)	
Overdraft and short-term loans from financial institutions	8,594	15,521	488	28,630	900
Current maturity of long-term debt	28,562	54,979	1,728	24,023	755
Short-term loans	7,945	–	–	–	–
Long-term loans (excluding current maturity of long-term debt)	342,467	337,324	10,604	387,496	12,181
Total debt	387,568	407,824	12,820	440,149	13,836
Cash and cash equivalents	135,801	116,132	3,650	96,104	3,021
Current investments	21,784	10,962	345	18,563	584
Net debt	229,983	280,730	8,825	325,482	10,231

Note:

(1) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

Our long-term debt outstanding as of December 31, 2010 and 2011 and June 30, 2012 consisted of both local and foreign currency obligations. During this period, our total liabilities to equity ratio, comprising total liability divided by total equity, decreased from 1.21 as of December 31, 2010 to 1.19 as of June 30, 2012 as our retained earnings increased.

In this period, the outstanding amount of our long-term foreign currency debt obligations increased from the equivalent of Baht 161,991 million as of December 31, 2011 to the equivalent of Baht 188,404 million as of June 30, 2012, largely due to an increase in PTTEP's foreign currency debt. As a result, the proportion of our long-term foreign currency debt also increased from 41.3% of our total long-term debt as of December 31, 2011 to 45.8% as of June 30, 2012.

Our loans and bonds guaranteed by the Government amounted to Baht 8,500 million as of June 30, 2012, representing a decrease of 16.7% from Baht 10,206 million as of December 31, 2011. As of December 31, 2011 and June 30, 2012, 2.8% and 2.2% of our long-term debt was guaranteed by the Government, respectively. Pursuant to the Act Determining the Power of the Ministry of Finance to Guarantee Loans B.E. 2510 (1967), all Government guarantees of our outstanding loans and bonds currently in effect will remain effective until the maturity of those loans and bonds.

Commitments and Contingent Liabilities

The following table summarizes our contractual obligations as of the periods indicated.

	As of December 31,			As of June 30,	
	2010	2011	2011	2012	2012
	Bt. millions	Bt. millions	U.S.$ millions	Bt. millions	U.S.$ millions
	(audited)		(unaudited)	(unaudited)	
Commitments to subsidiaries, jointly controlled entities and associates[1]	6,847	1,671	52	793	25
Commitments under operating leases	15,813	12,268	386	11,835	372
Unused letters of credit[2]	21,713	37,222	1,170	27,313	859
Other contingent liabilities[3]	20,798	21,247	668	19,989	628
Total contingent liabilities	65,171	72,408	2,276	59,930	1,884

Notes:

(1) Credit limits and commercial credit agreement with subsidiaries and associates.

(2) Unused letters of credit is defined as outstanding letters of credit.

(3) Sponsor Support Agreements, Shareholder Agreements, and letter of guarantee.

Capital Expenditures

The following table sets out PTT's capital expenditures by business sector for the periods indicated, and the capital expenditures in each business sector as a percentage of our total capital expenditures for such periods.

	Year ended December 31,				Six months ended June 30,	
	2010		2011		2012	
	Bt. millions	%	Bt. millions	%	Bt. millions	%
	(audited)	(unaudited)	(audited)	(unaudited)	(unaudited)	
Gas sales, transmission, processing and marketing	15,602	54.3	20,758	35.9	8,151	70.9
Oil and trading	1,870	6.5	1,682	2.9	773	6.7
Investments in subsidiaries, joint ventures and associates	8,335	29.0	32,910	56.9	1,226	10.7
Headquarters and others	2,929	10.2	2,462	4.3	1,344	11.7
Total	28,736	100.0	57,812	100.0	11,494	100.0

The majority of the our capital expenditures during the past two years have been related to investments in expansion and improvement of our gas transmission pipeline network, particularly the Fourth Gas Transmission Pipeline Project from Rayong to Kaengkhoi. Capital expenditures in our marketing of petroleum products business segment were mainly for construction and renovation of retail stations, construction of LPG filling stations and for transportation and storage facilities.

The following table sets out PTT's planned capital expenditures by business segment for each of the years 2012 through 2014, and the capital expenditures in each business segment as a percentage of our total planned capital expenditures. Actual capital expenditures may differ materially from those currently planned.

	Year ended December 31,					
	2012		2013		2014	
	Bt. millions	%	Bt. millions	%	Bt. millions	%
Gas sales, transmission processing and marketing						
– Revised Gas Pipeline Master Plan III	14,903	10.6	18,185	23.2	28,588	35.1
– Other projects & long-term plans	8,235	5.8	7,792	9.9	7,224	8.9
Subtotal	23,138	16.4	25,977	33.1	35,812	43.9
Oil and trading	3,158	2.2	7,128	9.1	11,115	13.6
Investments in subsidiaries, joint ventures and associates	110,847	78.7	42,639	54.4	32,383	39.7
Headquarters and others	3,737	2.7	2,683	3.4	2,203	2.7
Total	140,880	100.0	78,427	100.0	81,513	100.0

We expect that investment in gas sales, transmission processing and marketing will continue to represent our core capital expenditures amounting to Baht 84,927 million or approximately 28.2% of our Baht 300,820 million overall capital expenditure program for the years 2012 to 2014. Most of our capital expenditures for our gas transmission, processing and marketing business segment for 2014 will be for Natural Gas Pipeline Master Plan III such as Wangnoi — Nakornsawan gas transmission pipeline and the Kaengkhoi — Nakornrajjasima gas transmission pipeline.

We expect to continue to focus our oil business capital expenditures on adding new and modernizing existing retail stations. We also plan to invest in improvement programs for our depot facilities and logistics and transportation networks.

As part of our capital expenditure program, we expect to make equity contributions to our joint ventures and investments in subsidiaries. From 2012 to 2014, we anticipate that substantially all of our equity investments in our joint ventures and investment in subsidiaries will amount to Baht 185,869 million. The above discussion does not include capital expenditure figures for PTTEP, as PTTEP budgets and funds capital expenditures separately from us, except that in 2012, our capital expenditure does include budgeting for investments in PTTEP's equity capital fund raising, amounting to approximately Baht 64,000 million. In 2010 and 2011, PTTEP's capital expenditures were U.S.$1,764 million and U.S.$5,257 million, respectively.

We plan to fund the capital and related expenditures described in this Offering Memorandum principally through cash provided by operating activities and long-term debt, including net proceeds from the issuance of the Notes.

Inflation

According to the Bank of Thailand, Thailand's annual overall inflation rate as measured by the general consumption index was approximately 3.0% in the six-month period ended June 30, 2012, 3.8% in 2011 and 3.3% in 2010. Core inflation registered year-on-year growth of 1.9% in the six-month period ended June 30, 2012, which was well under the maximum target inflation rate of 3.0% set by the Bank of Thailand. As a result, inflation in Thailand has not had a significant impact in our results of operations in recent years.

Market Risks

Our primary market risk exposures are to fluctuations in crude oil and natural gas prices, exchange rates and interest rates. See Note 40 to our Annual Financial Statements included elsewhere in this offering memorandum.

Commodity Price Risks

We are exposed to fluctuations in prices of crude oil, natural gas, petrochemicals and refined products, all of which are subject to volatile price movement. We purchase substantial volumes of natural gas and crude oil from domestic and international suppliers and sell substantial volumes of gas, petrochemicals and refined petroleum products to domestic buyers. Certain of our associated companies to whom we sell natural gas products are especially exposed to fluctuations in the price of petrochemical and refined petroleum products. We enter various hedging arrangements. The hedging volume of crude oil, petroleum products and petrochemical products by the international trading business in 2011 was 188 million barrels, compared to 147 million barrels in 2010. The hedging volume of crude oil, petroleum products and petrochemical products in the first six months of 2012 is 89 million barrels, compared to 71 million barrels for the first six months of 2011 This hedging activity exposes us to a certain amount of counterparty risk. However, fluctuations of prices of crude oil, petrochemicals and refined products have a significant effect on our cost of sales and net income.

Foreign Exchange Rate Risk

We conduct our business primarily in Baht, which is also our functional and reporting currency. However, substantially all of our revenues and costs are directly or indirectly linked to or affected by the dollar or currencies other than Baht. As a result, fluctuations in the value of the Baht against the U.S. Dollar may adversely affect our financial condition and results of operations. Substantially all of our sales revenue is denominated in Baht, but the prices we pay for natural gas and crude oil are based on, or affected by, the U.S. Dollar-denominated world prices of oil and gas. Additionally, we borrow significant amounts in foreign currencies, principally dollars and it is possible that a substantial portion of our capital expenditures for future expansion programs may be financed in foreign currencies. Depreciation in the value of the Baht in general has tended to have a beneficial effect on our revenues, but a detrimental effect on our costs, in Baht terms. Adverse economic conditions in Thailand incidental to the depreciation in the value of the Baht could reduce overall demand for our products and our customers' ability to pay for them. In addition, any significant future depreciation in the value of the Baht against the U.S. Dollar could adversely affect the financial condition and results of operations of our primary customer, EGAT. See "Risk Factors — Risk Relating to Thailand — Depreciation in the value of the Baht could adversely affect demand for our products and our financial condition and results of operations."

We enter into cross-currency and interest rate swap contracts and other foreign currency hedging arrangements to hedge our exposure to foreign currencies other than the dollar and to manage our exposure to movements in the U.S. dollar/Baht exchange rate. For information on our swap arrangements, see notes 40.1, 40.2, 40.3 and 40.4 to our audited consolidated financial statements.

We have entered into forward foreign exchange contracts. The carrying amounts and exchange rates under the forward foreign exchange contracts, on a consolidated basis, as of the dates indicated are as follows:

	As of December 31,	
	2010	2011
	Bt. millions	
	(audited)	
Forward foreign exchange purchase contracts		
Baht 30.8850 – 31.7815 = 1 U.S.$	–	29,739
Baht 29.8970 – 30.1980 = 1 U.S.$	18,566	–
THBFIX-0.1120 – THBFIX-0.0140 = 1 U.S.$	8,023	–
Forward foreign exchange sale contracts		
Baht 30.0187 – 32.0800 = 1 U.S.$	–	20,681
Baht 29.5500 – 31.8992 = 1 U.S.$	30,797	–

Currency Risk

Our foreign currency risk relate to our foreign currency debt. We categorize risks related to our day to day costs and expenses denominated in foreign currencies as our foreign exchange risks. To manage the risk of our Japanese Yen denominated debt, we have entered into a cross-currency swap in the form of a participating swap agreement amounting to Japanese Yen 23,000 million. The terms of such contract as of the relevant periods are detailed as follows.

	As of December 31,	
	2010	2011
	Bt. millions	
	(audited)	
JPY 23,000 million/U.S.$196.94 million	5,967	6,269

Interest Rate Risk

Our debts consist of fixed and variable rate debt obligations with original maturities ranging from 1 to 20 years. We are exposed to interest rate risk resulting from fluctuations in interest rates on our short-term and long-term debt. Upward fluctuations in interest rates increase the cost of new debt and the interest cost of our outstanding floating rate borrowings. Fluctuations in interest rates can lead to significant fluctuations in the market values of our debt obligations.

We have entered into interest rate swap contracts. The terms of our outstanding interest rate swap contracts as of December 2010 and 2011 and June 30, 2012 are as follows.

	As of December 31,	
	2010	2011
	Bt. millions	
	(audited)	
Interest rate swap contracts to swap floating for fixed rate in U.S.$ currency[1]	18,714	19,211
Interest rate swap contracts to swap floating for decreasing floating rate in Baht currency[2]	5,000	5,000
Interest rate swap contracts to swap floating for decreasing floating rate in U.S.$ currency[3]	3,029	–
Interest rate swap contracts to swap fixed for decreasing fixed rate in Baht currency	2,500	2,500
Total	29,243	26,711

Notes:

(1) Some interest rate swap contracts granted the contract parties a one-time right to change the interest rate from a fixed to a floating rate.

(2) The contracts granted the contract parties a one-time right to change the interest rate from a floating to a fixed rate.

(3) The contract party exercised the right to change the interest rate from a floating to a fixed rate in 2011.

The maturity periods of the rate swap contracts are as follows:

	As of December 31,	
	2010	2011
	Bt. millions	
	(audited)	
Due within one year	2,833	2,440
Over one year but not over five years	16,045	14,143
Over five years	10,365	10,128
Total	29,243	26,711

Currency and Interest Rate Risk

We have entered into cross-currency and interest rate swap contracts.

The terms of the outstanding cross-currency and interest rate swap contracts on a consolidated basis as of the dates indicated are as follows:

	As of December 31,	
	2010	2011
	Bt. millions	
	(audited)	
JPY 36,000 million/U.S.$290.51 million	8,801	9,247
Baht 3,053.80 million/U.S.$90 million	2,727	2,865
Baht 3,643.50 million/U.S.$108.48 million	3,287	–
Baht 2,636 million/U.S.$79.45 million	2,407	2,529
Baht 4,000 million/U.S.$120.55 million	3,652	3,837
MYR 300 million/U.S.$96.50 million	2,927	3,041
Baht 6,000 million/U.S.$198.47 million	–	6,318
Baht 18,300 million/U.S.$603.36 million	–	18,297
Baht 3,500 million/U.S.$115.78 million	–	3,500
Baht 11,700 million/U.S.$389.50 million	–	11,693
Baht 5,000 million/U.S.$165.89 million	–	5,033
Baht 2,500 million/U.S.$82.92 million	–	2,500
Baht 10,000 million/U.S.$329.88 million	–	10,000
Baht 5,000 million/U.S.$161.81 million	–	4,995
Total	23,801	83,855

The following are the maturity periods of contracts:

	As of December 31,	
	2010	2011
	Bt. millions	
	(audited)	
Due within one year	3,287	31,796
Over one year but not over five years	2,971	26,377
Over five years	17,544	25,681
Total	23,802	83,854

THE PETROLEUM INDUSTRY IN THAILAND

The information in the section below has been derived, in part, from various government and private publications or obtained in communications with Government agencies in Thailand. This information has not been independently verified by PTT or the Initial Purchaser or any of PTT's or their respective associates or advisors. The information may not be consistent with other information complied within or outside Thailand. Neither PTT nor the Initial Purchaser has any actual knowledge of any material misstatement contained in this section.

Overview

The Government historically regulated the country's petroleum industry through volume, distribution and pricing controls, which were administered by certain central government ministries including the National Energy Policy Council ("NEPC"), Energy Policy and Planning Office ("EPPO"), the Ministry of Energy ("MOEN") and the Ministry of Finance. Today, the Government regulates the domestic wholesale price of LPG marketing margins, retail price of natural gas for vehicles and the pipeline tariff for gas sales to EGAT, industrial customers and private power producers.

Due to the Government's policy of reducing Thailand's dependency on petroleum products and promoting energy efficiency, crude oil as a percentage of total energy consumption in Thailand decreased from 43.6% in 2006 to 36.5% in 2011 while natural gas as a percentage of total commercial primary energy consumption in Thailand increased from 37.5% to 43.9% over the same period. The following table sets out the total commercial primary energy consumption and the percentage of the total commercial primary energy consumption represented by coal, petroleum products, natural gas and hydro-electricity in Thailand for the periods indicated.

		Percentage of Total Commercial Primary Energy Consumption			
	Total Commercial Primary Energy Consumption	Lignite/ Coal Import	Petroleum Products	Natural Gas	Hydro/ Imported Electricity
	(KBOE/d)	(%)	(%)	(%)	(%)
Period					
2006	1,545	16.0	43.6	37.5	2.9
2007	1,604	17.4	41.6	38.3	2.7
2008	1,618	18.6	39.2	40.0	2.2
2009	1,663	18.2	38.7	41.0	2.1
2010	1,783	17.4	36.6	44.0	2.0
2011	1,845	16.6	36.5	43.9	2.9

Source: Energy Policy and Planning Office, MOEN

The following table sets out the total natural gas consumption in Thailand for the periods indicated.

	Natural Gas Consumption (KBOE/d)	Petroleum Products Consumption (KBOE/d)	Percentage Increase in Natural Gas Consumption (%)	Percentage Increase in Petroleum Products Consumption (%)
Period				
2006	579.0	673.8	2.3	(2.3)
2007	614.7	666.8	6.2	(1.0)
2008	648.0	633.7	5.4	(5.0)
2009	681.7	642.7	5.2	1.4
2010	784.2	652.5	15.0	1.5
2011	810.3	673.9	3.3	3.3

Source: Energy Policy and Planning Office, MOEN

The following table sets out the total natural gas consumption in Thailand for the periods indicated.

	2009	2010 (MMCFD)	2011
Period			
January	2,881	3,576	3,890
February	3,413	3,884	4,135
March	3,578	3,933	4,360
April	3,451	3,913	4,178
May	3,635	4,074	4,401
June	3,735	4,166	4,342
July	3,597	4,091	4,103
August	3,643	4,131	4,265
September	3,793	4,256	4,327
October	3,761	4,278	3,838
November	3,752	4,075	3,945
December	3,526	4,035	3,934

Source: Energy Policy and Planning Office, Ministry of Energy

From 2006 to 2011, natural gas consumption in Thailand increased from 579 KBOE/d to 810 KBOE/d. Petroleum products consumption in Thailand decreased from 674 KBOE/d in 2006 to 634 KBOE/d in 2008 before increasing again to 674 KBOE/d in 2011. The significant growth in consumption of natural gas is a result of higher demand from power producers who are responding to higher demand for electricity and switching to natural gas from alternative fuel sources. Higher natural gas consumption was also the result of increased demand for electricity and increased demand for natural gas from industrial customers and the transportation sector in Thailand. In addition, emissions standards enacted in 1997 required EGAT and industrial users to partially switch from fuel oil to natural gas as a cleaner fuel source for electricity generation.

The following table sets out the amount of electricity generated from various fuel sources in Thailand for the periods indicated.

	Natural Gas[1]	Fuel Oil	Lignite & Coal	Hydro[2]	Diesel	Imported Electricity and Others	Total	Growth Rate
				(in GWH)				(%)
Year								
2006	89,325	7,808	18,028	7,995	77	18,685	147,919	5.3
2007	98,620	2,967	18,498	7,983	28	18,930	147,026	3.6
2008	104,727	990	18,679	6,979	23	16,822	148,221	0.8
2009	106,602	448	17,922	6,990	45	16,357	148,364	0.1
2010	118,578	558	17,988	5,370	42	21,132	163,668	10.3
2011	108,489	1,295	18,836	7,970	36	25,717	162,343	(0.8)

Source: Energy Policy and Planning Office, Ministry of Energy

(1) Includes only electricity generated by EGAT and IPPs using natural gas.

(2) Also includes other alternative energies.

Petroleum Industry

Exploration and Production

The Government owns all of Thailand's petroleum resources and grants concessions to companies to conduct exploration and production activities in both onshore and offshore properties. As of the end of 2010, Thailand contains over 61 active concessions covering 79 exploration blocks. In addition to PTTEP, a number of foreign-owned companies explore, develop and produce oil and gas properties in Thailand, including Chevron Offshore (Thailand) Ltd. ("Chevron"), ExxonMobil Exploration and Production Khorat Inc. (formerly named Esso Exploration and Production Khorat Inc.) and Hess (Thailand) Ltd.

On January 23, 1991, the MTJDA was established for the exploration and exploitation of natural resources, particularly petroleum, in the overlapping continental shelf area in the Gulf of Thailand known as the JDA. The MTJDA is a statutory body established under the laws of Malaysia and Thailand to assume all rights and responsibilities on behalf of the two governments. On April 21, 1994, the MTJDA awarded two production sharing contracts in the JDA to contractors. Block A-18 was awarded to Hess Oil Company of Thailand and Petronas Carigali (JDA) Sdn. Bhd ("Carigali", recently renamed "PC JDA"). Blocks B-17 and C-19 were awarded to PTTEPI and Carigali. In July 1994, these contractors set up two operating companies to act as operators in their respective contract areas: Carigali-Hess Operating Company Sdn. Bhd. as operator for Block A-18 and Carigali-PTTEPI Operating Company Sdn. Bhd. as operator for Blocks B-17 and C-19.

Thailand's petroleum reserves are dominated by natural gas and approximately 95% of these reserves are located in the Gulf of Thailand. According to the Department of Mineral Fuels, as of December 31, 2011, Thailand's natural gas proved reserves (including Thailand's 50.0% share in the JDA) totaled 10,061.1 billion cubic feet ("Bcf"). Proved reserves of crude oil and condensate were 214.6 and 238.7 MMbbl, respectively, as of December 31, 2011. Condensate reserves and production levels are largely associated with reserves and production levels of gas properties. The following table sets out Thailand's petroleum reserve balances over the last four years.

Proved Reserves	Natural Gas (Bcf)	Crude Oil (MMbbls)	Condensate (MMbbls)
As of December 31,			
2008	12,002.6	182.9	270.9
2009	12,026.4	180.3	255.1
2010	10,588.5	197.3	245.2
2011	10,061.1	214.6	238.7

Source: DMF Annual Reports

In 2011, natural gas and condensate proved reserves decreased from 2008 levels. Natural gas proved reserves balance decreased 1,941.5 Bcf or 16.2%, while condensate proved reserves decreased 32.2 MMbbls or 11.9%. In the same period, Thailand's crude oil proved reserves increased 31.7 MMbbls or 17.3%.

In 2011, PTTEP's nineteen petroleum fields accounted for the second largest portion of natural gas produced in Thailand, primarily through the Bongkot project. Chevron was the largest producing operator of natural gas in Thailand. Produced natural gas to sales gas loss rate for Thailand averaged less than 8%, which included losses from flaring, some carbon dioxide removal and in-field energy use.

The following table sets out the sales volume of natural gas, crude oil and condensate in Thailand for the periods indicated.

Sales

	Natural Gas (Bcf)	Crude Oil (MMbbls)	Condensate (MMbbls)
As of December 31,			
2008	917	51.1	27.8
2009	861	54.0	26.7
2010	939	56.0	29.3
2011	923	49.1	29.3

Source: DMF Annual Report, Petroleum Institute of Thailand

From 2008 to 2011, sales of natural gas increased by 0.7% to 923 Bcf and sales of condensate increased by 5.4% to 29.3 MMbbls. In contrast, sales of crude oil decreased by 3.9% to 49.1 MMbbls over the same period.

Crude Oil Procurement, Transportation and Distribution

In 2011, more than 87.9% of crude oil demand in Thailand was supplied by imports. Crude oil production in Thailand decreased 8.6% to 139,991 Bbls/d in 2011. Imported crude oil amounted to 794,304 Bbls/d in 2011, an increase of 2.7% from 2010. Of this amount, 616,168 Bbls/d came from the Middle East, 63,491 Bbls/d from the Far East and 114,645 Bbls/d from other sources. Crude oil is transported within Thailand by marine tankers, pipelines, trucks or railway, depending on the location of the oil field and refinery.

All imported crude oil is shipped by oil tankers to oil jetties along the coastline of Thailand while domestic crude is mainly transported to refineries by rail. Most of the crude oil shipped to the oil jetties is delivered to refineries located in their vicinity through connection pipelines.

Refining of Petroleum Products

As of September 2012, PTT had stakes in five of Thailand's six refineries, which are the principal processors of imported and domestic crude oil. Most of the refineries are located in the coastal region in Thailand and all of them have connecting pipelines to an oil jetty located nearby.

As of December 31, 2011, the EPPO estimated that Thailand's primary refining capacity was approximately 1,084 Kb/d (PTT 910 and Esso 177), and Thailand's total refining throughput was approximately 911 Kb/d (52,892 million liters per year).

The following table sets out Thailand's total production of certain principal refined products for the periods indicated.

Product	**Year ended December 31,**		
	2009	**2010**	**2011**
	(in millions of liters)		
Gasoline	8,852.1	8,741.8	8,325.9
Diesel	22,489.0	23,304.8	23,098.2
Aviation Fuel	5,975.0	6,196.1	6,292.7
Fuel Oil	6,884.2	5,999.8	5,815.8
Kerosene	92.9	466.7	151.8
LPG	4,939.2	5,681.8	6,316.1
Total	49,232.4	50,391.0	50,000.5

Source: Department of Energy Business, Ministry of Energy

Trading and Marketing of Refined Petroleum Products

The trading of refined petroleum products in Thailand occurs through commercial, retail and international trading networks. The commercial distribution market is characterized by competition among several major players, including PTT. Retailing of refined petroleum products is open to domestic companies and foreign companies and Thai-foreign joint ventures. The following table sets out the number of service stations in Thailand as of June 30, 2012 and the market share by number of stations for the ten largest service station chains.

Product	Number of stations	Market share (%)
PTT	1,335	6.47
Bangchak	1,066	5.17
Shell	537	2.60
Esso	519	2.52
PTG Energy	489	2.37
Chevron	379	1.84
Siam Gas	351	1.70
Worldgas	262	1.27
PTT (Retail)	146	0.71
Susco	141	0.68
Other	15,410	74.68
Total	20,635	100.00

Source: PTT, Department of Energy Business, Ministry of Energy

Gas Transmission in Thailand

PTT Gas, a wholly owned subsidiary of PTT, owns all natural gas transmission and distribution pipeline infrastructure in Thailand and operates most of them. Foreign-owned companies are allowed to assume ownership of gathering lines that collect and transport gas to the point of sale, but PTT Gas is responsible for demarcation of almost all the gathering lines and transmission lines.

Gulf of Thailand

The Erawan field provides a focal point for collection and transmission in the Gulf of Thailand, with three major trunk lines between the Erawan field and the gas separation facility at Map Ta Phut, Rayong. The three trunk lines have a total length of approximately 1,240 kilometers and a total capacity of 3,940 MMCFD. All of Chevron's gas production and all of PTTEP's gas production in the Bongkot field is exported via a pipeline network on the Erawan field and the main Erawan to Map Ta Phut trunk line.

A 161 kilometers pipeline with a capacity of 500 MMCFD from Erawan to Khanom also routes gas to the east coast of Thailand, supplying a 674 megawatt ("MW") combined cycle power plant.

Malaysia-Thailand Joint Development Area (JDA)

PTT is entitled to 50% of the gas reserves from the Malaysia-Thailand JDA which covers an area of 7,250 square kilometers. The gas fields in the JDA are linked to Malaysia's internal Peninsular Gas Utilization ("PGU") network via an international gas pipeline known as the Trans-Thailand-Malaysia Gas Pipeline System.

A total of 600 MMCFD of Block A-18 gas is currently distributed to the Thailand gas market via a 42-inch pipeline from Block A-18 facilities and the Gulf of Thailand Pipeline Infrastructure. The pipeline also supplies a total of 270 MMCFD gas from Block B17 and B17-01 to the Thailand market as per the gas sales agreement.

Onshore Distribution

Much of Thailand's gas processing capacity is located in the Map Ta Phut Industrial Area in Rayong. This area also receives and processes all the offshore gas transported to Thailand. Six PTT-owned and operated GSPs process natural gas into methane, ethane, propane, LPG and NGL, with a total separation capacity of 2,740 MMSCFD.

A pipeline supplies a chain of power stations in the Bangkok area with gas from the GSPs in Map Ta Phut. The pipeline is connected to the Bangkok Gas Ring Main Project, which has a combined capacity of approximately 400 MMCFD and provides a complete gas pipeline covering Bangkok and connecting 13 industrial estates,

Other significant pipelines currently commissioned in the vicinity of Bangkok are those which transport imported gas from Myanmar.

Overview of the Global Oil and Gas Market

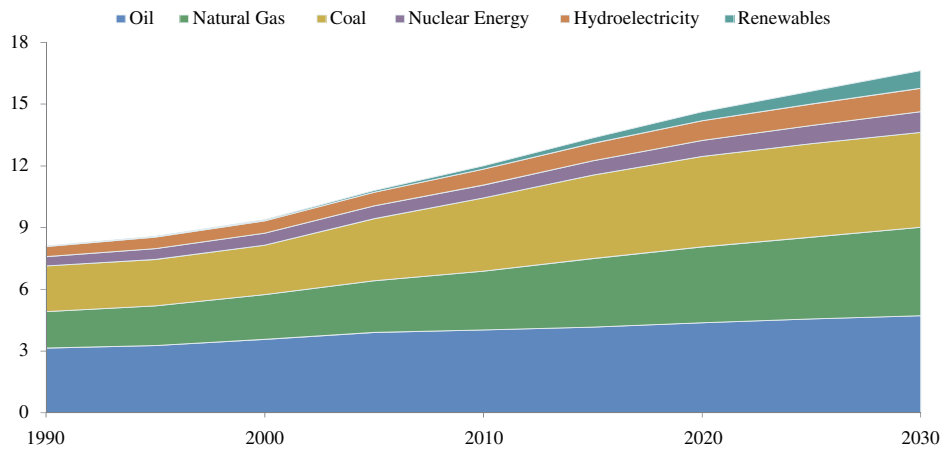
Global Energy Developments

According to the BP Review of *World Energy* 2012 (the "BP Review"), world primary energy consumption grew by 2.5% in 2011, roughly in line with the average. Consumption in Organization for Economic Cooperation and Development ("OECD") countries fell by 0.8%, the third decline in the past four years. Conversely, non-OECD consumption grew by 5.3%, in line with the 10-year average. Global consumption growth slowed in 2011 for all fuels, as did total energy consumption for all regions. All of the net growth in energy consumption took place in emerging markets, with China alone accounting for 71% of the global energy consumption growth.

According to the *BP Energy Outlook* 2030 (the "BP Outlook"), world primary energy consumption is projected to grow by 1.6% p.a. over the period 2010 to 2030, adding 39% to global consumption by 2030. The growth rate is expected to decline from 2.5% p.a. over the past decade, to 2.0% p.a. over the next decade, and 1.3% p.a. from 2020 to 2030. 96% of the growth is expected to come from non-OECD countries. By 2030 non-OECD countries energy consumption is expected to be 69% above the 2010 level, with growth averaging 2.7% p.a. (or 1.6% p.a. per capita), and accounting for 65% of world consumption, compared to 54% in 2010. OECD energy consumption in 2030 is expected to be just 4% higher than in 2010, with expected growth averaging 0.2% p.a. to 2030. OECD energy consumption per capita is forecasted to decline by 0.2% p.a.

The fuel mix is forecasted to change slowly, due to long gestation periods and asset lifetimes. Gas and non-fossil fuels are expected to gain share at the expense of coal and oil. The fastest growing fuels are renewables, which are expected to grow at 8.2% p.a. 2010 to 2030. Among fossil fuels, gas is expected to grow the fastest at 2.1% p.a. and oil the slowest at 0.7% p.a.

World primary energy demand by fuel (billion tons of oil equivalent)



Source: BP Energy Outlook 2030

Oil and Gas Demand

Global oil demand has grown progressively in the recent decade, with consumption tripling over the past fifty years. According to the BP Review, global oil demand grew from 77 million barrels per day ("Bbls/d") in 2001 to 88 million Bbls/d in 2011, representing a growth rate of 1.3% p.a.

Global oil consumption growth is projected to slow to 0.6% p.a. according to the BP Outlook. OECD consumption will fall to 41 million Bbls/d, 1 million Bbls/d below the 1990 level. Non-OECD consumption is likely to overtake the OECD by 2014, and reach 63 million Bbls/d by 2030. Oil consumption growth is expected to come mainly from the non-OECD transportation and industrial sectors, however, consumption growth will be constrained by various factors including stronger crude oil prices seen in recent years, technological advances, a range of new policies, and the continued, gradual reduction of non-OECD subsidies.

Natural gas is projected to play an increasingly important role in the global energy economy. Global natural gas demand has also grown swiftly over the last few decades, with consumption growing almost five times from 1965 to 2011. According to the BP Review, global natural gas demand grew from 240 billion cubic feet per day ("bcf/d") in 2001 to 317 bcf/d in 2011, representing a CAGR of 2.8%. According to the BP Outlook, natural gas is projected to be the fastest growing fossil fuel globally growing at 2.1% p.a. to 2030. The non-OECD accounted for 80% of global gas demand growth, supported by rapid demand growth in China at 7.6% p.a. contributing 23% of the global demand increase.

Oil and Gas Supply

As per the BP Review, global proven oil reserves at the end of 2011 was approximately 1,653 billion barrels, implying a reserve life of approximately 54 years at the current production rates. Global oil production increased by 1.1 million Bbls/d from 2010 to 2011 to a new high of 83.6 million Bbls/d. Global oil supply growth will match expected growth in demand, with OPEC accounting for 70% of incremental supply, reaching a market share of 45%, a level not reached since 1970s, according to the BP Outlook. Most of the future increase in oil production is expected from the OPEC countries, which still hold the majority of the world's recoverable conventional oil resources, in addition to supply from the Americas which can unlock additional resources due to advances in drilling technologies.

The BP Review states that global natural gas production increased 3.1% to 317 bcf/d in 2011. The United States and Russia, the two largest gas producers in the world, recorded an increase of 7.7% to 63 bcf/d and 3.1% to 59 bcf/d respectively from 2010 to 2011. For the United States, the increase in gas production was mainly due to the discovery of shale gas over the last decade and technological advancements that have made the extraction of this resource economically viable. Non-conventional gas resources such as shale gas are to play an important role in the future of global gas supply in the coming years.

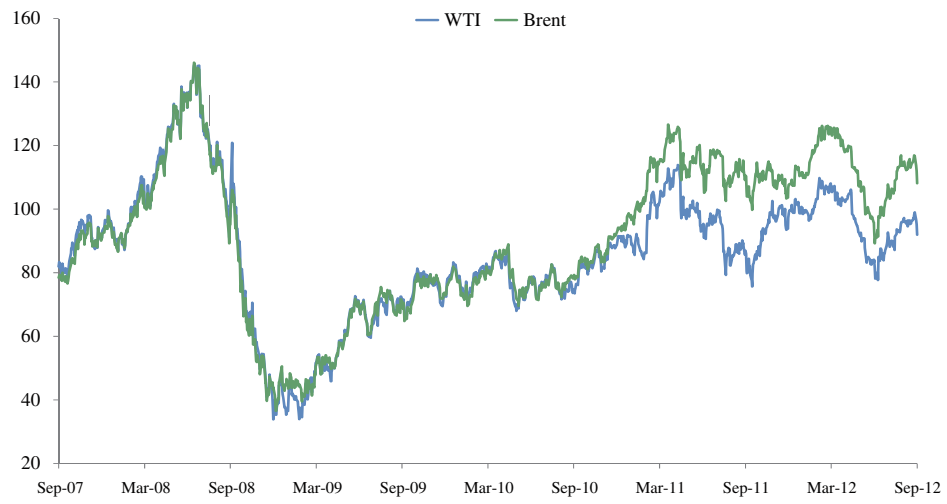
Oil and Gas Prices

Oil prices are affected by various factors such as changes in supply and demand economics, OPEC regulations, environmental conditions, government regulations and political and economic conditions.

However, over the last five years, the global economic slowdown and recovery has created volatility in the oil and gas industry. The WTI and Brent oil price reached a record high of U.S.$145/bbl and U.S.$146 respectively, on July 3, 2008 as a result of limited supply and strong demand. During that time there were many supply disruptions among key regions such as Russia, West Africa and the Middle East that contributed to the increase of the price. Later in 2008, the WTI and Brent oil price fell to U.S.$33 and U.S.$37/bbl, with the collapse of major financial institutions and the economic slowdown across the globe. Since then, oil prices have rebounded back due to an increase in global economic activity and cuts in OPEC production.

2011 marked a year of events that kept the world's focus on energy. The Fukushima nuclear disaster, coupled with a tsunami and the political unrest in the Arab region, disrupted energy flows, and hence prices were raised across the world. According to the BP Review, Japan's nuclear output fell by 44.3% following the nuclear disaster. However the country became the largest LNG importer by volumetric growth, increasing 11.6% to 106 BCM in 2011 from 95 BCM in 2010. The LNG Japan cost, insurance and freight price has increased from U.S.$4.72/million British Thermal units ("MMbtu") in 2000 to U.S.$14.73/MMbtu, growing at a CAGR of 10.9%, as per the BP review.

Historical WTI and Brent prices (U.S.$/bbl)



Source: Factset

Global Refining Market Supply and Demand

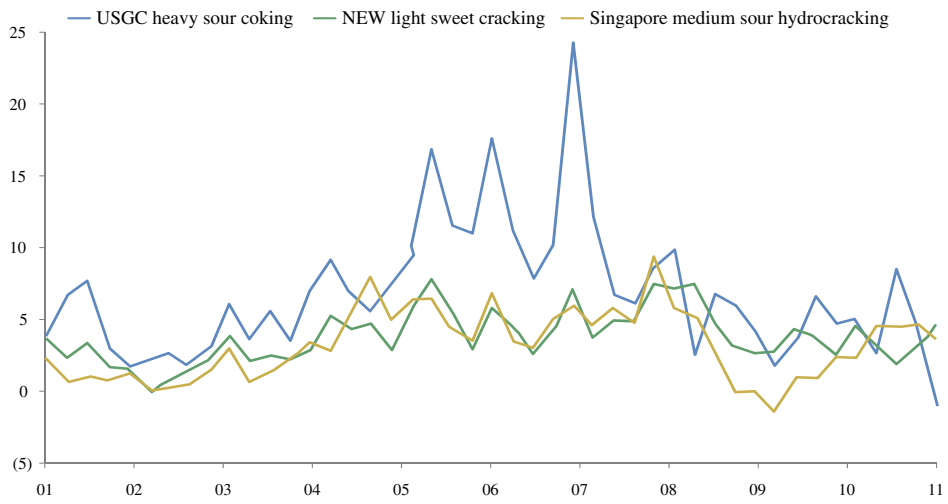
Global refining capacity grew at a modest rate of 1.5% to 93 million Bbls/d in 2011, according to the BP Review. Even with the global financial crisis, the demand for oil has recovered with the global economy. Global oil consumption grew from 86 million Bbls/d in 2008 to 88 million Bbls/d in 2011, representing a 2.6% increase.

According to the BP Review, global refinery crude runs increased in 2011 by a below-average 376,000 Bbls/d. Non-OECD countries accounted for all the net increase, rising by 684,000 Bbls/d. OECD throughput declined by 310,000 Bbls/d. The United States throughput increased 110,000 Bbls/d and became a net exporter of refined products for the first time on record.

Global refining utilization rates were low in the 1980s as a result of high levels of capacity. As surplus capacity was removed, demand increased and the utilization rates gradually increased. The United States and Asian recovery was more significant than that of Europe, where the issues of low demand growth and surplus capacity resulted in low rates over a lengthy period of time. However, global utilization rates were consistently higher than 85% from 2001 to 2009 as excessive spare capacity had been removed. As per the BP Review, global utilization rates have hit a new low since 2009, falling to 81.2% as global refining capacity increased by 1.4 million Bbls/d (+1.5%), outpacing growth in throughputs for the fifth time in six years. Without further shutdowns, the rate could decline to 78.2% by 2015. The Asian demand for oil has been strong, and hence has shown faster recovery oil in regards to utilization rates.

Global refining margins have remained relatively stagnant since mid-2011, after recovering from lows in 2009, as the global economy picks up and global demand starts to recover. 2009 margins were affected mainly due to the economic slowdown and surplus capacity. Global margins have been driven mainly by Asia, where middle distillate demand from China increased significantly to meet energy efficiency targets.

Regional refining margins (U.S.$/bbl)



Source: BP Review of World Energy 2012

Note: The refining margins presented are benchmark margins for three major global refining centers, US Gulf Coast (USGC), North West Europe (NEW – Rotterdam) and Singapore. In each case they are based on a single crude oil appropriate for that region and have optimized product yields based on a generic refinery configuration.

Growth in the call on refinery throughput to 2030 is expected to be constrained by the growth of liquids which do not need refining, i.e, biofuels (+3.5 million Bbls/d) and non-refined NGLs (+3 million Bbls/d), according to the BP Outlook. Increases in processing gains and growth in supplies of liquids derived from gas and coal are likely to add another 1 million Bbls/d to product supplies.

All of these supply sources are expected to compete directly with refineries to meet total liquids demand growth of 16 million Bbls/d from 2010, limiting the growth in the call on refinery throughput to only 9 million Bbls/d over the next 20 years. Existing spare capacity is expected to accommodate some of the future growth in refinery throughput.

Global Petrochemical Market Overview

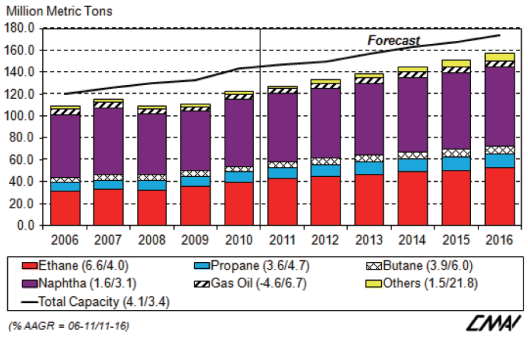
Petrochemicals are derived from crude oil and natural gas. They are used in the manufacture of end-products such as textiles, plastics and pharmaceuticals. The oil industry's interaction with the chemical industry began in the 1920s when refiners sought uses for the growing number of by-products from the refining process.

According to Chemical Market Associates, Inc. ("CMAI"), global ethylene demand has grown from 108 million metric tons ("MT") in 2008 to 121 MT at the end of 2010, an increase of 12.3%. CMAI forecasts global ethylene demand to grow at a healthy CAGR of 4.3% from 2011 to 2016.

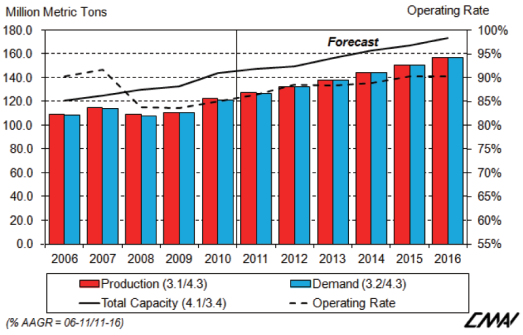
The petrochemical industry margins have historically been cyclical. Changes in supply/demand economics, operating rates, capacity additions are important factors that impact the operating rates and profit margins. Long lead times to large-scale capacity additions add to the margin cyclicality.

On the supply side, Asia and the Middle East increased ethylene capacity between 2008 to 2010 as forecasted by CMAI. This is following the megatrend of petrochemical production gradually shifting from the United States/Europe towards the Middle East and Asia. The Middle East and Asia is forecasted to increase capacity levels by a CAGR of 4.6% and 6.8% respectively, for the periods 2011 to 2016. For now, the short-term outlook of this industry remains under pressure as an increase in capacity is expected, however the operating rates and margins are expected to gradually improve in the long-term as demand growth continues to outpace supply, largely benefitting from Asia's strong momentum.

World Ethylene Production by Feedstock Forecast



World Ethylene Supply & Demand



RELATIONSHIP WITH THE GOVERNMENT AND REGULATORY MATTERS

General Overview

We were established on October 1, 2001 as a result of the corporatization of our predecessor, the Petroleum Authority of Thailand. Our predecessor was established by the PTT Act to serve as the national petroleum company. All of our predecessor's businesses, assets, rights, debts, and liabilities were transferred to us on October 1, 2001 under the Corporatization Act. In an effort to increase efficiency, promote competition and reduce the Government's financial burden after the Asian financial crisis in 1997, the Government began the process of privatizing certain state-owned enterprises in 1998.

As a state enterprise, we are required to comply with certain government regulations not applicable to privately owned companies, including having the State Audit Office of Thailand as our auditor. Under current law, so long as the MOF or another agency of the Government owns more than 50.0% of our issued and outstanding shares, we will be a state enterprise subject to such regulations. The MOF has the responsibility to monitor the financial condition and maintain the financial integrity of state enterprises. Our board of directors is elected by our shareholders at a general meeting of shareholders. Because the MOF, as of September 10, 2012, owns 66.4% (both direct and indirect) of our outstanding shares, the MOF will be able to substantially influence such elections. A representative of the MOF serves on the board of directors of all major state enterprises, including ours. The Public Debt Management Office of the MOF is required by the Public Debt Management Act B.E. 2548 and the MOF Regulation on Public Debt Management B.E. 2549 to provide a plan on public debt management, including debts incurred by state enterprises, to be proposed to the Cabinet annually.

MOEN was created in 2002 as part of a ministerial restructuring enacted by the government of Mr. Thaksin Shinawatra. The creation of the ministry was aimed at achieving better integration and higher efficiencies in the formulation and implementation of the country's energy related policies. The majority of the departments under the ministry have been transferred from the Ministry of Industry with the key addition of the National Energy Policy Office, which was previously under direct control of the Prime Minister.

MOEN and its key offices, including the DMF, the Department of Energy Business and the Energy Policy and Planning Office ("EPPO"), make up an instrumental government body with the authority to formulate, make recommendations on, and oversee implementation of policies related to matters pertaining to the country's present and future energy requirements. Such policies include the management of the country's indigenous resources through the granting of concessions, after Cabinet approval, to explore and produce natural gas in the Gulf of Thailand. In addition, MOEN is also responsible for implementing the Government's restructuring of the energy industry (including electricity and oil and gas) and overseeing policies with respect to the government's ownership in EGAT, PTT, and Bangchak Petroleum Plc. ("Bangchak").

NEPC is a committee set-up under the National Energy Policy Commission Act B.E. 2535 and chaired by the prime minister with several members from the Cabinet as committee members. It has primary responsibility for overseeing and approving energy policies in Thailand. NEPC resolutions are the definitive statement of the Government on energy policy and, once endorsed by the Cabinet, are binding. As a state energy company, we are required to cooperate with MOEN and EPPO on the implementation of such policies. The permanent secretary of MOEN is the Chairman of our board of directors.

The Energy Regulatory Commission ("ERC") was established under the Energy Industry Act to supervise and regulate both the power industry and the natural gas industry, including the granting, suspension or termination of licenses for energy sector operations. It is tasked with ensuring the separation of the activities of policy making, regulation and operations in Thailand's energy industry. One mandate of the ERC is to prevent abusive use of monopoly power and protect energy consumers and other segments of society that may be adversely affected by activities of the energy industry in part through a licensing regime. See "— Regulation of Gas Pricing and Transmission — Liberalization of the Gas Supply Industry."

Our gas business provides its services under license of and in accordance with the standards established by the ERC.

Gas Pipeline Master Plan III

The Gas Pipeline Master Plan III was approved by the Prime Minister's Cabinet on September 25, 2001. We planned our projects under Gas Pipeline Master Plan III based on their current natural gas demand projections, which have been and may be adjusted in the future to reflect future changes in supply and demand for natural gas and other factors. Natural gas demand has been rising as a result of the country's economic recovery since 1997. Accordingly, we reviewed and adjusted our Gas Pipeline Master Plan III to correspond with an increase in gas demand as well as EGAT's Power Development Plan (2003 – 2016) ("PDP 2003"). One of our goals is to increase the capacity of the third offshore pipeline from 1,400 MMCFD to 1,750 MMCFD.

On December 9, 2003, the Cabinet approved our Gas Pipeline Master Plan III (as revised). On February 27, 2004, the Office of the National Social and Economic Development Board approved the implementation of various projects under this plan, with the exception of the offshore gas pipeline for the Thabsakae project.

On August 24, 2004, the Cabinet endorsed a resolution of NEPC dated July 28, 2004 on the Power Development Plan for 2004-2015 ("PDP 2004"), prepared by EGAT. The plan was based on the assumption that power demand would rise by 6.5% per year, as compared to PDP 2003, which had assumed a rise in demand of 4.5% per year. This implied a faster rising demand for natural gas to fuel power generation, together with accelerated demand for natural gas in the industrial sector and gas separation plants, which was in line with the Government's latest economic expansion projections. Accordingly, we revised Gas Pipeline Master Plan III to keep up with the latest projections on natural gas demand. The revised Gas Pipeline Master Plan III not only implements further enhancements to the transmission capacity of the system from 1,750 MMCFD to 1,860 MMCFD, both onshore and offshore, but also accelerates project implementation under Phase 2. The latest revision of the Gas Pipeline Master Plan III, which was approved by NEPC on December 23, 2004 and by the Cabinet on May 17, 2005, covers investments in eleven gas pipeline projects totaling Baht 157,102 million.

On June 19, 2007, the Cabinet endorsed a resolution of NEPC on the revised Gas Pipeline Master Plan III subsequently made in response to the updated Power Development Plan (PDP 2007) revision 2. The revised Gas Pipeline Master Plan III is to further enhance and increase the flexibility of the transmission system and covers investments in fourteen projects totaling Baht 165,077 million.

Following The Cabinet on March 23, 2010 endorsed a resolution of NEPC on Power Development Plan BE 2010-2030 ("PDP 2010") of EGAT. The PDP 2010 power demand growth was reduced by the economic crisis from growth rate averaged 5.6% per year, according to the PDP

2007 revision 2 to an average of 4.2% per year. Moreover, this PDP 2010 has introduced a policy to encourage the use of energy efficiency through SPP Cogeneration power plant systems. So, to adequately meet the projected demand for natural gas and support energy efficiency through SPP Cogeneration power plant systems police the Gas Pipeline Master Plan III was revised and was endorsed by the Cabinet on July 20, 2010 to serve as a framework for the construction of 16 natural gas pipeline investment projects totaling Baht 199,672 million divided by three phases of investments and subsea investment.

Regulation of Gas Pricing and Transmission

The Government of Thailand through NEPC and EPPO (formerly the National Energy Policy Office, or "NEPO") has regulated gas prices and tariffs charged to EGAT, IPPs and SPPs since 1996. A NEPC announcement dated October 24, 2001 (the "Announcement") sets out the current regulatory structure. To reflect current economic and financial conditions, NEPC reviewed and updated the Announcement and such updates were approved by the Cabinet on March 1, 2011.

The updated Announcement sets out the following principles and procedures.

Principles of Governance

The gas price is composed of two components, a gas charge and a transmission tariff. The Announcement mandates that the determination of both components take into account the interests of various stakeholders, including gas users, pipeline users, and pipeline owners and operators. In addition, the Announcement provides that gas prices and transmission tariffs be clear and transparent, that gas price and transmission tariff calculations reflect efficient costs of service and that their methodology of calculation be clearly stated.

Gas Price

The Announcement confirms the existing gas price mechanism, including pool prices and tariff zoning, and provides for gas prices for contracted gas to be based on the gas purchase price plus a marketing margin. The gas purchase price is the average heating value cost of gas derived from one of two gas pools; provided that, gas for Nam-Phong Power Plant shall be a price PTT purchases from a concessionaire. The first pool is sourced from the Gulf of Thailand and is allocated to gas separation plants of PTT. The second pool is sourced from the remaining gas from the Gulf of Thailand, gas from Myanmar, and LNG. The second gas pool is allocated to EGAT, IPPs, SPPs and other users. The permitted marketing margin varies by customer, and is capped. See "Business — Business Activities — Gas Business — Gas Marketing and Distribution — Sales to EGAT and Other Power Producers — Pricing."

Transmission Tariff

The Announcement confirms the existing transmission tariff structure and approves the tariff structure to be applied to pipeline expansions and extensions. The tariff charged varies by the five zones, and consists of a demand and commodity charge. The demand charge is intended to reflect invested costs and fixed operating expenses of a pipeline system, and is based on the quantity of contracted gas volumes. The commodity charge is intended to reflect variable expenses and is based on the actual quantity of gas delivered. Both are expressed in Baht per MMbtu.

The Announcement provides the following tariff calculation concepts, amongst others, to apply to existing pipelines:

- internal rate of return on equity equals 18.0%, with the operator to absorb associated foreign exchange risk;

- pipeline project life, although the life of individual pipelines may vary;

- fixed operating and maintenance expenses of a pipeline system at 3.0% of the investment cost of the project, save for the pipeline to Namphong power plant whose operating and maintenance expenses will be calculated in accordance with the method agreed between EGAT and PTT; and

- financing with a debt to equity ratio of 3 to 1, an interest rate of 10.5% per annum and a repayment period for individual pipelines ranging from 9 to 13 years.

The Announcement provides for the reappraisal of the asset value and usage life of a pipeline in accordance with international standards upon the expiration of the pipeline's asset life. Usage life may be extended to match useful asset life. Investment incurred from new pipeline expansions, such as those under the Gas Pipeline Master Plan III, or re-assessed value from the existing pipeline extensions, is to be calculated separately, and included into the existing system's tariff on a roll-in basis.

The parameters for calculating the tariff for projects under Gas Pipeline Master Plan III (as revised), including the transmission pipeline to Chana power plant and the pipeline system connecting Phuhom field to the Namphong pipeline system, and extended-usage life of existing pipelines, are similar to the existing tariff structure, except as summarized below:

- internal rate of return on equity equals 12.5%, with the operator to absorb associated foreign exchange risk;

- 40 year pipeline project life;

- financing with a debt to equity ratio of 55 to 45, an interest rate of 7.5% per annum and a financing repayment period to be agreed with EPPO; and

- fixed operating and maintenance expenses of pipeline system at 3.0% of the investment cost of the project.

Review and Implementation

The tariff amount is to be reviewed every five years, and adjusted if there is any additional investment or expansion, or any material change in gas volume or gas heating value. Upon each review, the pipeline operator is required to submit to ERC a proposed tariff amount and assumptions for approval, calculated based on the established parameters of the tariff structure. Once approved, the operator must announce the tariff to the pipeline users. Within the five-year review process, EPPO reserves the right to review tariff calculations as well as the supply and distribution of gas in the event of any major economic or social changes. The latest review of the tariff was in April 2009. The next review is scheduled to take place in 2013.

Liberalization of the Gas Supply Industry

On February 16, 1999, the Cabinet endorsed a resolution approved by NEPC to liberalize the gas industry in Thailand (the "Reform Plan"). The Reform Plan has not yet been fully implemented by the Government but will likely affect our natural gas business. According to the Reform Plan, our gas transmission business is to be separated from our gas supply and marketing business. After this separation, the gas transmission business will continue to be wholly owned by us.

The Government has announced that the Reform Plan will focus on the supply and demand of new gas and should not impact our existing gas purchase and sales agreements. Competition in the gas industry will be promoted by the new Third Party Access Arrangement ("TPA"), which will allow third parties to pipeline transmission access through new pipeline systems or when excess capacity is available on our current pipeline.

The ERC issues the following four types of licenses:

- a natural gas transmission system license;
- a natural gas procurement and wholesale license;
- a natural gas distribution system license; and
- a LNG storage and regasification license.

On February 19, 2009, we were granted the first three licenses; on December 27, 2010, our wholly owned subsidiary PTT LNG Co., Ltd. ("PTT LNG") was granted a LNG Storage and regasification license.

The main aspects of the Government's plan for liberalization of the gas industry can be summarized as follows:

Gas Transmission

- allow third party access for new gas supply agreements through new pipeline systems or when excess capacity is available on our current pipeline;
- provide for load balancing;
- allow us to build pipelines as set forth in Gas Pipeline Master Plan III;
- allow open concession bidding for new pipeline concessions, or joint ventures between the public and the private sectors for the construction and operation of new transmission pipelines (we will be allowed to participate in the bidding);
- ensure that we will be the single network operator of all pipeline networks connecting to our pipeline system to ensure stability of gas supply and gas quality as well as service efficiency;

Gas Supply and Marketing

- regulate the marketing margin for gas sales agreements signed prior to the restructuring of the industry;

- allow the prices for supply and marketing of gas for new gas sales agreements to be determined by market forces; and

Gas Distribution Pipeline System

- allow open concession bidding for the construction and operation of new distribution pipelines.

Exploration and Production Concessions

The Government owns all of Thailand's petroleum resources and has enacted the Petroleum Act B.E. 2514 (1971) and Petroleum Income Tax Act B.E. 2514 (1971), as amended (the "Petroleum Acts") to govern the award of concessions for exploration and production rights in Thailand. The Petroleum Acts have been amended over time into three different concession regimes, commonly referred to as "Thailand I," "Thailand II" and "Thailand III." Exploration and production of all properties in Thailand in which PTTEP currently has a working interest is governed by Thailand I and Thailand III.

Thailand I is applicable to all offshore concessions granted from 1971 to 1989 and all onshore concessions granted prior to 1982 and provides for exploration periods of up to eight years, divided into phases of three years and remaining years, with an extension of up to four years (but only in the case where the original exploration period is more than five years) at the discretion of MOEN. After five years, a concessionaire is required to relinquish exploration rights to 50.0% of the original concession area. Unless a concession period is renewed, the concessionaire must relinquish the right to explore the remaining area at the termination of the exploration period. If renewed, the concessionaire must relinquish 25.0% of the original exploration area at the commencement of the renewal period. Thailand I provides up to a 30-year production period from the date of termination of the exploration period, with a discretionary extension by MOEN of up to 10 years. Thailand I provides for a fixed 12.5% royalty, payable quarterly, and a petroleum income tax of 50% of net profit derived from the petroleum business. For the purposes of determining the petroleum income tax due under Thailand I for any tax period, a taxpayer's Thailand I royalty may be credited against the corresponding petroleum income tax liability incurred in the tax period in which such royalty is incurred, but if the royalty exceeds the income tax liability in any year, the excess is not refunded and may not be carried forward for use in subsequent year.

Thailand III is applicable to all concessions granted since 1990, and provides for exploration periods of six years, divided into phases of three years and remaining years, with an extension of three years (but only in case where the original exploration period is more than 3 years) at the discretion of MOEN. Under Thailand III, after four years a concessionaire is required to relinquish exploration rights to 50.0% of the original concession area. Unless a concession period is renewed, the concessionaire must relinquish the right to explore the remaining area at the termination of the exploration period. If renewed, the concessionaire must relinquish 25.0% of the original exploration area at the commencement of the renewal period. Thailand III provides for a 20-year production period from the date of termination of the exploration period, with a discretionary extension by MOEN of up to 10 years. Thailand III provides for a royalty, payable monthly, of between 5.0% and 15.0%, based on the rate of sales, and a petroleum income tax of 50% of net profit derived from the petroleum business, as well as a special tax on profits exceeding a certain threshold at rates from zero to 75.0%. A taxpayer's Thailand III royalty may not be credited for purposes of determining the petroleum income tax liability due under Thailand III, but is deductible as an expense.

Under Thailand I, each applicant may receive up to five exploration blocks in the aggregate containing no more than 50,000 square kilometers. Under Thailand III, onshore blocks of up to 4,000 square kilometers are granted, and each applicant may receive up to five exploration blocks, in the aggregate containing no more than 20,000 square kilometers. Regulatory changes in 2007 resulted in all concessions granted since October 2007 being eligible to receive onshore blocks of up to 4,000 square kilometers, and there is no limitation on the number of exploration block granted.

The Petroleum Acts impose price caps on prices charged for crude oil and condensate and natural gas produced for domestic consumption. The price charged on crude oil or condensate produced for domestic consumption must not exceed the average price of exported crude oil or condensate realized by all concessionaires in the preceding calendar month. The difference in quality of crude oil and condensate, transportation cost, as well as any other relevant circumstances must be taken into account when determining the price that can be charged by a concessionaire.

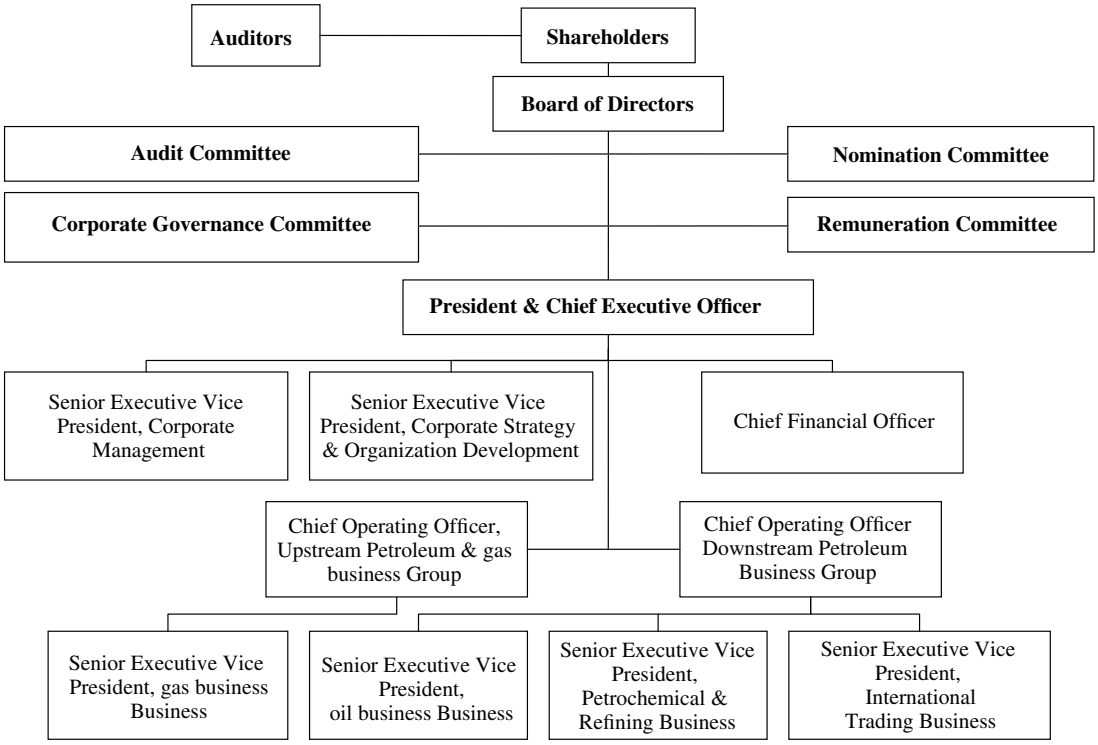
The price of natural gas produced for domestic consumption must be as agreed between a concessionaire and the Petroleum Committee with the consent of the Minister of Energy and must not exceed the average price of exported natural gas, taking into account the difference in quality and transportation cost.

PTT CORPORATE STRUCTURE

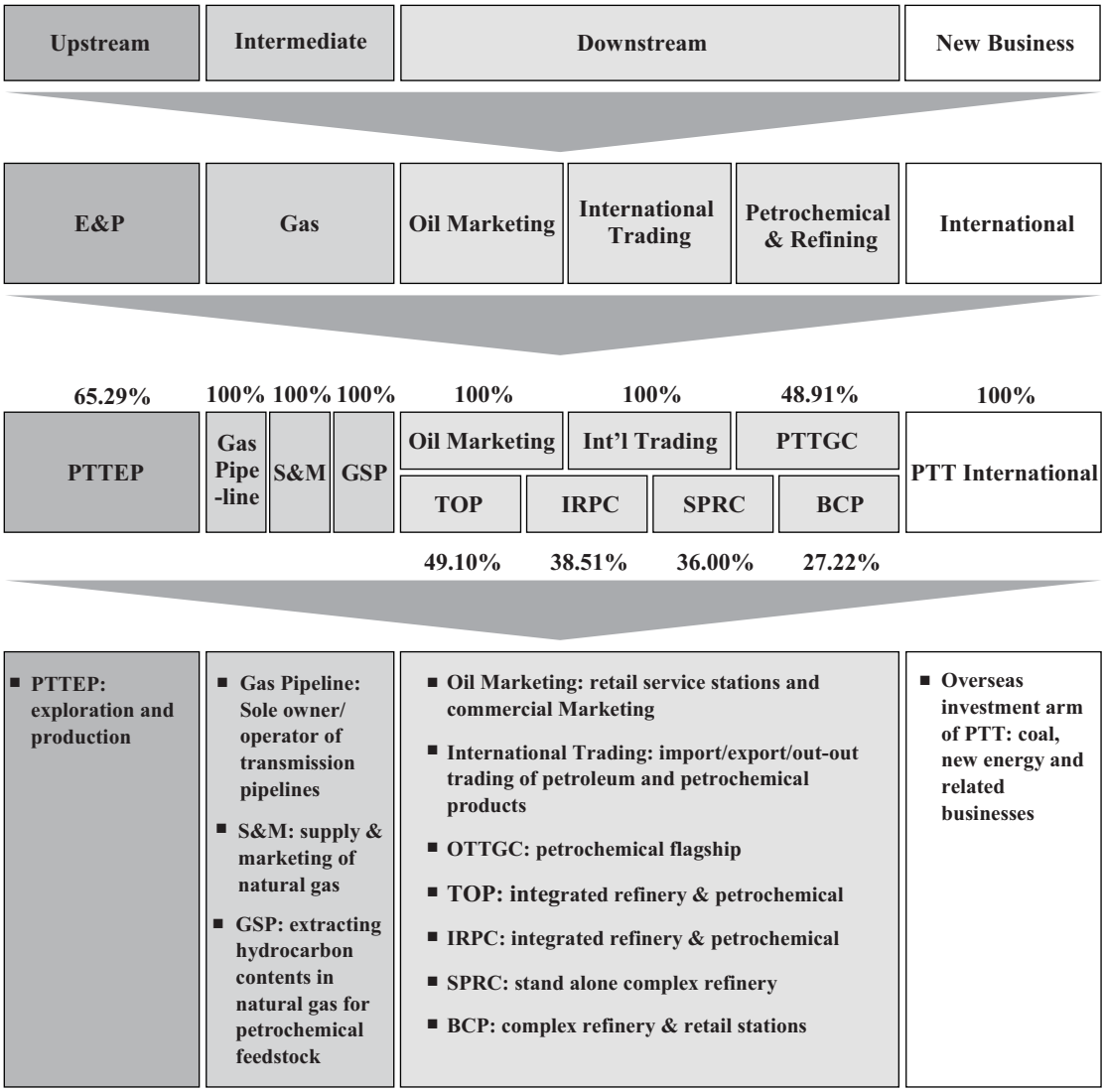
We began operations in Thailand in December 1978 as the Petroleum Authority of Thailand through the merger of the Oil and Fuel Organization of Thailand and the Natural Gas Organization of Thailand and pursuant to the Petroleum Authority of Thailand Act, B.E. 2521 (1978). The Petroleum Authority of Thailand, our predecessor, was a state enterprise established to develop and promote Thailand's petroleum industry and to ensure the security of energy supply in Thailand. We were incorporated on October 1, 2001 as a result of the corporatization of our predecessor under the Corporatization Act. As part of our formation, we succeeded to all businesses operations of our predecessor. Through the authority of the Royal Decree on Granting Powers, Rights and Interests of PTT Public Company Limited B.E. 2544, we were granted substantially all exemptions from regulations and other privileges previously enjoyed by our predecessor.

Our business activities are conducted directly through our business units, through our subsidiaries and through our investments in associate companies. We organize our business activities as follows: Exploration and Production, gas business, oil business, international trading business, petrochemicals and refining business and international businesses.

The following chart presents our management structure as of June 30, 2012.



The following chart presents our business structure as of the date of this Offering Memorandum.



OVERVIEW

We are a fully integrated national petroleum and petrochemical company. Our operations cover our industry's entire business value chain, from upstream activities such as oil and gas exploration and production to midstream activities such as gas distribution to downstream activities such as refining and marketing. We conduct our business activity directly and through our PTT Group companies mainly in Thailand with a presence in 21 other countries.

Our primary business activities are:

- **Petroleum exploration and production.** We engage in oil and gas exploration and production in Thailand, neighboring countries and across the globe through our 65%-owned subsidiary PTTEP.

- **Natural gas supply procurement, processing, transmission and distribution.** Our gas business owns substantially all of Thailand's natural gas transmission and distribution pipeline network. Our operations include purchasing and processing natural gas and LNG for processing and distribution to end users and petrochemical facilities, as well as other gas-related businesses.

- **Petroleum products distribution.** Our oil business primarily engages in the marketing and distribution of quality petroleum products such as fuel oil, diesel, gasoline, gasohol, kerosene, aviation fuel, LPG, lubricating oils and asphalt through retail and export channels.

- **International trading.** We engage in procurement, import, export and international trading of crude oil, condensate, petroleum and petrochemical products, solvents and chemicals and coal through our international trading business.

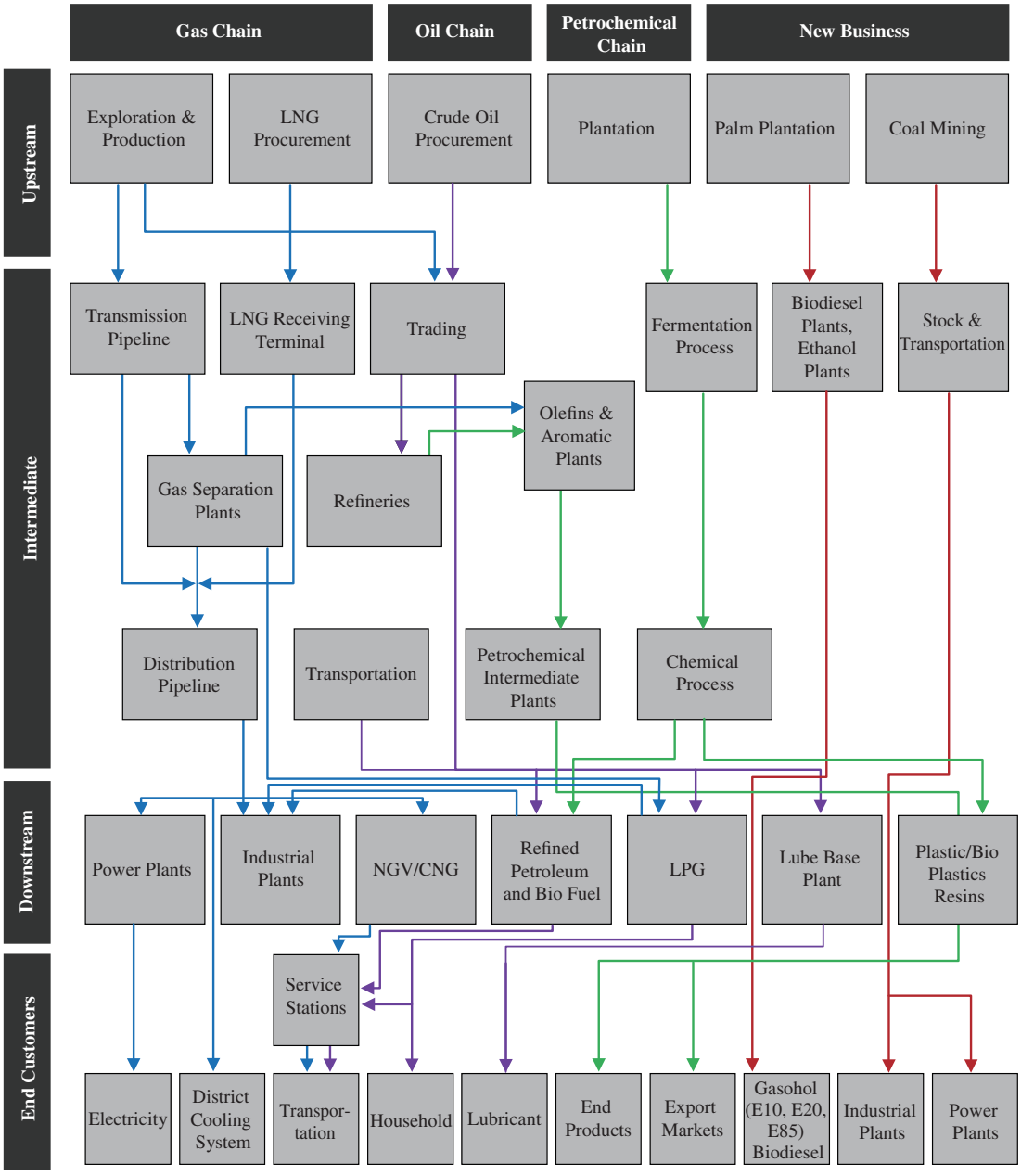
- **Petroleum petrochemical and refining production.** We are the largest petrochemical and refining group in Thailand, with interests in a majority of Thailand's refineries and petrochemical facilities, and represented 84% of the country's refining capacity as of June 30, 2012. Our petrochemicals and refining business leverages synergies between our upstream oil and gas exploration, production and trading activities and our fully integrated petrochemical and refining subsidiaries, associates and joint ventures through off-take arrangements and business integration initiatives.

- **International investment in overseas projects.** Our subsidiary PTT International has invested in overseas projects, including, as of the date of this Offering Memorandum, a 45.3% interest Sakari, a coal mine operator in Indonesia with interests in coal projects in Madagascar and Brunei. Our subsidiary PTT Green Energy invests in palm oil plantations as sources of clean, renewable feedstock for our downstream refining and chemicals businesses and has amassed a land bank of approximately 200,000 hectares in Indonesia.

Our net sales and service income was Baht 1,898,682 million, Baht 2,428,165 million, Baht 1,184,434 million and Baht 1,374,922 million in 2010, 2011 and the six months ended June 30, 2011 and 2012, respectively. Our net income was Baht 101,504 million, Baht 125,226 million, Baht 76,835 million and Baht 55,197 million in 2010, 2011 and the six months ended June 30, 2011 and 2012, respectively. Our EBIT was Baht 123,625 million, Baht 155,430 million, Baht 80,342 million and Baht 87,392 million in 2010, 2011 and the six months ended June 30, 2011 and 2012, respectively. In the first half of 2012, PTTEP's EBIT represented 59.8% of our EBIT, our gas business represented 27.7% and our oil business represented 9.4%. For the first half of 2012, our coal business represented 2.3% of our EBIT and our petrochemical business represented 1.0%.

INTEGRATED OPERATIONS

The following diagram illustrates the integration of our operations.



We operate at all sections along the value chain in the petroleum and petrochemicals industry. Upstream, we engage in oil and gas exploration and production through PTTEP, procure LNG and crude oil on the international market, as well as operate coal mines and develop palm plantations for clean energy and oleo chemicals through our international businesses.

Midstream, our gas business purchases natural gas from PTTEP and other suppliers and liquefied natural gas ("LNG") from other suppliers for transmission and distribution through our integrated pipeline to customers and gas stations selling NGV or for processing in our GSPs. Our GSPs produce feedstock petrochemicals, such as ethane, propane natural gasoline ("NGL") and LPG, for sale to our petrochemical facilities, which process the feedstock for on-sale or sale back to us as a variety of petrochemical products. Our gas business also invests in LNG receiving terminals, storage and re-gasification services, as well as gas-fired power generation and distribution. Our petrochemicals and refining business also processes oils from palm plantations into biofuels and other clean and renewable products such as bioplastics.

Our international trading business purchases condensate and crude oil from PTTEP and other suppliers for trading and for selling as feedstock to our refinery and petrochemical associates. It also purchases our refinery and petrochemical associates' end products to trade in the international market. Our petrochemicals and refining business focuses on maximizing value through coordinating activities between our international trading business and our refinery and petrochemical associates as well as increasing the value of our refinery and petrochemical associates through mergers and acquisitions.

Downstream, our oil business purchases refined petroleum products produced by our petrochemicals and refining business such as gasoline, lubricating oil and jet fuel from our refineries as well as from other sources for a variety of downstream distribution, marketing and trading activities. Our oil business sells through retail channels, including our PTT service stations, and commercial channels, such as to power plant operators such as EGAT as well as the State Railway of Thailand ("SRT"). Our oil business also invests in petroleum storage services and bio-fuel research and development.

COMPETITIVE STRENGTHS

We believe that our historical success and our potential for future growth are due primarily to our:

- strategic importance to the Thai economy;
- fully integrated natural gas and oil business creating value through comprehensive product offerings;
- international upstream business with a diversified portfolio and clear growth strategy;
- diversified income and dominant position in an established and growing natural gas market that generate stables returns;
- operational synergies between our oil business, international trading business and petrochemicals and refining business;
- strong financial fundamentals and conservative credit metrics; and
- experienced management team.

Strategic importance to the Thai economy

Our mission with regards to the Kingdom of Thailand is to ensure the long-term energy security of the country. We benefit from strong state support via the Government's 66.4% holding in us through the Ministry of Finance holding 51.1% and the Vayupak Fund holding 15.3% as of September 10, 2012. Government support offers us various benefits including financial security, as we are rated at a sovereign level by credit agencies, and commercial advantages when negotiating transactions with foreign governments and other companies. The following table lists our credit ratings as of October 5, 2012.

	Moody's	Standard & Poor's	Fitch	Japan Credit Rating Agency
Foreign Currency	Baa1	BBB+	BBB	A-
Local Currency	Baa1	BBB+	A-	A

We are the largest company on the Thai Stock Exchange by market capitalization. Our group of companies, which include PTT, PTTEP, PTTGC, Thaioil, IRPC and Bangchak, represented 18.9% of the overall market capitalization of the Thai Stock Exchange as of September 25, 2012.

Fully integrated natural gas and oil business creates value through comprehensive product offerings

We are a fully integrated national petroleum and petrochemical company that encompasses all stages of the petroleum value chain, from upstream activities such as oil and gas exploration and production to midstream activities such as gas distribution to downstream activities such as refining and marketing. By participating in every stage of the gas supply chain, we are able to generate returns and create value from each segment of our operations. PTTEP's upstream operations provide us access to a favorable return in the exploration and production of natural gas, while our transmission business gives us the stable and strong returns of a regulated utility. Our GSPs allow us to extract gas products from the natural gas we purchase which sell at consistently higher margins as compared to the original natural gas we purchase. Our refinery and petrochemical subsidiaries and associates provide us with value added services that enhance the commodities we produce. Finally, our natural gas distribution and marketing activities provide us with marketing returns.

International upstream business with a diversified portfolio and clear growth strategy

We believe our large portfolio of blocks offers a diversification of reserves, production and exploration opportunities and risks. As of June 30, 2012, PTTEP has working interests in 41 exploration and production projects in 11 countries, 19 of which are in production, three are under development and 19 are under exploration, consisting of a combination of oil and gas producing as well as development and exploration assets. We had a geographically balanced portfolio of proved reserves, with 56% of reserves located in Thailand and 44% overseas in 11 countries. We had a strong foundation in Thailand and its adjacent areas with 18 projects, of which 13 are in production and 5 are in various stages of exploration and development. Outside of Thailand and its adjacent areas, we had 23 projects located in the Asia Pacific, North American, Middle Eastern, North African regions, with 7 in production and 16 in various stages of exploration and development.

We believe that our assets, which include 20 petroleum producing assets and 21 assets in various stages of development and exploration provide a good balance between cash flow generation and future growth prospects. In our growth hubs of Southeast Asia, North America,

Australia and East Africa, we have 19 petroleum producing assets, such as the Greater and South Bongkot, Arthit, S1, MTJDA, Yadana, Yetagun and Canada Oil Sands KKD projects, and 19 development and exploration assets, such as the Montara, Zawtika and Rovuma Offshore Area 1, Myanmar M3 and M11 projects. Our growth hubs provide us with a strong production base with clear opportunities to enhance our business in the near to medium term. Outside of our growth hubs, we have 1 production asset and 3 development and exploration assets in the Middle East, North Africa and New Zealand, respectively.

We have acquired a number of potential exploration permits and acreages in our portfolio, which we expect will contribute to further development and production.

Diversified income and dominant position in an established and growing natural gas market that generates stable returns

Our earnings income is and is derived from a number of business segments, subsidiaries and associated companies, which reduces our exposure to oil price volatility. In addition, PTTEP's earnings are driven primarily by natural gas prices which are less volatile than oil prices since they are determined by formulae linked to a basket of items and include adjustable price floors. We also generate stable returns as the sole owner and operator of substantially all of the transmission pipelines in Thailand. Gas income are mainly derived from our transmission tariff, which is not linked to natural gas or oil prices. Our cost-plus structure and our long-term gas sales agreement with customers, together with assured supply through matching contracts with PTTEP, provide stable cash flows and regulated internal rates of return on equity of 18.0% and 12.5% for transmission through our current gas pipelines and gas pipelines developed under the revised Gas Pipeline Master Plan III, respectively. We can also capture potential growth as Thailand's natural gas consumption has experienced persistent growth, generating a compound annual growth rate of 7.8% from 2009 through 2011, from 3,564 MMSCFD in 2009 to 4,143 MMSCFD in 2011, according to EPPO.

Operational synergies between our oil business, international trading business and petrochemicals and refining business

Our strategic investments in petrochemical and refining companies and our significant position in the oil marketing and trading businesses allow us to create operational synergies between feedstock supply and product off-take. We have implemented several group collaboration initiatives to enhance synergies and efficiency among our petrochemical and refining businesses including group co-investment, crude co-loading, group price forecasting, and group hedging. Our PTT Group Operational Excellence program encourages operational knowledge transfer and zero unplanned shutdown time. The recognition by major oil producers of our status as the national purchaser of crude oil and condensate allows us to achieve competitive industry margins on our supply of feedstock. In addition, our fully integrated petrochemical and refining businesses obtains feedstock from our upstream operations to produce high value-added petrochemical products, which command higher margins relative to intermediate-stage petrochemical and refining products. For example, we are able to utilize the ethylene generated in our olefins crackers to produce polymers based products that deliver higher sales margins as compared to the direct sale of ethylene.

Strong financial fundamentals and conservative credit metrics

Our liquidity is supported by solid cash flow generation and good access to capital markets and banks. We generated EBITDA of Baht 210,748 million (U.S.$6,625 million) during 2011 and Baht 118,220 million (U.S.$3,716 million) in the first half of 2012. 73% of PTT's long-term debt

is in the form of debentures with an outstanding principal amount of Baht 298,792 million (U.S.$9,392 million) while 27% is in the form of loans with an outstanding principal amount of Baht 111,982 million (U.S.$3,520 million) as of June 30, 2012.

Short-term debt of Baht 52,653 million (U.S.$1,655 million) accounted for 12% of our total debt, while about 40%, or Baht 165,125 million (U.S.$5,191 million) had a maturity beyond five years as of June 30, 2012. Cash and current investments of Baht 114,667 million (U.S.$3,605 million) as of June 30, 2012 compared with Baht 52,653 million (U.S.$1,655 million) of debt maturing within the next 12 months.

Our EBITDA interest coverage ratio, where interest coverage is equal to EBITDA for any period divided by interest expense during such period, stood at 12.11 times as of December 31, 2011 and at 13.49 times as of June 30, 2012. We adopt a conservative treasury policy of capping net debt divided by EBITDA at under 2.0 times and net debt divided by equity at under 1.0 times. Net debt, or total interest bearing debt net of cash and cash equivalents and current investments, divided by EBITDA stood at 1.33 times as of December 31, 2011 and at 1.47 times as of June 30, 2012. Net debt divided by equity stood at 0.44 times as of December 31, 2011 and at 0.48 times as of June 30, 2012.

Experienced management team

Almost all of our key senior management personnel were involved in PTT's initial public offering in 2001 and PTTEP's initial public offering in 1993 and follow-on offering in 1998. They all have extensive experience in successfully managing a Thai publicly-listed and industry leading energy company. As of June 30, 2012, all of our senior managers held Masters or Doctoral degrees and most have been employed by us for more than 23 years.

OVERALL BUSINESS STRATEGY

Our goal is to achieve consistent, sustainable growth in order to maintain our position as "The Thai Premier Multinational Energy Company" while continuously developing our capabilities in organizational management, corporate governance and social and environmental stewardship. We intend to strategically execute initiatives that reflect sustainable business values, reduce costs, increase profits and enhance competitiveness through our business portfolio which operates on all levels of the energy value chain.

Enhance Thailand's Energy Security through our "Big, Long and Strong" and "TAGNOC" Initiatives

We were founded in 1979 during an international oil crisis to safeguard Thailand's energy. We aim to secure Thailand's energy supply by sustainably developing domestic energy resources, including the development of alternative fuels and green energy, as well as procuring petroleum from sources outside of Thailand. Since 2009, we have pursued this mission through our "Big, Long and Strong" goals to ensure our financial and economic health. Our "Big" goal is to achieve significant financial strength and resources, as measured by joining the Fortune 100. Our goal was to join the Fortune 100 by 2020, however, we succeeded in 2011 and were ranked number 95. Our "Long" goal is to achieve sustainable development of our resources, as measured by joining the Dow Jones Sustainability Index and achieving a long value chain covering upstream, mid-stream

and downstream businesses. Likewise, our goal was to join the Dow Jones Sustainability Index by 2013, which we succeeded to do in 2011. Our "Strong" goal is to achieve consistent high performance and innovation, as measured as top quartile performance against other energy companies. We believe that, measured by these three goals, only two other energy companies succeeded in meeting all three.

We have also formed a strategic theme of becoming a "Technologically Advanced and Green National Oil Company" ("TAGNOC"). "Technologically Advanced" means we aim to develop additional value added products and transform from an asset-based company to a knowledge-based company. Our goal is to generate at least 20% of our total annual revenue from knowledge-based assets by 2020. "Green" means we intend to increase investment in green and environmentally friendly products. Our goal is to generate at least 2% of our total annual revenue from green energy by 2020. We also intend to play a leadership role in promoting green awareness in Thai society. "National Oil Company" means we aim to continuously enhance energy security, create national wealth and strengthen the national economy by supporting Thailand's transition into a knowledge-based economy.

Maximize PTTEP's exploitation of domestic and foreign oil and gas resources

One of our core strategies is the expansion of PTTEP's exploration and production investments in Thailand and Southeast Asia and beyond. For example, in August 2012, we finalized PTTEP's acquisition of Cove Energy, which secured our 8.5% interest in the Rovuma Area 1 project in Mozambique, which has estimated gas resources of up to 60 trillion cubic feet.

In order to create value in the long term and secure reserves outside Thailand and its adjacent regions, PTTEP intends to expand its investments in countries that it believes have high oil and gas potential and where the company has existing projects, such as Myanmar, Australia, Indonesia, Vietnam, Canada and Africa. PTTEP intends to focus mainly on business development and transactions with respect to conventional exploration and production projects in the development and production phase. However, as with the acquisition of KOSP-KKD in Canada, PTTEP will also selectively pursue opportunities to invest in unconventional exploration and specialized production projects such as oil sands, deepwater drilling and heavy oil.

Such investments will serve to satisfy domestic demand and secure continued supply to our midstream and downstream operations and also enhance the security of supply for Thailand. In addition, we believe that the stated PTTEP strategy would result in the highest rate of return on capital as compared to our other business operations.

Increasing the value of our natural gas business by capturing growth opportunities and maximizing the benefits from our value-added and peripheral businesses

Through the following strategies, we plan to preserve and increase the value of our natural gas business in the face of industry liberalization by expanding our operations and activities to meet increased demand for natural gas as Thailand moves to cleaner energy sources.

- *Gas Demand Growth*. We anticipate that gas demand will grow at an average of 7.5% per year from 2011 to 2014, from 4,161 MMSCFD in 2011 to 5,147 MMSCFD in 2014. We plan to capitalize on growth in natural gas demand from our existing customer base,

expand our sales to new customers predominately in the industrial sector and expand sales to power producers switching from alternative fuels to natural gas for electricity generation. For example, we intend to expand sales to EGAT and private power producers. We also plan to develop new demand for our natural gas through developing our International Trading Business Unit. In anticipation of further demand increases, we intend to complete the first phase of expansion on our LPG import facilities at our Khao Bo Ya LPG terminal in Sriracha, Chonburi, which we expect will expand import capacity in 2013 to 250,000 tons/month from the current capacity of 132,000 tons/month. We also plan to increase the demand for our gas-based petrochemical feedstocks through our investment in the expansion of PTTGC.

- *Network Expansion*. We have recently completed a series of 10 expansion projects for our pipeline infrastructure, resulting in significant additional transmission capacity to meet increased demand. We intend to commission an offshore compressor in the fourth quarter of 2012, increasing our pipeline capacity to 5,580 MMSCFD, and our fourth onshore compressor in the fourth quarter of 2013, increasing our pipeline capacity to 6,980 MMSCFD. We recently increased the volume of gas products we extract from natural gas to 6.7 MTA by constructing our sixth GSP. We also completed the Trans Thai-Malaysia pipeline and GSP joint venture project, a 50-50 joint venture between PETRONAS and us. Our current expansion plans include the expansion of the provincial pipeline network to the northern and north eastern parts of Thailand, namely the provinces of Nakornsawan and Nakornratchasrima, which we expect to be complete in 2015. Moreover, to accommodate anticipated gas supply from Myanmar's Zawtika field, we are currently constructing a pipeline from the Zawtika field to our gas block valve station at Ban I Tong, Thong PhaPoom, Kanchanaburi, adjacent to the Thai-Myanmar border. We expect this project to be completed in 2013.

- *Additional Procurement*. We will seek to secure new sources of natural gas supply in Thailand under long-term contracts as they become available. We have negotiated long-term gas purchase agreements with the joint venture partners in the Arthit project, the joint venture partners in Phu Horm project and the joint venture partners with respect to blocks A-18 and B-17 in the MTJDA project. We have also recently signed an amendment to the gas purchase agreement for Bongkot to procure additional gas from that field. We formalized our investment in Myanmar's Zawtika M9 gas field in January 2012 and anticipate production to begin in 2013.

- *Sustaining Efficiency.* We intend to leverage our low cost operations, well-developed infrastructure and experienced management team to sustain efficiency and strong returns from our gas operations. In 2002, we appointed Shell Global Solutions to assist us in enhancing our pipeline capacity and in increasing our efficiency in transporting natural gas in our transmission system. We have since continually worked to enhance our pipeline network, both onshore and offshore.

Enhancing the profitability of our oil marketing and trading businesses by leveraging infrastructure and network supremacy

- *Oil Marketing:* We plan to focus on improving our marketing margins and return on our investments through selectively focusing new investments in our retail service stations, including internationally, on higher return opportunities and improving throughput per

retail station by enhancing and reinforcing consumer confidence in our brand image. For example, we have already opened our first PTT branded service stations in Laos, Cambodia and the Philippines. We also plan to increase volume in our oil trading business by leveraging our existing logistical network, including our depots and operations facilities. In retail marketing, we seek to increase our revenues by promoting a variety and greater number of non-oil services at service stations, as well as by introducing NGV at more stations.

- *Oil and Gas Trading:* We intend to better use existing assets to create new marketing channels and expand revenue diversification in our oil trading business. We intend to increase the export value of our products by seeking new supply sources and locating new marketing channels such as marine bunkering and selling gas oil directly to end users. We are taking advantage of our existing infrastructure, such as the Khao Bo Ya gas oil tank in Sriracha, Chonburi and methanol tank in Phra Pradaeng District, Bangkok, to add value to trading activities and enhance trading opportunities arising from economies of scale in cargo, including break-bulk and volume consolidation services. We intend to provide trading services to companies in our petrochemicals segments to enhance our supply chain and risk management systems, which are expected to reduce our risk exposure and stabilize our revenue flow from this business.

Consolidating our interests in the petrochemical and refining sectors and expanding cautiously as opportunities arise

- We intend to achieve "Top Quartile Performance in Asia Pacific" in the petrochemical and refining industry by strengthening synergies across the value chain, enhancing performance through our PTT Group Operational Excellence program, expanding investment into related businesses and green businesses, and continuing to create opportunities through consolidation, acquisition and joint ventures. We have established PTTGC as our flagship petrochemicals company, while Thaioil is our flagship refinery.

- We intend to continue to invest in the cost-effective expansion of gas-based operations of companies in our Petrochemicals and Refining Business Unit's petrochemicals segment, while rationalizing these investments by consolidating and capitalizing on existing synergies between our subsidiaries and associates. For example, in October 2011, we merged PTT Chemical Plc. and PTT Aromatics and Refining Plc. to create PTTGC in order to leverage economies of scale to reduce unit costs as well as achieve a fully integrated production process that delivers more value-added specialty downstream products. We believe this merger has increased the product coverage across all major petrochemical building blocks, creating a diversified portfolio better to withstand volatility in the price of raw materials and products. We believe this enables us to fully integrate our refining, aromatics and olefins businesses and leverage their feedstock to expand our product portfolio of intermediate and derivative products, including higher value added products.

- We intend to leverage the logistics and customer network of our oil marketing and trading businesses to balance our off-take obligations among our various refining interests.

- We have set up centers of excellence such as PTT Maintenance and Engineering Co., Ltd. and PTT Energy Solutions Co., Ltd. which pool resources and expertise in maintenance and engineering services and in engineering consultancy services respectively.

Increasing investment into coal projects

We are increasing our investment into coal producing assets. Most recently, on August 27, 2012, through our indirectly wholly owned subsidiary PTT Mining Ltd., we made a S$1.2 billion offer for the remaining 54.7% of Sakari that we do not own. As of the date of this Offering Memorandum, we have acquired a direct and indirect interest in Sakari of 45.3%. We anticipate the increased shareholding in Sakari will provide greater contributions to our results of operations going forward. Over the next five years, we expect to implement a ramp up in production at each of Sakari's Jembayan and Sebuku coal projects in Indonesia, which will increase production volumes and increase revenues. In addition, we have made other investments, such as our March 2012 U.S.$50 million investment in March 2012 to increase our share in Red Island Minerals to 100%, gaining full control of a mining license in the Sakoa Coal Field project in Madagascar.

BUSINESS ACTIVITIES

Our business activities are conducted directly through our business units, through our subsidiaries and through our investments in associate companies. We organize our business activities as follows: Exploration and Production, Gas Business, Oil Business, International Trading Business, Petrochemicals and Refining Business and International Businesses.

The table below shows our gross margin, EBITDA and EBIT for our business segments for the periods indicated.

	Year ended December 31,			Six months ended June 30,		
	2010	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions	Bt. millions	Bt. millions	U.S.$ millions
			(unaudited)			
Gas						
Gross margin	56,699	76,695	2,411	40,561	35,987	1,131
Operating profit before depreciation & amortization (EBITDA)	47,212	62,195	1,955	35,483	30,941	973
Total operating profit (EBIT)	37,955	46,992	1,477	29,347	24,213	761
Exploration and Production (PTTEP)						
Gross margin	126,122	150,048	4,717	73,109	89,012	2,798
Operating profit before depreciation & amortization (EBITDA)	101,839	118,012	3,710	56,159	72,242	2,271
Total operating profit (EBIT)	69,536	84,480	2,656	38,915	52,230	1,642
Oil						
Gross margin	20,017	20,751	652	10,636	13,333	419
Operating profit before depreciation & amortization (EBITDA)	12,126	13,224	416	7,114	9,349	294
Total operating profit (EBIT)	9,717	10,781	339	5,862	8,203	258

	Year ended December 31,			Six months ended June 30,		
	2010	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions	Bt. millions	Bt. millions	U.S.$ millions
			(unaudited)			
International Trading						
Gross margin	2,947	3,805	120	2,091	(435)	(14)
Operating profit before depreciation & amortization (EBITDA)	2,353	3,290	103	1,795	(60)	(2)
Total operating profit (EBIT)	2,342	3,277	103	1,788	(66)	(2)
Petrochemical						
Gross margin	2,409	5,052	159	2,729	2,165	68
Operating profit before depreciation & amortization (EBITDA)	1,199	3,777	119	1,971	1,341	42
Total operating profit (EBIT)	831	2,894	91	1,583	838	26
Coal						
Gross margin	8,822	13,443	423	6,063	4,977	156
Operating profit before depreciation & amortization (EBITDA)	5,362	9,275	292	4,036	3,787	119
Total operating profit (EBIT)	3,936	7,204	226	3,061	2,009	63
Eliminations and others						
Total EBIT before unallocated and intercompany/intersegment eliminations	124,317	155,628	4,892	80,556	87,427	2,748
Inter-company/intersegment elimination items	192	330	10	148	258	8
Unallocated items	(884)	(528)	(16)	(362)	(293)	(9)
Combined EBIT	123,625	155,430	4,886	80,342	87,392	2,747

The table below shows our net income from investments in associates for our businesses for the periods indicated.

	Year ended December 31,			Six months ended June 30,		
	2010	2011		2011	2012	
	Bt. millions	Bt. millions	U.S.$ millions[1]	Bt. millions	Bt. millions	U.S.$ millions[1]
	(audited)		(unaudited)		(unaudited)	
Exploration and production business	–	–	–	–	–	–
Gas business	(115)	(302)	(10)	183	171	5
Oil business	410	507	16	281	305	10
International trading business	–	–	–	–	–	–
Petrochemical business	6,194	11,221	353	10,278	5,661	178
Refinery business	12,362	18,018	566	10,938	(282)	(9)
Other businesses[2]	(35)	19	1	(22)	80	3
Total	18,816	29,463	926	21,658	5,935	187

Notes:

(1) The U.S. dollar translations were calculated by using the weighted-average interbank exchange rate as of June 29, 2012 as published by the Bank of Thailand: Baht/U.S.$ = Baht 31.812 to U.S.$1.00.

(2) Other businesses includes the coal business.

Exploration and Production (PTTEP)

Overview

Our exploration and production activities are conducted through our subsidiary PTTEP, a Thai public company listed on the Stock Exchange of Thailand ("SET"), in coordination with our Gas Business Unity. As of June 30, 2012, we held a 65.29% equity interest in PTTEP. Pursuant to a Cabinet resolution dated November 4, 1997 we are required to maintain a shareholding of not less than 51.0% in PTTEP. PTTEP's principal activity is the petroleum exploration, development and production of interests in oil and natural gas and crude oil properties and reserves in Thailand, in neighboring countries and elsewhere internationally. As of December 31, 2011, PTTEP owned approximately 28% of the proved petroleum reserves in Thailand according to the DMF. As of December 31, 2011, PTTEP's gross proved reserves were approximately 969 MMBOE, of which approximately 72% (or 4,529 Bcf) were natural gas and approximately 28% were crude oil and condensate.

For the year ending December 31, 2011 and the first half of 2012, PTTEP's sales volume averaged approximately 265,047 Boe/d and 258,426 Boe/d, of which approximately 71% and 67% was natural gas. For the years ending December 31, 2010 and 2011 and the first half of 2012, sales revenue of PTTEP was Baht 140,656 million, Baht 169,646 million and Baht 98,652 million, respectively. For the same period, net profit attributable to PTTEP was Baht 43,774 million, Baht 44,748 million and Baht 26,021 million, respectively.

PTTEP conducts its exploration and production activities through its working interests in petroleum concessions owned and operated independently or through joint ventures with international oil and gas companies. Under the terms of these joint ventures' agreements, one joint venture participant manages the concession on behalf of the joint venture as operator. As of June 30, 2012, PTTEP had participation interests ranging from 5.0% to 100.0% in 18 Thai projects, 15 regional projects in neighboring countries, including Myanmar, Vietnam, Indonesia and Cambodia and eight international projects in countries including Australia, Algeria, Canada, New Zealand, Oman and Bahrain. PTTEP is also the operator of six Thai petroleum exploration and production projects in which it holds a 100.0% interest.

We work closely with PTTEP to maximize synergies between our two companies and leverage each other's strategic market position and expertise to ensure that Thailand has a secure supply of energy to meet its current and future needs. We are solely responsible for gas transmission, distribution and marketing in Thailand, while PTTEP acts as our exploration and production arm both in Thailand and internationally. We work jointly with PTTEP to market natural gas to major power producers in Thailand. PTTEP reviews and adjusts its production and project development plans to match Thailand's energy requirements. PTTEP has integrated the results of a 2011 detailed evaluation of its competitiveness in selected countries and business technologies into its overall growth strategy roadmap with prioritized countries and technology to be pursued.

Recent Developments

Purchase of Cove Energy PLC.

On May 23, 2012, PTTEP reached agreement with Cove Energy to acquire all of its shares for GBP 1.22 billion and the acquisition was substantially completed by August 17, 2012. The purchase, effected in part through a GBP 950 million unsecured, unsubordinated floating rate senior credit facility, provides PTTEP with an 8.5% interest in the Rovuma Area 1 project off the coast of Mozambique, which has estimated gas resources of up to 60 trillion cubic feet. The joint venture partners and their respective interests in Rovuma Area 1 include Anadarko (operator) with 36.5%, Mitsui & Co. Ltd. with 20%, Empresa Nacional de Hidrocarbonetos E.P. with 15%, Petro Resources Limited with 10% and Videocon Energy Resources Limited with 10%. The Cove Energy purchase also includes a 10% interest in the onshore Rovuma exploration block in Mozambique and a 10% to 25% interest in each of seven deepwater exploration blocks in Kenya. We believe the Rovuma Area 1 project will be a vital LNG production base in the future to the increasing demand in Asia, including Thailand.

New Exploration Blocks.

On June 6, 2012, the Republic of the Union of Myanmar announced that PTTEP SA, a subsidiary of PTTEP, together with Win Precious Resources Pte. Ltd. ("WPR") successfully bid to explore and develop blocks PSC-G and EP-2 as a result of the Myanmar Onshore Blocks Bidding Round 2011 and held the official production sharing contract signing ceremony on the same date. PTTEP SA and WPR have interests of 90% and 10%, respectively, and PTTEP SA is the project operator. Blocks PSC-G and EP-2 are located onshore in the Central Myanmar Basin, west of the capital, Nay Pyi Taw, with the approximate acreages of 13,330 and 1,345 square kilometers respectively.

Natural Gas and Oil Reserves

PTTEP categorizes reserves as "proved" reserves when those quantities are reasonably certain to be commercially recoverable in the future based on existing geological and engineering data, current prices, economic conditions and regulations. In the case of natural gas and condensate reserves, PTTEP does not consider reserves from particular prospects as "proved" until the material terms of a sales agreement for natural gas or condensate from such prospect have been agreed with a purchaser. Thereafter, PTTEP may categorize additional reserves from such prospects as "proved" as and when PTTEP determines that additional quantities are reasonably certain to be recoverable in the future under existing economic and operating conditions. This practice is consistent with the Society of Petroleum Engineers guidelines with respect to such additional reserves, but may be viewed as more conservative than such guidelines with respect to the initial classification of reserves as "proved" from a particular prospect. Proved reserves do not include petroleum that may be produced as a result of the introduction of new technology (unless proved successfully) or changes in petroleum prices or economic conditions. PTTEP's proved reserves are reported on a gross basis, which includes PTTEP's net working interests before deductions of the related host-country's share as defined in the respective petroleum contracts. See "Risk Factors — Risks Relating to Our Business — The natural gas and crude oil, condensate and bitumen reserves data in this Offering Memorandum are only estimates; there is no independent reserve report available for our actual production, revenues and expenditures with respect to our reserves and actual values may differ from these estimates."

When converting natural gas volumes to barrel of oil equivalent ("BOE"), PTTEP uses a formula where the BOE conversion is "volume (MMBOE) = volume (BSCF) multiplied by the gross calorific value ("GCV") of the petroleum divided by 6,000." The gross calorific values used to convert gas volume to barrels of oil equivalent are different and vary in each project depending on reservoir fluids composition. The gross calorific value used for BOE conversion in reserves estimations and annual production volumes are also different. Those used for reserves estimations are the average GCV of each project throughout its field life. The GCVs used for production reports were the actual GCVs that were measured in each month. Generally, the assumed GCV is 1,000 btu/scf, so that 1 BOE is equal to 6 MSCF. Unless otherwise indicated, references to liquid hydrocarbons also include liquefied bitumen. For a description of how certain terms relating to reserves and other data are used in this Offering Memorandum, see "Glossary of Technical Terms."

As of December 31, 2011, PTTEP had estimated proved reserves as set forth in the table below.

	Proved Reserves as of December 31, 2011		
	Liquid Hydrocarbons (MMbbls)	Natural Gas (BSCF)	BOE (MMBOE)
Total	275	4,529	969

PTTEP categorizes as "proved developed reserves" the portion of proved reserves that it expects to recover through existing wells with existing equipment and operating methods and through improved recovery techniques from successful pilot projects or installed programs without any further significant investments required.

The table below sets forth information about PTTEP's proved reserves as of December 31, 2009, 2010 and 2011.

	At December 31,		
	2009	2010	2011
Natural gas (BSCF):			
Proved reserves			
Beginning of year	4,770.27	5,649.31	5,324.95
Revisions of previous estimates	204.61	73.83	(254.12)
Improved recovery	23.82	19.20	26.58
Extensions, discoveries and other	1,076.04	100.66	127.53
Purchases/Sales of reserves in place	–	–	(194.64)
Production for the year	(427.27)	(518.04)	(501.27)
End of year	5,649.31	5,324.95	4,529.04
Crude oil, condensate and bitumen (MMbbls):			
Proved reserves			
Beginning of year	201.16	219.29	213.71
Revisions of previous estimates	7.97	4.23	23.39
Improved recovery	2.06	15.55	6.03
Extensions, discoveries and other	6.27	1.74	41.24
Purchases/Sales of reserves in place	27.47	–	20.82
Production for the year	(25.67)	(27.11)	(30.19)
End of year	219.29	213.71	274.99

PTTEP's proved reserves of natural gas as of December 31, 2011 decreased by 15.0% while its estimated proved reserves of crude oil, condensate and bitumen increased by 28.7% from December 31, 2010. PTTEP's proved developed reserves of natural gas decreased in 2011 by 6.8% from 2,605 BSCF as of December 31, 2010 to 2,429 BSCF as of December 31, 2011, while its proved developed reserves of crude oil, condensate and bitumen increased by 43.3% from 61.4 MMbbls as of December 31, 2010 to 87.9 MMbbls as of December 31, 2011. The decrease in proved reserves of natural gas was attributable primarily to the technical revaluations of reserves during the year as well as the farming of the Myanmar Zawtika project to Myanmar Oil and Gas Enterprise ("MOGE"). The proved reserves of oil, condensate and bitumen increased in 2011 due to the acquisition of the KKD project. As of December 31, 2011, approximately 55.8% of PTTEP's proved reserves were in projects in Thailand, while approximately 44.2% were in overseas projects.

Natural Gas, Crude Oil, Condensate and Liquefied Bitumen Sales

Except for natural gas produced by the S1 project at the Sirikit oil field, a portion of which is sold directly to EGAT, all of PTTEP's natural gas production is sold to us under long-term gas sales agreements with take-or-pay volumes which are based on a minimum daily contract quantity. For further information on terms of the sale contracts, see "— Gas Business — Gas Procurement — Principal Terms of Gas Purchase Agreements."

PTTEP's sales volumes have increased at a compound annual growth rate of 6.5% from 2009 to 2011, averaging 265,047 Boe/d in 2011. The first half of 2012 saw a slight decrease in average sales volume to 258,426 Boe/d, due to a cessation in production at Arthit North in November 2011 and the new daily contractual quantity agreements of Arthit.

The following table sets forth certain natural gas, crude oil and condensate total sales volume information for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	Total Sales	Total Sales	Total Sales	Total Sales	Total Sales
Gas (Bbls/d)[1]	160,336	188,385	186,982	198,801	172,789
Liquid (Bbls/d)[2]	73,420	76,190	78,065	73,506	85,637
Average volume (Bbls/d)	233,756	264,575	265,047	272,307	258,426

Source: PTTEP

Notes:

(1) Gas comprises natural gas and LPG.

(2) Liquid comprises crude oil, condensate and bitumen.

The following table shows the weighted average sales prices (in U.S. dollars) received by PTTEP per unit of production for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	Total Sales	Total Sales	Total Sales	Total Sales	Total Sales
Gas (U.S. dollar per MMbtu)[1]	5.17	5.52	6.00	5.76	7.29
Liquid (U.S. dollar per Bbl)[2]	58.03	73.77	102.23	102.28	106.42
Weighted avg. (U.S. dollar per BOE)	39.53	44.83	55.49	52.85	64.47

Source: PTTEP

Notes:

(1) Gas comprises natural gas and LPG.

(2) Liquid comprises crude oil, condensate and bitumen.

Natural Gas Sales

Consistent with current Government policy, we purchase a substantial portion of the natural gas production in Thailand through long-term take-or-pay gas sales agreements. The gas sales agreements generally provide for our purchase of all natural gas produced by the field or fields covered by the agreement. PTTEP, together with its relevant joint venture partners, is a party to gas sales agreements with us. Such gas sales agreements are negotiated on an arm's length basis. Our gas sales agreements will generally terminate on the earliest of (i) the expiration of the underlying concession, (ii) the depletion of reserves in the relevant field and (iii) a fixed period of time (generally 25 to 30 years) after commencement of production.

Gas Sales Agreements.

PTTEP primarily maintains gas sales agreements with us, but has also entered into a natural gas sales agreement with other buyers with respect to a portion of natural gas produced in the S1 concession area. For details of the gas sales agreements, see "— Gas Business — Gas Procurement — Principal Terms of Gas Purchase Agreements."

Oil, Condensate and LPG Sales

Oil Sales Agreements.

We have entered crude oil sales agreements with PTTEP with respect to its working interest in the PTTEP 1 project (the "PTTEP 1 Agreement") and the S1 project (the "S1 Agreement"). The agreements provide for our purchase of all oil produced from the fields.

The PTTEP 1 Agreement provides for crude oil prices to be adjusted monthly based on the estimated yield of refined petroleum products per Bbl of crude oil produced at the PTTEP 1 project, multiplied by an average price per unit of refined product derived from certain internationally available published prices and adjusted to reflect refining costs.

The S1 Agreement provides for sales of crude oil at a price adjusted to reflect the daily changes in a specified quoted price of a basket of a number of grades of crude oil. The adjustment formula can be amended to reflect changes in the quality of crude oil produced and under certain other circumstances.

Condensate and LPG Sales Agreements.

We, along with PTTEP, together with its relevant joint venture partners, are parties to condensate sales agreements with respect to the Bongkot, Arthit and Contract 3 projects, and an LPG sales agreement with respect to the S1 project. The agreements provide for our purchase of all of the condensate and LPG from the respective fields. Condensate prices are based on specified quoted condensate and light crude prices in U.S. dollars. The LPG price is set in the contract and is subject to revision by agreement of the parties or pursuant to a change in Government policy, such as in the event that the Thai government ceases to control the domestic prices of LPG.

Principal Properties

As of June 30, 2012, PTTEP had working interests in 41 exploration and production projects in 11 countries, 19 of which are in production, three are under development and 19 are under exploration. On May 11, 2012, PTTEP relinquished its interest in its Egyptian project, Rommana, upon the expiration of the project's exploration period.

	Project	Location	Operator[1]	Partners' Share (%)	PTTEP's Share (%)[2]
	Production Phase				
	Thailand				
1.	Arthit.	Gulf of Thailand	PTTEP	Chevron Thailand Exploration and Production Ltd. (16.0), MOECO Thailand Co., Ltd. (4.0)	80.0
2.	B6/27.	Gulf of Thailand	PTTEP Siam Limited ("PTTEPS")	JX Nippon Oil & Gas Exploration Corporation (40.0)	60.0
3.	B8/32 & 9A	Gulf of Thailand	Chevron Offshore (Thailand) Ltd.	Chevron Offshore (Thailand) Ltd. (51.7), Mitsui Oil Exploration Company Limited (16.7), KrisEnergy Pte Ltd. (4.6), Palang Sophon Two Limited (2.0)	25.0
4.	Bongkot	Gulf of Thailand	PTTEP	Total E&P Canada Ltd. ("Total E&P") (33.3), British Gas (22.2)	44.4
5.	Contract 3 (including G 6/50) (formerly Unocal III).	Gulf of Thailand	Chevron Offshore (Thailand) Ltd.	Chevron Offshore (Thailand) Ltd. (71.3), MOECO Thailand Co., Ltd. (23.8)	5.0

	Project	Location	Operator[1]	Partners' Share (%)	PTTEP's Share (%)[2]
6.	Contract 4 (formerly Pailin).	Gulf of Thailand	Chevron Offshore (Thailand) Ltd.	Chevron Offshore (Thailand) Ltd. (35.0), Amerada Hess International Exploration, Ltd. (15.0), MOECO Thai Oil Development Co., Ltd. (5.0)	45.0
7.	E5 (Namphong)	Northeast Thailand	ExxonMobil Exploration and Production Khorat Inc.	ExxonMobil Exploration and Production Khorat Inc. (80.0)	20.0
8.	G4/43	Gulf of Thailand	Chevron Offshore (Thailand) Ltd.	Chevron Offshore (Thailand) Ltd. (51.0), Mitsui Oil Exploration Limited (21.3), Palang Sophon Two Limited (6.4)	21.4
9.	G4/48	Gulf of Thailand	Chevron Pattani Ltd.	Chevron Pattani Ltd. (71.3), MOECO Thailand Co., Ltd. (23.8)	5.0
10.	MTJDA-B17	Overlapping area between Thailand and Malaysia	CARIGALI-PTTEPI Operating Company Sdn. Bhd.	PC JDA Limited (50.0)	50.0
11.	PTTEP 1	Suphan Buri and Nakhorn Pathom provinces	PTTEPI	–	100.0
12.	S1.	Sukhothai, Phitsanulok and Kamphaengpet provinces	PTTEPS	–	100.0[3]
13.	Sinphuhorm (EU-1 and E5 North)	Northeast Thailand	Hess (Thailand) Limited	Hess (Thailand) Limited (35.0), Apico LLC (35.0), ExxonMobil Exploration and Production Khorat Inc. (10.0)	20.0

	Project	Location	Operator[1]	Partners' Share (%)	PTTEP's Share (%)[2]
	Overseas				
14.	Canada Oil Sands KKD	Alberta, Canada	Statoil	Statoil (60.0)	40.0
15.	Oman 44	Oman	PTTEP Oman Company Limited	–	100.0
16.	Vietnam 9-2	Vietnam	Hoan-Vu Joint Operating Company	PetroVietnam Exploration and Production Corp. (50.0), SOCO Vietnam Ltd. (25.0)	25.0
17.	Vietnam 16-1	Vietnam	Hoang-Long Joint Operating Company	PetroVietnam Exploration and Production Corporation Ltd. (41.0), SOCO Vietnam Ltd. (28.5) OPECO Vietnam Ltd. (2.0)	28.5
18.	Yadana	Myanmar	Total E&P Myanmar	Total E&P Myanmar (31.2), Chevron Petroleum (Thailand) Ltd. (28.3), MOGE (15.0)	25.5
19.	Yetagun	Myanmar	Petronas Carigali Myanmar (Hong Kong) Ltd.	Petronas Carigali Myanmar (Hong Kong) Ltd. (40.9), MOGE (20.5), Nippon Oil Exploration (Myanmar) Ltd. (19.3)	19.3
	Development Phase				
	Overseas				
20.	Algeria 433a & 416b	Algeria	Groupement Bir Seba (JOC)	PetroVietnam Exploration Production Corporation (PVEP) (40.0), SONATRACH (25.0)	35.0
21.	Myanmar Zawtika	Myanmar	PTTEPI	MOGE (20.0)	80.0

Project	Location	Operator[1]	Partners' Share (%)	PTTEP's Share (%)[2]
22. PTTEP AA	Australia	PTTEP AA	–	100.0
i. AC/L1, AC/L2 and AC/L3		PTTEP Australasia (Ashmore Cartier) Pty Ltd	Santos Offshore Pty Ltd. (10.3)	89.7
ii. AC/L7, AC/L8, AC/P33, AC/P34 and AC/P40. . . .		PTTEP Australasia (Ashmore Cartier) Pty Ltd	–	100.0
iii. AC/P4		PTTEP Australasia (Ashmore Cartier) Pty Ltd	Cosmo Oil Co. Ltd. (50.0)	50.0
iv. AC/P17		PTTEP Australasia (Ashmore Cartier) Pty Ltd	Cosmo Oil Ashmore Ltd. (50.0)	50.0
v. AC/P24		PTTEP Australasia (Ashmore Cartier) Pty Ltd	Bengal Energy Ltd. (10.0)	90.0
vi. WA-396-P and WA-397-P.		Woodside Energy Ltd.	Woodside Energy Ltd. (60.0), Mitsui E&P Australia Pty Ltd. (20.0)	20.0
vii. AC/RL4 (excluding Tenacious)		PTTEP Australasia (Ashmore Cartier) Pty Ltd	Cosmo Oil Co., Ltd. (50.0)	50.0
viii. AC/RL4 (Tenacious)		PTTEP Australasia (Ashmore Cartier) Pty Ltd	–	100.0
ix. AC/RL5 (Tenacious)		PTTEP Australasia (Ashmore Cartier) Pty Ltd	Cosmo Oil Ashmore Ltd. (50.0)	50.0
x. AC/RL5 (excluding Tenacious)		PTTEP Australasia (Ashmore Cartier) Pty Ltd	Cosmo Oil Ashmore Ltd. (50.0)	50.0
xi. AC/RL6 (excluding Audacious)		PTTEP Australasia (Ashmore Cartier) Pty Ltd.	Cosmo Oil Ashmore Ltd. (50.0)	50.0

	Project	Location	Operator[1]	Partners' Share (%)	PTTEP's Share (%)[2]
	xii. AC/RL6 (Audacious). . . .		PTTEP Australasia (Ashmore Cartier) Pty Ltd.	Cosmo Oil Ashmore Ltd. (35.0), Cosmo Oil Co., Ltd. (15.0)	50.0
	xiii. AC/RL7		PTTEP Australasia (Ashmore Cartier) Pty Ltd.	–	100
	xiv. AC/P54		PTTEP Australasia (Ashmore Cartier) Pty Ltd.	–	100
	Exploration Phase				
	Thailand				
23.	A4, 5 and 6/48	Andaman Sea	PTTEPI	–	100.0
24.	G9/43	Overlapping area between Thailand and Cambodia	PTTEPI	–	100.0
25.	L21 and 28/48	Khon Kaen, Chaiyaphum and Udon Thani provinces	PTTEPI	Resourceful Petroleum (Thailand) Limited (30.0)	70.0
26.	L22/43	Phitsanulok and Pichit provinces	PTTEPI	–	100.0
27.	L53/43 and L54/43	Suphan Buri, Ayuthaya, Ang-Thong and Karnchanaburi provinces	PTTEPI	–	100.0
	Overseas				
28.	Algeria Hassi Bir Rekaiz	Algeria	PTTEP	CNOOC (24.5), SONATRACH (51.0)	24.5
29.	Australia WA-423-P . . .	Australia	Murphy Australia Oil Pty Ltd	Murphy Australia Oil Pty Ltd. (40.0), Diamond Resources Australia Pty Ltd. (30.0)	30.0
30.	Bahrain 2	Bahrain	PTTEP Bahrain Limited		100.0
31.	Cambodia B	Cambodia	PTTEPI	Resourceful Petroleum Limited (33.3), SPC Cambodia Limited (33.3)	33.3
32.	Indonesia Malunda	Indonesia	PTTEP Malunda Limited	–	100.0

	Project	Location	Operator[1]	Partners' Share (%)	PTTEP's Share (%)[2]
33.	Indonesia Sadang	Indonesia	Talisman Sadang B.V.	Talisman Sadang B.V. (40.0), Total E&P Sadang (30.0)	30.0
34.	Indonesia Semai II	Indonesia	Murphy Oil Corporation, Ltd.	Murphy Oil Corporation (28.3), INPEX Corporation (28.3), PT PERTAMINA (15.0)	28.3
35.	Indonesia South Mandar	Indonesia	PTTEP South Manda Limited	Talisman South Mandar B.V. (33.0), Total E&P Indonesia South Mandar (33.0)	34.0
36.	Indonesia South Sageri .	Indonesia	Talisman South Sageri B.V.	Talisman South Sageri B.V. (35.0), Total E&P South Sageri (45.0)	20.0
37.	Myanmar M3.	Myanmar	PTTEPI	–	100.0
	Myanmar M11	Myanmar	PTTEPI	Total E&P Myanmar (40.0%), JX Nippon Oil & Gas Exploration (Myanmar) Limited (15.0%)	45.0
38.	Myanmar PSC-G and EP-2	Myanmar	PTTEPSA	Win Precious Resources Pte. Ltd. (10.0)	90.0
39.	New Zealand Great South	New Zealand	Shell GSB Limited ("Shell NZ")	Shell NZ (50.0) OMV New Zealand Limited (18.0), Mitsui E&P Australia Pty Limited (14.0)	18.0
40.	Vietnam B & 48/95 . . .	Vietnam	Chevron Vietnam (Block B), Ltd.	Chevron Vietnam (Block B), Ltd. (42.4) MOECO Vietnam Petroleum Co., Ltd. (25.6), PetroVietnam Exploration and Production Corporation (23.5)	8.5

	Project	Location	Operator[1]	Partners' Share (%)	PTTEP's Share (%)[2]
41.	Vietnam 52/97	Vietnam	Chevron Vietnam (Block 52), Ltd.	Chevron Vietnam (Block 52), Ltd. (43.4), PetroVietnam Exploration and Production Corporation (30.0), MOECO Southwest Vietnam Petroleum Co., Ltd. (19.6)	7.0

Source: PTTEP

Notes:

(1) For full name of operators and concession parties, please refer to "Glossary of Concession Partners."

(2) PTTEP's share represents its portion of participating interests.

(3) PTTEP directly owns a 25.0% share of S1 and indirectly owns a 75.0% share of S1 through its wholly-owned subsidiary, PTTEP Siam Co., Ltd. ("PTTEPS").

Exploration and Development Activities

PTTEP is involved in both exploration (the search for oil and gas) and development (the drilling and bringing into production of wells in addition to the discovery well in a field). PTTEP's exploration operations include aerial surveys, geological and geophysical studies (such as seismic surveys), drilling of wildcat wells, core testing and well logging. Seismic surveys involve recording and measuring the rate of transmission of shock waves through the earth with a seismograph. Upon striking rock formations, the waves are reflected back to the seismograph. The time lapse is a measure of the depth of the formation. The rate at which waves are transmitted varies with the medium through which they pass. Seismic surveys may either be three-dimensional or two-dimensional surveys, the former type generally giving a better detail picture and the latter a better overall picture.

Analysis of the data produced allows PTTEP to formulate a picture of the underground strata to enable it to form a view as to whether there are any "leads" or "prospects." "Leads" are preliminary interpretation of geological and geophysical information that may or may not lead to prospects and "prospects" are geological structures conducive to the production of oil and gas. The actual existence of such oil and gas must be confirmed, usually by the drilling of a wildcat well. If the wildcat well confirms the prospect (that is, is considered "successful"), PTTEP may then drill a delineation (or appraisal) well to acquire more detailed data on the reservoir formation. Once the presence of hydrocarbons is proved to be in commercially recoverable quantities, or the delineation well is "successful," development wells may be drilled to prepare for production. An area is considered to be developed when it has a well on it capable of producing oil or gas in paying quantities.

Drilling Activity

In 2011, PTTEP discovered petroleum in 11 out of a total of 25 exploration and appraisal wells drilled. In 2009 and 2010, PTTEP discovered petroleum in 18 of 28 wells and 15 out of 19 wells, respectively. The following table presents information about PTTEP's drilling activity for the periods indicated.

	For the year ended December 31,					
	2009		2010		2011	
	Gross	Net[1]	Gross	Net[1]	Gross	Net[1]
	no. of wells	no. of wells	no. of wells	no. of wells	no. of wells	no. of wells
Exploration						
Thailand	–	–	3	2.7	2	2.0
Foreign						
Southeast Asia	–	–	1	0.3	1	0.5
Australia	–	–	–	–	–	–
Middle East and Others	1	1	–	–	2	0.6
Total	1	1	4	3	5	3.1
Development						
Thailand	39	10.2	23	7.6	21	10.5
Foreign						
Southeast Asia	1	0.5	5	1.6	4	1.1
Australia	–	–	–	–	1	0.9
Middle East and Others	–	–	–	–	2	1.4
Total	40	10.7	28	9.2	28	13.9

(1) Net wells are the sum of our working interests in gross wells.

Joint Venture Agreements

PTTEP holds the majority of its exploration and production interests through joint ventures with international petroleum companies. Each joint venture participant holds an undivided interest in the concession area described in the concession, and in all rights and obligations of the concessionaire. The operator has full control under the overall supervision and control of a joint operating committee of all petroleum-related operations, including exploration, appraisal, development and production, storage and transportation and is required to report regularly to the other joint venture participants. The operator's activities are generally funded either by monthly cash calls based on amounts agreed to in the annual budget prepared by the operator and approved by a specified percentage of joint venture participants. The operator generally can be removed for gross negligence or misconduct and may resign with notice under certain circumstances.

Joint venture participants holding a specified percentage interest in a concession have the right of control over operations, which the parties can exercise through the operating committee of the joint venture. In addition, the joint venture participants holding such specified percentage interests have the right to approve development and exploration programs, production levels, annual budgets and amendments and adjustments to such budgets, contracts for goods, services or capital expenditures in excess of specified amounts. Representatives of each joint venture participant may review joint venture accounts and records and periodic reports before they are sent to the relevant

government agencies. Regular meetings of the operating committee are held to coordinate and review information and plans. Each joint venture participant is only permitted to engage in exploration work after consultation with the other joint venture partners. If all other partners decline, the party that engages in such exploration work alone will solely accept all the risks and benefits of the venture.

Liability arising in respect of operations not otherwise insured is generally borne by each participant in accordance with their respective interest in the concession. The joint venture agreements generally provide that the operator will acquire insurance on behalf of the participants, unless such participants choose to acquire insurance individually, or self-insure their risks.

PTTEP's joint venture agreements generally terminate on the earlier of an agreement by the parties to terminate the joint venture and the termination of the underlying concession or production sharing contracts. In addition, the ability of the participants (including the operator) to transfer or assign their rights under the agreement or otherwise withdraw from the joint venture is generally subject to pre-emptive or first refusal rights in favor of the remaining joint venture partners.

Production Sharing Contracts

PTTEP is subject to production sharing agreements with local state-owned entities in connection with its projects in Australia, Asia Pacific, North Africa and Middle East. Upon commencement of commercial production, the contractor is required to supply a proportion of its product to local governments at a discount on the fair market value of the product. Within a specified time following the announcement of a commercial discovery, the government may have the option of acquiring a certain stake in the total rights and obligations under the contract. The production sharing contract may contain certain bonus provisions, payable by the contractor to the government, including a signature bonus for the effectiveness of the contract and a production bonus for meeting a production target. In addition, the production sharing contract will provide for the payment by the contractor of a royalty to the government which may be payable in cash or in kind, at the option of the government. Petroleum or gas that is produced and not used in operations or otherwise utilized to cover the contractor's operating costs and expenses or in lieu of its royalty obligations will be shared by the government and contractor in the proportions set out in the relevant production sharing contract.

The contractor is responsible for the execution of petroleum or gas operations, providing all financial and technical assistance required for the operations and assuming responsibility for matters relating to the operations. Certain minimum expenditures with respect to the initial exploration period and any subsequent extension period in relation to exploration operations in the contract area are required. If the contractor fails to meet the minimum expenditure provision, the contractor may be obliged to pay a sum equal to the shortfall in expenditure to the government.

The initial term of each production sharing contract allows for exploration of the contract area and may be extended one or more times in accordance with the provisions of the production sharing contract. In the event the contractor elects to extend the initial term, the contractor may be required to relinquish a prescribed portion of the original contract area not then converted into a development plan. If a discovery is made during the initial term or extension period, the current term will be extended for such additional period as is sufficient for the contractor to appraise the discovery, declare a commercial discovery and designate a development and production area. The development and discovery period will typically commence with respect to each development and

production area on the date the contractor gives notice to the government of the commercial discovery and shall continue until the expiration of a period set out in the production sharing contract which can range from 20 to 30 years.

Production sharing contracts may be terminable upon giving the government the required prior written notice. However, the contractor may be unable to terminate the contract during the initial term before satisfying the minimum expenditure required under the production sharing contract. Production sharing contracts may terminate automatically if no commercial discovery is made within the contract area or at the end of the production period.

PTTEP indirectly holds a 40.0% interest in KOSP, which wholly owns Canada Oil Sands KKD, through its wholly-owned subsidiary PTTEP Canada Limited. KOSP is contracted to sell its entire production volume of bitumen to Statoil under a diluted bitumen sales agreement entered into as part of the acquisition process. The sales agreement is a long-term agreement for the life of KOSP or until certain production volumes are reached. Once those volumes are reached, PTTEP can exercise its option to take its share of production. Upon the commencement of commercial production, the price of the bitumen will be set according to a formula that references market benchmarks and pre-determined adjustments for delivery costs, U.S. duties and marketing fees.

Key Projects

Bongkot

The Bongkot field is the largest field in the Gulf of Thailand and has been in production since 1993. It is located in the southern Gulf of Thailand (Blocks B15, B16, B17 and G12/48), 203 kilometers off of the coast of Songkhla province. The field accounts for the largest portion of PTTEP's natural gas and condensate reserves. PTTEP holds a 44.4% interest in the project and took over as operator of the project from Total E&P Canada Ltd. ("Total E&P") in 1998. All of the natural gas and condensate produced at Bongkot is sold to PTT based on a long-term agreement. The ownership of the natural gas from the Bongkot project is transferred to PTT at the wellhead and transported onshore through PTT's pipeline system. The ownership of the condensate is transferred at the floating storage and offloading unit near the production well area.

The Bongkot field's third phase of development is underway, with the goal of maintaining a daily contract quantity of 550 MMSCFD. Simultaneously, the fourth phase of development is currently being carried out to produce additional natural gas at Bongkot South, where construction and installation of a central processing platform, a wellhead platform and a living quarter platform have been completed. The Greater Bongkot South field, the major field in the Bongkot project, has been producing natural gas at 320 MMSCFD as per the daily contract quantity and 9,000 Bbls/d of condensate since June 16, 2012. PTTEP expects these production rates will increase the overall of Bongkot production capacity up to 900 MMSCFD.

In 2009, PTTEP and its joint venture partners officially signed a GSA with PTT for the natural gas produced at Bongkot South, with a daily contractual quantity of 320 MMSCFD of natural gas. The signing of the GSA raised the total daily contractual quantity of the Bongkot project to 870 MMSCFD.

Sales volume averaged 592 MMSCFD of natural gas and 21,504 Bbls/d of condensate in the first half of 2012, 591 MMSCFD of natural gas and 20,414 Bbls/d of condensate in 2011, 586 MMSCFD of natural gas and 19,779 Bbls/d of condensate in 2010 and 516 MMSCFD of natural gas and 18,217 Bbls/d of condensate in 2009.

Myanmar Zawtika

PTTEPI owns 80% of and is the operator of the Myanmar Zawtika project, having transferred a 20% interest to MOGE in 2011. The Myanmar Zawtika project is located in the Gulf of Mottama, the Republic of the Union of Myanmar. PTTEP is developing its M9 block concession from Myanmar in the Gulf of Martaban. Construction of the processing platform and bridge, wellhead platform and other infrastructure is currently underway. Production of natural gas at the project is planned to start in December 2013 with maximum three months ramp-up period to produce at the daily contract quantity of 300 MMscf/d.

The Montara Incident

PTTEP AA and the Montara Project

On February 4, 2009, PTTEP indirectly acquired 100.0% of the ordinary shares of Coogee Resources Limited. PTTEP later changed the name of the company to PTTEP Australasia Pty Ltd and refers to it as PTTEP AA. PTTEP AA is an oil and gas company with development and exploration assets located in the Timor Sea. All projects are located on the Australian continental shelf.

PTTEP AA expects production at the Montara field to commence in the fourth quarter of 2012, with an expected maximum capacity of 35,000 Bbls/d. PTTEP AA is developing the Montara Project via an FPSO and wellhead platform to be located at the Montara field. The platform will be connected via subsea pipelines called tiebacks to the nearby Skua oil field and Swift/Swallow oil field. The Montara oil field is approximately 250 kilometers northwest of Australia's Kimberley coastline. The Skua oil field is located 25 kilometers northwest of the Montara oil field and the Swift/Swallow oil field is located 9 kilometers southeast of the Skua oil field.

Production at the Montara oil field was delayed due to an oil and gas leak that occurred in 2009.

Response to the Montara Incident

In August 2009, an oil and gas leak began during the Montara H1's development well drilling. PTTEP AA stopped the leak in November 2009. The causes of the uncontrolled oil and gas release included deficiencies in the Montara H1 well cementing operation and well barrier testing and the failure to install all required pressure containing corrosion caps. In addition, other causative factors in the uncontrolled oil and gas release may have included inadequate supervision and monitoring of operations and personnel and deficiencies in well management documentation and systems. During operations to stop the leak, PTTEP AA's wellhead platform and the contractor-operated West Atlas drilling rig caught fire, causing substantial damage to both the wellhead platform and the West Atlas rig. This affected the production start up. In order to maintain control of the well and fix damaged production facilities, PTTEP AA temporarily suspended the development of Montara. The West Atlas rig has been removed from the Montara field and a new wellhead platform has been installed. Operations are expected to recommence in the fourth quarter of 2012.

Montara Action Plan

On November 5, 2009, the Australian Minister for the Department of Resources, Energy and Tourism (the "DRET Minister") established the Commission of Inquiry under the Offshore Petroleum and Greenhouse Gas Storage Act (the "OPGGS Act") to investigate the Montara Incident,

including, among others, the likely causes of the incident and the resulting environmental impacts. On November 24, 2010, the DRET Minister released the final report and the Australian government's draft response. The Commission of Inquiry's final report recommended that the DRET Minister conduct a review of PTTEP AA's license to operate the Montara field. Following the recommendation, the DRET Minister directed DRET to undertake an independent review of PTTEP AA's licenses.

PTTEP AA, in conjunction with industry experts and the relevant Australian regulatory bodies, developed the Action Plan as a coordinated response to the issues identified in the Commission of Inquiry's final report. The Action Plan addressed both technical and governance issues identified by the Commission of Inquiry. PTTEP AA began implementing the plan in June 2010 under the observation of Noetic, which was appointed by DRET to monitor implementation. As of December 31, 2011, PTTEP AA had completed all of the items listed in the Action Plan. A sustainability audit was conducted in May 2012 with no major issues.

On February 4, 2011, the DRET Minister announced his determination that the Action Plan effectively responded to the issues identified by the Commission of Inquiry. As a result, the DRET Minister decided not to pursue further inquiries or reviews of PTTEP AA's petroleum titles. This decision was conditioned on PTTEP AA implementing the Action Plan under a monitoring program overseen by Noetic. On February 22, 2011, PTTEP entered into a Deed of Agreement with the Australian government in respect of PTTEP AA's operations and the monitoring plan overseen by Noetic. The Deed of Agreement is scheduled to expire at the end of October 2012 and PTTEP AA is currently in discussions with the Australian government on the logistics of the transition of PTTEP AA's operations to normal regulatory supervision. From June 2011 to June 2012, PTTEP and PTTEP AA attended five meetings with DRET on the Deed of Agreement. During these meetings, PTTEP and PTTEP AA received positive feedback on the progress and sustainability of the Montara Action Plan. During the last meeting in June 2012, PTTEP, PTTEP AA and DRET discussed the transition from drilling to production.

The Department of Sustainability, Environment, Water, Population and Communities ("SEWPAC") undertook an audit of compliance with the conditions of approval for the Montara development under the Environment Protection and Biodiversity Conservation Act 1999 (Cth).

DRET appointed inspectors to investigate compliance with good oilfield practice and well operations under the OPGGS Act. In addition, DRET issued three notices to produce documentation to PTTEP AA pursuant to section 699(2) of the OPGGS Act and one supplementary notice to produce.

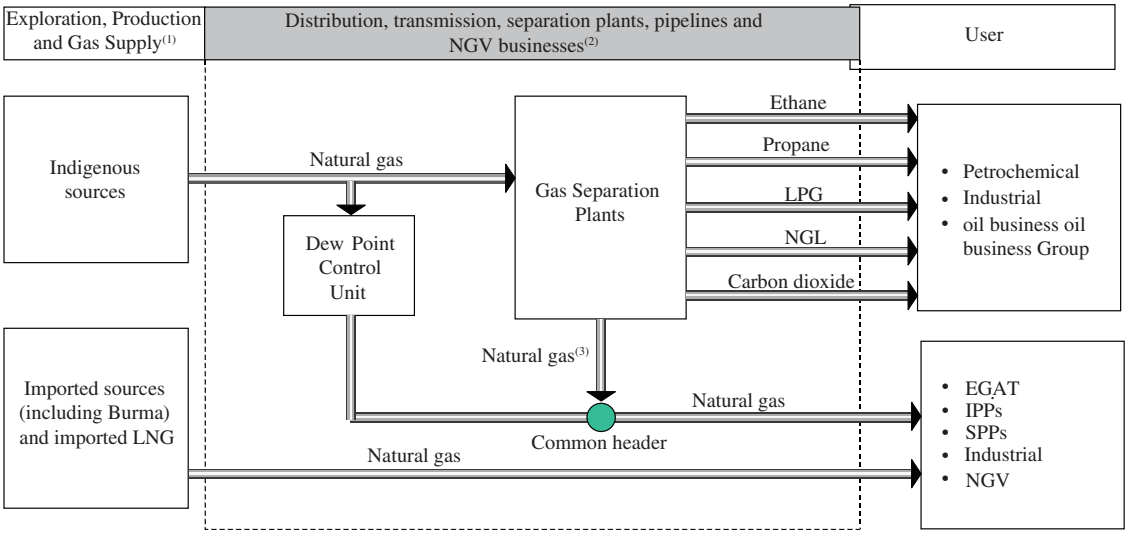
The environmental cleanup, well control and asset damage are insured events. As of June 30, 2012, PTTEP AA had made insurance claims totaling approximately US$152 million and received cash payments of US$40 million from its insurers.

Gas Business

Overview

We are the only fully-integrated gas company in Thailand. Our principle activities comprise natural gas procurement, transmission, processing, and marketing and distribution. We own substantially all of Thailand's natural gas transmission and distribution pipeline network. We also supply NGV to NGV service stations and engage in gas-related value added businesses. We purchase natural gas from onshore and offshore producers in Thailand and Myanmar, transport the gas through our transmission network and sell it to EGAT and other power producers for use in electricity generation, to other industrial sectors and to NGV service stations. In addition, at our six GSPs, we extract gas products from natural gas which we sell to petrochemical and refining facilities in our petrochemicals and refining business or directly to our customers. Our gas business also invests in LNG receiving terminals, storage and re-gasification services, as well as gas-fired power generation and distribution.

The following diagram illustrates the operations of our natural gas business.



(1) PTT operates exploration and production through PTTEP. PTT procures natural gas from both indigenous and imported sources and import LNG.

(2) operated by PTT.

(3) refers to a portion of natural gas which is left after other products have been separated. It mainly consists of methane.

Our gas pipeline network currently extends for approximately 4,518 kilometers, comprising approximately 3,635 kilometers in a transmission network and approximately 883 kilometers in a distribution network. Our pipeline system has a capacity of approximately 4,380 MMSCFD. The volume of natural gas sold by us in each of the last three years was approximately 3,554 MMSCFD in 2009, 4,040 MMSCFD in 2010 and 4,161 MMSCFD in 2011. We sold approximately 4,396 MMSCFD for the first half of 2012.

For the years ended December 31, 2010 and 2011 and the first half of 2012, sales revenue attributable to our gas business was Baht 357,018 million, Baht 412,801 million and Baht 244,073 million, respectively. For the same period, our gas business EBIT was Baht 37,955 million, Baht 46,992 million and Baht 24,213 million, respectively.

Gas Procurement

Principal Sources of Supply

We purchase substantially all of the natural gas produced in Thailand, as well as gas produced offshore in Myanmar, through long-term take-or-pay gas purchase agreements with the various natural gas producers in these countries. The agreements establish the obligation of a projects' relevant joint venture partners, including PTTEP, to deliver and our obligation to take delivery of specified minimum daily quantities and our obligation to pay for any volumes contracted for but not taken. Our gas purchase agreements provide for delivery of natural gas at specified pressures to us at the wellhead or another agreed location. We currently have 13 gas purchase agreements with producers in Thailand and Myanmar. Supply of natural gas in 2011 included approximately 75% from indigenous production, 23% from piped gas from Myanmar and 2% from LNG imports. The following table sets out our natural gas sources gas purchase agreements and provides volumes and percentages of gas purchased under each gas purchase agreement for the periods indicated. For a discussion concerning natural gas sources in Thailand see "Relationship with the Government and Regulatory Matters — Exploration and Production Concessions" and "Petroleum Industry in Thailand — Petroleum Industry — Exploration and Production."

Natural Gas Procurement under Purchase Agreements	Year ended December 31,						Six months ended June 30,	
	2009		2010		2011		2012	
	(MM cf/d)[1]	(%)	(MM cf/d)[2]	(%)	(MM cf/d)[1]	(%)	(MM cf/dp)[1]	(%)
Domestic Agreements								
Unocal[2]	827	23.1	956	23.6	966	23.1	1,295	29.3
Bongkot	511	14.3	581	14.3	588	14.1	569	12.9
Bongkot South	–	–	–	–	–	–	65	1.5
Pailin	366	10.2	366	9	374	8.9	378	8.6
Tantawan/Benchamas	191	5.3	187	4.6	167	4	143	3.2
Namphong/Phuhom	103	2.9	104	2.6	97	2.3	99	2.3
MTJDA	404	11.3	602	14.8	722	17.3	731	16.6
Sirikij	1	0	2	0.1	7	0.2	6	0.1
Arthit	369	10.3	406	10	322	7.9	226	5.1
Subtotal	2,772	77.4	3,204	79.0	3,253	77.7	3,512	79.6
International Agreements								
Yadana	409	11.4	434	10.7	426	10.2	399	9.0
Yetagun	394	11	419	10.3	404	9.7	376	8.5
LNG	–	–	–	–	101	2.4	128	2.9
Subtotal	803	22.4	853	21.0	931	22.3	903	20.4
Total supply	3,575	100.0	4,057	100.0	4,184	100.0	4,415	100.0

Source: PTT

(1) The volume of natural gas is determined at a heating value of 1,000 btu/cf.

(2) Including natural gas supplied under Unocal 1, Unocal 2-3 gas purchase agreements.

The Gulf of Thailand continues to be our main source of natural gas and where most of our transmission pipeline is concentrated. To improve the security of our long-term gas supply and in anticipation of increasing demand for natural gas in Thailand, we entered into long-term gas

purchase agreements with the gas producers from the Yadana, Yetagun and Zawtika fields in the Gulf of Mataban in Myanmar in February 1995, March 1997 and July 2010, respectively. In 2011, procurement of gas from domestic and foreign sources totaled 4,167 MMSCFD, an increase of 2.7% from the previous year. Of this, 3,247 MMSCFD was from domestic sources. The amount of gas imported from Myanmar increased to 832 MMSCFD, raising the ratio of foreign sourced gas (including LNG imports) to 22.1%. Our transmission pipeline in the western region of Thailand extends from the border with Myanmar at Ban-I-Tong, Kanchanaburi province to the Ratchaburi power plant where it connects with our eastern pipeline system at Wangnoi.

MTJDA

In 1990, the governments of Thailand and Malaysia jointly established the MTJDA, a statutory body established under the laws of Malaysia and Thailand, to assume all rights and responsibilities on behalf of the two governments, to exploit natural gas in the overlapping continental shelf area in the Gulf of Thailand known as the Malaysian-Thai Joint Development Area ("MTJDA"). The MTJDA consists of four concession areas: Blocks A-18, B-17, C-19 and B-17-01. On April 21, 1994, the MTJDA arranged for two production sharing contracts with respect to the four blocks and awarded one contract to PTTEP. In October 1999, we and the national oil company of Malaysia, PETRONAS, each as a 50.0% purchaser, executed the first MTJDA gas purchase agreement with the MTJDA and sellers from Block A-18 (the "1999 Agreement"). Gas delivery during the first phase of development was 390 MMSCFD taken by PETRONAS. In December 2004, the parties to the 1999 Agreement amended it to permit PETRONAS and us to purchase an additional 400 MMSCFD from Block A-18 from the second phase of development beginning in 2007/2008. We have exercised our reserved rights to take gas during the second phase of development and have taken such additional 400 MMSCFD since 2008.

In 2005, we entered into a gas purchase agreement with the MTJDA, PETRONAS and the sellers of Blocks B-17, C-19 and B-17-01. We began offtaking 335 MMSCFD in 2010. In 2015, we expect to reduce our offtake to 70 MMSCFD to allocate a greater portion of production of B-17 to PETRONAS.

Principal Terms of Gas Purchase Agreements

Pricing Mechanisms

Under the terms of our gas purchase agreements, we purchase natural gas from producers at an initially fixed base price, agreed with the producers and periodically adjusted according to agreed pricing formulae to reflect changes in fuel oil prices and other economic indices. The price is also subject to adjustable price ceiling and floor formulae. The price at which we purchase PTTEP's natural gas production is adjusted at the beginning of each of a number of consecutive periods that commence upon the earlier of the expiration of a specified period of time or the production of a specified quantity of natural gas. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Natural Gas and Gas Product Prices."

Under most of our contracts with producers in the Gulf of Thailand, our gas purchase prices are denominated in Baht and adjusted monthly, quarterly, biannually or annually, as specified in the relevant contract, to reflect:

- changes in the average price per barrel of medium sulfur fuel oil ex-Singapore;
- certain changes in the foreign exchange rate; and
- various economic indices which generally measure inflation, including the Thai wholesale price index and a U.S. producer price index for oil and gas field machinery and tools.

Gas purchase prices under our gas purchase agreements with producers in Myanmar and for natural gas to be produced in the JDA are denominated in U.S. dollars and adjusted periodically to reflect changes in a U.S. producer price index. Payments for gas sold under the agreements are made monthly.

The specific factors used to determine purchase price adjustments, the relative weighting of the various adjustment factors and the frequency with which adjustments are made vary by agreement. Generally, however, movements in the price of fuel oil and the Baht/U.S. dollar exchange rate with respect to gas purchased from the Gulf of Thailand are the most significant adjustment factors, as fuel oil is a substitute for natural gas. Several gas sales agreements of PTTEP also provide for an adjustment if the Baht/U.S. dollar exchange rate has fluctuated by more than 5% in a given month. The various economic indices in our gas purchase agreements are designed to reflect changes in our producers' costs.

Purchase Volumes

Our gas purchase agreements generally require us to take delivery of annual minimum quantities of natural gas for periods ranging from 25 to 30 years, until depletion of the relevant gas fields or until expiration of the underlying concession. If we fail to take delivery of the annual minimum quantity, we are obligated to pay the producer for the untaken portion of the annual minimum quantity for that contract year. We may, however, take delivery of such prepaid natural gas in future contract years without expiration, provided that we have taken the annual minimum contract quantity in such year. Our gas purchase agreements generally provide for billing and statement of untaken portions of the annual minimum quantity only after the end of the applicable contract year.

To the extent that producers are unable to meet their delivery obligations under our gas purchase agreements, they are generally required to supply the amount of shortfall in the succeeding period at a discount of up to 25.0% of the contracted price. Our gas purchase agreements also give us the right to require our suppliers to deliver additional quantities, up to a contracted maximum delivery quantity which is generally 15.0% above the daily contract quantity. Under certain of our contracts, beginning with the Bongkot contract in 1996, we can take delivery of excess quantities in any contract year, and earn credit in certain gas purchase agreements. These excess quantities can be applied against our annual minimum quantities for future years, up to a maximum of five years after the excess gas was purchased, provided that generally such credit carried forward shall be limited to 15% or 20% of the minimum off-take amount in the respective contract year.

We purchase natural gas from producers in Thailand and Myanmar under gas purchase agreements that contain take-or-pay provisions, which require us to pay for minimum quantities of natural gas each year, whether or not we actually take delivery of that minimum

quantity during that year. In 1995 and 1997 we executed natural gas purchase agreements with take-or-pay obligations with producers in Myanmar to purchase natural gas from the Yadana and Yetagun gas fields. Our take-or-pay obligations under these agreements required us to begin taking natural gas from Yadana in August 1998 and from Yetagun in July 2000. We undertook these gas purchase agreements pursuant to Government policy, as reflected in Cabinet resolutions, which required us to procure additional supply adequate to meet expected increased demand for the Ratchaburi gas-fired power plant, other IPPs and other gas users. The Ratchaburi gas-fired power plant, however, did not become operational until October 2000 and domestic demand for natural gas was generally lower than expected due to the Asian financial crisis. As a result, we did not satisfy the annual minimum quantity of natural gas from Yadana and Yetagun until late 2001, at which time we booked the quantities of take-or-pay gas that we paid for but could not take between 1998 and 2001 as an asset in the amount of Baht 36,266 million. As of June 30, 2012, the remaining value of the take-or-pay gas asset is Baht 6,566 million (U.S.$206 million). Since then, the aggregate contracted annual minimum quantities our customers are required to purchase under our natural gas sales agreements have generally exceeded the aggregate contracted annual minimum quantities we are required to purchase under the take-or-pay provisions of our gas purchase agreements with producers. We anticipate delivery of the last of the take-or-pay gas in 2014.

Pursuant to a July 25, 2000 Cabinet resolution, the Government allocated to us and EGAT 11.4% and 12.8%, respectively, of the total carrying costs for our prepayments for gas from Yadana and Yetagun. The Government also directed us to allocate the remaining 75.8% of the total carrying costs among our gas customers, including our gas separation plants. Total carrying costs for these prepayments are the sum of expected interest payments through 2013 (based on certain assumptions regarding future offtake and supply of prepaid gas). Total carrying costs include and are adjusted each year to reflect interest costs on additional prepayments, as well as the gain or loss on sales of prepaid gas. Gain or loss on sales of prepaid gas is the difference between our prepaid gas price and the realized price on future sales of prepaid gas. The annualized amount of total carrying costs remaining after giving effect to the adjustments is then allocated among ourselves, EGAT and our gas customers (a category which also includes EGAT).

We billed EGAT's allocation of each annualized amount of total carrying costs in October of each year, and EGAT then has 30 days to remit full payment to us. We bill gas customers' allocation of each annualized amount of total carrying costs only to EGAT and IPPs as a surcharge on each gas sales transaction. This additional price component is recalculated each year to account for gains or losses on future sales of prepaid gas and the interest costs on additional prepayments.

Force Majeure

Our gas purchase agreements contain force majeure provisions that excuse us and the producers from performance of our respective obligations in certain circumstances. These circumstances, or *force majeure*, are generally defined as any happening, event or pernicious results which are beyond the control of the party claiming relief acting in a reasonable and prudent manner. Certain of the gas purchase agreements include within the definition of *force majeure* the inability of us to accept delivery of natural gas by reason of the inability of any of our customers to take natural gas, if such inability is caused by an event which would have constituted force majeure in relation to us. However, we are not entitled to such *force majeure*

relief unless we require each of our suppliers to bear its proportionate share of the volume of natural gas we are unable to take. Force majeure events generally do not include the inability to pay amounts called for under the agreement, nor does the existence of a force majeure event suspend any obligation for the payment of money due. These agreements are governed by Thai law, and, in the case of projects in Malaysia and Myanmar, English law, and provide for the resolution of disputes through arbitration.

Gas Transmission

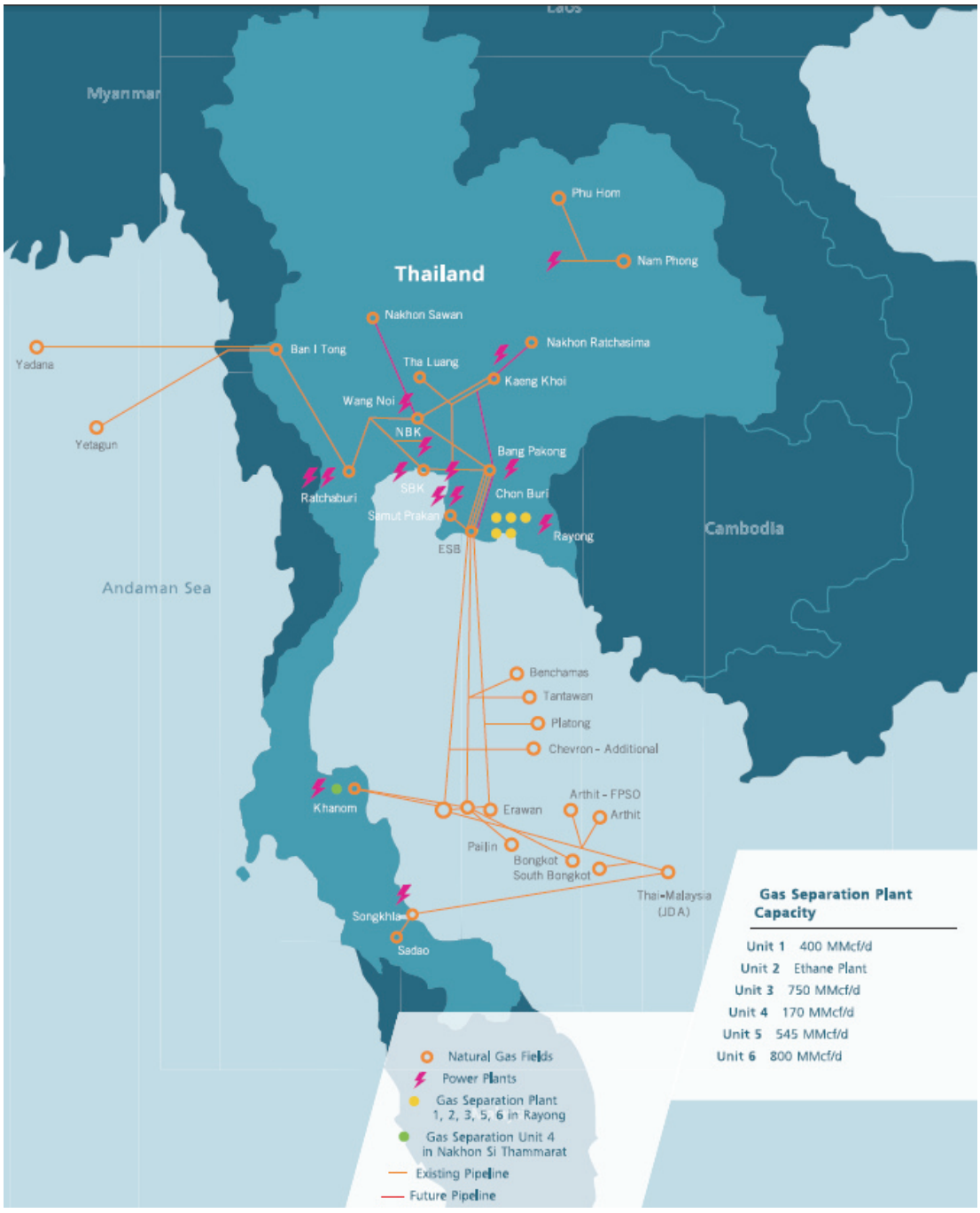
Existing Transmission Network

As of June 30, 2012, PTT, not including our subsidiaries and associates, owned and operated a transmission network of approximately 4,518 kilometers of pipeline, which represents substantially all of the offshore and onshore natural gas pipeline in Thailand. Approximately 2,198 kilometers of our transmission system is offshore and approximately 1,437 kilometers is onshore. The transmission network is integrated with approximately 883 kilometers of distribution pipeline. Our existing natural gas pipeline forms a national gas supply network in Thailand and currently has a capacity of approximately 4,380 MMSCFD.

Our Rayong offshore natural gas pipeline network connects gas fields in the Gulf of Thailand to our onshore natural gas pipeline network in Map Ta Phut, Rayong province, in the northern portion of the Gulf of Thailand. The Rayong offshore natural gas pipeline system includes feed pipelines from the Arthit, Pailin, Bongkot, Benchamas, Tantawan and Platong fields. Our Khanom offshore natural gas pipeline system connects the Erawan platform to our GSP Unit 4 and the Khanom power plant in Nakhon Si Thammarat province in the western portion of the Gulf of Thailand.

The onshore transmission pipeline system covers a distance of 1,437 kilometers and has two components, one in the western portion and one in the eastern portion of the country. The western pipeline receives gas transferred from the Yadana and Yetagun fields by Myanmar's offshore pipeline network at the Thai-Myanmar border in Kanchanaburi province. It supplies gas to the Ratchaburi power plant and also connects with our onshore pipeline system in eastern Thailand via a pipeline linking Ratchaburi with Wangnoi. The eastern pipeline network receives gas from our offshore pipeline in the Gulf of Thailand at Map Ta Phut, Rayong province, and delivers it to our GSP Units 1, 2, 3, 5 and 6 and ESP Unit, the Rayong power plant and the power plants of EGAT, IPPs and small power producers ("SPPs") as well as industrial customers in the eastern and central regions of Thailand. We leverage the interconnection of the western and eastern components of our onshore pipeline system to flexibly manage gas sourced from the Gulf of Thailand and Myanmar's Gulf of Martaban to meet demand in both regions. We also operate a separate, shorter onshore pipeline which connects the Namphong and Phu Hom gas fields to EGAT's Namphong power plant. We are also constructing four onshore extension pipelines connecting Nakhon Ratchasima to Kaeng Khoi, Nakon Sawan to Kaeng Khoi, Kaeng Khoi to Bang Pakong and Bang Pakong to our GSPs in Rayong.

The following map shows our existing transmission pipeline network, including Myanmar's pipeline system connecting the Yadana and Yetagun fields to our pipeline system at the Thai-Myanmar border in Kanchanaburi province, as of June 30, 2012.



Set out below is a table of our existing major transmission pipeline infrastructure in Thailand.

Pipeline	Length (km)	Diameter (inch)	Capacity[1] (MMSCFD)	Starting Year	Description
Offshore Pipeline System					
Erawan to Rayong GSP (Main Pipeline)	415	34	850	1981	Main pipeline from Erawan Platform to GSPs in Rayong province.
Bongkot to Erawan (Main Pipeline)	171	32	635	1996	Main pipeline from Bongkot to Erawan Platform.
Erawan to Rayong GSP (Parallel Pipeline)	418	36	1,180	1996-1997	Parallel pipeline from Erawan Platform to GSPs in Rayong province.
Tantawan Field (the second pipeline)	54	24	300	1997	Spur pipeline from Tantawan field to the first parallel Erawan-Rayong pipeline.
Benchamas Field – the second pipeline	55	18	100	1999	Spur pipeline from Benchamas field to the first parallel Erawan-Rayong pipeline.
Pailin Field to Erawan Field	53	24	200	1999	Spur pipeline from Pailin field to the Erawan Field for connection to the Erawan-Rayong Main pipeline.
N. Pailin to existing Pailin Pipeline	10	24	300	2001	Spur pipeline from North Pailin field to Pailin central processing platform.
Arthit to Gas Separation Plant in Rayong province (Third Pipeline)	606	42	1,900[3]	2007	Third pipeline from Arthit to GSPs in Rayong province.
JDA to Arthit	95	42	1,000[3]	2008	Third pipeline connecting the JDA gas field to Arthit.
Erawan to Khanom Power Plant	161	24	210	1996	Pipeline from PRP to Khanom power plant in Khanom, Nakhon Si Thammarat province.

Pipeline	Length (km)	Diameter (inch)	Capacity[1] (MMSCFD)	Starting Year	Description
Onshore Pipeline System					
Rayong GSP to Bangpakong power plant (Main Pipeline)	104	28	540	1981	Main pipeline from GSPs in Rayong province to Bangpakong power plant.
Bangpakong power plant to South Pranakorn power plant (Main Pipeline)	57	28	n.a.[2]	1981	Main pipeline from Bangpakong power plant to South Pranakorn power plant in Samut Prakarn province.
Bangplee to Saraburi (Main Pipeline)	99	24	280	1981	Main pipeline from Bangplee Samut Prakarn province to Siam Cement Plc.'s cement plants in Saraburi province.
Namphong to Namphong Power Plant	3.5	16	140	1990	Pipeline connecting Namphong gas field to Namphong power plant in Khon Kaen province.
Rayong GSP to Bangpakong power plant (Parallel Pipeline)	105	28	660	1996	Parallel pipeline from GSPs in Rayong province to Bangpakong power plant.
Bangpakong to Wangnoi power plant (Parallel Pipeline)	101	36	860	1996	Parallel pipeline from Bangpakong plant, Chachoengsao province, to Wangnoi power plant in Ayudhya province.
Thai-Myanmar border to Ratchaburi power plant	238	42	1,300	1998	Pipeline starting from the gas delivery point at the Thai-Myanmar border to transmit natural gas from Yadana and Yetagun to Ratchaburi power plant in Karnchanaburi province.
Ratchaburi to Wangnoi Pipeline	154	30	330	2000	Pipeline from Ratchaburi gas metering station to Wangnoi gas metering station in Ayuthaya province.

Pipeline	Length (km)	Diameter (inch)	Capacity[1] (MMSCFD)	Starting Year	Description
Rayong GSP to Bangpakong (Third Pipeline)	110	36	1,200[3]	2006	Third pipeline from GSPs in Rayong to Bangpakong power plant.
Wangnoi power plant to Kang Koy power plant	72	36	510[1]	2006	Pipeline from Wagnoi power plant in Ayuthaya province to Kang Koy power plant in Saraburi province.
#RA6 Pressure Control Station to South Bangkok power plant	70	30	300[1]	2007	Pipeline from #RA6 Pressure Control Station to South Bangkok power plant in Samut Prakan province.
Pipeline to Chana power plant	8	20	250[1]	2007	Pipeline from the coast of Chana district, Songkhla province, to Chana power plant in Songkhla province.
Pipeline to North Pranakorn power plant	8	24	150[1]	2009	Pipeline from #RA6 Pressure Control Station – South Bangkok power plant to North Bangkok power plant in Nonthaburi province.

(1) Capacity amounts are for each pipeline and can vary depending on the composition of the gas.

(2) Capacity is not determined due to reverse flow.

(3) Maximum capacity after the installation of a compressor unit.

Natural gas that we purchase from the Gulf of Thailand is transmitted through our pipeline network through offshore platforms and either sent directly to our GSPs and combined with sales gas from GSPs at a common header facility. The resulting mixture of natural gas is then sent to customers who use it for electricity generation, industrial fuel and NGV.

Natural gas we purchase from Myanmar is transmitted from our pipeline at the Thai-Myanmar border directly to power producers, including the Ratchaburi power plant. LNG that we import via terminals at Map Ta Phut LNG Terminal, Thailand's only LNG receiving terminal, in Rayong province is also transmitted directly to power producers, such as EGAT, industrial users and NGV stations.

Our entire pipeline network is monitored and controlled from our Chonburi Operations Center using a computerized SCADA systems. The Chonburi Operations Center supervises the operations of seven regional operations centers, including one center focusing on offshore operations. Communications between the control centers and locations along the pipeline rely on technologies such as microwave, satellite telecommunication, ultra high frequency, or UHF, and very high frequency, or VHF, telecommunications, as well optic fiber cable. We are currently expanding our optic fiber cable network to cover our entire onshore and offshore pipeline network.

Gas Pipeline Master Plan III

In 2001 we established a multi-year, three-phase pipeline network expansion plan, called the Gas Pipeline Master Plan III (the "Plan"). We expect to complete the Plan in 2017. The original Plan and subsequent revisions made in response to updated market forecasts were approved by the Cabinet in 2001, 2003, 2005, 2007 and 2010. The latest revision of the Plan stipulated investment of Baht 199,672 million in 16 projects with the aim to raise the transmission capacity of the entire pipeline system to 7,680 MMSCFD. We have completed 10 of these 16 projects. To date, the Plan implementation has increased our network transmission capacity from 3,680 MMSCFD in 2001 to 4,380 MMSCFD as of June 30, 2012. Under the latest revision of the Plan, we intend to commission an offshore compressor in the fourth quarter of 2012 and our fourth onshore pipeline in the fourth quarter of 2013, increasing our pipeline capacity to 5,580 MMSCFD and 6,980 MMSCFD, respectively.

Trans Thai-Malaysia Gas Pipeline and Gas Separation Plant Project

The Trans Thai-Malaysia Gas Pipeline and GSP Project (the "TTM Project") was the result of a cooperative agreement entered into by the governments of Thailand and Malaysia in 1990 and subsequent establishment of two 50:50 joint-venture companies to build, own and operate the project: Trans Thai-Malaysia (Thailand) Co., Ltd. ("TTM (Thailand)"), registered in Thailand, and Trans Thai-Malaysia (Malaysia) Sdn. Bhd. ("TTM (Malaysia)"), registered in Malaysia. The Board of directors of TTM (Thailand) and TTM (Malaysia) each consists of six directors, three nominated by us and three by PETRONAS. The Chairman and CEO are nominated by us and PETRONAS on an alternating basis. See "— Gas Procurement — Principal Sources of Supply — MTJDA."

The TTM Project comprises a GSP in the Chana District, Songkhla province and offshore and onshore pipeline systems as follows:

- a GSP with a maximum capacity of 425 MMSCFD;
- a 34-inch, 267 km offshore pipeline to Songkhal with a maximum capacity of 1,020 MMSCFD;
- a 42 inch, 52 km A18-B17 pipeline to Rayong with a maximum capacity of 600 MMSCFD;
- a 36-inch, 107 km sales gas pipeline with a maximum capacity of 750 MMSCFD (98 km in Thailand and 9 km in Malaysia); and
- an 8-inch, 239 km LPG pipeline (98 km in Thailand and 141 km in Malaysia).

The following table sets forth services provided by TTM (Thailand) and TTM (Malaysia) as of June 30, 2012.

Service	Quantity as of June 30, 2012
Production of feed gas	545 MMSCFD
Delivery of sales gas	470 MMSCFD
Delivery of LPG	10,807 tons
Delivery of NGL	4,851 tons

Network Expansion

We continuously expand our gas transmission and distribution network. In 2011, we added 30 kilometers to our distribution network, resulting in 883 kilometers of distribution network covering 10 provinces. Our experience in the development, management and operation of our existing natural gas pipelines has enabled us to develop relatively advanced technologies and skills for long distance pipeline development and automated operational communications in Thailand. We believe that we may benefit from these technologies and skills in the future expansion of our natural gas pipeline networks and their ancillary facilities.

Our expansion projects generally require our board of directors' approval; require us to obtain domestic and foreign debt financing; and are subject to the approval of an environmental impact assessment report prior to commencement of construction. See "Risk Factors — Risks Relating to Our Business — Our development plans have significant capital expenditure and financing requirements, which are subject to a number or risks and uncertainties," "Risk Factors — Risks Relating to Our Business — Our business operations may be adversely affected by present or future product quality requirements and environmental regulations" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

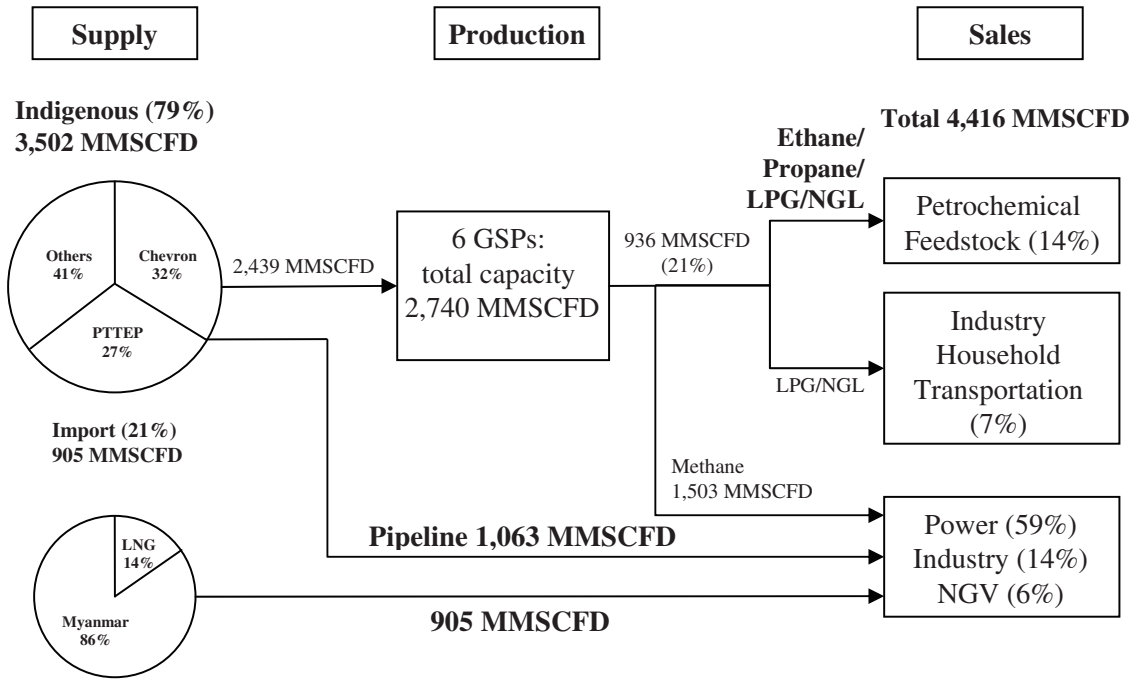
Gas Processing

We currently operate six GSPs, which separate natural gas into gas products, including LPG, ethane, propane and NGL. These plants currently have a combined processing capacity of approximately 2,740 MMSCFD. GSP Units 1, 2, 3, 5 and 6 are located in Map Ta Phut, Rayong province, while GSP Unit 4 is located in Khanom, Nakhon Si Thammarat province. GSP Unit 6 began production in 2011 to meet increased market demand.

The follow table sets forth details of the respective nameplate capacities and utilization rate for our gas separation plants.

Gas Separation Plant/Ethane Separation Plant	Nameplate Capacity (MMSCFD)	Utilization Rate during the six-month period ended June 30, 2012
Unit 1	350	103
Unit 2 and 3	750	100
Unit 4	230	73
Unit 5	530	104
Unit 6	800	86

During the first half of 2012, approximately 55.1% of the natural gas we purchased was processed at our GSPs. These plants produced gas products equal in volume to approximately 3.053 thousand tons in the first half of 2012. Approximately 62% of these plants' production is methane and 38% is products such as ethane, propane, LPG and NGL. Most of the later group of products is sold to our petrochemicals and refining business's refineries and petrochemical facilities, and the remainder is sold to non-affiliated refineries and petrochemical facilities and industrial, transportation industry and household users. We also sell LPG to end users through our oil business. We remix the remaining natural gas from our GSPs, which is predominately methane, with our gas from the Gulf of Thailand to be supplied, along with natural gas sourced from Myanmar and imported LNG, to power producers, industrial users and NGV stations. The following diagram summarizes our gas separation operations and how they integrate with our gas transmission operations.



Remarks: MMSCFD = Million Cubic Feet @ Heating Value 1,000 Btu/ft^3

The following table sets out the total volume of gas products produced at our GSPs and ESP for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2009	2010	2011	2012
	(KT)	(KT)	(KT)	(KT)
Product				
LPG[1]	2,332	2,271	2,777	1,395
Ethane	1,064	1,163	1,798	997
Propane	290	332	592	312
NGL[2]	368	355	448	240
Total	4,054	4,122	5,615	2,944

Source: PTT

(1) Excludes NGL from dew point control units.

(2) Includes NGL from dew point control units.

The following table sets out gas sales volumes from our various processed gas products and the percentage of total gas product sales volumes for each product for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2009	2010	2011	2012
	(KT)	(KT)	(KT)	(KT)
Product				
LPG[1]	2,547	2,533	2,840	1,424
Ethane	1,065	1,162	1,797	997
Propane	269	268	541	285
NGL[2]	523	537	647	346
Total	4,404	4,501	5,826	3,053

Source: PTT

(1) Includes sales of LPG in the amount of 190,942 KTA (in 2009), 212,098 KTA (in 2010) and 6,907 KTA (in 2011) that we purchased from petrochemical producers for resale.

(2) Includes NGL from dew point control units.

We have increased our gas separation capacity to meet expected demand for gas products. In 2011, we completed a debottlenecking project that increased the efficiency of GSP Unit 5 which increased its capacity from 545 MMSCFD to 570 MMSCFD. In addition, in July 2010, we commissioned our ESP, which increased the capacity of GSP Units 2 and 3 by 50 MMSCFD. In January 2011 we commissioned our GSP Unit 6, which increased our capacity by 800 MMSCFD. We expect to sell this increased production to PTTGC, which is planning to increase its capacity in 2012 through a debottlenecking plan. Increased ethane production will be used for the ethylene cracker of PTT Polyethylene Co., Ltd.

Gas Marketing and Distribution

During the first half of 2012, we sold approximately 30% of our natural gas sales volume to EGAT under direct sales agreements, approximately 29% directly to IPPs and SPPs mainly in the eastern and central regions of Thailand, approximately 14% to other end users in the industrial sector and approximately 6% to NGV stations. During the first half of 2012, our GSPs' sales volume comprised 47% LPG, 33% ethane, 11% NGL and 9% propane. These products were sold and transported through our pipeline system to petrochemical producers for use as feedstock or transported to our depots for further distribution.

The table below sets out the volume and percentage of natural gas we sold to our customers for the periods indicated.

	Year ended December 31,						Six months ended June 30,	
	2009		2010		2011		2012	
	(MM cf/d)[3]	(%)	(MM cf/d)[3]	(%)	(MM cf/d)[3]	(%)	(MM cf/d)[3]	(%)
Customers								
EGAT	1,100	30.8	1,344	33.3	1,146	27	1,308	30
IPPs	905	25.4	943	23.3	866	21	867	20
SPPs	456	12.8	475	11.8	485	12	417	9
Industrial[1]	504	14.2	628	15.5	783	19	889	20
Gas Separation Plants	599	16.8	650	16.1	867	21	915	21
Total	3,564[2]	100	4,040	100	4,147	100	4,396	100

Source: PTT

(1) Including sales of natural gas to PTT Natural Gas Distribution Co., Ltd. and sales in transportation sector.

(2) Excluding natural gas sales to CPOC (the operator of MTJDA-B17) for running exploration equipment on rig.

(3) Volume is calculated at a heat value of 1,000 btu/cf.

Sales to EGAT and Other Power Producers

Pricing

The price we charge EGAT, IPPs and SPPs for natural gas is comprised of two major components — a gas charge and a transmission tariff. The gas charge is equal to a pool gas price derived from the weighted average of prices we pay various natural gas producers, plus a customer-specific marketing margin. Our transmission tariff is comprised of a demand charge intended to recover our cost of investment in the transmission pipeline and fixed operating and maintenance costs and a commodity charge intended to cover our variable maintenance and operating costs. The gas price formula can be summarized as follows:

Total Gas Price	=	Gas Charge + Transmission Tariff
Gas Charge	=	Pool Price + Marketing Margin
Transmission Tariff	=	Demand Charge + Commodity Charge

In addition, under a July 25, 2000 Cabinet resolution, we are permitted to pass through a surcharge to gas customers to cover certain carrying costs for prepayments made to gas producers in Myanmar. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Natural Gas and Gas Product Prices."

Gas Charge

Pool Price. The pool price is the weighted average of prices we pay gas producers. The pool price mechanism establishes a common base price for the gas we sell to EGAT and private producers, allowing us to pass on changes in the gas purchase prices we pay gas producers.

Marketing Margin. The marketing margin, set as a percentage of the pool price, is intended to generate a return in excess of our cost of procuring and marketing our gas supply. We charge EGAT and IPPs a different marketing margin than we charge SPPs. The table below summarizes our current marketing margins, which are subject to price ceilings.

Customer Type	Marketing Margin
EGAT	1.75% of the pool price, but not exceeding 2.1525 Baht per MMbtu
IPPs	1.75% of the pool price, but not exceeding 2.1525 Baht per MMbtu
SPPs	9.33% of the pool price, but not exceeding 11.4759 Baht per MMbtu

Transmission Tariff

The transmission tariff is charged to our customers for the transportation of the natural gas and is comprised of a demand charge and commodity charge. The principles for the calculation of transmission tariffs were approved by NEPC on October 18, 2007.

Demand Charge. The demand charge is intended to cover our investment costs in the transmission pipeline (at an internal rate of return on equity approved by the Government at 18.0% for existing pipelines and 12.5% for new pipelines constructed under the Gas Pipeline Master Plan III or for existing pipelines whose useful lives have been extended), and our fixed operating and maintenance expenses. The demand charge for each customer is determined by the geographical location of the customer delivery point, categorized by zone. The transmission network is divided into five pipeline zones. Each pipeline zone has a different tariff charge:

- Zone 1, or the offshore pipeline system landing in Rayong, connects the gas fields in the Gulf of Thailand to our GSPs Units 1, 2, 3, 5 and 6 and the Zone 3 pipeline system.

- Zone 2, or the offshore pipeline system landing in Nakhon Si Thammarat, connects the Erawan platform in the Gulf of Thailand to Khanom district, Nakhon Si Thammarat province. At Khanom district, the pipeline system connects to our GSP Unit 4 and the Khanom power plant.

- Zone 3, or our onshore natural gas pipeline system, connects with the Zone 1 Pipeline at Rayong. Zone 3 serves our main customers including EGAT, IPPs, SPPs and industrial customers as well as our gas pipeline from the Yadana and Yetagun sources at the Thai-Myanmar border in Kanchanaburi.

- Zone 4, or our onshore pipeline system at Chana district.

- Zone 5, or our onshore pipeline system at Namphong district.

The following table sets out the coverage, demand charge approved by the ERC and customers for each zone in effect as of June 30, 2012.

Coverage		Demand Charge (Bt per MMbtu)	Customers
Zone 1	Offshore (Gulf of Thailand to Rayong province)	8.5899[1]	GSP Units 1, 2, 3 5 and 6
Zone 2	Offshore (Gulf of Thailand to Khanom district)	14.2177[1]	GSP Unit 4, Khanom power station
Zone 3	Onshore	12.0654[1]	EGAT's gas-fired power stations (excluding Namphong), IPPs and SPPs
Zone 4	Onshore at Chana district	2.4855[2]	Chana power plant
Zone 5	Onshore at Namphong district	under review by ERC[3]	Namphong power plant

Notes:

(1) Effective from April 1, 2009.

(2) Effective from June 2011.

(3) The provisional demand charge for Zone 5 is 2.2985 Bt. per MMbtu.

For customers located in Zone 3, the total demand charge equals the combined demand charge for Zone 1 and Zone 3, Baht 20.6553 per MMbtu, because the gas must pass through both zones to reach the delivery point. The majority of power plants owned and operated by EGAT and private power producers are located within Zone 3. The tariff amount is reviewed every five years by the regulator and may be adjusted to sustain our approved internal rate of return to account for significant changes in the energy value or volume of gas sold or increased investment in the pipeline network. See "Relationship with the Government and Regulatory Matters."

EGAT and IPPs pay a fixed amount of demand charge based on agreed monthly contract volumes, while SPPs pay a variable amount of demand charge according to the quantity of gas taken subject to a minimum amount.

Commodity Charge. The commodity charge is intended to cover our variable operating costs and maintenance expenses and is calculated by reference to the actual volume of gas purchased.

The following table sets out the coverage and commodity charge approved by the Energy Regulatory Commission for each zone as of June 30, 2012.

Coverage		Commodity Charge (Bt per MMbtu)
Zone 1	Offshore (Gulf of Thailand to Rayong province)	1.1575[(1)]
Zone 2.	Offshore (Gulf of Thailand to Khanom district)	1.1575[(1)]
Zone 3	Onshore	1.1575[(1)]
Zone 4	Onshore at Chana district	0.0804[(2)]
Zone 5	Onshore at Namphong district	under review by ERC [(3)]

Notes:

(1) Effective from July 2011.

(2) Effective from June 2011.

(3) The provision commodity charge for Zone 5 is 0.0000 Bt. per MMbtu.

EGAT Sales Agreement

Our basic agreement with EGAT executed on November 7, 1996 covers sales of natural gas until September 30, 2015. For the purposes of planning delivery of the gas, at least three months before each contract year we and EGAT must agree on the volume of gas expected to be delivered on each day of the following contract year. At least two months before the end of each quarter, we and EGAT jointly determine the total amount of gas to be delivered for each month (the monthly contract quantity) during such quarter, which cannot vary by more than 5.0% from the sum of the daily contract quantities for that month. We invoice EGAT by the thirteenth day of each month for gas purchased and delivered during the previous month.

If EGAT intentionally fails to take its agreed minimum monthly contract quantity of natural gas from us because it has used substitute fuel to generate electricity or has purchased electricity from other power producers, EGAT must pay a penalty to us in an amount equal to 50.0% of the gas charge for gas not taken. EGAT is not entitled to receive take-or-pay gas in future periods and we may sell the contracted amount not taken to other customers. If we fail to deliver to EGAT its daily contracted amount of natural gas because we have sold it to other customers, we will be liable to EGAT for compensation at the rate of 50.0% of our gas charge in respect of the amount not supplied, or if we fail to deliver natural gas at the agreed upon quality and EGAT refuses to accept the relevant amount of natural gas, we are liable to EGAT for compensation at a rate of 25.0% of our gas charge for the natural gas.

IPP Program Gas Sales Agreements

Sales to IPPs were 905 MMSCFD in 2009, 943 MMSCFD in 2010, 866 MMSCFD in 2011 and 890 MMSCFD in the first half of 2012. Much of the increase in 2010 can be attributed to commencement of commercial operation by IPPs covered by EGAT's IPP Program, while decreases in 2011 can be attributed to flooding in Thailand during that year.

Under the IPP Program, which was developed by the Government to promote the production of electricity from natural gas and to secure a steady supply of electricity to meet the country's needs, EGAT has entered into long-term contracts with certain IPPs for the

purchase of electricity. We enter into gas sales agreements with individual IPPs, and we and EGAT entered into a Master IPP Program Gas Sales Agreement which details the minimum quantities that EGAT agrees to accept on behalf of each IPP. Pursuant to the Master IPP Program Gas Sales Agreement, the quantity of gas to be purchased by each IPP in each contract year is determined according to the amount of gas required to achieve the production of such IPP's contractual capacity and contractual available hours under its power purchase agreement with EGAT.

As a condition of the power purchase agreements between the IPPs and EGAT, the IPPs are obligated to purchase sufficient quantities of natural gas to meet their electricity production requirements under the agreement. As of June 30, 2012, we had entered into nine gas sales agreements to supply a total maximum IPP capacity of 1,851 MMSCFD to IPPs, seven of which have begun taking our gas and two of which are expected be in operation by 2014.

Under a Master IPP gas sales agreement, EGAT has a minimum take-or-pay liability, pursuant to which it is obligated to pay us for gas not taken by the IPP under each IPP's individual gas sales agreement with us, provided that if a particular IPP cannot take delivery of its minimum quantity specified then EGAT may redirect such gas to another IPP or to another EGAT power plant, as specified in the applicable contract between us and the IPP. When EGAT has paid a minimum take liability to us for a contract year, EGAT shall have the right to subsequently take the prepaid gas from us in any of the five succeeding contract years, after the IPPs and EGAT have fulfilled their annual minimum contract quantities for any such contract year.

Under the Master IPP gas sales agreement, EGAT's right to take-or-pay gas is extinguished if the gas sales contract expires or if the gas is not taken within the five succeeding contract years. When the volume of gas taken by all the IPPs in a given contract year is in excess of the sum of all the annual contract quantities, EGAT may carry forward such excess amounts to satisfy annual minimum contract quantity requirements for subsequent years, subject to certain limitations. This Master IPP Gas Sales Agreement will continue until the termination of all power purchase agreements between EGAT and IPPs.

Also under the IPP Program, we have signed two gas sales agreements in respect of the Ratchaburi Power Plant. The first agreement is the Ratchaburi Master Gas Sales Agreement between us and EGAT, in which EGAT agrees to accept a minimum take liability of natural gas for the Ratchaburi Power Plant. EGAT has the right to obtain prepaid gas from us for the Ratchaburi Power Plant or redirect such prepaid gas to other power plants, as stipulated in the agreement, for an indefinite period. In the event that the power plant cannot take the contracted quantity, EGAT can choose to redirect the natural gas to either the Wangnoi Power Plant or the South Bangkok Power Plant. The second agreement, signed between us and Ratchaburi Electricity Generating Plc., is a 25-year gas purchase agreement with terms and conditions similar to those of other IPPs.

Sales to Small Power Producers

In 2011, sales to SPPs increased by 5.2% compared to 2010. Our agreements with SPPs are standard form long-term agreements requiring each SPP to purchase a minimum quantity of natural gas. This take-or-pay obligation is equal to 85% of an annual contract quantity, which may be adjusted based on negotiations between us and the SPP, but which amount may not deviate more than 15% each year it is adjusted, and which in any event may not be less than the volume of natural gas required for SPP's power sales to EGAT. Prepaid gas must be taken within the two following years, so long as the required minimum quantity of gas has been taken in such year. As of June 30, 2012, we had gas sales agreements with 32 SPPs, 20 of which have begun taking our gas.

Sales to Industrial Customers

Our gas sales agreements with industrial customers generally are for five-year terms. Each agreement specifies the contracted amount to be delivered by us, however customers have the flexibility to adjust the volume by 15% per year.

Our industrial customers include ceramic companies, metal work and glass work manufacturers, petrochemical products manufacturers, refineries and other industrial customers. During the first half of 2012, we had approximately 310 industrial customers, which accounted for approximately 10% of our natural gas demand. The price we charge our industrial customers for gas is based on the quantity of gas taken by industrial customers in each month and the capacity charged and the market price they would have to pay for alternative fuel sources, principally fuel oil.

Sales of Natural Gas Products

In addition to our gas sales, we also sell various gas products from our GSPs to the petrochemical industry and other industries. We sell ethane for use as feedstock by PTTGC to produce ethylene and propane, used to produce propylene. LPG, which is a mixture of propane and butane, is used as household cooking gas, as automotive and industrial fuel and as a feedstock to produce olefins. NGL, which is mixed as gasoline, serves as feedstock for petrochemical producers and the solvent industry, and is also exported to the naphtha market. Carbon dioxide is used to make dry ice, artificial rain and fire extinguisher chemicals, and also in the iron molding and welding industry, the beer and soft drink industry and the food preservation industry. The sales prices for ethane, propane and LPG used as feedstocks are calculated generally according to a profit and loss sharing formula that takes into account the price of natural gas, conversion costs at our GSPs and petrochemical plants and the published reference price of petrochemical products. The sale price for LPG sold in the domestic market through our oil business must not exceed the regulated retail price set by the Government.

The sale price for NGL is based on the international market price of naphtha. As of June 30, 2012, we had entered into 19 gas sales agreements for processed gas products from our GSPs.

NGV service stations and sales

To promote the use of natural gas as an alternative fuel for the transportation sector, we began serving NGV for buses operated by Bangkok Mass Transit Authority in 1993. The NGV market has grown since then. As of June 30, 2012, there were approximately 328,633 natural gas vehicles in Thailand, up from 300,581 units as of December 31, 2011, from 225,668 units as of December 31, 2010 and from 162,023 in 2009. As of June 30, 2012, there were 477 NGV service stations comprising 241 stations located in Bangkok and the vicinity and 236 stations located in other provinces. The average quantity of NGV sold during the first half of 2012 was approximately 271 MMSCFD. In response to the limited pipeline infrastructure for NGV, we have established liquid NGV stations in remote areas far from the natural gas pipeline and are introducing compressed biomethane gas in certain areas as a an alternative fuel.

As of June 30, 2012, there were 477 NGV service stations. Of these, 389 were directly owned by PTT and 88 were owned by independents. These services stations covered 53 provinces. The use of natural gas in the transportation sector to replace gasoline and diesel rose from 9.2% in 2011 to 10.5% in 2012. However, PTT commenced an NGV price adjustment of Baht 0.50 per kilogram per month beginning January 16, 2012 and ending December 31, 2012 and has issued discount credit cards to all public transport vehicles, under the ERC's ruling of September 30, 2011. If this NGV price adjustment scheme is successful, PTT's NGV sales deficit per unit will gradually drop.

We actively market green technology products such as biofuels as alternatives to gasoline and diesel. Our sales volume includes gasohol and biodiesel, alternatives to regular gasoline and diesel fuel that use agricultural crops as a source of feedstock. Our market share in Thailand of Gasohol E85 and biodiesel B4 in 2011 were 41.6% and 32.6%, respectively.

We intend to dispose of below standard service stations and renegotiate unfavorable dealer agreements while gradually increasing the current number of retail service stations.

Our domestic pricing structure for NGV is regulated by the Government's policy to encourage the use of an alternative fuel in the transport sector so as to mitigate an impact arising from the continuous increase in global oil prices. See "Risk Factors — Risks Relating to Our Business — Government intervention in our pricing decisions may adversely affect our business."

Other gas businesses

PTT Natural Gas Distribution Co., Ltd.

We currently own 58% of PTT Natural Gas Distribution Co., Ltd. ("PTT NGD"), which owns and operates a natural gas pipeline distribution network connected to our transmission pipeline, which supplies natural gas to customers located in industrial areas in the Bangkok Metropolitan area and nearby provinces. Suez-Tractebel S.A. of Belgium and CPB Equity Co., Ltd. own the remaining interest in PTT NGD.

We supply all natural gas required by PTT NGD under a ten-year term sales agreement. The price we charge PTT NGD for natural gas is comprised of a gas charge, a transmission tariff and a marketing margin. We also assist PTT NGD in procuring land as well as the rights to use land to construct the natural gas pipeline distribution network of PTT NGD.

PTT NGD currently supplies natural gas to the following 11 industrial areas: Bangpoo Industrial Estate, Bangpoomai Industrial Area, Bangplee Industrial Estate, Ladkrabang Industrial Estate, Rangsit Industrial Area, Rojana Industrial Park, Nava Nakorn Industrial Estate, Teparak Industrial City, Bang Pa-in Industrial Estate, Bangkadi Industrial Park and Hemaraj Eastern Seaboard Industrial Estate. PTT NGD began selling natural gas to industrial customers in 1997. Gas sales agreements entered into by PTT NGD and its customers have term ranging from five to seven years. The price PTT NGD charges its customers is based on the market price they would have to pay for alternative fuel sources, principally fuel oil or LPG. Its sales volume in the year ended December 31, 2011 and the first half of 2012 averaged 44.66 MMSCFD and 37.83 MMSCFD of natural gas, respectively.

The following table sets forth PTT NGD's sales volume for the periods indicated.

	Year ended December 31,		Six months ended June 30,
Refined Petroleum Products	**2010**	**2011**	**2012**
Volume (MMSCFD)	44.72	44.66	37.83
Number of Customers	197	211	220

PTT NGD expanded its channel for sales of natural gas by co-venturing (holding 80% of shares) in Amata Natural Gas Distribution Co., Ltd. to construct a natural gas pipeline distribution network for customers in Amata Industrial Estate and Amata City Industrial Estate.

PTT LNG Co., Ltd.

Our subsidiary PTT LNG operates a LNG receiving terminal with LNG re-gasification and storage services and a capacity of 5 million tons per year. The receiving terminal began commercial operation in September 2011 and had received 22 cargos as of September 19, 2012. PTT LNG provides services in relation to and manages the operations and maintenance of the facility's jetty, LNG storage terminal and re-gasification plant, and charges users throughput and service fees. PTT LNG's LNG storage terminal is a key part of our strategy to grow our business and diversify our sources of petroleum. Its terminal provides access to natural gas that has been discovered abroad, usually during the search for oil, and converted to a liquid state to facilitate transport in special purpose ships. Its terminal stores or converts the LNG to natural gas through a re-gasification process for domestic distribution. We leverage the LNG receiving terminal to increase Thailand's alternative energy supply sources, enhance supply reliability and preserve existing indigenous gas reserves. We have entered into a 40-year terminal use agreement with PTT LNG.

PTT LNG intends to expand the capacity of its LNG receiving terminal from five million tons per year to ten million tons per year by 2016.

Investments in Power Businesses

To create additional value from our natural gas supply chain, in 2010 and 2011 we increased our exposure to the power business by investing in nine power projects.

District Cooling System and Power Plant Co., Ltd.

We, together with our joint venture partners EGAT and the Metropolitan Electricity Authority ("MEA"), own and operate the District Cooling System and Power Plant Co., Ltd. ("DCAP") to generate and supply electricity and chilled water to Suvarnabhumi Airport. DCAP is owned 35% by us, 35% by EGAT and 30% by MEA. The cooling system and power plant were constructed in 2005 at a total cost of Baht 5,096 million. As of June 30, 2012, DCAP's registered capital was Baht 1,670 million.

DCAP's project to generate and supply electricity and chilled water to Suvarnabhumi Airport creates value through natural gas by generating electricity using natural gas as fuel. The heat produced generates steam, which can then be used to generate additional electricity. The remaining steam is used in the production of chilled water to be used in air conditioning systems.

DCAP has the following utilities production units:

- cogeneration power plant with a combined cycle power generating of 95 MW in aggregate;
- steam absorption chiller with a chilled water production capacity of approximately 21,300 refrigerant tons ("RT");
- electric chiller with a chilled water production capacity of approximately 13,000 RT; and
- an 8-inch gas pipeline of 2 km from our gas transmission pipeline located along King Kaew — Lad Krabang road to Suvarnabhumi Airport with a transmission capacity of 25 MMSCFD.

DCAP started generating and selling electricity to buildings located in Suvarnabhumi Airport on March 15, 2006. On October 13, 2009, the Cabinet approved the expansion of DCAP's power generating capacity by an additional 45 MW to 95 MW by 2012. DCAP has installed a replacement for its gas turbine no. 1 that began its commercial operation in April 2012; replacement of gas turbine no. 2 is scheduled for completion in December 2012.

DCAP uses natural gas as fuel in generating electricity and chilled water. We supply all natural gas required by DCAP under 25-year term gas sales agreements with a minimum daily quantity of 7 MMSCFD.

DCAP sells 50 MW of electricity to the Airports of Thailand Plc. ("AOT") under a power purchase agreement. DCAP sells an aggregate of 12,500 RT of chilled water to AOT's passenger terminal, airport operation building and airport information management system at Suvarnabhumi Airport under a chilled water sales agreement.

DCAP sells 6,600 RT of chilled water and 8.6 ton/hr. of steam to a catering building of Thai Airways International Plc. DCAP sells an aggregate of 1,500 RT of chilled water and 2 ton/hr. of steam to Suvarnabhumi Airport Hotel Co., Ltd.

PTT Utilities Co., Ltd. ("PTTUT")

PTTUT was established on July 13, 2004 to construct a power generation and steam facility to sell utilities to the company's shareholders, their associates, and nearby plants. We hold a 40% equity interest and our associate PTTGC holds a 60% interest in PTTUT.

PTTUT constructed and expanded a power generation and steam and demineralized water project to meet the increasing demand from the PTT Group and other customers. PTTUT is now in the process of amalgamation with Independent Power (Thailand) Company Limited ("IPT"), which is 24% owned by Thaioil; it is expected to register as a new company at the Ministry of Commerce by January 2013. The following table sets forth PTTUT's power generating and steam production expansion plan in respect of each central utility plant ("CUP") located in various industrial estates.

CUP	Location	Customer	Power generation capacity (MW)	Steam production capacity (ton/hr.)	Dematerialized water production capacity (m^3/hr)
CUP-1	Eastern Hemraj Industrial Estate	PTTGC, other petrochemical plants in PTT Group and other customers	225	890 (including HRSG Supplementary Firing)	540
CUP-2	Next to RIL Industrial Estate	PTTGC, EGAT and other petrochemical plants in PTT Group	113	330 (including HRSG Supplementary Firing)	140
CUP-3	Eastern Hemraj Industrial Estate	PTTGC, other petrochemical plants in PTT Group and other customers	–	280	170
Total			338	1,500	850

Note: The capacity stated above is the maximum capacity of each engine.

CUP-1 was constructed in 2004 and started providing utility services from June 2006. As of June 30, 2012, CUP-1 has 6 units of gas unit turbine generators ("GTG") and heat recovery steam generators ("HRSG"), one auxiliary boiler unit with a capacity of 50 ton/hr., a electricity generation capacity of 225 MW, a total steam production capacity of 470 ton/hr. (890 ton/hr including HRSG supplementary firing) and a demineralized water production capacity of 540 m^3/hr. Phase 6 of the CUP-1 project was developed to construct GTG/HRSG units 5 and 6, which were completed and installed into the system in February 2010 and April 2010, respectively.

CUP-2 has 2 units of GTG and HRSG, one auxiliary boiler unit with a capacity of 50 ton/hr., one steam turbine generator unit, an electricity generation capacity of 113 MW, a total steam production capacity of 170 ton/hr. (330 ton/hr including HRSG supplementary firing), a demineralized water production capacity of 140 m^3/hr and clarified water production capacity of 360 m^3/hr. The construction of CUP-2 was completed and its production of steam was commenced in February 2008. The sales of electricity to EGAT began in January 2009.

CUP-3 has three units of auxiliary boilers (comprising one unit with a capacity of 140 ton/hr. and two units with a capacity of 70 ton/hr. each), a power substation, a demineralized water production capacity of 172 m^3/hr., a total steam production capacity of 280 ton/hr. The installation of the auxiliary boiler with a capacity of 140 ton/hr. was completed in May 2009 and the auxiliary boiler started to deliver steam to customers in June 2009. The installation of two units of auxiliary boilers with a capacity of 70 ton/hr. each was completed in December 2009 and the two auxiliary boilers were brought into the system in January 2010.

PTTUT uses natural gas as fuel in the generation of electricity and the production of steam. PTTUT sources all of its required natural gas from us under a 15-year gas sales agreement.

The following table sets forth PTTUT's utility units constructed to meet the demand of customers, especially, PTT's petrochemical plants.

Year	Sales
2006.	– Ethylene oxide and ethylene glycol plants of TOC Glycol Co., Ltd.
	– Air separation plant of MIG Production Co., Ltd.
2007.	– Aditya Birla Chemicals (Thailand) Limited
	– Ethoxylate plant of Thai Ethoxylates Co., Ltd.
2008.	– Ethanolamines plant of Thai Ethanolamines Co., Ltd.
	– Methyl ester and fatty alcohol plants of Thai Oleochemicals Co., Ltd.
	– Cumene/phenol plants of PTT Phenol Co., Ltd.
	– Aromatics Plant No.2 of PTTGC
2009.	– Choline chloride plant of Thai Choline Chloride Co., Ltd.
	– Ethylene cracker, Linear low density/Low density Polypropylene of PTT Polyethylene Co., Ltd. ("PTTPE")
	– Pure Biodiesel Co., Ltd.
	– PDH Plant of HMC Polymers Co., Ltd.
	– Laboratory service Center (At Map Ta Phut Industrial Estate) of PTTGC
2010.	– AN/MAA/PMMA plant of PTT Asahi Chemical Co., Ltd.
	– BPA plant of PTT Phenol Co., Ltd.
	– PTT Polymer Logistics Co., Ltd. ("PTTPL")
	– Bangkok Industrial Gas Co., Ltd.

PTTUT entered into power purchase agreements to supply 40 MW and 60 MW of electricity on a non-firm basis with EGAT in respect of CUP-1 and CUP-2, respectively. The initiation of commercial operation dates are September 2010 and January 2009 in respect of CUP-1 and CUP-2, respectively.

Independent Power (Thailand) Company Limited

As of June 30, 2012, IPT has registered and paid-up capital of Baht 1,771 million. We are holding 20% of the shares of IPT prior to its anticipated merger with PTTUT in January 2013. IPT was established to engage in the generation and distribution of electricity in the IPP category. IPT has a natural gas fired combined-cycle power plant with a power generating capacity of 700 MW. The commercial operation of the power plant began August 2000.

IPT sources all of its required natural gas from us under a 25-year gas sales agreement. IPT sells all of its electricity to EGAT under a 25-year power purchase agreement.

Ratchaburi Power Co., Ltd. ("RPCL")

As at September 18, 2012, RPCL had a registered and paid-up capital of Baht 7,325 million. PTT holds 15% of shares in RPCL. RPCL was established to engage in the generation and distribution of electricity for EGAT in the IPP category. RPCL has two units of natural gas fired combined-cycle power plant with a generating capacity of 700 MW each. RPCL commenced the commercial operation of units 1 and 2 power plants in March 2008 and June 2008, respectively.

RPCL uses natural gas as its fuel in the production of electricity. RPCL sources all of its required natural gas from us under a 25-year gas sales agreement at a quantity of 280 MMSCFD. RPCL sells all of its electricity produced to EGAT under a 25-year power purchase agreement.

Thaioil Power Co., Ltd. ("TP")

As of September 18, 2012, TP has registered and paid-up capital of Baht 2,810 million. We hold 26% of shares in TP. TP engages in the generation and distribution of electricity and steam in the SPP category. TP has a cogeneration power plant with a generating capacity of 118 MW and a steam production capacity of 168 ton/hr. TP began its commercial operation April 1998. TP also holds 56% of shares in IPT.

TP sources all of its required natural gas from us under a 25-year gas sales agreement. TP sells 41 MW of the electricity produced to EGAT under a 25-year power purchase agreement. The remaining electricity is sold to a customer in Thaioil's group of companies. TP sells its steam production of 168 ton/hr. to a customer in Thaioil's group of companies.

Combined Heat and Power Producing Co., Ltd. ("CHPP")

Our subsidiary CHPP was established to operate a combined heat and power project to generate electricity and chilled water for the Government Complex Commemorating His Majesty. CHPP is in the process of concluding the conceptual engineering design for the combined heat and power project for Energy Complex Co., Ltd.

CHPP's power generating unit uses natural gas as fuel and has two gas turbine generator and gas compressor units with a generating capacity of 9.2 MW. Chilled water production unit has a total capacity of 12,000 RT.

CHPP sources all of its required natural gas from us under a ten-year gas sales agreement. CHPP sells 6.4 MW of the electricity produced to MEA under a five-year power purchase agreement.

B.Grimm BIP Power Co., Ltd. ("B.Grimm BIP")

We hold 23% of shares in B.Grimm BIP, a joint venture between PTT, B.Grimm Power and Bangkadi Industrial Park Co., Ltd. B.Grimm BIP was established to develop a combined heat and power plant with a generating capacity of approximately 118 MW and chilled water production capacity of 3,400 RT. B.Grimm BIP planned to construct the power plant during the period between the second quarter of 2012 and 2014. The commercial operation of the power plant is expected by the end of the second quater of 2014.

B.Grimm BIP sources all of its required natural gas from us under a 25-year gas sales agreement. B.Grimm BIP will sell 90 MW of the electricity produced to EGAT and the remaining electricity to other customers in Bangkadi Industrial Park. B. Grimm BIP will sell chilled water to customers in Bangkadi Industrial Park.

Nava Nakorn Electricity Generating Company Limited ("NNEG")

We hold 30% of shares in NNEG, a joint venture between us, Ratchaburi Electricity Generating Holding Plc. (with 40% shares) and Nava Nakorn Plc. (with 30% shares). NNEG was established to develop a combined heat and power plant and distribution of electricity for EGAT in the SPP category with a generating capacity of approximately 127 MW and steam production capacity of 15 ton/hr. NNEG plans to construct the power plant beginning the first quarter of 2014 with commercial operation expected in the third quarter of 2016.

NNEG sources all of its required natural gas from us under a 25-year gas sales agreement. NNEG will sell 90 MW of its electricity to EGAT and the remainder, along with steam, to industrial users in Nava Nakorn Industrial Promotion Zone.

Bang Pa-In Cogeneration Limited ("BIC")

We hold 25% of shares in BIC, a joint venture between us, CH. Karnchang Plc. (with 46% shares), Bangpa-in Land Development Co., Ltd. (with 19% shares), Industrial Estate Authority of Thailand (with 8% shares) and a minority shareholder (with 2% shares). BIC was established to develop a combined heat and power plant and distribution of electricity for EGAT in the SPP category with a generating capacity of approximately 119 MW and steam production capacity of 20 ton/hr. BIC began construction of its power plant in 2011 with commercial operation expected in June 2013.

BIC sources all of its required natural gas from us under a 25-year gas sales agreement. BIC will sell 90 MW of the electricity produced to EGAT and the remainder, along with steam, to industrial users in Bang Pa-In Industrial Park.

Oil Business

Overview

Our oil business primarily engages in the marketing and distribution of quality petroleum products such as fuel oil, diesel, gasoline, kerosene, aviation fuel, LPG, lubricating oils and asphalt through retail and export channels.

Our commercial operations include marketing and distributing fuels, lubricant products and related petroleum products to EGAT and other government agencies, state enterprises, industries, commercial airliners, transport vessels, fishing vessels, LPG-bottling plants, retail LPG outlets, and product exporters, along with supplementary services such as oil storage services and equipment, supplementary facilities and energy efficiency and safety advisory services. on energy efficiency and safety.

Our retail operations include marketing and distributing fuels and lubricant products through our network of over 1,335 service stations in Thailand, including 146 PTT branded services stations and internationally. Our service stations have been upgraded and modernized with our Jiffy brand convenience stores, our Café Amazon brand coffee shops, restaurants and food shops, lube oil services and car washes, as well as banking services and commercial markets. Our retail stations constituted 38% of the domestic market by volume as of June 30, 2012, according to the Department of Energy Business. We sell our petrochemical products in the Thai packaging, automotive and construction industries. We are increasing retail marketing and sales of non-oil products as part of our diversification strategy as well, through expanding our convenience store business and investment in malls.

Another domestic sales channel includes Article 7-classified customers, which are retail companies that re-sell petroleum products in quantities in excess of 100 MML per year. Our oil business also invests in petroleum storage services and bio-fuel R&D, such as research of alternative fuels containing bio-ethanol.

For the years ending December 31, 2010 and 2011 and the first half of 2012, sales revenue of our oil business (including associates and joint ventures) was Baht 480,700 million, Baht 558,524 million and Baht 309,497 million, respectively. For the same periods, oil business EBIT was Baht 9,717 million, Baht 10,781 million and Baht 8,203 million, respectively.

Marketing of Petroleum Products

We purchase refined petroleum products in Thailand from our five associate refining companies: 49%-owned PTTGC, 49%-owned Thaioil Plc. ("Thaioil"), 39%-owned IRPC Plc. ("IRPC"), 36%-owned Star Petroleum Refining Co., Ltd. ("SPRC") and 27%-owned Bangchak Petroleum Plc. ("Bangchak"). Companies in our petrochemicals and refining business's refining segment produce a full range of refined petroleum products, such as gasoline, LPG and lubricating oil, which we sell to commercial and retail markets in Thailand and abroad. In 2011, our oil business had sales of approximately Baht 558,524 million, of which approximately 30.75% were sales to commercial customers and approximately 39.6% were to retail customers. We currently own and operate an extensive refined product storage network, with an aggregate capacity of approximately 1,421 million liters, which facilitates our market for refined petroleum products throughout

Thailand and internationally. Approximately 97.3% of our oil business's sales were sales to domestic customers and approximately 2.7% were sales abroad. Our oil business purchases off-take from our associate refineries primarily for on-sale to the domestic market, while our international trading business purchases off-take primarily in relation to its export and international trading business.

In addition to selling through commercial and retail channels, we sell refined petroleum products to customers who act as resellers of these products, usually on a spot basis at a published reference price plus an industry standard margin. We sell LPG at a price which is controlled by the Government and subsidized through the Oil Stabilization Fund.

We also sell refined petroleum products internationally through our oil business's international marketing department, our oil business's subsidiaries, and interests of companies in our petrochemicals and refining business throughout Southeast Asia. We sell lubricating oils to various countries including in China, the Philippines, Vietnam, Malaysia, Cambodia, Myanmar, Laos, Hong Kong, South Korea, Japan, New Zealand, Lebanon, India, Bangladesh and Greece. We sell LPG in China, the Philippines, Vietnam, Malaysia, Myanmar and Laos. The following information highlights some of our current international marketing and trading operations by country:

- *Republic of the Philippines.* We operate in the Philippines through PTT Philippines Trading Corporation and PTT Philippines Corporation. As of June 30, 2012, we owned 63 service stations in the Philippines and intend to increase that number to 121 service stations by 2016.

- *Socialist Republic of Vietnam.* We engage in the LPG cooking gas business through a joint venture with Petro Vietnam Gas Co., Ltd. under the name of Vietnam LPG Co., Ltd., in which we hold a 45% equity interest.

- *Malaysia.* We have expanded our LPG business in Northern Malaysia through a joint venture with Keloil Bottling Sdn. Bhd. under the name of Keloil-PTT LPG Sdn. Bhd. We have a 40% interest in this subsidiary which sells LPG primarily to wholesale customers.

- *Kingdom of Cambodia*. Through PTT Cambodia Co., Ltd. we provide receiving, storage and distribution services at Ream Oil Terminal in Kampongsom, jet fuel into-plane services at Phnom Penh and Siem Reap International Airports and high speed diesel, fuel oil and lubricants to the Cambodian industrial sector. As of June 30, 2012, we had 14 services stations in Cambodia and intend to increase that number to 40 service stations by 2016.

- *Laos.* Through PTT (Lao) Co., Ltd., we supply petroleum products and LPG to oil/jet fuel companies and LPG bottlers in Laos and manage a company with changes in petroleum retail and wholesale business. As of June 30, 2012, we owned 20 service stations in Laos and intend to increase that number to 50 service stations by 2016.

- *Myanmar.* Most of the products we sell in Myanmar are sold to both government and private sector entities by the international marketing department of our oil business. We are planning to establish a subsidiary in Myanmar soon.

Market Share

In terms of sales volume, we believe we operate the largest marketing and distribution system for refined petroleum products in Thailand. According to MOEN, our share of the domestic market for refined petroleum products, including the market share of PTTRM and fuel oil sales to EGAT, but excluding lubricants, was approximately 38.7% in 2011. The total volume of our sales of refined petroleum products was approximately 16.25 billion liters, including approximately 0.45 billion liters of fuel oil sold to EGAT. Excluding fuel oil sold to EGAT, we had a 38.0% market share in terms of sales volume for refined petroleum products in Thailand in 2011, according to the MOEN. In the first half of 2012, sales excluding sales to EGAT totaled approximately 8.18 billion liters, representing a 37.2% market share, while including EGAT totaled 8.54 billion liters, representing a 38.2% market share each in terms of sales volume of refined petroleum products. During the years ended December 31, 2009, 2010 and 2011, and during the first half of 2012, sales of fuel oil to EGAT have increased as a percentage of our total sales revenue. The following table sets out PTT's sales volume, revenue and market share by sales volume (not including subsidiaries, joint ventures, and associates) for all refined petroleum products for the periods indicated.

	Year ended December 31,		Six months ended June 30,
Refined Petroleum Products	**2010**	**2011**	**2012**
Sales Volume (million liters)[1]			
Excluding fuel oil sold to EGAT	20,571	21,240	11,182
Including fuel oil sold to EGAT	20,773	21,687	11,542
Sales Revenue (million Baht)			
Excluding fuel oil sold to EGAT	451,374	529,487	288,895
Including fuel oil sold to EGAT	454,606	539,494	297,566
Market Share by Volume (%)[2]			
Excluding fuel oil sold to EGAT	37.01	38.03	37.20
Including fuel oil sold to EGAT	37.32	38.69	38.17

Source: PTT, except for market share data from the MOEN

(1) Includes both of Domestic and International volume of fuel oil, diesel, gasoline, kerosene, aviation fuel, LPG, lubricating oils and asphalt, but excludes LPG sold to the petrochemical industry as feedstock.

(2) Includes LPG sold to the petrochemical industry as feedstock, but excludes lubricating oils and asphalt.

The following table sets out our market share by sales volume for all refined petroleum products for the periods indicated.

Refined Petroleum Products	Year ended December 31, 2009	2010	2011	Six months ended June 30, 2012
LPG[1]	38.6%	40.4%	39.7%	38.8%
Gasoline	35.6%	36.3%	37.6%	37.6%
Kerosene	28.4%	50.3%	64.3%	66.5%
Commercial jet fuel (Jet A-1)	27.0%	29.2%	31.6%	33.9%
Military jet fuel (JP-5, JP-8)	100.0%	100.0%	100.0%	100.0%
Avgas	100.0%	100.0%	100.0%	100.0%
High-speed diesel	33.6%	34.8%	36.1%	34.4%
Low-speed diesel	51.7%	57.9%	63.8%	64.8%
Fuel oil (excluding fuel oil sold to EGAT)	36.4%	37.7%	37.6%	39.1%
Lubricating products[2]	38.6%	40.4%	39.7%	38.8%
Market Share				
Excluding fuel oil sold to EGAT	35.4%	37.0%	38.0%	37.2%
Including fuel oil sold to EGAT	35.7%	37.3%	38.7%	38.2%

Source: Department of Energy Business

(1) Excluding LPG sold to petrochemical industry.

(2) Excluding base oils.

Petroleum Products Procurement

We procure approximately 74% of our petroleum products, by value, from our five associate refineries in our petrochemicals and refining business and approximately 24% of our petroleum products as LPG from GSP and PTTEPS. Our offtake contracts with these refineries generally require us to pay for a minimum quantity of product offtake each year, even if we do not take delivery of such minimum quantity, while allowing us to purchase an amount of product greater than our minimum offtake obligation up to a specified maximum. In certain of these agreements, our minimum offtake obligation may be reduced if the refinery's production capacity decreases below a certain specified percentage. Many of these agreements, in addition to specifying our annual minimum offtake obligations, also specify quarterly or monthly minimum offtake obligations. Our rights and obligations under these agreements, as well as those of these refineries, may not be assigned without the prior written consent of the other party. See generally "— Petrochemicals and Refining Business — Refining."

We procure approximately 2% of our petroleum products, by value, from non-associate suppliers, such as Thai Lube Base and ESSO.

Petroleum Marketing Segments

We market refined petroleum products through four sales segments: retail, commercial and reseller sales and the lube oil segment.

The following table details our petroleum product sales by customer for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2009	2010	2011	2012
	(Bt. Millions)	(Bt. Millions)	(Bt. Millions)	(Bt. Millions)
Retail	159,660	188,871	213,865	115,555
Commercial				
– Government	17,941	21,091	27,241	18,709
– Industrial	25,679	33,368	34,635	19,725
– Aviation and Marine	38,937	51,992	71,780	38,806
– LPG (cooking gas)	15,302	17,210	19,063	10,361
– International market	11,182	11,274	13,202	8,710
Reseller	107,017	122,936	146,761	78,190
Lube oil segment[1]	–	4,429	5,296	3,244
Total	375,718	451,171	531,843	293,300

Source: PTT

(1) We have restructured our organization by setting up a separate division for lubricating oils since October 1, 2010.

The following table sets out our sales revenue and volume for our petroleum products for the periods indicated.

	2009		2010		2011		Six months ended June 30, 2012	
Products	Sales	Volume	Sales	Volume	Sales	Volume	Sales	Volume
	(Bt. millions	(million liters)	(Bt. millions	(million liters)	(Bt. millions	(million liters)	(Bt. millions	(million liters)
Marketing								
LPG	44,609	5,774	52,071	6,710	53,352	6,870	28,291	3,661
Gasoline	87,122	3,531	101,154	3,453	116,877	3,573	59,877	1,729
Kerosene	142	6	199	8	253	8	159	5
Aviation Fuel	38,251	2,416	46,303	2,471	62,201	2,522	33,648	1,283
Diesel	170,163	8,474	205,834	8,503	239,247	9,082	133,776	4,820
Fuel Oil	22,600	1,666	29,153	1,882	40,425	1,964	25,487	1,107
Lubricating products	7,198	155	8,570	174	9,336	164	5,431	93
Others[1]	5,633	384	7,887	458	10,152	476	6,631	277
Total Marketing	375,718	22,406	451,171	23,659	531,843	24,659	293,300	12,975

Source: PTT

(1) Includes distribution of asphalt, condensate, natural gasoline, additives and retail products which add value to business, such as 7-Eleven and Jiffy convenient stores, Café Amazon, automobile business, including renting space area in service stations to restaurant operators and banks.

Commercial Marketing Segment

In 2011, we sold approximately 9,035 million liters of refined petroleum products, such as fuel oil, diesel, gasoline, kerosene, aviation fuel, LPG, lubricating oils and asphalt, through our commercial marketing segment, representing approximately 36% of our oil business's total sales volume. Commercial marketing segment sales include sales to Government entities, such as EGAT, Bangkok Mass Transit Authority ("BMTA") and State Railway of Thailand ("SRT") sales to industrial customers, such as steel manufacturers, airlines, ocean liners, cargo bunkers, agriculture companies and gas bottling plants and customers in the packaging, gas bottling, automotive and construction industries; as well as end users of LPG cooking gas.

Our largest commercial marketing segment in terms of sales volume is sales to four Government entity groups, namely EGAT, the Ministry of Defense, the Ministry of Transportation and others. In 2011, we recorded sales volumes of approximately 1,060 million liters of refined petroleum products to Government entities. We have more than 1,200 separate accounts with Government entities for the sale of each of our refined petroleum products. Under Government policy, any Government entity purchasing more than 10,000 liters of refined petroleum product (per order) is required to purchase such amount from us. We sell these products based on the domestic retail price, with certain discounts for larger volumes purchased. However, a Cabinet resolution provides that EGAT procures 20% of its fuel oil requirements through open bidding on price, which consists of a published reference price and a margin. We have the right to supply EGAT with 100% of its fuel oil requirements, also based on a price determined by a published reference price and a margin. These contracts are typically for four year periods and often run in parallel with each other. We have historically provided EGAT with 100% of its fuel oil requirements. We sold EGAT 0.45 billion liters of fuel oil in 2011, its total fuel oil requirement for that year.

We price sales of our products to Government entities by reference to domestic retail prices for such products. We have large accounts receivable with BMTA and are sometimes required to extend the period for payment (and are allowed to charge interest) in respect of these account receivables.

Sales to industrial customers have consisted mainly of LPG, fuel oil and diesel, which is used for power in operating various types of machinery. In 2011, we sold approximately 1,698 million liters of oil products to this customer group. We have more than 1,500 accounts in this customer segment and the largest customers include steel companies, paper manufacturers, latex gloves factories, public transportation service providers and the agriculture industry. As the market for refined petroleum products is highly competitive, we construct storage or other facilities for our industrial customers to satisfy that customer's demand. As there exists much opportunity for expansion in this market, we establish new business units to respond to increasing demands for other products, such as asphalt, coal, base oil and chemicals. We price sales of our products to industrial end users by reference to domestic retail prices for fuel oil and diesel.

In Thailand, we are a major supplier of aviation fuel to more than 40 international and domestic airlines. In 2011, we supplied more than 1,840 million liters of aviation fuel to various airlines, Government entities and private customers. We estimate that we control approximately 33% of the market for aviation fuel in Thailand. While Suvarnabhumi Airport and Don-Muang Airport are two of our major points of sale for aviation fuel, we are the sole

supplier of aviation fuel at all provincial airports in Thailand. Moreover, we distribute aviation fuel at international airports in Hong Kong and Cambodia and also sell other oils (e.g. fuel oil and automotive diesel) to foreign navies. We sell aviation fuel at a price determined by a negotiated margin over a reference price, which is typically the previous month's average aviation fuel price. Generally, we compete for aviation fuel contracts by bidding on the margin we charge the customers against other suppliers.

We have also maintained the largest market share in lubricating oil products since 2009.

An important component of our commercial marketing segment is our LPG cooking gas segment. We handle the distribution of cooking gas from our GSPs and certain of our refining associates through 167 bottling plants, each of which is located in one of our eight LPG depots. As of June 30, 2012, we had storage capacity of 98,860 tons and supplied cooking gas to 1,166 LPG retail outlets and 163 private bottling plants. We also sell LPG directly to industrial customers. In 2011, we were Thailand's largest LPG cooking gas marketer and seller with a 47.3% market share and total sales volume of 2,327 million liters.

LPG prices are semi-floating as the Government has ended the control over LPG retail prices but has maintained the control over LPG prices at refineries by fixing it at U.S.$333/ton which resulted in the setting of retail prices at Baht 18.13 per kilogram. Pursuant to a Prime Minister's Order, when the wholesale price (less taxes) we receive for LPG-cooking gas exceeds the ex-refinery price we are required to contribute to the Oil Stabilization Fund managed by the Ministry of Finance ("MOF") an amount equal to that price difference. Conversely, when the ex-refinery price for LPG cooking gas exceeds the wholesale price (less taxes) we are entitled to receive from the Oil Stabilization Fund an amount equal to the price difference. As of June 30, 2012 the Government owed us Baht 8,326 million from the Oil Stabilization Fund. On May 14, 2012 EPPO (formerly the National Energy Policy Office, or NEPO) passed a resolution to maintain LPG retail prices in the transport sector at Baht 21.13 per kilogram for the three month period from May 16 to August 15, 2012; with respect to the industrial and transportation sectors, beginning June 1, 2012 and August 16, 2012, respectively, adjustment to LPG prices should not exceed LPG prices at refineries. On August 14, 2012, the Energy Ministry announced that this price cap in effect for NGV would be extended indefinitely, pending the completion of a study on energy price restructuring and the impact it would have on consumers, but the price for LPG in the transport sector will be adjusted upward from Baht 21.13 per kg to Baht 21.38 per kg in light of the heightened cost of imported fuel. However, the LPG price for the household sector will stay capped at Baht 18.13 per kg. There is still a risk that the Government may reconsider adjustments to LPG retail prices and LPG prices at GSPs, which may impact our operating results; the impact will be greater as a result of continuous increases in natural gas prices following increases in global market prices of oil.

We sell refined petroleum products directly to our commercial marketing segment customers and through our distribution centers. Our distribution centers consist of 28 storage facilities with a total capacity of 1,421 million cubic meters. These storage facilities include two marine terminals, 19 ordinary petroleum depots and 9 aviation depots. Our distribution centers, which service both commercial and retail customers, are connected to our refining interests by railway, waterway and, in some cases, by pipelines. We also own dedicated oil wharfs, oil barges, rail tankers and oil trucks.

The following map illustrates the location of our storage facilities for refined petroleum products.

Retail Marketing Segment

We believe that we are currently Thailand's largest operator in the retail marketing segment. As of June 30, 2012, we had a network of 1,335 service stations operating under the PTT brand, representing a 6.5% market share in terms of the numbers of service stations, which included 15,410 unbranded gas stations (approximately 34% of the service stations of the ten largest service station networks in Thailand combined). We hold approximately 38% of market share in terms of volume of refined petroleum products sold. See "The Petroleum Industry in Thailand — Petroleum Industry — Trading and Marketing of Refined Petroleum Products." Through our service station network we can implement consistent pricing policies, maintain product and service quality standards and more efficiently manage the retail distribution of our refined petroleum products. Our network consists of branded service stations that are either:

- owned and operated by us;
- owned and operated by independent dealers;
- owned by us but operated by independent dealers;
- run through joint ventures between third parties and us; or
- cooperative service stations.

In 2011, we sold approximately 9,547 million liters of gasoline and diesel, representing approximately 37% of our total sales volume of gasoline and diesel, through our branded service stations.

Our different types of service stations are operated in the following manner:

- *Service Stations Owned and Operated by Us* – These service stations are wholly-owned and operated by us.

- *Dealer Owned and Operated Service Stations* – These service stations are allowed to use our brand name in return for agreeing to purchase minimum monthly quantities of gasoline, diesel and other refined petroleum products from us and agreeing to comply with our operating standards. We have minimal support obligations with respect to these service stations. From time to time we may purchase a dealer owned and operated service station when we believe it is in our interest. Our contracts give us the right to revoke the right to use our brand name if the station breaches our supply agreement or consistently fails to meet our operating standards.

- *Service Stations Owned by Us and Operated by Independent Dealers* – These service stations are subject to a monthly rental fee charged by us and must execute a supply agreement where the dealer agrees to purchase a minimum monthly quantity of refined petroleum products from us at a specific price.

- *Joint Ventures between Independent Dealers and Us* – These service stations are often established when a dealer owned and operated station can no longer survive independently, especially the location that we want to invest but where the land is not available. In these situations we agree to invest a small amount of capital and pay for other expenses in return for an additional fee for each sale made.

- *Cooperative Service Stations* – These service stations are operated by local governments in co-operation with us.

The following table sets out the number of our branded service stations by type for the periods indicated.

	As of December 31,				As of June 30,	
	2010		2011		2012	
Service Stations	**Number of Stations**	**% of total**	**Number of Stations**	**% of total**	**Number of Stations**	**% of total**
Owned and operated by us	217	16.6%	219	16.5%	219	16.4%
Dealer owned and operated	617	47.2%	648	48.9%	667	50.0%
Owned by us and operated by independent dealers	151	11.5%	142	10.7%	135	10.1%
Joint ventures between independent dealers and us	261	20.0%	257	19.4%	254	19.0%
Cooperative service stations	62	4.7%	60	4.5%	60	4.5%
Total	1,308	100%	1,326	100%	1,335	100%

Source: Ministry of Commerce and PTT Plc.

Our retail service stations are located throughout Thailand. Our service stations in densely populated urban areas face competition from numerous domestic and international retail gas service stations; we have a relatively higher market share in provincial areas. While we currently enjoy a leadership position in the retail petroleum sector, competition has increased in all aspects of our retail business. According to the MOEN, our major competitors include Esso (Thailand) Co., Ltd., Shell (Thailand) Co., Ltd. and Chevron (Thailand) Co., Ltd. ("Chevron Thailand") which accounted for 2.5%, 2.6% and 1.9% of all gas stations in Thailand, respectively, as of June 30, 2012.

To remain competitive, we have upgraded, diversified and modernized our branded service stations by adding a 7-11 or our Jiffy brand convenience stores, our Café Amazon brand coffee shops, restaurants and food shops, lube oil services and car washes, as well as banking services and commercial markets. In addition, where possible, we have adjusted our supply chain operations to achieve cost savings, improve service station operations and better serve our customers by:

- improving inventory and depot management;
- upgrading existing depot (alternative fuel; E20 and Gasohol);
- improving collection of customer data on time and location variability of demand and supply;
- introducing electronic payments and E-orders;
- improving our segmentation of service levels for various customer groups; and

- improving our service station by service station standard contest program and rewards to better manage our dealer relationships.

Expansion

We intend to expand the number of our gas stations in Laos, Cambodia and the Philippines from 20, 14, and 63, respectively in 2012 to 30, 30, and 93, respectively, in 2014. We plan to introduce premium-grade "platinum" gas stations such as we have in Thailand into Laos and Cambodia. Our first international platinum gas station was opened at Nong Tang, Laos in July 2012.

Supply Sales Marketing Segment

We also engage in the sale of refined petroleum products and petroleum gas to permitted fuel dealers. Sales to fuel dealers allow us to distribute our excess capacity of refined petroleum products to other refined petroleum marketers, many of whom are our competitors. These sales are usually made on a spot basis and not subject to long term agreements. Because of the opportunistic nature of these sales, it is difficult for us to predict with accuracy the sales volume for this business segment. Typically, sales volumes are highest for LPG, while we also sell varying volumes of gasoline, diesel and fuel oil. In 2011, revenue from sales of refined petroleum products to fuel dealers totaled Baht 154,413 million, which constituted approximately 28.6% of our total sales revenue from refined petroleum products. Customers in this segment include our subsidiaries, PTTRM and Article 7-classified customers.

Other oil businesses

PTT Retail Business Co., Ltd. ("PTTRB")

PTTRB is our wholly owned subsidiary and is used as a holding company for retail businesses related to gas services stations. We purchased PTTRB from Conoco-Philipps in 2009. These businesses are conducted by PTTRB's subsidiaries: PTTRM, which manages services stations and convenience stores, PTTRS Co., Ltd., which provides personnel to PTTRM, and Thai Lube Blending Co., Ltd. ("TLBC"), which engages in blending and applying lubricating oils. We manage PTTRB's service station network seamlessly with our other PTT-branded service stations.

Through PTTRM, we are expanding into the sales and marketing of non-oil products by investing in retail-store business expansion under our Jiffy brand.

As of June 30, 2012, the subsidiary operated 146 PTT service stations, 1 NGV station and 152 convenience stores. PTTRM's convenience stores are primarily located within its service stations. PTTRB purchases oil and lubricating products from us.

TLBC

PTT and PTTRB hold 48.95% and 51.05%, respectively, of shares in TLBC. Its factory was designed to produce high quality lubricating oils with the capacity of 33.8 million liters per year.

Thai Petroleum Pipeline Co., Ltd. ("THAPPLINE")

THAPPLINE is a joint venture between PTT and other oil dealers in Thailand in which we have a 33.19% equity interest. THAPPLINE currently has three main pipeline projects: Sriracha – Saraburi route, Suvarnabhumi Airport route, and Map Ta Phut – Sriracha route.

International Trading Business

Overview

We engage in procurement, import, export and international trading of crude oil, condensate, petroleum and petrochemical products, solvents and chemicals through our international trading business. Our international trading business also provides PTT Group companies with shipment and logistics support. It also engages in trading, physical swap, entering into forward and future market and hedging transactions to mitigate risks such as oil price volatility. It has subsidiaries and local joint ventures engaging in transactions in more than 50 countries covering all regions of the world. We mitigate risk through trading in futures exchange markets and developing integrated supply chain management strategies, as well as by trading in coal, crude palm oil and alternative energy.

We have expanded in international markets by incorporating offshore companies and establishing representative offices. Our Singapore subsidiary, PTT International Trading Pte. Ltd ("PTTT"), has subsidiaries in Dubai and a representative office in Guangzhou, China. PTTT plans on opening an office in Jakarta, Indonesia by the end of 2012.

For the years ended December 31, 2010 and 2011 and the first half of 2012, sales revenue attributable to our international trading business was Baht 1,061,694 million, Baht 1,427,553 million and Baht 809,685 million, respectively. For the same periods, EBIT attributable to our international trading business was Baht 2,342 million, Baht 3,277 million and negative Baht 67 million, respectively. EBIT of international trading business does not include gain/loss from foreign exchange hedging, but the unrealized gain/loss from inventory marked to market has already been taken into account. The negative EBIT for the first half of 2012 was mainly due to price declines for mark-to-market inventories. Please see "Risk Factors — Risks Relating to Thailand — Fluctuations in the value of the Baht could adversely affect demand for our products and our financial condition and results of operations."

Trading of Refined Petroleum and Petrochemical Products

We trade refined petroleum products and petrochemical products domestically and internationally. We bid on sales of refined petroleum and petrochemical products from associated and non-associated refineries and petrochemical facilities in Thailand with excess capacity and resell to customers, including end users, mainly outside of Thailand, who have a demand for these products. In 2011, we had sales volumes of 11,358 million liters of refined petroleum products from this business.

Our petrochemical trading business is the result of the vertical integration of our hydrocarbon value chain. We are the sole supplier of condensate to PTTGC and have the marketing rights to sell PTTGC's downstream products including benzene, light naphtha, paraxylene, and other by-products. PTTGC's customers include Mitsubishi Corporation, Saudi Basic Industries Corporation (SABIC), Arcadia Energy Trading Pte Ltd., Mercuria Energy Trading SA and Trafigura Pte Ltd. We receive a marketing fee of approximately 0.5% of the value of petrochemical products sold.

We are recognized by certain major global oil producers as a national oil company and therefore accorded open account status, which allows us to purchase crude oil from such producers without a letter of credit to secure the transaction. We have leveraged this cost advantage and our agreements to supply feedstock to refineries and petrochemical facilities in our petrochemicals and refining business into a growing business in the transmission, storage, trading and distribution of crude oil, refined petroleum products and petrochemical products. Our petroleum and petrochemical trading business now includes:

- purchasing crude oil and condensate from both the international and domestic markets for sales to both domestic and international refineries and crude oil traders;
- feedstock and condensate sales to companies in our petrochemicals and refining business;
- purchasing refined petroleum and petrochemical products for export;
- operating a marine transport logistics business for transportation of petroleum products for international and domestic customers, including companies in our petrochemicals and refining business; and
- managing various informational aspects of our petroleum and petrochemical supply chain, including international market analysis and managing petroleum price exposure as a risk management function.

We are involved in all aspects of our oil trading business, providing customers with a broad range of services, including product storage, transportation and logistics, risk management, marketing and international trading. Because of our large trading volumes, we are able to price a wide variety of products competitively including crude oil, refined petroleum products and petrochemical products.

Our Price Risk Management & International Market Analysis Department monitors the overall trends and price movements in the oil industry. This is a valuable service for the management of the oil business and the petrochemicals and refining business. We believe that in the future the oil business may be able to capitalize on this service to generate income from our associated companies and other companies in the oil business. This market knowledge is also important for overall supply chain management because it helps us to identify projected and current inefficiencies in our supply chain and make corresponding changes in our strategies to address them.

We also provide risk management services by managing petroleum price exposure that we have to commodity price fluctuations. We provide this service to help realize certain gross margin margins or minimize negative variance in oil price movements. We manage this through various swaps and hedging transactions including the purchase of futures and forward contracts.

The following table sets out PTT's sales revenue and volume for our international trading business (not including subsidiaries, joint ventures, and associates) in terms of product type for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2009		2010		2011		2011		2012	
Products	**Sales (Bt. Millions)**	**Volume (million liters)**	**Sales (Bt. Millions)**	**Volume (million liters)**	**Sales (Bt. Millions)**	**Volume (million liters)**	**Sales (Bt. Millions)**	**Volume (million liters)**	**Sales (Bt. Millions)**	**Volume (million liters)**
International Trading										
Crude Oil	564,697	41,727	661,132	41,928	841,676	39,683	417,644	19,866	489,971	21,389
Condensate	81,981	6,240	112,933	7,312	155,910	7,422	81,250	3,847	77,766	3,572
Refined Oil Products	116,848	8,761	180,318	11,463	233,116	11,358	104,445	5,015	168,700	7,834
Petrochemical Products	62,997	3,579	68,606	2,972	112,311	4,221	58,069	2,114	40,847	1,414
Total	826,523	60,307	1,022,989	63,675	1,343,013	62,684	661,408	30,842	777,284	34,209

Source: PTT

Purchasing of Crude Oil and Condensate

In 2011, we purchased approximately 28.2 MMbbls of crude oil and approximately 29.3 MMbbls of condensate from domestic producers. We also purchased approximately 159.5 MMbbls of crude oil and approximately 15.8 MMbbls of condensate from international sources. We purchase crude oil at prevailing market prices and/or official government sales prices and resell it to refineries taking an industry standard margin. In 2011, our four largest foreign crude oil suppliers were the United Arab Emirates, Saudi Arabia, Oman and Azerbaijan. We purchase condensate mainly from domestic sources and we market and trade the condensate domestically and abroad.

The following table sets out the amount of crude oil and condensate we purchased from domestic and foreign sources and the amount of international trade of crude oil and condensate for the periods indicated.

	Year ended December 31,						Six months ended June 30,	
	2009		2010		2011		2012	
	Quantity (MMbbls)	**%**	**Quantity (MMbbls)**	**%**	**Quantity (MMbbls)**	**%**	**Quantity (MMbbls)**	**%**
Crude Oil from Domestic Sources	28	9.4	33	10.6	28	9.5	17	10.5
Condensate from Domestic Sources	27	8.8	29	9.4	29	9.9	19	11.4
Crude Oil from Foreign Sources	169	56.5	166	53.7	160	54.0	92	56.2
Far East[1]	15	5.0	24	7.6	18	6.0	13	8.0
Middle East[2]	144	47.9	141	45.5	140	47.5	71	43.2
Other[3]	10	3.6	1	0.6	2	0.5	8	5.0
Condensate from Foreign Sources	12	4.0	14	4.4	16	5.4	5	3.0
Far East[1]	12	4.0	14	4.4	13	4.4	4	2.3
Middle East[2] and Other[3]	–	–	–	–	3	1.0	1	0.7
International dealing of Crude Oil/Condensate	64	21.3	68	21.9	63	21.2	31	18.9
Total	300	100.0	310	100.0	296	100.0	164	100.0

Source: PTT

(1) Far East includes Malaysia, Indonesia, Brunei, Vietnam, Burma, Australia and China.

(2) Middle East includes Oman, United Arab Emirates, Saudi Arabia, Qatar and Yemen.

(3) Other includes Russia, Azerbaijan, and West African countries.

The following table sets out the amount of condensate we purchased for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2009	2010	2011	2012
	(MMbbls)	(MMbbls)	(MMbbls)	(MMbbls)
Supplier				
Bongkot	6.0	7.2	7.4	4.1
Erawan	7.4	9.5	10.2	6.9
Pailin	5.3	5.7	5.7	2.6
Total	18.7	22.4	23.3	13.6

Source: PTT

In the first half of 2012 we supplied 125 MMbbls of crude oil and condensate to companies in our refining segment. Crude oil is generally supplied through long-term agreements with these refineries. We are required under our agreements in respect of Thaioil, IRPC, SPRC, Bangchak and PTTGC to supply crude oil in proportion to our shareholdings, which are 49.1%, 38.5%, 36.0%, 27.2% and 48.9%, respectively. However, we can supply crude oil to those companies in a higher proportion to our shareholdings or to other refineries in which we do not hold shares, subject to bidding prices and commercial conditions. We are the sole supplier of crude oil feedstock and condensate to the PTTGC and Bangchak facilities. We also supply condensate in varying quantities to these refineries at higher margins than we obtain on sales of crude oil. In 2011, condensate accounted for approximately 7.4% of our revenue in this segment but approximately 73.1% of our gross margin. See "— Petrochemicals and Refining Business — Refining."

The following table sets out the volumes of crude oil and condensate we supplied to each of our associate refineries and the percentage of the total volume of crude oil processed by each refinery for the periods indicated.

	Year ended December 31,									Six months ended June 30,		
	2009			2010			2011			2012		
	Crude Oil Supplied	Total Crude Oil Processed	% of Total Crude Oil Processed	Crude Oil Supplied	Total Crude Oil Processed	% of Total Crude Oil Processed	Crude Oil Supplied	Total Crude Oil Processed	% of Total Crude Oil Processed	Crude Oil Supplied	Total Crude Oil Processed	% of Total Crude Oil Processed
	(MMbbls)	(MMbbls)	(%)	(MMbbls)	(MMbbls)	(%)	(MMbbls)	(MMbbls)	(%)	(MMbbls)	(MMbbls)	(%)
Thaioil[1] . .	57.1	97.9	58.3	46.8	93.2	50.2	45.5	100.6	45.2	24.3	50.1	48.5
IRPC	44.7	51.3	87.1	51.1	63.2	80.9	50.5	57.6	87.7	27.9	32.4	86.1
SPRC	20.8	55.7	37.3	20.0	59.3	33.7	21.8	56.2	38.8	11.9	29.7	40.1
Bangchak . .	29.2	31.1	93.9	30.9	32.3	95.7	30.1	32.2	93.5	16.1	16.1	100.0
PTTGC[2] . .	88.5	88.5	100.0	89.8	89.8	100.0	88.3	88.3	100.0	44.8	45.9	97.6

(1) These figures do not include feedstock supplied to Thaioil for which we paid Thaioil a processing fee only.

(2) PTTGC engages in both refinery and petrochemical production activity. PTTGC was established October 19, 2011 through the amalgamation of PTTCH and PTTAR; therefore, the figures presented for PTTGC for 2009, 2010 and 2011 represent the refining data of PTTGC's predecessor PTTAR. PTTAR was an integrated refinery and aromatics company while PTTCH was a petrochemical manufacturer of olefins and related downstream products.

Each of PTTGC, Thaioil, IRPC, SPRC and Bangchak refineries take delivery of crude oil directly at their storage facilities and distribute refined product through transmission pipelines, railways, tanking and barges. These transportation systems provide the refineries with secure supplies of crude oil and facilitate the distribution of the refined products to the domestic market.

In addition to sales of crude oil and condensate to our associate companies, we may sell crude oil internationally to refineries and other purchasers. We are leveraging our access to crude oil and condensate to expand this business.

Risk Management Services

We also provide risk management services by managing price risk exposure. The hedging service not only covers price risk that arises from internal trading transactions, but also provides hedging schemes to PTT Affiliates and third parties. Such exposures are managed primarily through OTC swap transactions with major counter parties, such as large banks and international oil and gas firms. We also engage in a small number of futures and options transactions. The proportion of volume hedged per transaction depends on the hedging policy of the respective counterparty.

Petrochemicals and Refining Business

Overview

We are the largest petrochemical and refining group in Thailand, with interests in most of Thailand's refineries and petrochemical facilities. These facilities have a capacity of 910 Kb/d, or 84% of the country's refining capacity as of June 30, 2012, with 377 Kb/d attributable to us based on our proportional ownership. Our petrochemicals and refining business leverages synergies between our upstream oil and gas exploration and production, international trading business and our fully integrated petrochemical and refining subsidiaries, associates and joint ventures through off-take arrangements and business integration initiatives.

Our petrochemicals and refining business focuses on enhancing operational synergies between our petrochemical and refining subsidiaries, associates and joint ventures and our significant position in the oil marketing and trading businesses in terms of feedstock supply and product offtake. Through strategic acquisitions and mergers, we have increased upstream and downstream integration among our petrochemical and refining manufacturing operations, enabling us to produce high value-added petrochemical products, which command higher margins relative to intermediate-stage petrochemical and refining products.

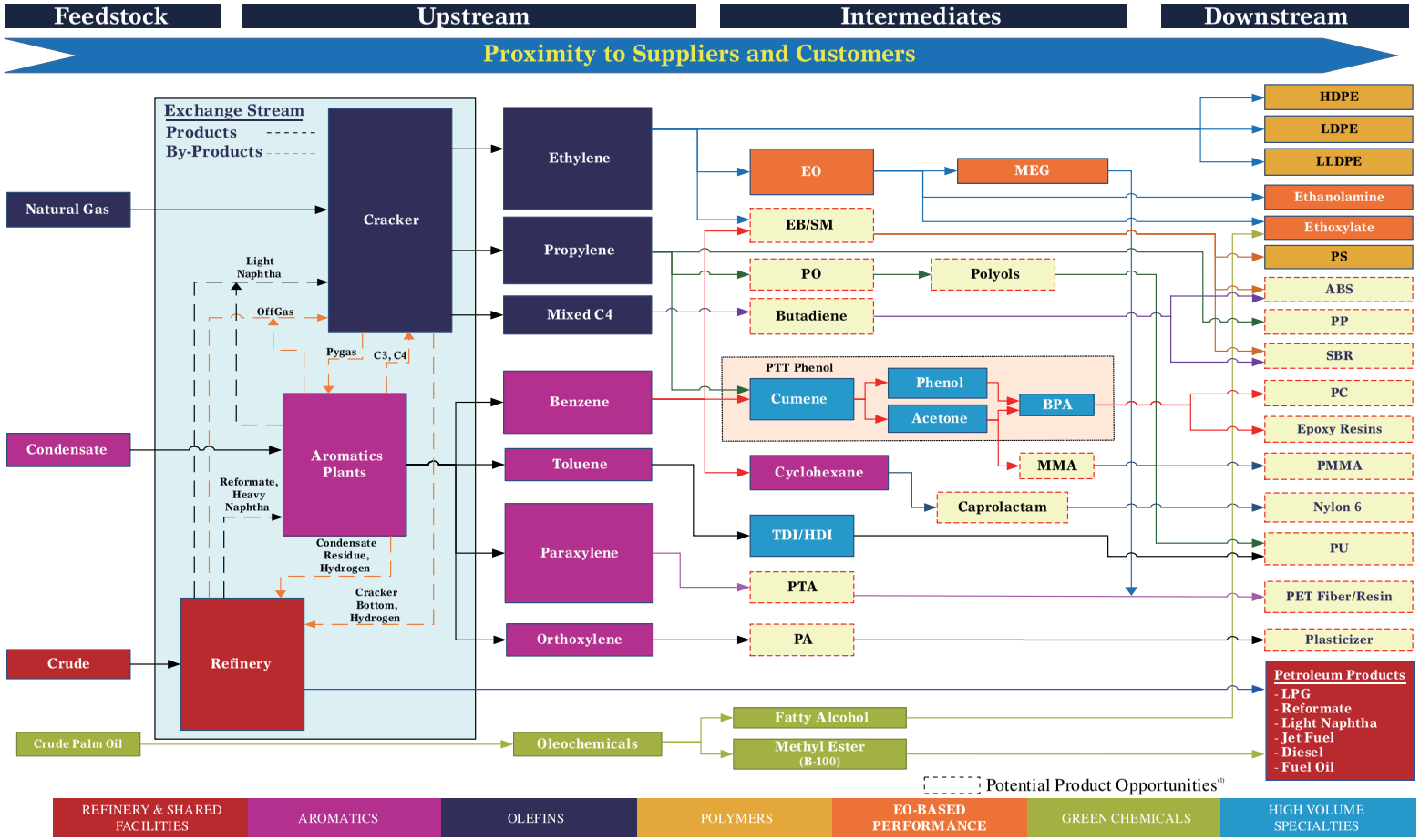
Our operations coordinate the activities of the operations of our international trading business with a total of 14 subsidiaries, associates and joint ventures refinery and petrochemical facilities. They also coordinate upstream-downstream synergies among the facilities, including strategic supply and offtake agreements and mergers and acquisitions.

Many of our subsidiaries, associates and joint ventures have fully integrated refinery and petrochemical production capabilities. For example, PTTGC and Thaioil, which serve as our flagship enterprises for the petrochemicals and the refinery industry segment, respectively, are each fully integrated operations.

PTTGC, which was established October 2011 when we amalgamated PTT Chemical Plc. and PTT Aromatics and Refining Plc., has a crude and condensate residue capacity of 228,000 barrels per day and 8.2 million tons per year (including PTT Phenol in proportionate holding) of petrochemical products. In 2012, PTTGC is Thailand's largest integrated petrochemical and refining company and an industry leader in Asia. Thaioil, which was established in 1961, has a CDU capacity of 275,000 barrels per day of petroleum products and 900 million tons per year of aromatics. It is Thailand's largest refinery. We believe integration allows us to increase synergies between our petrochemical and refining businesses, obtaining economies of scale and reduced average production costs. See "Overall Business Strategy — Consolidating our interests in the petrochemical and refining business units and expanding cautiously as opportunities arise."

PTTGC's predecessors were PTTCH and PTTAR. PTTCH was created through a merger of Thai Olefins Plc. and National Petrochemical Plc. in 2005. In 2005 PTTCH was the largest producer of olefins and related downstream products in Thailand and had the third largest production capacity in all of Asia. PTTAR was created through a merger of our then-wholly owned subsidiary Rayong Refinery Co., Ltd. and our then-associate company Aromatics (Thailand) Plc. in 2007.

The following flow chart illustrates our petroleum refining and petrochemical production process, including the principal feedstock inputs we purchase, the products we produce under various business units and the integration of production across our petrochemical and refining business segments.



1. *PTTGC does not currently produce these products.*

Notes:

1 We secure feedstock through a number of long-term and short-term agreements with various suppliers.

2 A portion of our ethylene oxide-based, green chemical and high volume specialties products are produced and distributed by our subsidiaries and joint venture partners.

For the years ending December 31, 2010 and 2011 and the first half of 2012, net profit attributable to our petrochemicals and refining business was Baht 18,556 million, Baht 29,239 million and Baht 5,379 million, respectively.

Recent Developments

In 2006, we, together with, Asahi Kasei Chemicals Corporation ("AKCC") and Marubeni established PTT Asahi Chemical Company Limited ("PTTAC"). The current shareholding proportion is 48.5%, 48.5% and 3% respectively. PTTAC will be operating with newly developed technology by AKCC to product Acrylonitrile ("AN") with a production capacity of 200,000 tons per annum. With this state-of-the-art technology, instead of using propylene, which is currently the only existing raw material as feedstock, the process uses propane from our GSP for producing AN. This project is scheduled to start commercial operation by the end of 2012. This co-investment is in accordance with our strategy to emphasize and focus on investing in gas and gas-related businesses to create value in gas and petrochemical businesses. Moreover, this will diversify the petrochemical products in PTT Group, especially in the specialty plastics industry, which is an industry that has recently experienced strong demand and increasing product prices.

In March 2011, we, together with Mitsubishi Chemical Corporation ("MCC"), a developer of bioplastic technology, established PTT MCC Biochem Co., Ltd., a 50:50 joint venture company To produce polybutylene succinate, a biodegradable plastic. The registered capital of the company is U.S.$12 million (approximately Baht 360 million). The joint investment is in accordance with PTT Group's strategy in entering the bioplastic business to ensure a sustainable green environment.

Our Subsidiaries, Associates and Joint Ventures

We participate in the petroleum petrochemical and refining industries through the following subsidiaries, associates and joint ventures, held in the percentage interests indicated as of the date of this Offering Memorandum:

- PTT Global Chemical Public Co., Ltd. (48.91%);
- Thai Oil Public Co., Ltd. ("Thaioil") (49.10%);
- IRPC Public Co., Ltd. ("IRPC") (38.51%);
- Star Petroleum Refining Public Co., Ltd. ("SPRC") (36.00%);
- Bangchak Petroleum Public Co., Ltd. ("BCP") (27.22%);
- PTT Energy Solutions Co., Ltd. ("PTTES") (40.00%);
- HMC Polymers Co., Ltd. ("HMC") (41.44%);
- PTT Phenol Co., Ltd. ("PTT Phenol") (40.00%);
- PTT Polymer Marketing Co., Ltd. ("PTTPM") (50.00%);
- PTT Asahi Chemical Co., Ltd. ("PTTAC") (48.50%);

- PTT Polymer Logistics Co., Ltd. ("PTTPL") (100%);
- PTT Tank Terminal Co., Ltd. ("PTT Tank") (100%);
- PTT MCC Biochem Co., Ltd. ("PTTMCC") (50.00%); and
- PTT Maintenance & Engineering Co., Ltd ("PTTME") (40.00%).

Refining

Our associates have a combined refining capacity of 910 Kb/d, or 84% of Thailand's total capacity, of which 377 Kb/d is attributable to PTT Group based on proportional ownership. Most of the crude oil we purchase through our international trading business is sold to our refining business associates as feedstock. We have entered into feedstock supply and product offtake agreements with these refineries, typically for an amount of the production capacity proportionate to our percentage ownership in each refinery.

In the first half of 2012 we supplied 105.7 MMbbls of crude oil to our refinery associates. Crude oil is generally supplied through long-term agreements with these refineries. We are required under our agreements in respect of Thaioil, IRPC, SPRC, Bangchak and PTTGC to supply crude oil in proportion to our shareholdings, which are 49.1%, 38.5%, 36.0%, 27.2% and 48.9%, respectively, and are the sole supplier of crude oil feedstock and condensate to the PTTGC and Bangchak facilities. In the first half of 2012, we provided 48.5%, 86.1%, 40.1%, 100.0%, and 97.6% of the total volume of crude oil feedstock for Thaioil, IRPC, SPRC, Bangchak and PTTGC, respectively.

We purchase most refined petroleum products from our refining associates and resell through our retail stations, and export the excess portion. This department operates to optimize the benefit of the off-taking volume from our subsidiaries, associates and joint ventures. For the first half of 2012, we purchased approximately 36% of our associates' total domestic production volume of refined petroleum, which is roughly equal to our proportional ownership. For a description of material terms, please see "Related Party Transactions."

The following table sets out the primary distillation capacity per day, the crude oil throughput and the utilization rate calculated based on primary distillation capacity per day for our associates with refining capacity for the periods indicated.

		Year/Period	Refinery					
			Thaioil[1]	IRPC[2]	SPRC[3]	Bangchak[4]	PTTAR[5]	PTTGC[6]
Distillation Capacity . .	(Kb/d)		275	215	155	120	145	
Crude Oil Throughput .	(Kb/d)	2009	274	142	151	79	165[7]	N/A
Utilization Rate	(%)		99.0	66.0	97.4	66.0	102.4	
Distillation Capacity . .	(Kb/d)		275	215	155	120	145	
Crude Oil Throughput .	(Kb/d)	2010	261	174	158	89	174	N/A
Utilization Rate	(%)		95.0	80.9	101.9	73.8	103	
Distillation Capacity . .	(Kb/d)		275	215	155	120	145	145
Crude Oil Throughput .	(Kb/d)	2011	283	160	153	90	N/A	130[8]
Utilization Rate	(%)		103.0	74.1	98.7	75.1	N/A	90%
Distillation Capacity . .	(Kb/d)	Jan –	275	215	155	120	N/A	145
Crude Oil Throughput .	(Kb/d)	June 2012	283	178	159	86	N/A	145
Utilization Rate	(%)		102.9	82.7	102.7	71.6	N/A	99.7

Source: Department of Energy Business, MOEN; PTT Group

(1) In 2010, Thaioil (i) shutdown and fixed the Heat Exchanger of the CCR-2 for 15 days, conducted maintenance of the contaminant-in-gasoline disposition unit-3 for 10 days, (ii) changed stimulant in the contaminant-in-diesel disposition unit-2 for 13 days, (iii) conducted maintenance of the CDU-1 for 7 days and the CCR-1 for 11 days, (iv) changed stimulant in the HCU-1 for 14 days, and (v) had a major planned shutdown of the CDU-2 and HDT-2 for 43 days, from November 10 to December 22. In 2011, TOP conducted maintenance of the CCR-2 and the Vacuum Unit-3 for an aggregate of approximately 19 days.

(2) In 2009, IRPC had a planned shutdown of refining units for 3 weeks in February. In 2010, IRPC stopped its refining operation 3 times due to electricity disruption. In the first quarter of 2011, IRPC had a planned shutdown of its petrochemical plants for 3 weeks. It also had a planned major shutdown for 49 days, from October 31 – December 18.

(3) In 2010, SRPC shutdown the PGP, RFCCU, HVGO and Platformer for maintenance for 6 days, from August 4-9, and the PGP, RFCCU, HVGO, Platformer, NHTU, VDU and CDU for 5 days, from October 4-8. In 2011, SPRC (i) had planned shutdown of the Platformer for 15 consecutive days, from March 6-20, (ii) conducted maintenance of the PGP and RFCCU for 3 days, (iii) conducted planned maintenance of the HVGO for 15 consecutive days, (iv) conducted maintenance of the RFCCU for 9 days, (v) conducted planned maintenance of the DHTU for 37 days. In 2012, SPRC shutdown DHTU from March 13-27.

(4) Bangchak had an annual shutdown for 32 days in 2011 and 30 days in 2012 (May 25, 2012 – June 23, 2012).

(5) PTTAR had an annual shutdown HCUN for 7 days in 2009 (April 26, 2009 – May 2, 2009). In 2010, PTTAR shutdown VBU and NHT for 2.4 days in the first quarter.

(6) In 2011, PTTGC had an annual shutdown for 31 days in its aromatics production facility (formerly PTTAR) and 60 days for its olefin production facility (formerly PTTCH). In 2012, PTTGC's aromatics plant shutdown for 36 days (Mar 1, 2012 – April 5, 2012), HDPE was shutdown for 25 days, LDPE was shutdown for 13 days, LLDPE for 20 days, 32 days for I4-2 (February 18, 2012 – March 21, 2012), and 13 days for PE

(7) Utilization calculation from Total intake exclude condensate residue, natural gas to gas turbine, HVGO and heavy aromatics.

(8) Utilization calculation from Crude Intake.

Our subsidiaries, associates and joint ventures with refining capacity together produce a full range of refined petroleum products. The following table sets out their combined production volume of the principal refined petroleum products for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2009	2010	2011	2012
	(Kb/d)	(Kb/d)	(Kb/d)	(Kb/d)
Product				
LPG[1]	18	18	21	11
Gasoline	50	49	46	25
Jet Fuel/Kerosene	33	38	36	16
Diesel	119	125	126	70
Fuel Oil	36	32	32	16
Asphalts	4	5	4	2
Others	27	33	46	28
Total	288	301	310	168

Source: Department of Energy Business, MOEN

(1) One ton of LPG equals 11.65 barrels (or one barrel equals 0.0859 tons).

The following table sets out the total sales by volume for each of our associates with refining capacity and the percentage of such volume sold domestically and for export for the periods indicated.

	Year ended December 31,									Six months ended June 30,		
	2009			2010			2011			2012		
	Sales Volume	Domestic Market	Export Market	Sales Volume	Domestic Market	Export Market	Sales Volume	Domestic Market	Export Market	Sales Volume	Domestic Market	Export Market
	(Kb/d)	(%)	(%)	(Kb/d)	(%)	(%)	(Kb/d)	(%)	(%)	(Kb/d)	(%)	(%)
Refinery												
PTTGC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	180	67	33
Thaioil	293	81	19	272	80	20	281	85	15	301	88	12
IRPC	115	61	39	140	63	37	135	64	36	162	65	35
SPRC	157	86	14	166	85	15	163	86	114	174	75	25
Bangchak	99	78	22	103	85	15	103	86	14	105	91	9

Source: PTT; PTT Group

Petrochemicals

We participate in the petrochemical industry through a number of subsidiaries, associates and joint ventures, including our flagship, PTTGC, and integrated petrochemical company, HMC and PTT Phenol.

We sell our condensate and gas products as feedstock to associates and joint ventures with petrochemical manufacturing capabilities and purchase petrochemical products from them through offtake agreements. Most of their petrochemical production facilities are either integrated with their own refining capacities or located near an associate refinery. Our petrochemical and refining

production facilities are generally located close to our GSPs and are connected to the GSPs or one another by pipelines, which provides transportation and logistical cost savings. We have representatives on the boards of directors of each of our subsidiaries, associates and joint ventures with petrochemical production capacity and second personnel to the principal companies among them. Our domestic oil and gas operations provide them with feedstock, minimizing production interruption.

Subsidiaries, Associates and Joint Ventures

Thaioil

As of June 30, 2012, we held a 49.1% equity interest in Thaioil, one of the largest and most complex refineries in Thailand and a publicly held company since 2004. According to EPPO, Thaioil currently has the refinery production capacity of 275,000 barrels per day, and accounted for 25% of the total refinery production capacity of the country as of June 30, 2012. In the first half of 2012, Thaioil Refinery processed on average 283 KBD barrels per day in crude run (102.9% of its designed capacity). Thaioil is the flagship refinery among our associates with refining capacity. Thaioil's businesses are structured as an integrated operation of long value chains covering oil refining, aromatics production and lube base production. PTT and Thaioil plan production capacities processed to maximize value chain enhancement. Thaioil also invested in supporting businesses including ethanol, solvent, power, marine transportation and technical consultancy businesses. Thaioil is a complex refinery which produces a high proportion of light and middle distillate of refined petroleum products.

Agreements with Thaioil

Product Off-take and Crude Oil Supply Agreement. On April 3, 2000, we entered into a Product Off-take and Crude Oil Supply Agreement ("POCSA") with Thaioil. Under the agreement, we agreed to supply to Thaioil crude oil and/or feedstock for 49.99% of the refinery production capacity at prevailing market prices. We also have the right to supply crude oil and/or feedstock to Thaioil in an amount exceeding 49.99% up to 100% of the refinery production capacity. After the 13th anniversary of the effective date, either party may terminate the agreement upon one year's prior written notice.

Under the POCSA, we also agreed to offtake products from Thaioil in an amount not less than 49.99% of its refinery production capacity, at competitive market prices. We also have the right to increase our offtake volume beyond 49.99% of the refinery production capacity.

As of June 30, 2012, we held a 49.10% equity interest in Thaioil. If we increase our equity interest in Thaioil above 50.0% or otherwise acquire control or joint control of Thaioil, then under TFRS, we will be required to consolidate the financial accounts of Thaioil from the date of acquiring control. Such consolidation may have an adverse affect on our consolidated financial condition. See "Risk Factors — Risks Relating to Our Business — We have financially supported our associated companies in the past and must continue to do so up to certain specified amounts."

Projects

- 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 in 2015 and 2016 at an investment outlay of approximately Baht 10.2 billion. The project's engineering design was completed in the second quarter of 2012.

- Thaioil is planning to invest approximately Baht 3,000 million to install a Deep Cut Vacuum Distillation Unit to raise the efficiency of VDU-2 to refine more vacuum gas oil (waxy distillate) from short residue. The project is currently in the engineering design stage and commercial start-up is scheduled for the second quarter of 2013.

- Thaioil's wholly owned subsidiary Thai Paraxylene Co., Ltd. has improved the former Tatoray Unit into a selective toluene disproportionation to convert toluene into other aromatics of higher value. The project is currently under construction and is expected to be completed in the third quarter of 2012 upon which the production capacities for paraxylene will rise to 117,000 tons per year, and benzene to 111,000 tons per year.

- Thaioil's wholly owned subsidiary Thaioil Ethanol Co., Ltd. has acquired 21.28% of the shares of Ubon Bio Ethanol Co., Ltd. ("UBE"), which runs a plant based on fresh cassava and cassava chips with a capacity of 400,000 liters per day. UBE is constructing an ethanol plant that is expected to commence commercial operation in the fourth quarter of 2012. UBE is also planning to change plant modification for dual feed (cassava and molasses), to reduce risk in feedstock supply. The plant modification is expected to start commercial operation in the first quarter of 2013.

IRPC

IRPC, formerly known as Thai Petrochemical Industry Plc. ("TPI"), has been a listed company on the SET since 1995. It began producing applications of petroleum and petrochemical products in 1982. It underwent a rehabilitation process between March 2001 and April 2006. As of June 30, 2012, we held 38.51% of shares in IRPC. It was Thailand's first integrated refinery and petrochemical manufacturing company. IRPC's refinery has a capacity of 215,000 Bbls/d, accounting for 20% of the country's total refining capacity. Currently, IRPC purchases a majority of its crude oil and feedstock from PTT Group.

IRPC's refinery produces a whole range of petroleum products including naphtha, gasoline, diesel, and LPG. IRPC also produces lubricating oils and asphalt with a capacity of 320,000 tons per year for lube production and 380,000 tons per year for asphalt. Its petrochemical products include olefins and aromatics with their capacities of 728,000 and 367,000 tons per year, respectively, which are further used as raw materials for their downstream petrochemical plant. The olefins products such as HDPE and PP with its producing capacity of 615,000 tons per year and the Aromatics products such as ABS, SAN, EPS, and PS with its capacity of 247,000 tons per year will be sold to plastic industries. IRPC also invented the innovative styrenic products such as Green ABS, ABS Powder, Impact modifier-MBS, Anti-Dripping Additive and Anti-Bacteria, and the innovative polyolefins products such as UHMW-PE, Polyolefin Catalyst, Baby Bottle Polypropylene and Antimicrobial Compound.

IRPC also owns and operates a port near its refinery in Rayong that offers facilities and dock services such as tug-boats, piloting services, lighters, fresh water and fuel, weigh scales, container yards, warehouses and machines and equipment for transhipment of goods. The port comprises a liquid and chemical terminal that handles a throughput of 15 million tons per year and a bulk and container terminal that handles a throughput of approximately 1.4 million tons.

In addition, IRPC provides asset management services, based on empty plots of land in the province of Rayong and other provinces. With a total area of about 10,000 rai, or 4,000 acres, these plots are to be developed on the industrial estate or industrially zoned lands that could support the main operations of PTT Group.

Projects

- On July 6, 2012, IRPC invested approximately U.S.$176 million in purchasing 25.0% of the total issued shares of UBE Chemicals (Asia) Public Company Limited of Japan ("UCHA"), a producer of caprolactam, a base for production of Nylon 6, to jointly to develop a caprolactam factory with annual capacity of 150,000 tones. The UBE facility is located in Rayong.

- A 220-megawatt gas-fired combined heat and power project to displace 240,000 tons per year of fuel oil for the generation of steam and power and lower the costs of power and public utilities. In addition, this project will be able to reduce carbon dioxide emissions by approximately 400,000 tons per year. The project has commenced operation since August 19, 2011.

- In 2009, IRPC began the Phoenix Project, which is a series of 20 investment projects designed to realize IRPC's goal of becoming a top quartile petrochemical producer by the year 2014. Total investment in the Phoenix Project is approximately U.S.$1,342 million. The projects cover work process and equipment upgrades and seek to increase efficiency and revenues while developing sustainable and environmentally friendly products. Operational projects include a back pressure turbine project that reduces steam and power consumption; supply-chain and inventory management initiatives; and hydrocarbon loss minimization and recycling process projects. Organizational projects include restructuring; segregating work by business unit function; implementing an efficient project management system; and developing human resources and leadership management systems. Production projects include developing pipe-grade polyethylene; Bright Stock, a lube base oil; and increasing production of propylene from heavy oils. Other projects include business diversification into areas such as eco-industrial estates, alternative energy businesses and ports and tank farms.

Other projects include increasing propylene production capacity by 100,00 tons per year using Metathesis technology, which is expected to be commercialized by the end of 2012 and increasing ABS6 plastic production capacity from 12,000 tons per year to 180,000 tons per year, which is expected to be commercialized in 2013.

SPRC

As of June 30, 2012, we held a 36% equity interest in SPRC, while the remaining 64% equity interest is held by Chevron Southeast Asia Holdings Pte. Limited (a company in the group of Chevron Corp.). SPRC is a complex refinery with Residue Fluid Catalytic Cracking ("RFCCU") system, capable of converting fuel oil into higher value of light and middle distillates, with a current production capacity of 155,000 barrels per day, and accounted for 14% of the total refinery production capacity of the country as of June 30, 2012. SPRC produces a wide range of refined petroleum products including LPG, propylene, naphtha, reformate, gasoline, kerosene, jet fuel, diesel, fuel oil, bitumen and others.

Agreements with SPRC

Feedstock Supply Agreement. On March 8, 1996, we, together with Chevron U.S.A. Inc. (Singapore Branch) entered into Feedstock Supply Agreement with SPRC, pursuant to which SPRC is required to purchase approximately 36% of its feedstock requirements from us at prevailing market prices. The agreement continues for an indefinite term, unless terminated in writing by mutual consent of the parties no less than 60 days prior to each anniversary date, provided that it remains in effect at least until the date that all project loans for the establishment, construction and start-up of SPRC's refinery have been repaid.

Purchase and Sale Agreement. On August 10, 1993, we and Chevron Thailand (formerly known as Caltex Oil (Thailand) Limited) entered into an agreement with SPRC for the purchase of SPRC's refined oil products. Pursuant to the agreement, in any given quarter which SPRC's average production volume equals an aggregate minimum quantity of 88,200 barrels per day, both we and Chevron Thailand have an aggregate take-or-pay obligation to purchase not less than 88,200 barrels of product multiplied by the number of calendar days in such quarter. Chevron Thailand and we are obligated to purchase a minimum of 64% and 36%, respectively, of the aggregate minimum quantity. This agreement terminates only after all outstanding term loans acquired by SPRC for the purpose of constructing its refinery have been fully repaid, and, as to each of us and Chevron Thailand, one year after either we or Chevron Thailand provides SPRC with written notice of its intention to terminate the agreement.

Conversion to Public Company. In June 2012, SPRC converted itself into a public limited company. The listing of SPRC on the stock exchange is to be done when appropriate.

Bangchak

Bangchak is a Thai public company listed on the SET. As of June 30, 2012, we held a 27.22% equity interest in Bangchak, the MOF held 9.98% and individual investors owned the remaining 62.80%.

The Bangchak refinery is a complex refinery which produces LPG, naphtha, reformate, gasoline, jet fuel, kerosene, diesel and fuel oil. The products from the Bangchak refinery are principally sold to customers in Thailand through its retail stations with a small amount being exported. Bangchak currently has the refinery production capacity of 120 KBD, accounting for 11% of the total refinery production capacity of the country in 2011. In 2011, Bangchak's domestic sales accounted for 86% while exports accounted for 14% of its total sales volume.

Agreements with Bangchak

We supply crude oil to Bangchak in accordance with a long term sale and purchase agreement throughout the operation period, which has been in effect since 1985.

On January 18, 2005, we entered into a 10-year agreement with Bangchak to purchase at least 130 million liters of refined oil products per month, effective from March 1, 2005 to February 28, 2015 at prevailing market prices.

On January 26, 2005, we entered into a supplementary agreement with respect to the sale and purchase agreement with Bangchak dated July 22, 2004 pursuant to which we will receive additional price discounts depending on the spread of the actual price to the stated price formula in the original agreement.

In 2006, we entered into Feedstock Supply Agreement with Bangchak which was effective on May 16, 2006, and shall be in effect for a period of twelve years after the Product Quality Improvement Project ("PQI")'s commercial operation date. On the same date, we entered into Product Offtake Agreement with Bangchak, which shall be in effect for a period of twelve years after the PQI's commercial operation date, pursuant to this agreement we shall purchase minimum level of 30% of the gasoline and diesel produced in each month.

Product Quality Improvement Project

Because of its traditionally high yield of fuel oil, Bangchak planned to add a hydrocracking unit to its refining facilities to reduce the fuel oil yield and increase the proportional yield of gasoline and diesel oil. Bangchak had tested the PQI and received the transfer of the relevant factory from the contractor in December 2009. The addition of the hydrocracking unit is beneficial primarily because fuel oil currently sells at lower prices than other refined petroleum products and crude oil and because EGAT and several power plants and industrial plants have switched to natural gas.

Projects

- Bangchak invested approximately U.S.$378 million in an oil quality improvement program. The project was completed and commenced commercial operation December 7, 2009.

- Bangchak has acquired 21.28% of the shares of UBE, which runs a plant based on fresh cassava and cassava chips with a capacity of 400,000 liters per day. The construction of the plant is expected to be completed in the fourth quarter of 2012. Investment in ethanol business supports the plans to sell gasohol E20 and E85 in the future.

- Bangchak began commercial operation of its 8 Megawatt solar project on August 5, 2011. The project, however, ceased operation on October 16, 2011, due to the floods. It resumed power generation and commercial sale on April 2, 2012. The 30 Megawatt solar power plant commenced commercial operation in July 2012. Bangchak is planning to expand its investment in solar projects with additional 50 Megawatt to be installed within first quarter of 2013 and additional 75 Megawatts later on.

PTTGC

As of June 30, 2012, we held a 48.91% equity interest in PTTGC. Established in October 2011 through the amalgamation of PTT Chemical Public Company Limited and PTT Aromatics and Refining Public Company Limited, PTTGC is the chemical flagship of PTT Group. The integration resulted in a total olefins and aromatics production capacity of 8.2 million tons per year and a total petroleum production capacity of 280,000 barrels per day of crude oil and condensate, making PTTGC Thailand's largest and Asia's leading integrated petrochemical and refining company.

PTTGC operates a refinery, two aromatics plants and four olefins plants, in addition to other plants producing polymers and other downstream products such as ethylene oxide-based ("EO-based") performance products, green chemicals and high volume specialties.

The refinery is a complex refinery with hydrocracker, and visbreaker units, capable of converting fuel oil into middle distillates. The product range of PTTGC includes LPG, naphtha, reformate, jet, diesel and fuel oil. The crude refining capacity accounted for 13% of the total refinery production capacity of the country in 2011. It has a highly integrated refinery and petrochemicals platform covering a diverse set of products in both olefins and aromatics line, which improves its competitive advantage as well as the ability to reduce risk inherent in the petrochemical industry. PTTGC takes and makes deliveries of substantially all their feedstock and products sold domestically through an integrated pipeline network as a substantial majority of their customers' and suppliers' plants are also located near our plants.

In addition, PTTGC also engages in auxiliary businesses, including the provision of electricity, water, steam and other utilities as well as the operation of production support facilities such as jetty and buffer tank farm services for plants in the industrial area in which they operate. The following table details the type and amount of refined petroleum and petrochemical products produced by PTTGC, as well as the percentage of total sales for each product, for the periods indicated.

	Six months ended June 30, 2012	
	Total Production Volume (Kb/d)	Percentage of Production (%)
Product		
Refinery Products		
Refinery	35,193,634	92.8
Petrochemical Products		
Aromatics	1,528,846	4.0
Olefins	391,854	1.0
Polymers	650,346	1.7
EO-Based	158,430	0.4
Total	37,923,110	100.0

Source: PTTGC

(1) A portion of our green chemical and high volume specialties products are produced and distributed by our joint venture partners.

(2) We operate a range of business services for our subsidiaries and associated companies and customers in the petrochemical industry and derive service fees from third party industrial customers.

PTTGC's plants are located in the Map Ta Phut Industrial Estate the RIL Industrial Estate in Rayong, Thailand. PTTGC operates a refinery, two aromatics plants and four olefins plants, in addition to other plants producing polymers and other downstream products. We take and make deliveries of substantially all our feedstock and our products sold domestically by an integrated pipeline network as a substantial majority of our customers' and suppliers' plants are also located near our plants.

The following table sets forth the nameplate capacity by business unit (excluding services and others), as of June 30, 2012.

Business	Nameplate Capacity (Metric Tons/Year, unless otherwise specified)
Refinery	145,000[1]
Aromatics	2,259,000
Olefins	2,888,000
Polymers	1,590,000
EO-Based[2]	495,000
Green Chemicals[2]	1,293,000
High Volume Specialties**	475,000

(1) Refers to crude intake capacity as measured in barrels per day.

(2) A portion of our EO-based, green chemical and high volume specialty products is produced and distributed by our subsidiaries and joint venture partnerships. Nameplate capacities for these business units are based on PTTGC's equity shareholdings in such subsidiaries and joint venture partnerships.

Projects

- In May 2012, PTTGC International (USA) Inc., which is a 100% owned company by PTTGC, has completed the investment transaction for a 50% stake in NatureWorks LLC ("NatureWorks") in the amount of U.S.$150 million or approximately Baht 4,572 million. Nature Works is a biopolymer company producing polylactic acid ("PLA") based in the United States, with an approximate annual capacity of 140,000 tons. In addition, NatureWorks is a company that can commercially produce PLA, a biodegradable polymer, offering low carbon footprint, and has the properties comparable with petrochemical based polymers and fibers. IngeoTM is a registered trademark of NatureWorks' PLA bioplastic products.

- In May 2012, PTTGC has completely acquired 50% of shares in Perstorp Holding France SAS, a producer and technology-owner of Isocyanate, in the amount of Euro 114.8 million from its former shareholder and renamed the purchased identity to VENCOREX Holding. VENCOREX Holding operates in the Europe market, particularly in toluene diisocyanate, hexamethylene diisocyanate and derivatives which are the major feedstocks in the manufacturing of polyurethane ("PU"). PU has the characteristics of foams and coatings production used in the automotive and construction industry. In this regard, the investment would be a strategic move into the High Volume Specialty segment, which is a downstream business that is expected to enhance higher values and opportunities for future growth.

PTT Phenol

PTT Phenol, a joint venture between PTT (40%) and PTTGC (60%), was established in 2004. to produce Phenol with a production capacity of 200,000 tons per year, Acetone with a production capacity of 124,000 tons per year to produce Bis-Phenol A ("BPA") with nameplate capacity of 150,000 tons per year. The commercial operation of the production of Phenol and Acetone began in January 2010, where the production of BPA began in February 2011.

PTT Maintenance & Engineering Co., Ltd ("PTTME")

PTTME is a maintenance and engineering services management company which is 60% owned by PTTGC. PTTME provides services to PTTGC plants and other petrochemical plants in the Map Ta Phut Industrial Complex and other industrial estates in Thailand and Asia. Services include maintenance, design and engineering, construction, pipe and conduit work, procurement and production administration.

PTT Energy Solutions Co., Ltd. ("PTTES")

PTTES is a joint venture that provides engineering advisory services to the PTT Group. Its shareholders and their respective interests are PTT (40%), Thaioil (20%), PTTGC (20%), and IRPC (20%).

Other petrochemical companies

Petrochemical Subsidiaries:

Our primary petrochemical subsidiaries listed below are held in the percentage interests indicated:

- PTT Polymer Marketing Co., Ltd. ("PTTPM") (50.00%);
- PTT Polymer Logistics Co., Ltd. ("PTTPL") (100%);
- PTT Tank Terminal Co., Ltd. ("PTT Tank") (100%);

Petrochemical Joint Ventures:

Our primary petrochemical joint ventures listed below are held in the percentage interests indicated:

- PTT Asahi Chemical Co., Ltd. ("PTTAC") (48.50%);
- HMC (41.44%); and
- PTT MCC Biochem Co., Ltd. ("PMBC") (50.00%).

We own a 41.4% interest in HMC together with LyondellBasell, which owns a 29% interest and certain Thai investors, who together own 30%. HMC is a leading manufacturer and marketer of a wide range of polypropylene ("PP") grades in Asia and globally, using state-of-the-art production facilities. It established the first polypropylene manufacturing facility in Thailand in 1987, in Rayong Province's Map Ta Phut Industrial Estate. HMC's polypropylene production facilities output is over 750,000 metric tons per year and use two Spheripol lines and a Spherizone line from LyondellBasell. The facility also invested in a propane dehydrogenation plant at an adjacent site to better leverage advantages from upstream integration. HMC is certified under ISO 9001:2008 and ISO 14001:2004.

In addition, HMC offers comprehensive global logistics services, exporting to locations in Asia and around the world, leveraging the near-by Laem Chabang deep-sea vessel shipping port.

New Business

PTT International

We are diversifying our operations and investments to secure Thailand's energy supply and achieve consistent, sustainable growth and have made international investments since 2007. We began investing in international coal resources in 2009. These initiatives are carried out primarily through our wholly owned subsidiary PTT International and its wholly owned subsidiaries. Our international investment portfolio includes coal mining businesses in Indonesia, a hydro-power plant in Laos, a gas pipeline business in Egypt for piped gas transmission from Egypt to Israel. We intend to increase investment in overseas LNG projects as well.

For the years ending December 31, 2010 and 2011 and the first half of 2012, sales revenue attributable to PTT International was Baht 24,652 million, Baht 30,851 million and Baht 13,249 million, respectively. For the same period, net loss attributable to PTT International was Baht 2,761 million, Baht 6,376 million and Baht 4,374 million, respectively. As of June 30, 2012, PTT International had a registered capital of Baht 36,045 million, of which Baht 33,316 million has been paid up.

Coal

We have invested in the coal industry since 2009 to diversify our exposures in the energy industry, increase our ability to meet regional demand for coal and mitigate risks, such as price volatility risk with respect to petroleum. We intend to make further investment in international coal

assets, primarily through PTT Mining ("PTTML"), a wholly owned coal subsidiary of PTT International. We believe our coal strategy is in line with revision three of the Thailand Power Development Plan (2010-2030) ("PDP 2010 Revision 3"), as revised, promulgated by EPPO. PDP 2010 Revision 3, which embodies the Government's plan to promote energy sustainability and security, calls for the development of coal-fired power plants as part of a multi-pronged approach to increasing energy production capacity.

Reserves

Coal reserves and resources provided in this Offering Memorandum are in compliance with the 2004 Joint Ore Reserves Committee Code ("JORC Code"), which sets the minimum standards for public reporting (in Australia & New Zealand) of exploration results, mineral resources and ore reserves; provides a mandatory system for classification of tonnage/grade estimates according to geological confidence and technical/economic considerations; and provides extensive guidelines on the criteria to be considered when preparing reports on exploration results, mineral resources and ore reserves. The JORC Code requires that such public reports be based on work undertaken by a competent person, with clear specifications of the qualifications and type of experience required for a competent person.

Projects

Sakari Resources (formerly Straits Asia Resources Limited)

In 2009, through PTTML, we invested approximately Baht 11,839 million (U.S.$335 million) for a 60% interest in PTTAPM, resulting in effective interest of 27.4% in Sakari. In 2011, we completed the Baht 16,831 million (U.S.$529 million) acquisition of International Coal Holdings Pty. Ltd., which owns 40% interest in PTTAPM. As of June 30, 2012, PTTAPM held a 45.3% interest in Sakari, which is listed on the Stock Exchange of Singapore with its headquarters and marketing unit in Singapore and mining operations in Indonesia. Sakari is a coal producer and exporter primarily engaged in the mining and marketing of thermal coal from the Sebuku coal project in South Kalimantan and the Jembayan coal project in Eastern Kalimantan.

On August 27, 2012, through our wholly-owned subsidiary PTT Mining Ltd., we made a S$1.2 billion offer for the remaining 54.7% of Sakari that we do not own as part of a planned acquisition, to strengthen our interest in the coal sector of the energy industry. Our offer of S$1.90 in cash represents a 27.5% premium to the trading price of Sakari on Friday, August 24, 2012. With adjustment for Sakari dividend paid on September 13, 2012, our net offer price was S$1.8751. The tender period opened on September 10, 2012 and is expected to close on October 22, 2012. As of the date of this Offering Memorandum, we have a combined direct and indirect interest in Sakari of 45.3%.

The Sebuku project produces high quality coal with heat value 6,000 Kcal/kg Gross As Received ("GAR"), with current JORC reserves of 26.5 MT and reserves of 900 MT of high quality 6,000 Kcal/kg coal. The project is located in Sebuku Island, South Kalimantan, Indonesia. The current rate of production is 1.7 MT per year, which is in the process of ramping up with additional exploration and development efforts following Sakari being granted the borrow and use permit for the Northern Leases area of Sebuku in April 2011.

The Jembayan project produces high quality coal with heat value 5,300 – 5,700 Kcal/kg GAR with current JORC reserves of 140.5 MT and JORC resources of 600 MT The project is located in East Kalimantan, Indonesia. The current rate of production is 9 MT per year,

which we intend to expand over the next several years. In the first quarter of 2012, the project's existing open pit mines were flooded by heavy rains in the region, which affected production and sales volumes. Sales volume fell from 5.2 MT in the first half of 2011 to 4.7 MT in the first half of 2012.

Sakari's sales volume was 9.2 MT, 10.7 MT, 10.7 MT and 4.7 MT in the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, respectively. The average selling price was U.S.$82 per ton, U.S.$73 per ton, U.S.$93 per ton, and U.S.$95 per ton in the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, respectively. This is compared to a cost per ton of U.S.$41 per ton, U.S.$47 per ton, U.S.$55 per ton and U.S.$57 per ton in the same periods, respectively. We also believe Sakari is a competitive operator compared to its Indonesian and Australian peers. Sakari's total JORC reserves and JORC resources as of the date of this Offering Memorandum were 167 MT and 1,500 MT, respectively.

Sakari's customer base comprises large power generation companies located primarily in Japan, South Korea and Taiwan, as well as India, China, Europe, and South East Asia. In addition, Sakari also owns 13.2% of Xanadu Mines Ltd, which holds the rights to coal, copper, gold and uranium exploration in Mongolia.

Other Coal Projects

Through the acquisition of PTTAPM, in 2009 and 2011, PTTML indirectly acquired 33.5% interest in Australia-based Red Island Minerals Ltd. ("RIM"), which holds coal exploration rights in the Sakoa Coal Field in Madagascar. RIM holds the exploration licenses and concessions for the development of a coal mine in Madagascar (the Sakoa Coal Field project) via its 80% interest subsidiary Madagascar Consolidated Mining Ltd. As of June 2012, the Sakoa Coal Field has total a JORC reserves of 65 million tons and JORC resources of 405 million tons of thermal coal of a similar product specification to coal currently exported from South Africa. In March 2012, we exercised our rights under the existing investment-and-option agreement to purchase the remainder of RIM, for a price of U.S.$50.2 million. PTTAPM also owns 35% of a joint venture with Far East Energy Corporation Pty Ltd., which has exclusive rights for coal prospect study in Brunei.

From time to time, Sakari explores opportunities for expansion and acquisition of new mining assets. On August 13, 2012, Sakari announced that it has entered into a joint venture with the Royal Group of Cambodia to undertake exploration and development of coal opportunities throughout Cambodia.

Also on August 13, 2012, Sakari announced it has entered into a Head of Agreement to acquire a 100% interest in up to six coal mining concessions covering an area of over 29,000 hectares, located some 30 km to the north of Sakari's Jembayan mine in East Kalimantan. If the results from these activities prove satisfactory to Sakari, the acquisition will proceed to completion.

Gas Pipeline Project in Egypt

PTT International acquired 25% of the shares in EMG in December 2007 at U.S.$486.9 million. EMG is the sole right holder to export natural gas from Egypt to power plants and industrial users in Israel via its offshore pipeline. Under a 20-year Gas Supply and Purchase Agreement

("Source GSPA"), EMG was to purchase gas from EGPC and EGAS at the volume of 7 BCM/year (equivalent to approximately 677 million cubic feet per day). Due to recent political turmoil in Egypt and series of bombings on EGAS pipeline networks, EGPC and EGAS suspended gas deliveries for over 13 months followed by the termination of the Source GSPA, resulting in a material adverse affect on PTT International, including a recorded impairment loss of Baht 5,822 million and Baht 3,972 million in 2011 and in the first half of 2012, respectively. The impairment losses were recorded to reflect the current value of our investment in EMG, in line with international accounting principles and standards and good corporate governance policy.

EMG has initiated arbitration against EGPC and EGAS in October 2011, due to EGPC and EGAS's persistent failure to supply natural gas quantities under the Source GSPA since the commencement of the Source GSPA and more severe failure since February 2011. The arbitration proceeding is ongoing. See "Risk Factors — Risks Relating to Our Business — The political unrest in Algeria, Bahrain and Egypt may have negative consequences for our projects in these countries."

Hydroelectric Power Project in Laos

In 2011, PTT International invested Baht 200 million to acquire a 25% interest in Xayaburi Power Company Limited ("XPCL"). XPCL is a Laotian joint venture company formed to undertake the development of the Xayaburi Project. The Xayaburi Project is a run-of-river hydroelectric power plant of 1,285 MW capacity, to be constructed on the lower Mekong River approximately 30 kilometers east of the town of Xayaburi in northern Laos. Under a 29-year power purchase agreement entered into by the Electricity Generating Authority of Thailand and XPCL in October 2011, XPCL will supply 1,220 MW of electricity to Thailand. XPCL is also contracted to supply 60 MW of power to the state-owned power company of Laos. The Xayaburi Project is expected to be in commercial operation by the first quarter of 2020.

PTT Green Energy

Palm Oil

We invest in the palm oil business in Indonesia primarily through our wholly owned subsidiary PTT Green Energy, which has amassed a land bank of approximately 200,000 hectares in Indonesia, primarily in Kalimantan, for development of palm plantations. PTT Green Energy follows the "clean development mechanism" program, which is a program that allows operators in the European Union Emissions Trading Scheme to purchase carbon allowances generated by projects in developing countries that offer carbon savings over traditional methods of producing electricity and other activities. PTT Green Energy has made investments in several companies since 2007 including (i) an investment in PT. Az Zhara, (ii) a take over of PT. Mitra Aneka Rezeki (Kalimantan), (iii) an acquisition of assets from PT. Mitra Aneka Rezeki (Palembang), (iv) investment in PT. First Borneo Plantations through a joint venture, and (v) investment in PT. Kalputaru Investama through a joint venture.

COMPETITION

As a vertically integrated energy company, we face different competitors in each segment of our business. Our gas transmission, marketing and processing business has a natural monopoly in Thailand and as such does not face direct competition. However, competition is not prohibited and reforms under the Energy Industry Act, upon enactment, may introduce competition in certain areas. See "relationship with the Government and Regulatory Matters — Liberalization of the Gas Supply Industry."

Chevron Offshore Thailand Ltd., Shell (Thailand) Co. Ltd. and Esso (Thailand) Co., Ltd. compete with our downstream petroleum operations. PTTEP competes primarily with Chevron in Thailand. In addition, the companies in our petrochemical and refining businesses group compete against one another as well as against other companies. However, our integration provides us with the opportunity to extract value from all levels of the value chain and gain efficiencies of scale and integration.

Gas Transmission, Distribution, Supply and Marketing Operations

We currently enjoy a favored position in Thailand in the gas transmission, processing and marketing segment of our business that has allowed us to operate in a low-competitive environment in this segment since our inception. As of the date of this Offering Memorandum, we are the sole transmission pipeline operator in Thailand. This, however, may change in the future as ERC plans to propose the Government to deregulate the gas industry. We expect that when third parties are granted access to our pipeline system we will face competition from domestic and international oil and gas companies who have experience in the gas marketing business. We believe that suppliers and end users may contract directly with each other, excluding us from the supply and marketing aspect of their transactions. See "Relationship with the Government and Regulatory Matters — Liberalization of the Gas Supply Industry" and "The Petroleum Industry in Thailand — Petroleum Industry — Gas Transmission in Thailand."

Exploration and Production Operations

We participate in exploration and production through our interest in our subsidiary PTTEP. PTTEP produced more than 31% and 27% of Thailand's total crude oil equivalent in 2011 and the first half of 2012, respectively, which makes it the largest petroleum producer in Thailand. PTTEP conducts a substantial portion of its exploration and production activities through its working interests in petroleum concessions operated by joint ventures with domestic and international oil and gas companies with whom PTTEP may compete for acquisition, exploration, development and production of other crude oil and natural gas properties. PTTEP also competes with domestic and international oil and gas companies who are not its joint venture partners in Thailand or elsewhere for the acquisition of additional property rights and the rights to explore and develop petroleum related properties. See "The Petroleum Industry in Thailand and Globally — Thai Petroleum Industry — Exploration and Production."

Marketing, Sales and Distribution of Refined Petroleum Products

According to MOEN, our share of the Thai domestic market for refined petroleum products, which share includes the market share of PTTRM and fuel oil sales to EGAT, but excludes lubricants, was approximately 38.7% in 2011. We compete primarily with Shell (Thailand) Co., Ltd., Esso (Thailand) Co., Ltd. and Chevron Offshore Thailand Ltd. as well as independent operators in the commercial and retail markets for the sale of refined petroleum products. Market participants compete primarily on the basis of price, brand name, services offered, efficiency and proximity to customers. Because margins on the sale of gasoline and diesel are very low, competition has developed for higher margin products that can be sold at service stations, including high margin oil products such as lube and gasoline additives and non-oil goods and service facilities. We are in the process of expanding our market for such higher margin products through the development and marketing of convenience stores and other high margin products and facilities in Thailand under our leading brand name. See "The Petroleum Industry in Thailand — Petroleum Industry — Trading and Marketing of Refined Petroleum Products."

Refining

There are currently six refinery units in Thailand, five of which are our associate companies. In some product categories, the companies in our refining segment compete among themselves and with other domestic and international suppliers for sales of refined petroleum products both inside of Thailand and abroad. See "The Petroleum Industry in Thailand — Petroleum Industry — Refining of Petroleum Products."

Petrochemicals

Companies in our petrochemicals segment compete domestically with the Siam Cement Plc in the production of olefins. As production capacity in Thailand is currently greater than domestic demand, upstream petrochemical companies must export a portion of their production to China and other neighboring countries, in competition with other petrochemical companies in the international market.

RESEARCH AND DEVELOPMENT

We perform our R&D functions through the PTT Research and Technology Institute ("PTT RTI"), which was formed in 1997 and is located on a 12 hectare campus in Amphur Wangnoi, Ayudhaya province, Thailand. A 19 hectare expansion is slated to begin construction in 2013. A further 28 hectare expansion is currently being studied. As of June 30, 2012, 103 persons were engaged in R&D functions. PTT RTI is divided into six departments, namely Petroleum Products and Alternative Fuels Research, Energy Application Technique and Engine Lab, Process Technology Research, Geo-Science and Petroleum Engineering Research and Research Planning and Management.

PTT RTI performs R&D in the areas of petroleum and petrochemical products, production processes, engineering research and engine tests, market research and environmental research to enhance productivity, efficiency, reduce costs and strengthen the competitiveness of us and our subsidiaries. PTT RTI's research has led to the introduction of new fuel technologies in Thailand, such as lubrication technologies that have achieved the highest standards from the American Petroleum Institute and International Lubricant Standardization and Approval Committee, as well as the creation of new businesses. From the creation and commercialization of lubricant products in 2004, PTT has grown this business to a total volume of 164 million liters in 2011, which represented a 37.5% market share according to the Department of Energy.

We intend to build-up our R&D capability with facilities to support our various businesses by investing in a PTT Innovation Park, beginning in 2013. Related projects in 2013 and 2014 include algae and other next generation feedstock cultivation and a lignocellulosic ethanol pilot plant. During the same period we intend to upgrade solvent and absorbent testing facilities, build a polyolefin pilot plant and upgrade our engine lab.

We anticipate PTT RTI will provide the technologies and sustainable practice initiatives integral to our TAGNOC strategy. Beginning in 2012, each PTT Group company will contribute 3% of net income to a research and development fund that will fund these research and development efforts.

Our expenditures for research and development were approximately Baht 1,436 million and Baht 1,492 million in 2010 and 2011, respectively, which accounted for approximately 2.6% and 2.0% of our consolidated net income, respectively. Approximately Baht 1,968 million is budgeted

for R&D in 2012. We expect to continue to spend a significant portion of our revenue on R&D in the future; our strategic goal is for all members of the PTT group to contribute 3.0% of their respective net income, on an unconsolidated basis, into a pool to fund PTT RTI's R&D efforts.

TRADEMARKS AND SERVICE MARKS

We have trademarked certain product names and businesses to protect our various brands in both the domestic and international markets. We have not had any significant disputes with respect to any of our trademarks or service marks. We currently do not hold any patents for any of our products or processes.

PROPERTIES

Our major properties include natural gas pipelines, land and buildings, machinery and equipment, oil terminals, gas service stations, GSPs and other fixed assets used for exploration and production of petroleum and coal. As of June 30, 2012, gas pipelines and other fixed assets used for our business accounted for 41.6%, of our book value.

The total gross floor area of office space owned by us is approximately 76,000 square meters, respectively. Our headquarters is located at 555 Vibhavadi Rangsit Road, Chatuchak, Bangkok, Thailand having a total area of approximately 33,864 square meters. State Railway of Thailand ("SRT") has executed a registration to give us the right of using such land without any rental fees for a term of 30 years commencing from April 1, 1983 until March 31, 2013. In consideration, we built a building for SRT. Pursuant to the registration, SRT also agreed to continually renew the registration period of 30 years without any rental fees or other remuneration. We also entered into a lease agreement with SRT in respect of an area of approximately 1,752 square meters which is part of the land covered by the above registration. The lease has been for a term of 22 years and six months commencing from October 1, 1990 for an amount of Baht 8 million in total, ending March 2013.

EMPLOYEE MATTERS

The following table sets out the number of employees by business sector as of June 30, 2012 for PTT and for the PTT Group.

	PTT only		PTT and PTT group of companies	
Major Functions	**Number of employees**	**Percentage of total**	**Number of employees**	**Percentage of total**
Natural gas	1,322	31.7	3,533	23.8
Oil	1,451	34.8	1,794	12.1
Petrochemicals and refining	73	1.8	717	4.8
Support staff, secondees to PTT Group of companies	1,322	31.7	8,746	59.3
Total	4,168	100.0	14,790	100.0

We believe that we have a well-trained and experienced pool of employees. As of June 30, 2012, 2,210 members of our staff had graduate degrees and 4,168 of our employees had worked with us or the Petroleum Authority of Thailand, our predecessor entity, for over 20 years.

We invest significant resources in an extensive employee training program and we regularly second employees to work with joint venture partners and subsidiaries so that they can gain experience in a number of technical areas, including training in gas processing and operations, reservoir engineering and management, production geology and petroleum geo statistics. As of June 30, 2012, we had 270 employees seconded to work with international oil and gas companies and our subsidiaries and associated companies, both domestically and abroad. We conduct an extensive employee training program, including internal training programs and attendance at Thai and international technical institutes, as well as technical training of employees seconded to work with its joint venture operators.

Our employees are ranked by levels 1 through 18, with level 18 being the most senior and level 1 being the most junior. As of June 30, 2012, approximately 2,149 of our 4,168 employees in levels 1-9 were members of a voluntary employee union, which is affiliated with the national state enterprise employees union, and which participates in our affairs. A committee made up of management and union members reports to a national state enterprise employees union representative on a monthly basis. levels 10-18 consist of management personnel, none of whom are members of the union. We have not experienced any strikes or other labor disturbances that have interfered with our operations and we believe that our relations with our employees are good.

The total remuneration to our employees includes salary, bonuses and allowances. Employees may also receive certain subsidies in housing, health services, education and other miscellaneous items. Remuneration also includes an annual contribution of 10% of an employee's salary to a provident fund. Employees have the opportunity to contribute 5-10% of their annual salary to the fund. We believe that our remuneration levels are competitive within the Thai gas and petrochemical industry. We also have a comprehensive benefits package for our employees that includes, among other things, vacation, military leave, maternity leave, medical care, a child subsidy and a funeral subsidy.

QUALITY, SECURITY, SAFETY, HEALTH AND ENVIRONMENTAL MATTERS

We and our subsidiaries have established numerous policies and procedures for quality, security, safety, health and environmental ("QSHE") management. We have created the PTT Group QSHE policy ("Group QSHE Policy") and the PTT Group Security, Safety, Health and Environment Management Standard ("SSHE MS") to define the operating approach of the PTT Group in regards to these matters. In addition to regular internal audits conducted in each business unit and subsidiary, we are developing a PTT Group SSHE MS corporate audit framework and guideline to ensure the effective and efficient implementation of SSHE MS across PTT Group companies. Extensive SSHE MS corporate audits and gap assessments have been launched in pilot business unit and subsidiaries since 2010. See "Risk Factors — Risks Relating to Our Business — Our business operations may be adversely affected by present or future product quality requirements and environmental regulations."

At the foundation of our Group QSHE Policy and SSHE MS are the safety, security, health and environmental laws and regulations in Thailand and overseas that we abide by in the operation of our oil and gas exploration and production and other activities. In particular, we comply with various laws and regulations as follows:

- the submission for approval of Environmental Impact Assessments ("EIAs") and mitigation measures reports prior to the commencement of petroleum exploration and

production projects and other prescribed projects that may impact the environment, natural resources and local communities. The EIAs conducted by us includes health, social and environmental impact assessments and public hearing participation;

- the submission of environmental monitoring and compliance audit reports, during and after the implementation of petroleum exploration and production projects and other prescribed project plans;

- the systematic management of hazardous substances to prevent the release of hazardous substances into the environment;

- limiting or prohibiting drilling activities on sites located within protected areas; and

- avoidance of criminal and civil liabilities for pollution resulting from oil and natural gas operations.

We comply with regulations concerning air emissions, discharges to surface and subsurface water resulting from operations that we own. In addition, our operations are subject to laws and regulations relating to the generation, handling, storage, transportation, disposal and treatment of waste materials.

The petroleum and petrochemical businesses, in terms of exploration, production and downstream operations, have certain inherent risks, including oil and gas leakages and fires. Offshore operations face natural risks such as waves, storms, and earthquakes; onshore operations could also suffer from earthquakes and flash floods. Man-made risks, such as sabotage or terrorist acts, are also possible. In addition to these external risks, human errors could create risk. All these situations require preventive and mitigating measures. Our Group QSHE Policy and SSHE MS provides for strict compliance with governing laws and regulations. We pay attention to the environmental impact of every step of our operations, including the design of production platforms, production processes, production control, and monitoring and control of hazards. We apply our policy to every step of operations, including the engineering, design, construction, installation, commissioning, operation and de-commissioning of production facilities. The Group QSHE Policy and SSHE MS are the highest level policies in our management system. To efficiently and effectively implement our policies across our organization as a whole, we regularly update our information and knowledge capabilities. Continual training is provided to enhance employees' potential and educate them about accident prevention and safe work practices, as well as emergency responses through drills, including joint exercises with relevant external agencies.

As part of our Group QSHE Policy and SSHE MS, all of PTT's facilities have achieved third-party certification for ISO 9001, ISO 14001, ISO/IEC 17025 and TIS/OHSAS 18001, as applicable. They have also have implemented other applicable risk prevention and mitigation measures to achieve its objectives and sustainable business operation. Moreover, PTTEP is working to obtain ISO 9001 and references the International Association of Oil and Gas Production procedures in PTTEP's safety, security, health and environmental management system.

We anticipate that the environmental laws and regulations to which we are subject will become increasingly strict and will therefore likely have an increasing impact on our operations. It is impossible, however, to predict accurately the effect of future developments in such laws and regulations on our future earnings and operations. Some risks of environmental costs and liabilities are inherent in certain of our operations and products, as well as the industry in which we operate. There can be no assurance that material costs and liabilities will not be incurred.

As part of our pursuit of sustainable and environmental operations, support functions in PTT's corporate management and in the gas business have implemented a Quality Management System ("QMS") that is integrated with the Thailand Quality Award framework. The QMS helps reduce potentially environmentally hazardous errors, meet customer's needs and improve organizational management. Our goal is to implement a PTT-wide QMS program by the end of 2014.

INSURANCE

Large international reinsurance brokers participate in engineering surveys annually to help determine our risk profile exposure so that we may apply our insurance resources in the most effective manner. We also help certain subsidiaries determine their insurance needs.

Our coverage includes property damage, business interruption, third party liability and personal accident insurance. Our third party liability insurance covers loss and/or damage arising out of direct and sudden pollution accidentally caused by us up to U.S.$50 million and our business interruption insurance covers certain interruption events, including interruptions caused by third party suppliers. We consider our insurance coverage to be in accordance with industry standards.

We are also required by law to maintain a self-insurance fund, which we use to mitigate financial risk and for general risk management. We appropriate a percentage of net income from operations and the interest income from the fund each year to the fund.

RELATED PARTY TRANSACTIONS

As a fully integrated energy company, we and our subsidiaries and associated companies regularly conduct related party transactions. We apply TAS 24 Related Party Transactions for consolidated financial statements disclosure purposes and also disclose our related party transactions according to the Thai Security Exchange Commission ("SEC") requirements which include, among other things, the disclosure of the pricing policy for related party transactions.

The majority of our related party transactions are purchase and sales of petroleum products amongst ourselves and our subsidiaries and associated companies. These transactions are conducted on an arms length basis. See Note 9 of our audited financial statements for more information and "Related Party Transactions".

In addition, as we are majority owned by the Government, our transactions with various ministries, departments and branches of the Government are considered related party transactions. All commercial transactions with branches of the Government are conducted on an arms length basis and at market rates. See "Relationship with the Government and Regulatory Matters" and "Related Party Transactions."

LEGAL PROCEEDINGS

Under the Public Limited Companies Act B.E. 2535 (1992), we are required to appropriate not less than 5% of our annual net income as legal reserve until the reserve fund reaches 10% of the authorized share capital. The reserve is non-distributable. Our reserve has already reached the 10% of its authorized share capital, stipulated in the Act.

Map Ta Phut Industrial Estate Administrative Court Proceedings

On June 19, 2009, 43 petitioners led by the Stop Global Warming Association filed a complaint with the Central Administrative Court (the "Court") against eight government agencies, together with a motion seeking a Court injunction to temporarily suspend all operations and

activities of 76 industrial projects in the Map Ta Phut Industrial Estate in Rayong province. The petitioners asserted that issuance of the permits for these projects failed to comply with Section 67 of the Constitution and requested that the permits be revoked.

After further proceedings and a fact finding process, on September 2, 2010, the Court rendered a judgment revoking the permits of the projects which were categorized by law as projects that might seriously affect the community with respect to the quality of environment, natural resources, and health, and which had not complied with the procedures set forth in Section 67 paragraph 2 of the Constitution. According to the law, none of our projects fell into this category.

On October 1, 2010, the 43 petitioners appealed the Court's judgment to the Supreme Administrative Court. On December 7, 2010, the eight government agencies submitted their reply. In June 2012, the Supreme Administrative Court granted an order lifting the suspension on the last of our remaining suspended projects. Currently, the appeal is under the consideration of the Supreme Administrative Court. However, regarding the projects in which we have interests, at present all of them are legally permitted to resume their normal operations.

Other Proceedings

On December 3, 2009, one of our customers submitted a claim with the Thai Arbitration Institute (the "Institute") requesting that we and our supplier associate renew a petrochemical product sales agreement which had expired on January 31, 2012. We had previously notified the customer of our intention not to renew the contract in accordance with the procedures specified under the product sales agreement and the supplier associate had notified us that it would not continue to supply the products to us under a back-to-back contractual arrangement. The Institute dismissed the claims against the supplier associate while proceedings against us are still underway. The customer has claimed damages of Baht 13,000 million.

On May 26, 2010, the contractor for an on-shore natural gas pipeline construction project (the "Contractor") submitted claims to the Institute seeking overdue payment and damages from us for the work performed in connection with the project. Subsequently the Contractor entered an absolute receivership, provides the official receiver with the sole power to pursue the claims on behalf of the Contractor. The receiver received the power to pursue the claims on behalf of the Contractor. On September 8, 2010, the Contractor by its official receiver through the receiver submitted the claims to the Institute seeking overdue payment and damages from us for the work performed in connection with another pipeline construction project. We, however, maintain that the submission of the claims was not compliant with the dispute resolution procedure agreed upon under the contract. Therefore, we filed an opposition to the Contractor's claim submission with the Institute and reserved the right to protest such contractually incompliant claim submission in the arbitration procedure. In contention against the alleged claims, we submitted the defense together with counterclaims seeking damages from the Contractor. Currently, the dispute is still in the arbitral proceedings. The dispute is in the Institute's process of appointing the umpire of the tribunal to commence the arbitration proceeding. The entire value of the two claims is approximately Baht 8,330 million and the entire value of our two counterclaims is approximately Baht 229 million.

Through the wholly owned subsidiary of our subsidiary PTTEP, PTTEP AA, in connection with the Montara Incident, we may be subject to potential civil claims. In August 2012, we pleaded guilty to four charges brought by the National Offshore Petroleum Safety and Environmental Management Authority ("NOPSEMA") in Australia's Darwin Magistrates Court and accepted a

penalty of A$510,000. This amount had been provisioned for in 2009 when the Montara Incident occurred. PTTEP has also received claims in connection with the early termination of contracts due to the Montara Incident (although such claims to date have not, in the aggregate, been material), and has received notice of a potential claim for compensation from fishermen in Western Australia and Indonesia due to the Montara Incident (although no claim has yet been filed and any damages, if claimed, are not yet quantifiable). See "Risk Factors — Risks Relating to our Business — We may fail to maintain effective quality control systems for our business operations. If the quality of our petrochemical products fails to meet industry standards, we may be subject to additional expenses or warranty claims, which may have material adverse effects on our business," "Risk Factors — Risks Relating to Our Business — We may be subject to claims and liabilities under environmental, health, safety and other laws and regulations" and "Business — Business Activities — Exploration and Production (PTTEP) — The Montara Incident."

On June 25, 2011, during the construction of a gas pipeline for our Platong Gas II offshore facility in the Gulf of Thailand, an existing pipeline of ours located in the construction area was damaged and began leaking. The leaks continued for nine days, with the released natural gas dissipating into the atmosphere. An emergency plan was activated and the affected offshore pipeline was shut down for 51 days. Three million liters of fuel oil equivalent of natural gas per day, which the pipeline normally carried, was diverted to two other pipelines. Normal operations re-commenced on August 15, 2012. As a result of the leak, PTT incurred costs to secure replacement fuel oil to supply to its customers under its gas sales agreements, since the pipeline shutdown interfered with our ability to deliver the contracted quantities to our customers. We also recognized impairment costs. As the natural gas dissipated into the atmosphere, there were no environmental cleanup costs. As of the date of this Offering Memorandum, we have filed suit against the contractor for all damages arising from the leak. Court proceedings are ongoing.

We are involved in certain other judicial proceedings before Thai courts concerning matters arising in connection with the conduct of our businesses. We believe, based on currently available information, that the results of such other pending proceedings, if adversely determined, will not, in aggregate, have a material adverse effect on our business, financial condition, results of operations and prospects.

PRINCIPAL SHAREHOLDERS

The following table sets out certain information about PTT's shareholders, as shown on its share register as of September 10, 2012. Other than the shareholders listed below, no shareholder owns more than 5% of PTT's outstanding ordinary shares.

Name of Shareholder	Number of Shares Held	Percentage
Ministry of Finance	1,459,885,575	51.111
Vayupak Fund[1]	435,800,000	15.258
Public	960,614,050	33.631
Total	2,856,299,625	100.000

(1) The Vayupak Fund is a registered investment management fund in Thailand in which the Government is a major unit holder. The Government has rights of first refusal with respect to any of our shares to be sold by the fund. Although the fund's shareholding may be considered to be beneficially owned by the Government under international standards, such shares are not considered to be owned by the Government for the purposes of Thai law or our compliance with certain of our debt covenants.

Directors

Our board of directors has ultimate responsibility for the administration of the affairs of the company. The Articles of Association provide for a board of directors of between five and fifteen directors and one-third of the Board members are retired each year by rotation. According to our corporate governance policy, at least half of the Board members must be independent directors. As of the date of this Offering Memorandum, PTT's board of directors consisted of 15 members.

The business address of all the directors and executive officers is PTT's registered office.

Name	Position	Appointed date
Dr. Norkun Sitthiphong	Chairman (from January 18, 2008, to December 24, 2010, and from April 29, 2011-present)	April 3, 2012
Mr. Watcharakiti Watcharothai	Independent Director	April 2, 2012
Mr. Chulasingh Vasantasingh	Independent Director	April 20, 2011
Mr. Krairit Nilkuha	Director	April 9, 2010
Mrs. Benja Louichareon	Director	April 2, 2010
Mr. Arkhom Termpittayapaisith	Independent Director	April 2, 2012
Mr. Waroonthep Watcharaporn	Independent Director	October 11, 2011
Dr. Chitrapongse Kwangsukstith	Director	October 25, 2011
Mr. Montri Sotangkur	Independent Director	November 4, 2011
Gen. Warawat Indradat	Independent Director	November 4, 2011
Gen. Prin Suwannadat	Independent Director	November 25, 2011
Mr. Sihasak Phuangketkeow	Independent Director	December 23, 2011
Dr. Pailin Chuchottaworn	Director and Secretary (President and CEO)	April 2, 2012
Mr. Insorn Buakeow	Independent Director	April 10, 2012
Mr. Boonsom Lerdhirunwong	Independent Director	April 21, 2012

Certain information with respect to our directors is set out below:

Dr. Norkun Sittiphong – Dr. Sittiphong, age 59, is Chairman of PTT. His other relevant important positions include Chairman of PTT Exploration and Production Public Company Limited and Chairman of Thaioil Public Company Limited. He is also Permanent Secretary of MOEN since 2010, Deputy Permanent Secretary of MOEN from 2003 to 2010, Vice President of Academic Affairs at Chiang Mai University from 2001 to 2003, and Vice President of Research and Assets Affairs at Chiang Mai University from 1998 to 2000.

Dr. Sittiphong earned a Bachelor degree in Mechanical Engineering from Chulalongkorn University, Thailand, a Master degree and a Ph.D. in Mechanical Engineering from Oregon State University, U.S.A. His certifications include: the National Defense Course, National Defense College, (Class of 47th), Thailand; Capital Market Academy Leadership Program, (Class of 4th) Thailand; Thai Institute of Directors Association (IOD), RCP 21/2009.

Mr. Watcharakiti Watcharothai – Mr. Watcharothai, age 52, is an Independent Director, Chairman of PTT's Nominating Committee and Chairman of the Corporate Governance Committee. He is also Director of IRPC Public Company Limited and Krisada Mananakorn Public Company. Mr. Watcharothai has been Grand Chamberlain since 2007 and was Assistant Lord Chamberlain from 2001 to 2007.

Mr. Watcharothai earned a Bachelor of Arts degree in Political Science from Kasetsart University, Thailand and an M.P.A. from Roosevelt University, IL, U.S.A. His certifications include: The State-Private & Political Sector Course, National Defense College, (Class of 4th), Thailand; Capital Market Academy Leadership Program, (Class of 9th), Thailand; Public Director Certification Program, Public Director Institute (PDI), (Class of 5th), Thailand; Senior Executives on Justice Administration Batch, National Justice Academy (Class of 15th), Thailand; Thai Institute of Directors Association (IOD), DCP 121/2009.

Mr. Chulasingh Vasantasingh – Mr. Vasantasingh, age 62, is an Independent Director and Chairman of PTT's Audit Committee. He has been Attorney General since 2009 and was Deputy Attorney General from 2005 to 2009.

Mr. Vasantasingh earned a Bachelor of Laws (LLB.) (Hons.) from Chulalongkorn University, Thailand, a Master of Comparative Law (MCL.) from University of Illinois, U.S.A., a Barrister at Law from The Institution of Legal Education, Thailand, and Honorary Doctorate Degrees in Laws from Ramkhamhaeng University, Chulalongkorn University and Yonok University in Thailand. His certifications include: The National Defense Course, National Defense College, (Class of 388th) Thailand; Politics and Governance in Democratic Systems for Executives Course, Thailand (Class of 8th); Capital Market Academy Leadership Program, (Class of 5th), Thailand; Thai Institute of Directors Association (IOD), DCP 35/2003, FND 7/2003, UFS 1/2006, ACP 17/2007, Refresher Course DCP 1/2008.

Mr. Krairit Nilkuha – Mr. Nilkuha, age 60, is a Director, a Member of PTT's Remuneration Committee and a Member of its Nominating Committee. He is also Director of Bangchak Petroleum Public Company Limited. Since 2009, he has been Director General of Department of Alternative Energy Development and Efficiency of MOEN. Prior to that, he was Deputy Permanent Secretary of MOEN from 2008 to 2009, Director – General of Department of Mineral Fuels from 2005 to 2008, and Deputy Director-General of Department of Mineral Fuels from 2003 to 2005.

Mr. Nilkuha earned a Bachelor degree in Mechanics Engineering from Kasetsart University, Thailand and a Master degree in Petroleum Engineering from New Mexico Institute of Mining and Technology, U.S.A. His certifications include: The National Defense Course, National Defense College, (Class of 48th), Thailand; Capital Market Academy Leadership Program, (Class of 8th), Thailand; Thai Institute of Directors Association (IOD), UFS 6/2006, DAP 53/2006, ACP 24/2008 and R-SS 1/2009.

Mrs. Benja Louichareon – Mrs. Louichareon, age 59, is a Director and a Member of PTT's Remuneration Committee. She has been Director General of Excise Department in Ministry of Finance since 2011 (effective until September 30, 2012). Prior to that, she was Deputy Permanent Secretary of Ministry of Finance from 2008 to 2011, Inspector General in the Office of Permanent Secretary for Finance from 2005 to 2008, Principal Advisor on Tax Base Management for the Revenue Department from 2004 to 2005, and Deputy Director-General of the Revenue Department from 2003 to 2004.

Mrs. Louichareon earned a bachelor degree in Accounting from Thammasat University, Thailand, a LL.B. from Thammasat University, Thailand, and a M.P.A. from Chulalongkorn University, Thailand. Her certifications include: Middle Management Professional Development, Revenue Canada; EDI Taxation Technology for Middle Management, Revenue Department (Australia and New Zealand); Strategic Thinking and Executive Action, Kellogg School of Management, U.S.A.; The Joint State – Private Sector Course, National Defense College, (Class of 4616), Thailand; Certificate of Public Director Certification Program, Public Director Institute (PDI), Thailand; Capital Market Academy Leadership Program, (Class of 8th) Thailand; Thai Institute of Directors Association (IOD), DCP 75/2006, ACP 27/2009, SFE 7/2010 and RCP 23/2010.

Mr. Arkhom Termpittayapaisith – Mr. Termpittayapaisith, age 56, is an Independent Director and Chairman of PTT's Remuneration Committee. He has been Secretary-General of NESDB since 2010 and was Deputy Secretary-General between 2004 and 2010. Prior to that, he was a Senior Adviser in Policy and Plan for NESDB from 2003 to 2004 and Assistant Secretary-General from 2000 to 2003.

Mr. Termpittayapaisith earned his Bachelor of Arts degree in Economics from Thammasat University, Thailand and his Master of Arts degree in Development Economics from Williams College, U.S.A. His certifications include: Senior Executive, Civil Servant Commission, (Class of 35th), Thailand; The National Defense Course, National Defense College, (Class of 46th), Thailand; Thai Institute of Directors Association (IOD), DAP 51/2006, DCP 97/2007, ACP 22/2008.

Mr. Waroonthep Watcharaporn – Mr. Watcharaporn, age 44, is an Independent Director and a Member of the Audit Committee. He has been Vice Chairman of the Board Executive Office at Advanced Info Service Plc. Since 2011 and was Vice President of Corporate Sales and Assistant Vice President prior to that from 2008-2011. From 2007 to 2008, he was Managing Director at Advanced mPAY Company Limited and from 2006 to 2007, he was Assistant Vice President of Marketing One-2-Call at Advanced Info Service Plc.

Mr. Watcharaporn earned his Bachelor Degree in Business Administration in Marketing from The University Thai Chamber of Commerce, Thailand and his Master of Science in Information System (MIS) from George Washington University's Engineering School, U.S.A.

Dr. Chitrapongse Kwangsukstith – Dr. Kwangsukstith, age 63, is a PTT Director. He is presently Chairman of the Board of PTT International. Prior to that, he was Chief Operating Officer of PTT's Upstream Petroleum and Gas Business Group from 2008 to 2009, Senior Executive Vice President in PTT's Gas Business from 2003 to 2007, and President of PTT Exploration & Production Public Company Limited from 2000 to 2003.

Dr. Kwangsukstith received a bachelor degree in Mechanical Engineering from Chulalongkorn University, Thailand, a Master degree in Industrial Engineering from Lamar University, Texas, U.S.A., and a Ph.D. in Engineering Industrial from Lamar University, Texas, U.S.A. His certifications include: Stanford Executive Program, Stanford University, U.S.A.; The National Defense Course, National Defense College, (Class of 4212), Thailand; Thai Institute of Directors Association (IOD), DCP 42/2004, FND 9/2004, RCC 10/2010.

Mr. Montri Sotangkur – Mr. Sotangkur, age 50, is an Independent Director of PTT. He has been Managing Director at Prestige Direct Marketing Company Limited since 1992, Director at M Picture Entertainment Public Company Limited since 2009 and Director at CAT Telecom Public Company Limited since 2009. Between 2008 and 2011, he was Director of National Housing Authority and Provincial Waterworks Authority. From 2008 to 2010, he was Director of National Innovation Agency and from 2008 to 2009, he was Director of GISTDA-Geo-lnformatics and Space Technology Development-Agency (Public Organization).

Mr. Sotangkur received a Bachelor of Arts in Commerce and Accountancy from Chulalongkorn University, Thailand and a M.B.A. from Northrop University, Los Angeles, California, U.S.A. He has a certification from the Capital Market Academy Leadership Program, (Class of 9th), Thailand.

Gen. Warawat Indradat – Gen. Indradat, age 63, is an Independent Director and member of PTT's Corporate Governance Committee. He was Secretary to the Ministry of Defense and Senior Expert of Royal Thai Army in 2008, Assistant Chief of the General Staff of Ministry of Defense in 2005, Deputy Commanding General of Chulachomklao Royal Military Academy in 2004, and Staff Officer to the Ministry of Defense in 2002.

Gen. Indradat received his Bachelor of Science (Army) from Chulachomklao Royal Military Academy, Thailand and his M.B.A from The Civil Military MBA Program at Kasetsart University, Thailand. His certifications include: Command and General Staff Officer Course (Ft. Leavenworth), U.S.A. Defense Resource Management Course Naval Post-graduate School (Monterey, California, U.S.A.). and Advanced Security Management Program, National Defense College, Thailand.

Gen. Prin Suwannadat – Gen. Suwannathat, age 60, is an Independent Director of PTT. He is currently Chief of Staff Officers to The Minister of Defense. From 2004 to 2006, he was Commanding General of 1st Division King's Guard. From 2002 to 2004, he was Commanding General of the 11th Military Circle. From 2000 to 2001, he was Commander of 1st Infantry Regiment King's Guard.

Gen. Suwannathat earned his Bachelor of Science (Army) from Chulachomklao Royal Military Academy, Thailand and his certifications include The National Defense Course, National Defense College, (2004), Thailand and Thai Institute of Directors Association (IOD), DCP 110/2008.

Mr. Sihasak Phuangketkeow – Mr. Phuangketkeow, age 55, is an Independent Director and member of PTT's Corporate Governance Committee. He has been Permanent Secretary of Ministry of Foreign Affairs since 2011. He was Ambassador and Permanent Representative of Thailand to the United Nations Office and Other International Organizations in Geneva in 2007. In 2006, he was Deputy Permanent Secretary of Ministry of Foreign Affairs and in 2002, he was Director General for Department of Information and Spokesman of the Ministry of Foreign Affairs.

Mr. Phuangketkeow earned his Bachelor of Political Science in International Relations from Chulalongkorn University, Thailand and his Master of Arts in International Public Policy from Johns Hopkins University, U.S.A.

Dr. Pailin Chuchottaworn – Dr. Chuchottaworn, age 56, is a Director and Secretary to the Board. He is also a Director of PTT Exploration and Production Public Company Limited and IRPC Public Company Limited. He has been President and Chief Executive Officer of PTT since September 2011. Prior to that, he was Chief Operating Officer of PTT's Upstream Petroleum and Gas Business Group for three months. From 2009-2011, he was President of IRPC Plc. From 2009 to June 2011, he was Chief Executive Officer of IRPC Public Company Limited. In 2008, he was President of PTT Polymer Marketing Company Limited. From 2006 to 2008, he was President of PTT Asahi Chemical Company Limited.

Dr. Chuchottaworn earned a bachelor degree in Chemical Engineering (Hons.) from Chulalongkorn University, Thailand, a Master of Engineering in Chemical Engineering and a Doctor of Engineering in Chemical Engineering from Tokyo Institution of Technology, Japan. His certifications include: PTT Executive Leadership Program/GE Crotonville U.S.A.; NIDA-Wharton Executive Leadership Program, The Wharton School University of Pennsylvania, U.S.A.; Industrial Liaison Program (ILP) 2005/Massachusetts Institute Technology, U.S.A.; The Joint State – Private Sector Course, National Defense College, (Class of 22nd), Thailand; Thai Institute of Directors Association (IOD), DAP 24/2004, DCP 51/2004, FND 14/2004.

Mr. Insorn Buakeow – Mr. Buakeow, age 62, is an Independent Director of PTT. He is currently Executive Advisor, Thai Beverage Public Co., Ltd. and T.C.C. Group. From 1992 to 2002, he was Advisor at Sanpatong Agricultural Cooperative, Chiangmai. From 1990 to 1995, he was Advisor of Lao-Shinawatra Telecom Company Limited. From 1984 to 2009 he was executive of Surathip Co., Ltd. and Thai Beverage Public Co., Ltd. From 1976 to 1980, he served as a coordinator at the United Nations High Commissioner for Refugees (UNHCR).

Mr. Buakeow earned his Bachelor of Education from Burapha University (Bangsaen Educational College), Thailand, his Master of Public Administration from the National Institute of Development Administration (NIDA) and his Doctorate of Public Administration from Century University, Albuquerque, New Mexico, USA.

Mr. Boonsom Lerdhirunwong – Mr. Boonsom Lerdhirunwong, age 58, is an Independent Director and a Member of PTT's Audit Committee. He is currently a member of the Thai Red Cross Society Board as well as the Dean of the Faculty of Engineering of Chulalongkorn University, Thailand, where he has served at various posts in his career, including member of the University Council from 2008 to 2010, member of the Financial Policy Committee from 2007 to 2008, Vice President for Property Management Affairs from 2004 to 2008 and Vice Dean of the Faculty of Engineering from 2000 to 2004.

Mr. Lerdhirunwong earned his Bachelor of Engineering (Civil) and his Masters of Engineering (Civil) from Chulalongkorn University, Thailand, and his Doctorate of Engineering (Civil) from INSA Toulouse, France. He also attended National Defense College (4919).

Management Team

The members of the Management Team as of the date of this Offering Memorandum are as follows:

Name	Position
Dr. Pailin Chuchottaworn	President and CEO
Mr. Surong Bulakul	Chief Financial Officer
Mr. Wichai Pornkeratiwat	Chief Operating Officer, Upstream Petroleum and Gas Business Group
Mr. Nuttachat Charuchinda	Chief Operating Officer, Downstream Petroleum Business Group
Mr. Supattanapong Punmeechaow	Senior Executive Vice President, Corporate Strategy
Mr. Pitipan Tepartimargorn	Senior Executive Vice President, Human Resources & Organization Excellence
Mr. Peerapong Achariyacheevin	Senior Executive Vice President, Gas Business Unit (effective until September 30, 2012)
Mr. Sarun Rungkasiri	Senior Executive Vice President, Oil Business Unit
Mr. Sukrit Surabotsopon	Senior Executive Vice President, Petrochemicals and Refining Business Unit
Mr. Sarakorn Kulatham	Senior Executive Vice President, International Trading Business Unit
Mr. Anon Sirisaengtaksin	CEO, PTTGC
Mr. Tevin Vongvanich	President and CEO, PTT Exploration and Production Plc.
Mr. Veerasak Kositpaisal	CEO, Deputy Managing Director – Business (Act.), PT Thaioil Plc.
Mr. Bowon Vongsinudom	President, PTTGC
Mr. Suwanunt Chatiudompunth	Senior Executive Vice President, seconded to President, PTT Phenol Co., Ltd. (effective until September 30, 2012)
Mr. Atikom Terbsiri	President, IRPC Plc.
Mr. Wirat Uanarumit	Executive Vice President, Corporate Finance
Mrs. Prisana Praharnkhasuk	Executive Vice President, Corporate Accounting

Dr. Pailin Chuchottaworn – see "— Directors."

Mr. Surong Bulakul – Mr. Bulakul, age 57, is the Chief Financial Officer of PTT. He is also a Director of Thai Lube Base Public Company Limited. From 2009 to April 2012, he was Chief Executive Officer of Thaioil Public Company Limited. From 2008 to 2009, he was Senior Executive Vice President of PTT's international trading business and from 2005 to 2008, he was Executive Vice President.

Mr. Bulakul received a Bachelor of Science in Industrial Engineering and Operations Research from Syracuse University, New York, U.S.A., a Master of Engineering in Operations Research and Industrial Engineering Cornell University, New York, U.S.A., and a Master of Business Administration from Cornell University, New York, U.S.A. His certifications include: PMD, Harvard University, Boston, U.S.A.; Democratic Politics and Governance for High-level Administrators Program (Class of 8th), King Prajadhipok's Institute, Thailand; The Joint State-Private Sector Course, National Defense College, (Class of 4919), Thailand; Capital Market Academy Leadership Program, (Class of 10th), Thailand; Thai Institute of Directors Association (IOD), DCP 121/2009, R-SS 1/2011.

Mr. Wichai Pornkeratiwat – Mr. Pornkeratiwat, age 59, is Chief Operations Officer of the Upstream Petroleum and Gas Business Group. He has also served as Director of PTT Exploration and Production Public Company Limited; Director of IRPC Public Company Limited and Director of PTT Green Energy (Thailand) Company Limited. From 2010 to 2011, he was Senior Executive Vice President in PTT's Gas Business Unit. From 2009 to 2010, he was Executive Vice President, Natural Gas Vehicle, PTT's gas business. From 2008 to 2009, he was Acting Managing Director of PTTLNG Company Limited.

Mr. Pornkeratiwat earned a Bachelor degree in Engineering from Khon Kaen University and a Masters in Public and Private Management Administration from the National Institute Development Administration. His certifications include: Asian Executive Program (AEP), GE Management Development Institute; Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration, Chulalongkorn university, Thailand; NIDA Wharton Executive Leadership Program, The Wharton School University of Pennsylvania, U.S.A; Thai Institute of Directors Association (IOD), DCP 111/2008.

Mr. Nuttachat Charuchinda – Mr. Charuchinda, age 57, is Chief Operations Officer of the Downstream Petroleum Business Group. He is also Director of Bangchak Petroleum Public Company Limited, Director of PTTGC Public Company Limited and Director of Thaioil Public Company Limited. From 2010 to 2011, he was Senior Executive Vice President in PTT's Corporate Strategy. From 2009 to 2010, he was Executive Vice President of PTT's International Trading Business Unity. From 2005 to 2009, he was Executive Vice President of PTT's Natural Gas Vehicle. From 2004 to 2005, he was Executive Vice President of PTT's Supply and Logistics.

Mr. Charuchinda earned a bachelor degree in Civil Engineering from Chiang Mai University, Thailand and an M.B.A. from Thammasat University, Thailand. His certifications include: Program for Global Leadership (PGL), Harvard Business School, U.S.A.; Oxford Energy Seminar, UK; Break Through Program for Senior Executives (BPSE), IMD Institute, Switzerland; The Joint State-Private Sector Course, National Defense College, (Class of 20th), Thailand; Thai Institute of Directors Association (IOD), DCP 129/2010.

Mr. Supattanapong Punmeechaow – Mr. Punmeechaow, age 53, is Senior Executive Vice President of Corporate Strategy of PTT since 2011 and Director of PTT International Company Limited. From 2009 to 2011, he was Executive Vice President of Business Development of PTT International Company Limited and Executive Vice President of Corporate Strategy of PTT. From 1995 to 2008, he was Managing Director at SCB Securities Co. Ltd.

Mr. Punmeechaow has a Bachelor Degree in Chemical Engineering and a Master Degree in Business Administrative from Chulalongkorn University, Thailand. His certifications include: Advanced Management Program, INSEAD University, France; The Joint State-Private Sector Course, National Defense College, (Class of 50th and 20th), Thailand; Thai Institute of Directors Association (IOD) DCP 131/2010.

Mr. Pitipan Tepartimargorn – Mr. Tepartimargorn, age 56, is Senior Executive Vice President of Human Resources & Organization Excellence. He is also Chairman of PTT Polymer Logistic Company Limited, Chairman of PTT ICT Solutions Company Limited, and Director of PTT Polymer Marketing Company Limited. From 2004 to 2010, he was Executive Vice President of Human Resources at PTT. From 2003 to 2004, he was Vice President of Human Resources Policy and from 2001 to 2003, he was Vice President of Corporate Development.

Mr. Tepartimargorn received his bachelor degree in Engineering from King Mongkut's Institute of Technology Ladkrabang, Thailand and a Master of Political Science. (Public Administration) from Thammasat University, Thailand. His certifications include: Strategic Human Resources Management Program, Harvard University, U.S.A.; NIDA-Wharton Executive Leadership Program, The Wharton School, University of Pennsylvania, U.S.A.; Senior Executive Program (SEP), Sasin Graduate Institution of Business Administration of Chulalongkorn University, Thailand; Thai Institute of Directors Association (IOD) DCP 138/2010.

Mr. Peerapong Achariyacheevin – Mr. Achariyacheevin, age 60, is Senior Executive Vice President of the Gas Business Unit. He is also Chairman of PTT Utility Company Limited, Chairman of PTT Natural Gas Distribution Company Limited and Director of PTT International Company Limited. From 2009 to 2011, he was Executive Vice President of Natural Gas Processing. From 2003 to 2009, he was Executive Vice President of Natural Gas Transmission. From 2001 to 2003, he was Vice President of Natural Gas Distribution Department.

Mr. Achariyacheevin received his bachelor degree in Industrial Engineering from King Mongkut's University of Technology Thonburi, Thailand and his M.B.A. from Burapha University, Thailand. His certifications include: Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand; Public Administration and Law for Executives, King Prajadhipok's Institute, Thailand; Thai Institute of Directors Association (IOD), DCP 80/2006, UFS 2/2006.

Mr. Sarun Rungkasiri – Mr. Rungkasiri, age 55, is Senior Executive Vice President of the Oil Business Unit. He is also Chairman of PTT Retail Business Company Limited, Director of PTT Retail Management Company Limited and Director of Thai Petroleum Pipeline Company Limited. From 2010 to 2011, he was Executive Vice President of Retail Marketing. From 2009 to 2010, he was Executive Vice President of Commercial & International Marketing. From 2008 to 2009, he was Executive Vice President of Corporate Communication & Social Responsibility. From 2006 to 2007, he was Vice President of Corporate Public Relation and from 2003 to 2005, he was Vice President for Office of President.

Mr. Rungkasiri received his bachelor degree in Industrial Engineering from Chulalongkorn University, Thailand and his master degree in Management from Polytech. Inst. of NY., U.S.A. His certifications include: NIDA-Wharton Executive Leadership Program 2009, The Wharton School, University of Pennsylvania, U.S.A.; The Joint State – Private Sector Course, National Defense College, (Class of 23rd), Thailand; Thai Institute of Directors Association (IOD), CSP 8/2004, DCP 61/2005, FND 19/2005.

Mr. Sukrit Surabotsopon – Mr. Surabotsopon, age 54, is Senior Executive Vice President of the Petrochemicals and Refining Business Unit. He is also Director of PTTGC Public Company Limited, Director of Star Petroleum Refining Company Limited and Director of PTT International Company Limited. From 2009 to 2010, he was Executive Vice President of PTT's Subsidiary

Planning & Management Petrochemicals and Refining Business Unit. From 2008 to 2009, he was Assistant Managing Director – Strategic Planning & Business Development of Thaioil Public Company Limited. From 2007 to 2008, he was Assistant Managing Director – Business of Thaioil Public Company Limited.

Mr. Surabotsopon studied Chemical Engineering at Chulalongkorn University, Thailand. He has certifications from Thai Listed Companies Association, TLCA Executive Development Program (EDP) and Thai Institute of Directors Association (IOD), DCP 132/2010, ACP 38/2012, MIR 12/2012.

Mr. Sarakorn Kulatham – Mr. Kulatham, age 58, is Senior Executive Vice President of the International Trading Business Unit. He is also Director of Bangchak Petroleum Public Company Limited, and Chairman of PTT International Trading Pte., Singapore. From 2009 to 2010, he was Executive Vice President of the International Trading Business Unit. From 2008 to 2009, he was on secondment as Deputy CEO of Supply Planning at Star Petroleum Refining Company Limited and from 2005 to 2006, he was on secondment in Supply and Planning Management at Alliance Refining Company Limited.

Mr. Kulatham received a Bachelor degree in Engineering from Chulalongkorn University, Thailand and a Master degree in Civil Engineering from University of Missouri, U.S.A. His certifications include: Leadership Program, I MD Institute; NIDA-Wharton Executive Leadership Program, The Wharton School, University of Pennsylvania, U.S.A.

Mr. Anon Sirisaengtaksin – Mr. Sirisaengtaksin, age 60, is Chief Executive Officer and Director of PTTGC Public Company Limited. He is also Director of PTT Phenol Company Limited and PTT Polyethylene Company Limited. From 2010 to April 2012 he was President and Chief Executive of PTT Exploration and Production Public Company Limited and was President prior to that. From 2002 to 2008, he was Senior Executive Vice President in Corporate Strategy and Development, PTT.

Mr. Sirisaengtaksin received a Bachelor degree in Geology from Chulalongkorn University, Thailand, a M.B.A. from Thammasat University, Thailand and a Honorary Doctor of Public Administration from Bangkok Thonburi University, Thailand. His certifications include: Project Investment Appraisal and Management and Global Leadership, Harvard University, U.S.A.; Capital Market Academy Leadership Program, (Class of 1st), Thailand; Thai Institute of Directors Association (IOD), DAP 52/2006, DCP 73/2006, LBP 1/2011, R-CAC 1/2011.

Mr. Tevin Vongvanich – Mr. Vongvanich, age 54, is President and Chief Executive Officer and Director of PTT Exploration and Production Public Company Limited. From 2009 to April 2012, he was Chief Financial Officer of PTT Public Company. From 2008 to 2009, he was Senior Vice President of PTT Exploration and Production Public Company Limited working as Senior Executive Vice President, Corporate Strategy and Development, PTT Public Company.

Mr. Vongvanich received a Bachelor degree in Chemical Engineering (Hons.) from Chulalongkorn University, Thailand, a Master degree in Chemical Engineering from Rice University, U.S.A., a Master degree in Petroleum Engineering from University of Houston, U.S.A. His certifications include: Program for Global Leadership (PGL), Harvard Business School, U.S.A; Democratic Politics and Governance for High-Level Administrators Program (Class of 10th), King Prajadhipok's Institute, Thailand; Senior Executive Program (SEP), (Class of 7th), Sasin Graduate

Institute of Business Administration, Chulalongkorn University, Thailand; Capital Market Academy Leadership Program, (Class of 6th); The Joint State Private Sector Course, National Defense College, (Class of 22nd), Thailand; Thai Institutes of Directors Association (IOD), DCP 21/2002, FSD 6/2009 and RCC 13/20011.

Mr. Veerasak Kositpaisal – Mr. Kositpaisal, age 58, is Chief Executive Officer and Director of Thaioil Public Company Limited. He is also Chairman of Independent Power (Thailand) Company Limited and Chairman of Thaioil Power Company Limited. From 2011 – April 2012, he was Chief Executive Officer of PTT Global Chemical Public Company. From 2008 to 2011, he was President of PTT Chemical Public Company Limited. Between 2006 and 2008, he was Senior Executive Vice President in various departments within PTT Chemical Public Company Limited and was Managing Director at Bangkok Polyethylene Public Company Limited.

Mr. Kositpaisal received a Bachelor degree in Mechanical Engineering from Chulalongkorn University, Thailand and a Master degree in Mechanical Engineering from Texas A&I University, U.S.A. His certifications include: Top Executive Program in Commerce and Trade (TEPCOT) 2/2009; Capital Market Academy Leadership Program, (Class of 11th); Thai Institutes of Directors Association (IOD), DCP 82/2006 and FND 30/2006.

Mr. Bowon Vongsinudom – Mr. Vongsinudom, age 58, is President and Director of PTT Global Chemical Public Company Limited. He is also Chairman of PTT Maintenance and Engineering Company Limited, Director of PTT Utility Company Limited and PTT Polyethylene Company Limited. He was President and CEO of PTT Aromatics and Refining Public Company Limited from 2010 to 2011 and a Senior Executive Vice President before that. From 2007 to 2009, he was President of Alliance Refining Company Limited. From 2006 to 2007, he was President of Rayong Refinery Public Company Limited and from 2005 to 2006, he was a Manager of the Product and Quality unit for Thaioil Public Company Limited.

Mr. Vongsinudom received a Bachelor degree in Chemical Engineering from Chulalongkorn University, Thailand, a Master of Engineering in Chemical Engineering from Chulalongkorn University, Thailand and a Master of Business Administration (Management) from Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand. His certifications include The Joint State – Private Sector Course, National Defense College, (Class of 17th), Thailand and Thai Institute of Directors Association (IOD), DAP 76/2008.

Mr. Suwanunt Chatiudompunth – Mr. Chatiudompunth, age 60, has been President and Director of PTT Phenol Company Limited since 2009 (effective until September 30, 2012). He is also Director of HMC Polymers Company Limited and Director of PTT Maintenance and Engineering Company Limited and PTT Phenol Company Limited. From 2002 to 2009, he was Executive Vice President of Natural Gas Processing. From 2001 to 2002, he was Senior Vice President of Natural Gas Transmission.

Mr. Chatiudompunth received a bachelor degree in Civil Engineering from Khon Kaen University, Thailand and a master degree in Petroleum Engineering from New Mexico Institute of Mining and Technology (MNINT), U.S.A. His certifications include: Tennessee Associates International: Leadership Assessment Program; Senior Executive Program (SEP) (Class of 14th), Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand; Public Administration and Law for Executives, King Prajadhipok's Institute, Thailand (Class of 5th).

Mr. Atikom Terbsiri – Mr. Terbsiri, age 50, is President and Director of IRPC Public Company Limited. He is also Director of PTT Polymer Marketing Company Limited. From 2009 to 2011, he was Senior Executive Vice President of Corporate Strategy & Planning and Acting Senior Executive Vice President of Port & Asset Management. From 2007 to 2009, he was Executive Vice President of Corporate Strategy & Commercial of PTT Aromatics (Thailand) Public Company Limited. From 2002 to 2007, he was Executive Vice President of Business & Finance for The Aromatics (Thailand) Public Company Limited.

Mr. Terbsiri received a B.B.A. from Assumption University, Thailand and a M.B.A. (Finance & International Business) with High Distinction from Armstrong University, Berkeley, California, U.S.A. His certifications include: Doctoral Course in Human Resources Management and Managerial Economics, Golden Gate University, San Francisco, California, U.S.A.; Executive Education Program, Harvard Business School, Harvard University, U.S.A.; PTT Group EVP Leadership Development Program, co-hosted by PTT Public Company Limited and Development Dimensions International (DDI); Thai Institute of Directors Association (IOD), DCP 125/2009; Advanced Security Management Program ASMPS; The National Defence College Association of Thailand.

Mr. Wirat Uanarumit – Mr. Uanarumit, age 50, is Executive Vice President, Corporate Finance since 2011. He is also Director of Star Petroleum Refining Company Limited and Director of PTT Phenol Company Limited. He has been Executive Vice President of PTT since 2005. He has been Senior Executive Vice President of Corporate Accounting and Finance at IRPC Public Company Limited since February 1, 2011. Mr. Uanarumit served as a Deputy Managing Director of Finance at Thaioil Public Company Limited. He served as an Assistant Managing Director for Finance of Thaioil Public Company Limited, since 2005. He served as Head of Global Clients & Country Executive Team at ABN AMRO Bank N.V., Bangkok Branch from 2003 to 2005. He has been an Independent Director for Sansiri Public Company Limited, since May 14, 2008.

Mr. Uanarumit received a Bachelor degree in Electrical Engineering from Chulalongkorn University, Thailand, a Master of Business Administration from The Pennsylvania State University, U.S.A. He is a Member of Beta Gamma Sigma (US National Scholastic Honor Society in Business). His certifications include: Advance Management Program, INSEAD Business School, Fontainebleau, France; Capital Market Academy Leadership Program, (Class of 4th); Senior Executives on Justice Administration Batch, National Justice Academy of Class of 16th; Advanced Security Management Program (ASMP 2), National Defense College, Thailand; Director Certificate Program (DCP) held by the Thai Institute of Directors Association (IOD) and TLCA Executive Development Program (EDP class of first) held by Thai Listed Companies Association. His education also includes Executives Programme (Class of 4th), Capital Market Academy; Programme for Senior Executives on Justice Administration (Class 16), National Justice Academy; Advanced Security Management Program (ASMP 2), National Defense College; Thai Institute of Directors Association (IOD), DCP 8; TLCA Executive Development Program (Class of 1st), Thai listed Companies Association.

Mrs. Prisana Praharnkhasuk – Mrs. Praharnkhasuk, age 58, serves as an Executive Vice President of Corporate Accounting at PTT. She is also a Director of Dhipaya Insurance Public Company Limited, and Director of PTT International Trading PTE. LTD. She is on the Managerial Accounting Committee, Federation of Accounting Professions under the Patronage of His Majesty The King and serves as an advisor to the State Enterprise Policy Office.

Mrs. Praharnkhasuk received a Bachelor of Arts from Chulalongkorn University, a Bachelor of Arts (Accounting) from Krirk University and M.B.A. from Tarleton State University, U.S.A. She completed Sasin Senior Executive Program (SEP12), Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand. Her certifications include: completion of the CFO Certification Program, Federation of Accounting Professions under the Royal Patronage of His Majesty The King; NIDA-Wharton Executive Leadership Program, Wharton University of Pennsylvania, U.S.A.; Canadian Petroleum Development Program, Canadian Institute for Petroleum Industry Development; International Oil and Gas Accounting, Professional Development Institute University of North Texas U.S.A; Thai Institute of Directors Association (IOD), DCP 119/2009.

Board Committees

PTT today has four committees investigating critical matters under the corporate governance principles to create benefits for shareholders, taking into account stakeholders' concerns and interests, business ethics, transparency and accountability. Each of these committees consists of qualified, non-executive directors, as required by SET, whose roles and responsibilities are clearly defined in a charter.

The Audit Committee

Each quarter, together with the Accounting unit(s) and the Office of the Auditor-General, the Audit Committee reviews PTT's financial reports and presents its findings to the Board. The Board is accountable for PTT Group's consolidated financial statements, as well as other financial information presented in the annual report. The financial statements are prepared under generally accepted accounting principles, and are audited and certified by the Office of the Auditor-General. Essential information, financial and otherwise, is completely and consistently disclosed.

The Board approved the appointment of the Audit Committee on October 1, 2001, which consisted of Directors with the qualifications specified by securities and exchange laws and the SET. The Committee must consist of at least three Members. As of the date of this Offering Memorandum, it consisted of three Independent Directors as follows:

Name	Position	Remarks
1. Mr. Chulasingh Vasantasingh	Chairman	Independent Director
2. Mr. Waroonthep Watcharaporn	Member	Independent Director
3. Mr. Boonsom Lerdhirunwong.	Member	Independent Director

The Executive Vice President, Office of Corporate Audit, served as the Committee's Secretary.

Duties and Responsibilities of the Audit Committee (effective January 1, 2012)

- Ensure the suitability and effectiveness of the internal control and internal audit procedures and consider the adequacy of the budget and personnel, as well as the independence of the Office of Corporate Audit.
- Review PTT's financial reporting process to ensure accuracy and adequacy.
- Consider connected transactions or transactions of potential conflicts of interest, and ensure compliance with SET's laws and regulations.
- Review compliance with securities and exchange laws, SET regulations, policies, regulations, rules, stipulations, cabinet resolutions, and laws relevant to PTT's business.
- Review roles of business ethics and code of conduct by ensuring that the management has a mechanism to receive complaints and supervise the system of complaints.
- Select, nominate, and recommend fees for the external auditor.
- Scrutinize accurate and complete disclosure of PTT's information for connected transactions or potential conflicts of interest.
- Regularly review PTT's risk management system and recommend improvements.
- Ensure accuracy and effectiveness of the Information Technology concerning the report on financial and internal controls.
- Promote development of the system of financial reporting in line with international standards.
- Review evidence if in doubt about actions that may seriously affect PTT's operation or conflicts of interest that may affect PTT's operation.
- Prepare a performance report as set by the criteria.
- When deemed necessary to provide its opinions on PTT's assorted operations, may seek independent opinions from or hire advisers or specialists, to be paid for by PTT, provided that reasonable fees are paid as applicable.
- The Chairman or members of the Audit Committee must attend the meetings of shareholders.
- Attend meetings with the external auditor in the absence of Management at least once a year.
- Hold a formal meeting with Management at least once a year.
- Review the Audit Committee's charter every year.
- Perform other Board-assigned tasks within the duties and responsibilities of the Committee.

For the first half of 2012 the Committee held 6 (six) meetings and duly reported its findings to the Board. In addition, it participated in quarterly financial audits along with the external auditor and the Accounting unit(s).

The Nominating Committee

The Board appointed the Nominating Committee on October 1, 2011, made up of three of its Directors. As of the date of this Offering Memorandum, it consisted of three Directors as follows:

Name	Position	Remarks
1. Mr. Watcharakit Watcharothai	Chairman	Independent Director
2. Mr. Krairit Nilkuha	Member	Director
3. Dr. Pailin Chuchottaworn	Member	Director and Secretary to the Board

Duties and Responsibilities of the Nominating Committee

- Select qualified candidates for Directors or President.

- Define the recruitment procedures and criteria for Directors or President to ensure transparency.

The recruitment procedure for Directors is as follows:

(i) The Committee defines the qualifications needed for the replacement to ensure that the new Directors meet the criteria and qualifications as required by related laws and regulations and defines the procedures for nominating qualified candidates.

(ii) The Committee summarizes its recruitment results and presents to the Board a short-list of qualified candidates along with supporting rationale.

(iii) The Board appoints the qualified candidates from the list prepared by the Committee and submits their names to the shareholders' meeting for approval.

For the first half of 2012 the Committee held 2 (two) meetings.

The Remuneration Committee

The Board appointed the Remuneration Committee on October 1, 2011, by appointing three Directors. As of the date of this Offering Memorandum, it consisted of three directors as follows:

Name	Position	Remarks
1. Mr. Arkhom Termpittayapaisith	Chairman	Independent Director
2. Mr. Krairit Nilkuha	Member	Director
3. Mrs. Benja Louichareon	Member	Director

Duties and Responsibilities of the Remuneration Committee

- Define compensation guidelines for Directors and President.
- Define procedures and criteria for fair and sensible compensation paid to Directors and President, subject to approval at the Board's or shareholders' meetings.

For the first half of 2012 the Committee held 2 (two) meetings.

The Corporate Governance Committee

The Board appointed the Corporate Governance Committee on June 24, 2004, consisting of three Directors. Since 2009, the duties of the Corporate Governance Committee have been expanded to cover additional policy, implementation and monitoring of operations to address responsibilities toward society, community, and the environment, so that the Committee may be responsible for the stakeholders in a more comprehensive and efficient way. As of the date of this OM, the names of these Independent Directors were as follows:

Name	Position	Remarks
1. Mr. Watcharakiti Watcharothai .	Chairman	Independent Director
2. Gen. Warawat Indradat	Member	Independent Director
3. Mr. Sihasak Phuangketkeow. . .	Member	Independent Director

The Vice President, Office of the President and Corporate Secretary, served as the Secretary to the Committee.

Duties and responsibilities of the Corporate Governance Committee

- Propose corporate governance guidelines to the Board.
- Advise the Board on corporate governance matters.
- Ensure that the duties and responsibilities of Directors and Management conform to corporate governance principles.
- Revise guidelines for PTT's corporate governance against those of international organizations and present its recommendations to the Board.
- Delegate corporate governance policies to the Corporate Governance Task Force.
- Delegate policy and guidelines to implement Corporate Social Responsibility (CSR).
- Monitor the implementation of CSR and report its findings to the Board.

For the first half of 2012 the Committee held 2 (two) meetings.

OUR CONNECTED TRANSACTIONS RESULTED FROM THE FOLLOWING CONTRACTUAL AGREEMENTS:

Transactions between us and Government enterprises

By the resolution of the Cabinet dated November 26, 2002, government agencies and state enterprises buying 10,000 liters of fuel and more must do so from either us or Bangchak Petroleum Plc. only. We sold fuels to the following state enterprises: EGAT, Bangkok Mass Transit Authority, and State Railway of Thailand. Should a state enterprise owe us any outstanding payments, we may levy interests.

Transactions between PTTEP and us

We are the major buyer of almost all of PTTEP's products, and accounted for 87% of its total volume for the year ended December 31, 2011. As for natural gas, we have reached a long-term (25-30-year) agreements, stipulating annual minimum contractual quantities. Both companies were engaged in crude oil and condensate agreements, whereas we sold jet fuels and high-speed diesel to PTTEP under world market prices-which were identical to those sold to us by PTTEP's joint-venture partners or were standard reference, competitive prices under sensible conditions.

Transactions between our refining subsidiaries and us

We signed crude oil supply agreements and refined product off-take agreements with its refining subsidiaries at supply rates corresponding to its own equity interests, summarized below.

Agreement with Thaioil Plc. ("TOP")

We sell crude oil to crude oil to TOP, and are guaranteed to off take refined products at least equal to to 49.99% of TOP's refining capacity at market prices. We may off take additional products as mutually agreed. Through a written notice sent at least 12 months in advance, either party may revoke this agreement from the 13th year from the date of completion of its debt restructuring date in April 2013. Alternatively, either party may revoke the contract if it considers the contract to have been violated. Under the contract, we may buy refined products exceeding 49.99% of TOP's refining capacity at market prices. We secure indigenous crude oil for TOP under the Phet crude sales agreement, in effect since 1985, which spans the life of the field, and other crude oil under one-year agreements, with possible annual extensions. We secure natural gas for TOP's use in its refinery as required by the contract between them at regular market prices under an eight-year contract from 2006 to 2013 and a 15-year contract from 2007 to 2021.

Agreement with Star Petroleum Refining Co., Ltd. ("SPRC")

The shareholders of SPRC are required to secure crude oil supply and off-take delivery of refined products from SPRC at no less than 70% of its 126,000 Bbls/d capacity or 88,200 Bbls/d at domestic market prices. For any surplus volume, Chevron (Thai) Co., Ltd. and us, as shareholders, have the first right of refusal to buy at domestic market prices before any sale to a third party.

Agreement with Bangchak Petroleum Plc. ("Bangchak")

We secure crude oil supply for Bangchak under a feedstock supply agreement, effective since 2006, for 12 years from the commercial operation date of a product quality improvement project. We secure all the crude oil for Bangchak at market prices. Under a parallel product off taking agreement, we are required to buy at least 30% of Bangchak's monthly outputs at market prices.

Agreement with IRPC Plc.

We secure crude oil supply at market prices for IRPC under a one-year feedstock supply agreement, effective from January 1, 2009 with annual extensions. We have also entered into an agreement for refined products with IRPC under market prices, effective January 1, 2012, with possible annual extensions. We have entered into a gas sales agreement with IRPC for the consumption of gas in combined cycle gas turbine engines, effective in 2009, for ten years at market prices. Delivery commenced in January 2011.

Transactions between our associates in the Petrochemical Business Group and us

Transactions and agreement with PTT Global Chemical Plc.

PTTGC inherited all of the contracts from its amalgamated parts, PTTCH and PTTAR. For PTTGC's petrochemical business, we have entered into multiple agreements to provide natural gas feedstock to PTTGC generally under long term and renewable contracts. Likewise, we have entered into long term purchase agreements for the purchase of PTTGC's main products, for the on-sale of these products to customers.

For PTTGC's refinery business, we secure crude oil supply and feed stock for PTTGC under an 18-year feedstock supply agreement with effect until February 2024. Under the agreement, we secure crude oil and all other feedstock at market prices under the grades and volumes required. We then buy no less than 70% of PTTGC's refined products at domestic market prices under an 18-year agreement from February 2006, beyond which the contract is assumed to remain valid unless otherwise notified in advance. We have also signed a New Complex Product Offtaking Agreement with PTTGC under which we buy all of the products derived from its upgrading complex. At least 50% of these products are to be based on domestic market prices. We have also signed a gas sales agreement with PTTGC for the consumption of gas in product refining and another one for use in power generation, which is due to expire in 2018.

Transactions and agreement with HMC Polymers Co., Ltd.

We entered into a feedstock supply agreement with HMC in 2006. A long-term propane feedstock supply agreement spans 15 years from the plant's start-up in 2010, with five-year extensions at a time, under which the price of propane varies with that of polypropylene (film grade) in Southeast Asian markets.

Transactions and agreement with PTT Asahi Co., Ltd.

We entered into a 15-year propane supply agreement in 2008 with PTTAC for its feedstock. The agreement will take effect from the plant's start-up date with five-year extensions each time. The price structure varies with that of film-grade PP in Southeast Asian markets.

POLICY ON FUTURE CONNECTED TRANSACTIONS

Our future connected transactions will be conducted as part of the normal course of business with no special favors and no transfer of benefits between us, our subsidiaries, associated companies, related companies, or shareholders. Pricing will continue to be on an arm's length basis, and the prices of products supplied by our subsidiaries will be market-based. Disclosure of connected transactions will follow the announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand, and the accounting standard on disclosure of information on related parties or businesses, announced by the Federation of Accounting Professions.

DESCRIPTION OF THE 2022 NOTES

For purposes of this "Description of the 2022 Notes" only, the term "Indenture" refers only to the 2022 Indenture, the term "Notes" refers only to the 2022 Notes and the term "Holder" refers only to a holder of 2022 Notes. The 2022 Notes will be issued under the 2022 Indenture to be dated as of October 25, 2012 (the "Issue Date") between us and Deutsche Bank Trust Company Americas, as Trustee for the holders of the Notes (the "Trustee"). A copy of the Indenture is available upon request from us or the Trustee. All other terms defined in this "Description of the 2022 Notes" refer only to such terms as used in relation to the 2022 Notes issued under the 2022 Indenture.

The following summaries of certain provisions of the Indenture are not complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definitions therein of certain terms. Wherever particular sections or defined terms of the Indenture are referred to, such sections or defined terms will be deemed to be incorporated herein by reference. Copies of the Indenture will be available on or after the Issue Date at the corporate trust office of the Trustee and the Paying and Transfer Agent (as defined below).

General

The Notes will:

- constitute our direct, unconditional, unsecured and unsubordinated general obligations;
- rank equally among themselves, without any preference one over the other by reason of priority of date of issue or otherwise;
- rank at least equally with all our other outstanding unsecured and unsubordinated general obligations; and
- the Notes will be effectively subordinated to all of the Issuer's future secured debt to the extent of the value of the assets securing such debt.

Principal, Maturity and Interest

The Notes will be issued in an initial aggregate principal amount of $500,000,000 and will mature at a price equal to 100% of the principal amount on October 25, 2022 (the "Maturity Date"), unless earlier redeemed pursuant to the terms thereof and the Indenture. The Notes will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Notes will bear interest at a rate of 3.375% per annum from and including the Issue Date or from the most recent interest payment date to which interest has been paid or provided for. Interest on the Notes will be payable semi-annually in arrears on April 25 and October 25 of each year up to, and excluding the Maturity Date, October 25, 2022, with the first interest payment to be made on April 25, 2013, to the person in whose name such Note is registered at the close of business on the 15th calendar day prior to such interest payment date (whether or not a Business Day (as defined below)). In any case where the date for the payment of any principal of or interest on any Note is not a day on which banking institutions are open for business in Bangkok, Hong Kong, London and New York (a "Business Day"), then payment of such principal or interest need not be made at such time and place of payment but may be made on the next succeeding Business Day with the same force and effect as if made on the date for such payment of principal or interest, and no interest will accrue for the period after such date. All payments of principal of or interest on the Notes will be made in Dollars. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

Optional Redemption

At any time, we may on any one or more occasions redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Optional Tax Redemption

The Notes may be redeemable, in whole but not in part, at our option, upon not less than 30 nor more than 60 days' notice, at any time at a redemption price equal to:

- 100% of the principal amount of the Notes to be redeemed, plus
- accrued interest to the date fixed for redemption

if as a result of any change in, expiration of or amendment to, the tax laws of the Kingdom of Thailand (or of any political subdivision or taxing authority thereof or therein) or any regulations or ruling promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Kingdom of Thailand (or such political subdivision or taxing authority) is a party, which change, expiration, amendment or treaty becomes effective on or after October 25, 2012, we are or would be obligated on the next succeeding due date for a payment with respect to the Notes to pay additional amounts with respect to the Notes (or if additional amounts are payable by us as of October 25, 2012, we have or will become obligated to pay additional amounts in excess of any additional amounts which are payable by us as of October 25, 2012) and such obligation cannot be avoided by the use of reasonable measures available to us; provided, however, that (i) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which we would be obligated to pay such additional amounts, and (ii) at the time such notice of redemption is given, such obligation to pay such additional amounts remains in effect. Prior to any redemption of the Notes, we will deliver to the Trustee a certificate and an opinion of counsel (which counsel is acceptable to the Trustee), to be made available for inspection by holders of Notes, stating that we are entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred.

Additional Amounts

We will make all payments of principal of, and interest and premium on, the Notes without withholding or deducting any present or future taxes imposed by the Kingdom of Thailand or any of its political subdivisions or any authority therein having power to tax, unless withholding or deduction is required by law. In the event that any such withholding or deduction in respect of principal, interest or premium is required, we will pay additional amounts ("additional amounts") as necessary to ensure that you will receive the same amount as you would have received without any such withholding or deduction.

We will not pay, however, any additional amounts if you are liable for taxation because:

- you were or are connected with the Kingdom of Thailand or any political subdivision thereof (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Kingdom of Thailand) other than by merely owning the Note or receiving income or payments on the Note;

- you failed to (a) provide information concerning your nationality, residence or identity or (b) make any declaration or other similar claim or satisfy any information or reporting requirement, in the case of either (a) or (b), after we or the relevant tax authority requested you to do so;

- you failed to present your Note for payment within 30 days of when the payment is due. Nevertheless, we will pay additional amounts to the extent you would have been entitled to such amounts had you presented your Note for payment on the last day of the 30-day period;

- such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of January 21, 2003, December 13, 2001 and/or November 26-27, 2000 on the taxation of savings income (the "Directive") or any law implementing or complying with, or introduced in order to conform with, such Directive;

- you would have been able to avoid the withholding or deduction by the presentation (where presentation is required) of the relevant Note to, or otherwise accepting payment from, another paying agent in a member state of the European Union; or

- any combination of the above.

We will not pay any additional amounts for taxes on the Notes except for taxes payable through deduction or withholding from payments of principal, interest or premium on the Notes. Examples of the types of taxes for which we will not pay additional amounts include the following: estate or inheritance taxes, gift taxes, sales or transfer taxes, personal property or related taxes, assessments or other governmental charges. We will pay stamp or other similar taxes that may be imposed by the Kingdom of Thailand, the United States or any political subdivision or taxing authority in one of those two countries on the Indenture or be payable in connection with the issuance of the Notes.

References to principal, interest or premium in respect of the Notes will be deemed also to refer to any additional amounts which may be payable as set forth in the Notes and the Indenture.

Certain Covenants

Limitation on Liens

So long as the Notes are outstanding, we will not, and we will not permit any Subsidiary to, create, incur, issue or assume or guarantee any External Indebtedness secured by any Security Interest on any Principal Property owned by us or any Restricted Subsidiary or on any shares of

stock of any Restricted Subsidiary (such shares of stock of any Restricted Subsidiary being called "Restricted Securities") without in any such case effectively providing that the Notes (together with, if we shall so determine, any other indebtedness of ours or the Subsidiary then existing or thereafter created which is not subordinate to the Notes) will be secured equally and ratably with or prior to such secured External Indebtedness unless, after giving effect thereto, the aggregate principal amount of all such secured External Indebtedness, plus our Attributable Debt and the Attributable Debt of our Restricted Subsidiaries in respect of sale and leaseback transactions involving Principal Properties as described under the covenant entitled "— Limitation Upon Sale and Leaseback Transactions," would not exceed 10% of our Consolidated Net Tangible Assets.

The foregoing restrictions will not apply to External Indebtedness secured by:

(i) any Security Interest existing on the date of the Indenture;

(ii) any Security Interest existing on any Principal Property or Restricted Securities prior to the acquisition thereof by us or any of our Restricted Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;

(iii) any Security Interest securing External Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Security Interest attaches to such Principal Property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof;

(iv) any Security Interest existing on any Principal Property or Restricted Securities of any Restricted Subsidiary prior to the time such Restricted Subsidiary becomes a Subsidiary of ours or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof; or

(v) any Security Interest arising out of the refinancing, extension, renewal or refunding of any External Indebtedness secured by any Security Interest permitted by any of the foregoing clauses, to the extent of the amount of such External Indebtedness; provided that such External Indebtedness is not secured by any additional Principal Property.

Limitation Upon Sale and Leaseback Transactions

The Indenture provides that neither we nor any Restricted Subsidiary may enter into any arrangement, after the date of the Indenture, with any Person providing for the leasing by us or any Restricted Subsidiary for an initial term of three years or more of any Principal Property which has been or is to be sold or transferred to such Person or to any other Person to whom funds are advanced by such Person on the security of such Principal Property for a sale price of $10,000,000 (or the equivalent thereof) or more (a "sale and leaseback transaction") unless (i) our Attributable Debt and the Attributable Debt of our Restricted Subsidiaries in respect thereof and in respect of all other sale and leaseback transactions entered into after the date of the Indenture plus the aggregate principal amount of External Indebtedness secured by Security Interests on Principal Properties and Restricted Securities then outstanding without equally and ratably securing the Notes, would not exceed 10% of our Consolidated Net Tangible Assets; or (ii) we or a Restricted

Subsidiary, within twelve months after such sale and leaseback transaction apply an amount equal to the net proceeds of such sale or transfer of the property or asset which is the subject of such sale and leaseback transaction to the retirement of our External Indebtedness or of a Restricted Subsidiary, as the case may be, which is not subordinate to the Notes provided that the amount to be applied will be reduced by (i) the principal amount of Notes delivered within 180 days after such sale and leaseback transaction for retirement and cancellation, and (ii) the principal amount of our External Indebtedness or of a Restricted Subsidiary, other than the Notes, voluntarily retired by us or a Restricted Subsidiary within twelve months after such sale and leaseback transaction.

Notwithstanding the foregoing, no retirement referred to in this clause may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Certain Definitions

"Applicable Premium" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the principal amount of the Note plus (ii) all required interest payments due on the Note through the Maturity Date (excluding accrued but unpaid interest to the redemption rate), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 35 basis points; over

(b) the principal amount of the Note.

"Attributable Debt" means, as to any lease, at the date of determination, the lesser of (x) the fair market value of the property or asset subject to such lease and (y) the total present value of the net amount of rent required to be paid under such lease during the remaining term thereof including renewal terms at the option of the lessor (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents), discounted at a rate per annum equal to the discount rate of a capital lease obligation with a like term in accordance with TFRS.

"Consolidated Net Tangible Assets" means the total amount of the assets of PTT Public Company Limited and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries and associated companies, after deducting therefrom (i) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible at the option of PTT Public Company Limited or its Subsidiary), and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent statements of financial position of PTT Public Company Limited and its consolidated Subsidiaries and computed in accordance with TFRS.

"Credit Ratings" means the credit rating assigned to the senior unsecured External Indebtedness of an entity or corporation by each of (i) the Standard & Poor's Ratings Services and (ii) Moody's Investors Service, Inc., or their respective successors and assigns.

"External Indebtedness" means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the currency of the Kingdom of Thailand and which has a final maturity of one year or more from its date of incurrence or issuance.

"Long-term Debt" means any note, bond, debenture or other indebtedness for money borrowed having a maturity of more than one year from the date such indebtedness was incurred or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the borrower, beyond one year from the date such evidence of indebtedness was incurred.

"Principal Property" means any gas, oil or power generation, transformation, transmission or distribution facility of PTT, PTTEP or any of PTTEP's subsidiaries located in the Kingdom of Thailand, whether at the date of the Indenture owned or thereafter acquired, including any land, buildings, structures or machinery and other fixtures that constitute any such facility, or portion thereof, other than any such facility, or portion thereof, reasonably determined by our board of directors not to be of material importance to the total business conducted by us and our Subsidiaries as a whole.

"Restricted Subsidiary" means any Subsidiary that owns a Principal Property.

"Security Interest" means any mortgage, pledge, lien, fixed or floating charge or other encumbrance.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by us.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to October 25, 2022; provided, however, that if the period from the redemption date to October 25, 2022, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Events of Default

The occurrence and continuance of the following events will constitute events of default ("Events of Default") under the Indenture:

- failure by us to pay interest (and premium, if any) on the Notes as and when the same will become due and payable, and such failure continues for 30 days;

- failure by us to pay principal on the Notes within 7 days after the due date;

- failure by us to perform any of the other covenants or agreements in the Indenture relating to the Notes that continues for 60 days after written notice specifying such failure, stating that such notice is a "Notice of Default" under the Notes and demanding we remedy the same, is given to us by the Trustee or holders of at least 25% in principal amount of the outstanding Notes;

- any of our External Indebtedness of an amount equal to or greater than $100 million (or the equivalent thereof) either (a) becoming due and payable by reason of acceleration following a default by us or (b) not being repaid by us, and remaining unpaid, after maturity (as extended by the period of grace, if any), or any guarantee given by us in respect of any External Indebtedness of another person or entity of an amount equal to or greater than $100 million (or the equivalent thereof) not being honored and remaining dishonored after becoming due and called; provided that, if any such default has been cured or waived, the default under the Indenture will be deemed to have been cured and waived;

- we cease to own and control, directly or indirectly, at least 51% of the issued and outstanding capital stock of PTT Exploration and Production Public Company Ltd.; or

- certain events of bankruptcy, insolvency or reorganization relating to us, or our ceasing to carry on the whole or substantially the whole of our business.

It is understood and agreed that a Government mandated restructuring of the gas industry in Thailand that requires us to partially spin-off or separately incorporate our natural gas transmission processing or marketing businesses will not constitute an Event of Default so long as, following such event, we control, directly or indirectly, at least 51% of the issued and outstanding capital stock of the corporations that hold such natural gas transmission processing or marketing businesses.

If an event of default occurs and is continuing, the Trustee or the holders of not less than 25% in principal amount of the outstanding Notes may by written demand to us declare the principal amount to be due and payable. In certain cases, the holders of a majority in principal amount of then outstanding Notes can rescind and annul such declaration and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is not obligated to exercise any of its rights or powers at the request or direction of any of its holders unless they have offered the Trustee security or indemnity. You may also not institute any proceedings to enforce the Indenture (other than proceedings for enforcing payments of principal or interest) unless the Trustee has failed to act for 60 days after it receives notice of a default, a written instruction to act by holders of not less than 25% of the outstanding Notes and an offer of indemnity satisfactory to the Trustee in its sole discretion. If the holders of Notes provide security or indemnity satisfactory to the Trustee, the holders of a majority in principal amount of the then outstanding Notes during an event of default may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee under the Indenture or exercising any of the Trustee's trusts or powers with respect to the Notes.

The Indenture provides that the Trustee will, with certain exceptions, notify the holders of the Notes of any event of default known to it within 90 days after the occurrence of such event.

We are required to file an annual statement with the Trustee concerning our compliance with the Indenture.

Consolidation, Merger and Sale of Assets

We may, without your consent, consolidate with or merge into, or sell or lease all or substantially all of our property to, another corporation organized under the laws of the Kingdom of Thailand as long as:

- any successor corporation expressly assumes our obligations under the Notes and the Indenture;

- the consolidation, merger, sale or lease does not create a default under the Indenture; and

- certain other conditions in the Indenture are satisfied.

It is understood and agreed that this covenant does not prohibit a Government mandated restructuring of the gas industry in Thailand that requires us to partially spin-off or separately incorporate our natural gas transmission processing or marketing businesses so long as, following such event, we control, directly or indirectly, at least 51% of the issued and outstanding capital stock of the corporations that hold such natural gas transmission processing or marketing businesses.

Holders' Put Right

In the event that (i) the Government, directly or indirectly, ceases to own and control at least 50% of our issued and outstanding capital stock and (ii) within 180 days from the date of such decrease in ownership, each of our Credit Ratings is reduced below such Credit Rating in effect immediately prior to the time that the Government ceases to own and control at least 50% of our issued and outstanding capital stock (the "Put Event"), each Holder shall have the right (the "Holders' Put Right"), at such Holder's option, to require us to repurchase all of such Holder's Notes at a price equal to 100% of the unpaid principal amount thereof plus accrued interest (the "Put Price") on the 20th Business Day after the Trustee mails to each Holder a notice of such event referred to under "Holders' Put Right — Put Procedures" (the "Put Date").

Put Procedures

We will furnish the Trustee with a notice in sufficient time to permit the Trustee, promptly after becoming aware of, and in any event within seven days of, the Put Event to mail to each Holder such notice regarding the Holder's Put Right, which notice will state:

1. the Put Date;

2. the date of the Put Event and, briefly, the events causing the Put Event;

3. the date by which the Holder's Repurchase Notice (as defined below) must be given and the right of the Holders to require us to repurchase their Notes;

4. the name and address of the Paying and Transfer Agent;

5. the Put Price and the method by which such amount will be paid; and

6. the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise their repurchase rights.

To exercise its right to require us to repurchase its Notes, a Holder must deliver an irrevocable written notice of the exercise of such right (a "Holder's Repurchase Notice") to the Paying and Transfer Agent on a Business Day not later than 10 Business Days prior to the relevant Put Date.

Payment of the Put Price upon exercise of a Holder's repurchase right in respect of any Notes for which a Holder's Repurchase Notice has been delivered will be made promptly following the relevant Put Date; provided, however, that if any Note is a Certificated Note that has not been delivered on or prior to the Put Date, payment will only be made promptly after the delivery of such Certificated Note (together with any necessary endorsements). If we have made available to the Paying and Transfer Agent on the Put Date money sufficient to pay the Put Price of any Note for which a Holder's Repurchase Notice has been delivered in accordance with the provisions of the Indenture, then, on and after such Put Date, whether or not such Certificated Note is delivered to the Paying and Transfer Agent, (i) such Note will cease to be outstanding; (ii) the interest on such Note will cease to accrue; (iii) such Note will be deemed paid; and (iv) all other rights of the Holder will terminate (other than the right to receive the relevant Put Price).

Defeasance and Discharge

We need not comply with certain restrictive covenants of the Indenture (including the limitations on liens and sale and leaseback transactions) with respect to the Notes, if:

- we deposit with the Trustee, in trust, money or U.S. government obligations (or a combination thereof) sufficient to pay the principal of and interest on the Notes when due;

- we are not in default under the Indenture;

- we deliver to the Trustee an opinion of counsel to the effect that the deposit will not cause the holders of the Notes to recognize income, gain or loss for U.S. federal income tax purposes; and

- we deliver to the Trustee an officer's certificate and opinion of counsel stating that all conditions for the defeasance have been complied with.

In addition, we will be discharged from all obligations of the Notes (except for certain obligations to exchange or register the transfer of the Notes, replace stolen, lost or mutilated notes and maintain paying agencies) (i) if we deliver to the Trustee all the Notes for cancellation, together with an opinion of counsel and an officer's certificate stating that all conditions for the discharge have been complied with, and pay all other amounts payable under the Indenture, or (ii) if all Notes not delivered to the Trustee for cancellation have become due and payable, will become due and payable within one year or are to be called for redemption within one year, and we have irrevocably deposited with the Trustee, in trust, money or U.S. government obligations (or a combination thereof) sufficient to pay the principal of, and interest on, the Notes when due, together with an opinion of counsel and an officer's certificate stating that all conditions for discharge have been complied with, and pay all other amounts payable under the Indenture.

Repurchase

We and any of our Subsidiaries may, in accordance with all applicable laws and regulations, at any time purchase the Notes in the open market or otherwise at any price. If purchases are made by tender, such tender must be made available to all holders of the Notes alike. Any Notes we or any of our Subsidiaries repurchase may be held, cancelled or sold.

Modification and Waiver

With the consent of the holders of a majority in principal amount of the outstanding Notes, we may execute supplemental indentures with the Trustee to add provisions or change or eliminate any provision of the Indenture or any supplemental indenture or to modify the rights of the holders of the Notes. Without the consent of the holders of all the outstanding Notes, no such supplemental indenture will, with respect to the Notes:

- change their stated maturity;
- reduce the principal amount payable;
- change the place or currency in which they are payable;
- impair the right to institute suit for their enforcement; or
- reduce the percentage in principal amount of the outstanding Notes, the consent of the holders of which is required for any such supplemental indenture or for any modification to the provisions relating to modification and waiver.

The holders of a majority in principal amount of the outstanding Notes may:

- waive compliance by us of certain provisions of the Indenture; and
- waive any past default under the Indenture (except defaults relating to payment of principal of or interest on any Note).

Further Issuances

We may from time to time, without notice to or the consent of the holders of the Notes, create and issue further debt securities ranking *pari passu* with the Notes in all respects (or in all respects except for the payment of interest accruing prior to the issue date of the debt securities or except for the first payment of interest following the issue date of the debt securities). We may consolidate such further debt securities with the outstanding Notes to form a single series.

We may offer additional debt securities with original issue discount ("OID") for U.S. federal income tax purposes as part of a further issue. Purchasers of debt securities after the date of any further issue may not be able to differentiate between debt securities sold as part of the further issue and previously issued Notes. If we were to issue further debt securities with OID, purchasers of debt securities after such further issue may be required to accrue OID (or greater amounts of OID that they would otherwise have accrued) with respect to their debt securities. This may affect the price of outstanding Notes following a further issue. Purchasers are advised to consult legal counsel with respect to the implications of any future decision by us to undertake a further issue of debt securities with OID.

Replacement Notes

If a Note is mutilated, destroyed, lost or stolen, it may be replaced at the corporate trust office or agency of the Trustee in New York or at the office of the Paying and Transfer Agent (as defined below). You will have to pay any expenses incurred by us, the Trustee and the Paying and Transfer Agent and furnish any evidence and indemnity that we, the Trustee and the Paying and Transfer Agent may require. Mutilated Notes must be surrendered before we will issue new Notes to you.

Notices

Any notice required to be given by us to a holder of a Note (which will be DTC's nominee so long as the Notes are held in global form) will be mailed to the holder's last address indicated in the security register.

Concerning the Trustee

The holders of a majority in aggregate principal amount of all outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy or power available to the Trustee with respect to the Notes. However, the direction must not conflict with any rule of law or with the Indenture.

In case of an event of default, the Trustee will be required to exercise its powers with the degree of care and skill of a prudent person in the conduct of his own affairs. The Trustee is, however, under no obligation to exercise any of its rights or powers under the Indenture at the request of any of the holders of the Notes, unless they have offered to the Trustee security or indemnity satisfactory to the Trustee in its sole discretion.

Deutsche Bank Trust Company Americas is the Trustee under the Indenture. The corporate trust office of the Trustee is located at 60 Wall Street, 27th Floor, MSNYC 60-2710 New York, NY 10005.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. We have agreed that any legal suit, action or proceeding arising out of or based upon the Indenture or the Notes may be instituted in any state or federal court in the State and City of New York, United States of America.

Payment and Transfer Agents

The New York office of the Trustee will serve as the initial paying and transfer agent (the "Paying and Transfer Agents"). The Paying and Transfer Agents may resign at any time or may be removed by us. If any of the Paying and Transfer Agents is removed or becomes incapable of acting as a Paying and Transfer Agent or if a vacancy occurs in the office of any of the Paying and Transfer Agents for any cause, a successor Paying and Transfer Agent will be appointed as provided by the Indenture provided that, upon the implementation of the Directive or any law implementing or complying with, or introduced in order to conform to, such Directive, we will ensure that we maintain a Paying Agent in a Member State of European Union that is not obliged to withhold or deduct tax pursuant to such Directive or law. In addition, an announcement of such issue will be made through the Hong Kong Stock Exchange.

Book Entry; Delivery and Form

Global Notes

The Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S will initially be represented by one or more permanent global Notes in definitive, fully registered form without interest coupons (each, a

"Regulation S Global Note") and will be deposited with the Trustee as custodian for, and registered in the name of, a nominee of DTC (and, together with any successor, the "Depository") for the accounts of Euroclear and Clearstream, Banking.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global Notes in definitive, fully registered form without interest coupons (each, a "Rule 144A Global Note" and, together with the Regulation S Global Note, the "Global Notes") and will be deposited with the Trustee as custodian for, and registered in the name of, a nominee of DTC.

Each Global Note (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions." Except in the limited circumstances described below under "— Certificated Notes," owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Certificated Notes (as defined below). The Notes are not issuable in bearer form.

Ownership of beneficial interests in the Global Notes will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Qualified institutional buyers may hold their interests in Rule 144A Global Notes directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, Banking, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream, Banking will hold interests in the Regulation S Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the holder of the Global Notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the Global Notes for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream, Banking.

Payments of the principal of, or interest on, the Global Notes will be made to DTC or its nominee, as the case may be, as the holder thereof. None of us, the Trustee or any Paying and Transfer Agent (as defined below) will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment on the Global Notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the stated principal amount of the Global Notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream, Banking will be effected in the ordinary way in accordance with their respective rules and operating procedures. See "— The Clearing Systems" below.

We expect that DTC will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the DTC interests in the Global Notes is credited and only in respect of such portion of the aggregate stated principal amount of the Global Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the Global Notes for certificates representing the Notes, which it will distribute to its participants and which may be legended as set forth under "Notice to Investors."

Certificated Notes

If (i) DTC notifies us that it is unwilling or unable to continue as a depositary for such Rule 144A Global Note or Regulation S Global Note, as the case may be, and a successor depositary is not appointed by us within 90 days of such notice, (ii) either Euroclear or Clearstream, Banking or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, or (iii) an Event of Default has occurred and is continuing, we will issue certificates representing the Notes ("Certificated Notes") in registered form in exchange for the Rule 144A Global Note and the Regulation S Global Note, as the case may be. Upon receipt of such notice from DTC, Euroclear, Clearstream, Banking or the Trustee, as the case may be, we will use our best effort to make arrangements for the exchange of interests in the relevant Global Note for Certificated Notes and cause the requested Certificated Notes to be executed and delivered to the Paying and Transfer Agents in sufficient quantities and delivered to the Paying and Transfer Agents for delivery to holders.

A Certificated Note may be transferred in whole or in part (in a principal amount equal to the minimum authorized denomination or any integral multiple thereof) by surrendering such Certificated Note to be transferred, together with an executed instrument or assignment of transfer, at the corporate trust office of the Trustee or at the office of the Paying and Transfer Agent in New York. In the case of a permitted transfer of only part of a Certificated Note, a new Certificated Note in respect of the balance not transferred will be issued to the transferor. Each new Certificated Note to be issued upon the transfer of a Certificated Note will, upon the effective receipt of a duly completed form of transfer by a Paying and Transfer Agent at its respective specified office, be available for delivery three business days after issuance at such specified office, or at the request of the holder requesting such transfer, will be mailed at the risk of the transferee entitled to the new Certificated Note to such address as may be specified in such duly completed form of transfer. The transfer of the Certificated Notes will be effected without charge by or on behalf of us or any Paying and Transfer Agent but against such indemnity as we or the Paying and Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such transfer.

The Clearing Systems

General

DTC, Euroclear and Clearstream, Banking have advised us as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Initial Purchasers. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of, or interest on, the Notes from the Trustee through such DTC participant.

Euroclear. Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V (the "Euroclear Operator"), under contract with Euroclear Clearance Systems, S.C., a Belgian cooperative corporation (the "Cooperative"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the Initial Purchasers. Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear Operator was granted a banking license by the Belgian Banking and Finance Commission in 2000, authorizing it to carry out banking activities on a global basis. It took over operation of Euroclear from the Brussels, Belgium office of Morgan Guaranty Trust Company of New York on December 31, 2000.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by Euroclear.

Clearstream, Banking. Clearstream, Banking is incorporated under the laws of The Grand Duchy of Luxembourg as a professional depositary. Clearstream, Banking holds securities for its participants and facilities the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Clearstream, Banking provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Banking interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Banking is subject to regulation by the Luxembourg Monetary Institute. Clearstream, Banking participants are financial institutions around the world, including securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the Initial Purchasers. Indirect access to Clearstream, Banking is also available to others that clear through or maintain a custodial relationship with a Clearstream, Banking participant either directly or indirectly.

Distributions with respect to the Notes held beneficially through Clearstream, Banking will be credited to cash accounts of Clearstream, Banking participants in accordance with its rules and procedures, to the extent received by Clearstream, Banking.

Initial Settlement

Initial settlement for the Notes will be made in immediately available funds. All Notes issued in the form of Global Notes will be deposited with the Trustee, as custodian for DTC. Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream, Banking will initially hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream, Banking) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same-day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream, Banking accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear holders and of Clearstream, Banking holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Notes where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in same-day funds using DTC's Same Day Funds Settlement System.

Trading between Euroclear and/or Clearstream, Banking participants. Secondary market trading between Euroclear participants and/or Clearstream, Banking participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Banking and will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading between DTC seller and Euroclear or Clearstream, Banking purchaser. When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear participant or a Clearstream, Banking participant, the purchaser must send instructions to Euroclear or Clearstream, Banking through a participant at least one business day prior to settlement. Euroclear or Clearstream, Banking, as the case may be, will receive the Notes against payment. Payment will then be made to the DTC participant's account against delivery of the Notes. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participant's or Clearstream, Banking participant's account. Credit for the Notes will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Notes will accrue from, the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade date fails), the Euroclear or Clearstream, Banking cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream, Banking participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Banking. Under this approach, they may take on credit exposure to Euroclear or Clearstream, Banking until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Banking has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Banking participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date. Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Because the settlement is taking place during New York business hours, DTC participants can employ their usual procedures for sending Notes to the relevant depositary for the benefit of Euroclear participants or Clearstream, Banking participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participant, a crossmarket transaction will settle no differently than a trade between two DTC participants.

Finally, day traders that use Euroclear or Clearstream, Banking and that purchase Notes from DTC participants for credit to Euroclear participants or Clearstream, Banking participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

(1) borrowing through Euroclear or Clearstream, Banking for one day (until the purchase side of the day trade is reflected in their Euroclear account or Clearstream, Banking account) in accordance with the clearing system's customary procedures;

(2) borrowing the Notes in the United States from a DTC participant no later than one day prior to settlement, which would give the Notes sufficient time to be reflected in the borrower's Euroclear account or Clearstream, Banking account in order to settle the sale side of the trade; or

(3) staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Euroclear participants or Clearstream, Banking participants.

Trading between Euroclear or Clearstream, Banking seller and DTC purchaser. Due to the time zone differences in their favor, Euroclear participants or Clearstream, Banking participants may employ their customary procedures for transactions in which Notes are to be transferred by the respective clearing system to another DTC participant. The seller must send instructions to Euroclear or Clearstream, Banking through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Banking will credit the Notes to the DTC participant's account against payment. Payment will then be made to the DTC participant's account against delivery of the Notes. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Banking participant the following day, and receipt of the cash proceeds in the Euroclear or Clearstream, Banking participant's account will be back-valued to the value date (which would be the preceding day when settlement occurs in New York). If the Euroclear participant or Clearstream, Banking participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Banking participant's account would instead be valued as of the actual settlement date.

As in the case with respect to sales by a DTC participant to a Euroclear or Clearstream, Banking participant, participants in Euroclear and Clearstream, Banking will have their accounts credited the day after their settlement date. See "— Trading between DTC Seller and Euroclear or Clearstream, Banking purchaser" above.

Although DTC, Euroclear and Clearstream, Banking are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream, Banking, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we, the Trustee nor any Paying and Transfer Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Banking or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DESCRIPTION OF THE 2042 NOTES

For purposes of this "Description of the 2042 Notes" only, the term "Indenture" refers only to the 2042 Indenture, the term "Notes" refers only to the 2042 Notes and the term "Holder" refers only to a holder of 2042 Notes. The 2042 Notes will be issued under the 2042 Indenture to be dated as of October 25, 2012 (the "Issue Date") between us and Deutsche Bank Trust Company Americas, as Trustee for the holders of the Notes (the "Trustee"). A copy of the Indenture is available upon request from us or the Trustee. All other terms defined in this "Description of the 2042 Notes" refer only to such terms as used in relation to the 2042 Notes issued under the 2042 Indenture.

The following summaries of certain provisions of the Indenture are not complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definitions therein of certain terms. Wherever particular sections or defined terms of the Indenture are referred to, such sections or defined terms will be deemed to be incorporated herein by reference. Copies of the Indenture will be available on or after the Issue Date at the corporate trust office of the Trustee and the Paying and Transfer Agent (as defined below).

General

The Notes will:

- constitute our direct, unconditional, unsecured and unsubordinated general obligations;
- rank equally among themselves, without any preference one over the other by reason of priority of date of issue or otherwise;
- rank at least equally with all our other outstanding unsecured and unsubordinated general obligations; and
- the Notes will be effectively subordinated to all of the Issuer's future secured debt to the extent of the value of the assets securing such debt.

Principal, Maturity and Interest

The Notes will be issued in an initial aggregate principal amount of $600,000,000 and will mature at a price equal to 100% of the principal amount on October 25, 2042 (the "Maturity Date"), unless earlier redeemed pursuant to the terms thereof and the Indenture. The Notes will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Notes will bear interest at a rate of 4.500% per annum from and including the Issue Date or from the most recent interest payment date to which interest has been paid or provided for. Interest on the Notes will be payable semi-annually in arrears on April 25 and October 25 of each year up to, and excluding the Maturity Date, October 25, 2042, with the first interest payment to be made on April 25, 2013, to the person in whose name such Note is registered at the close of business on the 15th calendar day prior to such interest payment date (whether or not a Business Day (as defined below)). In any case where the date for the payment of any principal of or interest on any Note is not a day on which banking institutions are open for business in Bangkok, Hong Kong, London and New York (a "Business Day"), then payment of such principal or interest need not be made at such time and place of payment but may be made on the next succeeding Business Day with the same force and effect as if made on the date for such payment of principal or interest, and no interest will accrue for the period after such date. All payments of principal of or interest on the Notes will be made in Dollars. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

Optional Redemption

At any time, we may on any one or more occasions redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Optional Tax Redemption

The Notes may be redeemable, in whole but not in part, at our option, upon not less than 30 nor more than 60 days' notice, at any time at a redemption price equal to:

- 100% of the principal amount of the Notes to be redeemed, plus
- accrued interest to the date fixed for redemption

if as a result of any change in, expiration of or amendment to, the tax laws of the Kingdom of Thailand (or of any political subdivision or taxing authority thereof or therein) or any regulations or ruling promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Kingdom of Thailand (or such political subdivision or taxing authority) is a party, which change, expiration, amendment or treaty becomes effective on or after October 25, 2012, we are or would be obligated on the next succeeding due date for a payment with respect to the Notes to pay additional amounts with respect to the Notes (or if additional amounts are payable by us as of October 25, 2012, we have or will become obligated to pay additional amounts in excess of any additional amounts which are payable by us as of October 25, 2012) and such obligation cannot be avoided by the use of reasonable measures available to us; provided, however, that (i) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which we would be obligated to pay such additional amounts, and (ii) at the time such notice of redemption is given, such obligation to pay such additional amounts remains in effect. Prior to any redemption of the Notes, we will deliver to the Trustee a certificate and an opinion of counsel (which counsel is acceptable to the Trustee), to be made available for inspection by holders of Notes, stating that we are entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred.

Additional Amounts

We will make all payments of principal of, and interest and premium on, the Notes without withholding or deducting any present or future taxes imposed by the Kingdom of Thailand or any of its political subdivisions or any authority therein having power to tax, unless withholding or deduction is required by law. In the event that any such withholding or deduction in respect of principal, interest or premium is required, we will pay additional amounts ("additional amounts") as necessary to ensure that you will receive the same amount as you would have received without any such withholding or deduction.

We will not pay, however, any additional amounts if you are liable for taxation because:

- you were or are connected with the Kingdom of Thailand or any political subdivision thereof (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Kingdom of Thailand) other than by merely owning the Note or receiving income or payments on the Note;

- you failed to (a) provide information concerning your nationality, residence or identity or (b) make any declaration or other similar claim or satisfy any information or reporting requirement, in the case of either (a) or (b), after we or the relevant tax authority requested you to do so;

- you failed to present your Note for payment within 30 days of when the payment is due. Nevertheless, we will pay additional amounts to the extent you would have been entitled to such amounts had you presented your Note for payment on the last day of the 30-day period;

- such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of January 21, 2003, December 13, 2001 and/or November 26-27, 2000 on the taxation of savings income (the "Directive") or any law implementing or complying with, or introduced in order to conform with, such Directive;

- you would have been able to avoid the withholding or deduction by the presentation (where presentation is required) of the relevant Note to, or otherwise accepting payment from, another paying agent in a member state of the European Union; or

- any combination of the above.

We will not pay any additional amounts for taxes on the Notes except for taxes payable through deduction or withholding from payments of principal, interest or premium on the Notes. Examples of the types of taxes for which we will not pay additional amounts include the following: estate or inheritance taxes, gift taxes, sales or transfer taxes, personal property or related taxes, assessments or other governmental charges. We will pay stamp or other similar taxes that may be imposed by the Kingdom of Thailand, the United States or any political subdivision or taxing authority in one of those two countries on the Indenture or be payable in connection with the issuance of the Notes.

References to principal, interest or premium in respect of the Notes will be deemed also to refer to any additional amounts which may be payable as set forth in the Notes and the Indenture.

Certain Covenants

Limitation on Liens

So long as the Notes are outstanding, we will not, and we will not permit any Subsidiary to, create, incur, issue or assume or guarantee any External Indebtedness secured by any Security Interest on any Principal Property owned by us or any Restricted Subsidiary or on any shares of stock of any Restricted Subsidiary (such shares of stock of any Restricted Subsidiary being called "Restricted Securities") without in any such case effectively providing that the Notes (together with, if we shall so determine, any other indebtedness of ours or the Subsidiary then existing or thereafter created which is not subordinate to the Notes) will be secured equally and ratably with or prior to such secured External Indebtedness unless, after giving effect thereto, the aggregate principal amount of all such secured External Indebtedness, plus our Attributable Debt and the Attributable Debt of our Restricted Subsidiaries in respect of sale and leaseback transactions involving Principal Properties as described under the covenant entitled "— Limitation Upon Sale and Leaseback Transactions," would not exceed 10% of our Consolidated Net Tangible Assets.

The foregoing restrictions will not apply to External Indebtedness secured by:

(i) any Security Interest existing on the date of the Indenture;

(ii) any Security Interest existing on any Principal Property or Restricted Securities prior to the acquisition thereof by us or any of our Restricted Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;

(iii) any Security Interest securing External Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Security Interest attaches to such Principal Property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof;

(iv) any Security Interest existing on any Principal Property or Restricted Securities of any Restricted Subsidiary prior to the time such Restricted Subsidiary becomes a Subsidiary of ours or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof; or

(v) any Security Interest arising out of the refinancing, extension, renewal or refunding of any External Indebtedness secured by any Security Interest permitted by any of the foregoing clauses, to the extent of the amount of such External Indebtedness; provided that such External Indebtedness is not secured by any additional Principal Property.

Limitation Upon Sale and Leaseback Transactions

The Indenture provides that neither we nor any Restricted Subsidiary may enter into any arrangement, after the date of the Indenture, with any Person providing for the leasing by us or any Restricted Subsidiary for an initial term of three years or more of any Principal Property which has been or is to be sold or transferred to such Person or to any other Person to whom funds are advanced by such Person on the security of such Principal Property for a sale price of $10,000,000 (or the equivalent thereof) or more (a "sale and leaseback transaction") unless (i) our Attributable Debt and the Attributable Debt of our Restricted Subsidiaries in respect thereof and in respect of all other sale and leaseback transactions entered into after the date of the Indenture plus the aggregate principal amount of External Indebtedness secured by Security Interests on Principal Properties and Restricted Securities then outstanding without equally and ratably securing the Notes, would not exceed 10% of our Consolidated Net Tangible Assets; or (ii) we or a Restricted Subsidiary, within twelve months after such sale and leaseback transaction apply an amount equal to the net proceeds of such sale or transfer of the property or asset which is the subject of such sale and leaseback transaction to the retirement of our External Indebtedness or of a Restricted Subsidiary, as the case may be, which is not subordinate to the Notes provided that the amount to be applied will be reduced by (i) the principal amount of Notes delivered within 180 days after such sale and leaseback transaction for retirement and cancellation, and (ii) the principal amount of our External Indebtedness or of a Restricted Subsidiary, other than the Notes, voluntarily retired by us or a Restricted Subsidiary within twelve months after such sale and leaseback transaction.

Notwithstanding the foregoing, no retirement referred to in this clause may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Certain Definitions

"Applicable Premium" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

    (a) the present value at such redemption date of (i) the principal amount of the Note plus (ii) all required interest payments due on the Note through the Maturity Date (excluding accrued but unpaid interest to the redemption rate), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 35 basis points; over

    (b) the principal amount of the Note.

"Attributable Debt" means, as to any lease, at the date of determination, the lesser of (x) the fair market value of the property or asset subject to such lease and (y) the total present value of the net amount of rent required to be paid under such lease during the remaining term thereof including renewal terms at the option of the lessor (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents), discounted at a rate per annum equal to the discount rate of a capital lease obligation with a like term in accordance with TFRS.

"Consolidated Net Tangible Assets" means the total amount of the assets of PTT Public Company Limited and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries and associated companies, after deducting therefrom (i) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible at the option of PTT Public Company Limited or its Subsidiary), and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent statements of financial position of PTT Public Company Limited and its consolidated Subsidiaries and computed in accordance with TFRS.

"Credit Ratings" means the credit rating assigned to the senior unsecured External Indebtedness of an entity or corporation by each of (i) the Standard & Poor's Ratings Services and (ii) Moody's Investors Service, Inc., or their respective successors and assigns.

"External Indebtedness" means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the currency of the Kingdom of Thailand and which has a final maturity of one year or more from its date of incurrence or issuance.

"Long-term Debt" means any note, bond, debenture or other indebtedness for money borrowed having a maturity of more than one year from the date such indebtedness was incurred or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the borrower, beyond one year from the date such evidence of indebtedness was incurred.

"Principal Property" means any gas, oil or power generation, transformation, transmission or distribution facility of PTT, PTTEP or any of PTTEP's subsidiaries located in the Kingdom of Thailand, whether at the date of the Indenture owned or thereafter acquired, including any land, buildings, structures or machinery and other fixtures that constitute any such facility, or portion thereof, other than any such facility, or portion thereof, reasonably determined by our board of directors not to be of material importance to the total business conducted by us and our Subsidiaries as a whole.

"Restricted Subsidiary" means any Subsidiary that owns a Principal Property.

"Security Interest" means any mortgage, pledge, lien, fixed or floating charge or other encumbrance.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by us.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to October 25, 2042; provided, however, that if the period from the redemption date to October 25, 2042, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Events of Default

The occurrence and continuance of the following events will constitute events of default ("Events of Default") under the Indenture:

- failure by us to pay interest (and premium, if any) on the Notes as and when the same will become due and payable, and such failure continues for 30 days;

- failure by us to pay principal on the Notes within 7 days after the due date;

- failure by us to perform any of the other covenants or agreements in the Indenture relating to the Notes that continues for 60 days after written notice specifying such failure, stating that such notice is a "Notice of Default" under the Notes and demanding we remedy the same, is given to us by the Trustee or holders of at least 25% in principal amount of the outstanding Notes;

- any of our External Indebtedness of an amount equal to or greater than $100 million (or the equivalent thereof) either (a) becoming due and payable by reason of acceleration following a default by us or (b) not being repaid by us, and remaining unpaid, after maturity (as extended by the period of grace, if any), or any guarantee given by us in respect of any External Indebtedness of another person or entity of an amount equal to or greater than $100 million (or the equivalent thereof) not being honored and remaining dishonored after becoming due and called; provided that, if any such default has been cured or waived, the default under the Indenture will be deemed to have been cured and waived;

- we cease to own and control, directly or indirectly, at least 51% of the issued and outstanding capital stock of PTT Exploration and Production Public Company Ltd.; or

- certain events of bankruptcy, insolvency or reorganization relating to us, or our ceasing to carry on the whole or substantially the whole of our business.

It is understood and agreed that a Government mandated restructuring of the gas industry in Thailand that requires us to partially spin-off or separately incorporate our natural gas transmission processing or marketing businesses will not constitute an Event of Default so long as, following such event, we control, directly or indirectly, at least 51% of the issued and outstanding capital stock of the corporations that hold such natural gas transmission processing or marketing businesses.

If an event of default occurs and is continuing, the Trustee or the holders of not less than 25% in principal amount of the outstanding Notes may by written demand to us declare the principal amount to be due and payable. In certain cases, the holders of a majority in principal amount of then outstanding Notes can rescind and annul such declaration and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is not obligated to exercise any of its rights or powers at the request or direction of any of its holders unless they have offered the Trustee security or indemnity. You may also not institute any proceedings to enforce the Indenture (other than proceedings for enforcing payments of principal

or interest) unless the Trustee has failed to act for 60 days after it receives notice of a default, a written instruction to act by holders of not less than 25% of the outstanding Notes and an offer of indemnity satisfactory to the Trustee in its sole discretion. If the holders of Notes provide security or indemnity satisfactory to the Trustee, the holders of a majority in principal amount of the then outstanding Notes during an event of default may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee under the Indenture or exercising any of the Trustee's trusts or powers with respect to the Notes.

The Indenture provides that the Trustee will, with certain exceptions, notify the holders of the Notes of any event of default known to it within 90 days after the occurrence of such event.

We are required to file an annual statement with the Trustee concerning our compliance with the Indenture.

Consolidation, Merger and Sale of Assets

We may, without your consent, consolidate with or merge into, or sell or lease all or substantially all of our property to, another corporation organized under the laws of the Kingdom of Thailand as long as:

- any successor corporation expressly assumes our obligations under the Notes and the Indenture;
- the consolidation, merger, sale or lease does not create a default under the Indenture; and
- certain other conditions in the Indenture are satisfied.

It is understood and agreed that this covenant does not prohibit a Government mandated restructuring of the gas industry in Thailand that requires us to partially spin-off or separately incorporate our natural gas transmission processing or marketing businesses so long as, following such event, we control, directly or indirectly, at least 51% of the issued and outstanding capital stock of the corporations that hold such natural gas transmission processing or marketing businesses.

Holders' Put Right

In the event that (i) the Government, directly or indirectly, ceases to own and control at least 50% of our issued and outstanding capital stock and (ii) within 180 days from the date of such decrease in ownership, each of our Credit Ratings is reduced below such Credit Rating in effect immediately prior to the time that the Government ceases to own and control at least 50% of our issued and outstanding capital stock (the "Put Event"), each Holder shall have the right (the "Holders' Put Right"), at such Holder's option, to require us to repurchase all of such Holder's Notes at a price equal to 100% of the unpaid principal amount thereof plus accrued interest (the "Put Price") on the 20th Business Day after the Trustee mails to each Holder a notice of such event referred to under "Holders' Put Right — Put Procedures" (the "Put Date").

Put Procedures

We will furnish the Trustee with a notice in sufficient time to permit the Trustee, promptly after becoming aware of, and in any event within seven days of, the Put Event to mail to each Holder such notice regarding the Holder's Put Right, which notice will state:

1. the Put Date;

2. the date of the Put Event and, briefly, the events causing the Put Event;

3. the date by which the Holder's Repurchase Notice (as defined below) must be given and the right of the Holders to require us to repurchase their Notes;

4. the name and address of the Paying and Transfer Agent;

5. the Put Price and the method by which such amount will be paid; and

6. the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise their repurchase rights.

To exercise its right to require us to repurchase its Notes, a Holder must deliver an irrevocable written notice of the exercise of such right (a "Holder's Repurchase Notice") to the Paying and Transfer Agent on a Business Day not later than 10 Business Days prior to the relevant Put Date.

Payment of the Put Price upon exercise of a Holder's repurchase right in respect of any Notes for which a Holder's Repurchase Notice has been delivered will be made promptly following the relevant Put Date; provided, however, that if any Note is a Certificated Note that has not been delivered on or prior to the Put Date, payment will only be made promptly after the delivery of such Certificated Note (together with any necessary endorsements). If we have made available to the Paying and Transfer Agent on the Put Date money sufficient to pay the Put Price of any Note for which a Holder's Repurchase Notice has been delivered in accordance with the provisions of the Indenture, then, on and after such Put Date, whether or not such Certificated Note is delivered to the Paying and Transfer Agent, (i) such Note will cease to be outstanding; (ii) the interest on such Note will cease to accrue; (iii) such Note will be deemed paid; and (iv) all other rights of the Holder will terminate (other than the right to receive the relevant Put Price).

Defeasance and Discharge

We need not comply with certain restrictive covenants of the Indenture (including the limitations on liens and sale and leaseback transactions) with respect to the Notes, if:

- we deposit with the Trustee, in trust, money or U.S. government obligations (or a combination thereof) sufficient to pay the principal of and interest on the Notes when due;

- we are not in default under the Indenture;

- we deliver to the Trustee an opinion of counsel to the effect that the deposit will not cause the holders of the Notes to recognize income, gain or loss for U.S. federal income tax purposes; and

- we deliver to the Trustee an officer's certificate and opinion of counsel stating that all conditions for the defeasance have been complied with.

In addition, we will be discharged from all obligations of the Notes (except for certain obligations to exchange or register the transfer of the Notes, replace stolen, lost or mutilated notes and maintain paying agencies) (i) if we deliver to the Trustee all the Notes for cancellation, together with an opinion of counsel and an officer's certificate stating that all conditions for the discharge have been complied with, and pay all other amounts payable under the Indenture, or (ii) if all Notes not delivered to the Trustee for cancellation have become due and payable, will become due and payable within one year or are to be called for redemption within one year, and we have irrevocably deposited with the Trustee, in trust, money or U.S. government obligations (or a combination thereof) sufficient to pay the principal of, and interest on, the Notes when due, together with an opinion of counsel and an officer's certificate stating that all conditions for discharge have been complied with, and pay all other amounts payable under the Indenture.

Repurchase

We and any of our Subsidiaries may, in accordance with all applicable laws and regulations, at any time purchase the Notes in the open market or otherwise at any price. If purchases are made by tender, such tender must be made available to all holders of the Notes alike. Any Notes we or any of our Subsidiaries repurchase may be held, cancelled or sold.

Modification and Waiver

With the consent of the holders of a majority in principal amount of the outstanding Notes, we may execute supplemental indentures with the Trustee to add provisions or change or eliminate any provision of the Indenture or any supplemental indenture or to modify the rights of the holders of the Notes. Without the consent of the holders of all the outstanding Notes, no such supplemental indenture will, with respect to the Notes:

- change their stated maturity;
- reduce the principal amount payable;
- change the place or currency in which they are payable;
- impair the right to institute suit for their enforcement; or
- reduce the percentage in principal amount of the outstanding Notes, the consent of the holders of which is required for any such supplemental indenture or for any modification to the provisions relating to modification and waiver.

The holders of a majority in principal amount of the outstanding Notes may:

- waive compliance by us of certain provisions of the Indenture; and
- waive any past default under the Indenture (except defaults relating to payment of principal of or interest on any Note).

Further Issuances

We may from time to time, without notice to or the consent of the holders of the Notes, create and issue further debt securities ranking *pari passu* with the Notes in all respects (or in all respects except for the payment of interest accruing prior to the issue date of the debt securities or except for the first payment of interest following the issue date of the debt securities). We may consolidate such further debt securities with the outstanding Notes to form a single series.

We may offer additional debt securities with original issue discount ("OID") for U.S. federal income tax purposes as part of a further issue. Purchasers of debt securities after the date of any further issue may not be able to differentiate between debt securities sold as part of the further issue and previously issued Notes. If we were to issue further debt securities with OID, purchasers of debt securities after such further issue may be required to accrue OID (or greater amounts of OID that they would otherwise have accrued) with respect to their debt securities. This may affect the price of outstanding Notes following a further issue. Purchasers are advised to consult legal counsel with respect to the implications of any future decision by us to undertake a further issue of debt securities with OID.

Replacement Notes

If a Note is mutilated, destroyed, lost or stolen, it may be replaced at the corporate trust office or agency of the Trustee in New York or at the office of the Paying and Transfer Agent (as defined below). You will have to pay any expenses incurred by us, the Trustee and the Paying and Transfer Agent and furnish any evidence and indemnity that we, the Trustee and the Paying and Transfer Agent may require. Mutilated Notes must be surrendered before we will issue new Notes to you.

Notices

Any notice required to be given by us to a holder of a Note (which will be DTC's nominee so long as the Notes are held in global form) will be mailed to the holder's last address indicated in the security register.

Concerning the Trustee

The holders of a majority in aggregate principal amount of all outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy or power available to the Trustee with respect to the Notes. However, the direction must not conflict with any rule of law or with the Indenture.

In case of an event of default, the Trustee will be required to exercise its powers with the degree of care and skill of a prudent person in the conduct of his own affairs. The Trustee is, however, under no obligation to exercise any of its rights or powers under the Indenture at the request of any of the holders of the Notes, unless they have offered to the Trustee security or indemnity satisfactory to the Trustee in its sole discretion.

Deutsche Bank Trust Company Americas is the Trustee under the Indenture. The corporate trust office of the Trustee is located at 60 Wall Street, 27th Floor, MSNYC 60-2710 New York, NY 10005.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. We have agreed that any legal suit, action or proceeding arising out of or based upon the Indenture or the Notes may be instituted in any state or federal court in the State and City of New York, United States of America.

Payment and Transfer Agents

The New York office of the Trustee will serve as the initial paying and transfer agent (the "Paying and Transfer Agents"). The Paying and Transfer Agents may resign at any time or may be removed by us. If any of the Paying and Transfer Agents is removed or becomes incapable of acting as a Paying and Transfer Agent or if a vacancy occurs in the office of any of the Paying and Transfer Agents for any cause, a successor Paying and Transfer Agent will be appointed as provided by the Indenture provided that, upon the implementation of the Directive or any law implementing or complying with, or introduced in order to conform to, such Directive, we will ensure that we maintain a Paying Agent in a Member State of European Union that is not obliged to withhold or deduct tax pursuant to such Directive or law. In addition, an announcement of such issue will be made through the Hong Kong Stock Exchange.

Book Entry; Delivery and Form

Global Notes

The Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S will initially be represented by one or more permanent global Notes in definitive, fully registered form without interest coupons (each, a "Regulation S Global Note") and will be deposited with the Trustee as custodian for, and registered in the name of, a nominee of DTC (and, together with any successor, the "Depository") for the accounts of Euroclear and Clearstream, Banking.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global Notes in definitive, fully registered form without interest coupons (each, a "Rule 144A Global Note" and, together with the Regulation S Global Note, the "Global Notes") and will be deposited with the Trustee as custodian for, and registered in the name of, a nominee of DTC.

Each Global Note (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions." Except in the limited circumstances described below under "— Certificated Notes," owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Certificated Notes (as defined below). The Notes are not issuable in bearer form.

Ownership of beneficial interests in the Global Notes will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will

be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Qualified institutional buyers may hold their interests in Rule 144A Global Notes directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, Banking, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream, Banking will hold interests in the Regulation S Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the holder of the Global Notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the Global Notes for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream, Banking.

Payments of the principal of, or interest on, the Global Notes will be made to DTC or its nominee, as the case may be, as the holder thereof. None of us, the Trustee or any Paying and Transfer Agent (as defined below) will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment on the Global Notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the stated principal amount of the Global Notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream, Banking will be effected in the ordinary way in accordance with their respective rules and operating procedures. See "— The Clearing Systems" below.

We expect that DTC will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the DTC interests in the Global Notes is credited and only in respect of such portion of the aggregate stated principal amount of the Global Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the Global Notes for certificates representing the Notes, which it will distribute to its participants and which may be legended as set forth under "Notice to Investors."

Certificated Notes

If (i) DTC notifies us that it is unwilling or unable to continue as a depositary for such Rule 144A Global Note or Regulation S Global Note, as the case may be, and a successor depositary is not appointed by us within 90 days of such notice, (ii) either Euroclear or Clearstream, Banking or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, or (iii) an Event of Default has occurred and is continuing, we will issue certificates representing the Notes ("Certificated Notes") in registered form in exchange for the Rule 144A Global Note and the Regulation S Global Note, as the case may be. Upon receipt of such notice from DTC, Euroclear, Clearstream, Banking or the Trustee, as the case may be, we will use our best effort to make arrangements for the exchange of interests in the relevant Global Note for Certificated Notes and cause the requested Certificated Notes to be executed and delivered to the Paying and Transfer Agents in sufficient quantities and delivered to the Paying and Transfer Agents for delivery to holders.

A Certificated Note may be transferred in whole or in part (in a principal amount equal to the minimum authorized denomination or any integral multiple thereof) by surrendering such Certificated Note to be transferred, together with an executed instrument or assignment of transfer, at the corporate trust office of the Trustee or at the office of the Paying and Transfer Agent in New York. In the case of a permitted transfer of only part of a Certificated Note, a new Certificated Note in respect of the balance not transferred will be issued to the transferor. Each new Certificated Note to be issued upon the transfer of a Certificated Note will, upon the effective receipt of a duly completed form of transfer by a Paying and Transfer Agent at its respective specified office, be available for delivery three business days after issuance at such specified office, or at the request of the holder requesting such transfer, will be mailed at the risk of the transferee entitled to the new Certificated Note to such address as may be specified in such duly completed form of transfer. The transfer of the Certificated Notes will be effected without charge by or on behalf of us or any Paying and Transfer Agent but against such indemnity as we or the Paying and Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such transfer.

The Clearing Systems

General

DTC, Euroclear and Clearstream, Banking have advised us as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Initial Purchasers. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of, or interest on, the Notes from the Trustee through such DTC participant.

Euroclear. Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V (the "Euroclear Operator"), under contract with Euroclear Clearance Systems, S.C., a Belgian cooperative corporation (the "Cooperative"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the Initial Purchasers. Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

The Euroclear Operator was granted a banking license by the Belgian Banking and Finance Commission in 2000, authorizing it to carry out banking activities on a global basis. It took over operation of Euroclear from the Brussels, Belgium office of Morgan Guaranty Trust Company of New York on December 31, 2000.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by Euroclear.

Clearstream, Banking. Clearstream, Banking is incorporated under the laws of The Grand Duchy of Luxembourg as a professional depositary. Clearstream, Banking holds securities for its participants and facilities the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Clearstream, Banking provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Banking interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Banking is subject to regulation by the Luxembourg Monetary Institute. Clearstream, Banking participants are financial institutions around the world, including securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the Initial Purchasers. Indirect access to Clearstream, Banking is also available to others that clear through or maintain a custodial relationship with a Clearstream, Banking participant either directly or indirectly.

Distributions with respect to the Notes held beneficially through Clearstream, Banking will be credited to cash accounts of Clearstream, Banking participants in accordance with its rules and procedures, to the extent received by Clearstream, Banking.

Initial Settlement

Initial settlement for the Notes will be made in immediately available funds. All Notes issued in the form of Global Notes will be deposited with the Trustee, as custodian for DTC. Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream, Banking will initially hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream, Banking) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same-day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream, Banking accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear holders and of Clearstream, Banking holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Notes where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in same-day funds using DTC's Same Day Funds Settlement System.

Trading between Euroclear and/or Clearstream, Banking participants. Secondary market trading between Euroclear participants and/or Clearstream, Banking participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Banking and will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading between DTC seller and Euroclear or Clearstream, Banking purchaser. When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear participant or a Clearstream, Banking participant, the purchaser must send instructions to Euroclear or Clearstream, Banking through a participant at least one business day prior to settlement. Euroclear or Clearstream, Banking, as the case may be, will receive the Notes against payment. Payment will then be made to the DTC participant's account against delivery of the Notes. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participant's or Clearstream, Banking participant's account. Credit for the Notes will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Notes will accrue from, the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade date fails), the Euroclear or Clearstream, Banking cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream, Banking participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Banking. Under this approach, they may take on credit exposure to Euroclear or Clearstream, Banking until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Banking has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Banking participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date. Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Because the settlement is taking place during New York business hours, DTC participants can employ their usual procedures for sending Notes to the relevant depositary for the benefit of Euroclear participants or Clearstream, Banking participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participant, a crossmarket transaction will settle no differently than a trade between two DTC participants.

Finally, day traders that use Euroclear or Clearstream, Banking and that purchase Notes from DTC participants for credit to Euroclear participants or Clearstream, Banking participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

(1) borrowing through Euroclear or Clearstream, Banking for one day (until the purchase side of the day trade is reflected in their Euroclear account or Clearstream, Banking account) in accordance with the clearing system's customary procedures;

(2) borrowing the Notes in the United States from a DTC participant no later than one day prior to settlement, which would give the Notes sufficient time to be reflected in the borrower's Euroclear account or Clearstream, Banking account in order to settle the sale side of the trade; or

(3) staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Euroclear participants or Clearstream, Banking participants.

Trading between Euroclear or Clearstream, Banking seller and DTC purchaser. Due to the time zone differences in their favor, Euroclear participants or Clearstream, Banking participants may employ their customary procedures for transactions in which Notes are to be transferred by the respective clearing system to another DTC participant. The seller must send instructions to Euroclear or Clearstream, Banking through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Banking will credit the Notes to the DTC participant's account against payment. Payment will then be made to the DTC participant's account against delivery of the Notes. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Banking participant the following day, and receipt of the cash proceeds

in the Euroclear or Clearstream, Banking participant's account will be back-valued to the value date (which would be the preceding day when settlement occurs in New York). If the Euroclear participant or Clearstream, Banking participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Banking participant's account would instead be valued as of the actual settlement date.

As in the case with respect to sales by a DTC participant to a Euroclear or Clearstream, Banking participant, participants in Euroclear and Clearstream, Banking will have their accounts credited the day after their settlement date. See "— Trading between DTC Seller and Euroclear or Clearstream, Banking purchaser" above.

Although DTC, Euroclear and Clearstream, Banking are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream, Banking, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we, the Trustee nor any Paying and Transfer Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Banking or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

TAXATION

Thai Taxation

The following is a summary of the principal Thai tax consequences of the purchase, ownership and disposition of the Notes by individual and corporate investors who are not resident in Thailand for Thai tax purposes (referred to as "non-resident individual holders" and "non-resident corporate holders," respectively, and together as "non-resident holders") based on Thai tax laws and their implementing regulations in force as of the date of this Offering Memorandum. The summary does not address any laws other than the tax laws of Thailand. Prospective investors in all jurisdictions are advised to consult their own tax advisors as to other tax consequences of the purchase, ownership and disposition of the Notes.

Income Tax

Non-resident Individual Holders

A non-resident individual holder is an individual owner of Notes that has not resided in Thailand for an aggregate period of 180 or more days in any calendar year.

Interest

Unless otherwise provided for by a tax treaty between Thailand and the resident country of a non-resident individual holder, interest paid on the Notes from or within Thailand to a non-resident individual holder is subject to 15% withholding tax.

Capital Gains

Capital gains realized by a non-resident individual holder from the sale or other disposition of Notes outside Thailand are not subject to Thai withholding tax when the related payment is made neither from nor within Thailand and where neither the purchaser nor the seller resides or carries on business (for Thai tax purposes) in Thailand.

Unless otherwise provided for by a tax treaty between Thailand and the resident country of the non-resident individual holders, capital gains realized by a non-resident individual holder from a sale or other disposition of Notes in which payment is made from or within Thailand (including any premium paid upon a redemption of the Notes) is subject to 15% withholding tax.

Non-resident Corporate Holders

A non-resident corporate holder is an owner of Notes that is a company or a registered partnership established pursuant to a foreign law that is not doing business in Thailand or deemed to be doing business in Thailand and does not have a permanent establishment in Thailand.

Interest

Unless a tax treaty between Thailand and the resident country of the non-resident corporate holder reduces the rate of withholding tax, interest paid on the Notes from or within Thailand to the non-resident corporate holder of the Notes is subject to a 15% withholding tax.

Capital Gains

Capital gains realized by a non-resident corporate holder from the sale or other disposition of Notes outside Thailand are not subject to Thai withholding income tax when the related payment is made neither from nor within Thailand and where neither the purchaser nor the seller resides or carries on business (for Thai tax purposes) in Thailand.

Unless a tax treaty between Thailand and the resident country of the non-resident corporate holder reduces or exempts the rate of withholding tax, capital gains realized by a non-resident corporate holder from a sale or other disposition of Notes in which payment is made from or within Thailand (including any premium paid upon a redemption of the Notes) is subject to a 15% withholding tax.

Stamp Duty

An instrument of transfer of the Notes that is executed outside Thailand and not brought into Thailand is exempt from stamp duty in Thailand. Each of the Notes will be subject to Baht 5.00 stamp duty in Thailand when brought into Thailand.

United States Federal Income Taxation

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, THE ISSUER HEREBY INFORMS YOU THAT: (A) ANY UNITED STATES FEDERAL TAX DISCUSSION IN THIS OFFERING MEMORANDUM WAS NOT WRITTEN AND IS NOT INTENDED OR WRITTEN TO BE USED AND CANNOT BE USED BY ANY TAXPAYER FOR PURPOSES OF AVOIDING UNITED STATES FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES TO BE ISSUED PURSUANT TO THIS OFFERING MEMORANDUM AND (C) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The following is a summary of certain material U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of the Notes. This summary addresses only the U.S. federal income tax considerations of holders that acquire the Notes at their original issuance at the initial offering price, and that will hold the Notes as capital assets.

This summary does not address all U.S. federal income tax matters that may be relevant to a particular holder of the Notes (a "Noteholder"). In particular, this summary does not address tax considerations applicable to Noteholders that may be subject to special tax rules in light of their particular circumstances, including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, currencies or notional principal contracts; (iv) tax-exempt entities; (v) regulated investment companies; (vi) real estate investment trusts; (vii) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for

U.S. federal income tax purposes; (viii) persons that own (or are deemed to own) 10% or more of PTT's voting shares (or interests treated as equity); (ix) persons whose "functional currency" is not the U.S. dollar; (x) partnerships, pass-through entities, or persons who hold the Notes through partnerships or other pass-through entities; and (xi) U.S. expatriates and former long-term residents of the United States. Further, this summary does not address federal estate, gift or alternative minimum tax consequences, or the indirect effects on the holders of equity interests in a Noteholder. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdictions other than the federal income tax laws of the U.S. federal government.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed U.S. Treasury Regulations and judicial and administrative interpretations thereof, and the Convention Between the Government of the United States of America and the Government of the Kingdom of Thailand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "Thailand Treaty") as in effect and available on the date of this Offering Memorandum. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

Prospective investors should consult their own tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of the Notes. U.S. Holders should also review the discussion under "Thailand Taxation" for the Thai tax consequences to a U.S. Holder of holding the Notes.

For the purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes that is, for U.S. federal income tax purposes:

(a) an citizen or individual resident of the United States;

(b) a corporation, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia);

(c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

(d) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons have the authority to control all of the substantial decisions of such trust. As provided in U.S. Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that maintain a valid election to continue to be treated as United States persons also are U.S. Holders.

A "Non-U.S. Holder" is a beneficial owner of Notes that is not a U.S. Holder. If a partnership holds Notes, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding Notes should consult its tax advisor concerning the U.S. federal income tax consequences of acquiring, owning or disposing of the Notes by the partnership.

Payments of Interest

It is anticipated that the Notes will not be issued at a discount in excess of the statutory *de minimis* amount; therefore, the Notes will not be considered to have been issued with original issue discount within the meaning of Section 1273 of the Code. If this is the case, interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes. A U.S. Holder will also be required to include in income any additional amounts and any tax withheld from interest payments on the Notes, notwithstanding the fact that such U.S. Holder does not receive such withheld tax. Subject to certain conditions and limitations, any tax withheld on interest may be deducted from taxable income or credited against a U.S. Holder's U.S. federal income tax liability. For example, if a U.S. Holder is eligible for benefits under the Thailand Treaty or is otherwise entitled to a refund for the taxes withheld, such holder will not be entitled to a foreign tax credit or deduction for the amount of any Thai taxes withheld in excess of the maximum rate under the Thailand Treaty or for the taxes with respect to which such holder can obtain a refund from the Thai taxing authorities. Interest on a Note, including additional amounts and any tax withheld, received by a U.S. Holder will be treated as foreign source income for purposes of calculating such holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules governing the foreign tax credit are complex. **Potential investors are urged to consult their own tax advisors regarding the availability of a foreign tax credit with respect to any Thai withholding tax and the applicability of the Thailand Treaty with respect to any Thai withholding tax under their particular circumstances.**

Sale, Exchange or Other Disposition of the Notes

A U.S. Holder's tax basis in a Note generally will be its U.S. dollar cost. Upon the sale, exchange or retirement of a Note, a U.S. Holder will generally recognize capital gain or loss equal to the difference between the amount realized (not including any amounts attributable to accrued and unpaid interest, which will be treated like a payment of interest, as described above) and the U.S. Holder's tax basis in the Note. **Prospective investors should consult their own tax advisors with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals that have held the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations)**.

Any gain or loss recognized by a U.S. Holder generally will be U.S. source capital gain or loss (except to the extent such amounts are attributable to accrued but unpaid interest). The rules governing the ability of a U.S. Holder to claim a foreign tax credit for any Thai tax imposed upon a disposition of a Note are complex. **U.S. Holders are urged to consult with their own tax advisors regarding the availability of a foreign tax credit and the applicability of the Thailand Treaty with respect to any Thai withholding tax under their particular circumstances.**

Taxation of Non-U.S. Holders

Subject to the backup withholding tax discussion below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, exchange or other disposition of the Notes unless (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met. Non-U.S. Holders should consult their own tax advisors regarding the U.S. federal income and other tax consequences of owning and disposing of the Notes.

Information Reporting and Backup Withholding

Backup withholding and information reporting requirements may apply to certain payments of principal and interest on a Note, and to proceeds of the sale of a Note, made to certain U.S. Holders that are beneficial owners of Notes. PTT, PTT's agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment if the U.S. Holder fails (i) to furnish the U.S. Holder's taxpayer identification number, (ii) to certify that such U.S. Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are generally not subject to the backup withholding and information reporting requirements with respect to these payments. Non-U.S. Holders who hold their Notes through a U.S. broker or agent or through the U.S. office of a non-U.S. broker or agent may be required to comply with applicable certification procedures to establish that they are not U.S. Holders to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally may be claimed as a credit against such holder's U.S. federal income tax liability provided that the required information is furnished to the U.S. Internal Revenue Services ("IRS"). Noteholders should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Additionally, individuals that own "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 will generally be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. U.S. Holders that are individuals are urged to consult their tax advisors regarding the application of these requirements to their ownership of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and subject to the conditions contained in a purchase agreement dated October 18, 2012, each Initial Purchaser has agreed to purchase from us, and we have agreed to sell to such Initial Purchaser, the principal amount of the Notes set forth opposite the name of such Initial Purchaser.

Initial Purchasers	Principal Amount of the 2022 Notes	Principal Amount of the 2042 Notes
Barclays Bank PLC	U.S.$125,000,000	U.S.$150,000,000
Citigroup Global Markets Limited	U.S.$125,000,000	U.S.$150,000,000
Deutsche Bank AG, Singapore Branch	U.S.$125,000,000	U.S.$150,000,000
J.P. Morgan Securities Plc	U.S.$125,000,000	U.S.$150,000,000
Total	U.S.$500,000,000	U.S.$600,000,000

The purchase agreement provides that the several obligations of the Initial Purchasers to purchase the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. After the initial Offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their associates.

In the purchase agreement, the Issuer has agreed, among other things, that:

- for a period of 30 days after the date of the initial offering of the Notes by the Initial Purchasers, the Issuer will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any United States dollar-denominated debt securities issued or guaranteed by the Issuer and having a maturity of more than one year from the date of issue; and

- it will indemnify each Initial Purchaser against certain liabilities, including liabilities under the Securities Act, or contribute to payments that such Initial Purchaser may be required to make in respect of those liabilities.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

No registration under the Securities Act

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The Purchase Agreement provides that the Initial Purchasers may directly or through their U.S. broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to QIBs in reliance on Rule 144A.

Each purchaser of the Notes will be deemed to have made the acknowledgements, representations and agreements as described under "Transfer Restrictions" in this Offering Memorandum.

New issue of Notes

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions." Approval-in-principle has been obtained for the listing of the Notes on the SGX-ST. However, the Issuer cannot assure you that such listing will be obtained or maintained. The Issuer is entitled to seek an alternative listing for the Notes on a stock exchange other than the SGX-ST, approved by the Trustee, if listing of the Notes on the SGX-ST is not obtained or if compliance with the rules of SGX-ST becomes unduly burdensome for the Issuer. The Initial Purchasers have advised the Issuer that they currently intend to make a market in the Notes as permitted by applicable law, but they are not obligated to do so. The Initial Purchasers may discontinue any market making activities with respect to the Notes at any time in their sole discretion without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, the Issuer cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell your Notes will be favorable.

Price stabilization, short positions and penalty bids

The Initial Purchasers or their affiliates may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids to the extent permitted by applicable laws and regulations. Over-allotment involves sales in excess of the offering size, which creates a short position. Stabilizing transactions permit bids to purchase the Notes so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a dealer when the Notes originally sold by such dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither the Issuer nor the Initial Purchasers or their respective affiliates make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes.

Stabilizing transactions and covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. In addition, neither the Issuer nor the Initial Purchasers make any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other relationships

From time to time, in the ordinary course of business, the Initial Purchasers and their respective affiliates have provided advisory, lending and investment banking services, and entered into other commercial transactions, such as hedging transactions, with the Issuer and its subsidiaries and affiliates for which customary compensation has been received. It is expected that the Initial Purchasers and their respective affiliates will continue to provide such services to, and enter into such transactions with, the Issuer and its subsidiaries and affiliates in the future.

The Initial Purchasers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purchases but not with a view to distribution.

Selling restrictions

General

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Notes or this Offering in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes have not been registered under the Securities Act or the securities laws of any other place.

The Notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

During the initial distribution of the Notes, the Notes will be offered and/or sold only to QIBs in compliance with Rule 144A, in accordance with Regulation S or any other available exemption from registration under the Securities Act.

In addition, until 40 days following the commencement of this Offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Market Act 2000 (the "FSMA")) in connection with the issue or sale of the Notes will be communicated only in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

All applicable provisions of the FSMA have and will be complied with in respect to anything done in relation to the Notes in, from or otherwise involving, the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") no offer of Notes has been made which is the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser(s) nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

No Notes have or will be sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance or (c) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong).

No advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has or will be issued, in Hong Kong or elsewhere, other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "Financial Instruments and Exchange Act") and, accordingly, no notes have or will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Thailand

While the offering of the Notes outside of Thailand has been approved by the Office of the Thai SEC, the offering of the Notes in Thailand has not been approved or registered under the Securities and Exchange Act of Thailand (the "Securities and Exchange Act") and, accordingly, (i) the Notes cannot be, directly or indirectly, offered or sold to any person within Thailand, or to other for re-offering or resale, directly or indirectly, in Thailand and (ii) this Offering Memorandum or any other documents or materials in connection with the offer or sale, or invitation for subscription or purchase of the Notes, cannot be circulated or distributed, whether directly or indirectly, to any person in Thailand, except in compliance with, the Securities and Exchange Act and any other applicable laws and regulations in Thailand.

Singapore

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). No notes have been sold or made the subject of an invitation for subscription or purchase and such Notes will not be offered or sold or be made the subject of an invitation for subscription or purchase, and this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, has not and will not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA, or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("CONSOB") pursuant to Italian securities legislation. Any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation. Any investor purchasing the Notes in the Offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time);

(ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority; and

(iii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy.

TRANSFER RESTRICTIONS

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to, and agreements with, the Issuer and the Initial Purchasers:

a. You understand and acknowledge that:

   i. the Notes have not been registered under the Securities Act or any other applicable securities laws;

   ii. the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and

   iii. unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (d) below.

b. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of the Issuer, that you are not acting on the Issuer's behalf and that either:

   i. you are a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, commonly referred to as "QIBs," and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A; or

   ii. you are purchasing Notes in an offshore transaction in accordance with Regulation S.

c. You acknowledge that neither the Issuer nor the Initial Purchasers nor any person representing the Issuer or the Initial Purchasers has made any representation to you with respect to the Issuer or the Offering, other than the information contained in this Offering Memorandum. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning the Issuer and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of, and request information from, the Issuer.

d. You represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the

Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

i. to the Issuer;

ii. under a registration statement that has been declared effective under the Securities Act;

iii. for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a QIB that is purchasing for its own account or for the account of another QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A; or

iv. under any other available exemption from the registration requirements of the Securities Act;

e. subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and in compliance with applicable state and other securities laws.

f. You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A Notes) after the later of the closing date and the last date that the Issuer or any of its affiliates was the owner of the Notes or any predecessor of the Notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;

- the Issuer and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clause (d) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the Trustee; and

- each Note will contain a legend substantially to the following effect:

  THE NOTES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THE NOTES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

  THE HOLDER OF THE NOTES, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED THE NOTES, TO OFFER, SELL OR

OTHERWISE TRANSFER SUCH NOTES, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS, *IN THE CASE OF RULE 144A NOTES, ONE YEAR* AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH PTT PUBLIC COMPANY LIMITED (THE "COMPANY") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR OF THE NOTES), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO IS REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. *IN THE CASE OF REGULATION S NOTES, BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THE NOTES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.*

YOU REPRESENT THAT EITHER (I) NO PORTION OF THE ASSETS USED BY YOU TO ACQUIRE AND HOLD THE NOTES CONSTITUTES ASSETS OF (A) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (B) ANY PLAN, ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (C) ANY ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSE OF ERISA OR THE CODE TO INCLUDE "PLAN ASSETS" BY REASON OF SUCH PLAN INVESTMENT IN THE ENTITY, OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (COLLECTIVELY, "SIMILAR LAWS"), OR (II) THE PURCHASE AND HOLDING OF THE NOTES OR ANY INTERESTS THEREIN BY YOU WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY APPLICABLE SIMILAR LAW.

THE HOLDER OF THE NOTES AGREES FOR THE BENEFIT OF THE COMPANY THAT IF IT RESELLS THE NOTES INTO THAILAND, IT WILL RESELL SUCH NOTES ONLY TO QUALIFIED INSTITUTIONAL INVESTORS,

AS DEFINED UNDER THE BANK OF THAILAND REGULATIONS, WHO HAVE OBTAINED APPROVAL FROM THE BANK OF THAILAND TO INVEST IN FOREIGN CURRENCY DENOMINATED NOTES. SUCH QUALIFIED INSTITUTIONAL INVESTORS CURRENTLY INCLUDE: (I) THE GOVERNMENT PENSION FUND, (II) THE SOCIAL SECURITY FUND, (III) PROVIDENT FUNDS, (IV) MUTUAL FUNDS (EXCLUDING PRIVATE FUNDS), (V) SECURITIES COMPANIES PURCHASING NOTES FOR THEIR OWN ACCOUNTS OR OTHER INVESTORS' ACCOUNTS, (VI) INSURANCE COMPANIES, (VII) FINANCIAL INSTITUTIONS ESTABLISHED UNDER SPECIFIC ACTS, AND (VIII) LEGAL ENTITIES WHOSE PRINCIPAL BUSINESS IS MANUFACTURING, TRADING OR SERVICES AND HAVING ASSETS ON THEIR BALANCE SHEETS OF AT LEAST BAHT 5 BILLION OR ITS EQUIVALENT.

g. You acknowledge that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify the Issuer and the Initial Purchaser. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

h. You acknowledge, understand and agree that: (a) you will, and each subsequent purchaser is required to, notify any subsequent purchaser of the Notes from you of the resale restrictions referred to in (d) above; and (b) no representation can be made as to the availability of any exemption provided by Rule 144A for resale of the Notes.

i. You acknowledge that the offering of the Notes in Thailand has not been approved or registered under the Securities and Exchange Act and, accordingly, the Notes cannot be directly or indirectly, transferred, offered or sold to any person within Thailand, or to others for re-offering, re-transferring or resale, directly or indirectly, in Thailand.

LEGAL MATTERS

Certain matters in connection with this offering as to New York law and U.S. federal law will be passed upon for us by Allen & Overy and for the Initial Purchasers by Clifford Chance. Certain matters in connection with this offering as to Thai law will be passed upon for us by Allen & Overy (Thailand) Co., Ltd., and for the Initial Purchasers by Clifford Chance (Thailand) Limited.

INDEPENDENT ACCOUNTANTS

Our audited consolidated financial statements as of and for the years ended December 31, 2010 and 2011 have been included in this Offering Memorandum in reliance upon the reports of the Office of the Auditor General of Thailand, the auditor for state enterprises, dated February 28, 2011 and February 17, 2012, and upon the authority of said office as experts in accounting and auditing. With respect to our reviewed consolidated financial statements as of and for the six months ended June 30, 2011 and 2012 that have been included in this Offering Memorandum, the Office of the Auditor General of Thailand reported that they have applied limited procedures in accordance with professional standards for a review of such financial information. However, as stated in their reports on these financial statements appearing therein, they did not audit and they do not express an opinion on such interim financial information. The Office of the Auditor General is the independent auditor with respect to us within the meaning of the standards established for independent auditors in Thailand. we cannot give you assurance, however, that they would be considered independent auditors with respect to us within the meaning of such standards established in the United States or elsewhere.

GENERAL INFORMATION

1. The creation and issue of the Notes has been authorized by resolutions of our Board of Directors dated December 14, 2009, and approved by a shareholders' meeting held on April 9, 2010.

2. Save as disclosed in this Offering Memorandum, there are no, nor have there been any, litigation or arbitration proceedings, including those which are pending or threatened, of which we are aware, which may have, or have had during the 12 months prior to the date of this Offering Memorandum, a material adverse effect on our financial position.

3. Save as disclosed in this Offering Memorandum, there has been no material change in our financial or trading position since June 30, 2012 and, since such date, save as disclosed in this Offering Memorandum, there has been no material adverse change in our financial position or prospects.

4. Copies of the following documents, all of which are published in English, may be inspected during normal business hours at the offices of the Principal Paying Agent or the offices of Allen & Overy at 9/F, Three Exchange Square, Central, Hong Kong after the date of this Offering Memorandum for so long as any of the Notes remains outstanding:

   (a) our Memorandum and Articles of Association;

   (b) the Indentures; and

   (c) our audited consolidated financial statements for the years ended December 31, 2010 and 2011 and its reviewed financial statements for the six-months ended June 30, 2011 and 2012.

5. The Notes are expected to be accepted for clearance through Clearstream, Banking, Euroclear and DTC. The ISIN and CUSIP for each of the Rule 144A Notes and the Regulation S Notes are as follows:

	2022 Notes		*2042 Notes*	
	Rule 144A Notes	Regulation S Notes	Rule 144A Notes	Regulation S Notes
ISIN	US69367CAC91	USY71548BY95	US69367CAD74	USY71548BZ60
CUSIP	69367C AC9	Y71548 BY9	69367C AD7	Y71548 BZ6
Common Code	084393398	084393444	084393568	084393584

6. Approval-in-principle has been obtained from the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of us or the Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that

the Global Note is exchanged for Certificated Notes. In addition, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

GLOSSARY OF TECHNICAL TERMS

Unless otherwise indicated in the context, references to:

- "appraisal wells" are to wells drilled after successful exploration to gain further information on newly discovered oil or gas reservoirs.
- "Agents" are to a dealer, manager or underwriter.
- "Bbls" are to barrels.
- "Bbls/d" are to barrels per day.
- "bcf/d" are to billion cubic feet per day.
- "BCM" are to billion cubic meters.
- "BOE" are to barrels-of-oil equivalent.
- "BOED" are to barrels-of-oil equivalent per day.
- "BSCF" are to billion standard cubic feet.
- "btu" are to British Thermal Units.
- "btu/cf" are to British Thermal Units per cubic foot.
- "condensate" are to liquid hydrocarbons of very light crude oil composition that are gaseous subsurface (high temperature and pressure), and condense into a liquid upon production and in response to surface temperature and pressure.
- "Contingent Resources" are defined as those discovered quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable. The reasons for non-commerciality could be due to economical, political, environmental, or technological issues.
- "development wells" are to wells drilled to exploit the hydrocarbon accumulation defined by an appraisal well.
- "development costs" are to costs involved in bringing proved reserves to production. Development costs include the cost of drilling development wells plus the production equipment and its installation.
- "evaluation wells" are to wells drilled to locate an undiscovered petroleum reservoir, either by discovering a new field or a new shallower or deeper reservoir in a previously discovered field.
- "EPPO" are to the Energy Policy and Planning Office.

- "ESP" are to electrostatic precipitator.
- "FPSO" are to floating production storage and offloading facilities.
- "GSA" are to gas sale agreement.
- "GSP" are to gas separation plant.
- "GWH" are to Gigawatt hours.
- "HDPE" are high density polyethylene.
- "JDA" are to Block A-18, B-17 and C-19 of the Malaysia-Thailand Joint Development Area.
- "JORC" are to the Joint Ore Reserves Committee.
- "KBOE/d" are to thousand of barrels-of-oil equivalent per day.
- "Kb/d" are to thousand of barrels per day.
- "KTA" are to kilotons per annum.
- "Kton" are to one thousand tons.
- "LDPE" are low density polyethylene.
- "liquefied bitumen" are to the viscous liquid derived from crude petroleum, commonly known as asphalt.
- "liquid hydrocarbons" are to chemical compounds composed of only carbon and hydrogen, and include liquefied bitumen.
- "LPG" are to liquefied petroleum gas which is propane gas or, less commonly, butane or a propane-butane mixture that has been compressed into liquid.
- "MMbbls" are to million barrels.
- "MMBOE" are to million of barrels-of-oil equivalent.
- "MMbtu" are to million British Thermal Units.
- "MML" are to million megalitres.
- "MMSCFD" are to million standard cubic feet per day. The volume of natural gas is determined at a reference heating value of 1,000 btu/cf.
- "MOPS" are to Mean of Platts Singapore, an index of the mean price of oil traded through Singapore as measured by Platts, a commodity trading and information company.

- "MT" are to million tons.

- "MTA" are to million tons per annum.

- "MTJDA" are to Malaysia-Thailand Joint Development Area.

- "MW" are megawatt.

- "petroleum" are to hydrocarbons, including natural gas, natural gas liquids, crude oil and their products.

- "PLA" are to polylactic acid.

- "PP" are polypropylene.

- "Probable reserves" are to those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used to estimate reserves, there should be at least 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

- "Proved developed reserves" are to the estimated quantities of petroleum expected to be recovered from existing wells, equipments and operating method. They may be sub-grouped as producing and non-producing.

- "Proved reserves" are to those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating method, and government regulations. In respect of both the SPE Petroleum Resources Management System and COGE Handbook, proved reserves means at least a 90% chance that quantities actually recovered will equal or exceed the estimates.

- "Proved undeveloped reserves" are to proved reserves that are expected to be recovered from new wells in undrilled acreage, or from deepening existing wells to a different reservoir, or where a relatively significant expenditure is required to recomplete an existing well or install production or transportation facilities for primary or improved recovery project.

- "tcm" are to trillion cubic metres.

- "throughput" are to the amount of material processed by a production unit in a year or other period as indicated.

- "Tons" or "tons" are to metric tons. A metric ton is equal to 1,000 kilograms, or approximately 2,204.6 pounds.

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(TRANSLATION)

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO: THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has reviewed the consolidated and separate statements of financial position as at June 30, 2012, and the related consolidated and the separate statements of income and of comprehensive income for the three-month and six-month periods ended June 30, 2012 and 2011, statements of changes in equity and of cash flows for the six-month periods ended June 30, 2012 and 2011, and condensed notes to the interim financial statements of PTT Public Company Limited and its subsidiaries and of PTT Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No.34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of review

The Office of the Auditor General of Thailand conducted the review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable the Office of the Auditor General of Thailand to obtain assurance that the Office of the Auditor General of Thailand would become aware of all significant matters that might be identified in an audit. Accordingly, the Office of the Auditor General of Thailand does not express an audit opinion.

Conclusion

Based on the review, nothing has come to attention that causes the Office of the Auditor General of Thailand to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No.34, "Interim Financial Reporting".

Office of the Auditor General

Statements of financial position as at December 31, 2011 presented for comparative purposes

The Office of the Auditor General of Thailand has audited the consolidated and separate financial statements for the year ended December 31, 2011 of PTT Public Company Limited and its subsidiaries, and of PTT Public Company Limited, respectively, in accordance with Thai Standards on Auditing and expressed an unqualified opinion on those statements in the report dated February 17, 2012. The consolidated and separate statements of financial position as at December 31, 2011, presented for comparative purposes, are part of the aforementioned consolidated and separate financial statements. The Office of the Auditor General of Thailand has not performed any other auditing procedures subsequent to the date of that report.

(Signed) *Woraluk Thamkaew*
(Woraluk Thamkaew)
Inspector General 1

(Signed) *Doungporn Muennuch*
(Doungporn Muennuch)
Director of Financial Audit Office No.7

Office of the Auditor General
August 8, 2012

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2012 AND DECEMBER 31, 2011

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	4	96,103,646,543	116,132,117,868	58,970,966,267	51,340,612,291
Current investments		18,562,956,535	10,961,666,994	17,089,931,163	9,758,576,305
Trade accounts receivable	5	229,052,765,756	171,361,544,041	214,100,343,761	157,057,537,383
Other accounts receivable	6	37,381,656,171	32,624,973,453	23,971,798,027	16,744,092,815
Short-term loans	7.1	4,969,519,929	5,006,179,535	5,626,729,557	5,540,512,739
Inventories		35,304,542,062	26,000,290,599	15,021,453,745	18,862,996,073
Materials and supplies		12,297,869,331	13,160,269,665	3,203,735,002	4,111,583,529
Other current assets		26,320,091,417	5,877,116,368	3,174,605,906	1,484,676,958
Total current assets		**459,993,047,744**	**381,124,158,523**	**341,159,563,428**	**264,900,588,093**
Non-current assets					
Available-for-sale investments	10	11,687,511,933	11,680,416,176	11,541,391,943	11,421,510,900
Investments in associates	9.2,9.3	216,698,725,836	227,853,520,238	120,362,474,472	120,212,474,472
Investments in subsidiaries	9.3	-	-	74,353,741,513	73,278,181,513
Investments in jointly controlled entities	9.3	-	-	22,739,274,827	22,739,274,827
Other long-term investments	11	1,816,380,176	1,749,852,705	1,106,117,996	1,106,117,996
Long-term loans	7.2	375,323,563	145,763,221	52,696,677,195	52,837,646,611
Investment properties	12	8,219,818,412	8,345,289,339	5,070,507,321	5,099,303,532
Property, plant and equipment	13	622,451,940,428	601,337,460,869	221,547,506,962	219,160,024,975
Intangible assets	14	53,885,022,406	52,613,597,500	13,586,086,196	13,865,968,171
Mining properties	15	37,362,088,207	33,179,840,150	-	-
Goodwill	16	28,986,335,872	28,432,570,328	-	-
Deferred tax assets		18,574,532,875	19,318,398,602	1,751,784,826	1,807,794,853
Advance payments for gas purchases	17	6,566,368,121	7,346,227,917	7,835,998,703	8,495,573,306
Other non-current assets		29,236,214,073	28,718,977,098	20,015,111,231	20,763,637,935
Total non-current assets		**1,035,860,261,902**	**1,020,721,914,143**	**552,606,673,185**	**550,787,509,091**
Total assets		**1,495,853,309,646**	**1,401,846,072,666**	**893,766,236,613**	**815,688,097,184**

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2012 AND DECEMBER 31, 2011

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited)
Liabilities and Equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions		28,629,509,105	15,520,544,127	-	-
Trade accounts payable		231,764,733,300	195,843,431,422	201,210,230,884	162,392,716,091
Other accounts payable		29,333,046,187	35,911,904,802	18,092,294,985	24,611,844,294
Current portion of long-term loans	18	24,023,348,923	54,978,773,584	14,781,657,209	30,472,118,302
Short-term loans	8.5	-	-	3,800,367,267	6,094,303,584
Income tax payable		17,966,117,151	26,355,835,574	1,766,351,190	-
Short-term provision for decommissioning costs	20	540,949,432	2,312,666,525	-	-
Other current liabilities		6,297,630,798	4,599,110,120	4,965,277,192	3,510,666,798
Total current liabilities		**338,555,334,896**	**335,522,266,154**	**244,616,178,727**	**227,081,649,069**
Non-current liabilities					
Other long-term accounts payable	8.6	655,458,072	671,712,624	668,599,143	685,031,224
Long-term loans	18	387,495,531,882	337,324,118,300	245,566,662,492	213,299,643,983
Deferred tax liabilities		45,528,409,844	42,936,685,814	5,552,337,810	4,961,286,309
Employee benefit obligations	19	5,745,623,642	5,500,022,657	2,452,409,125	2,387,397,715
Long-term provision for decommissioning costs	20	22,885,772,347	22,628,852,001	-	-
Deposits on LPG cylinders		6,837,915,988	6,567,504,468	6,837,915,988	6,567,504,468
Other non-current liabilities		6,598,675,682	6,981,535,136	5,053,008,998	5,022,246,647
Total non-current liabilities		**475,747,387,457**	**422,610,431,000**	**266,130,933,556**	**232,923,110,346**
Total liabilities		**814,302,722,353**	**758,132,697,154**	**510,747,112,283**	**460,004,759,415**

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2012 AND DECEMBER 31, 2011

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited)
Liabilities and Equity (Continued)					
Equity					
Share capital					
Authorized share capital					
2,857,245,725 ordinary shares of Baht 10 each		28,572,457,250	28,572,457,250	28,572,457,250	28,572,457,250
Issued and paid-up share capital					
2,856,299,625 ordinary shares of Baht 10 each		28,562,996,250	28,562,996,250	28,562,996,250	28,562,996,250
Premium on ordinary shares		29,211,131,966	29,211,131,966	29,211,131,966	29,211,131,966
Retained earnings					
Appropriated					
Legal reserve		2,857,245,725	2,857,245,725	2,857,245,725	2,857,245,725
Reserve for self-insurance fund		1,034,861,938	1,034,861,938	1,034,861,938	1,034,861,938
Unappropriated		527,130,436,768	501,216,512,809	317,832,483,692	290,592,601,966
Other components of equity		(6,210,928,701)	(7,119,637,190)	3,520,404,759	3,424,499,924
Total equity attributable to equity holders of the Company		582,585,743,946	555,763,111,498	383,019,124,330	355,683,337,769
Non-controlling interests		98,964,843,347	87,950,264,014	-	-
Total equity		**681,550,587,293**	**643,713,375,512**	**383,019,124,330**	**355,683,337,769**
Total liabilities and equity		**1,495,853,309,646**	**1,401,846,072,666**	**893,766,236,613**	**815,688,097,184**

Notes to the interim financial statements are an integral part of these financial statements.

(Signed) Pailin Chuchottaworn
(Pailin Chuchottaworn)
President & Chief Executive Officer

(Signed) Surong Bulakul
(Surong Bulakul)
Chief Financial Officer

(TRANSLATION)

Unaudited but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011 (Restated)	2012	2011
Sales and service income		682,817,257,773	643,576,674,083	622,115,415,789	599,776,932,244
Cost of sales and services	23	623,934,056,994	585,552,197,759	602,264,303,250	577,361,165,863
Gross margin		**58,883,200,779**	**58,024,476,324**	**19,851,112,539**	**22,415,766,381**
Other income	22	5,972,522,395	4,612,484,647	16,669,888,839	9,534,905,393
Income before expenses		**64,855,723,174**	**62,636,960,971**	**36,521,001,378**	**31,950,671,774**
Selling expenses	23	3,179,068,541	2,433,277,987	2,882,493,950	2,140,112,745
Administrative expenses	23	7,082,185,007	7,069,877,226	3,794,734,623	4,025,262,375
Executive remunerations	8.10	150,515,679	162,121,253	40,010,010	36,610,686
Petroleum exploration expenses		1,818,980,970	2,315,030,634	-	-
Petroleum royalties and remunuration		6,338,858,458	5,749,556,407	-	-
Other expenses	23	7,483,827,483	52,408,064	-	-
(Gain) Loss on foreign exchange rates		2,302,016,491	(933,840,920)	362,920,955	(303,544,764)
Operating income		**36,500,270,545**	**45,788,530,320**	**29,440,841,840**	**26,052,230,732**
Share of income (loss) from investments in associates		(4,354,212,180)	10,293,426,758	-	-
Income before finance costs & income taxes		**32,146,058,365**	**56,081,957,078**	**29,440,841,840**	**26,052,230,732**
Finance costs		4,793,592,268	4,479,701,165	3,096,326,968	3,201,158,250
Income before income taxes		**27,352,466,097**	**51,602,255,913**	**26,344,514,872**	**22,851,072,482**
Income taxes		15,695,278,225	14,489,602,618	1,128,964,595	2,962,756,397
Income for the periods		**11,657,187,872**	**37,112,653,295**	**25,215,550,277**	**19,888,316,085**
Attributable to:					
Equity holders of the Company		8,513,661,519	32,277,001,233	25,215,550,277	19,888,316,085
Non-controlling interests		3,143,526,353	4,835,652,062	-	-
		11,657,187,872	**37,112,653,295**	**25,215,550,277**	**19,888,316,085**
Basic earnings per share	21	2.98	11.32	8.83	6.97
Diluted earnings per share	21	2.98	11.27	8.83	6.97

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited

but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(Restated)		
Income for the periods	11,657,187,872	37,112,653,295	25,215,550,277	19,888,316,085
Other comprehensive income (loss):				
Unrealized loss on available-for-sale investments	(1,307,890,582)	(501,369,476)	(1,241,728,196)	(484,677,685)
Income taxes related to unrealized loss on available-for-sale investments	248,345,640	145,403,305	248,345,638	145,403,305
Currency translation differences	6,809,111,706	3,395,818,089	-	-
Share of other comprehensive gain (loss) of associates	(57,722,281)	106,268,051	-	-
Other comprehensive income (loss), net of income taxes	5,691,844,483	3,146,119,969	(993,382,558)	(339,274,380)
Total comprehensive income for the periods	**17,349,032,355**	**40,258,773,264**	**24,222,167,719**	**19,549,041,705**
Attributable to:				
Equity holders of the Company	12,226,501,752	34,438,641,241	24,222,167,719	19,549,041,705
Non-controlling interests	5,122,530,603	5,820,132,023	-	-
	17,349,032,355	**40,258,773,264**	**24,222,167,719**	**19,549,041,705**

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited

but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
			(Restated)		
Sales and service income		1,374,922,084,649	1,184,433,851,598	1,260,820,114,065	1,080,445,054,030
Cost of sales and services	23	1,258,188,942,913	1,073,468,732,968	1,220,317,871,688	1,036,793,082,195
Gross margin		**116,733,141,736**	**110,965,118,630**	**40,502,242,377**	**43,651,971,835**
Other income	22	10,512,205,848	8,838,389,586	26,836,376,647	19,039,288,573
Income before expenses		**127,245,347,584**	**119,803,508,216**	**67,338,619,024**	**62,691,260,408**
Selling expenses	23	6,050,228,751	5,273,043,819	5,517,712,687	4,689,779,097
Administrative expenses	23	14,896,939,717	13,837,902,772	8,109,444,374	7,764,133,642
Executive remunerations	8.10	368,073,776	326,835,086	77,523,265	71,920,497
Petroleum exploration expenses		3,119,538,155	4,220,170,191	-	-
Petroleum royalties and remunuration		12,262,626,206	10,582,016,758	-	-
Other expenses	23	7,528,104,187	105,756,633	-	-
Gain on foreign exchange rates		(630,188,549)	(3,809,772,989)	(2,829,388,561)	(1,206,297,553)
Operating income		**83,650,025,341**	**89,267,555,946**	**56,463,327,259**	**51,371,724,725**
Share of income from investments in associates		5,934,977,351	21,658,286,847	-	-
Income before finance costs & income taxes		**89,585,002,692**	**110,925,842,793**	**56,463,327,259**	**51,371,724,725**
Finance costs		9,261,794,568	8,872,879,288	6,209,828,376	6,422,017,058
Income before income taxes		**80,323,208,124**	**102,052,963,505**	**50,253,498,883**	**44,949,707,667**
Income taxes		25,126,009,315	25,217,600,117	3,028,096,756	5,433,827,904
Income for the periods		**55,197,198,809**	**76,835,363,388**	**47,225,402,127**	**39,515,879,763**
Attributable to:					
Equity holders of the Company		45,899,444,360	67,199,299,624	47,225,402,127	39,515,879,763
Non-controlling interests		9,297,754,449	9,636,063,764	-	-
		55,197,198,809	**76,835,363,388**	**47,225,402,127**	**39,515,879,763**
Basic earnings per share	21	16.07	23.57	16.53	13.86
Diluted earnings per share	21	16.07	23.55	16.53	13.85

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited

but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2012	**2011**	**2012**	**2011**
		(Restated)		
Income for the periods	55,197,198,809	76,835,363,388	47,225,402,127	39,515,879,763
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments	51,027,083	(20,943,925)	119,881,045	(14,333,815)
Income taxes related to unrealized gain (loss) on available-for-sale investments	(23,976,209)	4,300,144	(23,976,210)	4,300,144
Currency translation differences	2,143,755,353	4,097,625,612	-	-
Share of other comprehensive gain (loss) of associates	(69,325,160)	105,270,971	-	-
Other comprehensive income (loss), net of income taxes	2,101,481,067	4,186,252,802	95,904,835	(10,033,671)
Total comprehensive income for the periods	**57,298,679,876**	**81,021,616,190**	**47,321,306,962**	**39,505,846,092**
Attributable to:				
Equity holders of the Company	46,808,152,849	70,224,078,115	47,321,306,962	39,505,846,092
Non-controlling interests	10,490,527,027	10,797,538,075	-	-
	57,298,679,876	**81,021,616,190**	**47,321,306,962**	**39,505,846,092**

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited

but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

CONSOLIDATED FINANCIAL STATEMENTS

Unit: Baht

		Total equity attributable to equity holders of the Company												
				Retained earnings			Other components of equity							
							Other comprehensive income (loss)							
	Notes	Issued and paid-up share capital	Premium on share capital	Legal reserve	Reserve for self-insurance fund	Unappropriated	Currency translation differences	Available-for-sale investments	Share of other comprehensive gain (loss) of associates	Surplus (Deficit) from the change in the ownership interests in subsidiaries	Total other components of equity	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at January 1, 2011		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**428,455,273,592**	**(15,789,257,061)**	**3,894,375,831**	**3,347,925,518**	**857,332,064**	**(7,689,623,648)**	**480,703,836,342**	**76,710,028,248**	**557,413,864,590**
Cumulative effect of the changes in accounting policies	3.3	-	-	-	-	(676,602,614)	(1,064,268,252)	2,434,951	-	-	(1,061,833,301)	(1,738,435,915)	(450,916,691)	**(2,189,352,606)**
Balance after adjustment		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**427,778,670,978**	**(16,853,525,313)**	**3,896,810,782**	**3,347,925,518**	**857,332,064**	**(8,751,456,949)**	**478,965,400,427**	**76,259,111,557**	**555,224,511,984**
Changes in equity for the period														
Increase in share capital		53,405,000	1,196,272,000	-	-	-	-	-	-	-	-	1,249,677,000	138,341,280	**1,388,018,280**
Dividend paid		-	-	-	-	(15,667,584,081)	-	-	-	-	-	(15,667,584,081)	-	**(15,667,584,081)**
Dividend paid of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(3,416,158,202)	**(3,416,158,202)**
Surplus (Deficit) from the change in the ownership interests in subsidiaries		-	-	-	-	-	-	-	-	(11,243,316,781)	(11,243,316,781)	(11,243,316,781)	(3,883,094,952)	**(15,126,411,733)**
Total comprehensive income (loss) for the period		-	-	-	-	67,199,299,624	2,940,670,372	(21,162,852)	105,270,971	-	3,024,778,491	70,224,078,115	10,797,538,075	**81,021,616,190**
Balance as at June 30, 2011		**28,543,825,250**	**28,781,701,566**	**2,857,245,725**	**1,005,090,857**	**479,310,386,521**	**(13,912,854,941)**	**3,875,647,930**	**3,453,196,489**	**(10,385,984,717)**	**(16,969,995,239)**	**523,528,254,680**	**79,895,737,758**	**603,423,992,438**
Balance as at January 1, 2012		**28,562,996,250**	**29,211,131,966**	**2,857,245,725**	**1,034,861,938**	**500,929,192,499**	**(9,418,416,748)**	**3,400,641,676**	**9,433,502,186**	**(10,090,941,546)**	**(6,675,214,432)**	**555,920,213,946**	**88,028,360,086**	**643,948,574,032**
Cumulative effect of the changes in accounting policies	3.3	-	-	-	-	287,320,310	(37,642,007)	2,042,927	-	(408,823,678)	(444,422,758)	(157,102,448)	(78,096,072)	**(235,198,520)**
Balance after adjustment		**28,562,996,250**	**29,211,131,966**	**2,857,245,725**	**1,034,861,938**	**501,216,512,809**	**(9,456,058,755)**	**3,402,684,603**	**9,433,502,186**	**(10,499,765,224)**	**(7,119,637,190)**	**555,763,111,498**	**87,950,264,014**	**643,713,375,512**
Changes in equity for the period														
Increase in subordinated capital debentures	25	-	-	-	-	-	-	-	-	-	-	-	4,988,540,984	**4,988,540,984**
Dividend paid	26	-	-	-	-	(19,985,520,401)	-	-	-	-	-	(19,985,520,401)	-	**(19,985,520,401)**
Dividend paid of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(4,464,488,678)	**(4,464,488,678)**
Total comprehensive income (loss) for the period		-	-	-	-	45,899,444,360	950,864,817	27,168,832	(69,325,160)	-	908,708,489	46,808,152,849	10,490,527,027	**57,298,679,876**
Balance as at June 30, 2012		**28,562,996,250**	**29,211,131,966**	**2,857,245,725**	**1,034,861,938**	**527,130,436,768**	**(8,505,193,938)**	**3,429,853,435**	**9,364,177,026**	**(10,499,765,224)**	**(6,210,928,701)**	**582,585,743,946**	**98,964,843,347**	**681,550,587,293**

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited

but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

SEPARATE FINANCIAL STATEMENTS

Unit: Baht

		Total equity attributable to equity holders of the company						
				Retained earnings			Other components of equity	
							Other comprehensive income (loss)	
	Notes	Issued and paid-up share capital	Premium on share capital	Legal reserve	Reserve for self-insurance fund	Unappropriated	Available-for-sale investments	Total equity
Balance as at January 1, 2011		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**249,981,088,941**	**3,847,769,253**	**313,767,044,592**
Changes in equity for the period								
Increase in share capital		53,405,000	1,196,272,000	-	-	-	-	**1,249,677,000**
Dividend paid		-	-	-	-	(15,667,584,081)	-	**(15,667,584,081)**
Total comprehensive income (loss) for the period		-	-	-	-	39,515,879,763	(10,033,671)	**39,505,846,092**
Balance as at June 30, 2011		**28,543,825,250**	**28,781,701,566**	**2,857,245,725**	**1,005,090,857**	**273,829,384,623**	**3,837,735,582**	**338,854,983,603**
Balance as at January 1, 2012		**28,562,996,250**	**29,211,131,966**	**2,857,245,725**	**1,034,861,938**	**290,592,601,966**	**3,424,499,924**	**355,683,337,769**
Changes in equity for the period								
Dividend paid	26	-	-	-	-	(19,985,520,401)	-	**(19,985,520,401)**
Total comprehensive income for the period		-	-	-	-	47,225,402,127	95,904,835	**47,321,306,962**
Balance as at June 30, 2012		**28,562,996,250**	**29,211,131,966**	**2,857,245,725**	**1,034,861,938**	**317,832,483,692**	**3,520,404,759**	**383,019,124,330**

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(Restated)		
Cash flows from operating activities				
Income attributable to the equity holders of the Company	45,899,444,360	67,199,299,624	47,225,402,127	39,515,879,763
Adjustment of net income to net cash provided by (used in) operating activities:				
Depreciation, depletion and amortization expenses	30,828,357,286	26,546,701,736	6,822,723,878	6,625,275,541
(Reversal of) Loss on impairment of assets	7,528,104,187	408,852,194	-	(19,304)
(Gain) Loss on disposal of assets	47,680,985	3,446,232	2,450,235	(12,368,274)
Gain on disposal of investments	-	(993,995,902)	-	(1,412,515,768)
Write-off property, plant and equipment	(67,692,555)	330,073,832	(81,355,071)	305,169,012
Share of income from investments in associates	(5,934,977,351)	(21,658,286,847)	-	-
Income attributable to non-controlling interests	9,297,754,449	9,636,063,764	-	-
Provision for employee benefit obligations	324,100,159	321,224,418	119,613,594	116,076,318
Unrealized (gain) loss on exchange rates	47,151,459	(1,536,705,661)	(400,006,144)	746,459,244
(Reversal of) Doubtful accounts	12,842,195	(9,583,928)	13,692,706	(8,924,381)
Amortization of exploration costs	1,379,537,199	2,765,787,564	-	-
Amortization of debenture discounts	13,773,190	13,773,190	13,773,190	13,773,190
Amortization of deferred interest from finance leases	12,345,929	13,073,340	12,269,233	12,777,900
Allowance for loss on decline in value of inventories	213,278,909	56,007,596	190,283,031	42,667,618
(Reversal of) Allowance for obsolete materials and supplies	8,833,618	(242,124)	(3,884,028)	(242,124)
Dividends income	(148,728,503)	(380,857,149)	(19,510,983,902)	(10,889,557,823)
Income taxes	25,126,009,315	25,217,600,117	3,028,096,757	5,433,827,904
Interest income	(1,663,251,391)	(1,817,981,717)	(2,707,993,155)	(2,283,880,062)
Interest expenses	8,749,416,394	8,680,610,843	5,846,391,875	6,176,113,807
Others	(186,876,928)	(78,527,893)	-	-
Net income from operating activities before changes in operating assets and liabilities	121,487,102,906	114,716,333,229	40,570,474,326	44,380,512,561

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(Restated)		
Changes in operating assets (increase) decrease				
Trade accounts receivable	(57,258,956,226)	(32,711,827,224)	(57,132,134,381)	(19,580,579,717)
Other accounts receivable and short-term loans	(1,338,079,599)	(4,572,278,096)	(3,337,103,355)	(1,314,479,617)
Inventories	(9,380,322,280)	(11,769,541,802)	3,649,253,408	(10,383,409,828)
Materials and supplies	(61,582,515)	(1,428,933,754)	(29,300,734)	(446,576,870)
Other current assets	(19,688,629,894)	93,192,462	(1,692,539,626)	119,829,628
Advance payments for gas purchases	779,859,797	7,539,254,720	659,574,604	8,119,993,939
Other non-current assets	(2,018,406,463)	(1,652,897,260)	585,455,005	(1,876,993,916)
Changes in operating liabilities increase (decrease)				
Trade accounts payable	35,264,847,810	12,155,713,652	39,361,469,973	11,150,248,054
Other accounts payable	(3,645,329,566)	(1,227,397,481)	(4,450,072,995)	(2,522,618,824)
Other current liabilities	31,607,916	(18,496,982)	1,464,424,625	202,125,253
Deposits on LPG cylinders	270,411,520	233,526,745	270,411,520	233,526,745
Other long-term accounts payable	(17,594,090)	(17,101,644)	(17,121,360)	(17,121,360)
Other non-current liabilities	(329,612,289)	(51,837,106)	1,734,411	(486,588,707)
	(57,391,785,879)	(33,428,623,770)	(20,665,948,905)	(16,802,645,220)
Cash received from operating activities	64,095,317,027	81,287,709,459	19,904,525,421	27,577,867,341
Interest received	1,322,860,977	420,851,256	645,008,218	177,863,342
Interest paid	(3,898,813)	(97,786,350)	-	-
Income tax paid	(30,733,144,390)	(31,853,997,587)	(167,937,713)	(5,432,784,649)
Net cash provided by operating activities	34,681,134,801	49,756,776,778	20,381,595,926	22,322,946,034

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(Restated)		
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment and intangible assets	187,197,124	14,228,722	4,040,845	40,615,863
Payment of property, plant and equipment	(56,619,043,146)	(41,063,675,617)	(10,126,445,509)	(10,633,818,651)
Payment of intangible assets	(1,762,915,490)	(2,564,601,897)	(103,255,861)	(108,401,774)
Payment of mining properties development	(10,932,740)	(32,024,068)	-	-
Payment of long-term rental contracts on land and building	(37,444,414)	(181,348,001)	(37,444,414)	(120,830,106)
Payment of long-term loans	-	-	(1,003,639,107)	(3,106,948,997)
Payment of short-term loans	-	-	(2,293,936,317)	-
Payment of investments in subsidiaries	(1,558,776,424)	(14,495,000,170)	(1,075,560,000)	(22,019,164,000)
Payment of investments in jointly controlled entities	-	(57,484,812,372)	-	(671,652,415)
Payment of investments in associates	(325,079,323)	(4,063,508,499)	(150,000,000)	(3,813,818,927)
Proceeds from disposals of long-term investments	-	1,967,856,250	-	1,967,856,250
Proceeds from long-term loans	63,024,371	795,859,068	1,168,789,073	1,151,086,364
Proceeds from cancellation of leasehold in gas stations	4,657,417	9,944,038	4,657,417	9,944,038
(Increase) Decrease in current investments	(7,577,409,623)	7,741,554,084	(7,331,389,257)	8,250,778,563
Interest received	644,827,916	632,901,242	1,991,394,798	2,010,953,690
Dividends received	7,909,495,432	5,461,553,513	15,666,358,635	10,889,557,823
Net cash used in investing activities	(59,082,398,900)	(103,261,073,707)	(3,286,429,697)	(16,153,842,279)

Notes to the interim financial statements are an integral part of these financial statements.

(TRANSLATION)

Unaudited but reviewed

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	2012	2011	2012	2011
			(Restated)		
Cash flows from financing activities					
Proceeds from issuing ordinary shares		-	124,686,298	-	53,405,000
Proceeds from premium on share capital		-	1,196,272,000	-	1,196,272,000
Proceeds from issuing subordinated capital debentures		4,882,982,559	-	-	-
Proceeds from long-term loans		11,622,654,413	18,631,021,355	-	8,284,000
Proceeds from issuing debentures		50,437,362,905	21,257,377,872	35,000,000,000	-
Proceeds from short-term loans		16,636,549,809	11,991,034,944	-	663,676,288
Proceeds from issuing promissory notes		-	4,520,000,000	-	4,520,000,000
Repayment of promissory notes		-	(4,520,000,000)	-	(4,520,000,000)
Repayment of short-term loans		(2,199,613,000)	(304,126,250)	-	-
Repayment of long-term loans		(2,767,616,755)	(1,736,115,231)	(2,006,594,443)	(1,430,089,871)
Redemption of debentures		(39,373,273,878)	-	(15,000,000,000)	-
Redemption of PTT bonds		(1,500,000,000)	(8,000,000,000)	(1,500,000,000)	(8,000,000,000)
Repayment of finance lease installments		(132,005,844)	(115,600,462)	(94,116,206)	(98,017,035)
Decrease in bank overdrafts and short-term loans from financial institutions		(1,148,651,399)	(16,055,000)	-	-
Interest paid		(8,979,829,746)	(8,466,572,858)	(5,851,176,217)	(6,342,831,940)
Dividends paid		(24,278,296,266)	(19,765,678,688)	(19,978,384,892)	(15,666,653,741)
Net cash provided by (used in) financing activities		3,200,262,798	14,796,243,980	(9,430,271,758)	(29,615,955,299)
Effects of exchange rates on cash and cash equivalents		908,681,364	810,107,598	(34,540,494)	1,148,670
Currency translation differences		263,848,612	(88,904,807)	-	-
Net increase (decrease) in cash and cash equivalents		(20,028,471,325)	(37,986,850,158)	7,630,353,977	(23,445,702,874)
Cash and cash equivalents at the beginning of the periods		116,132,117,868	135,801,054,025	51,340,612,291	61,311,017,827
Cash and cash equivalents at the end of periods	4	**96,103,646,543**	**97,814,203,867**	**58,970,966,268**	**37,865,314,953**

Notes to the interim financial statements are an integral part of these financial statements.

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

AND INTERIM FINANCIAL STATEMENTS

OF

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2012

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
(UNAUDITED BUT REVIEWED)

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PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
(UNAUDITED BUT REVIEWED)

1. General Information

PTT Public Company Limited ("the Company") is incorporated as a public limited company in Thailand, and is listed on the Stock Exchange of Thailand. The address of its incorporated and registered office is as follows:

The Head Office of the Company is located at 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok, Thailand.

The Company's principal activity is the operation of its petroleum business. The Company has invested in subsidiaries, jointly controlled entities and associates ("the Group"), which are engaged in upstream petroleum, natural gas, downstream petroleum, coal and other related businesses as described in Note 24 "Segment Information".

2. Basis of Interim Financial Statements Preparation

2.1 Purpose of the Interim Financial Statements

These interim financial statements are prepared in order to provide additional information other than that included in the latest annual financial statements. Accordingly, these interim financial statements focus on the reporting of new activities, events and circumstances so as not to repeat information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

2.2 Basis of Interim Financial Statements Preparation

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) - Interim Financial Reporting, and with generally accepted accounting principles under the Accounting Act, B.E. 2543. These are Thai Accounting Standards under the Accounting Profession Act, B.E. 2547, including interpretations and guidelines promulgated by the Federation of Accounting Profession, and applicable rules and regulations of the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535. The content of the interim financial statements comprises the statements of financial position, statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows in the same format as that used for the annual financial statements and condensed notes.

This English translation of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

3. Accounting Policies

3.1 Accounting Policies

In preparing the interim financial statements, the Group applied the same accounting policies and computation based as for the financial statements for the year ended December 31, 2011.

3.2 New and Revised Thai Accounting Standards (TASs), Thai Financial Reporting Standards (TFRSs), and Interpretations which is effective for accounting periods beginning on or after January, 1, 2013 are as follows:

◆Thai Accounting Standard No.12	Income Taxes
◆Thai Accounting Standard No.20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
◆Thai Accounting Standard No.21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
◆Thai Standing Interpretations No.10	Government Assistance – No Specific Relation to Operating Activities
◆Thai Standing Interpretations No.21	Income Taxes – Recovery of Revalued Non – Depreciable Assets
◆Thai Standing Interpretations No.25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
◆Thai Financial Reporting Standard No.8	Operating Segments

The management of the Group has assessed and determined the potential impact of adopting these new and revised standards and interpretations, which are effective for accounting periods beginning on or after January 1, 2013, except for the Thai Accounting Standard No.12 - Income Taxes that has been adopted and applied before the effective date, and concluded that they will have no material impact on the consolidated and the separate financial statements except for the Thai Accounting Standard No.21 (revised 2009) - The Effects of Changes in Foreign Exchange Rates. Currently, the management of the Group is considering the functional currency and its effects to the Group. These are expected to be completed within December 2012. However, there are two of subsidiaries of the Group, which are PTT Exploration and Production Public Co., Ltd (PTTEP) and PTT International Co., Ltd (PTTI), have adopted and applied before the effective date since January 1, 2011 and January 1, 2012, respectively. Details are disclosed in Note 3.3.

3. Accounting Policies (continued)

3.3 Change in Functional Currency of a Domestic Subsidiary

Since January 1, 2012, PTT International Co., Ltd. (PTTI), a subsidiary of the Company, has changed its functional currency from Baht to USD, based on the main denomination of its operating income and expense transactions. The change above is considered as a change in accounting policy and PTTI; therefore, restated its financial statements. The Group prepared its consolidation financial statements using the Baht translated version of PTTI's financial statements. Details of the impact on the consolidated financial statements are as follows:

	Unit: Million Baht
	Consolidated financial statements
	Increase (Decrease)
Statement of financial position as at January 1, 2011	
- Total assets	(2,752.73)
- Total liabilities	(444.59)
- Total equity	(2,308.14)
Statement of financial position as at December 31, 2011	
- Total assets	(566.02)
- Total liabilities	(330.82)
- Total equity	(235.20)
Statements of income and comprehensive income for the three-month periods ended June 30, 2011	
- Total income	(111.73)
- Cost of sales and total expenses	9.83
- Gain from foreign exchange rates	(129.85)
- Income taxes	(0.22)
- Income for the period	(251.19)
- Other comprehensive income, net of income taxes	(5,392.31)
- Total comprehensive income for the period	(5,643.50)
Statements of income and comprehensive income for the six-month periods ended June 30, 2011	
- Total income	(10.30)
- Cost of sales and total expenses	(3.46)
- Gain from foreign exchange rates	153.83
- Income for the period	146.99
- Other comprehensive income, net of income taxes	(962.54)
- Total comprehensive income for the period	(815.55)

4. Cash and Cash Equivalents

Cash and cash equivalents as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Cash on hand	1,988.51	453.47	316.83	213.95
Deposits held at call with banks	71,107.13	68,058.06	38,269.90	21,892.01
Fixed deposits	8,060.75	19,649.05	6,736.99	15,600.00
Treasury bills	250.01	13,066.89	-	-
Promissory notes	8,550.00	5,770.00	7,500.00	4,500.00
Bank of Thailand bonds	6,147.25	9,134.65	6,147.25	9,134.65
Total	96,103.65	116,132.12	58,970.97	51,340.61

Cash and cash equivalents as at June 30, 2012 mainly bear the interest at rates ranging from 0.01% to 6.75% per annum (December 31, 2011: interest rates ranging from 0.10% to 6.00% per annum).

5. Trade Accounts Receivable

Trade accounts receivable as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Trade accounts receivable – others	162,784.37	107,875.52	128,180.72	81,012.79
Notes receivable	872.14	1,037.59	872.14	1,037.59
	163,656.51	108,913.11	129,052.86	82,050.38
Less Allowance for doubtful accounts	(1,919.61)	(1,850.13)	(753.11)	(724.45)
Trade accounts receivable – others	161,736.90	107,062.98	128,299.75	81,325.93
Trade accounts receivable – related	67,658.85	64,643.44	86,143.58	76,076.49
Less Allowance for doubtful accounts	(342.99)	(344.88)	(342.99)	(344.88)
Trade accounts receivable – related (Note 8.1)	67,315.86	64,298.56	85,800.59	75,731.61
Total	229,052.76	171,361.54	214,100.34	157,057.54

Aging analysis is as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Within credit terms	218,305.91	168,337.87	201,318.09	151,499.13
Overdue				
- Within 3 months	7,599.15	2,222.92	6,925.13	1,903.45
- Over 3 - 6 months	2,253.63	638.46	2,138.11	437.52
- Over 6 - 12 months	1,039.22	492.93	865.51	331.90
- Over 12 months	2,117.45	1,864.37	3,949.60	3,954.87
	231,315.36	173,556.55	215,196.44	158,126.87
Less Allowance for doubtful accounts	(2,262.60)	(2,195.01)	(1,096.10)	(1,069.33)
Total	229,052.76	171,361.54	214,100.34	157,057.54

Trade accounts receivable as at June 30, 2012 include receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 36,422.95 million (December 31, 2011: Baht 15,525.16 million), and in the separate financial statements amounting to Baht 36,117.70 million (December 31, 2011: Baht 15,362.08 million).

6. Other Accounts Receivable

Other accounts receivable as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Other accounts receivable	11,019.10	12,315.98	3,478.28	3,085.77
Less Allowance for doubtful accounts	(328.76)	(341.68)	(321.85)	(334.92)
Other accounts receivable	10,690.34	11,974.30	3,156.43	2,750.85
Refund receivable from the Oil Stabilization Fund	14,510.06	11,657.36	14,510.06	11,627.05
Advances	4,895.34	6,163.78	577.24	570.00
Accrued interest income and others	2,112.47	1,623.27	323.61	233.85
Other accounts receivable – others	32,208.21	31,418.71	18,567.34	15,181.75
Other accounts receivable – related (Note 8.2)	5,173.45	1,206.26	5,404.46	1,562.34
Total	37,381.66	32,624.97	23,971.80	16,744.09

The refund receivable from the Oil Stabilization Fund represents compensation for locally manufactured oil and cooking gas, import oil and cooking gas, and subsidies from the Oil Stabilization Fund for export oil or oil sold to outbound transportation barges, including compensation for Natural Gas for Vehicles (NGV) prices. The compensation and refund rates are determined by the Committee of Energy Policy Administration.

7. Loans

7.1 Short-term loans as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Short-term loans – others	145.70	182.36	103.80	119.52
Short-term loans – related (Note 8.2)	4,823.82	4,823.82	5,522.93	5,420.99
Total	4,969.52	5,006.18	5,626.73	5,540.51

Short-term loans – others of the Company are loans provided to transport operators to use as working capital for NGV installation, conversion or modification, including purchases of new natural gas vehicles under the Krungthep Fha Sai project which aims to support the use of NGV as alternative source of energy. The loan interest rate as at June 30, 2012 is 0.50% per annum. (December 31, 2011: the loan interest rate is 0.50% per annum)

7.2 Long-term loans as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Long-term loans – others	375.32	139.94	98.31	139.94
Long-term loans – related (Note 8.3)	-	5.82	52,598.37	52,697.71
Total	375.32	145.76	52,696.68	52,837.65

Long-term loans – others of the Company are loans under the Krungthep Fha Sai project of which details are disclosed in Note 7.1.

8. Related Party Transactions

The followings are significant transactions carried out with related parties:

8.1 Trade accounts receivable – related parties as at June 30, 2012 and December 31, 2011

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Subsidiaries	-	-	17,708.76	10,991.18
Jointly controlled entities	-	-	1,215.81	751.86
Associates	60,780.69	59,798.70	60,605.92	59,651.81
Other related parties	6,878.16	4,844.74	6,613.09	4,681.64
Total	67,658.85	64,643.44	86,143.58	76,076.49
Less Allowance for doubtful accounts	(342.99)	(344.88)	(342.99)	(344.88)
Trade accounts receivable – related parties	67,315.86	64,298.56	85,800.59	75,731.61

Aging analysis is as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Within credit terms	66,657.58	64,141.37	81,594.66	72,427.41
Overdue				
- Within 3 months	548.79	108.14	895.82	107.89
- Over 3 - 6 months	146.48	135.24	189.78	133.70
- Over 6 - 12 months	148.82	175.11	143.49	174.91
- Over 12 months	157.18	83.58	3,319.83	3,232.58
Total	67,658.85	64,643.44	86,143.58	76,076.49
Less Allowance for doubtful accounts	(342.99)	(344.88)	(342.99)	(344.88)
Trade accounts receivable – related parties	67,315.86	64,298.56	85,800.59	75,731.61

8. Related Party Transactions (Continued)

8.2 Other accounts receivable, advances and short-term loans – related parties as at June 30, 2012 and December 31, 2011

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Other accounts receivable				
Subsidiaries	-	-	155.65	414.76
Jointly controlled entities	-	-	17.91	22.82
Associates	4,891.67	624.53	4,890.66	623.11
Other related parties	53.46	245.42	43.68	46.16
	4,945.13	869.95	5,107.90	1,106.85
Less Allowance for doubtful accounts	(16.09)	(16.09)	(16.09)	(16.09)
Total	4,929.04	853.86	5,091.81	1,090.76
Advances				
Subsidiaries	-	-	89.92	153.98
Associates	0.69	0.68	-	-
Other related parties	243.72	351.72	222.73	317.60
Total	244.41	352.40	312.65	471.58
Total other accounts receivable	5,173.45	1,206.26	5,404.46	1,562.34
Short-term loans				
Subsidiaries	-	-	699.11	597.17
Associates	4,823.82	4,823.82	4,823.82	4,823.82
Total	4,823.82	4,823.82	5,522.93	5,420.99

Movements in short-term loans – related parties are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance as at January 1	4,823.82	-	5,420.99	500.00
- Receipt from loans granted	-	-	-	(358.03)
- Gain (Loss) on exchange rate	-	-	(0.56)	-
- Current portion of long-term loans	-	226.23	102.50	1,966.23
Balance as at June 30	4,823.82	226.23	5,522.93	2,108.20

Short-term loans to related parties are unsecured and the interest rates as at June 30, 2012 ranging from 5.37% to 6.13% per annum (December 31, 2011: the interest rates ranging from 4.00% to 7.25% per annum).

8. Related Party Transactions (Continued)

8.3 Other accounts receivable, advances and long-term loans – related parties as at June 30, 2012 and December 31, 2011

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Long-term loans				
Subsidiaries	-	-	52,060.48	52,697.71
Jointly controlled entities	-	-	537.89	-
Associates	-	5.82	-	-
Total	-	5.82	52,598.37	52,697.71

Movements in long-term loans – related parties are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance as at January 1	5.82	5,753.88	52,697.71	55,302.26
- Payment for loans granted	-	-	1,003.64	3,512.62
- Receipt from loans granted	(5.72)	(692.80)	(1,111.49)	(690.00)
- Gain (Loss) on exchange rate	(0.10)	0.23	111.01	-
- Current portion of long-term loans	-	(226.23)	(102.50)	(1,966.23)
Balance as at June 30	-	4,835.08	52,598.37	56,158.65

Long-term loans to related parties are unsecured and the interest rates as at June 30, 2012 ranging from 2.74% to 5.46% per annum (December 31, 2011: the interest rates ranging from 3.46% to 5.58% per annum).

8. Related Party Transactions (Continued)

8.4 Trade accounts payable – related parties as at June 30, 2012 and December 31, 2011

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Subsidiaries	-	-	19,678.25	13,381.95
Jointly controlled entities	-	-	6,022.84	5,093.66
Associates	40,484.90	40,834.31	39,006.66	39,028.26
Other related parties	5,172.89	4,450.62	375.55	337.42
Total	45,657.79	45,284.93	65,083.30	57,841.29

8.5 Other accounts payable and short-term loans – related parties as at June 30, 2012 and December 31, 2011

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Other accounts payable				
Subsidiaries	-	-	1,371.57	1,313.44
Jointly controlled entities	-	-	8.75	4.02
Associates	582.42	747.94	327.70	589.66
Other related parties	100.43	117.96	98.39	116.51
Total	682.85	865.90	1,806.41	2,023.63
Short-term loans*				
Subsidiaries	-	-	3,800.37	6,094.30

* The Company's liquidity management policies within the Group include the use of the cash pooling method. Inter-company loans were used for short-term financial management of cash surpluses or deficits of each affiliate. Interests on these were calculated using market interest rates.

8.6 Other long-term accounts payable – related parties as at June 30, 2012 and December 31, 2011

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Subsidiaries	-	-	0.35	0.17
Jointly controlled entities	-	-	12.79	13.15
Associates	16.86	17.21	16.86	17.21
Other related parties	638.60	654.50	638.60	654.50
Total	655.46	671.71	668.60	685.03

8. Related Party Transactions (Continued)

8.7 Revenue and expense transactions carried out with related parties

For the three-month periods ended June 30, 2012 and 2011

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Revenues				
Sales:				
Subsidiaries	-	-	37,063.21	42,270.53
Jointly controlled entities	-	-	2,292.70	1,896.46
Associates	230,831.84	241,173.07	230,512.41	240,793.39
Other related parties	15,841.24	13,687.55	15,102.95	13,494.62
Interest income:				
Subsidiaries	-	-	728.05	725.18
Jointly controlled entities	-	-	1.68	-
Associates	73.67	87.16	73.67	87.16
Dividend income:				
Subsidiaries	-	-	437.22	53.70
Jointly controlled entities	-	-	621.13	28.03
Associates	-	-	11,830.15	5,052.38
Other related parties	24.40	144.03	24.40	52.96
Other income:				
Subsidiaries	-	-	125.65	147.63
Jointly controlled entities	-	-	14.32	15.15
Associates	414.71	1,361.25	412.05	1,360.28
Other related parties	12.48	13.49	11.64	13.17
Expenses				
Purchases:				
Subsidiaries	-	-	54,447.25	44,707.62
Jointly controlled entities	-	-	9,336.88	7,667.43
Associates	162,310.36	154,805.25	157,883.75	150,590.35
Other related parties	13,165.33	13,046.14	1,841.22	1,812.97
Interest expense:				
Subsidiaries	-	-	31.50	18.39
Other expenses:				
Subsidiaries	-	-	778.81	335.54
Associates	651.27	376.02	630.50	347.43
Other related parties	279.00	264.05	277.09	218.43

8. Related Party Transactions (Continued)

8.7 Revenue and expense transactions carried out with related parties (Continued)

For the six-month periods ended June 30, 2012 and 2011

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Revenues				
Sales:				
Subsidiaries	-	-	77,147.82	66,836.89
Jointly controlled entities	-	-	4,033.60	3,597.11
Associates	498,706.71	419,466.91	497,943.38	418,623.45
Other related parties	30,016.72	25,189.45	29,074.41	24,775.68
Interest income:				
Subsidiaries	-	-	1,456.11	1,413.49
Jointly controlled entities	-	-	1.68	-
Associates	150.94	177.82	150.94	177.82
Dividend income:				
Subsidiaries	-	-	6,485.97	5,429.10
Jointly controlled entities	-	-	1,046.14	118.29
Associates	-	-	11,830.15	5,052.38
Other related parties	76.90	309.03	76.90	217.96
Other income:				
Subsidiaries	-	-	284.42	484.54
Jointly controlled entities	-	-	32.27	31.96
Associates	1,781.33	2,980.49	1,761.15	2,978.49
Other related parties	29.63	35.92	27.77	35.47
Expenses				
Purchases:				
Subsidiaries	-	-	93,865.84	83,120.01
Jointly controlled entities	-	-	17,351.38	14,302.23
Associates	320,059.57	290,115.45	311,017.76	281,769.79
Other related parties	26,764.46	25,962.24	3,616.39	3,332.09
Interest expense:				
Subsidiaries	-	-	66.43	32.81
Other expenses:				
Subsidiaries	-	-	1,574.03	609.06
Jointly controlled entities	-	-	-	3.70
Associates	943.73	814.28	901.42	775.44
Other related parties	553.15	359.64	550.90	353.86

8. Related Party Transactions (Continued)

8.7 Revenue and expense transactions carried out with related parties (Continued)

The aforementioned related party transactions exclude transactions carried out with government agencies and state enterprises.

Stipulation prices between the Company and its related parties are based on normal prices for the same types of business transactions carried out with non-related parties. Goods purchased from subsidiaries are charged at the normal prices determined by the subsidiaries with reference to global market prices.

8.8 Details of commitments to subsidiaries, jointly controlled entities, associates and other related parties are stated in Note 30.1.

8.9 Crude oil and refined products purchase and sale transactions carried out with related parties without physical delivery, with the objective of maintaining crude oil and refined product reserves, were offset in the financial statements.

For the three-month periods ended June 30, 2012 and 2011, these transactions are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Sales				
Associates	2,033.24	739.25	2,033.24	739.25
Other related parties	356.34	-	356.34	-
Purchases				
Associates	2,033.24	739.25	2,033.24	739.25
Other related parties	356.34	-	356.34	-

For the six-month periods ended June 30, 2012 and 2011, these transactions are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Sales				
Associates	3,229.23	3,935.42	3,229.23	3,935.42
Other related parties	356.34	-	356.34	-
Purchases				
Associates	3,229.23	3,935.42	3,229.23	3,935.42
Other related parties	356.34	-	356.34	-

8. Related Party Transactions (Continued)

8.10 Executive remunerations

For the three-month periods ended June 30, 2012 and 2011, details of remunerations are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Director remunerations				
Meeting remuneration and bonuses	34.85	26.57	10.32	9.85
Management remunerations				
Salaries, bonuses, and other short-term employee benefits	114.77	134.35	29.01	25.76
Post-employment benefits	0.89	1.20	0.68	1.00
Total	150.51	162.12	40.01	36.61

For the six-month periods ended June 30, 2012 and 2011, details of remunerations are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Director remunerations				
Meeting remuneration and bonuses	65.89	47.78	20.99	20.68
Management remunerations				
Salaries, bonuses, and other short-term employee benefits	300.34	277.08	55.12	49.69
Post-employment benefits	1.84	1.97	1.41	1.55
Total	368.07	326.83	77.52	71.92

Management are those persons who have authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates

9.1 Details of subsidiaries, jointly controlled entities and associates of the Company

Company	Country of Incorporation	Business	Shareholding (%)	
			June 30, 2012	December 31, 2011
Subsidiaries:				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	65.29	65.29
PTT (Cambodia) Limited (PTTCL)	Cambodia	Oil marketing	100.00	100.00
Subic Bay Energy Co., Ltd. (SBECL)	Cayman Islands	Oil marketing	100.00	100.00
PTT International Trading Pte Ltd (PTTT)	Singapore	International oil trading	100.00	100.00
PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	Thailand	Natural gas	58.00	58.00
PTT LNG Co., Ltd. (PTTLNG)	Thailand	Natural gas	100.00	100.00
PTT Polymer Marketing Co., Ltd. (PTTPM)	Thailand	Petrochemicals marketing	50.00	50.00
Energy Complex Co., Ltd. (EnCo)	Thailand	Real estate development for rent	50.00	50.00
PTT Polymer Logistics Co., Ltd. (PTTPL)	Thailand	Logistics services	100.00	100.00
PTT Retail Business Co., Ltd. (PTTRB)	Thailand	Management services and oil marketing	100.00	100.00
Combined Heat and Power Producing Co., Ltd. (CHPP)	Thailand	Generation and supply of electricity and chilled water	100.00	100.00
PTT International Co., Ltd. (PTTI)	Thailand	International investment	100.00	100.00
PTT Green Energy Pte Ltd (PTTGE)	Singapore	Investment in palm oil	100.00	100.00
Business Services Alliance Co., Ltd. (BSA)	Thailand	Management services	25.00	25.00
PTT Tank Terminal Co., Ltd. (PTT TANK)	Thailand	Terminal and warehouse	100.00	100.00
Thai Lube Blending Co., Ltd. (TLBC) (The Company and PTTRB held 48.95% and 51.05%, respectively. As a result, TLBC is a subsidiary of the Company)	Thailand	Blending and bottling of lube oil	48.95	48.95
Jointly controlled entities:				
Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T))	Thailand	Natural gas	50.00	50.00
Trans Thai-Malaysia (Malaysia) Sdn. Bhd. (TTM (M))	Malaysia	Natural gas	50.00	50.00
District Cooling System and Power Plant Co., Ltd. (DCAP)	Thailand	Generation and supply of electricity and chilled water	35.00	35.00

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.1 Details of subsidiaries, jointly controlled entities and associates of the Company (Continued)

Company	Country of Incorporation	Business	Shareholding (%)	
			June 30, 2012	December 31, 2011
Jointly controlled entities: (Continued)				
PTT Asahi Chemicals Co., Ltd. (PTTAC)	Thailand	Petrochemicals	48.50	48.50
HMC Polymers Co., Ltd. (HMC)	Thailand	Petrochemicals	41.44	41.44
PTT MCC Biochem Co., Ltd. (PTTMCC)	Thailand	Petrochemicals	50.00	50.00
Associates:				
Thai Oil Public Co., Ltd. (TOP)	Thailand	Refining	49.10	49.10
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	27.22	27.22
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil transmission pipelines	33.19	33.19
Petro Asia (Thailand) Co., Ltd. (PA (Thailand))	Thailand	Oil marketing	35.00	35.00
Vietnam LPG Co., Ltd. (VLPG)	Vietnam	Bottling and sale of LPG	45.00	45.00
KELOIL-PTT LPG Sdn. Bhd. (KPL)	Malaysia	Bottling and sale of LPG	40.00	40.00
IRPC Public Co., Ltd. (IRPC)	Thailand	Petrochemicals and refining	38.51	38.51
Independent Power (Thailand) Co., Ltd (IPT)	Thailand	Electricity generation	20.00	20.00
Thai Oil Power Co., Ltd. (TP)	Thailand	Generation and supply of electricity	26.00	26.00
PTT Phenol Co., Ltd. (PPCL)	Thailand	Petrochemicals	40.00	40.00
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generation and supply of electricity, steam and water for industries	40.00	40.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Communication and technology services	20.00	20.00
PTT Maintenance & Engineering Co., Ltd. (PTTME)	Thailand	Factory maintenance and engineering services	40.00	40.00
B.Grimm BIP Power Co., Ltd. (B.Grimm BIP)	Thailand	Generation and supply of electricity	23.00	23.00
Nava Nakorn Electricity Generating Co., Ltd. (NNEG)	Thailand	Generation and supply of electricity	30.00	30.00
PTT Energy Solutions Co., Ltd. (PTTES)	Thailand	Technical and operational services	40.00	40.00
Bangpa-in Cogeneration Limited (BIC)	Thailand	Generation and supply of electricity and stream	25.00	25.00
PTT Global Chemical Public Co., Ltd. (PTTGC)	Thailand	Petrochemicals and refining	48.91	48.92

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.2 Investments in associates in the consolidated financial statements as at June 30, 2012 and December 31, 2011

Unit: Million Baht

Company	Shareholding (%)		June 30, 2012		December 31, 2011		Dividends for the six-month periods ended June 30	
	June 30, 2012	December 31, 2011	Cost method	Equity Method	Cost method	Equity method	2012	2011
Refining Business Group								
1. TOP	49.10	49.10	11,380.83	37,768.71	11,380.83	39,274.55	2,003.29	1,402.31
2. SPRC	36.00	36.00	14,770.48	15,321.58	14,770.48	21,573.08	6,057.67	-
3. BCP	27.22	27.22	5,585.26	8,484.43	5,585.26	8,249.06	374.75	183.11
4. IRPC	38.51	38.51	28,467.24	28,859.05	28,467.24	30,366.79	314.79	786.97
Oil Business Group								
5. THAPPLINE	33.19	33.19	2,682.35	1,960.44	2,682.35	1,659.74	-	-
6. PA (Thailand)	35.00	35.00	131.25	-	131.25	-	-	-
7. VLPG	45.00	45.00	87.35	89.77	87.35	119.12	33.75	-
8. KPL	40.00	40.00	21.49	-	21.49	-	-	-
9. FST	25.00	25.00	0.88	1.57	0.84	1.42	-	-
Petrochemicals Business Group								
10. PPCL	40.00	40.00	3,340.48	4,941.59	3,340.48	4,940.00	-	-
11. PTTME	40.00	40.00	66.40	186.98	66.40	205.98	28.40	27.20
12. PTTGC	48.91	48.92	49,562.99	107,576.52	49,562.99	104,910.14	2,910.56	2,608.02*
Natural Gas Business Group								
13. IPT	20.00	20.00	400.19	1,663.17	400.19	1,648.32	-	-
14. TP	26.00	26.00	2,304.76	2,173.76	2,304.76	2,258.96	146.12	73.06
15. PTTUT	40.00	40.00	2,743.60	2,954.74	2,743.60	2,773.36	5.76	-
16. EMG	25.00	25.00	15,559.20	12,522.36	15,493.25	12,474.48	-	-
17. B.Grimm BIP	23.00	23.00	65.67	65.22	31.17	30.86	-	-
18. NNEG	30.00	30.00	48.60	46.92	24.60	23.59	-	-
19. XPCL	25.00	25.00	440.20	414.47	260.19	246.72	-	-
20. BIC	25.00	25.00	205.25	204.24	113.75	113.44	-	-
Coal Business Group								
21. RIM	-	33.50	-	-	1,642.72	1,541.56	-	-
Other Business Group								
22. PTTICT	40.00	40.00	60.00	189.34	60.00	144.41	-	-
23. PTTES	40.00	40.00	62.50	65.50	62.50	63.06	-	-
24. ShoreAir	50.00	50.00	15.28	128.15	15.21	94.02	-	-
			138,002.25	225,618.51	139,248.90	232,712.66		
Less Allowance for impairment			(12,109.37)	(8,919.78)	(8,019.54)	(4,859.14)		
Total			125,892.88	216,698.73	131,229.36	227,853.52	11,875.09	5,080.67

* This amount includes dividend incomes from PTTAR and PTTCH, which were Baht 1,384.31 million and 1,223.71 million, respectively.

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.3 Investments in subsidiaries, jointly controlled entities and associates in the separate financial statements as at June 30, 2012 and December 31, 2011

Unit: Million Baht

Company	Shareholding (%)		Cost method		Dividends for the six-month periods ended June 30	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	2012	2011
Subsidiaries:						
1. PTTEP	65.29	65.29	11,131.33	11,131.33	6,047.33	5,375.40
2. PTTT	100.00	100.00	2.50	2.50	-	-
3. PTTCL	100.00	100.00	0.23	0.23	-	-
4. SBECL	100.00	100.00	1,154.81	1,154.81	-	-
5. PTTNGD	58.00	58.00	418.14	418.14	426.30	-
6. PTTLNG	100.00	100.00	6,403.00	6,403.00	-	-
7. PTTPM	50.00	50.00	20.00	20.00	-	-
8. EnCo	50.00	50.00	900.00	900.00	-	-
9. PTTPL	100.00	100.00	1,200.00	1,200.00	-	-
10. PTTRB	100.00	100.00	5,100.00	5,100.00	-	-
11. CHPP	100.00	100.00	316.22	316.22	-	-
12. PTTI	100.00	100.00	33,316.00	33,157.00	-	-
13. PTTGE	100.00	100.00	11,750.64	10,834.08	-	-
14. BSA	25.00	25.00	0.50	0.50	1.42	-
15. PTT TANK	100.00	100.00	2,500.37	2,500.37	-	-
16. TLBC	48.95	48.95	140.00	140.00	10.92	7.70
Total investments in subsidiaries			74,353.74	73,278.18	6,485.97	5,383.10
Jointly Controlled Entities:						
Nat□ral □as □□siness □ro□p						
17. TTM(T)	50.00	50.00	5,666.80	5,666.80	425.01	-
18. TTM(M)	50.00	50.00	281.32	281.32	-	-
19. DCAP	35.00	35.00	584.50	584.50	-	-
Petrochemicals Business Group						
20. PTTAC	48.50	48.50	6,909.41	6,909.41	-	-
21. HMC	41.44	41.44	9,117.12	9,117.12	621.13	118.29
22. PTTMCC	50.00	50.00	180.12	180.12	-	-
Total investments in jointly controlled entities			22,739.27	22,739.27	1,046.14	118.29

Note: During the six-month period ended June 30, 2011, RBA made a dividend payment amounting to Baht 46.00 million. Also, RBA registered for closing the company and finished the liquidation process on November 22, 2011.

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.3 Investments in subsidiaries, jointly controlled entities and associates in the separate financial statements as at June 30, 2012 and December 31, 2011 (Continued)

Unit: Million Baht

Company	Shareholding (%)		Cost method		Dividends for the six-month periods ended June 30	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	2012	2011
Associates:						
□e□inin□Business Group						
23. TOP	49.10	49.10	11,380.83	11,380.83	2,003.29	1,402.31
24. SPRC	36.00	36.00	14,770.48	14,770.48	6,057.67	-
25. BCP	27.22	27.22	5,585.26	5,585.26	374.75	183.11
26. IRPC	38.51	38.51	28,467.24	28,467.24	314.79	786.97
□il Business Group						
27. THAPPLINE	33.19	33.19	2,682.35	2,682.35	-	-
28. PA (Thailand)	35.00	35.00	131.25	131.25	-	-
29. VLPG	45.00	45.00	87.35	87.35	33.75	-
30. KPL	40.00	40.00	21.49	21.49	-	-
Petrochemicals Business Group						
31. PPCL	40.00	40.00	3,340.48	3,340.48	-	-
32. PTTME	40.00	40.00	66.40	66.40	28.40	27.20
33. PTTGC	48.91	48.92	48,121.52	48,121.52	2,865.61	2,579.73*
□atural Gas Business Group						
34. IPT	20.00	20.00	400.19	400.19	-	-
35. TP	26.00	26.00	2,304.76	2,304.76	146.12	73.06
36. PTTUT	40.00	40.00	2,743.60	2,743.60	5.76	-
37. B. Grimm BIP	23.00	23.00	65.67	31.17	-	-
38. NNEG	30.00	30.00	48.60	24.60	-	-
39. BIC	25.00	25.00	205.25	113.75	-	-
□ther Business Group						
40. PTTICT	20.00	20.00	30.00	30.00	-	-
41. PTTES	40.00	40.00	62.50	62.50	-	-
Investments in associates			120,515.22	120,365.22		
Less Allowance for impairment			(152.74)	(152.74)		
Total investments in associates			120,362.48	120,212.48	11,830.14	5,052.38
Total			217,455.49	216,229.93	19,362.25	10,553.77

* This amount includes dividend incomes from PTTAR and PTTCH, which were Baht 1,384.31 million and 1,195.42 million, respectively.

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.4 Shares of net assets and results of operations from jointly controlled entities, which are included in the consolidated financial statements as at June 30, 2012 and December 31, 2011, are as follows:

Statements of financial position:

As at June 30, 2012 and December 31, 2011

Unit: Million Baht

	June 30, 2012						December 31, 2011					
	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PTTMCC	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PTTMCC
Current assets	3,697.26	169.52	204.83	1,192.60	3,915.14	150.05	3,318.28	122.56	115.76	1,597.05	3,922.08	170.83
Non-current assets	12,728.60	607.51	1,353.33	12,687.53	12,474.49	22.90	13,146.17	622.59	1,302.00	12,333.11	12,511.04	8.55
Current liabilities	(1,239.47)	(93.31)	(279.09)	(1,975.36)	(1,796.92)	(1.95)	(1,232.54)	(85.72)	(207.22)	(1,950.21)	(1,567.74)	(3.42)
Non-current liabilities	(8,368.69)	(360.35)	(849.65)	(5,646.01)	(4,785.47)	(0.01)	(8,298.64)	(358.17)	(794.26)	(5,420.67)	(5,055.13)	-
Net assets	6,817.70	323.37	429.42	6,258.76	9,807.24	170.99	6,933.27	301.26	416.28	6,559.28	9,810.25	175.96

Statements of income:

For the three-month periods ended June 30, 2012 and 2011

Unit: Million Baht

	2012						2011					
	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PTTMCC	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PTTMCC
Income*	450.13	23.08	250.07	0.76	3,197.00	1.04	463.06	37.27	149.25	(64.66)	3,037.22	0.94
Expenses	(409.05)	(26.64)	(227.27)	(339.76)	(2,761.54)	(4.25)	(418.77)	(22.79)	(157.99)	(40.88)	(2,384.80)	(0.71)
Gain (Loss) before taxes	41.08	(3.56)	22.80	(339.00)	435.46	(3.21)	44.29	14.48	(8.74)	(105.54)	652.42	0.23
Income taxes	-	-	-	0.08	(40.54)	-	-	-	-	(0.22)	(166.42)	-
Net income (loss)	41.08	(3.56)	22.80	(338.92)	394.92	(3.21)	44.29	14.48	(8.74)	(105.76)	486.00	0.23

*including gain (loss) on foreign exchange rate

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.4 Shares of net assets and results of operations from jointly controlled entities, which are included in the consolidated financial statements as at June 30, 2012 and December 31, 2011, are as follows: (Continued)

Statements of income:

For the six-month periods ended June 30, 2012 and 2011

Unit: Million Baht

	2012						2011					
	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PTTMCC	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PTTMCC
Income*	1,107.91	69.28	423.07	223.76	6,284.17	2.27	1,049.15	81.95	290.67	(79.01)	6,328.66	0.94
Expenses	(798.45)	(46.24)	(409.92)	(524.44)	(5,577.92)	(7.24)	(916.18)	(47.59)	(307.40)	(86.22)	(4,903.18)	(0.71)
Gain (Loss) before taxes	309.46	23.04	13.15	(300.68)	706.25	(4.97)	132.97	34.36	(16.73)	(165.23)	1,425.48	0.23
Income taxes	-	-	-	0.16	(87.63)	-	-	-	-	(0.14)	(304.83)	-
Net income (loss)	309.46	23.04	13.15	(300.52)	618.62	(4.97)	132.97	34.36	(16.73)	(165.37)	1,120.65	0.23

*including gain (loss) on foreign exchange rate

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.5 Significant events during the period ended June 30, 2012

BIC

On January 27, 2012, BIC called for the second payment of its additional authorized share capital, amounting to Baht 15.25 million. The Company made the share payment on February 24, 2012.

On February 27, 2012, BIC called for the third payment of its additional authorized share capital, amounting to Baht 30.50 million. The Company made the share payment on March 28, 2012.

On April 5, 2012, BIC called for the fourth payment of its additional authorized share capital, amounting to Baht 45.75 million. The Company made the share payment on May 16, 2012.

PTTGE

On February 27, 2012, PTTGE called for payment of additional authorized share capital of USD 30 million or approximately Baht 916.56 million. The Company made the share payment on February 29, 2012.

RIM

On March 2, 2012, PTT Asia Pacific Mining Pty Ltd (PTTAPM), a subsidiary of PTTI, increased its shareholding in Red Island Mineral Limited (RIM) by 66.50% from 33.50% to 100%. As a result, the status of RIM changed from an associate to a subsidiary. Details are disclosed in Note 27 : Business acquisition.

B.Grimm BIP

On March 27, 2012, B.Grimm BIP's shareholders' meeting No.1/2012 passed a resolution to increase its authorized share capital by Baht 150 million, from Baht 135.50 million to Baht 285.50 million, by issuing 1.50 million additional shares with a par value of Baht 100 each. Furthermore, B.Grimm BIP called for the full payment of the additional authorized share capital. The Company paid Baht 34.50 million for these additional shares on March 28, 2012, in proportion to its shareholding.

PTTGC

During the period, PTTGC's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 21. This resulted in a gain of Baht 6.89 million, which was recorded in the statement of income, and decreased in the Company's shareholding in PTTGC to 48.91% as at 30 June 2012.

NNEG

On March 14, 2012, NNEG's Board of Directors in Meeting No. 1/2012 passed a resolution to increase its authorized share capital by Baht 80 million, from Baht 82 million to Baht 162 million, by issuing 8 million additional shares with a par value of Baht 10 each. Furthermore, NNEG called for the full payment of the additional authorized share capital. The Company paid Baht 24 million for these additional shares on April 30, 2012, in proportion to its shareholding.

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.5 Significant events during the period ended June 30, 2012 (Continued)

PTTI

On April 30, 2012, PTTI made an additional assessment of impairment loss on investment in East Mediterranean Gas Company (EMG) because Egyptian General Petroleum Corporation (EGPC) and Egyptian Natural Gas Holding Company (EGAS), which are engaged in the business of exporting natural gas from Egypt to Israel, notified EMG that they were terminating the Gas Supply and Purchase Agreement between EGPC/EGAS and EMG. As a result, EMG is unable to deliver gas to its customers. PTTI reviewed impairment and accounted for the impairment loss on investment of Baht 3,972.32 million in the second quarter of 2012 and the allowance for impairment loss on investment in EMG as at June 30, 2012 was Baht 8,919.78 million in the consolidated financial statements.

On June 13, 2012, PTTI called for payment of additional authorized share capital of Baht 159 million. The Company made the share payment on June 20, 2012.

XPCL

On June 27, 2011, XPCL's extraordinary shareholders' meeting No.1/2011 passed a resolution to increase its authorized share capital by Baht 5,750 million, from Baht 1,000 million to Baht 6,750 million, by issuing 575 million additional shares with a par value of Baht 10 each. On April 20, 2012, XPCL called for the payment of the additional authorized share capital of Baht 0.12 each. Natee Synergy Co., Ltd. (NSC), a subsidiary of PTTI, paid Baht 17.25 million for these additional shares on May 21, 2012.

On May 18, 2012, XPCL called for the additional payment of the authorized share capital of Baht 1.11 each. NSC paid Baht 159.56 million for these shares on June 18, 2012.

SPRC

On June 5, 2012, SPRC's extraordinary shareholders' meeting No.3/2012 passed a resolution to change SPRC's status from Star Petroleum Refining Company Limited to Star Petroleum Refining Public Company Limited, under the Public Limited Companies Act, B.E. 2535 (1992). SPRC registered to change its status to a public company on June 7, 2012.

9. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

9.6 Additional information in respect of associates

9.6.1 The Company has not recognized its shares of gain (loss) from some associates for the three-month period ended June 30, 2012 amounting to Baht 1.92 million (2011: Baht 0.95 million) and for the six-month period ended June 30, 2012 amounting to Baht 1.41 million (2011: Baht (1.93) million) because the Company had an unrealized allowance for its share of loss from these associates amounting to Baht 70.80 million as at June 30, 2012 (December 31, 2011: Baht 72.29 million).

9.6.2 The fair value of investments in associates (only those with equity securities traded on the Stock Exchange of Thailand (SET)) was calculated based on current bid prices at the statement of financial position dates. Details are as follows:

Unit: Million Baht

Associates	June 30, 2012	December 31, 2011
BCP	8,431.84	7,045.27
IRPC	28,173.51	32,108.35
TOP	57,594.73	58,596.38
PTTGC	122,339.70	134,463.45

10. Available-for-sale Investments

10.1 Details of available-for-sale investments

Company	Country of Incorporation	Business	Shareholding (%)	
			June 30, 2012	December 31, 2011
Available-for-sale investments of the Company:				
Investments in equity securities				
Dhipaya Insurance Public Co., Ltd. (TIP)	Thailand	Insurance	13.33	13.33
Bangkok Aviation Fuel Services Public Co., Ltd. (BAFS)	Thailand	Aircraft refuelling services	7.06	7.06
Investments in mutual funds				
MFC Energy Fund	Thailand	Mutual fund	32.57	32.57
Finansa Asset Management - Energy and Petrochemical Index Fund (FAM EPIF)	Thailand	Mutual fund		

Company	Country of Incorporation	Business	Share held by	Shareholding (%)	
				June 30, 2012	December 31, 2011
Available-for-sale investments of PTTI:					
Investments in equity securities					
Xanadu Mines Ltd. (XML)	Mongolia	Mineral exploration	SET	13.18	13.18

10. Available-for-sale Investments (Continued)

10.2 Details of available-for-sale investments as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

Company	Shareholding (%)		Consolidated financial statements		Separate financial statements		Dividends for the six-month periods ended June 30	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	2012	2011
Investments in Equity Securities								
TIP	13.33	13.33	312.00	312.00	312.00	312.00	10.00	40.00
BAFS	7.06	7.06	24.00	24.00	24.00	24.00	14.40	12.96
XML	13.18	13.18	233.56	232.57	-	-	-	-
Total investments in equity securities			569.56	568.57	336.00	336.00		
Investments in Mutual Funds								
MFC Energy Fund	32.57	32.57	504.89	504.89	504.89	504.89	-	-
FAM EPIF			6,300.00	6,300.00	6,300.00	6,300.00	71.83	71.83
Total investments in mutual funds			6,804.89	6,804.89	6,804.89	6,804.89		
Total available-for-sale investments before changes in value of investments			7,374.45	7,373.46	7,140.89	7,140.89		
Allowance for changes in value of investments			4,313.06	4,306.96	4,400.50	4,280.62		
Total			11,687.51	11,680.42	11,541.39	11,421.51	96.23	124.79

11. Other Long-term Investments

11.1 Details of other long-term investments are as follows:

Company	Country of Incorporation	Business	Shareholding (%)	
			June 30, 2012	December 31, 2011
Other long-term investments of the Company:				
Petro Asia (Huizhou) Co., Ltd. (PA (Huizhou))	China	Oil marketing	25.00	25.00
Petro Asia (Maoming) Co., Ltd. (PA (Maoming))	China	Oil marketing	20.00	20.00
Petro Asia (Sanshui) Co., Ltd. (PA (Sanshui))	China	Oil marketing	25.00	25.00
Fuel Pipeline Transportation Co., Ltd. (FPT)	Thailand	Oil transmission pipelines	2.76	2.76
Intoplane Services Co., Ltd. (IPS)	Thailand	Aircraft refuelling services	16.67	16.67
Ratchaburi Power Co., Ltd. (RPCL)	Thailand	Electricity generation	15.00	15.00
Colour Vision International Co., Ltd. (Corpus)	Thailand	Finished yarn production	0.48	0.48
Other long-term investments of subsidiaries and jointly controlled entities:				
Other long-term investments of PTTT:				
KIC Oil Terminals Sdn Bhd (KOT)	Malaysia	Logistics services	10.00	10.00
Kadriah Integrated Facilities Sdn Bhd (KIF)	Malaysia	Logistics services	10.00	10.00
Kadriah I Ltd (K I)	Malaysia	Logistics services	10.00	10.00
Kadriah II Sdn Bhd (K II)	Malaysia	Logistics services	10.00	10.00
Other long-term investments of HMC:				
Rayong Olefins Co., Ltd. (ROC)	Thailand	Petrochemicals	5.91	5.91
Basell Advanced Polyolefins (Thailand) Co., Ltd. (BAPT)	Thailand	Petrochemicals	2.07	2.07

11. Other Long-term Investments (Continued)

11.2 Details of other long-term investments as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

Company	Shareholding (%)		Consolidated financial statements		Separate financial statements		Dividends for the six-months periods ended June 30	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	2012	2011
Other long-term investments								
1. PA (Huizhou)	25.00	25.00	15.16	15.16	15.16	15.16	-	-
2. FPT	2.76	2.76	44.00	44.00	44.00	44.00	-	-
3. IPS	16.67	16.67	0.02	0.02	0.02	0.02	-	-
4. RPCL	15.00	15.00	1,098.75	1,098.75	1,098.75	1,098.75	52.50	165.00
5. ROC	5.91	5.91	710.26	643.73	-	-	-	91.07
6. BAPT	2.07	2.07	18.19	18.19	-	-	-	-
7. PA (Maoming)	20.00	20.00	14.83	14.83	14.83	14.83	-	-
8. PA (Sanshui)	25.00	25.00	6.06	6.06	6.06	6.06	-	-
9. KOT	10.00	10.00	111.83	111.36	-	-	-	-
10. KIF	10.00	10.00	46.34	46.15	-	-	-	-
11. K I	10.00	10.00	232.93	231.94	-	-	-	-
12. K II	10.00	10.00	62.26	61.99	-	-	-	-
13. Corpus	0.48	0.48	0.60	0.60	0.60	0.60	-	-
Total investments accounted for under the cost method			2,361.23	2,292.78	1,179.42	1,179.42		
Less Allowance for impairment of investments			(544.85)	(542.93)	(73.30)	(73.30)		
Total			1,816.38	1,749.85	1,106.12	1,106.12	52.50	256.07

11.3 Significant events during the period ended June 30, 2012

ROC

On April 3, 2012, HMC made an additional investment in ROC for 6,421,156 ordinary shares of Baht 100 each, totaling Baht 642 million. HMC will make gradual payments for these shares. On April 30, 2012, HMC made a payment for the 25% shareholdings amounting to Baht 161 million. The Company recognized the investments of Baht 66.53 million according to its percentage of the investment.

12. Investment Properties

Details of investment properties are as follows:

Unit: Million Baht

	Consolidated financial statements			
	Land	Buildings and building improvements	Construction in progress	Total
Cost				
As at January 1, 2012	4,421.68	5,490.53	-	9,912.21
- Additions	-	3.49	3.96	7.45
- Reclassifications	-	(26.80)	(2.34)	(29.14)
- Disposals	-	(11.96)	-	(11.96)
As at June 30, 2012	4,421.68	5,455.26	1.62	9,878.56
Accumulated depreciation				
As at January 1, 2012	-	(1,566.92)	-	(1,566.92)
- Depreciation for the period	-	(131.00)	-	(131.00)
- Reclassifications	-	28.63	-	28.63
- Disposals	-	10.55	-	10.55
As at June 30, 2012	-	(1,658.74)	-	(1,658.74)
Net book value				
As at December 31, 2011	4,421.68	3,923.61	-	8,345.29
As at June 30, 2012	4,421.68	3,796.52	1.62	8,219.82

12. Investment Properties (Continued)

Details of investment properties are as follows: (Continued)

Unit: Million Baht

	Separate financial statements			
	Land	Buildings and building improvements	Construction in progress	Total
Cost				
As at January 1, 2012	4,421.68	1,837.69	-	6,259.37
- Additions	-	0.29	3.97	4.26
- Reclassifications	-	(28.30)	(2.33)	(30.63)
- Disposals	-	(11.69)	-	(11.69)
As at June 30, 2012	4,421.68	1,797.99	1.64	6,221.31
Accumulated depreciation				
As at January 1, 2012	-	(1,160.07)	-	(1,160.07)
- Depreciation for the period	-	(29.91)	-	(29.91)
- Reclassifications	-	28.63	-	28.63
- Disposals	-	10.55	-	10.55
As at June 30, 2012	-	(1,150.80)	-	(1,150.80)
Net book value				
As at December 31, 2011	4,421.68	677.62	-	5,099.30
As at June 30, 2012	4,421.68	647.19	1.64	5,070.51

13. Property, Plant and Equipment

Details of property, plant and equipment are as follows:

Unit: Million Baht

	Consolidated financial statements						
	Land	Buildings and building improvements	Machinery and equipment	Oil and gas properties	Other assets	Construction in progress	Total
Cost							
As at January 1, 2012	5,823.25	43,726.53	338,681.25	481,626.47	14,761.89	34,550.88	919,170.27
- Business acquisition (Note 27)	-	-	8.96	-	-	-	8.96
- Additions	855.73	122.56	916.89	38,271.35	1,208.88	8,214.99	49,590.40
- Borrowing costs	-	-	-	-	-	260.25	260.25
- Reclassifications	12.07	1,269.92	6,355.21	-	291.93	(8,103.76)	(174.63)
- Disposals	(36.36)	(51.74)	(119.75)	(1,786.31)	(309.35)	(2.04)	(2,305.55)
- Currency translation differences	(15.78)	7.98	55.80	2,426.44	(74.47)	1.13	2,401.10
As at June 30, 2012	6,638.91	45,075.25	345,898.36	520,537.95	15,878.88	34,921.45	968,950.80
Accumulated depreciation							
As at January 1, 2012	-	(14,117.11)	(105,027.54)	(190,770.15)	(6,937.86)	-	(316,852.66)
- Business acquisition (Note 27)	-	-	(4.87)	-	-	-	(4.87)
- Depreciation for the period	-	(1,074.15)	(7,062.77)	(18,416.70)	(629.45)	-	(27,183.07)
- Reclassifications	-	(44.51)	(54.21)	-	17.36	-	(81.36)
- Disposals	-	47.78	82.16	1,110.85	130.00	-	1,370.79
- Currency translation differences	-	6.23	1.88	240.30	2.66	-	251.07
As at June 30, 2012	-	(15,181.76)	(112,065.35)	(207,835.70)	(7,417.29)	-	(342,500.10)
Allowance for impairment of assets							
As at January 1, 2012	(81.27)	(9.59)	(255.24)	(634.05)	-	-	(980.15)
- Impairment losses	-	-	-	(3,223.62)	-	-	(3,223.62)
- Reversal of impairment losses	-	-	-	204.24	-	-	204.24
- Currency translation differences	-	-	-	0.77	-	-	0.77
As at June 30, 2012	(81.27)	(9.59)	(255.24)	(3,652.66)	-	-	(3,998.76)
Net book value							
As at December 31, 2011	5,741.98	29,599.83	233,398.47	290,222.27	7,824.03	34,550.88	601,337.46
As at June 30, 2012	6,557.64	29,883.90	233,577.77	309,049.59	8,461.59	34,921.45	622,451.94

13. **Property, Plant and Equipment** (Continued)

Details of property, plant and equipment are as follows (Continued):

Unit: Million Baht

	Separate financial statements					
	Land	Buildings and building improvements	Machinery and equipment	Other assets	Construction in progress	Total
Cost						
As at January 1, 2012	3,788.62	26,412.10	269,436.61	9,320.10	16,651.12	325,608.55
- Additions	51.92	69.70	484.65	126.54	6,953.47	7,686.28
- Borrowing costs	-	-	-	-	215.86	215.86
- Reclassifications	7.34	242.12	3,143.95	952.30	(3,564.30)	781.41
- Disposals	-	(47.08)	(67.29)	(34.44)	-	(148.81)
As at June 30, 2012	3,847.88	26,676.84	272,997.92	10,364.50	20,256.15	334,143.29
Accumulated depreciation						
As at January 1, 2012	-	(10,306.07)	(90,247.25)	(5,549.23)	-	(106,102.55)
- Depreciation for the period	-	(545.90)	(5,211.57)	(498.81)	-	(6,256.28)
- Reclassifications	-	(30.37)	(9.22)	11.08	-	(28.51)
- Disposals	-	46.57	66.63	24.34	-	137.54
As at June 30, 2012	-	(10,835.77)	(95,401.41)	(6,012.62)	-	(112,249.80)
Allowance for impairment of assets						
As at January 1, 2012	(81.27)	(9.60)	(255.11)	-	-	(345.98)
As at June 30, 2012	(81.27)	(9.60)	(255.11)	-	-	(345.98)
Net Book Value						
As at December 31, 2011	3,707.35	16,096.43	178,934.25	3,770.87	16,651.12	219,160.02
As at June 30, 2012	3,766.61	15,831.47	177,341.40	4,351.88	20,256.15	221,547.51

Borrowing costs amounting to Baht 260.25 million in the consolidated financial statements (December 31, 2011: Baht 1,137.23 million) and amounting to Baht 215.86 million in the separate financial statements (December 31, 2011: Baht 301.16 million) were capitalized as part of costs of property, plant and equipment. The Group used capitalization rates ranging from 1.87% to 4.54% (December 31, 2011: 1.63% to 5.58%).

13. Property, Plant and Equipment (Continued)

As at June 30, 2012 and December 31, 2011, other assets include vehicles acquired under finance leases. Details are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Cost	1,119.81	996.40	863.18	825.21
Less Accumulated depreciation	(299.99)	(254.10)	(208.96)	(157.68)
Net book value	819.82	742.30	654.22	667.53

During the second quarter 2012, PTTEP Australasia Pty Ltd (PTTEP AA) recognized the impairment loss of USD 109 million or approximately Baht 3,455.13 million because there were indications of an increase in the Montara project costs, and production was rescheduled and is expected to begin late in the fourth quarter of 2012. Net realizable value is calculated from the net of fair value less cost to sales, discounted based on project lives. The cash flow projections are based on a proved and probable reserve production profile and various estimates and assumptions such as the oil prices, foreign exchange rates, discount rates, and capital expenditures.

14. Intangible Assets

Details of intangible assets are as follows:

Unit: Million Baht

	Consolidated financial statements				
	Computer software	Right of use	Exploration & Evaluation assets	Other Intangible assets	Total
Cost					
As at January 1, 2012	3,740.34	18,648.76	35,097.72	3,487.46	60,974.28
- Additions	352.39	0.17	1,976.86	52.25	2,381.67
- Reclassifications	58.65	25.59	-	304.18	388.42
- Disposals	(0.36)	(18.18)	(1,192.97)	-	(1,211.51)
- Currency translation differences	13.01	12.11	255.62	13.81	294.55
As at June 30, 2012	4,164.03	18,668.45	36,137.23	3,857.70	62,827.41
Accumulated amortization					
As at January 1, 2012	(1,551.34)	(5,568.30)	-	(1,070.83)	(8,190.47)
- Amortization for the period	(188.37)	(255.41)	-	(124.43)	(568.21)
- Reclassifications	0.09	(18.64)	-	-	(18.55)
- Disposals	0.30	15.99	-	-	16.29
- Currency translation differences	(3.72)	7.92	-	(2.52)	1.68
As at June 30, 2012	(1,743.04)	(5,818.44)	-	(1,197.78)	(8,759.26)
Allowance for impairment of assets					
As at January 1, 2012	-	-	(110.51)	(59.70)	(170.21)
- Impairment losses	-	-	-	(11.95)	(11.95)
- Currency translation differences	-	-	(0.47)	(0.50)	(0.97)
As at June 30, 2012	-	-	(110.98)	(72.15)	(183.13)
Net book value					
As at December 31, 2011	2,189.00	13,080.46	34,987.21	2,356.93	52,613.60
As at June 30, 2012	2,420.99	12,850.01	36,026.25	2,587.77	53,885.02

14. Intangible Assets (Continued)

Details of intangible assets are as follows (Continued):

Unit: Million Baht

	Separate financial statements			
	Computer software	Right of use	Other Intangible assets	Total
Cost				
As at January 1, 2012	1,521.76	18,330.62	51.55	19,903.93
- Additions	23.05	-	-	23.05
- Reclassifications	56.65	9.55	-	66.20
As at June 30, 2012	1,601.46	18,340.17	51.55	19,993.18
Accumulated amortization				
As at January 1, 2012	(595.30)	(5,391.11)	(51.55)	(6,037.96)
- Amortization for the period	(129.25)	(239.78)	-	(369.03)
- Reclassifications	(0.10)	-	-	(0.10)
As at June 30, 2012	(724.65)	(5,630.89)	(51.55)	(6,407.09)
Net book value				
As at December 31, 2011	926.46	12,939.51	-	13,865.97
As at June 30, 2012	876.81	12,709.28	-	13,586.09

15. Mining properties

Movements of mining properties are as follows:

Unit: Million Baht

	Consolidated financial statement
Cost	
As at January 1, 2012	41,970.17
- Business acquisition (Note 27)	4,245.73
- Additions	1,458.47
- Disposals	(321.56)
- Currency translation differences	402.31
As at June 30, 2012	47,755.12
Accumulated amortization	
As at January 1, 2012	(8,790.33)
- Amortization for the period	(1,533.23)
- Currency translation differences	(69.47)
As at June 30, 2012	(10,393.03)
Net book value	
As at December 31, 2011	33,179.84
As at June 30, 2012	37,362.09

16. Goodwill

Movements of goodwill are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2012	2011
Net book value as at January 1	28,432.57	17,541.83
- Additions (Note 27)	827.69	10,293.81
- Reclassifications	-	(70.51)
- Impairment losses	(321.48)	(19.11)
- Currency translation differences	47.56	472.24
Net book value as at June 30	28,986.34	28,218.26

17. Advance Payments for Gas Purchases

Movements of advance payments for gas purchases are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance as at January 1	7,346.23	8,304.60	8,495.57	9,743.47
- Make-up right	(779.86)	(710.80)	(659.57)	(790.74)
Balance as at June 30	6,566.37	7,593.80	7,836.00	8,952.73

The Company made advance payments for committed gas purchases according to the established minimum volumes in the Gas Sales Agreements (Take-or-Pay). The Company has the right to take certain volumes of prepaid gas (Make-up right) in subsequent years, with no maturity period.

As at June 30, 2012, advance payments for gas purchases comprised the balance of advance payments made for gas purchases from the Yadana and the Yetagun gas fields in the Union of Myanmar, irrespective of take-up in 2000 to 2001.

18. Long-term Loans

Details of long-term loans as at June 30, 2012 and December 31, 2011 are as follows:

Current portion of long-term loans

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Loans – Baht currency	4,663.09	5,025.33	3,500.00	4,000.00
Loans – Baht currency – EPPO	210.32	214.35	210.32	214.35
Loans – foreign currencies	5,399.97	4,246.05	2,397.39	2,593.25
Debentures – Baht currency	13,521.60	45,296.32	8,500.00	23,500.00
Liabilities under finance leases	228.37	196.72	173.95	164.52
Total	24,023.35	54,978.77	14,781.66	30,472.12

Long-term loans

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Loans – Baht currency	30,286.68	32,251.00	22,000.00	23,500.00
Loans – Baht currency – EPPO	194.40	297.42	194.40	297.42
Loans – foreign currencies	71,227.76	62,231.56	20,110.58	21,422.30
Debentures – Baht currency	173,493.72	146,521.98	154,304.20	119,304.20
Debentures – foreign currencies	111,776.20	95,513.07	48,539.20	48,321.77
Liabilities under finance leases	516.77	509.09	418.28	453.95
Total	387,495.53	337,324.12	245,566.66	213,299.64

As at June 30, 2012, Baht 8,500.00 million of the Company's loans are secured by the Ministry of Finance (December 31, 2011: Baht 10,205.86 million).

18. Long-term Loans (Continued)

18.1 Loans

Movements of loans in Baht currency and foreign currencies for the six-month period ended June 30, 2012 are as follows:

Unit: Million

	Consolidated financial statements				
	Currency				Total in Baht equivalent
	Baht	USD	JPY	CAD	
Balance as at January 1, 2012	37,788.10	1,807.38	23,000.00	-	104,265.71
- Additions	120.75	16.97	-	375.00	11,805.54
- Repayments	(2,554.97)	(56.93)	-	-	(4,361.43)
- Loss on exchange rates	-	-	-	-	146.83
- Currency translation differences	-	-	-	-	116.37
- Others	0.61	0.29	-	-	9.20
Balance as at June 30, 2012	35,354.49	1,767.71	23,000.00	375.00	111,982.22
- Current portion	(4,873.41)	(169.43)	-	-	(10,273.38)
Long-term loans	30,481.08	1,598.28	23,000.00	375.00	101,708.84

Unit: Million

	Separate financial statements			
	Currency			Total in Baht equivalent
	Baht	USD	JPY	
Balance as at January 1, 2012	28,011.77	456.47	23,000.00	52,027.32
- Repayments	(2,107.05)	(43.97)	-	(3,506.60)
- Gain on exchange rates	-	-	-	(108.03)
Balance as at June 30, 2012	25,904.72	412.50	23,000.00	48,412.69
- Current portion	(3,710.32)	(75.00)	-	(6,107.71)
Long-term loans	22,194.40	337.50	23,000.00	42,304.98

18. Long-term Loans (Continued)

18.1 Loans (Continued)

Loans – Baht currency

On June 27, 2012, a contract party of an interest rate swap contract for a Baht loan amounting to Baht 5,000 million exercised its right to change an interest rate from a floating interest rate of 6M THBFIX plus a fixed interest rate per annum to a fixed interest rate of 4.355% per annum. The change is effective from June 30, 2012 to the loan repayment date on March 30, 2019.

During the period, a jointly control entity drew down a loan from a financial institution amounting to Baht 345 million. The Company recognized the loan of Baht 120.75 million according to its percentage of the investment. The loan has a maturity of ten years and bears an interest rate of 6M THBFIX plus a fixed rate per annum.

Loans – foreign currency

On January 27, 2012, the Company terminated an interest rate swap contract for USD loans of USD 50 million with a contract party. As a result, the interest rate on these loans changed from a fixed rate of 2.989% per annum to the former floating rate of LIBOR plus a fixed rate. On the same day, the Company entered into an interest rate swap contract with a new contract party to swap the floating interest rate of LIBOR plus a fixed rate for a fixed interest rate of 1.585% per annum. The contract is effective from February 7, 2012 to the repayment date on May 28, 2015.

In March and April 2012, PTTEP Canada International Finance Limited (PTTEP CIF) entered into five-year unsecured loan agreements with financial institutions, granting facilities totaling CAD 300 million and CAD 75 million, respectively. The loans are fully guaranteed by PTTEP. PTTEP CIF fully utilized these loans in May 2012.

On March 30, 2012, a jointly controlled entity entered into Shareholder Loan Agreement with its shareholders totaling USD 70 million with the interest rate of LIBOR plus a fixed rate per annum. The loan will be fully repaid within November, 2020. On May 21, 2012, the jointly controlled entity partially drew down the loan amounting to USD 35 million. The Company recognized the loan amounting to USD 16.97 million according to its percentage of the investment.

18. Long-term Loans (Continued)

18.2 Debentures

Details of debentures as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million

	Consolidated financial statements			
	June 30, 2012		December 31, 2011	
	Baht	USD	Baht	USD
Unsecured unsubordinated debentures				
- USD currency	108,687.78	3,408.42	92,472.15	2,911.17
- Baht currency	187,015.32	-	191,818.30	-
Secured unsubordinated debentures				
- USD currency	3,088.42	96.62	3,040.92	96.62
Total	298,791.52	3,505.04	287,331.37	3,007.79
Current portion	(13,521.60)	-	(45,296.32)	-
Long-term debentures	285,269.92	3,505.04	242,035.05	3,007.79

Unit: Million

	Separate financial statements			
	June 30, 2012		December 31, 2011	
	Baht	USD	Baht	USD
Unsecured unsubordinated debentures				
- USD currency	48,539.20	1,518.51	48,321.77	1,518.03
- Baht currency	162,804.20	-	142,804.20	-
Total	211,343.40	1,518.51	191,125.97	1,518.03
Current portion	(8,500.00)	-	(23,500.00)	-
Long-term debentures	202,843.40	1,518.51	167,625.97	1,518.03

18. Long-term Loans (Continued)

18.2 Debentures (Continued)

On January 27, 2012, the Company issued and offered two tranches of unsecured unsubordinated debentures No.1/2012 amounting to Baht 20,000 million to general investors, the details of the debentures are as follows:

Condition	Tranche 1	Tranche 2
Offering price (million Baht)	1,950.53	18,049.47
Tenor (years)	3 years 8 months 20 days	6 years 9 months 19 days
Fixed interest rate (% per annum)	3.80	Year 1 - 4 : 4.00 Year 5 - 6 : 4.40 Remaining periods : 5.50
Interest instalments	Semi-annual interest payment On February 15 and August 15 (The first instalment on August 15, 2012)	
Issue date	January 27, 2012	
Maturity date	October 17, 2015	November 15, 2018

On May 21, 2012, the Company issued and offered unsecured unsubordinated debentures No.2/2012 amounting to Baht 15,000 million to general investors, the details of the debentures are as follows:

Condition	Details
Offering price (million Baht)	15,000.00
Tenor (years)	6 years 11 months 24 days
Fixed interest rate (% per annum)	Year 1 - 4 : 4.10 Remaining periods : 5.10
Interest instalments	Semi-annual interest payment On May 15 and November 15 (The first instalment on November 15, 2012)
Issue date	May 21, 2012
Maturity date	May 15, 2019

18. Long-term Loans (Continued)

18.2 Debentures (Continued)

On June 8, 2012, PTTEP Canada International Finance Limited (PTTEP CIF) issued and offered the 30-year unsecured and unsubordinated debentures with a fixed interest rate of 6.35% per annum in the amount of USD 500 million. This debenture is fully guaranteed by PTTEP.

18.3 Liabilities under finance leases

Details of liabilities under finance leases as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Liabilities under finance leases				
- Within 1 year	238.25	222.30	173.95	186.38
- Over 1 year but not over 5 years	563.69	535.58	457.60	477.24
Future finance charges on finance leases	(56.80)	(52.07)	(39.32)	(45.15)
Present value of liabilities under finance leases	745.14	705.81	592.23	618.47
Present value of liabilities under finance leases				
- Current liabilities	228.37	196.72	173.95	164.52
- Non-current liabilities	516.77	509.09	418.28	453.95
Total	745.14	705.81	592.23	618.47

19. Employee Benefit Obligations

Movements in the present value of the employee benefit obligations are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
As at January 1	5,500.02	5,147.73	2,387.40	2,314.50
Current service costs	217.20	223.57	71.98	70.03
Interest on obligations	106.55	97.86	47.63	46.04
Actuarial (gain) loss	0.35	(0.20)	-	-
Currency translation differences	1.57	(0.06)	-	-
Actual payment	(80.07)	(47.24)	(54.60)	(33.07)
As at June 30	5,745.62	5,421.66	2,452.41	2,397.50

Expenses recognized in the statements of income for the three-month periods ended June 30, 2012 and 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current service costs	107.81	118.82	35.99	35.02
Interest on obligations	53.55	48.82	23.82	23.02
Actuarial (gain) loss	0.27	(0.20)	-	-
Total	161.63	167.44	59.81	58.04
Cost of sales	28.30	37.66	8.33	7.61
Selling expenses	11.43	11.03	10.79	10.48
Administrative expenses	121.01	117.55	40.01	38.95
Management remuneration	0.89	1.20	0.68	1.00
Total	161.63	167.44	59.81	58.04

19. Employee Benefit Obligations (Continued)

Expenses recognized in the statements of income for the six-month periods ended June 30, 2012 and 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current service costs	217.20	223.57	71.98	70.03
Interest on obligations	106.55	97.86	47.63	46.04
Actuarial (gain) loss	0.35	(0.20)	-	-
Total	324.10	321.23	119.61	116.07
Cost of sales	58.78	62.78	16.36	15.20
Selling expenses	22.47	21.41	21.55	20.71
Administrative expenses	241.01	235.07	80.29	78.61
Management remuneration	1.84	1.97	1.41	1.55
Total	324.10	321.23	119.61	116.07

20. Provision for Decommissioning Costs

Movements in the provision for decommissioning costs are as follows:

Unit: Million Baht

	Consolidated financial statements
As at January 1, 2012	24,941.52
- Additions	1,768.68
- Currency translation differences	68.44
- Actual payment	(3,088.06)
- Reversal of provision	(263.86)
As at June 30, 2012	23,426.72
- Current portion	(540.95)
- Long-term provision	22,885.77

21. Earnings per Share

Basic earnings per share and diluted earnings per share for the three-month periods ended June 30, 2012 and 2011 are calculated as follows:

Consolidated financial statements

	Basic earnings per share		Diluted earnings per share	
	2012	2011	2012	2011
Net income attributable to ordinary shareholders (Baht)	8,513,661,519	32,277,001,233	8,513,661,519	32,277,001,233
Adjustment of net income (Baht)	-	-	(1,366,989)	(108,039,991)
Net income for calculation of earnings per share (Baht)	8,513,661,519	32,277,001,233	8,512,294,530	32,168,961,242
Number of weighted average of ordinary shares for calculation of earnings per share (shares)	2,856,299,625	2,852,137,965	2,856,299,625	2,852,137,965
Effect from exercised warrants (shares)			-	1,450,628
Number of diluted weighted average of ordinary shares (shares)			2,856,299,625	2,853,588,593
Earnings per share (Baht/share)	2.98	11.32	2.98	11.27

Separate financial statements

	Basic earnings per share		Diluted earnings per share	
	2012	2011	2012	2011
Net income attributable to ordinary shareholders (Baht)	25,215,550,277	19,888,316,085	25,215,550,277	19,888,316,085
Number of weighted average of ordinary shares for calculation of earnings per share (shares)	2,856,299,625	2,852,137,965	2,856,299,625	2,852,137,965
Effect from exercised warrants (shares)			-	1,450,628
Number of diluted weighted average of ordinary shares (shares)			2,856,299,625	2,853,588,593
Earnings per share (Baht/share)	8.83	6.97	8.83	6.97

21. Earnings per Share (Continued)

Basic earnings per share and diluted earnings per share for the six-month periods ended June 30, 2012 and 2011 are calculated as follows:

Consolidated financial statements

	Basic earnings per share		Diluted earnings per share	
	2012	2011	2012	2011
Net income attributable to ordinary shareholders (Baht)	45,899,444,360	67,199,299,624	45,899,444,360	67,199,299,624
Adjustment of net income (Baht)	-	-	(6,952,817)	(24,971,427)
Net income for calculation of earnings per share (Baht)	45,899,444,360	67,199,299,624	45,892,491,543	67,174,328,197
Number of weighted average of ordinary shares for calculation of earnings per share (shares)	2,856,299,625	2,850,615,514	2,856,299,625	2,850,615,514
Effect from exercised warrants (shares)			-	2,043,793
Number of diluted weighted average of ordinary shares (shares)			2,856,299,625	2,852,659,307
Earnings per share (Baht/share)	16.07	23.57	16.07	23.55

Separate financial statements

	Basic earnings per share		Diluted earnings per share	
	2012	2011	2012	2011
Net income attributable to ordinary shareholders (Baht)	47,225,402,127	39,515,879,763	47,225,402,127	39,515,879,763
Number of weighted average of ordinary shares for calculation of earnings per share (shares)	2,856,299,625	2,850,615,514	2,856,299,625	2,850,615,514
Effect from exercised warrants (shares)			-	2,043,793
Number of diluted weighted average of ordinary shares (shares)			2,856,299,625	2,852,659,307
Earnings per share (Baht/share)	16.53	13.86	16.53	13.85

21. Earnings per Share (Continued)

PTTGC

Details of issue and offer of warrants for PTTGC's employees are as follows:

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise ratio (warrant : ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercise date of warrants
October 19, 2011	46.32	1 : 0.2590478	1.35	2.11	October 19, 2016

22. Other Income

Details of other income for the three-month periods ended June 30, 2012 and 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Transportation income	1,122.04	1,008.55	1,148.87	1,030.71
Dividend income	24.40	124.79	12,912.90	5,258.90
Interest income	821.76	939.26	1,321.85	1,170.91
Compensation for loan interest on advance payments for gas purchases	64.84	64.83	64.84	64.83
Others	3,939.48	2,475.05	1,221.43	2,009.55
Total	5,972.52	4,612.48	16,669.89	9,534.90

Details of other income for the six-month periods ended June 30, 2012 and 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Transportation income	2,587.80	1,985.63	2,649.01	2,038.87
Dividend income	148.73	380.86	19,510.99	10,889.56
Interest income	1,649.96	1,817.97	2,707.99	2,283.87
Compensation for loan interest on advance payments for gas purchases	129.67	138.52	129.67	138.52
Others	5,996.05	4,515.41	1,838.72	3,688.47
Total	10,512.21	8,838.39	26,836.38	19,039.29

Compensation for loan interests on advance payments for gas purchases (Take-or-Pay) represents the compensation, which the Company received from the Electricity Generating Authority of Thailand (EGAT) and Independent Power Plants (IPPs) in order to absorb the interests on loans. The Company obtains the loans to make advance payments for gas purchases.

23. Expenses by Nature

Details of expenses by nature for the three-month periods ended June 30, 2012 and 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Changes in finished goods and work in process	2,735.99	(11,004.07)	3,602.07	(9,200.28)
Goods purchased and raw materials used	592,561.38	570,612.85	590,534.95	578,833.96
Staff costs	3,682.90	3,794.16	1,826.24	1,636.03
Outsourcing	1,555.12	1,589.66	1,355.15	1,269.23
Transportation	4,512.40	4,085.54	2,042.23	1,939.10
Depreciation and amortization	15,542.72	12,907.16	3,419.59	3,460.69
Repairment	1,104.52	1,604.57	593.04	719.58
Utilities	4,169.11	3,222.05	3,354.56	2,875.85
Loss on impairment of assets*	3,511.51	9.29	-	-
Loss on impairment of investments*	3,972.32	43.12	-	-

Details of expenses by nature for the six-month periods ended June 30, 2012 and 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Changes in finished goods and work in process	3,023.17	(11,373.01)	3,569.88	(9,899.24)
Goods purchased and raw materials used	1,199,746.02	1,037,710.94	1,200,931.30	1,032,219.27
Staff costs	7,427.28	7,555.92	3,614.60	3,231.61
Outsourcing	3,117.56	3,064.58	2,737.08	2,277.55
Transportation	9,049.19	7,429.97	4,381.30	3,814.27
Depreciation and amortization	30,828.36	26,546.70	6,822.72	6,625.28
Repairment	2,266.11	2,537.63	1,141.35	1,247.59
Utilities	7,540.76	6,250.63	6,444.19	5,522.92
Loss on impairment of assets* (Note 13, 14 &16)	3,555.78	19.11	-	-
Loss on impairment of investments* (Note 9.5)	3,972.32	86.65	-	-

* Other expenses in the statements of income

24. Segment Information

The Company presented financial information by business segment, rather than by geographical segment because the geographical segments other than Thailand together reported less than 10% of the consolidated revenues, operating results and total assets.

Consolidated financial statements

For the three-month period ended June 30, 2012

Unit: Million Baht

	Upstream petroleum and natural gas		Downstream petroleum				Coal	Others	Elimination	Total
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals	Refining				
Sales - others	10,073.65	119,771.98	154,970.60	370,042.46	19,661.60	-	7,421.18	875.79	-	682,817.26
- related parties	40,039.53	6,503.89	2,313.49	22,529.07	6.63	-	-	472.19	(71,864.80)	-
Net sales	50,113.18	126,275.87	157,284.09	392,571.53	19,668.23	-	7,421.18	1,347.98	(71,864.80)	682,817.26
Gross margin (loss)*	45,349.61	17,565.18	6,432.00	(535.78)	1,244.62	-	2,966.67	196.21	(221.43)	72,997.08
EBITDA	36,599.77	14,975.68	4,555.87	(344.45)	801.46	-	2,587.60	183.67	194.84	59,554.44
Depreciation and amortization expenses	(9,978.82)	(3,349.86)	(574.70)	(3.27)	(248.53)	-	(1,052.75)	(335.38)	0.59	(15,542.72)
EBIT	26,620.95	11,625.82	3,981.17	(347.72)	552.93	-	1,534.85	(151.71)	195.43	44,011.72
Share of net income (loss) from investments in associates	-	118.96	155.29	-	665.61	(5,405.46)	73.15	38.24	-	(4,354.21)
Interest income										821.76
Other expenses, net										(6,031.19)
Loss on foreign exchange rates										(2,302.02)
Finance costs										(4,793.59)
EBT										27,352.47
Income taxes										(15,695.28)
Net income for the period										11,657.19
Attributable to:										
Equity holders of the Company										8,513.66
Non-controlling interests										3,143.53
Net income for the period										11,657.19

*Gross margin excludes depreciation and amortization expenses in cost of sales.

24. Segment Information (Continued)

Consolidated financial statements

For the three-month period ended June 30, 2011

Unit: Million Baht

	Upstream petroleum and natural gas		Downstream petroleum				Coal	Others	Elimination	Total
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals	Refining				
Sales - others	6,684.23	99,521.34	139,664.48	370,882.76	19,271.30	-	7,205.58	346.98	-	643,576.67
- related parties	37,284.99	5,481.47	1,903.80	17,889.50	1.41	-	-	349.82	(62,910.99)	-
Net sales	43,969.22	105,002.81	141,568.28	388,772.26	19,272.71	-	7,205.58	696.80	(62,910.99)	643,576.67
Gross margin (loss)*	39,162.25	21,334.06	5,344.66	(281.92)	1,402.73	-	2,971.24	204.31	(403.06)	69,734.27
EBITDA	30,085.97	18,843.57	3,531.81	(386.99)	1,000.94	-	1,836.08	118.39	13.47	55,043.24
Depreciation and amortization expenses	(8,151.45)	(3,239.61)	(582.42)	(3.39)	(225.33)	-	(438.20)	(267.34)	0.58	(12,907.16)
EBIT	21,934.52	15,603.96	2,949.39	(390.38)	775.61	-	1,397.88	(148.95)	14.05	42,136.08
Share of net income (loss) from investments in associates	-	109.52	143.04	-	4,761.85	5,271.80	(2.50)	9.72	-	10,293.43
Interest income										939.26
Other income, net										1,779.34
Gain on foreign exchange rates										933.84
Finance costs										(4,479.70)
EBT										51,602.25
Income taxes										(14,489.60)
Net income for the period										37,112.65
Attributable to:										
Equity holders of the Company										32,277.00
Non-controlling interests										4,835.65
Net income for the period										37,112.65

*Gross margin excludes depreciation and amortization expenses in cost of sales.

24. Segment Information (Continued)

Consolidated financial statements

For the six-month period ended June 30, 2012

Unit: Million Baht

	Upstream petroleum and natural gas		Downstream petroleum				Coal	Others	Elimination	Total
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals	Refining				
Sales - others	22,558.44	232,193.03	305,170.35	761,552.17	38,844.72	-	13,248.98	1,354.39	-	1,374,922.08
- related parties	76,092.83	11,880.59	4,327.05	48,132.50	11.88	-	-	870.48	(141,315.33)	-
Net sales	98,651.27	244,073.62	309,497.40	809,684.67	38,856.60	-	13,248.98	2,224.87	(141,315.33)	1,374,922.08
Gross margin (loss)*	89,011.73	35,987.13	13,332.85	(435.34)	2,164.99	-	4,977.21	386.68	(687.41)	144,737.84
EBITDA	72,241.58	30,940.87	9,349.07	(60.02)	1,341.09	-	3,786.91	364.19	256.44	118,220.13
Depreciation and amortization expenses	(20,011.24)	(6,727.56)	(1,145.67)	(6.56)	(503.30)	-	(1,777.73)	(657.47)	1.17	(30,828.36)
EBIT	52,230.34	24,213.31	8,203.40	(66.58)	837.79	-	2,009.18	(293.28)	257.61	87,391.77
Share of net income (loss) from investments in associates	-	171.20	305.20	-	5,661.04	(282.03)	-	79.57	-	5,934.98
Interest income										1,649.96
Other expenses, net										(6,021.91)
Gain on foreign exchange rates										630.19
Finance costs										(9,261.79)
EBT										80,323.20
Income taxes										(25,126.01)
Net income for the period										55,197.19
Attributable to:										
Equity holders of the Company										45,899.44
Non-controlling interests										9,297.75
Net income for the period										55,197.19

*Gross margin excludes depreciation and amortization expenses in cost of sales.

24. Segment Information (Continued)

Consolidated financial statements

For the six-month period ended June 30, 2011

Unit: Million Baht

	Upstream petroleum and natural gas		Downstream petroleum				Coal	Others	Elimination	Total
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals	Refining				
Sales - others	11,474.09	187,154.24	271,583.40	660,461.29	38,901.32	-	14,092.28	767.23	-	1,184,433.85
- related parties	70,108.01	11,094.38	3,237.56	36,186.36	1.72	-	-	620.98	(121,249.01)	-
Net sales	81,582.10	198,248.62	274,820.96	696,647.65	38,903.04	-	14,092.28	1,388.21	(121,249.01)	1,184,433.85
Gross margin*	73,109.08	40,560.60	10,635.63	2,091.45	2,728.78	-	6,062.74	467.52	(631.60)	135,024.20
EBITDA	56,158.93	35,482.95	7,114.25	1,794.86	1,971.25	-	4,036.01	183.10	146.92	106,888.27
Depreciation and amortization expenses	(17,243.78)	(6,135.95)	(1,252.31)	(6.62)	(388.34)	-	(975.31)	(545.55)	1.16	(26,546.70)
EBIT	38,915.15	29,347.00	5,861.94	1,788.24	1,582.91	-	3,060.70	(362.45)	148.08	80,341.57
Share of net income (loss) from investments in associates	-	183.21	280.82	-	10,277.88	10,938.48	(42.07)	19.97	-	21,658.29
Interest income										1,817.97
Other income, net										3,298.24
Gain on foreign exchange rates										3,809.77
Finance costs										(8,872.88)
EBT										102,052.96
Income taxes										(25,217.60)
Net income for the period										76,835.36
Attributable to:										
Equity holders of the Company										67,199.30
Non-controlling interests										9,636.06
Net income for the period										76,835.36

*Gross margin excludes depreciation and amortization expenses in cost of sales.

25. Subordinated capital debentures

On June 15, 2012, PTTEP issued and offered 5 million subordinated capital debentures, with a value of Baht 5,000 million, which are perpetual long-term, unsecured and unconvertible with no final maturity date. The principle payment will be paid upon liquidation or early redemption by PTTEP, subject to certain restrictions under the agreement. The subordinated capital debentures bear a step-up fixed interest starting from 5.85% to 7.85% per annum. These interest is paid on a quarterly basis. PTTEP can defer the interest payment at its sole discretion. All deferred interest will be accumulated, but not bear any interests. If PTTEP deferred the interest payment, PTTEP shall not declare or make any dividend payment, make any interest payment or distribution of any sort of any instrument or security issued by PTTEP which ranks pari passu or junior to this subordinated capital debentures. In addition, PTTEP shall not redeem, reduce, cancel, buy-back or acquire for any consideration on any instrument or security issued by PTTEP which rank pari passu or junior to this subordinated capital debentures. These debentures are recognized by the Company as a part of non-controlling interests in the statement of financial position.

26. Dividend Payment

On April 10, 2012, the 2012 annual shareholders' meeting of the Company approved dividend payments for the year 2011 of Baht 13.00 per share, approximately amounting to Baht 37,119.13 million. On September 23, 2011, the Company paid an interim dividend for the operating results of the first half of 2011 at Baht 6.00 per share for 2,854,189,126 shares, amounting to Baht 17,125.13 million. The remaining dividends were paid as follows:

Dividends	For operating period	Dividend payment rate (Baht/share)	Number of shares (shares)	Total dividends (million Baht)	Payment date
For the year 2011	July 1, 2011 – December 31, 2011	7.00	2,855,074,343	19,985.52	April 30, 2012

27. Business Acquisition

On November 15, 2011, PTTGE Services Netherlands BV (PTTGE BV) acquired a 75% shareholding in seven companies of the PT Kalpataru Investama (PT KPI) group, operating in Palm oil business in Indonesia.

Details of net assets acquired and goodwill are as follows:

	Unit: Million Baht
Purchase consideration (cash paid)	1,458.97
Fair value of net assets acquired	(1,160.91)
Goodwill	298.06

Assets and liabilities arising from the acquisition are as follows:

	Unit: Million Baht
Cash and cash equivalents	0.76
Property, plant and equipment	1,137.84
Advance payment	13.79
Other current assets	23.59
Other accounts payable	(11.90)
Other current liabilities	(3.17)
Fair value of net assets acquired	1,160.91
Goodwill	298.06
Total purchase consideration	1,458.97
Less: Cash and cash equivalents	(0.76)
Cash outflow on the acquisition	1,458.21

As at June 30, 2012, PTTGE BV is reviewing the fair value of net assets acquired. The aforementioned fair value of the net assets will be revised when the initial purchase price allocation is completed.

27. Business Acquisition (Continued)

On March 2, 2012 PTT Asia Pacific Mining Pty Ltd. (PTTAPM), a subsidiary company of PTTI, made additional investment in Red Island Mineral Limited (RIM) by acquiring a further 66.50% interest to increase its shareholding in RIM from 33.50% to 100%. This event changed the status of RIM from an associate to a subsidiary. RIM is a company incorporating in Australia and operates an exploration and development of coal mining business under a partnership with the Madagascan government.

PTTAPM paid USD 44.86 million, or approximately Baht 1,361.09 million, for the additional shares in RIM.

Details of net assets acquired and goodwill are as follows:

	Unit: Million Baht
Net book value of equity before changing in shareholder	1,514.83
Gain on revaluation on net book value of equity	274.34
	1,789.17
Cash paid	885.38
Expected purchase consideration	447.42
Fair value of purchase consideration	3,121.97

Assets and liabilities arising from the acquisition are as follows:

	Unit: Million Baht
Cash and cash equivalents	3.41
Accounts receivable and other accounts receivable	9.39
Property, plant and equipment (Note 13)	4.09
Mining properties (Note 15)	4,245.73
Other assets	0.09
Accounts payable and other accounts payable	(39.10)
Loan	(355.87)
Deferred tax liabilities	(878.29)
Fair value of net assets acquired	2,989.45
Less: Non-controlling interest	(578.80)
Add: Goodwill (Note 16)	711.32
Value of net assets acquired	3,121.97

27. Business Acquisition (Continued)

Cash paid for changing in the ownership interests in subsidiaries

	Unit: Million Baht
Cash paid	885.38
Expected purchase consideration	447.42
Premium on expected purchase consideration	31.70
	1,364.50
Less Cash and cash equivalent of subsidiaries	(3.41)
Cash paid for changing in the ownership interests in subsidiaries	1,361.09

As at June 30, 2012, PTTAPM is reviewing the fair value of net assets acquired. The aforementioned fair value of the net assets will be revised when the initial purchase price allocation is completed.

During the period, Sakari Resources Ltd (SAR), a subsidiary of PTTI, made a payment for a mining business amounting to USD 3.68 million. There was goodwill of USD 3.66 million or approximately to Baht 116.37 million, which came from the purchase considerations less fair value of net assets.

28. Proceeding regarding the Central Administrative Court's Ordering Temporary Suspension of Projects in Map Ta Phut Area

On June 19, 2009, the Stop Global Warming Association and 43 persons filed a complaint with the Central Administrative Court (the Court) for the Case No. Black 908/2552, against eight government agencies, together with a motion seeking the Court injunction to temporarily suspend all operations and activities of 76 industrial projects in the Map Ta Phut area in Rayong province.

On September 29, 2009, the Court ordered the temporary injunction by requiring the eight accused government agencies to issue the order to temporarily suspend the 76 projects until the final judgment had been made or ordered had been amended, except for projects or activities which had received the permits before the effective date of the Constitution B.E.2550 (2007) or projects which were not required to submit the Environmental Impact Assessment (EIA) reports pursuant to the Notification of the Ministry of Natural Resources and Environment dated June 16, 2010. The 25 projects of the suspended projects belonged to the Group, three of which belonged to the Company.

On October 16, 2009, the Group, as an interested person, submitted an appeal objecting to the Court injunction to the Supreme Administrative Court.

On December 2, 2009, the Supreme Administrative Court issued an order No.592/2552 amending the injunction of the Court by requiring the eight accused government agencies to order the temporary suspension of the projects or activities listed in the complaint except for 11 projects, which would apparently not cause severe impact since they are merely intended to control or minimize the pollution or install additional equipment. From these 11 projects, seven projects belonged to the Group, comprising one project of the Company and six projects of other companies in the Group. The two projects of the Company are still under the Court's order to suspense.

On December 18, 2009, the public prosecutor submitted an answer refusing all allegations in the complaint.

On September 2, 2010, the Court rendered a judgment to withdraw permits which were issued to projects in the list attached to the petition that may cause severe impacts to the local community and have not fully complied with Section 67 Paragraph Two of the Constitution. This withdrawal shall be effective from the date the Court rendered the judgment. One project of the Group is in the scope.

On October 1, 2010, the 43 prosecutors filed an appeal to the Supreme Administrative Court regarding the Court's judgment. On December 7, 2010, the eight accused government agencies by the public prosecutors filed a defence of the appeal. Currently, the appeal is on the proceedings of the Supreme Administrative Court.

29. Proceeding regarding the Offshore Natural Gas Pipeline Leakage Incident

The Company hired a contracting company (the Contractor) to construct an offshore natural gas pipeline. Regarding the construction, the Contractor breached the contract, causing damages to the Company. The Company gathered the various relevant facts and submitted them to the Office of the Attorney General to claim compensation from damages from the Contractor. Prosecutors already filed the complaint with the Civil Court. Currently, the case is on the proceeding of the Court.

30. Commitments and Contingent Liabilities

Significant changes in commitments and contingent liabilities are as follows:

30.1 Commitments to subsidiaries, jointly controlled entities, associates and other related companies are as follows:

30.1.1 The Group has provided loans to its subsidiaries and associates with credit limits totaling Baht 59,694.11 million. As at June 30, 2012, the Group made payments in respect of these loans totaling Baht 58,906.82 million. The remaining credit limits were Baht 787.29 million. (December 31, 2011: Baht 1,664.47 million)

30.1.2 The Company has obligations under a commercial credit agreement with an overseas subsidiary that provide an extended credit term for purchases of raw materials under a credit limit of USD 100 million. As at June 30, 2012, the subsidiary has drawn down USD 99.81 million of the commercial credit. The remaining commercial credit line was USD 0.19 million or approximately Baht 6.07 million. (December 31, 2011: USD 0.19 million or approximately Baht 6.05 million)

30.1.3 The Company entered into the Sponsor Support Agreements with three jointly controlled entities with credit limits equal to the sum of the loan obligations to financial institutions of the three jointly controlled entities. Under these agreements, as at June 30, 2012, the Company had commitments of USD 400.57 million or approximately Baht 12,804.26 million. (December 31, 2011: USD 435.51 million or approximately Baht 13,863.11 million)

30.1.4 The Company entered into the Sponsor Support Agreement with an associate, with a credit limit equal to the sum of the loan obligations of the associate to financial institutions. Under the agreement, as at June 30, 2012, the Company had a commitment of Baht 1,028 million (December 31, 2011: Baht 1,028 million).

30.1.5 The Company had obligations under the Shareholder Agreements to pay for ordinary shares in proportion to its shareholding. As at June 30, 2012, the Company had remaining obligations amounting to Baht 3,435.61 million (December 31, 2011: Baht 3,686.11 million).

30. Commitments and Contingent Liabilities (Continued)

30.2 Commitments under operating leases – the Group as a lessee

The future minimum lease payments under uncancellable operating leases as at June 30, 2012 and December 31, 2011 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Within 1 year	2,754.71	2,376.22	213.05	225.23
Over 1 year but not over 5 years	4,529.87	4,829.45	403.01	406.52
Over 5 years	4,550.01	5,062.27	852.69	872.26
Total	11,834.59	12,267.94	1,468.75	1,504.01

30.3 As at June 30, 2012, the Group had obligations in the form of unused letter of credit amounting to Baht 27,312.95 million in the consolidated financial statements (December 31, 2011: Baht 37,222.42 million) and Baht 21,280.23 million in the separate financial statements (December 31, 2011: Baht 23,500 million).

30.4 As at June 30, 2012, the Group had contingent liabilities in the form of letter of guarantee amounting to Baht 2,720.67 million in the consolidated financial statements (December 31, 2011: 2,669.92 million) and Baht 114.67 million in the separate financial statements (December 31, 2011: Baht 102.24 million).

30.5 An associate entered into a product sales agreement with the Company whereby the Company is to resell the products to a listed company. The term of the agreement is 15 years, expiring on January 31, 2012. Before the expiration date, the associate notified the Company not to renew the agreement. Consequently, the Company had to submit an advance notice to the listed company in order to comply with a condition on prior notice stipulated in the agreement, advising that the Company would not renew the agreement. On December 3, 2009 the listed company submitted a claim with the Thai Arbitration Institute (the "Institute") requesting that the Company and the associate, as the seller and the supplier, respectively, comply with the agreement by continuing to sell the product to the listed company or by mutually paying an indemnity to it.

On February 10, 2010, the associate submitted a petition with the Institute to dismiss the claim against it from the case-list. Subsequently, the Institute ordered in favour of the associate dismissing the claim on its part from the case-list.

The Company submitted the case to the Office of the Attorney General to file a statement of defence with the Institute. On April 28, 2010, the public prosecutor filed the statement of defence with the Institute for the Company. Currently, the case is on the proceedings of the Institute.

30. Commitments and Contingent Liabilities (Continued)

30.6 On May 26, 2010 the contractor for an on-shore natural gas pipeline construction project (the "Contractor") submitted claims to the Thai Arbitration Institute (the "Institute") seeking overdue payment and damages from the Company for the work performed in connection with the project. The Company, however, considered that the submission of the claims was incompliant with the dispute resolution procedure agreed upon under the contract. Therefore, the Company filed an opposition to the Contractor's claim submission with the Institute and reserved right to protest such contractually incompliant claim submission in the arbitration procedure. After the claim submission, the Central Bankruptcy Court ordered the Contractor be under an absolute receivership which rendered the official receiver to have sole power in any litigation pertaining to the Contractor's assets. Subsequently, the Contractor's official receiver has petitioned the Institute to substitute the Contractor in the dispute against the Company. In contention against the alleged claims, the Company submitted the defense together with counterclaims seeking damages from the Contractor. Currently, the tribunal has been appointed and the case is now under the consideration of the tribunal. Regarding the Contractor's bankruptcy case, the Company submitted, as a creditor, a motion for receiving a debt payment in accordance with the law.

On September 8, 2010, the Contractor by the its official receiver submitted the claims to the Institute seeking overdue payment and damages from the Company for the work performed in connection with another pipeline construction project. The Company, however, considered that the submission of the claims was incompliant with the dispute resolution procedure agreed upon under the contract. Therefore, the Company filed an opposition to the Contractor's claim submission with the Institute and reserved the right to protest such contractually incompliant claim submission in the arbitration procedure. In contention against the alleged claims, the Company submitted the defense together with counterclaims seeking damages from the Contractor. Currently, the dispute is in the Institute's process of appointing the umpire of the tribunal to commence the arbitration proceeding.

30.7 On September 22, 2011, the Thailand Watch Foundation and six individuals filed a law suit with the Central Administrative Court (the Court) against the Company and the Ministry of Finance alleging that the Company's privatization, the share distribution and the asset evaluation were in violation of law. Therefore, they asked the Court to order that the sale of the Company's shares be null and void and be redistributed. They also asked that the shares in oil refinery plants owned by the Company be returned to state ownership or be sold to the public in order to cease the Company's monopoly in the oil refinery industry. In addition, they sought the Court's order of the confiscation of the Company's properties, which had been obtained by operation of public law or the force-sale of the Company's gas separation plants to discontinue the monopoly. In response, the Company rejected all allegations and submitted the case to the Office of the Attorney General to file testimony of defence.

30.8 On August 26, 2010, PTTEP Australasia Pty Ltd (PTTEP AA) received a letter from the Government of Indonesia claiming for compensation in relation to the oil and gas leak incident in the Montara area under the PTTEP Australasia's project. Subsequently, on September 1, 2010, PTTEP AA submitted a letter rejecting the claim for compensation from the Indonesian Government because no verifiable scientific evidence provided by the Indonesian Government to support the claim. In December 2010, PTTEP AA and the Indonesian Government agreed to provide each other with additional facts and to conduct a joint survey to verify the Government of Indonesia's data on the claimed damage on the fishery sector. Currently, the discussion with the Indonesian Government is on-going and the compensation regarding this matter has not been finalized.

31. Events after the Reporting Period

31.1 On July 4, 2012, a fire broke out at the Kerosene Stripper in Crude Distillation Unit 3, at the refinery of Bangchak on Sukhumvit 64 Rd. The stripper had a production capacity of 80,000 barrels per day. Currently, assessment of the effect and damages has not been completed. However, Bangchak Petroleum Public Co., Ltd (BCP) had insurance coverage for property damage and business interruption.

31.2 On July 31, 2012 the Company issued and offered unsecured unsubordinated debentures No.3/2012 amounting to Baht 10,000 million to general investors, the details of the debentures are as follow:

Condition	Details
Offering price (million Baht)	10,000.00
Tenor (years)	6 years 9 months 15 days
Fixed interest rate (% per annum)	Year 1 - 4 : 4.10 Remaining periods : 5.10
Interest instalments	Semi-annual interest payment On May 15 and November 15 (The first instalment on November 15, 2012)
Issue date	July 31, 2012
Maturity date	May 15, 2019

31.3 On July 20, 2012, the Board of Directors of the Company in Meeting No. 7/2012 passed a resolution to approve the purchase of up to 403,395,000 newly issued ordinary shares of PTTEP to maintain its existing shareholding in PTTEP at approximately 65.29% prior to the allocation of newly issued ordinary shares to the over-allotment agent.

31.4 The Audit Committee of the Company approved these financial statements for public issuance on August 8, 2012.

(TRANSLATION)

AUDITOR'S REPORT

TO: THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED

The Office of the Auditor General has audited the consolidated and the separate statements of financial position as at December 31, 2011 and 2010, and the related consolidated and the separate statements of income, of comprehensive income, of changes in equity, and of cash flows for the years then ended of the PTT Public Company Limited and its subsidiaries and of PTT Public Company Limited, respectively. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on the audits. The Office of the Auditor General did not audit the financial statements of certain subsidiaries and jointly controlled entities between PTT Public Company Limited and other companies, and between its subsidiaries and other companies, which financial statements reflect total assets and liabilities, constituting 28.86% and 13.78% as at December 31, 2011 and 34.64% and 33.80% as at December 31, 2010, respectively, of the related consolidated totals. Those statements were audited by other auditors whose reports thereon have been furnished to the office of the Auditor General and the opinion of the office of the Auditor General, insofar as it relates to the amounts included for those subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

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

สำนักงานการตรวจเงินแผ่นดิน

Office of the Auditor General

(TRANSLATION)

In the opinion of the Office of the Auditor General, based on the audits and the reports of the other auditors, the consolidated and the separate financial statements referred to above present fairly, in all material respects, the consolidated and the separate financial position of PTT Public Company Limited and its subsidiaries and of PTT Public Company Limited as at December 31, 2011 and 2010, and the consolidated and the separate results of operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

(Signed) *Poungchomnad Jariyajinda*

(Poungchomnad Jariyajinda)
Inspector General

(Signed) *Doungporn Muennuch*

(Doungporn Muennuch)
Director of Audit Office

สำนักงานการตรวจเงินแผ่นดิน
Office of the Auditor General
February 17, 2012

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011 AND 2010

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	2011	2010	2011	2010
			(Restated)		(Restated)
Assets					
Current assets					
Cash and cash equivalents	4	116,132,054,671	135,801,048,833	51,340,612,291	61,311,017,827
Current investments	5	10,961,666,994	21,783,590,159	9,758,576,305	20,891,870,129
Trade accounts receivable	6	171,361,544,041	140,348,479,080	157,057,537,383	148,173,632,772
Other accounts receivable	7	32,624,731,771	18,804,908,690	16,744,092,815	12,009,417,091
Short-term loans	8.1	4,999,170,504	284,032,738	5,540,512,739	674,885,032
Inventories	10	26,000,290,599	31,230,659,162	18,862,996,073	8,607,545,552
Materials and supplies	11	13,201,578,538	11,102,529,042	4,111,583,529	3,494,039,418
Other current assets		5,876,128,182	4,578,233,175	1,484,676,958	1,174,673,374
Total current assets		**381,157,165,300**	**363,933,480,879**	**264,900,588,093**	**256,337,081,195**
Non-current assets					
Available-for-sale investments	13	11,680,416,176	13,590,595,650	11,421,510,900	13,223,299,213
Investments in associates	12.3,12.4	227,732,639,043	205,062,693,918	120,212,474,472	115,259,730,449
Investments in subsidiaries	12.4	-	-	73,278,181,513	45,045,196,213
Investments in jointly controlled entities	12.4	-	-	22,739,274,827	22,067,622,412
Other long-term investments	14	1,749,852,705	2,179,358,395	1,106,117,996	1,106,117,996
Long-term loans	8.2	145,763,221	5,878,369,498	52,837,646,611	55,426,744,308
Investment properties	15	8,345,289,339	8,731,933,121	5,099,303,532	5,139,507,150
Property, plant and equipment	16	601,341,407,271	496,660,664,858	219,160,024,975	212,981,478,144
Intangible assets	17	52,613,777,875	20,712,453,922	13,865,968,171	13,996,271,502
Mining properties	18	33,914,479,701	32,699,297,892	-	-
Goodwill	19	28,347,704,751	17,541,828,888	-	-
Deferred tax assets	20	19,318,398,602	16,446,488,959	1,807,794,853	1,974,175,624
Advance payments for gas purchases	21	7,346,227,917	8,304,595,071	8,495,573,306	9,743,471,589
Other non-current assets	22	28,718,969,821	37,367,434,624	20,763,637,935	19,957,960,064
Total non-current assets		**1,021,254,926,422**	**865,175,714,796**	**550,787,509,091**	**515,921,574,664**
Total assets		**1,402,412,091,722**	**1,229,109,195,675**	**815,688,097,184**	**772,258,655,859**

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011 AND 2010

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
Liabilities and Equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	23	15,520,544,127	8,593,725,864	-	-
Trade accounts payable		164,300,728,974	137,222,313,887	162,392,716,091	136,189,250,949
Other accounts payable		13,392,300,878	12,027,384,223	8,553,489,060	8,526,872,277
Current portion of long-term loans	25	54,978,794,837	28,562,271,813	30,472,118,302	27,195,263,165
Short-term loans		-	7,944,914,750	6,094,303,584	2,564,782,400
Income tax payable		26,355,835,574	27,038,394,342	-	4,097,666,956
Accrued expenses		54,062,657,595	39,589,099,070	16,058,355,234	17,194,328,688
Short-term provision for decommissioning costs	27	2,312,666,525	3,753,368,515	-	-
Other current liabilities	24	4,592,374,625	4,932,573,049	3,510,666,798	3,178,600,890
Total current liabilities		**335,515,903,135**	**269,664,045,513**	**227,081,649,069**	**198,946,765,325**
Non-current liabilities					
Other long-term accounts payable	9.6	671,712,624	705,231,528	685,031,224	719,431,654
Long-term loans	25	337,423,813,560	342,466,775,251	213,299,643,983	239,630,439,808
Deferred tax liabilities	20	43,174,141,915	19,850,537,675	4,961,286,309	6,319,413,316
Employee benefit obligations	26	5,500,054,851	5,147,726,740	2,387,397,715	2,314,495,558
Long-term provision for decommissioning costs	27	22,628,852,001	22,151,780,423	-	-
Deposits on LPG cylinders		6,567,504,468	6,038,460,073	6,567,504,468	6,038,460,073
Other non-current liabilities	28	6,981,535,136	5,670,773,882	5,022,246,647	4,522,605,533
Total non-current liabilities		**422,947,614,555**	**402,031,285,572**	**232,923,110,346**	**259,544,845,942**
Total liabilities		**758,463,517,690**	**671,695,331,085**	**460,004,759,415**	**458,491,611,267**

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011 AND 2010

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	2011	2010	2011	2010
			(Restated)		(Restated)
Liabilities and Equity (Continued)					
Equity					
Share capital					
Authorized share capital					
2,857,245,725 ordinary shares of Baht 10 each	29.1	28,572,457,250	28,572,457,250	28,572,457,250	28,572,457,250
Issued and paid-up share capital					
2,856,299,625 ordinary shares of Baht 10 each	29.2	28,562,996,250		28,562,996,250	
2,849,042,025 ordinary shares of Baht 10 each	29.2		28,490,420,250		28,490,420,250
Premium on ordinary shares	29.2	29,211,131,966	27,585,429,566	29,211,131,966	27,585,429,566
Retained earnings					
Appropriated					
Legal reserve	30.1	2,857,245,725	2,857,245,725	2,857,245,725	2,857,245,725
Reserve for self-insurance fund	30.2	1,034,861,938	1,005,090,857	1,034,861,938	1,005,090,857
Unappropriated		500,929,192,499	428,455,273,592	290,592,601,966	249,981,088,941
Other components of equity		(6,675,214,432)	(7,689,623,648)	3,424,499,924	3,847,769,253
Total equity attributable to equity holders of the Company		555,920,213,946	480,703,836,342	355,683,337,769	313,767,044,592
Non-controlling interests		88,028,360,086	76,710,028,248	-	-
Total equity		**643,948,574,032**	**557,413,864,590**	**355,683,337,769**	**313,767,044,592**
Total liabilities and equity		**1,402,412,091,722**	**1,229,109,195,675**	**815,688,097,184**	**772,258,655,859**

The accompanying notes are an integral part of these financial statements

(Signed) Pailin Chuchottaworn
(Pailin Chuchottaworn)
President & Chief Executive Officer

(Signed) Tevin Vongvanich
(Tevin Vongvanich)
Chief Financial Officer

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	2011	2010	2011	2010
			(Restated)		(Restated)
Sales and service income	33	2,428,164,676,896	1,898,682,172,970	2,197,555,053,912	1,758,750,604,497
Cost of sales and services	35	2,208,895,705,623	1,724,780,052,269	2,118,188,516,700	1,693,959,981,330
Gross margin		**219,268,971,273**	**173,902,120,701**	**79,366,537,212**	**64,790,623,167**
Other income	34	16,601,460,342	13,025,889,809	38,950,511,050	31,041,296,773
Income before expenses		**235,870,431,615**	**186,928,010,510**	**118,317,048,262**	**95,831,919,940**
Selling expenses	35	10,439,160,482	11,267,895,665	9,187,616,934	10,165,329,770
Administrative expenses	35	33,911,360,845	24,670,338,542	19,743,394,464	15,408,631,266
Executive remunerations	9.10	655,802,601	709,394,643	125,084,349	123,124,356
Petroleum exploration expenses		6,615,168,228	2,721,147,164	-	-
Petroleum royalties and remuneration	36	22,029,599,601	18,540,069,013	-	-
Other expenses		6,449,546,687	1,929,057,976	46,342,898	-
(Gain) Loss on foreign exchange		(1,265,813,247)	(6,361,927,258)	(1,289,377,071)	(9,234,428,110)
Operating income		**157,035,606,418**	**133,452,034,765**	**90,503,986,688**	**79,369,262,658**
Share of income from investments in associates	37	29,462,624,212	18,815,955,242	-	-
Income before finance costs & income taxes		**186,498,230,630**	**152,267,990,007**	**90,503,986,688**	**79,369,262,658**
Finance costs	38	18,041,630,293	16,803,230,182	12,742,469,877	12,243,203,492
Income before income taxes		**168,456,600,337**	**135,464,759,825**	**77,761,516,811**	**67,126,059,166**
Income taxes	20	43,230,615,079	33,960,537,180	4,327,513,869	12,668,784,343
Income for the years		**125,225,985,258**	**101,504,222,645**	**73,434,002,942**	**54,457,274,823**
Attributable to:					
Equity holders of the Company		105,296,408,824	83,992,053,512	73,434,002,942	54,457,274,823
Non-controlling interests		19,929,576,434	17,512,169,133	-	-
		125,225,985,258	**101,504,222,645**	**73,434,002,942**	**54,457,274,823**
Basic earnings per share	31	36.91	29.58	25.74	19.18
Diluted earnings per share	31	36.89	29.50	25.73	19.16

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2011	**2010**	**2011**	**2010**
		(Restated)		**(Restated)**
Income for the years	125,225,985,258	101,504,222,645	73,434,002,942	54,457,274,823
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments	(1,282,620,467)	3,895,745,465	(1,216,188,313)	3,849,126,090
Income taxes related to unrealized gain (loss) on available-for-sale investments	792,918,984	(1,154,737,827)	792,918,984	(1,154,737,827)
Currency translation differences	9,467,735,552	(17,416,127,502)	-	-
Share of other comprehensive gain (loss) of associates	6,085,576,668	(211,636,280)	-	-
Other comprehensive income (loss), net of income taxes	15,063,610,737	(14,886,756,144)	(423,269,329)	2,694,388,263
Total comprehensive income for the years	**140,289,595,995**	**86,617,466,501**	**73,010,733,613**	**57,151,663,086**
Attributable to:				
Equity holders of the Company	117,259,091,650	75,743,268,526	73,010,733,613	57,151,663,086
Non-controlling interests	23,030,504,345	10,874,197,975	-	-
	140,289,595,995	**86,617,466,501**	**73,010,733,613**	**57,151,663,086**

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
CONSOLIDATED FINANCIAL STATEMENTS

Unit: Baht

		Total equity attributable to equity holders of the Company												
				Retained earnings			Other components of equity							
							Other comprehensive income (loss)							
	Notes	Issued and paid-up share capital	Premium on share capital	Legal reserve	Reserve for self-insurance fund	Unappropriated	Currency translation differences	Available-for-sale investments	Share of other comprehensive gain (loss) in associates	Surplus (Deficit) from the change in the ownership interests in subsidiaries	Total other components of equity	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at January 1, 2010		**28,337,848,250**	**24,552,672,966**	**2,857,245,725**	**988,613,104**	**368,621,344,561**	**(1,494,863,079)**	**1,153,368,193**	**3,559,561,798**	**604,149,855**	**3,822,216,767**	**429,179,941,373**	**68,910,650,673**	**498,090,592,046**
Cumulative effect of the changes in accounting policies	3.2.1	-	-	-	-	2,109,747,451	(3,516,237,638)	-	-	-	(3,516,237,638)	(1,406,490,187)	793,729,021	**(612,761,166)**
Balance after adjustment		**28,337,848,250**	**24,552,672,966**	**2,857,245,725**	**988,613,104**	**370,731,092,012**	**(5,011,100,717)**	**1,153,368,193**	**3,559,561,798**	**604,149,855**	**305,979,129**	**427,773,451,186**	**69,704,379,694**	**497,477,830,880**
Changes in equity for the year 2010														
Increase in share capital		152,572,000	3,032,756,600	-	-	-	-	-	-	-	-	3,185,328,600	403,150,400	**3,588,479,000**
Reserve for self-insurance fund	30.2	-	-	-	16,477,753	(16,477,753)	-	-	-	-	-	-	-	**-**
Dividend		-	-	-	-	(26,251,394,179)	-	-	-	-	-	(26,251,394,179)	(4,599,680,415)	**(30,851,074,594)**
Surplus (Deficit) from the change in the ownership interests in subsidiaries		-	-	-	-	-	-	-	-	253,182,209	253,182,209	253,182,209	(674,209)	**252,508,000**
Business acquisitions		-	-	-	-	-	-	-	-	-	-	-	328,654,803	**328,654,803**
Total comprehensive income (loss) for the year		-	-	-	-	83,992,053,512	(10,778,156,344)	2,741,007,638	(211,636,280)	-	(8,248,784,986)	75,743,268,526	10,874,197,975	**86,617,466,501**
Balance as at December 31, 2010		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**428,455,273,592**	**(15,789,257,061)**	**3,894,375,831**	**3,347,925,518**	**857,332,064**	**(7,689,623,648)**	**480,703,836,342**	**76,710,028,248**	**557,413,864,590**
Balance as at January 1, 2011		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**425,441,191,930**	**(2,577,798,386)**	**3,894,375,831**	**3,365,302,363**	**863,794,144**	**5,545,673,952**	**490,925,052,280**	**80,387,522,064**	**571,312,574,344**
Cumulative effect of the changes in accounting policies	3.2.1	-	-	-	-	3,014,081,662	(13,211,458,675)	-	(17,376,845)	(6,462,080)	(13,235,297,600)	(10,221,215,938)	(3,677,493,816)	**(13,898,709,754)**
Balance after adjustment		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**428,455,273,592**	**(15,789,257,061)**	**3,894,375,831**	**3,347,925,518**	**857,332,064**	**(7,689,623,648)**	**480,703,836,342**	**76,710,028,248**	**557,413,864,590**
Changes in equity for the year 2011														
Increase in share capital	29.2	72,576,000	1,625,702,400	-	-	-	-	-	-	-	-	1,698,278,400	317,046,472	**2,015,324,872**
Reserve for self-insurance fund	30.2	-	-	-	29,771,081	(29,771,081)	-	-	-	-	-	-	-	**-**
Dividend	41	-	-	-	-	(32,792,718,836)	-	-	-	-	-	(32,792,718,836)	(7,835,089,926)	**(40,627,808,762)**
Surplus (Deficit) from the change in the ownership interests in subsidiaries		-	-	-	-	-	-	-	-	(10,948,273,610)	(10,948,273,610)	(10,948,273,610)	120,275,706	**(10,827,997,904)**
Business acquisitions		-	-	-	-	-	-	-	-	-	-	-	(4,314,404,759)	**(4,314,404,759)**
Total comprehensive income (loss) for the year		-	-	-	-	105,296,408,824	6,370,840,313	(493,734,155)	6,085,576,668	-	11,962,682,826	117,259,091,650	23,030,504,345	**140,289,595,995**
Balance as at December 31, 2011		**28,562,996,250**	**29,211,131,966**	**2,857,245,725**	**1,034,861,938**	**500,929,192,499**	**(9,418,416,748)**	**3,400,641,676**	**9,433,502,186**	**(10,090,941,546)**	**(6,675,214,432)**	**555,920,213,946**	**88,028,360,086**	**643,948,574,032**

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
SEPARATE FINANCIAL STATEMENTS

Unit: Baht

		Total equity attributable to equity holders of the Company						
				Retained earnings			Other components of equity	
							Other comprehensive income (loss)	
	Notes	Issued and paid-up share capital	Premium on share capital	Legal reserve	Reserve for self-insurance fund	Unappropriated	Available-for-sale investments	Total equity
Balance as at January 1, 2010		**28,337,848,250**	**24,552,672,966**	**2,857,245,725**	**988,613,104**	**223,288,146,422**	**1,153,380,990**	**281,177,907,457**
Cumulative effect of the changes in accounting policies	3.2.1	-	-	-	-	(1,496,460,372)	-	**(1,496,460,372)**
Balance after adjustment		**28,337,848,250**	**24,552,672,966**	**2,857,245,725**	**988,613,104**	**221,791,686,050**	**1,153,380,990**	**279,681,447,085**
Changes in equity for the year 2010								
Increase in share capital		152,572,000	3,032,756,600	-	-	-	-	**3,185,328,600**
Reserve for self-insurance fund	30.2	-	-	-	16,477,753	(16,477,753)	-	**-**
Dividend		-	-	-	-	(26,251,394,179)	-	**(26,251,394,179)**
Total comprehensive income (loss) for the year		-	-	-	-	54,457,274,823	2,694,388,263	**57,151,663,086**
Balance as at December 31, 2010		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**249,981,088,941**	**3,847,769,253**	**313,767,044,592**
Balance as at January 1, 2011		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**251,597,216,474**	**3,847,769,253**	**315,383,172,125**
Cumulative effect of the changes in accounting policies	3.2.1	-	-	-	-	(1,616,127,533)	-	**(1,616,127,533)**
Balance after adjustment		**28,490,420,250**	**27,585,429,566**	**2,857,245,725**	**1,005,090,857**	**249,981,088,941**	**3,847,769,253**	**313,767,044,592**
Changes in equity for the year 2011								
Increase in share capital	29.2	72,576,000	1,625,702,400	-	-	-	-	**1,698,278,400**
Reserve for self-insurance fund	30.2	-	-	-	29,771,081	(29,771,081)	-	**-**
Dividend	41	-	-	-	-	(32,792,718,836)	-	**(32,792,718,836)**
Total comprehensive income (loss) for the year		-	-	-	-	73,434,002,942	(423,269,329)	**73,010,733,613**
Balance as at December 31, 2011		**28,562,996,250**	**29,211,131,966**	**2,857,245,725**	**1,034,861,938**	**290,592,601,966**	**3,424,499,924**	**355,683,337,769**

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
Cash flows from operating activities				
Income attributable to the equity holders of the Company	105,296,408,824	83,992,053,512	73,434,002,942	54,457,274,823
Adjustment of net income to net cash provided by (used in) operating activities:				
Depreciation, depletion and amortization	55,318,163,795	46,704,908,559	15,907,757,701	10,283,085,637
(Reversal of) Loss on impairment of assets	6,919,238,816	(74,886,501)	(893,136,283)	(75,407,254)
(Gain) Loss on disposal of assets	73,432,947	(494,107,434)	(19,395,401)	(197,537,592)
(Gain) Loss on disposal of investments	(993,858,274)	78,400,000	(1,417,514,904)	78,400,000
Write-off property, plant and equipment	461,008,276	(5,399,501)	399,092,166	(72,234,981)
Share of income from investments in associates	(29,462,624,212)	(18,815,955,242)	-	-
Income attributable to non-controlling interests	19,929,576,434	17,512,169,133	-	-
Provision for employee benefit obligations	604,661,614	725,785,544	232,152,324	314,715,821
Unrealized (Gain) Loss on foreign exchange	(667,960,809)	881,850,131	2,926,456,635	(5,434,881,825)
(Reversal of) Doubtful accounts	(261,091,935)	58,869,992	(259,082,266)	54,794,478
Amortization of exploration costs	4,598,349,506	1,426,444,825	-	-
Amortization of debenture discounts	27,546,380	27,546,380	27,546,380	27,546,380
Amortization of deferred interest from finance leases	26,303,101	20,850,041	25,705,588	17,980,482
Allowance for loss on decline in value of inventories	328,815,977	27,230,746	288,973,253	5,851,193
(Reversal of) Allowance for obsolete materials and supplies	(47,765,599)	-	(47,765,599)	1,178,822
Dividends income	(599,857,149)	(514,280,000)	(24,783,995,843)	(18,830,837,386)
Income taxes	43,230,615,079	33,960,537,180	4,327,513,869	12,668,784,343
Interest income	(3,477,502,255)	(2,679,085,381)	(4,873,459,757)	(3,852,357,879)
Interest expenses	17,376,431,932	16,053,104,586	12,245,706,241	11,635,782,945
Others	2,825,130	(4,410,440)	600,000	100,000
Net income from operating activities before changes in operating assets and liabilities	218,682,717,578	178,881,626,130	77,521,157,046	61,082,238,007

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
Changes in operating assets (increase) decrease				
Trade accounts receivable	(30,159,723,390)	(12,786,834,417)	(8,381,564,230)	(27,418,656,811)
Other accounts receivable and short-term loans	(9,169,957,173)	4,975,287,894	(2,975,386,531)	3,295,531,596
Inventories	4,949,763,572	(18,511,724,452)	(10,549,084,919)	(2,312,350,519)
Materials and supplies	(1,822,653,254)	(691,901,442)	(666,531,240)	(645,472,866)
Other current assets	(2,740,296,264)	(673,542,072)	662,877,334	200,992,282
Advance payments for gas purchases	7,786,823,006	11,070,056,214	8,577,154,953	11,739,116,156
Other non-current assets	(3,195,762,563)	(1,313,204,891)	(2,795,051,931)	(1,392,265,378)
Deferred tax assets	(19,375,768)	-	-	-
Changes in operating liabilities increase (decrease)				
Trade accounts payable	19,017,730,900	33,994,764,795	18,219,327,281	29,935,487,805
Other accounts payable	(290,110,844)	1,888,056,462	(335,849,005)	665,354,276
Accrued expenses	13,797,977,070	467,365,837	1,449,800,803	1,957,224,254
Other current liabilities	156,707,147	(339,710,675)	197,879,989	481,226,194
Deposits on LPG cylinders	529,044,395	557,596,570	529,044,395	557,596,570
Other long-term accounts payable	(33,949,713)	(39,264,990)	(34,421,297)	(43,801,272)
Deferred tax liabilities	7,677	25,108,577	-	-
Other non-current liabilities	904,733,286	2,006,959,467	364,871,857	1,615,817,433
	(289,041,916)	20,629,012,877	4,263,067,459	18,635,799,720
Cash received from operating activities	218,393,675,662	199,510,639,007	81,784,224,505	79,718,037,727
Interest received	1,420,179,595	544,724,850	502,943,090	135,914,190
Interest paid	(189,538,807)	(446,176,676)	-	-
Income tax paid	(42,074,236,760)	(43,706,692,257)	(9,655,026,600)	(14,153,261,267)
Net cash provided by operating activities	177,550,079,690	155,902,494,924	72,632,140,995	65,700,690,650

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment	62,745,278	1,516,193,612	60,097,531	1,476,177,497
Payment of property, plant and equipment	(108,043,747,301)	(102,590,084,221)	(24,502,316,887)	(20,050,513,274)
Advance payment of property, plant and equipment	-	(629,263)	-	-
Payment of intangible assets	(4,160,203,030)	(2,041,726,212)	(186,299,135)	(77,576,669)
Payment of mining property development	(62,084,455)	(2,451,174,587)	-	-
Payment of long-term rental contracts on land and building	(321,210,220)	(348,371,249)	(213,934,430)	(272,790,437)
Deposit on business acquisitions	-	(10,850,497,200)	-	-
Long-term loans	-	(340,238,416)	(4,097,257,304)	(30,956,438,525)
Short-term loans	(288,759,714)	(40,433,875)	(35,385,019)	20,791,013,476
Payment of investments in subsidiaries	(15,165,257,041)	-	(28,233,475,300)	(3,545,532,500)
Payment of investments in jointly controlled entities	(57,615,905,098)	-	(671,652,415)	(2,118,129,375)
Payment of investments in associates	(4,251,997,334)	(2,671,568,460)	(4,004,497,324)	(2,671,568,460)
Payment of other long-term investments	-	(1,313,782,686)	-	(1,250,000,000)
Proceeds from disposal of long-term investments	1,973,345,386	-	1,973,345,386	-
Proceeds from long-term loans	948,575,962	220,003,335	2,916,605,962	220,003,335
Proceeds from short-term loans	8,370,825	-	-	-
Proceeds from cancellation of leasehold in gas stations	18,108,253	20,551,486	18,108,253	20,551,486
(Increase) Decrease in current investments	10,800,315,199	(12,856,130,622)	11,118,566,398	(12,822,815,548)
Interest received	4,035,799,758	762,996,674	6,074,064,381	3,699,543,506
Dividends received	11,607,769,912	9,858,615,003	24,514,295,843	18,424,837,386
Net cash used in investing activities	(160,454,133,620)	(123,126,276,681)	(15,269,734,060)	(29,133,238,102)

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	2011	2010	2011	2010
			(Restated)		(Restated)
Cash flows from financing activities					
Proceeds from issuing ordinary shares		356,985,198	593,734,372	72,576,000	152,572,000
Proceeds from premium on share capital		1,625,702,400	3,032,756,600	1,625,702,400	3,032,756,600
Proceeds from long-term loans		20,713,594,064	23,802,722,557	8,284,000	9,872,415,000
Proceeds from issuing debentures		21,283,797,651	45,525,882,151	-	20,636,000,000
Proceeds from short-term loans		2,330,539,611	26,931,762,885	3,529,521,184	19,911,312,978
Proceeds from promissory notes		4,520,000,000	-	4,520,000,000	-
Repayment of promissory notes		(4,520,000,000)	-	(4,520,000,000)	-
Repayment of short-term loans		(2,057,513,686)	(18,615,635,128)	-	(17,346,530,578)
Repayment of long-term loans		(6,731,192,810)	(11,270,854,783)	(4,258,538,938)	(3,616,095,363)
Redemption of debentures		(14,749,338,905)	(12,354,534,040)	(14,749,338,905)	(3,300,000,000)
Redemption of PTT bonds		(8,000,000,000)	(9,000,000,000)	(8,000,000,000)	(9,000,000,000)
Repayment of finance lease installments		(226,042,568)	(211,094,447)	(193,643,205)	(184,203,820)
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions		(330,190,000)	2,939,229,336	-	-
Interest received		12,118,437	904,903	-	-
Interest paid		(18,548,318,494)	(14,718,785,877)	(12,628,273,267)	(11,931,883,711)
Dividends paid		(41,103,228,061)	(31,754,753,364)	(32,786,500,568)	(26,250,275,249)
Net cash provided by (used in) financing activities		(45,423,087,163)	4,901,335,165	(67,380,211,299)	(18,023,932,143)
Effects of exchange rates on cash and cash equivalents		1,488,739,034	(5,576,158,699)	47,398,828	(538,498)
Currency translation differences		7,169,407,897	(333,254,940)	-	-
Net increase (decrease) in cash and cash equivalents		(19,668,994,162)	31,768,139,769	(9,970,405,536)	18,542,981,907
Cash and cash equivalents at beginning of the years		135,801,048,833	104,032,909,064	61,311,017,827	42,768,035,920
Cash and cash equivalents at end of the years	4	**116,132,054,671**	**135,801,048,833**	**51,340,612,291**	**61,311,017,827**

The accompanying notes are an integral part of these financial statements

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. General Information

PTT Public Company Limited ("the Company") is incorporated as a public limited company in Thailand, and is listed on the Stock Exchange of Thailand. The address of its incorporated and registered office is as follows:

The Head Office of the Company is located at 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok, Thailand.

The Company's principal activity is the operation of its petroleum business. The Company has invested in subsidiaries, jointly controlled entities and associates ("the Group"), which are engaged in upstream petroleum, natural gas, downstream petroleum, coal and other related businesses as described in Note 39 "Segment Information".

As at December 31, 2011, the Group was operating in 26 countries (as at December 31, 2010: 27 countries).

2. Basis of Financial Statement Preparation

The consolidated and the separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act, B.E. 2543. These are Thai Accounting Standards under the Accounting Profession Act, B.E. 2547, including interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP), and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535.

The Company has presented the financial statements in compliance with the notification of the Department of Business Development "Definition of the abbreviated components required in the financial statements, B.E. 2554", dated September 28, B.E. 2554, under the third paragraph of section 11 of the Accounting Act, B.E. 2543.

The consolidated and the separate financial statements have been prepared based on the assumption that users of the financial statements have an understanding of Thai generally accepted accounting principles and practices, which may differ from generally accepted accounting principles adopted in other countries.

The consolidated and the separate financial statements have been prepared under the historical cost convention with the exception of certain amounts, which are accounted for using the fair value method as disclosed in Note 3.3 Accounting Policies.

The significant transactions arising among the Company, subsidiaries and jointly controlled entities are eliminated in the consolidated financial statements.

The consolidated and the separate financial statements are prepared and presented in Thai Baht and are rounded in the notes to financial statements to the nearest million unless otherwise stated.

This English translation of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

3. Accounting Policies

3.1 New and Revised Thai Accounting Standards (TASs), Thai Financial Reporting Standards (TFRSs), Financial Reporting Interpretations, Interpretation and Framework

During 2010 and 2011, the Federation of Accounting Professions (FAP) announced the following new and revised Accounting Standards, Financial Reporting Standards, Financial Reporting Interpretations and Interpretation and Framework in the Royal Thai Government Gazette.

Effective on May 26, 2010

◆Framework (revised 2009)

Effective for accounting periods on or after January 1, 2011

◆Thai Accounting Standard No.1 (revised 2009)	Presentation of Financial Statements
◆Thai Accounting Standard No.2 (revised 2009)	Inventories
◆Thai Accounting Standard No.7 (revised 2009)	Statement of Cash Flows
◆Thai Accounting Standard No.8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
◆Thai Accounting Standard No.10 (revised 2009)	Events after the Reporting Period
◆Thai Accounting Standard No.11 (revised 2009)	Construction Contracts
◆Thai Accounting Standard No.16 (revised 2009)	Property, Plant and Equipment
◆Thai Accounting Standard No.17 (revised 2009)	Leases
◆Thai Accounting Standard No.18 (revised 2009)	Revenue
◆Thai Accounting Standard No.19	Employee Benefits
◆Thai Accounting Standard No.23 (revised 2009)	Borrowing Costs
◆Thai Accounting Standard No.24 (revised 2009)	Related Party Disclosures
◆Thai Accounting Standard No.26	Accounting and Reporting by Retirement Benefit Plans
◆Thai Accounting Standard No.27 (revised 2009)	Consolidated and Separate Financial Statements
◆Thai Accounting Standard No.28 (revised 2009)	Investments in Associates
◆Thai Accounting Standard No.29	Financial Reporting in Hyperinflationary Economies
◆Thai Accounting Standard No.31 (revised 2009)	Interests in Joint Ventures
◆Thai Accounting Standard No.33 (revised 2009)	Earnings per Share
◆Thai Accounting Standard No.34 (revised 2009)	Interim Financial Reporting
◆Thai Accounting Standard No.36 (revised 2009)	Impairment of Assets
◆Thai Accounting Standard No.37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
◆Thai Accounting Standard No.38 (revised 2009)	Intangible Assets
◆Thai Accounting Standard No.40 (revised 2009)	Investment Property

3. Accounting Policies (Continued)

3.1 New and Revised Thai Accounting Standards (TASs), Thai Financial Reporting Standards (TFRSs), Financial Reporting Interpretations, Interpretation and Framework (Continued)

Effective for accounting periods on or after January 1, 2011 (Continued)

◆Thai Financial Reporting Standard No.2	Share-based Payment
◆Thai Financial Reporting Standard No.3 (revised 2009)	Business Combinations
◆Thai Financial Reporting Standard No.5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
◆Thai Financial Reporting Standard No.6	Exploration for and Evaluation of Mineral Resources
◆Thai Financial Reporting Interpretation No.15	Agreements for the Construction of Real Estate
◆Thai Standing Interpretation No.31	Revenue – Barter Transactions Involving Advertising Service

Effective for accounting periods on or after January 1, 2013

◆Thai Accounting Standard No.12	Income Taxes
◆Thai Accounting Standard No.20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
◆Thai Accounting Standard No.21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
◆Thai Standing Interpretation No.10	Government Assistance – No Specific Relation to Operating Activities
◆Thai Standing Interpretation No.21	Income Taxes – Recovery of Revalued Non – Depreciable Assets
◆Thai Standing Interpretation No.25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders

The Group adopts and applies the new and revised accounting standards, interpretations, financial reporting standards, and framework in accordance with the effective dates except for Thai Accounting Standard No.12 Income Taxes that has been adopted and applied before the effective date.

The adoption of the new and revised TASs and TFRSs, which are effective for accounting periods beginning on or after January 1, 2011, has resulted in changes in accounting policies of the Group. The effects of these changes are disclosed in Note 3.2.

The management of the Group has assessed and determined the potential impact of the new and revised standards and interpretations, which are effective on or after January 1, 2013, except for the Thai Accounting Standard No.12 Income Taxes that has been adopted and applied before the effective date, and concluded that they will have no material impact on the consolidated and the separate financial statements, except for Thai Accounting Standard No.21 (revised 2009) – The Effects of Changes in Foreign Exchange Rates (although this excludes a subsidiary which has adopted and applied Thai Accounting Standard No.21 before the effective date disclosed in Note 3.2.8). Currently, the management of the Group is considering the functional currency and its effects to the Group.

3. Accounting Policies (Continued)

3.2 Changes in Accounting Policies

3.2.1 Overview

From January 1, 2011, consequent to the adoption of new and revised TASs and TFRSs as set out in Note 3.1, the Group has changed its accounting policies in the following areas:

- Presentation of Financial Statements
- Accounting for Property, Plant and Equipment
- Accounting for Investment Properties
- Accounting for Employee Benefits
- Accounting for Share-based Payment
- Accounting for Business Combination
- Accounting for the Change in Functional Currency of Domestic Subsidiary

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in Notes 3.2.2 to 3.2.8. The impact of the changes on the 2010 financial statements is summarized as follows:

Unit: Million Baht

	Consolidated financial statements	Separate financial statements
Statement of financial position		
Equity as at January 1, 2010 – as reported	498,090.59	281,177.91
Changes as a result of the adoption retrospectively of:		
-Employee benefit obligations	(4,063.48)	(1,496.46)
-Provision for decommissioning costs	(122.47)	-
-Change in functional currency of a domestic subsidiary	3,573.19	-
Equity as at January 1, 2010 - restated	**497,477.83**	**279,681.45**
Equity as at December 31, 2010 – as reported	571,312.57	315,383.17
Changes as a result of the adoption retrospectively of:		
-Employee benefit obligations	(4,539.81)	(1,616.13)
-Provision for decommissioning costs	(135.64)	-
-Change in functional currency of a domestic subsidiary	(9,223.26)	-
Equity as at December 31, 2010 - restated	**557,413.86**	**313,767.04**

3. Accounting Policies (Continued)

3.2 Changes in Accounting Policies (Continued)

3.2.1 Overview (Continued)

Unit: Million Baht

	Consolidated financial statements	Separate financial statements
Statement of income for the year ended December 31, 2010		
Income before income tax – as reported	139,037.13	67,297.01
Changes before income tax as a result of the adoption retrospectively of:		
-Employee benefit obligations	(746.25)	(170.96)
-Provision for decommissioning costs	(13.17)	-
-Change in reporting currency of a domestic subsidiary	(2,812.95)	-
Income before income tax - restated	**135,464.76**	**67,126.05**
Income tax – as reported	(39,107.09)	(12,720.07)
Changes to income tax as a result of the adoption retrospectively of:		
-Employee benefit obligations	281.33	51.29
-Change in reporting currency of a domestic subsidiary	4,865.22	-
Income tax - restated	**(33,960.54)**	**(12,668.78)**
Income for the year - restated	**101,504.22**	**54,457.27**
Increase (Decrease) in earnings per share (Baht):		
- Basic earnings per share	0.32	(0.04)
- Diluted earnings per share	0.31	(0.04)

3.2.2 Presentation of Financial Statements

From January 1, 2011, the Group has applied Thai Accounting Standard No.1 (revised 2009) – Presentation of Financial Statements. Under the revised accounting standard, a set of financial statements comprises:

- Statement of financial position
- Statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

3. Accounting Policies (Continued)

3.2 Changes in Accounting Policies (Continued)

3.2.2 Presentation of Financial Statements (Continued)

As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it is also in conformity with the revised accounting standard. Such change in accounting policy only impacts presentation aspects.

3.2.3 Property, Plant and Equipment

Since January 1, 2011, the Group has applied Thai Accounting Standard No.16 (revised 2009) – Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised Thai Accounting Standard No.16 and affecting the Group are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured based on the estimated amount that the Group would currently obtain from the asset's disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

3.2.4 Investment Properties

Since January 1, 2011, the Group has applied Thai Accounting Standard No.40 (revised 2009) – Investment Property.

Under the revised accounting standard, investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment and measured using the cost model.

The Group has selected the cost model for accounting for its investment properties under the revised accounting standard. The change in accounting policy has been applied retrospectively and for comparative purposes, investment properties presented in the financial statements for the year ended December 31, 2010 have been reclassified from 'property, plant and equipment' to present separately under 'investment properties'. Moreover, the cost and accumulated depreciation as at January 1, 2010 and December 31, 2010 of the Group's investment properties previously included in property, plant and equipment, have been reclassified and presented separately under 'investment properties'. Apart from this reclassification, the change in policy has no impact on the 2010 financial statements. Details of investment properties are disclosed in Note 15.

3. Accounting Policies (Continued)

3.2.5 Employee Benefits

Since January 1, 2011, the Group has applied Thai Accounting Standard No.19 – Employee Benefits.

Under the new accounting policy, the Group's obligation in respect of post-employment benefits, provision for employee pension, is recognized in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this obligation was recognized as and when payments were made. The Group has opted to recognize actuarial science estimates in the statement of income in that period.

The change in this accounting policy has been applied retrospectively and the Group's 2010 financial statements have been restated for comparative purposes to the Group's 2011 financial statements. Details of employee benefit obligations are disclosed in Note 26.

3.2.6 Share-based Payments

Since January 1, 2011, the Group has applied Thai Financial Reporting Standard No.2 – Share-based Payment.

Thai Financial Reporting Standard No.2 share-based payment is a transaction in which the entity receives or acquires goods or services either as consideration for

- its equity instruments (equity settled share-based payment) recognized in equity
- cash or other assets for amounts based on the price of the entity's shares (cash settled share-based payment) recognized in liability.

The fair value of goods or services received will be measured at a granted date. The entity shall make no subsequent measurement to equity settled share-based payment after a granted date. However, the entity shall make subsequent measurement to cash settled share-based payment at fair value at each reporting date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

The Group has not applied the above accounting policy for share-based payment awards granted before January 1, 2011 in accordance with transitional provisions of Thai Financial Reporting Standard No.2. The adoption of this standard has had no material impact on the financial statements of the Group. Details of share-based payment awards granted before January 1, 2011 are disclosed in Note 32.

3. Accounting Policies (Continued)

3.2 Changes in Accounting Policies (Continued)

3.2.7 Business Combinations

Since January 1, 2011, the Group has adopted Thai Financial Reporting Standard No.3 (revised 2009) – Business Combinations and Thai Accounting Standard No.27 (revised 2009) – Consolidated and Separate Financial Statements.

Under the revised standard, for acquisitions on or after January 1, 2011, the Group measures goodwill at the acquisition date as:

- The fair value of any consideration transferred *plus*
- The recognized amount of any non-controlling interest in the acquiree, *plus*
- The fair value of the existing equity interest in the acquiree, if the business combination is achieved in stages, , *less*
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the statement of income.

The consideration transferred excludes amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the statement of income.

Costs related to the acquisition, other than those associated with the registration and issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the statement of income.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which replacement awards relate to past and/or future service.

3. Accounting Policies (Continued)

3.2 Changes in Accounting Policies (Continued)

3.2.8 Change in Functional Currency of a Domestic Subsidiary

Since January 1, 2011, a subsidiary of the Company (PTT Exploration and Production Public Co., Ltd. (PTTEP)) has changed its functional currency from Thai Baht to USD so that the financial statements of PTTEP more accurately reflect the effects of trading transactions and other situations impacting financial position, operating results and cash flows of the company. As the change above was considered a change in accounting policy, PTTEP restated its financial statements. The Group prepared consolidated financial statements based on PTTEP's financial statements translated into Thai Baht. The details of the impact on the consolidated financial statements are as follows:

	Unit: Million Baht Consolidated financial statements Increase (Decrease)
Statement of financial position as at December 31, 2010	
- Total assets	(20,710.60)
- Total liabilities	(11,487.34)
- Total equity	(9,223.26)
Statement of income for the year ended December 31, 2010	
- Total income	(6,797.22)
- Cost of sales and total expenses	(3,984.27)
- Income tax expense	(4,865.22)
- Net income for the period	2,052.27

3.3 Significant Accounting Policies

3.3.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments which have original maturities within three months. Bank overdrafts and short-term loans from financial institutions are included in current liabilities in the statement of financial position.

3. Accounting Policies (Continued)

3.3. Significant Accounting Policies (Continued)

3.3.2 Trade Accounts and Other Accounts Receivable

Trade accounts receivable and other accounts receivable are carried at net realizable value. Doubtful accounts receivable are estimated at percentages based on the aging of outstanding receivables at the statement of financial position date and expected non-collectible amounts are estimated based on the amount of outstanding receivables at the statement of financial position date, the receivables' repayment history and their current financial status. Bad debt is recorded as selling and administrative expenses in the statements of income.

3.3.3 Inventories

Inventories are stated at the lower of the cost of acquisition or net realizable value. Cost is determined using the weighted average cost method. The cost of inventory comprises total purchasing costs, payments related to purchasing, discounts, and quantity discounts as well as contributions to or compensation from the Oil Stabilization Fund. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and related selling expenses. When net realizable value of inventories is lower than cost of acquisition, it is presented under cost of goods sold in the statement of income. An allowance for impairment will be recognized for slow-moving, obsolete or defective inventories.

3.3.4 Materials and Supplies

Materials and supplies are stated at cost determined by using the weighted average cost method, less allowance for obsolete, defective or unserviceable items.

3.3.5 Investments in subsidiaries

Subsidiaries are those companies controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their 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 purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of any consideration transferred, the recognized amount of any non-controlling interest in the acquiree, and the fair value of the existing equity interest as of the purchasing date (if the business combination is achieved in stages)

- For each business combination, the Group measures the recognized amount of any non-controlling interest in the acquiree at either the fair value or the non-controlling interest's proportionate share of the net of identifiable assets of the acquiree.
- In the case of a business combination achieved in stages, the Group measures the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and recognized in the statement of income.
- Costs related to the acquisition, other than those associated with the registration and issue of debt and equity securities, are recognized as expenses in the statement of income.

The Group measures the identifiable assets and liabilities acquired at fair value as of the acquisition date.

Any changes in the equity interest in subsidiaries of the Group while control is retained are recorded in equity.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.5 Investments in Subsidiaries (Continued)

Investments in subsidiaries have been presented in the separate financial statements under the cost method.

A list of subsidiaries of the Group is set out in Note 12.1 and 12.2.

3.3.6 Investments in Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies.

The Group uses the purchase method to record the acquisition of associates. Costs which are higher than the acquisition-date fair value of identifiable assets and liabilities of the acquirer's equity interest in associates are recorded as goodwill and included in the investment in associates.

The consolidated financial statements include the Group's share of the total recognized gains and losses from associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. Unrealized gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates unless the transactions provide evidence of impairment of the transferred assets.

The Group records share of gains or losses from associates in proportion to the Group's equity interest in those gains and losses. Any dividends received from associates are deducted from the book value of the investments.

When the Group's share of losses in associates equals or exceeds its interest in the associates, the Group does not recognize further losses, unless the Group has incurred collateral or constructive obligations or made payments on behalf of the associates.

Investments in associates have been presented in the separate financial statements under the cost method and in the consolidated financial statements under the equity method.

A list of associates of the Group is set out in Note 12.1 and 12.2.

3.3.7 Investments in Jointly Controlled Entities

Established by contractual agreement, jointly controlled entities are those entities over which the Group has joint control. Jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. Under this method, the Group includes its share of the jointly controlled entities' revenues, expenses, assets, liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements, from the date that joint control commences until the date that joint control ceases.

The Group recognizes the portion of gains or losses on sales of assets by the Group to the jointly controlled entities that is attributable to other ventures. The Group does not recognize its share of gains or losses from the jointly controlled entities that results from the purchase of assets by the Group from the jointly controlled entities until it sells the assets to an independent party. However, when loss on the transaction evidences a reduction in the net realizable value of current assets or an impairment loss, the loss is recognized immediately.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.7 Investments in Jointly Controlled Entities (Continued)

The Group's interests in jointly controlled entities are presented in the separate financial statements under the cost method.

A list of jointly controlled entities of the Group is set out in Note 12.1 and 12.2.

3.3.8 Other Investments

Investments other than investments in subsidiaries, associates, and jointly controlled entities are classified as available-for-sale investments, and general investments.

Investments in equity securities and mutual funds which are marketable securities are classified as available-for-sale investments and carried at fair value in the statements of financial position. Any value changes are recognized as unrealized gain (loss) and presented separately in other components of equity. Changes in value during period are presented in the comprehensive income statement.

Investments in non-marketable securities, which are classified as general investments, are carried at cost in the statement of financial position less accumulated impairment losses to recognize the unrealized losses on investments if the value of the investments decreases substantially. Impairment testing is performed when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment losses are recognized in the statements of income immediately.

Upon the disposal of investments, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statements of income. When disposing of part of the Group's particular investment in debt or equity securities, the carrying amount of the part disposed is determined by reference to the weighted average carrying amount of the total holding of the investment.

3.3.9 Related Parties

Related parties of the Company are those enterprises or individuals that control or are controlled, directly or indirectly by the Company, or are under common control with the Company, including holding companies, subsidiaries, and fellow Group subsidiaries, as well as those that have equity interests in the Company that result in significant influence or joint control over the Company. In addition, related parties include associates, jointly controlled entities, the management, directors of the Company, and entities which the management or directors of the Company, directly or indirectly, control, jointly control, or significantly influence.

In considering each possible related party relationship, attention is directed more to the substance of the relationship than to the legal form.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.10 Foreign Currency Translation

Foreign currency transactions are translated into Thai Baht at the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the statements of income date denominated in foreign currencies are translated into Thai Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

Assets and liabilities of integrated foreign operations are translated into Thai Baht using the closing rate at the statements of financial position date. Revenues and expenses are translated into Thai Baht using the average rate during the period. Differences arising from currency translation are included in other components of equity under shareholders' equity.

Upon the disposal of self-sustaining foreign entities, accumulated currency translation differences under shareholders' equity are recognized as gains or losses on disposal.

3.3.11 Borrowing Costs

Borrowing costs comprise interest and other costs associated with the borrowings. Borrowing costs incurred on qualifying assets included in property, plant and equipment are capitalized as a cost of the qualifying property until substantially all the activities necessary to prepare the property for its intended use are completed. The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted-average interest rate applicable to the outstanding borrowings during the year. When funds are borrowed specifically for the construction or the production of property, plant and equipment, the amount of borrowing costs for capitalization is determined from the actual borrowing costs during the year less any income on the temporary investment of those borrowings.

All other borrowing costs are expensed in the period they incurred.

3.3.12 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost less accumulated depreciation and allowance for impairment. The costs comprise any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. These include decommission costs, delivery and restoration costs, and any obligation associated with either its acquisition or a consequence of having used the items.

Repair and maintenance costs are recognized as expenses in the statements of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits exceeding the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. When replacement costs are recognized in the carried amount of the property, plant and equipment, the replaced items are to be written off.

The Group depreciates each significant component of property, plant and equipment separately.

The Group estimates the carrying amount of the property, plant and equipment based on current assessment of the future economic benefits. The Group reviews the recoverable amounts, the useful lives and depreciation methods of assets at least once a year.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.12 Property, Plant and Equipment (Continued)

Depreciation is accounted for as expenses in the statements of income and is calculated using the straight-line method over the estimated useful lives of the assets, which are as follows:

Buildings and building improvements	5 – 30 years
Machinery and equipment	5 – 40 years
Other assets	5 – 10 years

Land and construction in progress are not depreciated.

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from sales with the carrying amounts on the disposal dates, and are included in operating income or loss.

Oil and Gas Exploration and Production Properties

The petroleum exploration and production business accounts for its oil and gas exploration and production properties in accordance with the successful efforts method for which the accounting policies are as follows:

Cost of Properties

The cost of properties comprises the total acquisition costs of concession rights or a portion thereof proportionate to the Company's interest in the properties including decommissioning costs.

Exploratory drilling costs are capitalized and are classified as assets of the projects if the exploratory wells have found proved reserves to be commercially produced. If the exploratory wells have not found proved reserves or found insufficient reserves for commercial operation, such drilling costs are expensed in the statements of income.

Exploratory costs, comprising geological and geophysical costs as well as area reservation fees during the exploration stage, are charged as expenses in the statement of income when incurred.

Development costs, whether relating to successful or unsuccessful development wells, are capitalized and classified as assets.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.12 Property, Plant and Equipment (Continued)

Depreciation

The capitalized acquisition costs of concession rights are depleted and amortized using the unit of production method based on estimated proved reserves. Depreciation, depletion and amortization of exploratory wells, development costs, equipment and the operating costs of support equipment as well as decommissioning costs, except unsuccessful projects, are calculated using the unit of production method based on estimated proved reserves or proved developed reserves. Changes in reserve estimates are recognized prospectively.

Proved reserves and proved developed reserves are calculated by the Group's own engineers and based on information from the jointly controlled entities.

Carried Cost under Petroleum Sharing Contracts

The petroleum exploration and production business records the carried cost under petroleum sharing contracts using the following accounting policies.

Under Petroleum Sharing Contracts in which the government has a participating interest, some contracts require the contractor parties excluding the government to fund the costs of all exploration operations until determination of the first development area (carried cost). The carried costs are funded by the contractor parties at the proportion agreed among the parties. When the project commences production, the carried costs will be fully recouped without interest among the contractor parties under the agreed procedures, in the form of petroleum product sharing. The Group records the carried costs according to the type of petroleum operations, under the successful efforts method. Most of them are recorded as oil and gas properties in the statements of financial position while exploration expenses are recorded in the statements of income as detailed in Note 16.

3.3.13 Investment Properties

Investment properties are initially recognized at cost, including expenses directly associated with the asset acquisition, less accumulated depreciation and amortization.

The Group has selected the cost model for accounting for its investment properties. This model is in accordance with that described in the accounting policy for property, plant and equipment.

Depreciation is accounted for as expenses in the statements of income and is calculated using the straight-line method over the estimated useful lives of the assets, which range from 5-30 years. Land and construction in progress are not depreciated.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.14 Intangible assets

Intangible assets are initially recognized at cost less accumulated amortization and impairment. Amortization is accounted for as expenses in the statements of income.

The Group records the initial costs of intangible assets from business combination at the acquisition-date fair value of the assets. Intangible assets from other sources are initially recognized at their costs.

Intangible assets include computer software licenses, asset rights such as gas transmission pipelines, resource exploration and valuation assets, and other intangible assets, such as other operating rights, patents, and customer contracts.

Exploration and evaluation assets are intangible assets that are recognized at cost in a petroleum exploration and production business. If exploratory projects have found sufficient reserves to be commercially produced, assets under those projects will be transferred to assets under proved reserve project. Subsequently, their values are evaluated based on the method stated in Note 3.3.12 property, plant and equipment. If exploratory projects have not found proved reserves or found insufficient reserves for commercial operation, assets under those projects will be fully expensed in the statements of income.

Other intangible assets are amortized and recorded as expenses in the statements of income using the straight-line method over the contract periods which range from 5-30 years, except customer contracts which are amortized based on estimated sales volume.

The Group reviews the carrying amount and useful lives of intangible assets at least once a year.

3.3.15 Mining Properties

The coal business applies the following accounting policy for coal exploration and production properties including coal mining property rights and deferred mining exploration and development expenditures.

Coal Mining Property Rights
Coal mining property rights comprise the total acquisition costs of concession rights in coal mining including both coal mining exploration and development expenditures.

Deferred Mining Exploration and Development Expenditures
Exploration expenditures relating to areas of interest are recorded at cost as deferred exploration expenditures, which comprise net direct costs, such as licenses, geological and geophysical exploration expenditures, excluding general overheads and administrative expenditures not directly attributable to a particular area of interest, where:

a) Such costs are expected to be recovered when the areas are successfully developed and mining operations commence, or from the sales of the areas of interest.

b) Exploration activities in the areas of interest have not reached the stage which permits a reasonable assessment of the existence of commercial recoverable reserves, and active operations in the areas of interest are continuing.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.15 Mining Properties (Continued)

The recoverable amount of exploration expenditures is thus dependent upon a successful development and receivable economic benefits. When the economic benefits are expected to be minimal or non-existent, deferred exploration expenditures are written off as expenses in the statements of income immediately.

Development expenditures and costs of area development prior to commencement of operations are capitalized as deferred costs so long as they meet the above criteria and it is highly probable that they can create future economic benefits.

Amortization

Amortization of coal mining property rights is calculated using the units of production method over the production amount.

The amortization of deferred mining exploration and development expenditures commences when commercial coal production activities commence, using the units of production method.

The volume of proportional production and the useful lives of coal mining concessions are estimated and reviewed by the Group.

3.3.16 Goodwill

The Group records the initial value of goodwill at cost, representing the excess of the acquisition costs over the fair value of the net assets acquired. Where the fair value of the net assets exceeds the cost of acquisition at the acquisition date, the difference is recognized as a gain in the statements of income immediately.

The Group recognizes goodwill at cost less accumulated impairment losses. The Group will carry out a test for impairment of goodwill at least once a year or when there are factors indicating that an investment might be impaired.

To test for impairment, the Group allocates goodwill from business combinations to each cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies of the combination. The Group evaluates the recoverable amount of each cash-generating unit (or group of cash-generating units) and if it is lower than the carrying amount of the unit, the Group recognizes impairment losses. Allowance for impairment of goodwill will not be reversed.

3.3.17 Finance Leases – Where the Group is the lessee

Leases of property, plant and equipment, where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are capitalized at the lower of the estimated net present value of the underlying minimum lease payments or fair value. Each minimum lease payment is allocated between liabilities and finance charges in order to achieve a constant interest rate on the remaining balance of the liabilities. The finance leases' liabilities less finance charges are presented as long-term loans. Interest expenses are charged to the statements of income over the lease period. Depreciation is charged over the shorter of the assets estimated useful life or the lease period.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.18 Operating Leases – Where the Group is the lessee

Leases of property, plant and equipment where the lessor assumes a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the statements of income using the straight-line method over the period of the lease.

The costs incurred upon termination of the operating lease agreements prior their maturity, such as compensation paid to the lessor for such termination, are recognized as expenses in the period in which the termination takes place.

3.3.19 Advance Payments for Gas Purchased under Take-or-Pay Agreements

The Company has entered into gas purchase agreements with natural gas producers, under which the Company is required to take delivery of natural gas at annual minimum quantities. During each contract year, if the Company cannot accept natural gas according to the minimum quantities under the agreements, it is required to pay for the volume of natural gas which it cannot actually take (Take-or-Pay). After the end of each contract year, the Company and the natural gas producers have to agree on and accept the volume of gas that should be taken into the calculation of Take-or-Pay for that contract year, which is subject to the basis and conditions in the agreements. Under the agreements, the Company can take certain volumes of prepaid gas (Make-up) in subsequent years after taking delivery of natural gas at the minimum quantities for that given contract year. The Company recognizes its obligations under the agreements as advance payments for gas purchased.

3.3.20 Impairment of Assets

The Group performs the following tests for impairment of assets:

- Assessment of goodwill is performed annually.
- Impairment of property, land and equipment or other intangible assets will be made whenever there is an indication that an asset may be impaired.

The Group recognizes impairment loss when the recoverable amount of an asset is lower than its carrying amount, which is the higher of the asset's fair value less cost to sell and its value in use. The Group determines value in use by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. The calculation reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Group recognizes an impairment loss in the statement of income.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.21 Provision for Decommissioning Costs

The Group records a provision for decommissioning costs whenever it is highly probable that an obligation will arise as a result of a past event and the amount of the obligation can be reliably estimated.

The Group recognizes a provision for decommissioning costs based on an estimate of the eventual costs that relate to the removal of the production facilities. These costs are included as part of the cost of the oil and gas properties and are amortized based on proved reserves using the unit of production method. The estimates of decommissioning costs are determined based on reviews and estimates by the Group's engineers and management's judgment.

3.3.22 Employee Benefit Obligations

Employee benefit obligations of the Group were measured and recognized as follows:

1. Short-term employee benefits are recognized in the statement of income as expenses when incurred.
2. Post-employment benefits – defined contribution plans
   The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.
3. Post-employment benefits – defined benefit plans
   The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method, in order to determine present value of the obligation, current service cost and past service cost. These are recognized as a liability in statements of financial position and expenses in the statement of income. Actuarial gains and losses arising from post-employment benefits are recognized immediately as expense in the statement of income.
4. Other long-term employment benefits
   The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method, in order to determine present value of the obligation, current service cost and past service cost. These are recognized as a liability in statements of financial position and expenses in profit and loss. Actuarial gains and losses arising from post-employment benefits are recognized immediately as expense in profit and loss.
5. Termination benefits are recognized as a liability or an expense when, and only when, the Company is demonstrably committed to either:
   - terminate the employment of an employee or a group of employees before the normal retirement date; or
   - provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.23 Income tax

Current tax

The Group is taxed on its non-promoted businesses pursuant to the Revenue Code of Thailand, the Petroleum Income Tax Act, B.E. 2514 (1971) and Amendment, B.E. 2532 (1989) and other applicable laws and regulations of other countries in which the Group has invested.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted at the statements of financial position date in the taxable period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in the statements of financial position using the liability method for temporary differences between the carrying amounts of tax bases of assets and liabilities and the carrying amounts in the financial statements. The principal temporary differences arise from the allowance for doubtful accounts, accumulated depreciation of plant and equipment and amortization of decommissioning costs, including compensation receivable from the Oil Stabilization Fund and differences between the fair value of acquired assets and their tax bases.

Deferred tax is measured using the tax rates enacted at the statements of financial position date.

Deferred tax assets are recognized to the extent that it is highly probable that the future taxable profits of the Group will be available against which the temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

Deferred tax assets and liabilities are offset when there is the legal right to settle on a net basis and the deferred tax balances relate to the same taxation authority.

3.3.24 Revenue Recognition

The Group recognizes revenue from sales upon the delivery of products or when the significant risks and rewards of ownership are transferred to the customers. Revenue from services is recognized over the period in which the services are rendered. These revenues are net of trade discounts.

Other revenue is recognized on the following basis:

Interest income - time proportion basis using the effective yields of interest bearing assets
Royalty income - accrual basis in accordance with the substance of the relevant agreements
Dividend income - when the right to receive the dividend is established.

Revenue from sources other than those mentioned above is recognized using the accrual basis.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.25 Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares held by third parties in issue during the year.

In calculating diluted earnings per share, the Company assumes that all potential dilutive ordinary shares issued to its managements and employees will be converted. As a result, net income of the Group recognized in the financial statements of the Company is adjusted to reflect the dilution of its shareholding that would be caused by such conversion. The calculation of the weighted average number of ordinary shares is based on market price (average price of the Company's ordinary shares during the period) and the exercise price of the warrants in order to determine the number of ordinary shares held by third parties in the diluted earnings per share calculation.

3.3.26 Share-based payments

The Group recognizes equity-settled share-based payments at fair value of warrants at the grant date and expenses them over the vesting period of warrants, while presenting equity from share-based payments in shareholders' equity. Measurement of the fair value of share-based payments requires the use of judgment and the selection of suitable assumptions regarding items such as the vesting period of the warrants, fluctuation in share price and dividend rate, etc.

The Group did not apply the above accounting policy for share-based payment awards prior to January 1, 2011 in accordance with the transitional provisions of Thai Financial Reporting Standard No.2. Details of share-based payment awards granted before January 1, 2011 are disclosed in Note 32.

3.3.27 Financial Instruments

Financial assets in the statements of financial position include cash and cash equivalents, current investments, trade accounts receivable, other accounts receivable, short-term loans and long-term loans. Financial liabilities in the statements of financial position include bank overdrafts and short-term loans from financial institutions, trade accounts payable, other accounts payable, short-term loans and long-term loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group utilizes financial instruments to reduce its risk exposure associated with fluctuations in foreign currency exchange rates, interest rates as well as oil and gas market prices. These instruments primarily comprise:

Forward Foreign Exchange Contracts

Forward foreign exchange contracts protect the Group from fluctuations in exchange rates by establishing the rates at which foreign currency assets will be realized or foreign currency liabilities will be settled. Forward foreign exchange contracts are recognized in the financial statements on inception. The premium or discount on the establishment of each agreement is amortized over the contract period.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.27 Financial Instruments (Continued)

Cross-currency and Interest Rate Swap Contracts

Cross-currency and interest rate swap contracts protect the Group from fluctuations in exchange rates and interest rates. Foreign currency financial assets and liabilities as at the statements of financial position date are protected by cross-currency contracts and are translated to Thai Baht using the rates determined in the contracts. Gains or losses on early termination of such contracts or on early-repayment of the borrowings before maturity are taken to the statements of income.

Futures Oil Contracts

The Company has entered into futures contracts to hedge risks arising from fluctuations in oil prices in accordance with its oil purchase and sale agreements by determining future oil prices. Gains or losses arising from these contracts are recorded in the statements of income at the maturity of the futures contracts.

The risk management policy is described in Note 40: Disclosure of Financial Instruments.

3.3.28 Use of Estimates and Significant Assumptions

The preparation of financial statements in conformity with Thai Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions used in the preparation of financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant assumptions and the sources of contingent estimates that might impact on the carrying amounts of assets and liabilities presented in the financial statements are as follows:

Provisions

The Group recognizes a provision in the statements of financial position if, as a result of a past event, the Group has a present obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Group records provisions for decommissioning costs when it is highly probable that a commitment will arise as a result of past circumstances and the amount can be estimated reliably.
The Group recognizes the provisions for decommissioning costs based on estimated amount of decommissioning of completed construction that is ready for its intended use. These costs are included as part of oil and gas exploration and production properties and are amortized using the units of production method based on estimated proved reserves. The provision for decommissioning costs is determined based on reviews and estimates by the Group's engineers together with the management's judgment.

Provisions for decommissioning costs depend on various current circumstances such as laws and regulations, technological changes and market prices so the actual result is likely to be different from estimations and assumptions.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.28 Use of Estimates and Significant Assumptions (Continued)

Income Tax

The Group is responsible for the payment of tax in various countries. When deferred tax liabilities are estimated, the Group uses significant judgment due to the numerous transactions and calculations arising from its operations.

The Group recognizes deferred tax liabilities based on estimated incremental tax payments. The difference between the actual tax paid and the estimate will affect income tax and deferred tax in the period in which payment of the difference occurs.

A deferred tax asset will be recognized when it is highly probable that the Group will have sufficient net income against which to utilize the temporary difference. Assumptions related to future taxable income are uncertain and may change affecting the recognition of deferred tax assets.

Estimation of Petroleum Reserves

Petroleum reserves are of fundamental importance when assessing investments in various exploration projects and petroleum production businesses, including impairment testing. Changes in proved reserves will affect the present value based on net cash inflows and depreciation expenses which are calculated using the unit of production method.

The proved reserves are the volume of commercial petroleum production as of a certain date with a high probability of achievement under current economic conditions and production methods, as well as government's rules and regulations. The proved reserves will be checked and assessed annually by the Group's geologists and reservoir engineers.

Exploration Costs

The petroleum exploration and production businesses capitalize drilling costs as assets. When they are over 12 months old, they are amortized as expenses in the statements of income except where there is (1) a discovery of proved reserves, or (2) a discovery of commercially adequate reserves whilst having future exploration and assessment plans. The decision to amortize drilling petroleum costs recorded as assets over 12 months should be made using the assumptions under current circumstances. In case those should such assumptions change in subsequent accounting periods, the petroleum drilling costs that are capitalized as assets will be written off as expenses in that accounting period.

Impairment of Assets

The Group considers recording an allowance for impairment of assets when an event or a circumstance indicates that the carrying amount of an asset is higher than its net realizable value, which is the higher of the anticipated discounted cash flows from the continuing use of the asset or the amount obtainable from the sale of the asset less any costs of disposal. As a result, the carrying amount of an asset is written down immediately to its net realizable value. The decrease is recorded in the statements of income. Thus, the loss on impairment of assets excluding goodwill recognized in the prior period will be reversed if the estimation for indicated net realizable value changes.

3. Accounting Policies (Continued)

3.3 Significant Accounting Policies (Continued)

3.3.28 Use of Estimates and Significant Assumptions (Continued)

Impairment of Assets (Continued)

The Group's estimate of the expected amount of future petroleum production (exploration and production business) is a key factor in impairment tests. The Group believes these to be the most reasonable indicators for estimating future cash flows because future petroleum production comprises proved reserves, including expected proved reserves.

The estimation of discounted future cash flows depends on various factors such as the expected amount of future production, future selling prices, demand and supply in the market, risks and gross margins. The discounted rates used in the calculation of present value of future cash flows depend on the cost of capital of the asset unit.

3.3.29 Capital Risk Management

The capital management objective of the Group is to create returns for shareholders and other stakeholders whilst maintaining a reasonable capital structure to decrease the cost of capital.

3.3.30 Segment Information

The Group has presented its financial information by business segments, not by geographical segments because geographical segments other than Thailand account for less than 10% of consolidated revenues, operating results and total assets.

4. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash on hand	453.47	270.97	213.95	223.38
Deposits held at call with banks	68,057.99	95,355.88	21,892.01	25,571.39
Fixed deposits	19,649.05	13,286.58	15,600.00	9,925.29
Treasury bills	13,066.89	-	-	-
Promissory notes	5,770.00	1,296.65	4,500.00	-
Bank of Thailand Bonds	9,134.65	25,590.96	9,134.65	25,590.96
Total	116,132.05	135,801.04	51,340.61	61,311.02

Cash and cash equivalents as at December 31, 2011 mainly bear interest at rates ranging from 0.10% to 6.00% per annum (December 31, 2010: interest rates ranging from 0.03% to 5.00% per annum).

5. Current Investments

Current investments as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Fixed deposits	4,305.56	2,594.36	4,032.61	2,282.39
Treasury bills	-	915.81	-	915.81
Bonds	1,136.37	13,230.76	206.23	12,673.93
Promissory notes	5,500.00	5,022.92	5,500.00	5,000.00
General investments	19.74	19.74	19.74	19.74
Total	10,961.67	21,783.59	9,758.58	20,891.87

Current investments as at December 31, 2011 mainly bear interest at rates ranging from 1.80% to 4.15% per annum (December 31, 2010: interest rates ranging from 1.35% to 2.30%per annum).

6. Trade Accounts Receivable

Trade accounts receivable as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade accounts receivable	107,875.52	84,417.86	81,012.79	68,776.04
Notes receivable	1,037.59	1,154.32	1,037.59	1,154.32
	108,913.11	85,572.18	82,050.38	69,930.36
Less Allowance for doubtful accounts	(1,850.13)	(2,125.76)	(724.45)	(983.54)
Trade accounts receivable – others	107,062.98	83,446.42	81,325.93	68,946.82
Trade accounts receivable – related	64,643.44	57,255.45	76,076.49	79,580.21
Less Allowance for doubtful accounts	(344.88)	(353.40)	(344.88)	(353.40)
Trade accounts receivable – related (Note 9.1)	64,298.56	56,902.05	75,731.61	79,226.81
Total	171,361.54	140,348.47	157,057.54	148,173.63

Aging analysis is as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Within credit terms	168,337.87	137,256.15	151,499.13	142,745.65
Overdue				
- Within 3 months	2,222.92	1,818.62	1,903.45	1,012.30
- Over 3 - 6 months	638.46	1,062.99	437.52	1,162.57
- Over 6 -12 months	492.93	1,017.86	331.90	1,483.48
- Over 12 months	1,864.37	1,672.01	3,954.87	3,106.57
	173,556.55	142,827.63	158,126.87	149,510.57
Less Allowance for doubtful accounts	(2,195.01)	(2,479.16)	(1,069.33)	(1,336.94)
Total	171,361.54	140,348.47	157,057.54	148,173.63

Trade accounts receivable as at December 31, 2011 include receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 15,525.16 million (December 31, 2010: Baht 16,005.50 million), and in the separate financial statements amounting to Baht 15,362.08 million (December 31, 2010: Baht 15,839.89 million).

7. Other Accounts Receivable

Other accounts receivable as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Other accounts receivable	12,315.89	6,374.36	3,085.77	2,050.59
Less Allowance for doubtful accounts	(341.68)	(528.99)	(334.92)	(523.22)
Other accounts receivable	11,974.21	5,845.37	2,750.85	1,527.37
Refund receivable from the Oil Stabilization Fund	11,657.36	7,239.97	11,627.05	7,239.97
Advances	6,163.71	3,016.38	570.00	1,212.99
Accrued interest income and others	1,623.19	1,713.67	233.85	260.31
Other accounts receivable – others	31,418.47	17,815.39	15,181.75	10,240.64
Other accounts receivable – related (Note 9.2)	1,206.26	989.52	1,562.34	1,768.78
Total	32,624.73	18,804.91	16,744.09	12,009.42

The refund receivable from the Oil Stabilization Fund represents compensation for locally manufactured oil and cooking gas, imported oil and cooking gas and subsidies from the Oil Stabilization Fund for exported oil or oil sold to outbound transportation barges, including compensation for Natural Gas for Vehicles (NGV) prices. The compensation and refund rates are determined by the Committee of Energy Policy Administration.

8. Loans

8.1 Short-term loans as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term loans – others	175.35	284.03	119.52	174.89
Short-term loans – related (Note 9.2)	4,823.82	-	5,420.99	500.00
Total	4,999.17	284.03	5,540.51	674.89

Short-term loans – others are loans provided to transport operators to use as working capital for NGV installation, conversion or modification, including purchases of new natural gas vehicles under the Krungthep Fha Sai project which aims to support the use of NGV as alternative source of energy. The loan interest rate as at December 31, 2011 and 2010 is 0.50% per annum.

8.2 Long-term loans as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Long-term loans – others	139.94	124.48	139.94	124.48
Long-term loans – related (Note 9.3)	5.82	5,753.88	52,697.71	55,302.26
Total	145.76	5,878.36	52,837.65	55,426.74

Long-term loans – others of the Company are loans under the Krungthep Fha Sai project of which details are disclosed in Note 8.1.

9. Related Party Transactions

The followings are significant transactions carried out with related parties:

9.1 Trade accounts receivable – related parties as at December 31, 2011 and 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Subsidiaries	-	-	10,991.18	22,131.99
Jointly controlled entities	-	-	751.86	490.63
Associates	59,798.70	53,653.95	59,651.81	53,468.93
Other related parties	4,844.74	3,601.50	4,681.64	3,488.66
Total	64,643.44	57,255.45	76,076.49	79,580.21
Less Allowance for doubtful accounts	(344.88)	(353.40)	(344.88)	(353.40)
Trade accounts receivable – related parties	64,298.56	56,902.05	75,731.61	79,226.81

Aging analysis is as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Within credit terms	64,141.37	56,928.18	72,427.41	76,279.58
Overdue				
- Within 3 months	108.14	195.15	107.89	172.63
- Over 3 - 6 months	135.24	87.07	133.70	306.73
- Over 6 - 12 months	175.11	44.19	174.91	544.96
- Over 12 months	83.58	0.86	3,232.58	2,276.31
Total	64,643.44	57,255.45	76,076.49	79,580.21
Less Allowance for doubtful accounts	(344.88)	(353.40)	(344.88)	(353.40)
Trade accounts receivable – related parties	64,298.56	56,902.05	75,731.61	79,226.81

9. Related Party Transactions (Continued)

9.2 Other accounts receivable, advances and short-term loans – related parties as at December 31, 2011 and 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Other accounts receivable				
Subsidiaries	-	-	414.76	630.93
Jointly controlled entities	-	-	22.82	19.86
Associates	624.53	700.11	623.11	569.61
Other related parties	245.42	168.84	46.16	166.11
	869.95	868.95	1,106.85	1,386.51
Less Allowance for doubtful accounts	(16.09)	(135.37)	(16.09)	(135.37)
Total	853.86	733.58	1,090.76	1,251.14
Advances				
Subsidiaries	-	-	153.98	262.52
Associates	0.68	0.02	-	-
Other related parties	351.72	255.92	317.60	255.12
Total	352.40	255.94	471.58	517.64
Total other accounts receivable	1,206.26	989.52	1,562.34	1,768.78
Short-term loans				
Subsidiaries	-	-	597.17	500.00
Associates	4,823.82	-	4,823.82	-
Total	4,823.82	-	5,420.99	500.00

Movements in short-term loans – related parties are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance as at January 1	-	90.10	500.00	20,791.01
- Payment for loans granted	-	43.73	71.79	1,013.19
- Receipt from loans granted	(226.23)	(133.83)	(2,220.85)	(21,804.20)
- Current portion of long-term loans	5,050.05	-	7,070.05	500.00
Balance as at December 31	4,823.82	-	5,420.99	500.00

Short-term loans to related parties as at December 31, 2011 are unsecured and bear interest at rates ranging from 4.00% to 7.25% per annum (December 31, 2010: interest rates ranging from 1.00% to 6.87% per annum).

9. Related Party Transactions (Continued)

9.3 Other accounts receivable, advances and long-term loans – related parties as at December 31, 2011 and 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Other accounts receivable				
Associates	-	1,877.99	-	1,877.99
Total	-	1,877.99	-	1,877.99
Long-term loans				
Subsidiaries	-	-	52,697.71	49,562.21
Associates	5.82	5,753.88	-	5,740.05
Total	5.82	5,753.88	52,697.71	55,302.26

Movements in long-term loans – related parties are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance as at January 1	5,753.88	5,489.44	55,302.26	24,916.50
- Payment for loans granted	-	270.55	5,163.53	30,885.76
- Receipt from loans granted	(698.37)	(3.88)	(698.03)	-
- Currency translation differences	0.36	(2.23)	-	-
- Current portion of long-term loans	(5,050.05)	-	(7,070.05)	(500.00)
Balance as at December 31	5.82	5,753.88	52,697.71	55,302.26

Long-term loans to related parties as at December 31, 2011 are unsecured and bear interest at rates ranging from 3.46% to 5.58% per annum (December 31, 2010: interest rates ranging from 3.03% to 7.25% per annum).

9. Related Party Transactions (Continued)

9.4 Trade accounts payable – related parties as at December 31, 2011 and 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Subsidiaries	-	-	13,381.95	12,611.56
Jointly controlled entities	-	-	5,093.66	3,997.20
Associates	40,834.31	32,908.67	39,028.26	31,347.20
Other related parties	4,450.62	3,219.07	337.42	147.96
Total	45,284.93	36,127.74	57,841.29	48,103.92

9.5 Other accounts payable and short-term loans – related parties as at December 31, 2011 and 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Other accounts payable				
Subsidiaries	-	-	1,313.44	1,545.32
Jointly controlled entities	-	-	4.02	7.49
Associates	747.94	934.87	589.66	899.88
Other related parties	117.96	107.37	116.51	107.26
Total	865.90	1,042.24	2,023.63	2,559.95
Short-term loans*				
Subsidiaries	-	-	6,094.30	2,564.78

* The Company's liquidity management policies within the Group include the use of the cash pooling method. Inter-company loans were used for short-term financial management of cash surpluses or deficits of each affiliate. Interest on these was calculated using market interest rates.

9. Related Party Transactions (Continued)

9.6 Other long-term accounts payable – related parties as at December 31, 2011 and 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Subsidiaries	-	-	0.17	0.33
Jointly controlled entities	-	-	13.15	13.87
Associates	17.21	18.94	17.21	18.94
Other related parties	654.50	686.29	654.50	686.29
Total	671.71	705.23	685.03	719.43

9.7 Revenue and expense transactions carried out with related parties

For the years ended December 31, 2011 and 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Revenues				
Sales:				
Subsidiaries	-	-	107,139.32	98,656.57
Jointly controlled entities	-	-	6,651.42	2,595.21
Associates	873,320.98	658,397.53	871,692.85	656,600.92
Other related parties	48,602.82	29,921.93	46,828.44	29,137.08
Interest income:				
Subsidiaries	-	-	2,906.87	2,686.59
Jointly controlled entities	-	-	-	90.95
Associates	342.17	251.93	342.17	251.93
Dividend income:				
Subsidiaries	-	-	11,579.28	8,542.95
Jointly controlled entities	-	-	1,774.27	1,109.33
Associates	-	-	10,921.66	8,664.27
Other related parties	528.03	514.28	436.96	514.28
Other income:				
Subsidiaries	-	-	765.17	813.19
Jointly controlled entities	-	-	66.77	87.83
Associates	5,485.96	4,120.49	5,482.18	4,116.71
Other related parties	74.71	72.95	69.73	72.14

9. Related Party Transactions (Continued)

9.7 Revenue and expense transactions carried out with related parties (Continued)

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Expenses				
Purchases:				
Subsidiaries	-	-	151,913.76	118,976.95
Jointly controlled entities	-	-	30,115.02	28,348.00
Associates	596,441.85	484,861.64	577,506.58	467,180.69
Other related parties	49,455.00	29,620.71	6,089.91	5,516.66
Interest expense:				
Subsidiaries	-	-	77.55	11.78
Other expenses:				
Subsidiaries	-	-	1,335.02	747.65
Jointly controlled entities	-	-	3.70	0.88
Associates	1,323.17	1,269.29	1,243.46	1,212.04
Other related parties	894.49	797.34	855.12	789.23

The above related party transactions exclude transactions carried out with government agencies and state enterprises.

Stipulation prices between the Company and its related parties are based on normal prices for the same types of business transactions carried out with non-related parties. Goods purchased from subsidiaries are charged at the normal prices determined by the subsidiaries with reference to global market prices.

9.8 Details of commitments to subsidiaries, jointly controlled entities, associates and other related parties are stated in Note 48.1.

9. Related Party Transactions (Continued)

9.9 Crude oil and refined products purchase and sale transactions carried out with related parties without physical delivery, with the objective of maintaining crude oil and refined product reserves, were offset in the financial statements.

The details for the years ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Sales				
Subsidiaries	-	-	-	8.12
Associates	6,729.79	1,773.21	6,729.79	1,773.21
Other related parties	914.44	-	914.44	-
Purchases				
Subsidiaries	-	-	-	8.12
Associates	6,729.79	1,773.21	6,729.79	1,773.21
Other related parties	914.44	-	914.44	-

9.10 Executives' remunerations

The details for the years ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Directors' remunerations				
Meeting remuneration and bonuses	122.94	116.75	40.16	40.88
Management's remunerations				
Salaries, bonuses, and other short-term employee benefits	527.84	580.26	80.93	78.63
Post-employment benefits	5.02	12.38	3.99	3.61
Total	655.80	709.39	125.08	123.12

* Management are those persons who have authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

10. Inventories

Inventories as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Oil products	19,918.86	26,727.85	15,512.90	6,070.89
Gas products	3,261.99	1,981.98	3,061.94	1,980.02
Petrochemical products	1,939.40	1,150.48	-	-
Others	1,190.46	1,393.27	598.58	578.09
	26,310.71	31,253.58	19,173.42	8,629.00
Less Allowance for decline in value of inventories and obsolescence	(310.42)	(22.92)	(310.42)	(21.45)
Total	26,000.29	31,230.66	18,863.00	8,607.55

During 2011, the Group wrote down inventories to their net realizable values, recording decreases of Baht 75.99 million in the consolidated financial statements (December 31, 2010: Baht 22.92 million) and Baht 75.99 million in the separate financial statements (December 31, 2010: Baht 21.45 million). The Group reversed the previous allowance for decline in value of inventories recorded in the consolidated financial statements, amounting to Baht 22.92 million (December 31, 2010: Baht 18.98 million) and in the separate financial statements, amounting to Baht 21.45 million (December 31, 2010: Baht 15.60 million). In addition, the Group recognized allowance for obsolescence of inventories amounting to Baht 234.43 million in the consolidated and the separate financial statements.

The above inventories exclude legal reserves, which are presented as other non-current assets, as disclosed in Note 22.

11. Materials and Supplies

Materials and supplies as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Spare parts, equipment and others	13,283.34	11,230.41	4,125.34	3,555.57
Less Allowance for obsolescence	(81.76)	(127.88)	(13.76)	(61.53)
Total	13,201.58	11,102.53	4,111.58	3,494.04

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates

12.1 Details of subsidiaries, jointly controlled entities and associates of the Company

Company	Country of Incorporation	Business	Shareholding (%)	
			2011	2010
Subsidiaries:				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	65.29	65.34
PTT (Cambodia) Limited (PTTCL)	Cambodia	Oil marketing	100.00	100.00
Subic Bay Energy Co., Ltd. (SBECL)	Cayman Islands	Oil marketing	100.00	100.00
Retail Business Alliance Co., Ltd. (RBA)	Thailand	Management services and oil marketing	-	49.00
PTT International Trading Pte Ltd (PTTT)	Singapore	International oil trading	100.00	100.00
PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	Thailand	Natural gas	58.00	58.00
PTT LNG Co., Ltd. (PTTLNG)	Thailand	Natural gas	100.00	100.00
PTT Polymer Marketing Co., Ltd. (PTTPM)	Thailand	Petrochemicals marketing	50.00	50.00
Energy Complex Co., Ltd. (EnCo)	Thailand	Real estate development for rent	50.00	50.00
PTT Polymer Logistics Co., Ltd. (PTTPL)	Thailand	Logistics services	100.00	100.00
PTT Retail Business Co., Ltd. (PTTRB)	Thailand	Management services and oil marketing	100.00	100.00
Combined Heat and Power Producing Co., Ltd. (CHPP)	Thailand	Generation and supply of electricity and chilled water	100.00	100.00
PTT International Co., Ltd. (PTTI)	Thailand	International investment	100.00	100.00
PTT Green Energy Pte Ltd (PTTGE)	Singapore	Investment in palm oil	100.00	100.00
Business Services Alliance Co., Ltd. (BSA)	Thailand	Management services	25.00	25.00
PTT Tank Terminal Co., Ltd. (PTT TANK)	Thailand	Terminal and warehouse	100.00	100.00
Thai Lube Blending Co., Ltd. (TLBC) (The Company and PTTRB held 48.95% and 51.05%, respectively. As a result, TLBC is a subsidiary of the Company)	Thailand	Blending and bottling of lube oil	48.95	48.95
Jointly controlled entities:				
Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T))	Thailand	Natural gas	50.00	50.00
Trans Thai-Malaysia (Malaysia) Sdn. Bhd. (TTM (M))	Malaysia	Natural gas	50.00	50.00
District Cooling System and Power Plant Co., Ltd. (DCAP)	Thailand	Generation and supply of electricity and chilled water	35.00	35.00

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.1 Details of subsidiaries, jointly controlled entities and associates of the Company (Continued)

Company	Country of Incorporation	Business	Shareholding (%)	
			2011	2010
Jointly controlled entities: (Continued)				
PTT Asahi Chemicals Co., Ltd. (PTTAC)	Thailand	Petrochemicals	48.50	48.50
HMC Polymers Co., Ltd. (HMC)	Thailand	Petrochemicals	41.44	41.44
PTT MCC Biochem Co., Ltd. (PMBC)	Thailand	Petrochemicals	50.00	-
Associates:				
Thai Oil Public Co., Ltd. (TOP)	Thailand	Refining	49.10	49.10
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	27.22	28.29
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil transmission pipelines	33.19	33.19
Petro Asia (Thailand) Co., Ltd. (PA (Thailand))	Thailand	Oil marketing	35.00	35.00
Vietnam LPG Co., Ltd. (VLPG)	Vietnam	Bottling and sale of LPG	45.00	45.00
KELOIL-PTT LPG Sdn. Bhd. (KPL)	Malaysia	Bottling and sale of LPG	40.00	40.00
IRPC Public Co., Ltd. (IRPC)	Thailand	Petrochemicals and refining	38.51	39.02
Independent Power (Thailand) Co., Ltd (IPT)	Thailand	Electricity generation	20.00	20.00
Thai Oil Power Co., Ltd. (TP)	Thailand	Generation and supply of electricity	26.00	26.00
PTT Phenol Co., Ltd. (PPCL)	Thailand	Petrochemicals	40.00	40.00
PTT Chemical Public Co., Ltd. (PTTCH)*	Thailand	Petrochemicals	-	48.68
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generation and supply of electricity, steam and water for industries	40.00	40.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Communication and technology services	20.00	20.00
PTT Aromatics and Refining Public Co., Ltd. (PTTAR)*	Thailand	Petrochemicals and refining	-	48.60
PTT Maintenance & Engineering Co., Ltd. (PTTME)	Thailand	Factory maintenance and engineering services	40.00	40.00
B.Grimm BIP Power Co., Ltd. (B.Grimm BIP)	Thailand	Generation and supply of electricity	23.00	23.00
Nava Nakorn Electricity Generating Co., Ltd. (NNEG)	Thailand	Generation and supply of electricity	30.00	-
PTT Energy Solutions Co., Ltd. (PTTES)	Thailand	Technical and operational services	40.00	-
Bangpa-in Cogeneration Limited (BIC)	Thailand	Generation and supply of electricity and stream	25.00	-
PTT Global Chemical Public Co., Ltd. (PTTGC)*	Thailand	Petrochemicals and refining	48.92	-

*PTTGC was founded on October 19, 2011 through the amalgamation of PTTCH and PTTAR.

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Subsidiaries of PTTEP:					
PTTEP International Co., Ltd. (PTTEPI)	Thailand	Petroleum	PTTEP	100.00	100.00
PTTEP Offshore Investment Co., Ltd. (PTTEPO)	Cayman Islands	Petroleum	PTTEP	75.00	75.00
			PTTEPI	25.00	25.00
PTTEP Southwest Vietnam Co., Ltd. (PTTEP SV)	Cayman Islands	Petroleum	PTTEPO	100.00	100.00
PTTEP Kim Long Vietnam Co., Ltd. (PTTEP KV)	Cayman Islands	Petroleum	PTTEPO	100.00	100.00
PTTEP Hoang – Long Co., Ltd. (PTTEP HL)	Cayman Islands	Petroleum	PTTEPO	100.00	100.00
PTTEP Hoan – Vu Co., Ltd. (PTTEP HV)	Cayman Islands	Petroleum	PTTEPO	100.00	100.00
PTTEP Oman Co., Ltd. (PTTEP OM)	Cayman Islands	Petroleum	PTTEPO	100.00	100.00
PTTEP Algeria Co., Ltd. (PTTEP AG)	Cayman Islands	Petroleum	PTTEPO	100.00	100.00
PTTEP (Thailand) Co., Ltd. (PTTEPT)*	Thailand	Petroleum	PTTEPI	100.00	100.00
PTTEP Services Co., Ltd. (PTTEP Services)	Thailand	Service operation	PTTEP	25.00	25.00
			PTTEPI	75.00	75.00
PTTEP Siam Co., Ltd. (PTTEPS)	Thailand	Petroleum	PTTEP	51.00	51.00
			PTTEPO	49.00	49.00
PTTEP Iran Co., Ltd. (PTTEP IR)	Cayman Islands	Petroleum	PTTEP OM	100.00	100.00
PTTEP Merangin Co., Ltd. (PTTEPM)**	Cayman Islands	Petroleum	PTTEPO	100.00	100.00
PTTEP Bahrain Co., Ltd. (PTTEP BH)	Cayman Islands	Petroleum	PTTEP OM	100.00	100.00
PTTEP Holding Co., Ltd. (PTTEPH)	Cayman Islands	Petroleum	PTTEPO	100.00	100.00
PTTEP Indonesia Co., Ltd. (PTTEP ID)	Cayman Islands	Petroleum	PTTEPH	100.00	100.00
PTTEP Bengara I Co., Ltd. (PTTEPB)	Cayman Islands	Petroleum	PTTEP ID	100.00	100.00
PTTEP Thai Projects Co., Ltd. (PTTEP TP)***	Thailand	Petroleum	PTTEPT	100.00	100.00
PTTEP Andaman Co., Ltd. (PTTEPA)	Thailand	Petroleum	PTTEPS	100.00	100.00
PTTEP Egypt Co., Ltd. (PTTEP EG)	Cayman Islands	Petroleum	PTTEPH	100.00	100.00
PTTEP Rommana Co., Ltd. (PTTEPR)	Cayman Islands	Petroleum	PTTEP EG	100.00	100.00
PTTEP Sidi Abd El Rahman Co., Ltd. (PTTEP SAER)	Cayman Islands	Petroleum	PTTEP EG	100.00	100.00
PTTEP Australia Pty Limited (PTTEP AU)	Australia	Petroleum	PTTEPH	100.00	100.00
PTTEP Bangladesh Limited (PTTEP BD)	Cayman Islands	Petroleum	PTTEPH	100.00	100.00

* On December 24, 2010 PTTEPT registered its dissolution and it is in the process of liquidation.
** On December 29, 2011 PTTEPM registered its dissolution with the Government of Cayman Islands.
*** On November 29, 2011 PTTEP TP registered its dissolution and was liquidated.

12. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Subsidiaries of PTTEP (Continued):					
PTTEP South Asia Limited (PTTEP SA) (Former: PTTEP Myanmar Limited (PTTEP MYA))	Cayman Islands	Petroleum	PTTEPH	100.00	100.00
PTTEP New Zealand Limited (PTTEP NZ)	Cayman Islands	Petroleum	PTTEPH	100.00	100.00
PTTEP Semai II Limited (PTTEP SM)	Cayman Islands	Petroleum	PTTEP ID	100.00	100.00
PTTEP Australia Perth Pty Limited (PTTEP AP)	Australia	Petroleum	PTTEPH	100.00	100.00
Andaman Transportation Limited (ATL)	Cayman Islands	Gas transmission pipelines	PTTEPO	100.00	100.00
PTTEP International Holding Co., Ltd. (PTTEP IH)	Cayman Islands	Petroleum	PTTEPH	100.00	100.00
PTTEP Southwest Vietnam Pipeline Co., Ltd. (PTTEP SVPC)	Cayman Islands	Gas transmission pipelines	PTTEPH	100.00	100.00
PTTEP FLNG Holding Co., Ltd. (PTTEP FH)	Hong Kong	Petroleum	PTTEP IH	100.00	100.00
JV Shore Base Limited (JV Shore Base) (Former: PTTEP Brazil Holding Limited (PTTEP BR))	Cayman Islands	Petroleum	PTTEP IH	100.00	100.00
PTTEP Netherland Holding Limited (PTTEP NL)	Cayman Islands	Petroleum	PTTEP IH	100.00	100.00
JV Marine Limited (JV Marine)	Cayman Islands	Petroleum	PTTEP IH	100.00	100.00
PTTEP South Mandar Limited (PTTEP SMD)	Cayman Islands	Petroleum	PTTEP ID	100.00	100.00
PTTEP South Sageri Limited (PTTEP SS)	Cayman Islands	Petroleum	PTTEP ID	100.00	100.00
PTTEP Sadang Limited (PTTEP SD)	Cayman Islands	Petroleum	PTTEP ID	100.00	100.00
PTTEP Malunda Limited (PTTEP ML)	Cayman Islands	Petroleum	PTTEP ID	100.00	100.00
PTTEP Netherlands Coöperatie U.A. (PTTEP NC)	Netherlands	Petroleum	PTTEP IH	0.00005	1.00
			PTTEP NL	99.99995	99.00
PTTEP Canada Limited (PTTEP CA)	Canada	Petroleum	PTTEP NC	100.00	100.00
PTTEP Canada International Finance Limited (PTTEP CIF)	Canada	Petroleum	PTTEP NC	100.00	-
PTTEP MEA Limited (PTTEP MEA)	Cayman Islands	Petroleum	PTTEP	100.00	-
PTTEP Australia Offshore Pty Limited (PTTEP AO)	Australia	Petroleum	PTTEP AU	100.00	100.00
PTTEP Australia Browse Basin Pty Limited (PTTEP AB)	Australia	Petroleum	PTTEP AP	100.00	100.00
PTTEP Australia International Finance Pty Ltd (PTTEP AIF)	Australia	Petroleum	PTTEP AP	100.00	100.00
PTTEP Australia Pty Limited (PTTEP AA)	Australia	Petroleum	PTTEP AP	100.00	100.00
PTTEP Australia Timor Sea Pty Limited (PTTEP AT)	Australia	Petroleum	PTTEP AP	100.00	100.00
PTTEP Australia (Finance) Pty Ltd (PTTEP AAF)	Australia	Petroleum	PTTEP AP	100.00	100.00
PTTEP Australia (Petroleum) Pty Ltd (PTTEP AAP)	Australia	Petroleum	PTTEP AP	100.00	100.00
Tullian Pty Ltd (PTTEP AAT)	Australia	Petroleum	PTTEP AP	100.00	100.00
PTTEP Australia (Operation) Pty Ltd (PTTEP AAO)	Australia	Petroleum	PTTEP AP	100.00	100.00

12. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Subsidiaries of PTTEP (Continued):					
PTTEP Australia (Ashmore Cartier) Pty Ltd (PTTEP AAA)	Australia	Petroleum	PTTEP AP	100.00	100.00
PTTEP Australia (Staff) Pty Ltd (PTTEP AAS)	Australia	Petroleum	PTTEP AP	100.00	100.00
Subsidiary of PTTCL:					
PTT (Lao) Co., Ltd. (PTT Lao) (Former: Houakhong Trading Co., Ltd.)	Lao People's Democratic Republic	Oil marketing	PTTCL	100.00	100.00
Subsidiaries of SBECL:					
PTT Philippines Trading Corporation (PTTTC)	Philippines	Oil marketing	SBECL	100.00	100.00
PTT Philippines Corporation (PTTPC)	Philippines	Oil marketing	SBECL	100.00	100.00
Subsidiaries of PTTT:					
PTT International Trading DMCC (PTTT DMCC)	United Arab Emirates	International oil trading	PTTT	100.00	100.00
Subsidiaries of PTTNGD:					
Amata Natural Gas Distribution Co., Ltd. (AMATA NGD)	Thailand	Natural gas	PTTNGD	80.00	80.00
Subsidiaries of PTTPM:					
Polymer Marketing DMCC Co., Ltd. (PM DMCC)	United Arab Emirates	Petrochemicals marketing	PTTPM	100.00	100.00
Subsidiaries of PTTRB:					
PTT Retail Management Co., Ltd. (PTTRM)	Thailand	Management of petrol stations	PTTRB	100.00	100.00
PTT Retail Service Co., Ltd. (PTTRS)	Thailand	Employee management service	PTTRB	100.00	100.00
Thai Lube Blending Co., Ltd. (TLBC)	Thailand	Blending and bottling of lube oil	PTTRB	51.05	51.05
			PTT	48.95	48.95
Subsidiaries of PTTI:					
PTT Mining Limited (PTTML)	Hong Kong	Investment in other companies	PTTI	100.00	100.00
International Coal Holdings Pty Ltd (ICH)	Australia	Investment in other companies	PTTML	100.00	-
PTT Asia Pacific Mining Pty Ltd (PTTAPM)	Australia	Investment in mining	PTTML	60.00	60.00
			ICH	40.00	40.00

12. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Subsidiaries of PTTI (Continued):					
Yannarie Solar Pty Ltd (YSP)	Australia	Salt mining	PTTAPM	100.00	100.00
Straits (Brunei) Pte Ltd (Straits (Brunei)	Singapore	Investment in other companies	PTTAPM	100.00	100.00
Sakari Resources Ltd (SAR) (Former: Straits Asia Resources Ltd)	Singapore	Investment in coal mining	PTTAPM	45.40	45.60
Tiger Energy Trading Pte Ltd (TET)	Singapore	Coal mining marketing	SAR	100.00	100.00
SAR Resources (Australia) Pty Ltd (SARA)	Australia	Human resource management	SAR	100.00	100.00
Sakari Asia Energy Pte Ltd (SA Energy) (Former: Straits Asia Energy Pte Ltd)	Singapore	Investment in other companies	SAR	100.00	100.00
Reyka Wahana Digdjaya Pte Ltd (RWD)	Singapore	Investment in other companies	SAR	100.00	100.00
Sakari Energy Trading Pte Ltd (SET) (Former: Straits Energy Trading Pte Ltd)	Singapore	Investment in other companies	SAR	100.00	100.00
Sakari Marine & Infrastructure Pte Ltd (SMI) (Former: Straits Marine & Infrastructure Pte Ltd)	Singapore	Marine engineering	SAR	100.00	100.00
PT Straits Consultancy Services (SCS)	Indonesia	Management services	SAR	99.00	99.00
			SMI	1.00	1.00
PT Bahari Perdana Persada (BPPD)	Indonesia	Investment in other companies	SAR	100.00	100.00
PT Bahari Putra Perdana (BPPN)	Indonesia	Investment in other companies	BPPD	100.00	100.00
PT Reyka Wahana Digdjaya (RWD)	Indonesia	Investment in other companies	BPPN	100.00	100.00
PT Bahari Cakrawala Sebuku (BCS)	Indonesia	Coal mining	SAR	80.00	80.00
			RWD	20.00	-
PT Bumi Borneo Metalindo (BBM)	Indonesia	Investment in other companies	BCS	100.00	100.00
PT Citra Pertiwi Nusantara (CPN)	Indonesia	Coal transport equipments and delivery service	BBM	100.00	100.00
PT Kuda Perdana Pertewi (KPP)	Indonesia	Coal mining	BCS	100.00	100.00
PT Bumiborneo Pertiwi Nusantara (BPN)	Indonesia	Investment in other companies	BCS	100.00	100.00
PT Karbon Mahakam (KM)	Indonesia	Coal mining	BPN	100.00	100.00
PT Metalindo Bumi Raya (MBR)	Indonesia	Coal mining	BPN	100.00	100.00
PT Borneo Citrapertiwi Nusantara (BCN)	Indonesia	Investment in other companies	BCS	100.00	100.00
PT Separi Energy (SE)	Indonesia	Investment in other companies	BCN	100.00	100.00
PT Jembayan Muarabara (JMB)	Indonesia	Coal mining	SE	100.00	100.00
PT Kemilau Rindang Abadi (KRA)	Indonesia	Coal mining	SE	100.00	100.00
PT Arzara Baraindo Energitama (ABE)	Indonesia	Coal mining	SE	100.00	100.00

12. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Subsidiaries of PTTI (Continued):					
PT Cakrawala Abadi Jaya (CAJ)	Indonesia	Investment in other companies	BCN	100.00	100.00
PT Sakit Utama Luas (SUL)	Indonesia	Investment in other companies	BCN	100.00	-
PT Makassar Prima Coal (MPC)	Indonesia	Coal mining	SUL	70.00	-
PTT International Holding Limited (PTTIH)	Hong Kong	Investment in other companies	PTTI	100.00	100.00
PTT International Investment Limited (PTTII)	Hong Kong	Investment in other companies	PTTIH	100.00	100.00
PTT International (Singapore) (PTT Inter (Sing))	Singapore	Investment in other companies	PTTII	100.00	100.00
Natee Synergy Co., Ltd. (NSC)	Thailand	Investment in other companies	PTTI	100.00	100.00
Subsidiaries of PTTGE:					
Sabran Brothers Pte Ltd (Sabarn)	Singapore	Investment in other companies	PTTGE	100.00	100.00
Chancellor Oil Pte Ltd (Chancellor)	Singapore	Investment in other companies	PTTGE	77.56	77.56
Kalimantan Thailand Palm Pte Ltd (KTP)	Singapore	Investment in other companies	Sabarn	100.00	100.00
PT Az-Zhara	Indonesia	Palm oil	Sabarn	95.00	95.00
PTT Green Energy (Hong Kong) Limited (PTTGE HK)	Hong Kong	Financing	Sabarn	100.00	-
PTT GE Netherlands Coop.U.A (PTTGE Coop)	Netherlands	Investment in other companies	Sabarn	100.00	100.00
PT Mitra Aneka Rezeki (PT. MAR)	Indonesia	Palm oil	KTP	95.00	95.00
PT Taringin Perkasa (PT. TP)	Indonesia	Palm oil	PT Az-Zhara	95.00	95.00
PT Sawit Mandiri Sampuraga (PT. SMS)	Indonesia	Palm oil	PT Az-Zhara	95.00	95.00
PT Sawit Mandiri Sejahtera Kobar (PT. SMSK)	Indonesia	Palm oil	PT Az-Zhara	95.00	95.00
PT Mirza Pratama Putra (PT. MPP)	Indonesia	Palm oil	PT Az-Zhara	95.00	95.00
PT Landen Roslia Mandiri (PT. LRM)	Indonesia	Palm oil	PT Az-Zhara	95.00	95.00
PT Lamandau Sawit Lestari (PT. LSL)	Indonesia	Palm oil	PT Az-Zhara	95.00	95.00
PT First Borneo Plantations (PT. FBP)	Indonesia	Palm oil	Chancellor	95.00	95.00
PT Borneo International Anugerah (PT. BIA)	Indonesia	Palm oil	PT. FBP	95.00	95.00
PT Wahana Hamparan Hijau (PT. WHH)	Indonesia	Palm oil	PT. FBP	95.00	95.00
PT Mitra Kapuas Agro (PT. MKA)	Indonesia	Palm oil	PT. FBP	95.00	95.00
PT Berkah Sawit Abadi (PT. BSA)	Indonesia	Palm oil	PT. FBP	95.00	95.00

12. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Subsidiaries of PTTGE (Continued):					
PT Kapuas Bio Agro (PT. KBA)	Indonesia	Palm oil	PT. FBP	95.00	95.00
PT Khatulisttiwa Agro Abadi(PT. KAA)	Indonesia	Palm oil	PT. FBP	95.00	95.00
PTT GE Services Netherlands BV (PTTGE BV)	Netherlands	Financing	PTTGE Coop	100.00	100.00
PTT Green Energy (Thailand) Co.,Ltd.	Thailand	Management services	PTTGE BV	50.00	-
			Sabarn	25.00	100.00
			PTTGE	25.00	-
PT Kalpataru Sawit Plantation	Indonesia	Palm oil	PTTGE BV	75.00	-
PT Kutai Sawit Plantation	Indonesia	Palm oil	PTTGE BV	75.00	-
PT Sawit Khatulistiwa Plantation	Indonesia	Palm oil	PTTGE BV	75.00	-
PT Kutai Inti Utama	Indonesia	Palm oil	PTTGE BV	75.00	-
PT Kota Bangun Plantation	Indonesia	Palm oil	PTTGE BV	75.00	-
PT Mahakam Sawit Plantation	Indonesia	Palm oil	PTTGE BV	75.00	-
PT Malaya Sawit Khatulistiwa	Indonesia	Palm oil	PTTGE BV	75.00	-
Subsidiaries of BSA:					
Sport Services Alliance Co., Ltd. (SSA)	Thailand	Management services for sport tournaments	BSA	100.00	100.00
Subsidiaries of TTM (T):					
TTM Sukuk Bhd (TTMT SPV)	Malaysia	Funding	TTM(T)	100.00	100.00
Jointly Controlled Entities of PTTEP:					
Carigali - PTTEPI Operating Company Sdn Bhd (CPOC)	Malaysia	Petroleum	PTTEPI	50.00	50.00
Moattama Gas Transportation Company (MGTC)	Bermuda	Gas transmission pipelines	PTTEPO	25.50	25.50
Taninthayi Pipeline Company LLC (TPC)	Cayman Islands	Gas transmission pipelines	PTTEPO	19.3178	19.3178
Orange Energy Limited (Orange)	Thailand	Petroleum	PTTEPO	53.9496	53.9496
B8/32 Partners Limited (B8/32 Partners)	Thailand	Petroleum	PTTEPO	25.0009	25.0009
PTT FLNG Limited (PTT FLNG)	Hong Kong	Petroleum	PTTEP FH	50.00	50.00
			PTT Inter (Sing)	50.00	50.00
Erawan 2 FSO Bahamas Limited (Erawan2)	Bahamas	Petroleum	JV Marine	13.11	-
KKD Oil Sands Partnership (KOSP) (Former: Statoil Canada Partnership (SCP))	Canada	Petroleum	PTTEP CA	40.00	-

12. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Jointly Controlled Entities of PTTEP (Continued):					
Leismer Aerodrome Limited (LAL)	Canada	Services	PTTEP CA	40.00	-
Groupement Bir Seba (GBRS)	Algeria	Petroleum	PTTEP AG	35.00	35.00
Jointly Controlled Entities of PTTI:					
FEE (Bru) Pte Ltd (FEEBRU)	Singapore	Coal mining	Straits (Brunei)	35.00	35.00
PTT FLNG Limited (PTT FLNG)	Hong Kong	Petroleum	PTT Inter (Sing)	50.00	50.00
			PTTEP FH	50.00	50.00

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Project	Country	Operator	Shareholding (%)	
			2011	2010
Projects of PTT Exploration and Production Public Co., Ltd. (PTTEP)				
Bongkot	Thailand	PTT Exploration and Production Public Co., Ltd.	44.4445	44.4445
Arthit	Thailand	PTT Exploration and Production Public Co., Ltd.	80.00	80.00
Arthit North	Thailand	PTT Exploration and Production Public Co., Ltd.	100.00	100.00
Contract 4 (Former: Pailin)	Thailand	Chevron Thailand Exploration and Production Co., Ltd.	45.00	45.00
Sinphuhorm (E 5 North)	Thailand	Hess (Thailand) Co., Ltd.	20.00	20.00
S 1	Thailand	PTTEP Siam Co., Ltd.	25.00	25.00
Contract 3 (Former: Unocal 3)	Thailand	Chevron Thailand Exploration and Production Co., Ltd.	5.00	5.00
E 5	Thailand	Exxon Mobil Exploration and Production Khorat Inc.	20.00	20.00
Algeria Hassi Bir Rekaiz	Algeria	PTT Exploration and Production Public Co., Ltd.	24.50	24.50
Projects of PTTEP International Co., Ltd. (PTTEPI)				
Yadana	Myanmar	Total E&P Myanmar	25.50	25.50
Yetagun	Myanmar	Petronas Carigali Myanmar (Hong Kong) Ltd.	19.31784	19.31784
PTTEP 1	Thailand	PTTEP International Co., Ltd.	100.00	100.00
G 4/43	Thailand	Chevron Offshore (Thailand) Co., Ltd.	21.375	21.375
G 9/43	Thailand-Cambodia	PTTEP International Co., Ltd.	100.00	100.00
L 22/43	Thailand	PTTEP International Co., Ltd.	100.00	100.00
L 53/43 & L54/43	Thailand	PTTEP International Co., Ltd.	100.00	100.00
G 4/48	Thailand	Chevron Pattani Co., Ltd.	5.00	5.00
Arthit (G 9/48)	Thailand	PTTEP International Co., Ltd.	80.00	80.00
Bongkot (G 12/48)	Thailand	PTTEP International Co., Ltd.	44.4445	44.4445
L 21, 28 & 29/48	Thailand	PTTEP International Co., Ltd.	70.00	70.00
A 4, 5 & 6/48	Thailand	PTTEP International Co., Ltd.	100.00	100.00
Contract 3 (G 6/50)	Thailand	Chevron Petroleum Thailand Co., Ltd.	5.00	5.00
Contract 4 (G 7/50)	Thailand	Chevron Petroleum Thailand Co., Ltd.	45.00	45.00
Arthit (G 8/50)	Thailand	PTTEP International Co., Ltd.	80.00	80.00
Cambodia B	Cambodia	PTTEP International Co., Ltd.	33.333334	33.333334
Myanmar Zawtika	Myanmar	PTTEP International Co., Ltd.	80.00	100.00
Myanmar M3, M7 & M11	Myanmar	PTTEP International Co., Ltd.	100.00	100.00

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Project	Country	Operator	Shareholding (%)	
			2011	2010
Projects of PTTEP International Co., Ltd. (PTTEPI) (Continued)				
Joint Development Areas Thailand – Malaysia - B17	Thailand - Malaysia	Carigali – PTTEPI Operating Company Sendirian Berhad	50.00	50.00
Project of PTTEP Offshore Investment Co., Ltd. (PTTEPO)				
B8/32 & 9A*	Thailand	Chevron Offshore (Thailand) Co., Ltd.	25.0010	25.0010
Project of PTTEP Southwest Vietnam Co., Ltd. (PTTEP SV)				
Vietnam 52/97	Vietnam	Chevron Vietnam (Block 52), Ltd.	7.00	7.00
Project of PTTEP Kim Long Vietnam Co., Ltd. (PTTEP KV)				
Vietnam B & 48/95	Vietnam	Chevron Vietnam (Block B), Ltd.	8.50	8.50
Project of PTTEP Hoang-Long Co., Ltd. (PTTEP HL)				
Vietnam 16-1	Vietnam	Hoang Long Joint Operating Company	28.50	28.50
Project of PTTEP Hoan-Vu Co., Ltd. (PTTEP HV)				
Vietnam 9-2	Vietnam	Hoan-Vu Joint Operating Company	25.00	25.00
Project of PTTEP Oman Co., Ltd. (PTTEP OM)				
Oman 44	Oman	PTTEP Oman Co., Ltd.	100.00	100.00
Project of PTTEP Algeria Co., Ltd. (PTTEP AG)				
Algeria 433a & 416b	Algeria	- Groupement Bir Seba (for development phase) - Petro Vietnam Exploration & Production Corporation (for exploration phase)	35.00	35.00

* PTTEPO held shares in Orange Energy Limited and B8/32 Partners Limited which were concession holders in this project.

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Project	Country	Operator	Shareholding (%)	
			2011	2010
Projects of PTTEP Siam Co., Ltd. (PTTEPS)				
Sinphuhorm (Block EU-1)	Thailand	Hess (Thailand) Co., Ltd.	20.00	20.00
B6/27	Thailand	PTTEP Siam Co., Ltd.	60.00	60.00
S1	Thailand	PTTEP Siam Co., Ltd.	75.00	75.00
Projects of PTTEP Australia Offshore Pty. Ltd. (PTTEP AO)				
Australia AC/P 36	Australia	Murphy Australia Oil Pty Ltd	-	22.21
Australia WA 423	Australia	Murphy Australia Oil Pty Ltd	30.00	30.00
Project of PTTEP Bahrain Co., Ltd. (PTTEP BH)				
Bahrain 2	Bahrain	PTTEP Bahrain Co., Ltd.	100.00	100.00
Project of PTTEP Rommana Co., Ltd. (PTTEPR)				
Rommana	Egypt	Sipetrol International S.A.	30.00	30.00
Project of PTTEP Semai II Limited (PTTEP SM)				
Indonesia Semai II	Indonesia	Murphy Semai Oil Co., Ltd.	28.33	33.33
Project of PTTEP Sidi Abd EI Rahman Co., Ltd. (PTTEP SAER)				
Sidi Abd EI Rahman offshore	Egypt	Edison International SPA	30.00	30.00
Project of PTTEP New Zealand Limited (PTTEP NZ)				
New Zealand Great South	New Zealand	OMV New Zealand Limited	18.00	36.00

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Project	Country	Operator	Shareholding (%)	
			2011	2010
Project of PTTEP South Mandar Limited (PTTEP SMD)				
Indonesia South Mandar	Indonesia	PTTEP South Mandar Limited	34.00	67.00
Project of PTTEP Malunda Limited (PTTEP ML)				
Indonesia Malunda	Indonesia	PTTEP Malunda Limited	100.00	100.00
Project of PTTEP Sadang Limited (PTTEP SD)				
Indonesia Sadang	Indonesia	Talisman Sadang B.V.	30.00	40.00
Project of PTTEP South Sageri Limited (PTTEP SS)				
Indonesia South Sageri	Indonesia	Talisman South sageri B.V.	20.00	30.00
Project of PTTEP Canada Limited (PTTEP CA)				
Canada Oil Sand KKD	Canada	Statoil Canada Ltd.	40.00	-

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Projects of PTTEP Australia Perth Pty Limited (PTTEP AP)

PTTEP Australasia	Australia

Details of operators and shareholding percentage in projects of PTTEP Australasia are as follows:

Project	Operator	Shareholding (%)	
		2011	2010
AC/L7, AC/L8, AC/P33, AC/P34 & AC/P40	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100.00	100.00
AC/L1, AC/L2 & AC/L3	PTTEP Australasia (Ashmore Cartier) Pty Ltd	89.6875	89.6875
AC/RL7	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100.00	80.00
AC/P24	PTTEP Australasia (Ashmore Cartier) Pty Ltd	90.00	60.00
AC/RL4(Tenacious)	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100.00	100.00
AC/RL6(Audacious), AC/P4, AC/RL4(exclude Tenacious), AC/RL5, AC/RL6(exclude Audacious) & AC/P17	PTTEP Australasia (Ashmore Cartier) Pty Ltd	50.00	50.00
AC/P32	PTTEP Australasia (Ashmore Cartier) Pty Ltd	35.00	35.00
WA378P*, WA396P & WA397P	Woodside Energy Limited	20.00	20.00
AC/P54	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100.00	-

*On September 29, 2011, PTTEP Australasia Pty Ltd withdrew its entire 20% participation interest from the concession WA378P. The withdrawal will be fully effective upon receiving an official approval from the government of Australia.

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Associates of PTTEP:					
Energy Complex Co., Ltd. (EnCo)	Thailand	Commercial	PTTEP	50.00	50.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Communication and technology services	PTTEP	20.00	20.00
Associates of PTTEP AP Group*	Australia	Services	PTTEP AAO	50.00	50.00
Associate of SBECL:					
FST Aviation Services Limited (FST)	Hong Kong	Aircraft refueling service	PTTPC	25.00	25.00
Associates of PTTI:					
East Mediterranean Gas Company S.A.E. (EMG)	Egypt	Natural gas transmission pipelines-overseas	PTTI	25.00	25.00
Red Island Mineral Ltd (RIM)	Australia	Investment in other companies	PTTAPM	33.50	33.50
Xayaburi Power Company Limited (XPCL)	Lao People's Democratic Republic	Hydroelectric power plant	NSC	25.00	-

* Associates of PTTEP AP Group consist of ShoreAir Pty Ltd and Troughton Island Pty Ltd.

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.3 Investments in associates in the consolidated financial statements as at December 31, 2011 and 2010

Unit: Million Baht

Company	Shareholding (%)		2011		2010		Dividend	
	2011	2010	Cost method	Equity Method	Cost method	Equity method	2011	2010
Refining Business Group								
1. TOP	49.10	49.10	11,380.83	39,274.55	11,380.83	34,481.73	2,704.45	2,103.46
2. SPRC	36.00	36.00	14,770.48	21,573.08	14,770.48	18,613.23	-	812.38
3. BCP	27.22	28.29	5,585.26	8,249.06	4,060.18	6,562.57	426.69	432.80
4. PTTAR	-	48.60	-	-	12,820.01	30,472.62	2,600.03	1,802.48
5. IRPC	38.51	39.02	28,467.24	30,366.79	28,467.24	30,339.10	1,416.55	1,309.22
Oil Business Group								
6. THAPPLINE	33.19	33.19	2,682.35	1,659.74	2,682.35	1,174.33	-	-
7. PA (Thailand)	35.00	35.00	131.25	-	131.25	-	-	-
8. VLPG	45.00	45.00	87.35	119.12	87.35	102.89	-	-
9. KPL	40.00	40.00	21.49	-	21.49	(0.96)	-	-
10. FST	25.00	25.00	1.13	1.42	1.13	1.40	-	-
Petrochemicals Business Group								
11. PTTCH	-	48.68	-	-	33,520.89	57,129.11	3,759.94	2,152.83
12. PPCL	40.00	40.00	3,340.48	4,940.00	3,340.48	3,967.24	-	-
13. PTTME	40.00	40.00	66.40	205.98	66.40	174.63	27.20	27.80
14. PTTGC	48.92	-	49,562.99	104,910.14	-	-	-	-
Natural Gas Business Group								
15. IPT	20.00	20.00	400.19	1,648.32	400.19	1,526.18	-	-
16. TP	26.00	26.00	2,304.76	2,258.96	2,304.76	2,136.92	73.06	73.06
17. PTTUT	40.00	40.00	2,743.60	2,773.36	2,743.60	2,617.27	-	-
18. EMG	25.00	25.00	16,544.61	13,325.85	16,544.61	14,063.82	-	-
19. B.Grimm BIP	23.00	23.00	31.17	30.86	4.95	4.91	-	-
20. NNEG	30.00	-	24.60	23.59	-	-	-	-
21. XPCL	25.00	-	250.00	236.96	-	-	-	-
22. BIC	25.00	-	113.75	113.44	-	-	-	-
Coal Business Group								
23. RIM	33.50	33.50	1,267.73	1,541.57	1,267.73	1,538.42	-	-
Other Business Group								
24. PTTICT	20.00	20.00	60.00	144.41	60.00	73.42	-	-
25. PTTES	40.00	-	62.50	63.06	-	-	-	-
26. ShoreAir	50.00	50.00	16.88	94.02	16.88	83.86	-	-
			139,917.04	233,554.28	134,692.80	205,062.69		
Less Allowance for impairment			(9,202.12)	(5,821.64)	(131.25)	-		
Total			130,714.92	227,732.64	134,561.55	205,062.69	11,007.92	8,714.03

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.4 Investments in subsidiaries, jointly controlled entities and associates in the separate financial statements as at December 31, 2011 and 2010

Unit: Million Baht

Company	Shareholding (%)		Cost method		Dividend	
	2011	2010	2011	2010	2011	2010
Subsidiaries:						
1. PTTEP	65.29	65.34	11,131.33	11,131.33	11,032.58	8,128.13
2. PTTT	100.00	100.00	2.50	2.50	-	-
3. PTTCL	100.00	100.00	0.23	0.23	-	-
4. SBECL	100.00	100.00	1,154.81	1,154.81	-	-
5. PTTNGD	58.00	58.00	418.14	418.14	493.00	406.00
6. PTTLNG	100.00	100.00	6,403.00	1,638.25	-	-
7. PTTPM	50.00	50.00	20.00	20.00	-	-
8. EnCo	50.00	50.00	900.00	900.00	-	-
9. RBA	49.00	49.00	-	0.49	46.00	-
10. PTTPL	100.00	100.00	1,200.00	1,200.00	-	-
11. PTTRB	100.00	100.00	5,100.00	5,100.00	-	-
12. CHPP	100.00	100.00	316.22	270.00	-	-
13. PTTI	100.00	100.00	33,157.00	13,524.00	-	-
14. PTTGE	100.00	100.00	10,834.08	7,044.58	-	-
15. BSA	25.00	25.00	0.50	0.50	-	-
16. PTT TANK	100.00	100.00	2,500.37	2,500.37	-	-
17. TLBC	48.95	48.95	140.00	140.00	7.70	8.82
Total investments in subsidiaries			73,278.18	45,045.20	11,579.28	8,542.95
Jointly Controlled Entities:						
Natural Gas Business Group						
18. TTM(T)	50.00	50.00	5,666.80	5,666.80	-	1,060.00
19. TTM(M)	50.00	50.00	281.32	281.32	-	-
20. DCAP	35.00	35.00	584.50	428.75	-	-
Petrochemicals Business Group						
21. PTTAC	48.50	48.50	6,909.41	6,573.63	-	-
22. HMC	41.44	41.44	9,117.12	9,117.12	1,774.27	49.33
23. PMBC	50.00	-	180.12	-	-	-
Total investments in jointly controlled entities			22,739.27	22,067.62	1,774.27	1,109.33

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.4 Investments in subsidiaries, jointly controlled entities and associates in the separate financial statements as at December 31, 2011 and 2010 (Continued)

Unit: Million Baht

Company	Shareholding (%)		Cost method		Dividend	
	2011	2010	2011	2010	2011	2010
Associates:						
Refining Business Group						
24. TOP	49.10	49.10	11,380.83	11,380.83	2,704.45	2,103.46
25. SPRC	36.00	36.00	14,770.48	14,770.48	-	812.39
26. BCP	27.22	28.29	5,585.26	4,060.18	426.69	432.80
27. PTTAR	-	48.60	-	12,820.01	2,600.03	1,802.48
28. IRPC	38.51	39.02	28,467.24	28,467.24	1,416.55	1,309.22
Oil Business Group						
29. THAPPLINE	33.19	33.19	2,682.35	2,682.35	-	-
30. PA (Thailand)	35.00	35.00	131.25	131.25	-	-
31. VLPG	45.00	45.00	87.35	87.35	-	-
32. KPL	40.00	40.00	21.49	21.49	-	-
Petrochemicals Business Group						
33. PTTCH	-	48.68	-	32,079.42	3,673.68	2,103.06
34. PPCL	40.00	40.00	3,340.48	3,340.48	-	-
35. PTTME	40.00	40.00	66.40	66.40	27.20	27.80
36. PTTGC	48.92	-	48,121.52	-	-	-
Natural Gas Business Group						
37. IPT	20.00	20.00	400.19	400.19	-	-
38. TP	26.00	26.00	2,304.76	2,304.76	73.06	73.06
39. PTTUT	40.00	40.00	2,743.60	2,743.60	-	-
40. B. Grimm BIP	23.00	23.00	31.17	4.95	-	-
41. NNEG	30.00	-	24.60	-	-	-
42. BIC	25.00	-	113.75	-	-	-
Other Business Group						
43. PTTICT	20.00	20.00	30.00	30.00	-	-
44. PTTES	40.00	-	62.50	-	-	-
Investments in associates			120,365.22	115,390.98		
Less Allowance for impairment			(152.74)	(131.25)		
Total investments in associates			120,212.48	115,259.73	10,921.66	8,664.27
Total			216,229.93	182,372.55	24,275.21	18,316.55

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.5 Movements in investments in the consolidated and the separate financial statements

12.5.1 Movements in investments in associates accounted for under the equity method in the consolidated financial statements are as follows:

Unit: Million Baht

	2011	2010
Balance as at January 1	205,062.69	192,803.70
- Share of income from investments in associates	29,462.62	18,815.96
- Dividends received	(11,007.92)	(8,714.03)
- Reclassification	585.60	(259.89)
- Additional investments	4,252.00	2,671.57
- Disposal of investments	(973.86)	-
- Unrealized gain (loss) on available-for-sale investments	(2.27)	(2.21)
- Surplus on dilution of investments	-	(91.69)
- Currency translation differences	152.91	(160.72)
- Surplus on amalgamation of associates	6,026.49	-
- Impairment of investments	(5,821.64)	-
- Others	(3.98)	-
Balance as at December 31	227,732.64	205,062.69

12.5.2 Movements in investments in subsidiaries, jointly controlled entities and associates accounted for under the cost method in the separate financial statements are as follows:

Unit: Million Baht

	2011	2010
Balance as at January 1	182,372.55	174,037.31
- Additional investments	32,909.63	8,335.24
- Disposal of investments	(555.83)	-
- Reclassification	585.60	-
- Adjustment	939.47	-
- Impairment of investments	(21.49)	-
Balance as at December 31	216,229.93	182,372.55

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.6 Shares of net assets and results of operations from jointly controlled entities which are included in the consolidated financial statements as at December 31, 2011 and 2010 are as follows:

Statements of financial position:

As at December 31, 2011 and 2010

Unit: Million Baht

	2011						2010					
	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PMBC	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PMBC
Current assets	3,318.28	122.56	115.76	1,597.05	3,922.08	170.83	2,625.16	90.53	155.96	2,039.69	4,041.78	-
Non-current assets	13,146.17	622.59	1,302.00	12,333.11	12,511.04	8.55	13,935.19	635.97	837.00	10,564.51	11,782.46	-
Current liabilities	(1,232.54)	(85.72)	(207.22)	(1,950.21)	(1,567.74)	(3.42)	(1,242.57)	(82.15)	(62.24)	(559.28)	(1,227.56)	-
Non-current liabilities	(8,298.64)	(358.17)	(794.26)	(5,420.67)	(5,055.13)	-	(8,607.73)	(390.75)	(598.84)	(5,382.54)	(5,300.30)	-
Net assets	6,933.27	301.26	416.28	6,559.28	9,810.25	175.96	6,710.05	253.60	331.88	6,662.38	9,296.38	-

Statements of Income:

For the years ended December 31, 2011 and 2010

Unit: Million Baht

	2011						2010					
	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PMBC	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PMBC
Income*	1,977.20	140.21	584.92	(247.47)	12,862.89	3.48	2,721.36	132.06	587.87	320.29	7,718.35	-
Expenses	(1,753.98)	(98.40)	(656.28)	(191.43)	(10,197.84)	(7.53)	(1,729.98)	(100.16)	(596.40)	(176.89)	(6,554.59)	-
Gain (loss) before taxes	223.22	41.81	(71.36)	(438.90)	2,665.05	(4.05)	991.38	31.90	(8.53)	143.40	1,163.76	-
Income taxes	-	-	-	0.01	(426.38)	-	-	-	-	(38.75)	(227.70)	-
Net profit (loss)	223.22	41.81	(71.36)	(438.89)	2,238.67	(4.05)	991.38	31.90	(8.53)	104.65	936.06	-

* including gain (loss) on foreign exchange rate

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.7 Significant events during the year ended December 31, 2011

PTTEP

On February 25, 2011, PTTEP established PTTEP Canada International Finance Limited with registered capital of CAD 50,000 comprising 50,000 ordinary shares at a par value of CAD 1 each. PTTEP Netherlands Coöperatie U.A. had a 100% shareholding in PTTEP Canada International Finance Limited.

On August 1, 2011, PTTEP established PTTEP MEA Limited with registered capital of USD 50,000 comprising 50,000 ordinary shares at a par value of USD 1 each. PTTEP had a 100% shareholding in PTTEP MEA Limited.

During the year, PTTEP's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 31. This event resulted in the decrease in the Company's ownership interest in the subsidiary, recorded under shareholders' equity in the statement of financial position amounting to Baht 70.92 million. Consequently, as at December 31, 2011, the Company's shareholding in PTTEP was 65.29%.

IRPC

During the period, IRPC's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 31. The loss from this exercise of rights amounting to Baht 98.95 million was recorded in the statements of income. Consequently, as at December 31, 2011, the Company's shareholding in IRPC was 38.51%.

PTTAR

During the year, PTTAR's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 31. The profit from this exercise of rights amounting to Baht 15.06 million was recorded in the statements of income.

The Company purchased 5.30 million shares from dissenting shareholders of PTTAR and PTTCH for a total of Baht 225.87 million, which incurred goodwill of Baht 106.25 million.

On October 19, 2011, PTTGC registered the amalgamation between PTTCH and PTTAR at the Ministry of Commerce. As a result, PTTCH and PTTAR are no longer legal entities. The Company swapped all ordinary shares that it held in PTTAR for the new ordinary shares issued by PTTGC (the details are in Note PTTGC).

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.7 Significant events during the year ended December 31, 2011 (Continued)

PTTCH

During the year, PTTCH's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 31. The loss from this exercise of rights amounting to Baht 96.84 million was recorded in the statements of income.

The Company sold 12.77 million shares of PTTCH on the Stock Exchange of Thailand, for a total of Baht 1,967.91 million, resulted in gain from disposal of investments in the consolidated financial statements and separate financial statements totalling Baht 994.00 million and Baht 1,412.51 million, respectively.

The Company purchased 21.32 million shares from dissenting shareholders of PTTAR and PTTCH for a total of Baht 3,513.63 million, which incurred goodwill of Baht 1,888.41 million.

On October 19, 2011, PTTGC registered the amalgamation between PTTCH and PTTAR with the Ministry of Commerce. As a result, PTTCH and PTTAR are no longer legal entities. The Company swapped all ordinary shares that it held in PTTCH for the new ordinary shares issued by PTTGC (the details are in Note PTTGC).

BCP

During the year, the holders of convertible debenture warrants exercised their rights to convert to ordinary shares as detailed in Note 31. The resulting gain of Baht 30.71 million was recorded in the statements of income. In addition, the Company exercised its rights to convert 58,560 units of convertible subordinated debentures to 41,828,571 ordinary shares of BCP. Consequently, as at December 31, 2011, the Company's shareholding in BCP was 27.22%.

PTTI

On February 4, 2011, PTTI's extraordinary shareholders' meeting No.1/2011 passed a resolution to increase its authorized share capital by Baht 19,445 million, from Baht 16,600 million to Baht 36,045 million, by issuing 1,944.50 million ordinary shares with a par value of Baht 10 each. PTTI called for the first 25% payment of the additional authorized share capital amounting to Baht 4,861.25 million. The Company made the share payment on February 15, 2011.

On February 17, 2011, PTTI called for the second payment of its second issue of additional authorized share capital amounting to Baht 12,681.44 million and the Company made this share payment on March 2, 2011.

On February 24, 2011, PTTI called for the seventh payment of its first issue of additional authorized share capital amounting to Baht 214.99 million and the Company made this share payment on March 9, 2011.

On March 15, 2011, PTTML, a subsidiary of PTTI, acquired a 100% shareholding in International Coal Holdings Limited (ICH), which operates investment business as a holding company, for a total amount of AUD 544.11 million, or approximately Baht 16,831.22 million. The acquisition was pursuant to a resolution of PTTI's board of director meeting No.9/2010 held on October 14, 2010.

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.7 Significant events during the year ended December 31, 2011 (Continued)

PTTI (Continued)

On March 1, 2011, Natee Synergy Co., Ltd. (NSC), a subsidiary of PTTI, agreed to jointly invest in Xayaburi Power Co., Ltd. (XPCL) with CH. Karnchang Public Company Limited, Electricity Generating Public Company Limited, and P.T. Construction & Irrigation Co., Ltd. for development of the Xayaburi Hydroelectric Power Project in the Lao People's Democratic Republic with an authorized share capital amounting to Baht 800 million. NSC's shareholding in XPCL was 25% or Baht 200 million of investment. Subsequently, XPCL issued an additional authorized share capital, resulting in an increase in its authorized share capital from Baht 800 million to Baht 1,000 million. NSC paid Baht 50 million for the additional shares on April 22, 2011.

On September 23, 2011, PTTI called for the third payment of the second issue of an additional authorized share capital, amounting to Baht 1,875.32 million and the Company made the share payment on September 30, 2011.

On October 1, 2011, PTTI assessed impairment of its investment in EMG caused by the unrest in Egypt. EMG's business was affected significantly and since there were indications of impairment in the investment, PTTI tested for impairment and recognized impairment losses amounting to Baht 5,821.64 million and Baht 9,049.38 million in the consolidated financial statements and the separate financial statements, respectively.

CHPP

On October 4, 2011, CHPP called for the additional payment of authorized share capital of Baht 46.22 million. The Company paid for these shares on October 20, 2011.

PTTGE

On January 20, 2011, PTTGE called for payment of additional authorized share capital of USD 40 million or approximately Baht 1,237.59 million. The Company made the share payment on February 9, 2011.

On May 26, 2011, PTTGE called for the second payment of additional authorized share capital amounting to USD 60 million or approximately Baht 1,823.89 million. The Company made the share payment on June 10, 2011.

On December 28, 2011, PTTGE increased its authorized share capital by USD 23 million or Baht 728.02 million. The Company made the share payment on December 30, 2011.

PTTAC

On February 24, 2011, PTTAC called for the third payment (the last call) of its additional authorized share capital amounting to Baht 335.78 million and the Company made the share payment on March 3, 2011.

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.7 Significant events during the year ended December 31, 2011 (Continued)

PMBC

On February 11, 2011, the Company's extraordinary Board of Directors' meeting No.2/2011 passed a resolution to invest in a Polybutylene Succinate (PBS) project, through a joint investment in PTT MCC BioChem Co., Ltd. (PMBC) with Mitsubishi Chemical Corporation (MCC). The Company has a 50% share in the jointly controlled entity which has total authorized share capital of USD 12 million or approximately Baht 360 million. On March 29, 2011, the Company made payment of Baht 180 million for its shares in this business.

PTTLNG

PTTLNG's Board of Directors' meeting No.3/2011 held on March 31, 2011 and No.8/2011 held on July 27, 2011 passed resolutions to call for payment of additional authorized share capital of Baht 1,200 million and Baht 610.61 million, respectively. The Company made the share payment on May 31, 2011 and September 30, 2011, respectively. On December 2, 2011, PTTLNG called for further payment of additional authorized share capital of Baht 2,954.15 million. The Company made this share payment on December 30, 2011.

B.Grimm BIP

On April 4, 2011, B.Grimm BIP's shareholders' meeting No.1/2011 passed a resolution to increase authorized share capital by Baht 114 million, from Baht 21.50 million to Baht 135.50 million, by issuing 1.14 million additional shares with a par value of Baht 100 each. The Company paid Baht 26.22 million for these additional shares on April 12, 2011, in proportion to its shareholding.

NNEG

On April 29, 2011, the Company's Board of Directors' meeting No.4/2011 passed a resolution to invest in a 30% share in Nava Nakorn Electricity Generating Co., Ltd. (NNEG) to operate a combined heat power plant project in Nava Nakorn Industrial Estate. The authorized share capital of NNEG was Baht 2 million, comprising 200,000 ordinary shares with a par value of Baht 10 each. The Company paid Baht 0.60 million for its shareholding percentage on May 30, 2011.

On September 27, 2011, the extraordinary shareholders' meeting No.2/2011 of NNEG passed a resolution to increase authorized share capital from Baht 2 million to Baht 302 million, with a first issue of 8,000,000 additional shares, amounting to Baht 80 million. On October 10, 2011, the Company paid Baht 24 million to subscribe to this first issue of additional shares in proportion to its shareholding.

DCAP

On April 19 and 25, 2011, DCAP called for the second and the third payments of its additional authorized share capital, amounting to Baht 31.65 million and Baht 124.10 million. The Company made the share payments on April 22, 2011 and May 6, 2011, respectively.

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.7 Significant events during the year ended December 31, 2011 (Continued)

PTTES

On February 11, 2011, the Company's extraordinary Board of Directors' meeting No.2/2011 passed a resolution to jointly establish, with companies within the Group, PTT Energy Solutions Co., Ltd. (PTTES) to provide engineering technique consulting services with the Company holding 40%. The authorized share capital of PTTES was Baht 150 million, comprising 1.5 million ordinary shares with a par value of Baht 100 each. PTTES called for the first share payment of Baht 75 per share. The Company paid Baht 47.50 million on June 9, 2011, in proportion to its shareholding. On November 11, 2011, PTTES's Board of Directors' meeting passed a resolution to call for the remaining share capital of Baht 25 per share. The Company made payment of Baht 15 million on December 15, 2011, in proportion to its shareholding.

RBA

On June 28, 2011, RBA's extraordinary shareholders' meeting No.1/2011 passed a resolution to dissolve the company and to appoint a member of the Board of Directors to oversee its liquidation.

On June 30, 2011, RBA registered its dissolution with the Ministry of Commerce. The liquidation was completed on November 22, 2011.

BIC

On May 27, 2011, the Company's Board of Directors' meeting No.5/2011 passed a resolution to invest in a 25% share in Bangpa-in Cogeneration Limited (BIC), which operates a cogeneration power plant project at Bangpa-in Industrial Estate. The authorized share capital of BIC was Baht 1,370 million, comprising 137 million ordinary shares with a par value of Baht 10 each. The Company paid Baht 113.75 million for its shareholding on August 18, 2011.

PTTGC

PTT Global Chemical Public Company Limited (PTTGC) was established as a result of the amalgamation between PTT Chemical Public Company Limited (PTTCH) and PTT Aromatics and Refining Public Company Limited (PTTAR). PTTGC registered the amalgamation with the Ministry of Commerce on October 19, 2011. The share swap rates applied for amalgamation purposes for the shareholders of PTTCH and PTTAR are as follow;

One share of PTTCH for 1.980122323 shares of PTTGC
One share of PTTAR for 0.501296791 shares of PTTGC

The amalgamation was completed on October 19, 2011. PTTGC received all current business of PTTCH and PTTAR, including all assets, liabilities, rights, responsibilities, and obligations of those entities as well as any agreements entered into by PTTCH and PTTAR prior to the amalgamation. In this case, PTTCH was identified as the purchaser in the amalgamation because the market value of PTTCH was higher than that of PTTAR. In the financial statements of PTTGC, book value of PTTCH and the identified net asset value of PTTAR are used as the basis for recording the transaction. The Company swapped all ordinary shares in PTTCH and PTTAR for new ordinary shares issued by PTTGC at the rate stipulated above. As a result, the Company has a 48.92% shareholding in PTTGC.

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.7 Significant events during the year ended December 31, 2011 (Continued)

PTTGC (Continued)

In the consolidated financial statements in which investments in associates are recognized under the equity method, the Company recognized a loss on dilution amounting to Baht 40.86 million in the statements of income. Moreover, the Company recognized the difference of Baht 5,934.31 million between the investment in PTTGC under the equity method and those in PTTCH and PTTAR under the equity method, due to the increase in the net asset value of the acquire (PTTAR) recorded upon measurement at fair value on the amalgamation date as surplus on amalgamation of associates under share of other comprehensive gain (loss) of associates in the statements of comprehensive income.

In the separate financial statement in which investments in associates are recognized under the cost method, the Company recorded investment in PTTGC at the combined book value of PTTCH and PTTAR at the amalgamation date.

12.8 Additional information in respect of associates

12.8.1 Shares of net assets and results of operations from associates presented by business segments as at December 31, 2011 and 2010 are as follows:

Statements of financial position:

As at December 31, 2011 and 2010

Unit: Million Baht

	2011					2010				
	Gas	Oil	Petro-chemicals	Refinery	Others	Gas	Oil	Petro-chemicals	Refinery	Others
Current assets	4,742.97	900.99	54,407.83	89,054.58	305.87	3,988.34	1,429.02	21,080.09	104,603.73	181.50
Non-current assets	11,391.67	2,215.24	137,283.60	84,542.00	92.85	11,592.89	2,276.54	69,979.64	131,254.20	91.65
Current liabilities	(2,335.32)	(414.50)	(30,319.47)	(35,376.98)	(211.61)	(2,066.35)	(448.86)	(9,065.47)	(50,266.71)	(179.45)
Non- current liabilities	(6,234.85)	(992.96)	(54,548.60)	(36,934.91)	(48.72)	(6,583.42)	(2,049.15)	(24,954.35)	(63,949.46)	(51.47)
Net assets	7,564.47	1,708.77	106,823.36	101,284.69	138.39	6,931.46	1,207.55	57,039.91	121,641.76	42.23

Statements of income:

For the years ended December 31, 2011 and 2010

Unit: Million Baht

	2011					2010				
	Gas	Oil	Petro-chemicals	Refinery	Others	Gas	Oil	Petro-chemicals	Refinery	Others
Income	10,344.71	1,927.84	117,795.32	580,664.59	439.33	6,624.71	1,958.95	57,004.86	489,599.06	238.68
Expenses	(9,786.13)	(1,287.83)	(105,999.34)	(558,003.22)	(388.93)	(6,381.31)	(1,428.29)	(50,111.57)	(473,767.93)	(246.02)
Income (loss) before taxes	558.58	640.01	11,795.98	22,661.37	50.40	243.40	530.66	6,893.29	15,831.13	(7.34)
Income taxes	(86.84)	(138.41)	(889.17)	(4,675.17)	(14.26)	(33.51)	(114.21)	(709.46)	(3,467.77)	0.90
Net Profit (loss)	471.74	501.60	10,906.81	17,986.20	36.14	209.89	416.45	6,183.83	12,363.36	(6.44)

12. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

12.8 Additional information in respect of associates (Continued)

12.8.2 The Company has not recognized its shares of gain (loss) from some associates for the year ended December 31, 2011 amounting to Baht (7.68) million (for the year ended December 31, 2010: Baht 3.65 million) because the Company had an unrealized allowance for its share of loss from these associates amounting to Baht 72.29 million as at December 31, 2011 (December 31, 2010: Baht 63.62 million).

12.8.3 The fair value of investments in associates (only those with equity securities traded on the Stock Exchange of Thailand (SET)) was calculated based on current bid prices at the statement of financial position dates. Details are as follows:

Unit: Million Baht

Associates	2011	2010
BCP	7,045.27	6,125.73
IRPC	32,108.35	50,759.53
TOP	58,596.38	78,378.92
PTTAR	-	55,156.02
PTTCH	-	108,473.84
PTTGC	134,463.45	-

12.8.4 Investments in subsidiaries, jointly controlled entities and associates where voting rights and ownership interests differ are as follows:

Unit: %

Company	Voting rights	Ownership
Subsidiary		
BSA	57.14	100.00
Jointly Controlled Entity		
HMC	42.10	41.44
Associate		
THAPPLINE	35.20	33.15

13. Available-for-sale Investments

13.1 Available-for-sale investments of the Company

Company	Country of Incorporation	Business	Shareholding (%)	
			2011	2010
Investments in equity securities				
Dhipaya Insurance Public Co., Ltd. (TIP)	Thailand	Insurance	13.33	13.33
Bangkok Aviation Fuel Services Public Co., Ltd. (BAFS)	Thailand	Aircraft refuelling services	7.06	7.06
Investments in debt securities				
Convertible subordinated debenture of Bangchak Petroleum Public Co., Ltd.	Thailand	Refining		
Investments in mutual funds				
MFC Energy Fund	Thailand	Mutual fund	32.57	32.57
Finansa Asset Management - Energy and Petrochemical Index Fund (FAM EPIF)	Thailand	Mutual fund		

13.2 Available-for-sale investments of a subsidiary

Company	Country of Incorporation	Business	Held by	Shareholding (%)	
				2011	2010
Investments in equity securities of PTTI:					
Xanadu Mines Ltd (XML)	Mongolia	Mining exploration	SET	13.18	12.72

13. Available-for-sale Investments (Continued)

13.3 Available-for-sale investments as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

Company	Shareholding (%)		Consolidated financial statements		Separate financial statements		Dividends	
	2011	2010	2011	2010	2011	2010	2011	2010
Investments in Equity Securities								
TIP	13.33	13.33	312.00	312.00	312.00	312.00	70.00	62.00
BAFS	7.06	7.06	24.00	24.00	24.00	24.00	21.96	17.28
XML	13.18	12.72	246.59	221.79	-	-	-	-
Total investments in equity securities			582.59	557.79	336.00	336.00		
Investments in Debt Securities			-	585.60	-	585.60		
Investments in Mutual Funds								
MFC Energy Fund	32.57	32.57	504.89	504.89	504.89	504.89	-	-
FAM EPIF			6,300.00	6,300.00	6,300.00	6,300.00	71.83	-
Total investments in mutual funds			6,804.89	6,804.89	6,804.89	6,804.89		
Total available-for-sale investments before changes in value of investments and currency translation differences			7,387.48	7,948.28	7,140.89	7,726.49		
Currency translation differences			(11.07)	67.83	-	-		
Allowance for changes in value of investments			4,304.01	5,574.49	4,280.62	5,496.81		
Total			11,680.42	13,590.60	11,421.51	13,223.30	163.79	79.28

13.4 Movements in available-for-sale investments are as follows:

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance as at January 1	13,590.60	8,124.17	13,223.30	8,124.17
- Additional investments	24.80	1,309.97	-	1,250.00
- Reclassifications (Note 12.7)	(585.60)	161.82	(585.60)	-
- Allowance for changes in value of investments	(1,270.48)	3,895.74	(1,216.19)	3,849.13
- Currency translation differences	(78.90)	98.90	-	-
Balance as at December 31	11,680.42	13,590.60	11,421.51	13,223.30

14. Other Long-term Investments

14.1 Details of other long-term investments of the Company are as follows:

Company	Country of Incorporation	Business	Shareholding (%)	
			2011	2010
Petro Asia (Huizhou) Co., Ltd. (PA (Huizhou))	China	Oil marketing	25.00	25.00
Petro Asia (Maoming) Co., Ltd. (PA (Maoming))	China	Oil marketing	20.00	20.00
Petro Asia (Sanshui) Co., Ltd. (PA (Sanshui))	China	Oil marketing	25.00	25.00
Fuel Pipeline Transportation Co., Ltd. (FPT)	Thailand	Oil transmission pipelines	2.76	2.76
Intoplane Services Co., Ltd. (IPS)	Thailand	Aircraft refuelling services	16.67	16.67
Ratchaburi Power Co., Ltd. (RPCL)	Thailand	Electricity generation	15.00	15.00
Colour Vision International Co., Ltd. (Corpus)	Thailand	Finished yarn production	0.48	0.48

14.2 Details of other long-term investments of the subsidiaries and jointly controlled entities:

Company	Country of Incorporation	Business	Shareholding (%)	
			2011	2010
Other long-term investments of PTTT:				
KIC Oil Terminals Sdn Bhd (KOT)	Malaysia	Logistics services	10.00	10.00
Kadriah Integrated Facilities Sdn Bhd (KIF)	Malaysia	Logistics services	10.00	10.00
Kadriah I Ltd (K I)	Malaysia	Logistics services	10.00	10.00
Kadriah II Sdn Bhd (K II)	Malaysia	Logistics services	10.00	10.00
Other long-term investments of HMC:				
Rayong Olefins Co., Ltd. (ROC)	Thailand	Petrochemicals	5.91	5.91
Basell Advanced Polyolefins (Thailand) Co., Ltd. (BAPT)	Thailand	Petrochemicals	2.07	2.07

14. Other Long-term Investments (Continued)

14.3 Other long-term investments, net as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

Company	Shareholding (%)		Consolidated financial statements		Separate financial statements		Dividends	
	2011	2010	2011	2010	2011	2010	2011	2010
General Investments								
1. PA (Huizhou)	25.00	25.00	15.16	15.16	15.16	15.16	-	-
2. FPT	2.76	2.76	44.00	44.00	44.00	44.00	-	-
3. IPS	16.67	16.67	0.02	0.02	0.02	0.02	-	-
4. RPCL	15.00	15.00	1,098.75	1,098.75	1,098.75	1,098.75	345.00	435.00
5. ROC	5.91	5.91	643.73	643.73	-	-	91.07	-
6. BAPT	2.07	2.07	18.19	18.19	-	-	-	-
7. PA (Maoming)	20.00	20.00	14.83	14.83	14.83	14.83	-	-
8. PA (Sanshui)	25.00	25.00	6.06	6.06	6.06	6.06	-	-
9. KOT	10.00	10.00	117.93	117.93	-	-	-	-
10. KIF	10.00	10.00	48.84	48.84	-	-	-	-
11. K I	10.00	10.00	245.39	245.39	-	-	-	-
12. K II	10.00	10.00	65.52	65.52	-	-	-	-
13. Corpus	0.48	0.48	0.60	0.60	0.60	0.60	-	-
Total investments accounted for under the cost method			2,319.02	2,319.02	1,179.42	1,179.42		
Currency translation differences			(38.84)	(48.18)	-	-		
Less Allowance for impairment of investments			(530.33)	(91.49)	(73.30)	(73.30)		
Total			1,749.85	2,179.35	1,106.12	1,106.12	436.07	435.00

14.4 Movements in other long-term investments are as follows:

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance as at January 1	2,179.35	2,379.89	1,106.12	1,106.12
- Additional investments	-	0.60	-	0.60
- Disposal of investments	-	(78.40)	-	(78.40)
- Reclassifications	-	(222.66)	-	(60.84)
- Allowance for impairment loss on investments	(438.84)	138.64	-	138.64
- Currency translation differences	9.34	(38.72)	-	-
Balance as at December 31	1,749.85	2,179.35	1,106.12	1,106.12

14. Other Long-term Investments (Continued)

14.5 Significant events during the year ended December 31, 2011

PA (Shantou)

On January 27, 2010, the Company's Board of Directors' meeting No.1/2010 passed a resolution to sell 15% of its shares in Petro Asia (Shantou) Co., Ltd. (PA(Shantou)) to a company (the Buyer). Due to the loss communication with the Buyer, the Company's Board of Directors' meeting No.9/2011 on September 23, 2011 passed a resolution to seek a new buyer. On January 27, 2012, the Company had a new buyer.

PTTT

In 2011, PTTT assessed impairment of long-term investments in four companies comprising KOT, KIF, K I and K II because there were indications of impairment. The impairment losses of Baht 438.84 million were fully recognized in the statements of income.

15. Investment Properties

Investment properties are as follows:

Unit: Million Baht

	Consolidated financial statements			
	Land	Buildings and building improvements	Construction in progress	Total
Cost				
As at January 1, 2011	4,422.64	5,649.19	-	10,071.83
- Additions	-	10.70	23.18	33.88
- Reclassifications	(0.96)	(130.59)	(23.18)	(154.73)
- Disposals	-	(38.77)	-	(38.77)
As at December 31, 2011	4,421.68	5,490.53	-	9,912.21
Accumulated depreciation				
As at January 1, 2011	-	(1,339.90)	-	(1,339.90)
- Depreciation for the period	-	(264.53)	-	(264.53)
- Reclassifications	-	(0.02)	-	(0.02)
- Disposals	-	37.53	-	37.53
As at December 31, 2011	-	(1,566.92)	-	(1,566.92)
Net book value				
As at December 31, 2010	4,422.64	4,309.29	-	8,731.93
As at December 31, 2011	4,421.68	3,923.61	-	8,345.29

15. Investment Properties (Continued)

Investment properties are as follows: (Continued)

Unit: Million Baht

	Separate financial statements			
	Land	Buildings and building improvements	Construction in progress	Total
Cost				
As at January 1, 2011	4,422.64	1,842.98	-	6,265.62
- Additions	-	0.52	23.18	23.70
- Reclassifications	(0.96)	32.96	(23.18)	8.82
- Disposals	-	(38.77)	-	(38.77)
As at December 31, 2011	4,421.68	1,837.69	-	6,259.37
Accumulated depreciation				
As at January 1, 2011	-	(1,126.11)	-	(1,126.11)
- Depreciation for the period	-	(71.47)	-	(71.47)
- Reclassifications	-	(0.02)	-	(0.02)
- Disposals	-	37.53	-	37.53
As at December 31, 2011	-	(1,160.07)	-	(1,160.07)
Net book value				
As at December 31, 2010	4,422.64	716.87	-	5,139.51
As at December 31, 2011	4,421.68	677.62	-	5,099.30

The fair values of investment properties in the consolidated financial statements and the separate financial statements are Baht 11,286.02 million and Baht 7,537.65 million, respectively.

16. Property, Plant and Equipment

Property, plant and equipment are as follows:

Unit: Million Baht

	Consolidated financial statements						
	Land	Buildings and building improvements	Machinery and equipment	Oil and gas properties	Other assets	Construction in progress	Total
Cost							
As at January 1, 2011	6,464.86	33,082.91	274,477.07	350,950.33	12,364.56	78,888.77	756,228.50
- Business acquisition (Note 42)	136.81	1.48	329.28	43,168.72	1,085.25	11.95	44,733.49
- Additions	305.57	923.48	2,530.55	66,325.29	2,286.63	30,481.03	102,852.55
- Borrowing costs	-	-	-	-	-	1,137.23	1,137.23
- Reclassifications	(1,099.08)	9,760.78	61,448.21	-	685.26	(76,025.48)	(5,230.31)
- Disposals	-	(191.44)	(543.29)	(1,776.91)	(1,781.52)	-	(4,293.16)
- Currency translation differences	15.09	154.79	437.33	22,959.04	123.05	57.39	23,746.69
As at December 31, 2011	5,823.25	43,732.00	338,679.15	481,626.47	14,763.23	34,550.89	919,174.99
Accumulated depreciation							
As at January 1, 2011	-	(11,957.71)	(90,070.35)	(149,057.49)	(7,713.07)	-	(258,798.62)
- Business acquisition (Note 42)	-	(0.08)	(10.02)	(1,427.60)	(0.13)	-	(1,437.83)
- Depreciation for the period	-	(2,024.02)	(15,731.54)	(31,474.97)	(1,284.54)	-	(50,515.07)
- Reclassifications	-	12.40	72.27	(86.42)	395.05	-	393.30
- Disposals	-	157.91	419.40	-	1,678.96	-	2,256.27
- Currency translation differences	-	(305.59)	292.59	(8,723.67)	(14.81)	-	(8,751.48)
As at December 31, 2011	-	(14,117.09)	(105,027.65)	(190,770.15)	(6,938.54)	-	(316,853.43)
Allowance for impairment of assets							
As at January 1, 2011	(81.27)	(12.20)	(290.21)	(385.54)	-	-	(769.22)
- Impairment losses	-	(0.33)	-	(225.05)	-	-	(225.38)
- Reversal of impairment losses	-	2.94	35.97	-	-	-	38.91
- Currency translation differences	-	-	(1.00)	(23.46)	-	-	(24.46)
As at December 31, 2011	(81.27)	(9.59)	(255.24)	(634.05)	-	-	(980.15)
Net book value							
As at December 31, 2010	6,383.59	21,113.00	184,116.51	201,507.30	4,651.49	78,888.77	496,660.66
As at December 31, 2011	5,741.98	29,605.32	233,396.26	290,222.27	7,824.69	34,550.89	601,341.41

16. **Property, Plant and Equipment** (Continued)

Property, plant and equipment are as follows (Continued):

Unit : Million Baht

	Separate financial statements					
	Land	Buildings and building improvements	Machinery and equipment	Other assets	Construction in progress	Total
Cost						
As at January 1, 2011	3,621.56	23,242.46	233,105.50	10,065.78	37,002.17	307,037.47
- Additions	-	201.54	1,261.55	549.79	19,553.61	21,566.49
- Borrowing costs	-	-	-	-	301.16	301.16
- Reclassifications	167.06	3,046.63	35,381.87	352.30	(40,205.82)	(1,257.96)
- Disposals	-	(78.53)	(312.31)	(1,647.77)	-	(2,038.61)
As at December 31, 2011	3,788.62	26,412.10	269,436.61	9,320.10	16,651.12	325,608.55
Accumulated depreciation						
As at January 1, 2011	-	(9,217.49)	(77,970.58)	(6,519.34)	-	(93,707.41)
- Depreciation for the period	-	(1,174.42)	(12,593.39)	(1,016.93)	-	(14,784.74)
- Reclassifications	-	15.81	6.15	426.85	-	448.81
- Disposals	-	70.03	310.57	1,560.19	-	1,940.79
As at December 31, 2011	-	(10,306.07)	(90,247.25)	(5,549.23)	-	(106,102.55)
Allowance for impairment of assets						
As at January 1, 2011	(81.27)	(12.20)	(255.11)	-	-	(348.58)
- Impairment losses	-	(0.33)	-	-	-	(0.33)
- Reversal of impairment losses	-	2.93	-	-	-	2.93
As at December 31, 2011	(81.27)	(9.60)	(255.11)	-	-	(345.98)
Net book value						
As at December 31, 2010	3,540.29	14,012.77	154,879.81	3,546.44	37,002.17	212,981.48
As at December 31, 2011	3,707.35	16,096.43	178,934.25	3,770.87	16,651.12	219,160.02

Borrowing costs amounting to Baht 1,137.23 million in the consolidated financial statements (December 31, 2010: Baht 2,042.11 million) and amounting to Baht 301.16 million in the separate financial statements (December 31, 2010: Baht 886.78 million) were capitalized as part of costs of property, plant and equipment. The Group used capitalization rates ranging from 1.63% - 5.58% (December 31, 2010: 1.67% - 7.25%).

16. Property, Plant and Equipment (Continued)

As at December 31, 2011 and 2010, other assets include vehicles acquired under finance leases. Details are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cost	996.40	981.36	825.21	844.84
Less Accumulated depreciation	(254.10)	(204.58)	(157.68)	(142.26)
Net book value	742.30	776.78	667.53	702.58

As at December 31, 2011, PTTEP had the following carried cost to be reimbursed from the government for various projects. This is presented as oil and gas properties and other non-current assets in the statements of financial position and as petroleum exploration expenses in the statements of income. Details are as follows:

Unit: Million Baht

Projects	Carried cost to be reimbursed from the government		
	Oil and gas properties	Other non-current assets	Petroleum exploration expenses (Accumulated from the year 2002 to December 31, 2011)
Vietnam 52/97	-	31.97	-
Vietnam B and 48/95	-	33.46	-
Vietnam 16-1	813.54	-	1,268.59
Vietnam 9-2	1,051.72	-	791.82
Algeria 433A and 416 B	502.12	-	168.68
Algeria Hassi Bir Rekaiz	343.71	-	345.75

17. Intangible Assets

Intangible assets are as follows:

Unit: Million Baht

	Consolidated financial statements				
	Computer software	Right of use	Exploration & Evaluation assets	Other intangible assets	Total
Cost					
As at January 1, 2011	3,063.34	18,504.51	5,204.28	1,422.41	28,194.54
- Business acquisition (Note 42)	-	-	34,389.67	319.00	34,708.67
- Additions	1,066.44	25.82	4,525.86	263.00	5,881.12
- Reclassifications	209.30	106.34	(7,267.56)	1,400.49	(5,551.43)
- Disposals	(659.99)	(0.02)	(2,940.57)	(0.17)	(3,600.75)
- Currency translation differences	61.57	12.11	1,186.04	23.04	1,282.76
As at December 31, 2011	3,740.66	18,648.76	35,097.72	3,427.77	60,914.91
Accumulated amortization					
As at January 1, 2011	(1,825.24)	(5,083.30)	-	(573.55)	(7,482.09)
- Amortization for the period	(354.78)	(509.86)	-	(236.94)	(1,101.58)
- Reclassifications	0.34	32.44	-	(242.91)	(210.13)
- Disposals	657.12	0.01	-	0.10	657.23
- Currency translation differences	(28.90)	(7.59)	-	(17.56)	(54.05)
As at December 31, 2011	(1,551.46)	(5,568.30)	-	(1,070.86)	(8,190.62)
Allowance for impairment of assets					
As at January 1, 2011	-	-	-	-	-
- Loss on impairment of assets	-	-	(109.49)	-	(109.49)
- Currency translation differences	-	-	(1.02)	-	(1.02)
As at December 31, 2011	-	-	(110.51)	-	(110.51)
Net book value					
As at December 31, 2010	1,238.10	13,421.21	5,204.28	848.86	20,712.45
As at December 31, 2011	2,189.20	13,080.46	34,987.21	2,356.91	52,613.78

17. Intangible Assets (Continued)

Intangible assets are as follows (Continued):

Unit: Million Baht

	Separate financial statements			
	Computer software	Right of use	Other intangible asset	Total
Cost				
As at January 1, 2011	1,722.67	18,241.50	51.55	20,015.72
- Additions	245.42	-	-	245.42
- Reclassifications	209.73	89.14	-	298.87
- Disposals	(656.06)	(0.02)	-	(656.08)
As at December 31, 2011	1,521.76	18,330.62	51.55	19,903.93
Accumulated amortization				
As at January 1, 2011	(1,026.55)	(4,941.35)	(51.55)	(6,019.45)
- Amortization for the period	(225.68)	(480.17)	-	(705.85)
- Reclassifications	0.89	30.40	-	31.29
- Disposals	656.04	0.01	-	656.05
As at December 31, 2011	(595.30)	(5,391.11)	(51.55)	(6,037.96)
Net book value				
As at December 31, 2010	696.12	13,300.15	-	13,996.27
As at December 31, 2011	926.46	12,939.51	-	13,865.97

18. Mining properties

Mining properties in the consolidated financial statements are as follows:

Unit: Million Baht

Cost	
As at January 1, 2011	36,245.46
- Additions	1,466.91
- Reclassifications	439.77
- Disposals	(59.25)
- Currency translation differences	1,151.39
As at December 31, 2011	39,244.28
Accumulated amortization	
As at January 1, 2011	(3,504.40)
- Amortization for the period	(1,575.15)
- Reclassifications	-
- Currency translation differences	(208.49)
As at December 31, 2011	(5,288.04)
Allowance for impairment of assets	
As at January 1, 2011	(41.76)
- Currency translation differences	-
As at December 31, 2011	(41.76)
Net book value	
As at December 31, 2010	32,699.30
As at December 31, 2011	33,914.48

19. Goodwill

Movements of goodwill are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2011	2010
Net book value as at January 1	17,541.83	17,381.94
- Additions (Note 42)	10,453.38	926.01
- Reclassifications (Note 42)	(70.51)	(37.23)
- Impairment losses	(52.81)	(33.52)
- Currency translation differences	475.81	(695.37)
Net book value as at December 31	28,347.70	17,541.83

20. Income Taxes and Deferred Taxes

Applicable tax rates for the Group are as follows:

	Tax rates (%)
Petroleum income tax on petroleum business in Thailand pursuant to the Petroleum Income Tax Act, B.E.2514 (1971) and B.E.2532 (1989)	50
Income tax under the Revenue Code	
- Income tax of the Company	30
- Income tax of subsidiaries and jointly controlled entities	15 – 30
Corporate income tax in foreign countries	5 – 55
Petroleum resource rent tax in Australia	40

20. Income Taxes and Deferred Taxes (Continued)

20.1 Deferred tax assets and deferred tax liabilities as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Deferred tax assets	19,318.40	16,446.49	1,807.79	1,974.18
Deferred tax liabilities	43,174.14	19,850.54	4,961.29	6,319.41
	(23,855.74)	(3,404.05)	(3,153.50)	(4,345.23)

20.2 Income tax expenses recognized in the consolidated and the separate statements of income for the year ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Income tax:				
Current income tax	41,646.08	43,239.70	4,274.77	12,350.12
Adjustments in respect of current income tax of previous year	704.09	271.92	451.57	288.31
	42,350.17	43,511.62	4,726.34	12,638.43
Deferred tax:				
Change in temporary differences	(3,225.90)	(4,807.08)	(90.50)	30.35
Decrease in tax rate*	40.35	-	(308.33)	-
Tax effect of currency translation on tax base	4,066.00	(4,744.00)	-	-
	880.45	(9,551.08)	(398.83)	30.35
Total	43,230.62	33,960.54	4,327.51	12,668.78

*According to the Royal Decree under the Revenue Code regarding reduction and exemption from income taxes (No. 530), 2011 (B.E. 2554) issued on December 21, 2011, the corporate income tax rate will be reduced. As a result, the measurement of deferred tax assets and liabilities will be affected. The Federation of Accounting Professions also made official comments on the change in corporate tax rates, explaining that deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Therefore, the applicable tax rate for 2012 should be 23% and the rate for 2013 onwards should be 20%. The Group reflected the changes in applicable tax rates in its deferred tax calculations in the statements of income.

20. Income Taxes and Deferred Taxes (Continued)

20.3 Movements in deferred tax assets and deferred tax liabilities are as follows:

Unit: Million Baht

	Consolidated financial statements			
	As at January 1, 2011	Statements of income	Shareholders' equity	As at December 31, 2011
Deferred tax assets:				
Trade and other accounts receivable	460.66	(354.05)	0.10	106.71
Inventories	18.46	31.18	-	49.64
Investments	8.79	(2.93)	-	5.86
Property, plant and equipment	(512.35)	930.46	(24.30)	393.81
Intangible assets	215.20	(75.39)	-	139.81
Employee benefit obligations	721.41	(118.47)	4.29	607.23
Cumulative loss carried forward	7,367.52	2,044.00	(125.63)	9,285.89
Petroleum resource rent tax in Australia	5,575.51	1,532.00	355.97	7,463.48
Others	2,591.29	(1,615.35)	290.03	1,265.97
	16,446.49	2,371.45	500.46	19,318.40
Deferred tax liabilities:				
Property, plant and equipment	16,930.50	3,169.00	19,809.36	39,908.86
Other accounts receivable	2,268.62	265.37	-	2,533.99
Available-for-sale investments	1,649.05	-	(792.92)	856.13
Loans	1,779.37	(631.40)	-	1,147.97
Tax effect of currency translation on tax base	(7,117.77)	3,247.00	(262.29)	(4,133.06)
Others	4,340.77	(2,798.07)	1,317.55	2,860.25
	19,850.54	3,251.90	20,071.70	43,174.14

20. Income Taxes and Deferred Taxes (Continued)

20.3 Movements in deferred tax assets and deferred tax liabilities are as follows: (Continued)

Unit: Million Baht

	Consolidated financial statements			
	As at January 1, 2010	Statements of income	Shareholders' equity	As at December 31, 2010
Deferred tax assets:				
Trade and other accounts receivable	493.32	(32.08)	(0.58)	460.66
Inventories	18.20	0.26	-	18.46
Investments	50.38	(41.59)	-	8.79
Property, plant and equipment	(328.73)	(259.44)	75.82	(512.35)
Intangible assets	217.44	(2.24)	-	215.20
Employee benefit obligations	652.72	69.48	(0.79)	721.41
Cumulative loss carried forward	6,104.52	1,997.00	(734.00)	7,367.52
Petroleum resource rent tax in Australia	5,327.51	830.00	(582.00)	5,575.51
Others	(1,151.02)	3,735.21	7.10	2,591.29
	11,384.34	6,296.60	(1,234.45)	16,446.49
Deferred tax liabilities:				
Property, plant and equipment	16,664.50	2,023.00	(1,757.00)	16,930.50
Other accounts receivable	3,143.43	(874.81)	-	2,268.62
Available-for-sale investments	494.31	-	1,154.74	1,649.05
Loans	1,042.38	736.99	-	1,779.37
Tax effect of currency translation on tax base	(3,712.77)	(3,962.00)	557.00	(7,117.77)
Others	5,292.50	(1,177.66)	225.93	4,340.77
	22,924.35	(3,254.48)	180.67	19,850.54

20. Income Taxes and Deferred Taxes (Continued)

20.3 Movements in deferred tax assets and deferred tax liabilities are as follows: (Continued)

Unit: Million Baht

	Separate financial statements			
	As at January 1, 2011	Statements of income	Shareholders' equity	As at December 31, 2011
Deferred tax assets:				
Trade and other accounts receivable	452.02	(345.31)	-	106.71
Inventories	18.46	31.18	-	49.64
Investments	8.79	(2.93)	-	5.86
Property, plant and equipment	181.71	574.65	-	756.36
Intangible assets	215.20	(75.39)	-	139.81
Employee benefit obligations	694.35	(211.68)	-	482.67
Others	403.65	(136.91)	-	266.74
	1,974.18	(166.39)	-	1,807.79
Deferred tax liabilities:				
Other accounts receivable	2,268.62	265.37	-	2,533.99
Available-for-sale investments	1,649.04	-	(792.91)	856.13
Loans	1,779.37	(631.40)	-	1,147.97
Others	622.38	(199.18)	-	423.20
	6,319.41	(565.21)	(792.91)	4,961.29

20. Income Taxes and Deferred Taxes (Continued)

20.3 Movements in deferred tax assets and deferred tax liabilities are as follows: (Continued)

Unit: Million Baht

	Separate financial statements			
	As at January 1, 2010	Statements of income	Shareholders' equity	As at December 31, 2010
Deferred tax assets:				
Trade and other accounts receivable	490.65	(38.63)	-	452.02
Inventories	18.20	0.26	-	18.46
Investments	50.38	(41.59)	-	8.79
Property, plant and equipment	273.86	(92.15)	-	181.71
Intangible assets	217.44	(2.24)	-	215.20
Employee benefit obligations	643.28	51.07	-	694.35
Others	416.24	(12.59)	-	403.65
	2,110.05	(135.87)	-	1,974.18
Deferred tax liabilities:				
Other accounts receivable	3,143.43	(874.81)	-	2,268.62
Available-for-sale investments	494.31	-	1,154.73	1,649.04
Loans	1,042.38	736.99	-	1,779.37
Others	590.08	32.30	-	622.38
	5,270.20	(105.52)	1,154.73	6,319.41

21. Advance Payments for Gas Purchases

Movements of advance payments for gas purchases are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance as at January 1	8,304.60	16,735.19	9,743.47	19,343.93
- Additions	282.43	-	282.43	-
- Make-up right	(1,240.80)	(8,430.59)	(1,530.33)	(9,600.46)
Balance as at December 31	7,346.23	8,304.60	8,495.57	9,743.47

The Company made advance payments for committed gas purchases according to the established minimum volume in the Export Gas Sales Agreements (Take-or-Pay). The Company has the right to take certain volumes of prepaid gas (Make-up right) in subsequent years, with no maturity period.

As at December 31, 2011, advanced payments for gas purchases comprised the remaining of advance payments for gas purchases from the Yadana and the Yetagun gas fields in the Union of Myanmar, irrespective of take-up in 2000-2001 as well as the remaining advance payments for gas purchases from the Unocal 123 gas fields in the Gulf of Thailand, irrespective of take-up in 2011.

22. Other Non-current Assets

Other non-current assets as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Retention and refundable deposits	714.87	10,461.88	43.98	44.83
Advances	9,489.49	8,972.71	4,015.26	4,131.81
Inventories - legal reserves	16,698.38	13,911.72	16,698.38	13,894.99
Deferred compensation	804.12	817.90	-	-
Others	1,012.11	3,203.22	6.02	1,886.33
Total	28,718.97	37,367.43	20,763.64	19,957.96

The Fuel Oil Trading Act B.E. 2543 (2000) categorizes the Company as an oil trader under section 7 of this Act. To protect against and resolve fuel oil shortages, this Act prescribes that oil traders under section 7 must reserve fuel oil according to the categories and volumes determined by the Director General of the Department of Energy Business. Currently, the Company reserves 5% of the planned trading volume as reported to the Director General of the Department of Energy Business, the Ministry of Energy.

In both 2011 and 2010, the costs of inventories-legal reserves were lower than their net realizable value. Therefore, the Group has not recognized any decrease in the value of inventories-legal reserves.

23. Bank Overdrafts and Short-term Loans from Financial Institutions

As at December 31, 2011, the bank overdrafts and short-term loans from financial institutions in the consolidated financial statements bear interest at rates ranging from 1.16% to 4.85% per annum (December 31, 2010: interest at rates ranging from 1.84% to 6.45% per annum). There is no bank overdrafts and short-term loans from financial institutions in the separate financial statements.

24. Other Current Liabilities

Other current liabilities as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Undue output VAT	3,003.79	2,636.90	2,573.85	2,198.11
Retention	80.01	164.64	-	-
Others	1,508.57	2,131.03	936.82	980.49
Total	4,592.37	4,932.57	3,510.67	3,178.60

25. Long-term Loans

Long-term loans as at December 31, 2011 and 2010 are as follows:

Current Portion of Long-term Loans

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Loans – Baht currency	5,025.33	9,975.85	4,000.00	9,500.00
Loans – Baht currency – EPPO	214.35	211.64	214.35	211.64
Loans – Foreign currencies	4,246.05	3,512.16	2,593.25	2,651.91
Debentures – Baht currency	45,296.32	11,356.50	23,500.00	11,356.50
Debentures – Foreign currencies	-	3,286.60	-	3,286.60
Liabilities under finance leases	196.74	219.52	164.52	188.61
Total	54,978.79	28,562.27	30,472.12	27,195.26

Long-term Loans

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Loans – Baht currency	32,251.00	36,002.44	23,500.00	27,500.00
Loans – Baht currency – EPPO	297.42	504.71	297.42	504.71
Loans – Foreign currencies	62,331.22	43,854.43	21,422.30	22,436.28
Debentures – Baht currency	146,521.98	197,809.40	119,304.20	148,804.20
Debentures – Foreign currencies	95,513.07	63,788.49	48,321.77	39,933.29
Liabilities under finance leases	509.12	507.31	453.95	451.96
Total	337,423.81	342,466.78	213,299.64	239,630.44

As at December 31, 2011, Baht 10,205.86 million (December 31, 2010: Baht 18,575.61 million) of the Company's loans are secured by the Ministry of Finance.

25. Long-term Loans (Continued)

Long-term loans, including the current portion, outstanding as at December 31, 2011 and 2010 can be classified by interest types as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Floating interest rate	47,702.09	51,826.39	24,072.24	28,664.50
Fixed interest rate	344,700.51	319,202.66	219,699.52	238,161.20
Total	392,402.60	371,029.05	243,771.76	266,825.70

Interest rates charged on long-term loans as at December 31, 2011 and 2010 are as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
PTT bonds	5.07%-7.83%	3.90%-7.83%	5.07%-7.83%	3.90%-7.83%
Loans – Baht currency	3.87%-5.80%	2.32%-4.75%	3.87%-3.93%	2.32%-4.75%
Loans – Baht currency – EPPO	0.50%	0.50%	0.50%	0.50%
Loans – Foreign currencies				
- US dollar	0.77%-6.05%	0.46%-6.05%	0.77%-4.19%	0.46%-3.83%
- Yen	4.45%	4.45%	4.45%	4.45%
Debentures – Baht currency	3.00%-7.40%	3.00%-7.40%	3.20%-7.40%	3.20%-7.40%
Debentures – Foreign currencies	1.38%-5.88%	1.57%-5.88%	1.38%-5.88%	1.57%-5.88%
Liabilities under finance leases	3.33%-7.28%	3.33%-6.75%	3.33%-5.10%	3.33%-6.33%

25. Long-term Loans (Continued)

25.1 Loans

Movements of loans in Baht currency and foreign currencies for the year ended December 31, 2011 are as follows:

Unit: Million

	Consolidated financial statements			
	Currency			
	Baht	USD	JPY	Total in Baht equivalent
Balance as at January 1, 2011	46,694.63	1,284.24	23,000.00	94,061.23
- Additions	1,562.05	625.00	-	20,906.89
- Repayments	(10,468.58)	(116.03)	-	(13,993.58)
- Loss on exchange rates	-	-	-	2,978.49
- Currency translation differences	-	-	-	394.45
- Others	-	0.59	-	17.89
Balance as at December 31, 2011	37,788.10	1,793.80	23,000.00	104,365.37
- Current portion	(5,239.68)	(112.14)	-	(9,485.73)
Long-term loans	32,548.42	1,681.66	23,000.00	94,879.64

Unit: Million

	Separate financial statements			
	Currency			
	Baht	USD	JPY	Total in Baht equivalent
Balance as at January 1, 2011	37,716.35	544.00	23,000.00	62,804.54
- Additions	8.28	-	-	8.28
- Repayments	(9,712.86)	(87.53)	-	(12,364.77)
- Loss on exchange rates	-	-	-	1,579.27
Balance as at December 31, 2011	28,011.77	456.47	23,000.00	52,027.32
- Current portion	(4,214.35)	(81.47)	-	(6,807.60)
Long-term loans	23,797.42	375.00	23,000.00	45,219.72

25. Long-term Loans (Continued)

25.1 Loans (Continued)

Loans – Baht currency from Energy Policy and Planning Office (EPPO)

On March 25, 2011, the Company drew down the fifth loan installment amounting to Baht 8.28 million with a maturity period of five years, bearing interest at a fixed rate of 0.50% per annum, to fund promotion of energy conservation in accordance with the working capital for NGV (natural gas for vehicles) project. The interest is payable every three months and the principal is payable in 20 quarterly installments of Baht 0.42 million. The first principal repayment was due in June 2011 and the last repayment is due in March 2016.

Loans – Baht currencies

On August 23, 2011, a subsidiary entered into a loan agreement with a financial institution amounting to Baht 1,300 million with a maturity period of five years, bearing interest at a fixed rate. The interest and the principal are payable every three months, with the first payment due on November 30, 2011.

Loans – Foreign currencies

PTTEP entered into an unsecured loan agreement with a financial institution granting a facility of USD 50 million and with a maturity period of five years. During the period, PTTEP drew down the full amount of the loan.

PTTEP Offshore Investment Company Limited (PTTEPO) entered into unsecured loan agreements with four financial institutions granting total facilities of USD 575 million and with a maturity period of five years. The loans were fully guaranteed by PTTEP. During the period, PTTEPO drew down the full amount of the loans.

25. Long-term Loans (Continued)

25.1 Loans (Continued)

Loans – Baht currency

As at December 31, 2011, the Company has entered into a contract to hedge its financial risks arising from the fluctuation of interest rates on some Baht currency long-term loans. The details are as follows:

Date	Currency	Principal (unit: million)	Interest rate (% per annum) in accordance with loan agreements	Interest payment	Principal repayment	Hedging instruments	Interest rate (% per annum) in accordance with hedging contracts	Terms of hedging instruments
02/04/2009	Baht	5,000	Floating rate of 6M THBFIX + a fixed rate	Semi-annual	Repayable in semi-annual installments with the last payment due on March 30, 2019	In 2010, the Company entered into an Interest Rate Swap agreement, with an effective date of June 30, 2010 until the principal maturity date of March 30, 2019.	Floating rate of 6M THBFIX+ a fixed rate	The interest rate swap contract granted the contracted parties a one-time right on June 30, 2012, to change from a floating rate of 6M THBFIX + a fixed rate to a fixed rate of 4.355% per annum.

25. Long-term Loans (Continued)

25.1 Loans (Continued)

Loans – Foreign currencies

As at December 31, 2011, the Company has entered into contracts to hedge its financial risks arising from the fluctuation of interest rates and foreign exchange rates on some foreign currency long-term loans. The details are as follows:

Date	Currencies	Principal (unit: million)	Interest rate (% per annum) in accordance with loan agreements	Interest payment	Principal repayment	Hedging instruments	Interest rate (% per annum) in accordance with hedging contracts	Terms of hedging instruments
05/04/2006	JPY	23,000	4.45 on USD principal	Semi-annual	Maturity on April 7, 2036	In 2008, the Company entered into a participating swap (P – SWAP) contract for JPY long-term loans to hedge USD: JPY exchange rates risks. The contract is in the form of call options to purchase JPY 23,000 million. According to the terms of the contract, in the current market situation, the Company has the right to purchase such JPY in an amount equivalent to USD 196.94 million. The premium on the contract is approximately 1.38% per annum.	Fixed rate of approximately 1.38% on USD principal (premium)	The equivalent amount in USD depends on the range of exchange rates between USD and JPY.
14/11/2006	USD	150*	LIBOR + a fixed rate on USD principal	Semi-annual	Partial repayment and last payment on November 30, 2013	- In 2008, the Company entered into an interest rate swap (IRS) contract to swap a floating rate for a fixed rate. - In 2009, the Company entered into a basis swap contract on long-term loans amounting to USD 300 million, swapping an interest rate of one-month LIBOR + a fixed rate for a six-month LIBOR interest rate. This basis swap contract expired on May 30, 2011.	Fixed rate ranging from 2.85-3.35% on the USD principal	Some basis swap contracts granted the contracted parties a one-time right to change from a fixed to a floating rate and a floating interest rate of LIBOR - a fixed rate per annum.

*The principal decreased from USD 300 million to USD 150 million because during 2010 – 2011 the Company made partial repayment of USD 75 million per year.

25. **Long-term Loans** (Continued)

25.1 Loans (Continued)

Loans – Foreign currencies

As at December 31, 2011, the Company has entered into contracts to hedge its financial risks arising from the fluctuation of interest rates and foreign exchange rate on some foreign currency long-term loans. The details are as follows: (Continued)

Date	Currency	Principal (unit: million)	Interest rate (% per annum) in accordance with loan agreements	Interest payment	Principal repayment	Hedging instruments	Interest rate (% per annum) in accordance with hedging contracts	Terms of hedging instruments
14/11/2006 (continued)	USD	150*	LIBOR + a fixed rate on USD principal	Semi-annual	Partial repayment and last payment on November 30, 2013	- In 2010, the Company entered into a term extension of the basis swap contract with the maturity on November 30, 2013.	Fixed rate ranging from 2.85-3.35% on the USD principal	Some basis swap contracts granted the contracted parties a one-time right to change from a fixed to a floating rate and a floating interest rate of LIBOR - a fixed rate per annum.
25/05/2010	USD	300	LIBOR + a fixed rate on USD principal	Semi-annual	Maturity on May 25, 2015	- In 2010, the Company entered into an interest rate swap (IRS) contract. - In 2011, the parties of some interest rate swap contract (IRS), amounting to USD 100 million, exercised their rights to change the interest rate from a floating rate of LIBOR + a fixed rate to a fixed interest rate at 2.756% per annum. The changes have been effective since May 25, 2011.	Fixed rate ranging from 2.66-2.989 % on the USD principal	-

*The principal decreased from USD 300 million to USD 150 million because during 2010-2011 the Company made partial repayment of USD 75 million per year.

25. Long-term Loans (Continued)

25.2 Debentures

Debentures as at December 31, 2011 and 2010 are as follows:

Unit: Million

	Consolidated financial statements			
	2011		2010	
	Baht	USD	Baht	USD
Unsecured unsubordinated debentures				
- USD currency	92,472.15	2,911.17	64,147.91	2,126.57
- Baht currency	191,818.30	-	209,165.90	-
Secured unsubordinated debentures				
- USD currency	3,040.92	96.62	2,927.18	96.50
Total	287,331.37	3,007.79	276,240.99	2,223.07
Current portion	(45,296.32)	-	(14,643.10)	(108.48)
Long-term debentures	242,035.05	3,007.79	261,597.89	2,114.59

Unit: Million

	Separate financial statements			
	2011		2010	
	Baht	USD	Baht	USD
Unsecured unsubordinated debentures				
- USD currency	48,321.77	1,518.03	43,219.89	1,426.57
- Baht currency	142,804.20	-	160,160.70	-
Total	191,125.97	1,518.03	203,380.59	1,426.57
Current portion	(23,500.00)	-	(14,643.10)	(108.48)
Long-term debentures	167,625.97	1,518.03	188,737.49	1,318.09

25. Long-term Loans (Continued)

25.2 Debentures (Continued)

On September 21 and 26, 2011, the Company entered into cross-currency swap contracts with two financial institutions to swap Baht 6,000 million of debentures, with a coupon rate of 3.2% per annum, for USD 198 million of debentures, with a coupon rate of 1.375% per annum. The interest rates are effective from September 23 and 28, 2011 until the principal payment is due on December 14, 2014.

On April 5, 2011, PTTEP Canada International Finance Co., Ltd. (PTTEP CIF), a subsidiary of PTTEP, issued and offered USD 700 million of unsecured unsubordinated debentures with a tenor of ten years to foreign institutional investors. The debentures with a coupon rate of 5.692% per annum mature on April 5, 2021 and are fully guaranteed by PTTEP.

During the period, PTTEP entered into cross-currency swap contracts with financial institutions to swap most of its Baht-denominated debentures for USD-denominated ones.

25. Long-term Loans (Continued)

25.2 Debentures (Continued)

As at December 31, 2011, the Company has entered into cross-currency swap contracts to hedge its financial risks arising from the fluctuation of foreign currency exchange rates and interest rates on Baht currency and some foreign currency debentures. The details are as follows:

Date	Currencies	Principal (unit: million)	Interest rate (% per annum) in accordance with loan agreements	Interest payment	Principal repayment	Hedging instruments	Interest rate (% per annum) in accordance with hedging contracts	Terms of hedging instruments
22/06/2007	JPY	36,000	2.71 on JPY principal	Semi-annual	Maturity on June 29, 2017	In 2007, the Company entered into a cross currency swap contract for USD obligations of USD 290.51 million.	Floating rate at LIBOR +a fixed rate or fixed rate at 5.5% on USD principal depending on LIBOR and the fixed rates ranging from 4.98-5.37% of USD principal	The parties have a one-time right in some cross currency swap contracts to change from a fixed interest rate to a floating interest rate at LIBOR + a fixed rate per annum.
14/12/2007	Baht	3,053.80	Year 1-3: 5.00 Year 4-7: 5.95 on Baht principal	Semi-annual	Maturity on December 14, 2014	In 2008, the Company entered into a cross currency swap contract for USD obligations of USD 90 million.	Fixed rate ranging from 4.74-4.75% on USD principal	-

25. Long-term Loans (Continued)

25.2 Debentures (Continued)

As at December 31, 2011, the Company entered into cross-currency swap contracts to hedge its financial risks arising from the fluctuation of foreign currency exchange rates and interest rates on Baht currency and some foreign currency debentures. The details are as follows: (Continued)

Date	Currencies	Principal (unit: million)	Interest rate (% per annum) in accordance with loan agreements	Interest payment	Principal repayment	Hedging instruments	Interest rate (% per annum) in accordance with hedging contracts	Terms of hedging instruments
25/02/2010	Baht	2,636	4.10 on Baht principal	Semi-annual	Maturity on February 25, 2017	In 2010, the Company entered into a cross-currency swap contract for USD obligations of USD 79.45 million.	Floating rate of LIBOR + a fixed rate on USD principal	-
25/02/2010	Baht	4,000	4.50 on Baht principal	Semi-annual	Maturity on February 25, 2022	In 2010, the Company entered into a cross-currency swap contract for USD obligations of USD 120.55 million.	Floating rate of LIBOR + a fixed rate on USD principal	-
29/11/2010	Baht	6,000	3.2 on Baht principal	Semi-annual	Maturity on December 14, 2014	In 2011, the Company entered into a cross-currency swap contract for USD obligations of USD 198 million.	A fixed rate of 1.375% on USD principal	-

25. Long-term Loans (Continued)

25.3 Liabilities under Finance Leases

Liabilities under finance leases as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Liabilities under finance leases				
- Within 1 year	222.32	245.30	186.38	210.50
- Over 1 year but not over 5 years	535.61	541.71	477.24	482.95
Future finance charges on finance leases	(52.07)	(60.18)	(45.15)	(52.88)
Present value of liabilities under finance leases	705.86	726.83	618.47	640.57
Present value of liabilities under finance leases				
- Current liabilities	196.74	219.52	164.52	188.61
- Non-current liabilities	509.12	507.31	453.95	451.96
Total	705.86	726.83	618.47	640.57

25. Long-term Loans (Continued)

25.4 Maturities of long-term loans as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements						
	2011						
	Baht currency loans	Baht currency loans from EPPO	Foreign currency loans	Baht currency debentures	Foreign currency debentures	Liabilities under finance leases	Total
Within 1 year	5,025.33	214.35	4,246.05	45,296.32	-	196.74	54,978.79
Over 1-2 years	3,170.75	191.59	5,382.51	41,275.79	-	176.12	50,196.76
Over 2-5 years	14,036.25	105.83	40,200.46	54,206.21	44,415.46	333.00	153,297.21
Over 5 years	15,044.00	-	16,748.25	51,039.98	51,097.61	-	133,929.84
Total	37,276.33	511.77	66,577.27	191,818.30	95,513.07	705.86	392,402.60

Unit: Million Baht

	Consolidated financial statements						
	2010						
	Baht currency loans	Baht currency loans from EPPO	Foreign currency loans	Baht currency debentures	Foreign currency debentures	Liabilities under finance leases	Total
Within 1 year	9,975.85	211.64	3,512.16	11,356.50	3,286.60	219.52	28,562.27
Over 1-2 years	4,585.78	212.70	3,968.16	45,287.71	-	160.12	54,214.47
Over 2-5 years	9,331.93	292.01	23,294.63	70,372.45	35,965.78	347.19	139,603.99
Over 5 years	22,084.73	-	16,591.64	82,149.24	27,822.71	-	148,648.32
Total	45,978.29	716.35	47,366.59	209,165.90	67,075.09	726.83	371,029.05

25. Long-term Loans (Continued)

25.4 Maturities of long-term loans as at December 31, 2011 and 2010 are as follows: (Continued)

Unit: Million Baht

	Separate financial statements						
	2011						
	Baht currency loans	Baht currency loans from EPPO	Foreign currency loans	Baht currency debentures	Foreign currency debentures	Liabilities under finance leases	Total
Within 1 year	4,000.00	214.35	2,593.25	23,500.00	-	164.52	30,472.12
Over 1-2 years	2,000.00	191.59	2,387.39	24,550.00	-	164.27	29,293.25
Over 2-5 years	10,400.00	105.83	9,549.57	54,206.20	21,878.40	289.68	96,429.68
Over 5 years	11,100.00	-	9,485.34	40,548.00	26,443.37	-	87,576.71
Total	27,500.00	511.77	24,015.55	142,804.20	48,321.77	618.47	243,771.76

Unit: Million Baht

	Separate financial statements						
	2010						
	Baht currency loans	Baht currency loans from EPPO	Foreign currency loans	Baht currency debentures	Foreign currency debentures	Liabilities under finance leases	Total
Within 1 year	9,500.00	211.64	2,651.91	11,356.50	3,286.60	188.61	27,195.26
Over 1-2 years	4,000.00	212.70	2,468.15	23,500.00	-	129.26	30,310.11
Over 2-5 years	7,000.00	292.01	11,361.12	53,686.20	14,793.82	322.70	87,455.85
Over 5 years	16,500.00	-	8,607.01	71,618.00	25,139.47	-	121,864.48
Total	37,000.00	716.35	25,088.19	160,160.70	43,219.89	640.57	266,825.70

26. Employee Benefit Obligations

The Group's employees are entitled to retirement benefits under Thai labour law or the labour laws of other countries in which the Group is incorporated, or when employees complete their terms in accordance with agreements between employees and the Group. Employee benefit obligations are defined benefit obligations calculated using the projected unit credit method on an actuarial basis. This basis determines the present value of future payments by discounting the future cash flows using the yields on government bonds with a currency and term similar to the estimated term of the benefit obligations. Actuarial gains or losses are recognized in the statement of income in the period in which they arise. Any expenses related to benefits are recognized in the statement of income in order to attribute benefits to periods of service.

Movements in the present value of the defined benefit obligations are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
As at January 1	5,147.73	4,566.44	2,314.50	2,144.28
Current service costs	406.29	447.58	140.06	123.68
Interest on obligations	198.38	184.55	92.09	97.40
Actuarial (gains) losses	(0.01)	93.66	-	93.64
Currency translation differences	(25.66)	-	-	-
Actual payment	(226.68)	(144.50)	(159.25)	(144.50)
As at December 31	5,500.05	5,147.73	2,387.40	2,314.50

Since January 1, 2011, the Group has recognized employee retirement benefit expenses as liabilities, based on the assessment of an actuary (actuarial valuation) calculated based on assumptions regarding employee salaries, turnover rates, ages to retirement, mortality rates, service years and other factors. The Group has adopted and applied the new standard retrospectively.

26. Employee Benefit Obligations (Continued)

Expenses recognized in the statements of income for the years ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Current service costs	406.29	447.58	140.06	123.68
Interest on obligations	198.38	184.55	92.09	97.40
Actuarial (gains) losses	(0.01)	93.66	-	93.64
Total	604.66	725.79	232.15	314.72

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cost of sales	92.45	125.82	30.40	58.37
Selling expenses	42.15	27.14	41.06	27.14
Administrative expenses	465.04	560.45	156.70	225.60
Management remuneration	5.02	12.38	3.99	3.61
Total	604.66	725.79	232.15	314.72

Principal actuarial assumptions

- Financial assumptions of the Group

	Annual percentage (%)
Discount rate	3.60 - 4.80
Inflation rate	2.00 - 3.00

- Demographic assumptions of the Group

Assumptions regarding mortality rates are based on the published statistics and mortality tables B.E. 2540 (1997) (Thailand TMO97) issued by the Office of Insurance Commission. The TMO97 comprises data from Thailand insurance company surveys, which provides assurance about that these figures reflect actual mortality rates of Thai citizens.

27. Provision for Decommissioning Costs

Provision for decommissioning costs as at December 31, 2011 and 2010 were Baht 24,941.52 million and Baht 25,905.15 million, respectively. The provision for decommissioning costs is reviewed and estimated by engineers and the management of the Group.

Provision for decommissioning costs as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2011	2010
Provision for decommissioning costs	24,941.52	25,905.15
Less Current portion	(2,312.67)	(3,753.37)
Provision for long-term portion	22,628.85	22,151.78

Movements of the provision for expected decommissioning costs are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2011	2010
As at January 1	25,905.15	23,678.37
- Additions	3,554.85	5,836.52
- Currency translation differences	1,225.41	(2,301.85)
- Utilized during the year	(2,728.94)	(1,307.89)
- Reversal	(3,014.95)	-
As at December 31	24,941.52	25,905.15

28. Other Non-current Liabilities

Other non-current liabilities as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Retention	1,161.88	1,213.42	798.72	897.82
Deferred revenue	349.63	372.27	346.34	372.22
Other advances received	205.08	216.34	205.07	216.33
Long-term liability: Make-up	3,672.12	3,036.24	3,672.12	3,036.24
Others	1,592.83	832.50	-	-
Total	6,981.54	5,670.77	5,022.25	4,522.61

Long-term liability (make-up) arises from the amount of the difference between the natural gas price for the committed gas volumes that the Company paid in advance and the natural gas price as at the date of taking the gas that exceeds the interest paid for the advance payment for untaken-up gas volume (Take-or-Pay). The Company has to distribute the difference to the parties who paid for the Take-or-Pay interest for the Yadana and Yetagun gas fields.

29. Share Capital

29.1 Share Capital – Authorized Shares

	Par Value (Baht per share)	The number of authorized shares (shares)	The value of authorized shares (Baht)
As at December 31, 2010	10	2,857,245,725	28,572,457,250
As at December 31, 2011	10	2,857,245,725	28,572,457,250

29.2 Share Capital – Issued and Paid-up Shares

	Number of issued and fully paid-up shares (shares)	Value of issued and fully paid-up shares (Baht)	Premium on share capital (Baht)	Total (Baht)
As at January 1, 2011	2,849,042,025	28,490,420,250	27,585,429,566	56,075,849,816
Additions	7,257,600	72,576,000	1,625,702,400	1,698,278,400
As at December 31, 2011	2,856,299,625	28,562,996,250	29,211,131,966	57,774,128,216

The Company issued and offered warrants as follows:

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise ratio (warrant per ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercise date of warrants
September 1, 2005*	183	1 : 1	39.41	0.59	August 31, 2010
September 29, 2006*	234	1 : 1	19.65	0.35	September 28, 2011
			59.06	0.94	

*As at December 31, 2011, the warrants of the Company issued and offered on September 1, 2005, and September 29, 2006, have expired. There are 0.59 and 0.35 million units of unexercised warrants, respectively.

30. Reserves

30.1 Legal Reserve

Under the Public Limited Companies Act B.E. 2535 (1992), the Company is required to appropriate not less than 5% of its annual net income as legal reserve until the reserve fund reaches 10% of the authorized share capital. The reserve is non-distributable. The Company's reserve has already reached the 10% of its authorized share capital, stipulated in the Act.

30.2 Reserve for Self-insurance Fund

Movements of reserves for self-insurance fund are as follows:

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance as at January 1	1,005.09	988.61	1,005.09	988.61
Appropriated during the years	29.77	16.48	29.77	16.48
Balance as at December 31	1,034.86	1,005.09	1,034.86	1,005.09

The self-insurance fund was set up to provide insurance coverage for the Company's business. The Company appropriates net income from operations and the interest income from the fund each year to the fund.

31. Earnings per Share

Basic earnings per share is calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares which are held by third parties during the period.

For the calculation of diluted earnings per share, the Company assumes that all warrants of the Group given to directors, management and employees that can be exercised are converted to ordinary shares. The exercise of those warrants results in adjustments to the net income of the Group recognized in the separate financial statements, with reductions in shareholding. The number of diluted shares is calculated using a market price (the average price of the Company's ordinary shares during the period) and the exercise prices. This calculation is prepared to determine the number of ordinary shares to be added to the ordinary shares held by third parties for the calculation of diluted earnings per share.

31. Earnings per Share (Continued)

Basic earnings per share and diluted earnings per share for the years ended December 31, 2011 and 2010 are calculated as follows:

Consolidated financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2011	2010	2011	2010
Net income attributable to ordinary shareholders (Baht)	105,296,408,824	83,992,053,512	105,296,408,824	83,992,053,512
Adjustment of net income (Baht)	-	-	(611,224)	(132,614,145)
Net income for calculation of earnings per share (Baht)	105,296,408,824	83,992,053,512	105,295,797,600	83,859,439,367
Weighted average number of ordinary shares for calculation of earnings per share (shares)	2,853,013,472	2,839,222,607	2,853,958,913	2,842,237,569
Earnings per share (Baht/share)	36.91	29.58	36.89	29.50

Separate financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2011	2010	2011	2010
Net income attributable to ordinary shareholders (Baht)	73,434,002,942	54,457,274,823	73,434,002,942	54,457,274,823
Weighted average number of ordinary shares for calculation of earnings per share (shares)	2,853,013,472	2,839,222,607	2,853,958,913	2,842,237,569
Earnings per share (Baht/share)	25.74	19.18	25.73	19.16

Diluted earnings resulted from the issue of registered non-transferable warrants to purchase ordinary shares by the Company and the Group to their directors, management and employees.

The Company issued warrants to its directors, management and employees under the Employee Stock Ownership Plan (ESOP). Details are described in Note 29.

31. Earnings per Share (Continued)

PTTEP

PTTEP issued and offered warrants under the Employee Stock Ownership Plan (ESOP) to its employees as follows:

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise ratio (warrant : ordinary shares)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercise date of warrants
August 1, 2002*	22.20	1 : 5	9.78	0.22	July 31, 2007
August 1, 2003*	23.40	1 : 5	9.72	0.28	July 31, 2008
August 1, 2004*	36.60	1 : 5	13.61	0.39	July 31, 2009
August 1, 2005*	55.60	1 : 5	13.53	0.47	July 31, 2010
August 1, 2006*	91.20	1 : 5	13.35	0.65	July 31, 2011
			59.99	2.01	

*As at December 31, 2011, the warrants of PTTEP issued and offered on August 1, 2002, August 1, 2003, August 1, 2004, August 1, 2005 and August 1, 2006 have expired. There are 0.04 million units, 0.06 million units, 0.08 million units, 0.09 million units and 0.13 million units of unexercised warrants, respectively.

PTTCH

PTTCH issued and offered warrants under the Employee Stock Ownership Plan (ESOP) to its employees as follows:

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise ratio (warrant : ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercise date of warrants
September 29, 2006*	66.50	1 : 1	28.96	0.04	September 28, 2011

*As at December 31, 2011, the warrants of PTTCH issued and offered on September 29, 2006 have expired. There are 0.04 million units of unexercised warrants.

31. Earnings per Share (Continued)

PTTGC

In accordance with the registration of PTTGC, the amalgamation of PTTAR and PTTCH, on October 19, 2011, PTTAR and PTTCH were terminated and the remaining warrants under ESOP of PTTAR were transferred to PTTGC. There were 12,939,342 units of PTTAR ESOP warrants outstanding, with a conversion ratio of one warrant per 0.5167553 ordinary shares of PTTAR, and an exercise price of Baht 23.22 per share. According to the terms and conditions of PTTAR ESOP warrants, PTTAR was required to adjust the exercise price and exercise ratio when it entered into an amalgamation. The details are as follows:

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise ratio (warrant : ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercise date of warrants
October 19, 2011	46.32	1 : 0.2590478	0.13	3.33	October 19, 2016

IRPC

IRPC issued and offered warrants to its employees under the Employee Stock Ownership Plan (ESOP) as follows:

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise ratio (warrant : ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercise date of warrants
June 29, 2007*	2.88	1 : 1	898.66	9.21	June 28, 2011
September 28, 2007*	2.88	1 : 1	35.76	2.34	September 27, 2011
			934.42	11.55	

*As at December 31, 2011, the warrants of IRPC issued and offered on June 29, 2007 and September 28, 2007 have expired. There are 9.21 million units and 2.34 million units of unexercised warrants, respectively.

31. Earnings per Share (Continued)

BCP

BCP issued and offered convertible debentures to institutional investors and companies as follows:

Date of issue and offer of convertible debentures	Exercise price (Baht per share)	Exercise ratio (convertible debenture : ordinary shares)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercise date of convertible debentures
January 29, 2004	14.30	1 : 699	279.67	-	September 30, 2013
May 16, 2006	14.00	1 : 714	41.81	-	May 15, 2016
			321.48	-	

BCP issued and offered warrants to its shareholders under the Employee Stock Ownership Plan (ESOP) as follows:

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise ratio (warrant : ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercise date of warrants
May 15, 2006*	18.00	1 : 1	63.86	5.23	May 14, 2011

*As at December 31, 2011, the warrants of BCP issued and offered on May 15, 2006 have expired. There are 5.23 million units of unexercised warrants.

32. Share-based Payment

The Company issued two warrant arrangements, which are as follows:

	Warrant 1	Warrant 2
Date of grant	April 12, 2005	April 11, 2006
Date of issue	September 1, 2005	September 29, 2006
Number granted (warrants)	40,000,000	20,000,000
Exercise price (Baht per share)	183	234
Exercise ratio (warrant : ordinary share)	1 : 1	1 : 1
Contractual life	5 years from the date of issue	5 years from the date of issue
Last exercise date	August 31, 2010	September 28, 2011

Vesting condition: Warrants were granted to directors, managing director, management and employees of the Company or secondments from related companies who had been working for the Company not less than six months. Each warrant was divided into four parts or 25%, with the first exercise dates of each part being at the end of the first, second, third and fourth years, respectively, from the issue dates. Thereafter, the warrants are exercisable on the last working day of each period of three months after the first exercise dates throughout the contractual lives.

Details of the warrant movements are as follows:

For the year ended December 31, 2011

Unit: Million units

Arrangement	Balance at the beginning of period	Number exercised	Balance at the end of period	Exercisable at the end of period
Warrant 2	7.61	7.26	0.35	-

For the year ended December 31, 2010

Unit: Million units

Arrangement	Balance at the beginning of period	Number exercised	Balance at the end of period	Exercisable at the end of period
Warrant 1	8.14	7.55	0.59	-
Warrant 2	15.32	7.71	7.61	7.61
	23.46	15.26	8.20	7.61

32. **Share-based Payment** (Continued)

The weighted-average share price as at the exercise dates of Warrant 2 during the year ended December 31, 2011 was Baht 326 (December 31, 2010: Warrant 1 and Warrant 2 were Baht 254 and Baht 300, respectively).

As at December 31, 2011, both Warrant 1 and Warrant 2 have expired.

As at December 31, 2010, Warrant 1 has expired and the weighted-average remaining of the contractual life of Warrant 2 was nine months, ending on September 28, 2011.

33. Sales and Service Income

Sales and service income for the years ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Oil products	1,786,905.31	1,363,596.49	1,676,252.48	1,306,582.48
Gas products	449,525.56	402,943.77	447,556.07	401,915.20
Petrochemicals products	145,627.92	94,730.17	71,753.38	48,674.17
Mining products	30,850.50	24,652.15	-	-
Other products	1,453.81	151.28	-	-
Utilities income	624.66	614.03	-	-
Non-core businesses	6,002.55	5,616.65	1,993.12	1,578.75
Services	7,174.37	6,377.63	-	-
Total	2,428,164.68	1,898,682.17	2,197,555.05	1,758,750.60

Sales and service income for the years ended December 31, 2011 and 2010 include sales to government agencies and state enterprises amounting to Baht 107,630.57 million and Baht 132,291.42 million in the consolidated financial statements, and Baht 106,755.32 million and Baht 132,055.89 million in the separate financial statements, respectively.

34. Other Income

Details of other income for the years ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Transportation income	3,486.61	4,373.00	3,584.63	3,901.42
Dividend income	599.86	514.28	24,784.00	18,830.84
Interest income	3,477.51	2,679.08	4,873.46	3,852.36
Compensation for loan interest on advance payments for gas purchases	269.61	447.06	269.61	447.06
Others	8,767.87	5,012.47	5,438.81	4,009.62
Total	16,601.46	13,025.89	38,950.51	31,041.30

Compensation for loan interest on advance payments for gas purchases (Take-or-Pay) represents the compensation that the Company received from the Electricity Generating Authority of Thailand (EGAT) and Independent Power Plants (IPPs) to absorb interest on loans the Company obtained to make advance payments for gas purchases.

35. Expenses by Nature

Details of expenses by nature for the years ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Changes in finished goods and work in process	(9,869.08)	(2,393.26)	(9,583.69)	(2,393.17)
Goods purchased and raw materials used	2,120,810.16	1,648,026.08	2,095,669.17	1,674,302.10
Staff costs	13,743.06	12,318.13	6,996.57	6,502.49
Outsourcing	6,582.58	4,925.77	5,078.85	4,258.86
Transportation	14,728.83	13,683.07	7,370.15	7,523.82
Depreciation and amortization	55,318.16	46,704.93	15,907.76	10,283.09
Repairment	5,792.69	5,302.40	3,352.02	2,681.71
Utilities	12,041.09	8,578.44	10,575.07	7,373.52

36. Petroleum Royalties and Remuneration

Details of petroleum royalties and remuneration for the years ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2011	2010
Petroleum royalties	21,691.27	18,034.43
Special remuneration benefits	338.33	505.64
Total	22,029.60	18,540.07

37. Shares of Net Income from Investments in Associates

The shares of net income from investment in associates for the years ended December 31, 2011 and 2010 includes gain on foreign exchange as follows:

Unit: Million Baht

	Consolidated financial statements	
	2011	2010
Shares of net income before gain on foreign exchange	28,827.85	13,953.30
Gain on foreign exchange	634.77	4,862.66
Total	29,462.62	18,815.96

38. Finance Costs

Details of finance costs for the years ended December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Interest expenses:				
Loans from financial institutions	2,862.45	2,292.09	1,392.39	1,102.98
Bonds and debentures	14,197.61	12,847.98	10,880.82	10,548.30
Liabilities under finance leases	27.62	20.95	23.75	16.57
Others	318.39	17.74	0.04	12.04
Other finance costs	635.56	1,624.47	445.47	563.31
Total	18,041.63	16,803.23	12,742.47	12,243.20

39. Segment Information

The Company presented financial information by business segment, rather than by geographical segment because the geographical segments other than Thailand together reported less than 10% of the consolidated revenues, operating results and total assets.

Consolidated financial statements

For the year ended December 31, 2011

Unit: Million Baht

	Upstream petroleum and natural gas		Downstream petroleum				Coal	Others	Elimination	Total
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals	Refining				
Sales - others	30,280.90	389,722.88	550,109.25	1,350,437.26	75,162.29	-	30,850.50	1,601.60	-	2,428,164.68
- related parties	139,364.92	23,077.66	8,415.00	77,115.24	8.24	-	-	1,307.74	(249,288.80)	-
Net sales	169,645.82	412,800.54	558,524.25	1,427,552.50	75,170.53	-	30,850.50	2,909.34	(249,288.80)	2,428,164.68
Gross margin*	150,048.38	76,695.10	20,751.02	3,805.14	5,052.04	-	13,443.37	992.08	(1,346.64)	269,440.49
EBITDA	118,011.99	62,195.10	13,224.24	3,289.95	3,777.44	-	9,274.79	646.36	327.98	210,747.85
Depreciation and amortization	33,531.66	15,202.79	2,443.71	13.30	883.51	-	2,070.71	1,174.81	(2.33)	55,318.16
EBIT	84,480.33	46,992.31	10,780.53	3,276.65	2,893.93	-	7,204.08	(528.45)	330.31	155,429.69
Share of net income (loss) from associates	-	(302.58)	507.37	-	11,221.15	18,018.21	(61.99)	80.46	-	29,462.62
Interest income										3,477.51
Other income (expenses)										(3,137.40)
Gain on foreign exchange										1,265.81
Finance costs										(18,041.63)
EBT										168,456.60
Income taxes										(43,230.62)
Net income for the year										125,225.98
Attributable to:										
Equity holders of the Company										105,296.41
Non-controlling interests										19,929.57
Net income for the year										125,225.98

*Gross margin excludes depreciation and amortization in cost of sales.

39. Segment Information (Continued)

Consolidated financial statements

For the year ended December 31, 2011 (Continued)

Unit: Million Baht

	Upstream petroleum and natural gas		Downstream petroleum				Coal	Others	Elimination	Total
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals	Refining				
Segment assets	415,476.18	333,350.25	89,893.46	111,035.45	42,062.81	-	50,050.80	113,492.10	-	1,155,361.05
Inter-company assets	15,136.03	4,711.80	1,506.22	5,213.99	75.23	-	-	30,822.47	(57,465.74)	-
Investments in associates	-	14,589.70	1,780.28	-	110,056.12	99,463.48	1,541.57	301.49	-	227,732.64
Total segment assets	430,612.21	352,651.75	93,179.96	116,249.44	152,194.16	99,463.48	51,592.37	144,616.06	(57,465.74)	1,383,093.69
Non-allocated assets										19,318.40
Total Assets										1,402,412.09
Segment liabilities	215,080.78	65,642.48	42,683.87	97,380.17	21,094.21	-	14,943.40	258,464.47	-	715,289.38
Inter-company liabilities	1,470.06	32,526.41	10,001.65	6,259.62	2,051.84	-	-	5,156.16	(57,465.74)	-
Total segment liabilities	216,550.84	98,168.89	52,685.52	103,639.79	23,146.05	-	14,943.40	263,620.63	(57,465.74)	715,289.38
Non-allocated liabilities										43,174.14
Total Liabilities										758,463.52
Capital Expenditure	72,835.45	22,640.56	2,574.46	2,168.59	4,910.81	-	2,697.00	3,114.49	-	110,941.36

39. Segment Information (Continued)

Consolidated financial statements

For the year ended December 31, 2010

Unit: Million Baht

	Upstream petroleum and natural gas		Downstream petroleum				Coal	Others	Elimination	Total
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals	Refining				
Sales - others	18,671.33	336,468.91	476,141.98	995,413.87	46,455.56	-	24,652.15	878.37	-	1,898,682.17
- related parties	121,984.40	20,548.95	4,558.20	66,280.30	3.42	-	-	1,135.73	(214,511.00)	-
Net sales	140,655.73	357,017.86	480,700.18	1,061,694.17	46,458.98	-	24,652.15	2,014.10	(214,511.00)	1,898,682.17
Gross margin*	126,121.56	56,698.80	20,017.00	2,946.64	2,409.04	-	8,822.34	573.69	(1,202.71)	216,386.36
EBITDA	101,838.96	47,211.71	12,126.18	2,352.95	1,199.10	-	5,361.60	49.31	190.22	170,330.03
Depreciation and amortization	32,303.34	9,257.00	2,409.59	10.63	367.61	-	1,425.69	933.40	(2.33)	46,704.93
EBIT	69,535.62	37,954.71	9,716.59	2,342.32	831.49	-	3,935.91	(884.09)	192.55	123,625.10
Share of net income (loss) from associates	-	(115.24)	409.59	-	6,193.72	12,362.42	(23.68)	(10.85)	-	18,815.96
Interest income										2,679.08
Other income										785.92
Gain on foreign exchange										6,361.93
Finance costs										(16,803.23)
EBT										135,464.76
Income taxes										(33,960.54)
Net income for the year										101,504.22
Attributable to:										
Equity holders of the Company										83,992.05
Non-controlling interests										17,512.17
Net income for the year										101,504.22

*Gross margin excludes depreciation and amortization in cost of sales.

39. Segment Information (Continued)

Consolidated financial statements

For the year ended December 31, 2010 (Continued)

Unit: Million Baht

	Upstream petroleum and natural gas		Downstream petroleum				Coal	Others	Elimination	Total
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals	Refining				
Segment assets	293,982.87	313,471.64	82,183.11	107,457.02	37,940.98	-	44,273.93	128,290.46	-	1,007,600.01
Inter-company assets	13,684.78	2,751.17	1,511.35	5,499.74	313.67	-	-	30,025.91	(53,786.62)	-
Investments in associats	-	20,349.10	1,277.66	-	61,270.98	120,469.25	1,538.42	157.28	-	205,062.69
Total segment assets	307,667.65	336,571.91	84,972.12	112,956.76	99,525.63	120,469.25	45,812.35	158,473.65	(53,786.62)	1,212,662.70
Non-allocated assets										16,446.50
Total Assets										1,229,109.20
Segment liabilities	151,987.39	49,010.93	42,171.79	90,691.12	18,312.17	-	14,781.27	284,890.12	-	651,844.79
Inter-company liabilities	2,227.00	31,803.45	10,488.82	4,590.42	1,844.90	-	-	2,832.03	(53,786.62)	-
Total segment liabilities	154,214.39	80,814.38	52,660.61	95,281.54	20,157.07	-	14,781.27	287,722.15	(53,786.62)	651,844.79
Non-allocated liabilities										19,850.54
Total Liabilities										671,695.33
Capital Expenditure	54,714.02	30,463.40	2,804.94	8.72	11,732.26	-	2,663.07	3,527.84	-	105,914.25

Pricing among business groups is based on normal market prices except for pricing among business groups within the Company, for which net market prices, after deducting management fees for petroleum terminals and operating fees, are applied.

EBITDA means Earnings before finance costs, income taxes, depreciation and amortization, including other expenses and income which are not relevant to the operations.

EBIT means Earnings before finance costs, income taxes, as well as other expenses and income which are not relevant to the operations.

39. Segment Information (Continued)

The major business segments of the Group are as follows:

Upstream Petroleum and Natural Gas Business Group

1. Petroleum exploration and production business:
   The Group conducts petroleum exploration and production business both domestically and overseas. The Group is the operator and jointly invests with leading petroleum exploration and production companies. Most domestic projects are located in the Gulf of Thailand. Overseas projects cover the Asia Pacific and Middle East regions.
2. Natural gas business:
   The Group conducts natural gas business including procurement, natural gas pipeline transmission, distribution, and natural gas separation. Products from the natural gas separation plants are used as feedstock for the petrochemical industry and as fuel in the household, transportation and other industry sectors.

Downstream Petroleum Business Group

1. Oil business:
   The Group conducts marketing of petroleum and lube oil in both domestic and overseas markets under an efficient operating system of procurement, storage, and distribution of products as well as the retail business at service stations.
2. International trading business:
   The Group conducts international trading business including the import and export of petroleum and petrochemical products as well as other related products. The business also covers the management of possible risks arising from oil trading as well as from the procurement and distribution of petroleum and petrochemical products in international markets.
3. Petrochemical business:
   The Group conducts petrochemical business including the production and distribution of the main petrochemical products and by-products for both domestic and overseas markets to serve the demands of industry and consumer groups.
4. Refining business:
   The Group conducts refining business, involving the processing and distribution of finished oil products to serve both domestic and overseas customers. In addition, the Group conducts petrochemical business, which utilizes refinery products as raw materials.

Coal Business Group

The Group conducts coal mining business, involving overseas exploration, production and distribution.

Other operations of the Group are included in other segments, none of which constitute separately reportable segments.

40. Disclosure of Financial Instruments

The Company faces the principal financial risks associated with fluctuations in exchange rates, interest rates, and oil market prices. Certain portions of sales, purchases and borrowings are denominated in foreign currencies. The Company borrows at both fixed and floating interest rates to finance its operations. Accordingly, the Company's management has entered into derivative contracts to cover these risks. The financial instruments used for hedging risks are forward foreign exchange contracts, interest rate swap contracts, cross-currency and interest rate swap contracts and participating swap contracts. Risk exposure relating to oil market prices is managed by forward oil contracts.

The department responsible for managing exposure to exchange rate risks and fluctuations in oil market prices has to report details of the costs and market prices of all financial instruments to management, including outstanding forward foreign exchange contracts and forward oil contracts. The reported information principally covers risk exposure from:

- foreign exchange rates
- currencies
- currencies and interest rates
- interest rates
- fluctuations in oil market prices
- credit risks

40.1 Foreign Exchange Rate Risk

The Group has entered into forward foreign exchange contracts. The carrying amounts and exchange rates under the forward foreign exchange contracts as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Forward foreign exchange purchase contracts				
Baht 30.8850 – 31.7815 = 1 USD	29,738.75	-	29,738.75	-
Baht 29.8970 – 30.1980 = 1 USD	-	18,565.56	-	18,565.56
THBFIX-0.1120 – THBFIX-0.0140 = 1 USD	-	8,022.75	-	-
Forward foreign exchange sale contracts				
Baht 30.0187 – 32.0800 = 1 USD	20,680.76	-	17,957.97	-
Baht 29.5500 – 31.8992 = 1 USD	-	30,796.90	-	21,037.51

40. Disclosure of Financial Instruments (Continued)

40.2 Currency Risk

The Company has entered into a cross-currency swap in the form of a participating swap amounting to JPY 23,000 million. The terms of such contract as at December 31, 2011 and 2010 detailed as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
JPY 23,000 million/USD 196.94 million	6,269.07	5,966.65	6,269.07	5,966.65

This contract has a maturity later than five years.

40. Disclosure of Financial Instruments (Continued)

40.3 Currency and Interest Rate Risk

The Group entered into cross-currency and interest rate swap contracts. The terms of the outstanding cross-currency and interest rate swap contracts as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
- JPY 36,000 million/USD 290.51 million	9,247.49	8,801.38	9,247.49	8,801.38
- Baht 3,053.80 million /USD 90 million	2,864.87	2,726.67	2,864.87	2,726.67
- Baht 3,643.50 million /USD 108.48 million	-	3,286.60	-	3,286.60
- Baht 2,636 million /USD 79.45 million	2,528.90	2,406.90	2,528.90	2,406.90
- Baht 4,000 million /USD 120.55 million	3,837.48	3,652.36	3,837.48	3,652.36
- MYR 300 million /USD 96.50 million	3,040.92	2,927.18	-	-
- Baht 6,000 million /USD 198.47 million	6,317.80	-	6,317.80	-
- Baht 18,300 million /USD 603.36 million	18,296.76	-	-	-
- Baht 3,500 million /USD 115.78 million	3,499.56	-	-	-
- Baht 11,700 million /USD 389.50 million	11,692.65	-	-	-
- Baht 5,000 million /USD 165.89 million	5,033.15	-	-	-
- Baht 2,500 million /USD 82.92 million	2,500.00	-	-	-
- Baht 10,000 million /USD 329.88 million	10,000.00	-	-	-
- Baht 5,000 million /USD 161.81 million	4,995.13	-	-	-
Total	83,854.71	23,801.09	24,796.54	20,873.91

40. Disclosure of Financial Instruments (Continued)

40.3 Currency and Interest Rate Risk (Continued)

The following are the maturities of contracts:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Due within 1 year	31,796.32	3,286.60	-	3,286.60
Over 1 year but not over 5 years	26,377.27	2,970.60	9,182.67	2,726.67
Over 5 years	25,681.12	17,543.89	15,613.87	14,860.64
Total	83,854.71	23,801.09	24,796.54	20,873.91

40.4 Interest Rate Risk

The Group entered into interest rate swap contracts. The terms of the outstanding interest rate swap contracts as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Interest rate swap contracts to swap floating for fixed rate in USD currency*	19,211.19	18,714.25	14,324.36	12,875.93
Interest rate swap contracts to swap floating for decreasing floating rate in Baht currency**	5,000.00	5,000.00	5,000.00	5,000.00
Interest rate swap contracts to swap floating for decreasing floating rate in USD currency***	-	3,029.63	-	3,029.63
Interest rate swap contracts to swap fixed for decreasing fixed rate in Baht currency	2,500.00	2,500.00	-	-
Total	26,711.19	29,243.88	19,324.36	20,905.56

*Some interest rate swap contracts granted the contract parties a one-time right to change the interest rate from a fixed to a floating rate.

**The contracts granted the contract parties a one-time right to change the interest rate from a floating to a fixed rate.

*** The contract party exercised the right to change the interest rate from a floating to a fixed rate in 2011.

40. Disclosure of Financial Instruments (Continued)

40.4 Interest Rate Risk (Continued)

The following are the maturity periods of contracts:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Due within 1 year	2,439.69	2,833.26	2,387.39	2,272.22
Over 1 year but not over 5 years	14,143.48	16,045.43	12,936.97	13,633.34
Over 5 years	10,128.02	10,365.19	4,000.00	5,000.00
Total	26,711.19	29,243.88	19,324.36	20,905.56

40.5 Fluctuations in Oil Market Price Risk

As at December 31, 2011, the outstanding forward oil price contracts of the Group have a maturity period within December 2012. The volume of oil according to such contracts is 117.13 million barrels in both the consolidated financial statements and the separate financial statements (December 31, 2011: 5.97 million barrels in the consolidated financial statements and the separate financial statements).

40.6 Credit Risk

Credit risk arises when customers do not comply with the terms and conditions of credit agreements, causing financial losses to the Company. However, the Company has managed risk by adjusting its credit policies according to the current economic situation, focusing on developing financial instruments by cooperating with financial institutions to support credit facilities provided to customers, such as the Dealer Financing project and trade credit insurance. The Company also reduces credit risk by determining procedures for risk prevention and mitigation, including credit rating for all trading partners of the Company.

40. Disclosure of Financial Instruments (Continued)

40.7 Fair Value of Financial Instruments

Most financial assets and liabilities of the Group are classified as short-term. The fair values of financial assets and liabilities approximate their carrying values.

The Group calculates the fair values of fixed-interest-rate long-term loans and debentures using the discounted cash flow method based on the discount rates of contracts with similar borrowing conditions. The fair values of forward foreign exchange contracts, cross-currency and interest rate swap contracts, participating swap contracts, interest rate swap contracts and forward oil and gas price contracts are determined by the Group's contracted banks with reference to their quoted market prices as at December 31, 2011 and 2010 as follows:

Unit: Million Baht

	Consolidated financial statements			
	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term loans–Baht currency	37,276.33	38,219.81	45,978.29	47,205.37
Long-term loans–Foreign currencies	66,577.27	67,586.86	47,366.59	48,075.23
Unsecured unsubordinated debentures – Baht currency	191,818.30	202,083.71	209,165.90	219,864.43
Unsecured unsubordinated debentures – Foreign currencies	92,472.15	97,291.70	64,147.91	65,100.28
Secured unsubordinated debentures – Foreign currencies	3,040.92	3,040.92	2,927.18	2,927.18
Forward foreign exchange purchase contracts	-	308.33	-	49.55
Forward foreign exchange sale contracts	-	(305.50)	-	(12.44)
Participating swaps contracts	-	89.96	-	109.21
Cross-currency and interest rate swap contracts	-	4,191.56	-	6,915.24
Interest rate swap contracts	-	(947.66)	-	(576.28)
Forward oil price contracts	-	89.86	-	(131.45)

40. Disclosure of Financial Instruments (Continued)

40.7 Fair Value of Financial Instruments (Continued)

Unit: Million Baht

	Separate financial statements			
	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term loans – Baht currency	27,500.00	28,443.48	37,000.00	38,227.08
Long-term loans – Foreign currencies	24,015.55	25,025.15	25,088.19	25,796.83
Unsecured unsubordinated debentures – Baht currency	142,804.20	152,584.44	160,160.70	170,179.44
Unsecured unsubordinated debentures – Foreign currencies	48,321.77	50,965.50	43,219.89	44,053.84
Forward foreign exchange purchase contracts	-	308.33	-	49.55
Forward foreign exchange sale contracts	-	(305.50)	-	18.52
Participating swap contracts	-	89.96	-	109.21
Cross-currency and interest rate swap contracts	-	7,170.13	-	6,915.24
Interest rate swap contracts	-	(530.49)	-	(302.69)
Forward oil price contracts	-	89.96	-	(131.45)

41. Dividend Payment

On April 20, 2011, the annual shareholders' meeting of the Company approved the dividend payment for the year 2010 performance at Baht 10.25 per share, amounting to Baht 29,169 million. On September 24, 2010, the Company paid an interim dividend for the first half of 2010 performance at Baht 4.75 per share for 2,841,960,601 shares, amounting to Baht 13,499.31 million. The dividends were paid as follows:

Dividends	For operating period	Dividend payment rate (Baht/share)	Number of shares (shares)	Total dividends (million Baht)	Payment date
For the year 2010	July 1, 2010 – December 31, 2010	5.50	2,848,651,651	15,667.58	May 13, 2011

On August 25, 2011, the Board of directors' meeting of the Company approved an interim dividend payment for the first half of 2011 performance as follows:

Dividends	For operating period	Dividend payment rate (Baht/share)	Number of shares (shares)	Total dividends (million Baht)	Payment date
Interim	January 1, 2011 – June 30, 2011	6.00	2,854,189,126	17,125.13	September 23, 2011

42. Business Acquisition

According to the 30% additional shareholding acquisition of Amata Natural Gas Distribuition Co., Ltd. (AMATA NGD) by PTTNGD from the former shareholder on August 3, 2010, which resulted in the increase in shareholding percentage of PTTNGD in AMATA NGD from 50% to 80%, PTTNGD reviewed the fair value of net assets and revised the allocation of the initial purchasing price as shown below.

The details of net assets acquired and goodwill are as follows:

	Unit: Million Baht
Purchase consideration (Cash paid)	504.00
Fair value of net assets acquired	(377.68)
Goodwill	126.32

The assets and liabilities arising from the acquisition are as follows:

	Unit: Million Baht
Cash and cash equivalents	207.04
Trade accounts receivable	106.67
Materials and supplies	18.43
Property, plant and equipment	383.64
Intangible assets	979.10
Other assets	24.70
Accounts payable- related parties	(88.89)
Other accounts payable	(15.64)
Deferred tax liabilities	(300.01)
Other liabilities	(56.10)
Non-controlling interests	(251.79)
Net shareholders' equity	1,007.15
Less: Fair value of investment as at the acquisition date	(629.47)
Fair value of net assets acquired	377.68
Goodwill	126.32
Total purchase consideration	504.00
Less: Cash and cash equivalents in the subsidiary	(207.04)
Cash outflow on the acquisition	296.96

The value of goodwill as at December 31, 2010 is decreased by Baht 70.51 million (Note 19) from Baht 196.83 million due to the revision of the fair value of net assets acquired. Consequently, goodwill as at December 31, 2011 was Baht 126.32 million.

42. Business Acquisition (Continued)

On October 14, 2010, PTTI's Board of Directors' meeting No.9/2010 passed a resolution for PTTML, a subsidiary of PTTI, to acquire a 100% shareholding in the coal business of Straits Resources Limited (SRL), a company listed on the Australian Securities Exchange. Subsequently, SRL demerged its coal business from other mining businesses. On February 11, 2011, SRL's coal business changed its name from SRL to International Coal Holdings Limited (ICH) and operates as a holding company. ICH had a 40% shareholding in PTTAPM.

On March 15, 2011, PTTML acquired a 100% shareholding in ICH, amounting to AUD 544.11 million or approximately Baht 16,831.22 million.

The details of the net assets acquired and the decrease in shareholders' equity from the acquisition of additional investment in the subsidiary are as follows:

	Unit: Million Baht
Purchase consideration (cash paid)	16,831.22
Fair value of net assets acquired	(5,888.13)
Decrease in shareholders' equity from the acquisition of additional investment in the subsidiary	10,943.09

The assets and liabilities arising from the acquisition are as follows:

	Unit: Million Baht
Cash and cash equivalents	2,272.79
Other current assets	3.83
Other accounts payable	(708.81)
Tax payable	(35.84)
Other current liabilities	(4.74)
Non-controlling interests	4,360.90
Fair value of net assets acquired	5,888.13
Decrease in shareholders' equity from the acquisition of additional investment in the subsidiary	10,943.09
Total purchase consideration	16,831.22
Less: Cash and cash equivalents in the subsidiary	(2,272.79)
Cash outflow on the acquisition	14,558.43

42. Business Acquisition (Continued)

On November 22, 2010, PTTEP entered into the Partnership Unit Sale Agreement with Statoil Canada Ltd. and Statoil Canada Holdings Corp., a subsidiary of Statoil ASA (Statoil), to acquire a 40% shareholding in Statoil Canada Partnership (SCP). The Partnership Unit Sale Agreement came into effect on January 21, 2011 with the 40% share shareholding retrospectively effective from January 1, 2011. During 2011, PTTEP obtained additional information from Statoil Canada Ltd. regarding an increase in tax benefit of USD 7.13 million, which resulted in decreases in deferred tax liabilities from business acquisition of USD 1.78 million, or approximately Baht 53.76 million. Moreover, PTTEP and Statoil Canada Ltd. agreed to reduce the purchase price by USD 0.6 million, or Baht 18.21 million. As a result, goodwill decreased by USD 2.39 million, or Baht 71.91 million.

The details of net assets acquired and goodwill are as follows:

	Unit: Million Baht
Purchase consideration (cash paid)	68,649.63
Fair value of net assets acquired	(58,494.31)
Goodwill (Note 19)	10,155.32

The assets and liabilities arising from the acquisition are as follows:

	Unit: Million Baht
Cash and cash equivalents	1,365.19
Trade accounts receivable	28.33
Accounts receivable from joint venture	32.83
Inventories	139.76
Other current assets	15.02
Property, plant and equipment (Note 16)	42,157.81
Intangible assets (Note 17)	34,389.67
Trade accounts payable	(658.30)
Accounts payable from joint venture	(464.97)
Deferred tax liabilities	(18,311.95)
Provision for decommissioning costs	(199.08)
Fair value of net assets acquired	58,494.31
Goodwill (Note 19)	10,155.32
Total purchase consideration	68,649.63
Less: Cash and cash equivalents	(1,365.19)
Deposits for the purchase of partnership units	(10,311.74)
Cash outflow on the acquisition	56,972.70

42. Business Acquisition (Continued)

On November 15, 2011, PTTGE Services Netherlands BV (PTTGE BV) acquired a 75% shareholding in seven companies of the PT Kalpataru Investama (PT KPI) group, operating in Palm oil business in Indonesia.

The details of net assets acquired and goodwill are as follows:

	Unit: Million Baht
Purchase consideration (cash paid)	1,458.97
Fair value of net assets acquired	(1,160.91)
Goodwill (Note 19)	298.06

The assets and liabilities arising from the acquisition are as follows:

	Unit: Million Baht
Cash and cash equivalents	0.76
Property, plant and equipment (Note 16)	1,137.84
Advance payment	13.79
Other current assets	23.59
Other accounts payable	(11.90)
Other current liabilities	(3.17)
Fair value of net assets acquired	1,160.91
Goodwill (Note 19)	298.06
Total purchase consideration	1,458.97
Less: Cash and cash equivalents	(0.76)
Cash outflow on the acquisition	1,458.21

As at December 31, 2011, PTTGE BV is in a process of reviewing the fair value of net assets acquired. The aforementioned fair value of net assets acquired will be revised after the first payment of the purchase price allocation.

43. Reclassification

The Group adjusted and reclassified certain items in the consolidated and the separate financial statements for the year ended December 31, 2010 to conform with the presentation in the consolidated and the separate financial statements for the year ended December 31, 2011. These items were presented in accordance with the announcement of the Department of Business Development disclosed in Note 2.

44. Promotional Privileges

The Company has received promotional privileges for the following activities from the Board of Investment (BOI) under the Investment Act, B.E. 2520 (1977).

- the Gas Separation Plant Unit#5 project
- the third gas offshore and onshore pipeline project
- the Sai Noi-South Bangkok Power Plant gas pipeline project
- the Songkhla Power Plant gas pipeline project
- the Ethane Separation Plant project
- the Gas Separation Plant Unit#6 project
- the gas distribution pipelines to the Rojana Industrial Park project
- the Power and Steam Production for Bangchak Refinery project
- the North Bangkok Power Plant gas pipeline project
- the Rayong-Kangkoi gas pipeline project
- the improvement of production efficiency in energy and environmental aspect project
- the plastic product and production process research and development project

The promotional privileges include:

- exemption from import duties on machinery approved by the BOI
- exemption from corporate income tax on net income from the promoted business for periods of three years and eight years starting from the date on which the income is first derived from such operations.

During the year 2011, the Company utilizes the privileges for the Ethane Separation Plant project, the Gas Separation Plant Unit#6 project, the Power and Steam Production for Bangchak Refinery project and the improvement of production efficiency in energy and environmental aspect project.

The sales from the promoted and non-promoted businesses for the years ended December 31, 2011 and 2010 are as follows:

Unit : Million Baht

	Separate financial statements	
	2011	2010
Promoted businesses	139,690.29	37,985.57
Non-promoted businesses	2,057,864.76	1,720,765.03
Total	2,197,555.05	1,758,750.60

Some subsidiaries and jointly controlled entities received the following promotional privileges from the BOI under the Investment Act, B.E. 2520 (1977).

PTTPL received Category 7.7 promotional privileges for its international merchandise distribution centre with modern system. The promotional privileges include exemption from import duties on the machinery approved by the BOI and corporate income tax exemption on the net income from the promoted business for five years starting from the date on which income is first derived from such operations.

CHPP received Category 7.1 promotional privileges for its electricity and cool water production. The promotional privileges include exemption from import duties on the machinery approved by the BOI and corporate income tax exemption on the net income from the promoted business for eight years starting from the date on which income is first derived from such operations.

44. Promotional Privileges (Continued)

LNG received Category 7.1 promotional privileges for its liquefied natural gas transfer business. The promotional privileges include exemption from import duties on the machinery approved by the BOI, exemption from corporate income tax on the net income from the promoted business for eight years starting from the date on which income is first derived from such operations, and exemption from 50% corporate income tax on the net income from the promoted business for five years starting from the expiry date of the corporate income tax exemption.

HMC received promotional privileges for its business with respect to the production of chemicals from petroleum. The promotional privileges include exemption from various taxes and duties and corporate income tax exemption on the net income from promoted business for eight years starting from the date on which the income is first derived from such operations, and 50% corporate income tax exemption on the net income from the promoted business for five years starting from the expiry date of the corporate income tax exemption.

TTM-T received Category 7.1 promotional privileges for its public utility and basic services business, Category 7.2 privileges for its mass transit systems and transportation of bulk products and Category 7.7 privileges for its natural gas transmission pipeline business. The promotional privileges include exemption from various taxes and duties and corporate income tax exemption.

DCAP received Category 7.1 promotional privileges for its public utility and basic services business. The promotional privileges include exemption from various taxes and duties and corporate income tax exemption on the net income from promoted business for eight years starting from the date on which income is first derived from such operations.

PTTAC received promotional privileges for its Acrylonitrile, Ammonium Sulfure and Methyl Methacrylate production business. The promotional privileges include exemption from various taxes and duties and corporate income tax exemption on the net income from the promoted business for eight years starting from the date on which income is first derived from such operations.

As the Group has received promotional privileges from the BOI, it has to comply with all conditions and regulations as stipulated in the promotional certificates.

45. Proceeding regarding the Central Administrative Court's Ordering Temporary Suspension of Projects in Map Ta Phut Area

On June 19, 2009, the Stop Global Warming Association and 43 persons filed a complaint with the Central Administrative Court (the Court) for the Case No. Black 908/2552, against eight government agencies, together with a motion seeking the Court injunction to temporarily suspend all operations and activities of 76 industrial projects in the Map Ta Phut area in Rayong province.

On September 29, 2009, the Court ordered the temporary injunction by requiring the eight accused government agencies to issue the order to temporarily suspend the 76 projects until the final judgment had been made or ordered had been amended, except for projects or activities which had received the permits before the effective date of the Constitution B.E.2550 (2007) or projects which were not required to submit the Environmental Impact Assessment (EIA) reports pursuant to the Notification of the Ministry of Natural Resources and Environment dated June 16, 2010. The 25 projects of the suspended projects belonged to the Group, three of which belonged to the Company.

On October 16, 2009, the Group, as an interested person, submitted an appeal objecting to the Court injunction to the Supreme Administrative Court.

45. Proceeding regarding the Central Administrative Court's Ordering Temporary Suspension of Projects in Map Ta Phut Area (Continued)

On December 2, 2009, the Supreme Administrative Court issued an order No.592/2552 amending the injunction of the Court by requiring the eight accused government agencies to order the temporary suspension of the projects or activities listed in the complaint except for 11 projects, which would apparently not cause severe impact since they are merely intended to control or minimize the pollution or install additional equipment. From these 11 projects, seven projects belonged to the Group, comprising one project of the Company and six projects of other companies in the Group. The Company has invested in its two projects under the temporary injunction.

On December 18, 2009, the public prosecutor submitted an answer refusing all allegations in the complaint.

On June 7 and 24, 2010, the Company submitted a letter to the public prosecutors to request for providing additional facts to the Court. The Court ordered that June 25, 2011 was the last date of fact findings for this case.

On September 2, 2010, the Court rendered a judgment to withdraw permits which were issued to projects in the list attached to the petition those may cause severe impacts to the local community and have not fully complied with Section 67 Paragraph Two of the Constitution. This withdrawal shall be effective from the date the Court rendered the judgment. One project of the Group is in the scope.

On October 1, 2010, the 43 prosecutors filed an appeal to the Supreme Administrative Court regarding the Court's judgment on September 2, 2010. On December 7, 2010, the eight accused government agencies by the public prosecutors filed a defense of the appeal. Currently, the appeal is on the proceedings of the Supreme Administrative Court.

46. Proceeding regarding the Offshore Natural Gas Pipeline Leakage Incident

On June 25, 2011, the Company reported a gas leakage in an offshore natural gas pipeline operated by a natural gas pipeline construction contracting companies (the Contractors). The Contractors and the Company completely repaired the pipeline system and resumed its operation on August 15, 2011. Currently, the Company is estimating the damages incurred in order to claim them from the Contractors.

47. Effect from Floods

Some operations of the Company and its subsidiaries were temporarily affected by the floods from October to December 2011. However, the Company has insurance coverage against all property loss due to flooding.

As at December 31, 2011, the Group has resumed all operations which were affected by the floods. Associated net loss on disposals of assets amounting to Baht 127.98 million and Baht 61.22 million were recognized as expenses in, respectively, the consolidated and the separate statements of income for the year ended December 31, 2011. The Company and the Group are in a process of claiming indemnities from insurance companies.

48. Commitments and Contingent Liabilities

Significant changes in commitments and contingent liabilities are as follows:

48.1 Commitments to subsidiaries, jointly controlled entities, associates and other related companies are as follows:

48.1.1 The Group has provided loans to its subsidiaries and associates with credit limits totalling Baht 60,326.18 million. As at December 31, 2011, the Group made payments in respect of these loans totalling Baht 58,661.71 million. The remaining credit limits were Baht 1,664.47 million. (December 31, 2010: Baht 6,841 million)

48.1.2 The Company has obligations under a commercial credit agreement with a subsidiary in a foreign country that provide an extended credit term for purchases of raw materials under a credit limit of USD 100 million. As at December 31, 2011, the subsidiary has drawn down USD 99.81 million of the commercial credit. The remaining commercial credit line was USD 0.19 million or approximately Baht 6.05 million. (December 31, 2010: USD 0.19 million or approximately Baht 5.76 million)

48.1.3 The Company entered into the Sponsor Support Agreements with three jointly controlled entities with credit limits equal to the sum of the loan obligations to financial institutions of the three jointly controlled entities. Under these agreements, as at December 31, 2011, the Company had commitments of USD 435.51 million or approximately Baht 13,863.11 million. (December 31, 2010: USD 224.60 million or approximately Baht 6,804.55 million)

48.1.4 The Company entered into the Sponsor Support Agreement with an associate, with a credit limit equal to the sum of the loan obligations of the associate to financial institutions. Under the agreement, as at December 31, 2011, the Company had a commitment of Baht 1,028 million (December 31, 2010: nil).

48.1.5 The Company had obligations under the Shareholder Agreements to pay for ordinary shares in proportion to its shareholding. As at December 31, 2011, the Company had remaining obligations amounting to Baht 3,686.11 million (December 31, 2010: Baht 10,541.51 million).

48.2 Commitments under operating leases – the Group as a lessee

The future minimum lease payments under uncancellable operating leases as at December 31, 2011 and 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Within 1 year	2,376.22	4,731.09	225.23	220.76
Over 1 year but not over 5 years	4,829.45	5,928.36	406.52	427.39
Over 5 years	5,062.27	5,153.56	872.26	773.01
Total	12,267.94	15,813.01	1,504.01	1,421.16

48. Commitments and Contingent Liabilities (Continued)

48.3 As at December 31, 2011, the Group had obligations in the form of unused letter of credit amounting to Baht 37,222.42 million in the consolidated financial statements (December 31, 2010: Baht 21,712.80 million) and Baht 23,500 million in the separate financial statements (December 31, 2010: Baht 17,561.84 million).

48.4 As at December 31, 2011, the Group had contingent liabilities in the form of letter of guarantee amounting to Baht 2,669.92 million in the consolidated financial statements (December 31, 2010: Baht 3,452.32 million) and Baht 102.24 million in the separate financial statements (December 31, 2010: Baht 101.12 million).

48.5 An associate entered into a product sales agreement with the Company whereby the Company is to resell the product to a listed company. The term of the agreement is 15 years, expiring on January 31, 2012. Before the expiration date, the associate notified the Company not to renew the agreement. Consequently, the Company had to submit an advance notice to the listed company in order to comply with a condition on prior notice stipulated in the agreement, advising that the Company would not renew the agreement. On December 3, 2009 the listed company submitted a claim with the Thai Arbitration Institute (the "Institute") requesting that the Company and the associate, as the seller and the supplier, respectively, comply with the agreement by continuing to sell the product to the listed company or by mutually paying an indemnity to it.

On February 10, 2010, the associate submitted a petition with the Institute to dismiss the claim against it from the case-list. Subsequently, the Institute ordered in favour of the associate dismissing the claim on its part from the case-list.

The Company submitted the case to the Office of the Attorney General to file a statement of defense with the Institute. On April 28, 2010, the public prosecutor filed the statement of defense with the Institute for the Company. Currently, the case is on the proceedings of the Institute.

48.6 On May 26, 2010 and September 8, 2010, a natural gas pipeline construction contracting company submitted claims to the Thai Arbitration Institute (the "Institute") seeking damages from the Company on the ground of the Company's breach of the contract. The Company, however, considered that the contractor's submission of the claims was not in accordance with the dispute resolution procedure agreed upon under the contract and the contractor was, in fact, in breach of the contract. Therefore, the Company rejected all of the contractor's claims and submitted counterclaims seeking damages from the contractor. At present, the Institute is currently appointing the Umpire (the chairperson of the arbitration tribunal) in order to begin the arbitration hearing of one case. In another case, an arbitration tribunal has been appointed and the case is currently being heard.

48.7 On September 22, 2011, the Thailand Watch Foundation and six individuals filed a law suit with the Central Administrative Court (the Court) against the Company and the Ministry of Finance alleging that the Company's privatization, the share distribution and the asset evaluation were in violation of law. Therefore, they asked the Court to order that the sale of the Company's shares be null and void and be redistributed. They also asked that the shares in oil refinery plants owned by the Company be returned to state ownership or be sold to the public in order to cease the Company's monopoly in the oil refinery industry. In addition, they sought the Court's order of the confiscation of the Company's properties, which had been obtained by operation of public law or the force-sale of the Company's gas separation plants to discontinue the monopoly. In response, the Company rejected all allegations and submitted the case to the Office of the Attorney General to file testimony of defense.

48. Commitments and Contingent Liabilities (Continued)

48.8 On August 26, 2010, PTTEP Australasia Pty Ltd (PTTEP AA) received a letter from the Government of Indonesia claiming for compensation in relation to the oil and gas leak incident in the Montara area under the PTTEP Australasia's project. Subsequently, on September 1, 2010, PTTEP AA submitted a letter rejecting the claim for compensation because no verifiable scientific evidence provided by the Government of Indonesia to support the claim. In December 2010, PTTEP AA and the Indonesian Government agreed to provide each other with additional facts and to conduct a joint survey to verify the Government of Indonesia's data on the claimed damage on the fishery sector. Currently, the discussion with the Indonesian government is on-going and the compensation regarding this matter has not been finalized.

49. Events after the Reporting Period

49.1 On January 27, 2012, the Company offered two tranches of unsecured unsubordinated debentures with a credit limit of Baht 20,000 million to general investors and public. The details are as follow:

Conditions	Tranche 1	Tranche 2
Offering price (million Baht)	1,950.53	18,049.47
Tenor (years)	3 years 8 months 20 days	6 years 9 months 19 days
Fixed interest rate (% per annum)	3.8	Year 1-4: 4.00 Year 5-6: 4.40 The remaining period: 5.50
Interest instalments	Payable every six months on February15 and August 15 (The first instalment will be on August 15, 2012)	
Issue date	January 27, 2012	
Maturity date	October 17, 2015	November 15, 2018

49.2 On January 27, 2012, the Company cancelled an interest rate swap contract for a USD 50 million loan with a contract party. Consequently, an interest rate changed from a fixed rate of 2.989% per annum to a floating rate of LIBOR plus such fixed rate. On the same day, the Company entered into a new interest rate swap contract for the identical loan with another contract party which resulted in a change of the interest rate from the floating rate of LIBOR plus a fixed rate to a fixed rate of 1.585% per annum. The new interest rate is effective from February 7, 2012 to the maturity date of the loan contract on May 25, 2015.

49.3 On February 17, 2012, the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval the dividend payment for 2011 at Baht 13.00 per share. On September 23, 2011 the Company paid an interim dividend of Baht 6.00 per share as describe in Note 41. Accordingly, the remaining dividend for Baht 7.00 per share or approximately Baht 19,994 million. The approval for such dividend payment will be proposed to the Annual General Meeting of the Company's shareholders for the year 2012.

49.4 The board of directors of the Company approved these financial statements for public issuance on February 17, 2012.

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PTT Public Company Limited

U.S.$500,000,000 3.375% Senior Notes due 2022
U.S.$600,000,000 4.500% Senior Notes due 2042

OFFERING MEMORANDUM

October 18, 2012

Barclays **Citigroup** **Deutsche Bank** **J.P. Morgan**