

(TRANSLATION)

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011**

(TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (UNAUDITED BUT REVIEWED)**

<b>NOTES</b>	<b>CONTENTS</b>
1	General Information
2	Basis of Preparation of the Interim Financial Statements
3	Changes in Accounting Policies
4	Cash and Cash Equivalents
5	Accounts Receivable – Others
6	Related Party Transactions
7	Investments in Subsidiaries, Jointly Controlled Entities and Associates
8	Other Long-term Investments, Net
9	Investment Properties, Net
10	Property, Plant and Equipment, Net
11	Intangible Assets, Net
12	Mining Properties, Net
13	Goodwill, Net
14	Advance Payments for Gas Purchased
15	Long-term Loans
16	Employee Benefit Obligations
17	Provision for Decommissioning Costs
18	Share Capital
19	Earnings per Share
20	Share-based Payment
21	Other Income
22	Expenses by Nature
23	Share of Net Income from Investments in Associates
24	Segment Information
25	Business Acquisition
26	Proceeding Regarding to the Central Administrative Court's Ordering the Temporary Suspension of Projects in the Map Ta Phut Area
27	Commitments and Contingent Liabilities
28	Events after the Statement of Financial Position Date

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (UNAUDITED BUT REVIEWED)**

**1. General Information**

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

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

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

**2. Basis of Preparation of the Interim Financial Statements**

**2.1 Purpose of the Interim Financial Statements**

These interim financial statements are prepared in order to provide additional information other than that included in the most recent annual financial statements. Accordingly, these interim financial statements focus on the reporting of new activities, events and circumstances so as not to repeat information previously reported. These interim financial statements should therefore be read in conjunction with the most recent annual financial statements.

**2.2 Basis for Preparation of the Interim Financial Statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting” (revised 2009). The content of the interim financial statements comprise the statements of financial position, statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows, which are in accordance with Thai Accounting Standard No. 1 “Presentation of Financial Statements” (revised 2009), effective for accounting periods beginning on or after January 1, 2011. Notes presented only significant items.

**2.3 Summary of Significant Accounting Policies**

Except for those new accounting policies adopted by the Company as described in Note 2.4, the Group has prepared these interim financial statements based on the same accounting policies and computation methods, as were applied in the financial statements for the year ended December 31, 2010 which was prepared in accordance with generally accepted accounting principles.

## 2. Basis of Preparation of the Interim Financial Statements (Continued)

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

During 2010, the Federation of Accounting Professions (FAP) issued the following new and revised Thai Accounting Standards (TASs), Thai Financial Reporting Standards (TFRSs), Thai Financial Reporting Interpretations (TFRIs) and Framework in the Royal Thai Government Gazette as follows:

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

- ◆ Framework (revised 2009)

#### Effective on or after January 1, 2011

- |  |   |
|--|---|
| ◆ Thai Accounting Standard No. 1 (revised 2009)          | Presentation of Financial Statements                            |
| ◆ Thai Accounting Standard No. 2 (revised 2009)          | Inventories   |
| ◆ Thai Accounting Standard No. 7 (revised 2009)          | Statement of Cash Flows   |
| ◆ Thai Accounting Standard No. 8 (revised 2009)          | Accounting Policies, Changes in Accounting Estimates and Errors |
| ◆ Thai Accounting Standard No. 10 (revised 2009)         | Events after the Reporting Period                               |
| ◆ Thai Accounting Standard No. 11 (revised 2009)         | Construction Contracts  |
| ◆ Thai Accounting Standard No. 16 (revised 2009)         | Property, Plant and Equipment                                   |
| ◆ Thai Accounting Standard No. 17 (revised 2009)         | Leases  |
| ◆ Thai Accounting Standard No. 18 (revised 2009)         | Revenue   |
| ◆ Thai Accounting Standard No. 19                        | Employee Benefits   |
| ◆ Thai Accounting Standard No. 23 (revised 2009)         | Borrowing Costs   |
| ◆ Thai Accounting Standard No. 24 (revised 2009)         | Related Party Disclosures                                       |
| ◆ Thai Accounting Standard No. 26                        | Accounting and Reporting by Retirement Benefit Plans            |
| ◆ Thai Accounting Standard No. 27 (revised 2009)         | Consolidated and Separate Financial Statements                  |
| ◆ Thai Accounting Standard No. 28 (revised 2009)         | Investments in Associates                                       |
| ◆ Thai Accounting Standard No. 29                        | Financial Reporting in Hyperinflationary Economies              |
| ◆ Thai Accounting Standard No. 31 (revised 2009)         | Interests in Joint Ventures                                     |
| ◆ Thai Accounting Standard No. 33 (revised 2009)         | Earnings per Share  |
| ◆ Thai Accounting Standard No. 34 (revised 2009)         | Interim Financial Reporting                                     |
| ◆ Thai Accounting Standard No. 36 (revised 2009)         | Impairment of Assets  |
| ◆ Thai Accounting Standard No. 37 (revised 2009)         | Provisions, Contingent Liabilities and Contingent Assets        |
| ◆ Thai Accounting Standard No. 38 (revised 2009)         | Intangible Assets   |
| ◆ Thai Accounting Standard No. 40 (revised 2009)         | Investment Property   |
| ◆ 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                  |

**2. Basis of preparation of the interim financial statements (Continued)**

2.4 New and Revised Accounting Standards, Financial Reporting Standards, Interpretations and Framework (Continued)

**Effective 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                         |

On 25 February 2011, FAP issued new TFRIs which were published in the Royal Thai Government Gazette as follows:

**Effective on or after January 1, 2011**

- |  |  |
|--|--|
| ◆ Thai Financial Reporting Interpretation No. 31 | Revenue – Barter Transactions Involving Advertising Services |
|--|--|

**Effective on or after January 1, 2013**

- |  |   |
|--|---|
| ◆ Thai Financial Reporting Interpretation No. 10 | Government Assistance – No Specific Relation to Operating Activities          |
| ◆ Thai Financial Reporting Interpretation No. 21 | Income Taxes – Recovery of Revalued Non – Depreciable Assets                  |
| ◆ Thai Financial Reporting Interpretation No. 25 | Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders |

The Group adopted these new and revised accounting standards, financial reporting standards including interpretations and framework on the effective date, except for Thai Accounting Standard No.12 – Income Taxes which has early adopted before the effective date.

The adoption of these new and revised TFRSs, which is effective for accounting periods beginning on or after January 1, 2011, has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in Note 3.

### 3. Changes in accounting policies

#### 3.1 Overview

From January 1, 2011, consequent to the adoption of new and revised TFRSs as set out in note 2.4, the Group has changed its accounting policies in the following areas:

- Presentation of Financial Statements
- Accounting for Property, Plant and Equipment
- Accounting for Investment Properties
- Accounting for Employee Benefits
- Accounting for Share-based Payment
- Accounting for Business Combination
- Accounting for the Change in Reporting Currency of Domestic Subsidiary

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 3.2 to 3.8 below. The impact of the changes on the 2010 financial statements is summarized as follows:

	Unit: Million Baht	
	Consolidated financial statements	Separate financial statements
<b>Statement of financial position</b>		
Equity at January 1, 2010 – as reported	498,090.59	281,177.91
Changes as a result of the adoption retrospectively of:		
Employee benefit obligations	(4,063.48)	(1,496.46)
Provision for decommissioning costs	(122.47)	-
Change in reporting currency of a domestic subsidiary	8,948.11	-
<b>Equity at January 1, 2010 - restated</b>	<b><u>502,852.75</u></b>	<b><u>279,681.45</u></b>
Equity at December 31, 2010 – as reported	571,312.57	315,383.17
Changes as a result of the adoption retrospectively of:		
Employee benefit obligations	(4,539.81)	(1,616.13)
Provision for decommissioning costs	(135.64)	-
Change in reporting currency of a domestic subsidiary	(9,223.26)	-
<b>Equity at December 31, 2010 - restated</b>	<b><u>557,413.86</u></b>	<b><u>313,767.04</u></b>

**3. Changes in accounting policies (Continued)**

## 3.1 Overview (Continued)

	Unit: Million Baht	
	Consolidated financial statements	Separate financial statements
<b>Statement of income for the three-month period ended March 31, 2010</b>		
Income (loss) before income tax – as reported	37,528.59	17,490.61
Changes before tax as a result of the adoption retrospectively of:		
Employee benefit obligations	(265.63)	(148.61)
Provision for decommissioning costs	(3.13)	-
Change in reporting currency of domestic subsidiary	(1,398.94)	-
<b>Income (loss) before income tax - restated</b>	<b>35,860.89</b>	<b>17,342.00</b>
Income tax expense – as reported	(10,492.47)	(4,099.32)
Changes to income tax expense as a result of the adoption retrospectively of:		
Employee benefit obligations	102.05	44.58
Change in reporting currency of domestic subsidiary	1,264.42	-
<b>Income tax expense - restated</b>	<b>(9,126.00)</b>	<b>(4,054.74)</b>
<b>Income (loss) - restated</b>	<b>26,734.89</b>	<b>13,287.26</b>
<b>Increase (decrease) in earnings per share (Baht):</b>		
- Basic earnings per share	(0.08)	(0.03)
- Diluted earnings per share	(0.08)	(0.03)

## 3.2 Presentation of Financial Statements

From January 1, 2011, the Group has applied Thai Accounting Standard No. 1 – Presentation of Financial Statements (revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects.

### **3. Changes in accounting policies (Continued)**

#### **3.3 Property, Plant and Equipment**

From 1 January 2011, the Group has applied Thai Accounting Standard No. 16 – Property, Plant and Equipment (revised 2009) in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised Thai Accounting Standard No. 16 and affecting the Group are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

#### **3.4 Investment Properties**

From January 1, 2011, the Group has applied Thai Accounting Standard No. 40 – Investment Property (revised 2009).

Under the revised standard, investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment and measured using the cost model.

The Group has selected the cost model for accounting for its investment properties under the revised standard. The change in accounting policy has been applied retrospectively and the financial statements for the three-month period ended 31 March 2010, which are included in the Group's interim financial statements for comparative purposes, have been adjusted to reclassify investment properties from 'Property, plant and equipment' to present separately under 'Investment properties'. The cost and accumulated depreciation as at January 1, 2010, March 31, 2010 and December 31, 2010 of the Group's investment properties previously included in property, plant and equipment, have been reclassified to present separately under 'Investment properties'. Apart from this reclassification, the change in policy has no impact on the 2010 financial statements. Details of investment properties are disclosed in Note 9.



**3. Changes in accounting policies (Continued)**

**3.5 Employee benefits**

From January 1, 2011, the Group has applied Thai Accounting Standard No. 19 – Employee Benefits.

Under the new policy, the Group's obligation in respect of post-employment benefits, provision for employee pension, is recognized in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this obligation was recognized as and when payments were made. The Group has opted to recognize profit (loss) from change in actuarial science estimates in the statement of income in that period.

The change in this accounting policy has been applied retrospectively and the Group's 2010 financial statements have been restated for comparative purposes of the Group's 2011 financial statements. Details of employee benefit obligations are disclosed in Note 16.

**3.6 Share-based payments**

From January 1, 2011, the Group has applied Thai Financial Reporting Standard No. 2 – Share-based Payment.

Under Thai Financial Reporting Standard No. 2, share-based payment awards granted to employees are recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Group has not applied the above accounting policy for share-based payment awards granted before January 1, 2011 in accordance with transitional provisions of Thai Financial Reporting Standard No. 2. The adoption of this standard has had no material impact on the profit and earnings per share for the three-month period ended March 31, 2011. Details of share-based payment awards granted before January 1, 2011 are disclosed in Note 20.

### 3. Changes in accounting policies (Continued)

#### 3.7 Business Combination

From January 1, 2011, the Group has adopted Thai Financial Reporting Standard No.3 – Business Combinations (revised 2009) and Thai Accounting Standard No.27 – Consolidated and Separate Financial Statements (revised 2009)

Under the revised standard, for acquisitions on or after January 1, 2011, the Group measures goodwill at the acquisition date as:

- The fair value of any consideration transferred *plus*
- The recognized amount of any non-controlling interest in the acquiree, *plus*
- If the business combination achieved in stages, the fair value of the existing equity interest in the acquiree, *less*
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based of the acquiree's awards and the extent to which replacement awards relate to past and/or future service.

**3. Changes in accounting policies (Continued)****3.8 The change in reporting currency of a domestic subsidiary**

From January 1, 2011, a subsidiary of the Company (PTT Exploration and Production Public Co., Ltd. (PTTEP)) has changed the reporting currency from Thai Baht currency to USD currency so that the financial statements of PTTEP are more appropriately and relevantly presented regarding the effects of trading transactions and other situations which impact financial position, operating results and cash flows of the company. The change above was considered as a change in accounting policy, therefore, PTTEP made the restatement. The Group prepared the consolidation financial statements by using the Thai Baht translated version of PTTEP's financial statements. Details of the impact are as follows:

	Unit: Million Baht
	<u>Increase (Decrease)</u>
<b>Statement of financial position as at December 31, 2010</b>	
- Total assets	(20,710.60)
- Total liabilities	(11,487.34)
- Total shareholder's equity	(9,223.26)
<b>Statement of comprehensive income for the three-month period ended March 31, 2010</b>	
- Total income	(2,008.33)
- Costs and total expenses	(609.39)
- Income tax expense	(1,264.42)
- Net income for the period	(134.52)

**4. Cash and Cash Equivalents**

Cash and cash equivalents as at March 31, 2011 and December 31, 2010 are as follows:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Cash on hand	2,240.88	270.97	228.03	223.38
Deposits held at call with banks	65,432.57	95,355.88	18,707.13	25,571.39
Fixed deposits	16,494.87	13,286.58	14,226.31	9,925.29
Treasury bills	5,708.29	-	-	-
Promissory notes	4,287.25	1,296.65	2,880.45	-
Bank of Thailand Bonds	10,831.06	25,590.96	10,831.06	25,590.96
<b>Total</b>	<u>104,994.92</u>	<u>135,801.04</u>	<u>46,872.98</u>	<u>61,311.02</u>

Cash and cash equivalents as at March 31, 2011 mainly bear interest at rates ranging from 0.03% to 5.00% per annum (December 31, 2010: interest rates ranging from 0.03% to 5.00% per annum).

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## 5. Accounts Receivable – Others

### 5.1 Trade accounts and notes receivable – others, net as at March 31, 2011 and December 31, 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Trade accounts receivable	103,554.96	84,417.86	79,700.11	68,776.04
Notes receivable	976.26	1,154.32	976.26	1,154.32
Total	104,531.22	85,572.18	80,676.37	69,930.36
<u>Less</u> Allowance for doubtful accounts	<u>(2,034.22)</u>	<u>(2,125.76)</u>	<u>(964.69)</u>	<u>(983.53)</u>
Trade accounts and notes receivable – others, net	<u>102,497.00</u>	<u>83,446.42</u>	<u>79,711.68</u>	<u>68,946.83</u>

Aging analysis is as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Within credit terms	97,541.21	80,327.97	75,825.48	66,466.07
Overdue				
- Within 3 months	3,247.84	1,623.47	2,301.24	839.67
- Over 3 - 6 months	532.32	975.92	427.16	855.84
- Over 6 - 12 months	1,441.36	973.67	1,210.80	938.52
- Over 12 months	1,768.49	1,671.15	911.69	830.26
Total	104,531.22	85,572.18	80,676.37	69,930.36
<u>Less</u> Allowance for doubtful accounts	<u>(2,034.22)</u>	<u>(2,125.76)</u>	<u>(964.69)</u>	<u>(983.53)</u>
Trade accounts and notes receivable - others, net	<u>102,497.00</u>	<u>83,446.42</u>	<u>79,711.68</u>	<u>68,946.83</u>

Trade accounts and notes receivable – others, net as at March 31, 2011 include receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 16,812.37 million (December 31, 2010: Baht 16,005.50 million), and in the separate financial statements amounting to Baht 16,651.00 million (December 31, 2010: Baht 15,839.89 million).

**5. Accounts Receivable – Others (Continued)**

- 5.2 Other accounts receivable and short-term loans – others, net as at March 31, 2011 and December 31, 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Other accounts receivable	7,153.34	6,374.36	1,196.40	2,050.59
<u>Less Allowance for doubtful accounts</u>	<u>(553.42)</u>	<u>(528.99)</u>	<u>(550.54)</u>	<u>(523.22)</u>
Other accounts receivable, net	6,599.92	5,845.37	645.86	1,527.37
Refund receivable from Oil Stabilization Fund	9,216.22	7,239.97	9,216.22	7,239.97
Short-term loans	<u>243.38</u>	<u>284.03</u>	<u>133.71</u>	<u>174.89</u>
Other accounts receivable and short- term loans – others, net	<u>16,059.52</u>	<u>13,369.37</u>	<u>9,995.79</u>	<u>8,942.23</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 from exported oil or oil sold to outbound transportation barges, including compensation for Natural gas for Vehicle (NGV) prices. The compensation and refund rates are determined by the Committee of Energy Policy Administration.

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## 6. Related Party Transactions

The following are significant transactions carried out with related parties.

### 6.1 Trade accounts receivable – related parties, net as at March 31, 2011 and December 31, 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Subsidiaries	-	-	11,338.39	22,131.99
Jointly controlled entities	-	-	796.41	490.63
Associates	58,797.35	53,653.95	58,598.06	53,468.93
Other related parties	4,311.09	3,601.50	4,155.86	3,488.66
Total	63,108.44	57,255.45	74,888.72	79,580.21
<u>Less</u> Allowance for doubtful accounts	(351.82)	(353.40)	(351.81)	(353.40)
Trade accounts receivable – related parties, net	<u>62,756.62</u>	<u>56,902.05</u>	<u>74,536.91</u>	<u>79,226.81</u>

Aging analysis is as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Within credit terms	59,597.99	56,928.18	71,408.67	76,279.58
Overdue				
- Within 3 months	329.81	195.15	304.26	172.63
- Over 3 - 6 months	101.43	87.07	101.20	306.73
- Over 6 - 12 months	787.61	44.19	787.45	544.96
- Over 12 months	2,291.60	0.86	2,287.14	2,276.31
Total	63,108.44	57,255.45	74,888.72	79,580.21
<u>Less</u> Allowance for doubtful accounts	(351.82)	(353.40)	(351.81)	(353.40)
Trade accounts receivable – related parties, net	<u>62,756.62</u>	<u>56,902.05</u>	<u>74,536.91</u>	<u>79,226.81</u>

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

## 6.2 Other accounts receivable, advances and short-term loans – related parties, net as at March 31, 2011 and December 31, 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
<u>Other accounts receivable</u>				
Subsidiaries	-	-	5,457.44	630.93
Jointly controlled entities	-	-	13.98	19.86
Associates	600.02	700.11	453.69	569.61
Other related parties	163.86	168.84	163.47	166.11
Total	763.88	868.95	6,088.58	1,386.51
<u>Less Allowance for doubtful accounts</u>	(135.37)	(135.37)	(135.37)	(135.37)
Other accounts receivable, net	628.51	733.58	5,953.21	1,251.14
<u>Advances</u>				
Subsidiaries	-	-	246.73	262.52
Associates	0.29	0.02	-	-
Other related parties	259.53	255.92	256.26	255.12
Advances	259.82	255.94	502.99	517.64
<u>Short-term loans</u>				
Subsidiaries	-	-	500.00	500.00
Total	888.33	989.52	6,956.20	2,268.78

Movements in short-term loans – related parties are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance as at January 1	-	90.10	500.00	20,791.01
- Payment for loans granted	-	16.36	-	358.50
- Receipt from loans granted	-	-	(60.00)	-
- Current portion of long-term loans	-	-	60.00	-
Balance as at March 31	-	106.46	500.00	21,149.51

Short-term loans to related parties as at March 31, 2011 are unsecured and bear interest at rates ranging from 1.25% to 5.48% per annum (December 31, 2010: interest rates ranging from 1.00% to 6.87% per annum).

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

## 6.3 Other accounts receivable, advances and long-term loans – related parties, net as at March 31, 2011 and December 31, 2010

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>March 31, 2011</u>	<u>December 31, 2010</u>	<u>March 31, 2011</u>	<u>December 31, 2010</u>
<u>Other accounts receivable</u>				
Associates *	1,957.62	1,877.99	1,957.62	1,877.99
<u>Long-term loans</u>				
Subsidiaries	-	-	51,772.39	49,562.21
Associates	5,752.10	5,753.88	5,740.05	5,740.05
Long-term loans	5,752.10	5,753.88	57,512.44	55,302.26
Total	7,709.72	7,631.87	59,470.06	57,180.25

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

Movements in long-term loans – related parties:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Balance as at January 1	5,753.88	5,489.44	55,302.26	24,916.50
- Payment for loans granted	-	81.76	2,270.18	817.65
- Receipt from loans granted	(1.83)	(1.23)	-	-
- Gain on foreign exchange	0.05	-	-	-
- Currency translation differences	-	4.74	-	-
- Current portion of long-term loans	-	-	(60.00)	-
Balance as at March 31	5,752.10	5,574.71	57,512.44	25,734.15

Long-term loans to related parties as at March 31, 2011 are unsecured and bear interest at rates ranging from 3.46% to 6.63% per annum (December 31, 2010: interest rates ranging from 3.03% to 7.25% per annum).



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

## 6.4 Trade accounts payable – related parties as at March 31, 2011 and December 31, 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Subsidiaries	-	-	17,308.18	12,611.56
Jointly controlled entities	-	-	2,629.71	3,997.20
Associates	38,518.85	32,908.67	37,026.70	31,347.20
Other related parties	5,170.84	3,219.07	410.90	147.96
<b>Total</b>	<b>43,689.69</b>	<b>36,127.74</b>	<b>57,375.49</b>	<b>48,103.92</b>

## 6.5 Other accounts payable and short-term loans – related parties as at March 31, 2011 and December 31, 2010

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
<b>Other accounts payable</b>				
Subsidiaries	-	-	1,250.75	1,545.32
Jointly controlled entities	-	-	9.76	7.49
Associates	698.78	934.87	555.05	899.88
Other related parties	242.63	107.37	242.30	107.26
<b>Other accounts payable</b>	<b>941.41</b>	<b>1,042.24</b>	<b>2,057.86</b>	<b>2,559.95</b>
<b>Short-term loans</b> *				
Subsidiaries	-	-	2,892.18	2,564.78
<b>Total</b>	<b>941.41</b>	<b>1,042.24</b>	<b>4,950.04</b>	<b>5,124.73</b>

\* 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 March 31, 2011 and December 31, 2010

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>March 31, 2011</u>	<u>December 31, 2010</u>	<u>March 31, 2011</u>	<u>December 31, 2010</u>
Subsidiaries	-	-	0.48	0.33
Jointly controlled entities	-	-	13.69	13.87
Associates	18.50	18.94	18.50	18.94
Other related parties	<u>678.35</u>	<u>686.29</u>	<u>678.35</u>	<u>686.29</u>
Total	<u>696.85</u>	<u>705.23</u>	<u>711.02</u>	<u>719.43</u>

## 6.7 Revenue and expense transactions carried out with related parties

For the three-month periods ended March 31, 2011 and 2010

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues				
<u>Sales:</u>				
Subsidiaries	-	-	24,566.36	18,373.42
Jointly controlled entities	-	-	1,700.65	520.11
Associates	178,293.84	168,803.93	177,830.10	167,990.55
Other related parties	11,501.90	7,149.30	11,281.06	7,042.15
<u>Interest income:</u>				
Subsidiaries	-	-	688.30	592.72
Jointly controlled entities	-	-	-	24.54
Associates	90.66	55.75	90.66	55.75
<u>Dividend income:</u>				
Subsidiaries	-	-	5,375.40	2,601.00
Jointly controlled entities	-	-	90.26	-
Other related parties	256.07	270.00	165.00	270.00
<u>Other income:</u>				
Subsidiaries	-	-	336.91	106.86
Jointly controlled entities	-	-	16.81	24.86
Associates	1,619.24	858.35	1,618.21	856.65
Other related parties	22.43	26.07	22.30	25.92

(TRANSLATION)

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

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

For the three-month periods ended March 31, 2011 and 2010

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Expenses				
<u>Purchases:</u>				
Subsidiaries	-	-	38,412.39	28,449.50
Jointly controlled entities	-	-	6,634.80	6,242.47
Associates	135,310.20	121,017.61	131,179.40	117,123.19
Other related parties	12,916.10	7,667.34	1,519.12	1,830.13
<u>Interest expense:</u>				
Subsidiaries	-	-	14.42	-
<u>Other expenses:</u>				
Subsidiaries	-	-	273.52	202.76
Jointly controlled entities	-	-	3.70	-
Associates	438.26	530.25	428.01	516.56
Other related parties	95.59	184.72	135.43	184.27

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 27.1

**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 three-month periods ended March 31, 2011 and 2010 are as follow:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	2011	2010	2011	2010
<u>Sales</u>				
Subsidiaries	-	-	-	8.12
Associates	3,196.17	536.89	3,196.17	536.89
<u>Purchases</u>				
Subsidiaries	-	-	-	8.12
Associates	3,196.17	536.89	3,196.17	536.89

**6.10 Executives' remunerations**

For the three-month periods ended March 31, 2011 and 2010 are as follows:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	2011	2010	2011	2010
<u>Directors' remunerations</u>				
Meeting remuneration and bonuses	21.21	18.66	10.83	10.00
<u>Management's remunerations</u>				
Salaries, bonuses, and other short-term employee benefits	145.91	229.42	23.93	35.04
Post-employment benefits	0.61	2.48	0.55	2.31
Total	<u>167.73</u>	<u>250.56</u>	<u>35.31</u>	<u>47.35</u>

Management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

## 7. Investments in Subsidiaries, Jointly Controlled Entities and Associates

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

Company	Country of Incorporation	Business	Shareholding Percentage	
			March 31, 2011	December 31, 2010
<u>Subsidiaries:</u>				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	65.32	65.34
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

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

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

Company	Country of Incorporation	Business	Shareholding Percentage	
			March 31, 2010	December 31, 2010
<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
PTT MCC BioChem Co., Ltd. (PMBC)	Thailand	Petrochemicals	50.00	-
<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	26.64	28.29
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil transmission pipelines	33.19	33.19
Petro Asia (Thailand) Co., Ltd. (PA (Thailand))	Thailand	Oil marketing	35.00	35.00
Vietnam LPG Co., Ltd. (VLPG)	Vietnam	Bottling and sale of LPG	45.00	45.00
KELOIL-PTT LPG Sdn. Bhd. (KPL)	Malaysia	Bottling and sale of LPG	40.00	40.00
IRPC Public Co., Ltd. (IRPC)	Thailand	Petrochemicals and refining	38.83	39.02
Independent Power (Thailand) Co., Ltd (IPT)	Thailand	Electricity generation	20.00	20.00
Thai Oil Power Co., Ltd. (TP)	Thailand	Generation and supply of electricity	26.00	26.00
PTT Phenol Co., Ltd. (PPCL)	Thailand	Petrochemicals	40.00	40.00
PTT Chemical Public Co., Ltd. (PTTCH)	Thailand	Petrochemicals	48.61	48.68
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generation and supply of electricity, steam and water for industries	40.00	40.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Communication and technology services	20.00	20.00
PTT Aromatics and Refining Public Co., Ltd. (PTTAR)	Thailand	Petrochemicals and refining	48.40	48.60
PTT Maintenance & Engineering Co., Ltd. (PTTME)	Thailand	Factory maintenance and engineering services	40.00	40.00
B.Grimm BIP Power Co., Ltd. (B.Grimm BIP)	Thailand	Generation and supply of electricity	23.00	23.00

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

## 7.2 Investments in associates in the consolidated financial statements as at March 31, 2011 and December 31, 2010

Unit: Million Baht

Company	Shareholding percentage		March 31, 2011		December 31, 2010		Dividends for the three-month periods ended March 31	
	March 31, 2011	December 31, 2010	Cost method	Equity Method	Cost method	Equity method	2011	2010
<u>Refining Business Group</u>								
1. TOP	49.10	49.10	11,380.83	36,947.11	11,380.83	34,481.73	-	-
2. SPRC	36.00	36.00	14,770.48	19,987.88	14,770.48	18,613.23	-	-
3. BCP	26.64	28.29	4,060.18	6,868.84	4,060.18	6,562.57	-	-
4. PTTAR	48.40	48.60	12,820.01	32,737.79	12,820.01	30,472.62	-	-
5. IRPC	38.83	39.02	28,467.24	31,773.23	28,467.24	30,339.10	-	-
<u>Oil Business Group</u>								
6. THAPPLINE	33.19	33.19	2,682.35	1,314.84	2,682.35	1,174.33	-	-
7. PA (Thailand)	35.00	35.00	131.25	-	131.25	-	-	-
8. V LPG	45.00	45.00	87.35	98.42	87.35	102.89	-	-
9. KPL	40.00	40.00	21.49	(4.01)	21.49	(0.96)	-	-
10. FST	25.00	25.00	1.13	1.37	1.13	1.40	-	-
<u>Petrochemical Business Group</u>								
11. PTTCH	48.61	48.68	33,520.89	60,207.78	33,520.89	57,129.11	-	-
12. PPCL	40.00	40.00	3,340.48	4,223.18	3,340.48	3,967.24	-	-
13. PTTME	40.00	40.00	66.41	177.09	66.41	174.63	-	-
<u>Natural Gas Business Group</u>								
14. IPT	20.00	20.00	400.19	1,539.56	400.19	1,526.18	-	-
15. TP	26.00	26.00	2,304.76	2,171.55	2,304.76	2,136.92	-	-
16. PTTUT	40.00	40.00	2,743.60	2,687.92	2,743.60	2,617.27	-	-
17. EMG	25.00	25.00	16,544.61	13,976.72	16,544.61	14,063.82	-	-
18. B.Grimm BIP	23.00	23.00	4.95	4.88	4.95	4.91	-	-
19. XPCL	25.00	-	200.00	199.18	-	-	-	-
<u>Coal Business Group</u>								
20. RIM	33.50	33.50	1,267.73	1,529.57	1,267.73	1,538.42	-	-
<u>Other Business Group</u>								
21. PTTICT	20.00	20.00	60.00	83.40	60.00	73.42	-	-
22. ShoreAir	50.00	50.00	16.88	81.40	16.88	83.86	-	-
			134,892.81	216,607.70	134,692.81	205,062.69		
<u>Less: Allowance for impairment</u>			(131.25)	-	(131.25)	-		
<b>Total</b>			<b>134,761.56</b>	<b>216,607.70</b>	<b>134,561.56</b>	<b>205,062.69</b>	<b>-</b>	<b>-</b>

(TRANSLATION)

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

7.3 Investments in subsidiaries, jointly controlled entities and associates in the separate financial statements as at March 31, 2011 and December 31, 2010

Unit: Million Baht

Company	Shareholding percentage		Cost method		Dividends for the three-month periods ended March 31	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	2011	2010
<u>Subsidiaries:</u>						
1. PTTEP	65.32	65.34	11,131.33	11,131.33	5,375.40	2,601.00
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	-	-
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. PTTTB	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	31,281.68	13,524.00	-	-
14. PTTGE	100.00	100.00	8,282.17	7,044.58	-	-
15. BSA	25.00	25.00	0.50	0.50	-	-
16. PTT TANK	100.00	100.00	2,500.37	2,500.37	-	-
17. TLBC	48.95	48.95	140.00	140.00	-	-
Total investments in subsidiaries			64,040.47	45,045.20	5,375.40	2,601.00
<u>Jointly Controlled Entities:</u>						
<i>Natural Gas Business Group</i>						
18. TTM (T)	50.00	50.00	5,666.80	5,666.80	-	-
19. TTM (M)	50.00	50.00	281.32	281.32	-	-
20. DCAP	35.00	35.00	428.75	428.75	-	-
<i>Petrochemicals Business Group</i>						
21. PTTAC	48.50	48.50	6,909.41	6,573.63	-	-
22. HMC	41.44	41.44	9,117.12	9,117.12	90.26	-
23. PMBC	50.00	-	180.00	-	-	-
Total investments in jointly controlled entities			22,583.40	22,067.62	90.26	-



(TRANSLATION)

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

## 7.3 Investments in subsidiaries, jointly controlled entities and associates in the separate financial statements as at March 31, 2011 and December 31, 2010 (Continued)

Unit: Million Baht

Company	Shareholding percentage		Cost method		Dividends for the three-month periods ended March 31	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	2011	2010
<i>Associates:</i>						
<i>Refining Business Group</i>						
24. TOP	49.10	49.10	11,380.83	11,380.83	-	-
25. SPRC	36.00	36.00	14,770.48	14,770.48	-	-
26. BCP	26.64	28.29	4,060.18	4,060.18	-	-
27. PTTAR	48.40	48.60	12,820.01	12,820.01	-	-
28. IRPC	38.83	39.02	28,467.23	28,467.23	-	-
<i>Oil Business Group</i>						
29. THAPPLINE	33.19	33.19	2,682.35	2,682.35	-	-
30. PA (Thailand)	35.00	35.00	131.25	131.25	-	-
31. V LPG	45.00	45.00	87.35	87.35	-	-
32. KPL	40.00	40.00	21.49	21.49	-	-
<i>Petrochemicals Business Group</i>						
33. PTTCH	48.61	48.68	32,079.42	32,079.42	-	-
34. PPCL	40.00	40.00	3,340.48	3,340.48	-	-
35. PTTME	40.00	40.00	66.41	66.41	-	-
<i>Natural Gas Business Group</i>						
36. IPT	20.00	20.00	400.19	400.19	-	-
37. TP	26.00	26.00	2,304.76	2,304.76	-	-
38. PTTUT	40.00	40.00	2,743.60	2,743.60	-	-
39. B. Grimm BIP	23.00	23.00	4.95	4.95	-	-
<i>Other Business Group</i>						
40. PTTICT	20.00	20.00	30.00	30.00	-	-
Total investments in associates			115,390.98	115,390.98		
Less Allowance for impairment			(131.25)	(131.25)		
Total investments in associates, net			115,259.73	115,259.73	-	-
Total			201,883.60	182,372.55	5,465.66	2,601.00

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

- 7.4 The share of net assets and results of operations from jointly controlled entities which are included in the consolidated financial statements as at March 31, 2011 and 2010 are as follows:

Statements of financial position:

As at March 31, 2011 and December 31, 2010

Unit: Million Baht  
December 31, 2010

	March 31, 2011						December 31, 2010					
	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PMBC	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PMBC
Current assets	2,995.94	106.62	146.49	1,981.17	4,783.42	180.00	2,625.16	90.53	155.96	2,039.69	4,041.78	-
Non-current assets	13,777.17	645.05	852.90	10,737.96	12,595.89	-	13,935.19	635.97	837.00	10,564.51	11,782.46	-
Current liabilities	(1,225.95)	(79.33)	(76.65)	(371.04)	(2,367.89)	-	(1,242.57)	(82.15)	(62.24)	(559.28)	(1,227.56)	-
Non-current liabilities	(8,748.44)	(392.47)	(598.86)	(5,409.55)	(5,211.77)	-	(8,607.73)	(390.75)	(598.84)	(5,382.54)	(5,300.30)	-
Net assets	6,798.72	279.87	323.88	6,938.54	9,799.65	180.00	6,710.05	253.60	331.88	6,662.38	9,296.38	-

Statements of income:

For the three-month periods ended March 31, 2011 and 2010

Unit: Million Baht  
2010

	2011						2010					
	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PMBC	TTM (T)	TTM (M)	DCAP	PTTAC	HMC	PMBC
Income*	586.09	44.68	141.41	(14.35)	3,291.45	-	708.65	43.53	143.23	75.78	1,776.17	-
Expenses	(497.41)	(24.80)	(149.42)	(45.34)	(2,518.38)	-	(426.61)	(35.38)	(141.34)	(37.86)	(1,476.99)	-
Income (loss) before taxes	88.68	19.88	(8.01)	(59.69)	773.07	-	282.04	8.15	1.89	37.92	299.18	-
Income taxes	-	-	-	0.08	(138.41)	-	-	-	-	(6.67)	(65.22)	-
Net income (loss)	88.68	19.88	(8.01)	(59.61)	634.66	-	282.04	8.15	1.89	31.25	233.96	-

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

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

7.5 Significant events during the three-month period ended March 31, 2011

**PTTEP**

On February 25, 2011, PTTEP established PTTEP Canada International Finance Limited with registered capital of CAD 50,000 comprised of 50,000 ordinary shares at a par value of CAD 1 each. PTTEP Netherlands Coöperatie U.A. had a 100% shareholding in PTTEP Canada International Finance Limited.

During the period, PTTEP's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 19. This event resulted in the increase in the Company's ownership interest in the subsidiary, was recorded under shareholder's equity in the statement of financial position amounting to Baht 27.25 million. Consequently, as at March 31, 2011, the Company's shareholding in PTTEP was 65.32%.

**IRPC**

During the period, IRPC's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 19. This event resulted in the decrease in the Company's ownership interest in the associate with the dilution effect of Baht 55.90 million recorded as a loss in the profit and loss for the period. Consequently, as at March 31, 2011, the Company's shareholding in IRPC was 38.83%.

**PTTAR**

During the period, PTTAR's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 19. This event resulted in the decrease in the Company's ownership interest in the associate with the dilution effect of Baht 11.67 million recorded as a gain in the profit and loss for the period. Consequently, as at March 31, 2011, the Company's shareholding in PTTAR was 48.40%.

**PTTCH**

During the period, PTTCH's employees exercised their rights to purchase ordinary shares under the Employee Stock Ownership Plan (ESOP) project as detailed in Note 19. This event resulted in the decrease in the Company's ownership interest in the associate with the dilution effect of Baht 5.57 million recorded as a loss in the profit and loss for the period. Consequently, as at March 31, 2011, the Company's shareholding in PTTCH was 48.61%.

**BCP**

During the period, the holders of convertible debenture warrants exercised their rights to convert to ordinary shares as detailed in Note 19. This event resulted in the decrease in the Company's ownership interest in the associate with the dilution effect of Baht 95.22 million recorded as a loss in the profit and loss for the period. Consequently, as at March 31, 2011, the Company's shareholding in BCP was 26.64%

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

**7.5 Significant events during the three-month period ended March 31, 2011 (Continued)**

**PTTI**

On February 4, 2011, PTTI's extraordinary shareholders' meeting No. 1/2011 passed a resolution to increase the authorized share capital by Baht 19,445 million from Baht 16,600 million to Baht 36,045 million by issuing 1,944.50 million ordinary shares at a par value of Baht 10 each. PTTI called for the first 25% payment of the additional authorized share capital of Baht 4,861.25 million. The Company paid for these shares on February 15, 2011.

On February 17, 2011, PTTI called for the second payment of the additional authorized share capital of Baht 12,681.44 million and the Company paid for these shares on March 2, 2011.

On February 24, 2011, PTTI called for the third payment of the additional authorized share capital of Baht 214.99 million and the Company paid for these shares on March 9, 2011.

On March 15, 2011, PTTML, a subsidiary of PTTI, acquired 100% shareholding of International Coal Holdings Limited (ICH), which is a holding company, for the total amount of AUD 544.11 million or approximately Baht 16,831.22 million. The acquisition refers to a resolution of PTTI's board of director meeting No.9/2010 held on October 14, 2010.

On March 1, 2011, Natee Synergy Co.,Ltd. (NSC), a subsidiary of PTTI, agreed to jointly invest in Xayaburi Power Company Limited (XPCL) with CH. Karnchang Public Company Limited, Electricity Generating Public Company Limited, and P.T. Construction & Irrigation Company Limited for development of the Hydroelectric Power Project in the Lao People's Democratic Republic with the authorized share capital amounting to Baht 800 million. NSC had 25% shareholding in Xayaburi Power Company Limited (XPCL).

**PTTGE**

On January 20, 2011, PTTGE called for the payment of additional authorized share capital of USD 40 million or approximately Baht 1,237.59 million. The Company paid for these shares on February 9, 2011.

**PTTAC**

On February 24, 2011, PTTAC called for the third payment (the last call) of additional authorized share capital of 335.78 million and the Company paid for these shares on March 3, 2011.

**PMBC**

On February 11, 2011, PMBC's extraordinary board of directors' meeting No. 2/2011 passed a resolution to jointly invest at a portion of 50% shareholding in PTT MCC Biochem Co.,Ltd. with Mitsubishi Chemical Corporation (MCC) for the Polybutylene Succinate (PBS) project with the authorized share capital amounting to USD 12 million or approximately Baht 360 million. On March 29, 2011, the Company made a payment of Baht 180 million for these shares.

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

## 7.6 Additional information in respect of associates

7.6.1 The Company has not recognized its share of gain from some associates for the three-month period ended March 31, 2011 amounting to Baht 0.15 million (2010: Baht 0.15 million) because the Company had an unrealized allowance for its share of loss from these associates as at March 31, 2011 amounting to Baht 63.47 million (December 31, 2010: Baht 63.62 million).

7.6.2 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 statement of financial position dates. Details are as follows:

<u>Associates</u>	<u>March 31, 2011</u>	Unit: Million Baht
		<u>December 31, 2010</u>
BCP	6,392.06	6,125.73
IRPC	45,250.74	50,759.53
TOP	83,387.15	78,378.92
PTTAR	53,714.03	55,156.02
PTTCH	109,211.76	108,473.84

(TRANSLATION)

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

8.1 Other long-term investments, net as at March 31, 2011 and December 31, 2010 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
General investments	2,138.27	2,179.35	1,106.12	1,106.12
Investments in available-for-sale securities				
- Investments in equity securities	639.32	625.62	336.00	336.00
- Investments in debt securities	585.60	585.60	585.60	585.60
- Investments in mutual funds	6,804.89	6,804.89	6,804.89	6,804.89
Allowance for changes in value of investments	6,054.83	5,574.49	5,967.15	5,496.81
<b>Total</b>	<b>16,222.91</b>	<b>15,769.95</b>	<b>14,799.76</b>	<b>14,329.42</b>

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

Company	Country of Incorporation	Business	Shareholding Percentage	
			March 31, 2011	December 31, 2010
<b>General investments</b>				
Petro Asia (Huizhou) Co., Ltd.(PA (Huizhou))	China	Oil marketing	25.00	25.00
Petro Asia (Maoming) Co., Ltd.(PA (Maoming))	China	Oil marketing	20.00	20.00
Petro Asia (Sanshui) Co., Ltd. (PA (Sanshui))	China	Oil marketing	25.00	25.00
Fuel Pipeline Transportation Co., Ltd. (FPT)	Thailand	Oil transmission pipelines	2.76	2.76
Intoplane Services Co., Ltd. (IPS)	Thailand	Aircraft refuelling services	16.67	16.67
Ratchaburi Power Co., Ltd. (RPCL)	Thailand	Electricity generation	15.00	15.00
Colour Vision International Co., Ltd. (Corpus)	Thailand	Finished yarn production	0.48	0.48

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

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

Company	Country of Incorporation	Business	Shareholding Percentage	
			March 31, 2011	December 31, 2010
<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		

(TRANSLATION)

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

8.3 Other long-term investments, net as at March 31, 2011 and December 31, 2010 are as follows:

Unit: Million Baht

Company	Shareholding percentage		Consolidated financial statements		Separate financial statements		Dividends for the three-month periods ended March 31	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	2011	2010
<b>General Investments</b>								
1. PA (Huizhou)	25.00	25.00	15.16	15.16	15.16	15.16	-	-
2. FPT	2.76	2.76	44.00	44.00	44.00	44.00	-	-
3. IPS	16.67	16.67	0.02	0.02	0.02	0.02	-	-
4. RPCL	15.00	15.00	1,098.75	1,098.75	1,098.75	1,098.75	165.00	270.00
5. ROC	5.91	5.91	643.73	643.73	-	-	91.07	-
6. BAPT	2.07	2.07	18.19	18.19	-	-	-	-
7. PA (Maoming)	20.00	20.00	14.83	14.83	14.83	14.83	-	-
8. PA (Sanshui)	25.00	25.00	6.06	6.06	6.06	6.06	-	-
9. KOT	10.00	10.00	117.93	117.93	-	-	-	-
10. KIF	10.00	10.00	48.84	48.84	-	-	-	-
11. K I	10.00	10.00	245.39	245.39	-	-	-	-
12. K II	10.00	10.00	65.52	65.52	-	-	-	-
13. Corpus	0.48	0.48	0.60	0.60	0.60	0.60	-	-
Total investments accounted for under the cost method			2,319.02	2,319.02	1,179.42	1,179.42		
Currency translation differences			(46.10)	(48.18)	-	-		
Less Allowance for impairment of investments			(134.65)	(91.49)	(73.30)	(73.30)		
Total general investments			2,138.27	2,179.35	1,106.12	1,106.12		
<b>Investments in Available-for-sale Securities</b>								
<u>Investments in Equity Securities</u>								
14. TIP	13.33	13.33	312.00	312.00	312.00	312.00	-	-
15. BAFS	7.06	7.06	24.00	24.00	24.00	24.00	-	-
16. XML	12.72	12.72	221.79	221.79	-	-	-	-
Total investments in equity securities			557.79	557.79	336.00	336.00		
<u>Investments in Debt Securities</u>								
<u>Investments in Mutual Funds</u>								
MFC Energy Fund	32.57	32.57	504.89	504.89	504.89	504.89	-	-
FAM EPIF			6,300.00	6,300.00	6,300.00	6,300.00	-	-
Total investments in mutual funds			6,804.89	6,804.89	6,804.89	6,804.89		
Total investments in available-for-sale securities before changes in value of investments and currency translation differences			7,948.28	7,948.28	7,726.49	7,726.49		
Currency translation differences			81.53	67.83	-	-		
Allowance for changes in value of investments			6,054.83	5,574.49	5,967.15	5,496.81		
Total investments in available-for-sale securities			14,084.64	13,590.60	13,693.64	13,223.30		
Total other long-term investments, net			16,222.91	15,769.95	14,799.76	14,329.42	256.07	270.00



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

## 8.4 Significant events during the three-month period ended March 31, 2011

**PA (Shantou)**

On January 27, 2010, the Company's board of directors' meeting No. 1/2010 passed a resolution to sell 15% of its shares in Petro Asia (Shantou) Co., Ltd. (PA(Shantou)) to 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.

**9. Investment Properties, Net**

Investment properties, net are as follows:

Unit: Million Baht

	Consolidated financial statements			Total
	Land	Buildings and building improvements	Construction in progress	
Cost				
As at January 1, 2011	4,422.64	5,649.19	-	10,071.83
- Additions	-	0.30	6.10	6.40
- Reclassification	-	6.62	3.56	10.18
- Disposals	-	(29.89)	-	(29.89)
As at March 31, 2011	4,422.64	5,626.22	9.66	10,058.52
Accumulated Depreciation				
As at January 1, 2011	-	(1,339.89)	-	(1,339.89)
- Depreciation for the period	-	(77.53)	-	(77.53)
- Reclassification	-	(0.01)	-	(0.01)
- Disposals	-	28.65	-	28.65
As at March 31, 2011	-	(1,388.78)	-	(1,388.78)
Net Book Value				
As at December 31, 2010	4,422.64	4,309.30	-	8,731.94
As at March 31, 2011	4,422.64	4,237.44	9.66	8,669.74

(TRANSLATION)

**9. Investment Properties, Net (Continued)**

Investment Properties, net are as follows (Continued):

Unit : Million Baht

	Separate financial statements			Total
	Land	Buildings and building improvements	Construction in progress	
Cost				
As at January 1, 2011	4,422.64	1,842.98	-	6,265.62
- Additions	-	0.16	6.10	6.26
- Reclassification	-	6.62	3.56	10.18
- Disposals	-	(29.89)	-	(29.89)
As at March 31, 2011	4,422.64	1,819.87	9.66	6,252.17
Accumulated Depreciation				
As at January 1, 2011	-	(1,126.11)	-	(1,126.11)
- Depreciation for the period	-	(24.00)	-	(24.00)
- Reclassification	-	(0.01)	-	(0.01)
- Disposals	-	28.65	-	28.65
As at March 31, 2011	-	(1,121.47)	-	(1,121.47)
Net Book Value				
As at December 31, 2010	4,422.64	716.87	-	5,139.51
As at March 31, 2011	4,422.64	698.40	9.66	5,130.70

(TRANSLATION)

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

Property, plant and equipment, net 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, 2011	6,464.86	33,082.91	274,477.07	350,950.33	12,364.56	78,888.77	756,228.50
- Business acquisition (Note 25)	136.81	0.98	278.89	41,741.13	-	-	42,157.81
- Additions	306.47	317.60	185.20	11,901.85	666.78	7,699.95	21,077.85
- Borrowing costs	-	-	-	-	-	381.32	381.32
- Reclassification	15.89	4,695.04	29,085.64	-	147.25	(34,810.58)	(866.76)
- Disposals	-	(27.43)	(100.06)	(559.97)	(96.21)	(244.32)	(1,027.99)
- Currency translation differences	6.25	11.02	43.45	1,079.00	27.60	23.55	1,190.87
As at March 31, 2011	6,930.28	38,080.12	303,970.19	405,112.34	13,109.98	51,938.69	819,141.60
<b>Accumulated Depreciation</b>							
As at January 1, 2011	-	(11,957.71)	(90,070.35)	(149,057.49)	(7,713.07)	-	(258,798.62)
- Depreciation for the period	-	(536.77)	(3,064.34)	(7,871.06)	(292.05)	-	(11,764.22)
- Reclassification	-	(243.61)	201.24	-	7.46	-	(34.91)
- Disposals	-	18.31	51.55	(29.97)	70.25	-	110.14
- Currency translation Differences	-	(3.82)	1.93	(628.64)	5.46	-	(625.07)
As at March 31, 2011	-	(12,723.60)	(92,879.97)	(157,587.16)	(7,921.95)	-	(271,112.68)
<b>Allowance for Impairment of Assets</b>							
As at January 1, 2011	(81.27)	(12.20)	(290.21)	(385.54)	-	-	(769.22)
- Impairment losses of assets	-	-	(0.01)	(1.86)	-	-	(1.87)
- Reversal of impairment losses	-	2.58	-	-	-	-	2.58
As at March 31, 2011	(81.27)	(9.62)	(290.22)	(387.40)	-	-	(768.51)
<b>Net Book Value</b>							
As at December 31, 2010	6,383.59	21,113.00	184,116.51	201,507.30	4,651.49	78,888.77	496,660.66
As at March 31, 2011	6,849.01	25,346.90	210,800.00	247,137.78	5,188.03	51,938.69	547,260.41

(TRANSLATION)

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

Property, plant and equipment, net as 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, 2011	3,621.56	23,242.46	233,105.50	10,065.78	37,002.17	307,037.47
- Additions	-	25.44	57.83	74.14	4,661.19	4,818.60
- Borrowing costs	-	-	-	-	54.26	54.26
- Reclassification	15.89	2,185.99	25,535.34	131.50	(28,008.32)	(139.60)
- Disposals	-	(22.60)	(44.35)	(88.18)	(250.77)	(405.90)
As at March 31, 2011	3,637.45	25,431.29	258,654.32	10,183.24	13,458.53	311,364.83
<b>Accumulated Depreciation</b>						
As at January 1, 2011	-	(9,217.49)	(77,970.58)	(6,519.34)	-	(93,707.41)
- Depreciation for the period	-	(343.18)	(2,301.31)	(242.90)	-	(2,887.39)
- Reclassification	-	15.54	(15.49)	(0.02)	-	0.03
- Disposals	-	18.03	32.42	63.56	-	114.01
As at March 31, 2011	-	(9,527.10)	(80,254.96)	(6,698.70)	-	(96,480.76)
<b>Allowance for Impairment of Assets</b>						
As at January 1, 2011	(81.27)	(12.21)	(255.11)	-	-	(348.59)
- Reversal of impairment losses	-	2.59	-	-	-	2.59
As at March 31, 2011	(81.27)	(9.62)	(255.11)	-	-	(346.00)
<b>Net Book Value</b>						
As at December 31, 2010	3,540.29	14,012.76	154,879.81	3,546.44	37,002.17	212,981.47
As at March 31, 2011	3,556.18	15,894.57	178,144.25	3,484.54	13,458.53	214,538.07

Borrowing costs in the consolidated financial statements amounting to Baht 381.32 million (December 31, 2010: Baht 2,042.11million) and in the separate financial statements amounting to Baht 54.26 million (December 31, 2010: Baht 886.78 million) were capitalized as part of costs of property, plant and equipment. The Group used capitalization rates ranging from 1.63% - 5.47% (December 31, 2010: 1.67% - 7.25%).

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

As at March 31, 2011 and December 31, 2010 the other assets include vehicles acquired under finance leases. Details are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Cost	945.36	981.36	798.74	844.84
<u>Less Accumulated depreciation</u>	<u>(220.70)</u>	<u>(204.58)</u>	<u>(147.01)</u>	<u>(142.26)</u>
Net book value	<u>724.66</u>	<u>776.78</u>	<u>651.73</u>	<u>702.58</u>

**11. Intangible Assets, Net**

Intangible assets, net are as follows:

	Unit: Million Baht			
	Consolidated financial statements			
	Computer software	Right of use	Other intangible assets	Total
Cost				
As at January 1, 2011	3,063.34	18,504.51	6,626.70	28,194.55
- Business acquisition (Note 25)	-	-	34,708.67	34,708.67
- Additions	285.21	0.54	1,190.31	1,476.06
- Reclassification	123.55	-	30.73	154.28
- Disposals	(0.90)	(1.40)	-	(2.30)
- Currency translation differences	(1.43)	7.10	1,190.43	1,196.10
As at March 31, 2011	<u>3,469.77</u>	<u>18,510.75</u>	<u>43,746.84</u>	<u>65,727.36</u>
Accumulated Amortization				
As at January 1, 2011	(1,825.24)	(5,083.30)	(573.55)	(7,482.09)
- Amortization for the period	(86.44)	(125.30)	(39.63)	(251.37)
- Reclassification	(0.14)	-	(30.81)	(30.95)
- Disposals	0.84	2.05	-	2.89
- Currency translation differences	(2.60)	(1.94)	(0.12)	(4.66)
As at March 31, 2011	<u>(1,913.58)</u>	<u>(5,208.49)</u>	<u>(644.11)</u>	<u>(7,766.18)</u>
Net Book Value				
As at December 31, 2010	<u>1,238.10</u>	<u>13,421.21</u>	<u>6,053.15</u>	<u>20,712.46</u>
As at March 31, 2011	<u>1,556.19</u>	<u>13,302.26</u>	<u>43,102.73</u>	<u>57,961.18</u>

(TRANSLATION)

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

Intangible assets, net are as follows (Continued):

Unit: Million Baht

	Separate financial statements			
	Computer software	Right of use	Other intangible assets	Total
<b>Cost</b>				
As at January 1, 2011	1,722.67	18,241.50	51.55	20,015.72
- Additions	19.78	-	-	19.78
- Reclassification	123.17	-	-	123.17
- Disposals	(0.90)	-	-	(0.90)
As at March 31, 2011	1,864.72	18,241.50	51.55	20,157.77
<b>Accumulated Amortization</b>				
As at January 1, 2011	(1,026.55)	(4,941.35)	(51.55)	(6,019.45)
- Amortization for the period	(50.17)	(117.58)	-	(167.75)
- Disposals	0.90	-	-	0.90
As at March 31, 2011	(1,075.82)	(5,058.93)	(51.55)	(6,186.30)
<b>Net Book Value</b>				
As at December 31, 2010	696.12	13,300.15	-	13,996.27
As at March 31, 2011	788.90	13,182.57	-	13,971.47

**12. Mining Properties, Net**

Mining properties, net as at March 31, 2011 and 2010 are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2011	2010
Cost		
As at January 1	36,245.46	36,887.30
- Additions	141.85	72.40
- Reclassification	590.49	(33.39)
- Currency translation differences	<u>3,758.58</u>	<u>(652.31)</u>
As at March 31	<u>40,736.38</u>	<u>36,274.00</u>
Accumulated Amortization		
As at January 1	(3,504.40)	(2,880.05)
- Amortization for the period	(403.81)	(184.47)
- Reclassification	-	19.73
- Currency translation differences	<u>(3,672.75)</u>	<u>74.97</u>
As at March 31	<u>(7,580.96)</u>	<u>(2,969.82)</u>
Allowance for Impairment of Assets		
As at January 1	<u>(41.76)</u>	-
As at March 31	<u>(41.76)</u>	-
Net Book Value		
As at March 31	<u>33,113.66</u>	<u>33,304.18</u>

**13. Goodwill, Net**

Movements of Goodwill, net are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2011	2010
Net book value as at January 1	17,541.83	17,381.94
- Business acquisition	-	154.58
- Additions (Note 25)	10,227.29	398.45
- Reclassification	(70.51)	(37.24)
- Impairment losses	(9.82)	(306.72)
- Currency translation differences	162.84	(13.27)
Net book value as at March 31	27,851.63	17,577.74

**14. Advance Payments for Gas Purchased**

Movements of advance payments for gas purchased are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance as at January 1	8,304.60	16,735.19	9,743.47	19,343.93
- Make-up right	-	(502.61)	-	(731.10)
- Currency translation differences	(13.18)	-	-	-
Balance as at March 31	8,291.42	16,232.58	9,743.47	18,612.83

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 contractual years, with no maturity period.

As at March 31, 2011, 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.



**15. Long-term Loans**

Long-term loans as at March 31, 2011 and December 31, 2010 are as follows:

## Current Portion of Long-term Loans

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Loans – Baht currency	3,475.85	9,975.85	3,000.00	9,500.00
Loans – Baht currency – EPPO	213.55	211.64	213.55	211.64
Loans – Foreign currencies	3,528.22	3,512.16	2,664.03	2,651.91
Debentures – Baht currency	11,356.50	11,356.50	11,356.50	11,356.50
Debentures – Foreign currencies	3,301.62	3,286.60	3,301.62	3,286.60
Liabilities under finance leases	202.42	219.52	171.71	188.61
<b>Total</b>	<b>22,078.16</b>	<b>28,562.27</b>	<b>20,707.41</b>	<b>27,195.26</b>

## Long-term Loans

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Loans – Baht currency	35,347.21	36,002.44	27,000.00	27,500.00
Loans – Baht currency – EPPO	453.76	504.71	453.76	504.71
Loans – Foreign currencies	62,531.71	43,854.43	22,387.56	22,436.28
Debentures – Baht currency	197,818.65	197,809.40	148,804.20	148,804.20
Debentures – Foreign currencies	64,200.73	63,788.49	40,124.45	39,933.29
Liabilities under finance leases	481.85	507.31	424.74	451.96
<b>Total</b>	<b>360,833.91</b>	<b>342,466.78</b>	<b>239,194.71</b>	<b>239,630.44</b>

The Company's loans as at March 31, 2011 amounting to Baht 11,578.25 million (December 31, 2010: Baht 18,575.61 million) are secured by the Ministry of Finance.

(TRANSLATION)

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

15.1 Loans

Movements of loans in Baht currency and foreign currencies for the three-month period ended March 31, 2011 are as follows:

	Consolidated financial statements			Unit: Million
	Currency			Total in Baht equivalent
	Baht	USD	JPY	
Balance as at January 1, 2011	46,694.63	1,284.24	23,000.00	94,061.23
- Additions	8.28	625.00	-	18,943.72
- Repayments	(7,212.53)	(2.18)	-	(7,280.65)
- Loss on exchange rates	-	-	-	25.05
- Currency translation differences	-	-	-	(203.42)
- Others	-	0.15	-	4.37
- Current portion	(3,689.39)	(116.03)	-	(7,217.62)
Balance as at March 31, 2011	35,800.99	1,791.18	23,000.00	98,332.68

	Separate financial statements			Unit: Million
	Currency			Total in Baht equivalent
	Baht	USD	JPY	
Balance as at January 1, 2011	37,716.35	544.00	23,000.00	62,804.54
- Additions	8.28	-	-	8.28
- Repayments	(7,057.32)	-	-	(7,057.32)
- Gain on exchange rates	-	-	-	(36.60)
- Current portion	(3,213.55)	(87.53)	-	(5,877.58)
Balance as at March 31, 2011	27,453.76	456.47	23,000.00	49,841.32

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

## 15.1 Loans (Continued)

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

On March 25, 2011, the Company drew down the fifth loan instalment amounting to Baht 8.28 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 payable in the instalments of Baht 0.42 million every three months totaling 20 instalments. The first principal repayment is due in June 2011 and the last repayment is due in March 2016.

## 15.2 Debentures

Debentures as at March 31, 2011 and December, 31, 2010 are as follows:

	Unit: Million			
	Consolidated financial statements			
	March 31, 2011		December 31, 2010	
	Baht	USD	Baht	USD
Unsecured unsubordinated Debentures				
- USD currency	64,460.44	2,126.86	64,147.91	2,126.57
- Baht currency	209,175.15	-	209,165.90	-
Secured unsubordinated Debentures				
- USD currency	3,041.91	96.50	2,927.18	96.50
Current portion	(14,658.12)	(108.48)	(14,643.10)	(108.48)
Total	<u>262,019.38</u>	<u>2,114.88</u>	<u>261,597.89</u>	<u>2,114.59</u>
				Unit: Million
	Separate financial statements			
	March 31, 2011		December 31, 2010	
	Baht	USD	Baht	USD
Unsecured unsubordinated Debentures				
- USD currency	43,426.07	1,426.85	43,219.89	1,426.57
- Baht currency	160,160.70	-	160,160.70	-
Current portion	(14,658.12)	(108.48)	(14,643.10)	(108.48)
Total	<u>188,928.65</u>	<u>1,318.37</u>	<u>188,737.49</u>	<u>1,318.09</u>

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

## 15.2 Debentures (Continued)

On March 30, 2011, PTTEP Canada International Finance Co., Ltd., a subsidiary of PTTEP, issued and offered unsecured unsubordinated debentures amounting to USD 700 million to foreign institutional investors with a tenor period of ten years, bearing a fixed interest rate at 5.693% per annum. The debentures were fully guaranteed by PTTEP.

## 15.3 Liabilities under Finance Leases

Liabilities under finance leases as at March 31, 2011 and December 31, 2010 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Liabilities under finance leases				
- Within 1 year	226.64	245.30	192.25	210.50
- Later than 1 year but not later than 5 years	511.35	541.71	451.74	482.95
Future finance charges on finance leases	(53.72)	(60.18)	(47.54)	(52.88)
Present value of liabilities under finance leases	<u>684.27</u>	<u>726.83</u>	<u>596.45</u>	<u>640.57</u>
Present value of liabilities under finance leases				
- Current (within 1 year)	202.42	219.52	171.71	188.61
- Non-current (later than 1 year but not later than 5 years)	481.85	507.31	424.74	451.96
Total	<u>684.27</u>	<u>726.83</u>	<u>596.45</u>	<u>640.57</u>

**16. Employee benefit obligations**

Employees will receive retirement benefits under Thai labour law or labour law of other countries that the Group is incorporated or when the employees has completed their terms in according with the agreement between employee and the Group. Employee benefits liability is a defined benefits obligation which calculated by using projected unit credit method on actuarial basis. This basis is determine the present value of its future payment by discounting the future cash flows using the yields on government bonds with currency and term similar to the estimated term of benefit obligation. Actuarial gains or losses are recognized as profit or loss in the period in which they arise. Any expenses related to benefit are recognized in profit or loss in order to attribute benefit to periods of service.

Movements in the present value of the defined benefit obligations:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Beginning balance	-	-	-	-
Restatement	5,147.73	4,566.44	2,314.50	2,144.28
Beginning balance (restated)	5,147.73	4,566.44	2,314.50	2,144.28
Current service costs	101.66	447.58	35.01	123.68
Interest on obligation	49.04	184.55	23.02	97.40
Actuarial (gains) losses	-	93.66	-	93.64
Actual payment	(14.15)	(144.50)	(14.62)	(144.50)
Ending balance	5,284.28	5,147.73	2,357.91	2,314.50

Since January 1, 2011, the Group has recognized employee retirement benefits expense as liabilities. The amount of employee retirement benefits is recorded by using the evaluation result from an actuary (actuarial valuation) calculated based on assumptions of employee salary, turnover rates, age to retirement, mortality rates, service years and other factors. The Group has adopted and applied the new standard retrospectively.

**16. Employee benefit obligations (Continued)**

Expenses recognized in the statements of income for three-month periods ended March 31, 2011 and 2010 are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2011	2010	2011	2010
Current service costs	101.66	93.68	35.01	30.63
Interest on obligation	49.04	45.60	23.02	24.35
Actuarial (gains) losses	-	93.62	-	93.63
Expenses recognized in statements of income	<u>150.70</u>	<u>232.90</u>	<u>58.03</u>	<u>148.61</u>

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2011	2010	2011	2010
Cost of sales	25.12	52.42	7.59	38.56
Selling expenses	10.38	(0.10)	10.23	(0.10)
Administrative expenses	114.43	178.10	39.66	107.84
Management remuneration	0.77	2.48	0.55	2.31
Expenses realized in statements of income	<u>150.70</u>	<u>232.90</u>	<u>58.03</u>	<u>148.61</u>

**Principal actuarial assumptions**

- Financial assumptions of the Group

	Annual percentage (%)
Discount rate	3.6 - 4.8
Inflation rate	2.0 - 3.0

- Demographic assumptions of the Group

Assumptions regarding future mortality are based on published statistics and mortality tables B.E. 2540 (Thailand TMO97) announced by Office of Insurance Commission. The TMO97 comprised of data from Thailand insurance companies surveys which are provided assurance about these figure that reflects actual mortality rates of Thai citizen.

**17. Provision for Decommissioning Costs**

Provision for decommissioning costs as at March 31, 2011 and December 31, 2010 are Baht 27,296.74 million and Baht 25,905.15 million, respectively. The provision for decommissioning costs are reviewed and estimated by engineers and the management of the Group.

(TRANSLATION)

## 18. Share Capital

### 18.1 Share Capital – Authorized Shares

	Par Value (Baht per share)	The number of authorized shares (Shares)	The value of authorized shares (Baht)
As at December 31, 2010	10	2,857,245,725	28,572,457,250
As at March 31, 2011	10	2,857,245,725	28,572,457,250

### 18.2 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 31, 2011	2,849,042,025	28,490,420,250	27,585,429,566	56,075,849,816
Additions	3,071,000	30,710,000	687,904,000	718,614,000
As at March 31, 2011	2,852,113,025	28,521,130,250	28,273,333,566	56,794,463,816

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 29, 2006	234	1 : 1	15.46	4.54	September 28, 2011

**19. 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 three-month periods ended March 31, 2011 and 2010 are calculated as follows:

Consolidated financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2011	2010	2011	2010
Net income attributable to ordinary shareholders of the Company (Baht)	34,523,889,027	22,774,592,081	34,523,889,027	22,774,592,081
Adjustment of net income (Baht)	-	-	(2,548,643,287)	(37,036,264)
Net income for calculation of earnings per share (Baht)	34,523,889,027	22,774,592,081	31,975,245,740	22,737,555,817
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,849,076,147	2,834,217,421	2,851,384,425	2,836,028,403
Earnings per share (Baht/share)	12.12	8.04	11.21	8.02

Separate financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2011	2010	2011	2010
Net income attributable to ordinary shareholders (Baht)	19,627,563,677	13,287,262,538	19,627,563,677	13,287,262,538
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,849,076,147	2,834,217,421	2,851,384,425	2,836,028,403
Earnings per share (Baht/share)	6.89	4.69	6.88	4.69

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) according to Note 18.



**19. 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	11.80	2.20	July 31, 2011
			<u>58.44</u>	<u>3.56</u>	

\*As at March 31, 2011, 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	15.48	14.71	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	28.04	0.96	September 28, 2011

**19. 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	735.36	172.51	June 28, 2011
September 28, 2007	2.88	1 : 1	29.58	8.52	September 27, 2011
			<u>764.94</u>	<u>181.03</u>	

**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	272.47	7.13	September 30, 2013
May 16, 2006	14.00	1 : 714	-	41.81	May 15, 2016
			<u>272.47</u>	<u>48.94</u>	

BCP issued and offered warrants under the Employee Stock Ownership Plan (ESOP) and to its shareholders 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
May 15, 2006	18.00	1 : 1	0.76	68.33	May 14, 2011

**20. Share-Based Payment**

The Company issued two warrant arrangements, which are described below.

	Warrant 1	Warrant 2
Date of grant	April 12, 2005	April 11, 2006
Date of issue	September 1, 2005	September 29, 2006
Number granted (warrant)	40,000,000	20,000,000
Exercise price (Baht per share)	183	234
Exercise right (warrant per ordinary share)	1 : 1	1 : 1
Contractual life	5 years from the date of issue	5 years from the date of issue
Last exercise date	August 31, 2010	September 28, 2011
Vesting condition	Each warrant is granted to directors, managing director, management and employees of the Company or secondments from related companies who had been working for the company not less than six months. On each exercise date, the warrant would be divided into four parts of 25% each. The first exercise of each part started on the mature date of year 1, year 2, year 3 and year 4, respectively from the issue date. Thereafter the exercise date would be on the last working day of every three months after the first exercise through the contractual life.	

Details of the two warrant arrangements movement are as follows:

Unit: Million units

For the three-month period ended March 31, 2011

Arrangement	Balance at the beginning of period	Number of exercised	Balance at the end of period	Exercisable at the end of period
Warrant 2	7.61	3.07	4.54	4.54

Unit: Million units

For the three-month period ended March 31, 2010

Arrangement	Balance at the beginning of period	Number of exercised	Balance at the end of period	Exercisable at the end of period
Warrant 1	8.14	1.29	6.85	6.85
Warrant 2	15.32	0.34	14.98	14.98
	<u>23.46</u>	<u>1.63</u>	<u>21.83</u>	<u>21.83</u>

**20. Share-Based Payment (Continued)**

The weighted average share price at the date of exercise during the three-month periods ended March 31, 2011 for warrant 2 exercised was Baht 354.

The weighted average share prices at the date of exercise during the three-month period ended March 31, 2010 for warrant 1 and warrant 2 exercised were Baht 241 and Baht 262, respectively.

As at March 31, 2011, the weighted average remaining contractual life of warrant 2 was 6 months

As at March 31, 2010, the weighted average remaining contractual lives of warrant 1 and warrant 2 were 5 months and 1 and a half year, respectively.

**21. Other Income**

Other income for the three-month periods ended March 31, 2011 and March 31, 2010 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Transportation income	977.08	1,081.62	1,008.16	1,098.50
Dividend income	256.07	270.00	5,630.66	2,871.00
Interest income	881.27	556.96	1,112.97	811.61
Compensation for loan interest on advance payments for gas purchased	73.68	96.33	73.68	96.33
Others	2,059.13	848.13	1,678.91	693.91
Total	<u>4,247.23</u>	<u>2,853.04</u>	<u>9,504.38</u>	<u>5,571.35</u>

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.

(TRANSLATION)

## 22. Expenses by nature

Expenses by nature for the three-month periods ended March 31, 2011 and 2010 are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Change in finished goods and work in process	(368.94)	(2,990.12)	(698.95)	(3,195.61)
Goods purchased and raw materials used	467,098.08	391,250.01	453,385.31	397,811.05
Staff costs	3,762.06	2,797.43	1,595.59	1,596.89
Outsourcing	1,481.85	883.78	1,008.32	817.50
Transportation	3,344.43	2,949.24	1,875.17	1,828.53
Depreciation and amortization	13,639.70	11,260.79	3,164.59	2,399.25
Repairment	933.07	710.91	528.00	542.02
Utilities	3,029.09	1,899.27	2,674.08	1,592.19

## 23. Share of Net Income from Investments in Associates

The share of net income from associates for the three-month periods ended March 31, 2011 and 2010 includes gain on foreign exchange as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2011	2010
Share of net income before gain on foreign exchange	11,138.34	4,156.39
Gain on foreign exchange	103.77	896.57
Total	11,242.11	5,052.96

(TRANSLATION)

**24. 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 three-month period ended March 31, 2011

	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	4,789.86	87,632.90	131,918.92	289,578.53	19,630.02	-	6,886.70	420.25	-	540,857.18
- related parties	32,823.02	5,612.91	1,333.76	18,296.86	0.31	-	-	271.16	(58,338.02)	-
Net sales	37,612.88	93,245.81	133,252.68	307,875.39	19,630.33	-	6,886.70	691.41	(58,338.02)	540,857.18
Gross Margin*	33,946.83	19,226.54	5,290.97	2,373.37	1,326.05	-	3,091.50	263.21	(228.54)	65,289.93
EBITDA	26,072.96	16,639.38	3,582.44	2,181.85	970.31	-	2,189.18	83.20	133.45	51,852.77
Depreciation and amortization	(9,092.33)	(2,896.34)	(669.89)	(3.23)	(163.01)	-	(537.11)	(278.37)	0.58	(13,639.70)
EBIT	16,980.63	13,743.04	2,912.55	2,178.62	807.30	-	1,652.07	(195.17)	134.03	38,213.07
Share of net income (loss) from investments under the equity method	7,245.99	170.28	425.40	1,090.04	3,872.24	7,931.85	198.57	(603.24)	(9,089.02)	11,242.11
Interest income										881.27
Other income										1,519.20
Gain on foreign exchange										2,592.26
Finance cost										(4,395.60)
EBT										50,052.31
Income taxes										(10,727.78)
Net income for the period										<u>39,324.53</u>
<b>Net income attributable to:</b>										
Owners of the parent										34,523.89
Non-controlling interests										<u>4,800.64</u>
Net income for the period										<u>39,324.53</u>

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

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(TRANSLATION)

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

For the three-month period ended March 31, 2010

	Upstream petroleum and natural gas		Downstream petroleum			Coal	Others	Elimination	Unit: Million Baht	
	Petroleum exploration and production	Natural gas	Oil	International trading	Petrochemicals				Refining	Total
Sales - others	3,424.33	77,256.72	120,257.74	232,079.86	10,587.60	-	5,287.65	125.77	-	449,019.67
- related parties	29,507.80	5,369.72	1,061.23	16,098.03	0.74	-	-	232.75	(52,270.27)	-
Net sales	32,932.13	82,626.44	121,318.97	248,177.89	10,588.34	-	5,287.65	358.52	(52,270.27)	449,019.67
Gross Margin*	30,025.95	14,397.78	5,571.93	878.33	488.00	-	1,637.15	67.04	(251.21)	52,814.97
EBITDA	24,200.17	12,780.12	3,806.83	880.04	234.44	-	945.19	(88.24)	66.72	42,825.27
Depreciation and amortization	(7,894.91)	(2,028.74)	(700.78)	(2.33)	(59.93)	-	(337.22)	(237.46)	0.58	(11,260.79)
EBIT	16,305.26	10,751.38	3,106.05	877.71	174.51	-	607.97	(325.70)	67.30	31,564.48
Share of net income (loss) from investments under the equity method	6,768.83	366.49	282.06	199.16	1,958.28	3,257.38	72.83	(819.43)	(7,032.64)	5,052.96
Interest income										556.96
Other income										549.02
Gain on foreign exchange										2,118.49
Finance cost										(3,981.01)
EBT										35,860.90
Income taxes										(9,126.00)
Net income for the period										<u>26,734.90</u>
<b>Net income attributable to:</b>										
Owners of the parent										22,774.59
Non-controlling interests										<u>3,960.31</u>
Net income for the period										<u>26,734.90</u>

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

## 24. 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.



**25. Business Acquisitions**

According to the 30% additional shareholding acquisition of Amata Natural Gas Distribution Co.,Ltd. (AMATA NGD) by PTTNGD from the former shareholder on August 3, 2010, which resulted in the increase in shareholding percentage of PTTNGD in AMATA NGD from 50% to 80%, PTTNGD reviewed the fair value of net assets and revised the allocation of the initial purchasing price as shown below.

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

	Unit: Million Baht
Purchase consideration (Cash paid)	504.00
Fair value of net assets acquired	<u>(377.68)</u>
Goodwill (Note 13)	<u><u>126.32</u></u>

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

	Unit: Million Baht
Cash and cash equivalents	207.04
Other accounts receivable- net	106.67
Materials and supplies	18.43
Property, plant and equipment, net	383.64
Intangible assets (Note 11)	979.10
Other assets, net	24.70
Account payable- Related parties	(88.89)
Other accounts payable	(15.64)
Deferred tax liabilities	(300.01)
Other liabilities	(56.10)
Non-controlling interests	<u>(251.79)</u>
Fair value of net assets acquired	1,007.15
<u>Less:</u> Fair value of investment as at the acquisition date	<u>(629.47)</u>
Fair value of net assets acquired	377.68
Goodwill (Note 13)	<u>126.32</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>

Fair value revision of net assets caused the goodwill as at December 31, 2010, amounting to Baht 196.83 million, decreased by Baht 70.51 million (Note 13). Consequently, the goodwill as at March 31, 2011, was Baht 126.32 million.

**25. Business Acquisitions (Continued)**

On October 14, 2010, PTTI's board of directors' meeting No.9/2010 had a resolution for PTTML, a subsidiary of PTTI, to acquire 100% shareholding in coal business of Straits Resources Limited (SRL), a listed company in Australian Securities Exchange. After that, SRL demerged its coal business from other businesses. On February 11, 2011, the SRL's coal business changed its name from SRL to International Coal Holdings Limited (ICH) operating as a holding company. ICH had 40% shareholding of PTTAPM.

On March 15, 2011, PTTML acquired 100% shareholding of ICH amounting to AUD 544.11 million or approximately Baht 16,831.22 million.

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

	Unit: Million Baht
Purchase consideration (cash paid)	16,831.22
Fair value of net assets acquired	<u>(6,361.57)</u>
Shareholders' equity from the acquisition of additional investment in the subsidiary	10,469.65
Currency translation differences	<u>(5.79)</u>
Surplus from the change in the ownership interest in the subsidiary	<u><u>10,463.86</u></u>

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

	Unit: Million Baht
Cash and cash equivalents	2,201.27
Trade accounts receivable – others, net	6.64
Deferred tax assets	494.90
Other account payable	(603.47)
Tax payable	(36.61)
Other current liabilities	(4.84)
Non-controlling interests	<u>4,303.68</u>
Fair value of net assets acquired	6,361.57
Shareholders' equity from the acquisition of additional investment in the subsidiary	10,463.86
Currency translation differences	<u>5.79</u>
Total purchase consideration	16,831.22
<u>Less:</u> Cash and cash equivalents in the subsidiary	<u>(2,201.27)</u>
Cash outflow on the acquisition	<u><u>14,629.95</u></u>

**25. Business Acquisitions (Continued)**

On November 22, 2010, PTTEP entered into the Partnership Unit Sale Agreement with Statoil Canada Co., Ltd. And Statoil Canada Holdings Corp., a subsidiary of Statoil ASA (Statoil), to acquire 40% shareholding of Statoil Canada Partnership (SCP). The Partnership Unit Sale Agreement came into effect on January 21, 2011. The 40% shareholding was retrospectively effective from January 1, 2011.

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

	Unit: Million Baht
Purchase consideration (cash paid)	68,667.84
Fair value of net assets acquired	<u>(58,440.55)</u>
Goodwill (Note 13)	<u>10,227.29</u>

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

	Unit: Million Baht
Cash and cash equivalents	1,365.19
Trade accounts receivable	28.33
Accounts receivable from joint venture	32.83
Inventories	139.76
Other current assets	15.02
Property, plant and equipment, net (Note 10)	42,157.81
Intangible assets (Note 11)	34,389.67
Accounts payable	(658.30)
Accounts payable from joint venture	(464.97)
Deferred tax liabilities	(18,365.71)
Provision for decommissioning costs	<u>(199.08)</u>
Fair value of net assets acquired	58,440.55
Goodwill (Note 13)	<u>10,227.29</u>
Total purchase consideration	68,667.84
<u>Less:</u> Cash and cash equivalents in the subsidiary	(1,365.19)
Shareholding deposit	<u>(10,311.74)</u>
Cash outflow on the acquisition	<u>56,990.91</u>

**26. 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 26,838.30 million in its two projects under the temporary injunction (information as at March 31, 2011).

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.

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.

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

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.

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.

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

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.

**27. Commitments and Contingent Liabilities**

Significant changes in commitments and contingent liabilities are as follows:

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

27.1.1 The Group has provided loans to its subsidiaries and associates with a credit limit of Baht 63,223.05 million. On March 31, 2011, the Group made payments in respect of these loans totalling Baht 58,592.15 million. The remaining commitment was Baht 4,630.90 million. (December 31, 2010: Baht 6,841 million)

27.1.2 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 March 31, 2011, 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 5.78 million. (December 31, 2010: USD 0.19 million or approximately Baht 5.76 million)

27.1.3 The Company entered into Sponsor Support Agreements with three jointly controlled entities with a credit limit equal to the loan obligations with financial institution of the three jointly controlled entities. On March 31, 2011, the Company had a commitment of USD 435.51 million or approximately Baht 13,254.66 million. (December 31, 2010: USD 224.60 million or approximately Baht 6,804.55 million)

27.1.4 The Company had obligations under Shareholder Agreements to pay for ordinary shares in accordance with the shareholding percentages. On March 31, 2011, the Company had remaining obligations amounting to Baht 11,893.05 million. (December 31, 2010: Baht 10,541.51 million)

**27. Commitments and Contingent Liabilities (Continue)**

## 27.2 Commitment under operating leases – the Group as a lessee

The future minimum lease payments for the uncancellable operating leases as at March 31, 2011 and December 31, 2010 are as follows:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Within 1 year	4,298.91	4,731.09	231.87	220.76
Over 1 year but not over 5 years	5,744.32	5,928.36	471.24	427.39
Over 5 years	4,775.23	5,153.56	889.74	773.01
<b>Total</b>	<u>14,818.46</u>	<u>15,813.01</u>	<u>1,592.85</u>	<u>1,421.16</u>

27.3 On March 31, 2011, the Group had obligations in form of unused letter of credit of Baht 27,929.66 million in the consolidated financial statements (December 31, 2010: Baht 21,712.80 million) and Baht 17,283.67 million in the separate financial statements. (December 31, 2010: Baht 17,561.84 million)

27.4 On March 31, 2011, the Group had contingent liabilities in form of letter of guarantee of Baht 3,794.83 million in the consolidated financial statements (December 31, 2010: Baht 3,452.32 million) and Baht 90.52 million in the separate financial statements. (December 31, 2010: Baht 101.12 million)

27.5 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.

**27. Commitments and Contingent Liabilities (Continue)**

- 27.6 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.
- 27.7 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 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 compensation regarding this matter has not been finalized.

**28. Events after the Statements of Financial Position Date**

- 28.1 On April 20, 2011, the Annual General Meeting of the Company's shareholders approved the dividend payment for 2010 at Baht 10.25 per share or approximately Baht 29,169 million. On September 24, 2010, the Company paid a first half 2010 interim dividend of Baht 4.75 per share for 2,841,960,601 shares or approximately Baht 13,499.31 million. Accordingly, the second half 2010 dividend of Baht 5.50 per share from cumulative profit for approximately 2,848,651,651 shares or approximately Baht 15,670 million will be paid on May 13, 2011.
- 28.2 On April 29, 2011, the Company's board of directors passed a resolution to jointly invest to establish PTT Energy Solution Co., Ltd. (PTTES) with TOP, PTTAR, and IRCP, associated companies, with shareholding percentages of 40%, 20%, 20%, and 20% respectively. The authorized share capital was Baht 150 million. PTTES is a consulting company providing services in engineering technology to companies in the Group. PTTES plans to expand its services to outside customers and to become a competitive international company in the future.
- 28.3 The Audit Committee of the Company approved these financial statements for public issuance on May 6, 2011.
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