



(TRANSLATION)  
AUDITOR'S REPORT

**TO: THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED**

The Office of the Auditor General of Thailand has audited the accompanying consolidated balance sheets of PTT Public Company Limited and its subsidiaries and the balance sheets of PTT Public Company Limited as at December 31, 2010 and 2009, and the related consolidated and the separate statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits and other auditors' reports. The financial statements of subsidiaries abroad, subsidiaries arising from jointly invested between PTT Public Company Limited and subsidiaries or others, jointly controlled entities which are jointly invested between PTT Public Company Limited and others, and jointly invested between subsidiaries and others were audited by other auditors and included in the consolidated financial statements. The Office of the Auditor General of Thailand received other auditors' reports and used them as a basis in auditing and expressing an opinion on the consolidated financial statements. As at December 31, 2010, assets and liabilities of the above subsidiaries and jointly controlled entities included in the consolidated financial statements constitute 34.64% and 33.80% and as at December 31, 2009 constitute 23.95% and 12.63%, respectively.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General of Thailand believes that the audits together with other auditors' reports as above - mentioned provide a reasonable basis for the opinion.



In the opinion of the Office of the Auditor General of Thailand based on the audits and the other auditors' reports, the consolidated and the separate financial statements referred to above present fairly, in all material respects, the financial position of PTT Public Company Limited and its subsidiaries and of PTT Public Company Limited as at December 31, 2010 and 2009, and the results of operations, and the cash flows for the years then ended in accordance with generally accepted accounting principles.

(Signed) *Pongchomnad Jariyajinda*  
(Pongchomnad Jariyajinda)  
Inspector General

(Signed) *Doungporn Muennuch*  
(Doungporn Muennuch)  
Director of Audit Office

## (TRANSLATION)

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		(Restated)			
<b>Unit : Baht</b>					
<u>Assets</u>					
<b>Current Assets</b>					
Cash and cash equivalents	3	135,631,977,083	104,055,909,064	61,311,017,827	42,768,035,920
Current investments	4	21,783,590,159	8,802,924,494	20,891,870,129	8,041,743,335
Trade accounts and notes receivable - others, net	5.1	83,430,859,347	85,898,364,829	68,946,825,353	66,707,536,835
Trade accounts receivable - related parties, net	6.1	56,902,054,391	42,918,365,875	79,226,807,419	54,214,177,049
Other accounts receivable, advances and short-term loans - related parties, net	6.2	989,520,255	1,002,120,492	2,268,776,157	22,814,871,715
Other accounts receivable and short-term loans -others, net	5.2	13,126,525,123	19,040,788,945	8,942,231,471	11,671,241,406
Inventories	7	31,268,568,548	13,118,686,962	8,607,545,552	6,357,047,383
Materials and supplies, net	8	11,841,117,113	11,404,241,450	3,494,039,418	2,897,160,514
Other current assets	9	9,366,674,324	7,909,822,154	2,647,967,869	2,785,552,176
<b>Total Current Assets</b>		<b>364,340,886,343</b>	<b>294,151,224,265</b>	<b>256,337,081,195</b>	<b>218,257,366,333</b>
<b>Non-current Assets</b>					
Investments in associates	10.3,10.4	206,525,344,976	194,073,417,946	115,259,730,449	112,588,161,989
Investments in subsidiaries	10.4	-	-	45,045,196,213	41,499,663,713
Investments in jointly controlled entities	10.4	-	-	22,067,622,412	19,949,493,037
Other long-term investments, net	11	15,769,954,045	10,504,068,248	14,329,417,209	9,230,291,118
Other accounts receivable, advances and long-term loans - related parties, net	6.3	7,628,832,214	7,138,570,128	57,180,249,770	26,570,832,355
Property, plant and equipment, net	12	526,796,086,972	474,586,637,994	218,120,985,294	204,475,563,989
Intangible assets, net	13	18,943,328,168	19,634,199,952	13,996,271,502	14,174,294,615
Mining properties, net	14	32,699,297,892	34,007,251,077	-	-
Goodwill, net	15	17,506,128,753	17,381,942,332	-	-
Deferred tax assets	16.2	15,234,492,023	10,063,537,926	1,281,549,539	1,468,709,559
Advance payments for gas purchased	17	7,803,794,253	16,735,195,112	9,743,471,589	19,343,932,390
Other non-current assets	18	35,899,369,552	24,268,122,187	18,204,454,602	17,110,117,805
<b>Total Non-current Assets</b>		<b>884,806,628,848</b>	<b>808,392,942,902</b>	<b>515,228,948,579</b>	<b>466,411,060,570</b>
<b>Total Assets</b>		<b>1,249,147,515,191</b>	<b>1,102,544,167,167</b>	<b>771,566,029,774</b>	<b>684,668,426,903</b>

The accompanying notes are an integral part of these financial statements

## (TRANSLATION)

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

Unit : Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009 (Restated)	2010	2009
<b><u>Liabilities and Shareholders' Equity</u></b>					
<b>Current Liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	19	8,593,725,864	4,144,874,528	-	-
Trade accounts payable - others		101,020,218,193	69,459,027,949	88,085,331,868	61,374,072,538
Trade accounts payable - related parties	6.4	36,127,742,403	32,522,647,036	48,103,919,081	42,677,690,094
Other accounts payable and short-term loans - related parties	6.5	1,042,239,990	651,906,148	5,124,728,260	1,677,289,432
Other accounts payable - others		10,851,997,059	9,843,321,705	5,941,788,878	6,074,102,370
Current portion of long-term loans	21	28,562,271,813	33,934,492,782	27,195,263,165	16,113,225,356
Other short-term loans		7,944,731,692	2,814,771,131	-	-
Income tax payable		27,223,850,369	26,438,062,903	4,097,666,956	5,746,472,475
Accrued expenses		40,295,031,393	37,788,087,394	17,194,328,688	11,298,655,158
Short-term provision for decommissioning costs	22	3,753,368,530	661,198,822	-	-
Other current liabilities	20	5,079,536,648	3,959,715,379	3,203,738,429	2,678,267,762
<b>Total Current Liabilities</b>		<b>270,494,713,954</b>	<b>222,218,105,777</b>	<b>198,946,765,325</b>	<b>147,639,775,185</b>
<b>Non-current Liabilities</b>					
Other long-term accounts payable - related parties	6.6	705,231,528	738,750,432	719,431,654	763,107,926
Long-term loans	21	342,426,838,966	320,953,645,998	239,630,439,808	241,602,219,402
Deferred tax liabilities	16.2	30,408,573,763	28,690,041,692	6,319,413,316	5,270,194,680
Long-term provision for decommissioning costs	22	22,037,378,744	22,894,700,562	-	-
Deposits on LPG cylinders		6,038,460,073	5,480,863,503	6,038,460,073	5,480,863,503
Other non-current liabilities	23	5,723,743,820	3,477,467,157	4,528,347,473	2,734,358,750
<b>Total Non-current Liabilities</b>		<b>407,340,226,894</b>	<b>382,235,469,344</b>	<b>257,236,092,324</b>	<b>255,850,744,261</b>
<b>Total Liabilities</b>		<b>677,834,940,848</b>	<b>604,453,575,121</b>	<b>456,182,857,649</b>	<b>403,490,519,446</b>

The accompanying notes are an integral part of these financial statements

## (TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 BALANCE SHEETS  
 AS AT DECEMBER 31, 2010 AND 2009

Unit : Baht

Notes	Consolidated financial statements		Separate financial statements	
	2010	2009 (Restated)	2010	2009
<b>Liabilities and Shareholders' Equity (Continued)</b>				
<b>Shareholders' Equity</b>				
Share capital				
Authorized share capital				
2,857,245,725 ordinary shares of Baht 10 each	24.1	28,572,457,250	28,572,457,250	28,572,457,250
Issued and paid-up share capital				
2,849,042,025 ordinary shares of Baht 10 each	24.2	28,490,420,250	28,490,420,250	
2,833,784,825 ordinary shares of Baht 10 each	24.2		28,337,848,250	28,337,848,250
Premium on share capital				
Premium on ordinary shares	24.2	27,585,429,566	24,552,672,966	27,585,429,566
Surplus on dilution of investments in subsidiaries and associates		4,057,538,785	3,874,472,799	-
Unrealized gain on available-for-sale securities		4,027,988,463	1,289,186,137	3,847,769,253
Currency translation differences		(2,539,853,297)	(1,341,442,169)	-
Retained earnings				
Appropriated				
Legal reserve	25.1	2,857,245,725	2,857,245,725	2,857,245,725
Reserve for self-insurance fund	25.2	1,005,090,857	988,613,104	1,005,090,857
Unappropriated		425,441,191,930	368,621,344,561	251,597,216,474
Total equity attributable to equity holders of the Company		490,925,052,279	429,179,941,373	315,383,172,125
Minority interests		80,387,522,064	68,910,650,673	-
<b>Total Shareholders' Equity</b>		<b>571,312,574,343</b>	<b>498,090,592,046</b>	<b>315,383,172,125</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,249,147,515,191</b>	<b>1,102,544,167,167</b>	<b>684,668,426,903</b>

The accompanying notes are an integral part of these financial statements

(Signed) Prasert Bunsumpun  
 (Prasert Bunsumpun)  
 President & Chief Executive Officer

(Signed) Tevin Vongvanich  
 (Tevin Vongvanich)  
 Chief Financial Officer

## (TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009**

	Notes	Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Sales and services	27	1,900,004,560,249	1,586,174,455,553	1,758,750,604,497	1,466,999,581,525
Cost of sales and services	29	1,729,237,615,739	1,438,463,906,465	1,693,908,905,475	1,411,692,919,090
<b>Gross Margin</b>		<b>170,766,944,510</b>	<b>147,710,549,088</b>	<b>64,841,699,022</b>	<b>55,306,662,435</b>
Other income	28	13,006,284,740	12,454,047,196	31,041,296,773	27,225,743,263
<b>Income before Expenses</b>		<b>183,773,229,250</b>	<b>160,164,596,284</b>	<b>95,882,995,795</b>	<b>82,532,405,698</b>
Selling expenses	29	11,275,027,262	12,637,811,778	10,172,461,367	11,975,623,241
Administrative expenses	29	24,196,854,133	22,322,701,854	15,285,235,445	13,258,367,095
Executive remuneration	6.10	697,072,344	508,339,218	119,511,347	120,699,667
Petroleum exploration expenses		2,751,686,375	7,377,274,117	-	-
Petroleum royalties and remuneration	30	18,678,623,509	15,458,429,872	-	-
Other expenses	31	1,941,481,813	9,085,875,964	-	-
Gain on foreign exchange		(11,855,366,600)	(4,682,721,605)	(9,234,428,110)	(4,995,186,748)
<b>Operating Income</b>		<b>136,087,850,414</b>	<b>97,456,885,086</b>	<b>79,540,215,746</b>	<b>62,172,902,443</b>
Share of net income from investments in associates	32	18,992,416,221	18,766,827,008	-	-
<b>Income before Finance Costs &amp; Taxes</b>		<b>155,080,266,635</b>	<b>116,223,712,094</b>	<b>79,540,215,746</b>	<b>62,172,902,443</b>
Finance costs	33	16,043,131,946	14,218,997,769	12,243,203,492	11,193,202,954
<b>Income before Taxes</b>		<b>139,037,134,689</b>	<b>102,004,714,325</b>	<b>67,297,012,254</b>	<b>50,979,699,489</b>
Income taxes	16.1	39,107,092,794	33,314,763,557	12,720,070,270	11,329,078,799
<b>Net Income</b>		<b>99,930,041,895</b>	<b>68,689,950,768</b>	<b>54,576,941,984</b>	<b>39,650,620,690</b>
<b>Attributable to:</b>					
Equity holders of the Company		83,087,719,301	59,547,585,885	54,576,941,984	39,650,620,690
Minority interests		16,842,322,594	9,142,364,883	-	-
		<b>99,930,041,895</b>	<b>68,689,950,768</b>	<b>54,576,941,984</b>	<b>39,650,620,690</b>
Basic earnings per share attributable to the equity holders of the Company	26	29.26	21.06	19.22	14.03
Diluted earnings per share attributable to the equity holders of the Company	26	29.19	20.95	19.20	14.02

The accompanying notes are an integral part of these financial statements

(TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009**  
**CONSOLIDATED FINANCIAL STATEMENTS**

Total parent's shareholders' equity											
Notes	Issued and paid-up share capital	Premium on share capital	Surplus on dilution of investments	Unrealized gain(loss) on available-for-sale securities	Currency translation differences	Retained earnings			Total equity attributable to equity holders of the Company	Minority interests	Total equity
						Legal reserve	Reserve for self-insurance fund	Unappropriated			
<b>Balance as at January 1, 2009</b>	<b>28,240,566,250</b>	<b>22,801,956,166</b>	<b>3,862,091,917</b>	<b>(398,161,828)</b>	<b>(817,508,878)</b>	<b>2,857,245,725</b>	<b>963,259,666</b>	<b>326,069,102,279</b>	<b>383,578,551,297</b>	<b>46,956,950,806</b>	<b>430,535,502,103</b>
Currency translation differences	-	-	-	-	(523,933,291)	-	-	-	(523,933,291)	(996,666,596)	(1,520,599,887)
Unrealized gain on available-for-sale securities	-	-	-	1,687,347,965	-	-	-	-	1,687,347,965	-	1,687,347,965
Surplus on dilution of investments in subsidiaries and associates	-	-	12,380,882	-	-	-	-	-	12,380,882	(91,462,989)	(79,082,107)
<b>Total revenues (expenses) recognized in equity</b>	<b>-</b>	<b>-</b>	<b>12,380,882</b>	<b>1,687,347,965</b>	<b>(523,933,291)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,175,795,556</b>	<b>(1,088,129,585)</b>	<b>87,665,971</b>
Reserve for self-insurance fund	25.2	-	-	-	-	-	25,353,438	(25,353,438)	-	-	-
Net income	-	-	-	-	-	-	-	59,547,585,885	59,547,585,885	9,142,364,883	68,689,950,768
<b>Total revenues (expenses) recognized in the period</b>	<b>-</b>	<b>-</b>	<b>12,380,882</b>	<b>1,687,347,965</b>	<b>(523,933,291)</b>	<b>-</b>	<b>25,353,438</b>	<b>59,522,232,447</b>	<b>60,723,381,441</b>	<b>8,054,235,298</b>	<b>68,777,616,739</b>
Dividends paid	-	-	-	-	-	-	-	(16,969,990,165)	(16,969,990,165)	(4,810,387,103)	(21,780,377,268)
Issued and paid-up share capital	24.2	97,282,000	-	-	-	-	-	-	97,282,000	25,978,925	123,260,925
Premium on share capital	24.2	-	1,750,716,800	-	-	-	-	-	1,750,716,800	361,559,560	2,112,276,360
Business acquisitions	-	-	-	-	-	-	-	-	-	18,322,313,187	18,322,313,187
<b>Balance as at December 31, 2009</b>	<b>28,337,848,250</b>	<b>24,552,672,966</b>	<b>3,874,472,799</b>	<b>1,289,186,137</b>	<b>(1,341,442,169)</b>	<b>2,857,245,725</b>	<b>988,613,104</b>	<b>368,621,344,561</b>	<b>429,179,941,373</b>	<b>68,910,650,673</b>	<b>498,090,592,046</b>
<b>Balance as at January 1, 2010</b>	<b>28,337,848,250</b>	<b>24,552,672,966</b>	<b>3,874,472,799</b>	<b>1,289,186,137</b>	<b>(1,341,442,169)</b>	<b>2,857,245,725</b>	<b>988,613,104</b>	<b>368,621,344,561</b>	<b>429,179,941,373</b>	<b>68,910,650,673</b>	<b>498,090,592,046</b>
Currency translation differences	-	-	-	-	(1,198,411,128)	-	-	-	(1,198,411,128)	(1,490,439,702)	(2,688,850,830)
Unrealized gain on available-for-sale securities	-	-	-	2,738,802,326	-	-	-	-	2,738,802,326	-	2,738,802,326
Surplus on dilution of investments in subsidiaries and associates	-	-	183,065,986	-	-	-	-	-	183,065,986	(7,136,289)	175,929,697
<b>Total revenues (expenses) recognized in equity</b>	<b>-</b>	<b>-</b>	<b>183,065,986</b>	<b>2,738,802,326</b>	<b>(1,198,411,128)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,723,457,184</b>	<b>(1,497,575,991)</b>	<b>225,881,193</b>
Reserve for self-insurance fund	25.2	-	-	-	-	-	16,477,753	(16,477,753)	-	-	-
Net income	-	-	-	-	-	-	-	83,087,719,301	83,087,719,301	16,842,322,594	99,930,041,895
<b>Total revenues (expenses) recognized in the period</b>	<b>-</b>	<b>-</b>	<b>183,065,986</b>	<b>2,738,802,326</b>	<b>(1,198,411,128)</b>	<b>-</b>	<b>16,477,753</b>	<b>83,071,241,548</b>	<b>84,811,176,485</b>	<b>15,344,746,603</b>	<b>100,155,923,088</b>
Dividends paid	36	-	-	-	-	-	-	(26,251,394,179)	(26,251,394,179)	(4,599,680,415)	(30,851,074,594)
Issued and paid-up share capital	24.2	152,572,000	-	-	-	-	-	-	152,572,000	4,886,900	157,458,900
Premium on share capital	24.2	-	3,032,756,600	-	-	-	-	-	3,032,756,600	398,263,500	3,431,020,100
Business acquisitions	-	-	-	-	-	-	-	-	-	328,654,803	328,654,803
<b>Balance as at December 31, 2010</b>	<b>28,490,420,250</b>	<b>27,585,429,566</b>	<b>4,057,538,785</b>	<b>4,027,988,463</b>	<b>(2,539,853,297)</b>	<b>2,857,245,725</b>	<b>1,005,090,857</b>	<b>425,441,191,930</b>	<b>490,925,052,279</b>	<b>80,387,522,064</b>	<b>571,312,574,343</b>

The accompanying notes are an integral part of these financial statements

## (TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009  
 SEPARATE FINANCIAL STATEMENTS

Unit : Baht

Notes	Issued and paid-up share capital	Premium on share capital	Unrealized gain(loss) on available-for-sale securities	Retained earnings			Total equity
				Legal reserve	Reserve for self-insurance fund	Unappropriated	
<b>Balance as at January 1, 2009</b>	28,240,566,250	22,801,956,166	(509,353,021)	2,857,245,725	963,259,666	200,632,869,335	254,986,544,121
Unrealized gain on available-for-sale securities	-	-	1,662,734,011	-	-	-	1,662,734,011
<b>Total revenues recognized in equity</b>	-	-	<b>1,662,734,011</b>	-	-	-	<b>1,662,734,011</b>
Reserve for self-insurance fund	25.2	-	-	-	25,353,438	(25,353,438)	-
Net income	-	-	-	-	-	39,650,620,690	39,650,620,690
<b>Total revenues recognized in the period</b>	-	-	<b>1,662,734,011</b>	-	<b>25,353,438</b>	<b>39,625,267,252</b>	<b>41,313,354,701</b>
Dividends paid	-	-	-	-	-	(16,969,990,165)	(16,969,990,165)
Issued and paid-up share capital	24.2	97,282,000	-	-	-	-	97,282,000
Premium on share capital	24.2	-	1,750,716,800	-	-	-	1,750,716,800
<b>Balance as at December 31, 2009</b>	<b>28,337,848,250</b>	<b>24,552,672,966</b>	<b>1,153,380,990</b>	<b>2,857,245,725</b>	<b>988,613,104</b>	<b>223,288,146,422</b>	<b>281,177,907,457</b>
<b>Balance as at January 1, 2010</b>	<b>28,337,848,250</b>	<b>24,552,672,966</b>	<b>1,153,380,990</b>	<b>2,857,245,725</b>	<b>988,613,104</b>	<b>223,288,146,422</b>	<b>281,177,907,457</b>
Unrealized gain on available-for-sale securities	-	-	2,694,388,263	-	-	-	2,694,388,263
<b>Total revenues recognized in equity</b>	-	-	<b>2,694,388,263</b>	-	-	-	<b>2,694,388,263</b>
Reserve for self-insurance fund	25.2	-	-	-	16,477,753	(16,477,753)	-
Net income	-	-	-	-	-	54,576,941,984	54,576,941,984
<b>Total revenues recognized in the period</b>	-	-	<b>2,694,388,263</b>	-	<b>16,477,753</b>	<b>54,560,464,231</b>	<b>57,271,330,247</b>
Dividends paid	36	-	-	-	-	(26,251,394,179)	(26,251,394,179)
Issued and paid-up share capital	24.2	152,572,000	-	-	-	-	152,572,000
Premium on share capital	24.2	-	3,032,756,600	-	-	-	3,032,756,600
<b>Balance as at December 31, 2010</b>	<b>28,490,420,250</b>	<b>27,585,429,566</b>	<b>3,847,769,253</b>	<b>2,857,245,725</b>	<b>1,005,090,857</b>	<b>251,597,216,474</b>	<b>315,383,172,125</b>



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

## (TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009**

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash Flows from Operating Activities</b>				
Net income attributable to the equity holders of the Company	83,087,719,301	59,547,585,885	54,576,941,984	39,650,620,690
Adjustment of net income to net cash provided by (used in) operating activities :				
Depreciation, depletion and amortization	51,222,579,687	43,149,762,484	10,283,085,637	9,776,000,167
(Reversal of) loss on impairment of assets	(74,800,633)	(409,705,108)	(75,407,254)	(459,214,818)
(Gain) loss on disposal of assets	(520,221,331)	4,552,418,516	(197,537,592)	(4,063,707)
Loss on disposal of investment	78,400,000	-	78,400,000	-
Write-off fixed assets	(5,399,501)	383,807,747	(72,234,981)	370,657,226
Share of net income from investments in associates	(18,992,416,221)	(18,766,827,008)	-	-
Income attributable to minority interests	16,842,322,594	9,142,364,883	-	-
Gain on foreign exchange	(9,443,212,320)	(4,500,363,918)	(5,434,881,825)	(3,080,751,147)
Doubtful debts expense	58,869,992	6,426,366	54,794,478	2,033,197
Amortization of exploration costs	1,471,915,640	5,671,138,123	-	-
Amortization of debenture discounts	27,546,380	27,546,380	27,546,380	27,546,380
Amortization of deferred interest from finance leases	20,850,041	21,635,862	17,980,482	19,719,643
(Reversal of) allowance for loss on decline in value of inventories	27,230,746	(784,978,425)	7,030,015	(544,422,313)
Dividends received	(514,280,000)	(53,679,977)	(18,830,837,386)	(14,546,865,862)
Income taxes	39,107,092,794	33,314,763,557	12,720,070,270	11,329,078,799
Interest income	(2,678,794,756)	(1,854,733,023)	(3,852,357,879)	(3,061,423,534)
Interest expenses	15,156,065,022	13,522,847,859	11,635,782,945	10,629,939,010
Crude oil and natural gas leak incident cost	-	3,105,525,354	-	-
Others	15,059,492	(5,971,560)	100,000	208,194
Net income from operating activities before changes in operating assets and liabilities	<u>174,886,526,927</u>	<u>146,069,563,997</u>	<u>60,938,475,274</u>	<u>50,109,061,925</u>

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

## (TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009**

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Changes in operating assets (increase) decrease				
Trade accounts and notes receivable - others	3,214,967,227	(17,662,313,936)	(2,256,389,786)	(10,917,258,162)
Trade accounts receivable - related parties	(14,917,894,786)	(11,370,002,949)	(25,162,267,025)	(14,944,820,646)
Other accounts receivable, advances and short-term loans - related parties	365,552,293	(81,145,951)	179,707,952	713,756,197
Other accounts receivable and short-term loans - others, net	4,621,880,126	2,547,847,512	3,115,823,644	2,864,168,412
Inventories	(18,441,294,645)	1,611,639,435	(2,312,350,519)	2,664,050,934
Materials and supplies	(473,982,831)	(2,579,106,359)	(645,472,866)	(519,484,092)
Other current assets	(839,982,064)	2,994,053,009	200,992,282	1,758,371,406
Advance payments for gas purchased	11,070,056,214	(9,076,132,564)	11,739,116,156	(9,150,437,094)
Other long-term accounts receivable and advances - related parties	1,237,930	(18,445,966)	1,100,635	259,994,834
Other non-current assets	(1,330,852,665)	(3,490,272,002)	(1,393,366,013)	(5,065,652,565)
Changes in operating liabilities increase (decrease)				
Trade accounts payable - others	31,170,120,399	12,959,874,511	24,540,997,968	14,102,954,661
Trade accounts payable - related parties	2,758,269,960	17,089,345,609	5,394,489,837	13,066,961,753
Other accounts payable and short-term loans - related parties	1,074,838,604	(205,971,245)	722,229,101	1,513,975,885
Other accounts payable - others	371,194,364	341,000,436	(56,874,825)	1,257,778,148
Accrued expenses	(437,879,245)	811,764,965	1,957,224,254	(1,953,224,010)
Other current liabilities	1,222,143,671	1,794,083,223	481,226,194	196,527,692
Deposits on LPG cylinders	557,596,570	438,369,710	557,596,570	438,369,710
Other long-term accounts payable - related parties	(39,264,990)	(37,166,704)	(43,801,272)	(35,184,987)
Deferred tax liabilities	25,108,577	(3,415,190,019)	-	-
Other non-current liabilities	2,013,096,854	(1,918,620,327)	1,759,580,166	(942,072,672)
	<u>21,984,911,563</u>	<u>(9,266,389,612)</u>	<u>18,779,562,453</u>	<u>(4,691,224,596)</u>
Net cash received from operating activities	196,871,438,490	136,803,174,385	79,718,037,727	45,417,837,329
Interest received	540,502,469	641,659,919	135,914,190	217,405,224
Interest paid	(446,176,676)	(930,464,143)	-	-
Income tax paid	(44,182,459,864)	(40,836,428,285)	(14,153,261,267)	(5,538,691,569)
Net cash provided by operating activities	<u>152,783,304,419</u>	<u>95,677,941,876</u>	<u>65,700,690,650</u>	<u>40,096,550,984</u>

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

## (TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009**

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash Flows from Investing Activities</b>				
Proceeds from disposals of property, plant and equipment	1,516,193,612	16,796,802	1,476,177,497	8,156,588
Payment of property, plant and equipment	(105,147,551,586)	(125,308,224,310)	(20,050,513,274)	(43,383,441,010)
Advance payment of property, plant and equipment	(629,263)	(115,038,345)	-	-
Payment of intangible assets	(700,958,345)	(4,550,941,811)	(77,576,669)	(58,922,374)
Payment of mining properties development	(2,451,174,587)	(2,163,165,594)	-	-
Payment of long-term rental contracts on land and building	(348,371,249)	(744,161,431)	(272,790,437)	(744,161,431)
Deposits on business acquisitions	(10,311,744,600)	-	-	-
Long-term loans to others	(30,240,000)	(427,047,400)	(30,240,000)	(427,047,400)
Long-term loans to related parties	(319,726,152)	(434,187,773)	(30,926,198,525)	(10,139,450,000)
Short-term loans to others	(40,433,875)	(85,055,725)	-	-
Short-term loans to related parties	-	(91,307,682)	(1,013,185,945)	(32,342,345,864)
Payment of investments in subsidiaries	-	(9,708,619,297)	(3,545,532,500)	(17,209,586,600)
Payment of investments in jointly controlled entities	-	-	(2,118,129,375)	(1,826,550,000)
Payment of investments in associates	(2,671,568,460)	(624,732,374)	(2,671,568,460)	(568,894,168)
Payment of other long-term investments	(1,313,782,686)	(211,726,384)	(1,250,000,000)	(211,726,384)
Proceeds from long-term loans to others	220,003,335	319,907,455	220,003,335	319,907,455
Proceeds from long-term loans to related parties	3,949,228	-	-	2,500,000,000
Proceeds from short-term loans to related parties	-	-	21,804,199,421	30,868,873,659
Proceeds from cancellation of leasehold in gas stations	20,551,486	8,530,120	20,551,486	8,530,120
(Increase) in current investments	(12,856,130,622)	(7,301,201,310)	(12,822,815,548)	(7,039,206,794)
Interest received	762,894,375	420,793,497	3,699,543,506	2,558,210,164
Dividends received	9,858,615,003	5,888,794,137	18,424,837,386	14,546,865,862
Net cash used in investing activities	<u>(123,810,104,386)</u>	<u>(145,110,587,425)</u>	<u>(29,133,238,102)</u>	<u>(63,140,788,177)</u>

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

## (TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009**

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
Notes	2010	2009	2010	2009
<b>Cash Flows from Financing Activities</b>				
Proceeds from issuing ordinary shares	595,705,056	1,339,405,397	152,572,000	97,282,000
Proceeds from premium on share capital	3,032,756,600	1,750,716,800	3,032,756,600	1,750,716,800
Proceeds from long-term loans	23,802,722,557	24,626,106,956	9,872,415,000	14,700,000,000
Proceeds from issuing debentures	45,710,304,990	89,950,119,444	20,636,000,000	50,000,000,000
Proceeds from short-term loans	26,418,951,550	1,824,683,929	19,911,312,978	3,100,000,000
Repayment of short-term loans	(18,615,635,128)	(6,033,346,714)	(17,346,530,578)	(3,100,000,000)
Repayment of long-term loans	(14,570,854,783)	(4,941,871,803)	(6,916,095,363)	(1,023,527,228)
Redemption of debentures	(9,500,000,000)	-	-	-
Redemption of PTT bonds	(9,000,000,000)	(9,400,000,000)	(9,000,000,000)	(9,400,000,000)
Repayment of finance lease installments	(211,094,447)	(207,402,500)	(184,203,820)	(180,660,074)
Increase in bank overdrafts and short-term loans from financial institutions	2,939,229,336	676,277,500	-	-
Payment of loan acquirement fees	-	(95,462,896)	-	-
Interest received	904,903	3,359,367	-	-
Interest paid	(14,709,355,753)	(13,657,567,922)	(11,931,883,711)	(11,312,554,191)
Dividends paid	(32,132,313,626)	(23,246,889,900)	(26,250,275,249)	(16,969,990,164)
Net cash provided by (used in) financing activities	<u>3,761,321,255</u>	<u>62,588,127,658</u>	<u>(18,023,932,143)</u>	<u>27,661,267,143</u>
Effects of exchange rates on cash and cash equivalents	<u>(729,181,093)</u>	<u>(198,578,330)</u>	<u>(538,498)</u>	<u>940,345</u>
Currency translation differences	<u>(429,272,176)</u>	<u>280,302,169</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	31,576,068,019	13,237,205,948	18,542,981,907	4,617,970,295
Cash and cash equivalents at beginning of periods	<u>104,055,909,064</u>	<u>90,818,703,116</u>	<u>42,768,035,920</u>	<u>38,150,065,625</u>
<b>Cash and cash equivalents at end of periods</b>	<b>3</b> <u><u>135,631,977,083</u></u>	<u><u>104,055,909,064</u></u>	<u><u>61,311,017,827</u></u>	<u><u>42,768,035,920</u></u>

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

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

(TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**1. General Information**

PTT Public Company Limited (“the Company”) is incorporated as a public limited company in Thailand, and is listed on the Stock Exchange of Thailand. The address of its incorporated and registered office is as follows:

The Head Office of the Company is located at 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok, Thailand.

The Company’s principal activity is the operation of its petroleum business. The Company has invested in subsidiaries, jointly controlled entities and associates (“the Group”), which are engaged in upstream petroleum, downstream petroleum, coal business and other related businesses as described in Note 34 “Segment Information”.

As at December 31, 2010, the Group was operating in 27 countries (2009: 24 countries).

**2. Accounting Policies**

The significant accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below.

**2.1 Basis for Preparation of Financial Statements**

The consolidated and the separate financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act, B.E. 2543 (2000) being those Thai Accounting Standards under the Accounting Profession Act, B.E. 2547 (2004), and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535 (1992).

The Company has presented the financial statements in compliance with the notification of the Department of Commercial Registration “Definition of the abbreviated components required in the financial statements, B.E. 2552 (2009)”, dated January 30, B.E. 2552 (2009), under the third paragraph of section 11 of the Accounting Act, B.E. 2543 (2000).

The consolidated and the separate financial statements have been prepared based on the assumption that users of the financial statements have an understanding of Thai generally accepted accounting principles and practices. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries. The accompanying consolidated and the separate financial statements are, therefore, not intended to present the financial position, the results of operations and cash flows in accordance with generally accepted accounting principles adopted in other countries.

The consolidated and the separate financial statements have been prepared under the historical cost convention with the exception of certain amounts, which are accounted for using the fair value method as disclosed in the accounting policies.

The significant transactions arising between the Company, subsidiaries and jointly controlled entities are eliminated in the consolidated financial statements.

## 2. Accounting Policies (Continued)

### 2.1 Basis for Preparation of Financial Statements (Continued)

The consolidated and the separate financial statements are prepared and presented in Thai Baht and had been rounded in the notes to financial statements to the nearest million unless otherwise stated.

This English translation of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### 2.2 New and Revised Accounting Standards, Financial Reporting Standards, Interpretation and Framework

During 2010, the Federation of Accounting Professions (FAP) announced new and revised Accounting Standards, Financial Reporting Standards, Interpretation and Framework in the Royal Thai Government Gazette as follows:

#### Effective on or after May 26, 2010

- ◆Framework (revised 2009)

#### Effective for accounting periods on or after January 1, 2011

- |  |   |
|--|---|
| ◆Thai Accounting Standard No.1 (revised 2009)  | Presentation of Financial Statements                            |
| ◆Thai Accounting Standard No.2 (revised 2009)  | Inventories   |
| ◆Thai Accounting Standard No.7 (revised 2009)  | Statement of Cash Flows   |
| ◆Thai Accounting Standard No.8 (revised 2009)  | Accounting Policies, Changes in Accounting Estimates and Errors |
| ◆Thai Accounting Standard No.10 (revised 2009) | Events after the Reporting Period                               |
| ◆Thai Accounting Standard No.11 (revised 2009) | Construction Contracts  |
| ◆Thai Accounting Standard No.16 (revised 2009) | Property, Plant and Equipment                                   |
| ◆Thai Accounting Standard No.17 (revised 2009) | Leases  |
| ◆Thai Accounting Standard No.18 (revised 2009) | Revenue   |
| ◆Thai Accounting Standard No.19                | Employee Benefits   |
| ◆Thai Accounting Standard No.23 (revised 2009) | Borrowing Costs   |
| ◆Thai Accounting Standard No.24 (revised 2009) | Related Party Disclosures                                       |
| ◆Thai Accounting Standard No.26                | Accounting and Reporting by Retirement Benefit Plans            |
| ◆Thai Accounting Standard No.27 (revised 2009) | Consolidated and Separate Financial Statements                  |
| ◆Thai Accounting Standard No.28 (revised 2009) | Investments in Associates                                       |
| ◆Thai Accounting Standard No.29                | Financial Reporting in Hyperinflationary Economies              |

**2. Accounting Policies (Continued)****2.3 New and Revised Accounting Standards, Financial Reporting Standards, Interpretation and Framework (Continued)****Effective for accounting periods on or after January 1, 2011 (Continued)**

◆Thai Accounting Standard No.31 (revised 2009)	Interests in Joint Ventures
◆Thai Accounting Standard No.33 (revised 2009)	Earnings per Share
◆Thai Accounting Standard No.34 (revised 2009)	Interim Financial Reporting
◆Thai Accounting Standard No.36 (revised 2009)	Impairment of Assets
◆Thai Accounting Standard No.37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
◆Thai Accounting Standard No.38 (revised 2009)	Intangible Assets
◆Thai Accounting Standard No.40 (revised 2009)	Investment Property
◆Thai Financial Reporting Standard No.2	Share-based Payment
◆Thai Financial Reporting Standard No.3 (revised 2009)	Business Combinations
◆Thai Financial Reporting Standard No.5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
◆Thai Financial Reporting Standard No. 6	Exploration for and Evaluation of Mineral Resources
◆ Thai Financial Reporting Interpretation No.15	Agreements for the Construction of Real Estate

**Effective for accounting periods on or after January 1, 2013**

◆Thai Accounting Standard No.12	Income Taxes
◆Thai Accounting Standard No.20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
◆Thai Accounting Standard No.21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Group will adopt and apply the new and revised accounting standards, financial reporting standards, and interpretation in accordance with the effective date excepting for Thai Accounting Standard No.12 Income Taxes and Thai Financial Reporting Standard No.6 Exploration for and Evaluation of Mineral Resources that have been adopted and applied before the effective date.

The Group's management has assessed and determined the potential impact of adopting these new and revised standards including interpretation and concluded that there is no material impact on the consolidated and the separate financial statements except for the following accounting standards.

**2. Accounting Policies (Continued)**

**2.2 New and Revised Accounting Standards, Financial Reporting Standards, Interpretation and Framework (Continued)**

**Thai Accounting Standard No.19 Employee Benefits**

TAS 19 identifies four categories of employee benefits

1. Short-term employee benefits
2. Post-employment benefits (Defined contribution plans and Defined benefit plans)
3. Other long-term employee benefits
4. Termination benefits.

TAS 19 requires an entity to recognize a liability for defined benefit obligations and other long-term employee benefit obligations computed using the Projected Unit Credit Method (actuarial basis) for reliable estimation.

The Group will adopt this standard from January 1, 2011 and will propose retrospective adjustments. These will have the impact of decreasing retained earnings as at December 31, 2010 by Baht 4,093.94 million in the consolidated financial statements and by Baht 1,716.64 million in the separate financial statements. The employee benefits obligation as at December 31, 2010 will increase by Baht 5,221.29 million in the consolidated financial statements and by Baht 2,452.43 million in the separate financial statements.

**Thai Accounting Standard No.21 (Revised 2009) The Effects of Changes in Foreign Exchange Rate**

TAS 21 requires each individual entity to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. All currencies other than the functional currency are deemed to be foreign currencies. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates for monetary items denominated in foreign currency are recognized as profit or loss when incurred.

If the functional currency is different from the presentation currency, the Company has to present the results of its operations and its financial position in the presentation currency by translating its from the financial statements functional currency to the presentation currency as follows:

- a) Assets and liabilities are translated at the closing rate at the reporting date;
- b) Income and expenses are translated at the exchange rate at the date of the transaction
- c) All exchange differences are recognized in other comprehensive income.

The Group will adopt this standard in 2013. The management is in the process of determining the Group's functional currency and the potential impact on the Group. However, a subsidiary of the Company (PTT Exploration and Production Public Co., Ltd. (PTTEP)) will adopt and apply this standard on 1 January 2011. The subsidiary's management has determined that USD is the subsidiary's functional currency based on the revenue received and costs used in from its main operations. Following adoption, the subsidiary will apply this standard retrospectively.

## **2. Accounting Policies (Continued)**

### **2.3 Investments in Subsidiaries**

Subsidiaries are those companies controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of the subsidiaries so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the compensation from the Group plus costs directly attributable to the acquisition. The excess of the acquisition cost over the fair value of the Group's share of the identifiable net assets and liabilities from the subsidiaries acquired is recorded as goodwill. The accounting policy in respect of goodwill is discussed in Note 2.18.

Inter-company transactions, balances and unrealized gains or losses on transactions among companies in the Group are fully eliminated except for realized losses which are considered by the Group to show impairment indications. Minority interests are presented separately in the consolidated balance sheets and statements of income.

Investments in subsidiaries have been presented in the separate financial statements under the cost method.

A list of subsidiaries of the Group is set out in Note 10.1.

### **2.4 Investments in Associates**

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses from associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. Unrealized gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates unless the transactions provide evidence of impairment of the transferred assets.

Investments in associates have been presented in the separate financial statements under the cost method and in the consolidated financial statements under the equity method. The Group has recognized investments in associates including goodwill arising from business acquisitions.

The share of gains or losses from associates of the Group arising after acquisitions has been included in the statements of income and the movement in gains on fair value after the acquisitions has been included in a surplus on equity account.

When the Group's share of losses in associates equals or exceeds its interest in the associates, the Group does not recognize further losses, unless the Group has incurred collateral or constructive obligations or made payments on behalf of the associates.

A list of associates of the Group is set out in Note 10.1.

## **2. Accounting Policies (Continued)**

### **2.5 Investments in Jointly Controlled Entities**

Established by contractual agreement, jointly controlled entities are those entities over which the Group has joint control. Jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. Under this method, the Group includes its share of the jointly controlled entities' revenues, expenses, assets, liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements, from the date that joint control commences until the date that joint control ceases.

The Group recognizes the portion of gains or losses on sales of assets by the Group to the jointly controlled entities that is attributable to other ventures. The Group does not recognize its share of gains or losses from the jointly controlled entities that results from the purchase of assets by the Group from the jointly controlled entities until it sells the assets to an independent party. However, when loss on the transaction evidences a reduction in the net realizable value of current assets or an impairment loss, the loss is recognized immediately.

The Group's interests in jointly controlled entities are presented in the separate financial statements under the cost method.

Investments in jointly controlled assets are accounted for by proportionate consolidation in the consolidated financial statements. Under this method, the Group includes its share of the joint ventures' individual expenses, assets and liabilities in the relevant components of the financial statements based on the Joint Operating Agreements.

A list of jointly controlled entities of the Group is set out in Note 10.1

### **2.6 Other Investments**

Investments other than investments in subsidiaries, associates and jointly controlled entities are classified as trading, available-for-sale securities, investments in debt securities and general investments.

Investments in equity securities and mutual funds which are marketable securities are classified as available-for-sale securities and carried at fair value in the balance sheet. Unrealized gain (loss) from value changes is recognized separately in shareholders' equity.

Investments in non-marketable securities which are classified as general investments are carried at cost in the balance sheet less accumulated impairment losses to recognized the unrealized losses on investments if the value of the investments decreases substantially. Impairment testing is performed when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment losses are recognized in the statements of income immediately.

Upon the disposal of investments, the difference between the net disposal proceeds and the carrying amount is charged or credited immediately to the statements of income.

When disposing of part of the Group's particular investment in debt or equity securities, the carrying amount of the part disposed is determined by reference to the weighted average carrying amount of the total holding of the investment.

## **2. Accounting Policies (Continued)**

### **2.7 Related Parties**

Related parties of the Company are those enterprises or individuals that control or are controlled, directly or indirectly by the Company, or are under common control with the Company including holding companies, subsidiaries and fellow subsidiaries. These include associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, directors or employees of the Company.

In considering each possible related party relationship, attention is directed more to the substance of the relationship than to the legal form.

### **2.8 Foreign Currency Translations**

Foreign currency transactions are translated into Thai Baht at the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Thai Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

Monetary assets and liabilities of integrated foreign operations are translated into Thai Baht using the closing rate at the balance sheet date. Non-monetary assets and liabilities are translated into Thai Baht using historical rates. Revenues and expenses are translated into Thai Baht using the average rate during the period. Differences arising from currency translations are recognized as revenues or expenses in the statement of income.

The Group translates foreign operation's financial statement into Thai Baht by translating assets and liabilities using the closing rate at the balance sheet date, whereas the statements of income are translated using the average rate during the period. Differences arising from currency translations have been shown under "currency translation differences" in shareholders' equity.

Upon the disposal of self-sustaining foreign entities, accumulated currency translation differences under shareholders' equity are recognized as gains or losses on disposal.

### **2.9 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. They comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments which have original maturities within three months. Bank overdrafts and short-term loans from financial institutions are included in current liabilities in the balance sheet.

### **2.10 Trade Accounts and Notes Receivable**

Trade accounts receivable and notes receivable are carried at net realizable value. An estimate is made for doubtful accounts receivable based on percentages according to the aging of outstanding receivables at the balance sheet date and expected non-collectible amounts estimated from the amount of outstanding receivables at the balance sheet date, the receivables' repayment history and their current financial status. The bad debt is recorded as selling and administrative expenses in the statements of income.

## **2. Accounting Policies (Continued)**

### **2.11 Advance Payments for Gas Purchased under Take-or-Pay Agreement**

The Company has entered into gas purchase agreement with natural gas producers, under which the Company is required to take delivery of natural gas at annual minimum quantities. During each contract year, if the Company cannot accept natural gas according to the minimum quantities under the agreements, it is required to pay for the natural gas which it cannot actually take in the next contract year (Take-or-Pay). After the end of each contract year, the Company and the natural gas producers have to agree on and accept the volume of gas that should be taken into the calculation for Take-or-Pay of that contract year, subject to the basis and conditions in the agreements. Under the agreements, the Company can take certain volumes of prepaid gas (Make-up) in subsequent years after taking delivery of natural gas at the minimum quantities for that given contract year. The Company recognizes its obligations under the agreements as advance payments for gas purchased.

### **2.12 Inventories**

Inventories are stated at the lower of the cost of acquisition or net realizable value. Cost is determined using the weighted average cost method. The cost of imported petroleum products comprises various import expenses and levies, surveyors' fees and contributions to or compensation from the Oil Stabilization Fund as the case may be. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and related selling expenses. An allowance is recognized for slow-moving obsolete and defective inventories.

### **2.13 Materials and Supplies**

Materials and supplies are stated at cost. Cost is determined by using the weighted average cost method. Allowance is made in full for obsolete, defective or unserviceable items.

### **2.14 Borrowing Cost**

Borrowing costs incurred on qualifying assets included in property, plant and equipment are capitalized as a cost of the qualifying property until substantially all the activities necessary to prepare the property for its intended use are completed. The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted-average interest rate applicable to the outstanding borrowings during the year. Where funds are borrowed specifically for the construction or the production of property, plant and equipment, the amount of borrowing costs for capitalization is determined from the actual borrowing costs during the year less any income on the temporary investment of those borrowings.

### **2.15 Property, Plant and Equipment**

Property, plant and equipment are initially recognized at cost less accumulated depreciation and allowance for impairment.

Repair and maintenance costs are recognized as expense in the statements of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits exceeding the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.



## 2. Accounting Policies (Continued)

### 2.15 Property, Plant and Equipment (Continued)

#### General Properties

Depreciation is accounted for as expenses in the statements of income and is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and building improvement	10 – 30 years
Machinery and equipment	10 – 40 years
Other assets	5 – 10 years

The Group reviews assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use, its carrying amount is written down immediately to its recoverable amount. The written down amount is recorded in the statement of income. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from sales with the carrying amounts on the disposal dates, and are included in operating profits or losses.

#### Oil and Gas Exploration and Production Properties

The petroleum exploration and production business accounts for its oil and gas exploration and production properties in accordance with the successful efforts method for which the accounting policies are as follows:

##### Cost of Properties

The cost of properties comprises the total acquisition costs of concession rights or costs applicable to the portion of properties and decommissioning costs.

Exploratory drilling costs are capitalized and will be classified as assets of the projects if their exploratory wells have found proved reserves to be commercially produce. If the exploratory wells have not found proved reserves or found insufficiently for commercial, such drilling costs will be expensed in the statements of income.

Exploratory costs, comprising geological and geophysical costs as well as area reservation fees during the exploration stage, are charged as expenses in the statement of income when incurred.

Development costs, whether relating to the successful or unsuccessful development wells, are capitalized.

## **2. Accounting Policies (Continued)**

### **2.15 Property, Plant and Equipment (Continued)**

#### Depreciation

The capitalized acquisition costs of concession rights are depleted and amortized using the unit of production method based on estimated proved reserves. Depreciation, depletion and amortization of exploratory wells, development costs, equipment and the operating costs of support equipment as well as decommissioning costs, except unsuccessful projects, are calculated using the unit of production method based on estimated proved reserves and proved developed reserves. Changes in reserve estimates are recognized prospectively.

Proved reserves and proved developed reserves are calculated by the Group's own engineers based on information from the jointly controlled entities.

#### **Carried Cost under Petroleum Sharing Contracts**

The petroleum exploration and production business has accounted for the carried cost under petroleum sharing contracts using the following accounting policies.

Under Petroleum Sharing Contracts in which the government has participating interest, some contracts require the contractor parties excluding the government to fund the costs of all exploration operations until determination of the first development area (carried cost). The carried costs are funded by the contractor parties at the proportion as agreed among the parties. When the project commences production, the carried costs will be fully recouped without interest among the contractor parties under the agreed procedures in the form of petroleum product sharing. The Group has recorded the carried costs according to types of petroleum operations under the successful efforts method. Most of them are recorded as oil and gas properties in the balance sheet and exploration expenses in the statements of income as detailed in Note 12.

### **2.16 Intangible Assets**

Intangible assets are initially recognized at cost less accumulated amortization and impairment.

Intangible assets include computer software licenses, assets rights such as gas transmission pipelines and other intangible assets, such as other operating rights, patents, probable reserves and customer contract.

Probable reserves are valuations of reserves that a petroleum exploration and production business assesses when making a business acquisition. These reserves are included in oil and gas exploration and production properties when they are transferred to proved reserves and amortized using the unit of production method.

Other intangible assets are amortized and recorded as expense in the statement of income using the straight-line method over the contract periods ranging from 5-30 years.

The Group reviews allowances for impairment of intangible assets when an event or a circumstance indicates that the carrying amount of an asset is higher than the net realizable value. The Group will review and write down the asset such that the carrying amount does not exceed its net realizable value.

## 2. Accounting Policies (Continued)

### 2.17 Mining Properties

The coal business accounts for coal exploration and production properties including coal mining property rights and deferred mining exploration and development expenditures as follows:

#### Coal Mining Property Rights

Coal mining property rights comprise the total acquisition costs of concession rights in coal mining including both coal mining exploration and development expenditures.

#### Deferred Mining Exploration and Development Expenditures

Exploration expenditures relating to areas of interest are recorded as deferred exploration expenditures, which comprise net direct costs such as licenses, geological and geophysical exploration expenditures (excluding general overheads and administrative expenditures not directly attributable to a particular area of interest) where:

- a) such costs are expected to be recovered when the areas are successfully developed and mining operations commence, or from the sales of the areas of interest
- b) exploration activities in the areas of interest have not reached the stage which permits a reasonable assessment of the existence of commercial recoverable reserves, and active operations in the areas of interest are continuing.

The recoverable amount of exploration expenditures is thus dependent upon a successful development and receivable economic benefits. When the economic benefits are expected to be minimal or non-existent, deferred exploration expenditures are written off as expenses in the statements of income immediately.

Development expenditures and cost of area development prior to commencement of operations are capitalized as deferred costs so long as they meet the above criteria and it is highly probable that they can create future economic benefits.

#### Amortization

Amortization of coal mining property rights is calculated using the unit of production method over the production amount.

The amortization of deferred mining exploration and development expenditures commences when commercial activities in coal production are commenced, by using the unit of production method.

The volume of proportional production and useful lives of coal mining concessions will be estimated and reviewed by the Group.

## **2. Accounting Policies (Continued)**

### **2.18 Goodwill**

Goodwill represents the excess of the acquisition costs over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiaries, jointly controlled entities or associates at the acquisition date. The Group will carry out a test for impairment of goodwill at least once a year or when there is a factor indicating that an investment might be impaired. Where the carrying amount exceeds its recoverable amount, an impairment loss is immediately recognized in the statement of income. Goodwill is presented at cost less accumulated impairment losses. Goodwill arisen from the acquisition of associates will be included in investments in associates. This goodwill will be tested for impairment as part of investments in associates.

The allowance for an impairment of goodwill will not be reversed.

Gains from a bargain purchase represent the excess of the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiaries, jointly controlled entities or associates over the costs of acquisition at the acquisition date. The Group must assess the seller's identification and measurement of assets and liabilities and identifiable contingent liabilities including the acquisition costs. Where the buyer's share of fair value of equity exceeds the cost of acquisition at the acquisition date, the difference is recognized as revenue in the statements of income immediately.

### **2.19 Finance Leases – where the Group is the lessee**

Leases of property, plant and equipment, where the lessee assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are capitalized at the lower of the estimated net present value of the underlying minimum lease payments or fair value. Each minimum lease payment is allocated between liabilities and finance charges in order to achieve a constant interest rate on the remaining balance of the liabilities. The finance leases' liabilities less finance charges are presented as long-term loans. Interest expenses are charged to the statements of income over the lease period. Depreciation is charged over the shorter of the assets estimated useful life and the lease period.

### **2.20 Operating Leases – where the Group is the lessee**

Leases of property, plant and equipment where the lessor assumes a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the statements of income using the straight-line method over the period of the lease.

The costs incurred to terminate the operating lease agreements before their maturity, such as compensation paid to the lessor for such termination, are recognized as expenses in the period in which the termination takes place.

## **2. Accounting Policies (Continued)**

### **2.21 Provision for Decommissioning Costs**

The Group records a provision for decommissioning costs whenever it is highly probable that an obligation will arise as a result of a past event and the amount of the obligation can be reliably estimated.

The Group recognizes a provision for decommissioning costs, which is estimated at the completion of the project, based on an estimate of the eventual costs that relate to the removal of the production facilities. These costs are included as part of the cost of the oil and gas properties and are amortized using based on proved reserves using the unit of production method. The estimates of decommissioning costs are determined based on reviews and estimates by the Group's engineers and management's judgment.

### **2.22 Pension Fund and Provident Fund**

The Company established a Provident Fund under the name of "The Registered Provident Fund of PTT Public Company Limited and Affiliates". All employees joining the Company on or after October 1, 1993 are required to be members of the Provident Fund. Employees joining prior to October 1, 1993 may elect to be members of either the Pension Fund or the Provident Fund. This fund has four investment policies. Employees have the right to select one of them according to their needs.

The Company makes monthly contributions to the Pension Fund at the rate of 10% of its employees' salaries. The Company also contributes an additional amount to ensure adequate reserves are held, amounting to 100% of the obligation due at the end of each accounting period. Contributions are included in other non-current liabilities in the balance sheets. Interest earned from the Pension Fund assets are recognized as income, while the contributions to the Pension Fund are recognized as expenses in the statements of income.

### **2.23 Income Tax**

#### Current tax

The Group is taxed on its non-promoted businesses pursuant to the Revenue Code of Thailand, the Petroleum Income Tax Act, B.E. 2514 (1971) and Amendment, B.E. 2532 (1989) and other applicable laws and regulations of other countries in which the Group has invested.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted at the reporting date in the taxable period, and any adjustment to tax payable in respect of previous years.

#### Deferred tax

Deferred tax is recognised in full amount using the liability method in the balance sheet in respect of temporary differences between the carrying amounts of tax bases of assets and liabilities for financial reporting purposes and the carrying amounts in the financial statements. The principal temporary differences arise from the allowance for doubtful accounts, accumulated depreciation of plant and equipment and amortization of decommissioning costs, including receivable compensation from the Oil Stabilization Fund and the differences between the fair value of derived assets and their tax bases.

## **2. Accounting Policies (Continued)**

### **2.23 Income Tax (Continued)**

Deferred tax is measured at the tax rates that have been enacted at the balance sheet date.

Deferred tax assets are recognized to the extent that it is highly probable that the Group's future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets will be reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset when the deferred tax balances relate to the same taxation authority.

### **2.24 Revenue Recognition**

The Group recognizes revenue from sales upon the delivery of products or when the significant risks and rewards of ownership are transferred to the customers. Revenue from services is recognized over the period in which the services are rendered. These revenues are net of trade discounts.

Other revenue is recognized on the following basis:

Interest income - time proportion basis using the effective yields of interest bearing assets  
Royalty income - accruals basis in accordance with the substance of the relevant agreements  
Dividend income - when the right to receive the dividend is established.

Revenue from sources other than those mentioned above is recognized using the accrual basis.

### **2.25 Earnings per Share**

Basic earnings per share is calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares held by third parties in issue during the year.

For the diluted earnings per share, the Group adjusts net income for the year attributable to ordinary shares. The weighted average number of ordinary shares held by third parties in issue during the year is adjusted by the Group to assume that all potential diluted ordinary shares will be converted.

## **2. Accounting Policies (Continued)**

### **2.26 Financial Instruments**

Financial assets in the balance sheet include cash and cash equivalents, current investments, trade accounts and notes receivable-others, trade accounts receivable-related parties, other accounts receivable, advances and short-term loans to related parties, other accounts receivable and short-term loans-others and long-term loans to related parties. Financial liabilities in the balance sheet include bank overdrafts and short-term loans from financial institutions, trade accounts payable-others, trade accounts payable - related parties, other accounts payable - related parties and short-term and long-term loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group utilizes financial instruments to reduce its risk exposure associated with fluctuations in foreign currency exchange rates, interest rates as well as oil and gas market prices. These instruments primarily comprise:

#### **Forward Foreign Exchange Contracts**

Forward foreign exchange contracts protect the Group from movements in exchange rates by establishing the rates at which foreign currency assets will be realized or foreign currency liabilities will be settled. Forward foreign exchange contracts are recognized in the financial statements on inception. The premium or discount on the establishment of each agreement is amortized over the contract period.

#### **Cross-currency and Interest Rate Swap Contracts**

Cross-currency and interest rate swap contracts protect the Group from fluctuations in exchange rates and interest rates. Foreign monetary assets and liabilities at the balance sheet date are protected by cross-currency contracts and are translated to Thai Baht using the rates determined in the contracts. Gains or losses on early termination of such contracts or on early-repayment of the borrowings before maturity are taken to the statements of income.

#### **Futures Oil Contracts**

The Company has entered into futures oil contracts to hedge risks arising from fluctuations in oil prices in accordance with the oil purchase and sale agreements by determining future oil prices. Gains or losses arising from these contracts are recorded in the statements of income at the maturity of the futures contracts.

The risk management policy is described in Note 35: Disclosure of Financial Instruments.

## **2. Accounting Policies (Continued)**

### **2.27 Use of Estimates and Significant Assumptions**

The preparation of financial statements in conformity with Thai Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

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

Information about significant assumptions and the sources of contingent estimates that might impact on the carrying amounts of assets and liabilities presented in recognised in the financial statements are as follows:

#### **Provisions**

The Group recognizes a provision in the balance sheet if, as a result of a past event, the Group has a present obligation that can be estimated reliably and it is should probable that an outflow of economic benefits will be required to settle the obligation.

The Group records the provisions for decommissioning costs when it is highly probable that a commitment will arise as a result of past circumstances and the amount can be estimated reliably. The Group recognizes the provisions for decommissioning costs based on estimated amount of decommissioning costs with completed construction and ready to be used. These costs are included as part of oil and gas exploration and production properties and are amortized using the unit of production method based on estimated proved reserves. Decommissioning costs are determined based on reviews and estimates by the Group's engineers together with management's judgment.

Provisions for decommissioning costs depend on various current circumstances such as laws and regulations, technological change and obsolescence and market prices so the actual result is likely to be different from estimations and assumptions.

#### **Income Tax**

The Group is responsible for the payment of tax in various countries. When deferred tax liabilities are estimated, the Group uses significant judgment due to numerous transactions and calculations arising from its operations.

The Group recognizes deferred tax liabilities using estimated tax incremental payments. The difference between the actual tax paid and the estimated will affect income tax and deferred tax in the period in which payment the difference occurs.

A deferred tax asset will be recognized when it is highly probable that the Group will have sufficient net income against which to utilize the temporary difference. The assumption of future taxable income is uncertain, Changes might occur which will be reflected in the recognition of deferred tax assets.



## **2. Accounting Policies (Continued)**

### **2.27 Use of Estimates and Significant Assumptions (Continued)**

#### **Estimation of Petroleum Reserves**

Petroleum reserves are of fundamental importance when assessing investments in various exploration projects and of petroleum production businesses, including impairment testing. The change in proved reserves will affect the present value based on net cash inflows and depreciation expenses which are calculated using the unit of production method.

The proved reserves are the volume of commercial petroleum production as of a certain date with a high probability under current economic conditions and production methods, as well as government's rules and regulations. The proved reserves will be checked and assessed annually by the Group's geologists and reservoir engineers.

#### **Exploration Costs**

The petroleum exploration and production businesses capitalize drilling costs as assets. When they are over 12 months old, they will be amortized as expenses in the statements of income except where there is (1) a discovery of proved reserves, or (2) a discovery of commercially adequate reserves whilst having future exploration and assessment plans. The decision to amortize drilling petroleum costs recorded as assets with over 12 months should be made by using the assumptions under current circumstances. In case those should such assumptions change in subsequent accounting periods, the petroleum drilling costs that are capitalized as assets will be written off as expenses in that accounting period.

#### **Impairment of Assets**

The Group considers recording an allowance for impairment of assets when an event or a circumstance indicates that the carrying amount of an asset is higher than its net realizable value. If the carrying amount of an asset is higher than its net realizable value, which is the higher of the anticipated discounted cash flows from the continuing use of the asset or the amount obtainable from the sale of the asset less any costs of disposal, it is written down immediately to its net realizable value. The decrease is recorded in the statements of income. Thus, the loss on impairment of assets excluding goodwill recognized in the prior period will be reversed if the estimation for indicated net realizable value changes. The Group's estimate of the expected amount of future petroleum production (exploration and production business) is a key factor in impairment tests. The Group believes these to be the most reasonable indicators for estimating future cash flows, The future petroleum production comprises proved reserves including expected proved reserves.

The estimation of discounted future cash flows depends on various factors such as the expected amount of future production, future selling prices, demand and supply in the market, risks and gross margins. The discounted rates used in the calculation of present value of future cash flows depend on the cost of capital of the asset unit.

### **2.28 Capital Risk Management**

The capital management objective of the Group is to create returns for shareholders and other stakeholders whilst maintaining a reasonable capital structure to decrease the cost of capital.

**2. Accounting Policies (Continued)****2.29 Segment Information**

The Group has presented its financial information by business segments, not by geographical segments because geographical segments other than Thailand are less than 10% of consolidated revenue, operating results and total assets.

**3. Cash and Cash Equivalents**

Cash and cash equivalents as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash on hand	271.05	310.96	223.38	217.37
Deposits held at call with banks	95,197.31	36,572.58	25,571.39	15,305.88
Fixed deposits	13,276.01	21,011.37	9,925.29	2,000.00
Treasury bills	-	22,333.69	-	2,392.92
Promissory notes	1,296.65	7,554.99	-	6,579.54
Bank of Thailand Bonds	25,590.96	16,272.32	25,590.96	16,272.32
Total	<u>135,631.98</u>	<u>104,055.91</u>	<u>61,311.02</u>	<u>42,768.03</u>

Cash and cash equivalents as at December 31, 2010 mainly bear interest at rates ranging from 0.03% to 5.00% per annum (2009: interest rates ranging from 0.22% to 3.97% per annum).

**4. Current Investments**

Current investments as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Fixed deposits	2,594.36	412.30	2,282.39	30.99
Treasury bills	915.81	2,663.25	915.81	2,663.25
Bonds	13,230.76	5,305.66	12,673.93	4,947.50
Promissory notes	5,022.92	421.71	5,000.00	400.00
General investment	19.74	-	19.74	-
Total	<u>21,783.59</u>	<u>8,802.92</u>	<u>20,891.87</u>	<u>8,041.74</u>

Current investments as at December 31, 2010 mainly bear interest at rates ranging from 1.35% to 2.30% per annum (2009: interest rates ranging from 1.13% to 3.00% per annum).

(TRANSLATION)

## 5. Accounts Receivable – Others

5.1 Trade accounts and notes receivable – others, net as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Trade accounts receivable	84,402.30	85,705.55	68,776.04	66,428.03
Notes receivable	1,154.32	2,173.88	1,154.32	1,400.33
Total	85,556.62	87,879.43	69,930.36	67,828.36
<u>Less</u> Allowance for doubtful accounts	<u>(2,125.76)</u>	<u>(1,981.07)</u>	<u>(983.53)</u>	<u>(1,120.82)</u>
Trade accounts and notes receivable – others, net	<u>83,430.86</u>	<u>85,898.36</u>	<u>68,946.83</u>	<u>66,707.54</u>

Aging analysis is as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Within credit terms	80,312.41	81,719.47	66,466.07	63,711.91
Overdue				
- Within 3 months	1,623.47	1,369.87	839.67	714.41
- Over 3 - 6 months	975.92	845.48	855.84	812.19
- Over 6 -12 months	973.67	1,333.69	938.52	1,305.75
- Over 12 months	1,671.15	2,610.92	830.26	1,284.10
Total	85,556.62	87,879.43	69,930.36	67,828.36
<u>Less</u> Allowance for doubtful accounts	<u>(2,125.76)</u>	<u>(1,981.07)</u>	<u>(983.53)</u>	<u>(1,120.82)</u>
Trade accounts and notes receivable - others, net	<u>83,430.86</u>	<u>85,898.36</u>	<u>68,946.83</u>	<u>66,707.54</u>

Trade accounts and notes receivable – others, net as at December 31, 2010 include receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 16,005.50 million (2009: Baht 15,684.25 million), and in the separate financial statements amounting to Baht 15,839.89 million (2009: Baht 15,513.30 million).

(TRANSLATION)

**5. Accounts Receivable – Others**

5.2 Other accounts receivable and short-term loans – others, net as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Other accounts receivable	6,131.51	8,267.09	2,050.59	1,827.61
<u>Less</u> Allowance for doubtful accounts	<u>(528.99)</u>	<u>(520.06)</u>	<u>(523.22)</u>	<u>(514.10)</u>
Other accounts receivable, net	5,602.52	7,747.03	1,527.37	1,313.51
Refund receivable from Oil Stabilization Fund	7,239.97	10,032.14	7,239.97	10,023.81
Short-term loans	<u>284.03</u>	<u>1,261.62</u>	<u>174.89</u>	<u>333.92</u>
Other accounts receivable and short-term loan – others, net	<u>13,126.52</u>	<u>19,040.79</u>	<u>8,942.23</u>	<u>11,671.24</u>

The refund receivable from the Oil Stabilization Fund represents compensation for locally manufactured oil and cooking gas, imported oil and cooking gas and subsidies from the Oil Stabilization Fund for exported oil or oil sold to outbound transportation barges, including compensation for Natural gas for Vehicles (NGV) prices. The compensation and refund rates are determined by the Committee of Energy Policy Administration.

**6. Related Party Transactions**

The following are significant transactions carried out with related parties:

## 6.1 Trade accounts receivable – related parties, net as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Subsidiaries	-	-	22,131.99	10,954.81
Jointly controlled entities	-	-	490.63	456.44
Associates	53,653.95	40,288.03	53,468.93	40,230.30
Other related parties	3,601.50	2,870.44	3,488.66	2,812.74
Total	57,255.45	43,158.47	79,580.21	54,454.29
<u>Less</u> Allowance for doubtful accounts	(353.40)	(240.11)	(353.40)	(240.11)
Trade accounts receivable – related parties, net	56,902.05	42,918.36	79,226.81	54,214.18

Aging analysis is as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Within credit terms	56,928.18	42,734.79	76,279.58	50,596.59
Overdue				
- Within 3 months	195.15	152.83	172.63	222.48
- Over 3 - 6 months	87.07	153.43	306.73	1,030.79
- Over 6 - 12 months	44.19	-	544.96	1,988.05
- Over 12 months	0.86	117.42	2,276.31	616.38
Total	57,255.45	43,158.47	79,580.21	54,454.29
<u>Less</u> Allowance for doubtful accounts	(353.40)	(240.11)	(353.40)	(240.11)
Trade accounts receivable – related parties, net	56,902.05	42,918.36	79,226.81	54,214.18

(TRANSLATION)

**6. Related Party Transactions (Continued)**

6.2 Other accounts receivable, advances and short-term loans – related parties, net as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	2010	2009	2010	2009
<u>Other accounts receivable</u>				
Subsidiaries	-	-	630.93	464.97
Jointly controlled entities	-	-	19.86	286.89
Associates	700.11	574.22	569.61	570.57
Other related parties	168.84	228.13	166.11	227.06
Total	868.95	802.35	1,386.51	1,549.49
<u>Less</u> Allowance for doubtful accounts	(135.37)	(135.37)	(135.37)	(135.37)
Other accounts receivable, net	733.58	666.98	1,251.14	1,414.12
<u>Advances</u>				
Subsidiaries	-	-	262.52	364.73
Associates	0.02	0.30	-	0.30
Other related parties	255.92	244.74	255.12	244.71
Advances	255.94	245.04	517.64	609.74
<u>Short-term loans</u>				
Subsidiaries	-	-	500.00	18,935.61
Jointly controlled entities	-	-	-	1,855.40
Associates	-	90.10	-	-
Short-term loans	-	90.10	500.00	20,791.01
Total	989.52	1,002.12	2,268.78	22,814.87

Movements in short-term loans – related parties for the year ended December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	2010	2009	2010	2009
Balance as at January 1	90.10	-	20,791.01	19,317.54
- Payment for loans granted	43.73	90.10	1,013.19	32,342.34
- Receipt from loans granted	(133.83)	-	(21,804.20)	(30,868.87)
- Current portion of long-term loans	-	-	500.00	-
Balance as at December 31	-	90.10	500.00	20,791.01

Short-term loans to related parties as at December 31, 2010 are unsecured and bear interest at rates ranging from 1.00% to 6.87% per annum (2009: interest rates ranging from 1.13% to 7.25% per annum).

**6. Related Party Transactions (Continued)**

- 6.3 Other accounts receivable, advances and long-term loans – related parties, net as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Other accounts receivable</u>				
Associates*	1,877.99	1,653.23	1,877.99	1,653.23
<u>Advances</u>				
Associates	-	1.10	-	1.10
<u>Long-term loans</u>				
Subsidiaries	-	-	49,562.21	19,447.00
Associates	5,750.84	5,484.24	5,740.05	5,469.50
Long-term loans	<u>5,750.84</u>	<u>5,484.24</u>	<u>55,302.26</u>	<u>24,916.50</u>
Total	<u>7,628.83</u>	<u>7,138.57</u>	<u>57,180.25</u>	<u>26,570.83</u>

\* The accrued interest income from an associate is due after the associate makes redemption of its debentures.

Movements in long-term loans – related parties for the year ended December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Balance as at January 1	5,484.24	5,050.05	24,916.50	17,277.05
- Payment for loans granted	270.55	434.19	30,885.76	10,139.45
- Receipt from loans granted	(3.95)	-	-	(2,500.00)
- Current portion of long-term loans	-	-	(500.00)	-
Balance as at December 31	<u>5,750.84</u>	<u>5,484.24</u>	<u>55,302.26</u>	<u>24,916.50</u>

Long-term loans to related parties as at December 31, 2010 are unsecured and bear interest at rates ranging from 3.03% to 7.25% per annum (2009: interest rates ranging from 3.25% to 7.25% per annum).

**6. Related Party Transactions (Continued)**

6.4 Trade accounts payable – related parties as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Subsidiaries	-	-	12,611.56	10,086.28
Jointly controlled entities	-	-	3,997.20	3,985.25
Associates	32,908.67	30,002.75	31,347.20	28,219.14
Other related parties	<u>3,219.07</u>	<u>2,519.90</u>	<u>147.96</u>	<u>387.02</u>
Total	<u>36,127.74</u>	<u>32,522.65</u>	<u>48,103.92</u>	<u>42,677.69</u>

6.5 Other accounts payable – related parties as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Other accounts payable</u>				
Subsidiaries	-	-	1,545.32	1,053.43
Jointly controlled entities	-	-	7.49	1.69
Associates	934.87	565.24	899.88	535.50
Other related parties	<u>107.37</u>	<u>86.67</u>	<u>107.26</u>	<u>86.67</u>
Other accounts payable	<u>1,042.24</u>	<u>651.91</u>	<u>2,559.95</u>	<u>1,677.29</u>
 <u>Short-term loans</u> *				
Subsidiaries	-	-	2,564.78	-
Total	<u>1,042.24</u>	<u>651.91</u>	<u>5,124.73</u>	<u>1,677.29</u>

\* The Company's liquidity management policy uses the cash pooling method. Inter-company loans were used in form of short-term financial management of cash surpluses or deficits in each affiliate. The interests were calculated by using market interest rates.



**6. Related Party Transactions (Continued)**

6.6 Other long-term accounts payable – related parties as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Subsidiaries	-	-	0.33	9.76
Jointly controlled entities	-	-	13.87	14.60
Associates	18.94	20.66	18.94	20.66
Other related parties	686.29	718.09	686.29	718.09
<b>Total</b>	<b>705.23</b>	<b>738.75</b>	<b>719.43</b>	<b>763.11</b>

6.7 Revenue and expense transactions carried out with related parties

For the years ended December 31, 2010 and 2009

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>				
<u>Sales:</u>				
Subsidiaries	-	-	98,656.57	65,098.03
Jointly controlled entities	-	-	2,595.21	1,589.00
Associates	658,397.53	574,910.86	656,600.92	574,357.71
Other related parties	29,921.93	19,353.71	29,137.08	19,252.08
<u>Interest income:</u>				
Subsidiaries	-	-	2,686.59	2,317.20
Jointly controlled entities	-	-	90.95	98.02
Associates	251.93	264.22	251.93	264.22
<u>Dividend income:</u>				
Subsidiaries	-	-	8,542.95	8,756.70
Jointly controlled entities	-	-	1,109.33	27.81
Associates	-	-	8,664.27	5,708.68
Other related parties	514.28	53.68	514.28	53.68
<u>Other income:</u>				
Subsidiaries	-	-	813.19	606.69
Jointly controlled entities	-	-	87.83	85.27
Associates	4,120.49	3,919.19	4,116.71	3,916.42
Other related parties	72.95	102.33	72.14	101.94

**6. Related Party Transactions (Continued)**

## 6.7 Revenue and expense transactions carried out with related parties (Continued)

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Expenses</b>				
<u>Purchases:</u>				
Subsidiaries	-	-	118,976.95	97,446.15
Jointly controlled entities	-	-	28,348.00	27,612.20
Associates	484,861.64	408,801.86	467,180.69	391,710.15
Other related parties	29,620.71	19,919.24	5,516.66	7,662.38
<u>Interest expense:</u>				
Subsidiaries	-	-	11.78	-
<u>Other expenses:</u>				
Subsidiaries	-	-	747.65	636.89
Jointly controlled entities	-	-	0.88	0.23
Associates	1,269.29	1,764.08	1,212.04	1,738.61
Other related parties	797.34	897.06	789.23	896.62

The above related party transactions exclude transactions carried out with government agencies and state enterprises.

Stipulation prices between the Company and its related parties are based on the normal prices used in the same types of business in transactions with other non-related parties. Goods purchased from subsidiaries are charged at the normal prices determined by the subsidiaries with reference to global market prices.

## 6.8 Details of commitments to subsidiaries, jointly controlled entities, associates and other related parties are stated in Note 41.1.

(TRANSLATION)

## 6. Related Party Transactions (Continued)

- 6.9 Crude oil and refined products purchase and sale transactions carried out with related parties without the physical delivery, with the objectives of maintaining crude oil and refined products reserves, were offset in the financial statements.

For the years ended periods December 31, 2010 and 2009 are as follow:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Sales</u>				
Subsidiaries	-	-	8.12	-
Associates	1,773.21	3,828.45	1,773.21	3,828.45
<u>Purchases</u>				
Subsidiaries	-	-	8.12	-
Associates	1,773.21	3,828.45	1,773.21	3,828.45

## 6.10 Executives' remunerations

For the years ended periods December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Directors	116.81	103.50	40.88	40.23
Management*	580.26	404.83	78.63	80.47
Total	697.07	508.33	119.51	120.70

\*Management comprises executive manager, the first four managers under the executive manager and managers whose titles are equivalent to the forth manager, excluding accounting or finance managers whose titles are higher or equivalent to the department managers unless they are equivalent to the forth manager.

(TRANSLATION)

## 7. Inventories

Inventories as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Oil products	26,765.50	9,602.04	6,070.89	4,836.79
Gas products	1,982.24	923.51	1,980.02	918.16
Petrochemical products	1,150.48	759.94	-	3.53
Others	1,393.27	1,852.18	578.09	614.17
	31,291.49	13,137.67	8,629.00	6,372.65
<u>Less</u> Allowance for decline in value of inventories	<u>(22.92)</u>	<u>(18.98)</u>	<u>(21.45)</u>	<u>(15.60)</u>
Total	<u>31,268.57</u>	<u>13,118.69</u>	<u>8,607.55</u>	<u>6,357.05</u>

During 2010, the Group wrote down inventories to their net realizable values in the consolidated financial statements of Baht 22.92 million (2009: Baht 18.98 million) and in the separate financial statements of Baht 21.45 million (2009: Baht 15.60 million). The Group reversed the previous allowance for the decline in value of inventories in the consolidated financial statements of Baht 18.98 million (2009: Baht 308.70 million) and in the separate financial statements of Baht 15.60 million (2009: Baht 178.42 million).

The above inventories exclude the legal reserves, which are presented as other non-current assets as discussed in Note 18.

(TRANSLATION)

## 8. Materials and Supplies, Net

Materials and supplies as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Spare parts, equipment and others	11,979.86	11,544.62	3,555.57	2,957.82
<u>Less</u> Allowance for obsolescence	<u>(138.74)</u>	<u>(140.38)</u>	<u>(61.53)</u>	<u>(60.66)</u>
Materials and supplies, net	<u>11,841.12</u>	<u>11,404.24</u>	<u>3,494.04</u>	<u>2,897.16</u>

## 9. Other Current Assets

Other current assets as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Prepaid expenses	3,073.81	2,765.20	1,212.99	1,022.86
Accrued interest income and others	1,713.67	911.16	260.31	666.70
Deferred input value added tax	1,621.95	1,324.64	1,159.19	1,070.25
Others	<u>2,957.24</u>	<u>2,908.82</u>	<u>15.48</u>	<u>25.74</u>
Total	<u>9,366.67</u>	<u>7,909.82</u>	<u>2,647.97</u>	<u>2,785.55</u>

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates**

## 10.1 Details of subsidiaries, jointly controlled entities and associates of the Company

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<u>Subsidiaries:</u>				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	65.34	65.43
PTT (Cambodia) Co., Ltd. (PTTCL)	Cambodia	Oil marketing	100.00	100.00
Subic Bay Energy Co., Ltd. (SBECL)	Cayman Islands	Oil marketing	100.00	100.00
Retail Business Alliance Co., Ltd. (RBA)	Thailand	Management services and oil marketing	49.00	49.00
PTT International Trading Pte. Ltd. (PTTT)	Singapore	International oil trading	100.00	100.00
PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	Thailand	Natural gas	58.00	58.00
PTT LNG Co., Ltd. (PTTLNG)	Thailand	Natural gas	100.00	100.00
PTT Polymer Marketing Co., Ltd (PTTPM)	Thailand	Petrochemicals marketing	50.00	50.00
Energy Complex Co., Ltd. (EnCo)	Thailand	Real estate development for rent	50.00	50.00
PTT Polymer Logistics Co., Ltd. (PTTPL)	Thailand	Logistics services	100.00	100.00
PTT Retail Business Co., Ltd. (PTTRB)	Thailand	Management services and oil marketing	100.00	100.00
Combined Heat and Power Producing Co., Ltd. (CHPP)	Thailand	Generation and supply of electricity and chilled water	100.00	100.00
PTT International Co., Ltd. (PTTI)	Thailand	International investment	100.00	100.00
PTT Green Energy Pte. Ltd. (PTTGE)	Singapore	Investment in palm oil	100.00	100.00
Business Services Alliance Co., Ltd. (BSA)	Thailand	Management services	25.00	25.00
PTT Tank Terminal Co., Ltd. (PTT TANK)	Thailand	Terminal and warehouse	100.00	100.00
Thai Lube Blending Co., Ltd. (TLBC) (The Company and PTTRB held 48.95% and 51.05%, respectively. As a result, TLBC is a subsidiary of the Company)	Thailand	Blending and bottling of lube oil	48.95	48.95

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.1 Details of subsidiaries, jointly controlled entities and associates of the Company (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<u>Jointly controlled entities:</u>				
Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T))	Thailand	Natural gas	50.00	50.00
Trans Thai-Malaysia (Malaysia) Sdn. Bhd. (TTM (M))	Malaysia	Natural gas	50.00	50.00
District Cooling System and Power Plant Co., Ltd. (DCAP)	Thailand	Generation and supply of electricity and chilled water	35.00	35.00
PTT Asahi Chemicals Co., Ltd. (PTTAC)	Thailand	Petrochemicals	48.50	48.50
HMC Polymers Co., Ltd. (HMC)	Thailand	Petrochemicals	41.44	41.44
<u>Associates:</u>				
Thai Oil Public Co., Ltd. (TOP)	Thailand	Refining	49.10	49.10
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	28.29	28.46
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil transmission pipelines	33.19	33.19
Petro Asia (Thailand) Co., Ltd. (PA (Thailand))	Thailand	Oil marketing	35.00	35.00
Vietnam LPG Co., Ltd. (VLPG)	Vietnam	Bottling and sale of LPG	45.00	45.00
KELOIL-PTT LPG Sdn. Bhd. (KPL)	Malaysia	Bottling and sale of LPG	40.00	40.00
IRPC Public Co., Ltd. (IRPC)	Thailand	Petrochemicals and refining	39.02	36.68
Independent Power (Thailand) Co., Ltd (IPT)	Thailand	Electricity generation	20.00	20.00
Thai Oil Power Co., Ltd. (TP)	Thailand	Generation and supply of electricity	26.00	26.00
PTT Phenol Co., Ltd. (PPCL)	Thailand	Petrochemicals	40.00	40.00
PTT Chemical Public Co., Ltd. (PTTCH)	Thailand	Petrochemicals	48.68	49.16
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generation and supply of electricity, steam and water for industries	40.00	40.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Communication and technology services	20.00	20.00
PTT Aromatics and Refining Public Co., Ltd. (PTTAR)	Thailand	Petrochemicals and refining	48.60	48.65
PTT Maintenance & Engineering Co., Ltd. (PTTME)	Thailand	Factory maintenance and engineering services	40.00	40.00
B.Grimm BIP Power Co., Ltd. (B.Grimm BIP)	Thailand	Generation and supply of electricity	23.00	-

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b><u>Subsidiaries of PTTEP:</u></b>				
PTTEP International Co., Ltd. (PTTEPI)	Thailand	Petroleum	100.00	100.00
<u>Indirect subsidiaries held by PTTEPI</u>				
PTTEP (Thailand) Co., Ltd. (PTTEPT)*	Thailand	Petroleum	100.00	100.00
PTTEP Services Co., Ltd. (PTTEP Services)	Thailand	Service operation	100.00	100.00
PTTEP Thai Projects Co., Ltd. (PTTEP TP)*	Thailand	Petroleum	100.00	100.00
* PTTEPT and PTTEP TP were registered for dissolution and are in the process of liquidation.				
PTTEP Offshore Investment Co., Ltd. (PTTEPO)	Cayman Islands	Petroleum	100.00	100.00
<u>Indirect subsidiaries held by PTTEPO</u>				
PTTEP Kim Long Vietnam Co., Ltd. (PTTEP KV)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Southwest Vietnam Co., Ltd. (PTTEP SV)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Hoan – Vu Co., Ltd. (PTTEP HV)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Hoang – Long Co., Ltd. (PTTEP HL)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Oman Co., Ltd. (PTTEP OM)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Algeria Co., Ltd. (PTTEP AG)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Iran Co., Ltd. (PTTEP IR)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Merangin Co., Ltd. (PTTEPM)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Bahrain Co., Ltd. (PTTEP BH)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Holding Co., Ltd. (PTTEPH)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Indonesia Co., Ltd. (PTTEP ID)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Bengara I Co., Ltd. (PTTEPB)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Egypt Co., Ltd. (PTTEP EG)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Rommana Co., Ltd. (PTTEPR)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Sidi Abd El Rahman Co., Ltd. (PTTEP SAER)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Australia Pty Limited (PTTEP AU)	Australia	Petroleum	100.00	100.00
PTTEP Bangladesh Limited (PTTEP BD)	Cayman Islands	Petroleum	100.00	100.00



**10. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b><u>Subsidiaries of PTTEP (Continued):</u></b>				
<u>Indirect subsidiaries held by PTTEPO</u>				
<u>(continued):</u>				
PTTEP Myanmar Limited (PTTEP MYA)	Cayman Islands	Petroleum	100.00	100.00
PTTEP New Zealand Limited (PTTEP NZ)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Semai II Limited (PTTEP SM)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Australia Perth Pty Limited (PTTEP AP)	Australia	Petroleum	100.00	100.00
Andaman Transportation Limited (ATL)	Cayman Islands	Petroleum	100.00	100.00
PTTEP International Holding Co., Ltd. (PTTEP IH)	Cayman Islands	Petroleum	100.00	100.00
PTTEP Southwest Vietnam Pipeline Co., Ltd.(PTTEP SVPC)	Cayman Islands	Gas transmission pipelines	100.00	-
PTTEP FLNG Holding Co., Ltd.(PTTEP FH)	Hong Kong	Petroleum	100.00	-
PTTEP Brazil Holding Limited (PTTEP BR)	Cayman Islands	Petroleum	100.00	-
PTTEP Netherland Holding Limited (PTTEP NL)	Cayman Islands	Petroleum	100.00	-
JV Marine Limited (JV Marine)	Cayman Islands	Petroleum	100.00	-
PTTEP South Mandar Limited (PTTEP SMD)	Cayman Islands	Petroleum	100.00	-
PTTEP South Sageri Limited (PTTEP SS)	Cayman Islands	Petroleum	100.00	-
PTTEP Sadang Limited (PTTEP SD)	Cayman Islands	Petroleum	100.00	-
PTTEP Malunda Limited (PTTEP ML)	Cayman Islands	Petroleum	100.00	-
PTTEP Netherlands Cooperatie U.A. (PTTEP NC)	Netherlands	Petroleum	100.00	-
PTTEP Canada Limited (PTTEP CA)	Canada	Petroleum	100.00	-
PTTEP Siam Co., Ltd. (PTTEPS)	Thailand	Petroleum	100.00	100.00
<u>Indirect subsidiaries held by PTTEPS</u>				
PTTEP Andaman Co., Ltd. (PTTEPA)	Thailand	Petroleum	100.00	100.00
<b><u>Subsidiary of PTCL:</u></b>				
Houakhong Trading Co., Ltd.(Houakhong)	Lao People's Democratic Republic	Oil marketing	100.00	100.00
<b><u>Subsidiaries of SBECL:</u></b>				
PTT Philippines Trading Corporation (PTTTC)	Philippines	Oil marketing	100.00	100.00
PTT Philippines Corporation (PTTPC)	Philippines	Oil marketing	100.00	100.00

**10. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b><u>Subsidiaries of PTTT:</u></b>				
PTT International Trading DMCC (PTTT DMCC)	United Arab Emirates	International oil trading	100.00	100.00
<b><u>Subsidiaries of PTTPM:</u></b>				
Polymer Marketing DMCC Co., Ltd. (PM DMCC)	United Arab Emirates	Petrochemicals marketing	100.00	100.00
<b><u>Subsidiaries of PTTTB:</u></b>				
PTT Retail Management Co., Ltd. (PTTRM)	Thailand	Management of petrol stations and convenience stores	100.00	100.00
PTT Retail Service Co., Ltd. (PTTRS)	Thailand	Employee management service	100.00	100.00
Thai Lube Blending Co., Ltd. (TLBC)	Thailand	Blending and bottling of lube oil	51.05	51.05
<b><u>Subsidiaries of PTTI:</u></b>				
PTT Mining Limited (PTTML)	Hong Kong	Investment in other companies	100.00	100.00
<b><u>Indirect subsidiaries held by PTTML</u></b>				
PTT Asia Pacific Mining Pty Ltd (PTTAPM)	Australia	Investment in mining	60.00	60.00
Yannarie Solar Pty Ltd (YSP)	Australia	Salt mining	100.00	100.00
Straits (Brunei) Pte Ltd	Singapore	Investment in other companies	100.00	100.00
Straits Asia Resources Limited (SAR)	Singapore	Investment in coal mining	45.60	45.60
Straits Global Trading Pte Ltd (SGT)	Singapore	Marketing of coal mining	100.00	100.00
SAR Resources (Australia Pty Ltd (SARA)	Australia	Human resource management	100.00	100.00
Sebuka Investments Ltd (SIL)	Isle of Man	Investment in other companies	100.00	100.00
PT Bahari Perdana Persada (BPPD)	Indonesia	Investment in other companies	100.00	100.00
PT Bahari Cakrawala Sebuku (BCS)	Indonesia	Coal mining	80.00	100.00
PT Bahari Putra Perdana (BPPN)	Indonesia	Investment in other companies	100.00	100.00
PT Reyka Wahana Digdjaya (RWD)	Indonesia	Investment in other companies	100.00	100.00

**10. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b><u>Subsidiaries of PTTI(continued):</u></b>				
<u>Indirect subsidiaries held by PTTML (continued):</u>				
PT Bumi Borneo Metalindo (BBM)	Indonesia	Coal mining	100.00	100.00
PT Citra Pertiwi Nusantara (CPN)	Indonesia	Coal mining	100.00	100.00
PT Borneo Citrapertiwi Nusantara (BCN)	Indonesia	Investment in other companies	100.00	100.00
PT Separi Energy (SE)	Indonesia	Investment in other companies	100.00	100.00
PT Jembayan Muarabara (JMB)	Indonesia	Coal mining	100.00	100.00
PT Kemilau Rindang Abadi (KRA)	Indonesia	Coal mining	100.00	100.00
PT Arzara Baraindo Energitama (ABE)	Indonesia	Coal mining	100.00	100.00
PT Bumiborneo Pertiwi Nusantara (BPN)	Indonesia	Investment in other companies	100.00	100.00
PT Karbon Mahakam (KMM)	Indonesia	Coal mining	100.00	100.00
PT Metalindo Bumi Raya (MBR)	Indonesia	Coal mining	100.00	100.00
PT Kuda Perdana Pertewi (KPP)	Indonesia	Coal mining	100.00	100.00
Straits Asia Energy Pte Ltd (SAEnergy)	Singapore	Investment in other companies	100.00	100.00
Straits Energy Trading Pte Ltd (SET)	Singapore	Investment in other companies	100.00	100.00
Straits Marine & Infrastructure Pte Ltd (SMI)	Singapore	Marine engineering	100.00	100.00
Straits Asia Engineering Pte Ltd (SAE)	Singapore	Investment in other companies	-	100.00
PT Indo Straits (PTIS)	Indonesia	Marine engineering	-	100.00
PT Straits Consultancy Services (SCS)	Indonesia	Management services	100.00	100.00
PTT International Holding Limited (PTTIH)	Hong Kong	Investment in other companies	100.00	-
<u>Indirect subsidiaries held by PTTIH</u>				
PTT International Investment Limited (PTTII)	Hong Kong	Investment in other companies	100.00	-
PTT International (Singapore) (PTT Inter(Sing))	Singapore	Investment in other companies	100.00	100.00
Natee Synergy Co., Ltd.	Thailand	Investment in other companies	100.00	-

**10. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b><u>Subsidiaries of PTTGE:</u></b>				
Sabran Brothers Pte Ltd	Singapore	Investment in other companies	100.00	100.00
<u>Indirect subsidiaries held by Sabran Brothers</u>				
Kalimantan Thai Palm Pte Ltd (KTP)	Singapore	Investment in other companies	100.00	100.00
PTT Green Energy (Thailand) Co.,Ltd.	Thailand	Management services	100.00	97.00
PT Mitra Aneka Rezeki (PT MAR)	Indonesia	Palm oil	95.00	95.00
PT Az-Zhara	Indonesia	Palm oil	95.00	95.00
PT Taringin Perkasa (TP)	Indonesia	Palm oil	95.00	95.00
PT Sawit Mandiri Sampuraga (SMS)	Indonesia	Palm oil	95.00	95.00
PT Sawit Mandiri Sejahtera Kobar (SMSK)	Indonesia	Palm oil	95.00	95.00
PT Mirza Pratama Putra (MPP)	Indonesia	Palm oil	95.00	95.00
PT Landen Roslia Mandiri (LRM)	Indonesia	Palm oil	95.00	95.00
PT Lamandau Sawit Lestari (LSL)	Indonesia	Palm oil	95.00	95.00
Chancellor Oil Pte.Ltd.	Singapore	Investment in other companies	77.56	-
<u>Indirect subsidiaries held by Chancellor Oil</u>				
PT First Borneo Plantations (PT. FBP)	Indonesia	Palm oil	95.00	-
PT Borneo International Anugerah (PT. BIA)	Indonesia	Palm oil	95.00	-
PT Wahana Hamparan Hijau (PT. WHH)	Indonesia	Palm oil	95.00	-
PT Mitra Kapuas Bio Agro (PT. MKA)	Indonesia	Palm oil	95.00	-
PT Berkah Sawit Abadi (PT. BSA)	Indonesia	Palm oil	95.00	-
PT Kapuas Bio Agro (PT. KBA)	Indonesia	Palm oil	95.00	-
PT Khatulistiwa Agro Abadi(PT. KAA)	Indonesia	Palm oil	95.00	-
PTT GE Netherlands Coop.U.A (PTTGE NL)	Netherlands	Investment in other companies	100.00	-
<u>Indirect subsidiaries (investments held by PTTGE NL):</u>				
PTT GE Services Netherlands BV (PTTGE NL-Services)	Netherlands	Funding	100.00	-
<b><u>Subsidiaries of PTTNGD:</u></b>				
Amata Natural Gas Distribution Co., Ltd. (AMATA NGD)	Thailand	Natural gas	80.00	50.00*

\* As at December 31, 2009, AMATA NGD was an associate of PTTNGD.

**10. Investments Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b><u>Subsidiaries of BSA:</u></b>				
Sport Services Alliance Co., Ltd. (SSA)	Thailand	Management services of football tournaments and other sports	100.00	-
<b><u>Subsidiaries of TTM (T):</u></b>				
TTM Sukuk Berhad (TTMT SPV)	Malaysia	Funding	100.00	-
<b><u>Jointly Controlled Entities of PTTEP:</u></b>				
Carigali - PTTEPI Operating Company Sdn. Bhd. (CPOC)	Malaysia	Petroleum	50.00	50.00
Moattama Gas Transportation Company (MGTC)	Bermuda	Gas transmission pipelines	25.50	25.50
Taninthayi Pipeline Company LLC. (TPC)	Cayman Islands	Gas transmission pipelines	19.3178	19.3178
Orange Energy Limited (Orange)	Thailand	Petroleum	53.9496	53.9496
B8/32 Partners Limited (B8/32 Partners)	Thailand	Petroleum	25.0009	25.0009
PTT FLNG Limited (PTT FLNG)	Hong Kong	Petroleum	50.00	-
<b><u>Jointly Controlled Entities of PTTI:</u></b>				
FEE (Bru) Pte.,Ltd.	Singapore	Coal mining	35.00	35.00
PTT FLNG Limited (PTT FLNG)	Hong Kong	Petroleum	50.00	-

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

**Projects of PTT Exploration and Production Public Co., Ltd. (PTTEP)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Bongkot	Thailand	PTT Exploration and Production Public Co., Ltd.	44.4445	44.4445
Arthit	Thailand	PTT Exploration and Production Public Co., Ltd.	80.00	80.00
Arthit North	Thailand	PTT Exploration and Production Public Co., Ltd.	100.00	100.00
Pailin	Thailand	Chevron Thailand Exploration and Production, Ltd.	45.00	45.00
Sinphuhorm (Block E 5 North)	Thailand	Hess (Thailand) Co., Ltd.	20.00	20.00
S 1	Thailand	PTTEP Siam Co., Ltd.	25.00	25.00
Unocal III	Thailand	Chevron Thailand Exploration and Production Co., Ltd.	5.00	5.00
E 5	Thailand	Exxon Mobil Exploration and Production Khorat Inc.	20.00	20.00
Algeria Hassi Bir Rekaiz	Algeria	PTT Exploration and Production Public Co., Ltd.	24.5	-

**Projects of PTTEP International Co., Ltd. (PTTEPI)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Yadana	Myanmar	Total E&P Myanmar	25.50	25.50
Yetagun	Myanmar	Petronas Carigali Myanmar (Hong Kong) Ltd.	19.31784	19.31784
PTTEP 1	Thailand	PTTEP International Co., Ltd.	100.00	100.00
G 4/43	Thailand	Chevron Offshore (Thailand) Co.,Ltd.	21.375	21.375
G 9/43	Thailand- Cambodia	PTTEP International Co., Ltd.	100.00	100.00
L 22/43	Thailand	PTTEP International Co., Ltd.	100.00	100.00
L 53/43 & L54/43	Thailand	PTTEP International Co., Ltd.	100.00	-
G 4/48	Thailand	Chevron Pattani Co., Ltd.	5.00	-
Arthit (Block G 9/48)	Thailand	PTTEP International Co., Ltd.	80.00	-
Bongkot (Block G 12/48)	Thailand	PTTEP International Co., Ltd.	44.4445	-
L 21, 28 & 29/48	Thailand	PTTEP International Co., Ltd.	70.00	-
A 4, 5 & 6/48	Thailand	PTTEP International Co., Ltd.	100.00	-
Unocal III (G 6/50)	Thailand	Chevron Petroleum Thailand Co., Ltd.	5.00	-
Pailin (G 7/50)	Thailand	Chevron Petroleum Thailand Co., Ltd.	45.00	-
Arthit (G 8/50)	Thailand	PTTEP International Co., Ltd.	80.00	-
Cambodia B	Cambodia	PTTEP International Co., Ltd.	33.333334	33.333334
Myanmar Zawtika	Myanmar	PTTEP International Co., Ltd.	100.00	100.00
Myanmar M3, M4, M7 & M11	Myanmar	PTTEP International Co., Ltd.	100.00	100.00

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

**Projects of PTTEP International Co., Ltd. (PTTEPI) (Continued)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Joint Development Areas Thailand – Malaysia - B17	Thailand - Malaysia	Carigali – PTTEPI Operating Company Sendirian Berhad	50.00	50.00

**Projects of PTTEP Offshore Investment Co., Ltd. (PTTEPO)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
B8/32 & 9A*	Thailand	Chevron Offshore (Thailand) Co., Ltd.	25.0010	25.0010

**Projects of PTTEP Southwest Vietnam Co., Ltd. (PTTEP SV)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Vietnam 52/97	Vietnam	Chevron Vietnam (Block 52), Ltd.	7.00	7.00

**Projects of PTTEP Kim Long Vietnam Co., Ltd. (PTTEP KV)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Vietnam B & 48/95	Vietnam	Chevron Vietnam (Block B), Ltd.	8.50	8.50

**Projects of PTTEP Hoang-Long Co., Ltd. (PTTEP HL)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Vietnam 16-1	Vietnam	Hoang Long Joint Operating Company	28.50	28.50

**Projects of PTTEP Hoan-Vu Co., Ltd. (PTTEP HV)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Vietnam 9-2	Vietnam	Hoan-Vu Joint Operating Company	25.00	25.00

**Projects of PTTEP Oman Co., Ltd. (PTTEP OM)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Oman 44	Oman	PTTEP Oman Co., Ltd.	100.00	100.00
Oman 58	Oman	PTTEP Oman Co., Ltd.	-	100.00

\* PTTEPO held shares in Orange Energy Limited and B8/32 Partners Limited which were concession holders in this project.

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

**Projects of PTTEP Algeria Co., Ltd. (PTTEP AG)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Algeria 433a & 416b	Algeria	- Groupement Bir Seba (for development phase) - Petro Vietnam Exploration Production Corporation (for exploration phase)	35.00	35.00

**Projects of PTTEP (Thailand) Co., Ltd. (PTTEPT)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Bongkot (Block G12/48)	Thailand	PTTEP (Thailand) Co., Ltd.	-	44.4445
Arthit (Block G9/48)	Thailand	PTTEP (Thailand) Co., Ltd.	-	80.00
L 53/43 & L 54/43	Thailand	PTTEP (Thailand) Co., Ltd.	-	100.00
G 4/48	Thailand	Chevron Pattani Co., Ltd.	-	5.00

**Projects of PTTEP Siam Co., Ltd. (PTTEPS)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Sinphuhorm (Block EU-1)	Thailand	Hess (Thailand) Co., Ltd.	20.00	20.00
B6/27	Thailand	PTTEP Siam Co., Ltd.	60.00	60.00
S1	Thailand	PTTEP Siam Co., Ltd.	75.00	75.00
L21, 28 & 29/48	Thailand	PTTEP Siam Co., Ltd.	-	70.00
A4, 5 & 6/48	Thailand	PTTEP Siam Co., Ltd.	-	100.00

**Projects of PTTEP Iran Co., Ltd. (PTTEP IR)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Iran Saveh	Iran	PTTEP Iran Co., Ltd.	-	100.00

**Projects of PTTEP Bengara I Co., Ltd. (PTTEPB)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Indonesia Bengara-1	Indonesia	PT Medco E&P Bengara	-	40.00

**Projects of PTTEP Thai Projects Co., Ltd. (PTTEP TP)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Unocal III (G 6/50)	Thailand	Chevron Petroleum Thailand Co., Ltd.	-	5.00
Pailin (G 7/50)	Thailand	Chevron Petroleum Thailand Co., Ltd.	-	45.00
Arthit (G 8/50)	Thailand	PTTEP Thai Projects Co., Ltd.	-	80.00



**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

**Projects of PTTEP Australia Offshore Pty. Ltd. (PTTEP AO)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Australia AC/P 36	Australia	Murphy Australia Oil Pty Ltd.	22.21	20.00
Australia WA 423	Australia	Murphy Australia Oil Pty Ltd.	30.00	30.00

**Projects of PTTEP Rommana Co., Ltd. (PTTEPR)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Rommana	Egypt	Sipetrol International S.A.	30.00	30.00

**Projects of PTTEP Bahrain Co., Ltd. (PTTEP BH)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Bahrain 2	Bahrain	PTTEP Bahrain Co., Ltd.	100.00	100.00

**Projects of PTTEP Sidi Abd EI Rahman Co., Ltd. (PTTEP SAER)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Sidi Abd EI Rahman offshore	Egypt	Edison International SPA	30.00	30.00

**Projects of PTTEP Semai II Limited (PTTEP SM)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Indonesia Semai II	Indonesia	Murphy Semai Oil Co., Ltd.	28.33	33.33

**Projects of PTTEP New Zealand Limited (PTTEP NZ)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
New Zealand Great South	New Zealand	OMV New Zealand Limited	36.00	36.00

**Projects of PTTEP South Mandar Limited (PTTEP SMD)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Indonesia South Mandar	Indonesia	PTTEP South Mandar Limited	67.00	-

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

**Projects of PTTEP Malunda Limited (PTTEP ML)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Indonesia Malunda	Indonesia	PTTEP Malunda Limited	100.00	-

**Projects of PTTEP Sadang Limited (PTTEP SD)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Indonesia Sadang	Indonesia	Talisman Sadang B.V.i.o.	40.00	-

**Projects of PTTEP South Sageri Limited (PTTEP SS)**

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2010</u>	<u>2009</u>
Indonesia South Sageri	Indonesia	Talisman South sageri B.V.i.o.	30.00	-

**Projects of PTTEP Australia Perth Pty Limited (PTTEP AP)**

<u>Project</u>	<u>Country</u>
PTTEP Australasia	Australia

Details of operators and shareholding percentage in projects of PTTEP Australasia are as follows:

<u>Project</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
		<u>2010</u>	<u>2009</u>
AC/L7, AC/L8, AC/P33 AC/P34 & AC/P40	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100.00	100.00
AC/L1, AC/L2 & AC/L3	PTTEP Australasia (Ashmore Cartier) Pty Ltd	89.6875	89.6875
AC/RL7	PTTEP Australasia (Ashmore Cartier) Pty Ltd	80.00	80.00
AC/P24	PTTEP Australasia (Ashmore Cartier) Pty Ltd	60.00	60.00
AC/RL4(Tenacious)	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100.00	75.00
AC/RL6(Audacious), AC/P4, AC/RL4(exclude Tenacious), AC/RL5, AC/RL6(exclude Audacious) & AC/P17	PTTEP Australasia (Ashmore Cartier) Pty Ltd	50.00	50.00
AC/P32	PTTEP Australasia (Ashmore Cartier) Pty Ltd	35.00	35.00
WA378P, WA396P & WA397P	Woodside Energy Limited	20.00	20.00

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.2 Details of the subsidiaries, jointly controlled entities and associates of subsidiaries and jointly controlled entities (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b><u>Associates of PTTEP:</u></b>				
Energy Complex Co., Ltd. (EnCo)	Thailand	Commercial	50.00	50.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Communication and technology services	20.00	20.00
Associates of PTTEP AP Group*	Australia	Services	50.00	50.00
<b><u>Associate of SBECL:</u></b>				
FST Aviation Services Limited (FST)	Hong Kong	Aircraft refueling service	25.00	25.00
<b><u>Associates of PTTI:</u></b>				
East Mediterranean Gas Company S.A.E. (EMG)	Egypt	Natural gas transmission pipelines-overseas	25.00	25.00
Red Island Mineral (RIM)	Australia	Coal mining	33.50	33.50

\* The associates of PTTEP AP Group were ShoreAir Pty Ltd and Troughton Island Pty Ltd.

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.3 Investments in associates in the consolidated financial statements as at December 31, 2010 and 2009

Unit: Million Baht

Company	Shareholding percentage		2010		2009		Dividend	
	2010	2009	Cost method	Equity Method	Cost method	Equity method	2010	2009
<u>Refining Business Group</u>								
1. TOP	49.10	49.10	11,380.83	35,098.90	11,380.83	33,023.81	2,103.46	2,053.38
2. SPRC	36.00	36.00	14,770.48	18,637.99	14,770.48	17,330.86	812.38	-
3. BCP	28.29	28.46	4,060.18	6,608.81	4,060.18	6,236.42	432.80	499.38
4. PTTAR	48.60	48.65	12,820.01	30,594.61	12,820.01	29,395.46	1,802.48	720.99
5. IRPC	39.02	36.68	28,467.24	30,676.38	25,946.99	27,241.02	1,309.22	1,161.59
<u>Oil Business Group</u>								
6. THAPPLINE	33.19	33.19	2,682.35	1,193.14	2,682.35	779.42	-	-
7. PA (Thailand)	35.00	35.00	131.25	-	131.25	-	-	-
8. V LPG	45.00	45.00	87.35	102.89	87.35	106.29	-	-
9. KPL	40.00	40.00	21.49	(0.96)	21.49	9.10	-	-
10. FST	25.00	25.00	1.13	1.40	1.13	1.34	-	-
<u>Petrochemicals Business Group</u>								
11. PTTCH	48.68	49.16	33,520.89	57,408.10	33,520.89	54,486.37	2,152.83	1,208.61
12. PPCL	40.00	40.00	3,340.48	3,972.72	3,194.10	2,756.58	-	-
13. PTTME	40.00	40.00	66.41	181.00	66.40	137.35	27.80	-
<u>Natural Gas Business Group</u>								
14. IPT	20.00	20.00	400.19	1,527.84	400.19	1,527.58	-	18.06
15. AMATA NGD*	-	50.00	-	-	80.00	212.12	-	98.50
16. TP	26.00	26.00	2,304.76	2,138.13	2,304.76	2,132.78	73.06	73.06
17. PTTUT	40.00	40.00	2,743.60	2,619.08	2,743.60	2,486.85	-	-
18. EMG	25.00	25.00	16,544.61	14,063.82	16,544.61	14,526.21	-	-
19. B.Grimm BIP	23.00	-	4.95	4.91	-	-	-	-
<u>Coal Business Group</u>								
20. RIM	33.50	33.50	1,267.73	1,538.42	1,267.73	1,516.15	-	-
<u>Other Business Group</u>								
21. PTTICT	20.00	20.00	60.00	82.74	60.00	89.19	-	-
22. ShoreAir	50.00	50.00	16.88	75.42	16.88	78.52	-	-
			134,692.81	206,525.34	132,101.22	194,073.42		
<u>Less Allowance for impairment</u>			(131.25)	-	(131.25)	-		
<b>Total</b>			<b>134,561.56</b>	<b>206,525.34</b>	<b>131,969.97</b>	<b>194,073.42</b>	<b>8,714.03</b>	<b>5,833.57</b>

\* The status of AMATA NGD has changed from an associate to a subsidiary of PTTNGD since August 3, 2010 as PTTNGD acquired additional 30% shareholding from its existing shareholders. As a result, when combined with the existing shareholding, the new shareholding was 80%.

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

10.4 Investments in subsidiaries, jointly controlled entities and associates in the separate financial statements as at December 31, 2010 and 2009

Unit: Million Baht

Company	Shareholding percentage		Cost method		Dividend	
	2010	2009	2010	2009	2010	2009
<u>Subsidiaries:</u>						
1. PTTEP	65.34	65.43	11,131.33	11,131.33	8,128.13	8,756.70
2. PTTT	100.00	100.00	2.50	2.50	-	-
3. PTTCL	100.00	100.00	0.23	0.23	-	-
4. SBECL	100.00	100.00	1,154.81	1,154.81	-	-
5. PTTNGD	58.00	58.00	418.14	418.14	406.00	-
6. PTTLNG	100.00	100.00	1,638.25	1,638.25	-	-
7. PTTPM	50.00	50.00	20.00	20.00	-	-
8. EnCo	50.00	50.00	900.00	900.00	-	-
9. RBA	49.00	49.00	0.49	0.49	-	-
10. PTTPL	100.00	100.00	1,200.00	1,200.00	-	-
11. PTTTRB	100.00	100.00	5,100.00	5,100.00	-	-
12. CHPP	100.00	100.00	270.00	270.00	-	-
13. PTTI	100.00	100.00	13,524.00	12,967.00	-	-
14. PTTGE	100.00	100.00	7,044.58	5,906.05	-	-
15. BSA	25.00	25.00	0.50	0.50	-	-
16. PTT TANK	100.00	100.00	2,500.37	650.36	-	-
17. TLBC	48.95	48.95	140.00	140.00	8.82	1.54
Total investments in subsidiaries			45,045.20	41,499.66	8,542.95	8,758.24
<u>Jointly Controlled Entities:</u>						
<i>Natural Gas Business Group</i>						
18. TTM(T)	50.00	50.00	5,666.80	5,666.80	1,060.00	-
19. TTM(M)	50.00	50.00	281.32	281.32	-	-
20. DCAP	35.00	35.00	428.75	350.00	-	-
<i>Petrochemicals Business Group</i>						
21. PTTAC	48.50	48.50	6,573.63	4,534.25	-	-
22. HMC	41.44	41.44	9,117.12	9,117.12	49.33	27.81
Total investments in jointly controlled entities			22,067.62	19,949.49	1,109.33	27.81

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

10.4 Investments in subsidiaries, jointly controlled entities and associates in the separate financial statements as at December 31, 2010 and 2009 (Continued)

Unit: Million Baht

Company	Shareholding percentage		Cost method		Dividend	
	2010	2009	2010	2009	2010	2009
<i>Associates:</i>						
<i>Refining Business Group</i>						
23. TOP	49.10	49.10	11,380.83	11,380.83	2,103.46	2,053.38
24. SPRC	36.00	36.00	14,770.48	14,770.48	812.39	-
25. BCP	28.29	28.46	4,060.18	4,060.18	432.80	499.38
26. PTTAR	48.60	48.65	12,820.01	12,820.01	1,802.48	720.99
27. IRPC	39.02	36.68	28,467.23	25,946.99	1,309.22	1,161.59
<i>Oil Business Group</i>						
28. THAPPLINE	33.19	33.19	2,682.35	2,682.35	-	-
29. PA (Thailand)	35.00	35.00	131.25	131.25	-	-
30. V LPG	45.00	45.00	87.35	87.35	-	-
31. KPL	40.00	40.00	21.49	21.49	-	-
<i>Petrochemicals Business Group</i>						
32. PTTCH	48.68	49.16	32,079.42	32,079.42	2,103.06	1,180.67
33. PPCL	40.00	40.00	3,340.48	3,194.10	-	-
34. PTTME	40.00	40.00	66.41	66.41	27.80	-
<i>Natural Gas Business Group</i>						
35. IPT	20.00	20.00	400.19	400.19	-	18.06
36. TP	26.00	26.00	2,304.76	2,304.76	73.06	73.06
37. PTTUT	40.00	40.00	2,743.60	2,743.60	-	-
38. B. Grimm BIP	23.00	-	4.95	-	-	-
<i>Other Business Group</i>						
39. PTTICT	20.00	20.00	30.00	30.00	-	-
Total investments in associates			115,390.98	112,719.41		
Less Allowance for impairment			(131.25)	(131.25)		
Total investments in associates, net			115,259.73	112,588.16	8,664.27	5,707.13
Total			182,372.55	174,037.31	18,316.55	14,493.18

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.5 Movements in investments in the consolidated and the separate financial statements

## 10.5.1 Movements in investments in associates accounted for under the equity method in the consolidated financial statements are as follows:

	Unit: Million Baht	
	<u>2010</u>	<u>2009</u>
Balance as at January 1	194,073.42	179,286.63
- Share of net income from investments in associates	18,992.41	18,766.83
- Dividends received	(8,714.03)	(5,833.57)
- Reclassification	(259.89)	(144.95)
- Additional investments	2,671.57	568.89
- Business acquisition	-	1,284.61
- Unrealized gain (loss) on available-for-sale securities	(2.21)	24.61
- Surplus on dilution of investments	(75.21)	(78.35)
- Currency translation differences	(160.72)	192.82
- Write-off negative goodwill	-	5.90
Balance as at December 31	<u>206,525.34</u>	<u>194,073.42</u>

## 10.5.2 Movements in investments in subsidiaries, jointly controlled entities and associates accounted for under the cost method in the separate financial statements are as follows:

	Unit: Million Baht	
	<u>2010</u>	<u>2009</u>
Balance as at January 1	174,037.31	154,564.04
- Additional investments	8,335.24	19,604.52
- Impairment of investment	-	(131.25)
Balance as at December 31	<u>182,372.55</u>	<u>174,037.31</u>

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

10.6 The share of net assets and results of operations from jointly controlled entities which are included in the consolidated financial statements as at December 31, 2010 and 2009 are as follows:

**Balance Sheets:**

As at December 31, 2010 and 2009

Unit: Million Baht

	2010					2009				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Current assets	2,625.16	90.53	155.96	2,039.69	4,041.78	3,221.71	95.78	169.84	740.57	2,202.05
Non-current assets	13,935.19	635.97	837.00	10,564.10	11,753.93	13,746.86	659.92	803.40	7,021.33	11,178.83
Current liabilities	(1,242.57)	(82.15)	(62.24)	(559.28)	(1,227.56)	(3,151.38)	(48.65)	(151.31)	(652.67)	(871.20)
Non-current liabilities	(8,607.73)	(390.75)	(598.50)	(5,381.18)	(5,242.28)	(7,038.53)	(485.80)	(560.00)	(2,590.08)	(4,119.21)
Net assets	<u>6,710.05</u>	<u>253.60</u>	<u>332.22</u>	<u>6,663.33</u>	<u>9,325.87</u>	<u>6,778.66</u>	<u>221.25</u>	<u>261.93</u>	<u>4,519.15</u>	<u>8,390.47</u>

**Statements of Income:**

For the years ended December 31, 2010 and 2009

Unit: Million Baht

	2010					2009				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Income*	2,721.36	132.06	587.87	320.29	7,718.35	2,571.08	96.46	567.68	99.85	7,113.24
Expenses	(1,729.98)	(100.16)	(596.33)	(175.95)	(6,505.22)	(1,531.94)	(96.81)	(589.18)	(110.02)	(6,022.30)
Gain (loss) before taxes	991.38	31.90	(8.46)	144.34	1,213.13	1,039.14	(0.35)	(21.50)	(10.17)	1,090.94
Income taxes	-	-	-	(39.03)	(227.70)	-	-	-	-	(219.38)
Net income (loss)	<u>991.38</u>	<u>31.90</u>	<u>(8.46)</u>	<u>105.31</u>	<u>985.43</u>	<u>1,039.14</u>	<u>(0.35)</u>	<u>(21.50)</u>	<u>(10.17)</u>	<u>871.56</u>

\* including gain (loss) on foreign exchange rate.



**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

10.7 Significant events during the year ended December 31, 2010

**PTTEP**

On January 14, 2010, PTTEP established PTTEP Southwest Vietnam Pipeline Co., Ltd. (PTTEP SVPC) with registered capital of USD 50,000 comprised of 50,000 ordinary shares at a par value of USD 1 each. PTTEP Holding Co., Ltd. (PTTEPH) had a 100% shareholding.

On April 7, 2010, PTTEP established PTTEP FLNG Holding Co., Ltd. with registered capital of HKD 10,000 comprised of 10,000 ordinary shares at a par value of HKD 1 each. PTTEP International Holding Co., Ltd. had a 100% shareholding.

On May 7, 2010, PTTEP established six subsidiaries as follows:

- ◆ PTTEP South Mandar Limited, PTTEP Sadang Limited, PTTEP Malunda Limited and PTTEP South Sageri Limited in Indonesia with registered capital of USD 50,000 in each company comprised of 50,000 ordinary shares at a par value of USD 1 each. PTTEP Indonesia Co., Ltd. had a 100% shareholding.
- ◆ PTTEP Brazil Holding Limited and PTTEP Netherland Holding Limited with registered capital of USD 50,000 in each company comprised of 50,000 ordinary shares at a par value of USD 1 each. PTTEP International Holding Co., Ltd. had a 100% shareholding.

On May 10, 2010, PTTEP established PTTEP South American Holding Limited with registered capital of USD 50,000 comprised of 50,000 ordinary shares at a par value of USD 1 each. PTTEP International Holding Company Limited had a 100% shareholding.

On June 3, 2010, PTTEP established PTTEP Australia International Finance Pty Ltd. with registered capital of AUD 50,000 comprised of 50,000 ordinary shares at a par value of AUD 1 each. PTTEP Australia Perth Pty Ltd. had a 100% shareholding.

On December 1, 2010 PTTEP established two subsidiaries as follows:

- PTTEP Netherlands Cooperatie U.A. with registered capital of USD 50,000. PTTEP International Holding Company Limited and PTTEP Netherland Holding Limited had 1% and 99% shareholding, respectively.
- PTTEP Canada Limited with registered capital of CAD 50,000 comprised of 50,000 ordinary shares at a par value of CAD 1 each. PTTEP Netherlands Cooperatie U.A. had a 100% shareholding.

During the year, PTTEP's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 26. This event caused an increase in the surplus on dilution of investments in subsidiaries and associates under shareholders' equity in the balance sheet amounting to Baht 113.00 million. Consequently, as at December 31, 2010, the Company's shareholding in PTTEP was 65.34%.

**IRPC**

During the year, IRPC's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 26. This event caused a decrease in the surplus on dilution of investments in subsidiaries and associates under shareholders' equity in the balance sheet amounting to Baht 98.90 million. The Company continuously purchased 596.23 million ordinary shares of IRPC from the Stock Exchange of Thailand (SET). Consequently, as at December 31, 2010, the Company's shareholding in IRPC was 39.02%.

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

10.7 Significant events during the year ended December 31, 2010

**PTTAR**

During the year, PTTAR's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 26. This event caused an increase in the surplus on dilution of investments in subsidiaries and associates under shareholders' equity in the balance sheet amounting to Baht 5.16 million. Consequently, as at December 31, 2010, the Company's shareholding in PTTAR was 48.60%.

**PTTCH**

During the year, PTTCH's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 26. This event caused a decrease in the surplus on dilution of investments in subsidiaries and associates under shareholders' equity in the balance sheet amounting to Baht 10.80 million. Consequently, as at December 31, 2010, the Company's shareholding in PTTCH was 48.68%.

**BCP**

During the year, the holders of convertible debenture warrants exercised their rights to convert to ordinary shares as detailed in Note 26. The impact from dilution of investment of Baht 7.84 million recognized as the surplus on dilution of investments in subsidiaries and associates under shareholders' equity in the balance sheet. Consequently, as at December 31, 2010, the Company's shareholding in BCP was 28.29%.

**PTTI**

On January 15, 2010, PTTI called for the fifth payment of the additional authorized share capital of Baht 357 million and the Company paid for these shares on January 21, 2010.

On March 4, 2010, PTTI registered for the incorporation of PTT International Holdings Limited in Hong Kong with registered capital of HKD 10,000 comprised of 1,000 ordinary shares at a par value of HKD 10 each. PTTI had a 100% shareholding.

On March 11, 2010, PTTI registered for the incorporation of PTT International Investment Limited in Hong Kong with registered capital of HKD 10,000 comprised of 1,000 ordinary shares at a par value of HKD 10 each. PTT International Holdings Limited had a 100% shareholding.

On April 12, 2010, PTTI registered for the incorporation of PTT FLNG Limited in Hong Kong with registered capital of HKD 10,000 comprised of 1,000 ordinary shares at a par value of HKD 10 each. PTT International (Singapore) Pte. Ltd. and PTTEP FLNG Holdings Company were shareholders in the portion of 50:50.

On August 23, 2010, PTTI called for the sixth payment of the additional authorized share capital of Baht 200 million and the Company paid for these shares on August 27, 2010.

On November 22, 2010, PTTI registered Natee Synergy Co., Ltd. with registered capital of Baht 1 million comprised of 9,999 ordinary shares at a par value of Baht 100 each. PTTI had a 100% shareholding and paid for these shares in full.

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

10.7 Significant events during the year ended December 31, 2010

**PTTGE**

PTTGE's board of directors' meeting passed a resolution to increase the authorized share capital by USD 35 million from USD 173.85 million to USD 208.85 million by issuing 35 million ordinary shares at a par value of USD 1 each. On March 30, 2010, the Company made a payment for these shares amounting to USD 35 million or approximately Baht 1,138.53 million.

On February 8, 2010, PTTGE acquired 95% shareholding of PT First Borneo Plantations (PT. FBP) which operated a palm oil business in Indonesia. The acquisition was made through Chancellor Oil Pte. Ltd. in Singapore in which PTTGE had a 77.56% shareholding.

**PTT TANK**

On December 24, 2009, PTT TANK's board of directors' meeting No.7/2009 passed a resolution to call a payment from its shareholders for the remaining unpaid shares amounting to Baht 350 million. The Company made the payment on January 22, 2010.

On March 3, 2010, PTT TANK's extraordinary shareholders' meeting No. 1/2010 passed a resolution to increase its authorized share capital by Baht 1,500 million from Baht 1,000 million to Baht 2,500 Million with three instalment of Baht 500 million each. The Company made payments for these shares on April 19, May 14 and June 15, 2010.

**PPCL**

On January 28, 2010, PPCL's board of directors' meeting No. 1/2010 passed a resolution to call a payment from its shareholders for the remaining unpaid shares amounting to Baht 365.95 million. Accordingly, on February 12, 2010, the Company made a payment of Baht 146.38 million reflecting its shareholding of 40%.

**PTTAC**

On November 6, 2009, PTTAC's board of directors' meeting No. 6/2009 passed a resolution to call for the fourth and fifth payment of additional authorized share capital amounting to Baht 739.88 million each. The Company made payments for these shares on January 12 and February 19, 2010.

On August 30, 2010, PTTAC's ordinary shareholders' meeting passed a resolution to increase authorized share capital by Baht 1,846.2 million from Baht 12,400 million to Baht 14,246.20 million by issuing additional share capital amounting to 18.46 million shares with a par value of Baht 100 each. On September 23, 2010, PTTAC's board of directors' meeting No. 10/2010 passed a resolution to call for the first payment of additional authorized share capital amounting to Baht 223.85 million. The Company made a payment for these shares on November 10, 2010.

On December 14, 2010, PTTAC's board of directors' meeting No. 12/2010 passed a resolution to call for the second payment of additional authorized share capital amounting to Baht 335.78 million. The Company made a payment for these shares on December 22, 2010.

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

10.7 Significant events during the year ended December 31, 2010

**DCAP**

On April 27, 2010, DCAP was called for the first payment of additional authorized share capital in the portion of the Company amounting to Baht 78.75 million to operate its power capacity expansion project. The Company made a payment for these shares on May 11, 2010.

**TTMT**

During the year, TTMT registered TTM Sukuk Berhard Special Purpose Vehicle (SPV) in Malaysia to raise funding capital from Malaysian market with the authorized share capital of MYR 100,000 which TTMT had a 100% shareholding.

**BSA**

On August 27, 2010, BSA's board of directors' meeting No. 2/2010 passed a resolution to establish Sport Services Alliances Co., Ltd.(SSA) with the objectives of management services for PTT Rayong football team. The authorized share capital was Baht 0.50 million comprised of 0.05 million ordinary shares at a par value of Baht 10 each. BSA had 100% shareholding.

**B.Grimm BIP**

On December 25, 2009, PTT's board of directors' meeting No. 12/2009 passed a resolution to jointly invest in B.Grimm BIP Power Co., Ltd. (B.Grimm BIP) with B.Grimm Energy Corporation Limited and Bangkadi Industrial Park Co., Ltd. for a power plant development project in the Bangkadi Industrial Park with shareholding percentages of 23%, 51% and 26% respectively. B.Grimm BIP had the authorized share capital amounting to Baht 21.50 million. On December 9, 2010, the Company made a payment for these shares amounting to Baht 4.95 million.

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.8 Additional information in respect of associates

10.8.1 The share of net assets and results of operations from associates presented by business segments as at December 31, 2010 and 2009 are as follows:

## Balance Sheets:

As at December 31, 2010 and 2009

Unit: Million Baht

	2010					2009				
	Gas	Oil	Petro-chemicals	Refinery	Others	Gas	Oil	Petro-chemical	Refinery	Others
Current assets	3,989.03	1,429.02	21,069.93	104,148.66	179.73	3,084.98	1,010.28	16,968.76	92,745.46	162.44
Non-current assets	11,590.94	2,276.54	69,975.97	131,313.64	91.65	11,620.02	2,347.81	69,791.80	128,421.62	26.60
Current liabilities	(2,066.18)	(448.86)	(9,042.46)	(51,449.03)	(177.68)	(2,310.14)	(390.32)	(8,477.42)	(44,041.25)	(137.91)
Non-current liabilities	(6,578.10)	(2,030.34)	(24,742.44)	(61,540.52)	(50.56)	(5,604.86)	(2,113.65)	(25,804.20)	(62,308.41)	(1.97)
Net assets	6,935.69	1,226.36	57,261.00	122,472.75	43.14	6,790.00	854.12	52,478.94	114,817.42	49.16

## Statements of Income:

For the years ended December 31, 2010 and 2009

Unit: Million Baht

	2010					2009				
	Gas	Oil	Petro-chemicals	Refinery	Others	Gas	Oil	Petro-chemical	Refinery	Others
Income	6,624.71	1,958.95	56,898.02	489,386.44	238.68	8,316.56	1,842.02	46,638.57	405,982.94	186.41
Expenses	(6,380.16)	(1,429.05)	(50,002.51)	(473,798.94)	(245.61)	(7,913.28)	(1,283.59)	(42,184.61)	(385,867.62)	(179.66)
Gain(loss) before taxes	244.55	529.90	6,895.51	15,587.50	(6.93)	403.28	558.43	4,453.96	20,115.32	6.75
Income taxes	(33.68)	(114.21)	(718.01)	(3,329.47)	0.90	(140.45)	(114.22)	(1,163.36)	(4,434.84)	(3.97)
Net Profit (loss)	210.87	415.69	6,177.50	12,258.03	(6.03)	262.83	444.21	3,290.60	15,680.48	2.78

10.8.2 The Company has not recognized its share of gain from some associates for the year ended December 31, 2010 amounting to Baht 3.65 million (2009: Baht 0.79 million) because the Company had an unrealized allowance for its share of loss from these associates as at December 31, 2010 amounting to Baht 63.62 million (2009: Baht 67.27 million).

**10. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)**

## 10.8 Additional information in respect of associates (Continued)

10.8.3 The fair value of investments in associates (only those with equity securities traded in the Stock Exchange of Thailand (SET)) was calculated based on current bid prices at the balance sheet dates. Details are as follows:

		Unit: Million Baht
<u>Associates</u>	<u>2010</u>	<u>2009</u>
BCP	6,125.73	4,960.51
IRPC	50,759.53	31,857.78
TOP	78,378.92	42,820.43
PTTAR	55,156.02	36,410.18
PTTCH	108,473.84	54,605.88

10.8.4 The shareholding percentages of investments in subsidiaries, jointly controlled entities and associates which have differences between voting rights and ownerships are as follows:

		Unit: Percentage
<u>Company</u>	<u>Voting rights</u>	<u>Ownships</u>
Subsidiaries		
RBA	79.35	49.00
BSA	57.14	100.00
Jointly Controlled Entity		
HMC	42.10	41.44
Associate		
THAPPLINE	35.20	33.15

**11. Other Long-term Investments, Net**

11.1 Other long-term investments, net as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
General investments	2,179.35	2,379.89	1,106.12	1,106.12
Investments in available-for-sale securities				
- Investments in equity securities	656.69	336.00	336.00	336.00
- Investments in debt securities	585.60	585.60	585.60	585.60
- Investments in mutual funds	6,804.89	5,554.89	6,804.89	5,554.89
Allowance for changes in value of investments	5,543.42	1,647.68	5,496.81	1,647.68
<b>Total</b>	<b>15,769.95</b>	<b>10,504.06</b>	<b>14,329.42</b>	<b>9,230.29</b>

11.2 Details of other long-term investments of the Company are as follows:

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b>General investments</b>				
Petro Asia (Huizhou) Co., Ltd. (PA (Huizhou))	China	Oil marketing	25.00	25.00
Petro Asia (Shantou) Co., Ltd. (PA (Shantou))	China	Oil marketing	-	15.00
Petro Asia (Maoming) Co., Ltd. (PA (Maoming))	China	Oil marketing	20.00	20.00
Petro Asia (Sanshui) Co., Ltd. (PA (Sanshui))	China	Oil marketing	25.00	25.00
PTT Mart Co., Ltd. (PTT Mart)	Thailand	Management services	-	49.00
Fuel Pipeline Transportation Co., Ltd. (FPT)	Thailand	Oil transmission pipelines	2.76	2.76
Intoplane Services Co., Ltd. (IPS)	Thailand	Aircraft refuelling services	16.67	16.67
Ratchaburi Power Co., Ltd. (RPCL)	Thailand	Electricity generation	15.00	15.00
Colour Vision International Co., Ltd. (Corpus)	Thailand	Finished yarn production	0.48	-

**11. Other Long-term Investments, Net (Continued)**

11.2 Details of other long-term investments of the Company are as follows: (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b>Investments in available-for-sale securities</b>				
<u>Investments in equity instruments</u>				
Dhipaya Insurance Public Co., Ltd. (TIP)	Thailand	Insurance	13.33	13.33
Bangkok Aviation Fuel Services Public Co., Ltd. (BAFS)	Thailand	Aircraft refuelling services	7.06	7.06
<u>Investments in debt securities</u>				
Convertible subordinated debenture of Bangchak Petroleum Public Co., Ltd.	Thailand	Refining		
<u>Investments in mutual funds</u>				
MFC Energy Fund	Thailand	Mutual fund	32.57	32.57
Energy and Petrochemical Index Fund (FAM EPIF)	Thailand	Mutual fund		

11.3 Details of other long-term investments of the subsidiaries and jointly controlled entities:

Company	Country of Incorporation	Business	Shareholding Percentage	
			2010	2009
<b><u>Other long-term investments of PTTT:</u></b>				
KIC Oil Terminals Sdn Bhd (KOT)	Malaysia	Logistics services	10.00	10.00
Kadriah Integrated Facilities Sdn Bhd (KIF)	Malaysia	Logistics services	10.00	10.00
Kadriah I Ltd (K I)	Malaysia	Logistics services	10.00	10.00
Kadriah II Sdn Bhd (K II)	Malaysia	Logistics services	10.00	10.00
<b><u>Other long-term investments of PTTI:</u></b>				
Xanadu Mines Ltd. (XML)	Mongolia	Mining exploration	12.72	15.50
<b><u>Other long-term investments of HMC:</u></b>				
Rayong Olefins Co., Ltd. (ROC)	Thailand	Petrochemicals	5.91	5.91
Basell Advanced Polyolefins (Thailand) Co., Ltd. (BAPT)	Thailand	Petrochemicals	2.07	2.07



**11. Other Long-term Investments, Net (Continued)**

11.4 Other long-term investments, net as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

Company	Shareholding percentage		Consolidated financial statements		Separate financial statements		Dividends	
	2010	2009	2010	2009	2010	2009	2010	2009
<b><u>General Investments</u></b>								
1. PA (Huizhou)	25.00	25.00	15.16	15.16	15.16	15.16	-	-
2. PTT Mart	-	49.00	-	78.40	-	78.40	-	-
3. FPT	2.76	2.76	44.00	44.00	44.00	44.00	-	-
4. IPS	16.67	16.67	0.02	0.02	0.02	0.02	-	-
5. PA (Shantou)	-	15.00	-	60.84	-	60.84	-	-
6. RPCL	15.00	15.00	1,098.75	1,098.75	1,098.75	1,098.75	435.00	-
7. ROC	5.91	5.91	643.73	643.73	-	-	-	-
8. BAPT	2.07	2.07	18.19	18.19	-	-	-	-
9. PA (Maoming)	20.00	20.00	14.83	14.83	14.83	14.83	-	-
10. PA (Sanshui)	25.00	25.00	6.06	6.06	6.06	6.06	-	-
11. KOT	10.00	10.00	117.93	117.93	-	-	-	-
12. KIF	10.00	10.00	48.84	48.84	-	-	-	-
13. K I	10.00	10.00	245.39	245.39	-	-	-	-
14. K II	10.00	10.00	65.52	65.52	-	-	-	-
15. XML	-	15.50	-	161.82	-	-	-	-
16. Corpus	0.48	-	0.60	-	0.60	-	-	-
Total investments accounted for under the cost method			2,319.02	2,619.48	1,179.42	1,318.06		
Currency translation differences			(48.18)	(9.46)	-	-		
Less Allowance for impairment of investments			(91.49)	(230.13)	(73.30)	(211.94)		
Total general investments, net			2,179.35	2,379.89	1,106.12	1,106.12		
<b><u>Investments in Available-for-sale Securities</u></b>								
<b><u>Investments in Equity Securities</u></b>								
TIP	13.33	13.33	312.00	312.00	312.00	312.00	62.00	40.00
BAFS	7.06	7.06	24.00	24.00	24.00	24.00	17.28	13.68
XML	12.72	-	221.79	-	-	-	-	-
Total investments in equity securities			557.79	336.00	336.00	336.00		
<b><u>Investments in Debt Securities</u></b>			585.60	585.60	585.60	585.60		
<b><u>Investments in Mutual Funds</u></b>								
MFC Energy Fund	32.57	32.57	504.89	504.89	504.89	504.89	-	-
FAM EPIF			6,300.00	5,050.00	6,300.00	5,050.00	-	-
Total investments in mutual funds			6,804.89	5,554.89	6,804.89	5,554.89		
Total investments in available-for-sale securities before changes in value of investments and currency translation differences			7,948.28	6,476.49	7,726.49	6,476.49		
Currency translation differences			98.90	-	-	-		
Allowance for changes in value of investments			5,543.42	1,647.68	5,496.81	1,647.68		
Total investments in available-for-sale securities			13,590.60	8,124.17	13,223.30	8,124.17		
Total other long-term investments, net			15,769.95	10,504.06	14,329.42	9,230.29	514.28	53.68

**11. Other Long-term Investments, Net (Continued)**

11.5 Movements in other long-term investments, net are as follows:

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Balance as at January 1	10,504.06	7,784.74	9,230.29	6,643.23
- Additional investments	1,309.97	253.42	1,250.00	211.73
- Business acquisitions	-	120.13	-	-
- Allowance for changes in value of investments	3,895.74	2,375.33	3,849.13	2,375.33
- Currency translation differences	60.18	(29.56)	-	-
Balance as at December 31	<u>15,769.95</u>	<u>10,504.06</u>	<u>14,329.42</u>	<u>9,230.29</u>

11.6 Significant events during the year ended December 31, 2010

**PA (Shantou)**

On January 27, 2010, the Company's board of directors' meeting No. 1/2010 passed a resolution to sell 15% of its shares in Petro Asia (Shantou) Co., Ltd. (PA(Shantou)) to Shenzhen Sailuo Industrial Development Co., Ltd.(the Buyer), amounting to Baht 19.74 million. The Company, therefore, reclassified its investment in PA (Shantou) from other long-term investments to current investments held for sales. Later, the buyer cancelled the purchase deal and the new buyer approached for the purchase of these shares. Currently, it is in the process of reviewing a draft of sale and purchase contract.

**FAM EPIF**

During the year, the Company made an additional investment in Finansa Asset Management – Energy and Petrochemical Index Fund (FAM EPIF) for 122.36 million unit trusts amounting to Baht 1,250 million.

**PTT MART**

During the year, the Company wrote off investments of Baht 78.4 million, which the allowance for impairment was fully recognized.

**Corpus**

During the year, the Company received ordinary shares from Corpus as a debt repayment by the conversion of debt to equity in accordance with the restructuring plan, agreed by The Central Bankruptcy Court injunction. The Company fully recognized the allowance for impairment of this investment.

**XML**

During the year, a subsidiary of PTTI made an additional investment in XML of USD 1.89 million or approximately Baht 59.97 million resulting in a 16.72% shareholding. On December 21, 2010, XML registered to the Australian Stock Exchange, and warrants had been exercised. As a result, on December 31, 2010, the shareholding in XML decreased from 16.72% to 12.72%.

**12. Property, Plant and Equipment, Net**

Property, plant and equipment, net as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	Consolidated financial statements						Total
	Land	Buildings and building improvements	Machinery and equipment	Oil and gas exploration and production properties	Other assets	Construction in progress	
<b>Cost</b>							
As at January 1, 2010	10,249.28	28,946.65	234,789.34	352,234.96	11,044.47	86,284.57	723,549.27
- Business acquisition (Note 37)	-	2.65	467.55	-	13.33	23.49	507.02
- Additions	669.59	1,533.74	3,197.64	55,119.10	1,317.42	44,980.49	106,817.98
- Borrowing costs	-	(7.34)	(109.04)	-	(0.01)	2,158.50	2,042.11
- Reclassification	125.99	9,337.07	38,457.34	(161.10)	821.98	(54,467.53)	(5,886.25)
- Disposals	(16.02)	(877.66)	(1,773.16)	(1,663.17)	(658.94)	(3.48)	(4,992.43)
- Currency translation differences	(120.57)	(15.18)	(481.40)	(654.20)	53.12	(87.24)	(1,305.47)
As at December 31, 2010	10,908.27	38,919.93	274,548.27	404,875.59	12,591.37	78,888.80	820,732.23
<b>Accumulated Depreciation</b>							
As at January 1, 2010	-	(12,398.06)	(80,669.15)	(147,643.01)	(7,379.71)	-	(248,089.93)
- Business acquisition (Note 37)	-	(1.78)	(93.69)	-	(4.57)	-	(100.04)
- Depreciation for the period	-	(1,709.67)	(9,935.33)	(34,460.08)	(1,065.74)	-	(47,170.82)
- Reclassification	-	(72.40)	(94.01)	-	203.86	-	37.45
- Disposals	-	774.04	466.70	105.31	481.58	-	1,827.63
- Currency translation Differences	-	7.16	140.47	260.32	7.54	-	415.49
As at December 31, 2010	-	(13,400.71)	(90,185.01)	(181,737.46)	(7,757.04)	-	(239,080.22)
<b>Allowance for Impairment of Assets</b>							
As at January 1, 2010	(60.72)	(7.39)	(242.86)	(561.73)	-	-	(872.70)
- Impairment losses	(81.27)	(8.23)	(47.41)	(0.54)	-	-	(137.45)
- Reversal of impairment losses	60.72	3.42	0.06	90.03	-	-	154.23
As at December 31, 2010	(81.27)	(12.20)	(290.21)	(472.24)	-	-	(855.92)
<b>Net Book Value</b>							
As at December 31, 2009	10,188.56	16,541.20	153,877.33	204,030.22	3,664.76	86,284.57	474,586.64
As at December 31, 2010	10,827.00	25,507.02	184,073.05	222,665.89	4,834.33	78,888.80	526,796.09

## (TRANSLATION)

**12. Property, Plant and Equipment, Net (Continued)**

Property, plant and equipment, net as at December 31, 2010 and 2009 are as follows (Continued):

Unit : Million Baht

	Separate financial statements					Total
	Land	Buildings and building improvements	Machinery and equipment	Other assets	Construction in progress	
<b>Cost</b>						
As at January 1, 2010	7,753.01	21,762.59	202,315.28	8,427.54	50,727.36	290,985.78
- Additions	84.26	642.49	1,934.77	970.00	20,516.81	24,148.33
- Borrowing costs	-	(7.34)	(109.04)	(0.01)	1,003.17	886.78
- Reclassification	222.94	2,861.04	30,286.25	1,212.89	(35,245.17)	(662.05)
- Disposals	(16.02)	(173.34)	(1,321.76)	(544.64)	-	(2,055.76)
As at December 31, 2010	8,044.19	25,085.44	233,105.50	10,065.78	37,002.17	313,303.08
<b>Accumulated Depreciation</b>						
As at January 1, 2010	-	(9,440.98)	(70,700.77)	(6,057.62)	-	(86,199.37)
- Depreciation for the period	-	(1,046.54)	(7,405.39)	(853.75)	-	(9,305.68)
- Reclassification	-	(0.03)	0.03	(0.01)	-	(0.01)
- Disposals	-	143.95	135.55	392.05	-	671.55
As at December 31, 2010	-	(10,343.60)	(77,970.58)	(6,519.33)	-	(94,833.51)
<b>Allowance for Impairment of Assets</b>						
As at January 1, 2010	(60.72)	(7.40)	(242.73)	-	-	(310.85)
- Impairment losses	(81.27)	(8.23)	(12.38)	-	-	(101.88)
- Reversal of impairment losses	60.72	3.42	-	-	-	64.14
As at December 31, 2010	(81.27)	(12.21)	(255.11)	-	-	(348.59)
<b>Net Book Value</b>						
As at December 31, 2009	7,692.29	12,314.21	131,371.78	2,369.92	50,727.36	204,475.56
As at December 31, 2010	7,962.92	14,729.63	154,879.81	3,546.45	37,002.17	218,120.98

Borrowing costs in the consolidated financial statements amounting to Baht 2,042.11 million (2009: Baht 2,238.49 million) and in the separate financial statements amounting to Baht 886.78 million (2009: Baht 1,433.05 million) were capitalized as part of costs of property, plant and equipment. The Group used capitalization rates ranging from 1.67% - 7.25% (2009: 3.32% - 7.25%).

**12. Property, Plant and Equipment, Net** (Continued)

As at December 31, 2010 and 2009, the other assets include vehicles acquired under finance leases. Details are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2010	2009	2010	2009
Cost	981.36	800.22	844.84	674.76
<u>Less</u> Accumulated depreciation	<u>(204.58)</u>	<u>(467.08)</u>	<u>(142.26)</u>	<u>(414.25)</u>
Net book value	<u>776.78</u>	<u>333.14</u>	<u>702.58</u>	<u>260.51</u>

As at December 31, 2010, PTTEP had carried cost to be reimbursed from the government, which is presented as oil and gas exploration and production properties and other non-current assets in the balance sheet and petroleum exploration expenses in the statements of income for various projects as follows:

Projects	Unit: Million Baht Carried cost to be reimbursed from the government		
	Oil and gas exploration and production properties	Other non-current assets	Petroleum exploration expenses (Accumulated from the year 2002 to December 31, 2010)
Vietnam 52/97	-	30.42	-
Vietnam B and 48/95	-	31.84	-
Vietnam 16-1	904.42	-	1,305.74
Vietnam 9-2	1,181.59	-	811.23
Algeria 433A and 416 B	281.13	-	434.66

(TRANSLATION)

### 13. Intangible Assets, Net

Intangible assets, net as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	Consolidated financial statements			
	Computer software	Right of use	Other intangible asset	Total
Cost				
As at January 1, 2010	6,038.23	19,523.41	1,106.40	26,668.04
- Business acquisition (Note 37)	0.12	0.12	660.10	660.34
- Additions	210.07	51.51	0.08	261.66
- Reclassification	407.80	(1,060.86)	(277.12)	(930.18)
- Disposals	(4.50)	-	(67.40)	(71.90)
- Currency translation differences	(0.29)	(9.67)	0.35	(9.61)
As at December 31, 2010	<u>6,651.43</u>	<u>18,504.51</u>	<u>1,422.41</u>	<u>26,578.35</u>
Accumulated Amortization				
As at January 1, 2010	(1,686.50)	(4,793.64)	(553.70)	(7,033.84)
- Business acquisition (Note 37)	(0.10)	-	-	(0.10)
- Amortization for the period	(296.47)	(539.36)	(73.68)	(909.51)
- Reclassification	0.28	244.16	-	244.44
- Disposals	4.41	-	50.99	55.40
- Currency translation differences	0.20	5.54	2.85	8.59
As at December 31, 2010	<u>(1,978.18)</u>	<u>(5,083.30)</u>	<u>(573.54)</u>	<u>(7,635.02)</u>
Net Book Value				
As at December 31, 2009	<u>4,351.73</u>	<u>14,729.77</u>	<u>552.70</u>	<u>19,634.20</u>
As at December 31, 2010	<u>4,673.25</u>	<u>13,421.21</u>	<u>848.87</u>	<u>18,943.33</u>

(TRANSLATION)

**13. Intangible Assets, Net (Continued)**

Intangible assets, net as at December 31, 2010 and 2009 are as follows (Continued):

Unit: Million Baht

	Separate financial statements			
	Computer software	Right of use	Other intangible asset	Total
<b>Cost</b>				
As at January 1, 2010	1,286.93	18,214.81	51.55	19,553.29
- Additions	90.97	0.01	-	90.98
- Reclassification	349.18	26.68	-	375.86
- Disposals	(4.41)	-	-	(4.41)
As at December 31, 2010	<u>1,722.67</u>	<u>18,241.50</u>	<u>51.55</u>	<u>20,015.72</u>
<b>Accumulated Amortization</b>				
As at January 1, 2010	(869.83)	(4,457.62)	(51.55)	(5,379.00)
- Amortization for the period	(161.59)	(477.27)	-	(638.86)
- Reclassification	0.46	(6.46)	-	(6.00)
- Disposals	4.41	-	-	4.41
As at December 31, 2010	<u>(1,026.55)</u>	<u>(4,941.35)</u>	<u>(51.55)</u>	<u>(6,019.45)</u>
<b>Net Book Value</b>				
As at December 31, 2009	<u>417.10</u>	<u>13,757.19</u>	<u>-</u>	<u>14,174.29</u>
As at December 31, 2010	<u>696.12</u>	<u>13,300.15</u>	<u>-</u>	<u>13,996.27</u>

**14. Mining properties, Net**

Mining properties, net as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2010	2009
Cost		
As at January 1	36,887.30	-
- Business acquisition	-	36,901.18
- Additions	893.58	4,943.55
- Reclassification	634.62	(3,809.13)
- Currency translation differences	<u>(2,170.04)</u>	<u>(1,148.30)</u>
As at December 31	<u>36,245.46</u>	<u>36,887.30</u>
Accumulated Amortization		
As at January 1	(2,880.05)	-
- Business acquisition	-	(1,902.13)
- Amortization for the period	(901.83)	(1,086.07)
- Transfers	0.28	(18.06)
- Currency translation differences	<u>277.20</u>	<u>126.21</u>
As at December 31	<u>(3,504.40)</u>	<u>(2,880.05)</u>
Allowance for Impairment of Assets		
As at January 1	-	-
- Impairment losses	<u>(41.76)</u>	<u>-</u>
As at December 31	<u>(41.76)</u>	<u>-</u>
Net Book Value		
As at December 31	<u><u>32,699.30</u></u>	<u><u>34,007.25</u></u>



**15. Goodwill, Net**

Movements of Goodwill, net are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	<u>2010</u>	<u>2009</u>
Net book value as at January 1	17,381.94	12,107.22
- Business acquisition	-	107.48
- Additions (Note 37)	926.01	5,991.73
- Reclassification	(37.23)	-
- Impairment losses	(33.52)	(176.97)
- Currency translation differences	<u>(731.07)</u>	<u>(647.52)</u>
Net book value as at December 31	<u>17,506.13</u>	<u>17,381.94</u>

**16. Income Taxes and Deferred Taxes**

Applicable tax rates for the Group are as follows:

	<u>Tax rates (%)</u>
Petroleum income tax on petroleum business in Thailand pursuant to the Petroleum Income Tax Act, B.E.2514 (1971) and B.E.2532 (1989)	50
Income tax under the Revenue Code	
- Income tax of the Company	30
- Income tax of subsidiaries and jointly controlled entities	15 – 30
Corporate income tax in foreign countries	5 – 55
Petroleum resource rent tax in Australia	40

**16. Income Taxes and Deferred Taxes (Continued)**

16.1 Income tax expenses recognized in the consolidated and the separate statements of income for the years ended December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Income tax under the Revenue Code				
Current tax	13,863.07	12,433.88	12,638.43	11,017.60
Deferred tax	(557.39)	307.37	81.64	311.48
Total income tax under the Revenue Code	<u>13,305.68</u>	<u>12,741.25</u>	<u>12,720.07</u>	<u>11,329.08</u>
Petroleum income tax				
Current tax	24,205.77	20,150.18	-	-
Deferred tax	(605.99)	(101.39)	-	-
Total petroleum income tax	<u>23,599.78</u>	<u>20,048.79</u>	<u>-</u>	<u>-</u>
Corporate income taxes in foreign countries				
Current tax	5,131.19	4,519.82	-	-
Deferred tax	(1,787.53)	1,146.39	-	-
Total corporate income taxes in foreign countries	<u>3,343.66</u>	<u>5,666.21</u>	<u>-</u>	<u>-</u>
Petroleum resource rent tax in Australia				
Current tax	-	(135.53)	-	-
Deferred tax	(1,142.03)	(5,005.96)	-	-
Total petroleum resource rent tax in Australia	<u>(1,142.03)</u>	<u>(5,141.49)</u>	<u>-</u>	<u>-</u>
Total income tax expenses	<u>39,107.09</u>	<u>33,314.76</u>	<u>12,720.07</u>	<u>11,329.08</u>

In Australia, the petroleum companies have to pay for not only Corporate Income Tax, but also Petroleum Resource Rent Tax (PRRT). The calculation is based on stipulated principles and procedures by applying a rate of 40%. The Group accounts for the current and deferred PRRT by using the same accounting policy for the measurement and disclosure of Corporate Income Tax.

**16. Income Taxes and Deferred Taxes (Continued)**

16.2 Deferred taxes presented in the consolidated and the separate balance sheets as at December 31, 2010 and 2009 are as follows:

	Consolidated financial statements	Unit: Million Baht Separate financial statements
Deferred tax assets		
Income tax under the Revenue Code		
As at January 1, 2010	1,486.09	1,468.71
Increase (Decrease)	401.28	(187.16)
As at December 31, 2010	<u>1,887.37</u>	<u>1,281.55</u>
Petroleum income tax		
As at January 1, 2010	172.32	-
Increase (Decrease)	390.51	-
As at December 31, 2010	<u>562.83</u>	<u>-</u>
Corporate income tax in foreign countries		
As at January 1, 2010	1,719.21	-
Increase (Decrease)	2,977.20	-
As at December 31, 2010	<u>4,696.41</u>	<u>-</u>
Petroleum Resource Rent Tax in Australia		
As at January 1, 2010	6,685.92	-
Increase (Decrease)	1,401.96	-
As at December 31, 2010	<u>8,087.88</u>	<u>-</u>
Deferred tax assets as at December 31, 2009	<u>10,063.54</u>	<u>1,468.71</u>
Deferred tax assets as at December 31, 2010	<u>15,234.49</u>	<u>1,281.55</u>

**16. Income Taxes and Deferred Taxes (Continued)**

16.2 Deferred taxes presented in the consolidated and the separate balance sheets as at December 31, 2010 and 2009 are as follows: (Continued)

	Consolidated financial statements	Unit: Million Baht Separate financial statements
Deferred tax liabilities		
Income tax under the Revenue Code		
As at January 1, 2010	5,363.60	5,270.19
Increase (Decrease)	1,227.97	1,049.22
As at December 31, 2010	<u>6,591.57</u>	<u>6,319.41</u>
Petroleum income tax		
As at January 1, 2010	14,219.68	-
Increase (Decrease)	(239.16)	-
As at December 31, 2010	<u>13,980.52</u>	<u>-</u>
Corporate income tax in foreign countries		
As at January 1, 2010	9,106.76	-
Increase (Decrease)	729.72	-
As at December 31, 2010	<u>9,836.48</u>	<u>-</u>
Deferred tax liabilities as at December 31, 2009	<u>28,690.04</u>	<u>5,270.19</u>
Deferred tax liabilities as at December 31, 2010	<u>30,408.57</u>	<u>6,319.41</u>

Deferred tax assets mainly comprise of allowance for doubtful accounts, allowance for impairment of assets, accumulated depreciation of plant and equipment and deferred income. Deferred tax liabilities mainly comprise of accumulated depreciation of plant and equipment, amortization of decommissioning costs, unrealized gain on revaluation of decommissioning costs and refund receivable from the Oil Stabilization Fund.

**17. Advance Payments for Gas Purchased**

Movements of advance payments for gas purchased are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Balance as at January 1	16,735.19	24,055.93	19,343.93	26,590.36
- Additions	-	25.79	-	25.79
- Make-up right	<u>(8,931.40)</u>	<u>(7,346.53)</u>	<u>(9,600.46)</u>	<u>(7,272.22)</u>
Balance as at December 31	<u>7,803.79</u>	<u>16,735.19</u>	<u>9,743.47</u>	<u>19,343.93</u>

The Company paid in advance for the committed gas according to the established minimum volume in the Export Gas Sales Agreements (Take-or-Pay). The Company has the right to take certain volumes of prepaid gas (Make-up right) in subsequent years, with no maturity period.

As at December 31, 2010, the remaining advance payments for gas purchased from Yadana and Yetagun gas fields in the Union of Myanmar, were irrespective of take-up in 2000-2001.

**18. Other Non-current Assets**

Other non-current assets as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Retention and refundable deposits	10,554.18	238.79	44.83	39.13
Advances	9,020.90	8,370.25	4,131.81	4,272.38
Inventories - legal reserves	13,911.72	13,241.10	13,894.99	12,510.33
Deferred compensation	919.35	978.91	-	-
Others	<u>1,493.22</u>	<u>1,439.07</u>	<u>132.82</u>	<u>288.28</u>
Total	<u>35,899.37</u>	<u>24,268.12</u>	<u>18,204.45</u>	<u>17,110.12</u>

During 2010, PTTEP paid a deposit for share acquisition of Baht 10,312 million to Statoil Canada Ltd. and Statoil Canada Holdings Corp. under a Partnership Unit Sale Agreement (PUSA) to acquire 40% shareholding in Oil Sand Kai Kos Dehseh (KKD), a joint investment project in Canada.

**18. Other Non-current Assets (Continued)**

The Fuel Oil Trading Act B.E. 2543 (2000) categorizes the Company as an oil trader under section 7 of this Act. To protect against and resolve fuel oil shortages, this Act prescribes that oil traders under section 7 must reserve fuel oil according to the categories and volumes determined by the Director General of the Department of Energy Business. Currently, the Company reserves 5% of the planned trading volume as reported to the Director General of the Department of Energy Business, the Ministry of Energy.

In both 2010 and 2009, the costs of inventories-legal reserves were lower than their net realisable value. Therefore, the Group has not recognized any decrease in the value of inventories-legal reserves.

**19. Bank Overdrafts and Short-term Loans from Financial Institutions**

As at December 31, 2010, the bank overdrafts and short-term loans from financial institutions in the consolidated financial statements bear interest at rates ranging from 1.84% to 6.45% per annum (2009: interest at rates ranging from 0.55% to 6.45% per annum). There is no bank overdrafts and short-term loans from financial institutions in the separate financial statements.

**20. Other Current Liabilities**

Other current liabilities as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Advances received	139.20	116.97	25.14	56.64
Undue output VAT	2,636.90	2,414.45	2,198.11	2,005.46
Retention (due within 1 year)	164.80	316.28	-	0.99
Others	2,138.64	1,112.02	980.49	615.18
<b>Total</b>	<b>5,079.54</b>	<b>3,959.72</b>	<b>3,203.74</b>	<b>2,678.27</b>

**21. Long-term Loans**

Long-term loans as at December 31, 2010 and 2009 are as follows:

## Current Portion of Long-term Loans

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Loans – Baht currency	9,975.85	9,577.00	9,500.00	9,500.00
Loans – Baht currency – EPPO	211.64	196.73	211.64	196.73
Loans – Foreign currencies	3,512.16	10,307.39	2,651.91	2,917.25
Debentures – Baht currency	11,356.50	12,798.73	11,356.50	3,300.00
Debentures – Foreign currencies	3,286.60	-	3,286.60	-
Liabilities under finance leases	219.52	1,054.64	188.61	199.25
<b>Total</b>	<b>28,562.27</b>	<b>33,934.49</b>	<b>27,195.26</b>	<b>16,113.23</b>

## Long-term Loans

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Loans – Baht currency	36,002.44	44,010.49	27,500.00	37,000.00
Loans – Baht currency – EPPO	504.71	653.13	504.71	653.13
Loans – Foreign currencies	43,854.43	29,364.14	22,436.28	16,587.09
Debentures – Baht currency	197,769.46	191,755.40	148,804.20	142,804.20
Debentures – Foreign currencies	63,788.49	44,474.94	39,933.29	44,474.94
Liabilities under finance leases	507.31	10,695.55	451.96	82.86
<b>Total</b>	<b>342,426.84</b>	<b>320,953.65</b>	<b>239,630.44</b>	<b>241,602.22</b>

The Company's loans as at December 31, 2010, amounting to Baht 18,575.61 million (2009: Baht 28,040.29 million) are secured by the Ministry of Finance.

(TRANSLATION)

## 21. Long-term Loans (Continued)

The current portion and long-term loans and current portion as at December 31, 2010 and 2009 can be classified by interest types as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Floating interest rate	51,826.39	62,533.72	28,664.50	30,595.33
Fixed interest rate	319,162.72	292,354.42	238,161.20	227,120.12
Total	370,989.11	354,888.14	266,825.70	257,715.45

Interest rates charged on long-term loans as at December 31, 2010 and 2009 are as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
PTT bonds	3.90%-7.83%	3.85%-7.83%	3.90%-7.83%	3.85%-7.83%
Loans – Baht currency	2.32%-4.75%	2.38%-4.75%	2.32%-4.75%	2.38%-4.75%
Loans – Baht currency – EPPO	0.50%	0.50%	0.50%	0.50%
Loans – Foreign currencies				
- US Dollar	0.46%-6.05%	0.46%-7.51%	0.46%-3.83%	0.46%-4.57%
- Yen	4.45%	4.45%	4.45%	4.45%
Debentures – Baht currency	3.00%-7.40%	1.81%-7.40%	3.20%-7.40%	3.20%-7.40%
Debentures – Foreign currencies	1.57%-5.88%	4.74%-5.88%	1.57%-5.88%	4.74%-5.88%
Liabilities under finance leases	3.33%-6.75%	4.00%-10.34%	3.33%-6.33%	4.80%-6.69%



(TRANSLATION)

**21. Long-term Loans (Continued)**

## 21.1 Loans

Movements of loans in Baht currency and foreign currencies for the year ended 31 December 2010 are as follows:

Unit: Million

	Consolidated financial statements			
	Currency			Total in Baht equivalent
	Baht	USD	JPY	
Balance as at January 1, 2010	54,437.35	934.08	23,000.00	94,108.88
- Additions	2,623.15	657.85	-	24,009.79
- Repayments	(10,365.87)	(307.87)	-	(20,462.31)
- Gain on exchange rates	-	-	-	(2,742.69)
- Currency translation differences	-	-	-	(858.03)
- Others	-	0.18	-	5.59
- Current portion	(10,187.49)	(116.03)	-	(13,699.65)
Balance as at December 31, 2010	<u>36,507.14</u>	<u>1,168.21</u>	<u>23,000.00</u>	<u>80,361.58</u>

Movements of loans in Baht currency and foreign currencies are as follows:

Unit: Million

	Separate financial statements			
	Currency			Total in Baht equivalent
	Baht	USD	JPY	
Balance as at January 1, 2010	47,349.86	331.04	23,000.00	66,854.20
- Additions	70.16	300.00	-	9,872.42
- Repayments	(9,703.67)	(87.04)	-	(12,620.92)
- Gain on exchange rates	-	-	-	(1,301.16)
- Current portion	(9,711.64)	(87.53)	-	(12,363.55)
Balance as at December 31, 2010	<u>28,004.71</u>	<u>456.47</u>	<u>23,000.00</u>	<u>50,440.99</u>

**21. Long-term Loans (Continued)**

21.1 Loans (Continued)

**Loans – Baht currency**

On May 12, 2010, the Company amended a loan agreement with a credit limit of Baht 12,000 million by changing from a floating interest rate of 6M THBFIX plus 2% per annum to a floating interest rate ranging between 6M THBFIX plus 1% per annum and 6M THBFIX plus 1.35 % per annum. The agreement is effective for interest payments on June 30, 2010 until March 30, 2019, the maturity date of the principal repayment.

On July 30, 2010, a subsidiary entered into a loan agreement with a financial institution with a credit limit of Baht 504 million and a maturity period of five years bearing interest at a rate of 3M BIBOR plus 0.77% per annum. The interest and loan principal are due every three months starting from November 2010. On August 3, 2010, the subsidiary drew down the loan in full amount.

On August 19, 2010, a jointly-controlled entity entered into a loan agreement with a financial institution with a credit limit of Baht 1,710 million and a maturity period of ten years, bearing interest at a rate of six-month fixed deposit rate plus 2.25% per annum. The jointly-controlled entity drew down the loan in full to refinance the former loan with another financial institution. (The Company recognized the loan according to its shareholding percentage amounting to Baht 598.50 million.)

A jointly-controlled entity entered into a loan agreement with a financial institution with a credit limit of Baht 7,000 million and a maturity period of ten and a half years, bearing interest at a rate of six-month fixed deposit rate plus a margin. During the period, the jointly-controlled entity drew down Baht 3,500 million of the loan. (The Company recognized the loan according to its shareholding percentage amounting to Baht 1,450.49 million.)

**Loans – Baht currency from Energy Policy and Planning Office (EPPO)**

On June 25, 2010, the Company drew down the fifth loan instalment amounting to Baht 70.16 million with a maturity period of five years, bearing interest at a fixed rate of 0.50% per annum in order to conserve the energy in accordance with the working capital for NGV (natural gas for vehicle) project. The interest is payable every three months and the principal is repayable in the instalments of Baht 3.55 million every three months totalling 20 instalments. The first principal repayment is due in September 2010 and the last repayment is due in June 2015.

(TRANSLATION)

**21. Long-term Loans (Continued)**

21.1 Loans (Continued)

Loans – Baht currency

As at December 31, 2010, the Company entered into hedging contracts to hedge its financial risks arising from the fluctuation of interest rates for some long-term loans – Baht currency. Details are as follows:

<b>Date</b>	<b>Currency</b>	<b>Principal (unit: million)</b>	<b>Interest rate (% per annum) in accordance with loan agreement</b>	<b>Interest payment</b>	<b>Principal repayment</b>	<b>Hedging instruments</b>	<b>Interest rate (% per annum) in accordance with hedging contracts</b>	<b>Terms of hedging instruments</b>
02/04/2009	Baht	5,000	Float rate between 6M THBFIX+1 and 6MTHBFIX+1.35	Semi- annual	Repayable in semi-annual instalment with the last payment on March 30, 2019	In 2010, the Company entered into an Interest Rate Swap, resulting in interest payment term since June 30, 2010 until the principal maturity on March 30, 2019.	Floating rate 6MTHBFIX+0.95	The interest rate swap contract granted the contracted parties a one-time right on June 30, 2012, to change from a floating rate of 6M THBFIX+0.95 to a fixed rate of 4.355% per annum.

**21. Long-term Loans (Continued)**

21.1 Loans (Continued)

**Loans – Foreign currency**

On March 29, 2010, the Company entered into loan agreements with three financial institutions, with a credit limit of USD 300 million and a maturity period of five years, bearing interest at a rate of LIBOR plus 0.75% per annum. The interest is payable every six months. On May 25, 2010, the Company drew down the loan in full amount.

On January 26, 2010, a subsidiary drew down the loans in full amount of USD 250 million, which the subsidiary had entered into the loan agreements with four financial institutions with a maturity period of five years, bearing interest at a rate of LIBOR plus 3% per annum. The interest is payable every six months. The first repayment is due on January 25, 2013.

A jointly controlled entity entered into term loan facility agreements with seven foreign financial institutions with total credit limit of USD 400 million, with a maturity period of twelve years, bearing interest at a rate of LIBOR plus 1.25% per annum. The interest is payable every three months, and the principal is repayable in semi-annual instalments for nine years. The first repayment is due in 2012. During the period, the jointly controlled entity drew down the loans of USD 207 million. (The Company recognized the loans according to its shareholding percentage amounting to USD 100.40 million.)

## (TRANSLATION)

**21. Long-term Loans (Continued)**

## 21.1 Loans (Continued)

## Loans – Foreign currencies

As at December 31, 2010, the Company entered into hedging contracts to hedge its financial risks arising from the fluctuation of interest rates and foreign currency exchange rates for some long-term loans – foreign currencies. Details are as follows:

<b>Date</b>	<b>Currencies</b>	<b>Principal (unit: million)</b>	<b>Interest rate (% per annum) in accordance with loan agreement</b>	<b>Interest payment</b>	<b>Principal repayment</b>	<b>Hedging instruments</b>	<b>Interest rate (% per annum) in accordance with hedging contracts</b>	<b>Terms of hedging instruments</b>
05/04/2006	JPY	23,000	4.45 of USD principal	Semi- annual	Maturity on April 7, 2036	In 2008, the Company entered into a participating swap (P-SWAP) contract for JPY long-term loans to decrease of risks arising from exchange rates of USD: JPY. The contract is in the form of a call option for JPY currency amounting to JPY 23,000 million. According to the terms of the contract at current market situation, the Company can purchase such JPY currency for an amount equivalent to USD 196.94 million. The premium arising from the contract is approximately 1.38% per annum.	Fixed rate at approximately 1.38% of USD principal (premium fee)	The equivalent amount in USD depends on the range of exchange rates between USD and JPY.
14/11/2006	USD	225*	LIBOR+0.265 of USD principal	Semi- annual	Partial repayment and last payment on November 30, 2013	- In 2008, the Company entered into an interest rate swap (IRS) contract to swap a floating rate for a fixed rate. - In 2009, the Company entered into a basis swap contract on long-term loans amounting to USD 300 million by swapping the interest rate of one-month LIBOR plus the additional 0.265% for a six-month LIBOR interest rate. This basis swap contract will expire on May 30, 2011.	Fixed rate ranging from 2.85-3.35% of the USD principal	Some basis swap contracts granted the contracted parties a one-time right to change from fixed to floating interest rate at LIBOR- 0.265% per annum.

(TRANSLATION)

**21. Long-term Loans (Continued)**

21.1 Loans (Continued)

Loans – Foreign currencies

As at December 31, 2010, the Company entered into hedging contracts to hedge its financial risks arising from the fluctuation of interest rates and foreign currency exchange rates for some long-term loans – foreign currencies. Details are as follows:

<b>Date</b>	<b>Currency</b>	<b>Principal (unit: million)</b>	<b>Interest rate (% per annum) in accordance with loan contract</b>	<b>Interest payment</b>	<b>Principal repayment</b>	<b>Hedging instruments</b>	<b>Interest rate (% per annum) in accordance with hedging contracts</b>	<b>Terms of hedging instruments</b>
14/11/2006 (continued)	USD	225*	LIBOR+0.265 of USD principal	Semi- annual	Partial repayment and last payment on November 30, 2013	- In 2010, the Company entered into a term extension of the basis swap contract with the maturity on November 30, 2013.	Fixed rate ranging from 2.85-3.35 of the USD principal	Some basis swap contracts granted the contracted parties a one-time right to change from fixed to floating interest rate at LIBOR-0.265% per annum.
25/05/2010	USD	300	LIBOR+0.75 of USD principal	Semi- annual	Maturity on May 25, 2015	- In 2010, the Company entered into an interest rate swap (IRS) contract.	Fixed rate ranging from 2.66-2.989 and floating rate at LIBOR+0.65 of the USD principal	Some basis swap contracts granted the contracted parties a one-time right on May 25, 2011, to change from floating interest rate at LIBOR+0.65% per annum to fixed rate of 2.756% per annum

\*The principal decreased from USD 300 million to USD 225 million because during 2010 the Company made partial repayments.

(TRANSLATION)

**21. Long-term Loans (Continued)**

21.2 Debentures

Debentures as at December 31, 2010 and 2009 are as follows:

Unit: Million

	Consolidated financial statements			
	2010		2009	
	Baht	USD	Baht	USD
Unsecured unsubordinated debentures				
- USD currency	64,147.91	2,126.57	44,474.94	1,326.94
- Baht currency	209,125.96	-	204,554.13	-
Secured unsubordinated debentures				
- USD currency	2,927.18	96.50	-	-
Current portion	(14,643.10)	(108.48)	(12,798.73)	-
Total	<u>261,557.95</u>	<u>2,114.59</u>	<u>236,230.34</u>	<u>1,326.94</u>

Unit: Million

	Separate financial statements			
	2010		2009	
	Baht	USD	Baht	USD
Unsecured unsubordinated debentures				
- USD currency	43,219.89	1,426.57	44,474.94	1,326.94
- Baht currency	160,160.70	-	146,104.20	-
- Current portion	(14,643.10)	(108.48)	(3,300.00)	-
Total	<u>188,737.49</u>	<u>1,318.09</u>	<u>187,279.14</u>	<u>1,326.94</u>

**21. Long-term Loans (Continued)**

## 21.2 Debentures (Continued)

On February 25, 2010, the Company issued unsecured unsubordinated debentures No.1/2010 for sale to investors with a limit of not more than ten investors with a credit limit of Baht 6,636 million. Details are as follows:

Conditions	Tranche 1	Tranche 2
Aggregate amount of debentures (million Baht)	2,636	4,000
Tenor (years)	7	12
Fixed interest rate (% per annum)	4.10	4.50
Interest instalment	Payable every six months on February 25 and August 25	
Issue date	February 25, 2010	February 25, 2010
Maturity date	February 25, 2017	February 25, 2022

On November 29, 2010, the Company issued two tranches of unsecured unsubordinated debentures for sale to retail investors with a total credit limit of Baht 10,000 million. Details are as follows:

Conditions	Tranche 1	Tranche 2
Aggregate amount of debentures (million Baht)	6,000	4,000
Tenor (years)	4 years 15 days	7 years 15 days
Fixed interest rate (% per annum)	3.20	Year 1-4: 3.20 Year 5-6: 4.20 Year 7: 5.00
Interest instalment	Payable every six months on May 15 and November 15	
Issue date	November 29, 2010	November 29, 2010
Maturity date	December 14, 2014	December 14, 2017



**21. Long-term Loans (Continued)**

## 21.2 Debentures (Continued)

On December 2, 2010, the Company issued unsecured unsubordinated debentures for sale to major and institutional investors with a credit limit of Baht 4,000 million. Details are as follows:

Conditions	Debentures
Aggregate amount of debentures (million Baht)	4,000
Tenor (years)	100
Fixed interest rate (% per annum)	5.90
Interest instalment	Payable every six months on June 2 and December 2
Issue date	December 2, 2010
Maturity date	December 2, 2110 with a put option applicable in the 50 <sup>th</sup> , 75 <sup>th</sup> years and other cases (as stated in the terms and conditions)

On January 12-13, 2010, the Company entered into interest rate swap contracts to swap some Baht debentures amounting to Baht 4,040 million with a maturity date on June 20, 2015. The term of interest was changed from a fixed interest rate of 4.75% per annum to a floating interest rate at 6M THBFIX plus 0.89% - 1.19% per annum. In this regard, some of the interest rate swap contracts allowed the parties to have a right to cancel the contracts before the maturity dates.

On May 14, 2010, the Company signed an agreement to cancel the obligations under interest rate swaps for some Baht debentures in the amount of Baht 2,040 million. The Company received compensation from the counterparty financial institutions. In December 2010, the counterparty financial institution cancelled the obligations for Baht debentures amounting to Baht 2,000 million. As at December 31, 2010, the total obligations under the interest rate swap contracts for the Baht debentures were amounting to Baht 4,040 million cancelled. Consequently, the Company had to pay at a fixed interest rate of 4.75% per annum until the maturity date.

On July 19, and August 4, 2010, PTTEP Australia International Finance Pty Ltd (PTTEP AIF), a subsidiary of PTTEP, issued and offered unsecured unsubordinated debentures amounting to USD 500 million to foreign institutional investors and amounting to USD 200 million to Thai institutional investors with a tenor period of five years, bearing a fixed interest rate at 4.152% per annum. The debentures were fully guaranteed by PTTEP.

A jointly controlled entity issued secured unsubordinated debentures amounting to Ringgit 600 million through a subsidiary in Malaysia with tenor periods of 5-15 years, bearing an average interest rate of 4.54%. Subsequently, the jointly controlled entity entered into a cross currency swap contract for the debentures to swap Ringgit currency to USD currency amounting to USD 193 million at an average interest rate of 3.957% (the Company recognized the debentures according to its shareholding percentage amounting to USD 96.50 million or equivalent to Baht 2,927.18 million).

(TRANSLATION)

**21. Long-term Loans (Continued)**

21.2 Debentures (Continued)

As at December 31, 2010, the Company entered into cross currency swap contracts to hedge its financial risks arising from the fluctuation of foreign currency exchange rates and interest rates for some debentures – foreign currencies. Details are as follows:

<b>Date</b>	<b>Currency</b>	<b>Principal (unit: million)</b>	<b>Interest rate (% per annum) in accordance with loan contract</b>	<b>Interest payment</b>	<b>Principal repayment</b>	<b>Hedging instruments</b>	<b>Interest rate (% per annum) in accordance with hedging contract</b>	<b>Terms of hedging instruments</b>
2/12/2005	Baht	3,643.50*	6.70 of Baht principal	Semi- annual	Maturity on December 2, 2011	In 2008, the Company entered into a cross currency swap contract for USD obligation equivalent to USD 108.48 million.	Fixed rate of 5.44 of USD principal.	-
22/06/2007	JPY	36,000	2.71 of JPY principal	Semi- annual	Maturity on June 29, 2017	In 2007, the Company entered into a cross currency swap contract for USD obligation equivalent to USD 290.51 million.	Floating rate at LIBOR +0.2 or fixed rate at 5.5 of USD principal depending on LIBOR and the fixed rates ranging from 4.98-5.37 of USD principal	The parties have a one- time right in some cross currency swap contracts to change from a fixed interest rate to a floating interest rate at LIBOR+0.2% or LIBOR+0.65% depending on the terms in each contract.
14/12/2007	Baht	3,053.80	Year 1-3: 5.00 Year 4-7: 5.95 of Baht principal	Semi- annual	Maturity on December 14, 2014	In 2008, the Company entered into a cross currency swap contract for USD obligation equivalent to USD 90 million.	Fixed rate ranging from 4.74-4.75 of USD principal	-

(TRANSLATION)

**21. Long-term Loans (Continued)**

21.2 Debentures (Continued)

As at December 31, 2010, the Company entered into cross currency swap contracts to hedge its financial risks arising from the fluctuation of foreign currency exchange rates and interest rates for some debentures – foreign currencies. Details are as follows:

<b>Date</b>	<b>Currencies</b>	<b>Principal (unit: million)</b>	<b>Interest rate (% per annum) in accordance with loans contract</b>	<b>Interest payable</b>	<b>Principal repayment</b>	<b>Hedging instruments</b>	<b>Interest rate (% per annum) in accordance with hedging contract</b>	<b>Terms of hedging instruments</b>
25/2/2010	Baht	2,636	4.10 of Baht principal	Semi- annual	Maturity on February 25, 2017	In 2010, the Company entered into a cross currency swap contract for USD obligation equivalent to USD 79.45 million.	Floating rate at LIBOR +1.04% of USD principal	-
25/2/2010	Baht	4,000	4.50 of Baht principal	Semi- annual	Maturity on February 25, 2022	In 2010, the Company entered into a cross currency swap contract for USD obligation equivalent to USD 120.55 million.	Floating rate at LIBOR +1.05% of USD principal	-

\* The principal amount decreased from Baht 7,000 million to Baht 3,643.50 million because on November 10, 2010, the Company entered into a contract for the cancellation of a cross currency swap contract amounting to Baht 100 million. As a result, some obligations were reversed to Baht currency.

(TRANSLATION)

## 21. Long-term Loans (Continued)

### 21.3 Liabilities under Finance Leases

Liabilities under finance leases as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Liabilities under finance leases				
- Within 1 year	245.30	1,447.66	210.50	206.53
- Later than 1 year but not later than 5 years	541.71	13,472.09	482.95	84.23
Future finance charges on finance leases	<u>(60.18)</u>	<u>(3,169.56)</u>	<u>(52.88)</u>	<u>(8.65)</u>
Present value of liabilities under finance leases	<u>726.83</u>	<u>11,750.19</u>	<u>640.57</u>	<u>282.11</u>
Present value of liabilities under finance leases				
- Current (within 1 year)	219.52	1,054.64	188.61	199.25
- Non-current (later than 1 year but not later than 5 years)	<u>507.31</u>	<u>10,695.55</u>	<u>451.96</u>	<u>82.86</u>
Total	<u>726.83</u>	<u>11,750.19</u>	<u>640.57</u>	<u>282.11</u>

As at December 31, 2009, most liabilities under finance leases were the liabilities for floating production storage and offloading (FPSO) of PTTEP Australasia. During 2010, PTTEP purchased this storage for the price of Baht 13,535 million in order to reduce the burden of future interest. As a result, the finance lease was terminated. The agreed purchase price was higher than the carrying amount as of the transaction date. Therefore, the difference was recorded as other expenses amounting to Baht 1,484.83 million. In October 2010, PTTEP made a full payment to purchase FPSO.

**21. Long-term Loans (Continued)**

21.4 Maturities of long-term loans as at December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	Consolidated financial statements						Total
	2010						
	Foreign currency loans	Baht currency loans	Foreign currency debentures	Baht currency debentures	Liabilities under finance leases	Baht currency loans from EPPO	
Within 1 year	3,512.16	9,975.85	3,286.60	11,356.50	219.52	211.64	28,562.27
Over 1-2 years	3,968.16	4,585.78	-	45,287.71	160.12	212.70	54,214.47
Over 2-5 years	23,294.63	9,331.93	35,965.78	70,372.45	347.19	292.01	139,603.99
Over 5 years	<u>16,591.64</u>	<u>22,084.73</u>	<u>27,822.71</u>	<u>82,109.30</u>	-	-	<u>148,608.38</u>
Total	<u>47,366.59</u>	<u>45,978.29</u>	<u>67,075.09</u>	<u>209,125.96</u>	<u>726.83</u>	<u>716.35</u>	<u>370,989.11</u>

Unit: Million Baht

	Consolidated financial statements						Total
	2009						
	Foreign currency loans	Baht currency loans	Foreign currency debentures	Baht currency debentures	Liabilities under finance leases	Baht currency loans from EPPO	
Within 1 year	10,307.39	9,577.00	-	12,798.73	1,054.64	196.73	33,934.49
Over 1-2 years	3,876.18	9,879.52	6,987.65	8,000.00	2,371.74	197.71	31,312.80
Over 2-5 years	9,266.63	9,999.89	16,357.53	89,457.02	8,323.81	455.42	133,860.30
Over 5 years	<u>16,221.33</u>	<u>24,131.08</u>	<u>21,129.76</u>	<u>94,298.38</u>	-	-	<u>155,780.55</u>
Total	<u>39,671.53</u>	<u>53,587.49</u>	<u>44,474.94</u>	<u>204,554.13</u>	<u>11,750.19</u>	<u>849.86</u>	<u>354,888.14</u>

**21. Long-term Loans (Continued)**

21.4 Maturities of long-term loans as at December 31, 2010 and 2009 are as follows: (Continued)

Unit: Million Baht

	Separate financial statements						Total
	2010						
	Foreign currency loans	Baht currency loans	Foreign currency debentures	Baht currency debentures	Liabilities under finance leases	Baht currency loans from EPPO	
Within 1 year	2,651.91	9,500.00	3,286.60	11,356.50	188.61	211.64	27,195.26
Over 1-2 years	2,468.15	4,000.00	-	23,500.00	129.26	212.70	30,310.11
Over 2-5 years	11,361.11	7,000.00	14,793.82	53,686.20	322.71	292.01	87,455.85
Over 5 years	<u>8,607.01</u>	<u>16,500.00</u>	<u>25,139.47</u>	<u>71,618.00</u>	-	-	<u>121,864.48</u>
Total	<u>25,088.18</u>	<u>37,000.00</u>	<u>43,219.89</u>	<u>160,160.70</u>	<u>640.58</u>	<u>716.35</u>	<u>266,825.70</u>

Unit: Million Baht

	Separate financial statements						Total
	2009						
	Foreign currency loans	Baht currency loans	Foreign currency debentures	Baht currency debentures	Liabilities under finance leases	Baht currency loans from EPPO	
Within 1 year	2,917.25	9,500.00	-	3,300.00	199.25	196.73	16,113.23
Over 1-2 years	2,933.81	9,500.00	6,987.65	8,000.00	73.18	197.71	27,692.35
Over 2-5 years	5,244.28	8,500.00	16,357.53	50,996.20	9.68	455.42	81,563.11
Over 5 years	<u>8,409.00</u>	<u>19,000.00</u>	<u>21,129.76</u>	<u>83,808.00</u>	-	-	<u>132,346.76</u>
Total	<u>19,504.34</u>	<u>46,500.00</u>	<u>44,474.94</u>	<u>146,104.20</u>	<u>282.11</u>	<u>849.86</u>	<u>257,715.45</u>

(TRANSLATION)

## 22. Provision for Decommissioning Costs

Provision for decommissioning costs as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2010	2009
Provision for decommissioning costs	25,790.75	23,555.90
Current portion	(3,753.37)*	(661.20)
Long-term portion	22,037.38	22,894.70

Movements of the provision for expected decommissioning costs are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2010	2009
As at January 1	23,555.90	16,309.66
- Addition	5,760.90	7,071.69
- Business acquisition	-	69.30
- Currency translation differences	(2,218.16)	105.25
- Utilised during the year	(1,307.89)	-
As at December 31	25,790.75	23,555.90

\*Provision for decommissioning costs relates to Jabiru and Challis of the PTTEP Australasia project, expected to terminate its production in 2010.

**23. Other Non-current Liabilities**

Other non-current liabilities as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Retention (maturity later than 1 year)	1,213.42	1,058.45	897.82	828.39
Deferred revenue	372.27	369.32	372.22	368.83
Other advances received	216.34	245.80	216.33	245.78
Pension Fund	5.74	6.48	5.74	6.48
Long-term liability: Make-up	3,036.24	1,284.88	3,036.24	1,284.88
Others	879.73	512.53	-	-
<b>Total</b>	<b>5,723.74</b>	<b>3,477.46</b>	<b>4,528.35</b>	<b>2,734.36</b>

Long-term liability (make-up) arises from the amount of the difference between the natural gas price for the committed gas volumes that the Company paid in advance and the natural gas price as at the date of taking the gas that exceeds the interest paid for the advance payment for untaken-up gas volume (Take-or-Pay). The Company has to distribute the difference to the parties who paid for the Take-or-Pay interest for the Yadana and Yetagun gas fields.

**24. Share Capital**

## 24.1 Share Capital – Authorized Shares

	Par Value (Baht per share)	The number of authorized shares (Shares)	The value of authorized shares (Baht)
As at December 31, 2009	10	2,857,245,725	28,572,457,250
As at December 31, 2010	10	2,857,245,725	28,572,457,250



**24. Share Capital (Continued)**

## 24.2 Share Capital – Issued and Paid-up Capital

	The number of issued and fully paid-up shares (Shares)	The value of issued and fully paid-up shares (Baht)	Premium on share capital (Baht)	Total (Baht)
As at January 1, 2009	2,824,056,625	28,240,566,250	22,801,956,166	51,042,522,416
Additions	<u>9,728,200</u>	<u>97,282,000</u>	<u>1,750,716,800</u>	<u>1,847,998,800</u>
As at December 31, 2009	2,833,784,825	28,337,848,250	24,552,672,966	52,890,521,216
Additions	<u>15,257,200</u>	<u>152,572,000</u>	<u>3,032,756,600</u>	<u>3,185,328,600</u>
As at December 31, 2010	<u><u>2,849,042,025</u></u>	<u><u>28,490,420,250</u></u>	<u><u>27,585,429,566</u></u>	<u><u>56,075,849,816</u></u>

The Company issued and offered warrants as follows:

Date of issue and offer of warrants	Exercise price (Baht per Share)	Exercise right (warrant per ordinary share)	Number of allotted shares (million units)	The number of reserved shares (million units)	Last exercise date of warrants
September 1, 2005*	183	1 : 1	39.41	0.59	August 31, 2010
September 29, 2006	234	1 : 1	12.39	7.61	September 28, 2011
			<u>51.80</u>	<u>8.20</u>	

\*As at December 31, 2010, the warrants of the Company issued and offered on September 1, 2005, expired. There were 0.59 million units of unexercised warrants.

**25. Reserves**

## 25.1 Legal Reserve

Under the Public Limited Companies Act B.E. 2535 (1992), the Company is required to appropriate not less than 5% of its annual net income as legal reserve until the reserve fund reaches 10% of the authorized share capital. The reserve is non-distributable. In this regard, the reserve has reached 10% of the Company's authorized share capital, as stipulated in the Act.

## 25.2 Reserve for Self-insurance Fund

Movements of reserves for self-insurance fund are as follows:

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Balance as at January 1	988.61	963.26	988.61	963.26
Appropriated net income	<u>16.48</u>	<u>25.35</u>	<u>16.48</u>	<u>25.35</u>
Balance as at December 31	<u><u>1,005.09</u></u>	<u><u>988.61</u></u>	<u><u>1,005.09</u></u>	<u><u>988.61</u></u>

The self-insurance fund was set up to provide insurance coverage for the Company's business. The Company appropriates net income from operations and the interest income from the fund each year to the fund.

**26. Earnings per Share**

Basic earnings per share is calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares which are held by third parties during the period.

For the calculation of diluted earnings per share, the Company assumes that all warrants of the Group given to directors, management and employees that can be exercised are converted to ordinary shares. The exercise of those warrants results in adjustments to the net income of the Group recognized in the separate financial statements, with the reductions in shareholding portion. The number of diluted shares is calculated using a market price (the average price of the Company's ordinary shares during the period) and the exercised prices. This calculation is prepared to determine the number of ordinary shares to be added to the ordinary shares held by third parties for the calculation of diluted earnings per share.

Basic earnings per share and diluted earnings per share for the years ended December 31, 2010 and 2009 are calculated as follows:

(TRANSLATION)

**26. Earnings per Share (Continued)**

Consolidated financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2010	2009	2010	2009
Net income attributable to ordinary shareholders (Baht)	83,087,719,301	59,547,585,885	83,087,719,301	59,547,585,885
Adjustment of net income (Baht)	-	-	(134,551,809)	(291,218,606)
Net income for calculation of earnings per share (Baht)	83,087,719,301	59,547,585,885	82,953,167,492	59,256,367,279
Weighted average number of ordinary shares for calculation of earnings per share (shares)	2,839,222,607	2,826,903,211	2,842,237,569	2,828,935,095
Earnings per share (Baht/share)	29.26	21.06	29.19	20.95

Separate financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2010	2009	2010	2009
Net income attributable to ordinary shareholders (Baht)	54,576,941,984	39,650,620,690	54,576,941,984	39,650,620,690
Weighted average number of ordinary shares for calculation of earnings per share (shares)	2,839,222,607	2,826,903,211	2,842,237,569	2,828,935,095
Earnings per share (Baht/share)	19.22	14.03	19.20	14.02

Diluted earnings resulted from the issue of name registered non-transferable warrants to purchase ordinary shares by the Company and the Group to their directors, management and employees.

The Company issued warrants to its directors, management and employees under the Employee Stock Ownership Plan (ESOP). Details are described in Note 24.

**26. Earnings per Share (Continued)****PTTEP**

PTTEP issued and offered warrants under the Employee Stock Ownership Plan (ESOP) to its employees as follows:

Date of issue and offer of warrants	Exercised price (Baht per share)	Exercised right (warrant per ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercised date of warrants
August 1, 2002*	22.20	1 : 5	9.78	0.22	July 31, 2007
August 1, 2003*	23.40	1 : 5	9.72	0.28	July 31, 2008
August 1, 2004*	36.60	1 : 5	13.61	0.39	July 31, 2009
August 1, 2005*	55.60	1 : 5	13.53	0.47	July 31, 2010
August 1, 2006	91.20	1 : 5	10.81	3.19	July 31, 2011
			57.45	4.55	

\*As at December 31, 2010, the warrants of PTTEP issued and offered on August 1, 2002, August 1, 2003, August 1, 2004, and August 1, 2005, expired. There were 0.04 million units, 0.06 million units, 0.08 million units and 0.09 million units of unexercised warrants, respectively.

**PTTAR**

PTTAR issued and offered warrants under the Employee Stock Ownership Plan (ESOP) to its employees as follows:

Date of issue and offer of warrants	Exercised price (Baht per share)	Exercised right (warrant per ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercised date of warrants
October 15, 2007	23.22	1 : 0.52	3.45	26.74	October 15, 2012

**PTTCH**

PTTCH issued and offered warrants under the Employee Stock Ownership Plan (ESOP) to its employees as follows:

Date of issue and offer of warrants	Exercised price (Baht per share)	Exercised right (warrant per ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercised date of warrants
September 29, 2006	66.50	1 : 1	25.71	3.29	September 28, 2011

**26. Earnings per Share (Continued)****IRPC**

IRPC issued and offered warrants under the Employee Stock Ownership Plan (ESOP) to its employees as follows:

Date of issue and offer of warrants	Exercised price (Baht per share)	Exercised right (warrant per ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercised date of warrants
June 29, 2007	2.88	1 : 1	645.38	262.49	June 28, 2011
September 28, 2007	2.88	1 : 1	24.43	13.67	September 27, 2011
			669.81	276.16	

**BCP**

BCP issued and offered convertible debentures to institutional investors and companies as follows:

Date of issue and offer of convertible bonds	Exercised price (Baht per share)	Exercised right (convertible debenture per ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercised date of convertible bonds
January 29, 2004	14.30	1 : 699	257.92	21.68	September 30, 2013
May 16, 2006	14.00	1 : 714	-	41.81	May 15, 2016
			257.92	63.49	

Date of issue and offer of warrants	Exercised price (Baht per share)	Exercised right (warrant per ordinary share)	Number of allotted shares (million units)	Number of reserved shares (million units)	Last exercised date of warrants
May 15, 2006	18.00	1 : 1	0.06	69.03	May 14, 2011

**27. Sales and Services**

Sales and services for the years ended December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Oil products	1,363,483.48	1,137,519.60	1,306,582.48	1,086,268.96
Gas products	404,382.28	341,081.78	401,915.20	336,266.47
Petrochemicals products	94,730.17	75,526.30	48,674.17	43,226.07
Mining products	24,652.15	20,200.25	-	-
Other products	151.28	106.22	-	-
Utilities income	614.03	681.91	-	-
Non-core businesses	5,616.65	5,114.21	1,578.75	1,238.08
Services	6,374.52	5,944.18	-	-
<b>Total</b>	<b>1,900,004.56</b>	<b>1,586,174.45</b>	<b>1,758,750.60</b>	<b>1,466,999.58</b>

Sales and services for the years ended December 31, 2010 and 2009 include sales to government agencies and state enterprises amounting to Baht 132,291.42 million and Baht 111,826.71 million in the consolidated financial statements, as well as Baht 132,055.89 million and Baht 111,512.89 million in the separate financial statements.

**28. Other Income**

Other income for the years ended December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Transportation income	4,373.00	5,276.52	3,901.42	5,425.96
Dividend income	514.28	53.68	18,830.84	14,546.87
Interest income	2,678.79	1,920.45	3,852.36	3,127.14
Compensation for loan interest on advance payments for gas purchased	447.06	546.34	447.06	546.34
Others	4,993.15	4,657.06	4,009.62	3,579.43
<b>Total</b>	<b>13,006.28</b>	<b>12,454.05</b>	<b>31,041.30</b>	<b>27,225.74</b>

**28. Other Income (Continued)**

Compensation for loan interest on advance payments for gas purchased (Take-or-Pay) represents the Company's compensation received from the Electricity Generating Authority of Thailand (EGAT) and Independent Power Plants (IPPs) to absorb interest on loans entered into by the Company for advance payments for gas purchased.

**29. Expenses by nature**

Expenses by nature for the years ended December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Change in finished goods and work in process	(2,393.26)	2,494.23	(2,393.17)	2,743.66
Goods purchased and raw materials used	1,648,026.08	1,370,017.99	1,674,302.10	1,390,546.84
Staff costs	12,196.66	12,329.82	6,331.54	5,864.41
Outsourcing	4,925.77	4,367.89	4,258.86	3,804.76
Transportation	13,683.07	11,663.34	7,523.82	7,911.16
Depreciation and amortization	49,573.61	43,149.75	10,283.08	9,776.00
Repairment	5,302.40	4,421.21	2,681.71	2,338.00
Utilities	8,578.44	7,148.45	7,373.52	6,276.40

**30. Petroleum Royalties and Remuneration**

Petroleum royalties and remuneration for the years ended December 31, 2010 and 2009 are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2010	2009
Petroleum royalties	18,197.76	15,037.18
Special remuneration benefits	480.86	421.25
Total	<u>18,678.62</u>	<u>15,458.43</u>

**31. Other Expenses**

Other expenses for the years ended December 31, 2010 and 2009 are as follows:

	Unit: Million Baht Consolidated financial statements	
	2010	2009
Loss from the Montara incident	456.65	9,085.87
Expenses of purchasing FPSO (Note 21.3)	1,484.83	-
Total	<u>1,941.48</u>	<u>9,085.87</u>

In 2010, PTTEP incurred a major loss from environment monitoring expenses relating to the Montara incident. In terms of indemnity, PTTEP has an insurance policy providing insurance coverage up to USD 270 million or approximately Baht 9,000 million. PTTEP recognized in 2010 and 2009 of Baht 1,369 million and Baht 1,341 million, respectively. Any recoverable claims will depend upon the expenses incurred and the specific conditions under the insurance policy. PTTEP is in the process of claiming for the remaining compensation from the insurer.

**32. Share of Net Income from Investments in Associates**

The share of net income from associates for the years ended December 31, 2010 and 2009 includes gain on foreign exchange as follows:

	Unit: Million Baht Consolidated financial statements	
	2010	2009
Share of net income before gain on foreign exchange	14,129.76	17,912.57
Gain on foreign exchange	4,862.66	854.26
Total	<u>18,992.42</u>	<u>18,766.83</u>



(TRANSLATION)

### 33. Finance Costs

Finance costs for the years ended December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Interest expenses:				
Loans from financial institutions	2,292.09	2,054.42	1,102.98	1,006.41
Bonds and debentures	12,846.41	11,187.82	10,548.30	9,641.13
Liabilities under finance leases	20.95	20.67	16.57	18.41
Others	18.61	275.96	12.04	9.95
Other finance costs	865.07	680.13	563.31	517.30
Total	<u>16,043.13</u>	<u>14,219.00</u>	<u>12,243.20</u>	<u>11,193.20</u>

(TRANSLATION)

**34. Segment Information**

The Company presented financial information by business segments, rather than by geographical segments because the geographical segments other than Thailand reported less than 10% of the consolidated revenues, operating results and total assets.

Consolidated financial statements

For the year ended December 31, 2010

	Upstream petroleum and natural gas		Downstream petroleum			Coal	Others	Elimination	Unit: Million Baht	
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals				Refining	Total
Sales - others	19,993.72	336,468.91	476,293.26	995,413.87	46,455.56	-	24,652.15	727.09	-	1,900,004.56
- related parties	121,984.40	20,548.95	4,558.20	66,280.30	3.42	-	-	1,135.73	(214,511.00)	-
Net sales	141,978.12	357,017.86	480,851.46	1,061,694.17	46,458.98	-	24,652.15	1,862.82	(214,511.00)	1,900,004.56
Gross Margin*	125,740.25	56,749.89	20,024.36	2,946.64	2,409.91	-	8,881.05	574.31	(1,202.71)	216,123.70
EBITDA	99,523.85	46,874.82	11,857.98	2,349.09	1,248.14	-	5,431.09	(99.75)	190.22	167,375.44
Depreciation and amortization	(35,175.87)	(9,257.00)	(2,457.03)	(10.63)	(366.46)	-	(1,425.69)	(883.24)	2.33	(49,573.59)
EBIT	64,347.98	37,617.82	9,400.95	2,338.46	881.68	-	4,005.40	(982.99)	192.55	117,801.85
Share of net income (loss) from investments under the equity method	27,421.00	1,458.65	560.62	22.68	7,328.71	12,434.63	513.37	(2,872.70)	(27,874.54)	18,992.42
Interest income										2,678.79
Other income										3,751.83
Gain on foreign exchange										11,855.37
Finance cost										(16,043.13)
EBT										139,037.13
Income taxes										(39,107.09)
Net income										<u>99,930.04</u>
<b>Attributable to:</b>										
Equity holders of the Company										83,087.72
Minority interests										<u>16,842.32</u>
Net income										<u>99,930.04</u>

\* Gross margin excludes depreciation and amortization in cost of sales

## (TRANSLATION)

**34. Segment Information (Continued)**Consolidated financial statements

For the year ended December 31, 2010 (Continued)

	Upstream petroleum and natural gas		Downstream petroleum			Coal	Others	Elimination	Unit: Million Baht	
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals				Refining	Total
Segment assets	313,833.01	313,471.64	88,477.42	107,457.02	37,912.45	-	44,273.93	121,962.22	-	1,027,387.69
Inter-company assets	13,684.78	168,291.13	27,234.95	23,128.60	313.67	-	-	30,025.91	(262,679.04)	-
Investments under the equity method	117,615.49	30,869.64	11,832.73	517.37	83,725.12	121,616.69	2,877.29	8,912.42	(171,441.41)	206,525.34
Total segment assets	445,133.28	512,632.41	127,545.10	131,102.99	121,951.24	121,616.69	47,151.22	160,900.55	(434,120.45)	1,233,913.03
Non-allocated assets										15,234.49
Total Assets										1,249,147.52
Segment liabilities	150,358.31	213,956.92	67,225.90	108,273.47	18,178.51	-	14,650.08	74,783.18	-	647,426.37
Inter-company liabilities	2,227.00	31,803.45	10,489.41	4,590.42	1,844.90	-	-	211,723.86	(262,679.04)	-
Total segment liabilities	152,585.31	245,760.37	77,715.31	112,863.89	20,023.41	-	14,650.08	286,507.04	(262,679.04)	647,426.37
Non-allocated liabilities										30,408.57
Total Liabilities										677,834.94
Capital Expenditure	56,772.99	30,463.40	3,274.20	8.72	11,732.26	-	2,663.07	3,058.58	-	107,973.22

## (TRANSLATION)

**34. Segment Information (Continued)**Consolidated financial statements

For the year ended December 31, 2009

	Upstream petroleum and natural gas		Downstream petroleum			Coal	Others	Elimination	Unit: Million Baht	
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemicals				Refining	Total
Sales - others	22,028.32	292,506.55	394,987.79	823,917.83	32,421.88	-	20,200.26	111.83	-	1,586,174.46
- related parties	97,281.79	21,231.78	3,698.32	37,979.62	0.90	-	-	719.95	(160,912.36)	-
Net sales	119,310.11	313,738.33	398,686.11	861,897.45	32,422.78	-	20,200.26	831.78	(160,912.36)	1,586,174.46
Gross Margin*	107,380.20	47,369.94	19,297.20	2,252.21	1,998.45	-	8,781.60	50.72	(1,025.71)	186,104.61
EBITDA	81,422.73	41,328.80	11,731.79	2,026.17	1,077.07	-	7,316.66	(2,361.29)	162.34	142,704.27
Depreciation and amortization	(29,852.34)	(8,407.79)	(2,731.48)	(10.46)	(176.05)	-	(1,622.96)	(353.04)	4.37	(43,149.75)
EBIT	51,570.39	32,921.01	9,000.31	2,015.71	901.02	-	5,693.70	(2,714.33)	166.71	99,554.52
Share of net income (loss) from investments under the equity method	14,634.42	(148.93)	757.56	516.77	4,271.12	15,741.77	755.22	(2,131.19)	(15,629.91)	18,766.83
Interest income										1,920.45
Other expenses										(8,700.81)
Gain on foreign exchange										4,682.72
Finance cost										(14,219.00)
EBT										102,004.71
Income taxes										(33,314.76)
Net income										<u>68,689.95</u>
<b>Attributable to:</b>										
Equity holders of the Company										59,547.59
Minority interests										<u>9,142.36</u>
Net income										<u><u>68,689.95</u></u>

\* Gross margin excludes depreciation and amortization in cost of sales

## (TRANSLATION)

**34. Segment Information (Continued)**Consolidated financial statements

For the year ended December 31, 2009 (Continued)

	Upstream petroleum and natural gas		Downstream petroleum			Coal	Others	Elimination	Unit: Million Baht	
	Petroleum exploration and production	Natural gas	Oil	International trading	Petro-chemical				Refining	Total
Segment assets	279,344.01	293,894.10	90,610.94	76,098.23	25,856.39	-	49,573.37	83,030.18	-	898,407.22
Inter-company assets	11,901.11	128,722.76	5,878.42	24,890.46	1.73	-	-	20,134.69	(191,529.17)	-
Investments under the equity method	98,480.99	31,069.09	10,716.04	582.70	75,282.69	113,227.57	2,169.72	11,383.54	(148,838.93)	194,073.41
Total segment assets	389,726.11	453,685.95	107,205.40	101,571.39	101,140.81	113,227.57	51,743.09	114,548.41	(340,368.10)	1,092,480.63
Non-allocated assets										10,063.54
Total Assets										1,102,544.17
Segment liabilities	138,365.93	164,017.76	37,443.49	86,360.72	11,140.56	-	14,181.07	124,254.01	-	575,763.54
Inter-company liabilities	3,186.23	21,002.87	10,240.39	4,040.07	1,492.25	-	0.90	151,566.46	(191,529.17)	-
Total segment liabilities	141,552.16	185,020.63	47,683.88	90,400.79	12,632.81	-	14,181.97	275,820.47	(191,529.17)	575,763.54
Non-allocated liabilities										28,690.04
Total Liabilities										604,453.58
Capital Expenditure	57,783.55	48,537.81	3,889.81	5.97	9,230.38	-	7,002.71	3,603.60	-	130,053.83

### 34. Segment Information (Continued)

Pricing among business groups is based on normal market prices except for pricing among business groups within the Company, for which net market prices, after deducting management fees of petroleum terminals and operating fees, are applied.

EBITDA means Earnings before finance costs, income taxes, depreciation and amortization, including other expenses and income which are not relevant to the operations.

EBIT means Earnings before finance costs, income taxes, as well as other expenses and income which are not relevant to the operations.

The Group categorizes segments for major businesses as follows:

#### Upstream Petroleum and Natural Gas Business Group

1. Petroleum exploration and production business:

The Group conducts petroleum exploration and production business both domestically and overseas. The Group is the operator and jointly invests with the leading petroleum exploration and production companies. Most domestic projects are located in the Gulf of Thailand. Overseas projects cover the Asia Pacific and Middle East regions.

2. Natural gas business:

The Group conducts natural gas business including procurement, natural gas pipeline transmission, distribution, and natural gas separation. Products from the natural gas separation plants are used as feedstock for the petrochemicals industry and as fuel in the household, transportation and industry sectors.

#### Downstream Petroleum Business Group

1. Oil business:

The Group conducts marketing of petroleum and lube oil in both domestic and overseas markets under an efficient operating system of procurement, storage, and distribution of products as well as the retail business at service stations.

2. International trading business:

The Group conducts international trading business including importing and exporting petroleum and petrochemicals products as well as other related products. The business also covers the management of possible risks arising from oil trading as well as from the procurement and distribution of petroleum and petrochemicals products in international markets.

3. Petrochemicals business:

The Group conducts petrochemicals business including the production and distribution of the main petrochemical products and by products for both domestic and overseas markets to serve the demand of industry and consumer groups.

4. Refining business:

The Group conducts refining business, involving the processing and distribution of finished oil products to serve both domestic and overseas customers. In addition, the Group conducts petrochemicals business, which utilizes products from refinery as raw materials.

#### Coal Business Group

The Group conducts coal mining business, involving exploration, production and distribution overseas.

Other operations of the Group mainly comprise of other segments, none of which constitute separately reportable segments.

### 35. Disclosure of Financial Instruments

The principal financial risks faced by the Company are those associated with fluctuations in exchange rates, interest rates, and oil market prices. Certain portions of sales, purchases and borrowings are denominated in foreign currencies. The Company borrows at both fixed and floating interest rates to finance its operations. Accordingly, the Company's management has entered into derivative instrument contracts to cover all these risks. The strategies used for hedging risks are forward bought and sold foreign exchange contracts, interest rate swap contracts, cross-currency and interest rate swap contracts and participating swap contracts. Risk exposure relating to oil market prices is managed by forward oil contracts.

The department responsible for managing exposure to exchange rate risks and fluctuations in oil market prices has to report to management the details of the costs and market prices of all financial instruments, including outstanding forward foreign exchange contracts and forward oil contracts. The reported information principally covers risk exposure from:

- foreign exchange rates
- currencies
- currencies and interest rates
- interest rates
- fluctuations in oil market prices
- credit risks

#### 35.1 Risks from Foreign Exchange Rates

The Group entered into forward bought and sold foreign exchange contracts. The carrying amounts and exchange rates under the forward foreign exchange contracts as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Forward foreign exchange contracts bought				
At the rate of Baht 29.8970-30.1980 = 1 USD	18,565.56	-	18,565.56	-
At the rate THBFIX-0.1120 – THBFIX-0.0140 = 1 USD	8,022.75	-	-	-
At the rate of Baht 33.1978-33.4200 = 1 USD	-	16,519.60	-	16,519.60
Forward foreign exchange contracts sold				
At the rate of Baht 29.5500-31.8992 = 1 USD	30,796.90	-	21,037.51	-
At the rate of Baht 33.1400-33.4100 = 1 USD	-	11,058.22	-	11,044.41

**35. Disclosure of Financial Instruments (Continued)****35.2 Risks from Currencies**

The Company entered into a cross-currency swap in the form of a participating swap amounting to YEN 23,000 million in order to hedge its risk from foreign currency loans. The terms of such contract as at December 31, 2010 and 2009 detailed as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
- Yen 23,000 million/USD 196.94 million	5,966.65	6,600.90	5,966.65	6,600.90

This contract has a maturity later than five years

**35.3 Risks from Currencies and Interest Rates**

The Group entered into cross-currency and interest rate swap contracts. The terms of the outstanding cross-currency and interest rate swap contracts as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
- Yen 36,000 million/USD 290.51 million	8,801.38	9,736.97	8,801.38	9,736.97
- Baht 7,000 million /USD 208.48 million	-	6,987.65	-	6,987.65
- Baht 3,053.80 million /USD 90 million	2,726.67	3,016.51	2,726.67	3,016.51
- Baht 3,643.50 million /USD 108.48 million*	3,286.60	-	3,286.60	-
- Baht 2,636 million /USD 79.45 million	2,406.90	-	2,406.90	-
- Baht 4,000 million /USD 120.55 million	3,652.36	-	3,652.36	-
- Ringgit 300 million /USD 96.50 million	2,927.18	-	-	-
<b>Total</b>	<b>23,801.09</b>	<b>19,741.13</b>	<b>20,873.91</b>	<b>19,741.13</b>



**35. Disclosure of Financial Instruments (Continued)****35.3 Risks from Currencies and Interest Rates (Continued)**

The following are the maturities of contracts.

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2010	2009	2010	2009
Due within 1 year	3,286.60	-	3,286.60	-
Later than 1 year but not later than 5 years	2,970.60	10,004.16	2,726.67	10,004.16
Later than 5 years	17,543.89	9,736.97	14,860.64	9,736.97
Total	23,801.09	19,741.13	20,873.91	19,741.13

\* The principal decreased from Baht 7,000 million to Baht 3,643.50 million because on November 1, 2010, the Company cancelled a cross currency swap contract amounting to USD 100 million. As a result, some obligations amounting to Baht 3,356.50 million reversed to Baht obligations.

**35.4 Risks from Interest Rates**

The Group entered into interest rate swap contracts. The terms of the outstanding interest rate swap contracts as at December 31, 2010 and 2009 are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2010	2009	2010	2009
Interest rate swap contracts to swap floating for fixed rate in USD currency	18,714.25	16,981.42	12,875.93	10,055.04
Interest rate swap contracts to swap floating for decreasing floating rate in Baht currency**	5,000.00	-	5,000.00	-
Interest rate swap contracts to swap floating for decreasing floating rate in USD currency**	3,029.63	-	3,029.63	-
Interest rate swap contracts to swap fixed for decreasing fixed rate in Baht currency	2,500.00	-	-	-
Interest rate swap contracts to swap floating for fixed rate in Baht currency	-	8,500.00	-	-
Total	29,243.88	25,481.42	20,905.56	10,055.04

**35. Disclosure of Financial Instruments (Continued)****35.4 Risks from Interest Rates (Continued)**

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

\*\*The contracts granted the contract parties a one-time right to change the interest rate from floating to fixed rate.

The following are the maturities of contracts:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Due within 1 year	2,833.26	2,542.04	2,272.22	2,513.76
Later than 1 year but not later than 5 years	16,045.43	17,166.66	13,633.34	7,541.28
Later than 5 years	10,365.19	5,772.72	5,000.00	-
Total	<u>29,243.88</u>	<u>25,481.42</u>	<u>20,905.56</u>	<u>10,055.04</u>

**35.5 Risks from Fluctuations in Oil Market Prices**

As at December 31, 2010, the outstanding forward oil price contracts that the Group entered into had a maturity period within April 2011. The volume of oil according to such contracts is 5.97 million barrels in both the consolidated financial statements and the separate financial statements. (2009: 5.60 million barrels in the consolidated financial statements and 4.38 million barrels in the separate financial statements)

**35.6 Credit Risks**

Credit risks arise when customers do not comply with the terms and conditions of credit agreements, causing financial losses to the Company. However, the Company has managed risks by adjusting its credit policies according to the current economic situation, focusing on developing financial instruments by cooperating with financial institutions to support credit facilities provided to customers and reduce credit risks determining procedures for risk prevention and reduction, including credit rating for all trading partners of the Company.

**35. Disclosure of Financial Instruments (Continued)****35.7 Fair Value of Financial Instruments**

Most financial assets and liabilities of the Group are classified as short-term. The fair values of financial assets and liabilities approximate their carrying values.

The Group calculates the fair values of fixed interest rate long-term loans and bonds using the discounted cash flow method based on the discounted rates of those with similar borrowing conditions. The fair values of forward foreign exchange contracts, cross-currency and interest rate swap contracts, participating swap contracts, interest rate swap contracts and forward oil and gas price contracts are determined by the Group's contracted banks with reference to their quoted market prices as at December 31, 2010 and 2009 as follows:

Unit: Million Baht

	Consolidated financial statements			
	2010		2009	
	Contract price	Fair Value	Contract price	Fair Value
Long-term loans–Baht currency	45,978.29	47,205.37	53,587.49	49,637.76
Long-term loans–Foreign currencies	47,366.59	48,075.23	39,671.53	21,374.23
Unsecured unsubordinated bonds – Baht currency	209,125.96	219,864.43	204,554.14	211,655.36
Unsecured unsubordinated bonds – Foreign currencies	64,147.91	65,100.28	44,474.94	44,289.98
Secured unsubordinated bonds – Foreign currencies	2,927.18	2,927.18	-	-
Forward foreign exchange contracts bought	-	49.55	-	50.83
Forward foreign exchange contracts sold	-	(12.44)	-	(11.42)
Participating swaps contracts	-	109.21	-	(178.66)
Cross-currency and interest rate swap contracts	-	6,915.24	-	3,981.86
Interest rate swap contracts	-	(576.28)	-	(354.98)
Forward oil price contracts	-	(131.45)	-	(120.49)

(TRANSLATION)

**35. Disclosure of Financial Instruments (Continued)**

35.7 Fair Value of Financial Instruments (Continued)

Unit: Million Baht

	Separate financial statements			
	2010		2009	
	<u>Contract price</u>	<u>Fair Value</u>	<u>Contract price</u>	<u>Fair Value</u>
Long-term loans – Baht currency	37,000.00	38,227.08	46,500.00	48,187.27
Long-term loans – Foreign currencies	25,088.19	25,796.83	19,504.34	19,400.79
Unsecured unsubordinated bonds – Baht currency	160,160.70	170,179.44	146,104.20	152,826.54
Unsecured unsubordinated bonds – Foreign currencies	43,219.89	44,053.84	44,474.94	44,289.98
Forward foreign exchange contracts bought	-	49.55	-	50.83
Forward foreign exchange contracts sold	-	18.52	-	(25.19)
Participating swap contracts	-	109.21	-	(178.66)
Cross-currency and interest rate swap contracts	-	6,915.24	-	3,981.86
Interest rate swap contracts	-	(302.69)	-	(278.89)
Forward oil price contracts	-	(131.45)	-	(120.49)

**36. Dividend Payment**

On April 9, 2010, the annual shareholders' meeting of the Company approved the dividend payments for the year 2009 performance at Baht 8.50 per share, amounting to Baht 24,080 million. (2009: payments for the year 2008 of Baht 8.00 per share, amounting to Baht 22,592.40 million) On September 18, 2009, the Company paid the interim dividends for the first half of 2009 performance at Baht 4.00 per share for 2,830,485,504 shares, amounting to Baht 11,321.94 million. The dividends were paid as follows:

Dividends	For operating period	Dividend payment rate (Baht/share)	Number of shares (shares)	Total dividends (million Baht)	Payment date
For the year 2009	July 1, 2009 – December 31, 2009	4.50	2,833,795,850	12,752.08	April 30, 2010

On August 27, 2010, the Board of directors' meeting of the Company approved the interim dividend payments for the first half of 2010 performance as follows:

Dividends	For operating period	Dividend payment rate (Baht/share)	Number of shares (shares)	Total dividends (million Baht)	Payment date
Interim	January 1, 2010 – June 30, 2010	4.75	2,841,960,601	13,499.31	September 24, 2010

**37. Business Acquisition**

On February 8, 2010, PTTGE acquired 95% of PT. First Borneo Plantations (PT. FBP) which operated a palm oil business in Indonesia. The acquisition was made through Chancellor Oil Pte. Ltd., which was established in Singapore.

The details of net assets acquired and goodwill are as follows:

	Unit: Million Baht
Purchase consideration (Cash paid)	1,216.33
Fair value of net assets acquired	(487.15)
Goodwill (Note 15)	<u>729.18</u>

The assets and liabilities arising from the acquisition are as follows:

	Unit: Million Baht
Cash and cash equivalents	3.97
Other accounts receivable	2.11
Materials and supplies	0.93
Property, plant and equipment, net (Note 12)	23.34
Advanced payment	609.68
Other assets, net	53.96
Other accounts payable	(95.94)
Other liabilities	(5.17)
Minority interests	(105.73)
Fair value of net assets acquired	<u>487.15</u>
Goodwill (Note 15)	<u>729.18</u>
Total purchase consideration	1,216.33
<u>Less:</u> Cash and cash equivalents in the subsidiary	<u>(3.97)</u>
Cash outflow on the acquisition	<u>1,212.36</u>

**37. Business Acquisitions (Continued)**

On August 3, 2010, PTTNGD acquired an additional 30% shareholding of Amata Natural Gas Distribution Co., Ltd. (AMATA NGD), which operated a gas transmission pipeline and natural gas distribution business, from the former shareholder. As a result, the shareholding percentage of PTTNGD in AMATA NGD increased from 50% to 80%.

The details of net assets acquired and goodwill are as follows:

	Unit: Million Baht
Purchase consideration (cash paid)	504.00
Fair value of net assets acquired	(307.17)
Goodwill (Note 15)	<u>196.83</u>

The assets and liabilities arising from the acquisition are as follows:

	Unit: Million Baht
Cash and cash equivalents	207.04
Trade accounts receivable – others, net	106.67
Materials and supplies	18.43
Property, plant and equipment, net (Note 12)	383.64
Intangible assets (Note 13)	660.24
Other assets, net	24.70
Accounts payable – related parties	(88.89)
Other accounts payable - others	(15.64)
Deferred tax liabilities	(216.05)
Other liabilities	(56.25)
Minority interests	(204.78)
Shareholders' equity, net	819.11
<u>Less:</u> Fair value of investment as at the acquisition date	<u>(511.94)</u>
Fair value of net assets acquired	307.17
Goodwill (Note 15)	<u>196.83</u>
Total purchase consideration	504.00
<u>Less:</u> Cash and cash equivalents in the subsidiary	<u>(207.04)</u>
Cash outflow on the acquisition	<u><u>296.96</u></u>

As at December 31, 2010, the fair value of net assets was being reviewed additionally by PTTNGD. The fair value shown above will be updated when the allocation of the initial purchasing price is completed.

### **38. Adjustment and Reclassification of accounts**

The Group adjusted and reclassified certain items in the consolidated and the separate financial statements for the year ended December 31, 2009 to conform with the presentation in the consolidated and the separate financial statements for the year ended December 31, 2010. The significant items are as follows:

#### Adjustment of accounts

- ◆ to adjust goodwill and deferred tax liabilities in the consolidated financial statements amounting to Baht 582.10 million. Total assets and total liabilities decreased by the same amount.
- ◆ to adjust other accounts receivable and short-term loans – others, net as well as accrued expenses in the consolidated financial statements amounting to Baht 463.45 million. Total assets and total liabilities decreased by the same amount.

#### Reclassification of accounts

- ◆ to reclassify other accounts payable – related parties to trade accounts payable – related parties in the separate financial statements amounting to Baht 949.44 million

### **39. Promotional Privileges**

The Company received promotional privileges from the Board of Investment (BOI) under the Investment Act, B.E. 2520 (1977) as follows:

- ◆ the Gas Separation Plant Unit#5 project
- ◆ the third gas offshore and onshore pipeline project
- ◆ the Sai Noi-South Bangkok Power Plant gas pipeline project
- ◆ the Songkhla Power Plant gas pipeline project
- ◆ the Ethane Separation Plant project
- ◆ the Gas Separation Plant Unit#6 project
- ◆ the gas distribution pipelines to the Rojana Industrial Park project
- ◆ the Power and Steam Production for Bangchak Refinery project
- ◆ the North Bangkok Power Plant gas pipeline project
- ◆ the Rayong-Kangkoi gas pipeline project
- ◆ the investment promotion measures for improvement of production efficiency

The promotional privileges include:

- ◆ import duties exemption on machinery approved by the BOI
- ◆ corporate income tax exemption on net income from the promoted business for three years and eight years starting from the date on which the income is first derived from such operations.

During the year 2010, the Company applied such right for the Ethane Separation Plant project, the Power and Steam Production for Bangchak Refinery project and the investment promotion measures for improvement of production efficiency.



**39. Promotional Privileges (Continued)**

The sales from the promoted and non-promoted businesses for the years ended December 31, 2010 and 2009 are as follows:

	Unit : Million Baht	
	Separate financial statements	
	2010	2009
Promoted business	37,985.57	-
Non-promoted business	1,720,765.03	1,466,999.58
Total	1,758,750.60	1,466,999.58

Some subsidiaries and jointly controlled entities received promotional privileges from the BOI under the Investment Act, B.E. 2520 (1977) as follows:

PTTPL received Category 7.7 promotional privileges for its international merchandise distribution centre with modern system. The promotional privileges include exemption from import duties for the machinery approved by the BOI and corporate income tax exemption on the net income from the promoted business for five years starting from the date on which the income is first derived from such operations.

CHPP received Category 7.1 promotional privileges for its electricity and cool water production. The promotional privileges include exemption from import duties for the machinery approved by the BOI and corporate income tax exemption on the net income from the promoted business for eight years starting from the date on which the income is first derived from such operations.

LNG received Category 7.1 promotional privileges for its liquefied natural gas transfer business. The promotional privileges include exemption from import duties for the machinery approved by the BOI and corporate income tax exemption on the net income from the promoted business for eight years starting from the date on which the income is first derived from such operations, and 50% corporate income tax exemption on the net income from the promoted business for five years starting from the expiry date of the corporate income tax exemption.

HMC received promotional privileges for its business with respect to the production of chemicals from petroleum. The promotional privileges include exemption from various taxes and duties and corporate income tax exemption on the net income from promoted business for eight years starting from the date on which the income is first derived from such operations, and 50% corporate income tax exemption on the net income from the promoted business for five years starting from the expiry date of the corporate income tax exemption.

TTM-T received Category 7.1 promotional privileges for its public utility and basic services business, Category 7.2 for its mass transit systems and transportation of bulk products and Category 7.7 for its natural gas transmission pipeline business. The promotional privileges include exemption from various taxes and duties and corporate income tax exemption.

DCAP received Category 7.1 promotional privileges for its public utility and basic services business. The promotional privileges include exemption from various taxes and duties and corporate income tax exemption on the net income from promoted business for eight years starting from the date on which the income is first derived from such operations.

**39. Promotional Privileges (Continued)**

PTTAC received promotional privileges for its Acrylonitrile, Ammonium Sulfure and Methyl Methacrylate production business. The promotional privileges include exemption from various taxes and duties and corporate income tax exemption on the net income from the promoted business for eight years starting from the date on which the income is first derived from such operations.

As the Group has received promotional privileges from the BOI, it has to comply with all conditions and regulations as stipulated in the Promotional Certificates.

**40. Proceeding regarding to the Central Administrative Court's Ordering Temporary Suspension of Projects in Map Ta Phut Area**

On June 19, 2009, the Stop Global Warming Association and 43 persons filed a complaint with the Central Administrative Court (the Court) for the Case No. Black 908/2552, against eight government agencies, together with a motion seeking the Court injunction to temporarily suspend all operations and activities of 76 industrial projects in the Map Ta Phut area in Rayong province.

On September 29, 2009, the Court ordered the temporary injunction by requiring the eight accused government agencies to issue the order to temporarily suspend the 76 projects until the final judgement had been made or ordered had been amended, except for projects or activities which had received the permits before the effective date of the Constitution B.E.2550 (2007) or projects which were not required to submit the Environmental Impact Assessment (EIA) reports pursuant to the Notification of the Ministry of Natural Resources and Environment dated June 16, 2009. The 25 projects of the suspended projects belonged to the Group, three of which belonged to the Company.

On October 16, 2009, the Group, as an interested person, submitted an appeal objecting to the Court injunction to the Supreme Administrative Court.

On November 13, 2009, the Prime Minister appointed a committee, which comprised representatives from the public, government, experts and private entrepreneurs (the Four-Party Committee), to solve the problem of compliance with Article 67 Paragraph 2 of the Constitution B.E.2550 (2007).

On December 2, 2009, the Supreme Administrative Court issued an order No.592/2552 amending the injunction of the Court by requiring the eight accused government agencies to order the temporary suspension of the projects or activities listed in the complaint except for 11 projects, which would apparently not cause severe impact since they are merely intended to control or minimize the pollution or install additional equipment. From these 11 projects, seven projects belonged to the Group, comprising one project of the Company and six projects of other companies in the Group. The Company has invested a total of Baht 25,310.38 million in its two projects under the temporary injunction (information as at December 31, 2010).

On December 18, 2009, the public prosecutor submitted an answer refusing all allegations in the complaint.

On December 28, 2009, the Company, as an interested person, submitted a motion to amend or revoke the temporary injunction to the Court, since the facts which the Court has based its decision upon, have changed.

**40. Proceeding regarding to the Central Administrative Court's Ordering Temporary Suspension of Projects in Map Ta Phut Area (Continued)**

On December 29, 2009, the Ministry of Natural Resources and Environment issued the Notification of the Ministry of Natural Resources and Environment regarding Prescribing the Criteria, Procedures, Regulations, and Guidelines for the Preparation of Environmental Impact Assessment Reports (EIA reports) for Projects or Activities that may cause severe impact on the Environment, Natural Resources, and Health of a Community, which the Health Impact Assessment (HIA) were included.

On January 22, 2010, the Court dismissed the Company's motion to amend or revoke the temporary injunction submitted to the Court on December 28, 2010. The Court's rulings on each issue are as follows:

◆ In the case that the projects or activities are not required to submit the Environmental Impact Assessment (EIA) reports pursuant to the Notification of the Ministry of Natural Resources and Environment dated June 16, 2009, it is the fact that the claimants can verify with the Office of Natural Resources and Environmental Policy and Planning.

◆ In the case that the projects or activities received the permits prior to the effective date of the Constitution B.E.2550 (2007), it is the fact that the claimants can verify with the officers who have permission authorities pursuant to the relevant laws.

◆ In the case of the projects or activities which would apparently not cause severe impact to a community, according to the guidelines provided by the Supreme Administrative Court dated December 2, 2009, the Supreme Administrative Court had considered that there were 11 projects in accordance with the guidelines. Hence, the Court deemed that such consideration was final, and therefore this issue could not be reconsidered.

◆ The Court considered that the facts presented in the motion were the facts which had been presented to the Court both in the Court and in the Supreme Administrative Court's hearings. There was no change in the facts, and therefore the Court had insufficient reasons to order according to the motion.

On February 11, 2010, the public prosecutor filed a petition to the Court seeking the Court's allowance for 12 temporarily suspended projects, two of which belonged to the Group, to continue the construction until completion and performance of test-run on the machinery and systems on the condition that the project would not be able to operate. The petition was on the ground that there was the inevitable necessity to perform the action sought otherwise it would be resulted in serious damage which would be almost irreversible.

On February 19, 2010, the Company submitted an appeal to the Supreme Administrative Court requesting the amendment or revocation of the injunction for two projects of the Company which were not the projects or activities that may cause severe impacts on the environment, natural resources and health in terms of both fact and law.

On February 24, 2010, the Court ordered that the eight accused government agencies allow the 12 projects, including two projects of the Group, to continue the construction until completion, install machinery and equipment, and perform test-run on the machinery and related systems on the condition that the project would not be able to operate until the final judgment had been made or the order had been amended.

**40. Proceeding regarding to the Central Administrative Court's Ordering Temporary Suspension of Projects in Map Ta Phut Area (Continued)**

On April 19, 2010, the Court gave the order rejecting the Company's appeal requesting the amendment or revocation of the injunction dated February 19, 2010. The Court considered that its order dismissing the Company's motion to amend or revoke the temporary injunction was final and could not be appealed.

On May 27, 2010, the Company filed an appeal to the Supreme Administrative Court regarding the Court's order rejecting the Company's appeal on April 19, 2010. Currently, the appeal is on the proceedings of the Supreme Administrative Court.

On June 7 and 24, 2010, the Company submitted a letter to the public prosecutors to request for providing additional facts to the Court. The Court ordered that June 25, 2010 was the last date of fact findings for this case.

On September 2, 2010, the Court rendered a judgment to withdraw permits which were issued to projects in the list attached to the petition those may cause severe impacts to the local community and have not fully complied with Section 67 Paragraph Two of the Constitution. This withdrawal shall be effective from the date the Court rendered the judgment. One project of the Group is in the scope.

On October 1, 2010, the 43 prosecutors filed an appeal to the Supreme Administrative Court regarding the Court's judgment on September 2, 2010. On December 7, 2010, the eight accused government agencies by the public prosecutors filed a defense of the appeal. Currently, the appeal is on the proceedings of the Supreme Administrative Court.

**41. Commitments and Contingent Liabilities**

Significant changes in commitments and contingent liabilities are as follows:

**41.1 Commitments to subsidiaries, jointly controlled entities, associates and other related companies are as follows:**

41.1.1 The Group has provided loans to its subsidiaries and associates with a credit limit of Baht 63,223.05 million. On December 31, 2010, the Group made payments in respect of these loans totalling Baht 56,382.05 million. The remaining commitment was Baht 6,841 million. (2009: Baht 16,181 million)

41.1.2 The Company entered into Shareholder's Commercial Support Arrangements with an associate. The Company had obligations under the arrangements in form of an extended credit for raw materials. The arrangement is in accordance with conditions agreed with a financial institution. On December 31, 2010, the credit limit was USD 90 million or approximately Baht 2,726.67 million. The associate had not used such commercial credit line. (December 31, 2009, the Company provided credit facilities to two associates totalling USD 190 million or approximately Baht 6,368.19 million. The two associates had not used the commercial credit line.)

**41. Commitments and Contingent Liabilities (Continued)**

41.1.3 The Company has an obligation with a subsidiary in a foreign country under a commercial credit agreement in form of an extended credit for raw materials with a credit limit of USD 100 million. On December 31, 2010, the subsidiary had used USD 99.81 million of the commercial credit. The remaining commercial credit line was USD 0.19 million or approximately Baht 5.76 million. (2009: USD 0.19 million or approximately Baht 6.37 million)

41.1.4 The Company entered into Sponsor Support Agreements with two jointly controlled entities with a credit limit equal to the loan obligations with financial institution of the two jointly controlled entities. On December 31, 2010, the Company had a commitment of USD 224.60 million or approximately Baht 6,804.55 million. (2009: USD 242.95 million or approximately Baht 8,142.91 million)

41.1.5 The Company provided a loan to a jointly controlled entity with a credit limit of USD 73.80 million. During 2010, the jointly controlled entity fully repaid the loan. The Company abolished the loan support for the jointly controlled entity. (2009: Remaining credit facilities of USD 21.30 million or approximately Baht 713.91 million)

41.1.6 The Company had obligations under Shareholder Agreements to pay for ordinary shares in accordance with the shareholding percentages. On December 31, 2010, the Company had remaining obligations amounting to Baht 10,541.51 million. (2009: Baht 12,660.37 million)

**41.2 Commitment under operating leases – the Group as a lessee**

The future minimum lease payments for the uncancellable operating leases as at December 31, 2010 and 2009 are as follows:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Within 1 year	4,379.35	4,806.15	220.76	249.04
Over 1 year but not over 5 years	4,787.46	5,706.37	427.39	421.53
Over 5 years	5,164.50	5,185.16	773.01	422.87
<b>Total</b>	<u><u>14,331.31</u></u>	<u><u>15,697.68</u></u>	<u><u>1,421.16</u></u>	<u><u>1,093.44</u></u>

**41. Commitments and Contingent Liabilities (Continued)**

- 41.3 On December 31, 2010, the Group had obligations in form of unused letter of credit of Baht 21,712.80 million in the consolidated financial statements (2009: Baht 9,861.61 million) and Baht 17,561.84 million in the separate financial statements. (2009: Baht 8,851.23 million)
- 41.4 On December 31, 2010, the Group had contingent liabilities in form of letter of guarantee of Baht 3,452.32 million in the consolidated financial statements (2009: Baht 2,607.97 million) and Baht 101.12 million in the separate financial statements. (2009: Baht 97.08 million)
- 41.5 An associate entered into a product sale agreement with the Company for the Company to sell the product further to a listed company. The term of the agreement is 15 years which will expire on January 31, 2012. The associate notified not to renew the agreement with the Company. Consequently, it was necessary for the Company to submit an advance notice to the listed company in accordance with the agreement advising that the Company would not renew the agreement. On December 3, 2009 the listed company submitted a claim with the Thai Arbitration Institute (the "Institute") requesting the Company and the associate as a seller and a supplier respectively to comply with the agreement by continuing to sell the product to the listed company or by mutually paying for an indemnity.

On February 10, 2010, the associate submitted a petition with the Institute to dismiss the claim against it from the case-list. Subsequently, the arbitrator ordered in favour of the associate dismissing the claim on its part from the case-list.

The Company submitted the case to the Office of the Attorney General to file a statement of defense with the Institute. On April 28, 2010, the public prosecutor filed the statement of defense with the Institute for the Company. Currently, the case is on the proceedings of the Institute.

- 41.6 A contractor of the natural gas pipeline construction project filed a petition to the institute to claim for compensation from the Company. They claimed that Company did not comply with the relevant contract. The Company considered that the claims did not comply with the processes and procedures agreed upon in the relevant contract. Moreover, the contractor did not perform the works in accordance with the relevant contract. Therefore, the Company rejected the claims by the contractor. Currently, these two cases are during the process of gathering facts by the Company to submit to the public prosecutor for preparing a statement of defense and counterclaim (if any) and to proceed further according to the arbitration procedure. The Central Bankruptcy Court had issued an absolute receivership order upon the contractor, and the official receiver submitted a motion to proceed with the cases on behalf of the contractor.
- 41.7 On August 26, 2010, PTTEP Australasia Pty Ltd (PTTEP AA) received a letter from the Government of Indonesia claiming for compensation in relation to the oil and gas leak incident in the Montara area under PTTEP Australasia's project. Subsequently, on September 1, 2010, PTTEP AA submitted a letter rejecting the claim for compensation because the evidence provided by the Government of Indonesia was considered unproven and unsubstantiated. No verifiable scientific evidence was provided to support the claim. In December 2010, PTTEP Australasia Pty Ltd. (PTTEP AA) and the Indonesian Government agreed to provide each other additional documents and to conduct a joint survey to verify the Government of Indonesia's data on the claimed damage on the fishery sector. Currently, the discussion with the Indonesian government is on-going and more detailed data is expected to be discussed by both sides in February, 2011. The compensation regarding this matter has not been finalized.

**42. Subsequent Events**

- 42.1 On February 24, 2011, the Company's Board of Directors passed resolutions to approve the support of the amalgamation between PTT Aromatics and Refining Public Company Limited and PTT Chemical Public Company Limited, to acknowledge the share purchase from the dissenting shareholders based on the conditions set by the Company, and to include the agenda of share purchase to the Company's annual shareholders' meeting for the year 2011 for approval.
- 42.2 On February 28, 2011, the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval the dividend payment for 2010 at Baht 10.25 per share. On September 24, 2010 the Company paid an interim dividend of Baht 4.75 per share as describe in Note 36. Accordingly, the remaining dividend for Baht 5.50 per share or approximately Baht 15,670 million. The approval for such dividend payment will be proposed to the annual general meeting of shareholders of the Company for the year 2011.
- 42.3 With reference to the oil and gas leak incident in the Montara field of the PTTEP Australasia project in 2009, PTTEP has consistently consulted with the Australian Government and the related industry sector, including submitted an Action Plan. PTTEP has continuously reported the progress of such Action Plan to the Australian Government. On February 4, 2011, the Australian Government reviewed the Action Plan and allowed a subsidiary of PTTEP to continue its operations in Australia. The subsidiary of PTTEP will enter into a blind Deed of Agreement with the Australian Government under which an independent committee will monitor the subsidiary of PTTEP's implementation of the Action Plan for 18 months.
- 42.4 The board of directors of the Company approved these financial statements for public issuance on February 28 2011.
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