

Management's Discussion and Analysis of Financial Status and Performance



PTT and its subsidiaries' performance

Unit: Million Baht

	2008	2007	Increase (Decrease)	%
Sales and services	2,000,816	1,508,129	492,687	32.7
Earning before interest, tax, depreciation and amortization (EBITDA)	156,133	145,971	10,162	7.0
Gain (loss) on disposal of investments	(1)	8,428	(8,429)	(100.0)
Share of net income (loss) from investments under the equity method	(6,251)	31,080	(37,331)	(120.1)
Gain (loss) on foreign exchange	(1,982)	5,392	(7,375)	(136.8)
Earning before interest and tax (EBIT)	123,963	117,132	6,831	5.8
Income taxes	43,348	42,224	1,124	2.7
Net income	51,705	97,804	(46,099)	(47.1)

PTT and its subsidiaries' revenue in 2008 was Baht 2,000,816 million, increased by 32.7% from 2007. Earning before interest, tax, depreciation and amortization (EBITDA) was Baht 156,133 million, increased by 7.0% from 2007 due to the increase in sales volume and sales prices of oil, natural gas and gas separation plants' products. However, share of net loss from investments under the equity method in 2008 was Baht 6,251 million, loss increased by 120.1% when compared to share of net income from investments under the equity method in 2007 of Baht 31,081 million. Share of net loss from investments under the equity method in 2008 resulted mainly from the declining performance of refining affiliates due to the decrease in gross refining margin, high stock loss and the increase in inventory loss from significant drop in feedstock and product market prices when compared to cost but the increase in share of net income from Petrochemical affiliates due mainly to the change of status of PTT Chemical Public Co., Ltd. (PTTCH) and PTT Phenol (PPCL) from subsidiaries of PTT to associates since the forth quarter of 2007 while declining performance of Olefins Associate due to the increase in feedstock costs, processing cost and selling and administrative expenses, the report of inventory loss in the third and forth quarter of 2008 and the decrease in production volume from its commercial and de-bottlenecking shutdowns. In addition, PTT and its subsidiaries recorded loss on foreign exchange of Baht 1,982 million while there was gain on foreign exchange of Baht 5,392 million in 2007 or loss increased by 137%. As a result, PTT and its subsidiaries' net income in 2008 was Baht 51,705 million, decreased by Baht 46,099 million or 47.1% from last year.

Unit: Million Baht

	2008	2007	Increase (Decrease)	%
Sales and Services	2,000,816	1,508,129	492,687	32.7
: Gas ^{2/}	312,822	267,408	45,414	17.0
: PTTEP	136,752	94,059	42,693	45.4
: Oil ^{1/}	1,701,674	1,226,718	474,956	38.7
: Petrochemical ^{3/}	36,255	70,749	(34,494)	(48.8)
: Others ^{4/}	-	-	-	-
: Elimination	(186,687)	(150,805)	35,882	23.8
EBITDA	156,133	145,971	10,162	7.0
: Gas ^{2/}	54,437	53,232	1,205	2.3
: PTTEP	97,760	66,849	30,911	46.2
: Oil ^{1/}	5,040	8,181	(3,141)	(38.4)
: Petrochemical ^{3/}	695	19,751	(19,056)	(96.5)
: Others ^{4/}	(2,081)	(2,044)	(37)	(1.8)
: Elimination	282	2	280	15,039.8
EBIT	123,963	117,132	6,831	5.8
: Gas ^{2/}	48,309	48,225	84	0.2
: PTTEP	74,643	50,490	24,153	47.8
: Oil ^{1/}	2,586	5,692	(3,106)	(54.6)
: Petrochemical ^{3/}	548	16,979	(16,431)	(96.8)
: Others ^{4/}	(2,406)	(2,389)	(17)	(0.7)
: Elimination	283	(1,865)	2,148	115.2
Net income	51,705	97,804	(46,099)	(47.1)
EPS (Baht/share) ^{5/}	18.33	34.82	(16.49)	(47.4)

- Note:
- 1/ Including the consolidation of oil marketing business, international trading business, PTT International Trading Pte., Ltd.(PTTT), PTT (Cambodia) Co., Ltd. (PTTCL), Retail Business Alliance Co., Ltd.(RBA) and Subic Bay Energy Co., Ltd. (SBECL) while PTT Retail Business Co., Ltd. (PTTRB) and PTT Green Energy Pte. Ltd. (PTTGE) are consolidated since May 25, 2007 and November 9, 2007 respectively.
 - 2/ Including the proportionate consolidation of Trans Thai-Malaysia (Thailand) Co., Ltd.(TTM (T)), Trans Thai-Malaysia (Malaysia) Co., Ltd. (TTM (M)) and District Cooling System and Power Plant Co., Ltd. (DCAP) and consolidation of PTT Natural Gas Distribution Co., Ltd. (PTT NGD) and PTT LNG Co., Ltd (PTT LNG) while consolidated PTT Utility Co., Ltd. (PTTUT) until November 9, 2007. Moreover, Combined Heat and Power Producing Company Limited (CHPP) and PTT International Company Limited (PTT INTER) have been included since August 27, 2007 and October 1, 2007 respectively.
 - 3/ Including the consolidation of PTT Polymer Marketing Co., Ltd. (PTTPM), PTT Polymer Logistics Co., Ltd. (PTTPL) and proportionate consolidation of PTT Asahi Chemical Co., Ltd. (PTTAC) and HMC Polymers Co.,Ltd. (HMC), PTT Chemical Public Co., Ltd. (PTTCH) and PTT Phenol Co., Ltd. (PPCL) are consolidated until November 9, 2007.
 - 4/ Including the consolidation of Energy Complex Co., Ltd. (EnCo) and Business Services Alliance Co., Ltd. (BSA) since December 12, 2008 while including PTT ICT Solutions Co., Ltd. (PTTICT) until November 9, 2007.
 - 5/ Basic earnings per share is calculated by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares which are held by third parties during the period.

Upstream Petroleum and Gas Business Group

Natural Gas Business

For 2008, sales revenue from gas business was Baht 312,822 million, an increase by Baht 45,414 million or 17.0% from the year 2007 due to the followings:

- The increase in average natural gas sales volume (include natural gasoline derived from Dew Point Control Units) by 171 MMcf/d or 5.2% from 3,272 MMcf/d to 3,444 MMcf/d (calculated at heating value 1,000 BTU per cubic feet) due to the increase in gas demand from all group of customers; the power producers, the industrial customers and the gas separation plants (GSPs). This resulted from the increase in natural gas demand and the increase in gas transmission's capacity from the completion of the third pipeline system - offshore from Arthit field to PTT Riser Platform (PRP) and from Arthit field to A-18 Block which started the natural gas distribution in the first and the forth quarter of 2008, respectively.

- The increase in GSPs' products (LPG, Ethane, Propane, and NGL) sales volume from 3,944,103 tons in 2007 to 4,065,913 tons in 2008 or 3.1% resulted from the higher supply of gas feedstock to GSPs and higher demand of GSPs' products, especially the domestic demand of LPG from transportation sector. Hence, there were GSP' planned shut down and the commercial plant shutdown and the de-bottlenecking shutdown of PTTCH, the GSP's major customer. Details of all products sales from gas separation plants are as follows:

Units : Tons	2008	2007	Difference	
			Tons	%
LPG	2,383,649	2,252,953	130,696	5.8
Ethane	968,335	928,917	39,418	4.2
Propane	179,909	241,296	(61,387)	(25.4)
NGL	534,020	520,937	13,083	2.5
Total	4,065,913	3,944,103	121,810	3.1

The details of reference products prices for calculation of products from gas separation plants' sales prices in 2008 were higher than the 2007's which resulted from the increase in oil price and demand/supply situation of the industry.

Units : US\$ / Tons	2008	2007	Difference	
			US\$ / Tons	%
LPG ^{1/}	777	608	169	27.8
Ethylene ^{2/}	1,193	1,180	13	1.1
Propylene ^{2/}	1,320	1,154	166	14.4
High Density Polyethylene (HDPE) ^{2/}	1,476	1,352	124	9.2
Polypropylene (PP) ^{2/}	1,471	1,331	140	10.5
Naphtha ^{3/}	740	625	115	18.3

Note: 1/ Domestic LPG price is being regulated by the government. Since March 2008, The Committee on Energy Policy Administration had fixed the LPG price at the refinery (the price level where GSP is allowed to sell) between \$ 314-332 per ton (Baht 10.996 per kilogram) at the exchange rate of Baht 33-35 per dollar.

2/ South East Asia Spot Price (spot)

3/ MOP Singapore (MOP'S)

EBITDA of gas business in 2008 was Baht 54,437 million, an increase by Baht 1,205 million or 2.3% due to the increase in sales prices and sales volume of natural gas and GSPs' products.

Earning before interest and tax (EBIT) in 2008 was Baht 48,309 million, an increase by Baht 84 million or 0.2% from the year 2007 due to the increase in EBITDA while the depreciation and amortization also increased after the completion of the third pipeline, both onshore and offshore, and the SCADA system at the end of 2007.

Petroleum Exploration and Production business: PTT Exploration and Production Public Co., Ltd. (PTTEP)

In 2008, PTT Exploration and Production Public Co., Ltd. (PTTEP) net sales revenue was Baht 136,752 million, increased by Baht 42,693 million or 45.4% from last year due to

(1) The increase in the average sales price by 24.9% from US\$ 39.8 per BOE in 2007 to US\$ 49.7 BOE in 2008 in accordance with the higher oil price in global market. However, the average exchange rate decreased 4.4% from Baht 34.8 per US\$ in 2007 to Baht 33.3 per US\$ in 2008 as a result of Baht appreciation.

(2) The increase in the sales volume by 22.0% from 179,767 BOED in 2007 to 219,314 BOED in 2008. The increasing sales volume mainly came from sales of natural gas and condensate from Arthit Project, sales of natural gas and crude oil from G 4/43 Project and Vietnam 9-2 Project which started their commercial production this year and sales volume of natural gas and condensate from Oman 44 Project although natural gas sales from Yadana and Yetagun projects and natural gas and crude oil sales from B8/32&9A Project decreased.

EBITDA in 2008 was Baht 97,760 million, increased by Baht 30,911 million or 46.2%. EBIT in 2008 was Baht 74,643 million, increased from Baht 24,153 million or 47.8% from the same period of last year. This resulted from the increase in selling price and sales volume as aforementioned although, in this period, there was an increase in exploration expenses amounting to Baht 8,273 million, increased by Baht 4,730 million as a result of the write-off of dry wells of Vietnam 16-1 Project, Algeria 433a&416b Project, and projects in Myanmar as well as geology and geophysics study costs from the A4, 5 & 6/48, L21, 28 & 29/48 projects and projects in Myanmar and write-off of B13/38 project. In addition, Petroleum royalties and remuneration increased by Baht 4,799 million in according to the increase in sales revenue while depreciation and amortization increased by Baht 6,758 million, resulted mainly from the Arthit, G4/43 projects and Vietnam 9-2 project, as well as, the increase in the ready-to-use assets of Pailin B8/32&9A and Bongkot Project.

Downstream Petroleum Business Group

Oil Business and International Trading Business

For the year 2008, sales revenue from oil and trading business units was Baht 1,701,674 million, an increase by Baht 474,956 million or 38.7% due to the fact that an average oil price in 2008 is higher than that in 2007. This resulted from the increase in global oil prices (2007 average Dubai price was US\$ 68.3 per barrel and 2008 average Dubai price was US\$ 93.4 per barrel), however, there was a sharp decline in oil prices starting from the middle of the third quarter of 2008 onwards (The Dubai price hit the highest level of US\$ 140.8 per barrel in the third quarter of 2008 and sharply drop to US\$ 36.4 per barrel at the end of 2008). Sales volume also increased by 8,106 million liters or 12.4% from 65,146 million liters or equivalent to 1,122,654 barrels per day in 2007 to 73,252 million liters or equivalent to 1,261,412 barrels per day in 2008 resulted from both Oil Business and Trading Business Units.

EBITDA decreased by Baht 3,141 million from Baht 8,181 million in 2007 to Baht 5,040 million in 2008 or 38.4%. This was due primarily to the decrease in gross margin per unit of domestic sales mainly from high stock loss.

EBIT in 2008 decreased by Baht 3,106 million from 2007 or 54.6% due to the decrease in EBITDA as mentioned and the increase in depreciation.

Petrochemical and Refining Business

The Petrochemical Business Unit consists of PTT Polymer marketing Co., Ltd (PTTPM), PTT Asahi Chemicals Co., Ltd (PTTAC), HMC Polymers CO., Ltd (HMC) and PTT Polymer Logistics Co., Ltd (PTTPL). In 2008, sales revenue was Baht 36,255 million, decreased by Baht 34,494 million or 48.8%. EBITDA was Baht 695 million, a decrease by Baht 19,056 million or 96.5% and EBIT was Baht 548 million, a decrease by Baht 16,431 million or 96.8%. These resulted mainly from the change of status of PTCH and PPCL from subsidiaries of PTT to associates since the forth quarter of 2007.

Net Income: 2008 net income decreased from 2007 net income by Baht 46,099 million or 47.1%

Net income of PTT and its subsidiaries in 2008 was Baht 51,705 million or Baht 18.33 per share, decreased from that of 2007 by Baht 46,099 million or 47.1% due to the performance of each business as mentioned, including the following reasons:

: PTT had gain on disposal investments amounting to Baht 8,428 million in 2007 while recorded loss on disposal investments amounting to Baht 1 million in 2008.

: In 2008 PTT recorded share of net loss from investments under the equity method amounting to Baht 6,251 million, decreased from the year 2007 which had share of net income from investment under the equity method of Baht 31,080 million by Baht 37,331 million or 120.1%, due mainly to:

- The declining performance of refining associates. Crude oil price increased in the first half of 2008 while crude oil prices continuously decreased in the second half of 2008 due to the economic slow down resulted from Sub Prime Mortgage crisis and led to high inventory loss from a significant drop in feedstock and product market price when compared to the cost. Moreover, aromatic's product-to-feed margin also decreased significantly due to the slight increase in average product prices, while the large increase in average feedstock prices due to global economic crisis which caused a dramatic decrease in demand of the refined products in the aromatics business. In addition, in the year 2008, Thai Paraxylene Co., Ltd. (TPX), TOP's subsidiary, had shutdown its Paraxylene unit for major turnaround maintenance and capacity expansion, TOP had shutdown its Crude Distillation Unit#1 (CDU-1) in the third quarter of 2008 and TPX's Tatoray unit, the conversion of the aromatics to mixed-Xylene and Benzene, had shutdown in the forth quarter of 2008 as the product prices dropped sharply according to oil prices and sluggish demands from polyester sector. For PTTAR, it had a mini shutdown for maintenance and replace the catalyst for 32 days as well as emergency shutdown of maintenance of the heat exchanger at the Hydrocracking Unit (HCU) and catalyst change in the Hydrodesulfurizer Unit for 29 days and ran as the simple refinery for 50 days. SPRC also had planned shutdown for maintenance for 49 days as aforementioned.

- The increase in the share of net income from investments under equity method of the petrochemical associates. This resulted mainly from the change of status of PTCH and PPCL from subsidiaries of PTT to associates since the forth quarter of 2007 while their performance decreased due mainly to the decrease in Product-to-Feed margin from the increase in feedstock costs, processing cost and selling and administrative expenses. In addition, there was high stock loss from sharp declining of crude and refined product prices and plant shutdown. There were commercial plant shutdowns of PTCH's Oleflex Unit of Olefins I1 Plant for 42 days, Olefins I4-1 plant for 12 days, HDPE (Olefins I-1's plant) for 10 days in the first quarter of 2008, BPE, PTCH's subsidiary, planned shutdown for 30 days in the third quarter of 2008 and PTCH's commercial shutdowns and De-bottlenecking shutdown in the forth quarter of 2008 as aforementioned.

Details of share of net income from investments under equity method are as follows:

Units : Tons	2008	2007	Difference	
			Inc./decrease	%
Refining associates	(11,695)	28,006*	(39,701)	(141.8)
Petrochemical associates	5,661	2,651	3,010	113.5
Oil associates	363	55	308	560.0
Gas associates	-	-	-	
Other associates	(580)	368	(948)	(257.6)
Total	(6,251)	31,080	(37,331)	(120.1)

Note: *Share of net income from Aromatics (Thailand) Public Co., Ltd. in 2007 is re-categorized under Refining associates

: Gain on foreign exchange decreased by Baht 7,375 million or 136.8% from gain on foreign exchange amounting to Baht 5,392 million in 2007 to loss on foreign exchange amounting to Baht 1,982 million in 2008, resulted from the weaken of Thai Baht.

: Income taxes increased from Baht 42,224 million in 2007 to Baht 43,348 million in 2008 due to the increase in PTT and its subsidiaries' operating income.

The Analysis of PTT and its subsidiaries' consolidated Financial status at the end of the year 2008 compared to the end of the year 2007

During 2008 there were changes in PTT's affiliates' structure, the acquisition and the establishment of subsidiaries, therefore, balance sheets of PTT and its subsidiaries for the year ended December 31, 2008 in PTTEP, PTCL, SBECL, RBA, PTTT, PTTNGD, PTTLNG, PTTM, Enco, PTTPL, PTTTB, CHPP, PTT INTER, PTTGE, and BSA as the subsidiaries and included TTM(T), TTM(M), DCAP, PTTAC and HMC as the joint ventures under the proportionate consolidated method.

Financial position of PTT and its subsidiaries as at December 31, 2008, compared with December 31, 2007, is as follows:

Unit: Million Baht

	Consolidated Financial Statement			
	Dec. 31, 2008	Dec. 31, 2007	Inc./ (Dec.)	%
Assets				
Currently assets	243,196	314,818	(71,622)	(22.7)
Investments in subsidiaries, jointly controlled entities and associates, and long-term investments	187,071	193,122	(6,051)	(3.1)
Property, plant and equipment, net	375,755	315,143	60,612	19.2
Non-current assets	79,183	68,441	10,742	15.7
Total Assets	885,205	891,524	(6,319)	(0.7%)
Liabilities				
Current liabilities	169,271	235,160	(65,889)	(28.0)
Loans and current portion of long term loans	239,138	220,999	18,139	8.2
Non-current liabilities	46,260	36,713	9,547	26.0
Total Liabilities	454,669	492,872	(38,203)	(7.7)
Shareholders' equity				
Shareholder's equity	383,579	361,497	22,082	6.1
Minority interests	46,957	37,155	9,802	26.4
Total shareholders' equity	430,536	398,652	31,884	8.0
Total liabilities and shareholders' equity	885,205	891,524	(6,319)	(0.7)

Assets

Total assets as at December 31, 2008, were Baht 885,205 million, decreased by Baht 6,319 million or 0.7% from the end of 2007. Current assets decreased by Baht 71,622 million or 22.7% resulted mainly from the decrease in trade accounts and notes receivable by Baht 95,779 million. However, there was an increase in cash and cash equivalents by Baht 15,860 million and the increase in refund receivable from the Oil Stabilization Fund (Other current assets) by Baht 7,107 million from the government due to spread between LPG imported price and the controlled domestic selling price.

Investments in subsidiaries, jointly controlled entities, associates, and long-term investments decreased by Baht 6,051 million or 3.1% resulted from share of net loss from its associates amounting to Baht 6,251 million adjusted by dividends from its subsidiaries, jointly controlled entities and associates amounting to Baht 17,356 million, the recognition of outstanding negative goodwill of Baht 5,802 million remaining from December 31, 2007 amounting to Baht 5,345 million in accordance with the Thai Accounting Standard No. 43 (revised 2007) "Business Combinations". In 2008, PTT recognized negative goodwill of IRPC amounting to Baht 457 million from the purchase of IRPC shares from third parties in the Stock Exchange of Thailand in an amount of Baht 5,489 million which resulted in PTT's shareholding percentage in IRPC increased from 31.50% to 36.77%, and the capital increase in PPCL amounting to Baht 1,476 million. In addition, PTT invested in Finansa Asset Management - Energy and Petrochemical Index Fund (FAM-EPIF) in an amount of Baht 5,050 million in 2008.

Property, plant and equipment increased by Baht 60,612 million or 19.2% resulted mainly from the transfer of land in Maptaphut for the construction of petrochemical industry, the increase in assets under construction from the gas separation plant unit#6 project, the Arthit-north gas pipeline project, the natural gas for vehicle (NGV) project and the Ethane separation plant project and the increase in petroleum exploration and production assets (oil and gas properties for production) by Baht 24,321 million, mainly from Malaysia-Thailand Joint Development Area, Arthit, Pailin, Bongkot B8/32&9A projects.

Non-current assets increased by Baht 10,742 million or 15.7% due to the increase in the advance payment for gas purchased amounting to Baht 11,354 million. In 2008, there was an advance payment for gas purchased from Malaysia-Thailand Joint Development Area (JDA) Block A-18 in Malaysia in an amount of Baht 13,716 million for irrespective of take-up gas during 2007-2008. Meanwhile, PTT had make-up right from Yadana and Yetagun gas field amounting to Baht 2,362 million.

Liabilities

Total liabilities were Baht 454,669 million, decreased by Baht 38,203 million or 7.7% from the end of the year 2007, resulted from the decrease in current liabilities by Baht 65,889 million or 28.0% due mainly to the decrease in trade accounts payable by Baht 73,571 million from the payment of the imported crude oil payable due in this period while short-term loans increased by Baht 3,192 million due mainly to PTTEP's bills of exchange issuance for offering to general investors and financial institutional investors, the increase in bank overdrafts and short-term loans from financial institution by Baht 1,267 million for using as working capital.

Non-current liabilities increased by Baht 9,547 million due mainly to the increase in the estimation in decommissioning cost of production equipment and deferred tax liabilities.

Shareholders' Equity

Total shareholders' equity as at December 31, 2008 were Baht 430,536 million, increased from the 2007 by Baht 31,884 million or 8.0% due to the following:

: Un-appropriated retained earnings increased by Baht 21,765 million which resulted from PTT and its subsidiaries' net profit of Baht 51,705 million and accumulated effect of the changes in accounting policy in accordance with the Thai Accounting Standard No. 43 (revised 2007) "Business Combinations" in an amount of Baht 5,345 million resulted from the adoption of the Thai Accounting Standard No. 43 (revised 2007) "Business Combinations" that is effective for accounting periods beginning on or after January 1, 2008. For the negative goodwill, in accordance with this standard, PTT, the buyer, must assess the seller's identification and measurement of assets and liabilities and identifiable contingent liabilities including the exceed reassessment of carrying value in business combination, when buyer's equity net fair value of the cost at acquisition date, the differences will be recognized as revenue in statement of income. Therefore, PTT has adopted this standard since January 1, 2008, with the prospective requirements. The carry forward of retained earnings as at January 1, 2008 was adjusted. However, shareholders' equity decreased from dividend payment Baht 35,250 million.

: PTT increased its share capital from the exercise of warrants under Employee Stock Option Program (ESOP) of directors, management, its employees and its affiliates' employees causing an increase in issued and paid-up share capital in an amount of Baht 66.685 million (6,668,500 shares) and increase in premium on ordinary shares of Baht 1,177.72 million. As a results, as at December 31, 2008, the number of unexercised warrants is 33.19 million units, which consists of Warrant-1 issued and offered on September 1, 2005 of 16.54 million units (last exercise date: August 31, 2010) and Warrant-2 issued and offered on September 29, 2006 of 16.65 million units (last exercise date: September 28, 2011).

: Surplus on dilution of investments in subsidiaries and associates increased by Baht 11 million while there was currency translation differences increased by Baht 96 million and unrealized loss on available-for-sale securities decreased by Baht 274 million.

Minority interests increased Baht 9,802 million or 26.4% due mainly to better performance in 2008.

Liquidity

For twelve-month period ended December 31, 2008, net increase in cash and cash equivalents of PTT and its subsidiaries was Baht 15,861 million while cash and cash equivalents at the beginning of the period was Baht 74,958 million, which resulted in cash and cash equivalents at the end of the period was Baht 90,819 million. Details of cash flow by activities are as follows:

	Amount (Million Baht)
Net cash provided by operating activities	126,060
Net cash used in investing activities	(74,748)
Net cash used in financing activities	(35,462)
Effects of exchange rates on cash and cash equivalents	211
Currency translation differences	(200)
Net decrease in cash and cash equivalents in 2008	15,861
Cash and cash equivalents at beginning of the period	74,958
Cash and cash equivalents at end of the period	90,819

In summary, PTT and its subsidiaries' financial status are strong, evidenced through liquidities, debt to equity ratios, returns on equity, etc.

Major Future Projects

PTT investment and joint venting plans on upstream petroleum and natural gas business have been aligned with the demand growth for gas, economic expansion, and power generation development plant.

As natural gas is largely used for the power generation, industrial production, and transportation sectors, including GSPs, PTT had to secure more gas sources from both domestic and international to feed the increasing demand. PTT has invested in the construction of natural gas infrastructure to support more gas procurement and imports. The following is undergoing projects:

1. The investment in the LNG receiving terminal construction in Rayong to receive LNG import
2. The investment in expanded natural gas pipeline network which are- the forth onshore pipeline - the connecting offshore pipeline.

PTT has also invested in increasing the number of NGV service stations. It will also construct an ethane cracker plant, 6 GSP, and a Phenol production plant, which is the co-investment project with Asahi Kasei Chemicals Co., and Marubeni Co., Ltd. to produce AN and MA.

These projects will increase more values in Natural gas resource, maximize its usefulness, and create more benefits throughout business value chain.

To be able to compete in a must more competitive market in the future, when petroleum business will have reached its peak and the market will move toward other alternative energy supplies in power generating; therefore, PTT has expanded its domestic and oversea investment in alternative fuels. For example, PTT has invested in power generation business, palm oil business, and other related business in Asia in accordance with PTT business strategies and directions focusing on a continuous and sustained growth for the energy security of country and supporting PTT s vision of being Thai Premier Multinational Energy Company.