

Balance is Beauty



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It is only when all quarters of society derive their fair share of benefits that sustained peace becomes a reality.

As a key driver of the energy engine of growth, PTT volunteers to serve as the core for physical and mental strength, driving Thailand's energy potential ahead along with all Thais. To achieve our common goals, we'll be moving with caution and prudence.

Above all, we'll be striking a balance among economic, industrial, community, social, and environmental development.

That way, every stage of our growth is destined to become balanced – with smiles across Thais' faces and with fair, integrated benefits to ourselves as well as our surroundings.



Exploring from outside, Experiencing from inside

Each time we venture out to new territories, we find a smaller world. Each time we visit communities, we find deeper love for the mother land. That's why PTT is committed to carving a balance in approaching the world stage while earnestly promoting local residents' forums.



Experience



Energy

Mindful energy



Given epochs, lush leaves turn into precious energy for planet earth. It is on this awareness that PTT is basing its mindful application and conservation of energy alike.



Environment





Fueling our tomorrow

() = "Reserves" implies not only tomorrow's energy, but also today's mindful consumption. Our common challenge is to reconcile these uses,

as our future hinges on this very accomplishment.









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Spreading the word



To PTT, our crucial mission is to transmit both energy and knowledge in a fair and comprehensive way to all areas and all people. We're convinced that proper knowledge enables all to build on their own skills and potential to sustain our nation.



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PTT GROUP VISION



Thai Premier Multinational Energy Company



PTT GROUP VALUES

The way we work together

Synergy





Performance Excellence

Innovation



PTT GROUP MISSION

To the country	⇒	Ensuring long-term energy security by providing sufficient high-quality energy supply at fair prices
To society and community	⇒	Being a good corporate citizen by protecting the environment and improving the quality of life for communities
To the shareholders	⇒	Conducting profitable business leading to sustainable growth while providing optimum returns
To the customers	⇒	Ensuring customer satisfaction by delivering world-class quality products and services at fair prices
To the business partners	⇒	Conducting business with partners on fair and arm's length basis, promoting synergy and coordination, creating capability and efficiency in long-term business partnership
To the employees	⇒	Providing supporting capability-building in professional conduct, ensuring employees' well-being on par with other leading companies

Integrity & Ethics



Responsibility for Society





Trust & Respect

Financial Highlights

	2007	2008	2009	
(Million Baht)				
sts, Income Taxes Expenses	1,508,129	2,000,816	1,586,174	
and Income not Relavant to Operation (EBITDA)		156,239	142,704	
	97,804	51,705	59,548	
(Million Baht)				
	891,524 492,873 398,652 361,497	885,193 454,657 430,536 383,579	1,103,590 605,499 498,091 429,180	
Share or Information about Common Shares				
fillion Shares) (Baht) (Baht) (Baht) (%) (Baht)	2,817.39 128.71 34.82 11.50 33.03 376.00	2,824.06 136.01 18.33 8.00 43.64 175.00	2,833.78 151.82 21.06 8.50 ^{2/} 40.36 246.00	
(%) (%) (Times) (Times) (Times) (Times)	6.28 25.92 11.89 1.24 0.37 1.00 16.63	2.57 12.47 5.82 1.06 0.36 1.01 15.71	3.67 12.82 5.99 1.22 0.50 1.74 10.07	
	res fillion Shares) (Million Baht) (Million Baht) (Million Baht) (Baht) (Baht) (Baht) (Baht) (Baht) (Baht) (%) (%) (%) (%) (Times) (Times) (Times)	(Million Baht) 1,508,129 sts, Income Taxes Expenses) 145,971 97,804 (Million Baht) (Million Baht) (Million Baht) 891,524 492,873 398,652 361,497 res Number of the set of th	(Million Baht) 1,508,129 2,000,816 sts, Income Taxes 145,971 156,239 (Million Baht) 97,804 51,705 (Million Baht) 891,524 885,193 (Million Shares) 2,817,39 2,824.06 (Baht) 128.71 136.01 (Baht) 11.50 8.00 (%) 33.03 43.64 (Baht) 376.00 175.00 (%) 6.28 2.57 (%) 6.28 2.57 (%) 25.92 12.47 (%) 1.24 1.06 (Times) 0.37 0.36 (Times) 0.37	

Notes

: 1/ Based on the weighted number of common shares of 2,808.67 million (as of December 31, 2007), 2,820.27 million (as of December 31, 2008) and 2,826.90 million (as of December 31, 2009).

2/ PTT Board of Directors approved the rate of dividend paid to the shareholders on February 19, 2009 and the rate will be brought to the 2010 AGM for resolution on April 9, 2010.

Sales Revenues

Unit : Million Baht





Balance sheets

Unit : Million Baht



Financial Ratio





PTT Information

Name	PTT Public Company Limited
Initial	PTT
Registered Number	0107544000108
Type of Business	Petroleum business, and other support activities, including investment in
	related business relating to petroleum
Registered Capital	Baht 28,572,457,250, including 2,857,245,725 of common shares, and
	Baht 10 per share (as of December 31, 2009)
Paid-up Capital	Baht 28,337,848,250, including 2,833,784,825 of common shares, and
	Baht 10 per share (as of December 31, 2009)
Location	555 Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
Location	Telephone : (66) 2537-2000
	Telefax : (66) 2537-3498-9
	Website : http://www.pttplc.com
Corporate Communications	Telephone : (66) 2537-2150-1
Department	Telefax : (66) 2537-2169/2537-2171
	E-mail : corporate@pttplc.com
Investor Relations Department	Telephone : (66) 2537-2792-3
	Telefax : (66) 2537-2791
	E-mail : ir@pttplc.com
Office of the President	Telephone : (66) 2537-3850 -1
and Corporate Secretary	Telefax : (66) 2537-3887
	E-mail: corporatesecretary@pttplc.com
References	
References Share Registrar 	Thailand Securities Depository Company Limited
	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey,
	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand
	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1
• Share Registrar	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259
	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai,
• Share Registrar	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand
• Share Registrar	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803
• Share Registrar • Auditor	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803 Telefax : (66) 2618-5807
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• Share Registrar • Auditor	 4th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803 Telefax : (66) 2618-5807 Siam Commercial Bank Plc. Registrar 1, Markets Operations Division, 2nd Building, 3th Foor, 1060 Petchaburi Road, Ratchatawee,
• Share Registrar • Auditor	 4th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803 Telefax : (66) 2618-5807 Siam Commercial Bank Plc. Registrar 1, Markets Operations Division, 2nd Building, 3th Foor, 1060 Petchaburi Road, Ratchatawee, Bangkok 10400, Thailand
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• Share Registrar • Auditor	4 th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803 Telefax : (66) 2618-5807 Siam Commercial Bank Plc. Registrar 1, Markets Operations Division, 2 nd Building, 3 th Foor, 1060 Petchaburi Road, Ratchatawee, Bangkok 10400, Thailand Telephone : (66) 2256-2323-8 Telefax : (66) 2256-2406
• Share Registrar • Auditor	 4th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803 Telefax : (66) 2618-5807 Siam Commercial Bank Plc. Registrar 1, Markets Operations Division, 2nd Building, 3th Foor, 1060 Petchaburi Road, Ratchatawee, Bangkok 10400, Thailand Telephone : (66) 2256-2323-8 Telefax : (66) 2256-2406 Securities Services Product 1, Corporate Trust
• Share Registrar • Auditor	 4th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803 Telefax : (66) 2618-5807 Siam Commercial Bank Plc. Registrar 1, Markets Operations Division, 2nd Building, 3th Foor, 1060 Petchaburi Road, Ratchatawee, Bangkok 10400, Thailand Telephone : (66) 2256-2323-8 Telefax : (66) 2256-2406 Securities Services Product 1, Corporate Trust 9 Rutchadapisek Road, Jatujak, Bangkok 10900, Thailand
• Share Registrar • Auditor	 4th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803 Telefax : (66) 2618-5807 Siam Commercial Bank Plc. Registrar 1, Markets Operations Division, 2nd Building, 3th Foor, 1060 Petchaburi Road, Ratchatawee, Bangkok 10400, Thailand Telephone : (66) 2256-2323-8 Telefax : (66) 2256-2406 Securities Services Product 1, Corporate Trust 9 Rutchadapisek Road, Jatujak, Bangkok 10900, Thailand Telephone : (66) 2544-3937/ 2544-3930
• Share Registrar • Auditor	 4th floor, SET Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10500, Thailand Telephone : (66) 2359-1200-1 Telefax : (66) 2359-1259 Office of the Auditor General Rama VI Road, Phayathai, Bangkok 10400, Thailand Telephone : (66) 2618-5803 Telefax : (66) 2618-5807 Siam Commercial Bank Plc. Registrar 1, Markets Operations Division, 2nd Building, 3th Foor, 1060 Petchaburi Road, Ratchatawee, Bangkok 10400, Thailand Telephone : (66) 2256-2323-8 Telefax : (66) 2256-2406 Securities Services Product 1, Corporate Trust 9 Rutchadapisek Road, Jatujak, Bangkok 10900, Thailand

Message from the Board of Directors



N.S. Hyl

(Mr. Norkun Sitthipong) Chairman



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(Mr. Prasert Bunsumpun) President & CEO

Another challenging year it was indeed for PTT, with the prevailing, crumbled world economy, but that did not make the Company waver from its resolution to consistently make its best efforts for Thais and Thailand.

This year PTT continued to be responsible for supply procurement for Natural Gas for Vehicles (NGV) to meet the steadily growing demand. It grew NGV service stations to provide more options for the public from 303 last year to 391 this year. It also imported LPG at a fixed price of US\$ 330 per ton, substantially lower than the average world-market price of US\$ 775 per ton. As generally known, the Administrative Court's injunction on project execution in Map Ta Phut, Rayong, covered 18 projects undertaken by PTT Group, one of which was Unit 6 Gas Separation Plant, with more than 1 million tons per year in capacity. If the injunction persisted, what would result is a shortage of LPG across all segments, which would necessitate 100,000 tons per month of additional imports at the expense of the Oil Fund. Equally critical, repercussions would be felt by the petrochemical industry, a key driver of the domestic economy.

Our clear goal remains to become a Thai premier multinational company among the top 100 listed in Fortune 500 Magazine by the year 2020 for the pride of Thais. Recognizing this goal, the management and staff together relentlessly pushed PTT through to overcome hurdles. As a result, our performance in 2009 proved satisfactory, with the consolidated sales revenue of Baht 1,586,174 million, 21% down from last year; EBITDA of Baht 142,704 million, 9% down; and net income of Baht 59,548 million, 15% up from last year.

Also notable last year was PTT's taking the lubricating oil leadership for the first time with a 36.2% market share. To us, this proved customers' confidence in our quality. Besides, we retained market leadership for retail marketing for the 17th consecutive year with a 32.9% market share. Part of this success resulted from the reimaging of our service stations into "Life Stations ... Diverse Styles of Happiness, All in One Place", warmly welcomed by patrons. Meanwhile, PTT

remained the leader in the constant search for alternative energy through its Research and Technology Institute, which is undertaking a research and development project on Bio-hydrogenated Diesel (BHD), the potential of weeds for biofuel production, and a research and demonstration of biofuel quality improvement for automotive uses.

As regards national energy security, this year PTT sourced natural gas supply from Bongkot South Field (320 million cubic feet per day) and Arthit Field FPSO (120 million cubic feet per day). Our continuing forays into international territories saw more investment made in the energy business, with a 100% share buyout of Coogee Resources Limited (CRL) to develop Montara Field, offshore Australia; the launching of PTT Group's Dubai Office of the same city in the United Arab Emirates, PTT Group's first petroleum and petrochemical product trading office; and the establishment of coal and palm oil businesses in Indonesia, designed to bolster business opportunities.

Thanks to our mustering of strength and potential for PTT Group's integrated energy businesses from upstream to downstream, as well as stepping out onto the international arena, our synergy supplements the efficiency and value to our business, as will competitive advantages, firm financial foundation, leading to greater bargaining power - which in turn leads to greater credibility. A clear case in point is that the improved business performance of our petrochemical and refining companies, with merged capabilities, knowledge sharing, and joint management of risks - these have lessened their incidents.

As regards our drive toward excellence and foster sustainable growth, PTT continued to rely on the Thailand Quality Award (TQA) criteria while tirelessly and earnestly maintaining balance between High Performance Organization (HPO), Corporate Governance (CG), and Corporate Social Responsibility (CSR) under the formulated social responsibility framework, so that all stakeholders may be aware of our roles and have due expectation. This year PTT has also prepared a Sustainability Report under the approach of the Global Reporting Initiatives (GRI).

In conjunction with related agencies and sustainable power networks, during the year, PTT built on its assorted social, community, educational, sports, arts and cultural, and environmental missions, in particular '84 Tambons on A Sufficient Path Project', in which we and communities applied HM the King's initiative on sufficiency economy to forge true, sustained independence and prototype communities for national strength and sustainability. Our aim is to humbly present the project to HM the King on his 84th birthday anniversary in 2011. It is our great pride that this project has won international recognition in the form of Platts Global Energy Awards 2009 'Community Development Program of the Year' - a major award and most illustrious one of the international energy industry.

The success resulting from our dedication to forging balance between business and society on a continual and earnest basis has generated more and more awards for corporate governance and social responsibility each year. Notable ones included the Best State Enterprise of the Year : Best of the Best (outstanding in all categories and the only top award presented to one state enterprise in the contest among state enterprises of 2009) and the outstanding leadership award, presented to Mr. Prasert Bunsumpun, CEO and President. We won two SET awards for the top corporate governance report and investor relations excellence, and three Board of the Year awards, namely Board of The Year for Exemplary Practices for 2008/9, Board With Consistent Best Practices - Hall of Fame, and Audit Committee of the Year. Finally, the Recognition Awards 2009, The Best of Asia from the Hong Kong-based Corporate Governance Asia Magazine.

On behalf of the Board of Directors, we thank the stakeholders for their faith, trust, and support to PTT's business all along. The Board, the management, and employees remain firmly committed to our resolve for becoming Thailand's sustainable power through efficient management, responsibility to society, communities, and the environment, while remaining committed to good corporate governance in our practices.

Report of the Audit Committee for 2009



C. Pha

(Mr. Chakramon Phasukavanich) Chairman of the Audit Committee

The Audit Committee consists of three independent directors knowledgeable about finance and organization management, namely Khunying Jada Wattanasiritham as Chairperson, with Khun Pornthip Jala and Mr. Chulayuth Hirunyavasit as members. With the resignation of Khunying Jada, effective January 28, 2010, the Board of Directors appointed Mr. Chakramon Phasukavanich to replace her. During the year, the Committee performed its duties as assigned by the Board, in compliance with the criteria and practical guidelines governing the Audit Committee, in line with the regulations of the Stock Exchange of Thailand (SET), namely the review of financial statements; review of risk management; review of internal audit assessment; and oversight of good corporate governance practices. During the year, the Committee held nine meetings with the Management, the external auditor, and the Office of Corporate Audit, as summarized below.

1. Review of quarterly, annual, and consolidated financial statements

This review was made along with the Management and the Office of Corporate Audit and, each time quarterly financial statements and annual financial statements were deliberated, with the external auditor in attendance. In reviewing such statements, the Committee asked the external auditor about the Company's complete and accurate presentation in its financial statements, its adequacy of information disclosure and disclosure of events after the preparation of financial statements, and adjustments for accounting entries materially affecting the statements. These questions ensured that the prepared financial statements complied with legal and accounting standard requirements under generally accepted accounting principles; that its accounting procedures and financial statements were both accurate and reliable; and that adequate and timely information was disclosed in the financial statements for the benefit of investors or potential investors. This year the Committee and the external auditor held one nonManagement meeting to acknowledge accounting approaches and audit plans.

2. Review of risk management

To ensure acceptable risk management practices, the Committee directed PTT Group's work by constantly reviewing the risk management plans of 2009 and deliberating quarterly risk management approaches to ensure that PTT manages its risks against its risk profile efficiently by using suitable corporate risk indicators for risk tolerance. On the whole, PTT's risk management is successfully conducted against goals.

⇒ 3. Review of internal audit assessment

Together with the external auditor and the head of the Office of Corporate Audit, the Committee revised and reviewed the internal control system with a focus on resource utilization, due care of properties, and prevention or minimization of defects, losses, waste, and frauds. It also investigated the reliability of financial and operation reports, and compliance with laws, rules, regulations, and Cabinet resolutions. The external auditor agreed that no significant findings or shortcomings were encountered. During the year, PTT assessed its internal controls against the regulations of the Auditor Commission on internal control standard B.E. 2544 (2001). The Management and the Office of Corporate Audit concluded that PTT's internal control system was both adequate and effective.

→ 4. Review of connected transactions

The Audit Committee reviewed connected transactions with PTT Group companies and those between business groups to ensure that these were conducted at arm's length with complete and adequate information disclosure.

⇒ 5. Oversight of internal audit

The Audit Committee reviewed the annual audit plan and the three-year audit plan, as well as their compliance. The audit findings were reviewed and recommendations given to follow up the corrective actions of those items considered significant to bring about good corporate governance and sufficient internal control. The Committee approved PTT's amended regulations concerning internal audits and a manual on internal audits in line with international standards. Finally, it reviewed the annual budget for the Office of Corporate Audit, including its recruitment plan, rotation, training, resource adequacy assessment, key performance measurement indicators (KPIs), as well as appointments and transfers, and the annual merit consideration for its head.

The Audit Committee conducted individual selfassessment and assessment of other members, as well as that of the entire Committee, against the best practices guidelines set by the State Enterprise Policy Office and SET. For 2009, it was found that the Committee had performed its duties efficiently.

7. Appointment of the external auditor for 2010

The Audit Committee proposed the appointment of the Office of the Auditor-General as the external auditor for PTT Plc for 2010 to the Board, which would in turn submit it for shareholders' approval at their 2010 AGM.

The Audit Committee values internal controls and continuous risk management so that PTT may command good corporate governance and excellence in management, adequate internal controls compatible with its business, effective risk management, together with accurate accounting practices and financial statements, and compliance with relevant laws and regulations.

Report of the Corporate Governance Committee





(Mr. Chaikasem Nitisiri) Chairman of the Corporate Governance Committee February 5, 2010

To Shareholders

The Board of Directors undertakes to encourage effective business conducts, good governance and excellent management in PTT. Benefiting sharholders, stakeholders concerns, business ethics, transparency and accountability are the essential obligation of the Committee. Directors, executives and employees shall be responsible and accountable for their decisions and actions; fiduciarily perform; treat the stakeholders equally; be fair and transparent; have vision to create long-term values; and be ethical in bussinesses.

The Corporate Governance Committee comprises of 3 independent directors. The Committee accounts to the organization and the board of directors for overseeing, directing, monitoring the governance to ensure the corporate governance principles. The principles shall be consisting with the Stock Exchange of Thailand's standard and the Organization for Economic Co-Operation and Development's (OECD's) Principles of Corporate Governance.

The Committee had 4 meetings in 2009 for consideration of governance related planning; monitoring the progress; ensuring governance and sustainable growth; and encouraging executives and employees to embrace the principle in the Corporate Governance Handbook. The followings are 2009 achievements;

I. Good Corporate Governance Culture Encouragement in PTT and PTT Group Affiliates

 The revised 2009 Corporate Governance Handbook is published and distributed to directors, executives and employees for endorsement and acknowledgement. The amendment was made according to updates on business visions; changes on SET's regulations; updates on OECD's international practice, updates on code of business conducts; and improvements on conflict of interests declaration form.

- Corporate governance information, publications and other media on websites, internal networks and external networks are frequently updated for employees and patrons.
- On September 11, 2009, PTT Group hosted the "2009 PTT Group CG Day/ CG to GC: from Good to Great" to encourage and promote conscience of corperate governance; set up a single standard; lift the standard; and establish the consistent group cultures. The Corporate Governance Committee members, executives and employees from PTT Group (7 listed companies, namely PTT, PTTEP, PTTCH, PTTAR, TOP, IRPC and BCP and distinguished guests from i.e. the Stock Exchange of Thailand, Thai Listed Company Association, etc. joined the event.

- The 2009 Annual General Shareholder Meeting was hold on April 10, 2009. PTT follows the Stock Exchange Committee's "Annual General Meeting Checklist" in convening the meeting i.e. consideration of minority shareholders' meeting agenda proposals, annual proposal on directors' remuneration package and 100 scored qualified accurated comprehensive minutes.
- PTT used the "Record Date" method in 2009 Annual General Shareholders Meeting. Shareholders and PTT enjoyed more preparatory period before the meeting and less ex-dividend period for trading.

⇒ 3. Disclosure and Transparency

- The employees of PTT annually (in January) and occationally (if any) report their conflicts of interests under the Internal Control regulation.
- The Investor Relations department effectively and regulary provides information to investors. The Investor Relations department, the Public

Relations department and the Office of the President and Corporate Secretary department regularly reply queries and receive complains from various channels.

- Open house days were hosted for 480 shareholders on November 10, 11 and 13, 2009 at the PTT's gas seperation plants and HRH Princess Maha Chakri Sirindhorn Herb Garden. Additionally, the shareholders also joined our corporate social responsibility project: "Green Rayong."
- Debentureholders activities and networkings with our senior executives were hosted for 2 times:
 - "PTT Home Sweet Home: The Musical Play"on May 2, 2009 at M Theater, New Phetchaburi Road, Bangkok.
 - "PTT Song Sot Sai, Watthanatham Thai Song Sawang" (PTT Glowing, Thai Culture Brilliance) on December 18-20, 2009 at Aksara Theater, King Power Complex, Rang Nam Road, Bangkok.
- An open house day for institutional investors was hosted on January 8-9, 2009 at the Sirinart Rajini Mangrove Ecological Learning Center, Pak Nam Pran, Pran Buri, Prachuap Khiri Khan.

4. Stakeholders Concerns

- PTT complies with the 2008 revised the Securities and Stock Exchange Act B.E. 2535 i.e. annual and occational conflict of interests report for directors and executives.
- The Committee deliberated and monitored the corporate social responsibility strategy and plan. The corporate social responsibility projects were monitored i.e. Green Rayong; 84 Tambons on A Sufficient Path Project; improvements of PTT gas stations for better services, cleanliness, and standard for customers' satisfaction.

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⇒ 5. Directors' Competency

- PTT certainly encourage the directors to attend corporate governance courses and lectures by Institute of Directors Thai Association (IOD) and other institutes i.e. The Role of Chairman course, Developing Corporate Governance Policy course, and Developing and Implementing a Code of Ethics course.
- PTT always oriented newly appointed directors.

Therefore, PTT annaully wins more awards from corporate governance and corporate social responsibility assessment and surveys by domestic and international institutions. Substantial awards are;

- The Best State Enterprise of the Year (outstanding in all categories and solely awarded an enterprise in the State Enterprise Award of 2009) and Outstanding Leadership Award for Mr. Prasert Bunsumpun, President and CEO of PTT
- "Excellent" listed company in corporate governance by a survey of corporate governance practices of listed companies in 2009 from SET and IOD
- Two "Thailand Corporate Excellence Awards 2008" bestowed by HRH Princess Maha Chakri Sirindhorn: Corporate Social Responsibility (six consecutive years) and Leadership Excellence (three consecutive years)
- Two "SET Awards 2009": Top Corporate Governance Report Award and IR Excellence Award
- Three "Board of the Year Awards 2008/09": Board of the Year for Exemplary Practices, Board with Consistent Best Practices (Hall of Fame), and Audit Committee of the Year

- Top-ranked "Platts Global Energy Awards 2009": Community Development Program of the Year. This significant recognition, the bestknown among the world's energy industry, resulted from PTT's implemented project "84 Tambons on A Sufficient Path Project" following HM the King's Sufficiency Philosophy
- "Recognition Awards 2009": The Best of Asia by Hong Kong-based Corporate Governance Asia Magazine.

The awards are truly consequences of our continuous aspiration, dedication and effort in commitment on corporate governance and responsibility for society, communities, and environment.

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Report of the Remuneration Committee



Aynu Keltiagne.

(Mr. Ampon Kittiampon) Chairman of the Remuneration Committee February 5, 2010

To Shareholders

The Article of Association of PTT Public Company Limited establishes the Remuneration Committee comprised of 3 members from the Board of Directors, one of the members shall be an independent director. The Committee accounts for consideration of remuneration package for the board of directors and the President & CEO and estrablishment of fair and reasonable remuneration procedures and method.

The Committee currently comprises of 3 independent directors, performing the designated duty carefully, cautiously and rationally. There is a meeting in 2009 for consideration of remuneration package for directors and the President & CEO. The consideration depends on performance and achievements in comparison with the key performance indicators; and effective assessments. For the board of directors, there are 3 kinds of assessments, namely, the entire board assessment, individual self-assessment and cross individual assessment. For the President & CEO's assessment, the key performance indicators had been set at the beginning of the year and assessed by the Committee at the end of the year. In addition, the Committee brought directors' responsibility, size of business, economic factors, relationship between operational result and turnover, and remuneration rates in leading enterprise in the similar business both listed and non-listed companies in consideration.

The Committee discloses the remuneration packages of directors, specific committee members and executives in this annual report.

Report of the Nominating Committee



le Phan

(Mr. Chakramon Phasukavanich) Chairman of the Nominating Committee February 5, 2010

To Shareholders

The Article of Association of PTT Public Company Limited establishes the Nominating Committee comprised of 3 members from the Board of Directors, one of the members shall be an independent director. The Committee has authority, duty and responsibility in selection of qualified individuals and nomination of the directors and the President & CEO. The Committee shall establish transparent, fair and corporate goals achievable nomination methods and procedures.

All of the 3 existing members in 2009 are independent directors. The Committee carefully, cautiously and rationally performed the designated duty. There were 4 meetings for selection of legally and regulationally qualified talented amiable persons from diverse profession in replacement of the vacant positions. Additionally, the Committee offered a chance for minor shareholders to nominate persons as their director.

For the replacement of retiring directors by rotation, the Committee nominated candidates to the board of directors for consideration of nomination in Annual General Shareholders' Meeting, conformed to the designated procedures. For the replacement of resigning directors, the Committee nominated candidates to the board of directors for considerations. The detail of the Committee's performance is disclosed in this very annual report.

Economic and Petroleum Review



World Economic and Petroleum Review for 2009 Economic Review

The world economic crisis which started since late 2008 produced some chronic effects on the global economy in 2009. At the beginning of 2009, the world economic recession had gone more extensive and more severe, especially in the developed countries, particularly the US, Europe, and Japan. Coupled with the credit crunch and lack of liquidity in the financial sector, the recession caused the public to lose their wealth from the sharp depreciation of financial assets and lose their confidence, which resulted further in the reduction of consumption, investment, and production. The situation, moreover, created a historic increase of unemployment in many countries. The lower demand for products and services in leading economic countries also brought about a sharp decline in the global trade. This consequently brought exporting countries like Thailand into sharp economic contraction. The World Bank made a forecast in March 2009 that the world GDP would shrink by 1.7%, but in June 2009 it came out with a new prediction that the GDP would dwindle by as much as 2.9%. At the same time, the International Monetary Fund (IMF), which said in April 2009 that the world economy during the year would decline by 1.3%, announced their forecast adjustment in July 2009 that the global economy would shrink by 1.4%. This was recognized as the world's first economic recession after the World War II.

As a result of the worldwide economic recession, many governments, especially those of leading economies, were prompted to launch their economic stimulus packages, reportedly of the highest value ever. The combined stimulus packages, accounting for US\$ 2.2 trillion or approximately 3.7% of the world GDP, were aimed at driving the economy, boosting domestic consumption, and increasing employment and production. Governments, in addition, opted to relax some financial policies, such as reducing interest rates and cutting taxes while boosting liquidity, triggering the global economy during the second half of the year to pick up and move towards stability. The better financial and economic sectors could be confirmed by some economic indicators, e.g. gross domestic product, consumer confidence index, industrial production, world trade, and employment rate, which recorded slow growth and then turned towards expansion around the end of the year. Many economic analysts viewed that the global recession had passed its lowest point and was sending out a recovery signal, which came faster than earlier predictions. The recovery, however, would differ from country to country. In Asia, the economic recovery would be faster than other parts of the world since Asian financial institutions were less affected and were able to speed up their credit grants. Besides, the higher population in Asia could help stimulate domestic consumption, which could be witnessed from figures concerning production, consumption, regional exports, and the higher value of assets. In developed countries, the economy would gradually pick up. In this regard, the World Bank and the International Monetary Fund released their economic forecasts in January 2010

predicting that the world economy recession in 2009 would be less severe than earlier predictions and would contract by only 2.2% and 0.8% respectively.

Petroleum and Petrochemical Review

The global economic recession during the beginning of 2009 resulted in a lower world demand for energy, especially oil. International Energy Agency (IEA) reported that oil demand for the first and second quarters fell to 84.5 and 84.1 million barrels per day, or a decline from 87.4 and 86.3 million barrels per day year on year, respectively. This was a continuous decline from the last quarter of 2008, of which oil demand registered at 85.4 million barrels per day. The situation further resulted in the sharp fall of crude price. Organization of the Petroleum Exporting Countries (OPEC), thus, came out to announce their production reduction three times between September 2008 and January 2009 with a total reduction of 4.2 million barrels per day to shore up the

price. The action consequently helped make the crude price move upwards. Dubai crude price averaged US\$ 44.1 per barrel in the first quarter of 2009 and moved up to US\$ 59.1 per barrel in the second quarter. The prices were still lower than the prices of the previous year, which were at US\$ 91.1, and US\$ 116.5 per barrel respectively.

The better world economy as caused by stimulus packages in various countries brought about a higher demand for oil, which showed an upward trend since the third quarter and reached its peak of the year in the fourth quarter at 85.7 million barrels per day. The demand was even higher than that of the same period of the previous year at 85.4 million barrels per day, making the oil price become more stable and move continuously upwards in the third and fourth quarters to US\$ 67.9 and US\$ 75.4 per barrel respectively.



World Oil Demand during 2007-2009

(Unit : MBPD)





However, demand for oil and its average price during 2009 were still lower than those of 2008. Average oil demand in 2009 was 84.9 million barrels per day, a drop of 1.3 million barrels per day from the previous year. Dubai crude price averaged at US\$ 61.8 per barrel, also a drop of US\$ 31.6 per barrel. As for refined products in Singapore market, prices of gasoline with octane 95, diesel, and fuel oil moved in the same direction as the world crude price. Annual average prices of these products were US\$ 70.3,

US\$ 69.1, and US\$ 57.1 per barrel, lower than that of the previous year at US\$ 102.5, US\$ 119.4, and US\$ 78.6 per barrel respectively.

In addition, due to the decreased demand for petroleum in 2009 as influenced by the world economy and the start of new large scale oil refineries during 2009, especially in China and India, the refining margin was remarkably squeezed.



Prices of Dubai Crude and Refined Products during 2007-2009

The petrochemical industry was also affected by the world economic crisis with a sharp fall in the demand since late 2008. This brought about a rapid decline of petrochemical product price. But after the attempt of the OPEC countries to shore up the oil price and the stronger economy during the second half of the year, prices of petrochemical products have gradually moved upwards. Still, the average price for 2009 was significantly lower than that of 2008.



Prices of Petrochemical Products in Asia Market during 2007-2009

Thailand Economic and Petroleum Review for 2009 Economic Review

Thailand's economy was also affected by the severe world economic recession since the fourth quarter of 2008 with the export and industrial production sectors entering sharp contraction. The situation further caused layoffs, which led to people's reduced income and purchasing power. The political turbulence not only brought down the number of tourists but also brought about lower confidence in the consumer and business sectors. This apparently resulted in the decreased spending and investment. The Thai economy during the first half of 2009 contracted by as much as 7.1%, prompting the government to launch the first phase of stimulus package (SP1) worth Baht 116,000 million. The package, comprising assistance to help ease people's cost of living or the 'Cheque Chuay Chat' project, assistance to people dismissed from work or the 'Tonkla-Archeep' project, and cash assistance for senior citizens,



among others, was meant for short-term stimulation with a focus on boosting domestic spending in order to slow down the slump in the private sector's consumption. This could consequently delay the country's overall economic contraction. In the second quarter, the contraction was reportedly reduced to only 4.9%, which was helped out by the improving world economy and the government's second phase of economic stimulus package (SP2), or the so-called 'Thai Khem Khaeng' operation (TKK2555), designed to last from 2010 through 2012. In the SP2, Baht 1.43 trillion was budgeted for continuously reviving the economy and increasing employment through medium - and long - term investments by the public sector in parallel with raising the country's long-term competitiveness. The SP2, then, bore fruit in the third quarter, bringing down the country's economic contraction rate to 2.7%. Thai economic growth rate moved upward for the first time of the year in the fourth quarter to 5.8% lowering the 2009 economic contraction rate to 2.3%.

Thailand's Petroleum Balance in 2009 Unit: Kbd Supply Demand / Distribution Import⁽¹⁾ 782.35 Export Indiaenous (83%) I PG 118 80 0.48 Crude -1.73% 937.85 +0.97% -29.27% (88%) Indigenous -0.07% 155 50 Indigenous Export Oil Domestic Demand (17%)Gasoline 129.66 23.28 Combined Capacity (4) +9.21% +5.67% -8.61% Volume of 7 refineries 1.234 Kbd (62%) +1.11% 690.39 Indigenous Export +1.35% Import Jet/Kerosene 76.67 28.06 18.45 Condensate (20%) -4.37% +11.88% 91.59 +19.12% Export Volume (9%)Indigenous Export 201.30 +0.02% Indigenous (2) +12.28% Diesel 318.20 82.65 73.14 +4.66% +26.01% (80%) -4.13% Indigenous Export Fuel Oil 47.06 66.83 Refined Products Import (3) -16.93% +7.00% 33.92 33.92 (3%)(100%) +56.57% +56.57% Import Natural Gas 144.72 Power 442 98 643.50 -2.89% +0.86% Combined Capacity (5) Oil (38%) of 6 GSPs 1,835 MMcf/d Indigenous Gas Industry/Transportation 90.72 498.78 +19.71% (78%) +5.32% Summary +12 28% +1.94%

 Data
 : Energy Policy & Planning Office, Department of Energy Business, Department of Mineral Fuels and PTT (as of February 2010)

 Remarks
 : (1) Crude import, including Long Residue, waxy Distillate, VGO, Heavy Naphtha, Condensate Residue, SLOP

- (2) Domestic condensate supply from Department of Mineral Fuels
- (3) Including LPG
- (4) Bangchak, Esso, IRPC, PTTAR, Star Petroleum Refining and Thai Oil, excluding Fang
- (5) PTT's natural gas separation plants Unit 1-5 and PTTEP's
- This information excludes bitumen supply and distribution

Petroleum Review

Thailand's overall energy consumption dropped further from late 2008 until the third quarter of 2009. This was the consequence of the country's economic contraction, which was affected by the world economic crisis. Energy demand started to turn upwards in the last quarter of the year. Such happening brought about the year's demand for energy to a total of 1.65 million barrels of oil equivalent per day, an increase from 1.62 million barrels of oil equivalent per day in 2008, reflecting the growth of 1.7%. The largest portion of energy consumption was natural gas at 41%. Secondly was oil at 39%. The rest were lignite and coal at 18% and imported hydro/electricity at 2%. Energy consumption in each economic sector is detailed on page 31.



Source : Energy Policy and Planning Office, Ministry of Energy, Thailand

1. The industrial sector was hardest hit by the economic crisis causing energy consumption to drop almost throughout the year, except around the end of the year when more purchase orders were received, which brought back the growth in energy consumption. However, in the big picture, energy consumption in the industrial sector for the year 2009 was lower than that of the previous year. This involved the significant low consumption of jet fuels in particular as affected by the sharp fall of the tourism industry. Electricity consumption in the industrial and trading sectors also dropped in accordance with the slump of the overall economy and the export sector.



Source : Department of Energy Business, Energy Policy and Planning Office, and PTT

2. The household sector consumed more energy following the government's 'six measures, six months' policy to help the people get through the economic hardship. The policy, launched to cover the period of August 1, 2008 - January 31, 2009, was intended to help ease people's cost of living, in which free electricity for households with low consumption and LPG price capping were included. Later, the cabinet agreed to issue a 'five measures, six months' policy' to continuously ease people's cost of living. The new measures prolonged the LPG price capping and free electricity for another six months from February 2009 to July 2009. The government, then, extended the measures for another five months from August 2009 to December 2009. This has resulted in the higher consumption of both LPG and electricity when compared with the previous year.



Source : Department of Energy Business, Energy Policy and Planning Office, and $\ensuremath{\mathsf{PTT}}$

3. Transport is another sector that was reported with higher consumption of energy. This was due to the declining world oil price and the government's 'six measures, six months' policy, which involved exemption of excise and municipality taxes which ended in January 2009. The Oil Fund was used to help stabilize the oil price, replacing the tax measures. As a result, diesel and gasoline prices in the transport sector shot up by 5%. However, consumption of renewable energy, i.e. gasohol, was reportedly highest, accounting for 59.0% of the total consumption of gasoline, or an increase of 32.2% from the previous year. Consumption, or an increase of 114.7% from the previous year.



Overall Petroleum Procurement and Distribution in 2009

In 2009, the country procured a total of 1.7 million barrels per day, higher than the previous year which was at 1.67 million barrels per day or an increase of 1.94%. This year procurement consisted of oil and natural gas at 62% and 38% respectively.

Most of crude oil procured was imported oil at 83% and the rest 17% was procured domestically, of which the total procurement amount was at 937.85 Kbd, almost as the same amount as in 2008 at 938.49 Kbd. Indigenous crude oil has some properties unsuitable for domestic refineries and 39.12 Kbd of oil was exported to other countries in 2009, lower than the previous year at 45.99 Kbd, a decrease of 14.93%.

As the domestic supply was insufficient, in 2009 Thailand imported refined oil of 33.92 Kbd, higher than that of 2008 which was at 21.66 Kbd, an increase of 56.57%. The largest portion of the imported product was 24.03 Kbd of LPG to serve the rising domestic demand. However, in 2009, Thai exported 201.30 Kbd of refined oil, higher than the 179.27 Kbd of the previous year or an increase of 12.28%. The most exported refined products were jet fuel, diesel, and fuel oil, due to the lower demand in the tourism and industrial sectors. The total distribution amount of the lower demand in the tourism and industrial sectors and industrial sectors inside the country.

The total distribution Volume of the refined oil in 2009 was at 690.39 Kbd, higher than 2008 volume which was at 681.21 Kbd or 1.35% increase, 80% of the condensate volume was procured from inside the country and the rest from aboard. The total procurement volume in 2009 was 91.59 Kbd, as much as in 2008 which was at 91.56 Kbd. No condensate was exported as all was used in petrochemical industry.

The total volume of 2009 natural gas procurement was at 643.50 Kbd of oil equivalent, increasing from 622.62 Kbd of oil equivalent in 2008 or 3.35% increase, 78% of natural gas was indigeneous and the remaining was imported from the Union of Myanmar which was the sole source of natural gas imported. The gas consumption in power, industry, and transport sectors was totaled at 533.7 Kbd of oil equivalent, an increase of 3.63% from 2008, which was at 514.98 Kbd of oil equivalent. Most of the demand came from transport sector where the demand for CNG was expanded by 81% due to government policy to promote NGV as an alternative fuel.

Economic and Petroleum Outlook for 2010 Economic Outlook

Economic outlook for 2010 shows a positive sign both in the production sector and in the number of purchase orders, which indicates that the economy is moving on the recovery path. In January 2010, both the World Bank and the International Monetary Fund (IMF) made their adjusted forecast that the world's economy for 2010 would expand by 2.7% and 3.9% respectively. The figures were higher than earlier forecasts in 2009 of 2.0% and 31.1% respectively. In this regard, it was analyzed that the recovery of the world economy will be led by emerging countries, such as Brazil, Russia, India, and China. Asia will be the major driver of the world economy, replacing the US and European countries.

Estimates of economic growth rates in various countries

		Unit : percent		
	2008 actual	2009 estimate	2010 forecast	
World	3.0	-0.8	3.9	
Developed countries	0.5	-3.2	2.1	
USA	0.4	-2.5	2.7	
Euro Area	0.6	-3.9	1.0	
Japan	-1.2	-5.3	1.7	
Developing countries	6.1	2.1	6.0	
China	9.6	8.7	10.0	
India	7.3	5.6	7.7	

Source : IMF (January 2010)

Nevertheless, the world economy is still considered uncertain and fragile. It poses a risk for a double-dip if exit strategies come to their ends before the demand in the private sector could truly expand. There are also concerns over the public debts of many countries, especially the PIGS countries comprising Portuguese, Ireland, Greece, and Spain. Public debts in these countries shot up significantly affecting the state credits and ability to repay debts. This could possibly cause the return of world economic setback. Even worse, unemployment in the US is still high and the oil price may move upwards again. The Chinese government may keep control of the country's growth, which may affect its trading partner countries. All of these may put more pressures to the world's strength to recover.

Petroleum Outlook

In 2010, it is expected that oil demand will increase in accordance with the world's economy, which is moving on the recovery path. Economic stimulus packages implemented by many countries also plays a part in bringing the oil demand up. In this regard, EIA made a forecast in February 2010 that the world demand for oil in 2010 will be at 86.5 million barrels per day, 1.6 million barrels per day higher than that of 2009. Asia will be the leading force in oil demand due mainly to its huge demand for more oil and the weakening US dollar. The crude price is, therefore, likely to increase from the 2009 level. In this regard, US Energy Information Administration (EIA) foresaw that crude price in 2010 would average around US\$ 78 per barrel. However, if OPEC production still exceeds their agreed ceiling while Russia keeps on increasing its production capacity, as happened during late 2009, Russia will become the world's largest oil producing country, replacing Saudi Arabia. The situation may cause the crude price to fall.

Thailand Economic and Petroleum Outlook for 2010 Economic Outlook

Thailand's economy for 2010 is expected to return to expansion following the world economic recovery, which favors the country's export sector. As a result of the government's various stimulus packages and its budgetdeficit approach as well as investments by the public sector under the Thai Khem Khaeng Project, the Bank of Thailand made a prediction in January 2010 that Thailand's economy in 2010 would return to its expansion mode with a growth rate of 3.5% - 4.5%. This would be in line with NESDB's 10th national economic development plan which stresses the development of a balanced and sustainable economic structure. In the real production sector, the overall production is targeted to increase by no less than 3.0% per year while country's competitiveness is be raised with the higher export target. The attempt includes the country's development on a more stable economy with an inflation target of 3.0% - 3.5% per year on average and the maximum unemployment rate of 2.0%. However, the Thai economy still carries some risks from both internal and external factors. External factors are, for example, the continuity of the world's economic recovery, the strength of the Thai Baht against the US dollar, which is important for the export sector, the fluctuation of the oil price. Internal factors include political conflicts which are likely to drag on, the slow disbursement of the budget already receiving cabinet approval, the government's increasing public debts as a result of the various economic stimulus programs. The environmental problems of plants in Map Ta Phut Industrial Estate, Rayong, is also considered a part of the internal factors. It may yield some negative effects to the petrochemical industry's production and exports, which could bring about delays in the investment of some related industries. This will eventually influence the economic growth of the country.

Petroleum and Petrochemical Outlook

Regarding domestic fuel consumption, the Energy Policy and Planning Office (EPPO) predicted that energy demand for 2010 would increase by 3.3%, of which 1.7% of oil and 4.1% of natural gas. This was due to the better economy and the higher energy consumption in the industrial sector. Moreover, NESDB's 10th economic and social development plan supports the use of energy more efficiently with a target on the flexible use of energy during the years of the 10th plan at no more than 1:1 and the use of renewable energy at 8.0% while trying to reduce the proportion of energy consumption from the total country gross domestic product. This involves particularly the reduction of oil consumption in the transport sector to 30% from 95% at present.

In the petrochemical sector, it is predicted that the petrochemical industry in Asia will get through its tough time in the second half of the year due mainly to the expected demand from China, which will be hosting various world events, such as the Asian Games and the World Expo. It is hoped that some tax measures which will take effect in 2010, such as ASEAN free trade area (ASEAN FTA) and ASEAN-China free trade area (ACFTA), will also favor the petrochemical industry.

Business Operations and Performance Review



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Nature of Business

PTT is the national oil and natural gas company engaged in an integrated petroleum and petrochemical businesses through its own operation and investment through PTT Group companies. The following describes its business overview.

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PTT-operated businesses

Natural gas business:

This ranges from supply procurement, transport, distribution, gas separation, and investment in NGV service stations, to investment in related businesses through group companies. Performance under the supply procurement and transport segment has relatively constant rates of return under public-sector regulation. Performance of most of the distribution business is subject to the prevailing world oil price, whereas that of the gas separation business primarily relies on world petrochemical prices. However, the domestic prices of LPG are being controlled by the government at a level below the world LPG prices. Finally, the NGV business is subject to its retail price, which is likewise being fixed at Baht 8.50 per kilogram.


Oil business:

This business ranges from domestic petroleum products and lubricating oil distribution to export under efficient supply procurement, transport, and receiving/ storage/distribution operation; retail sales at service stations; to investment in affiliated companies engaging in domestic and overseas oil businesses. Performance is subject to marketing margins, year-end stock gains, and revenue from the retail business, including convenience stores and coffee shops.



International trading business:

This business ranges from supply procurement (import and export) of crude oil, condensate, petroleum products, petrochemical products, and chemicals; sourcing of international transport vessels or carriers; international trading; risk management in support of PTT's and PTT Group's businesses. Performance is primarily subject to the world oil price.



Investment businesses through group companies

Petroleum exploration and production business: This business involves domestic and international

exploration and production undertaken by PTT Exploration and Production Plc (or PTTEP). Performance is primarily subject to the world oil price and exploration and production success.



Petrochemical business:

This business involves olefins products and downstream industry in an integrated fashion through the investment of seven group companies - namely PTT Chemical Plc, HMC Polymers Co., Ltd., PTT Phenol Co., Ltd., PTT Asahi Chemical Co., Ltd., PTT Polymer Logistics Co., Ltd., PTT Polymer Marketing Co., Ltd., and PTT Maintenance and Engineering Co., Ltd. The scope ranges from the processing and distribution of assorted upstream, intermediate, and polymer products, and marketing distribution of polymers both domestically and internationally, to integrated logistical services and the supply of related public utilities. Performance is primarily subject to world petrochemical prices, which moves in cycles with the world supply and demand and year-end stock gains.



CREATE VALUE THROUGH BUSINESS CHAIN



Remark : "New Business" is the oversea operation.



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Refining business:

This business involves oil refining and the aromatics petrochemical business as well as olefins, relying on refined products as feedstock; it is conducted through five group companies - namely Thai Oil Plc, PTT Aromatics and Refining Plc (PTTAR), IRPC Plc, Star Petroleum Refining Co., Ltd. (SPRC), and Bangchak Petroleum Plc (BCP). Performance is primarily subject to the refining margin - the difference between the average value of refined products and the average cost of crude runs (based on the world price), which is cyclical with the world-market supply and demand, the volatility of the world oil price, and year-end inventory.



In addition, PTT runs its energy business abroad through PTT International Co., Ltd., and PTT Green Energy Co., Ltd., both of which are wholly owned by PTT. Today, the former invests in coal mines in Indonesia and Australia, together with a natural gas transmission business in Egypt to take produced natural gas from that country to Israel. The latter invests in oil palm growing in Indonesia.

All PTT Group businesses, whether PTT-operated or invested through group companies, are liberalized ones under the monitoring of the public sector. The exploration and production business comes under the Petroleum Act of 1971, supervised by the Petroleum Committee. The natural gas business comes under the Energy Industry Act of 2007, with the Energy Regulator Commission, appointed by HM the King, as a supervisory body.

Performance report 2009

The year posed a grave challenge to PTT, with the continuing repercussions of the economic crisis from the previous year and the mission of forging balance between all stakeholders, apart from compliance with the government policy of price controls for LPG and NGV. But thanks to the efforts in forging synergy among PTT Group, price risk management, cost reduction through joint inventory management and raw material procurement, expenditure reduction, and the introduction of Thailand.

The guidelines under Thailand Quality Award or TQA was adopted to raise its operating efficiency in keeping with international standards, raising its profits by 15% from last year. Below is the detailed performance of each business group.



Upstream Petroleum and Gas Business Group

Gas Business Unit

Supply procurement totaled 3,575 MMcf/d (based on 1,000 Btu per cubic foot), a rise of 116 MMcf/d or 3% from

the previous year. Gas sales amounted to 3,569 MMcf/d, a rise of 125 MMcf/d or 4%. Below is the performance of the business unit.

Gas procurement

Of the 3,575 MMcf/d total procurement, 2,771 MMcf/d came from indigenous sources and 804 MMcf/d from Myanmar for an indigenous : import ratio of 78:22. Joining domestic producers this year was Arthit North FPSO.

· Gas distribution and sale

Sales in 2009 were to several groups of customers:

- Power sector

Sales to this sector totaled 2,461 MMcf/d, or about 69%. The Electricity Generating Authority of Thailand (EGAT) accounted for 1,100 MMcf/d; seven independent power producers (IPPs), 905 MMcf/d; and 19 small power producers (SPPs), 456 MMcf/d. It was a rise from the previous year of only 21 MMcf/d, or 1%, because of the drastic reduction in demand by the industrial and commercial sectors over the first nine months of the year, caused by the economic downturn; this demand started to pick up in the last guarter of the year with the recovering economy.

- Industrial sector

Sales to this sector totaled 370 MMcf/d, or 10%, which equaled a rise of 23 MMcf/d, or 7%, to 292 users this year, 23 up from last year.

- Gas separation plant production

Consumption of these products totaled 599 MMcf/d, or 17% of total sales. This equaled a 16 - MMcf/d, or 3%, rise, accounted for by the rising demand for ethane and propane, both petrochemical feedstock.

Transport sector

NGV constituted natural gas sales to this sector, totaling 134 MMcf/d, or about 4%, a rise of 60 MMcf/d or 81%. The substantial rise resulted from the fixed price of Baht 8.50 /kg amid the promotion

Unit : MMcf/d at 1,000 Btu



Gas Sales



of alternative transport fuels, particularly the government's promotion for taxis to switch from LPG to NGV. The ratio of gas consumption in the sector in favor of gasoline and diesel jumped to 7% from 5% a year earlier. At year-end, a total of 162,023 vehicles were using NGV, with NGV service stations numbering 391, consisting of 18 mother stations, 93 conventional stations, and 280 daughter stations.

Gas separation plant products

For the year, the gas separation plants turned out 4,202,904 tons of ethane, propane, LPG, and natural gasoline (NGL), or a 3% rise from last year. Of this total, ethane accounted for 1,064,948 tons; propane 269,39 9 tons; LPG 2,356,176 tons; and NGL, 512,381 tons.

Milestones

Supply Procurement

- August : Signed a gas sales agreement (GSA) for Bongkot South Field with the sellers, consisting of PTTEP, Total E&P Thailand Ltd., and BG Asia Pacific Pte., Ltd., at a DCQ (daily contractual quantity) of 320 MMcf/d with start-up expected between mid-2012 and mid-2113.
- October : Signed a supplementary agreement for the JDA B17 block from the Malaysia-Thailand Joint Development Area (JDA) at 65 MMcf/d for 10 years. Delivery is expected to begin in August 2010.
- December : Completed negotiations for the GSA for Zawtika (M9) Field in Myanmar with PTTEP, the operator, at 240 MMcf/d. Gas delivery is expected to begin between April and December 2013. This draft GSA was approved by the National Energy Policy Council (NEPC) on December 28, 2009 and approved by the Cabinet on December 29, 2009.

Sales

Industrial sector

- October : Bangchak Petroleum Plc (BCP) completed the construction of its public utilities project consisting of a 25-megawatt combined heat and power plant and a 90-ton/hour heat recovery steam generator. A license was being applied for, and BCP was testing the system, projected to come on stream in early 2010.
- December : The gas pipeline projects for the Government Center on Chaengwatthana and the National Energy Center (Pathum Thani - Phyathai) and the Energy Complex on Vibhavadi Rangsit Road in Bangkok were completed, in which natural gas was used to generate power and chilled water as a means of energy efficiency improvement. Both projects serve as prototypes for natural gas consumption in commercial buildings. Start-ups are expected in early 2010.

Natural Gas for Vehicles (NGV)

Expanded NGV service stations run by PTT, covering different regions under the plan, by 303 stations to raise the total to 391 stations, while supporting private investment in the NGV business as follows.

 January : Inaugurated Siam Raj NGV Station, run by Siam Rajthani Co., Ltd., on Vibhavadi Rangsit Road. This was the first privately-owned retail NGV stations that catered to all vehicles.



 February : Signed a memorandum of understanding on experimentation with compressed natural gas (CNG) in a plant with Kasemsak Trading Co., Ltd., a construction steel operator, away from natural gas pipelines, in a move to displace fuel oil under the government's energy-saving policy and energy problem resolution strategy. Under the agreement, PTT will be delivering about 20 tons/day of CNG, beginning in June 2009.



• March : Signed agreements with three private companies to set up private mother stations to raise NGV production and distribution capacity through private-sector participation in multiplying the number of mother stations. As a result, the combined capacity of mother stations was raised by at least 600 tons/day, enough to accommodate the rising demand of daughter stations in Bangkok and its perimeter, undertaken by three private companies, namely Scan Inter Co., Ltd. (operating on Bang Bua Thong - Bang Pa-in Road, Bang Krabue Subdistricts, Sam Khok District, Pathum Thani), Sakol Energy Co., Ltd. (operating on the 347 Highway (Wat Sadet - Bang Sai Arts and Craft Center), Chiang Rak Noi Sub-districts, Sam Khok District, Pathum Thani), and Venus Gas Technology Co., Ltd. (operating on King Kaeo Road, Rachathewa Sub-districts, Bang Phli Yai District, Samut Prakan).



• September : Inaugurated a super station, which is in fact a conventional station on Kanchanaphisek Road, Bang Bon District, Bangkok, but can accommodate 4,500 regular-sized vehicles and 1,500 large vehicles a day.



 October : Inaugurated two private mother stations (under private investment) for distribution to PTT. Run by Scan Inter Co., Ltd., the first was on Bang Bua Thong - Bang Pa-in Road, Bang Krabue Subdistricts, Sam Khok District, Pathum Thani. Run by Sakol Energy Co., Ltd., the second was in Chiang Rak Noi Sub-districts, Sam Khok District, Pathum Thani. Each had a distribution capacity of 200 tons/ day. In all, NGV transmission capacity was raised for 15 daughter stations. Phli Yai District, Samut Prakan. This station had a distribution capacity of 200 tons/day, which raised the capacity of mother stations as well as the transmission capacity for 15 daughter stations.

Natural gas transmission projects

- May : An offshore transmission pipeline project linking Arthit North FPSO came on stream, with supply of about 100-120 MMcf/d to the system in the fourth quarter.
- June : The environmental impact assessment (EIA) report for the fourth gas transmission pipeline, designed to sustain LNG supply procurement, was approved.
- November :
 - The third gas pipeline-laying from the JDA B17 block of the Malaysia-Thailand JDA was completed and under system testing. Gas was expected to come on stream in 2010.
 - PTT's pipeline integrity management system was ranked fourth by GE Oil & Gas, PII Pipeline Solutions, improving from number 12 in the previous year. Such ranking was undertaken for several gas transmission companies from several regions, namely five companies from North America, 10 from South America, four from Europe, and two from Asia Pacific and the Middle East.



• December : Inaugurated a private mother station, run by Venus Gas Technology Co., Ltd., located on King Kaeo Road, Rachathewa Sub-districts, Bang



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Natural Gas Transmission Pipeline System and Gas Separation Plants





Gas Transmission Pipeline and Gas Separation Plant Operating System

The operation of the Gas Transmission Pipeline and Gas Separation Plant Operating System has improved its working process to achieve an aim to be Operational Excellence as Follows :

- April : The rate for the gas transmission pipeline system was revised higher by Baht 2 per million Btu, starting April 2009 onwards.
- March : The Gas Transmission Pipeline System has improved its management system in accordance to the guidelines under Thailand Quality Award or TQA. As a result, Thailand Quality Class or TQC Awards were conferred by the Office of The Thailand Quality Award.
 - The Gas Transmission Pipeline and Gas Separation Plant Operating System has adopted the Total Productive Maintenance Guidelines. As a result, TPM Excellence Awards were conferred by the Japan Institute of Plant Maintenance or JIPM to the following offices of PTT include
 - Rayong Gas Separation Plant, Khanom Gas Separation Plant, and the Region V Pipeline Operation Divisions won the Award for Excellence in consistent TPM Commitment which was the second of the total five levels of TPM Awards.
 - Chonburi Operating Center, the Region I, III, and IV Divisions won the Excellence Award which was the the top of the total five levels of TPM Awards.

- April : Rayong Gas Separation Plant gained the approval on OHSAS 18001, ISO 9001 Surveillance, and ISO 14001 Environmental Management System in order to seek renewal of the license which to be expired on July 2010 from the ISO Institute.
- July : Rayong Gas Separation Plant won the National Outstanding Business Operator in Safety, Occupational Health, and Work Environment Awards conferred by the Labor and Social Welfare Department, Ministry of Labor.
- August : The Gas Separation Plant won the "Silver" Zero Accident Campaign Awards for its achievement on work safety to the point of zero lost time injury for 8,460,005 consecutive hours as of November 30, 2009.
- September : Khanom Gas Separation Plant won the Corporate Social Responsibility Department of Industrial Work or CSR DIW Award from the Department of Industrial Work.

Exploration and Production Business

PTT conducts this business through PTTEP. In 2009, the company sold 233,756 BOED in the form of natural gas, crude oil, condensate, and LPG, which was a 7% rise from 219,314 BOED in the previous year. Notable projects that came on stream this year were Arthit North FPSO and PTTEP Australasia.

The year proved challenging to PTTEP's business, with petroleum sales prices averaging lower than in the previous year, tracking the world oil price, and with rising expenses as a result of write-offs due to dry holes in the Oman 58 project, the Sidi Abd El Rahman Offshore well in Egypt, and the Silak-1 well under Iran Saveh Project, and rising depreciation and amortization of domestic projects - most of which came from Arthit Project and Bongkot Project - that produced more. Expenses were



also incurred from the leakage of oil and gas in the course of Montara H1 well drilling, with a subsequent fire at the West Atlas rig and the wellhead platform at Montara Field in Australia. As a result of these, production could not begin as planned in late 2009, and the total damages were worth about Baht 10,427 million. However, PTTEP was covered for up to US\$ 270 million or about Baht 9,000 million through its insurance. The above incident eventually eroded PTTEP's net profits to Baht 22,154 million, a 47% drop. Below are the achievements in 2009.

Exploration

Out of 28 exploration and appraisal wells, the company found petroleum at 18 wells, a success ratio of 64%. The highlights were at Arthit and Pailin Projects, where petroleum was found at all wells in 2009.

Project development

PTTEP constantly developed its production processes and raised reserves under different projects. As of year-end, the company commanded about 1,099 million barrels of oil equivalent, a 16% rise from a year earlier. In addition, the company developed a holistic project development plan for onshore and offshore to optimize the petroleum potential under its acreage.

As the operator, PTTEP put Arthit North FPSO on stream in May at a gas production rate of 120 MMcf/d and a condensate production rate of about 3,000 bbl/d. As for the JDA B17 block in the Malaysia-Thailand JDA, in which the company and Petronas Carigali each held 50%, platforms and production equipment were installed as planned. Production is projected to begin in the first quarter of 2010.

Production expansion and sale

- July : Signed a concession agreement for Block G4/ 48 in the Gulf of Thailand covering 504 sq. km. with the Ministry of Energy. Under the concession, PTTEP holds 5% and Chevron Pattani Ltd. (the operator) 71.25%, and Mitsui Oil Exploration Co., Ltd. (MOECO) the remaining 23.75%.
- August : Signed a GSA for Bongkot South with PTT for a Daily Contract Quantity (DCQ) of 320 MMcf/d, with production scheduled to begin in mid-2012 to mid-2013, therefore raising the sales volume of Bongkot to 870 MMcf/d to foster long-term national energy security.
- September : Signed an agreement to buy all the shares held by OMV Timor Sea Pty., Ltd., to conduct petroleum exploration in the Audacious and Tenacious fields in Australia. Commercial production is projected to begin in two years, and exploration is projected to be expanded to five blocks soon.
- October : PTTEP Australasia (Ashmore Cartier) Pty., Ltd., which is a subsidiary of PTTEP, signed a sales and purchase agreement for all the shares of the AC/P33 exploration block (also known as Oliver Field) with Auralandia Parties and Stuart Petroleum Limited (the operator). The deal was worth about US\$ 35 million. Oliver Field is located in Timor Sea, northwest of Australia, which built on development and investment expansion from exploration blocks already invested in that country. This would lead to the development of the Floating LNG (FLNG) business.
- December : PTTEP Algeria Co., Ltd. (PTTEP AG), a subsidiary of PTTEP, and CNOOC International Ltd. won a bid in the Algeria 2009 Bid Round to conduct exploration and production in the Hassi Bir Rekaiz block in Algeria.

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PTTEP Projects





Downstream Petroleum Business Group

Oil Business Unit

The business unit continued to capture the top domestic market share for the 17th consecutive year with a sales volume of 13,120 million liters, which excluded the volume sold by PTT Retail Management Co., Ltd. (PTTRM). Although this was a reduction of 251 million liters or 2% from last year, its market share was 32.9%. And excluding the fuel oil sold to the Electricity Generating Authority of Thailand (EGAT), PTT's market share was 32.5%. The average marketing margin was Baht 1.39 /liter against Baht 1.36 /liter last year, a 2% rise-against a suitable margin of Baht 1.50-2.00 /liter. Because the world oil price kept climbing during the year, the business unit made an additional profit from yearend stock gains.

PTT continued to promote the use of alternative energy to offer options for consumers through expanding the market for gasohol and B5 high-speed diesel. As a result, its gasohol sales jumped from 55% to 62% yearon-year; and B5 high-speed diesel, from 20% to 30%. PTT successfully raised the number of service stations selling gasohol 91, gasohol E20, and high-speed diesel B5 to meet consumers' demand while fostering energy supply security by making long-term contracts for the supply of ethanol and methyl ester from domestic producers.

At year-end 2009, PTT's service stations across the country numbered 1,136 or 6% of the total; convenience stores, 815; jet fuel service stations, 10; oil terminals, 11; LPG terminals, 2; petroleum terminals, 6; and LPG bottling plants, 4.

Unit : Million Liters



Sales Volume for Domestic Oil Markets

Note : Excluding LPG used as petrochemical feedstock

Source : Department of Energy Business, Ministry of Energy



 Note
 : Exclude LPG Using as Feed Stocks in Petrochemical

 Source
 : Department of Energy Business, Ministry of Energy

Highlights

Expansion of domestic markets

- February: Signed a marine-vessel lubricating oil sales agreement with RCL Plc for their two ships, with delivery made to Songkhla Deepsea Port over three years, amounting to 240,000 liters per year.
- April: Launched the first "Starred" premium PTT service stations under a "Pump in the Park" concept with integrated fuel services and supplementary businesses.



- May : Signed a jet fuel sales agreement with EVA Airways spanning 1 May 2009 and 30 June 2011, for 15.6 million gallons per year (or 60 million liters per year).
- October : Launched a Sara Buri service station to serve as a new motorist rest area along Mittraphap (Friendship) Highway, complete with a special "Restroom 20" service with a Baht 20 fee for each toilet use. All proceeds were donated to charity.



Expansion of foreign markets

• January:

- Signed a jet fuel sales agreement with Air China in Phnom Penh, Cambodia, for one year for 360,000 liters per year, which was in April extended to 25 months from 1 April 2009 to 30 April 2011.
- Began exporting CSS-01, MC-70, and AC 60/70 asphalt to Pak Se Airport project of Laos.
- February:
 - PTT (Cambodia) Co., Ltd., signed a fuel oil sales agreement with Cambodian Electricity Private Co., Ltd. (CEP), for three years for about 70 million liters per year.
 - Sold 56,000 liters of the RUBFLEX 105 product and export other lubricating oil products to the cities of Ho Chi Minh and Hanoi of Vietnam; the total annual sales volume was about 1 million liters.
- March: PTT (Cambodia) Co., Ltd., sold 0.9 million liters to a Japanese warship.
- April: PTT (Cambodia) Co., Ltd., extended its fuel oil sales agreement with the power plant under Kampot Cement Co., Ltd., for two years at an annual sales volume of about 20 million liters.
- July:
 - PTT (Cambodia) Co., Ltd., extended its jet fuel sales agreement to one year with Shanghai Airlines for 3 million liters per year, and to China Southern Airlines for 4.1 million liters per year.
 - PTT (Cambodia) Co., Ltd., entered into a jet fuel sales agreement with Cambodian Angkor Air for six months, later extended to one year, at 750,000 liters per year.
- September:
 - PTT (Cambodia) Co., Ltd., re-introduced ULR91 gasoline to the Cambodian market after that gasoline grade's suspension in 2006; in the interim period, ULG95 was its substitute.
 - Joined the signing of an agreement to become a distributor of lubricating oil in Myanmar with Tunn Star Co., Ltd., to jointly expand lubricating oil in that country from 2009 to 2014; the sales volume is expected to be around 5 million liters per year in 2010.

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• November: Signed a memorandum of understanding to become an agent for lubricating oil in China with Topship Chemical Co., Ltd., an importer of chemicals in that country, equipped with a tank farm and ports; the two-year memorandum of understanding spanned December 2009 and November 2011.



Development of products and services

- January: Awarded 5-star gold medal from the Department of Energy Business from the project "Quality and Safe" service stations of the year 2009, of which PTT won the largest number of awarded stations, defining the standard and quality of PTT service stations.
- March :
- Awarded Trusted Brands 2009 : Thailand's Top Brand - Platinum level for service stations by reader's Digest
- Awarded Thailand's Most Admired Brand Plus 2009 Why we Buy for "Most trusted and most admired service stations"
- June: PTTRM registered as the proprietor of the Jiffy brand in Thailand, Laos, Vietnam, Cambodia, and the Philippines.

- August: PTTRM signed an agreement to buy the 14.6 million outstanding shares of Thai Lube Blending Co., Ltd., Total Oil (Thailand) (TOTAL), and all other shareholders to expand the lubricating oil blending and bottling plant. This agreement would produce flexibility in management, manufacturing, and quality control in line with market demand and PTT's strategy to retain leadership in this market.
- September: PTTRM signed an agreement for Central Retail Co., Ltd., to handle the choice and purchase of more than 2,000 items of quality goods to support the growth of Jiffy outlets and foster future competitiveness.
- November: With Krung Thai Bank Plc, offered the PTT Fleet Card designed for juristic persons, government agencies, and state enterprises for convenience and risk reduction in financial management for them. Holders can use the cards for credit in the same way they use cash, with up to 55 days of credit to lower these agencies' disbursement burdens.



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PTT Petroleum, Oil, LPG Terminals, and Aviation Fuel Stations





International Trading Business Unit

The business unit focuses on supporting PTT's and PTT Group's businesses so that they may maintain their competitive edge and profitability from the trading of petroleum and other products, while supplementing trade values to PTT Group. Today the business unit has an integrated trading business with transactions with allies and business partners in more than 50 countries and every region of the world. The scope of business ranges from the sourcing of crude oil, condensate, feedstock, semi-finished products, finished (refined) products, petrochemicals and chemicals under in-in trading (all domestic), out-in trading (import), in-out trading (export), and out-out trading (all international), to oil and petrochemical commodity hedging and sourcing of international marine carriers.

In 2009, the business unit's physical trading amounted to 60,336 million liters (1.04 MMBOED), a 9% rise from last year or about 5,062 million liters. This traded volume consisted of 43,722 million liters of crude oil (a 10% rise); condensate, 4,245 million liters (a 0.1% drop); refined products, 8,792 million liters (a 6% rise); and petrochemicals, 3,577 million liters (a 20% rise). The rise in this traded volume was mostly accounted for by the rise in crude oil, which was out-out trading. The business unit also raised Bangchak's crude oil imports, now equipped with its Product Quality Improvement (PQI) project. In addition, more LPG was imported to sustain the fast-rising domestic demand, as PTT carried the burden of importing at the world market prices, which were higher than the domestic



sales prices. This LPG was sold first, and PTT was reimbursed from the Oil Fund later. Finally, more light naphtha was exported because of a greater output than the demand of domestic petrochemical plants. As for risk management, the business unit successfully conducted 27,897 million liters in trading, a 41% rise from last year, most of which was accounted for by oil price hedging for PTT Group.

Highlights

• February : Registered a representative office by the name of PTT International Trading DMCC (PTTTDMCC) in Dubai, United Arab Emirates, to serve as the sourcing arm for petroleum and petrochemical products from the Middle East and Africa on behalf of PTTT and PTT Group companies. PTTT, a wholly-owned subsidiary of PTT, held all the shares in PTTTDMCC.



- March :
 - Raised the transported volume from the Mediterranean Sea from 1-2 to 4-5 million barrels per month while securing a floating storage vessel for the crude oil sourced from distant sources for sale to customers in Asia. This formed a step toward becoming Asia's main trader of crude oil.
 - Signed a joint marketing agreement for condensate with Petronas Trading Corporation SDN BHN (PETCO) for one year from the Cakerawala field in the Malaysia-Thailand JDA.

 June : Signed an LPG sales agreement and hired a tanker in the form of Contract of Affreightment (COA) with Qatar International Petroleum Marketing Company (TASWEEQ) "Q.J.S.C." from Qatar for 44,000 tons per quarter for a year for domestic sale and sale to E1 Corporation of the Republic of Korea at 22,000 tons per quarter for a year, which enhanced out-out trading opportunities.



• July : Signed the terms of reference for crude oil carrier and LPG carrier inspection with the Thai Shipowners' Association to provide practical guidelines for petroleum ship vetting system in Thailand, which was Thailand's first to promote shipping safety.





• September :

- Signed a crude oil purchase agreement with Pertamina Energy Services Pte., Ltd. (PES) from Indonesia, under which PTT would sell 24 million barrels of crude oil from the national oil company of Azerbaijan to PES for a year, creating an additional value of about Baht 12,000 million regarded as a success story in out-out trading.
- Signed an agreement to time-charter large crude oil carriers with AET Tanker Pte., Ltd., an affiliate of Petronas of Malaysia, for one year for use in carrying about 1.2 million barrels of crude oil and condensate a month from the Gulf of Thailand to refineries under PTT Group. The agreement fostered crude oil carrier sourcing security to raise carrier rent management efficiency and cut costs for vessel rent.



Petrochemical and Refining Business Unit

Petrochemical companies in this business unit consistently expanded their investment to add product lines and trade channels, whereas refining companies expanded their aromatics capacities and completed the quality improvement of their refining processes to add competitiveness. Synergy was fostered among companies through the Oil Supply Chain Integration Management (OIM) and the Petrochemical Integration Management (PIM) projects. Knowledge was shared and applied, as was the accumulated technology from engaging in the petrochemical and refining business to achieve operating excellence under the P&R Best Practice Sharing Award project, designed to promote processing and refining efficiency improvement for productivity and cost reduction among PTT Group.

Performance

PTT Chemical PIc's (PTTCH) total output for the year equaled 2,640,277 tons, a 400,002-ton rise from the previous year. But because the average product-to-feed margin for all its products fell with the ongoing economic crisis, demand fell while the petrochemical industry was entering a down cycle; new petrochemical plants in the People's Republic of China and the Middle East also began their operations. Therefore, PTTCH's performance fell below that of 2008.

HMC Co., Ltd., (HMC) totaled 418,359 tons in outputs, or about 26,254 tons more than the previous year; its FX gain added to its performance due to the stronger baht - all in all, its performance this year proved better than last year.

PTT Polymer Marketing Co., Ltd. (PTTPM), sold 677,444 tons, an increase of 100,000 tons more than last year, because of its greater role as a distribution center of petrochemicals to PTT, making this year's performance superior to last year.



PTT Maintenance and Engineering Co., Ltd. (PTTME), secured a long-term agreement on provision of maintenance, engineering, and inspection for PTTCH Group companies and PTT Polyethylene (PTTPE). Performance came primarily from the Electronic Product Code (EPC) provided to PTT Group and other companies - which contributed to its superior performance to last year.

PTT Group's five refining companies totaled 814,760 b/d, a rise of 31,808 b/d from the year before. These averaged 90% in capacity utilization rates, up from 87% in 2008, with \$ 6.67 per barrel in average gross margins, up from \$1.23 per barrel in 2008, thanks to risk management decisions on prices and profits from year-end stock gains. While the refining business was approaching a down cycle, all refining companies posted superior performances.

Highlights

The business unit's companies successfully completed their capacity expansion projects, which included several new investment ones, some of which have already begun their commercial production. Improvements were made in petrochemical plants and refineries to raise processing efficiency, a representative office was launched overseas to support polymer sales, and a modern international product distribution center was launched. In addition, the business unit successfully developed and sold new products to illustrate its management success in the past year.

- PTT Chemical Plc
 - Managed business under its urgent measures through a reduction of feedstock procurement costs, improvement of processes and work procedures to lower costs, marketing development and distribution acceleration - all of which raised its profits by Baht 3,334 million.

- Implemented the SAP ERP ECC 6.0 software in PTTCH Group companies concurrently in 11 companies under the One Biz, One ERP project (also known as business process transformation and SAP ERP implementation project) to coordinate their actions for greater efficiency in line with the organizational structure and for flexibility for change to suit business circumstances.
- November : Completed were a 1,000,000-ton/year ethylene cracker project, a 400,000-ton/year LLDPE project operated by PTT Polyethylene Co., Ltd., and a 250,000-ton/year HDPE project operated by Bangkok Polyethylene Plc.
- December : Completed was a 50,000-ton/year HDPE (Plant I-1) expansion project.
- Thai Oil Plc
 - Managed for margin improvement, worth Baht 1,325 million, by improving the efficiency of refining units, sales and production planning, and securing low-priced crude oil from new fields.
 - Raised its capacity utilization rate from 90% to 104% through furnace online cleaning, undertaken by Thai Paraxylene Co., Ltd., adding Baht 130 million in value.
 - Efficiently managed engine running and equipment maintenance, which contributed to the higher reliability of Independent Power Thailand Co., Ltd. (IPT) and the achievement of Contract Available Hours (CAHs) for the second consecutive year since start-up.
 - May : Developed and sold two new products: Polymer Modified Asphalt (PMA) and the AC 40-50 grade asphalt, operated by Thai Lube Base Co., Ltd.

PTT GROUP PETROCHEMICALS AND REFINING BUSINESS





- June : Became the first producer and seller of gasoline of the Euro IV standard in addition to diesel.
- November : Developed the ISO-pentane 95 new product, operated by Top Solvent Co., Ltd.
- IRPC Plc
 - Managed for improved process efficiency in both the refinery, petrochemical plants, and power plant to raise the gross margin to Baht 1,316 million.
 - April : The 21,000 ton/year ABS project and 40,000 - ton/year CD1 (PE Pipe Grade) project began commercial production.
 - September : Formally launched the IRPC Ideal SOLUTION, which was an application of a sales management and advanced electronic delivery system, consisting of (1) a B2B system via mobile phone (PDA), (2) Pro-Export System (PES), an electronic document export system, and (3) E-Tracking system to monitor overseas merchandise delivery situations.
- PTT Aromatics and Refining Plc
 - Forged synergy with fellow companies under the Petrochemical and Refining Business Unit to monitor processes and hedging, which raised gross margins by Baht 8,602 million.
 - January : The Baht 1,070,000 ton/year Aromatic Complex (also known as AR3) began commercial production.
 - March : Upgrading Complex Phase 1, designed to raise the value of condensate residue by turning it into refined products from 86,000 to 138,000 barrels per day, began commercial operation.
 - July : Completed the installation of a mercury removal unit (MRU) to enable AR1 to be feedstock
 flexible and take in crude oil containing high levels of mercury.
- Bangchak Petroleum Plc
 - Captured number 4 in domestic service stations, whereas its gasoline market share rose to number 3.
 - December : The Product Quality Improvement Project (PQI) construction and testing were completed.
- Star Petroleum Refining Co., Ltd.
 - Managed margin improvement to achieve Baht 1,300 million, thanks to refining unit efficiency improvement, process energy consumption, assorted cost reduction practices, and sourcing

of low-priced crude oil from new fields.

- March : The Jet Merox Unit, the jet fuel production unit, began commercial operation.
- HMC Polymers Co., Ltd.
 - December : The polypropylene (PP) expansion project with the capacity of 300,000 ton/year was completed and poised for commercial operation in the second quarter of 2010.
- PTT Phenol Co., Ltd.
 - March : The 200,000-ton/year phenol and acetone project began commercial operation.
- PTT Polymer Marketing Co., Ltd.
 - **February** : Formally launched the third representative office in Dubai, United Arab Emirates.
- PTT Polymer Logistics Co., Ltd.
 - November : Formally launched an international merchandise distribution center and implemented a Transportation Management System (TMS) and Warehouse Management System (WMS) to raise customer service efficiency.

International Investment Business

PTT constantly expands its international investment with an aim to achieve 20% of its total revenue in 2020 from such international investment through PTT International Co., Ltd., (PTT INTER) and PTT Green Energy Co., Ltd. (PTTGE). Below are the highlights of 2009.

Coal business

• April : Through PTT International Co., Ltd., PTT engaged in the first foreign coal-venture by buying 60% of the shares in Straits Bulk & Industrial Company, which was later renamed PTT Asia Pacific Mining Limited (PTTAPM). The Australian company conducted coal exploration and production in Indonesia and engaged in coal trading in Singapore through shareholding in Straits Asia Resources Pty. Ltd., a listed company on the Singapore Stock Exchange. The company held exploration rights in Madagascar and Brunei, and therefore this investment in the energy industry commanded high growth potential. In 2009, PTTAPM had a total coal output of 7.2 million tons which was exported to Japan, Hong Kong, and China, and for 2010, will expand outputs to 11-12 million tons, with a goal of at least 20 million tons in the next five years.





Oil palm planting and development

- Investment here was made through PTTGE, which consisted in producing crude palm oil for vegetable oil consumption and for biodiesel production as an alternative energy form and petrochemical feedstock, in line with the government policy on alternative energy and global warming caused by oil consumption.
- In 2009, PTTGE successfully expanded its palm acreage in Indonesia by 62,500 rai to a total of 84,375 rai. Acreage expansion is likely because of suitable topography and climate - Indonesia has the highest such acreage in the world. In addition, PTTGE valued community and social development in its vicinity in parallel with its business.

In its investment expansion abroad, PTT stresses investment management for greater efficiency and continual production expansion while considering business expansion in related undertakings to build on its businesses and leverage resources. These include expansion of the power business, LNG business, coal business, and other businesses in the petroleum and petrochemical business value chain.

Strategic Planning

Top executives of PTT Group have brainstorming to set up strategies and directions for the group. The strategies, both short-and long-term, involve value addition, synergy, assets and resources utilization efficiency.

In 2009, the strategies for crisis were set up, focusing on expenditure, careful investments, suspending investments, and acquisitions and mergers of businesses hit by the economic crisis which brought about opportunities for PTT to increase their values later and strenghten its business value chain. The strategies also involve the organization's restructuring in order to reinforce the company's capability in fighting the crisis, as well as increasing its competitive edge.

PTT Group's Financial Management

As the business grows, the risk is broader. Treasury and Credit policy has become the guideline in managing the group's finance. Rules and regulations for risk management were set up for the group to manage in the same direction.

In 2009, PTT's financial risk management included foreign currency, liquidity, and interest rates. Aiming at value addition or expenditure reduction, activities to reduce such risk were:

A D1

- Managed foreign currency risk in importing, exporting, commercial transaction, cost and investments in foreign currencies, as well as the crude oil import of PTT Group refineries, worth a total of US\$ 17,000 million which could create a value addition of about Baht 1,086 million.
- · Financial derivatives transactions to lower down longterm interest rates, rendering in the reduction of loan cost of not lower than US\$ 2.16 million or about Baht 70 million.
- Acquired a long-term fund in order to be prepared for the economic crisis which would aftect PTT's financial status. In 2009, PTT and companies in the group have acquired long-term fund in the form of debentures and bank loans, worth a total of about Baht 114,509 million.
- Managed counterparty risk of non-guaranteed customers and financial derivative contract-signing parties.

Performance and Efficiency Management

TQA was firstly applied in PTT in 2004 and PTT's Rayong Gas Separation Plant was awarded Thailand Quality Award in 2006. TQA was later applied in the improving of natural gas pipeline system operation and it was awarded Thailand Quality Class (TQC) in 2008 and 2009.

TQA has also been applied in all levels of management and administration of the company, in responsive to the State Enterprise Performance Appraisal or SEPA, a performance evaluation system of the Ministry of Finance, which also conforms to the TQA system. PTT is one of the seven enterprises who has been participating in the pilot phase.

National Co - operation on Energy

In 2009, PTT Group was very successful in hosting ASCOPE Conference and Exhibition (ASCOPE 2009) under the theme "Fueling the Future of ASEAN towards Sustainable Development", during November 18-20, 2009. More than 200 leading energy companies from 30 countries worldwide joined the event. Business opportunities, knowledge sharing, and network creation would be beneficial to the ASEAN petroleum industry network. ASCOPE 2009 was also the stage for ASEAN to define directions on regional energy policy towards a sustained co-ordination in the future.





Strategies and Business Directions of PTT Group

PTT Group has defined a vision that focuses on consistent and sustainable growth to become a Thai premier multinational energy company among the top 100 companies ranked by Fortune Magazine in 2020, with a top-quartile performance. To achieve this goal, PTT adheres to three core businesses: High Performance Organization (HPO), Corporate Governance (CG), and Corporate Social Responsibility (CSR).

To achieve its vision, direction, and strategies, the group has defined its strategic objectives clearly to provide a uniform approach for defining the business plans of all business units and companies under them, and has analyzed strategic thrusts for such business plans toward strategic objectives, which consist of the following.

1.Performance: Best-in-class

- Drive for operational excellence
- 2. Growth: Sustainability and innovation
 - Expand businesses abroad / accelerate corebusiness expansion, and expand to related energy businesses
 - Expand core businesses, develop businesses for alternative energy and green energy, and search for merger and acquisition opportunities

3. Synergy: Deeper and broader collaboration

- In energy supply sourcing, forge adequate cooperation to match long-term demand
- In business expansion, forge cooperation throughout the business chain, domestic and international

- Forge cooperation for tangible synergy among PTT Group, and restructure and merge businesses
- 4. Stakeholder excellence: Multi-stakeholder balance
 - Focus on forging balance with society and communities
 - Manage public policies
 - Cultivate leaders and competent staff
 - Forge energy security at fair prices

To this end, PTT business groups have defined the following strategies, summarized below.

Upstream Petroleum and Gas Business Group

Common strategies for operational excellence consist of supply procurement, maintenance, transport, and business expansion under the value chain; joint management of natural gas procurement from new sources; risk reduction from GSAs; and a low-cost energy search for Thailand for long-term energy security.

Gas Business Group

For operational excellence, greater confidence, and cost reduction, the business unit will engage in regulatory management for fairness to all; expand natural gas sales to industrial users; introduce natural gas to urban areas through the City Gas ring; promote private NGV investment in response to public policies on NGV service station expansion; cooperate with the private sector and related external agencies in developing the power sector from renewable energy, including wind, solar, and biomass

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energy; join PTT International in expanding investment abroad and evolve new businesses for natural gas transmission, gas separation plants, and LNG; invest in power development from hydro-energy and the integrated gas value chain, including green energy.

Petroleum Exploration and Production Business

Strive for cross-asset synergies to raise the efficiency of asset use and cost reduction; institute standardization of operation; maintain production levels of current, known domestic petroleum sources for longer periods; secure new sources of natural gas in time, including Bongkot South and M9; expand businesses in the region, including Myanmar and Indonesia while expanding to high-potential countries, including the Middle East, Africa, and Australia; focus on identifying investment opportunities in Floating Liquefied Natural Gas (FLNG) and acquisition opportunities for highpotential petroleum deposits through mergers and acquisitions; in the long-term, deliver natural gas from various fields as planned, that is, from the Gulf of Thailand, Myanmar, overlapping territories with neighboring countries, as well as FLNG, at competitive prices.

Downstream Petroleum Business Group

Common strategies for operational excellence consist of management of the supply chains among PTT Group; management of risks to ease the impacts of oil price fluctuation; market expansion to Indochina; search for investment opportunities and those for the acquisition of businesses; synergy from the exploitation of assets in the Group for maximum benefits and a competitive edge; joint development of a master plan on logistics management; and environmental management and joint social responsibility.

Oil Business Unit

Manage the supply chain for optimum benefit from the use of assets, including efficiency improvement of storage and logistics management; manage the system of deliverystorage-distribution to support a higher imported LPG volume to prevent shortages; come up with innovations for retail-market business expansion, including expansion of service stations with integrated supplementary services in commercial markets; expand the oil market to Indochina and other regions; and look after the environment.

International Trading

Expand international trading roles for PTT Group companies through the efficient use of price risk management tools to minimize the impacts of oil price fluctuation; increase opportunities for securing crude oil supplies to the refining group through suitable import/ export prices; leverage representative offices abroad to strengthen inter-regional business links to expand customer bases and raise petroleum sales worldwide; and manage bonded oil depots and floating storage vessels to sustain market expansion in Asia.

Petrochemical and Refining Business

Share and apply knowledge among the business group; identify opportunities for current and future businesses, particularly environment-friendly ones like bioplastics, biochemicals, and biofuels; restructure and merge companies under the business group for competitiveness; forge synergy; and manage environmental risks to stay within the boundary of the law.

International Investment Natural Gas and LNG Businesses

Strive for investment opportunities in LNG and FLNG production in the vicinity of Thailand, including Australia, Timor, and Papua New Guinea, to become an LNG producer in the long run.

Coal Business

Expand capacities in Indonesia, where huge deposits of coal are found, and identify opportunities for developing coal mines in other regional countries; undertake mergers and acquisitions and create value addition from coal, including coal to liquids (CTL) and coal to olefins (CTO), to rank among the top five Asian major coal producers in the long run.

Palm Growing and Development Business

Secure the rights for developing palm-growing areas in Indonesia to increase acreage and strengthen PTT's transport, management, and financial talents for identifying opportunities for mergers and acquisitions.



Summary

The performance in 2009 of PTT and PTT Group inevitably faced continuing repercussions of the economic crisis that began in 2008, evident in the slowdown in energy demand and energy commodity prices. However, thanks to our synergy, cost reduction, expenditure reduction, and business efficient improvement, our net profits have registered a rise despite our lower revenue.

PTT remains the largest company on the Stock Exchange of Thailand (SET) with a market capitalization of about Baht 697,111 million, which at year-end accounted for about 11.87% of total market capitalization. If all listed companies under PTT Group are included, the market capitalization is about Baht 1,570,473 million, or 26.74% of SET's total market capitalization. Our focus continues to be on undertaking integrated businesses while consistently supplementing value for sustainable growth and competitiveness. In managing our overall business, we will adhere to being a High Performance Organization, practicing Corporate Governance, and Corporate Social Responsibility.

Management's Discussion and Analysis of Financial Status and Performance

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PTT and its subsidiaries' performance

	2009	2008	Increase (Decrease)	%
Sales and services	1,586,174	2,000,816	(414,642)	(20.7%)
Earnings before interest, tax, depreciation and amortization (EBITDA)	142,704	156,239	(13,535)	(8.7%)
Shares of Net income (loss) from investments in associates	18,767	(6,251)	25,018	400.2%
Gain (loss) on foreign exchange	4,683	(1,982)	6,665	336.3%
Earning before interest and tax (EBIT)	99,555	124,069	(24,514)	(19.8%)
Income taxes	33,315	43,348	(10,033)	(23.1%)
Net income	59,548	51,705	7,843	15.2%

In 2009, sales and services was Baht 1,586,174 million, decreased by Baht 414,642 million or 20.7% from 2008. Earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 142,704 million, decreased by Baht 13,535 million or 8.7% from 2008. This was mainly due to the decrease in selling prices relatively to the decrease in global market prices despite the increase in sales volume. However, the share of net

income from investments in associates was Baht 18,767 million, increased by Baht 25,018 million when compare to 2008 which showed the net loss from investment in associates amounting to Baht 6,251 million. This resulted mainly from the better performance of refining associates from the higher GRM, especially from stock gain since there was a huge stock loss last year due to the sharp drop in crude oil and refined product prices in the

second half of 2008. However, the olefins performance decreased from the decline in Product - to - feed (P2F) margins due to the decrease in demand of petrochemical products.

amounting Baht 4,683 million while there was a loss amounting to Baht 1,982 million in 2008. As a result, the net income of PTT and its subsidiaries was Baht 59,548 million, increased by Baht 7,843 million or 15.2% from 2008.

In addition, there was a gain on foreign exchange

		Unit: Million Bah	
	2009	2008	% Inc.(Dec.)
Sales & Services	1,586,174	2,000,816	(20.7%)
: Exploration & production	119,310	136,752	(12.8%)
: Natural gas ^{1/}	313,738	312,822	0.3%
: Oil ^{2/}	1,260,583	1,701,673	(25.9%)
: Petrochemical ^{3/}	32,423	36,256	(10.6%)
: Others 4/	832	-	n.m.
: Coal 5/	20,200	-	n.m.
: Elimination	(160,912)	(186,687)	13.8%
EBITDA	142,704	156,239	(8.7%)
: Exploration & production	81,423	97,760	(16.7%)
: Natural gas ^{1/}	41,329	54,632	(24.4%)
: Oil ^{2/}	13,758	5,044	172.8%
: Petrochemical ^{3/}	1,077	695	55.0%
: Others 4/	(2,361)	(2,175)	(8.6%)
: Coal ^{5/}	7,316	-	n.m.
: Elimination	162	283	(42.8%)
EBIT	99,555	124,069	(19.8%)
: Exploration & production	51,570	74,643	(30.9%)
: Natural gas ^{1/}	32,921	48,506	(32.1%)
: Oil ^{2/}	11,016	2,589	325.3%
: Petrochemical ^{3/}	901	548	64.4%
: Others 4/	(2,714)	(2,501)	(8.5%)
: Coal ^{5/}	5,694	-	n.m.
: Elimination	167	284	(41.2%)
Net income/(loss)	59,548	51,705	15.2%
Earnings per share (Baht/share) ^{6/}	21.06	18.33	14.9%

1/ Including the proportionate consolidation of Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T)), Trans Thai-Malaysia (Malaysia) Co., Ltd. (TTM (M)) Notes : and District Cooling System and Power Plant Co., Ltd. (DCAP) and consolidation of PTT Natural Gas Distribution Co., Ltd. (PTTNGD) and PTT LNG Co., Ltd. (PTT LNG), Combined Heat and Power Producing Company Limited (CHPP) and PTT International Company Limited (PTT INTER) for the investment in East Mediterranean Gas (S.A.E.) (EMG) in Egypt at 25% shareholding (EMG conducts natural gas pipeline transmission business, by performing procurement of natural gas from Egypt to sell to power plants and industrial customers in Israel).

- 2/ Including the consolidation of oil business, international trading business, the consolidation of PTT International Trading Pte., Ltd. (PTTT), PTT (Cambodia) Co., Ltd. (PTTCL), Retail Business Alliance Co., Ltd. (RBA), Subic Bay Energy Co., Ltd. (SBECL), PTT Green Energy Pte. Ltd. (PTTGE), PTT Retail Business Co., Ltd. (PTTRB) and consolidated Thai Lube Blending Company Limited (TLBC) which has changed status from an affiliate to a subsidiary of PTT since August 31, 2009 as a result of PTTRB acquired 51.05% of TLBC's shares while PTT holds 48.95%.
- 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), HMC Polymers Co., Ltd. (HMC) while consolidated PTT Tank Terminal Co., Ltd. (PTT TANK) since March 6, 2009.
- 4/ Including the consolidation of Energy Complex Co., Ltd. (EnCo) while consolidated Business Services Alliance Co., Ltd. (BSA) since December 12, 2008.
- 5/ Including the consolidation of PTT Asia Pacific Mining Pty Ltd. (PTTAPM) (formerly Straits Bulk and Industrial Pty Ltd.) which PTT Mining Limited (PTTML), Hong Kong (formerly Lints Limited (Lints)), a subsidiary of PTT INTER, holds 60% shareholding. PTTAPM is a holding company which holds companies that have licences and operate mining in coal business.
- 6/ 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

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

With regards to crude oil and natural gas leak incident at PTTEP AA's Montrara H1 development well in Timor Sea during Montara H1 development well drilling in August 2009 and followed with the fire incident at contractor's West Atlas drilling rig and at PTTEP owned wellhead platform in November 2009, PTTEP has already put the situation under control, stopped oil and natural gas leakage and closed out Montara development H1 since January 2010. PTTEP had estimated the overall expenditures and had recorded the expenses, prior to fire incident, of Baht 5,174 million in the third guater of 2009. And in the forth guater of 2009, PTTEP had estimated the additional of Baht 5,253 million in order to reflect the fire incident in November 2009, long term monitoring and the damaged wellhead platform write off of Baht 3,325 million. However, PTTEP has insurance policies to cover the incident in the total amount of approximately US\$ 270 million or approximately Baht 9,000 million. In the fourth quater of 2009, PTTEP received an agreement from the insurers to make a payment on account (the interim payment) of Baht 1,341 million, PTTEP thus recorded the payment in the financial statement in the fourth quater of 2009, which offset the total incident expenditures. The net expenditure is deductible in tax calculation. PTTEP is now in the claim process with the insurers for the remaining recoverable amounts, however, the actual amount ultimately recoverable under the insurance policies is dependent upon costs actually incurred and the Terms and Conditions of the policies.

In 2009, PTT Exploration and Production Public Co., Ltd. (PTTEP) net sale revenue was Baht 119,310 million, decreased by Baht 17,442 million or 12.8% from 2008, due to;

1.) The decrease in average selling price by 20.5% from US\$ 49.69 per barrel of oil equivalent in 2008 to US\$ 39.53 per barrel of oil equivalent in 2009.

2.) The increase in sales volume from 219,314 BOED in 2008 to 233,756 BOED in 2009, mainly due to natural gas and condensate from Arthit, natural gas and crude oil from Vietnam 9-2 project which started production in 2008, natural gas from Arthit North and crude oil from PTTEP Australasia which started production this year while the natural gas and condensate from Bongkot and Pailin projects decreased.

EBITDA and EBIT in 2009 decreased from 2008 by Baht 16,337 million and Baht 23,073 million respectively, mainly due to the decreased average selling price despite the decrease in exploration expenses, resulted from lower dry wells write-off cost when compared to last year, and the decrease in petroleum royalties and remuneration by Baht 3,262 million resulting from the decreased sales revenue. Operating expenses increased, mainly due to the operating expenses and well repair and maintenance costs of the PTTEP Australasia project, the operating expenses of the Arthit and Arthit North projects as a result of increased production activities. Administrative expenses also increased, mainly due to the compensation charge for the gas pipeline of Yetagun project as well as an increase in administrative expenses of PTTEP Australasia project according to its increased activities. In addition, depreciation and amortization expenses increased by Baht 6,735 million due to the increase in the Arthit project's fixed assets that ready to operate and its production volume increased as well as the increase in production volume from Arthit North, PTTEP Australasia and Vietnam 9-2 projects.

Natural Gas Business Group

Sales revenue from gas business increased by Baht 916 million or 0.3% from Baht 312,822 million in 2008 to Baht 313,738 in 2009 due to the followings:

Natural Gas Supply

The average natural gas selling price increased due mainly to the increase in average selling price to EGAT and

GSPs. In addition, the average natural gas sales volume increased as the aforementioned from higher gas sales to all customers except Independent Power Producer (IPPs) and Small Power Producers (SPPs), sales volume of which decreased due to the scheduled shutdown of Yadana for the installation of compressor.

GSPs' product sale volume

The GSPs' products sales volume increased from 2008 as mentioned. While the global petrochemical prices being used for GSP's product prices calculation decreased in relation to the crude oil price. The details of reference products prices for calculation of gas separation plants' products sales prices are as follows:

Unit : \$/Ton	2009	2008	% Inc. (Dec.)
LPG ^{1/, 4/}	511	777	(34.2%)
Ethylene ^{2/}	864	1,193	(27.6%)
Propylene ^{2/}	883	1,320	(33.1%)
High Density Polyethylene ^{2/}	1,134	1,536	(26.2%)
Polypropylene ^{2/}	1,088	1,535	(29.1%)
Naphtha ^{3/}	505	740	(31.6%)

Note: 1/ Contract price (CP)

2/ South East Asia Spot Price

3/ MOP Singapore (MOP'S)

4/ LPG price is controlled by the Government via the Committee on Energy Policy Administration. LPG ex-refinery price was fixed at Baht 10.9960 per kilogram. However, on August 27, 2009, the Committee has approved the new LPG ex-refinery price to be capped at US\$ 332.7549 per ton with floating foreign exchange rate. The adjustment of the exchange rate will be based on the average exchange rate in the previous month where the retail price is fixed at Baht 18.13 per kilogram, effective from September 2009 to August 2010.

EBITDA in 2009 decreased from 2008 by Baht 13,303 million or 24.4% mainly due to the decrease in GSPs' product selling prices and natural gas selling price to industrial customers in relation to the decrease in oil and reference petrochemical product prices, despite the increased natural gas cost. Furthermore, PTT shouldered a higher loss from higher Natural Gas for Vehicles (NGV) sales volume because NGV cost was higher than selling price and the government has controlled the retail price at Baht 8.50 per kilogram. However, the transmission pipeline performance improved due to the adjustment of the natural gas transmission pipeline tariff of Baht 2.0218 per MMBTU starting from April 2009 according to the Energy Regulatory Commission's approval.

EBIT in 2009 decreased due to the decrease in EBITDA and the increase in depreciation, mainly from NGV service stations and the third gas transmission pipeline from JDA to Arthit gas field and PTT Riser Platform (PRP) equipments which completed the construction in December 2008.

Downstream Petroleum Business Group

Oil Business Group and International Trading Business Group

Sales revenue in 2009 decreased by Baht 441,090 million or 25.9% due to the decrease in average selling price in relation to the decrease in world market price. The average Dubai crude oil price decreased by 33.7% from US\$ 93.4 per barrel in 2008 to US\$ 61.9 per barrel in 2009. The sales volume in this period increased from 2008 mainly from the increase in sales volume of crude oil, condensate and refined products of International Trading Business Group.

EBITDA in 2009 increased from 2008 by Baht 8,714 million due mainly to the higher gross margin per unit from domestic refined product sales. However, the margin from crude oil and condensate sales of International Trading Business Group decreased in relation to the decreased global crude oil price.

EBIT in 2009 increased by Baht 8,427 million due to the increase in EBITDA as aforementioned while the depreciation expense also increased from the ready to operate assets of gas stations, depots and equipments.

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Petrochemical Business Group

The Petrochemical Business Unit consists of PTT Polymer marketing Co., Ltd. (PTTPM), PTT Asahi Chemicals Co., Ltd. (PTTAC), HMC Polymers Co., Ltd. (HMC), PTT Polymer Logistics Co., Ltd. (PTTPL), and PTT Tank Terminal Co., Ltd. In 2009, the sales revenue was Baht 32,423 million, decreased by Baht 3,833 million or 10.6%, due mainly to the decrease in PTTPM's average selling price by 21.3%, despite the 17% increase in sales volume.

EBITDA increased by Baht 382 million or 55.0% while EBIT increased by Baht 353 million or 64.4%.

Net Income

Net income of PTT and its' subsidiaries for 2009 was Baht 59,548 million or Baht 21.06 per share, increased from 2008 by Baht 7,843 million or 15.2% due to the performance of each business group as mentioned, including the following reasons;

: Share of net income from investments in associates in 2009 was Baht 18,767 million when compared to the net

loss of Baht 6,251 million in 2008, due mainly to;

- The better performance of refining associates resulted from the increase in Complex refineries' GRM (included stock gain/loss and hedging gain/loss) of PTT Group refining associates due mainly to the stock gain and hedging gain, and the better performance of aromatics business resulted from the increased P2F margins, especially Paraxylene.

- The lower performance of olefins petrochemical associates resulted from the decreased P2F margins, especially Monoethylene Glycol (MEG) due to the new production capacities from Saudi Arabia.

: PTT and its subsidiaries had gain on foreign exchange amounting to Baht 4,683 million in 2009 while there was a loss on foreign exchange amounting to Baht 1,982 million in 2008.

: The corporate income tax for 2009 was Baht 33,315 million, decreased from 2008 by Baht 10,033 million or 23.1% resulted from the decreased operating income.

Details of shares of net income (loss) from investments in associates are as follows;

Unit: Million Baht	2009	2008	% Inc. (Dec.)
Refining associates	15,742	(11,695)	234.6%
Petrochemical associates	3,322	5,661	(41.3%)
Oil associates	441	363	21.5%
Gas associates	(1,144)	-	n.m.
Other associates	406	(579)	170.0%
Total	18,767	(6,251)	400.2%

The Analysis of PTT and its subsidiaries' consolidated Financial status as at December 31, 2009, compared with December 31, 2008.

During 2009, 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, 2009 in PTTEP, PTTCL, SBECL, RBA, PTTT, PTTNGD, PTTLNG, PTTPM, EnCo, PTTPL, PTTRB, 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 status of PTT and its subsidiaries as at December 31, 2009, compared with December 31, 2008, is as follows:

				Unit: Million
	(Consolidated fina	incial statemen	ts
	Dec. 31, 2009	Dec. 31, 2008	Inc. (Dec)	%
Assets				
Current assets	294,614	243,414	51,200	21.0
Investments in associates and other long-term investments	204,577	187,072	17,505	9.4
Property, plant and equipment, net	474,587	374,614	99,973	26.7
Other non-current assets	129,812	80,093	49,719	62.1
Total assets	1,103,590	885,193	218,397	24.7
Liabilities				
Current liabilities	188,748	169,271	19,477	11.5
Long-term loans and current portion	354,888	239,125	115,763	48.4
Other non-current liabilities	61,863	46,261	15,602	33.7
Total liabilities	605,499	454,657	150,842	33.2
Shareholders' equity				
PTT shareholders' equity	429,180	383,579	45,601	11.9
Minority interests	68,911	46,957	21,954	46.8
Total shareholders' equity	498,091	430,536	67,555	15.7
Total liabilities and shareholders' equity	1,103,590	885,193	218,397	24.7

Assets

Total assets as at December 31, 2009 was Baht 1,103,590 million, increased by Baht 218,397 million or 24.7% from the year ended of 2008 mainly due to the followings:

: Current assets increased by Baht 51,200 million or 21.0% resulted mainly from the increase in trade accounts and notes receivable by Baht 30,725 million and the increase in cash and cash equivalents as well as current investments by Baht 20,822 million.

: Investments in associates and other long-term investments increased by Baht 17,505 million or 9.4% resulted from share of net incomes from investments in associates for the year ended of 2009 amounting to Baht 18,767 million, the allowance for change in value of longterm investments amounting to Baht 2,375 million and the acquisition of PTT INTER amounting to Baht 1,268 million; while there was dividend income from associates amounting to Baht 5,834 million in this year.

: Property, plant and equipment increased by Baht 99,973 million or 26.7%, mainly from (1) an increase in petroleum exploration and production assets (oil and gas properties) by Baht 39,379 million, mainly from the construction in process of the Montara area of PTTEP Australasia project (formerly Coogee Resources Limited or CRL) which PTTEP acquired 100% of CRL's ordinary shares on February 4, 2009, including Oil & Gas Properties for production of the MTJDA-B17 and Bongkot projects and (2) an increase in property, plant and equipment of PTT by Baht 35,960 million, mainly from the construction in process of the Gas Separation Plant Unit #6 project, the Ethane Separation Plant project and the NGV project, such as NGV stations, NGV transportation truck, NGV cylinders and equipments for NGV transportation truck, etc. (3) the construction in process of LNG terminal project of PTTLNG in an amount of Baht 6,614 million (4) an increase in property, plant and equipment from the acquisition of 60% interest in PTT Asia Pacific Mining Pty Limited (PTTAPM)

(formerly known as Strait Bulk Industrial Pty Limited :SBI) by PTT INTER via PTT Mining Limited (PTTML) (formerly known as Lints Limited) amounting to Baht 6,108 million and (5) the construction in process of the production plant of Acrylonitrile (AN) and Methyl Methacrylate (MMA) of PTTAC in an amount of Baht 5,633 million.

: Other non-current assets increased by Baht 49,719 million or 62.1%, mainly from mining properties amounting to Baht 34,007 million from the acquisition of PTTAPM. In addition, the deferred tax assets increased by Baht 8,513 and goodwill increased by Baht 5,857 million, mainly resulted from the acquisition of PTTAPM by PTTML in an amount of Baht 4,508 million. However, the advance payments for gas purchased decreased by Baht 7,321 million.

Liabilities

Total liabilities were Baht 605,499 million, increased by Baht 150,842 million or 33.2% from the year ended of 2008, mainly from the increase in current liabilities by Baht 19,477 million or 11.5%, mostly from the increase in trade accounts payable by Baht 14,267 million.

Long-term Loans including the current portion were Baht 354,888 million, increased by Baht 115,763 million or 48.4%, due mainly to the issuance of PTT's bonds in an amount of Baht 50,000 million, PTTEP's bonds in an amount of Baht 40,000 million, long-term loans of PTT in an amount of Baht 14,000 million and long-term loans of HMC, PTTAC, PTT INTER and ENCO. The maturities of loans are as follows:

Unit:	Million	Baht

Unit: Million Baht

Maturity (since Dec 31, 2009)	РТТ	PTTEP	DCAP	TTM(T)	TTM(M)	нмс	PTTAC	PTT INTER	ENCO	Total
Within 1 year (Dec 31, 2010)	15,913.98	9,498.74	77.00	586.54	28.28	-	-	6,775.31	-	32,879.85
Over 1 year, but not over 2 years	27,619.17	-	77.00	754.13	54.90	205.87	-	-	230.00	28,941.07
Over 2 years but not over 5 years	81,553.43	38,460.82	231.00	2,262.38	174.69	1,132.30	851.88	-	870.00	125,536.50
Over 5 years	132,346.76	10,490.38	252.00	4,022.02	256.21	2,779.26	1,733.92	-	3,900.00	155,780.55
Total	257,433.34	58,449.94	637.00	7,625.07	514.08	4,117.43	2,585.80	6,775.31	5,000.00	343,137.97

Note: Liabilities under finance leases are excluded.

The loans outstanding (including loans and bonds due within 1 year and later than 1 year) as at December 31, 2009 consisted of loans in Baht currency and foreign currencies, details of which are as follows:

Long-term loans	РТТ	PTTEP	DCAP	TTM(T)	TTM(M)	НМС	PTTAC	PTT INTER	ENCO	Total
Baht currency	193,454.06	58,449.94	637.00	-	-	1,450.49	-	-	5,000.00	258,991.49
Foreign currencies	63,979.28	-	-	7,625.07	514.08	2,666.94	2,585.80	6,775.31	-	84,146.48
Total	257,433.34	58,449.94	637.00	7,625.07	514.08	4,117.43	2,585.80	6,775.31	5,000.00	343,137.97
Portion of long-term foreign currency loans to total long-term loans (%)	24.85%	0.00%	0.00%	100.00%	100.00%	64.77%	100.00%	100.00%	0.00%	24.52%

As at December 31, 2009, the loans outstanding amounting to Baht 28,040 million are guaranteed by the Ministry of Finance.
Other non-current liabilities increased by Baht 15,602 million or 33.7%, mainly due to an increase in deferred tax liabilities by Baht 9,347 million and the long-term provision for decommissioning cost amounting to Baht 6,585 million.

Shareholders' Equity

Total shareholders' equity as at December 31, 2009 was Baht 498,091 million, increased from the year ended of 2008 by Baht 67,555 million or 15.7%, resulted from unappropriated retained earnings which increased by Baht 42,552 million from PTT and its subsidiaries' net income for the year ended of 2009 of Baht 59,548 million while there were dividends payment for the second half of 2008 and the first half of 2009 performance of Baht 16,970 million. In addition, unrealized gain on available-for-sale securities increased by Baht 1,687 million and the loss on the currency translation differences increased by Baht 524 million.

For the year ended of 2009, PTT's paid-up capital increased due to the exercise of PTT warrants under ESOP issued to its president, executives and employees, including the employees of PTT's affiliates holding the permanent office in PTT, in February, March, May, June, August and September. As a result, issued and paid-up share capital increased by Baht 97.28 million (9,728,200 shares) and premium on ordinary shares increased by Baht 1,751 million.

As at December 31, 2009, there were unexercised warrants outstanding in the total amount of 23.46 million units which consisted of 8.14 million units of PTT-W1, issued and offered on September 1, 2005 (the last exercise date is on August 31, 2010) and 15.32 million units of PTT-W2, issued and offered on September 29, 2006 (the last exercise date is on September 28, 2011).

Minority interests increased by Baht 21,954 million or 46.8% mainly due to 40% minority interests of PTTAPM amounting to Baht 18,780 million. In addition, net income of minority interests for the year ended of 2009 was Baht 9,142 million despite PTTEP's dividends payments of Baht 4,610 million.

Liquidity

For the year ended as at December 31, 2009, net increase in cash and cash equivalents of PTT and its subsidiaries was Baht 13,237 million, while cash and cash equivalents at the beginning of the period was Baht 90,819 million. As a result, cash and cash equivalents as at the end of the period was Baht 104,056 million. Details of cash flow by activities are as follows:

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

	Unit: Million Baht
Net cash provided by operating activities	95,649
Net cash used in investing activities	(142,897)
Net cash provided financing activities	60,403
Effects of exchange rates on cash and cash equivalents	(198)
Currency translation differences	280
Net increase in cash and cash equivalents during tha period	13,237
Cash and cash equivalents at the beginning of the period	90,819
Cash and cash equivalents at the end of the period	104,056

PTT and Its Affiliates

E&P and Gas Business Group



Petrochemicals & Refining Business Group



	Pe	rcentage
PTT Exploration & Production Plc.	PTTEP	65.43
PTT Natural Gas Distribution Co., Ltd.	PTTNGD	58.00
PTT LNG Co., Ltd.	PTTLNG	100.00
 Combined Heat and Power 	CHPP	100.00
Producing Co., Ltd.		
PTT International Co., Ltd.	PTTINTER	100.00
• Trans Thai-Malaysia (Thailand) Co., Ltd.	TTM (T)	50.00
• Trans Thai-Malaysia (Malaysia) Sdn. Bhd.	TTM (M)	50.00
District Cooling System	DCAP	35.00
and Power Plant Co., Ltd.		
Thaioil Power Co., Ltd.	TP	26.00
Independent Power (Thailand) Co., Ltd.	IPT	20.00
• PTT Utility Co., Ltd.	PTTUT	40.00
Ratchaburi Power Co., Ltd.	RPCL	15.00

	Per	centage
PTT Polymer Marketing Co., Ltd.	PTTPM	50.00
PTT Polymer Logistics Co., Ltd.	PTTPL	100.00
PTT Tank Terminal Co., Ltd.	PTTTANK	100.00
PTT Chemical Plc.	PTTCH	49.16
PTT Phenol Co., Ltd.	PPCL	40.00
IRPC Plc.	IRPC	36.68
PTT Maintenance	PTTME	40.00
and Engineering Co., Ltd.		
HMC Polymers Co., Ltd.	HMC	41.44
PTT Asahi Chemical Co., Ltd.	PTTAC	48.50
Thai Oil Plc.	TOP	49.10
PTT Aromatics and Refining Plc.	PTTAR	48.65
Star Petroleum Refining Co., Ltd.	SPRC	36.00
Bangchak Petroleum Plc.	BCP	28.46

Oil Business Group



	Perc	entage
• PTT (Cambodia) Co., Ltd.	PTTCL	100.00
Subic Bay Energy Co., Ltd.	SBECL	100.00
PTT Retail Business Co., Ltd.	PTTRB	100.00
PTT Green Energy Pte,. Ltd.	PTTGE	100.00
Retail Business Alliance Co., Ltd.	RBA	49.00
Business Service Alliance Co., Ltd.	BSA	25.00
Keloil-PTT LPG Sdn., Bhd.	KPL	40.00
Thai Lube Blending Co., Ltd.	TLBC	48.95
Vietnam LPG Co., Ltd.	VLPG	45.00
Thai Petroleum Pipeline Co., Ltd.	THAPPLINE	33.19
PetroAsia (Thailand) Co., Ltd.	PA (Thailand)	35.00
PTT Mart Co., Ltd.	PTT Mart	49.00
PetroAsia (Huizhou) Co., Ltd.	PA (Huizhou)	25.00
PetroAsia (Maoming) Co., Ltd.	PA (Maoming)	20.00
PetroAsia (Shantou) Co., Ltd.	PA (Shantou)	15.00
PetroAsia (Sanshui) Co., Ltd.	PA (Sanshui)	25.00
Intoplane Services Co., Ltd.	IPS	16.67
• Fuel Pipeline Transportation Co., Ltd.	FPT	2.76
Bangkok Aviation Fuel Services Plc.	BAFS	7.06

International Trading Business Group	
	Deveeters

• PTT International Trading Pte.

Percentage 100.00

Others

•



PTTT

			Percentage
•	Energy Complex Co., Ltd.	EnCo	50.00
•	PTT ICT Solutions Co., Ltd.	PTTICT	20.00
•	Dhipaya Insurance Plc.	TIP	13.33

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Revenue Structure of PTT and Subsidiaries by Product Line

	% Share 2007 (Restated) holding of		ated)	2008 (Audi	ted)	2009 (Audited)		
Product/Service	Operated by	the	Million Baht		Million Baht		Million Baht	
1. Natural Gas Products	PTT Plc. (Gas Business)		215,511.81	13.77	282,735.39	14.04	285,937.35	17.6
	PTT Plc. (Oil Business and International Trading Business)		33,569.36	2.14	41,182.40	2.05	46,584.41	2.8
	PTT Exploration and Production Plc. (PTTEP)	1/	44,083.34	2.82	57,587.36	2.86	62,539.22	3.8
	PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	58.00	3,768.28	0.24	4,184.08	0.21	4,195.75	0.2
	Less PTTEP's gas revenue paid by PTT Plc.		(41,000.61)	(2.62)	(57,434.24)	(2.85)	(58,174.95)	(3.59
Total Revenue from Natural Gas Products			255,932.18	16.35	328,254.99	16.31	341,081.78	21.0
2. Oil Products	PTT PLc. (Oil Business and International Trading Business)		1,040,961.49	66.50	1,448,998.97	71.96	1,024,379.96	63.1
	PTT Exploration and Production Plc. (PTTEP)	1/	46,680.50	2.98	75,033.30	3.74	53,008.30	3.2
	Less PTTEP's crude revenue paid by PTT Plc.		(34,739.73)	(2.22)	(59,712.98)	(2.97)	(39,106.85)	(2.4
	PTT Green Energy Pte. (PTTGE)	100.00	-	0.00	-	0.00		0.0
	PTT International Trading Pte., Ltd. (PTTT)	100.00	28,721.29	1.83	43,332.14	2.15	51,842.74	3.2
	PTT (Cambodia) Co., Ltd. (PTTCL)	100.00	3,290.41	0.21	4,282.10	0.21	3,079.58	0.1
	Retail Business Alliance Co., Ltd. (RBA)	49.00	306.12	0.02	412.28	0.02	0.28	0.0
	Subic Bay Energy Co., Ltd. (SBECL)	100.00	15,762.72	1.01	22,599.67	1.12	16,364.34	1.0
	PTT Retail Business Co., Ltd. (PTTRB)	2/	14,498.81	0.93	27,857.03	1.38	27,951.25	1.7
Total Revenue from Oil Products			1,115,481.61	71.26	1,562,802.51	77.62	1,137,519.60	70.1
3. Petrochemical products	PTT PLc. (Oil Business and International Trading Business)		59,707.56	3.81	62,379.59	3.10	43,226.07	2.6
	PTT Polymer Marketing Co., Ltd. (PTTPM)	3/	24,572.17	1.57	28,339.45	1.41	26,068.02	1.6
	PTT Chemical Plc. (PTTCH)	4/	33,129.79	2.12	-	0.00	-	0.0
	HMC Polymers Co., Ltd. (HMC)	41.44	6,984.40	0.45	7,854.08	0.39	6,232.21	0.3
Total Revenue from Petrochemical Products			124,393.92	7.95	98,573.12	4.90	75,526.30	4.6
4. Coal Products	PTT International Co., Ltd. (PTT INTER)	5/	0.00	0.00	0.00	0.00	20,200.25	1.2
5. Other Products	PTT Green Energy Pte. (PTTGE)	100.00	0.00	0.00	0.00	0.00	106.22	0.0
6. Utilities Products	District Cooling System and Power Plant Co., Ltd. (DCAP)	35.00	544.02	0.03	574.41	0.03	566.85	0.0
	PTT Utilities Co., Ltd. (PTTUT)	4/	617.29	0.04	-	0.00	-	0.0
	PTT Chemical Plc. (PTTCH)	4/	2,410.16	0.15	-	0.00	-	0.0
	Energy Complex Co., Ltd. (ENCO)	50.00	-	0.00	-	0.00	0.59	0.0
	Combined Heat and power Producing Co., Ltd. (CHPP)	100.00	-	0.00	-	0.00	114.47	0.0
Total Revenue from Utilities Products			3,571.47	0.23	574.41	0.03	681.91	0.0

	Product/Corrido		2007 (Rest	2007 (Restated) 2008 (Au		udited) 2009		09 (Audited)	
Product/Service	Operated by	the Company	Million Baht	%	Million Baht	%	Million Baht	%	
7. Revenue from Non-Core Business	PTT PLc. (Oil Business and International Trading Business)		773.99	0.05	889.12	0.05	1,161.78	0.08	
	PTT Retail Business Co., Ltd. (PTTRB)	2/	1,887.73	0.12	3,703.39	0.18	3,952.43	0.24	
Total revenue from Non-Core Business			2,661.72	0.17	4,592.51	0.23	5,114.21	0.32	
8. Revenue from Services	PTT Exploration and Production Plc. (PTTEP)	1/	3,295.05	0.21	4,131.14	0.21	3,762.60	0.23	
	PTT Chemical Plc. (PTTCH)	4/	1,407.92	0.09	-	0.00	-	0.00	
	Trans Thai-Malaysia (Thailand) :TTM (T)	50.00	1,171.81	0.07	1,474.42	0.07	1,603.74	0.10	
	Trans Thai- Malaysia (Malaysia) :TTM (M)	50.00	68.40	0.00	79.44	0.00	88.47	0.01	
	PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	58.00	46.38	0.00	62.06	0.00	0.00	0.00	
	PTT Polymer Logistics Co., Ltd. (PTTPL)	100.00	9.31	0.00	62.09	0.00	121.65	0.01	
	District Cooling System and Power Plant Co., Ltd. (DCAP)	35.00	1.82	0.00	-	0.00	-	0.00	
	Retail Business Alliance Co., Ltd. (RBA)	49.00	-	-	31.00	0.00	55.24	0.00	
	Energy Complex Co., Ltd. (ENCO)	50.00	-		-	0.00	1.53	0.00	
	Business Service Alliance Co., Ltd. (BSA)	25.00	-		-	0.00	109.69	0.01	
	PTT Retail Business Co., Ltd. (PTTRB)	2/	87.83	0.01	178.14	0.01	201.26	0.01	
Total Revenue from Services			6,088.52	0.39	6,018.29	0.28	5,944.18	0.37	
Total Sales from Products and Services			1,508,129.42	96.34	2,000,815.83	99.36	1,586,174.45	97.79	
9. Others									
9.1 Other Revenue			12,346.96	0.79	19,081.99	0.95	12,454.05	0.77	
9.2 Gain(Loss) from Foreign Exchange			5,392.38	0.34	-	0.00	4,682.72	0.29	
9.3 Income from Sale of Securities			8,428.00	0.54	-	0.00		0.00	
9.4 Results of the Supreme Administrative			-	-	-	0.00		0.00	
Total Other Revenue			26,167.34	1.67	19,081.99	0.95	17,136.77	1.06	
10. Share of net income (loss) from investment under Equity method			31,080.23	1.99	(6,250.68)	(0.31)	18,766.83	1.16	
Grand Total			1,565,376.99	100.00	2,013,647.14	100.00	1,622,078.05	100.00	

Notes: 1/ PTT owned 65.73, 65.54 and 65.43 equity interest of PTTEP in 2007, 2008 and 2009 respectively.

2/ On May 25, 2007, PTT established PTTRB and owned 100% equity interest.

3/ On August 27, 2008 PTT disposed 25% common shares of PTTPM to IRPC; therefore, PTT's shareholding in PTTPM decreased from 75% to 50%.

4/ On November 9, 2006 PTT owned 49.80% equity interest of PTTCH, PTTCH 's status changed from subsidiary to associated as well as PTTUT.

5/ On April 28, 2009 PTT Mining Limited (PTTML), a subsidiary of PTT INTER, took over PTT Asia Pacific Mining Pty Ltd. (PTTAPM)

Connected Transactions

PTT's connected transactions resulted from the following contractual agreements:

(1) Transactions between PTT and state enterprises

Transaction

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 PTT or Bangchak Petroleum Plc only. PTT sold fuels to the following state enterprises: Electricity Generating Authority of Thailand, Bangkok Mass Transit Authority, and State Railway of Thailand. Should a state enterprise owe PTT outstanding payments, the Company can levy interests.

(2) Transactions between PTT and subsidiary PTTEP Plc

Transaction

PTTEP and its subsidiaries produce and sell crude oil, natural gas, LPG, and condensate. For 2009, PTT was the virtual sole buyer of these, accounting for 86.67% by volume. As regards natural gas, the two reached a longterm (25-30-year) deal, stipulating annual contractual quantities. Both companies were engaged in crude oil and condensate agreements, whereas PTT sold jet fuels and high-speed diesel to PTTEP under world market prices, which were the same as those sold to PTT by PTTEP's joint-venture partners, or were standard reference, competitive prices under sensible conditions.

(3) Transactions between PTT and affiliated refining companies

Transaction

PTT signed crude oil and refined product supply agreements with its affiliated refining companies at supply rates corresponding to its own equity interests, summarized below.

Agreement with Thai Oil Plc (TOP)

PTT takes delivery of crude oil and refined products equivalent to 49.99% of TOP's refining capacity at market prices. 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 refinancing of April 19, 2013. Alternatively, either party may revoke the contract if it considers the contract to have been violated. Under the contract, PTT may buy more than 49.99% at market prices.

PTT secures indigenous crude oil for TOP under the Phet crude sales agreement, in effect since 1985, which spans the life of the field, and other indigenous crude oil under one-year agreements, with possible annual extensions.

PTT secures 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 under regular market prices.

Agreement with PTT Aromatics and Refining Plc (PTTAR)

Listed on the Stock Exchange of Thailand (SET) on December 27, 2007, PTTAR resulted from the amalgamation between Aromatics (Thailand) Plc (ATC) and Rayong Refinery Plc (RRC). By law, as of December 31, 2007, PTTAR inherited the properties, liabilities, privileges, obligations, and responsibilities of both companies. The contracts between PTT and PTTAR consisted of the following:

Refining business:

PTT secures crude oil for PTTAR under a crude supply agreement. The 18-year feedstock supply agreement was effective since February 1, 2009 until February 1, 2024. Under these agreements, PTT would secure crude oil and all other feedstock for PTTAR for the grades and volumes needed by PTTAR at market prices.

PTT buys refined products from PTTAR at no less than 70% of the latter's refined products at domestic market prices under an 18-year agreement from February 9, 2006, beyond which the contract is assumed to remain valid unless otherwise notified in advance.

The Company signed a New Complex Product Offtake Agreement with PTTAR, effective from February 9, 2006, whereby PTT would buy from PTTAR 100% of the products derived from the Upgrading Complex. At least 50% of these products are to be based on domestic market prices.

PTT signed a gas sales agreement with PTTAR for use in refined-product processing and another one for use in power generation, which is due to expire in 2018.

PTT supplies condensate for PTTAR's production processes under a 20-year agreement, effective from 1997, whereby the annual volume was 4.6-6.1 million tons/year.

Aromatics business:

PTT also signed a gas sales agreement with PTTAR for use in fueling the latter's aromatics processes. The 10-year agreement to supply natural gas to AR2 is due to expire in June 2015; the agreement to supply the gas to AR3, in June 2018.

PTT concluded long-term supply agreements for all the main products of PTTAR, which directly supplies such products to customers. These agreements are take-or-pay, whereby PTT guarantees minimum sales volumes for the products and obtains marketing fees from PTTAR. Note that these agreements specify the offtake volumes guaranteed by PTT, without guaranteeing distribution for the surplus volumes beyond take-or-pay. PTT has another product distribution agreement with PTTAR, namely that for condensate residue, light naphtha, and LPG, whereby PTTAR would directly supply these to PTT's customers. For the first two products, the agreement covered 15 years, and for LPG, 10 years, effective from 1997 under an evergreen condition, that is after 2007, the agreement would be regarded as automatically extended unless otherwise notified in advance.

Agreement with Star Petroleum Refining Co., Ltd. (SPRC)

The shareholders of SPRC are required to secure crude oil and take delivery of refined products from SPRC at no less than 70% of its 126,000-bbl/d capacity (or 88,200 bbl/d) at domestic market prices. For any surplus volume, PTT and Chevron (Thai) Co., Ltd. - 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 (BCP)

PTT secures crude oil for BCP under a feedstock supply agreement, effective May 16, 2006, for a period of 12 years from the commercial operation date of the Product Quality Improvement project. PTT procures all the crude oil for BCP at market prices. On May 16, 2006, PTT concluded a product offtake agreement with BCP, with effect from that date to 12 years after the commercial operation date of the Product Quality Improvement project, after which PTT would buy at least 30% of BCP's monthly output of gasoline and diesel at market prices.

On February 25, 2008, both companies signed a power purchase agreement, whereby PTT agreed to invest in a steam and electricity plant with 90 tons per hour and 19.7 megawatts in capacity for sale to BCP. This power plant is due for commercial operation around the first quarter of 2010.

Agreement with IRPC Plc (IRPC)

PTT secures crude oil for IRPC under a one-year feedstock supply agreement, effective January 1, 2009, at market prices. The contract is to be made year by year.

PTT prepared a contract for refined products with IRPC at the latter's Chumphon Depot under market prices, and another for the service of the depot for loading, storage, and distribution of oil, effective January 1, 2009, for three years.

PTT prepared a gas sales agreement with IRPC for use in Cogeneration Power Generating Process effective June 9, 2009, for 12 years at market prices.

(4) Transactions between PTT and affiliates in the petrochemicals business group

Transactions and agreement with PTT Chemical Plc (PTTCH)

PTT Chemical resulted from the December 7, 2005, merger between Thai Olefins PIc (TOC) and National Petrochemical PIc (NPC) under the Public Company Limited Act of 1992. The new company assumed all the assets, liabilities, privileges, obligations, and responsibilities of the two, and all contractual obligations binding TOC and NPC.

PTT secures feedstock for PTTCH's production processes, namely natural gas and LPG under a 15-year agreement, effective from 1995, extendable for five years.

In 1999, ATC transferred to PTT its privileges and obligations under a 15-year light naphtha and raffinate supply agreement with PTTCH. PTT later concluded another supply agreement and a gas sales agreement with PTTCH, effective from 1999 for 12 years (extendable for five years) for the feedstock, and for 20 years (extendable for four years) for the gas.

In 2001, PTT signed a 15-year ethane supply agreement with PTTCH, effective from 1 August 2005 (extendable for five years).

In 2004, PTT concluded an LPG and NGL supply agreement with PTTCH, whereby PTT would supply an additional 13,000 tons/month of LPG and 380,000-470,000 tons/year of NGL as feedstock for the olefins capacity expansion project managed by PTTCH, which was due to complete the upgrading in 2007.

Also, in 2006, PTT entered into a 15-year ethane feedstock supply agreement with PTT Polyethylene Co., Ltd., a subsidiary of PTTCH, effective from its start-up date - projected for the third quarter of 2009 - whereby the price of ethane varies with that of film-grade HDPE in Southeast Asian markets.

In 2008, PTT amended its agreement for supplying ethane, propane, and LPG with PTTCH, with effect from August 1, 2009, for a period of 15 years with each extension of five years. Under the agreement, the price structure of the ethane feedstock varies with that of HDPE Film Grade in Southeast Asian markets - reflecting the entire petrochemical chain and the HDPE market, produced by PTTCH since 2004. Similarly, the price structures of propane and LPG vary with that of PP Film Grade.

Transactions and agreement with HMC Polymers Co., Ltd. (HMC)

PTT concluded a feedstock supply agreement with HMC. A long-term propane feedstock supply agreement spans 15 years from 2009, with five-year extension at a time, under which the price of propane varies with that of PP (film grade) in Southeast Asian markets.

Transactions and agreement with PTT Asahi Co., Ltd. (PTTAC)

PTT signed a 15-year propane supply agreement with PTTAC for its feedstock, with five-year extension each time. The price structure varies with that of film-grade PP in Southeast Asian markets.

Policy on future connected transactions

These will be conducted as part of the normal course of business with no special favors and no transfer of benefits between PTT, its 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 PTT's subsidiaries will be market-based.

Disclosure of connected transactions will follow the announcement of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and the accounting standard on disclosure of information on related parties or businesses, announced by the Federation of Accounting Profession.

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Review Business Assets



As of December 31, 2009, the core assets used by PTT and its subsidiaries in conducting their businesses had a net value after depreciation and allowance for impairment of Baht 474,587 million and intangible assets with a value after deduction of accumulated depreciation and allowance for impairment of Baht 19,634 million. Details appear in the notes to financial statements for PTT and its subsidiaries ended December 31, 2009, item 12, property, plant, and equipment-net, and item 13, intangible assets-net.

Risk Factors



Implementing its continued risk management efforts, PTT managed its risk factors reasonably well in the past year. New risk factors have been identified and managed under the current year's risk management plan. Therefore, PTT continues to improve this Risk Factors section to better reflect risks apparent to investors. The main risk factors are described below.

Strategic Risks

1.1 Business strategy implementation

To preserve continuous business growth while fostering energy security, PTT has set a goal of becoming a Thai Premier Multinational Energy Company, as well as its international-business goals. To this end, strategic plans have been defined by each business unit with a focus on preserving its competitiveness, investment expansion to supplement business value, internationalization of business through investment in properties, mergers and acquisitions of entities that are capable of competing but are faced with problems during the ongoing crisis, and investment in new related businesses.

The fierce competition and uncertainty of global economic recovery could produce the risk that PTT would be unable to attain these goals and business strategies resulting from the likes of energy demand uncertainty, product price fluctuation, investment risks resulting from overseas investment and in new businesses, and risks associated with overseas investment. These could impact PTT's overall performance and return on investment alike.

To cope with this, the Company has initiated a socalled Strategic Thinking Session among senior executives of PTT Group to define and review the vision, direction, and business strategies in line with economic and energy circumstances, and a business plan in the form of scenario planning, in which assumptions were made for different economic growth figures and oil prices and for PTT to have plans for future changes and uncertainty. In addition, at least every quarter, senior executives of the Group meet to monitor Group performance and exchange views on adjusting business plans and short-term strategies to ensure confidence in reaching such goals.

1.2 Management of PTT Group

To date, PTT has undertaken business group management restructuring, mergers and acquisitions, joint venturing in companies, domestic and international business expansion, and fostered competitive advantages and the synergy of PTT Group. As a result, the management of PTT affiliates has become so complicated that, without effective and efficient management, the Company and its affiliates might apply inconsistent strategies and end up competing among themselves because of conflicts of interest, thus compromising its own overall business performance.

The Company has therefore focused on the management of PTT Group while being committed to good corporate governance; PTT executives have been appointed presidents or senior executives of affiliates for consistency in policies, business directions, and strategies, and closer supervision of business expansion. Further, executives of PTT Group have jointly taken part in drafting a master strategic plan as a framework for developing individual business plans. And to this end, CEO meetings have been regularly held for senior executives of PTT Group to supervise overall management and monitor overall results to ensure compliance with the policy of PTT Group.

1.3 Personnel management system in support of business operation under economic uncertainty and business growth opportunities

Likened to a chain, PTT's business diversity and international investment expansion produce considerable complexity for the management of the Group. Compounded by economic circumstances, resulting in demand uncertainty of the markets and prices, this could disrupt its business unless its personnel are adequately prepared to cope with the economic crisis and business base expansion.

To mitigate such personnel risks, PTT has relied on two career management mechanisms. First, for the management group, the PTT Group format is applied under the care of an executive and management development committee; this committee supports the needs of senior executives in both quantity and quality. Second, for other employees, it takes the form of line management with a similar approach as the first, which is supervised by a career advisory panel; here, a career management consultation committee ensures that, for each career path, a manpower requirement plan is prepared, in which key positions are stated, and individual development plans are both prepared and implemented. Both of these ensure that PTT will consistently command an adequate supply of quality executives and employees.

Business Risks

2.1 Risks associated with gas supply sourcing

During the past year, PTT kept up its sourcing negotiation efforts for additional gas supplies from domestic sources and Myanmar, as well as negotiations for supply of LNG (liquefied natural gas) from sellers in assorted regions to meet the projected gas demand. These contracts are made in advance and incorporated the demand to sustain the expansion of its petrochemical plants, which rely on feedstock from gas separation plants.

Each gas sales agreement (GSA) specifies a minimum annual contractual quantity to be taken by PTT as the buyer; otherwise, PTT is required to pay in advance for the volume not taken during that contract year under the so-called take-or-pay condition. However, the Company may take this pre-paid gas in later years as make-up gas if it has already paid the minimum contracted amount for the year in question. Such take-or-pay sums were paid by PTT under the terms of the Yadana and Yetagun GSAs of Myanmar and Block A18 GSA of the Malaysia-Thailand Joint Development Area (JDA).

As a result of the current global economic downturn, gas demand has fallen across the board, and oil prices have become volatile. Risks therefore arise from such factors as the current and future demand for natural gas, the completion dates of transmission pipelines, gas separation plant, or new gas-fired power plants. Producers may face problems that cause disruption or suspension of gas delivery, or fluctuation in oil price could affect the price of natural gas. These risks could affect PTT's financial bottom line and performance.

To address these risks, PTT monitors movement concerning the supply and demand for natural gas while closely coordinating with the sellers and the buyers on preparing efficient gas supply plans for the long term, and regularly reviews them to identify solutions to possible crises. To date, gas demand has exceeded minimum contract quantities, thus enabling PTT to accumulate volumes for instant use if it cannot take delivery of the so-called 'carry forward' gas, specified in certain GSAs. As for the 'make up' gas volume from Yadana and Yetagun, for which PTT has paid, this portion of gas cost less than the current prices; such price margin has alleviated the resulting interest burden.

2.2 Feedstock and product price fluctuation

Reflecting world market prices, the prices of feedstock and products of PTT and its affiliates in domestic and foreign markets - namely natural gas, condensate, crude oil, refined petroleum products, and petrochemicals - have recently proved highly volatile because of diverse factors beyond the Company's control, including gross refining margins (GRMs) and petrochemical prices entering down-cycles, thus inevitably affecting PTT's business, financial standing, planning, investment, and operating performance.

PTT Group has focused on optimizing risk management by appointing a price risk management team within the group. Today, to manage price risks, the group is engaged in hedging, including both short-term and long-term derivative contracts with its business partners, with price, volume, and targets for suitable risk management in line with PTT Group's business plans. Each time price risk management is undertaken, it is supported by the physical volume of PTT products to manage the costs of buying and selling for the group.

2.3 Government action creating potential conflicts of interest with shareholders

In line with the Cabinet resolution of 25 September 2001 that decided that the Ministry of Finance should keep its shareholding in PTT at no less than 51% of all voting shares after the sale of recapitalization shares, the Company retained its state enterprise status with the Ministry of Finance serving as its major shareholder. As long as the public sector still holds its majority shares, it will not only designate the majority of Directors and senior management that are accountable for PTT's day-to-day business, but will also ensure that the Company takes actions in line with the country's economic and social policies. This could not only cause conflicts of interest with other shareholders, but affect PTT's management for maximum profitability as well, as can be seen from the following example. • Price control on LPG

Since the LPG production is largely from natural gas which is a local resources, the Government has issued a LPG price control Policy without reflecting the global market prices. From August 2009 to August 2010, the public sector's policy on the LPG ex-refinery price has been to control it and the retail price is to be Baht 18.13 /kg as LPG domestic demand is on the rise. The Ministry of Energy assigned PTT to import LPG at world market prices and sell it at government-controlled ones, for which PTT is to be reimbursed from the Oil Fund. Such price control has prevented PTT and refineries in PTT Group from selling LPG at a realistic price that reflects the real cost while depriving them of opportunities to export LPG. In addition, there is uncertainty about how long it will take for PTT to be reimbursed, not to mention the risk of high LPG production costs that accompanies the higher gas prices sold by the gas separation plants or the higher crude oil prices at oil refineries, which are on the rise. All these could affect PTT's financial status and performance.

• Price fixing on NGV

From August 2009 to August 2010, the public sector's policy on the NGV price is to hold it steady at Baht 8.50 /kg, for which, in 2009 alone, PTT had to carry the burden of selling NGV of Baht 7-8 /kg lower than its cost. Yet, there is no sign when the price can be raised, while the cost of natural gas is on the rise. Investment in an NGV service station is massive. Therefore, to enable PTT to proceed with its response to this public policy of expanding its network of NGV service stations, the public sector should define a clear policy on NGV price adjustment in line with its production cost, which consists of the cost of the gas itself, investment in its network of service stations and in its transport system, together with service station and transport system operating expenses. Achieving this would cut down on PTT's losses and enable the NGV business to survive.

Thus, PTT has presented the information to the Government for consideration in studying the

costs of LPG and NGV in order to establish appropriate price stucture as well as the amount of LPG import reimbursement.

2.4 PTT's performance being partly subject to PTT Group's performance

PTT has achieved constant business growth as a result of its investment in assorted companies while focusing on forging connection arising from integrated businesses (meaning upstream petroleum to downstream), as well as investment in new related businesses, both domestic and overseas. Besides, to date, PTT Group companies has undertaken mergers and acquisitions, joint investment, capacity expansion, and process improvement to add value to products. Such business expansion inevitably subjected PTT's performance to those of PTT Group companies. However, PTT group companies are facing risks arising from the nature of business, including fluctuations of product and feedstock prices, success in petroleum exploration and production, oil and natural gas leakages, the down cycles of petrochemical and refining businesses, competitors from the Middle East with lower production costs, risks from changes in laws and regulations, and delays of projects in Map Ta Phut Industrial Estate as a result of the Central Administrative Court's injunctions. These could hurt PTT's financial status and performance.

Thus, to reduce risk, PTT has focused its PTT Group management on the principles of Good Corperate Governance in order to be the Group's foundation of sustainable business growth and to create the highest value of the Group via its Supply Chain Management (SCM) project. There was also a study to merge the Group's related businesses for value creation, cost reduction, and to be more competitive in the world market.

2.5 Risks from overseas investment

PTT has set up PTT International Co., Ltd. (PTTINTER), as its agent for business expansion related to natural gas, energy, and related businesses abroad to enhance its opportunities for long-term growth and diversify its investment risks. Still, expanded investment abroad accompanies assorted risk factors, including the economic circumstances of target countries, change in government, policies, other rules and regulations concerning investment, foreign exchange fluctuation, and the capability of companies to engage in new ventures.

PTT and PTT INTER have instituted preventive or relief measures for overseas investment, both before and after investment, by investigating and analyzing details of laws, public policies, and other aspects (including taxes), as well as the above-mentioned risk factors, to assess potential impacts on business. The findings of such assessment are then considered along with the feasibility of investment. After the investment is made, PTT INTER has instituted a system and an internal unit to continually compile its performance and risk factors, as well as accelerating organizational competency and personnel potential to sustain its overseas business and investment.

3. **Project Execution Risks**

3.1 Development of gas transmission system, gas separation plants, and petrochemical plants

Factors supporting PTT's successful business expansion include a continued rise in gas consumption and the ability to expand its gas transmission system and create value to sustain rising gas demand. In addition, PTT's business expansion is limited by the reach of its gas transmission system to customers, its gas separation capacity, and the success in building PTT Group's petrochemical plants, which rely on natural gas for their processes.

In addition, business expansion is subject to several factors beyond PTT's control, notably construction approvals from government agencies, including the Central Administrative Court's order for government entities to suspend 76 projects or activities in Rayong for not complying with Article 67, Clause 2, of the Constitution of the Kingdom of Thailand of 2007 until otherwise ordered by the court; an exception to this was any project or activity with a license granted before the proclamation date of the constitution and those not required to undertake environmental impact assessments (EIAs) as announced by the Ministry of Natural Resources and Environment.

The Supreme Administrative Court later, in part, overruled the Central Administrative Court by stating

that the latter court's order did not apply to projects or activities that were unlikely to cause clear, adverse impacts but, rather, were designed to control or treat pollutants or to install additional equipment. Eleven projects or activities qualified under this category, seven of which PTT or PTT Group was the owner. At any rate, such court orders have likely delayed projects by PTT and PTT Group, which could send repercussions from the upstream petroleum to downstream in PTT Group, particularly Unit 6 Gas Separation Plant, which would probably be delayed. This would affect processing of products to sustain the expansion of the petrochemical industry, as well as the production of LPG to meet the spiraling domestic demand. In addition, this could distort natural gas supply procurement plans in relation to the demand, in turn slapping PTT with take-or-pay obligations, which could hurt PTT's financial status and performance.

PTT and PTT Group are coordinating with related agencies so that the latter may understand details of the projects that may qualify as those to be suspended as ordered by the court and those that can proceed, thanks to the above-mentioned exemption; they are also seeking approaches to incur minimum damage or impacts on the stakeholders, including construction contractors, creditors, and plant safety.

4. Operation Risks

4.1 Risks associated with operations

Hazards are inherent to the exploration for, production, transport, and storage of natural gas, crude oil, petrochemical products, and refined petroleum products; they include fires, explosions, oil spills, well blowouts, gas pipeline leaks, dispersion of hazardous gases, terrorist activities, natural disasters, actions of external parties, and other unforeseeable events. These could prove detrimental to PTT's personnel, assets, environment, business operation, reputation, financial standing, and business opportunities.

The Company therefore values risk management by taking due measures for all its production facilities, which include preventive maintenance of petroleum pipelines and machinery of all producing units, application of security systems, and institution of emergency and crisis response preparedness measures, as well as the formulation of strategic and operating plans to support business continuity management. Like other companies in the petroleum and petrochemical industries, it has taken out insurance policies to protect its major operating assets against risks and business interruption.

4.2 Environmental and safety regulations

PTT's business operations must comply with relevant laws and regulations concerning impacts on the environment and safety, which are bound to get increasingly tough. If such new laws are promulgated or if changes are made to the policy on their enforcement, they may limit the Company's operation or significantly raise operating costs. Besides, approval delays for EIAs and HIAs (Health Impact Assessments), and that for community participation, in any operation could harm its future business.



To address these risks, PTT monitors and analyzes the impacts of changes in environmental and safety laws and regulations on its operation. It also closely coordinates with government agencies, applies available information to develop work plans and response measures, and ensures ongoing community relations activities in operating areas with a constant focus on community participation.

5. Financial Risks

⇒ 5.1 Fluctuation of the Baht

Changes in the exchange rate between the Baht and the US dollar directly and indirectly affect the majority of PTT's revenue, consequently affecting its bottom line. Therefore, the fluctuation of the Baht and the government's economic, financial, and treasury policies affect its consolidated financial and operating performance.

To alleviate this risk, PTT has balanced its foreign loans in proportion to its revenue from foreign currencies (in short, taking a natural hedge) and leveraged financial derivatives in converting foreigncurrency loans, while managing its foreign-currency deposits and purchasing foreign currencies forward to match the quantity of foreign currencies required for foreign-loan repayment and for commercial transactions. PTT has also developed a treasury and credit policy for use as a common guideline for PTT Group, which includes terms of reference for instituting assorted risk management.

⇒ 5.2 Financial support to affiliated companies

In the past and during the recent Asian economic crisis, the Company provided financial support to its affiliates under a shareholder support agreement and coordinated with their executives, creditors, and other major shareholders on debt restructuring. It is the Company's policy not to incur new financial burdens unless necessary or for its benefit. In the long term, it will consider extending financial support in the form of loans or commercial credit, or both, to individual affiliates in the belief that such a policy and action would foster sustainable strength for members of PTT Group.

In extending such financial support to these affiliates, whether in the form of subordinated loans, capital, or commercial credit, PTT cannot guarantee that these companies will repay such loans or credit, or that they will not need financial support from PTT again - all these could harm PTT's performance and financial status. Besides, if PTT or any member of PTT Group becomes a default party under any agreement on shareholder support, some creditors may accelerate debt repayment. Therefore, we cannot guarantee that PTT will not raise its shareholding, raise its shareholding to more than half, or take over such a company if such action is considered more beneficial. If this should happen, the Thai accounting standards require that PTT consolidate the financial statements of the company in question with those of PTT, effective from the date of such control onward; such consolidation may affect PTT's overall financial status.

⇒ 5.3 Acquisition of funds for plan execution

The businesses of PTT - in particular, petroleum exploration and production, natural gas transmission, gas separation plant, and the petrochemical businesses - require huge capital investments that are paid in advance. Although the Company closely monitors and manages business risks, the actual investment capital required may deviate from project plans due to factors beyond its control, thus potentially affecting the success and project capital costs.

Thanks to PTT's business conduct that focuses on fostering long-term growth and good corporate governance, the Company has continuously grown. It plans to invest in prudent business expansion, with consideration for sources of capital, particularly capital structuring that will enable it to maintain essential financial ratios at suitable levels comparable to companies in the same industry. Continuous monitoring of factors concerning the sourcing of investment capital has assured PTT that it can secure sufficient and suitable funds for future business expansion.

Shareholding Structure

PTT Plc's Equity Structure

Common shares

As of March 31, 2009, PTT commanded Baht 28,572,457,250 in registered capital, consisting of 2,857,245,725 common shares at Baht 10 per share. Of these, issued and paid-up capital amounted to Baht 28,337,848,250, which consisted of 2,833,784,825 common shares.

Bonds and debentures

As of December 31, 2009, the Company incurred domestic loans of Baht 27,000 million in the form of PTT Bonds, guaranteed by the Ministry of Finance, together with bonds and debentures not guaranteed by the Ministry of Finance, worth Baht 146,104 million, for a total of Baht 173,104 million. Foreign loans were in the form of PTT debentures of US dollar and the yen denomination, not guaranteed by the Ministry of Finance, equivalent to Baht 44,475 million. These bonds and debentures are summarized below.

Bond and Debenture	Amount (Baht Million)	Redemption Date	Guarantee
Ministry of Finance-guaranteed PTT Bond Domestic Bond 	27,000	2010 - 2020	None
 PTT Bond not guaranteed by the Ministry of Finance Domestic Bond Domestic Debenture ^{1/4/} Foreign Debenture ^{2/3/4/} 	- 146,104 44,475	- 2010 - 2024 2011, 2014, 2017, 2035	- None None
Total	190,579		
Grand Total	217,579		

Note : 1/ Fitch Rating's national rating of long-term PTT debentures at AAA (tha) with a stable credit outlook.

2/ Moody's international rating of foreign PTT debentures at A2 with a credit outlook going from 'stable' to 'negative' on December 5, 2008.

3/ S&P's international rating of foreign PTT debentures at BBB+ with a credit outlook going from 'stable' to 'negative' on December 2, 2008.

4/ See details of domestic and foreign PTT debentures.

Domestic, unsecured, unsubordinated debentures	Domestic,	unsecured,	unsubordinated	debentures
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Debenture Name	Amount (Baht Million)	Annual Interest Rate (%)	Maturity Period (Years) / Redemption Schedule
PTTC10NA	3,300	4.5, paid every 6 months	Seven / 2010
PTTC11DB	4,000	6.7, paid every 6 months	Six / 2011
PTTC11OA	4,000	5.53, paid every 6 months	Five / 2011
PTTC125A	15,000	4.25 (Year 1-4), 5.75 (Year 5-8), paid every 6 months	Eight / 2012
PTTC13NA	11,700	4.5 (Year 1-5), 5.75 (Year 6-10), paid every 6 months	Ten / 2013

Debenture Name	Amount (Baht Million)	Annual Interest Rate (%)	Maturity Period (Years) / Redemption Schedule
PTTC13OA	7,450	5 (Year 1-3), 5.5 (Year 4-5), paid every 6 months	Five / 2013
PTTC13OB	5,400	5 (Year 1-3), 5.5 (Year 4-5), paid every 6 months	Five / 2013
PTTC14DA	2,946	5 (Year 1-3), 5.95 (Year 4-7), paid every 6 months	Seven / 2014
PTTC15OA	2,550	5 (Year 1-3), 5.5 (Year 4-5), 6 (Year 6-7), paid every 6 months	Seven / 2015
PTTC150B	2,600	5 (Year 1-3), 5.5 (Year 4-5), 6 (Year 6-7), paid every 6 months	Seven / 2015
PTTC153A	6,000	4.86, paid every 6 months	Eight / 2015
PTTC156A	4,040	4.75, paid every 6 months	Ten / 2015
PTTC15NA	5,000	7.4, paid every 6 months	Ten / 2015
PTTC165A	3,000	5 (Year 1-6), 5.95 (Year 7-12), paid every 6 months	Twelve / 2016
PTTC165B	2,970	6.17, paid every 6 months	Ten / 2016
PTTC160A	8,000	5.79, paid every 6 months	Ten / 2016
PTTC17DA	1,500	5.87, paid every 6 months	Ten / 2017
PTTC18DA	500	5.91, paid every 6 months	Eleven / 2018
PTTC195A	1,000	5.9, paid every 6 months	Fifteen / 2019
PTTC208A	4,118	5.95, paid every 6 months	Fifteen / 2020
PTTC215A	1,030	6.53, paid every 6 months	Fifteen / 2021
PTTC243A	15,000	5 (Year 1-5), 6.2 (Year 6-8), 6.8 (Year 9-15), paid every 6 months	Fifteen / 2024 (Also re- deemable after Year 8)
PTTC127A	8,500	3.2, paid every 6 months	Three / 2012
PTTC167A	17,100	4.25 (Year 1-5), 5.25 (Year 6-7), paid every 6 months	Seven / 2016
PTTC247A	9,400	4.25 (Year 1-5), 5.5 (Year 6-10), 5.75 (Year 11-15), paid every 6 months	Fifteen / 2024 (Also re- deemable after Year 10)

Debenture Name	Amount (Baht Million)	Annual Interest Rate (%)	Maturity Period (Years) / Redemption Schedule
USD Bond, 2004	13,341.02	5.75, paid every 6 months	Ten / 2014
USD Bond, 2005	11,392.79	5.875, paid every 6 months	Thirty / 2035
Samurai Bond, 2007	9,736.97 1/	2.71, paid every 6 months ^{2/}	Ten / 2017
PTTC11DA swapped to USD	6,987.65 ^{2/}	Averaging 5.55, paid every 6 months	Six / 2011
PTTC14DA swapped to USD	3,016.51 ^{3/}	Averaging 4.74, paid every 6 months	Seven / 2014

Foreign, unsecured, unsubordinated debentures

Note : 1/ PTT entered into a cross currency swap from yen-denominated debentures worth Yen 36,000 million to dollar-denominated ones worth USD 290.51 million and used financial derivatives to conduct switchable swap and cross currency swap linked to LIBOR as follows: USD 96.84 million at a fixed rate of 4.975%/year, converted by a derivative into a floating rate at LIBOR + 0.65%/year; USD 96.84 million at a floating rate of LIBOR + 0.20%/year if LIBOR exceeds 4.25%/year, or 5.5%/year if LIBOR is up to 4.25%/year; and USD 96.84 million at a fixed rate of 5.37%/year, convertible by a derivative to LIBOR + 0.20%/year. See Notes to the Financial Statement, item 12.2, debentures.

2/ PTT entered into a cross currency swap from baht-denominated debentures to dollar-denominated ones worth USD 208 million at an average fixed interest rate of 5.55%/year

3/ PTT entered into a cross currency swap from a portion of the baht-denominated debentures worth Baht 3,054 million to dollar-denominated ones worth USD 90 million at an average fixed interest rate of 4.74%/year, with a balance of Baht 2,946 million of loans.

PTT Warrants

On April 12, 2005, the 2005 Annual General Meeting of Shareholders (AGM) acknowledged the issuance and offer of 60,000,000 warrants to the President, the management, PTT employees, and employees of PTT Group companies seconded to PTT. The warrants consisted of two batches:

PTT-W1, numbering 40,000,000 units, offered in 2005

PTT-W2, numbering 20,000,000 units, offered in 2006.

The AGM approved the issuance and offer of all PTT-W1 units governing the purchase of 40,000,000 common shares. Each warrant contained four portions, each exercisable on the last operating day of a three-month period throughout the life of the warrant. Here is a detailed summary of the allocation:

Portion	Units	Life (Years)	Value (Baht)	Ratio of Warrants Exercised (Common Shares)	Exercisable Period Details
1.	10,000,000	5	183	1:1	First exercisable date was August 31, 2006, then every last operating date of every three months from the above-mentioned date through the life of the warrants. The last exercise date is August 31, 2010.

Portion	Units	Life (Years)	Value (Baht)	Ratio of Warrants Exercised (Common Shares)	Exercisable Period Details
2.	10,000,000	5	183	1:1	First exercisable date was August 31, 2007, then every last operating date of every three months from the above-mentioned date through the life of the warrants. The last exercise date is August 31, 2010.
3.	10,000,000	5	183	1:1	First exercisable date was August 31, 2008, then every last operating date of every three months from the above-mentioned date through the life of the warrants. The last exercise date is August 31, 2010.
4.	10,000,000	5	183	1:1	First exercisable date was August 31, 2009, then every last operating date of every three months from the above-mentioned date through the life of the warrants. The last exercise date is August 31, 2010.

From the issued and offered date until December 31, 2009, warrant exercises for PTT-W1 numbered 31,861,100 units.

Note : The issued warrants, bearing holders' names, were non-transferable except when transferred to a legitimate heir or representative Eligible under this scheme were the President, the management, all PTT employees, and employees of PTT Group companies seconded to PTT. No other directors of the Board received these warrants.

issuance and offer of all PTT-W2 units governing the purchase of 20,000,000 common shares for the President, the management, PTT employees, and employees of PTT Group companies seconded to PTT.

On April 11, 2006, the 2006 AGM approved the Each warrant contained four portions, each exercisable on the last operating day of a three-month period throughout the life of the warrant. Here is a detailed summary of the allocation:

Portion	Units	Life (Years)	Value (Baht)	Ratio of Warrants Exercised (Common Shares)	Exercisable Period Details
1.	5,000,000	5	234	1:1	First exercisable date was September 28, 2007, then every last operating date of every three months from the above-mentioned date through the life of the warrants. The last exercise date is September 28, 2011.
2.	5,000,000	5	234	1:1	First exercisable date was September 28, 2008, then every last operating date of every three months from the above-mentioned date through the life of the warrants. The last exercise date is September 28, 2011.

Portion	Units	Life (Years)	Value (Baht)	Ratio of Warrants Exercised (Common Shares)	Exercisable Period Details
3.	5,000,000	5	234	1:1	First exercisable date was September 28, 2009, then every last operating date of every three months from the above-mentioned date through the life of the warrants. The last exercise date is September 28, 2011.
4.	5,000,000	5	234	1:1	First exercisable date was September 28, 2010, then every last operating date of every three months from the above-mentioned date through the life of the warrants. The last exercise date is September 28, 2011.

From the issued and offered date until December 31, 2009, warrant exercises for PTT-W2 numbered 4,678,000 units.

Shareholders

The table below illustrates the equity structure as of September 7, 2009:

Item	Shares (in millions)	Value (Baht million)	%
Registered Capital	2,857	28,572	-
Paid-Up Capital as of September 7, 2009	2,830	28,305	100.00
Ministry of Finance	1,460	14,598	51.576
Vayupak Fund 1 by MFC Asset Management Plc	218	2,179	7.698
Vayupak Fund 1 by Krung Thai Asset Management Plc	218	2,179	7.698
Institutional and Public Investors	934	9,349	33.028
Unpaid Capital	27	267	

Note : The issued warrants, bearing holders' names, were non-transferable except when transferred to a legitimate heir or representative Eligible under this scheme were the President, the management, all PTT employees, and employees of PTT Group companies seconded to PTT. No other directors of the Board received these warrants.

No.	Name	Shares	%
1.	Ministry of Finance	1,459,885,575	51.576
2.	Vayupak Fund 1 by MFC Asset Management Plc	217,900,000	7.698
3.	Vayupak Fund 1 by Krung Thai Asset Management Plc	217,900,000	7.698
4.	Thai NVDR Co., Ltd.	60,673,152	2.144
5.	State Street Bank and Trust Company	57,302,341	2.024
6.	Chase Nominees Limited 42	50,289,800	1.777
7.	HSBC (Singapore) Nominees Pte., Ltd.	50,042,615	1.768
8.	Nortrust Nominees Ltd.	46,881,245	1.656
9.	Mellon Bank, N.A.	26,854,435	0.949
10.	Social Security Office (two cases)	25,360,400	0.896
11.	The Bank of New York (Nominees) Limited	16,205,856	0.573
12.	HSBC Bank Plc – Clients General A/C	14,476,800	0.511
	Total	2,243,772,219	79.270

Its top 12 shareholders as of September 7, 2009 were as follows:

Note : Numbers 6, 7, 8, 11, and 12 were nominee accounts. PTT's investigation at Thailand Securities Depository Co., Ltd., found that the ultimate shareholders' names could not be disclosed. However, the Ministry of Finance remained the single majority shareholder on behalf of the state, which in part dictated PTT's management policy. The ministry nominated directors to the Board for approval by shareholders. Other substantial shareholders, including the four above-mentioned ones, did not exercise any influence over PTT's management policy formulation by nominating directors. Shareholders of Thai NVDR Co., Ltd., who held non-voting depository receipts in item 4 were ineligible for voting at shareholders' meetings except when exercising their voting rights on delisting the shares from SET.

Dividend PolicyPTT's dividend policy

The Company's policy is to pay out dividends amounting to no less than 25% of its net income after deducting all provisional reserves defined by law and the Company based on the net income in its consolidated financial statements. Such dividend payment, however, is subject to future investment plans, necessity, and suitability. After deciding on a dividend payment, the Board must propose the payment for approval by a shareholders' meeting. The Board may approve an interim dividend payment and then report to the shareholders at their next meeting.

Subsidiaries' dividend policy

Each subsidiary bases dividend payment on the cashflow balance relative to its investment outlay. If the cashflow balance proves adequate after legal reserve provisioning, the subsidiary may consider paying dividends, case by case.

PTTEP Plc's dividend policy

Barring other necessity, the Board's policy is to propose to a shareholders' meeting dividend payment of no less than 30% of the Company's net income after deducting its income tax each year, with occasional interim dividend payment. PTTEP's policy does not allow a subsidiary to pay dividends.

Organization & Management Structure

Organization structure (As of December 31, 2009) under the organization structure of PTT Public Company Limited, there were PTT Board of Directors which consisted of four committees : Audit Committee, Nominating Committee, Remuneration Committee, and Corperate Governance Committee. The President & CEO, who was the top executive, managed PTT through 14 committees.



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Organization structure (As of January 1, 2010, there was a minor organization restructuring over some positions of the Executive Vice President) under the organization structure of PTT Public Company Limited, there were PTT Board of Directors which consisted of four committees :

Audit Committee, Nominating Committee, Remuneration Committee, and Corperate Governance Committee. The President & CEO, who was the top executive, managed PTT through 14 committees.



PTT Board

Board of Directors

least five and no more than fifteen persons with a minimum of are to reside in the Kingdom.

According to PTT regulations, the Board consists of at three independent directors and at least half of the directors

As of December 31, 2009, the Board consisted of:-

No.	Name	Position	Appointed
1.	Mr. Norkun Sittiphong ^{1.1}	Chairman	April 10, 2009
2.	Khunying Jada Wattanasiritham	Independent Director	April 30, 2007
3.	Mr. Chakramon Phasukavanich	Independent Director	April 30, 2007
4.	Mr. Ampon Kittiampon	Independent Director	April 11, 2008
5.	Mr. Chaikasem Nitisiri	Independent Director	September 22, 2008
6.	Mr. Chulayuth Hiranyavasit	Independent Director	April 11, 2008
7.	Khun Pornthip Jala	Independent Director	April 30, 2007
8.	Mr. Surachai Phuprasert 1.2	Independent Director	April 10, 2009
9.	Mr. Surapon Nitikraipot ^{1.3}	Independent Director	April 10, 2009
10.	Mr. Watcharakiti Watcharothai 1.4	Independent Director	April 10, 2009
11.	Mr. Anuwat Mayteewibulwut	Independent Director	November 21, 2008
12.	Mrs. Benja Louichareon 2	Director	April 29, 2009
13.	Mr. Naris Chaiyasoot	Director	April 11, 2008
14.	Mr. Pichai Chunhavajira 3	Director	June 26, 2009
15.	Mr. Prasert Bunsumpun	Director and Secretary (President & CEO)	 First term expired and left office on August 10, 2007 Second term began on September 10, 2007 Another term began on April 10, 2009

Note: 1. In 2009, the Board appointed new directors in place of the retired and resigned ones as follows:-

- 1.1 Mr. Norkun Sittiphong, another term began on April 10, 2009.
- 1.2 Mr. Surachai Phuprasert, in place of Mr. Olarn Chaipravat, who resigned on September 22, 2008 and completed term on April 10, 2009.
- 1.3 Mr. Surapon Nitikraipot, in place of M.L. Panasarn Hasdin, who retired on April 10, 2009.
- 1.4 Mr. Watcharakiti Watcharothai, in place of General Somdhat Attanand, who retired on April 10, 2009.
- 2. At Meeting No. 4/2009, the Board appointed Mrs. Benja Louichareon, in place of Mrs. Pannee Sathavarodom, who resigned on January 7, 2009.
- 3. At Meeting No. 6/2009, the Board appointed Mr. Pichai Chunhavajira, in place of Mr. Panich Pongpirodom, who resigned on May 22, 2009.

No.	Name	Sha	ares	Change during	Note
		31 Dec. 2008	31 Dec. 2009	the Year	
1.	Mr. Norkun Sitthiphong	-	-	-	
2.	Khunying Jada Wattanasiritham	-	-	-	
3.	Mr. Chakramon Phasukavanich	-	-	-	
4.	Mr. Ampon Kittiampon	-	-	-	
5.	Mr. Chaikasem Nitisiri	-	-	-	
6.	Mr. Chulayuth Hirunyavasit	-	-	-	
7.	Khun Pornthip Jala	-	-	-	
8.	Mr. Surachai Phuprasert	-	-	-	
9.	Mr. Surapon Nitikraipot	-	-	-	
10.	Mr. Watcharakiti Watcharothai	-	-	-	
11.	Mr. Anuwat Mayteewibulwut	-	-	-	
12.	Mrs. Benja Louichareon	-	-	-	
13.	Mr. Naris Chaiyasoot	-	-	-	
14.	Mr. Pichai Chunhavajira	-	22,000	22,000	Increase of 22,000 shares through exercising Warrant ESOP on August 31, 2009 (received as PTT management)
15.	Mr. Prasert Bunsumpun	-	-	-	See report on the positions held by the management

(1) Report on Directors' securities portfolio in 2008 and 2009

Directors who completed their terms and resigned during 2008 and 2009

Nic	Norma	Shares		Change	Note
NO.	No. Name		31 Dec. 2009	during the Year	Note
1.	Mr. Olarn Chaipravat	-	-	-	Resigned on September 22, 2008 (retired on April 10, 2009)
2.	Mrs. Pannee Sathavarodom	-	-	-	Resigned on January 7, 2009
3.	General Somdhat Attanand	-	-	-	Retired on April 10, 2009
4.	M.L. Panasarn Hasdin	-	-	-	Retired on April 10, 2009
5.	Mr. Panich Pongpirodom	-	-	-	Resigned on May 22, 2009

(2) Directors Authorized to Sign and Bind for the Company

According to the Company's regulations, the Directors whose signatures are recognized as binding PTT consist of either (1) Mr. Presert Bunsumpun, President & CEO, authorized to sign and affix the Company's seal or (2) Mr. Norkun Sittiphong, Mr. Anuwat Mayteewibulwut, Mr. Surapon Nitikraipot, Mr. Surachai Phuprasert, two out of these four Directors, authorized to jointly sign and affix the Company's seal.

(3) Authority of the Board

- The Board is authorized to supervise and manage the Company under relevant laws, objectives, regulations and resolutions of the shareholders' meetings.
- The Board is to elect one Director to serve as Chairman. If suitable, one Vice Chairman or more may be elected.
- The Board is to elect one Director to serve as President and Secretary to the Board, if suitable.

(4) Duties and Responsibilities of the Board

The Board is to:

- Carry out its duties under relevant laws, objectives, regulations and resolutions of the shareholders' meetings.
- Define the Company's vision, directions and strategies.
- Endorse the Company's major strategies and policies, including objectives, financial targets and operating plans, budget; monitor and ensure plan implementation and budgeting.
- Institute proper systems for corporate accounting, financial reporting and financial auditing; institute efficient and effective internal control and internal audit systems.
- Supervise and remedy problems arising from conflicts of interest and connected transactions.
- Define comprehensive risk management guidelines and ensure an efficient risk management system or process.
- Ensure a suitable compensation system or mechanism for senior management to induce short-term and longterm motivation.
- Assess the performance of the President and determine suitable compensation.
- Ensure suitable communicating channels with each group of shareholders and stakeholders.
- Ensure accurate, clear, transparent, reliable and highquality disclosure of information.

(5) Appointment and Dismissal of Directors

1. The Board consists of at least five and no more than fifteen persons elected at the shareholders' meetings. It consists of a minimum of three Independent Directors and at least half of the Directors are to reside in the Kingdom and at least one Director must be qualified in accounting and finance. All Directors must be qualified by the Company's law and regulations.

Since 2004, the Board decided that Independent Directors are to make up at least half of the Board, which remains in effect today. As of December 31, 2009, it had ten Independent Directors, all of whom were domiciled in Thailand; Khunying Jada Wattanasiritham, Mrs. Benja Louichareon, Mr. Pichai Chunhavajira, Mr. Chakramon Phasukavanich and Mr. Ampon Kittiampon served as Dirctors with expertise in accounting and finance.

2. The shareholders' meetings are to elect qualified directors who have previously been elected and nominated by the Nominating Committee under the following criteria:-

- (1) Each shareholder has one vote per share held.
- (2) Each shareholder exercises all votes applicable under (1) in electing one or more persons as Directors but cannot allocate only part of the votes to any candidate.
- (3) Candidates with the most votes are to be appointed Directors up to the number open at a given meeting.
- (4) If more candidates receive equal votes than the number of Directors required, the Chairman of the meeting must cast a deciding vote.

3. At every Annual General Meeting, one-third of the Directors, or if this number is not a multiple of three, then the number nearest to one-third, must retire. The names of the Directors to retire during the first and second year after PTT was listed are to be drawn by lots. For subsequent years, those with the longest terms must retire.

4. Any Director wishing to resign may submit a resignation letter to PTT. The resignation is to be effective on the date that PTT receives the letter.

5. In voting for the dismissal of Directors from office before the expiry of their terms, a three-quarter vote of eligible shareholders present at the meeting is required, provided that the number of shares represented by the three-quarter votes is at least half of the total number of shares represented by the total number of eligible shareholders present at the meeting.

• Show leadership and lead by example.

Since 2006, the Board has concurred with a proposal to allow minor shareholders to nominate Directors under the recruitment criteria. To date (including 2009), however, no such nomination has been put forward. Details appear under the topic "Corporate Governance (Equitable Treatment of Shareholders)".

Committees (1) The Audit Committee

Independent Directors as follows:-

The Board approved the appointment of the Audit Committee on 1st October 2001, which consisted of Directors with the qualifications specified by securities and exchange laws and SET. The Committee must consist of at least three Members. As of December 31, 2009, it consisted of three

Name	Position	Remark
1. Khunying Jada Wattanasiritham	Chairman	Independent Director with expertise in accounting and finance
2. Khun Pornthip Jala	Member	Independent Director
3. Mr. Chulayuth Hirunyavasit	Member	Independent Director

Ms. Nitaya Direksathaporn, Executive Vice President, Office of Corporate Audit, served as the Committee's Secretary.

Duties and Responsibilities of the Audit Committee

- Ensure the suitability and effectiveness of the internal control and internal audit procedures and consider the adequacy of budget, personnel as well as the independence of the internal audit unit
- Review PTT's financial reporting process to ensure accuracy and adequacy.
- Consider connected transactions or transactions of potential conflicts of interest and ensure the compliance with laws and SET's regulations.
- Ensure compliance with securities and exchange laws, SET regulations, policies, regulations, rules, stipulations, cabinet resolutions and relevant laws to PTT's business.
- Ensure that the management has the system to receive complaints and supervise the system of complaints.
- Select, nominate and recommend the fees for the external auditor.
- Deliberate accurate and complete disclosure of PTT's information for connected transactions or potential conflicts of interest.
- Ensure PTT's risk management system and recommend the improvement on a regular basis.
- Ensure accuracy and effectiveness of the Information Technology concerning the report on financial and internal control.

- Promote development of the system of financial reporting on par with international standard.
- Review evidence if in doubt about the action that may seriously affect PTT's operation or vested interest that may affect PTT's operation.
- Prepare a report on the performance as set by the criteria.
- May seek independent opinion from other professional advisors, when deemed necessary, paid by PTT with the approval of PTT's Board.
- Chairman of the Audit Committee or Member of the Audit Committee must attend the meetings of PTT's shareholders.
- Attend meeting with the external auditor without the management at least once a year.
- Hold official meeting with the management at least once a year.
- Review and improve the criteria and guideline of the Audit Committee's 2009 version.
- Perform other tasks assigned by the Board within the duties and responsibilities of the Committee.

In 2009, the Committee held nine meetings with six regular meetings and three extraordinary meetings and duly reported its findings to the Board. In addition, it participated in quarterly financial audits along with the external auditor and the Corporate Finance and Accounting Department. It also held one meeting with the senior management.

(2) The Nominating Committee

The Board appointed the Nominating Committee on October 1, 2001, made up of three of its Directors. As

of December 31, 2009, it consisted of three Independent Directors as follows:-

Name	Position	Remark
1. Mr. Chakramon Phasukavanich	Chairman	Independent Director
2. Mr. Ampon Kittiampon	Member	Independent Director
3. Mr. Chulayuth Hirunyavasit	Member	Independent Director

Duties and Responsibilities of the Nominating Committee

- Select qualified candidates for Directors or the President.
- Define the recruitment procedures and criteria for Directors or the President to ensure transparency.

The recruitment procedures for Directors are as follows:-

- 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 also defines the procedures for nominating qualified candidates.
- 2. The Committee summarizes its recruitment results and presents to the Board a short-list of qualified candidates along with supporting rationale.
- 3. The Board appoints the qualified candidates from the list prepared by the Committee and submits their names to the shareholders' meeting for approval.

In 2009, the Committee held four meetings and duly reported its findings to the Board.

(3) The Remuneration Committee

The Board appointed the Remuneration Committee on October 1, 2001 by appointing three Directors. As of December 31, 2009, it consisted of the following Independent Directors:-

Name	Position	Remark
1. Mr. Ampon Kittiampon	Chairman	Independent Director
2. Khunying Jada Wattanasiritham	Member	Independent Director
3. Mr. Surachai Phuprasert 1	Member	Independent Director

Note : ¹Appointed as Member of the Remuneration Committee on April 29, 2009 and replaced Mrs. Pannee Sathavarodom who resigned on January 7, 2009.

Duties and Responsibilities of the Remuneration Committee

- Define compensation guidelines for Directors and the President.
- Define procedures and criteria for fair and reasonable compensation paid to Directors and the President for approval at the shareholders' meetings.

In 2009, the Committee held one meeting and duly reported its findings to the Board.

(4) The Corporate Governance Committee

The Board appointed the Corporate Governance Committee on June 24, 2004, consisting of three Independent Directors. As of December 31, 2009, the names were as follows:-

Name	Position	Remark
1. Mr. Chaikasem Nitisiri	Chairman	Independent Director
2. Mr. Watcharakiti Watcharothai 1	Member	Independent Director
3. Mr. Surapon Nitikraipot ²	Member	Independent Director

The Vice President, Office of the President and Corporate Secretary, served as the Secretary to the Committee.

Note : ¹replaced General Somdhat Attanand, who completed term on April 10, 2009

²replaced M.L.Panasarn Hasdin, who completed term on April 10, 2009

Unit : Times

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 the management comply with corporate governance principles.
- Revise guidelines for PTT's corporate governance as compared with 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 to the Board.

In 2009, the Committee held four meetings and duly reported to the Board.

	Meeting	Attendanc	e in 2009 as	of Decemb	oer 31, 2009	
Name	Board of Directors (Total 14)	Audit Comm. (Total 9)	Corporate Governance Comm. (Total 4)		Remuneration Comm. (Total 1)	Appointment during the Year
1. Mr. Norkun Sitthiphong	14/14	-	-	-	-	April 10, 2009 (held another term)
2. Khunying Jada Wattanasiritham	13/14	9/9	-	-	1/1	-
3. Mr. Chakramon Phasukavanich	14/14	-	-	4/4	-	-
4. Mr. Ampon Kittiampon	13/14	-	-	4/4	1/1	-
5. Mr. Chaikasem Nitisiri	13/14	-	4/4	-	-	-
6. Mr. Chulayuth Hirunyavasit	14/14	8/9	-	4/4	-	-
7. Khun Pornthip Jala	14/14	8/9	-	-	-	-
8. Mr. Surachai Phuprasert	11/11	-	-	-	-	April 10, 2009 (replaced Mr. Olarn Chaipravat)
9. Mr. Surapon Nitikraipot	11/11	-	3/3	-	-	April 10, 2009 (replaced M.L. Panasarn Hasdin)
10. Mr. Watcharakiti Watcharothai	11/11	-	3/3	-	-	April 10, 2009 (replaced General Somdhat Attanand)
11. Mr. Anuwat Mayteewibulwut	13/14	-	-	-	-	-
12. Mrs. Benja Louichareon	10/10	-	-	-	-	April 29, 2009 (replaced Mrs. Pannee Sathavarodom)
13. Mr. Naris Chaiyasoot	13/14	-	-	-	-	-
14. Mr. Pichai Chunhavajira	8/8	-	-	-	-	June 26, 2009 (replaced Mr. Panich Pongpirodom)
15. Mr. Prasert Bunsumpun	14/14	-	-	-	-	April 10, 2009 (held another term)

The Attendance Record of the Board's and the Committees' Meetings in 2009

Directors who completed their terms or resigned during 2009

Unit : Times

	Meeting A	ttendance	in 2009 as o	of 31 Decer			
Name	Board of Directors (Total 14)	Audit Comm. (Total 9)	Corporate Governance Comm. (Total4)		Remuneration Comm. (Total 1)	Appointment during the Year	
1. Mrs. Pannee Sathavarodom	-	-	-	-	-	Resigned on January 7, 2009	
2. General Somdhat Attanand	2/3	-	1/1	-	-	Completed term on April 10, 2009	
3. M.L.Panasarn Hasdin	3/3	-	1/1	-	-	Completed term on April 10, 2009	
4. Mr. Panich Pongpirodom	4/4	-	-	-	-	Resigned on May 22, 2009	

Corporate Secretary

To comply with the good corporate governance principles of listed companies, under the category of directors' responsibility and the terms of the Securities and Exchange Act, PTT has appointed Mr. Auttapol Rerkpiboon as Corporate Secretary to provide the Board with legal advice and remind them of assorted regulations that they need to know and comply with; hold meetings; supervise assorted Board activities to enable them to perform efficiently and effectively for the maximum benefit to PTT; prepare and maintain critical documents including Directors' registration, Board meeting notices and minutes, annual reports; shareholders' meeting notices and minutes and keep reports on connected transactions reported by Directors or the management.

Management

(1) Duties and responsibilities of the President & CEO (President)

Under PTT's regulations, the President has the authority and duties to manage the Company's business as assigned by the Board. Business is to be managed strictly, prudently and with integrity under the plans or budget approved by the Board and must be in the best interest of PTT and its shareholders. The President's authority and duties include the following matters and activities:-

- Operate and/or manage day-to-day business.
- Hire, appoint, remove, transfer, promote, demote, reduce the salary or wages, take disciplinary action against employees and contractors as well as dismiss employees or contractors under the Board's regulations. For vice presidents or equivalent upward, prior approval of the Board is required.

- Ensure the preparation and submission of business policies including operating plans and budget estimates to the Board for approval and report performance against them to the Board every three months.
- Ensure the implementation of the policies, plans and budget approved by the Board.

The Board gives authorization to the President to manage the Company's business under the following scope of authority:-

- Manage business under all objectives, regulations, policies, rules, specifications, directives and resolutions of the Board and/or shareholders' meetings.
- Order, contact, command, implement and sign juristic acts, agreement, orders, announcements or any correspondence with government agencies, state enterprises or other parties and engage in any necessary and suitable action to facilitate this duty.
- Command all employees and contractors including hire, appoint, remove, promote, demote, cut the salary or wages, take disciplinary action and dismiss any employee or contractor under the rules, regulations and directives of the Board. For employees or contractors serving as advisors, senior executive vice presidents or equivalent upward, prior approval of the Board is required. The President is also authorized to specify the employment conditions for employees and contractors and issue rules governing the Company's operation, provided that they do not conflict with the rules, regulations and directives of the Board.

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 Assign the power of attorney and/or delegate specific tasks to other persons, provided that it complies with the document concerning the power of attorney and/ or rules, regulations or directives of the Board and/ or the Company.

The authority and duties or the President are invalid

for conflicts of interest with PTT in any form, resulting from the President's exercise of the authority.

(2) The Management Committee

The Management Committee was appointed on October 1, 2001 with the duties of operating PTT's business. As of December 31, 2009, it consisted of ten Members as follows:-

Name	Position
1. President & CEO	Chairman
2. Chief Financial Officer	Member
3. Chief Operating Officer, Upstream Petroleum & Gas Business Group	Member
4. Chief Operating Officer, Downstream Petroleum Business Group	Member
5. Senior Executive Vice President, Corporate Support	Member
6. Senior Executive Vice President, Gas Business Unit	Member
7. Senior Executive Vice President, Oil Business Unit	Member
8. Senior Executive Vice President, Petrochemicals and Refining Business Unit	Member
9. Senior Executive Vice President, International Trading Business Unit	Member
10. Senior Executive Vice President, Corporate Strategy and Development	Member and Secretary

The Vice President, Office of the President & Corporate Secretary, served as the Assistant Secretary.

The Management Committee held weekly meetings and duly reported to the Board. In 2009, there were altogether 40 meetings.

Duties and Responsibilities of the Management Committee

- Provide advice and recommendations to the President on significant issues on corporate strategy and business direction, investment plans, budgeting, allocation of resources to PTT and its affiliates and ensure that the operation of the PTT affiliates is in the same direction.
- Rank decisions made by the Board to ensure effective implementation.
- Screen meeting agendas before presentation to the Board.
- Rank significant matters concerning the allocation of human and financial resources of PTT and its affiliates.

- Jointly decide significant issues about PTT affiliates before the meeting of the Board of each affiliated company.
- Establish standards for the systems of business administration, human resources and information as well as the organizational structure of PTT and its affiliates.
- Establish a policy on human resource management.

In addition, the Company appointed thirteen Committees to oversee specific internal areas of work for accurate, suitable, efficient and effective implementation as follows:-

- 1. Oil Business Strategic Plan Committee
- 2. Gas Business Strategic Plan Committee
- 3. Petrochemicals and Refining Strategic Plan Committee
- 4. Enterprise Plan Committee
- 5. Corporate Finance and Accounting Committee
- 6. Corporate Human Resource Committee
- 7. PTT Credit Committee
- 8. Research and Technology Institute Management Committee
- 9. International Trading Business Unit Risk Management Committee

- 10. Petroleum Procurement Committee
- 11. Upstream Petroleum and Gas Business Group Synergy Management Committee
- 12. Downstream Petroleum Business Group Synergy Management Committee
- 13. Risk Management Committee

Management Team Members as of December 31, 2009

No.	Name	Position
1.	Mr. Prasert Bunsumpun	President & CEO
2.	Mr. Tevin Vongvanich	Chief Financial Officer and Acting Senior Executive Vice President, Corporate Strategy and Development
3.	Mr. Prajya Phinyawat	Chief Operating Officer, Downstream Petroleum Business Group and Senior Executive Vice President, Oil Business Unit
4.	Mr. Songwut Chinnawat	Senior Executive Vice President, Corporate Support
5.	Mr. Permsak Shevawattananon	Senior Executive Vice President, Gas Business Unit
6.	Mr. Pailin Chuchottaworn	Senior Executive Vice President, Petrochemicals & Refining Business Unit, seconded to President, IRPC Plc.
7.	Mr. Anon Sirisaengtaksin	Senior Executive Vice President, seconded to President & CEO, PTT Exploration and Production Plc.
8.	Mr. Surong Bulakul	Senior Executive Vice President, seconded to CEO, Thai Oil Plc.
9.	Mr. Veerasak Kositpaisal	Senior Executive Vice President, seconded to President, PTT Chemical Plc.
10.	Mr. Maroot Mrigadat	Senior Executive Vice President, seconded to PTT Exploration and Production Plc.
11.	Mr. Chainoi Puankosoom	Senior Executive Vice President, seconded to President & CEO, PTT Aromatics and Refining Plc.
12.	Ms. Penchun Jarikasem	Executive Vice President, Corporate Finance
13.	Mrs. Prisana Prahankhasuk	Executive Vice President, Corporate Accounting

Note : On January 1, 2009, PTT undertook management restructuring and changes were made of the name/appointment of the new management, in total four persons as follows:-

1. Mr. Tevin Vongvanich, Chief Financial Officer

2. Mr. Songwut Chinnawat, Senior Executive Vice President, Human Resource and Corporate Potential

3. Mr. Nattachart Charuchinda, Acting Senior Executive Vice President, Corporate Strategy

4. Mr. Sukrit Surabotsopon, Acting Senior Executive Vice President, Petrochemicals & Refining Business Unit

Including one manager who resigned before the age of 60: Mr. Maroot Mrigadat, effective January 1, 2010.

			Shares		Warra	nt # 1	Warra	nt # 2	
No.	Name	Dec. 31, 2008	Dec. 31, 2009	Increment	Allocated in 2005	Current Holding	Allocated in 2006	Current Holding	Remark
1.	Mr. Prasert Bunsumpun	0	80,000	80,000	243,000	41,500	119,000	89,300	-
2.	Mr. Tevin Vongvanich	20,000	40,200	20,200	40,300	0	21,000	15,800	-
3.	Mr. Prajya Phinyawat	51,380	71,380	20,000	88,300	12,100	45,900	24,500	-
4.	Mr. Songwut Chinnawat	10,000	30,500	20,500	61,000	0	32,400	24,300	-
5.	Mr. Permsak Shevawattananon	40,300	72,900	32,600	64,000	0	33,300	8,400	-
6.	Mr. Pailin Chuchottaworn and spouse	28,100	41,300	13,200	52,600	0	27,600	20,700	-
7.	Mr. Anon Sirisaengtaksin	120,230	140,230	20,000	79,800	0	41,900	31,500	-
8.	Mr. Surong Bulakul	65,483	77,683	12,200	63,300	27,700	33,000	24,800	-
9.	Mr. Veerasak Kositpaisal	8,000	5,000	(3,000)	0	0	26,400	26,400	-
10.	Mr. Maroot Mrigadat	16,800	33,700	16,900	67,300	0	35,100	26,400	-
11.	Mr. Chainoi Puankosoom	49,700	49,700	0	43,100	21,700	33,200	24,900	-
12.	Ms. Penchun Jarikasem	10,000	12,000	2,000	34,000	0	18,300	13,300	-
13.	Mrs. Prisana Prahankhasuk	60,263	78,263	18,000	35,100	0	18,400	4,600	-

Management's Ownership of Shares

Additional Information on the Board and the Management

Records have shown no violation of the law within the past ten years regarding:-

- Being sentenced for criminal charges except for violation of traffic law, minor changes or similar changes.
- 2. Being sentenced to bankruptcy or having assets controlled.
- Serving as an executive or a person with authority in a company or partnership sentenced to bankruptcy or whose assets are controlled.

Policy on Serving as Directors of Other Companies

PTT has 48 affiliated companies, eight of which are listed on the Stock Exchange of Thailand, in which it invested and held shares. About 60% of its current net income is derived from these companies. Thus, PTT has adopted the PTT group management structure for synergy and alignment of policies. To achieve this, it appoints directors or management team members to serve as directors in these companies to supervise policies and business management aligning with PTT's policy for the benefit and value addition for all stakeholders. The objectives for such appointments are as follows:-

1. To ensure that the management of a given company aligns with the policy of PTT Group companies; to monitor its overall business performance to align with PTT's policy and institute comparable standards.

2. To forge synergy for the business of PTT Group companies and supplement value to all related parties including Thailand as a whole.

3. To apply specific expertise in support of business including financial know-how to improve accounting and financial processes to enable a given company to grow robustly; this includes assistance to companies outside PTT group and the resulting application of the knowledge and expertise gained from serving in such leading companies will enrich the benefit for PTT and foster cordial relations and business alliance for PTT.

4. This is part and parcel of the responsibility of directors and the management of PTT.

Compensation of the Directors and the Management

Scompensation Paid to Directors in 2009

Unit : Baht

No.	Name	Days of Service	Bonus	Board Meeting Allowance	Committee Meeting Allowance	Total Meeting Allowance	Total Compensation
1.	Mr. Norkun Sitthiphong	365	2,500,000.00	800,000.00	-	800,000.00	3,300,000.00
2.	Mr. Chulayuth Hirunyavasit	365	2,000,000.00	640,000.00	372,000.00	1,012,000.00	3,012,000.00
3.	Mr. Chakramon Phasukavanich	365	2,000,000.00	640,000.00	120,000.00	760,000.00	2,760,000.00
4.	Mr. Ampon Kittiampon	365	2,000,000.00	620,000.00	126,000.00	746,000.00	2,746,000.00
5.	Khun Pornthip Jala	365	2,000,000.00	640,000.00	300,000.00	940,000.00	2,940,000.00
6.	Khunying Jada Wattanasiritham	365	2,000,000.00	620,000.00	417,750.00	1,037,750.00	3,037,750.00
7.	Mr. Naris Chaiyasoot	365	2,000,000.00	620,000.00	-	620,000.00	2,620,000.00
8.	Mr. Chaikasem Nitisiri	365	2,000,000.00	620,000.00	114,000.00	734,000.00	2,734,000.00
9.	Mr. Anuwat Mayteewibulwut	365	2,000,000.00	620,000.00	-	620,000.00	2,620,000.00
10.	Mr. Watcharakiti Watcharothai	266	1,457,534.25	481,000.00	72,000.00	553,000.00	2,010,534.25
11.	Mr. Surapon Nitikraipot	266	1,457,534.25	481,000.00	72,000.00	553,000.00	2,010,534.25
12.	Mr. Surachai Phuprasert	266	1,457,534.25	481,000.00	-	481,000.00	1,938,534.25
13.	Mrs. Benja Louichareon	247	1,353,424.66	442,000.00	-	442,000.00	1,795,424.66
14.	Mr. Pichai Chunhavajira	189	1,035,616.44	345,000.00	-	345,000.00	1,380,616.44
15.	Mr. Prasert Bunsumpun	365	2,000,000.00	640,000.00	-	640,000.00	2,640,000.00
	Total		27,261,643.85	8,690,000.00	1,593,750.00	10,283,750.00	37,545,393.85

Retired and Resigned Directors in 2009

No.	Name	Days of Service	Bonus	Board Meeting Allowance	Committee Meeting Allowance	Total Meeting Allowance	Total Compensation
1.	Mrs. Pannee Sathavarodom	7	38,356.16	5,806.45	-	5,806.45	44,162.61
2.	General Somdhat Attanand	100	547,945.21	140,000.00	30,000.00	170,000.00	717,945.21
3.	M.L.Panasarn Hasdin	100	547,945.21	160,000.00	24,000.00	184,000.00	731,945.21
4.	Mr. Panich Pongpirodom	143	778,082.19	220,322.58	-	220,322.58	998,404.77
	Total		1,912,328.77	526,129.03	54,000.00	580,129.03	2,492,457.80

Unit : Baht

- Note: 1. Ms. Pannee Sathavarodom resigned on January 7, 2009 (replaced by Mrs. Benja Louichareon on April 29, 2009)
 - 2. General Somdhat Attanand completed term on April 10, 2009 (replaced by Mr. Watcharakiti Watcharothai on April 10, 2009)
 - 3. M.L.Panasarn Hasdin completed term on April 10, 2009 (replaced by Mr. Surapon Nitikraipot on April 10, 2009)
 - 4. Mr. Olarn Chaipravat resigned on September 22, 2008 but term completed on April 10, 2009) (replaced by Mr. Surachai Phuprasert on April 10, 2009)
 - 5. Mr. Panich Pongpirodom resigned on May 22, 2009 (replaced by Mr. Pichai Chunhavajira on June 26, 2009)

Directors' Compensation Profile of 2006, 2007, 2008, and 2009

		2006	2007			2008	2009		
Compensation	Persons	Baht	Persons	Baht	Persons	Baht	Persons	Baht	
Meeting Allowance	15	10,920,500.00	15	11,764,919.36	15	10,470,258.07	15	10,863,879.03	
Total Bonus	15	29,409,589.03	15	30,294,520.55	15	25,852,400.09	15	29,173,972.62	
Total		40,330,089.03		42,059,439.91		36,322,658.16		40,037,851.65	

Compensation paid to the Management

PTT's compensation paid to the management team members complies with the policies and principles of the Board and in connection with PTT's performance according to the Performance Agreement (PA) of state enterprises as defined by the Ministry of Finance. The President & CEO and his management team jointly defined Key Performance Indicators (KPIs) for framing PTT's business each year and for assessing the performance of the President & CEO and his team. Each person's compensation is measured against the performance management and the performance of leading industry peers' practices and standards. The Remuneration Committee then proposes the compensation along with compensation guidelines to the Board for consideration and approval.

As of December 31, 2009, the President & CEO and his management team members, in total eight persons, received Baht 80,205,650 in compensation (excluding the senior executives seconded to and paid by PTT affiliates and obtained compensation where such companies were responsible for paying the compensation as well as the senior executives of PTT's affiliates who worked for PTT), detailed as follows:-

		2006	2007			2008	2009		
Compensation	Persons	Baht	Persons	Baht	Persons	Baht	Persons	Baht	
Salary	7	45,145,600.00	7	51,815,390.00	8	53,415,360.00	8	52,677,119.00	
Bonus	7	31,668,840.00	7	22,572,960.00	8	24,624,681.00	8	24,143,679.00	
Total		76,814,760.00		74,388,350.00	8	78,040,041.00	8	76,820,798.00	

Total Compensation Paid to the Management

Unit: Baht

Unit : Baht

Unit : Baht

		2006		2007		2008	2009	
Compensation	Persons	Baht	Persons	Baht	Persons	Baht	Persons	Baht
Provident Fund	6	3,005,232.00	6	3,659,601.00	7	3,629,844.00	7	3,384,852.00
Total	6	3,005,232.00	6	3,659,601.00	7	3,629,844.00	7	3,384,852.00

Provident Fund Contribution to the Management

Personnel

Convinced that the quality of its people is the key to its high performance, PTT has committed to the development of human resource management system compatible with technological advancement and international standards. It not only promotes both conscientious merit and business competence for its employees but also encourages them to actively take part in public service activities. It is indeed on the employees that PTT focuses on its development towards a high-performance organization to increase competitiveness and respond to the changes in the organization.

As of December 31, 2009, the PTT employee head count

(including those who were seconded in PTT's affiliates) stood at 3,681. Throughout the year 2009, PTT continued to set its manpower plan to align with its operation under the uncertainty of economic conditions, with the focus on allocating resources where significant value supplementation was likely or where continuing investment was needed. PTT formulated human resource plans and earnestly developed the potential of its employees at all levels as well as streamline its business procedures.

Number of Personnel and Compensation

The head counts for the business groups from 2006 to 2009 were as follows:-

Business Unit	2006		2007		2008		2009	
	РТТ	PTT Group						
1. Gas	1,057	-	1,108	-	1,162	-	1,196	-
2. Oil	1,239	-	1,254	-	1,234	-	1,199	-
3. Petrochemicals and Refining	64	-	75	-	70	-	72	-
4. Support staff/ Secondees to PTT affiliates	8241/	251 ^{2/}	8511/	256 ^{2/}	8991/	271 ^{2/}	9381/	276 ^{2/}
5. Subsidiaries and Jointly Controlled Entities	-	4,768	-	7,086	-	7,718	-	7,676
Total	3,184	5,019	3,288	7,342	3,365	7,989	3,405	7,952

Unit : Persons

Notes: 1/ Excludes PTT secondees 2/ Includes PTT secondees

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				Unit : Ban
	2006	2007	2008	2009
Salary	2,313,239,842	2,523,442,073	2,775,721,471	2,900,872,989
Bonus	1,138,238,033	1,263,194,610	1,258,216,945	1,336,855,751
Provident Fund Contribution	228,214,687	249,207,450	274,276,975	280,726,154
Others (if Applicable)	993,909,544	1,104,896,055	1,376,170,707	1,346,216,160
Total	4,673,602,107	5,140,740,190	5,684,386,099	5,864,669,055

Compensation for Personnel (excluding the President & CEO and senior management)

Other compensation

PTT has instituted employee welfare and other compensation apart from salary, bonus and provident fund contribution for management and all employees to reflect economic conditions, cost of living and other standards for peer companies such as rent allowance, relocation and overtime pay. In 2005 and 2006, PTT allocated sixty million units of warrants or the rights to purchase common shares, twice, to the President, the management, employees and employees from affiliated companies serving PTT as an incentive for their total and consistent dedication. This incentive was designed to create a sense of ownership and encourage participation in the management and development of PTT-benefiting its performance and business operations. The details were reported in "The rights to purchase PTT's common shares".

Human Resource System Development and Improvement



To become a high-performance organization, in 2009, PTT improved the process and mechanism for human resource management to ensure higher efficiency and realize the full potential of its employees. PTT employees would be able to fully demonstrate their competence, advance in their career and continue to grow with PTT. The elements of PTT's success included:

 Implementing Learning Organization Mechanism for Sustainable Organization

PTT evolved its Knowledge Management system for essential, relevant information while encouraging the management and all to do the same and update this regularly. It made this system available to all to facilitate learning and efficient problem-solving while actively promoting employees' own development of their potential as this is a cornerstone to a high-performance organization. Below was an excerpt of the President & CEO's view on the Learning Organization:

"To become a Learning Organization, we rely on human intelligence. Learning is an ongoing, lifelong process".



 Building Competent and Righteous Members of PTT and Society

Besides a human resource management system focusing on making employees both smart and responsive to the Company's expectations, PTT valued its role of


turning out conscientious people ready to participate in Corporate Social Responsibility while observing Corporate Governance principles. PTT was convinced that achievement of competence and righteousness will foster sustainable growth for the Company.

In 2009, knowledge and experiences were shared on human resource management system and Compensation Survey was jointly done with the co-operation from Thailand's seven leading companies and companies dealing in oil and gas business.

• Participating in Decision-making on Corporate Goals and Directions

PTT has focused on participation across the board in designing business plans to suit its direction and targets, as this will efficiently align all components of the Company. To this end, it has instituted a process whereby the senior management of PTT and its affiliates along with support staff jointly defined vision and direction before propagating the agreed items for other units to use in defining business strategies and business plans and to come up with budget plans in broad alignment.

In 2009, all PTT employees defined individual objectives and Key Performance Indicators (KPIs) cascaded through the ranks from the corporate, department down to the individual level. PTT improved the assessment of the employees' performance through the Competency system including the topics and the methods used to assess. PTT also set up and reviewed the Coach assessment system which was the program used to assess the employees' potential. It also improved the handbook and introduced various systems to increase efficiency in human resource management such as the Competency of the employees, the Career Management which was the career path system for employees and Employee Self Service system which was the

Outstanding Employee Award Presentation Ceremony

individual employee management on the Company's computer network.





• Developing Employees' Career Paths in Line with Corporate Business

At the heart of human resource management is human resource development. PTT has developed career management processes for greater efficiency by dividing employees into two groups with clear and efficient linkage: senior management and the rank and file.

Senior management (from vice presidents upward): It is in the form of Group Leader Development which sustains the needs of the high-level executives in both quantity and quality with a recruitment, assessment and development system in place. This is under the auspices of the PTT Group Human Resources Management and Development Committee (PTTGMC).

Staff: This internal management is specific to PTT or a PTT Group company. A Career Management Counseling Committee (CMCC) and 14 Career Counseling Teams (CCT) are appointed to take charge of defining and developing individuals to be properly knowledgeable and competent to sustain future business directions. Career management is designed for individuals to accumulate maximum knowledge and skills for their career paths and prepare them for future senior management roles. Each department, its management and the rank and file staff jointly dictate the approach for staff development through proper training by competency and career profile. Job rotation provides staff with new responsibilities to enable them to develop skills in their new positions, as do suitable appointments and promotions for their responsibilities and potential. Finally, development of staff to suit their competency and needs of both staff and the organization would in time lead PTT to its goals.

In 2009, PTT set Group Leadership Development Program (GLDP), Leadership Development Program (LDP) for the management levels 10-12 and prepared Individual Competency Development Program (ICDP) which brought out the potentials of the leaders and the staff to propel PTT towards the organization's goals.

• Fostering Positive Relations between the Management and Staff in Search of the Same Goal

Communication between the management and staff at PTT comes in various forms. Needing to be aware of corporate business, obstacles and potential repercussions, all employees should be allowed to share their views and take part in business efficiency improvement. In 2009, besides the monthly labor relations committee meetings, PTT held joint consultation committee (JCC) meetings between its management team and staff of regional offices nationwide. In addition, the President & CEO not only continually held regular meetings with employees and attended meetings among management and staff (both in and outside PTT), but also surveyed employees' satisfaction for views and suggestions for improvement. PTT is convinced that proper communication and information exchange among all will lead to positive relations among all, which will lead the organization toward the same goals. Moreover, PTT surveyed the basic human resource needs of the management and staff through the operations of numerous committees such as human resource management committee, PTT labor relations committee and career path management committee. The survey of the staff's opinion was undertaken once by the outside human resource management advisor. There was also co-operation with the PTT Group to jointly develop database of the management as well as development plans of the senior management.





• PTT Group Core Values

In 2008, core values known as "PTT Group Core Values" or simply SPIRIT were coined:

- S = Synergy
- P = Performance Excellence
- I = Innovation
- R = Responsibility for Society
- I = Integrity & Ethics
- T = Trust & Respect.

The intent of these values is to forge belief, decisionmaking and behavior that align with the vision of PTT Group and promote a quality of life for the employees.

In 2009, the practical directions of the main behavior of SPIRIT were set by focusing on strategies, communication, leadership, networking system within the organization, culture and sense of belonging of the staff as well as the image of the organization through interviews, questionnaires and focus group meetings for the management in PTT Group.

Corporate Governance

The Board of Directors is committed to conducting its business in compliance with corporate governance principles and the practical guidelines laid down by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). These principles serve as monitoring guidelines for PTT as an efficient organization in management, with morality and ethics in business operation and responsibility toward society, community and environment, which are the basic criteria for sustainable growth.

Ever since the privatization of PTT Plc and distribution of Company's shares on SET in late 2001, it has determined to apply corporate governance as its guiding principles. PTT regulations state: "The Company must have and implement a policy on its business ethics including the ethics of its Board of Directors, the senior management, the administration and employees in compliance with good corporate governance practices as its code of conduct for the proper conduct of the organization with high standard."

So, PTT subsequently issued rules on good corporate governance in 2001 and published them as the handbook for each director, the management team member and the rank and file to sign, acknowledge and comply with. The 2001 handbook was the first and the Board of Directors have continually improved on two more handbooks in line with the changing business and social environment.



Good Corporate Governance Handbooks

Good Corporate Governance Handbook (Revision 1/2005) In 2005, the Corporate Governance Committee not only came up with a code of practice and recommended practices for the Board but also updated the Handbook to be more comprehensive and more in line with international practices, with topic rearrangement and content addition. To illustrate, the publication covered the rights of shareholders and promotion of their exercise of these rights, in particular fundamental rights including sharing of profits, purchase or transfer of shares, acquiring adequate business information, attendance at shareholders' meetings and voting, appointing or removing directors, deciding the Board compensation, appointing the external auditor and its fees as well as matters affecting the Company.

Good Corporate Governance Handbook (Revision 2/2009) The Corporate Governance Committee made it a policy to revise the Handbook (Revision 1/2005) by modifying the contents to comply with the SET principles of good corporate governance, 2006 version, for listed companies as well as the Organization for Economic Co-Operation and Development (OECD) Principles of Corporate Governance in five sections namely the rights of shareholders, equitable treatment of shareholders, roles of stakeholders, information disclosure and transparency and the responsibility of the Board. The principles also covered the improvement of business ethics in PTT's operation by topic rearrangement and ethical content addition such as ethics on law compliance and human rights, ethics on intellectual property rights and computer system.

The Good Corporate Governance Handbook (Revision 2) was published and handed to each director, management team member and the rank and file to sign, acknowledge and comply with in December 2009. The revised 2009 Handbook was disseminated on PTT's Intranet and Website. Below are the essences of PTT's corporate governance practices:-

Shareholders' Rights

PTT constantly recognizes that all shareholders are the owners of PTT and that investors will put trust and confidence in PTT's business only if they can be assured of its fair policy and respect for shareholders' fundamental rights and equitability under the law as well as business management that proves suitable, efficient, effective and accepted by investors and stakeholders as one with good corporate governance.

(1) Shareholders' meetings

As a rule, PTT schedules an annual general meeting of the shareholders (AGM) within four months of the annual closing date of its accounting books. For urgent matters that affect or involve the shareholders' interest or involve conditions, regulations and laws that require the shareholders' approval, it will call an extraordinary meeting of the shareholders. In 2009, the AGM fell on 10th April 2009 at Queen Sirikit National Convention Center in Bangkok. A total of thirteen directors attended the AGM. These consisted of the Chairman of the Board, the Chairman of all Committees and the President & CEO together with the senior management members and the external auditor. Three legal advisors served as moderators in auditing and voting matters in the case of disagreement. The Chairman performed his role thoroughly as defined by law and the meeting also gave its unanimous approval on each agenda item. In 2009, no extraordinary meeting was held.





(2) Delivering Meeting Notices

PTT assigned Thailand Securities Depository Co., Ltd., its securities registrar, to mail meeting notices together with details of the agenda and accompanying documentssupplementary and supporting information for decisionmaking, opinions of the Board, complete minutes of the past meeting, annual report, meeting documents, proxy forms with complete instruction- to shareholders at lease fourteen days ahead of each meeting date. Similarly, at least three days ahead of each meeting, the invitation was announced through one Thai and one English newspaper, each for the executive three days, to allow the shareholders efficient time to prepare themselves for the meeting.

The AGM meeting notices were made available at PTT's website (http://www.pttplc.com) at least 30 days ahead of the meeting date.

(3) Facilitating Shareholders

PTT facilitated all shareholders in a fair manner by arranging for officers to welcome them and provided all shareholders with security arrangement and emergency response plans. Registration through a barcode system begins at least two hours ahead of the meeting. A suitable reception is also extended to them.

(4) Conduct of Shareholders' Meetings

Before each meeting, the chairman will introduce directors, management team members, the external auditor and the legal advisor who will act as a moderator. After explaining the Company's rules on voting and vote counting for individual agenda items, the chairman of the meeting must clearly address how to vote on each agenda item. Once information has been provided for each item, the chairman gives the floor to all attendants to express opinions or recommendations and ask questions, giving adequate time for debate. The chairman and the management are to address and answer all questions clearly and precisely. For the election of directors, individual votes are required.

The chairman ensures that the meeting proceeds according to the order of the agenda and does not add an item without notifying shareholders in advance. If the meeting resolved to change the order of the agenda, it would need at least two-thirds of the vote of the shareholders in attendance. Or the shareholders with at least one-third of all the sold shares may ask the meeting to consider other matters not mentioned in the meeting notice. In the 2009 AGM, the order of the agenda was not changed and there was no request to consider any other matter. The minutes of the meeting must be completely and accurately recorded with a written summary of voting results on each matter. As a rule, shareholders' meetings last three hours. The AGM of 2009 began at 9.30 a.m., with registration beginning at 7.30 a.m., and was adjourned at about 12.30 p.m.

(5) Practical Guidelines for Reporting Conflicts of Interest

As specified by the Corporate Governance Handbook, all directors, management team members, and the rank and file must prepare reports on conflicts of interest - consisting of annual reporting forms and a new annual format in case of changes during the year. At a given meeting, people with vested interests or conflicts of interest with PTT must inform the meeting to excuse themselves and abstain from voting on each connected matter.

Similarly, at shareholders' meetings, directors are supposed to behave likewise in case they are connected with any agenda item.

(6) After the Shareholders' Meeting

After each meeting, PTT duly submits the minutes, with voting records and every question raised by shareholders to SET and the SET board within one day after the meeting It also duly submits the report of the shareholders' meeting with minutes, voting records and every question raised by shareholders to SET and the SET board within fourteen days after the meeting. Meeting information, videotapes and audiotapes are accessible through http://www.pttplc.com.

Equitable Treatment of Shareholders

Different shareholding proportions and thus different voting proportions do not necessarily mean different treatment of shareholders. PTT treats all shareholders fairly without regard to their gender, age, origin, nationality, religious belief, political inclinations, or physical impairment. Should shareholders be unable to take part in their meetings, they always have their proxy rights.

1 Proposing Additional Meeting Agenda Items and Nominating Directors

To enable minor shareholders to earnestly take part in business operation and auditing, PTT has defined criteria for entitling them to propose meeting agenda items and/or nominate directors in advance to deliberate agenda items that could be useful to PTT, including the selection of qualified directors to perform their duties efficiently in the best interests of PTT and all stakeholders alike. In practice, shareholders with a combined holding of at least 100,000 shares could propose agenda items or nominate qualified directors before the AGM of 2009, which exceeded the privileges provided by law.

PTT posted such criteria on its website (http://www. pttplc.com) from 26th October 2009 to 31th December 2009 and posted an announcement on the website of SET. However, it attracted no recommendation of such agenda items and no nomination of directors.

2 Meeting Languages

Since most of the shareholders attending the AGM are Thais, the meetings are conducted in Thai.

However, for the benefit of foreign shareholders, PTT has commissioned the translation of shareholders' meeting supplementary documents and other relevant documents in English. Its website is also bilingual. It also provides English - speaking officers on hand at meetings to facilitate foreign shareholders. In case that there are question raised by foreign shareholders, questions and answers will be translated to Thai for mutual understanding.

3 Appointing Proxies

To maintain the rights of those shareholders who cannot attend in person, they can appoint proxies or delegate their votes to any PTT's independent director in attendance. To this end, PTT has specified these independent directors' names in proxy forms defined by the Ministry of Commerce for voting on behalf of shareholders without conditions.

Thirty days ahead of each meeting, PTT disclosed the proxy form which is attached along with details and procedures on its website (http://www.pttplc.com). Shareholders may inquire about this by phone or other channels.

4 Access to PTT Information

PTT favors no particular group of shareholders, giving all equal access to its public information through assorted channels. Shareholders are supposed to receive proper treatment and gain as much information as can be disclosed by PTT. Below are the channels:

Telephone: Call Center 1365, 0 2537 2000

Website: http://www.pttplc.com

- Ordering & Customer Relations Center: orc@pttplc.com
- Corporate Communications Department: corporate@pttplc.com
- Office of the President and Corporate Secretary: corporatesecretary@pttplc.com
- Investor Relations Department : ir@pttplc.com.

Roles of Stakeholders

PTT accounts for stakeholders' rights and interests by establishing guidelines for addressing the needs of each group inside and outside the Company, including the nation, society, communities, shareholders, customers, business partners, and employees, as well as its own responsibility to society and the environment. These spell out PTT Group's missions:

- For the nation : We are committed to continuing fostering long-term energy security through supplying sufficient volumes of products of world-class quality and at fair prices.
- For society : In conducting business, we are committed to being a good corporate citizen by preventing adverse environmental impacts while operating with world-class standards and taking part in improving lives for communities and society.
- For the shareholder : We are committed to running commercial business for profits and sound returns.
- For the customer : We are committed to bolstering customers' satisfaction through offering products and services of world-class quality at fair prices.
- For business partners : Together, we are committed to engaging ourselves in fair competition and fostering positive relationship and cooperation to strengthen our potential and efficiency for longterm business enterprise.
- For employees : We are committed to continuously encouraging professionalism and bolstering confidence in their quality of life on par with employees of leading companies.

1. Treatment of Main Stakeholders

- The nation, society, communities and the environment

PTT strictly obeys laws and regulations enforced by regulatory agencies; institutes professional petroleum management; makes the best use of natural resources; commands emergency response and crisis management systems; values quality, safety, health, and the environment of relevant stakeholders; and promotes social activities designed to conserve the environment and improve the quality of life for community members under sustainable development. The actions taken in 2009 appear under the topics of 'Power for sustainable Future'.

PTT's units in charge of social, community, and environmental affairs consist of the Corporate Social Responsibility group and the QSHE Department.

- Customers

PTT takes customers' satisfaction seriously, as they buy our products and services. It offers fair prices, quality, and accountability to customers and consumers, and is committed to developing its products and provides safe, integrated, prompt, and quality services in response to customers' and consumers' need in a continual way.

- Business Partners

PTT values procurement processes, as they are vital to the determination of expenses and the quality of PTT products and services. For transparency, a clear procedure is therefore essential for openness to scrutiny and maximum benefits. PTT values its business partners because they are key to business success through mutual support, ranging from sourcing to further business details. Therefore, PTT must treat business partners on the same footing and on the basis of fair competition and mutual respect.

- Employees

All PTT employees are the most crucial components of our business success. All employees - wherever they work - must be treated without prejudice. Unity, trust, impartiality, polite manners, and respect for human dignity are stressed. A good and safe work environment, with suitable compensation, welfare, and innovations, is essential. Sexual harassment is not tolerated. Besides, PTT promotes the exercising of wage earners' rights under the law governing labor unions and state enterprise relations. PTT will not obstruct labor union's activities unless they are in serious violation of the law and business ethics, or will seriously harm PTT's interests.

2. Respect for International Human Rights Principles

PTT requires that all of its directors, the management and staff strictly respect the international human rights principles as part of the operation and does not tolerate the violation of international human rights principles as appeared on the Good Corporate Governance Handbook (Revision 2/2009) under the topic "Ethics on the respect of laws and human rights principles".

3. Filing of Complaints / Requests for Information

Stakeholders may use any mechanism to request information from PTT or inform PTT about their questions, complaints, or recommendations either through the intranet webboard, the public website http://www.pttplc.com, by phone, or by e-mail to Investor Relations, the Office of the President and Corporate Secretary, Corporate Communications Department, or the Ordering & Customer Relations Center. Telephone: Call Center 1365, 0 2537-2000 Website: http://www.pttplc.com

- Ordering & Customer Relations Center: orc@pttplc.com
- Corporate Communications Department: corporate@pttplc.com
- Office of the President and Corporate Secretary: corporatesecretary@pttplc.com
- Investor Relations Depatrment :

Board.

ir@pttplc.com. Directly relevant agencies are to address these, take corrective steps, come up with proper responses to all and report back. The follow-up on the action is done through e-mail every three days. An internal control committee is to supervise and review, and the Office of Corporate Audit is to assess the efficiency and adequacy of the internal control system and audit performance company-wide, while receiving complaints, ensuring improvement and summarizing actions for the attention of the Audit Committee and, eventually, the

PTT offers the opportunity for the general public to file complaints on the improper behaviors of directors, the management and staff or their violations of PTT's business ethics to the Office of Corporate Audit, Office of the President and the Corporate Secretary and Human Resources department. PTT will receive all complaints on the basis of equality, transparency and fairness to all concerned. The appropriate timeframe to consider the complaints is set and the secrecy and the protection of those who file the complaints will be observed.

In 2009, the Company was engaged in no dispute with stakeholders.

Disclosure of Information and Transparency

Disclosure of information is an important index of transparency, an important factor to create confidence to investors and all stakeholders. PTT places importance on correct, accurate disclosure of information and creates numerous channels of disclosure of information so that all stakeholders can gain easy access to information, campaigns for directors, the management team and the staff to be aware of the importance of good corporate governance and transparency in their work and creates appropriate mechanism to receive complaints and fair treatment both for those who file the complaints and those who have been complained against.

1. Corporate Governance Promotional Activities

The Corporate Governance Committee is assigned to promote and screen corporate governance matters so that the Company may actively campaign for compliance with corporate governance principles. A working group on corporate governance, headed by an Executive Vice President, has implemented assorted matters under the policy and conducted campaigns to cultivate awareness in directors, the management, and employees.

Periodic promotional campaigns were conducted through various media within the Company, including exhibitions, a CG Website packed with information, and two-way communication channels. Internal news broadcast, video shows, a CG column in the "PTT Spirit" magazine, and a CG-Digest via e-mail-newsletters are among the publicity and awareness tools, with positive responses from all. In addition, the Corporate Governance Committee distributed the Thai and English versions of the Good Corporate Governance Handbook (2nd Revision) to investors, international interested parties and stakeholders for their reference. This will also be posted at PTT's website.

In addition, PTT focused on corporate governance among companies in the PTT Group to align with PTT's corporate governance management standards. To this end, they agreed to jointly study and develop corporate governance guidelines based on international best practices to establish a standard suitable for PTT Group as a step toward future ranking. Implementation plans and proactive promotional strategies for corporate governance were also established as follows:-

- R-E-A-C-T
- R = Responsibility
- E = Equitable Treatment
- A = Accountability
- C = Creation of Long-Term Value
- T = Transparency

Below are some activities in promotion of corporate governance for PTT Group:- .

1. Establishing a committee to oversee corporate governance policies for PTT Group

2. Organizing seminars to foster awareness of corporate governance and social, communal and environment responsibilities, with experts as guest speakers, to encourage the sharing of experience. The target audience was the staff of PTT and PTT Group with corporate governance roles.

3. Organizing the 'PTT CG Group Day' to disseminate PTT Group's corporate governance activities. In 2009, the 'PTT Group CG Day 2009' was held at Ambassador Jomthien Hotel, Chon Buri. Each company set up its own exhibition and presented its own principles of good corporate governance and business ethics under the theme "CG to GC: from Good to Great" and organized a seminar on the topic "CG: Opportunity or Obstacle for GC?" among the senior management of the PTT Group. Outside honorary guests were also invited, including guests from SET and SEPO. The directors, the management and employees of the PTT Group participated in great number. on 28th October 2009. PTT personnel confirmed the rights for those to visit PTT by phone. For this year's activity, the minor shareholders had the opportunity to visit Herb Garden, which was PTT's project of social, communal and environmental responsibilities.

PTT values accurate, complete, timely and transparent disclosure of information through the notification channels of SET, it own website, briefings of quarterly performance at PTT's auditorium. It also organized a visit once for analysts and institutional investors between 8th and 9th January 2009 at Sirinart Rajini Mangrove Ecology Learning Center, Prachuap Khiri Khan.



4. Planning a contest of the implementation of corporate governance principles in operating entities.

 Sharing comments and ideas within PTT Group on each company's Good Corporate Governance Handbook based on international standards.

2. Minor shareholders' visit to PTT

In 2009, PTT organized the visit for a total of 480 minor shareholders to the Rayong Gas Separation Plant and HRH Princess Maha Chakri Sirindhorn Herb Garden, each trip with 160 shareholders on 10th, 11th and 13th November 2009. The activities allowed the minor shareholders to visit the operations, gain information, meet with the management and participate in PTT's activities for the society, community and environment in Rayong.

PTT sent out letters of invitation and response forms to the shareholders as of the 2009 closing date of the share registration on 7th September 2009 by post to notify them of their interest to visit PTT. About 3,000 people were interested to visit PTT. Lots were drawn with the witnessed media on 26th October 2009. The names of those who had the right to visit PTT were announced on PTT's website at www.pttplc.com



3. Board and Management Compensation

The Board-appointed Remuneration Committee oversees the compensation for directors and the management. As a rule, the compensation of directors follows shareholders' resolutions and approvals. The compensation for directors and the management is disclosed under the section of the same name.

4. Financial and Other Reports

Each quarter, together with the Accounting Department 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 ('Report on the Board's Responsibility to Financial Reports') presented in the annual report. The financial statements are prepared under generally accepted accounting principles, examined, and certified by the Office of the Auditor-General. Essential information, financial and otherwise, is completely and consistently disclosed.

5. Investor Relations Department

Ever since PTT's privatization and share trading on SET in October 2001, the Capital Market & Investor Relations Department was established as a clearing house for disclosing essential information to investors and financial reporting, which includes performance reports, financial statements, and information reported to SET, together with quarterly management discussion and analysis reports. These are disclosed to both domestic and international shareholders fairly, regularly, and thoroughly. Investors may contact the Department directly or through the PTT website (www.pttplc. com), which is regularly updated, for information in Thai and English, which includes:

- Annual report/Form 56-1
- Major investment project information
- Procurement
- Policy statement by the management
- Implementation of the government's policy
- Important plans
- Corporate governance policies and promotional activities
- Financial performance
- Other performances

Through the years, PTT has valued the disclosure of information that is accurate, complete, transparent, and comprehensive, as well as direct and indirect presentation of performance and keeping investors, business proprietors, and relevant parties informed of its information. A summary of our activities appears below:

Direct: PTT regularly presents information to analysts, investors, and employees at analysts' meetings, road shows, conference calls and conferences. Analysts, investors and interested parties also pay visits to meet our management and inquire about our updates.

In 2009, these activities took place:

Summary of Key Activities of Capital Market and Investor Relations in 2009

2009 Activities	Times
International Roadshow	10
Domestic Roadshow	5
Analyst Meeting	5
Credit Rating Review	5
Company Visit/Conference Call	189
E-mail/Phone Call	6-8 times / Day
Participation in SET excursions	3
Trip for institutional investors to visit and meet management team members	1
Trip for retail investors to visit and meet management team members	1 (3 batches)

Indirect: Information about the Company, its performance, financial statements, and reports filed with SET are found at www.set.or.th and www.pttplc.com.

Investors and interested parties can also post inquiries to the Capital Market and Investor Relations Department at Tel. 0 2537-2792-3 or through e-mail at ir@pttplc.com or through website www.pttplc.com.

In addition, PTT has constantly publicized news, business activities and project updates, apart from addressing questions and facilitating contacts for the media and the public. The activities of 2009 appear below:

Activities in 2009	Number
E-mail	165 pieces
News/photo release	165 pieces
Press conference	36 times
Media visit to operations (domestic and international)	6 times/year
Welcoming and information provision to visiting agencies for assorted purposes	121 groups = 5,753 people

Responsibilities of the Board

1. Composition

- A minimum of five and a maximum of 15 directors.
- Independent directors exceed half of the directors.
- The Board should have at least three knowledgeable people in petroleum business, one in legal affairs and one in accounting and finance.

According to a certifying letter of the Ministry of Commerce dated 30th November 2009, the Board numbered fifteen directors, of whom:

- Fourteen were non-management; ten were independent directors, which exceeded half of the Board
- One was a management team member.

2. Qualifications

All directors are qualified and had no forbidden characteristics under the Public Company Limited Act and Section 5 of the Standard Qualifications for Directors and State Enterprise Officers Act (No. 6) of 2007, including:

- Age not exceeding 65
- Maximum of three state enterprise directorships
- Independent directors must be qualified under the announcement of SET governing the characteristics and scope of operation of audit committees
- Have never received a jail sentence, except for violations of the law by negligence or petty crimes
- Do not hold a political position, except for a

director position required by law

- Do not belong to a political party and work for one
- Have never been expelled, dismissed or made to leave a position because of malfeasance
- Do not hold shares of the state enterprise in question or a shareholder of a juristic person where the state enterprise in question holds shares. Exceptions apply for directors of state enterprises who are not government officials, government employees or wage earners with positions or position salaries for centralized governments, provincial governments, local governments or other government units. Also, such state-enterprise directors hold no more than 0.5% of the paid-up capital of the state enterprise in which they serve as directors or juristic persons where the state enterprise in question holds shares
- Are not position holders in the juristic person where the state enterprise in question holds shares. Exceptions apply when the board of directors of that state enterprise appoints them as directors or other positions in the juristic person
- Are not directors, management team members or authorized managers or hold vested interests in a juristic person that serves as a concessionaire, a joint venture or ones with vested interests in the affairs of the state enterprise in question. Exceptions apply for the board chairman, director or manager assigned by that state enterprise.

3. Independent Directors

As recommended by the Corporate Governance Committee, the Board defined the independence of its independent directors in line with the criteria of SEC and SET as follows:

- Hold up to 0.5% of the voting shares of PTT, its subsidiaries, associates or related companies (including the shares held by connected parties under Section 258 of Securities and Exchange laws)
- Have not been or are not involved in the management or employees, wage earners – including audit advisors, legal or other advisors – on the payroll of PTT, or have control over PTT, its subsidiaries, associates or juristic persons that could pose conflicts of interest, except when such qualifications have ended for more than two years
- Have absolutely no vested interests in PTT, its subsidiaries, associates or related companies, or juristic persons with possible conflicts of interest hampering independent exercise of discretion – including customers, business partners, trade or loan creditors/debtors
- Are not close relatives or have other relations that could deprive independence with the management, major shareholders of PTT, PTT Group companies, associated companies or juristic persons that could pose conflicts of interest; this includes not being appointed as an agent to preserve the interests of directors or major shareholders.

4. Segregation of the Chairman and the President & CEO Positions

To segregate policy-making duties from those of dayto-day management and enable directors to oversee, look after and assess performance effectively, PTT has required that the Chairman and the President & CEO are always two distinct persons. This is because the Chairman needs to oversee the management's performance, guide and assist, but not to take part in or interfere with day-to-day management, which is the duty of the President & CEO under the frame of authority delegated by the Board.

In addition, the Chairman must exercise leadership and ensures that directors do not fall under the influence of the management, partly by chairing Board meetings and shareholders' meetings fairly and efficiently while encouraging participants to exercise their voting rights and strictly comply with good corporate governance principles.

5. Independence of the Chairman

PTT highly values the independence of the Board; however, since it is a listed company on SET while remaining a state enterprise under the Ministry of Energy, most of the elected Chairmen have come from the management of the Ministry. Yet, they have consistently displayed strong independence.

6. Corporate Secretary

Please see details under 'Management Structure'.

7. Committees

The Board highly values corporate governance by initially appointing three committees, namely the Audit Committee, the Nominating Committee, and the Remuneration Committee. For a period, the Audit Committee also looked after corporate governance.

In 2004, the Board set up the Corporate Governance Committee, charged with promotion and screening of corporate governance and promotion of excellence in such areas. PTT today therefore has four committees investigating critical matters under the corporate governance principles to create maximum benefit for shareholders, taking into account stakeholders' concerns and interests, business ethics, transparency and accountability. Each of these committees consists of qualified directors as required by SET, with clearly written roles and responsibilities in a charter. Please see details about the four committees under 'Committees'.

In 2009, the duties of the Corporate Governance Committee were expanded to cover additional policy, implementation and monitoring of the operations on the responsibilities towards society, community and environment so that the Committee can be responsible for the stakeholders in a more comprehensive and efficient way.

The composition, members, duties and responsibilities of the four Committees are mentioned under the topic "Committees".

8. Duties and Responsibilities of the Board

1) Corporate Governance Policy

The Board's policy on corporate governance is as follows:

1. In their conduct of business, the Board, the management, and all employees are committed to the six elements of corporate governance, namely Accountability, Responsibility, Equitable Treatment, Transparency, Vision to Create Long-Term Value, and Ethics. An organizational structure effectively balances the roles of the Board, the management and shareholders.

2. Directors must perform their duties independently with full commitment, responsibility and independence. There is a clear division of responsibilities between the Chairman and the President.

3. Playing a key role in the formulation of corporate vision, strategies, policies and critical plans with due regard for risk factors and suitable risk management, the Board must also ensure the credibility of the accounting system, financial statements and accounting audits.

4. Leading the rest of the Company on ethics and corporate governance, the Board must supervise the management and solution to any conflict of interest or connected transactions.

5. The Board may appoint committees to help it screen and deliberate critical issues.

6. The Board must undergo annual self-assessment to obtain a framework for its performance assessment.

 The Board must establish a Code of Conduct for itself, the management, employees and all contract employees to observe in addition to PTT's rules and regulations.

8. Disclosure of financial and non-financial information must be carried out adequately, credibly, promptly, and fairly for all shareholders and stakeholders. The Investor Relations Department are responsible for such disclosure to investors and the general public.

 To receive fair treatment, PTT shareholders have the right to access information through suitable communication channels with PTT.

10. A proper selection procedure must be in place for the appointment of key management personnel under a fair and transparent nomination process.



2) Code of Business Conduct

To show PTT's intention to conduct its business with transparency, ethics, responsibility to stakeholders, society and the environment, the Company has issued a code of conduct for its Board, management, all employees and contractors to strictly observe together with Company rules and regulations. Section 3 of the Corporate Governance Handbook (2nd Revision), entitled 'Code of Conduct for Board, Management and Employees', is summarized below:

The Board must properly represent shareholders by ensuring sustainable and profitable Company growth, performing their duties to the best of their ability – with integrity and prudence. They must be politically neutral, decide and act independently without any vested interest in businesses related to or in competition with PTT and be committed to the prevention and elimination of all malpractices.

The management and employees must be committed to developing a team culture, creating customers' satisfaction, and giving due consideration to fairness and integrity in conducting PTT's business. They must not only recognize and be concerned about safety for society, the environment, and the quality of life of the public, but also perform with responsibility, integrity, commitment, and determination for the benefit of PTT.

Along this line, PTT has provided educational media, including articles, radio scripts and video-scripts illustrating the proper roles of the Board, the management and employees to cultivate discretion and judgment in their decisionmaking. Yet, a simple test is by asking oneself whether a certain decision would lead to an action that is improper or socially unacceptable to the public or detrimental to PTT's reputation as an ethical company. PTT continues to monitor the implementation of such compliance.

3) Conflicts of Interest and Use of Inside Information

Under the Board's policy on conflicts of interest, business decisions made by the management and employees must be solely for PTT's best interests. They must not only avoid engaging in financial and other relationships with external parties that would lead to financial losses for PTT or a conflict in loyalty or interest, but also must not compromise the efficiency of business operation. Those with interests or related businesses to a matter requiring PTT's review and decisions must report their relationships and connection with a possible conflict of interest. PTT is to disallow such connected persons from exercising their authority for and involvement in such transactions.

• Reporting connected transactions with PTT

PTT has required directors, the management and all employees to disclose potential conflicts of interest with it through a disclosure form. In addition, any approval of such items must not contain special conditions or specifications that are out of the ordinary. PTT's Office of Corporate Audit and the Audit Committee have been entrusted with the monitoring and resolution of issues related to conflicts of interest. To date, however, no such case has arisen.

At each Board meeting, the Chairman reminds directors of this policy, asks them to declare a possible conflict of interest on each agenda item and asks them to refrain from expressing views or voting on that item.

The Audit Committee regularly presents to the Board its findings on connected transactions and conflicts of interest, carefully prepared in line with the regulations of SET, which specify that these issues must be disclosed every quarter. PTT has strictly observed this practice.

• Reporting vested interests of directors, the management and related parties

In 2009, PTT required the reporting of vested interests of directors, the management and related parties as basic information to manage vested interests at the levels of directors and the senior management. The directors and the management are to report such matter every year and whenever there is any change. The corporate secretary is to keep, compile and submit the copy to the Chairman of the Board and the Chairman of the Audit Committee to check and manage the conflicts of interest.

• Reporting changes in share ownerships (portfolios)

All PTT directors and management, including their spouses and children not yet of legal age, must report any changes in their PTT share ownership to SEC under Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within three days from the date of sale, purchase, disposal or receipt of such shares. To prevent abuse of inside information, the executives or agencies that are aware of such inside information may not disclose it to outsiders or unrelated persons and may not buy or sell PTT shares within forty-five days from the last effective date of the financial statements to the notification date of the financial statements to SET, ahead of the public dissemination of the statements. During the past year, all directors and management have strictly observed this.

• Reporting list of assets and debts to the Office of the National Anti-Corruption Commission (NACC)

Under Section 39 of the Anti-Corruption Act B.E. 2542 (1999), PTT's directors and senior management, including directors and senior management in the companies that PTT holds more than 50% of shares, are required to submit the list of their own assets and debts, including that of their spouse and children not yet of legal age, to the NACC Board every time they take up a position, every three years during their term and when they no longer have the positions.

4) Internal Control and Internal Audit

Each year, the Board monitors the management's performance through its approval of operating plans, budgets and goals. The management is encouraged to recognize the criticality of an internal control system that is efficient, compatible with acceptable risk levels and suitable for Company circumstances.

Internal Control

The Board has instituted efficient internal control and risk management processes to acceptable levels while regularly monitoring and evaluating their efficiency. It has appointed a committee in charge of managing internal control to formulate standard practical guidelines for internal control, review, assessment and reporting on internal control as a whole. Serving as secretary to this committee is the Office of the President and Corporate Secretary, which is in charge of internal control to ensure compliance, incorporating three aspects, namely: Management control: Ensuring that relevant units comply with their missions; ensuring that the management formulates plans to achieve its objectives and goals; and monitoring implementation.

 Operational control: Ensuring comprehensive control, for instance, in procurement and hiring through E-procurement and other means, including price bargaining, open contests and preferred bidding from the vendor list.

3. Financial control: Ensuring that PTT applies resultbased budgeting and SAP (Systems Applications and Products); ensuring adequacy of internal control, for instance, through a control environment, suitable risk assessment procedures, control activities, information and communication systems as well as proper monitoring and assessment.

Internal control plays a key role in helping the management lower business risks, enhancing business efficiency through proper allocation of resources and attaining goals. It also protects company assets from losses and frauds, reinforces the credibility of financial statements, ensures compliance of all personnel with laws and regulations and protects shareholders' capital.

The Board of PTT has instituted a process for internal control based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which concurs with the internal control principles defined by the Office of the Auditor-General, with the five following components:

1. Organizational Control and Environment

This implies overall suitability and contribution to the adequacy and effectiveness of internal control, including:

- PTT has instituted a clear and suitable organizational structure and lines of command. Delegation of authority and responsibilities is done in writing. Key Performance Indicators (KPIs) are set at the beginning of the year as a working guideline for employees and assessed at the end of the year. Annual targets are also reviewed. All employees recognize their roles, authority, duties and responsibility and they can check this information on the Company's computer system.

 PTT has analyzed educational background, required skills for performance, and assessed competency so that its people may be knowledgeable, skilled and competent for the delegated jobs and suit job descriptions

- PTT has defined the policy and procedures for human resource management in writing, including recruitment, training, promotion and compensation procedures

- PTT Group companies have defined their policies and procedures concerning integrity and ethics in writing, basing

them on corporate governance on international standards. The Corporate Governance Committee has held meetings to ensure that all employees comply with the defined policies such as rules on finance, procurement and management are strictly in writing to avoid corruption and fair treatment of vendors by preparing the vendor list of procurement.

- The management commands work philosophy and formats, including a sound attitude and support for performance concerning accounting, information management system, human resource management system, assessment of internal control and external audit as well as commands risk management for significant business matters.

- PTT has arranged for numerous channels for filing complaints and assigned the Corporate Communication Department as the main responsible unit. The Department acts as a focal point to respond to complaints within a timeframe and a center to keep information of complaints as well as to report to the Risk Management Committee and high ranking executives.

2. Risk Management

PTT has instituted a corporate risk management policy, with a Risk Management Committee overseeing and framing risks to manage the organization as a whole. It also has assorted management committees performing risk management under their respective responsibility. The scope entails risks for financial management, business conduct, operation, management, safety/health/environment, and other significant risks having to do with PTT's businesses.

PTT has clearly defined organizational objectives, embracing desirable items, levels of activities related to major business processes and in line with the organizational objectives and strategies. The management has identified corporate risks which cover all significant activities.

In 2009, risk management was undertaken to address the annual risk profile. Analysis of worldwide and domestic economic trends and situations affecting PTT's core businesses has shown a total of 23 risk areas for the year 2010, the major ones being the operation delayed of the projects in Map Ta Phut Industrial Estate, natural gas supply management and competition, control of LPG and NGV prices for automobiles, oil refinery management during the down cycle of the petrochemical business, operating risks for the oil and gas business units, increase investment abroad and PTT Group human resource management.

Detail of risk management is under the topic "Risk factors".

3. Management Control Activities

Similarly, PTT has defined policies and procedures in writing, identifying actions where major risks exist and defining control mechanisms to prevent and reduce errors such as financial transactions, procurement and general management. The Company reviews management performance and requires performance indices for all employees across the organization to make management control suitable and adequate. Internal control for accounting and finance deals with saving and retention of cash, disbursement, bank deposits and advanced money follows the rules. Accounting entries have been complete, accurate and regular. There is also a systematic maintenance of accounting both in the form of documents and in the computer.

Internal control for procurement and hiring follows the rules and regulations concerning materials, which clearly define procurement responsibilities, including approval authority, material need specification, delivery inspection, material control and storage. In human resource management, one finds in place a human resource management process and adequate monitoring and assessment for recruitment, compensation, responsibility, personnel development, performance and communication so that employees may be knowledgeable and competent for efficient and proper management. Variable bonus was instituted for vice presidents and higher.

If PTT enters into transaction with major shareholders, directors, the management or related persons, PTT uses strict measures to ensure that the transaction goes through the required approval procedures every time and for every item. The stakeholders will not take part in the approval of such item. PTT also closely monitors the action.

In operations where PTT is the major shareholder, PTT appoints the personnel that it trusts to participate in the monitoring and the managing of the operation so that it aligns with PTT's policy.

PTT stresses compliance with the law, having the law office and legal advisor to give advice before the operation and strict respect of human rights principles.

4. Information & Communication

Valuing information and communication processes, PTT has instituted efficient and effective information system and innovation for the management's decision-making through the MIS/EIS system which is an important information system to

maintain information for business operation and summarize to accurately and timely present to the management. At present, the related system is Enterprise Resource Planning (ERP) used to file and summarize basic information/ e-meeting system of the Board meetings and database system in the PTT petrochemical affiliates.

Information system is put in place to monitor, measure performance, sufficiently compare performance with the target and develop the information system that can support the policy and organizational structure in the future. At present, the relevant system such as Business Information Warehouse (BW) used to file information and prepare report to monitor or measure performance of the organization and COACH system used to prepare action plan and Key Performance Index (KPI).

In 2009, PTT developed the MIS/EIS system and a system for monitoring, measuring performance and comparing the performance with important objectives such as:

- Strategic Financial Planning : this is software for strategic financial planning system on the software to prepare financial model so that the corporate strategic financial unit can replace Microsoft Excel in forecasting business performance and financial planning.
- Development of E-Planning System : this is planning and forecasting software for the strategic unit and all business groups to replace Microsoft excel in the planning and forecasting of business performance, the organization's holistic view and the efficient, correct, accurate and timely financial planning.
- PTT website and database of Environmental Engineering Management unit : this is an information connecting system in preparing a report and Environmental Impact Assessment (EIA) so that the management and related persons can have fast, correct and timely access to the information. Information is also disclosed on the website for relevant persons.
- Balanced Scorecard system in the Gas Separation Plant : this is a system to monitor and analyze performance at the organizational level for the management to monitor performance and status of KPIs which reflect the organization's performance.

5. Monitoring & Evaluation

PTT requires monitoring and evaluation of the internal control system with the Control Self-Assessment (CSA) disseminated to various agencies to evaluate the internal control system. The whole organization's self-assessment is compiled and summarized. A management committee for the internal control system analyzes the cause and lay guideline for the responsible agencies to rectify.

The Office of Corporate Audit is an independent agency under the auspices of the Audit Committee. It reviews the assessment of the internal control system. The internal control of accounting and finance is assessed by the Office of the Auditor-General which is the outside auditor and which reviews PTT's accounting regularly at least once a quarter.

PTT has required monitoring of internal control by basing practices on the internal control assessment approach. This is defined in the recommendation document: report preparation in compliance with Auditor Commissioners' Rule 6, with good assessment findings. In addition, each business unit commanded a monthly performance report and regularly measures its KPIs. In 2009, the Audit Committee advised relevant units to implement 28 matters, of which 21 have been acted upon (about 75%). The Office of Corporate Audit regularly followed up remedial actions in response to the recommendations made.

Internal Audit

The Office of Corporate Audit is an independent unit of the Company, which directly reports to the Audit Committee. It examines financial accounts, information technology, safety, health, and environment, including those of subsidiaries and associated companies so that they meet the high standard of internal audit.

The office audits annual operating plans and the longterm advanced audit of three years, which are consistent with the findings of the corporate risk assessment, and reports them to the Audit Committee for consideration and to the Board for acknowledgment every quarter. Urgent matters are also reported to the Board.

Thus, immediate action would be taken together with the post-monitoring if any irregularity were found. The Audit Committee will report the guarterly auditing result to PTT directors.

Risk Management

A Risk Management Committee manages risks for the entire company, assesses risks and defines a structure for risk management to manage risks to acceptable levels. Risks generally include financial risks, operation risks, business risks and event risks. The committee is responsible for preparing an analysis and assessment of risks, their potential effects on PTT – both internal and external – and a risk management report for the Board. An early warning system is now in place with critical risk indicators defined, for instance, the debt-toequity ratio is to be under 1.

PTT takes risk management seriously. To illustrate, the President CEO has issued a Corporate Risk Management Policy, and the Risk Management Committee has prepared a corporate risk management handbook for all to use as a framework in their assessment and management of risks. To this end, a Risk Management Information System (RMIS) has been developed.

The detail of risk management appears under the topic "Risk factors".

5) Board Meetings

Board meetings are planned for the entire year, for instance, in 2009 the third Friday of each month, with additional meetings called to discuss special agenda items as necessary. Seven days ahead of the meeting, the Office of the President and Corporate Secretary issues a meeting notice along with the meeting agenda and relevant supplementary documents contained in a compact disc (CD) to each director. Since April 2004, Board meetings have been made electronic (paperless) to provide speed and convenience in information access and management while reducing the accompanying documents.

At each meeting, directors openly and freely express their views. Particularly in connected cases or potential conflicts of interest with PTT, they are required to abstain or refrain from attending that portion of the meeting. The minutes of each meeting are properly documented and, after adoption from the Board is given, are filed for auditing purposes and reference by directors and related persons. By and large, each Board meeting lasts three hours. In 2009, the Board held 12 regular meetings along with four special meetings of Directors: Special meeting 1/2009, held on July 25, 2009, on directions and strategies for PTT Group's business operation 2010-2014.

Special meeting 2/2009, held on December 25, 2009, on the enterprise plan 2010-2014 and 2010 budgeting.

An independent directors' meeting 1/2009, held on 6th November 2009, on directors' development and independent directors' operation. Independent directors were of the view that they could express their opinion freely to the Board meeting and meet no obstacle whatsoever on their expressing of opinion.

Details about directors' meeting attendance appear under "Committees".

6) Roles of the Board on IT

Thanks to the vision of the Board, PTT and its group companies have jointly established PTT ICT Solutions Co., Ltd. (PTTICT) to centralize IT services for PTT Group, a costsaving idea that cuts down on infrastructural spending and IT redundancies for each company while adding bargaining power for PTT Group. To date, PTTICT has performed its role consistently well and is PTT Group's major force in IT.

The Board has shown its interest by following up on this branch of work apart from providing a policy and regular advice. PTT will be transferring the Board's policy and advice to PTTICT for further action.

In 2009, through the Audit Committee, the Board gave priority to IT system security and the safety of electronic information storage. The information system used in management and internal audit was constantly reviewed.

7) Roles of the Board on Human Resources

The Board looks after, monitors and provides its policy recommendations of human resources in the enterprise plan 2010-2014 through PTT's Management Committee, headed by the President CEO; the Human Resources Management Committee does the initial screening.

In addition, PTT instituted a relations committee under an act on enterprise relations, consisting of representatives of wage earners and PTT, chaired by the President CEO. This committee carries out the coordination between the employer and employees, and forwards complaints and petitions to PTT during the monthly meetings of the relations committee.

Detail of the human resources implementation is reported under the topic "Human Resources".

8) Roles of the Board on Social Responsibility and $\ensuremath{\mathsf{QSHE}}$

The Board looks after, monitors and provides recommendations in corporate social responsibility (CSR) and QSHE through the Corporate Governance Committee and the Management Committee, headed by the President CEO. The QSHE department was set up; the CSR policy (steering) committee was appointed for PTT Group as well as another QSHE committee to align all companies within PTT Group.

In addition, the Board looks after and follows up on social responsibility matters through the Corporate Governance Committee; on QSHE matters, through the Audit Committee - including accidents and security matters.

In 2009, PTT Group has set up a CSR operating guideline and applied to the pilot areas in which the gap assessment had been conducted by comparing between the actual operation and the CSR operating guideline. The assessment result would further be used to set up the Company's overall operating plan. The move reflects PTT Group's corporate social responsibility role as well as to improve its business efficiency and growth. To move toward the international standard, PTT pushed forward the Khanom Gas Separation Plant to join the Project, and the Khanom Gas Separation Plant won the approval on the Standard for Corporate Social Responsibility-Department of Industrial Work: CSR-DIW following the Rayong Gas Separation Plant who earlier obtained the CSR-DIW approval in 2008.

PTT has also appointed PTT Group's CSR and Communications Working Comittee in Rayong which consists of the high ranking executives from 11 companies under PTT Group in Rayong to ensure the mutual direction of the Group's operations.

In addition, to respond toward the expectation in the active gathering of feedback from the stakeholders, PTT has conducted the 2008 CSR Report that's in line with the Global Reporting Initiative (GRI). PTT CSR Report 2008 passed the GRI's C-Level assessment as targeted. In addition, PTT has improved its data gathering system and set up an index indicator to create the Group's single standard operation prior to the future conducting of PTT Group CSR Report.

However, PTT keeps moving forward for continuous social and community development covering the wide range of areas including education, social, environment, art & culture, and sports by promoting participation from the stakeholders of all sectors to share and create mutual understanding toward the joint cooperation for the "Power For Sustainable Future". In 2009, PTT undertook QSHE activities in view of reaching excellence. PTT implemented the policy framework with the following important operations:

- Management according to the criteria of the Thailand Quality Award (TQA)
- Use of QSHE management tools from both international standard and its own development improvement.
- SHE implementation and preparation of PTT Group SHE Strategic Direction 2009-2013 with three main programs, namely:
 - Development of PTT Group SSHE Management Standard as an operation standard to manage SSHE risk management covering all activities.
 - Preparation of PTT Group SHE Performance Measurement. And Reporting System with a handbook, measurement form and report of SHE performance in PTT Group report and test was performed in a pilot area. In 2010, the report will cover all operating areas and all companies in PTT Group.
 - Preparation of PTT Group Volatile Organic Compounds Management System to study and prepare the list of Volatile Organic Compounds (VOCs) of PTT Group situated in the pollution control area in Rayong. The information will be used to formulate strategies for the systematic management of VOCs.
- Appointment of the Corporate SHE Programs PTT Group task force to drive the operation of the main programs to reach the Strategic Direction.

Details of the performance are reported under the topic "Power for Sustainable Future".

Self-Assessment of the Board

By the resolution of Board meeting No. 12/2552 of December 25, 2009, it approved self-assessment forms proposed by the Corporate Governance Committee, relying on the same approach as the one used in 2006. The form was to be used to conduct self-assessment of the Board's performance in 2009, a vital tool for improving its performance and reference data for corporate governance rating. Three types of self-assessment were applied, whereby the percentages corresponded to the following levels of performance achieved in each area detailed below. These are the assessment criteria for the entire board, individual self-assessment forms and cross self-assessments:

Over 85%	Excellent
Over 75%	Very good
Over 65%	Good
Over 50%	Fair
Below 50%	Need improvement.

The findings from the self-assessment were as follows :

1. Self-Assessment of the Board consisted of four categories : Board policy, composition, practices, and meeting.

The results indicated excellent/most suitable overall performance with an average score of 93.26%.

2. Self-Assessment of Individual Directors consisted of six categories : accountability for decisions and actions; responsibility in performing the job with full ability and efficiency; equitable treatment of all stakeholders; transparency in job performance and information disclosure; vision to create long-term value; and business ethics.

Overall results were excellent for most directors, with an average score at 96.19%.

3. Individual Assessment of Other Directors (Cross-Assessments) consisted of six identical categories as above for direct comparison

Cross-assessment results in these six categories indicated excellent performance by most Directors, with an average score of 97.45%.

In the assessment form, many directors gave additional and useful opinions on considering various issues, enabling more prudent thoughts. The secretary coordinated and prepared document/information for the directors with efficiency. From the independent directors' meeting, the directors recommended PTT's operation visits so as to develop the directors' potential to understand the nature of business operation which would be useful for them in considering other matters.

Compensation Paid to Directors and the Management

With the oversight of the Remuneration Committee, PTT fairly and logically specifies the compensation paid to directors, taking into account each director's responsibility, its financial performance, and compatibility with industry peers. Compensation consists of meeting allowances and bonuses. Directors appointed to specific committees receive additional allowances for additional responsibilities. Directors' compensation rates have been approved by shareholders as follows:

Directors' compensation

The following compensation structure was approved at the AGM of 10th April 2009, for the Board:

Meeting Allowances (no change from 2008)

- 1. Board Meeting compensation consisted of:
 - Monthly allowance of Baht 30,000
 - Meeting Allowance of Baht 20,000 (for those in attendance only)
- 2. Compensation for meetings of Committees consisted of:
 - 2.1 Audit Committee
 - Monthly allowance of Baht 15,000 each
 - Meeting allowance of Baht 15,000 each time (for those in attendance only) and the Secretary received a monthly allowance of Baht 7,500.

- 2.2 Compensation for the three remaining committees (Nominating, Remuneration and Corporate Governance Committees) consisted of:
 - Meeting allowance of Baht 24,000 each per year time (for those in attendance only).
- Compensation for the Chairman of each committee was 25% higher than for others.

Directors' Bonuses in 2009 (no change from 2008)

The same criteria as 2008 were adopted. The bonus payout to each director, at 0.05% of the net income for 2009, corresponded to PTT's performance and net income and up to Baht 2,000,000 per person per year was paid. The bonus was prorated to each director's term, with the Chairman receiving 25% more than individual Directors.

Note that a summary of payment for individual directors appears under 'Compensation Paid to Directors and the Management'.

Board Development

The Board and the management value regular participation in development training relevant to their performance, as seen in each of their profiles. More than 85% of the directors Association have undergone training with the Thai Institute of Directors Association (IOD), with seven enrolled in nine training sessions in 2009 as detailed below:

Name	Course
1. Mr. Norkun Sitthiphong	- Role of the Chairman Program (RCP21/2008)
2. Mr. Watcharakiti Watcharothai	 Directors Certification Program (DCP121/2008) R-WS-Work Shop "Developing Corporate Governance Policy" (CG Workshop#1/2009) R-WS-Work Shop "Developing and Implementing A Code of Ethics" (CG Workshop#2/2009)
3. Khun Pornthip Jala	- Directors Accreditation Program (DAP78/2009)
4. Mrs. Benja Louichareon	- Audit Committee Program (ACP27/2009)
5. Mr. Naris Chaiyasoot	- Financial Statements (FDD1/2009)
6. Mr. Chaikasem Nitisiri	- Financial Statements for Directors (FSD5/2009)
7. Mr. Chakramon Phasukavanich	- R-Forum-Director "Fraud and Corruption Risk in Economic Downturn"

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PTT not only supports directors' participation in training programs organized by IOD and other institutions through the year, but also encourages the Board to visit other agencies to accumulate experience applicable to PTT's business.

Directors' Orientation

For new directors, PTT arranges an orientation program to inform them of its business policies, capital structure, shareholding structure, business performance, information systems as well as related laws and regulations. Moreover, each director receives a 'Director's Handbook', which includes the following topics:

Director's Handbook

- 1. The Public Company Act
- 2. Securities and Exchange Act
- 3. Standard Qualifications of Directors and State Enterprise Officer Act
 - 4. Company Registration Certificate
 - 5. Company Certificate
 - 6. Company Objectives
 - 7. Company Regulations
 - 8. Company Rules (13 Rules)
 - 9. PTT Good Corporate Governance Handbook
 - 10. Guidelines for Directors of Listed Companies.

Information kit for the directors

1. Overview business presentation of PTT by the President CEO

- 2. List of directors and management structure
- 3. Information on the roles of the Board
- 4. PTT Plc Company Profile
- 5. Annual Sustainability Report
- 6. Annual Report (Thai Version) in hard copy and CD
- 7. "PTT Group Moving Forward to HPO" information kit
- 8. Business Enablement Program (BEP)
- 9. Brochure on the privatization of PTT
- 10. "PTT Spirit" monthly newsletter issued in 2008
- 11. Director fiduciary duty checklist

12. Good corporate governance principles for listed companies

13. Connected transactions of listed companies

14. Guidance on providing information for listed company management

15. Suggestions on the disclosure of information for the management of listed companies.

The President & CEO presents information about PTT in his briefing to the new directors about the policy and relevant information so that they may have a clear view of the business operation and performance. At the same time, the abovementioned documents and handbook for new directors are handed over together with a personal computer for use in studying the information before Board meetings.

It is PTT's policy to organize periodic visits to field operations for the Board to bolster their appreciation of the Company. In the past, the Board organized a trip to Canada and the US, a region with one-quarter of worldwide energy consumption and countries with the largest oil sand reserves of the world; the trip was made to learn about the policies for energy management and development of energy resources in both countries.

Succession Planning

As PTT is a state enterprise, the nomination and appointment of the President must follow the Standard Qualifications of Directors and State Enterprise Officer Act. The directors must have the qualifications as specified in Section 8 tri and the nominating procedures as specified in Section 8 guarter. The Board is to appoint a Nominating Committee with five members and be legitimately qualified to nominate persons with appropriate knowledge, capability and experience to fill the positions of PTT management. They must be legitimately qualified and cannot be PTT directors except for the management who are directors by title. They must not be older than 58 years old on the day they submitted the application form. When the Nominating Committee selects appropriate candidates, it submits the results to the authorized person to consider the appointment. The appointment must be done within one year from the day the previous management team member left the position. The hiring contract had a timeframe of up to four years each term. If the Board wishes to hire the previous management team member after the completion of his term as specified in the hiring contract, it does not have to go through the nominating process, but it cannot hire such person for more than two consecutive terms.

To prepare for the retirement of senior management team members in 2007-2012, PTT has conducted succession planning under PTT Group's policy/guidelines. A management pool has been developed, consisting of 350 management executives, and another potential pool for key areas. In 2009, PTT assigned the formulation of a group leader development project (GLDP) to lay down a succession plan for personnel when the time comes for assuming higher positions that become vacant, namely:

- President
- Senior Executive Vice President (SEVP) or equivalent
- Executive Vice President (EVP) or equivalent
- Vice President (VP) or equivalent.

Core responsible management parties and units are as follows:

- PTT Group Human Resources Management and Development Committee (PTTGMC)
- SEVP, Corporate Support
- EVP, Corporate Human Resources
- Human Resources Process Development Department.

Systems and policies have been defined for guidance, including these aspects:

- Principles and rationales
- Performance measurement
- Approaches
- Roles and duties of involved parties
- System processes.

Main procedures:

- 1. Defining for each position the business driver and success profiles
 - 2. Selection of pool members

3. Individual assessment of potential against the profiles of promoted positions, resulting in aspects needing development

4. Individual development planning and implementation, with a mentoring system designed to enable the plans to achieve targets.

Performance in 2009

Selection of SEVP pool members from EVPs

- 63 pool members

- 33 members with individual development plans and mentors assigned

- 6 pool members already promoted.

Selection of EVP pool members

- 47 pool members

- 13 members with individual development plans and mentors assigned

- 2 pool members already promoted.

Selection of VP pool members

- 54 pool members

- 25 members with individual development plans and mentors assigned

- 2 pool members already promoted.

PTT Board of Directors

Public Company Limited

Chairman, IRPC Public Company Limited





Mr. Norkun Sittiphong Chairman	Age 56	Khunying Jada Wattanasiritham Age 64 Independent Director, Chairman of the Audit Committee and Member of the Remunerative Committee
(%) Share Possession	None	(%) Share Possession None
 Educations B.Eng. (Mechanical Engineering), Chulalongkorn University, Thailand M.Sc. (Mechanical Engineering), Oregon State University, U.S.A. Ph.D. (Mechanical Engineering), Oregon State University, U.S.A. 		 Educations B.A. (Natural Sciences & Economics) Cambridge University, U.K. M.A. (Natural Sciences & Economics) Cambridge University, U.K. M.A. (Economic Development) Williams College, U.S.A.
 Certifications Diploma, The National Defense Course, National Defense College (Class of 47th), The Leadership Program, Capital Market Acader Thailand (Class of 4th), Thailand Thai Institute of Directors Association (IOD), RCP 21/2009 	my,	Certifications Thai Institute of Directors Association (IOD) DCP 2/2000, MFR 6/2008 and MIA 2/2008 Work Experiences 1999 Director and Senior Executive Vice President, Siam Commercial Bank Public Company Limited
Work Experiences1998 - 2000: Vice President, Research ar Assets Affairs, Chiang Mai I2001 - 2003: Vice President, Academic A	Jniversity	1999 - 2007 : President & Chief Executive Officer, Siam Commercial Bank Public Company Limited 2006 - Mar. 2008 : Member of the National Legislative
2001 - 2003 . Vice President, Academic A Chiang Mai University 2003 - present : Deputy Permanent Secretar Ministry of Energy		2006 - Mar. 2008 : Member of the National Legislative Assembly 2007 - Present : Director and Executive Director, Siam Commercial Bank Public Company Limited
Relevant Important Positions		Polovant Important Pacifians
Relevant Important Positions Chairman, PTT Aromatics and Refining 		Relevant Important Positions None





Mr. Chakramon Phasukavanich Age 61 Independent Director and Chairman of the Nominating Committee	Mr. Ampon Kittiampon Age 54 Independent Director, Chairman of the Remuneration Committee and Member of the Nominating Committee		
(%) Share Possession None	(%) Share Possession None		
 Educations B.A. (Economics), Chulalongkorn University, Thailand M.A. (Economics), California State University in Northridge, U.S.A. 	 Educations B.A., Kasetsart University, Thailand M.S. (Economics), Northeastern University, Boston, U.S.A. Ph.D. (Applied Economics), Clemson University, 		
 Certifications Certificate of Senior Executive Development Program (Class of 12th), Thailand Diploma, The National Defense Course, National Defense College (Class of 39th), Thailand Thai Institute of Directors Association (IOD), DAP 20/2004, FND 13/2004, ACP 14/2006, DCP 71/2006, RCP 20/2008, R-CIS 1/2008 and R-Forum 1/2009 	 Certifications Certificate of Senior Information Technology Officer (Class of 3rd), Thailand Diploma, The National Defense Course, National Defense College (Class of 45th), Thailand Thai Institute of Directors Association (IOD), DCP 80/2006 		
Work Experiences 2001 - 2002 : Secretary General, Board of Investment 2002 - 2004 : Secretary General, National Economic and Social Development Board 2006 - 2008 : Member of the National Legislative Assembly	 Work Experiences 2002 - 2003 : Deputy Permanent Secretary of the Ministry of Agriculture and Cooperatives 2003 - 2006 : Director of the National Bureau of Agriculture Commodity and Food Standards (ACFS) 2006 - 2008 : Member of the National Legislative Assembly 		
2004 - 2008 : Permanent Secretary, Ministry of Industry	Assembly 2004 - Present : Secretary General, Office of National Economic and Social Development		

Relevant Important Positions

None

2002 - 2003	•	Deputy i ermanent decretary
		of the Ministry of Agriculture
		and Cooperatives
2003 - 2006	:	Director of the National Bureau
		of Agriculture Commodity and
		Food Standards (ACFS)
2006 - 2008	:	Member of the National Legislative
		Assembly
2004 - Present	:	Secretary General, Office of National
		Economic and Social Development
		Board

Relevant Important Positions

• Director, PTT Aromatics and Refining Public Company Limited





Mr. Chaikasem Nitisiri Independent Director, Chairman of the Corporate Governance Committee	Age 61	Mr. Chulayuth Hirunyavasit Independent Director, Member of the Audit Committee and Member of the Nominating Co	Age 61 mmittee
(%) Share Possession	None	(%) Share Possession	None
 Educations LL.B. (Second Class Hons.) Chulalongkorn II Thailand Thai Barrister-at-Law LL.M., Columbia University, U.S.A. Honorary Doctor of Laws, Ramkhamhaeng II Thailand Certifications Certificate of International Procurement, Georgetown University, U.S.A. Diploma, The National Defense Course, National Defense College (Class of 38th), That High Certificate of Democratic Politics and Governance for Senior Executive Program, King Prajadhipok's Institutes (Class of 9th), T Leadership Program, Capital Market Acader Capital Market Academy (Class of 5th), Thaila Thai Institute of Directors Association (IOD), DCP 8/2001, RCP 16/2007 and FSD 5/2009 Work Experiences 2000 - 2001 : Director General, Dept. of Intellectual Property and International Trade Litigat 2001 - 2002 : Director General, Dept. of Of the Attorney General 2002 - 2003 : Director General, Dept. of Counsel, Office of the Att General 2003 - 2007 : Deputy Attorney General 	Jniversity, ailand hailand ny, and f tion Litigation	 Educations LL.B, Thammasat University, Thailand M.A. (Public Administration), Kasetsart University and the context of the second second	iland , retary,
2007 - Sep. 2009: Attorney GeneralOct. 2009 - Present: Senior Public ProsecuAdvisor to the Attorney			
Relevant Important Positions			

• Director, Thai Oil Public Company Limited



Khun Pornthip Jala Independent Director and Member of the Audit Committee	Age 60	Mr. Surachai Phuprasert Independent Director and Member of the Remuneration Committee	Age 58
(%) Share Possession	None	(%) Share Possession	None
Educations LL.B. (Hons.), Thammasat University, Thail LL.M., University of Michigan, U.S.A. 	and	Educations LL.B Faculty of Law, Thammasat University, T Certifications	Fhailand
 Certifications Diploma, The National Defense Course, National Defense College (Class of 43rd), Th Thai Institute of Directors Association (IOD FSD 3/2008 		 Diploma, The National Defense Course, National Defense College (Class of 42nd), That Certificate in Senior Executive Officers, Office of the Civil Service Commission (Class Thailand 	
Work Experiences 2000 - 2004 : Deputy Secretary-General	of the	Work Experiences 1997 - 2001 : Assistant Secretary General	
Council of State		to the Cabinet	
2006 - 2008 : Member of the National Le Assembly	gislative	2001 - 2007 : Deputy Secretary General to the Cabinet	
2004 - Present : Secretary-General of the C of State	council	2007 - Present : Secretary General to the Cab	inet
Relevant Important Positions	None	Relevant Important Positions	None





Mr. Surapon NitikraipotAge 49Independent Director,Member of the Corporate Governance Committee

(%) Share Possession

None

Educations

- Bachelor of Laws (Second Class Hons.), Thammasat University, Thailand
- Barrister at Law, Institute of Legal Training of the Bar Association of Thailand (Class of 35th)
- Diplôme d' études approfondies (D.E.A.) de droit public (Strasbourg III), France
- Doctorat de l'Université Robert Schuman de Strasbourg (mention trèshonorable), France

Certifications

- Certificate in Decentralisation and Local Government, International Institute of Public Administration, Paris, France
- Thai Institute of Directors Association (IOD), DCP 102/2008

Work Experiences

1999 - 2001	:	Head of the Public Law
		Department, Faculty of Law,
		Thammasat University
2001 - 2004	:	Dean of the Public Law
		Department, Faculty of Law,
		Thammasat University
Oct. 2006 - Mar. 2008	:	Member of National
		Legistration Assembly
2004 - Present	:	Rector of Thammasat
		University

Relevant Important Positions

None

Mr. Watcharakiti Watcharothai Age 49 Independent Director, Member of the Corporate Governance Committee

(%) Share Possession

None

Educations

- M.A. (Public Admin.), Kasetsart University, Thailand
- Master of Public Administration, Roosevelt University, IL, U.S.A.

Certifications

- Diploma, The State-Private & Political Sector Course, National Defense College (Class of 4th), Thailand
- Leadership Program, Capital Market Academy (Class of 9th), Thailand
- Thai Institute of Directors Association (IOD), DCP 121/2009

Work Experiences

2001 - 2007	:	Assistant Lord Chamberlain
2007 - Present	:	Grand Chamberlain

Relevant Important Position

None



Work Experiences

2004 - 2005	:	Governor of Phang-nga Province
2005 - 2006	:	Governor of Samutsongkhram
		Province
2006 - 2008	:	Governor of Samutprakan Province
2008 - Present	:	Director General of Department
		of Lands, Ministry of Interior

Relevant Important Positions

None

- Kellogg School of Management, U.S.A. • Diploma, The Joint State-Private Sector Course,
- National Defense College (Class of 4616), Thailand • Leadership Program, Capital Market Academy
- (Class of 8th), Thailand
- Thai Institute of Directors Association (IOD), DCP 75/2006 and ACP 27/2009

Work Experiences

2001	:	Director, Bureau of Tax Auditing,
		Revenue Department
2002	:	Director, Bureau of Large Business
		Tax Administration,
		Revenue Department
2003	:	Deputy Director-General,
		Revenue Department
2005	:	Inspector General, Office of
		Permanent Secretary for Finance
2008 - Present	:	Deputy Permanent Secretary
		of Ministry of Finance

Relevant Important Positions

None



Mr. Naris Chaiyasoot Director Age 54

(%) Share Possession

None

Educations

- B.A. (Economics) (Hons) Thammasat University, Thailand
- M.A. (Economics, English Program), Thammasat University, Thailand
- Ph.D. (Economics), University of Hawaii, U.S.A.

Certifications

- Diploma, The National Defense Course, National Defense College (Class of 39th), Thailand
- Capital Market Academy Leadership Program, Capital Market Academy (Class of 4th), Thailand
- Thai Institute of Directors Association (IOD), DAP 32/2005, FND 19/2005, DCP 82/2006 and R-CDC 3/2008

Work Experiences

1998 - 2004	:	President, Thammasat University
2004 - 2006	:	Director General, The Fiscal Policy
		Office, Ministry of Finance
2006 - 2008	:	Inspector General,
		Ministry of Finance
2008 - 2009	:	Inspector Chief General,
		Ministry of Finance
2009 - Present	t :	Deputy Permanent Secretary,
		Ministry of Finance

Relevant Important Positions

• Director, Thai Oil Public Company Limited

Mr. Pichai Chunhavajira Director

(%) Share Possession

0.000078

Age 60

Educations

- B.A. (Accounting), Thammasart University, Thailand
- M.B.A. (Business Administration), Indiana University of Pennsylvania, U.S.A.
- Honorary Doctor of Philosophy (Accounting), Thammasat University, Thailand
- Honorary Doctor of Philosophy (Financial Management), Mahasarakham University, Thailand Certifications
- Certified Auditor No. 2918
- Diploma, The Joint State Private Sector Course, National Defense College (Class of 13th), Thailand
- Leadership Program, Capital Market Academy (Class of 5th), Thailand
- Thai Institute of Directors Association (IOD), DAP 49/2006 and DCP 111/2008

Work Experiences

Oct. 2001 - Dec. 31, 2007 : Senior Executive Vice President, Corporate Finance and Accounting, PTT Public Company Limited Sep. 2003 - Dec. 2004 : Senior Executive Vice President, Corporate Finance and Accounting, Acting President, Bangchak Petroleum Public Company Limited Jan. 1, 2008 - Jun. 22, 2009 : Chief Financial Officer, PTT Public Company Limited

- Director, PTT Exploration and Production
 Public Company Limited
- Director, Bangchak Petroleum Public Company Limited
- Director, Thai Oil Public Company Limited
- Director, IRPC Public Company Limited



Mr. Prasert Bunsumpun Director and Secretary to the Board

Age 57

(%) Share Possession

0.000282

Educations

- B.Eng. (Civil Engineering), Chulalongkorn University, Thailand
- M.B.A. Utah State University, U.S.A.
- Honorary Doctor of Engineering, Chulalongkorn University, Thailand
- Honorary Doctor of Management, National Institute of Development Administration (NIDA), Thailand
- Honorary Doctor of Management Science, Petchaburi Rajabhat University, Thailand

Certifications

- Diploma, The Joint State-Private Sector Course, National Defense College (Class of 10th), Thailand
- Certificate in Advanced Management Program, Harvard Business School, U.S.A.
- High Certificate of Democratic Politics and Governance for High-Level Administrators Program (Class of 6th), King Prajadhipok's Institutes, Thailand
- Leadership Program, Capital Market Academy, Thailand (Class of 3rd), Thailand
- Thai Institute of Directors Association (IOD), DAP 26/2004

Work Experiences

Oct. 2001 - 2003 :	Senior Executive Vice President,
	Gas Business Group,
	PTT Public Company Limited
Aug. 2003 - 2007 :	President, PTT Public Company
	Limited
2007 - Mar. 2008 :	Member of National Legistration
	Assembly
2007 - Present :	President and Chief Executive
	Officer, PTT Public Company
	Limited

- Chairman, PTT Exploration and Production
 Public Company Limited
- Director, Thai Oil Public Company Limited
- Director, PTT Chemical Public Company Limited
- Director, PTT Aromatics and Refining Public Company Limited
- Director, IRPC Public Company Limited

PTT Executives



Mr. Prasert Bunsumpun President & CEO

Age 57

(%) Share Possession

0.000282

Educations

- B.Eng. (Civil Engineering), Chulalongkorn University, Thailand
- M.B.A. Utah State University, U.S.A.
- Honorary Doctor of Engineering, Chulalongkorn University, Thailand
- Honorary Doctor of Management, National Institute
 of Development Administration (NIDA), Thailand
- Honorary Doctor of Management Science, Petchaburi Rajabhat University, Thailand

Certifications

- Diploma, The Joint State-Private Sector Course, National Defense College (Class of 10th), Thailand
- Certificate in Advanced Management Program, Harvard Business School, U.S.A.
- High Certificate of Democratic Politics and Governance for High-Level Administrators Program (Class of 6th), King Prajadhipok's Institute, Thailand
- Leadership Program, Capital Market Academy (Class of 3rd), Thailand
- Thai Institute of Directors Association (IOD), DAP 26/2004

Work Experiences

Oct. 2001 - 2003	:	Senior Executive Vice President,
		Gas business Group,
		PTT Public Company Limited
Aug. 2003 - 2007	:	President, PTT Public Company Limited
2007 - Mar. 2008	:	Member of National Legistration
		Assembly
2007 - Present	:	President and Chief Executive Officer,
		PTT Public Company Limited

Relevant Important Positions

- Director, Secretary to the Board, PTT Public Company Limited
- Chairman, PTT Exploration and Production
 Public Company Limited
- Director, PTT Aromatics and Refining Public Company Limited
- Director, PTT Chemical Public Company Limited
- Director, Thai Oil Public Company Limited
- Director, IRPC Public Company Limited

(%) Share Possession

Mr. Tevin Vongvanich

Chief Financial Officer

0.000142

Age 51

Educations

- B.Eng. (Chemical Engineering) (First class honors), Chulalongkorn University, Thailand
- M.S. (Chemical Engineering) Rice University, U.S.A.
- M.S. (Petroleum Engineering) University of Houston, U.S.A.

Certifications

- Certificate of Senior Executive Program (Class of 7th), Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand
- Program for Global Leadership (PGL)/ Harvard Business School, U.S.A.
- High Certificate of Democratic Politics and Governance for High-Level Administrators Program (Class of 10th), King Prajadhipok's Institute, Thailand
- Thai Institute of Directors Association (IOD), DCP 21/2002 and FSD 6/2009
- Leadership Program, Capital Market Academy (Class of 6th), Thailand

Work Experiences

2008 - Jun. 2009	:	Senior Executive Vice President,
		Corporate Strategy & Development,
		PTT Public Company Limited (PTT)
2009	:	Chief Financial Officer and Senior
		Executive Vice President, Corporate
		Strategy, PTT
Jan. 2010 - Present	:	Chief Financial Officer,
		PTT Public Company Limited

- Director, Bangchak Petroleum Public Company Limited
- Director, PTT Aromatics and Refining Public Company Limited
- Director, PTT Chemical Public Company Limited
 Director, PTT Exploration and Production
- Director, PTT Exploration and Production Public Company Limited
- Director, PTT International Company Limited
- Director, PTT ICT Solution Company Limited



Mr. Prajya Phinyawat

Age 58

Chief Operations Officer, Downstream Petroleum Business Group and Senior Executive Vice President, Oil Business Unit

(%) Share Possession

0.000252

Educations

- B.Eng. (Civil Engineering), Chulalongkorn University, Thailand
- M.S. (Civil Engineering), Stanford University, U.S.A
- Ph.D. (Civil Engineering), University of Texas at Austin, U.S.A.

Certifications

- Diploma, The Joint State-Private Sector Course, National Defense College (Class of 15th), Thailand
- Leadership Program, Capital Market Academy (Class of 7th), Thailand
- Thai Institute of Directors Association (IOD), DCP 14/2002

Work Experiences

2001 - 2002	:	Senior Executive Vice President, Corporate Strategy and Development, PTT Public Company Limited (PTT)
2002 - 2003	:	Senior Executive Vice President,
		Corporate Support, PTT
2004 - 2007	:	Senior Executive Vice President,
		Petrochemicals & Refining Business
		Group, PTT
2008 - Present	:	Chief Operations Officer, Downstream
		Petroleum Business Group,
		Senior Executive Vice President,
		Oil Business Unit, PTT

Relevant Important Positions

- Director, PTT Aromatics and Refinering Public Company Limited
- Director, PTT Chemical Public Company Limited
- Director, Thai Oil Public Company Limited
- Director, IRPC Public Company Limited
- Chairman, PTT Asahi Chemical Company Limited
- Chairman, PTT Polymer Logistics Company Limited
- Chairman, PTT Phenol Company Limited
- Chairman, PTT Polyethylene Company Limited

Mr. Songwut Chinnawat Senior Executive Vice President,

(%) Share Possession

0.000108

Age 59

Educations

- B.Eng. (Civil Engineering), Kasetsart University, Thailand
- M.Eng. (Civil Engineering), Lamar University, Beaumont, Texas, U.S.A.

Certifications

- Certificate of Advanced Management Program, Harvard Business School, U.S.A.
- Certificate of Advanced Management Program, Banff School, Canada
- Diploma, The Joint State-Private Sector Course, National Defense College (Class of 16th), Thailand
- Thai Institute of Directors Association (IOD), DAP 35/2005

Work Experiences

1998 – 2002	:	Executive Vice President, PTT, working as General Manager, PTT Natural Gas Distribution
		Company Limited
2003 – 2009	:	Senior Executive Vice President,
		Corporate Support,
		PTT Public Company Limited (PTT)
Jan. 2010 - Feb. 2010	:	Senior Executive Vice President,
		Human Resources & Organization
		Excellence, PTT

- Director of the Board, Natural Gas Distribution **Company Limited**
- Director of the Board, Energy Complex Company Limited
- Director of the Board, PTT ICT Solution Company Limited



Mr. Permsak Shevawattananon Senior Executive Vice President, Gas Business Unit

0.000257

Age 59

Educations

(%) Share Possession

 B.Eng. (Mechanical), University of Santo Tomas Manila, Philippines

Certifications

- Certificate of Asian Executive Program (AEP), GE Management Development Institute
- Certificate of Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand
- Thai Institute of Directors Association (IOD), DCP 52/2004

Work Experiences

2004 - 2006	:	Executive Vice President, PTT, working as
		President, The Aromatics (Thailand)
		Public Company Limited (PTTAR)
2006 - 2007	:	Senior Executive Vice President, PTT,
		working as President, PTTAR
2007 - 2008	:	Senior Executive Vice President, PTT,
		working as Chief Executive Officer, PTTAR
2008 – Present	:	Senior Executive Vice President,
		Gas Business Unit, PTT Public Company
		Limited

Relevant Important Positions

- Director, PTT Aromatics and Refining
 Public Company Limited
- Director, PTT Natural Gas Distribution Company Limited
- Director, Ratchaburi Power Company Limited
- Director, Trans Thai-Malaysia (Thailand) Company Limited
- Director, Trans Thai-Malaysia (Malaysia) Company Limited

Mr. Nuttachat Charuchinda Acting Senior Executive Vice President Corporate Strategy

(%) Share Possession

0.000121

Age 54

Educations

- B.ENG (Civil Engineering), Chiang Mai University, Thailand
- M.B.A., Thammasat University, Thailand

Certifications

 Diploma, The Joint State-Private Sector Course, National Defense College (Class of 20th), Thailand

Work Experiences

2004 - 2005	:	Executive Vice President Supply
		and Logistics, PTT Public Company
		Limited (PTT)
2005 - 2009	:	Executive Vice President Natural
		Gas Vehicle, PTT
Jul. 2009 - Dec. 2009	:	Executive Vice President
		International Trading Business Unit,
		PTT
Jan. 2010 - Present	:	Acting Senior Executive
		Vice President, Corporate Strategy,
		PTT

- Director, Petro Asia (Thailand) Company Limited
- Director, Bangchak Petroleum Public Company Limited





Mr. Sukrit Surabotsopon Acting Senior Executive Vice President – Petrochemicals & Refining Business Unit

(%) Share Possession

0.000007

Age 51

Educations

 Chemical Engineering, Chulalongkorn University, Thailand

Certifications

 Thai Listed Companies Association, TLCA Executive Development Program (EDP)

Work Experiences

WOIK Experiences		
Apr. 2007	:	Assistant Managing
		Director - Business, Thai Oil Public
		Company Limited (TOP)
Jan. 2008	:	Assistant Managing Director -
		Strategic Planning & Business
		Development TOP
Feb. 2009 - Dec. 2009	:	Executive Vice President,
		Subsidiary Planing & Management
		Petrochemicals & Refining Business
		Unit, PTT Public Company Limited
Jan. 2010 - Present	:	Acting Senior Executive
		Vice President - Petrochemicals &
		Refining Business Unit, PTT

Relevant Important Positions

- Director, HMC Polymer Company Limited
- Director, Star Petroleum Refining Company Limited
- Director, Thaioil Ethanol Company Limited
- Director, Thaioil Enegy Solutions Company Limited
- Director, Thai Lube Base Public Company Limited

Mr. Chainoi Puankosoom President & CEO, PTT Aromatics and Refining Public Company Limited

(%) Share Possession

0.000175

Age 59

Educations

- Bachelor Degree in Higher Accounting California College of Commerce, U.S.A.
- Master of Management (MM) Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand

Certifications

- High Certificate of Democratic Politics and Governance for High-Level Administrators Program (Class of 6th), King Prajadhipok's Institute, Thailand
- Thai Institute of Directors Association (IOD), DAP 63/2007
- Leadership Program, Capital Market Academy (Class of 9th), Thailand

Work Experience

2005 – 2007	:	Executive Vice President, PTT Public
		Company Limited (PTT), working as
		President, Rayong Refinery
		Public Company Limited
2007 – 2008	:	Senior Executive Vice President, PTT,
		working as President, PTT Aromatics and
		Refining Public Company Limited (PTTAR)
2008 – Present	:	Senior Executive Vice President, PTT,
		working as President & CEO, PTTAR

- Director and Secretary to the Board, PTT Aromatics and Refining Public Company Limited
- Director, PTT Phenol Company Limited
- Chairman, The Refinery Industry Club, The Federation of Thai Industries Council of Trustees, Petroleum Institute of Thailand



Mr. Anon Sirisaengtaksin President & CEO, PTT Exploration and Production Public Company Limited

(%) Share Possession

0.000495

Age 57

Educations

- B.Sc. (Geology), Chulalongkorn University, Thailand
- M.B.A., Thammasart University, Thailand

Certifications

- Certificates in Project investment Appraisal and Management, and Global Leadership, Harvard University, U.S.A.
- Certificate of Leadership Program (Class 1), Capital Market Academy, Thailand
- Thai Institute of Directors Association (IOD), DAP 52/2006 and DCP 73/2006

Work Experiences

- 2002 2008 : Senior Executive Vice President Corporate
 - Strategy and Development, PTT Public Company Limited (PTT)
- Present : Senior Executive Vice President, PTT, working as President & CEO, PTT Exploration & Production Public Company Limited

Relevant Important Positions

- Director, PTT Exploration and Production
 Public Company Limited
- Chairman, Thai Listed Companies Association
- Member of the Nominating Committee, The Stock Exchange of Thailand

Mr. Veerasak Kositpaisal President & CEO, PTT Chemical Public Company Limited

(%) Share Possession

0.000018

Age 54

Educations

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

Certifications

 Thai Institutes of Directors Association (IOD), DCP 82/2006 and FND 30/2006

Work Experience

2006 - 2008	:	Executive Vice President, PTT, working as Senior Executive Vice President, Trading Business, PTT Chemical Public Company Limited (PTTCH) and Managing Director, Bangkok Polyethylene Public
		Company Limited
2008 - Oct. 2008	:	Executive Vice President,PTT, working as Senior Executive Vice President, Polymer Product Business Unit, PTTCH
Oct. 2008 - Mar. 2009	:	Executive Vice President, PTT, working as President & CEO, PTTCH
Apr. 2009 - Present	:	Senior Executive Vice President, PTT, working as President & CEO, PTTCH

Relevant Important Positions

- Director and Secretary of the Board, PTT Chemical Public Company Limited
- Director, PTT Polymer Marketing Company Limited
- Director, PTT Polyethylene Company Limited
- Director, PTT Polymer Logistics Company Limited
- Director, PTT Phenol Company Limited
- Director, Vinythai Public Company Limited
- Chairman, the Plastic Industry Club, the Federation
 of Thai Industries

Mr. Veerasak Kositpaisal



Mr. Surong Bulakul Chief Executive Officer, Thai Oil Public Company Limited

(%) Share Possession

0.000274

Age 54

Educations

- Bachelor of Science Industrial Engineering and Operations Research, Syracuse University, New York, U.S.A.
- Master of Engineering Operations Research and Industrial Engineering Cornell University, New York, U.S.A.
- Master of Business Administration, Cornell University, New York, U.S.A.

Certifications

- PMD, Harvard University, Boston, U.S.A.
- High Certificate of Democratic Politics and Governance for High-Level Administrators Program (Class of 8th), King Prajadhipok's Institute, Thailand
- Diploma, The Joint State-Private Sector Course, National Defense College (Class of 4919), Thailand

Work Experiences

2005 - 2008	:	Executive Vice President, International
		Trading, PTT Public Company Limited
		(PTT)
2008 - Sep. 2009	:	Senior Executive Vice President,
		International Trading, PTT
Oct. 2009 - Present	:	Senior Executive Vice President, PTT
		working as Chief Executive officer,
		Thai Oil Public Company Limited

Relevant Important Positions

- Director and Secretary to the Board, Thai Oil Public Company Limited
- Director, PTT Green Energy Pte. Ltd.
- Director, PTT Polymer Marketing Company Limited

(%) Share Possession

Dr. Pailin Chuchottaworn

0.000146

Age 53

Educations

President,

- B.Eng. (Chemical Engineering) (First class honors), Chulalongkorn University, Thailand
- Master of Engineering in Chemical Engineering, Tokyo Institute of Technology, Japan
- Doctor of Engineering in Chemical Engineering, Tokyo Institute of Technology, Japan

Certifications

- PTT Executive Leadership Program, GE Crotonville, U.S.A.
- NIDA Executive Leadership Program 2007, Wharton University of Pennsylvania, U.S.A.
- Industrial Liaison Program (ILP) 2005, MIT, U.S.A.
- Thai Institute of Directors Association (IOD), DAP 24/2004 and DCP 51/2004

Work Experiences

Work Experiences		
2006 - 2008	:	Executive Vice President,
		Petrochemicals & Refining Business
		Unit, PTT Public Company Limited
		(PTT), working as President of PTT
		Asahi Chemical Company Limited
2008 - Dec. 2008	:	Senior Executive Vice President,
		Petrochemicals & Refining Business
		Unit, PTT, working as President of PTT
		Polymer Marketing Company Limited,
		PTT Asahi Chemical Company Limited
Jan. 2009 - Present	:	Senior Executive Vice President, PTT,
		working as President, IRPC Public
		Company Limited

- Director and Secretary to the Board, IRPC Public Company Limited
- Director, PTT Polymer Marketing Company Limited
- Director, PTT Asahi Chemical Company Limited
- Director, Bangkok Polyethylene Public Company Limited





Mr. Maroot Mrigadat

Age 57

(%) Share Possession

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Educations

- B.S. (Petroleum Engineering) University of Texas at Austin, U.S.A.
- M.S. (Petroleum Engineering) University of Texas at Austin, U.S.A.

Certifications

- Certificate of Advance Management Program, Insead Institute, France
- Diploma, The Joint State-Private Sector Course, National Defense College (Class of 17th), Thailand
- Thai Institute of Directors Association (IOD), DAP 13/2004 and DCP 46/2004

Work Experiences

2003 - 2006 :	Executive Vice President, PTT, working
	as President, PTT Exploration and
	Production Public Company Limited
2006 - Dec. 31, 2009 :	Senior Executive Vice President, PTT,
	working at PTT Exploration
	and Production Public Company
	Limited

Relevant Important Positions

None
Positions held by the Management and Authorized Controllers of PTT Plc Subsidiaries, Associates, and Related Companies As of December 31, 2009

143 Annual Report 2009

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effining | 1 2 3 4 5 6 7 7 8 9 9 10 11 12 13 14 15 16 17 | PTT PIC PTT Exploration and Production PIC PTT Exploration and Production PIC PTT Natural Gas Distribution Co., Ltd. PTT LNG Co., Ltd. Combined Head and Power Producing Co., Ltd. Retail Business Alliance Co., Ltd. PTT (Cambodia) Co., Ltd. PTT Retail Business Co., Ltd. PTT Green Energy Pte., Ltd. Business Services Alliance Co., Ltd. PTT Polymer Marketing Ltd. PTT Polymer Logistics Co., Ltd. PTT Tank Terminal Co., Ltd. | PTT
PTTLNGD
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RBA
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SBECL
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BSA
PTTPM
PTTPL | Mr. Norkun Stitlphong | Khunying Jada Wattanasiritham | Mr. Chakramon Phasukavanich

 | Mr. Ampon Kittiampon | Mr. Chaikasem Nitisiri

 | Mr. Chulayuth Hiranyav
 | Khun Pornthip Jala | Mr. Surachai Phupra | Mr. Surapon Nitikraipot | Mr. Watcharakiti Watcharotha | Mr. Anuwat Mayteewibulwut

 | Ms. Benja Louichareon | Mr. Naris Chaiyasoot | Mr. Pichai Chunhavajira
 | × Other Prasert Bunsumpun | 🔸 💦 Mr. Tevin Vongvanich | Mr. Prajya Phinyawat | Mr. Songwut Chinnawat | - Mr. Permsak Shevawattananon | Mr. Chainoi Puankosoom | 🤞 💦 Mr. Anon Sirisaengtaksin | Mr. Veerasak Kositpaisal
 | Mr. Surong Bulakul | Mr. Pailin Chuchottaworn | Mr. Maroot Mrigadat | |
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Combined Head and Power Producing Co., Ltd.
Retail Business Alliance Co., Ltd.
PTT (Cambodia) Co., Ltd.
PTT Retail Business Co., Ltd.
Subic Bay Energy Co., Ltd.
PTT Green Energy Pte., Ltd.
Business Services Alliance Co., Ltd.
PTT Polymer Marketing Ltd.
PTT Polymer Logistics Co., Ltd.
PTT Tank Terminal Co., Ltd. | PTTEP
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Retail Business Alliance Co., Ltd.
PTT (Cambodia) Co., Ltd.
PTT Retail Business Co., Ltd.
Subic Bay Energy Co., Ltd.
PTT Green Energy Pte., Ltd.
Business Services Alliance Co., Ltd.
PTT Polymer Marketing Ltd.
PTT Polymer Logistics Co., Ltd.
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PTT (Cambodia) Co., Ltd.
PTT Retail Business Co., Ltd.
Subic Bay Energy Co., Ltd.
PTT Green Energy Pte., Ltd.
Business Services Alliance Co., Ltd.
PTT Polymer Marketing Ltd.
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Subic Bay Energy Co., Ltd.
PTT Green Energy Pte., Ltd.
Business Services Alliance Co., Ltd.
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Business Services Alliance Co., Ltd.
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Business Services Alliance Co., Ltd.
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| Others | 16 | PTT International Trading Pte. | | | |

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| - | - | Energy Complex Co., Ltd. | EnCo | | |

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| - | 17 | PTT International Co., Ltd. | PTTINTER | | |

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| | - | PTT Utility Co., Ltd. | PTTUT | | |

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| | 18 | Thaioil Power Co., Ltd. | TP | | |

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| | 19 | Independent Power (Thailand) Co., Ltd. | IPT | | |

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| - | 20 | Trans Thai-Malaysia (Thailand) Ltd. | TTM-T | | |

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| ŀ | 21 | Trans Thai-Malaysia (Malaysia) Sdn. Bhd. | TTM-M | | |

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| | 24 | Thai Lube Blending Co., Ltd. | | | |

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| - | 25 | Thai Petroleum Pipeline Co., Ltd. | THAPPLINE | | |

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| | 26 | PetroAsia (Thailand) Co., Ltd. | PA-Thai | | |

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| | 27 | Bangkok Aviation Fuel Services Plc | BAFS | | |

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| | 28 | Intoplane Services Co., Ltd. | IPS | | |

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| | 29 | Fuel Pipeline Transportation Co., Ltd. | FPT | | |

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| Oil | 30 | Vietnam LPG Co., Ltd. | VLPG | | |

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| | 31 | Keloil-PTT LPG Sdn. Bhd. | KPL | | |

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| | 32 | Petro Asia (Huizhou) Co., Ltd. | PA-Huizhou | | |

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| | 33 | Petro Asia (Maoming) Co., Ltd. | PA-Maoming | | |

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| | 34 | Petro Asia (Shantou) Co., Ltd. | PA-Shantou | | |

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| | 35 | Petro Asia (Sanshui) Co., Ltd. | PA-Sanshui | | |

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| | 36 | PTT MART Co., Ltd. | PTTMart | | |

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| | 37 | PTT Chemical Plc | PTTCH | | |

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| | 38 | PTT Aromatics and Refining Plc | PTTAR | х | |

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| | 39 | PTT Phenol Co., Ltd. | PPCL | | |

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| | 40 | Star Petroleum Refining Co., Ltd. | SPRC | | |

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| | 41 | Thai Oil Plc | TOP | | |

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| | 42 | Bangchak Petroleum Plc | BCP | | |

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| | 43 | IRPC Plc | IRPC | Х | |

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| | 44 | HMC Polymers Co., Ltd. | HMC | | |

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| | 45 | PTT Asahi Chemical Co., Ltd. | PTTAC | | |

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| | 46 | PTT Maintenance and Engineering Co., Ltd. | PTTME | | |

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| | 47 | Dhipaya Insurance Plc | TIP | | |

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| | 48 | PTT ICT Solutions Co., Ltd. | PTTICT | | |

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PA-Thai 27 Bangkok Aviation Fuel Services Plc BAFS 28 Intoplane Services Co., Ltd. IPS 29 Fuel Pipeline Transportation Co., Ltd. FPT 30 Vietnam LPG Co., Ltd. VLPG 31 Keloil-PTT LPG Sdn. Bhd. KPL 32 Petro Asia (Huizhou) Co., Ltd. PA-Huizhou 33 Petro Asia (Shantou) Co., Ltd. PA-Sanathui 34 Petro Asia (Sanshui) Co., Ltd. PA-Sanshui 35 Petro Asia (Sanshui) Co., Ltd. PA-Sanshui 36 PTT Aromatics and Refining Plc PTTAR 37 PTT Chemical Plc PTTAR 38 PTT Aromatics and Refining Co., Ltd. SPRC 41 Thai Oil Plc TOP 42 Bangchak Petroleum Plc | 22 District Cooling System and Power Plant Co., Ltd. DCAP 23 Ratchaburi Power Co., Ltd. RPCL 1 24 Thai Lube Blending Co., Ltd. TLBC 1 25 Thai Lube Blending Co., Ltd. TLHAPPLINE 1 26 PetroAsia (Thailand) Co., Ltd. PA-Thai 1 27 Bangkok Aviation Fuel Services Plc BAFS 1 28 Intoplane Services Co., Ltd. IPS 1 29 Fuel Pipeline Transportation Co., Ltd. FPT 1 30 Vietnam LPG Co., Ltd. VLPG 1 31 Keloil-PTT LPG Sdn. Bhd. KPL 1 32 Petro Asia (Maoming) Co., Ltd. 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Power for Sustainable Future



To create Power for Sustainable Future, all operational dimensions are balanced, hight performance organization, corporate social responsibility, and corporate governance as well as the balance of benefits of all stakeholders.

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It was in 2008 that PTT issued a declaration on corporate social responsibilities (CSR), for which policies, goals, directions, and work structure were developed while a framework and guidelines were outlined to ensure that the Company's CSR operation conforms to the international standards. The CSR declaration deals with good corporate governance, human rights, labor rights, environmental management, fair business, social and community development, supply chain management, product excellence, CSR reporting system and stakeholder participation. PTT's CSR operation has been better shaped ever since. Especially in 2009, PTT was able to embark on more concrete CSR programs, of which the work progress is presented in PTT Group's Social Responsibility report.



Quality, Security, Safety, Health, and Environmental (QSHE) Management for Organizational Excellence

QSHE management is one of the four management pillars on which PTT stands firmly in fostering potential development of the organization with responsibilities for the society and the environment. In this regard, PTT's management approach is presented below:

QSHE management structure

A good organizational structure and a management mechanism are vital to the efficient and effective control of risks in QSHE area, which may occur in its various activities and work processes. PTT's QSHE management structure starts from the corporate level, which is responsible for devising QSHE policies, goals, and strategies, making analyses and assessments of the Company's QSHE performance and then making regular reports for submission to PTT Management Committee (PTTMC), which comprises the President & CEO and all executive vice presidents upward. When an outstanding issue arises, PTTMC ponders it before raising it to the Board of Directors. At the operating levels, such as natural gas separation operation, natural gas transmission, and terminal operations, PTT already has in place a QSHE/SHE unit in charge of pushing forward all QSHE actions and ensure that they comply with the policies, goals and strategies. In this regard, PTT has a plan to restructure its QSHE organization to be able to respond more efficiently to the business growth and the rapidly changing situations.

QSHE Policy



PTT constantly realizes that the success and sustainable growth of the organization do not rely only on financial and operating performance, but acceptance and trust from surrounding communities and the society are equally important. PTT, therefore, is determined to do business, keeping in mind its duties and responsibilities for the country and the society at large. In this respect, PTT adheres to the QSHE policy, which says:

- Focus on enterprise-wide quality management through efficient work process in order to deliver products and services that customers are satisfied with
- Comply with the relevant laws and regulations involving quality, safety, health, and environment. Compliance with laws, moreover, must be regarded as fundamental

- Consider safety as the heart of the operation with a focus on risk management and loss control from accidents, fires, asset damage, as well as abuse of security system and ability to meet international standards
- Look after staff's occupational health and work environment to avoid accidents, injuries and occupational ailments
- Run the business with due concerns for the environment, efficient use of resources, development of the quality of life for community members, and social responsibility to attain sustainable development. To translate the policy into actions, each year the

QSHE policy will be used to draw up "Annual QSHE Goals" through analyses into both internal and external factors that affect the Company's operations. Key performance indicators, trends, environmental problems at both regional and global levels, enforcement of new laws, customer satisfaction surveys, as well as expectation from all stakeholders will be taken into account in mapping out the Annual QSHE Goals. These goals will then be used by each business unit to separately draw up their business goals, which will consequently cascade down reporting lines. Follow-ups and evaluation are also required, the results of which will be presented to the management periodically.

QSHE Management System



PTT introduced a QSHE management system of international standard in 1996 and expanded it downwards to operating sites and work processes by constantly including QSHE goals into their yearly targets. Until present, all operating sites and all major work processes are certified for ISO 9001 Quality Management, TIS 18001/OHSAS 18001 Safety and Occupational Health Management, and ISO 14001 Environmental Management, as assessed by Management System Certification Institute (Thailand) (MASCI).

% of target sites



ISO/TIS 9001 (40 target sites)

ISO/TIS 14001 (30 target sites)
 TIS 18001/OHSAS 18001 (28 target sites)

Moreover, some particular standards, similar to ISO, were applied to some operating sites with specific types of work. For example, ISO/IEC 17205 General Requirements for the Competence of Testing and Calibration Laboratories were applied to PTT's laboratories, and all of them were already certified by Thai Industrial Standards Institute (TISI). As for work areas involving security, in addition to the Company policy on organizational security standards, ISO 28000 Specifications for Security Management System for the Supply Chain have been used as guidelines for gap analysis in the natural gas transmission line and the Songkhla petroleum terminal to raise the management system to international standards.

Thailand Quality Award (TQA) Management System

PTT is determined to raise its organization potential with sustainable development to be on par with other world leading organizations. This will shore up the country's competitiveness to the global level while strengthening the national economy as a consequence. In this regard, PTT has embraced the TQA guidelines into the development of work process and overall performance. Starting from Rayong Gas Separation Plant, which received a TQA award in 2004, TQA management method was, afterwards, expanded to natural gas transmission. The Company won Total Quality Class (TOC) award for 2008 - 2009.

Moreover, PTT was selected as one of the pilot state enterprises to be assessed by the State Enterprise Performance Appraisal under State Enterprise Policy Committee (SEPO), which was adapted from the TQA management method.

In this respect, PTT TQA Roadmap and PTT Self-Assessment Report were drawn up. PTT's strategic planning process was also developed further and was successful in the TQA assessment under category 2, which involved strategic planning.

QSHE Management Tools

PTT has not only adopted QSHE management tools of international standards, but has also developed its own tools considered fit for each work area, work process, as well as products and services. In this regard, the Company focuses on building up QSHE capability and awareness among the management and staff as well as contractors. Some QSHE management tools used in PTT are described below:

QSHE Management Tools	Implementation Approach
58	All offices and operating areas that do not use TPM-JIPM
Suggestions	Everywhere
QC groups and quality management / productivity projects*	Everywhere
Total Production Maintenance and Total Productive Management under the guidelines of Japan Institute of Plant Maintenance (TPM-JIPM)	Already implemented at operating sites under the Gas Business Unit; implementation also started in terminal operations of Oil Business Unit
SHE office management*	Office units
QSHE manuals and standards for service stations (adapted from TISI's Green Label standards)	Company-owned, company-operated retail stations
Procurement of environmentally friendly supplies	Joint procurement of common goods

* QSHE tools developed by PTT



PTT Group's QSHE Management

Under PTT Group's management concept, a PTT Group QSHE Policy Committee was established in 2005 to map out the QSHE vision and mission for the group. The committee's role also covers knowledge and experiencesharing promotion.

Following the expansion of businesses under PTT Group, PTT reviewed its SHE management and set up PTT Group SHE Strategic Direction for 2009-2013 in an attempt to draw up clear strategies, forge alignment among the various businesses, find outstanding SHE issues which can respond to the highly dynamic situations and respond to business needs effectively. In this regard, three core programs were designed:

Development of PTT Group SSHE Management Standard: to be the standard that fits SSHE risk management and be practical for all activities. The business procedures in PTT Group's petroleum and petrochemical business units are considered the business administrative framework for other businesses and affiliates in PTT Group to follow.

Development of PTT Group SHE Performance Measurement and Reporting System : to be the database for raising the Company's overall operating performance and for preparing reports of safety and environment, which is part of PTT Group CSR Framework. In 2009, the SHE measurement manual and reporting form for PTT Group were designed and put into use at some pilot sites. Therefore, in 2010, the use of such documents will be expanded to all operating sites and affiliates.

Development of PTT Group Volatile Organic Compounds Management System : to support the study and data collection of the release of Volatile Organic Compounds (VOCs) by various affiliates under PTT Group located in the pollution control area of Rayong. This will be used for designing systematic strategies regarding VOC management.

In addition to the above, a "PTT Group Corporate SHE Programs Working Group" has been set up to drive all major programs towards the strategic direction.



Society, Community, and Environmental Programs

PTT's determination to create a "Sustainable Power" was continuously progressed throughout 2009. To run activities in this area, the Company stressed willingness, devotion, and continuity with an emphasis on participation from all levels to create truly mutual understanding. This would lead to idea contribution and creation of "Power For Sustainable Future", which would eventually return prosperity to participants' hometowns. Such cooperation will also be a role model of a learning society to further strengthen national development.

Sustainable Power Honors His Majesty The King

• Co - organize "The Greatest of The King The Greeting of The Land" : to honor His Majesty The King's Birthday. The event held between December 5-13, 2009 at the Dusit Palace Square with the country's first-ever exhibiting of the 4D Light & Sound exposing The King's Royal Duties by using Anantasamakom Throne Hall as the background display screen. The leading artists were also performed at the event.



• Co-organize the exhibition and competition of international fire works to honor : His Majesty The King on the auspicious occasion to celebrate The King's 84th Birthday on December 5, 2011. The event was taking place on December of 2009-2011. Thus, there were hundred of thousands of international participants.



Sustainable Power of Sharing All over Thailand

Assistance to Alleviate Hardship Caused by Natural Disasters : To ease hardship from droughts, PTT joined the Royal Thai Army in the 'Private and Public Sectors Fighting against the Drought Program' for nine consecutive years. The Company offered PTT Cash Card, which can be used for fuel purchases, and made a cash contribution to support general administration to the army. Seven hundred tons of dry ice was also donated to the 'Royal Rainmaking Project' in its 12th consecutive year to support His Majesty the King's gracious gesture to moisten the land.



At the same time, PTT arranged the relief bags to help people suffering from floods in the North and South and in need of urgent assistance. The relief bags were also distributed to local public administrative offices and the Ministry of Energy to ensure that the assistance reached the needy.

During the cold season, PTT helped people suffering from the cold weather in remote areas throughout the country fight the cold and provided warmth to people in its ongoing "84 Tambons on A Sufficient Path Project" by donating blankets via PTT's branch offices and provincial terminals. The assistance was also provided through the Senate, Royal Thai Navy, and Navy Housewives Association, government provincial offices, energy news reporters, Public Relations Department in the 'Cooperation to Fight the Cold' project, and TV Channel 9 in the 'Khao Khon, Khon Khao Ease the Cold for Children, Year 2'. PTT, in addition, received excellent cooperation from Green Globe Network in Phetchaburi, Chiang Mai, and Trat provinces, who represented PTT in giving the blankets to people suffering from the cold.

· Sharing with Communities Clinic : PTT opened a clinic to provide basic medical treatment for community people free of charge. The first such clinic was opened at Rayong Gas Separation Plant in 2003. The Company, moreover, arranged to send out medical teams from each of the Company's branch offices and terminals to visit people living around their respective areas throughout the year. In addition to providing medical assistance, the medical team was entrusted to provide community people with basic knowledge on health and promote good health among the people. Affiliates in PTT Group considered this a prime responsibility to carry out for society in order to bring a better quality of life to the people. As a result, a second clinic has now been opened, and four clinics are in the pipeline for 2010.

 Traffic Problem Relief Program : PTT donated over 25,000 fluorescent traffic cones to the National Police Office, Reserve Affairs Center, provincial offices of Land Transport Department, Priest Hospital, Veterans General hospital, and many other government offices both in Bangkok and upcountry for use to manage the traffic. PTT also provided support to the Department of Rural Roads in the construction of a U-turn road under a bridge crossing a railway on Ratchaphruek Road to ease traffic problems in that area. The U-turn road, meanwhile, will bring about higher safety standards to people using the road.



• PTT Group Road Safety Program : It is the 13th year in which PTT and the Land Transport Department jointly provided traffic training courses for drivers of younger generations to produce quality motorists. The training covers provision of knowledge of traffic laws, proper uses of fuels, engine maintenance, driving discipline and courtesy on the road. An integrated driving test was also provided on holidays to facilitate drivers. Six training sessions were arranged, three of them in Bangkok and another three in Lampang, Prachuab Kirikan, and Rayong, producing over 800 new motorists.



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• PTT Engine Tune-up Program 2009, Year 6 : In cooperation with the Ministry of Energy and the Office of Vocational Education Commission, PTT arranged a 27-point check-up program free of charge, organized in three stages. The first stage was held during March 13 - April 19, 2009 at 10 PTT stations in Nakhon Ratchasima as part of the 'Provincial Pilot Program on Energy Saving' to enhance vehicle performance, reduce pollution, and save energy while easing traffic problems during the Songkran festival. Moreover, vocational students earned some money from their onthe-job training provided by PTT. The second stage took place during July 16 - 31, 2009 at Trading and Agriculture Involvement Partnership Limited PTT service station in Muang District, Krabi. And the third was organized in Mae Hong Son and Phitsanulok. Altogether, 50 PTT stations around the country participated in the program. The program also involved provision of free engine check-ups and oil changing at special prices at 115 branches of PTT's PROCheck across the country until the end of the year.



• Support for Alcohol-free Songkran Festival : In collaboration with Don't Drive Drunk Foundation, PTT organized a caravan to promote awareness of accident reduction named 'Alcohol-free and Accident-free Songkran' on the route from the Government House to Chiang Rai province. The program was intended to raise awareness among motorists of their responsibility for society by refraining from alcohol intake while driving. The program also covered promotion on the ban of alcohol sale at service stations on April 13 to reduce risk from road accidents caused by drunk drivers. In the program, PTT supported fuels in the activity while facilitating the caravan with rest areas and clean toilets for the disabled at PTT station all the way.



• Community Enterprise Institute (CEI) Foundation : PTT, Bank for Agriculture and Agricultural Cooperatives, National Science and Technology Development Agency (NSTDA), and Village Foundation jointly established this foundation in 2002 to enhance communities' sustainable development. The project aims to raise the community's self-reliance by promoting learning processes and knowledge bases while creating core personnel at all levels. It also creates a strong network of community enterprises as a foundation of national social and economic security. During 2009, there were a total of 4,000 bachelor's degree graduates and 160 master's degree graduates from Life University, of which the curricula was jointly designed by NSTDA and four educational institutions for teaching at knowledge centers in various communities. Moreover, in 2009, 'Learning Institute for the Mass' under NSTDA was constructed to provide knowledge using the learning programs designed for the Life University Project. It is expected that the construction will be completed in 2010, and the institution can then be opened in 2011. Students, personnel from Tambon Administrative Organizations (TAOs) and municipalities, and other interested parties were welcome to assorted training provided, such as training to prepare students before university semester starts, training on particular development, training to enhance self-reliance local economy under the sufficiency economy philosophy designed for personnel from TAOs and municipalities, training in line with the Ton Kla-Archeep Project, training on community enterprises, as well as a seminar workshop for facilitators.



 Follow Your Dream on National Children's Day with PTT, Year 9 : PTT brought children from communities around its facilities, those underprivileged children under the care of Special Education Division for the Disabled Nationwide, those from Thanyaporn Home for Girls and Saeng Thian Foundation to joyful activities on National Children's Day. PTT sponsored charity organizations in cash contribution and donation of stationery items and sports equipment, and its staff also joined the event by giving gifts to children.



 Support for Charity Organizations : PTT Group made cash contributions to charity organizations under the patronage of Her Majesty Queen Sirikit and to Green World Foundation as well as Sueb Nakhasathien Foundation through the 'Pan Dao Kuen Din' (Return stars to the ground) charity concert.



• Support for 'Thailand Food Open up to Indochina and SME Family Day 2009' in Nongkhai Province : The event aimed to enhance skill development and give advice on running SMEs for people in Nongkhai province and others from the Northeast. The objective was in line with PTT's core policy on the promotion of people's quality of life and creation of lasting happiness resulting from self-reliance.



• Support for World Heritage Preservation : PTT sponsored African World Heritage Fund and South-South Cooperation on Education Fund (UNESCO) via the Ministry of Natural Resources and Environment to help activities intended for the preservation of World Heritage.



- Sustainable Power Created by the Environment around Communities
 - Reforestation Project in Honor of His Majesty the King on the 50th anniversary of his accession to the throne : Following the Planting Trees in People's Heart Project, which had created a green area of over one million rai of land and had already been presented to His Majesty the King since 2002, PTT still carried on with the Power of Forest-Lovers program with sustainability and continuity. The project was run through PTT Mu Ban Patthana (Development Village) Project, PTT Youth Loves Forest Training, Forest Firefighting Volunteer Training, and Forest Protection Volunteer Training to create forest-loving people who are strong enough to keep forest existence from generation to generation.



- Green Globe Award : Stepping into its second decade, the program still granted support for individuals, communities, and organizations who shared determination and outstanding performance on natural resources and environmental conservation and observed His Majesty the King's sufficiency economy. PTT organized the 11th Green Globe Award Contest under the theme 'Sufficiency Path, Sharing, Close Bond, Soil, Water, and Forest', which received 1,017 entries - the highest number ever. Of the number, 181 were community projects, 83 individual projects, 56 youth group projects, while 82 of them were write-ups, 602 youth compositions, and 13 media projects. All reflected the success in triggering each environmental conservationist's desire to present their different points of view. PTT granted 54 awards to winners as an encouragement and support for being role models and for having awareness of the use and conservation of natural resources while living with contentment. This is preparation for the establishment of 'Green Globe Network Institute' to achieve the goals set by the Green Globe Committee.
- Sirinart Rajini Ecosystem Learning Center : This is a source of knowledge for communities that makes local people realize the value of the mangrove forest, which is vital to their livelihood. The shades of coastal mangroves planted by Her Majesty the Queen on plots FPT 29 and FPT 29/3 in Pak Nam Pran Sub-District, Pran Buri District, Prachuap Khiri Khan, became the habitat, breeding and nursing area of various water animals, such as sword-claw crabs and blennies. The area was regarded a valuable coastal treasure ready to welcome interested persons to learn about the development of a rich mangrove forest. The area was opened daily for the public to study mangrove ecology with a community instructor or a student tour guide provided. Throughout the year, over 69,000 visitors from within and outside the neighborhood were registered. In 2009, PTT expanded the cooperation and made the project known to wider target groups outside Thailand. This included the 'International Collaboration between PTT and IUCN Project', designed to raise the potential of the Sirinart Rajini Committee in their studies of biodiversity, waste water management, community history, and youth development to conserve the mangrove forest in the Pran Buri estuary. Moreover, PTT has brought its experience concerning biodiversity and mangrove conservation collected from the Sirinart Rajini Ecosystem Learning Center for presentation to the ASEAN Conference on Biodiversity 2009, organized by ASEAN Centre for Biodiversity (ACB) and National Parks Board (NParks) during October 21 - 23, 2009 in Singapore to propagate its sustainable CSR work while being a role model for other corporations.



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• 84 Tambons on A Sufficient Path : Realizing that His Majesty the King's initiative on sufficiency economy will bring about sustainable happiness to each and every individual, PTT embraced this philosophy and integrated it into the community's way of life. Community people learned to analyze the values in themselves and values of local natural resources while realizing the need to efficiently manage the use of their natural resources and create lasting values from the natural resources they possess. PTT aimed to recruit 84 Sub-District into this project to honor His Majesty the King on His upcoming 84th Birthday Anniversary in 2011. The project started in 2007 with nine pilot Sub-Districts, and 42 were added in 2008. The project has now exceeded its target with as many as 87 Sub-Districts, comprising 898 villages, participating. Under the project, 9,456 households were selected to be 'volunteer sufficiency households', and 240 individuals were trained to be 'role models on the sufficiency path'. In addition, among the candidates from more than 30 nations world-wide, The Project won the Platts Global Energy Awards 2009 for the category of "Community Development Program of the year 2009"



 Vetiver Planting Project under the Royal Initiative : With an intention to develop vetiver into a product with added value, rather than just regarding it as a kind of 'wonder grass' which can absorb a large amount of water and is able to prevent soil erosion while helping the soil holding its natural minerals, PTT built a network of 'vetiver-lovers'. The network aims to provide knowledge about vetiver and its planting in communities while encouraging community people to make creative designs on products made from vetiver. Products made from vetiver are now available at 'Pat Pat' shop under the Chaipattana Foundation. This year, PTT carried on the 'Contest of the Development and Encouragement of the Use of Vetiver under the Royal Initiative' for the fourth consecutive year. The contest was divided into two categories: planting and planting promotion, and products from vetiver. The Company also provided workshops on product design for interested persons free of charge. The contest received a total of 437 entries for both categories.



• Princess Maha Chakri Sirindhorn Herb Garden : The garden, housing over 260 herbal plant species, has now become a new tourist attraction of Rayong and is also used as a public park for community activities and exercise. PTT, in addition, arranged a 'herb garden market' every first Saturday of each month to make this garden the center for community products. The garden is also open as a place where the general public or the youth can present their products with creative designs. Health activities, such as health talks, were held to promote the quality of life. Over 350,000 visitors were registered throughout the year, creating an income of over Baht 13.5 million for the province.



• Green Rayong : Companies in PTT Group jointly grew trees both in public parks and on plant compounds to increase green areas and create natural lungs for the better environment of Rayong. The project was a follow-up of the 'Planting Trees in People's Heart Project', part of PTT Group's hard work on forest and environmental conservation. It was the second consecutive year in which PTT Group carried on with the expansion of tree planting on two major areas. One was the area of over 780 rai, a formerly deserted forest area belonging to the Rayong Child Welfare Protection Home. The other was an area of 1,000 rai belonging to Cha-wae Cooperative Estate, Ban Khai District, Rayong. The tree planting activity was well cooperated by both the public and private sectors around Map Ta Phut and Ban Chang areas.



 Biodiversity Research Project : The second stage of the environmental research project was carried out in collaboration with Biodiversity Research and Training Program (BRT) as part of the second stage of Khanom Beach Project (2009 – 2011). The project supported the management of the knowledge base about biodiversity, which could further support the country's sustainable development. Under the project, the 'Phu Nong Pling Route for Nature Study' in Huay Kayeng Sub-District, Thong Pha Phum District, Kanchanaburi, was successfully opened as a knowledge center for nature study and ecology tourism at the community level.



Sustainable Power Built on Thai Youth Education

• PTT Scholarship Program, Year 14 : This project aimed to support and provide needy students with more opportunities to study and forge good relations with schools and communities in various areas. Target groups are students from the primary level through the lower and upper secondary levels to the university level in schools located around PTT's operating sites. For 2009, PTT allocated a total of 1,300 scholarships worth altogether Baht 4.5 million to various schools nationwide.



• Petro Camp to Petro Champ, Year 3 : This project was designed to equip the young generation in Rayong with knowledge suitable for the province's industrial development with good environmental management. A mobile exhibition was put up to pass on deep knowledge of the petrochemical industry to students in seven schools in Rayong. Sixty students were accepted to a learning camp in collaboration with King Mongkut's University of Technology Thonburi to select four of them for the scholarships to study chemical engineering to prepare Thai personnel for the country's future petrochemical development. Students selected in 2008 had already won scholarships to further their studies at the bachelor's degree level in the 2009 academic year.



 PTT Dream School Project : This ongoing project since 2004 still stressed personnel development and expansion of academic skills in the three schools under the project, namely Sadet Wana Chayangkoon Wittaya School in Lampang, Baw Rai Withayakhom School in Trat, and Bang Node School in Nakhon Si Thammarat. This year, PTT developed a manual containing the conclusion of lessons learned in the project entitled 'Creative Power, PTT Dream School' and developed training and teaching guidelines under the new curricula. The project focused particularly on the development of academic capability by encouraging each school to present its action plan to PTT. This was part of the plan to prepare pilot 'Thai Energy Schools', which will be expanded to other schools in the neighborhood of PTT branch offices across the country in 2010.



 Construction of 19th PTT Plc School Building : This project provided youths in various local areas with equal learning opportunities and teaching media. In addition to constructing a two-story building for Wat Pok Pak School in Saraburi province, the Company presented PTT's 25th 'Phalang Thai Phuea Thai' Library to Wat Ban Na School (Fin Wittayakom) in Amphoe Si Racha, Chon Buri.



• Renovation of PTT School Buildings and Libraries : PTT started the construction of school buildings and 'Phalang Thai Phuea Thai' libraries in 1993 and 1994. The project was carried on with renovation of these facilities, which were found in poor conditions and could not be fully used.



• PTT 5S Schools Project : PTT reviewed the 5S programs at five schools under the 5S network and 19 schools located along PTT gas pipeline routes, as well as 40 other schools under the 'PTT Brings Quality of Life to the Youth Project' (5S school) located around PTT oil terminals across the country. The review was intended to encourage those schools to continuously hold 5S activities to promote good habits among students while keeping a sound environment. According to project assessment during 2009, three schools received the winning awards in three categories, i.e. large, medium, and small schools. They are Rojanawit Mala Biang School from Phitsanulok, Wat Saphan School from Bangkok, and Ban Au Nam Baw from Phuket. PTT also established PTT School Seventh 5S Promotion Center at Samakkhi Rotfai School in Nakhon Ratchasima after the school had received the winning award for three consecutive years.



• PTT Youth Camp, Year 1 : This project focused on the promotion of students' energy innovation based on their basic knowledge of science. The project welcomed students with creative ideas and would screen them for the camp and the contest to win a trophy from Her Royal Highness Princess Maha Chakri Sirindhorn, as well as scholarships. From 201 entries, ten qualified for the final round of each level. For the lower secondary level, the winner was Kantharalak Wittaya School, with its natural conservation plant pot project. For the upper secondary level or equivalent (lower vocational level), the winner was Doi Luang Ratchamangala School, with its mechanical seeddropping machine project. And for the university level or equivalent (upper vocational level), the winner was Lampang Technology School (Lamp Tech) with its project on the electric fan, which consumed only a fraction of energy.



 'Planting Sharing Spirit in Our Home' Project : This project aimed to create an awareness to have a 'sharing spirit' among youths, who would grow up to be knowledgeable people and the country's future. The

film titled 'The South, Our Home', produced by Ms. Areeya Sirisoda and Ms. Nisa Kongsi, was used as the project promotional media. Creative activities from schools across the country were also welcome for presentation as an exchange of views on the path to build a 'sharing spirit' among kind-hearted people of the new generations.



• Young Financial Stars with CSR Mind : PTT joined the Stock Exchange of Thailand (SET) in the Young Financial Star Competition 2009 to provide opportunities for university students with knowledge and basic experience about financial and capital markets. Students would then become quality people equipped with sufficient knowledge for work. At the same time, they would realize their responsibility for the society and the environment and would be willing to work for the benefit of the Thai society at large. PTT supported the project with a special reward called 'PTT CSR Star Team', also called 'Young Financial Stars with CSR Mind'. 1st Thailand Energy Star Award : This was part of the activities held at the 9th ASEAN Council on Petroleum Conference and Exhibition (ASCOPE). It was an opportunity for undergraduate students to accumulate knowledge and experience by joining a quiz on energy, petroleum, alternative energy, energy technology, as well as problems resulting from energy consumption. The winning team received a plaque, scholarships, and an education trip to an offshore drilling rig. Activities in the first year were remarkably successful with 200 students from 19 schools participating.



Sustainable Energy Built on Arts and Culture

 24th PTT Art Contest : The contest was organized under the theme 'Happiness' to plant seeds of happiness in people's hearts, which would build up energy to lead a sustainable life. For the central region, PTT held the event with Silpakorn University for the 24th year. The traditional activity was also carried out in the provinces. It was the tenth year of collaboration with Chiang Mai University for the North, sixth with Thaksin University for the South, and fourth with Khon Kaen University for the Northeast.





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- Restoration and Conservation of Poo-cha drum beatings Tradition to Preserve Lanna Culture in Lampang : PTT took part in the restoration and conservation of the Poo-cha drum beatings tradition, an old drum-beating culture of Lampang which had been on the brink of extinction. By joining the Northern Association and Lampang Province Administration, PTT started the 'Wonder of Gong Poo-cha Lanna Thai' in 2002 and raised it to be one of the annual traditional events of the province. The event is held in April of each year and featured the following activities for 2009:
 - Support for the 8th Gong Poo-cha Lanna Thai Event and the 1st International Drum Festival - to publicize Lampang's Poo - cha drum beatings tradition to the world. The event was participated in by 117 Poo-cha drum processions from 13 districts which exhibited their northern drumming fashion. Moreover, a drum-beating contest, both individual and team, was organized to win a trophy from Her Majesty the Queen.



Seventh PTT Youth Camp to Conserve Poo-cha drum beatings Tradition - to bring 150 children from 13 schools in Lampang to a camp to learn about the time-honored tradition from a local drum master. The camp was held at Phra Chedi Sao Lang Temple, where PTT built a drum tower called 'Haw Gong Poo - cha, Khelang Nakhon' to remind younger generations about the importance of the Poo-cha drum history and drumming techniques. It is hoped that the children will realize the need to preserve their hometown culture. PTT also built drums for rehearsals, made from oil drums in a bid to reduce the use of wood, together with drum stands, which is a way to raise awareness of innovation among youths.



• Khuang Wattanatham Puen Ban Lanna Project -In cooperation with Lampang province, Cultural Committee of Lampang and Rajabhat University of Lampang, PTT held this activity in April and November at Haw Gong Poo-cha-Khelang Nakhon at Phra Chedi Sao Lang Temple, in Muang District, Lampang. The event aimed to make the public and youths realize their hometown's ancient tradition and appreciate the beauty of the local uniqueness, which is part of the nation's unique identity. They would thus be willing to conserve it. PTT also presented nine sets of Poo-cha drum to the province for use in cultural conservation.



Sustainable Power Built on Sports.....to build Thai national athletes

 Support the National Sports Development Fund : With an objective to enhance the readiness and strength of Thai athletes, from youth to professional levels and from provincial to national levels, PTT participated in the development of sports personnel under the '1 association, 1 state enterprise' project. PTT's support was made through the Football Association of Thailand and the Lawn Tennis Association of Thailand, both under the Royal Patronage.



- Support for the Football Association of Thailand under the Royal Patronage was made in the association's team preparation for major competitions, such as Thailand Premier League, Asian Women's Football Competition (AFC) U-20, Men's Futsal Competition, Youth football team preparation, and preparation of the national men's team for the Asian Games, as well as preparation of the Thai youth football team of players aged 20.
- Support for the Lawn Tennis Association of Thailand under the Royal Patronage was made in the athletes' capability development through various projects, such as Creating Professionals from Young Players Project, Tennis Learning Center for Thai Youths Project, National Tennis Development Center Project, Davis Cup and Fed Cup competitions, and International Competition for Female Tennis Players Project to reach world rankings.
- Continuous Support for Professional Tennis Competitions Organized in Thailand : To enhance Thai tennis players' capability and raise their standards to meet the international professional level,

PTT support was granted through three programs :

- The 5th Year of the PTT Tennis Championship The support was granted to both professional and youth levels, which comprised four PTT Junior Championship programs and two PTT championship programs.
- The 5th year of the WTA PTT Bangkok Open (Women's Professional Competition).
- The 7th Year of the ATP Thailand Open (Men's Professional Competition) – This year PTT was the major supporter. The Company also organized various additional activities for greater opportunities for the underprivileged, i.e. providing special seats for wheelchair people to watch games and holding the 'Power of the Rackets for Thai Children' project to collect unused tennis rackets and have them repaired for donation to foundations and educational institutions. The Company also held a PTT Junior Championship program to search for new tennis stars and send them to join tennis clinics with many other world-class tennis players.





- Support for Amateur Wresting Association of Thailand and Amateur Weightlifting Association of Thailand : The support was meant for boosting the will among new athletes to prepare them to bring fame to the country.
- Support for Jet Ski Association of Thailand under the Patronage of Princess Ubolratana : PTT participated in the organization of an international jet ski competition to win His Majesty the King's cup. Keen participation from athletes around the world in this competition proved Thailand's ability to organize water sport events at the international level.
- The 3rd Year Support for The Royal Trophy Golf Competition : The competition was for a trophy from His Majesty the King to promote sports competition at the international level among golfers from Europe and Asia. Leading Thai golfers joined in the Asian team.



• **PTT Golf Junior Open 2009** : The event was held at Windsor Park Golf Course to bring the capability of young Thai golfers up to the international level.

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• Support for Khon Kaen International Marathon : PTT has been a major supporter of this event for seven consecutive years to raise the standards of local sports to the international level while searching for athletes of newer generations. This was also an opportunity to make Thailand known as a venue for international sports competitions.



 3rd PTT Group Mini-Half Marathon : This activity was held to promote good health through sports. Over 2,460 runners, both Thai and foreign, participated in the event, the proceeds from which were turned into scholarships for local students as well.





The various endeavors that PTT initiated and built up to create a conservation spirit, which eventually brought about cooperation between communities and the organization, would not have been successfully materialized without PTT's own staff adhering to the same principles.

PTT therefore granted a support for the establishment of the PTT Volunteer Club, part of PTT Public Company Club, to open up opportunities for the staff of PTT and affiliates as well as their family members and the general public to voluntarily take part in social activities using their personal ability and willingness. In 2009, as many as 329 staff, former staff, family members of the staff of PTT and affiliates, as well as the public, applied for membership of the club. They participated in various activities, i.e. packing over 2,000 flood-relief bags for flood victims in the North and Northeast; presenting 1,500 cold-fighting blankets to needy people at Mae Moey National Park in Tha Song Yang District in Tak Province; vetiver planting with community people for soil and water conservation in Lam Nang Kaew Sub - District, Pak Thong Chai District, Nakhon Ratchasima Province, and in operating areas of the 84 Tambons on A Sufficiency Path Project, as well as at over 20 PTT branch offices; tree-planting activities on land and in mangrove forests at Sirinart Rajini Ecosystem Learning Center in Pran Buri District, Prachuap Khiri Khan Province, and at reforestation plots under PTT's care; construction of check dams project and vetiver planting to prevent soil collapses near water sources in Huay Kayeng Sub - District, Thong

Pha Phum District, Kanchanaburi Province; repairs of school libraries and playground items as well as modification of playground landscape at Wat Rat Sattha Tham School in Muang District, Ratchaburi Province. All volunteer members of "PTT Volunteer" club are determined and willing to sacrifice for the benefit of community livelihood. With their strong determination, each and every individual staff in PTT Group is ready to stand by the community to create happiness for community members and undertake sustainable environment conservation for the nation's future.



Recognition

In 2009, PTT garnered 53 awards and prestigious ranking from 28 institutions:

National: 20 organizations, 33 awards International: 8 organizations, 20 awards

National (20 organizations, 33 awards



No.	Presented by	Award/Ranking	Date	Criteria
1.	Department of Energy Business, Ministry of Energy	 5-star Gold Medal for the "Quality and Safe Service Stations" Project 2009: 234 stations 2008: 191 stations 	February 5, and December 15, 2009	 Four criteria are 1. Fuel quality control 2. Safety system 3. Cleanliness and hygienic control system 4. Service system and standard development in various areas
2.	Public Relations Society of Thailand	Suriyasasithorn Award PTT won best calendar and notebook award under the current social and environment category	February 18, 2009	 The best calendar award is organized yearly. PTT has won this award since 1986. The 2009 concept was "Sustainable energy of Thailand." Act Now : starts today - save right away



No.	Presented by	Award/Ranking	Date	Criteria
3.	National Quality Award Committee	Thailand Quality Class : TQC 2008 • Gas Pipeline Transmission system, Gas Business Unit	March 12, 2009	 Seven criteria are: Organizational leadership Strategic planning Customer and market orientation Knowledge testing, analysis, and management Human resource orientation Process management Hesults Same criteria as used in the US The Gas Transmission Pipeline system won the award for two consecutive years
4.	Reader's Digest Magazine	Trusted Brands 2009: Thailand's Top Brand - Platinum level for "Petroleum service stations"	March 25, 2009	 PTT received Platinum level award - the first - ever Platinum Top Brand organized by Reader's Digest PTT was the only brand awarded Thailand's Top Brand for nine consecutive years since 2001. It previously won 'Gold' awards





No.	Presented by	Award/Ranking	Date	Criteria
5.	The Thai Bond Market Association (Thai BMA)	 Best Bond Awards 2008 PTT won 2 awards : Deal of the Year Best Investor Relations Issuer 	March 27, 2009	 Deal of the Year Award - recognizing outstanding bond issuer with creativity, information transparency, success, and bond value Best Investor Relations Issuer - recognizing bond issuers with outstanding information disclosure and efficient, continual investor relations activities
6.	BrandAge Magazine	Thailand's Most Admired Brand Plus 2009 Why We Buy Award for "most trusted and most admired service stations"	March 2009	PTT was ranked #1 in all categories: prompt service, petrol quality, service stations, and design. All these factors influenced consumers' purchasing decision



No.	Presented by	Award/Ranking	Date	Criteria
7.	Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment	 EIA Monitoring Awards 2008, PTT won 3 awards for Khanom Gas Seperation Plant Surat Thani Petroleum Terminal Songkhla Petroleum Terminal 	April 9, 2009	 Awarded to workplaces that conformed to Environmental Impact Assessment (EIA) report and environmental management standard in 2008 (EIA Monitoring Awards 2008) To encourage operators in the private sector and relevant parties in the government sector and state enterprises to seriously conform to EIA monitoring reports and to be jointly responsible with each society, local authorities, and government sector in improving the quality of the local environment



No.	Presented by	Award/Ranking	Date	Criteria
8.	Thaicoon - The Company Magazine	 2009 Most Admired Company Award from ranking research of the "Annual Most Trusted Thai Company 2009" PTT won 3 awards are: No. 1 for The Best of Management No. 1 for The Best of the Group in Energy Sector No. 2 for The Best of CSR 	April, 2009	Thaicoon - The Company is a monthly magazine recognized nationwinde for over 12 years that organized the Corporate Existence Indicators.
9.	Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment	An outstanding award on Promotion of Biodiversity Conservation	May 22, 2009	Conferred at the Biodiversity Conservation event to celebrate the International Day of Biological Diversity.



No.	Presented by	Award/Ranking	Date	Criteria
10.	Department of Alternative Energy Development and Efficiency, Ministry of Energy	Thailand Energy Awards 2009 • Alternative Energy: 1 st honorable mention award in renewable energy connecting to the electricity transmission line (On - Grid)	May 23, 2009	 Thailand Energy Awards 2009 was classified under two categories, namely energy conservation and alternative energy, with 137 contestants PTT joined the contest with its renewable service station project on Bang Na - Trat Highway in Samut Prakan - and was the first and only service station to receive this award
11.	Ministry of Labour	National Outstanding Business Operator in Safety, Occupational Health, and Work Environment Award • 25 operation sites awarded in the 23 rd Occupational Safety and Health Week	July 2, 2009	Awarded to workplaces with international standards for management and operation of safety, occupational health, and work environment, and compliance with legal requirements



No.	Presented by	Award/Ranking	Date	Criteria
12.	Thailand Management Association (TMA), with Sasin Graduate Institute of Business Administration	Two awards bestowed by HRH Princess Maha Chakri Sirindhorn: "Thailand Corporate Excellence Awards 2008," PTTT won 2 awards are: • Corporate Social Responsibility, for the sixth year • Leadership Excellence, for the third consecutive year	July 26, 2009	 Based on an opinion survey among 412 senior executives of 1,000 leading companies in Thailand, among which 14 companies were nominated for the Corporate Excellence Award Based on eight areas of excellence as a role model and a benchmark for other organizations for further development



No.	Presented by	Award/Ranking	Date	Criteria
13.	Ministry of Finance	Outstanding State Enterprise Awards 2009, PTT won 2 award are: • Best State Enterprise of the Year : Best of the Best • Outstanding Leadership Award	August 20, 2009	 Best State Enterprise of the year (in all categories) This is the most prestigious award covering 7 categories : best state enterprise board of directors, best organizational management, best leadership, best social and environmental operations, best service, best innovation, and best organization restructuring Best leadership award (new category in 2009), based on the top management team who were successful in creating a long-term value with a long-term vision



No.	Presented by	Award/Ranking	Date	Criteria
14.	Management System Certification Institute (Thailand) (MASCI) Department of Industrial Works, with the Management	Certifications on management system standards, PTT won 3 awards are: • ISO 18001/OHSAS 18001 for Occupational Health and Safety Standard for 20 workplaces • ISO 9001 Standard of Quality Management System for eight standard scopes • ISO 4001 Standard of Environmental Management System for four standard scopes CSR - DIW award (Corporate Social Responsibility, Department of	September 21, 2009 September 22, 2009	 PTT is the energy company with the highest number of certifications nationwide for its management systems Khanom Gas Separation Plant joined the CSR promotion project which
	System Certification Institute (Thailand) (MASCI)	Industrial Works)		 encourages operators to conduct CSR activities as follows: 1. Corporate Governance 2. Human Rights 3. Labor Treatment 4. Environment 5. Business Ethics 6. Consumer Issue 7. Social Development



No.	Presented by	Award/Ranking	Date	Criteria
16.	Securities Analysts Association	Most admired management of listed companies for the analysts, PTT won 2 awards are: • Mr. Prasert Bunsumpun, Chief Executive Officer • Mr. Pichai Chunhavajira, Chief Financial Officer, Energy & Petrochemicals sector	October 21, 2009	Securities analysts voted for the top management who provide the most correct, transparent, and useful information to investors and the development of the Thai capital markets
17.	Stock Exchange of Thailand (SET), with Finance & Banking Magazine	 SET Awards 2009, PTT won 2 awards are: Top Corporate Governance Report Awards IR Excellence Awards 	November 13, 2000	 Based on a compilation of practices by listed, securities, and mutual fund management companies, and outstanding people (both operation and management) for 2008 In 2009, PTT was introduced to the Hall of Fame for maintaining a top company in different areas, namely an SET Award for three consecutive years since 2008 (CSR Awards won in 2008)





No.	Presented by	Award/Ranking	Date	Criteria
18.	Thai Institute of Directors Association (IOD), with Stock Exchange of Thailand (SET), The Thai Chamber of Commerce, The Federation of Thai Industries, The Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations	 Board of the Year Awards 2008/2009, PTT won 3 awards are: Board of The Year for Exemplary Practices for 2008/2009 Board With Consistent Best Practices) - Hall of Fame Audit Committee of The Year 	November 26, 2009	 Conferred at the 2008/ 2009 Board of the Year Awards, organized every other year since 2003 Based on companies who garner four symbols upward from the National Corporate Governance Committee under the Corporate Governance Report of Thai Listed Companies 2008. Shortlisted companies must submit the documents to IOD for use in an interview with the Board of Directors



No.	Presented by	Award/Ranking	Date	Criteria
19.	Engineering Institute of Thailand	ASEAN Outstanding Engineering Achievement Contribution Award, presented to Mr. Prasert Bunsumpun	December 2, 2009	 Conferred at the 27th Conference of ASEAN Federation of Engineering Organizations in Singapore Recognized as a key contributor to the engineering industry based on career and achievements in the engineering field Recognized as a successful executive offering social support in raising the quality of life; having good planning and problem - solving skills; and being a pioneer in introducing innovation and creativity

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No.	Presented by	Award/Ranking	Date	Criteria
20.	Stock Exchange of Thailand (SET), and Securities and Exchange Commission (SEC), with Thai Institute of Directors Association (IOD)	'Excellent' ranking in the 2009 Survey of Good Corporate Governance of Listed Companies	January 6, 2009	 Ranked among 52 companies with 'excellent' scores A total of 290 listed companies joined the survey under the five OECD criteria on corporate governance: Shareholders' rights Equitable treatment of shareholders Regard for stakeholders' roles Disclosure and transparency Responsibility of the Board of Directors



International (8 institutions, 20 awards)

No.	Presented by	Award/Ranking	Date	Criteria
1.	Fortune Global 500 Magazine	Ranked 118 th among the world's 500 largest companies • No. 135 in 2008 • No. 207 in 2007 • No. 265 in 2006 • No. 373 in 2005 • No. 456 in 2004	No. 14, August 24, 2009	 Based on revenue and profit generated in 2008 PTT remained the sole Thai company among the top 500
2.	Corporate Governance Asia Magazine, Hong Kong-based	Recognition Awards 2009, The Best of Asia	June 26, 2009 Volume 6 Number 2 April/May/June 2009	 Based on Companies with Excellent Corporate Governance in each Asian countries under the following criteria: Recognition of publicly outstanding CG performance Participation in activities directly related to the promotion of CG practices over the past 12 months Outstanding operation improvement of CG No company ranking provided out of 31 Asian recipients. PTT was among the three Thai-company recipients along with K-Bank and SCB This was the fourth consecutive year in which PTT was named to the award

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No.	Presented by	Award/Ranking	Date	Criteria
3.	FinanceAsia Magazine	 2009 Best Companies in Asia, PTT won 6 awards are : Ranked 2nd in Thailand in three categories: Best Managed Company Best Corporate Governance Best CFO (Mr. Pichai Chunhavajira) Ranked 3rd in Thailand in two categories: Best Investor Relations Most Committed to a Strong Dividend Policy Ranked 5th in Thailand in Best Corporate Social Responsibility 	September 23, 2009	Chosen from widely accepted companies in each country and based on an opinion survey among Asia's fund managers, analysts, and leading financial experts

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No.	Presented by	Award/Ranking	Date	Criteria
4.	The Wall Street Journal	Asia's 200 Most Admired Companies: PTT was ranked in two categories: 1. Ranked 1 st for Thailand's Long-term vision 2. Ranked 2 st in Thailand's Top 10	October 29, 2009	 Based on the "Asia 200 Survey" voted by top management of leading companies in Asia in the following areas: Innovation Long-term vision Quality Corporate reputation Financial reputation



No.	Presented by	Award/Ranking	Date	Criteria
5.	Forbes Magazine	Forbes Asia's Fabulous 50 Ranking	October 2009	 PTT was the only company in Thailand ranked by the magazine Based on 50 best largest listed companies in Asia Pacific with the following criteria: Being a company with a minimum revenue or stock value of US\$ 3 billion Strong business performance and financial standing, based on sales revenue, income growth, stock price change, projected operating revenue, and long-term profit Based on considerations concerning transparency, accountancy and status in each country, and corporate management capability



No.	Presented by	Award/Ranking	Date	Criteria
6.	Platts	 6.1 Platts Top 250 Global Energy Company Rankings and Asia Leadership Awards 2009, PTT won 6 awards are: Ranked 46th for overall Global Performance Ranked 8th for overall Performance in Asia Ranked 29th for integrated Oil & Gas Globally Ranked 3rd for integrated Oil & Gas in Asia Ranked 34th for Top 50 Fastest-Growing Global Companies Ranked 5th for Fastest- Growing Asian Companies 6.2 Platts Global Energy Award 2009 Community Development Program of the Year 	November 16, 2009	 Ranking of Leading Energy Company Based on assets, income/ sales revenue, net profits, and rate of return in the past year This is one of the most prestigious and best- known awards worldwide in the energy industry PTT won the first prize among 30 contestants worldwide from its "84 Tambons on A Sufficient Path Project", a project which follows His Majesty the King's royal initiatives on sufficiency economy





No.	Presented by	Award/Ranking	Date	Criteria
7.	Investor Relations Magazine	Best Investor Relations by Thai Company 2009 Award	December 10, 2009	Based on a survey of analysts and institutional investors in Southeast Asian countries
8.	The Asset Magazine	The Asset Triple A Award 2009: Platinum Corporate Awards	December 2009	 Based on an opinion survey of leading worldwide institutional investors in Asia-based stock markets Based on five categories: three-year financial performance, CG, CSR, environmental responsibility, and investor relations PTT was among 20 companies receiving Platinum Awards of excellence in all areas PTT was the only Thai company with a better ranking this year



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