

**The Bangchak Petroleum Public Company Limited
and its Subsidiaries**

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended
31 December 2011 and 2010

Audit report of Certified Public Accountant

To the shareholders of the Bangchak Petroleum Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011 and 2010, and the related statements of income, statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2011 and 2010 of The Bangchak Petroleum Public Company Limited and its subsidiaries, and of The Bangchak Petroleum Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and 2010 and the results of operations and cash flows for the years then ended of The Bangchak Petroleum Public Company Limited and its subsidiaries, and of The Bangchak Petroleum Public Company Limited, respectively, in accordance with Financial Reporting Standards.

As explained in notes 2 and 4 to the financial statements, the Company has changed the accounting policy for property, plant and equipment from the revaluation method to the cost method and with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly.

(Vairoj Jindamaneepitak)
Certified Public Accountant
Registration No. 3565

KPMG Phoomchai Audit Ltd.
Bangkok
14 February 2012

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

Assets	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
(Baht)					
Current assets					
Cash and cash equivalents	7	4,020,710,649	9,109,013,095	3,411,905,210	8,503,955,407
Current investments	8	9,823,677	9,277,752	-	-
Trade accounts receivable					
Related parties	6,9	1,838,987,793	1,593,110,679	2,470,429,661	2,256,318,433
Other parties	9	6,233,335,944	4,132,852,213	6,197,541,965	4,057,976,964
Inventories	10	16,658,225,735	15,607,901,880	16,145,098,338	15,057,675,751
Refundable income tax		326,867,644	-	326,867,644	-
Oil Fuel Fund subsidies receivable		926,778,096	521,189,086	926,778,096	521,189,086
Other current assets	6,11	1,279,729,291	1,110,697,938	1,251,418,327	1,054,103,621
Total current assets		31,294,458,829	32,084,042,643	30,730,039,241	31,451,219,262
Non-current assets					
Investments in subsidiaries	6,12	-	-	347,539,500	197,539,500
Investments in associate	6,13	745,479,405	-	763,229,520	-
Other long-term investments	8	284,645,072	287,382,207	284,645,072	287,382,207
Tariff prepayment	6	12,004,200	15,163,200	12,004,200	15,163,200
Investment properties	14	288,062,000	288,062,000	288,062,000	288,062,000
Property, plant and equipment	15	26,959,261,135	23,565,916,447	26,061,624,313	22,735,512,491
Leasehold rights	16	937,382,932	954,016,761	937,382,932	954,016,761
Intangible assets	17	101,135,053	74,729,539	100,549,357	73,867,231
Investment in service stations	18	180,351,084	215,644,676	180,351,084	215,644,676
Deferred tax assets	19	179,072,560	242,544,559	179,072,560	242,544,559
Other non-current assets	6,20	621,639,658	685,019,795	616,489,423	678,109,992
Total non-current assets		30,309,033,099	26,328,479,184	29,770,949,961	25,687,842,617
Total assets		61,603,491,928	58,412,521,827	60,500,989,202	57,139,061,879

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
(Baht)					
Current liabilities					
Short-term loans from financial institutions	21	2,000,000,000	40,000,000	2,000,000,000	-
Trade accounts payable					
Related parties	6,22	7,881,988,240	9,347,034,229	7,979,056,032	9,448,296,084
Other parties	22	876,517,129	886,984,345	637,809,382	646,077,128
Other accounts payable					
to related parties	6	427,170,577	186,133,768	428,554,077	186,133,768
Current portion of long-term loans					
from financial institutions	21	551,363,070	2,662,116,916	450,000,000	2,587,414,538
Excise tax and Oil Fuel Fund payable		296,841,676	815,229,753	296,841,676	815,229,753
Income tax payable		148,141	536,208,053	-	532,686,643
Liabilities on hedging contracts		604,919,384	314,669,490	604,919,384	314,669,490
Other current liabilities	6,23	1,902,504,770	2,792,067,263	1,839,404,908	2,633,107,285
Total current liabilities		14,541,452,987	17,580,443,817	14,236,585,459	17,163,614,689
Non-current liabilities					
Long-term loans from financial institutions	21	16,030,166,740	14,978,618,763	15,572,000,000	14,504,038,953
Convertible debentures	6,21	-	1,936,570,000	-	1,936,570,000
Deferred tax liabilities	19	6,869,877	13,085,480	6,869,877	13,085,480
Liabilities on long-term lease		237,846,592	291,391,648	237,846,592	291,391,648
Employee benefit obligations	24	839,950,328	759,495,625	830,969,026	752,840,891
Other non-current liabilities	6	67,764,855	72,667,871	45,059,480	51,182,053
Total non-current liabilities		17,182,598,392	18,051,829,387	16,692,744,975	17,549,109,025
Total liabilities		31,724,051,379	35,632,273,204	30,929,330,434	34,712,723,714

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
(Baht)					
Equity					
Share capital	25				
Authorised share capital		<u>1,531,643,461</u>	<u>1,531,643,461</u>	<u>1,531,643,461</u>	<u>1,531,643,461</u>
Issued and paid-up share capital		1,376,923,157	1,176,822,958	1,376,923,157	1,176,822,958
Additional paid-in capital					
Share premium	25,26	11,157,460,051	8,272,622,542	11,157,460,051	8,272,622,542
Share premium on subsidiary of the Company		18,621,225	18,621,225	-	-
Capital surplus on registered and paid-up share reduction	26	189,617,759	189,617,759	189,617,759	189,617,759
Retained earnings					
Appropriated					
Legal reserve	26	153,164,346	153,164,346	153,164,346	153,164,346
Unappropriated		<u>16,833,294,392</u>	<u>12,805,338,933</u>	<u>16,694,493,455</u>	<u>12,634,110,560</u>
Equity attributable to owners of the Company		29,729,080,930	22,616,187,763	29,571,658,768	22,426,338,165
Non-controlling interests		<u>150,359,619</u>	<u>164,060,860</u>	<u>-</u>	<u>-</u>
Total equity		29,879,440,549	22,780,248,623	29,571,658,768	22,426,338,165
Total liabilities and equity		61,603,491,928	58,412,521,827	60,500,989,202	57,139,061,879

(Signed) Krairit Nilkuha
(Krairit Nilkuha)
Chairman

(Signed) Anusorn Sangnimnuan
(Anusorn Sangnimnuan)
President

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(Baht)</i>					
Revenue from sale of goods and rendering of services	6,27	158,609,989,454	136,369,388,669	156,928,440,615	134,638,172,504
Cost of sale of goods and rendering of services	6	(147,984,315,203)	(130,019,702,976)	(147,032,761,020)	(129,115,258,254)
Gross Profit		10,625,674,251	6,349,685,693	9,895,679,595	5,522,914,250
Investment income	6,28	54,552,640	44,869,508	126,611,985	59,714,933
Other income	6,29	1,487,341,327	672,060,840	1,502,443,483	645,461,390
Selling expenses	6,30	(2,436,294,179)	(2,204,887,663)	(1,889,633,527)	(1,701,850,449)
Administrative expenses	6,31	(1,404,490,194)	(1,200,997,277)	(1,359,162,268)	(1,150,766,363)
Gain (loss) from crude and product oil price hedging contract	6	(758,853,327)	27,633,506	(758,853,327)	27,633,506
Gain (loss) from foreign currencies forward contract		(701,066,248)	523,543,066	(701,066,248)	523,543,066
Gain on foreign exchange		170,093,035	388,045,717	170,093,035	388,007,648
Net Reversal of allowance for loss from impairment of assets		11,706,758	146,244,762	11,706,758	146,244,762
Share of loss of associates	13	(17,750,115)	-	-	-
Profit before finance costs and income tax expense		7,030,913,948	4,746,198,152	6,997,819,486	4,460,902,743
Finance costs	34	(783,178,921)	(878,761,612)	(748,168,303)	(841,813,045)
Profit before income tax expense		6,247,735,027	3,867,436,540	6,249,651,183	3,619,089,698
Income tax expense	35	(615,291,297)	(995,468,477)	(607,067,283)	(985,217,582)
Profit for the year		5,632,443,730	2,871,968,063	5,642,583,900	2,633,872,116
Profit attributable to:					
Owners of the Company		5,610,156,464	2,796,239,265	5,642,583,900	2,633,872,116
Non-controlling interests		22,287,266	75,728,798	-	-
Profit for the year		5,632,443,730	2,871,968,063	5,642,583,900	2,633,872,116
Earnings per share					
Basic earnings per share <i>(in Baht)</i>	37	4.24	2.39	4.26	2.25
Diluted earnings per share <i>(in Baht)</i>	37	4.24	2.16	4.26	2.04

(Signed) Krairit Nilkuha
(Krairit Nilkuha)
Chairman

(Signed) Anusorn Sangnimnuan
(Anusorn Sangnimnuan)
President

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
	<i>(Baht)</i>			
Profit for the year	<u>5,632,443,730</u>	<u>2,871,968,063</u>	<u>5,642,583,900</u>	<u>2,633,872,116</u>
Other comprehensive income for the year, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>5,632,443,730</u>	<u>2,871,968,063</u>	<u>5,642,583,900</u>	<u>2,633,872,116</u>
Total comprehensive income attributable to:				
Owners of the Company	5,610,156,464	2,796,239,265	5,642,583,900	2,633,872,116
Non-controlling interests	<u>22,287,266</u>	<u>75,728,798</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>5,632,443,730</u>	<u>2,871,968,063</u>	<u>5,642,583,900</u>	<u>2,633,872,116</u>

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2011 and 2010

Note	Consolidated financial statements									
	Share premium				Retained earnings		Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Issued and paid-up share capital	Share premium	Share premium on subsidiary of the Company	Capital surplus on registered and paid-up share reduction	Legal reserve	Unappropriated	Surplus on revaluation of property, plant, and equipment			
						(Baht)				
Balance at 1 January 2010 - as reported	1,169,829,952	8,179,615,548	18,621,225	189,617,759	153,164,346	11,676,691,109	4,477,247,790	25,864,787,729	88,398,101	25,953,185,830
Impact of changes in accounting policies	-	-	-	-	-	(146,880,623)	(4,477,247,790)	(4,624,128,413)	(24,627)	(4,624,153,040)
Balance at 1 January 2010 - restated	1,169,829,952	8,179,615,548	18,621,225	189,617,759	153,164,346	11,529,810,486	-	21,240,659,316	88,373,474	21,329,032,790
Transactions with owners, recorded directly in equity										
<i>Contributions by and distributions to owners of the Company</i>										
Issue of ordinary shares	25	6,993,006	93,006,994	-	-	-	-	100,000,000	-	100,000,000
Dividends to owners of the Company	38	-	-	-	-	(1,520,710,818)	-	(1,520,710,818)	(41,412)	(1,520,752,230)
<i>Total contributions by and distributions to owners of the Company</i>		6,993,006	93,006,994	-	-	(1,520,710,818)	-	(1,420,710,818)	(41,412)	(1,420,752,230)
Total transactions with owners, recorded directly in equity		6,993,006	93,006,994	-	-	(1,520,710,818)	-	(1,420,710,818)	(41,412)	(1,420,752,230)
Comprehensive income for the year										
Profit		-	-	-	-	2,796,239,265	-	2,796,239,265	75,728,798	2,871,968,063
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	2,796,239,265	-	2,796,239,265	75,728,798	2,871,968,063
Balance at 31 December 2010	1,176,822,958	8,272,622,542	18,621,225	189,617,759	153,164,346	12,805,338,933	-	22,616,187,763	164,060,860	22,780,248,623
Balance at 1 January 2011 - as reported	1,176,822,958	8,272,622,542	18,621,225	189,617,759	153,164,346	12,968,789,521	4,108,125,747	26,887,764,098	164,121,164	27,051,885,262
Impact of changes in accounting policies	4	-	-	-	-	(163,450,588)	(4,108,125,747)	(4,271,576,335)	(60,304)	(4,271,636,639)
Balance at 1 January 2011 - restated	1,176,822,958	8,272,622,542	18,621,225	189,617,759	153,164,346	12,805,338,933	-	22,616,187,763	164,060,860	22,780,248,623
Transactions with owners, recorded directly in equity										
<i>Contributions by and distributions to owners of the Company</i>										
Issue of ordinary shares	25	200,100,199	2,884,837,509	-	-	-	-	3,084,937,708	-	3,084,937,708
Dividends to owners of the Company	38	-	-	-	-	(1,582,201,005)	-	(1,582,201,005)	(35,988,507)	(1,618,189,512)
<i>Total contributions by and distributions to owners of the Company</i>		200,100,199	2,884,837,509	-	-	(1,582,201,005)	-	1,502,736,703	(35,988,507)	1,466,748,196
Total transactions with owners, recorded directly in equity		200,100,199	2,884,837,509	-	-	(1,582,201,005)	-	1,502,736,703	(35,988,507)	1,466,748,196
Comprehensive income for the year										
Profit		-	-	-	-	5,610,156,464	-	5,610,156,464	22,287,266	5,632,443,730
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	5,610,156,464	-	5,610,156,464	22,287,266	5,632,443,730
Balance at 31 December 2011	1,376,923,157	11,157,460,051	18,621,225	189,617,759	153,164,346	16,833,294,392	-	29,729,080,930	150,359,619	29,879,440,549

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2011 and 2010

Note	Separate financial statements						Total equity
	Issued and paid-up share capital	Share premium	Capital surplus on registered and paid-up share reduction	Retained earnings		Other components of equity	
				Legal reserve	Unappropriated	Surplus on revaluation of property, plant, and equipment	
				(Baht)			
Balance at 1 January 2010 - as reported	1,169,829,952	8,179,615,548	189,617,759	153,164,346	11,662,887,782	4,477,247,790	25,832,363,177
Impact of changes in accounting policies	-	-	-	-	(141,938,520)	(4,477,247,790)	(4,619,186,310)
Balance at 1 January 2010 - restated	1,169,829,952	8,179,615,548	189,617,759	153,164,346	11,520,949,262	-	21,213,176,867
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Issue of ordinary shares	25	6,993,006	93,006,994	-	-	-	100,000,000
Dividends to owners of the Company	38	-	-	-	-	(1,520,710,818)	(1,520,710,818)
<i>Total contributions by and distributions to owners of the Company</i>		6,993,006	93,006,994	-	(1,520,710,818)	-	(1,420,710,818)
Total transactions with owners, recorded directly in equity		6,993,006	93,006,994	-	(1,520,710,818)	-	(1,420,710,818)
Comprehensive income for the year							
Profit or loss		-	-	-	2,633,872,116	-	2,633,872,116
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	2,633,872,116	-	2,633,872,116
Balance at 31 December 2010	1,176,822,958	8,272,622,542	189,617,759	153,164,346	12,634,110,560	-	22,426,338,165
Balance at 1 January 2011 - as reported	1,176,822,958	8,272,622,542	189,617,759	153,164,346	12,790,966,718	4,108,125,747	26,691,320,070
Impact of changes in accounting policies	-	-	-	-	(156,856,158)	(4,108,125,747)	(4,264,981,905)
Balance at 1 January 2011 - restated	1,176,822,958	8,272,622,542	189,617,759	153,164,346	12,634,110,560	-	22,426,338,165
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Issue of ordinary shares	25	200,100,199	2,884,837,509	-	-	-	3,084,937,708
Dividends to owners of the Company	38	-	-	-	-	(1,582,201,005)	(1,582,201,005)
<i>Total contributions by and distributions to owners of the Company</i>		200,100,199	2,884,837,509	-	(1,582,201,005)	-	1,502,736,703
Total transactions with owners, recorded directly in equity		200,100,199	2,884,837,509	-	(1,582,201,005)	-	1,502,736,703
Comprehensive income for the year							
Profit or loss		-	-	-	5,642,583,900	-	5,642,583,900
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	5,642,583,900	-	5,642,583,900
Balance at 31 December 2011	1,376,923,157	11,157,460,051	189,617,759	153,164,346	16,694,493,455	-	29,571,658,768

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2011 and 2010

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
	(Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	5,632,443,730	2,871,968,063	5,642,583,900	2,633,872,116
<i>Adjustments for</i>				
Depreciation	1,879,182,085	1,696,597,751	1,826,504,350	1,647,281,581
Amortisation	173,891,622	173,552,487	173,563,758	173,040,176
(Reversal of allowance) allowance for doubtful debts	7,463,280	(5,787,808)	8,068,425	(6,176,546)
Unrealised (gain) loss on foreign exchange	709,806,671	(374,527,881)	709,806,671	(374,489,812)
Reversal of loss from impairment of assets	(11,706,758)	(146,244,762)	(11,706,758)	(146,244,762)
Loss on disposal of property, plant and equipment	116,742,100	10,051,117	116,890,492	11,181,954
Investment Income	(54,552,640)	(44,869,508)	(126,611,985)	(59,714,933)
Employee benefit obligations	98,699,850	88,596,871	96,373,282	86,908,867
Deferred revenue	(3,487,940)	(1,580,008)	(3,487,940)	(1,580,008)
Share of loss of associate	17,750,115	-	-	-
Finance costs	783,178,921	878,761,612	748,168,303	841,813,045
Income tax expense	615,291,297	995,468,477	607,067,283	985,217,582
	<u>9,964,702,333</u>	<u>6,141,986,411</u>	<u>9,787,219,781</u>	<u>5,791,109,260</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(2,335,271,485)	(854,872,192)	(2,342,734,832)	(813,549,671)
Inventories	(1,145,824,993)	(1,211,529,174)	(1,177,202,725)	(1,095,842,647)
Other current assets	(970,485,571)	68,307,002	(1,013,569,251)	66,483,700
Other non-current assets	(18,900,608)	(223,089,191)	(11,786,546)	(238,601,477)
Trade accounts payable	(1,871,069,418)	4,158,085,734	(1,870,293,172)	4,064,781,543
Other current liabilities	(1,006,134,319)	758,837,725	(916,778,592)	734,076,849
Employee benefit obligations	(20,571,715)	(9,648,103)	(18,245,147)	(9,648,103)
Other non-current liabilities	(51,238,952)	(57,297,405)	(54,147,786)	(62,988,873)
Cash generated from operating activities	<u>2,545,205,272</u>	<u>8,770,780,807</u>	<u>2,382,461,730</u>	<u>8,435,820,581</u>
Income tax paid	(1,425,102,611)	(1,838,205,944)	(1,409,374,789)	(1,829,643,565)
Net cash from operating activities	<u>1,120,102,661</u>	<u>6,932,574,863</u>	<u>973,086,941</u>	<u>6,606,177,016</u>

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2011 and 2010

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	(Baht)			
<i>Cash flows from investing activities</i>				
Interest received	55,972,614	43,261,933	44,293,553	40,429,354
Dividend received	-	-	83,926,183	17,640,000
Increase in current investments	(545,925)	(877,589)	-	-
Decrease (increase) in long-term investments	7,757,997	(82,348,023)	7,757,997	(83,248,023)
Purchase of property, plant and equipment	(5,193,317,535)	(1,318,558,399)	(5,072,968,315)	(1,298,538,932)
Sale of property, plant and equipment	14,511,105	32,441,501	13,965,846	31,310,659
Increase in leasehold right	(71,565,600)	(15,934,400)	(71,565,600)	(15,934,400)
Purchase of intangible assets	(53,065,500)	(18,182,710)	(52,836,000)	(17,841,133)
Net cash outflow from issue of subsidiary's share capital	-	-	(150,000,000)	-
Net cash outflow from purchase of shares in associate	(763,229,520)	-	(763,229,520)	-
Net cash used in investing activities	(6,003,482,364)	(1,360,197,687)	(5,960,655,856)	(1,326,182,475)
<i>Cash flows from financing activities</i>				
Interest paid	(635,895,070)	(876,042,096)	(601,194,494)	(838,405,466)
Increase (decrease) in short-term loans from financial institutions	1,960,000,000	(860,000,000)	2,000,000,000	(800,000,000)
Dividend paid	(1,618,189,512)	(1,520,752,230)	(1,582,201,005)	(1,520,710,818)
Proceeds from long - term loans	3,536,950,000	5,590,000,000	3,452,000,000	5,590,000,000
Repayment of long - term loans	(4,596,155,869)	(932,796,486)	(4,521,453,491)	(917,578,674)
Proceeds from exercise of share option	1,148,367,708	-	1,148,367,708	-
Net cash from (used in) financing activities	(204,922,743)	1,400,409,188	(104,481,282)	1,513,305,042
Net increase (decrease) in cash and cash equivalents	(5,088,302,446)	6,972,786,364	(5,092,050,197)	6,793,299,583
Cash and cash equivalents as at 1 January	9,109,013,095	2,136,226,731	8,503,955,407	1,710,655,824
Cash and cash equivalents as at 31 December	4,020,710,649	9,109,013,095	3,411,905,210	8,503,955,407

Non-cash transactions

On 4 October 2010, the Company issued 6.99 million new ordinary shares at the par value of Baht 1 each, totalling Baht 6.99 million to support the conversion of Convertible Debentures. The convertible value of each debenture is Baht 14.30 per common share, which results in a share premium totaling Baht 93.01 million.

During 2011, the Company issued 200.10 million new ordinary shares at the par value of Baht 1 each, totalling Baht 200.10 million to support the conversion of Convertible Debentures. The convertible value of each debenture is Baht 14.30 and Baht 14.00 per common share, which results in a share premium totaling Baht 2,884.84 million.

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

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 14 February 2012.

1 General information

The Bangchak Petroleum Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office as follows:

Head office : 555/1, Energy Complex Building A, Floor 10th, Vibhavadi Rangsit Road, Chatuchak, Bangkok.

Refinery plant : 210 Moo 1, Soi Sukhumvit 64, Sukhumvit Road, Bangchak, Phakanong, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 23 April 1993.

The Company is a company in the PTT Public Company Limited (“PTT”) group of companies. PTT is incorporated in Thailand and is the major shareholder of the Company, holding 27.22 % of the Company’s issued and paid-up share capital as of 31 December 2011.

The principal businesses of the Company are operating an oil refinery and marketing the finished products through its service stations under its company’s brand. The Company’s oil market includes consumers in various sectors, such as transportation, aviation, shipping, construction, industrial and agriculture. The sale of oil is also made through the major and the minor oil traders. The Company’s other businesses are production and distribution of electricity from solar cell.

Details of the Company’s subsidiaries as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<i>Direct subsidiaries</i>				
The Bangchak Green Net Co., Ltd.	Manage BCP service stations and consumer goods retailer	Thailand	49.00	49.00
The Bangchak Biofuel Co., Ltd.	Production and distribution of biodiesel	Thailand	70.00	70.00
The Bangchak Solar Energy Co., Ltd.	Production of electricity from solar cell	Thailand	100.00	-
<i>Indirect subsidiary</i>				
The Bangchak Green Line Co., Ltd. (During liquidation process)	Fuel transportation	Thailand	49.00	49.00

The Bangchak Petroleum Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations

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TFRS	Topic
TIC 31	Revenue - Barter Transactions Involving Advertising Services
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits
FAP Announcement no. 18/2554	Accounting Guidance on Revaluation of Assets

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 4.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 43.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as explained in accounting policies.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 3	Impact of severe flooding in Thailand
Note 14	Valuation of investment properties
Note 19, 35	Current and deferred taxation
Note 24	Measurement of defined benefit obligations

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

3 Impact of severe flooding in Thailand

The Company's Solar Power Plant operation in Ayutthaya was affected by the unusual severe flooding that had affected parts of Thailand. As a result, The Solar Power Plant Project 8 Megawatts ceased its operations on 16 October 2011 and hasn't resumed operations. Management, the insurers and loss adjusters have had full access to the affected areas since December 2011 but have thus far not finalized their assessment of the actual damage suffered. Management believes that any losses arising as a consequence of the flooding will be substantially recovered from the insurance settlement. The book value of total assets of Solar Power Plant as at 31 December 2011 recorded in the consolidated statement of financial position amounted to Baht 671.35 million and revenue generated from operations at the plant recorded in the consolidated statement of income for the year ended 31 December 2011 amounted to Baht 27.58 Million. Management has made a preliminary assessment of the financial impact of the flooding on the Company's assets and operations. This preliminary assessment indicates that the carrying value of certain of the Company's assets will need to be reduced by Baht 97.77 million. The Company has already provided an allowance for impairment losses amounting to Baht 97.77 Million. The total charge to the statement of income for the year ended 31 December 2011 in this respect is Baht 97.77 million. The Solar Power Plant Project 30 Megawatts is under construction and contractor has insurance on these assets. These financial statements do not include any adjustments that might have been required had the assessment of the damage, and the extent of the insurance coverage, been finalized.

4 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statement
- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for employee benefits

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 4(b) to 4(e) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group. The impact of the changes on the financial statements for the years ended 31 December 2010 is summarised as follows:

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

		Consolidated financial statements 2010	Separate financial statements 2010
	<i>Note</i>	<i>(in million Baht)</i>	
Statement of financial position			
Equity at 1 January 2010 – as reported		25,953.19	25,832.36
Changes as a result of the adoption retrospectively of:			
TAS 16 Property, plant and equipment	4(c)	(4,477.25)	(4,477.25)
TAS 19 Employee benefits		(146.91)	(141.93)
Equity at 1 January 2010 - restated		<u>21,329.03</u>	<u>21,213.18</u>
Equity at 31 December 2010 – as reported		27,051.89	26,691.32
Changes as a result of the adoption retrospectively of:			
TAS 16 Property, plant and equipment	4(c)	(4,108.13)	(4,108.13)
TAS 19 Employee benefits	4(e)	(163.51)	(156.86)
Equity at 31 December 2010 – restated		<u>22,780.25</u>	<u>22,426.33</u>
		Consolidated financial statements 2010	Separate financial statements 2010
		<i>(in million Baht)</i>	
Statement of income for the year ended 31 December 2010			
Profit before income tax – as reported		3,890.44	3,640.40
Changes before tax as a result of the adoption retrospectively of:			
TAS 19 Employee benefits		(23.00)	(21.31)
Profit before income tax – restated		<u>3,867.44</u>	<u>3,619.09</u>
Income tax expense – as reported		(1,001.86)	(991.61)
Changes to income tax expense as a result of the adoption retrospectively of:			
TAS 19 Employee benefits		6.39	6.39
Income tax expense – restated		<u>(995.47)</u>	<u>(985.22)</u>
Profit - restated		<u>2,871.97</u>	<u>2,633.87</u>
Decrease in earnings per share:			
- Basic earnings per share (<i>in Baht</i>)		(0.01)	(0.01)
- Diluted earnings per share (<i>in Baht</i>)		(0.01)	(0.01)

The Bangchak Petroleum Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(b) *Presentation of financial statements*

From 1 January 2011, the Group has adopted TAS 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 also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) *Accounting for property, plant and equipment*

From 1 January 2011, the Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 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 had no material impact on the profit and earnings per share for the year ended 31 December 2011 and 2010.

In 2011, the Company had changed the accounting policy from fixed assets valuation from the revaluation method to the cost method to harmonise practices within the industry. The change in accounting policy has been applied retrospectively which effected to total assets as of 31 December 2010 decreased by Baht 4,108.13 million and equity decreased with the same amount. The changes have had no material impact on the profit and earnings per share for the year ended 31 December 2011 and 2010.

The Bangchak Petroleum Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(d) Accounting for investment properties

From 1 January 2011, the Group has adopted TAS 40 (revised 2009) Investment Property.

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 either the cost model, with changes in fair value being recognised in profit or loss.

Previously, investment properties were included in property, plant and equipment and measured using the cost/valuation model. Revaluation changes were recognised in equity or profit or loss in accordance with the provisions of TAS 16 Property, Plant and Equipment.

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 year ended 31 December 2011, which are included in the Group's 2011 financial statements for comparative purposes, have been adjusted to reclassify investment properties from 'Property, plant and equipment' to a separate account, 'Investment property'. The cost and accumulated depreciation as at 1 January 2010, and 31 December 2010 of the Group's investment property previously included in property, plant and equipment, have been reclassified to a separate account, 'Investment property'. Apart from this reclassification, the change in policy has no material impact on the 2010 financial statements. From 1 January 2011, the depreciable amount and useful life of the investment property have been reassessed in accordance with the requirements of TAS 16 (Revised 2009) – see note 3(c). These changes in accounting policy in this regard have been applied prospectively in accordance with the transitional provisions of TAS 16 (Revised 2009), except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had no material impact on profit and earnings per share for the year ended 31 December 2011 and 2010.

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

(e) Accounting for employee benefits

From 1 January 2011, the Group has adopted TAS 19 Employee Benefits. Under the new policy, the Group's liability for post-employment benefits and other long-term benefit obligations is recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

The change in accounting policy has been applied retrospectively and the Group's 2010 financial statements, which are included in the Group's 2011 financial statements for comparative purposes, have been restated accordingly. The impact on the statement of the financial position for the year 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Statement of financial position				
as at 31 December				
Increase in employee benefit obligations	(80.45)	(230.73)	(78.13)	(224.08)
Increase in deferred tax asset	23.44	67.22	23.44	67.22
Decrease in retained earnings	(57.01)	(163.51)	(54.69)	(156.86)

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 4, which addresses changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

Subsidiaries

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

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associate

Associate is entity in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Hedge of future foreign currency transactions

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

Hedge of interest rates

Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans.

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Notes to the financial statements
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Hedge of Crack Spread

Difference between the fixed prices of contracts and the settlement prices are recognised in the statement of income in the period in which the contracts mature.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Investments

Investments in subsidiaries and associate

Investments in subsidiaries and associate in the separate financial statements of the Company are accounted for using the cost method. Investments in associate in the consolidated financial statements is accounted for using the equity method.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Equity securities which are not marketable are stated at cost less any impairment losses.

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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

No depreciation is provided on land.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	20 - 30 years
Machinery, equipment refinery plants and terminal	5 - 30 years
Marketing and office equipment	5 - 20 years
Vehicles	5 years

No depreciation is provided on freehold land, platinum catalyst and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Leasehold right

Leasehold rights are the rights obtained from the land lease contracts, which are amortised on a straight-line method over the contractual period.

Leasehold rights are presented at cost deducted by accumulated amortisation.

(k) Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

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Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

The right to use and the cost of development of computer software	5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

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(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

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Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee Joint Investment Program (EJIP)

Obligations for contributions to Employee Joint Investment Program (EJIP) are recognised as an expense in the statement of income as incurred.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(q) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(r) Revenue

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Income from operating right

Income from operating right is recognised in accordance with the substance of the contract.

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Investments

Revenue from investments comprises dividend and interest income from investments and bank deposits.

Dividend income

Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in the statement of income as it accrues.

(s) ***Finance costs***

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(t) ***Lease payments***

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(u) ***Income tax***

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes.

6 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
PTT Plc.	Thailand	Major shareholder, some common directors
Fuel Pipeline Transportation Ltd.	Thailand	Shareholding, representative from the Company as director
PTT ICT Solutions Co., Ltd.	Thailand	Major shareholder as the Company's shareholder
PTT International Trading Pte. Ltd.	Singapore	Major shareholder as the Company's shareholder
IRPC Plc.	Thailand	Major shareholder as the Company's shareholder
Thai Oil Plc.	Thailand	Major shareholder as the Company's shareholder
Energy Complex Co., Ltd.	Thailand	Major shareholder as the Company's shareholder

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

Name of entities	Country of incorporation/ nationality	Nature of relationships
PTT International Trading DMCC	Dubai	Major shareholder as the Company's shareholder
PTT Global Chemical Plc. (the amalgamation of PTT Aromatics and Refining Plc. and PTT Chemical Plc.)	Thailand	Major shareholder as the Company's shareholder
Star Petroleum Refining Co.,Ltd.	Thailand	Major shareholder as the Company's shareholder
Ubon Bio Ethanol Co., Ltd.	Thailand	Associate, Shareholding 21.28 %
NPC Safety and Environmental Service Co., Ltd.	Thailand	Related Company of Major Shareholder
Thai Lube Base Plc.	Thailand	Related Company of Major Shareholder
Thai Oleochemicals Co., Ltd.	Thailand	Related Company of Major Shareholder
IRPC Oil Co., Ltd.	Thailand	Related Company of Major Shareholder
Ubon Agricultural Energy Co., Ltd	Thailand	Subsidiary of the Company's associate, representative from the Company as director
Thaioil Energy Services Co., Ltd (Formerly Thaioil Energy Solutions Co., Ltd)	Thailand	Related Company of Major Shareholder
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Market price/ Contractually agreed prices
Rendering of service	Contractually agreed prices
Purchase of goods/raw materials	Market price/ Contractually agreed prices
Receiving of services	Contractually agreed prices
Technical assistance fee	Contractually agreed prices
Royalty expense	Contractually agreed prices

The Bangchak Petroleum Public Company Limited and its Subsidiaries

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For the years ended 31 December 2011 and 2010

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Major Shareholder				
Sales of goods	20,623.23	17,410.49	20,394.68	17,410.90
Purchases of raw material	110,518.53	82,747.69	110,518.43	82,747.69
Other income	123.56	119.87	123.56	119.87
Service expense	232.61	230.71	232.61	230.71
Gain from crude and product oil price hedging contract	-	3.78	-	3.78
Interest expense	1.44	17.57	1.44	17.57
Other expense	2.26	8.59	2.26	8.59
Subsidiaries				
Sales of goods	-	-	20,624.38	18,345.38
Purchases of goods	-	-	1,965.22	1,698.19
Other income	-	-	21.94	20.59
Dividend income	-	-	83.93	17.64
Interest expenses	-	-	0.73	0.72
Other expenses	-	-	21.41	12.12
Associate				
Sales of goods	5.00	-	5.00	-
Other income	0.66	-	0.66	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	101.95	78.14	101.86	78.04
Post-employment benefits and other long-term benefits	5.46	1.34	5.46	1.34
Total key management personnel compensation	107.41	79.48	107.32	79.38
Other related parties				
Sale of goods	478.79	1,863.02	392.16	1,863.02
Purchases of raw material and product	11,574.46	9,821.12	11,574.46	9,821.12
Other income	22.14	4.67	22.14	4.67
Pipeline transportation expenses	136.47	135.33	136.47	135.33
Other expenses	67.36	21.77	67.36	21.77

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

Balances as at 31 December 2011 and 2010 with related parties were as follows:

	Consolidated		Separate	
	financial statements	2010	financial statements	2010
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Trade accounts receivable - related parties				
Major Shareholder				
PTT Plc.	1,665.43	1,592.78	1,595.75	1,538.68
Subsidiaries				
The Bangchak Green Net Co., Ltd.	-	-	689.75	710.88
The Bangchak Biofuel Co., Ltd.	-	-	11.37	6.43
Associate				
Ubon Agricultural Energy Co., Ltd	2.30	-	2.30	-
Other related party				
Thai Oil Plc.	0.48	-	0.48	-
PTT International Trading Pte. Ltd.	37.28	-	37.28	-
PTT International Trading DMCC	120.55	-	120.55	-
PTT Global Chemical Plc.	0.41	-	0.41	-
Star Petroleum Refining Co.,Ltd.	11.56	-	11.56	-
Fuel Pipeline Transportation Ltd.	0.98	0.33	0.98	0.33
	<u>1,838.99</u>	<u>1,593.11</u>	<u>2,470.43</u>	<u>2,256.32</u>
Less allowance for doubtful accounts	-	-	-	-
Net	<u>1,838.99</u>	<u>1,593.11</u>	<u>2,470.43</u>	<u>2,256.32</u>
Bad and doubtful debts expense for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trade accounts payable - related parties				
Major Shareholder				
PTT Plc.	7,698.21	8,644.69	7,698.21	8,644.69
Subsidiaries				
The Bangchak Green Net Co., Ltd.	-	-	9.45	3.57
The Bangchak Biofuel Co., Ltd.	-	-	87.62	97.70
Other related parties				
Thai Oil Plc.	181.83	605.31	181.83	605.31
Thai Lube Base Plc.	1.95	0.34	1.95	0.34
PTT Aromatics and Refining Plc.	-	96.69	-	96.69
Total	<u>7,881.99</u>	<u>9,347.03</u>	<u>7,979.06</u>	<u>9,448.30</u>
Other accounts payable - related parties				
Major Shareholder				
PTT Plc.	411.20	170.74	411.20	170.74
Subsidiary				
The Bangchak Solar Energy Co., Ltd.	-	-	1.38	-
Other related parties				
Fuel Pipeline Transportation Ltd.	15.90	15.33	15.90	15.33
Energy Complex Co., Ltd.	0.06	0.06	0.06	0.06
PTT ICT Solutions Co., Ltd.	0.01	-	0.01	-
Total	<u>427.17</u>	<u>186.13</u>	<u>428.55</u>	<u>186.13</u>

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<i>(in million Baht)</i>					
Investment in Subsidiaries					
The Bangchak Green Net Co., Ltd.		-	-	0.49	0.49
The Bangchak Biofuel Co., Ltd.		-	-	197.05	197.05
The Bangchak Solar Energy Co., Ltd.		-	-	150.00	-
Total		-	-	347.54	197.54
Investment in Associate					
Ubon Bio Ethanol Co., Ltd.		745.48	-	763.23	-
Other current assets - net					
Major Shareholder					
PTT Plc.		129.06	83.85	129.06	83.85
Associate					
Ubon Bio Ethanol Co., Ltd.		0.13	-	0.13	-
Total		129.19	83.85	129.19	83.85
Tariff prepayment					
Other related party					
Fuel Pipeline Transportation Ltd.		99.35	106.78	99.35	106.78
Less allowance for doubtful accounts		(87.35)	(91.62)	(87.35)	(91.62)
Net		12.00	15.16	12.00	15.16
Non-current assets					
Other related party					
Energy Complex Co., Ltd.		4.51	4.51	4.51	4.51
Other current liabilities					
Major Shareholder					
PTT Plc.		-	7.41	-	7.41
Subsidiary					
The Bangchak Green Net Co., Ltd.		-	-	27.23	26.86
Total		-	7.41	27.23	34.27
Convertible debentures					
Major Shareholder					
PTT Plc.	21	-	585.60	-	585.60
Other non-current liabilities					
Other related party					
Fuel Pipeline Transportation Ltd.		5.35	5.82	5.35	5.82

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Notes to the financial statements

For the years ended 31 December 2011 and 2010

Tariff prepayment

The Company has provided financial support to the Fuel Pipeline Transportation Ltd. (FPT) in the form of advance payment of fuel transportation fee (Tariff Prepayment) as per the written agreement dated 14 June 1996. Subsequently, the Company, together with the other FPT creditors agreed on 3 March 1999 to restructure the FPT's loan. Prior to the loan restructure, the amount owed to the Company as Tariff Prepayment was Baht 245.80 million. On 30 April 1999, Baht 48.75 million was converted to capital stock (preferred stock) with remaining loan outstanding totalling Baht 197.05 million. The loan shall be repaid in accordance with FPT's cash flow while the interest on the tariff prepayment and the custody fee (difference in interest rate of MLR-2%) will be paid on a monthly basis. Subsequently, FPT was able to repay some parts of the loan, however, due to financial difficulties it could not comply with the agreed terms. An amendment to the original agreement was made on 28 March 2002. Under the revised agreement, the remaining loan principle of Baht 187.29 million will be repaid on a monthly basis over a total number of 153 periods, with the first payment made on 30 April 2002. The interest rate will be based on MLR with relaxation of 1% per annum starting from 29 March 2002. The difference in the interest shall be established as a receivable in a suspense account which will be written-off provided FPT complies with the agreement, without default, over a three-year consecutive period.

On 29 December 2009, the Company and other FPT creditors had additionally amended the restructuring agreement to comply with FPT's ability to pay debt. The Company and other FPT creditors agreed to give up interest receivable and changed repayment schedule as stipulated in the restructuring agreement without additional debt relief.

Significant agreements with related parties

Fuel Pipeline Transportation Agreement

During 1997, the Company entered into a fuel pipeline transportation agreement with a related company. The related company will provide transportation service of fuel products to Don-muang and Suvarnabhumi International Airport and transportation service for petroleum products to fuel depot at Bang-pa-in. The agreement has no specified expiry date and can be terminated by either party by giving at least 60 days written notice for termination to the other party.

Feedstock Supply Agreement

During 2006, the Company entered into Feedstock Supply Agreement, to enhance the Company's feedstock supply, whereby the major shareholder will supply crude oil and other feedstocks for the refinery process commencing from 16 May 2006 and shall be in effect for a period of twelve years after PQI's commercial operation date.

Crude Oil Supply and Oil-Products Sales and Purchase Agreement

During 2006, the Company entered into Sale and Purchase Agreement with the major shareholder, to accommodate the additional Gasoline production outputs from the PQI project after commercial operation date. The major shareholder will purchase minimum level of 30% of refined petroleum products (not include aviation fuel and fuel oil) from the refinery. This agreement shall be in effect for a period of twelve years after PQI's commercial operation date.

Since 2007, the Company has entered into five oil products purchase agreements with related companies. The related companies will provide oil products at quantities and prices as stipulated in the agreement. The agreement has no specified expiry date and can be terminated by either party by giving at least 90 days written notice for termination to the other party.

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Notes to the financial statements

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Bio-diesel Sales and Purchase Agreement

During 2008, the Company entered into a Bio-diesel Sales and Purchase Agreement with a subsidiary for a period of seven years to start from the commencement of the Bio-diesel Plant's commercial operations (currently, under construction). The Company will purchase bio-diesel oil at yearly average volumes not less than 60% of maximum bio-diesel production capacity at the market prices as stipulated in the agreement

Gas Sales and Purchase Agreement

During 2008, the Company entered into Gas Sales and Purchase Agreement with the major shareholder for the refinery process for a period of ten years commencing on the first date of Gas delivery by the major shareholder and the Company receive this gas with the service fee as stipulated in the agreement.

Service Station Operating Right Agreement

During 2010, the Company entered into Service Station Operating Right Agreement which include the right to operate within service station with a subsidiary for a period of three years. The subsidiary agreed to pay the fee at agreed prices as stipulated in the agreement. For mutual interest under the agreement, the subsidiary agreed to purchase the finish oil products at contractually agreed prices.

Store Operation Right Agreement

During 2010, the Company entered into Store Operation Right Agreement with a subsidiary for a period of three years to operate retail stores within service stations under the Company's brand. The subsidiary agreed to pay the fee under agreed prices as stipulated in the agreement.

Cogeneration Purchase and Sale Agreement

On 25 February 2008, the Company entered into Cogeneration Project Agreement with the major shareholder under which the major shareholder invested in the construction of a cogeneration power plant to generate 19.7 MW of electricity and 90 metric tons per hour of steam to sell to the Company. It started its commercial operation in June 2010. The volume and market prices are as stipulated in the agreement.

Petroleum and Gas Tank Storage Service Agreement

The Company entered into Petroleum and Gas Tank Storage Service Agreement with the major shareholder for a period of 15 years from 1 January 2009 to 31 December 2023 with the service fee as stipulated in the agreement.

Office Rental and Service Agreements

The Company entered into office rental and service agreements with a related company for a period of 3 years commencing from 1 January 2010 to 31 December 2012 and with a renewable option for another period of 3 years. Office rental fees and conditions are as stipulated in the agreement.

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Establishment and Management Service Agreement for NGV Service Station

The Company entered into establishment and management service agreement for NGV service station with the major shareholder. The major shareholder has the right to utilise the lands and/or lands with building. The Company will receive the fee for land utilisation and management fee for service station as stipulated in the agreements. Establishment agreements shall be in effect for a period of 8 – 23 years which will be expired between 2016 - 2031. Management service agreement for service station shall be effect for 1 year which will be annually reviewed.

7 Cash and cash equivalents

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Cash on hand	29.92	25.48	1.63	1.48
Cash at banks - current accounts	679.76	477.79	546.34	343.98
Cash at banks - savings accounts	2,811.03	2,205.74	2,463.94	1,758.50
Highly liquid short-term investments	500.00	6,400.00	400.00	6,400.00
Total	<u>4,020.71</u>	<u>9,109.01</u>	<u>3,411.91</u>	<u>8,503.96</u>

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht (THB)	3,977.05	9,002.20	3,368.25	8,397.15
United States Dollars (USD)	42.75	106.81	42.75	106.81
Others	0.91	-	0.91	-
Total	<u>4,020.71</u>	<u>9,109.01</u>	<u>3,411.91</u>	<u>8,503.96</u>

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8 Investments

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Current investment</i>				
Short-term deposits at financial institutions	9.82	9.28	-	-
	9.82	9.28	-	-
<i>Other long-term investments</i>				
Non-marketable equity securities				
Fuel Pipeline Transportation Co., Ltd.	181.75	181.75	181.75	181.75
<i>Less</i> Allowance for impairment	(181.75)	(181.75)	(181.75)	(181.75)
ASEAN Potash Mining Plc.	173.24	173.24	173.24	173.24
MFC Energy Fund	126.22	126.22	126.22	126.22
<i>Less</i> Allowance for impairment	(17.90)	(15.50)	(17.90)	(15.50)
Non-marketable equity securities - net	281.56	283.96	281.56	283.96
Debt securities held to maturity				
Government bonds	3.00	3.30	3.00	3.30
<i>Add:</i> Premium on investments	0.09	0.12	0.09	0.12
Debt securities held to maturity - net	3.09	3.42	3.09	3.42
Other long-term investments	284.65	287.38	284.65	287.38
Total	294.47	296.66	284.65	287.38

9 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties	6	1,838.99	1,593.11	2,470.43	2,256.32
Other parties		6,286.14	4,206.37	6,247.96	4,128.63
		8,125.13	5,799.48	8,718.39	6,384.95
<i>Less</i> allowance for doubtful accounts		(52.81)	(73.52)	(50.42)	(70.65)
Net		8,072.32	5,725.96	8,667.97	6,314.30
(Reversal of) bad and doubtful debts expense for the year		11.85	(0.45)	12.33	(0.49)

Aging analyses for trade accounts receivable were as follows:

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For the years ended 31 December 2011 and 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Related parties				
Within credit terms	1,838.99	1,593.11	2,470.43	2,256.32
Less allowance for doubtful accounts	-	-	-	-
Net	1,838.99	1,593.11	2,470.43	2,256.32
Other parties				
Within credit terms	6,169.90	4,115.22	6,137.64	4,041.87
Overdue:				
Less than 3 months	62.52	17.70	58.91	15.57
3-6 months	1.58	0.03	1.45	0.02
6-12 months	0.03	0.15	0.03	0.15
Over 12 months	52.11	73.27	49.93	71.02
	6,286.14	4,206.37	6,247.96	4,128.63
Less allowance for doubtful accounts	(52.81)	(73.52)	(50.42)	(70.65)
Net	6,233.33	4,132.85	6,197.54	4,057.98
Total	8,072.32	5,725.96	8,667.97	6,314.30

The normal credit term granted by the Group ranges from 19 days to 60 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht (THB)	6,370.05	4,603.69	6,965.70	5,192.03
United States Dollars (USD)	1,702.27	1,122.27	1,702.27	1,122.27
Total	8,072.32	5,725.96	8,667.97	6,314.30

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Crude oil	10,113.46	9,940.36	10,011.41	9,859.11
Finished oil products	6,066.21	5,144.67	5,713.11	4,729.20
Materials and supplies	524.56	483.00	518.28	477.28
Consumer products	52.54	48.72	-	-
	<u>16,756.77</u>	<u>15,616.75</u>	<u>16,242.80</u>	<u>15,065.59</u>
Less: allowance for obsolete and slow moving	(98.54)	(8.85)	(97.70)	(7.92)
Net	<u>16,658.23</u>	<u>15,607.90</u>	<u>16,145.10</u>	<u>15,057.67</u>

As at 31 December 2011 and 2010, the Company's inventories included petroleum legal reserve of 464.64 million litres with approximated value of Baht 10,251.36 million and 412.57 million litres with approximated value of Baht 7,024.59 million, respectively.

The cost of inventories which is recognised as an expense and included in 'cost of sale of goods' for the year ended 31 December 2011 amounted to Baht 104,211.41 million (2010: Baht 79,472.21 million).

11 Other current assets

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Receivable from oil hedging contracts	141.83	116.13	141.83	116.13
Receivable from foreign currency hedging contracts	-	46.55	-	46.55
Value added tax receivable	822.35	254.16	822.35	254.16
Prepayment of corporate income tax	56.46	52.38	50.50	50.50
Prepayment of utilities - net	129.06	82.65	129.06	82.65
Insurance compensation receivable	-	416.39	-	416.39
Others	130.03	142.44	107.68	87.72
Total	<u>1,279.73</u>	<u>1,110.70</u>	<u>1,251.42</u>	<u>1,054.10</u>

Prepayment of utilities - net is for steam and electricity which the Company has provided for quantity which is not expected to be utilized in accordance with the contract's terms and is under negotiation with supplier.

12 Investments in subsidiaries

	Separate financial statements	
	2011	2010
	<i>(in million Baht)</i>	
<i>Subsidiaries</i>		
At 1 January	197.54	197.54
Acquisitions	150.00	-
At 31 December	<u>347.54</u>	<u>197.54</u>

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

Investments in subsidiaries as at 31 December 2011 and 2010, and dividend income for the years then ended were as follows:

	Separate financial statements											
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<i>Subsidiaries</i>												
The Bangchak Green Net Co., Ltd.	49.00	49.00	1.00	1.00	0.49	0.49	-	-	0.49	0.49	-	17.64
The Bangchak Biofuel Co., Ltd.	70.00	70.00	281.50	281.50	197.05	197.05	-	-	197.05	197.05	83.93	-
The Bangchak Solar Energy Co., Ltd.	100.00	-	150.00	-	150.00	-	-	-	150.00	-	-	-
Total					347.54	197.54	-	-	347.54	197.54	83.93	17.64

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

13 Investments in equity-accounted investee

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Associate				
At 1 January	-	-	-	-
Acquisition	763.23	-	763.23	-
Share of net loss of equity- accounted associate	(17.75)	-	-	-
At 31 December	<u>745.48</u>	<u>-</u>	<u>763.23</u>	<u>-</u>

The Bangchak Petroleum Public Company Limited and its Subsidiaries
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For the years ended 31 December 2011 and 2010

Investments in equity-accounted investees as at 31 December 2011 and 2010, and dividend income from those investments for the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements													
	Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity - net		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(<i>%</i>)		(<i>in million Baht</i>)											
Associate														
Ubun Bio Ethanol Co., Ltd.	21.28	-	2,740.00	-	<u>763.23</u>	<u>-</u>	<u>745.48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>745.48</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total					<u>763.23</u>	<u>-</u>	<u>745.48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>745.48</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Bangchak Petroleum Public Company Limited and its Subsidiaries
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For the years ended 31 December 2011 and 2010

Separate financial statements

	Ownership interest		Paid-up capital		Cost method		Impairment		At equity - net		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(%)		<i>(in million Baht)</i>									
Associate												
Ubon Bio Ethanol Co., Ltd.	21.28	-	2,740.00	-	763.23	-	-	-	763.23	-	-	-
Total					763.23	-	-	-	763.23	-	-	-

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

14 Investment Properties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Cost</i>				
At 1 January	459.34	459.34	459.34	459.34
At 31 December	459.34	459.34	459.34	459.34
<i>Depreciation and impairment losses</i>				
At 1 January	(171.28)	(225.34)	(171.28)	(225.34)
Reversal of impairment losses	-	54.06	-	54.06
At 31 December	(171.28)	(171.28)	(171.28)	(171.28)
<i>Net book value</i>				
At 1 January	288.06	234.00	288.06	234.00
At 31 December	288.06	288.06	288.06	288.06

Investment properties were revalued as at 30 December 2011 and 2010 using the marketing price from Department of Land. The appraised value was Baht 288.06 million.

One property has been transferred from property, plant and equipment to investment property, since the property was no longer used by the Group.

The Bangchak Petroleum Public Company Limited and its Subsidiaries
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For the years ended 31 December 2011 and 2010

15 Property, plant and equipment

(a) The Group

	Consolidated financial statements								
	Land	Buildings	Machinery, equipment refinery plants and terminal	Electricity producing equipments	Marketing and office equipments <i>(in million Baht)</i>	Platinum Catalyst	Vehicles	Construction work in progress	Total
Cost									
At 1 January 2010 (Restated)	913.55	809.59	29,704.90	-	3,823.81	308.30	162.80	579.46	36,302.41
Additions	-	0.08	1.84	-	5.29	-	7.50	1,460.20	1,474.91
Transfers	30.71	(21.52)	623.70	-	271.64	4.26	24.01	(1,099.25)	(166.45)
Disposals	(30.19)	(0.69)	(94.55)	-	(42.60)	-	(24.51)	-	(192.54)
At 31 December 2010 and 1 January 2011 (Restated)	914.07	787.46	30,235.89	-	4,058.14	312.56	169.80	940.41	37,418.33
Additions	82.77	1.06	1.44	-	4.59	-	2.47	5,173.19	5,265.52
Transfers	0.08	44.09	2,375.63	743.71	165.60	-	17.41	(3,344.56)	1.96
Disposals	-	(22.66)	(317.83)	-	(155.75)	(69.76)	(8.08)	-	(574.08)
At 31 December 2011	996.92	809.95	32,295.13	743.71	4,072.58	242.80	181.60	2,769.04	42,111.73
Depreciation and impairment losses									
At 1 January 2010 (Restated)	(328.67)	(380.23)	(9,008.74)	-	(2,512.78)	-	(110.73)	-	(12,341.15)
Depreciation charge for the year	-	(32.37)	(1,410.24)	-	(253.77)	-	(17.93)	-	(1,714.31)
Reversal of impairment losses	73.07	-	-	-	5.66	-	-	-	78.73
Transfer	-	2.19	(1.35)	-	1.06	-	(0.78)	-	1.12
Disposals	-	0.10	65.21	-	33.38	-	24.51	-	123.20
At 31 December 2010 and 1 January 2011 (Restated)	(255.60)	(410.31)	(10,355.12)	-	(2,726.45)	-	(104.93)	-	(13,852.41)
Depreciation charge for the year	-	(31.58)	(1,571.79)	(12.40)	(268.63)	-	(18.39)	-	(1,902.79)
(Loss) Reversal of impairment losses	241.54	-	(16.00)	(97.77)	28.34	-	-	-	156.11
Disposals	-	19.34	289.13	-	130.41	-	7.74	-	446.62
At 31 December 2011	(14.06)	(422.55)	(11,653.78)	(110.17)	(2,836.33)	-	(115.58)	-	(15,052.47)

The Bangchak Petroleum Public Company Limited and its Subsidiaries
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	Consolidated financial statements								
	Land	Buildings	Machinery, equipment refinery plants and terminal	Electricity producing equipments	Marketing and office equipments <i>(in million Baht)</i>	Platinum Catalyst	Vehicles	Construction work in progress	Total
<i>Net book value</i>									
At 1 January 2010 (Restated)	<u>584.88</u>	<u>429.36</u>	<u>20,696.16</u>	<u>-</u>	<u>1,311.03</u>	<u>308.30</u>	<u>52.07</u>	<u>579.46</u>	<u>23,961.26</u>
At 31 December 2010 and 1 January 2011 (Restated)	<u>658.47</u>	<u>377.15</u>	<u>19,880.77</u>	<u>-</u>	<u>1,331.69</u>	<u>312.56</u>	<u>64.87</u>	<u>940.41</u>	<u>23,565.92</u>
At 31 December 2011	<u>982.86</u>	<u>387.40</u>	<u>20,641.35</u>	<u>633.54</u>	<u>1,236.25</u>	<u>242.80</u>	<u>66.02</u>	<u>2,769.04</u>	<u>26,959.26</u>

As at 31 December 2011, a subsidiary has mortgaged its land, buildings and machinery as collateral with financial institutions for credit facilities totaling Baht 760.55 million (2010: Baht 784.45 million).

Capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory amounted to Baht 132.33 million (2010: Baht 14.22 million), with a capitalization rate of 5.0-6.1 (2010: 4.22%) (see note 34).

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2011 amounted to Baht 2,070.11 million (2010: Baht 1,978.31 million).

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(b) The Company

	Separate financial statements								Total
	Land	Buildings	Machinery, equipment refinery plants and terminal	Electricity producing equipments	Marketing and office equipments <i>(in million Baht)</i>	Platinum Catalyst	Vehicles	Construction work in progress	
Cost									
At 1 January 2010 (Restated)	867.67	549.99	29,176.56	-	3,779.44	308.30	153.66	569.85	35,405.47
Additions	-	-	-	-	-	-	-	1,453.43	1,453.43
Transfers	30.71	20.52	576.03	-	282.56	4.27	24.01	(1,103.13)	(165.03)
Disposals	(30.19)	(0.69)	(94.55)	-	(42.58)	-	(21.68)	-	(189.69)
At 31 December 2010 and 1 January 2011 (Restated)	868.19	569.82	29,658.04	-	4,019.42	312.57	155.99	920.15	36,504.18
Additions	-	-	-	-	-	-	-	5,145.39	5,145.39
Transfers	0.08	44.06	2,356.24	743.71	165.60	-	17.41	(3,325.14)	1.96
Disposals	-	(22.66)	(317.83)	-	(152.88)	(69.76)	(7.37)	-	(570.50)
At 31 December 2011	868.27	591.22	31,696.45	743.71	4,032.14	242.81	166.03	2,740.40	41,081.03
Depreciation and impairment losses									
At 1 January 2010 (Restated)	(328.67)	(378.72)	(9,005.06)	-	(2,485.18)	-	(106.13)	-	(12,303.76)
Depreciation charge for the year	-	(19.56)	(1,363.97)	-	(251.10)	-	(15.54)	-	(1,650.17)
Reversal of impairment losses	73.07	-	-	-	5.66	-	-	-	78.73
Transfer	-	-	-	-	(0.14)	-	-	-	(0.14)
Disposals	-	0.10	51.53	-	33.36	-	21.68	-	106.67
At 31 December 2010 and 1 January 2011 (Restated)	(255.60)	(398.18)	(10,317.50)	-	(2,697.40)	-	(99.99)	-	(13,768.67)
Depreciation charge for the year	-	(20.65)	(1,536.23)	(12.40)	(265.16)	-	(15.83)	-	(1,850.27)
(Loss) Reversal of impairment losses	241.54	-	(16.00)	(97.77)	28.34	-	-	-	156.11
Disposals	-	19.34	289.13	-	127.58	-	7.37	-	443.42
At 31 December 2011	(14.06)	(399.49)	(11,580.60)	(110.17)	(2,806.64)	-	(108.45)	-	(15,019.41)

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	Separate financial statements								Total
	Land	buildings	Machinery, equipment refinery plants and terminal	Electricity producing equipments	Marketing and office equipments <i>(in million Baht)</i>	Platinum catalyst	Vehicles	Construction work in progress	
<i>Net book value</i>									
At 1 January 2010 (Restated)	539.00	171.27	20,171.50	-	1,294.26	308.30	47.53	569.85	23,101.71
At 31 December 2010 and 1 January 2011 (Restated)	612.59	171.64	19,340.54	-	1,322.02	312.57	56.00	920.15	22,735.51
At 31 December 2011	854.21	191.73	20,115.85	633.54	1,225.50	242.81	57.58	2,740.40	26,061.62

Capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory amounted to Baht 132.33 million (2010: Baht 14.22 million), with a capitalization rate of 5.0 – 6.1 (2010: 4.22%) (see note 34).

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2011 amounted to Baht 2,046.41 million (2010: Baht 1,955.52 million).

The Bangchak Petroleum Public Company Limited and its Subsidiaries

Notes to the financial statements

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16 Leasehold Rights

	Consolidated and Separate financial statements <i>(in million Baht)</i>
<i>Cost</i>	
At 1 January 2010	2,154.98
Addition	15.93
At 31 December 2010 and 1 January 2011	2,170.91
Addition	73.50
Transfers	(1.20)
Disposals	(1.16)
At 31 December 2011	2,242.05
<i>Amortisation and impairment losses</i>	
At 1 January 2010	(1,129.98)
Amortisation charge for the year	(89.63)
Reversal of loss on impairment	2.72
At 31 December 2010 and 1 January 2011	(1,216.89)
Amortisation charge for the year	(91.04)
Disposals	0.37
Reversal of impairment losses	2.89
At 31 December 2011	(1,304.67)
<i>Net book value</i>	
At 1 January 2010	1,025.00
At 31 December 2010 and 1 January 2011	954.02
At 31 December 2011	937.38

On 27 February 2004, The Treasury Department permitted the Company to settle by instalments, the leasehold fee of Baht 551.63 million for an extension of the lease agreement of state-owned land on which the Company's refinery is located. The initial lease agreement, which due for expiration on 1 April 2015, will be extended for period of 18 years under the new lease agreement, which will expire on 31 March 2033. The Company has extended the amortisation period of existing leasehold rights to 31 March 2033, which corresponds to the period of the new agreement. The annually instalments of the leasehold fee are as followed;

Period	<i>(in million Baht)</i>
The year 2007 - 2009	137.90
The year 2010 - 2012	183.88
The year 2013 - 2015	229.85
	551.63

As at 31 December 2011, leasehold right liability has remaining balance totalling Baht 291.14 million (2010: Baht 352.94 million).

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Notes to the financial statements

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17 Intangible assets

	Right to use and cost of development of computer software	
	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Cost</i>		
At 1 January 2010	178.83	176.08
Addition	18.19	17.84
At 31 December 2010 and 1 January 2011	197.02	193.92
Addition	53.06	52.84
At 31 December 2011	250.08	246.76
<i>Amortisation and impairment losses</i>		
At 1 January 2010	(89.99)	(88.43)
Amortisation for the year	(32.30)	(31.62)
At 31 December 2010 and 1 January 2011	(122.29)	(120.05)
Amortisation for the year	(26.65)	(26.16)
At 31 December 2011	(148.94)	(146.21)
<i>Net book value</i>		
At 1 January 2010	88.84	87.65
At 31 December 2010 and 1 January 2011	74.73	73.87
At 31 December 2011	101.14	100.55

18 Investment in oil service stations

The investments in oil service stations comprise oil service station expansion with different approaches. The Company invests and grants others to operate or enter into a joint venture agreement, or with investment made by the operator and the Company providing support.

As at 31 December 2011, the balances outstanding in the investment in service stations account total Baht 180.35 million (2010: Baht 215.64 million). The Company amortised the investment in service stations on a straight-line basis over the term of the agreement. Amortisation charge for the year ended 31 December 2011 total Baht 49.02 million (2010: Baht 43.92 million)

19 Deferred tax

Deferred tax assets and liabilities as at 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deferred tax assets	179.07	242.54	179.07	242.54
Deferred tax liabilities	(6.87)	(13.09)	(6.87)	(13.09)
Net	172.20	229.45	172.20	229.45

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21 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current				
Short-term loans from financial institutions				
secured	-	40.00	-	-
unsecured	2,000.00	-	2,000.00	-
	2,000.00	40.00	2,000.00	-
Current portion of long-term loans from financial institutions				
secured	101.36	74.71	-	-
unsecured	450.00	2,587.41	450.00	2,587.41
	551.36	2,662.12	450.00	2,587.41
Total Current	2,551.36	2,702.12	2,450.00	2,587.41
Non-current				
Long -term loans from financial institutions				
secured	458.17	474.58	-	-
unsecured	15,572.00	14,504.04	15,572.00	14,504.04
	16,030.17	14,978.62	15,572.00	14,504.04
Convertible Debenture unsecured	-	1,936.57	-	1,936.57
	-	1,936.57	-	1,936.57
Total Non-current	16,030.17	16,915.19	15,572.00	16,440.61
Total	18,581.53	19,617.31	18,022.00	19,028.02

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Details of the Group's loans from financial institutions as at 31 December were as follows:

	Facilities		Interest	Repayment Terms	Consolidated financial statements		Separate financial statements	
	Currency	(in million)	Interest Rates (%) p.a.		2011	2010	2011	2010
<i>Short-term loans from financial institutions</i>								
The Company	Baht	12,905	MMR	Payable in accordance with terms in Promissory note	2,000.00	-	2,000.00	-
Subsidiary	Baht	220	MOR - 1	Payable in accordance with terms in Promissory note	-	40.00	-	-
Total					2,000.00	40.00	2,000.00	-
<i>Long-term loans from financial institutions</i>								
The Company	Baht	7,100	THBFIX 6M plus a margin	The principle will be repayable in 18 instalments commencing in December 2008	-	5,573.50	-	5,573.50
The Company	Baht	8,400	THBFIX 6M plus a margin	The principle will be repayable in 15 instalments commencing in June 2010	-	7,567.95	-	7,567.95
The Company	Baht	9,000	THBFIX 6M plus a margin	The principle will be repayable in 20 instalments commencing in June 2011	8,690.00	-	8,690.00	-
The Company	Baht	4,200	Fixed Interest Rate	The principle will be repayable in 26 instalments commencing in March 2013	3,902.00	450.00	3,902.00	450.00
The Company	Baht	3,500	THBFIX 6M plus a margin	The principle will be repayable in 23 instalments commencing in December 2011	3,430.00	3,500.00	3,430.00	3,500.00
Subsidiary	Baht	710	Six-month fixed deposit corporate rate plus a margin	The principle will be repayable in 24 instalments commencing in June 2010	559.53	549.29	-	-
Total					16,581.53	17,640.74	16,022.00	17,091.45
<i>Less: Current portion</i>					(551.36)	(2,662.12)	(450.00)	(2,587.41)
Net					16,030.17	14,978.62	15,572.00	14,504.04

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On 4 and 24 January 2011, the Company repaid a long-term loan totaling Baht 4,141.45 million from the total long-term loan outstanding of Baht 13,141.45 million. Subsequently on 26 January 2011, the Company entered into a debt refinancing agreement with a consortium of four local financial institutions for a long-term loan totaling Baht 9,000 million bearing interest at a rate referenced to THBFIX of 6 months plus margin. The Company is required to comply with certain conditions under the debt refinancing agreement and maintain certain financial ratios as specified in the agreement.

On 1 November 2011, a subsidiary signed an amendment to the loan contract from a financial institution to amend the loan interest rate from term loans to six-month fixed deposit corporate rate plus a margin.

The loan agreements contain certain conditions and restrictions such as maintaining of certain debt to equity ratio, debt service coverage ratio and current ratio.

As at 31 December 2011 the Group and the Company had unutilised credit facilities totalling Baht 11,423 million and Baht 11,203 million, respectively (2010: Baht 15,234 million and Baht 15,110 million, respectively).

Convertible Debentures

As of 31 December 2010, the remaining balances of Convertible Debentures were 193,657 units. The balance included 104,000 units of convertible debenture with order of conversion on 30 December 2010 without available ordinary shares. During the year ended 31 December 2011, those convertible debentures were converted to share capital totaling 31,097 units at conversion rate of Baht 14.30 per one common share and 58,560 units at conversion rate of Baht 14.00 per one common share.

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Within one year	2,551.36	2,702.12	2,450.00	2,587.41
After one year but within five years	5,058.79	10,135.84	4,600.62	9,661.26
After five years	10,971.38	6,779.35	10,971.38	6,779.35
Total	18,581.53	19,617.31	18,022.00	19,028.02

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Property, plant and equipment	760.55	784.45	-	-
Total	760.55	784.45	-	-

Interest-bearing liabilities of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

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22 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties	6	7,881.99	9,347.03	7,979.06	9,448.30
Other parties		876.52	886.99	637.81	646.08
Total		8,758.51	10,234.02	8,616.87	10,094.38

The currency denomination of trade accounts payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht (THB)	8,758.51	10,189.51	8,616.87	10,049.87
United States Dollars (USD)	-	44.51	-	44.51
Total	8,758.51	10,234.02	8,616.87	10,094.38

23 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Accrued expenses	709.27	536.27	652.49	422.15
Other accounts payable	430.84	1,296.17	412.05	1,286.60
Retention	373.23	664.26	399.33	656.89
Current portion of non-current liabilities	82.00	79.67	80.03	78.00
Value added tax payable	10.66	24.62	-	-
Others	296.50	191.08	295.50	187.47
Total	1,902.50	2,792.07	1,839.40	2,633.41

24 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	825.71	747.20	818.37	741.96
Other long-term employee benefits	14.24	12.30	12.60	10.88
Total	839.95	759.50	830.97	752.84

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 4 (e). As stated in note 4 (e), the Group has opted to apply the new standard retrospectively and adjust the prior year's financial statements accordingly.

Under the new policy, the Group's liability for post-employment benefits and other long-term employee benefit obligations is recognised in the financial statements based on calculations performed annually by a

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qualified actuary using the projected unit credit method. Previously, this obligation was recognised based on internal calculation performed by the Company.

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	759.50	670.90	752.84	665.93
Benefits paid by the plan	(18.89)	(10.47)	(18.24)	(9.65)
Current service costs and interest	99.34	99.07	96.37	96.56
Defined benefit obligations at 31 December	839.95	759.50	830.97	752.84

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current service costs	62.12	65.52	59.48	63.26
Interest on obligation	37.22	33.55	36.89	33.30
Total	99.34	99.07	96.37	96.56

The expense is recognised in the following line items in the statement of income:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Cost of sales	24.21	26.07	24.21	26.07
Selling expenses	37.20	37.02	34.51	34.76
Administrative expenses	37.93	35.98	37.65	35.73
Total	99.34	99.07	96.37	96.56

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Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
			(%)	
Discount rate as at 31 December	5	5	5	5
Future salary increases	6	6	6	6
Retirement age	55 and 60 years	55 and 60 years	60 years	60 years

Assumptions regarding future mortality are based on published statistics and mortality tables. Discount rate is the interest rate of long-term government bond.

25 Share capital

	Par value per share (in Baht)	2011		2010	
		Number	Baht	Number	Baht
<i>Authorised</i>					
At 1 January					
ordinary shares	1	<u>1,531.64</u>	<u>1,531.64</u>	<u>1,531.64</u>	<u>1,531.64</u>
At 31 December					
ordinary shares	1	<u>1,531.64</u>	<u>1,531.64</u>	<u>1,531.64</u>	<u>1,531.64</u>
<i>Issued and paid-up</i>					
At 1 January					
ordinary shares	1	<u>1,176.82</u>	<u>1,176.82</u>	<u>1,169.83</u>	<u>1,169.83</u>
Issue of new shares	1	<u>200.10</u>	<u>200.10</u>	<u>6.99</u>	<u>6.99</u>
At 31 December					
ordinary shares	1	<u>1,376.92</u>	<u>1,376.92</u>	<u>1,176.82</u>	<u>1,176.82</u>

During 2011, the Company issued 200.10 million new ordinary shares with a par value of 1 Baht each, totaling Baht 200.10 million to support the conversion of convertible debentures to 136.30 million common shares at conversion price of Baht 14.30 and 14.00 and the exercise of warrant totaling 63.80 million shares resulting in increase in premium of Baht 2,884.84 million.

On 4 October 2010, the Company issued 6.99 million new ordinary shares with a par value of Baht 1 each, totaling Baht 6.99 million to support the conversion of convertible debentures. The convertible value of each debenture is Baht 14.30 per common share, which results in a share premium totalling Baht 93.01 million.

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26 Additional paid-in capital and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Capital surplus on registered and paid-up share reduction

On 6 July 2004, the Company registered with the Ministry of Commerce, the reduction in the Company’s registered share capital from Baht 1,032,761,220 to Baht 843,143,461 and the paid-up share capital from Baht 753,040,940 to Baht 563,423,181. These changes were due to the reduction of 189,617,759 shares held by the Siam DR Co., Ltd. to be consistent with the number of “Depository Receipts of BCP’s Ordinary Shares (DR)” which were issued and offered by the Siam DR Co., Ltd. The Company received consent from the Siam DR Co., Ltd. for reducing the mentioned number of shares without capital payback. The Company proceeded the share reduction to Capital on registered and paid-up share reduction account.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

27 Segment reporting

Segment reporting is presented in respect of the Group’s business. The primary format, *business segments* is based on the Group’s management and internal reporting structure.

Business segments

The Group comprises the following main business segments:

<i>Segment 1</i>	Refinery
<i>Segment 2</i>	Marketing
<i>Segment 3</i>	Electricity

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Business segments profit (loss) results.

	Refinery	Marketing	2011 Electricity <i>(in million Baht)</i>	Eliminations	Total
Sales	153,061.58	116,252.71	27.58	(110,731.88)	158,609.99
Cost of sales	(145,978.08)	(112,715.55)	(22.57)	110,731.88	(147,984.32)
Gross profit	7,083.50	3,537.16	5.01	-	10,625.67
Investment income	38.44	16.11	-	-	54.55
Other income	1,367.84	119.50	-	-	1,487.34
Selling and administrative expenses	(1,011.10)	(2,824.19)	(5.49)	-	(3,840.78)
Loss from crude and product oil price hedging contract	(758.85)	-	-	-	(758.85)
Loss from foreign currency forward contract	(701.07)	-	-	-	(701.07)
Gain on foreign exchange	170.09	-	-	-	170.09
Reversal of allowance for loss (loss) from impairment of assets	33.51	75.97	(97.77)	-	11.71
Share of loss of associate	(17.75)	-	-	-	(17.75)
Profit (Loss) before finance costs and income tax expense	6,204.61	924.55	(98.25)	-	7,030.91
Finance costs					(783.18)
Income tax expense					(615.29)
Profit for the year					5,632.44

	Refinery	2010 Marketing <i>(in million Baht)</i>	Eliminations	Total
Sales	131,481.77	96,914.49	(92,026.87)	136,369.39
Cost of sales	(128,491.54)	(93,555.03)	92,026.87	(130,019.70)
Gross profit	2,990.23	3,359.46	-	6,349.69
Investment income	36.82	8.05	-	44.87
Other income	539.98	132.08	-	672.06
Selling and administrative expenses	(807.29)	(2,598.59)	-	(3,405.88)
Loss from crude and product oil price hedging contract	27.63	-	-	27.63
Loss from foreign currency forward contract	523.54	-	-	523.54
Loss on foreign exchange	388.05	-	-	388.05
Reversal of allowance for loss from impairment of assets	97.63	48.61	-	146.24
Profit before finance costs and income tax expense	3,796.59	949.61	-	4,746.20
Finance costs				(878.76)
Income tax expense				(995.47)
Profit for the year				2,871.97

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28 Investment income

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<i>(in million Baht)</i>					
Dividend income					
Subsidiaries	6	-	-	83.93	17.64
		-	-	83.93	17.64
Other investment income		54.55	44.87	42.68	42.07
Total		54.55	44.87	126.61	59.71

29 Other income

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>(in million Baht)</i>				
Fee for land utilisation and management fee for NGV service station	76.56	71.71	76.56	71.71
Indemnity and insurance compensation	1,248.46	366.77	1,248.46	366.77
Oil reservation fee	70.54	70.53	70.54	70.53
Others	91.78	163.05	106.88	136.45
Total	1,487.34	672.06	1,502.44	645.46

30 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>(in million Baht)</i>				
Personnel	531.38	441.14	257.81	205.98
Advertising	180.85	207.97	112.77	130.86
Depreciation and amortisation	426.77	418.65	422.78	415.71
Distribution	600.84	517.90	600.84	516.22
Others	696.45	619.23	495.43	433.08
Total	2,436.29	2,204.89	1,889.63	1,701.85

31 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>(in million Baht)</i>				
Personnel	707.15	757.84	665.85	715.12
Advertising	150.23	148.91	150.19	148.79
Depreciation and amortisation	77.24	65.84	74.57	62.82
Others	469.87	228.41	468.55	224.04
Total	1,404.49	1,201.00	1,359.16	1,150.77

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32 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Management				
Wages and salaries	75.19	59.85	75.10	59.75
Contribution to provident funds	3.92	3.00	3.92	3.00
Pension	5.46	1.34	5.46	1.34
EJIP	5.69	2.13	5.69	2.13
Others	17.15	13.16	17.15	13.16
	107.41	79.48	107.32	79.38
Other employees				
Wages and salaries	900.65	816.19	621.37	568.23
Contribution to provident funds	53.11	49.37	50.66	46.90
Pension	93.88	73.34	90.91	73.34
EJIP	35.98	54.90	35.98	54.90
Others	307.42	252.22	270.58	226.57
	1,391.04	1,246.02	1,069.50	969.94
Total	1,498.45	1,325.50	1,176.82	1,049.32

Defined benefit plans

Details of the defined benefit plans are given in note 24.

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 10% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Manager.

Employee Joint Investment Program (EJIP)

On 6 October 2009, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC) in accordance with the notification of the SEC, SorJor 12/2009, dated 10 June 2009. EJIP is an investment program for the periodic accumulative buying of the Company's shares, established to serve as another means of compensating Company employees and executives effective for the period from 1 October 2009 to 30 September 2011.

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Notes to the financial statements

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33 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Included in cost of sales of goods:</i>				
Changes in inventories of finished goods and work in progress	925.45	130.07	983.91	59.02
Raw materials and consumables used	104,389.99	79,810.74	104,211.41	79,472.21
Tax expenses and oil fuel fund	9,989.01	21,989.50	9,989.01	21,989.50
Depreciation	1,539.39	1,364.03	1,493.06	1,320.17
<i>Included in selling expenses:</i>				
Depreciation	299.60	297.32	295.64	294.38
<i>Included in administrative expenses:</i>				
Depreciation	40.19	35.25	37.80	32.73

34 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Interest payable to financial institutions		821.66	801.15	787.71	765.26
Interest payable to Convertible Debentures		-	59.82	-	59.82
Amortisation of transaction costs capitalised		69.50	2.74	68.44	1.68
Others		24.35	29.27	24.35	29.27
		915.51	892.98	880.50	856.03
Capitalised as cost of assets under construction	15	(132.33)	(14.22)	(132.33)	(14.22)
Net		783.18	878.76	748.17	841.81

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35 Income tax expense

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<i>(in million Baht)</i>					
Current tax expense					
Current year		479.66	1,022.12	471.44	1,011.87
Under provided in prior years		78.38	-	78.38	-
		558.04	1,022.12	549.82	1,011.87
Deferred tax expense					
Movements in temporary differences	19	57.25	(26.65)	57.25	(26.65)
		57.25	(26.65)	57.25	(26.65)
Total		615.29	995.47	607.07	985.22

Reconciliation of effective tax rate

	Consolidated financial statements			
	2011		2010	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		6,247.74		3,867.44
Income tax using the Thai corporation tax rate	30.00	1,874.32	30.00	1,160.23
Income tax reduction – deferred	1.32	82.40	-	-
Profit exemption – promotional privileges for environment impact reduction	(21.59)	(1,349.07)	-	-
Income not subject to tax / Expenses that are deductible at a greater amount	(0.52)	(32.45)	(5.54)	(214.11)
Expenses not deductible / Other adjustments	(0.61)	(38.29)	1.28	49.35
Under provided in prior years		78.38	-	-
Total		9.85	25.74	995.47

Reconciliation of effective tax rate

	Separate financial statements			
	2011		2010	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		6,249.65		3,619.09
Income tax using the Thai corporation tax rate	30.00	1,874.90	30.00	1,085.73
Income tax reduction – deferred	1.32	82.40	-	-
Profit exemption – promotional privileges for environment impact reduction	(21.59)	(1,349.07)	-	-
Income not subject to tax / Expenses that are deductible at a greater amount	(0.56)	(34.74)	(4.06)	(147.04)
Expenses not deductible / Other adjustments	(0.72)	(44.80)	1.29	46.53
Under provided in prior years		78.38	-	-
Total		9.71	27.23	985.22

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Income tax reduction - deferred

On 11 October 2011, the Cabinet passed a resolution regarding tax measures to increase Thailand's competitiveness and approved the reduction of the corporate income tax rate from 30% to 23% of net taxable profit for the accounting period 2012 which ends on or after 31 December 2012 and to 20% of net taxable profit for the accounting period which begins on or after 1 January 2013 and onwards.

In order to give effect to the above Cabinet resolution, the Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution.

Such announcement on the reduction of income tax rate has an impact on the measurement of deferred tax assets and deferred tax liabilities since Thai Accounting Standard No. 12 Income Taxes paragraph 47 states that deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Federation of Accounting Professions has considered this matter and has resolved that the substantively enacted tax rates which should be applied in measuring deferred tax assets and liabilities shall be the reduced rates as approved by the Cabinet; i.e. 23% shall be applied for the accounting period 2012 and 20% shall be applied for accounting periods 2013 onwards.

36 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to Petroleum Refinery process, production of Biodiesel and production of electricity from solar cell. The privileges granted include:

Petroleum Refinery production

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for net profit of not over 100% of investment cost excluding land and working capital for environment protection for a period of eight years from the date on which the income is first derived from such operations.

Production of Biodiesel and production of electricity from solar cell

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations.

As promoted companies, the Company and its subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

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Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2011			2010		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in million Baht)</i>					
Export sales	32.18	19,167.71	19,199.89	11.20	16,055.18	16,066.38
Local sales	2,479.05	159,524.87	162,003.92	2,415.07	137,931.96	140,347.03
Eliminations			(22,593.82)			(20,044.02)
Total Revenue			<u>158,609.99</u>			<u>136,369.39</u>

	Separate financial statements					
	2011			2010		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in million Baht)</i>					
Export sales	-	19,167.71	19,167.71	-	16,055.18	16,055.18
Local sales	27.58	137,733.15	137,760.73	-	118,582.99	118,582.99
Total Revenue	<u>27.58</u>	<u>156,900.86</u>	<u>156,928.44</u>	<u>-</u>	<u>134,638.17</u>	<u>134,638.17</u>

37 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>5,610.16</u>	<u>2,796.24</u>	<u>5,642.58</u>	<u>2,633.87</u>
Number of ordinary shares outstanding at 1 January	1,176.82	1,169.83	1,176.82	1,169.83
Effect of shares issued during the period	146.94	1.71	146.94	1.71
Weighted average number of ordinary shares outstanding	<u>1,323.76</u>	<u>1,171.54</u>	<u>1,323.76</u>	<u>1,171.54</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>4.24</u>	<u>2.39</u>	<u>4.26</u>	<u>2.25</u>

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Diluted earnings per share

The calculation of diluted earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	5,610.16	2,796.24	5,642.58	2,633.87
Interest expense on convertible debentures, net of tax	-	41.87	-	41.87
Profit attributable to equity holders of the Company (diluted)	<u>5,610.16</u>	<u>2,838.11</u>	<u>5,642.58</u>	<u>2,675.74</u>
Weighted average number of ordinary shares outstanding (basic)	1,323.76	1,171.54	1,323.76	1,171.54
Effect of conversion of convertible Debentures	-	141.58	-	141.58
Weighted average number of ordinary shares outstanding (diluted)	<u>1,323.76</u>	<u>1,313.12</u>	<u>1,323.76</u>	<u>1,313.12</u>
Earnings per share (diluted) <i>(in Baht)</i>	<u>4.24</u>	<u>2.16</u>	<u>4.26</u>	<u>2.04</u>

38 Dividends

At the Board of Directors meeting of the Company held on 30 August 2011, the Board of Directors approved the appropriation of dividend from retained earnings as of 30 June 2011 at Baht 0.65 per share, amounting to Baht 894.97 million. The dividend was paid to shareholders on 21 September 2011.

At the annual general meeting of the shareholders of the Company held on 5 April 2011, the shareholders approved the appropriation of annual dividend from retained earnings as of 31 December 2010 at Baht 1.05 per share, amounting to Baht 1,272.12 million. The Company had paid interim dividend of the first half year of 2010 at Baht 0.50 per share, amounting to Baht 584.89 million on 21 September 2010. The remaining dividend was paid for the second half year of 2010 at Baht 0.55 per share, amounting to 687.23 million to shareholders on 19 April 2011.

At the Board of Directors' meeting of the Company held on 25 August 2010, the Board of Director approved the appropriation of interim dividend from retained earnings as of 30 June 2010 at of Baht 0.50 per share, amounting to Baht 584.89 million. The dividend was paid to shareholders on 21 September 2010.

At the annual general meeting of the shareholders of the Company held on 8 April 2010, the shareholders approved the appropriation of annual dividend from retained earnings as of 31 December 2009 at Baht 1.80 per share, amounting to Baht 2,105.60 million. The Company had paid interim dividend for of the first half year of 2009 at Baht 1.00 per share, amounting to Baht 1,169.78 million on 7 September 2009. The remaining dividend was paid for the second half year of 2009 at Baht 0.80 per share, amounting to 935.82 million to shareholders on 22 April 2010.

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39 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly floated. The Group is primarily exposed to interest rate risk from its borrowings. The Group mitigates this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in million Baht)</i>					
2011					
Current					
Loans from Financial institutions	2.9 – 6.1	2,551.36	-	-	2,551.36
Non-current					
Loans from Financial institutions	2.9 – 6.75	-	5,058.79	10,971.38	16,030.17
Total		2,551.36	5,058.79	10,971.38	18,581.53
2010					
Current					
Loans from Financial institutions	2.8 - 5.38	2,702.12	-	-	2,702.12
Non-current					
Loans from Financial institutions	2.8 - 5.60	-	8,784.87	6,193.75	14,978.62
Convertible debentures	3.0	-	1,350.97	585.60	1,936.57
Total		2,702.12	10,135.84	6,779.35	19,617.31

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	Effective interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
<i>(in million Baht)</i>					
2011					
Current					
Loans from Financial institutions	2.9 – 6.1	2,450.00	-	-	2,450.00
Non-current					
Loans from Financial institutions	2.9 – 4.9	-	4,600.62	10,971.38	15,572.00
Total		2,450.00	4,600.62	10,971.38	18,022.00
2010					
Current					
Loans from Financial institutions	2.8 - 3.6	2,587.41	-	-	2,587.41
Non-current					
Loans from Financial institutions	2.8 - 4.2	-	8,310.29	6,193.75	14,504.04
Convertible debentures	3.0	-	1,350.97	585.60	1,936.57
Total		2,587.41	9,661.26	6,779.35	19,028.02

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<i>(in million Baht)</i>					
USD and others					
Cash and cash equivalents	7	43.66	106.81	43.66	106.81
Trade accounts receivable	9	1,702.27	1,122.27	1,702.27	1,122.27
Receivable from oil hedging contracts	11	141.83	116.13	141.83	116.13
Other current assets	20	-	60.02	-	60.02
Trade accounts payable	22	-	(44.51)	-	(44.51)
Payable from oil hedging contracts		(21.25)	(314.67)	(21.25)	(314.67)
Other current liabilities		(171.86)	(827.30)	(171.86)	(827.30)
Gross balance sheet exposure		1,694.65	218.75	1,694.65	218.75
Currency forwards		(591.52)	(401.26)	(591.52)	(401.26)
Net exposure		1,103.13	-	1,103.13	-

Additionally, the Company entered into foreign currency buying and selling forward contracts, net totaling Baht 14,744.24 million, to hedge future sales and purchases transaction of goods with price denominated in foreign currencies and foreign currency buying forward contracts totalling Baht 71.78 million to hedge the construction costs of the Solar power plant project.

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments is taken to approximate the carrying value

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

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Fair values of convertible debentures together with the carrying values shown in the balance sheets at 31 December 2010 were as follows:

	Consolidated		Separate	
	financial statements		Financial statements	
	Fair value	Carrying value	Fair value	Carrying value
	<i>(in million Baht)</i>			
Non-current				
Convertible debentures	2,535.22	1,936.57	2,535.22	1,936.57
Total	2,535.22	1,936.57	2,535.22	1,936.57

40 Commitments with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Capital commitment				
Construction projects	1,527.79	4,477.52	1,476.94	4,454.49
Total	1,527.79	4,477.52	1,476.94	4,454.49
Non-cancellable operating lease commitments				
Within one year	461.57	392.30	461.57	392.30
After one year but within five years	1,768.55	1,505.78	1,768.55	1,505.78
After five years	2,934.09	3,076.32	2,934.09	3,076.32
Total	5,164.21	4,974.40	5,164.21	4,974.40
Other commitment				
Bank guarantees	77.52	49.13	77.52	49.13
Total	77.52	49.13	77.52	49.13

The Company entered into 7.14 million barrels oil price hedging contracts with foreign oil traders for the periods between January 2012 and December 2013

The Company entered into foreign currency buying forward contracts cover the period to March 2012 amounting to USD 292.80 million and EURO 0.14 million equivalents to Baht 9,177.09 million and selling forward contracts cover the period to December 2012 amounting to USD 786.73 million equivalents to Baht 24,441.07 million.

The Company entered into an interest rate swap contract for the following loan agreements by swap from float rate to fixed rate as stipulated in the agreements. The details are as follows:

Loan agreement facility <i>(in million Baht)</i>	Due date
3,000	30 June 2013
1,000	30 June 2014
1,500	30 June 2015
7,000	30 December 2015
1,500	30 June 2016

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41 Contingent liabilities and contingent assets

The Company (the fifth defendant) was accused with the Ministry of Finance (the first defendant) for alleged land right transgression and demanding Baht 1,055 million in compensation. The land in question is located at the pier of the Refinery that the Company lodged against the Ministry of Finance. On 3 June 2009, the Appeal court upheld the civil court verdict to dismiss the case. This was being re-appealed with the Supreme Court and currently under petition to Supreme Court.

The Company has utilized the tax privilege on the allowance for corporate income tax calculation for its 2006 tax payment which was in accordance with the announcement of the Director General of the Revenue Department regarding the corporate income tax (No. 156) “Criteria, procedures and conditions for the exemption of corporate income tax for the companies that registered its shares in the Stock Exchange of Thailand according to the Securities and Exchange Acts for payments of investment or extension, modification, addition or improvement of assets but not the repair of assets according to Section 65 Tri (5) of the Revenue Codes” and change in inventory costing method from first in first out to weighted average cost which was approved by The Revenue Department. The Revenue Department has examined and assessed the additional income tax payment totaling Baht 50 million that had previously been submitted by the Company and filed for appeal. Subsequently on 20 July 2011, the Revenue Department issued its verdict ruling to dismiss the return of the tax payment. Currently, the Company is appealing the decision and has submitted a petition to the Central Tax Court to revoke the Revenue Department’s ruling.

42 Events after the reporting period

At the Board of Directors’ meeting held on 14 February 2012, the Board approved to submit for approval at the Annual General Meeting of the Shareholders, a full year 2011 dividend payment at the rate of Baht 1.65 per share, of which Baht 0.65 per share was paid as an interim dividend on 21 September 2011 as discussed in note 38. Thus, the remaining dividend will be at the rate of Baht 1.00 per share to the shareholders entitled to receive dividends. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 3 April 2012.

43 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following revised TFRS that have been issued as of the reporting date but are not yet effective. The revised TFRS is expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP’s announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate or Company’s financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. This standard is as follows:

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TAS 21 (revised 2009) – The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

44 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2010 and the statement of income for the year ended 31 December 2010, which are included in the 2011 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2011 interim financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of new and revised TFRS as disclosed in note 4. Other significant reclassifications were as follows:

	2010					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in million Baht)</i>					
<i>Statement of financial position</i>						
Inventories	15,132.82	475.08	15,607.90	14,588.31	469.36	15,057.67
Materials and supplies	533.64	(533.64)	-	527.92	(527.92)	-
Investment properties	-	288.06	288.06	-	288.06	288.06
Property, plant, and equipment	27,903.55	(229.50)	27,674.05	27,073.14	(229.50)	26,843.64
Other current liabilities	2,807.08	(15.01)	2,792.07	2,648.12	(15.01)	2,633.11
Employee benefit obligations	-	528.76	528.76	-	528.76	528.76
Other non-current liabilities	586.42	(513.75)	72.67	564.93	(513.75)	51.18
		<u>-</u>			<u>-</u>	

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	2010					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in million Baht)</i>					
Statement of income						
Investment income	-	44.87	44.87	-	59.72	59.72
Other income	716.93	(44.87)	672.06	705.18	(59.72)	645.46
Administrative expenses	1,098.51	79.48	1,177.99	1,050.08	79.38	1,129.46
Management benefit expenses	79.48	(79.48)	-	79.38	(79.38)	-
Loss from Forward contract	-	523.54	523.54	-	523.54	523.54
Loss on foreign exchange	931.76	(543.72)	388.04	931.73	(543.72)	388.01
Finance costs	(898.94)	20.18	(878.76)	(861.99)	20.18	(841.81)
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group