

to be...

# CARBON NEUTRAL COMPANY

The Bangchak Petroleum Public Company Limited

**Annual Report 2010**



to be...

# CARBON NEUTRAL **COMPANY**

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On our mark ... Poised to move from one leadership to another, from being Asia's leader in alternative energy to a carbon-neutral company. Bangchak's ambition is to emit zero carbon dioxide net. We're at work to ease global warming while stepping up our development, production and sale of clean energy for the benefit of our surroundings. Clear sky, clean air for Thais and others for years and decades to come.



## World-class Refinery, going full-throttled



Thanks to the high-quality outputs of our Complex Refinery with a processing capacity of 120,000 barrels per day that runs on natural gas rather than fuel oil, Bangchak Refinery is low in carbon dioxide emission. But we're aiming even lower with our EURO IV gasoline that's good not only for your car, but for the surroundings alike.

Creative leader for clean energy



With our clear vision leading to an energy business that's friendly to the environment for sustainable development, Greenergy Excellence drives Bangchak in applying modern processing technology to our refining processes to turn clean energy into quality energy: Gasohol 91, 95, E20, E85 and PowerD B5 Biodiesel of EURO IV standard, etc.

## Renewable energy innovation for sustainable Thailand



Fast forward to clean-energy innovation for sustainability. Bangchak recently launched a solar-cell power plant project known as SUNNY BANGCHAK at the Biodiesel Processing Center in Bang Pa-in, Ayutthaya. Designed to trim petroleum product imports and greenhouse gas emission, this center is set to become Thailand's first integrated R&D center for alternative energy with these projects in the pipeline: biojet, biodiesel from algae, power plant from wind and waves, not to mention imaginative environmental businesses.

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# Vision, Value Statement, Mission, Business Culture, Employee Culture

## Vision

### Greenery Excellence

Creating an energy business that is environmentally friendly for sustainable development



## Value Statement

**B** – Beyond Expectation

**C** – Continuing Development

**P** – Pursuing Sustainability

## Mission

### Stakeholder

Shareholders business partners/  
Customers/creditors  
Society / Community / Environment

Employees

### Mission

Conduct business to steadily grow  
its returns in a fair manner  
Promote a business culture that is  
responsible to the environment and society  
Grow employees into professionals

## Business Culture

Develop sustainable business, while safeguarding environment and society

## Employee Culture

To be respectable, knowledgeable, and helpful to others





# Message from Chairman

This past year, the changing world climate arising from global warming caused countries in many northern regions to encounter extreme cold weather, especially the United States, which was hit by the coldest weather in nine years and the heaviest snowfalls in 30 years. Increasing demand on heating fuel and the recovery of many European countries from debt problems bolstered investors' confidence in global economic expansion. As a result, oil prices in the global market gradually increased for approximately USD 20 per barrel, causing domestic oil price volatility. So, petroleum business operators had to continually adapt themselves to the changing situation.

Having foreseen the threat, Bangchak Petroleum Plc planned risk management measures well in advance. As a result, our performance in 2010 has posted a net profit of nearly Baht 3,000 million, or Baht 2.40 per share. Compared with other petroleum companies, our shareholders earned healthy dividend payment at Baht 1.05 per share. This confirms our responsibility for stakeholders, which forms the Company's corporate governance policy.

The Company has also expanded its clean and environmental energy businesses. Our solar power plant project will start generating income around the end of 2011. Investments in other alternative-energy forms have been made to strengthen the Company. At the same time, we remain committed to our environmental and social responsibility policy, thus striking a balance between the worth and value of our endeavor toward our beloved country.

During 2010, the Company achieved good public recognition as a well-managed company with good social and environmental responsibilities, and has received several domestic and international awards, including the Thailand Quality Class Award (TQC), SET Award of Honor from the SET Awards 2010 event, Top Award from the Competition of Large-Corporation Projects under the Sufficiency Economy Philosophy, Award of Excellence on Community Development Program of the Year from the Platts Global Energy Awards 2010 event, Titanium Award on Corporate Governance from The Asset Corporate Awards 2010 event, A Plaque presented under a projection on transparent organization, Recognition Award for Environmental Conservation and the Quality and Safety Service Station Award.

Lastly, on behalf of the Board of Directors, the management and employees, may I express our sincere gratitude to the public sector and all stakeholders, who have contributed to our overcoming the obstacles and created growth for Bangchak to become a strong and valuable corporation for Thai society.

(Signed) *Krairit Nilkuha*  
(Mr. Krairit Nilkuha)  
Chairman

# Financial Highlights

	2010	2009	2008
<b>Statement of Income (Million Baht)</b>			
Sales and service income	136,369	108,681	129,042
Gross profit (loss)	6,350	7,672	3,701
EBITDA	6,165	12,325	456
Adjusted EBITDA <sup>1/</sup>	5,725	9,092	5,574
Foreign Exchange Gain (loss)	932	(57)	(168)
Other items <sup>2/</sup>	146	(5)	15
Net profit (loss)	2,813	7,524	(750)
<b>Balance Sheet (Million Baht)</b>			
Total assets	62,453	53,891	42,540
Total liabilities	35,401	27,938	22,777
Shareholders' equity	27,052	25,953	19,763
Share capital			
- Registered share capital	1,532	1,532	1,532
- Issued & fully paid-up share capital	1,177	1,170	1,119
<b>Financial ratios (%)</b>			
Gross profit ratio	4.7	7.1	2.9
Net profit ratio	2.1	6.9	(0.6)
Return on total assets	5.0	15.6	1.7
Debt to Equity ratio	0.7	0.6	0.8
<b>Operating outcomes per share (Baht)</b>			
Net earnings per share	2.40	6.57	(0.67)
Book value per share	22.85	22.11	17.62

Notes: Data based on Consolidated Financial Statements

1/ Adjusted EBITDA - not including profit (loss) from oil inventory

2/ Other items is loss adjustment / (loss) from impairment of assets



# Business Description

The Bangchak Petroleum Plc is a leading Thai petroleum company that imports crude oil from the Middle East, the Far East and indigenous sources and refining it into products with a maximum crude-processing capacity of 120,000 barrels per day from a 'complex refinery', which produces predominantly gasoline and diesel—both high-value products—and processes a high ratio of domestic feedstock. To use energy efficiently, be more environmentally friendly and enhance power reliability, the Company has entered into a contract with PTT Plc, which builds, owns and operates a co-generation power plant, with electricity and water sold to the Company. In addition, the Company has introduced natural gas as processing fuel in favor of low-sulfur fuel oil to lower its

production cost and be even more environmentally friendly. This forms part of the effort to lower pollution and aligns with the Company's business philosophy of 'developing a sustainable business together with the environment and society'. The Company conforms to the EURO IV specifications laid down by the public sector, which requires gasoline to have up to, but not exceeding 1% of benzene by volume from as much as 3.5% by volume, effective from January 1, 2012. Further, it invested in a USD 50-million gasoline quality improvement project, which consists of a benzene removal unit, a reformer splitter unit and offsite, utilities and related equipment. Currently under construction, the project is due for completion by the fourth quarter of 2011. The Company started its sale of EURO IV diesel in April 2008.

## Refinery Business

with 120,000 b/d feed capacity



## Marketing Business



Aviation



Industrial

Non-Oil



Bai Chak/Lemon Green



Inthanin Coffee



Green Series



NGV



506 Standard service stations  
As of December 2010



559 community service station



Lubricants oil

## New Business



Sunny Bangchak



Bangchak Biofuel




Ethanol



Plantation

Most refined products are sold directly to other oil traders via several transportation modes, such as pipeline, marine or roads while the rest is exported. More than 70% of the refined products are sold directly to consumers through the Company's own nationwide network of service stations. This retail network consisted of 506 standard service stations and 559 community service stations under the

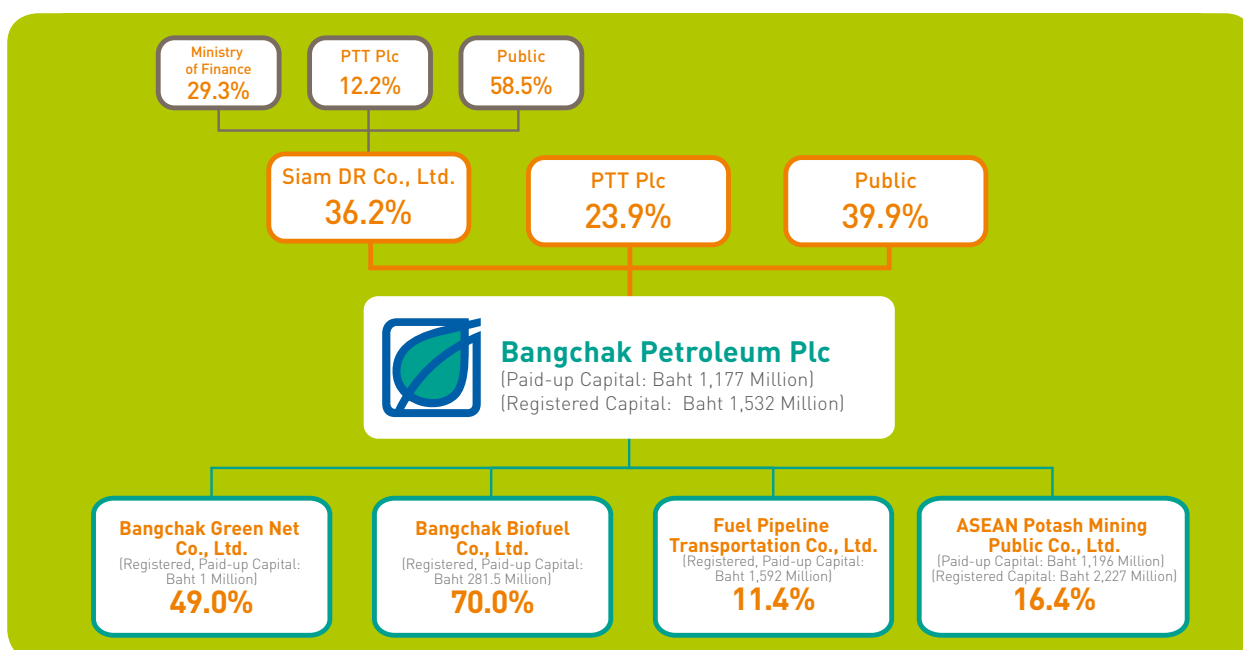
trademark logo  with direct distribution to users in the transportation, aviation, shipping, construction, industrial and agricultural sectors. The Company also runs supplementary businesses at its service stations. Instances include sale of consumer products in Bai Chak and Lemon Green outlets, engine-oil changing/maintenance and car wash centers under the Green Series business group, also

known as ‘Green Auto Service’, ‘Green Serve’, ‘Green Wash’, ‘Green Wash Auto Care’ and ‘Green Tire’. The Inthanin coffee shop, found at Bangchak service stations, is expanding to other key commercial areas and top educational institutions, including Inthanin Premio at the Central World shopping center and the Puey Ungphakorn Library of Thammasat University, Rangsit Campus. Today, 17 Bangchak service stations sell NGV as an option for consumers. In addition to fuel products, **the Company produces and sells “Bangchak” lubricants oil and special lubricant products (transmission fluid, brake fluid and grease).** Apart from sales to domestic markets through the network of Bangchak service stations, shops, factories and OEM (original equipment manufacturer) market, the Company exports its products.

Recognizing the significance of alternative energy, which benefits national energy security and lowers trade imbalances resulting from fuel imports, the Company has launched the Sunny Bangchak solar power plant project at Amphoe Bang Pa-in of Ayutthaya province, with 38 megawatts of capacity and at an investment outlay of Baht 4,200 million. Currently under construction, this project is due for completion in October 2011. **A research investigation on greenhouse gas reduction**, conducted with a consultant, is on course for completion in September 2011. Alternative energy-particularly ethanol and biodiesel-eases price problems of farm produce,

creates jobs, bolsters national energy security and creates income for farmers. The Company promotes the production and usage of ethanol and biodiesel by sourcing ethanol supplies for blending and selling **Gasohol 91 and 95, together with Gasohol E20 and E85, and blending of biodiesel to yield B2 and B5 PowerD.** To this end, the Company formed Bangchak Biofuel Co., Ltd., as a biodiesel processing center worth some Baht 1,000 million and located next to Bang Pa-in Depot in Ayutthaya province, with an average capacity of 300,000 liters a day, running mainly on crude palm oil and relying on sophisticated processing technology from Europe. This supports the expansion of sales of PowerD fuels of B3 and B5 formulas under a 15-year alternative energy development plan (2008-2022) of the Ministry of Energy. In addition, to diminish the public’s health hazards from the reuse of cooking oil and environmental problems arising from public discharge of used cooking oil, the Company has installed a biodiesel unit at the refinery with a capacity of 20,000-liter/day, running on either crude palm oil or used cooking oil, the latter of which is being used as the main raw material.

The Company has two subsidiaries, namely Bangchak Green Net Co., Ltd., and Bangchak Biofuel Co., Ltd., and invests in two companies, namely Fuel Pipeline Transportation Co., Ltd., and ASEAN Potash Mining Public Co., Ltd., as detailed in the equity chart below:



Note: As of December 31, 2010



### Bangchak Green Net Co., Ltd. (BGN)

The subsidiary was set up to manage service stations and inthanin coffee shop, including sell consumer products in Lemon Green and Bai Chak convenience stores to support the continued expansion of its retail business.

### Bangchak Biofuel Co., Ltd. (BBF)

Located in Amphoe Bang Pa-in, Ayutthaya, the subsidiary was set up to develop and produce domestic alternative fuels, starting with a 300,000-liter/day biodiesel plant running mainly on crude palm oil. Its management philosophy is centered on environmental considerations, as seen in the design and construction of an artificial water-management pond system relying on nature's help in water treatment from the country's first biodiesel plant with zero-discharge water management.

### ASEAN Potash Mining Public Co., Ltd. (APMC)

This company was set up to explore for and produce potash around Amphoe Bamnet Narong, Chaiyaphum, for manufacturing and sales as potassium chloride fertilizers. This project arose from collaboration among ASEAN member countries to capitalize on natural resources of member countries.

### Fuel Pipeline Transportation Co., Ltd. (FPT)

This company was set up to manage fuel transportation through a network of underground, multi-product pipelines starting from Bangchak Refinery in parallel with the railway leading to the Chongnonsri and Don Muang depots, and finally to the Company's Bang Pa-in Depot and FPT. This route was extended near the Makkasan area to Suvarnabhumi Airport to transport aviation fuel by JP-One Asset Co., Ltd.

## Revenue Structure

In 2010, the consolidated financial statements of the Company and its subsidiaries totaled Baht 138,192 million, consisting of Baht 136,449 million from the Company and the following from its subsidiaries, Baht 19,348 million from Bangchak Green Net Co., Ltd. (where the Company holds 49% equity) and Baht 2,474 million from BBF (where BCP holds 70% equity). Of this income, Baht 20,079 million was accounted for by connected transaction items, most of which came from selling refined products to Bangchak Green Net. Below is the revenue structure by product and service from all companies in 2008-2010.

Product/Service	Operated by	2010		2009		2008	
		Revenue (Baht Mill.)	%	Revenue (Baht Mill.)	%	Revenue (Baht Mill.)	%
Refined products <sup>1/</sup>	BCP and subsidiary	135,750	98.2	108,068	94.4	128,491	99.4
Consumer products	Subsidiary	619	0.4	613	0.5	551	0.4
Others <sup>2/</sup>	BCP and subsidiary	1,823	1.3	5,856	5.1	251	0.2
<b>Total</b>		<b>138,192</b>	<b>100.0</b>	<b>114,537</b>	<b>100.0</b>	<b>129,293</b>	<b>100.0</b>

Note 1/ The proportions of earnings from sales of products in the domestic in 2010, 2009 and 2008 is 87.6%, 85.4% and 78.4% respectively.

2/ Other earnings, namely, interest receivable, earnings from hedging gain, profit from exchange rates, loss adjustment from impairment assets, earnings from sales promotions, land lease, service station lease, equipment lease etc.

# Performance Review 2010

In 2010, the Company and its subsidiaries earned Baht 136,369 million in sales and service revenues and Baht 6,165 million in EBITDA (earnings before interest and depreciation) (or Baht 5,392 million in adjusted EBITDA). It had Baht 5,725 million in net interests payable and Baht 492 million in foreign-exchange profits, Baht 1,867 million in depreciation and amortization, and Baht 1,002 million in income taxes. As a result, its net profit came to Baht 2,889 million, of which Baht 2,813 million belonged to the major shareholders and Baht 76 million to the minor shareholders.



## Refining business

For the first time this year, the Company's Complex Refinery based on sophisticated hydro cracking technology was in operation year-round, after the Product Quality Improvement Project (PQI) was commercially run in late 2009 with consumption of natural gas-which is environmentally friendly and costs less-in its processes. The Company started its consumption of electricity and steam from PTT's utility project in the second quarter of the year, thus raising the efficiency and security of its power distribution system for the refinery's production. The year saw a net throughput of 86 thousand barrels per day, against 79.2 thousand barrels per day in 2009.

Its operating profit was higher, with a basic refining margin (exclusive of profits/losses arising from risk preventive transactions and of those arising from oil inventories) of USD5.65 per barrel, against USD 3.98 per barrel. In view of oil price volatility, fluctuation of refining margins at low levels and total regional supply still exceeding demand, the Company took assorted measures to raise its outputs and manage its refining margins to achieve the targeted revenue while taking good care of the environment. The actions taken are highlighted below.



- Closely monitored the world oil price to manage refining-margin risks by leveraging financial tools to conduct hedging and manage refining-margin exchange rate risks by entering into forward purchases of exchange rate risks
- Maintained crude oil supply from indigenous deposits, which had lower transport costs than imported crude oil. Indigenous crude oil yields low-sulfur fuel oil for exports and is thus more financially attractive than domestic consumption. The Company also sourced new grades of crude oil that yielded low-sulfur fuel oil and commanded cost-effective refining margins in line with the plans to refine more.
- Began construction of a project to upgrade the quality of gasoline to E R0 standards to begin refining and selling such gasoline, which contributes to more complete engine combustion while reducing air pollution. Since 2008, the Company had successfully refined and sold diesel under E R0 standards, well ahead of the government's enforcement date of January 1, 2012.
- Managed its crude inventory at low levels without affecting the refining business to lower risks arising from oil price volatility.

The Company still took safety, health, environment and energy (SHEE) in the operations of the refinery and depots seriously by continually campaigning for employees' awareness through assorted activities and taking part in various community relations activities around its refinery and depots to cultivate trust and friendship. To illustrate, it showed online air quality analytical results obtained from the measurement station located around the refinery (at Somthawil School), together with effluent quality results, on signboards for air quality and effluent quality located at the refinery entrance and around its community, namely at the entrance to and the rear of Wat Boon Rot and the Secretariat Department military housing units, as well as a new one at the Inthanin Coffee shop of the Piyarom Sports Club Department Store. The qualities were found to be superior to the required limits. This is regarded as joint examination of the Company's environmental performance conducted by the community.

## Marketing business

The total sales revenue from all marketing channels rose 6% from last year, that is, from an average of 61.5 KBD in 2009 to 67.1 KBD 2010 (or 324 million litres per month). For Bangkok Metropolis and its perimeter, the average retail marketing margin was about Baht 1.6 per litre, which was comparable to last year. The market share for clear fuels ranked third. The Company launched new products to raise its sales while expanding and maintaining its customer base through the Gasohol Club and focusing on alternative-energy market leadership by expanding and promoting sales of Gasohol E85, Gasohol E20 and PowerD B5. The market shares of the first two products topped market competition. In the industrial sector, its turnover rose by over 23% thanks to the expansion of the Company’s distribution channels to export markets and jet fuel markets in line with the increased output. With supply outpacing domestic demand and a highly competitive market, the Company took assorted key measures to raise its sales and maintain its customer base:

- Continually promoted and expanded sales of Gasohol E20, Gasohol E85 and PowerD B5. The Company raised the number of service stations selling Gasohol E20 by 162, selling Gasohol E85 by 3, and selling PowerD B5 by 16. It launched the first Northern Region service station offering Gasohol E85 at Mahidol Branch in the province of Chiang Mai, with more to follow nationwide to support more modern cars entering the market. It also raised sales and maintained its alternative-energy customers through the Gasohol Club, a customer relationship management project, which has consistently been in operation.




- Continued to stress the quality of service and the image of Bangchak service stations of cleanliness, modern looks, and responsiveness to more customers’ needs by launching a Service with a Smile project. The year saw Bangchak service stations come in second in a Brand of Choice survey (second consecutive year) by outside research company.



- Promoted and improved the image of supplementary businesses at Bangchak service stations to include a convenience store by the brand of Bai Chak, Green Series car care, and others. Inthanin Coffee shops have now been expanded to educational institutions like Chulalongkorn University’s Faculty of Engineering and Thammasat University’s Rangsit Campus. Inthanin launched a modern shop at CentralWorld Department Store, known as Inthanin Premio, to make it better known.
- Due to fierce competition in the industrial sector and the rising volume of outputs, the Company expanded its distribution of PowerD B5 to the wholesale customer group as well as expanding its exports to neighboring countries

## Bangchak Service Stations

As of year-end 2010

	Stations	Increment
	300	162
	5	3
	1,029	15





- As for lubricants, the Company consistently focused on its marketing to the industrial sector and neighboring countries while launching sales promotion and 100% synthetic lubricants (GE Platinum) for gasoline engines, with a superior API SN standard that minimizes fuel consumption. The year saw its sales jump 62% to 2.1 million litres per month.



## Business development

The Company is focusing on developing new businesses, both related to existing businesses and otherwise, to add value to its business and diversify risks to its revenue amid highly dynamic business circumstances and volatile oil prices. Its principle remains the driving of business that focuses on production and marketing with due regard for the environment and benefit to society for security and sustained growth. However, because of the domestic economic downturn in line with the global economic recession of the past year, The Company has revised and



refined its business direction and business development plan to prudently suit prevailing circumstances. The year 2009 was a successful one for Bangchak Biofuel Co., Ltd., in managing a biodiesel plant at Amphoe Bang Pa-in, which derived higher investment returns than expected. The year 2010 saw construction under the first phase of a unique solar power plant project, known by the name Sunny Bangchak, with 38 megawatts in capacity, also located at Amphoe Bang Pa-in of Ayutthaya province. The company signed a loan agreement with the Asian Development Bank (ADB) for Baht 4,200 million. With a commercial operation date in October 2011, the plant will promote Bang Pa-in as a learning center and Thailand's first tourist attraction for integrated alternative energy. The company plans to invest more in such power generation to reach 120 megawatts or more. Moving toward green energy business, The Company signed a power purchase agreement with the Provincial Electricity Authority, which granted an adder charge of Baht 8 per unit.



## Organizational capability development

Since organizational capability must be developed hand in hand with business, The Company has focused on doing such a job with efficiency and raising its competitiveness openly and transparently by international management principles. Personnel are developed to become professionals thanks to sophisticated IT systems and management of a sound corporate image to serve as a key driver for efficient and effective business, thus providing a big leap toward its goals.

## Professional personnel

The Company always recognizes that its personnel represent valuable resources for its sustained growth. In fact, this has been spelled out in its mission to employees: To develop The Company personnel into professionals, starting from systematic and efficient development of human resource management on competency-based management to developing core competencies to support future vision and business expansion.

These competencies consist of six key characteristics:

- Ability for adaptation and initiation
- Leadership
- Teamwork spirit
- Organization commitment
- Personal mastery
- Social and SHEE awareness.



Then there is the development of functional competencies, which differ from one person to the next, subject to their roles and responsibilities. The bottom line is to enable employees to perform their work effectively and most efficiently. In addition, the Company develops executive competencies, which enables it to define individual development plans to best suit employees and their responsibilities. And to cultivate a love of lifelong learning, the Company has instituted a modern knowledge management system that is simple to use and easy to share through an interactive knowledge management system together with the development of communities of practice, for instance, engineers, chemists and planners, to promote joint learning, sharing of experiences and innovative thinking. The Company promotes learning through other activities, including IT Day, CG Day, KM Day, and SHEE Day, apart from internal radio programs featuring practical information, including law, IT, risks, accounting, taxes and corporate governance. All these form the Company’s approach for moving toward a learning organization, which is a long-term corporate objective.

Besides personnel capability development, the Company focuses on nurturing employee engagement. In 2010, an

employee engagement survey by an internationally accepted consultant found that the Company’s employee engagement ranked in the 69th percentile, which was a vast improvement over the previous year. It is the Company’s plan to raise this further to the 80th percentile within five years, since highly engaged employees are ready to join forces and dedicate themselves to help the Company succeed.



## Transparent business processes of world-class efficiency

The Company continues to drive the application of ERM (Enterprise Risk Management) down the organization by educating and brainstorming employees to identify, assess and define management plans for risks affecting corporate goals down to those of sections. A Work Process Improvement Taskforce (WPI) consistently reviews and revises work processes throughout the Company to be on a par with international standards and meet the criteria of the Thailand Quality Award (TQA) through the push of a TQA Steering Committee. This past year, The Company won a Thailand Quality Class (TQC) award, which spoke volumes for the quality and efficiency of its work processes.

The Company also promoted and encouraged the application of IT to add efficiency and transparency to work processes, including the Plant Information Management system (PIMs), development of TAS Interface at Bang Pa-in Depot and the IT improvement to the ISO 27001 for Network and Data Center.



### **Sophisticated and transparent corporate image, filled with social responsibility and sustainable growth**

The Company has focused on a corporate image of sophistication, transparency and responsibility to society by winning for the fifth year a Top Corporate Governance Report Award, for the fourth year a Top Corporate Social Responsibilities Award, and the ultimate honor-SET Awards of Honor-as a company with continuous excellence, presented at the SET Awards 2010 event. These awards were supplemented by an Award of Excellence for Community Development Program of the Year, presented at the Platts Global Energy Awards 2010 Asian event. Incidentally, the Company was the only Thai winner of this award. The Company also won the best Sufficiency Economy award for a major enterprise that had applied the Sufficiency Economy philosophy to modern business management, sponsored by the Chaipattana Foundation, Office of the Royal Development Projects Board, Ministry of Interior, Bureau of the Budget, Royal Thai Army and the Sufficiency Economy Institute of National Research and Development. Cited

for this award was the Company being a unit with proper business management under corporate governance, transparency, information disclosure and being open to scrutiny. The Company also won a Titanium award for corporate governance, presented by The Asset Magazine and a Plaque presented under a Project on Transparent Organizations. On the environmental side, on World Environment Day 2010, the Company won admiration for being a unit that has committed environmentally beneficial deeds. On the marketing side, The Company won a Trusted Brand (gold) award for 2010 for Thailand as a result of Reader's Digest readers' votes in the category of service stations. All these awards resulted from the Company's business conduct filled with due consideration for transparency, stakeholder participation and responsibility to society and the environment under consistent corporate governance.



# Operation Outcomes on Safety, Health, Environment and Energy

The Company places importance to safety, occupational health, environmental, and energy management to ensure that its operations do not affect the safety, occupational health and environment of employees, its property, as well as those of its contractors, communities, and the public, and to ensure cost-effective use of energy. The Board and the management therefore defined a policy and framework for safety, occupational health, environmental and energy management as follows.



## Health, Safety, Environment, and Energy (SHEE) policy The Bangchak Petroleum Public Company Limited

The Bangchak Petroleum Plc (BCP), a Thai company, with an integrated energy business, ranging from supply sourcing, oil refining, to marketing under a business culture that requires it to ‘working towards sustainable business development in harmony with the environment and society’.

Therefore, it considers its SHEE management system, covering all activities, products, and services, the key to business success, and it is the direct responsibility of all executives and employees, as well as that of contractors working on behalf the Company, to:

- Work safely, creating no undue impact on themselves, related parties, the community, and the environment
- Observe all occupational safety, health, environmental, and energy-related laws
- Prevent oil pollution, spills, and losses
- Prevent all accidents and illnesses
- Use resources, that is, energy, water, and chemicals to their best value and according to goals.

The Company executives are to provide adequate resources which operationally suitable to achieve goals and targets, and train all employee adequately to ably perform their duties and fulfill their responsibilities while encouraging staff participation in sharing views and revising policies and management systems.



(Signed) *Anusorn Sangnimnuan*  
(Mr.Anusorn Sangnimnuan)  
President



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The management structure for occupational health, safety, environmental and energy management consists of policy and operations control teams, with members from related units working under a structure that promotes collaboration among all units and employees, namely:

**Safety, Health, Environment and Energy Management Team (SHEEM):**

defines management system policies and guidelines, and regularly reviews the safety management process while supplying resources for continual process development.

**Safety, Health and Environment Committee (SHEC):**

In compliance with the laws, consists of employee representatives as members from the first year of law enforcement on safety committees and works with operation safety subcommittees for greater work safety.

**Safe Operation Team (SOT):**

reviews operation procedures and past performances screened by the JSA&QCA, HAZOP and EQT teams to comply with safety standards while reviewing incident reports and define protection approaches. Apart from the relevant managers, SOT members consist of managers of the operations, technical, and engineering lines of the refinery.

**Safety, Health, Environment and Energy Promotion Team (SHEEP):**

through open participation for everyone, promotes awareness of safety, occupational health, environment and energy in each employee's performance.

**Job Safety Analysis & Quality Control Analysis Team (JSA&QCA):**

reviews work processes for safety and detailed quality control.

**Hazard Operability Team (HAZOPS):**

through the HAZOP technique, revises designs and modifications to refinery pipelines, instruments and equipment to meet the Company's technical principles and engineering standards for safe applications.

**EQT Team:**

executes design and controls quality to meet design standards.

The Company continues to maintain the BS OHSAS/TIS 18001 of 2007 standard for its occupational health and safety management systems for its refinery, Bangchak Depot, and Bang Pa-in Depot, in addition to its certification under ISO 14001, ISO 17025 (for laboratory quality) and ISO 9000 (for lube products).



The Company consistently inspects and modifies safety equipment, including fire extinguisher pumps and firefighting pipe works and secures adequate personal protective equipment.

As for emergency preparedness, the Company has put in place emergency plans and other crisis management plans, incorporating management, operating structure and procedures for emergency notification and termination, coordination with internal and external units, evacuation and rehabilitation, as well as staging continual emergency drills.

Recognizing the value of sustained development of human resource capability, the Company has established an environmental and safety training center at the Bang Pa-in Oil Distribution Center in Ayutthaya province to continually provide integrated safety training-basic and advanced fire extinguishing, fire extinguishing techniques, emergency incident command, and annual fire evacuation-to employees, government agencies, communities, and the public.





## Environmental Performance 2010

In 1997, Bangchak Petroleum Plc. was the first company in Southeast Asia to implement ISO 14001 as its main tool for environmental management. Ever since, it has made continual refinements to the system. Today, the Senior Executive Vice President (Refinery Business) chairs the Occupational Health, Safety, Environmental and Energy Management Committee, which is the Company's supreme environmental management panel. Thanks to the excellent support of all employees and contractors working on its behalf in compliance with the Occupational Health, Safety, Environmental and Energy Policy and the requirements of ISO 14001, the Company achieved the certification for the 13th consecutive year while extending the scope of its implementation to the newly built refining unit and the Bang Pa-in Oil Distribution Center.

Since compliance with the law is one of the policy items, all employees and contractors value and observe it in their workplaces. Twice a year, the Company monitors such compliance with laws dealing with safety, health, and environment and energy by an assigned assessment team. In addition, thanks to assorted legal advice provided by its Legal Office, the Company complies with relevant laws.

Since the Company has ensured that its effluent and air emissions are superior in quality to the levels required by law, it is confident of publicizing such parameters on-line, linking them to the signboard at the entrance to the refinery. What is more, environmental parameters are communicated so that the community as a whole may take part in inspecting the Company's environmental performance. Specifically, this is done by installing additional signboards or monitors showing the qualities of air emissions and effluent from the refinery, including the ambience air quality, around the community and at Piyarom Sports Club. This year the Company is installing one more air quality measurement station at the Defence Ministry Office of the Permanent Secretary's officers' residences at the entrance to the refinery, in addition to the station at Somthawil School.

The Company has participated in a VOC (volatile organic compound) emission database project with the Department of Industrial Works. Taking the emission of greenhouse gases seriously, it has also jointly prepared a database with PTT Group to continually plan emission reduction of these gases. orange orchard in Rangsit into an oil palm grove to add supply. The Company also has a new business plan to invest in green energy projects. In 2010, the Company has also expanded core investment in renewable energy businesses:

1. A solar power plant project, with 38 megawatts in capacity, also located at Amphoe Bang Pa-in of Ayutthaya province.
2. A learning and development centre to turn a deserted orange orchard in Rangsit into an oil palm grove project. This project arose from collaboration between the Company and government to add agriculturists' income, cut carbon dioxide emission by about 500,000 tons per year equivalent, prevent flood in economic areas.

To elevate its environmental standards to pave the way for sustainable development, the Company is launching novel projects to benefit the environment, which have won investment promotion:

- Installation of natural gas process to lower the stack emission of sulfur dioxide
- Reduction of waste water as a result of effluent improvement and reuse, thanks to advanced technology
- Installation of discharged thermal energy conversion, turning waste thermal energy into electricity, latest technology from Japan

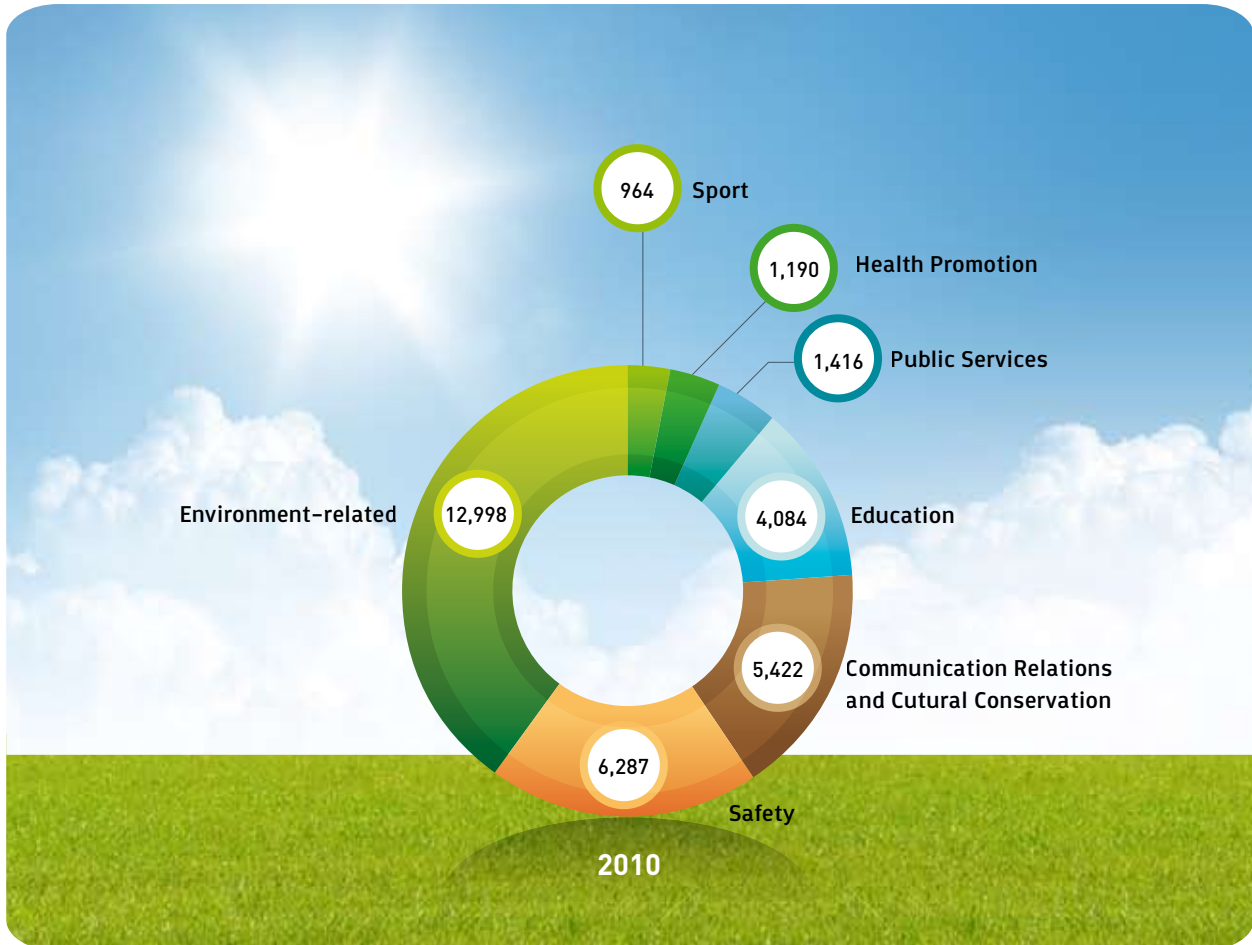
In 2011, the Company plans to link a ready-made program to its databases and implement it with existing processes for even more efficient environmental management.

# Sustainable Development in Harmony with the Environment and Society

Thanks to its corporate vision and culture, as well as its business conduct consistently based on sustainable development, environmental and social values are passed along to all employees in forging good things and in their volunteering spirit, which reflects employee culture: “To be virtuous, knowledgeable and contributive to society”.

In 2010, The Bangchak Petroleum Plc continued to initiate environmental and social activities based on sustainability and in tune with its stakeholders. Its concept starts at the smallest and most crucial social institution-the family-which trains the seeds of society to become a citizen, which is why the Company has focused on continually improving the quality of life for families and youths in various aspects. Throughout the year, more than 30 projects attracted more than 32,300 participants, illustrated in the following chart:

## Number of Activity Participants







## 1. Education

- 1.1 Ultimate Renewable Energy Project, Year 2
- 1.2 My School Project (Pee Bangchak Son Nong)
- 1.3 Non-formal Education for Communities Project
- 1.4 English for Kids at Bang Nam Phueng Nok School Project
- 1.5 Open up the World of Knowledge Project
- 1.6 Project Citizen
- 1.7 Teaching Capability Development for Science, Math and English Teachers Project
- 1.8 Bangchak Youth Scholarship Project
- 1.9 Bangchak Young Blood Dance Project
- 1.10 Ban Dontri Thai Teacher Project
- 1.11 Mobile School Project



## 2. Safety

### Bangchak Cares for Community/School Safety

- 2.1 Elementary Community Safety Training and Drills Project
- 2.2 Elementary School Safety Training, Patient Transfer and Drills Projects



## 3. Sports

- 3.1 The Sixth Bangchak Youth Futsal Tournament Project
- 3.2 Bangchak Youth Sports Camp
- 3.3 Improvement of Futsal Pitches and Sports Ground, Bang Na Housing Authority



## 4. Quality of Life

- 4.1 Waen Kaeo Project
- 4.2 Lung Examination for Community Project
- 4.3 One Family Project, Year 17
- 4.4 Bangchak Children's Day



## 5. Environment-related

- 5.1 Sapling Planting, Phu Long Reforestation Project and Thot Pha Pa, Raksa Ton Nam (Monk Robe Offering, Keeping Water Source) Project
- 5.2 Bai Mai Family Saves Electricity through T5 Fluorescent Lamps Project
- 5.3 Six Eco Schools Project
- 5.4 Installation of LCD Monitors Showing Environmental Parameters to Community Project
- 5.5 Mobile Families: Sapling Planting, Phu Long Reforestation, Chaiyaphum
- 5.6 Mobile Families: Mangrove Reforestation at Khlong Khone, Samut Songkhram
- 5.7 Purchase of Used Cooking Oil for Biodiesel Production Project





## 6. Community Relations and Cultural Conservation

- 6.1 Mobile Communities Project
- 6.2 Bangchak Summer Camp Project
- 6.3 Community Calls Project
- 6.4 School-break KIDS Project
- 6.5 Khrop Khrua Bai Mai Bulletin and Rop Rua Bangchak Newsletter
- 6.6 Taking Kids to Movies
- 6.7 Joint Volunteering between Bangchak and Its Neighbors (monk crochet cap making and presentation)

## 7. Public Services

- 7.1 Installation of Lamp Posts in Community
- 7.2 Renovation of the Thammasala Child Development Center at Wat Thammongkhon (a continued project)
- 7.3 Upgrading of Computer Center, Amnuai Kanok Siri Anusorn School

## 8. Economic

- 8.1 Promotion to turn community products into promotional products, including luk yee preserved, jackfruit crispy, plant seeds
- 8.2 Income creation for communities by ordering food, hires local people to deliver Khrop Khrua Bai Mai bulletins to the refinery's neighboring residents etc.

It has been over two decades that the Company has remained committed to its ideal while undertaking business with responsibility to society and the environment for the happiness of community members. About 97.81% of these community members have long embraced the Company's social and community relations work, with appreciation, trust and recognition of its earnest intention to concretely upgrade its work. About 59.85% trust the Company, likening it to an acquaintance and a true friend who has always worked with the community. Finally, 6.08% accept and consider the Company as a family member, treating it on intimate terms as they do relatives.<sup>1</sup>

<sup>1</sup> Dr. Kitichai Ratana, "Research Investigation to Assess Bangchak Petroleum Plc.'s Community Relations Performance, 2009-2010"



## Awards of 2010

The year 2010 saw continual recognition of the Bangchak Petroleum Plc, by the public as well as various entities, as a company with transparent corporate governance and management with efficiency, social responsibility, and environmental awareness.

- **First prize at a contest of Sufficiency Economy practices for large corporations (for modern- management adaptation of the principle)**, presented at the second such event, organized by the Chaipattana Foundation, Office of the Royal Development Projects Boards, Ministry of Interior, Bureau of the Budget, Royal Thai Army, and the Sufficiency Economy National Research and Development Institute.
- **Thailand Quality Class (TQC) Award of 2010**, organized by the National Quality Award Office. This award honors entities with integrated organizational management systems under the National Quality Award guidelines, as well as world-standard quality.
- **SET Awards of Honor**, presented at the SET Awards 2010 event, organized by the Stock Exchange of Thailand (SET) and **Finance and Banking Magazine**: organized by the Stock Exchange of Thailand (SET) and Finance and Banking Magazine:
  - **Top Corporate Governance Report**, in its fifth straight year. This award honors listed companies with outstanding reports on compliance with corporate governance
  - **Corporate Social Responsibilities**, in its fourth straight year. This award honors listed companies with outstanding social responsibility practices.
- **Titanium Award (Corporate Governance)**, presented at **The Asset Corporate Awards 2010**, organized by The Asset Magazine. This award honors entities with outstanding Corporate Governance, which compared aspects of listed regional companies.





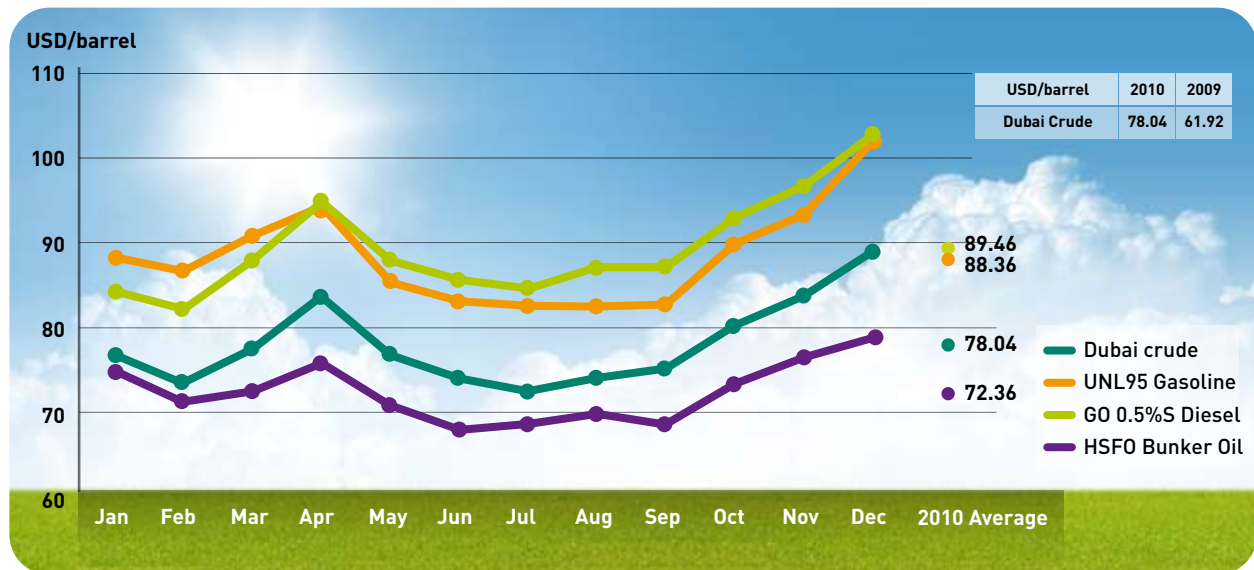
- Award of Excellence (Community Development Program of the Year), presented at the Platts Global Energy Awards 2010 event. This award honors entities with outstanding aspects of management in Asia. the Company was the only Thai winner of the award.
- The assessment outcome of a survey on good corporate governance reports of listed companies of 2010, organized by IOD (Thai Institute of Directors), showed that the Company commanded ‘excellent’ ratings in all categories, with top average scores for all categories among the entrants.
- A plaque presented under a project on transparent organizations to those with promotional activities for corporate governance, righteousness, and transparency. the Company was among the ten private-sector finalists at this event, hosted by the Office of the National Anti-Corruption Commission.
- Honorary award as an entity engaged in environmental public service presented on the World Environment Day 2010 by the Ministry of Natural Resources and Environment.
- A perfect score of 100 for its quality under the Annual General Meeting (AGM) for 2010 project, sponsored by the Office of the Securities and Exchange Commission (SEC) in conjunction with the Listed Companies Association and the Thai Investors Association.
- ‘Quality and Safe Service Stations Awards’, sponsored by the Department of Energy Business and designed to raise the quality of nationwide service stations. The Company was named for its 75 service stations, of which 16 were gold, 31 were silver, and 28 were bronze.
- Certificate for potable piped water given by the Provincial Waterworks Authority for the quality of the company’s water, which passed the recommended standards of the World Health Organization of 2006.
- Trusted Brands Awards 2010 given by votes from Reader’s Digest Magazine readers, as a Thai brand of excellence (gold level) in the service stations category.



# Business Overview and Competition Outlook

The global economy continuously recovered through 2010 as a result of corrective economic measures launched by numerous state governments, particularly the so-called Quantitative Easing (QE 2) measures implemented by the US government. All these measures successfully recouped global financial credibility and worldwide capital flow as well as the rise in commodity demand, including oil consumption. The world oil price rose gradually through 2010 and fluctuated in line with the world economy: a rise in Q1, followed by drops in Q2 and Q3 and ending the year with another rise. The year's Dubai average price was USD 78.04 per barrel compared to the 2009 average of USD 61.92 per barrel. Refineries' profits from their inventories of Dubai crude, as a result of recovering world economy and the rising oil price, jumped from USD 77.95 per barrel at the end of 2009 to USD 90.03 per barrel at the end of 2010.

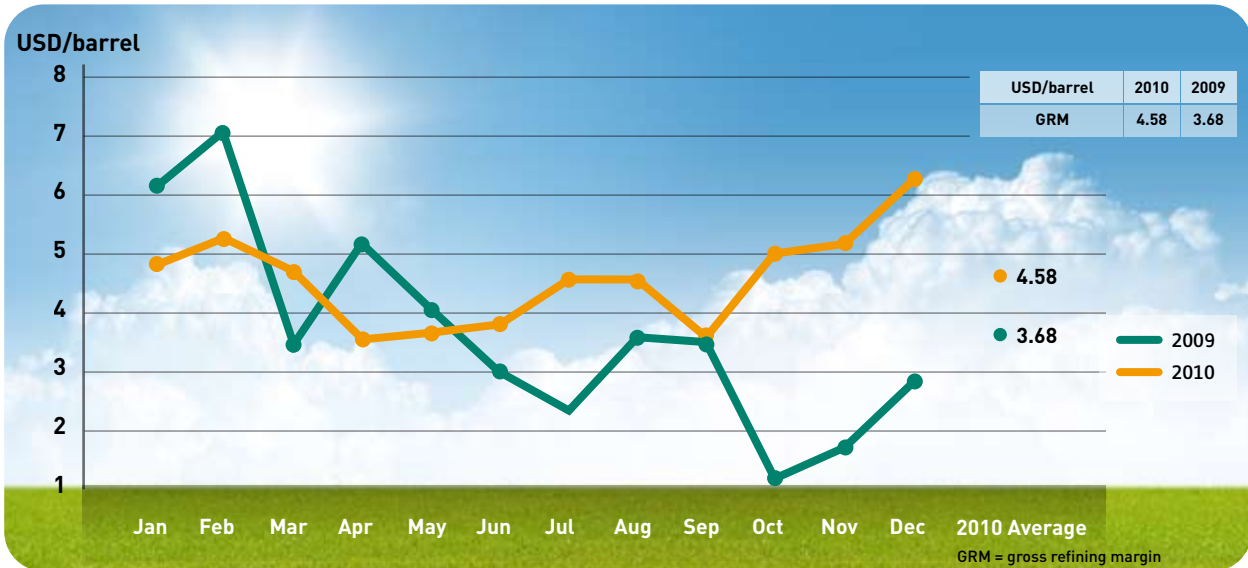
## 2010 World Oil Price Movement



Thanks to the global economic recovery but considerably high public debts in certain European countries, massive cash was flowing to Asia. While the difference between refined products and Dubai light crude (diesel, gasoline and jet fuel) rose significantly from 2009, the gap between fuel oil and Dubai crude tapered. As a result, the Singapore average gross

refining margin of Dubai hydrocracking climbed from USD 3.68 per barrel in 2009 to USD 4.58 per barrel in 2010. Industrial sectors inevitably turned from fuel oil to other alternatives as a result of increasing oil prices. Thailand's refining margin was also hurt by the government policy on LPG price control.

## Gross refining margin movement of Singapore Dubai-hydrocracking (DB-HC) 2010 As. 2009

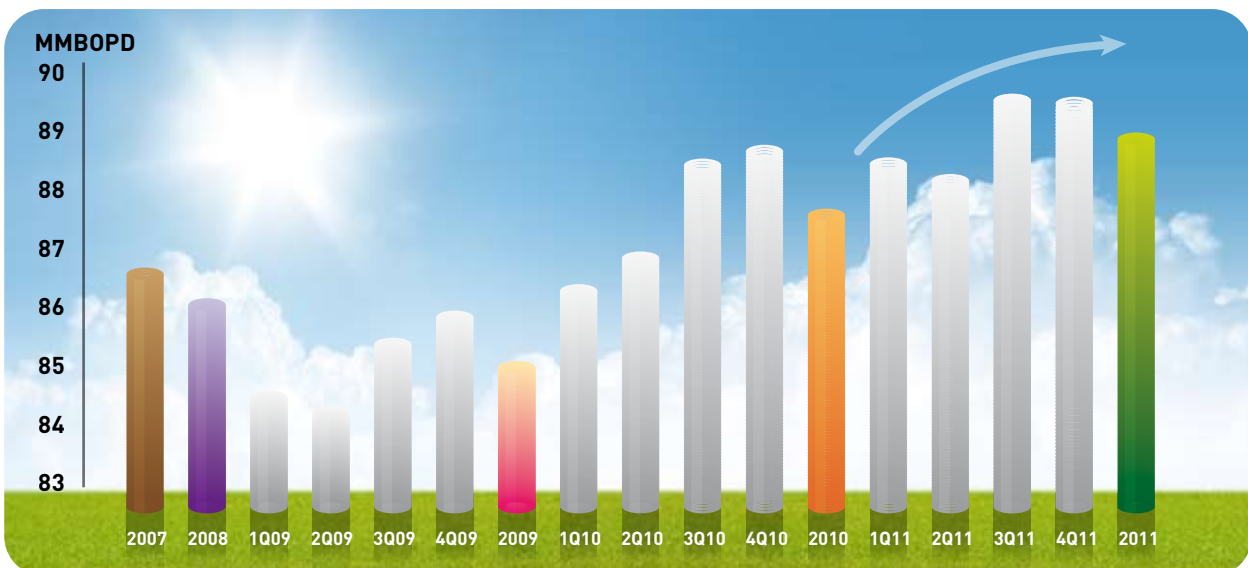


Source: Reuters

The International Monetary Fund (IMF) estimated a world GDP rise from -0.6% in 2009 to 5.0% in 2010. This economic recovery drove global oil demand by 2.8 million barrels per day

(MBD) or from a daily average of 84.9 MBD in 2009 to 87.7 MBD in 2010, a steady increase from 2007 and 2008.

## World Oil Demand



Source: International Energy Agency, January 2011 Release



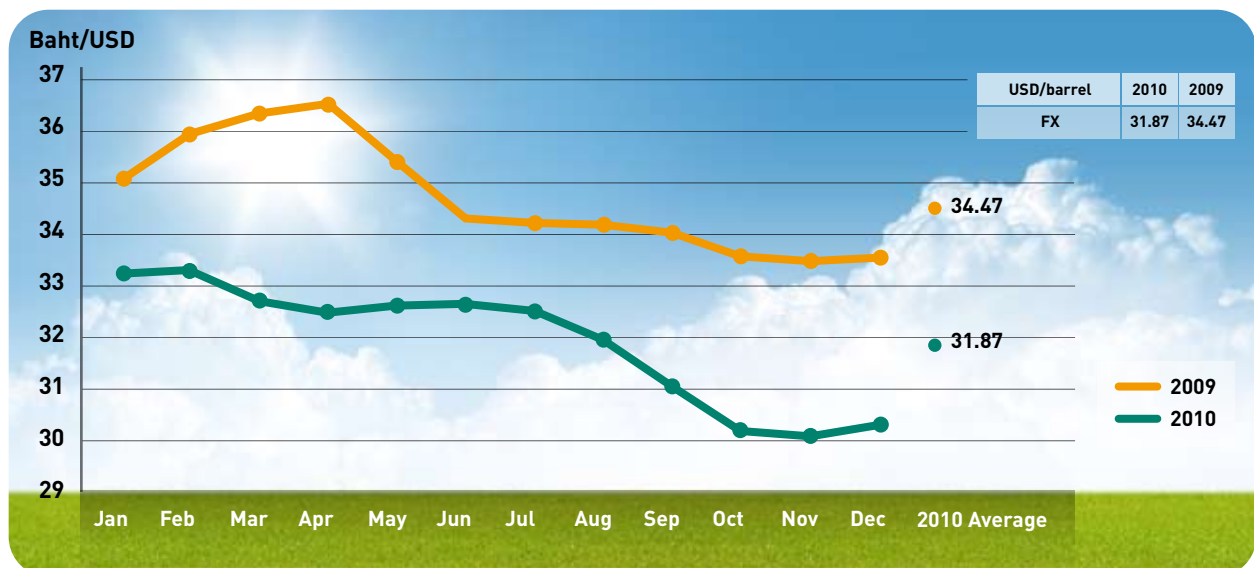
The International Energy Agency (IEA) has announced a 2011 forecast of steadily increasing demand for oil, reflecting continuous economic growth in line with the IMF forecast. However, due to uncertainties witnessed by QE 2 measures implemented by the US government, very high public debts in European countries and increasing inflation in Asian markets, the IEA's projection of world oil demand for 2011 is only 4.4%.

Many countries have, however, promoted alternative and renewable energy sources such as solar energy, wind energy and biomass in 2011 as substitutions in view of rising fossil fuel prices, which stemmed from continuous economic recovery and subsequent global oil demand, as well as artificially weakened the US dollar because of the QE 2 measures. Although the demand for refined products is high and refineries are running at their maximum capacities, there are more refineries coming on-stream in Asia, and the refining margin is therefore expected to be steady compared to the 2010 level.

Even with negative impacts from the strengthening of the Baht currency to exporting and of natural disasters on manufacturing and domestic consumption, Thailand's GDP was estimated at 8.0%, buoyed by global economic recovery, jump in export volumes, investment increase and steady private consumption growth.

Following the economic recovery in stages, tremendous financial liquidity moved from developed countries, including the US, Europe and Japan into emerging countries in Asia with strong economic fundamentals, including Thailand. As a result, our currency rose from 35 Baht per USD in 2009 to 32 Baht per USD in 2010. The rising Baht currency had considerably helped cap the increasing world oil price locally, especially for refined products, after conversion from US dollars into Baht.

### Thai Baht Currency Movement with US Dollar, 2010 Vs. 2009



Despite the continuous global and regional economic recovery, in January 2011 the Bank of Thailand (BOT) projected Thailand's GDP at 3.0-5.0%, a slowed-down growth due to inflationary pressure, rising production costs, increasing interest rates and global economic uncertainties caused by rapid international monetary flow and the weakening of the Baht currency affected by political instability during the upcoming general elections.

## Domestic Oil Market

With the increasing gross refining margin and global oil demand, as well as the growing domestic economy, the domestic refining capacity (crude run), averaged from seven refineries including Thai Oil, IRPC, ESSO, Star Petroleum, PTT Aromatics and Refining, Bangchak and Rayong Purifier refineries rose by 2.9% from 2009 to 960 thousand barrels per day (KBD) in 2010. The Company's refinery alone had an increase of 11.9% for the same period. The 2011 total crude run is projected to be close to the 2010 level, since many refineries are set for planned maintenance shutdowns.

### Average Crude Run by Domestic Refineries

Refinery	Crude Run (thousand barrels/day, KBD)		
	2010	2009	Difference
Thai Oil	255.6	268.2	-4.7%
IRPE	173.0	137.5	+25.8%
Esso	124.7	142.6	-12.6%
Star Petroleum	161.2	152.9	+5.4%
PTT Aromatics & Refining	146.2	143.3	+2.0%
<b>Bangchak</b>	<b>88.6</b>	<b>79.2</b>	<b>+11.9%</b>
Rayong Purifier	10.6	9.2	+15.2%
<b>Total</b>	<b>959.9</b>	<b>932.9</b>	<b>+2.9%</b>
<b>Total capacity</b>	<b>1,097</b>	<b>1,072</b>	

Source: Department of Energy Business

## Marketing Business

The local demand for refined products rose by 3% from 2009 to approximately 117.5 million litres per day (739 thousand barrels per day, KBD) in 2010. However, due to rising retail prices and impacts from natural disasters, the demand for refined products such as gasoline and fuel oil, dropped. The average 2010 retail price of gasoline and diesel was 33 Baht/

litre, against 25 Baht/litre in the previous year. In view of the projected economic growth at a slower pace and the seasonal local demand in 2011, the domestic fuel oil demand is expected to increase only slightly. This, however, depends on world oil price movement, which dictates the local demand.





## Domestic Refined Product Demand

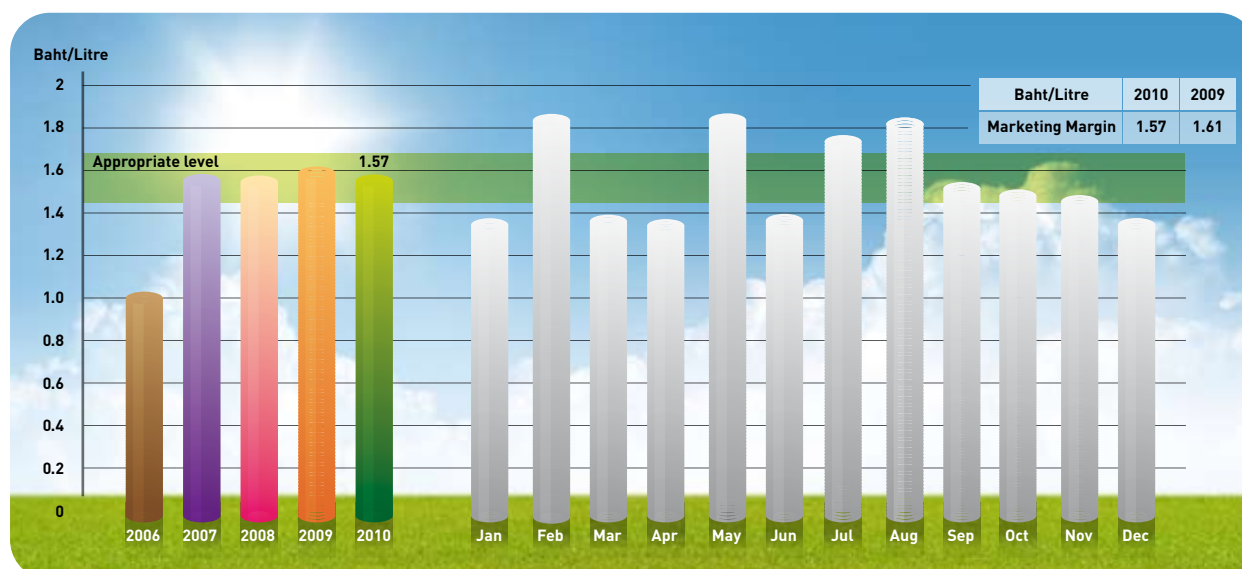
Product	Demand Volume (million litres/day)		
	2010	2009	Difference
Regular Gasoline	8.3	8.4	-1.2%
Gasohol	12.0	12.2	-1.6%
Gasoline Group	20.3	20.6	-1.5%
Jet Fuel	13.0	12.2	+6.5%
B2/B3 Diesel	31.3	28.2	+11.0%
B5	19.3	22.3	-13.5%
Diesel Group	50.6	50.6	-
Fuel Oil	7.3	7.5	-2.7%
LPG	26.4	22.8	+15.8%
<b>Total</b>	<b>117.5</b>	<b>113.4</b>	<b>+3.6%</b>
(KBD)	739	713	+3.6%

Source: Department of Energy Business

The government has promoted alternative energy, including gasohol E20, gasohol E85, biodiesel B5 and renewable energy such as solar, wind, wave and hydrogen energy, due to the elevated high oil price and greater impact of global warming. The announcement to enforce the use of biodiesel B3 as a substitute for biodiesel B2 was made on June 1, 2010. The policy calls for increasing biodiesel proportion in high-speed diesel, awaiting a study on the demand and supply of palm oil. The enforcement is expected in early Q2 2011.

Despite the high volatility of the world oil price in 2010, gasoline retailers managed the pricing movement with the retail marketing margin, inclusive of the dealer's margin and transportation expense reimbursement, at an average of 1.57 Baht per litre for Bangkok Metropolis and its perimeter. This is considered appropriate to sufficiently attract retailers to continuously improve and keep their operations and service safe and environmentally sound.

## 2010 Bangkok Metro and Vicinity Gross Marketing Margin

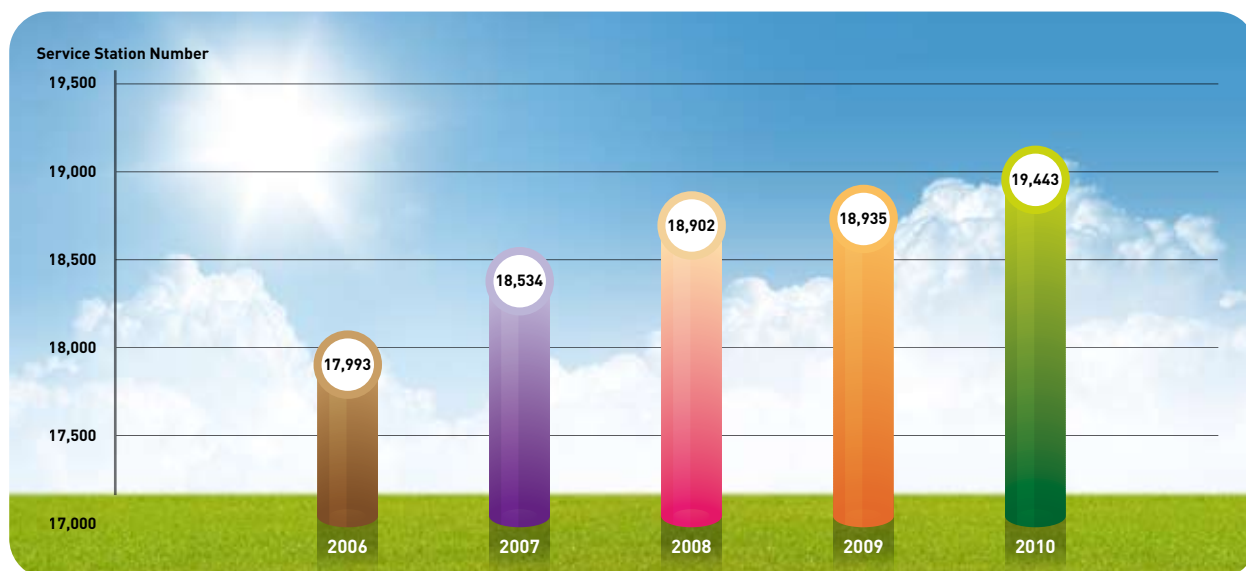


## Service Station Market

Despite the economic recovery and the overall increased production, sales of gasoline of all types at service stations nationwide fell by 1.1% from 2009 to an average of 1,375 million litres/month in 2010 due to higher oil prices and the effects of floods in many parts of the country. However, the jobber market was up as a result of higher fuel demand. There were 508 new service stations in 2010, resulting in a total of 19,443 stations nationwide at the end of 2010. Following the promulgation of Article 7 of the Commerce Ministerial Regulation on qualifications of retailers and the government policy to promote the use of gasohol E20 and E85 under the

15-year Renewable Energy Development Plan (REDP), the number of new service stations in 2010 reflected the increasing use of liquefied petroleum gas (LPG), gasohol and biodiesel. Of the total service stations, LPG is now sold at 145 stations; gasohol 95, gasohol 91, gasohol E20, gasohol E85 and biodiesel B5 are offered at 31, 152, 159, 3 and 126 stations respectively. Consumers can now buy gasohol 95, gasohol 91, gasohol E20, gasohol E85 and biodiesel B5 at 4,142, 2,893, 430, 8 and 3,802 service stations respectively nationwide. The number of stations providing alternative energy and LPG has been steadily increasing.

## Number of Service Stations selling all types of gasoline, 2010



Source: Department of Energy Business

## Industrial and Lubricant Markets

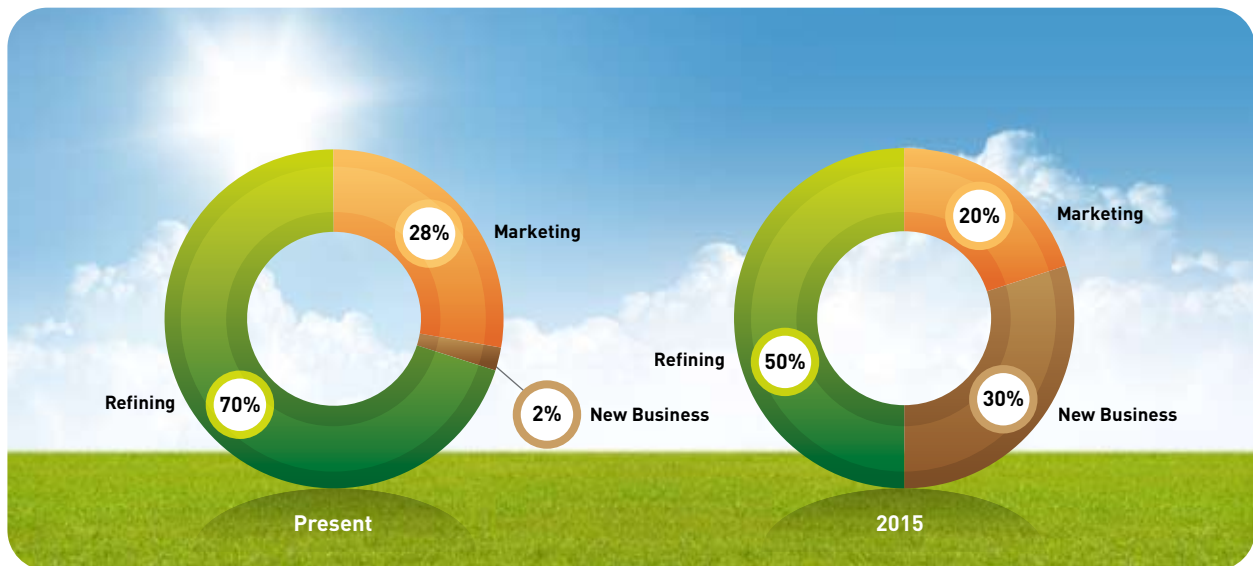
As a result of higher refined product prices, in line with the increasing world oil prices, the use of natural gas and coals continued to climb as cheaper alternatives. The overall domestic consumption of fuel oil dropped to 7.3 million litres/day, a further drop from 3% of the previous year, and is expected to drop more in the future. Considering the increasing overall refining volume with a limited increase in domestic demand, market competition is inevitably more intense. The demand of natural gas for the industrial sector

rose by 12% from the previous year. For the lubricant market including grease, domestic sales edged up by 0.03% to approximately 1.6 million litres/day. The automotive lubricant sector continued to maintain its position as the largest user with a 60% market share and grew its consumption at 6.9% in 2010. The manufacturing sector dropped its demand for lubricants slightly by 0.1%, but is expected to consumer more in the future as a result of national economic growth.



# Organization Growth and Development

For the last 25 years since the start of its energy business in 1985, The Bangchak Petroleum Plc has always been committed to the corporate culture of “sustainable business development in harmony with the environment and society.” It will continue to do so with an aim to strike a balance between business values and those of the environment and society through the consistent application of a self-sufficient economy, good governance and social responsibility to its operations and goal achievement.



For sustainable business value creation, the Company will restructure its current revenue stream of 70% : 30% between refining and marketing businesses, which is vulnerable to the volatility of oil prices and refining margins depending on the regional and world economies. Within 2015, the targeted revenue structure will be 50% : 20% : 30% for refining, marketing and new businesses. Emphasis on new business will be on clean energy and alternative energy with a steady income and low dependence on external factors, such as solar power plant, palm-oil biodiesel production including palm plantation and wind power. It will steadily add value to the business and diversify the risks of income sources in the future.

Over the next five years (2011-2015), the Company plans to invest more than Baht 20,000 million in new businesses including solar power plant, ethanol production and potash mining while continuing to invest in refining efficiency improvement through a benchmarking program against other international complex refineries. It also plans to invest to expand and modernize marketing networks into more prime areas to support increased production from the Product Quality

Improvement (PQI) unit and that from refining business growth. The Company has focused on organizational development, especially on its employees, who are well-trained under the new competency-based training system to be capable of coping with business changes. To support future business expansion, the Company is gearing up toward being a learning organization by encouraging and cultivating in its employees the love of learning, especially that of new businesses, through an interactive knowledge management system as well as setting up communities of practice for all to learn from and share their knowledge and experience. Furthermore, the Company is developing its human resource management and employee engagement programs to a higher level on a par with those of world's leading companies. Its employees are cultivated with virtues and public service, in keeping with its employee culture. Finally, having won the TQC (Thailand Quality Class) in 2010 and paved the way for being a company with management excellence, the Company has applied management principles in line with the Thailand Quality Award criteria to develop more efficient, transparent and internationally competitive businesses and processes.

The Company manages not only for steady and continuous business growth, but also for sustainability by balancing business values with social and environmental values. Social and environmental performance indicators are properly cascaded down to various operating units and groups. All operation plans must be linked to these indicators and must not conflict with social and environmental goals. The core strategies for social and environmental sustainability are as follows:

### **Open, Transparent and Verifiable**

The Company adheres to an open, transparent and verifiable policy in its operations. Operational data are transparently disclosed under good corporate governance and The Stock Exchange of Thailand rules. Applying proactive environmental management, it discloses the actual data on quality of air and effluents around the refinery by posting such information at the entrance to the refinery and in surrounding communities.

### **Socially and Environmentally Friendly Business Models (In-process)**

Aware that business operations that lack social and environmental activities are unsustainable, the Company is determined to do business in such a way that not only can it sustain continuous growth, but also simultaneously generate positive impacts on society and the environment. Such a model that the Company has been operating successfully is the cooperation of retail stations and agricultural cooperatives. The Company buys agricultural products from cooperatives in different communities and uses them for retail stations' sales promotion to create

jobs and revenue in support of the economic and social development of the communities. In the future, the Company, in cooperation with the Ministry of Agriculture and Cooperatives, the Ministry of Energy and the Bank for Agriculture and Agricultural Cooperatives, will initiate a conversion of abandoned orange farms to palm plantations for orange farmers in Rangsit. The palm produce will be their new source of income and promote the use of alternative energy, which has been a the Company initiative for more than a decade as in gasohol and biodiesel promotion. In all, this business model benefits the environment and provides higher income to support social development in agricultural communities.

### **Carbon Neutral Company**

Aware that the refining business consumes a large amount of energy and emits considerable carbon dioxide, the Company has set a target to become a carbon neutral company. To illustrate, its carbon dioxide emission will be reduced by more than 50% of the business-as-usual within 2014 as a result of its continuous efforts on clean energy business development, be it a 120-megawatt solar power plant, palm oil biodiesel plants, tapioca-based ethanol production plants, diesel production from weeds, energy efficiency improvement or the use of clean fuels in the refinery.

Such balanced business management goals backed by determined and ethical staff-committed to the employee culture and values-will enable the Company to add value to business as well as society and the environment and become an organization of sustainable growth.



# Report of the Enterprisewide Risk Management Committee

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To the Shareholders

By the resolution of meeting No. 5/2010, the Board of Directors appointed an Enterprisewide Risk Management Committee in place of members who had completed their terms and resigned ones. The appointed committee was chaired by Ms. Supa Piyajitti, with Mr. Thana Putarungsi and Mr. Sukrit Surabotsopon as members. At the Board's meeting No. 9/2010, Mr. Surin Chiravisit was appointed to this committee and Dr. Anusorn Sangnimnuan was to serve as member and secretary.

The committee held nine meetings during the year to supervise key risk management in compliance with the strategic plan for the development of a continually efficient process to handle corporate risk management while encouraging cooperation in risk management across the company. Below are the essences of its performance.

## **1. Considered risk factors and management plans and monitored corporate risks**

The committee continually considered and supervised risk management actions to ensure the achievement of Bangchak Petroleum Plc's key business goals by valuing risk management for investment in new businesses to bolster confidence in investment returns meeting expectations. It also initiated actions on the portfolio view of risk in parallel with the risk management for each factor to ensure that the residual impacts on strategic objective are tolerable. The Company continued to value cost-benefit analysis for each measure, the systematic decision-making tool when choosing risk management measures. The committee also held consultative meetings with the Audit Committee to review the adequacy of the enterprisewide risk management process.

## **2. Monitored, revised and drilled under the crisis management plan**

The committee ensured revision of crisis management plans, including emergency plan drills to ensure the preparedness of personnel and resources under assorted scenarios, including a drill for sales systems and one for spills of oil or chemicals. It also modified preventive measures and the mitigation of severe floods, along with additional security measures for political unrest. In addition, the Company participated in an energy crisis management drill organized by the Ministry of Energy to jointly analyze solutions and design preparedness plans to prevent and resolve fuel shortages. Finally, the Company took part as an observer at a crisis management and business continuity management plan drill sponsored by PTT Plc.

## **3. Supervised implementation of community relations plans to ensure the Company's continual stewardship of community safety and surroundings**

The committee monitored the implementation of the Company's community relations plans to promote community safety and decent living, recognizing vigilance measures for assorted potential impacts on communities and residents of newly-built condominiums around the refinery to bolster their confidence in the Company's safety and environmental measures. The Company also established an environmental quality information center at the Piyarom Sports Club Department Store and installed several monitors for online environmental parameters for the community around the refinery.

**4. Supported the institution of risk management as a corporate culture for all employees to recognize the criticality of risk management and apply it in their daily job performance while fostering a learning organization with knowledge management**

Since 2005, the committee has organized workshops to gather ideas from relevant executives and employees involved in formulating risk management plans affecting the Company's key strategic objectives to forge participation and appreciation of risk management processes. To this end, it promoted the formulation of risk management plans at all levels-corporate, line, department and division-which form a part of learning organization promotion. To stay up to date, the Company shares new knowledge of risk management with executives and employee by various means, including training, intra-company broadcast, and the intranet. The Company also joined an executive committee member of the Thai state-enterprise risk management club and participated in the risk management task force under PTT Plc.'s Refining and Petrochemical Business Group to share experiences and views and continually develop risk management personnel.

Having continually developed and promoted understanding and participation in enterprisewide risk management, the committee is convinced that these actions will enable Bangchak Petroleum Plc. to achieve the defined goals by lowering overall risks and repercussions to manageable levels.

(Signed) *Supa Piyajitti*

(Ms. Supa Piyajitti)

Chairman, Enterprisewide Risk Management Committee

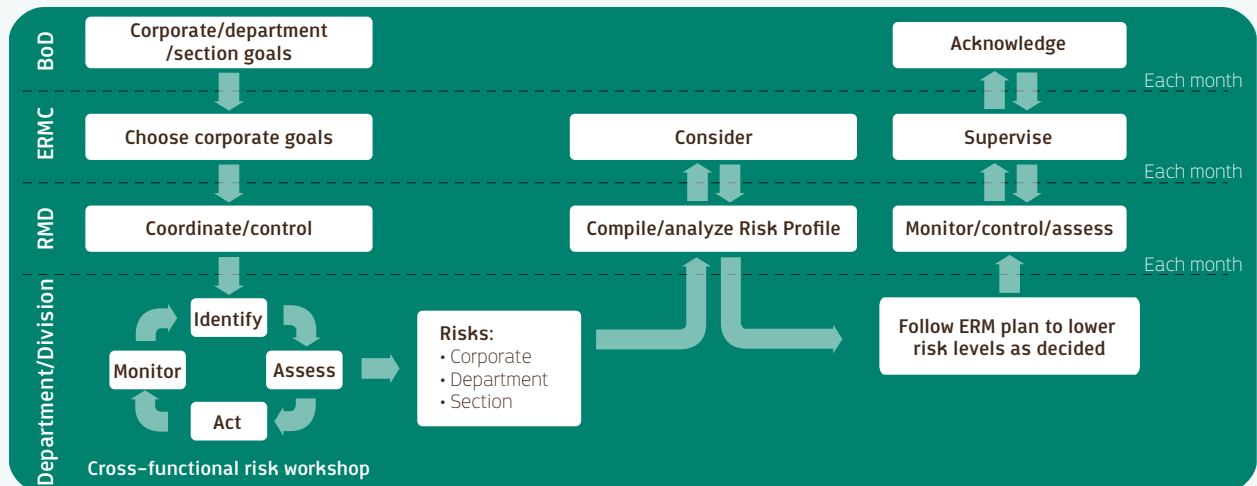


# Risk Management

The Bangchak Petroleum Plc has a continual enterprisewide risk management system (ERMS) in place to ensure goal achievement with greater success in corporate governance practices in the face of current dynamic, highly competitive business circumstances. It also anticipates public concerns and potentially negative events to its public image and seeks to address risks arising from its products, services, and operation. The Enterprisewide Risk Management Committee (ERMC), consisting of Board directors and senior management, defines the management approach, develops an efficient ERMS, drives cooperation from all across the Company, and ensures manageable overall risk management covering strategic, operating, financial management, compliance, and other key risks dealing with the Company’s business.

ERMS aligns with the strategic planning process, beginning with goal definition of events with negative effects based on root-cause identification, and assessment of the likelihood and impacts (present and future) of each. This is done through workshops of all executives and employees to identify proactive action plans (including preventive and mitigation plans). Assessment is then systematically reported under ERMS, as seen in the diagram. Every year, the Company improves its business practices based on ERMS assessment, certified by TRIS (an independent regulating agency). The Company scored high in this year’s assessment.

## Enterprisewide Risk Management System



In 2010, the Company managed the risks affecting its key corporate strategic objectives by organizing workshops among all employees and analyzing petroleum business overviews and trends, and the global as well as domestic economy. It defined an ERMS plan to ensure that any remaining impact is acceptable to the Company. In managing each risk factor, the Company developed a portfolio view of risks and continued to value the cost-benefit analysis of each measure as a decision-making tool for systematic choice of risk reduction measures. This year’s 27 key risks included volatility in the oil price and exchange rates, operating risks for the refining unit, and risks of investment in new business ventures. These risks having been defined, annual action plans were implemented. For each

given risk profile, the risk managers and risk coordinators for each department monitored outcomes from each responsible person. In addition, the Company has linked ERMS practices to employees’ annual performance appraisals—a device to align employees’ application of risk management principles and tools to their jobs and turn it into a corporate culture. To ensure that risk management stays up to date, the Company promotes new knowledge while publicizing and launching activities to promote risk management knowledge and understanding among executives and employees—and drum up risk management—through assorted means, including training, intra-company broadcast, the intranet, and exhibition boards.

Thanks to its consistent risk management practices, this past year saw the Company's practices achieve a moderate degree of risk management control. In view of emerging risks addressed by the upcoming year's risk management plan, the Company has upgraded its Risk Factors topic for investors. Key risk factors are grouped below.

## 1. Business risks

### 1.1 Risks from the change in the proportion of shareholders of recapitalization stocks in the form of depository receipts, which may return the Company's status to that of a state enterprise

In 2004, the Bangchak Petroleum Plc (BCP) undertook financial restructuring through the offering of recapitalization stocks in the form of depository receipts, underwritten by the Ministry of Finance, which guaranteed the invested value of Depository Receipts of Ordinary Shares of BCP (BCP-DR1) and Depository Receipts of The Convertible Debentures of BCP (BCP141A), issued by Siam DR Co., Ltd., until 2014. This has diluted the public sector's shareholding in the Company to less than 50%, thus removing the Company's state-enterprise status.

The Company's earlier concern was that this might strip it of support from the public sector. However, recent experience has proved otherwise, since continued public-sector support would enable the Company's business to command healthy performance and satisfactory stock values so that such underwriting might relieve future burdens on the public sector.

On the other hand, should the Company's performance fall short of its expectations, resulting in the depository receipt holders selling their BCP-DR1 and BCP141A back to the Ministry of Finance under the stipulated conditions, the ministry would return as a major shareholder in state enterprise the Company.

Yet another risk is when stock prices rise to a level where the depository receipt holders shall be forced to redeem all depository receipts into the Company's Ordinary Shares and the public sector no longer underwrites such stocks, a concern might be that the Company would no longer win direct support from the public sector. But, with the Company formally belonging to the Ministry of Energy, which is in charge of national energy matters, and with the Company having consistently supported state policies, it remains convinced that the public sector will continue to lend its support to its business, a channel for implementing the national energy policy.

### 1.2 Risks from the refinery's location, its environment, and safety

Since ours is the only refinery operating right in the heart of a Bangkok Metropolis community, it could create environmental and safety hazards unless properly controlled. The Company therefore continually values sound environmental and safety management while stressing strict compliance with relevant laws and regulations, as well as TIS 18001, OHSAS 18001, and ISO 14001. Meanwhile, its community relations activities in promotion of safety and good living standards have continued in full force. Since the Company also recognizes the need for vigilant measures for assorted safety and environmental impacts on communities and the residents of new condominiums around the refinery, it has set up a refinery environmental quality information center at the Piyarom Sports Club Department Store, containing environmental quality parameter as shown on several monitors installed around the refinery's surrounding community.

In addition, the Company monitors, revises, and conducts drills under its crisis management plans and emergency plans to control potential emergencies and





ensure the fastest revival of post-emergency business. One of these plans is to mitigate losses to properties, people, and the environment. Then there is a business continuity management plan and a media management plan to ward off or lower impacts on the Company's reputation. Staff and resources are prepared for sales emergency drills, oil or chemical spill drills, and so on. Finally, measures have been amended to prevent and address severe flood conditions, as have additional security measures for political unrest. By participating in the energy crisis drills sponsored by the Ministry of Energy, the Company joins in the analysis and recommendation of solutions, together with the formulation of preparedness plans for fuel shortages, which form civil prevention plans under the national preparedness plan.

## 2. Financial risks

### 2.1 Risks from volatility in crude oil and refined product prices in the world market

The Company's costs of crude oil and refined-product prices (both domestic and international) are subject to inevitable rises and falls in the world market, usually highly volatile as a result of several factors beyond control-including gross refinery margins (GRMs), its main source of income. Therefore, the Price Risk Management Committee's joint approach for price risk management for both crude oil and refined products is that the Company and its business partners enter into short-term and long-term derivative trade and define suitable goals for risk management that align with the Company's business plans. To manage the costs of such transactions and ease the impacts of price volatility on the Company's performance, each price risk management action must accompany physical volumes of raw-material and product trading. Collaboration is in place among oil companies and refineries belonging to PTT Group, under which oil price movement and market information is shared to

broaden the perspectives for analyzing oil price trends. In addition, a cooperative mechanism cuts the crude oil transport costs from the Middle East, and jointly-purchased insurance policies are in place. Also, the Company focuses on sourcing additional volumes of indigenous crude oil; besides its lower cost and transport cost for comparable imported crude oil grades, consumption of indigenous crude oil also lowers risks arising from oil price fluctuations, on account of shorter transport time.

### 2.2 Risks from exchange rate volatility

Because the prices of crude oil and refined products are referenced to the US dollar, the Company's bottom line in baht is directly subjected to exchange rate volatility. Therefore, to lower such risks, the Company has entered into forward contracts for foreign currencies, or derivative instruments, or both. The Price Risk Management Committee defines the Company's risk management policy for exchange rate volatility. As a result of the Company's loan restructuring, it has eased the impacts of exchange rate fluctuations more efficiently through natural hedges, this is, a part of the loans is structured in the US dollar currency proportionate to the Company's income in foreign currencies.



### 3. Operating risks

Risks from sabotage or accidents during crude oil transport from fields or crude terminals to the refinery, refined-product transport between depots (both domestic and international) by tanker, product pipeline, tank truck, and train

Transport sabotage or accidents could affect the Company's properties, the environment, or the Company's processes. While the Company has taken out property and third-party insurance, it recognizes the criticality of this possibility and has therefore continually improved its transportation standards.

- Along with PTT Group companies, the Company has improved its tanker fleet standards on par with other countries by assessing tankers through the international-standard PTT Group Vetting System, and installs booms through tankers' berthing periods. An agreement is in place with other domestic oil companies in jointly tackling emergencies. Finally, should the Company fail to receive any lots of crude oil, other domestic operators have agreed to sell crude oil or refined products to the Company on a short term.
- The Company has appointed a task force for hiring tank truck transport contractors to deliberate contractors' qualifications and preparedness, that is, their operation, management, experience, safety standards, as well as truck and tank conditions, to ensure their compliance with international standards. Contractors are also required to comply with all requirements of the Company for efficient and safe transport. In addition, the Company staged joint emergency drills with all its contractors to handle transport accidents. A hiring condition enables the Company to claim damages from contractors for accidents.
- A Global Positioning System (GPS) to track petroleum tankers and tank trucks by means of satellites is in use to control and inspect such transport.

- Product transport by pipeline from the refinery to Don Mueang Airport Depot and Bang Pa-in Oil Depot in Ayutthaya accounts for about 40% of the Company's output. While the pipes have been designed to be reasonably flexible and can sustain vibration, it is still subjected to impacts of infrastructure construction work, and pipes could sustain leaks that temporarily halt pipeline transport-potentially affecting sales to the Company's customers through its service stations in the Central Region, North, and Northeast. FPT-the pipeline transport company-boasts a SCADA system, which maintains and regularly inspects pipe conditions; repair work can proceed immediately. In addition, the Company stocks about 10 days' equivalent of consumption in reserve at the Bang Pa-in Oil Depot. During shortages and whenever the Company cannot transport products to the depot, it can have products delivered from other depots while coordinating with other oil companies the joint use of their depots, and can loan some products for use during emergencies.

### 4. Risks from investment in new ventures

Thanks to its vision to forge environment-friendly energy businesses for sustainable development, the Company values investment in downstream ventures for the sake of its own sustainability-including biodiesel and solar power plants. In all feasibility studies of new ventures, the Company investigates the risk factors affecting each project's strategic objective achievement, assesses the severity of each such factor, defines a risk management plan to eliminate or ease the impacts, and monitors progress on the implementation of that plan. All these steps are under the consideration of ERMC to ensure that investment in new ventures achieves its goals.



# Capital Structure



## Common shares

As of year-end 2010, the Company's registered capital amounted to Baht 1,531,643,461 of which Baht 1,176,822,958 was paid up. An equal number of common shares were issued at a par value of one Baht each. This number included the common shares issued to Siam DR Co., Ltd., to support the full exercise of the rights to convert the Depository Receipts of Ordinary Shares of The Bangchak Petroleum Plc (BCP-DR1) to ordinary shares. As of year-end 2010, a total of 426,113,013 such depository receipts were outstanding.

## Warrants

- On May 15, 2006, the Company issued 69,092,486 warrants for new shares (the so-called BCP-W1) and allocated them to existing shareholders at 10 existing shares per warrant, with a maturity period of five years. Each warrant was equivalent to one common share at an exercise price of 18 Baht per share. From the date of warrant issuance to December 31, 2010, 60,000 warrants have been converted for share purchase into 60,000 common shares, resulting in a balance of 69,032,486 warrants at year-end 2010.

## Convertible debentures

As of year-end 2010, the Company had a total of 135,097 units of convertible debentures in the form of the Depository Receipts of The Convertible Debentures of The Bangchak Petroleum Plc (BCP141A) issued by Siam DR Co., Ltd., worth Baht 10,000 each, for a total of Baht 1,350,970,000. This resulted from the exercise of the right to redeem such warrants, amounting to 264,903 units from the date of issuance to year-end 2010. Of these, the same number of warrants was converted into 185,246,837 common shares (at a conversion price of 14.30 Baht per share, the fraction of each common share was disregarded.)

In addition, the Company offered to sell 58,560 units of non-transferable subordinated debentures to PTT Plc at Baht 10,000 per unit, for a total of Baht 585,600,000. The conversion price was Baht 14 per share at an interest rate of 3% per year. The fund was part of the recapitalization drive to support the Product Quality Improvement Project (PQI).

## Loans

As of year-end 2010, the Company incurred Baht 17,091 million in domestic loans from banks, which was in the form of long-term loans. Details of loans have been disclosed in the notes to the financial statements for the year ended December 31, 2010.

## Shareholders

- Common shares (BCP)

Top 10 Major Shareholders (as of September 10, 2010)	Number of Shares	Shareholding (%)
1. Siam DR Co., Ltd.	427,672,263	36.56
2. PTT Plc	280,680,000	23.99
3. Thai NVDR Co., Ltd.	65,317,484	5.58
4. Social Security Office (2 cases)	16,266,800	1.39
5. The Bank of New York Mellon	11,657,600	1.00
6. Social Security Office (4 cases)	11,481,613	0.98
7. Mrs. Somsong Lapananrat	7,705,900	0.66
8. Mr. Sompop Tingthanathikul	7,500,000	0.64
9. Gerlanch&Co-Dimensional Emerging Markets Value Fund	7,266,900	0.62
10. Mr. Pichai Wilakkapan	7,025,700	0.60
<b>Top 10 Total</b>	<b>842,574,260</b>	<b>72.02</b>
<b>Grand Total</b>	<b>1,169,829,952</b>	<b>100.00</b>

- Holders of BCP-DR1, issued by Siam DR Co., Ltd.

Top 10 Major Shareholders (as of September 10, 2010)	Number of Shares	Shareholding (%)
1. Ministry of Finance	124,947,970	29.22
2. PTT Plc	52,240,000	12.21
3. Somers (U.K.) Limited	26,662,400	6.23
4. Bangkok Life Assurance Plc	16,940,200	3.96
5. Raffles Nominees (PTE) Limited	11,968,800	2.80
6. Wayuphak Mutual Fund One by MFC Asset Management Plc	10,415,700	2.44
7. Wayuphak Mutual Fund One by Krung Thai Asset Management Plc	10,415,700	2.44
8. Mrs. Wibulsri Wongapisumpo	5,028,400	1.18
9. Mrs. Supa Yungyeunsuntorn	4,979,600	1.16
10. Morgan Stanley & Co. International PLC	4,700,000	1.10
<b>Top 10 Total</b>	<b>268,298,770</b>	<b>62.74</b>
<b>Grand Total</b>	<b>427,672,263</b>	<b>100.00</b>

Note : Holders of BCP-DR1 No. 5 was nominee account. The company's investigation at Thailand Securities Depository Co., Ltd., found that the ultimate shareholders' name could not be disclosed.



- Common share (BCP) holders through Thai NVDR Co., Ltd.

Major Shareholders (as of September 10, 2010)	Number of Shares	Shareholding (%)
1. GOLDMAN SACHS & CO	18,109,860	27.73
2. UOB KAY HIAN PRIVATE LIMITED	13,412,000	20.53
<b>Major Shareholders Total</b>	<b>31,521,860</b>	<b>48.26</b>
<b>Grand Total</b>	<b>65,317,484</b>	<b>100.00</b>

## Dividend policy

The Company's dividend policy is 50% of the net profit stated in the consolidated financial statements, subject to economic circumstances and its own future business projects. Dividends must follow the public company limited laws.

## Subsidiaries' dividend policies

- **Bangchak Green Net Co., Ltd.**

For a given fiscal year, the holders of preferred shares are entitled to annual dividends equivalent to the average daily interest rates for one-year fix deposits announced by Krungthai Bank Plc plus 3%. Dividends are paid in proportion to each paid-up share value when the dividends are paid out as stated in the resolution of the annual general meeting of shareholders (AGM). For a given year, if the company's profit is less than the dividends calculated for holders of preferred shares, all dividends are to be paid from such profit to holders of preferred shares only, and none is to be paid to holders of common shares. Any outstanding dividends for holders of preferred shares will be carried forward or accumulated to the following year along with those for the holders of common shares. For a given year, if the company's profit exceeds the dividends calculated for holders of preferred shares, the AGM will approve dividends for holders of common shares, case by case.

- **Bangchak Biofuel Co., Ltd.**

Dividend payment must have the approval of an AGM and will be made only when the company has allocated at least 5% of its net profit in a given year as provisional capital until the provisional capital reaches 10% of the registered capital. The Board may consider interim dividend payment to shareholders but not as long as it still has cumulative losses.

# Report of the Nomination and Remuneration Committee

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To the Shareholders

At its meeting No. 5/2010, The Board of Directors of Bangchak Petroleum Plc. appointed the current Nomination and Remuneration Committee, with Prof. Dr. Chai-Anan Samudavanija as chairman, Mr. Pichai Chunhavarija, Mr. Wirat lam-Ua-Yut, and Mr. Nattachart Charuchinda as members.

The committee held three meetings through 2010 to nominate those qualified to be directors, define directors' compensation, assess the President's performance and decide his compensation, and deliberate succession planning for the President and Executive Vice Presidents.

In nominating directors and senior management, the committee took into consideration personal qualifications, expertise, competence, experience and career profiles, leadership, vision, righteousness, ethics, attitude toward the Company, and the ability to devote enough time to the Company's business, apart from suitability and alignment with the composition and structure of the Board under the Company's prevailing business strategies, specifically in line with its goal to evolve new businesses. In 2010, the Company restructured the Board further to bring in a number of competent specialists. To foster confidence for shareholders, the nomination process is made transparent. The present Board is made up of fourteen members, seven of whom are independent directors and six non-management ones, with the President as its secretary. The profile of each director appears under 'The Board of Directors'.

In defining the compensation for the Board and senior management, the Company's guidance is compensation suited each person's role and responsibility, as well as competitive with listed companies in the Stock Exchange of Thailand of the same industry and comparable business size; compensation must attract quality directors or executives to achieve the goals and directions as defined by the Company. To foster confidence for shareholders, the remuneration process is also made transparent. For 2010, the annual general meeting of the shareholders approved the adjustment of monthly compensation and bonuses; each director's compensation information appears under 'Management Structure'.

(Signed) *Chai-Anan Samudavanija*

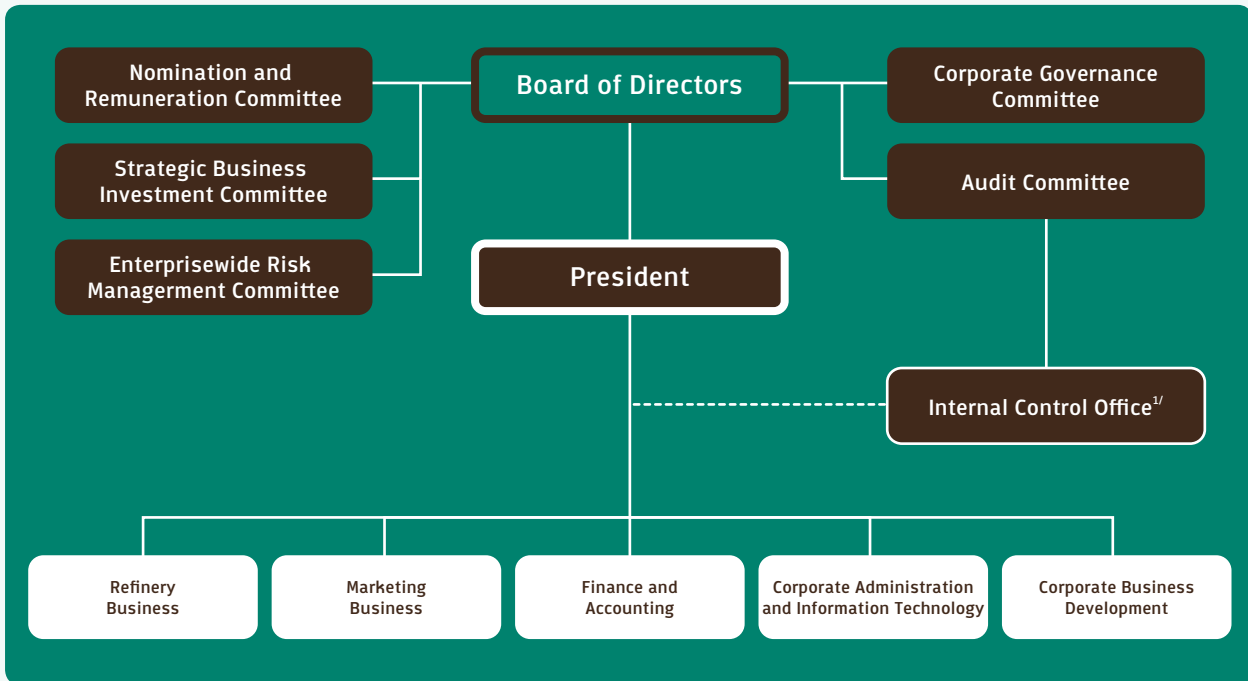
(Prof.Dr. Chai-Anan Samudavanija)

Chairman, Nomination and Remuneration Committee



# Management Structure

## 1. Management Structure



Note: 1/ The Audit Committee determines and evaluates the Internal Control Office's annual performance to ensure corporate governance and the independence of the Internal Control Office.

## 2. Board of Directors

According to the Company's regulations, the Board of Directors consists of at least five and no more than fourteen directors and at least half of the directors must reside in the Kingdom. The directors must carry out their duties under the laws, objectives and regulations of the Company, as well as the resolutions of shareholders' meetings, safeguarding the Company's benefit and assign Company Executives to work on their behalf. For instance, the President has the authority to allocate the annual budget, pay for the Company's activities according to the contract or other commitments as approved by the authorized person, administration and procurement and sale of petroleum products.

At present, the Board of Directors consists of fourteen directors as follows:

Name	Position
1. Mr. Krairit Nilkuha	Chairman
2. Prof. Dr. Chai-Anan Samudavanija	Vice Chairman (Independent Director)
3. Dr. Anusorn Tamajai	Independent Director
4. Mr. Wirat lam-Ua-Yut	Independent Director
5. Assoc.Prof.Pranom Kowinwipat	Independent Director
6. Mr. Thana Putarungsi	Independent Director
7. Mr. Issra Shoatburakarn	Independent Director
8. Mr. Surin Chiravisit	Independent Director
9. Mr. Pichai Chunhavajira	Director
10. Mr. Nattachart Charuchinda	Director
11. Mr. Sukrit Surabotsopon	Director
12. Mr. Sarakorn Kulatham	Director
13. Ms. Supa Piyajitti	Director
14. Dr. Anusorn Sangnimnuan	President and Secretary to the Board of Directors

Note: The names of the Directors who are authorized to sign and bind for the Company are Mr. Krairit Nilkuha signs jointly with Mr. Anusorn Sangnimnuan with affixation of the Company's seal or any one of these two directors signs jointly with Mr. Chai-Anan Samudavanija or Mr. Wirat lam-Ua-Yut or Mr. Pichai Chunhavajira or Ms. Pranom Kowinwipat or Mr. Thana Putarungsi or Mr. Nattachart Charuchinda or Mr. Sukrit Surabotsophon or Mr. Sarakorn Kulatham or Mr. Surin Chiravisit or Mr. Issra Shoatburakarn, being two persons, with affixation of the Company's seal.

## Independent Directors

The present Board of Directors consists of seven Independent Directors, which is more than one third of all Directors. According to the Company's policy, the Chairman of the Board must not be the same person as the President. Additionally, the Chairman must not hold any position in the appointed Sub-committee (sometimes called Committee) in view of clear-cut responsibilities and duties. The Board of Directors gives consent of the definition and qualifications of Independent Directors, the regulations of which are more stringent than those of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET), as committed to good governance as follows:

1. Hold no more than 0.5 % of the overall shares in the Company, subsidiaries, related company, or person(s) with potential conflicting interests.
2. Take no part in the administration, including not being an employee, personnel, permanent advisor, professional advisor to the Company such as an auditor, lawyer or authorized person of the Company or subsidiaries, or related company, or person(S) with potential conflicting interests and with no invested interest for no less than two years and can attend the Directors' meetings with independent opinions.
3. Have no business connection, no vested interest, whether directly or indirectly, financially or administratively, including not being a client, partner, supplier, trade or creditor/debtor of the Company, subsidiaries, related company, or person(s) with potential conflicts of interest and thus lacking independence.





4. Are not close relatives of the Executives or major shareholders of the Company, subsidiaries, or related company, or person(s) with potential conflicting interests and not appointed as a representative to protect the interest of Directors and/or major shareholders.

#### Directors from major shareholders are

1. Mr. Krairit	Nilkuha	Ministry of Finance
2. Ms. Supa	Piyajitti	Ministry of Finance
3. Mr. Pichai	Chunhavajira	PTT Public Company Limited
4. Mr. Nattachart	Charuchinda	PTT Public Company Limited
5. Mr. Sukrit	Surabotsopon	PTT Public Company Limited
6. Mr. Sarakorn	Kulatham	PTT Public Company Limited

#### Appointment and dismissal of Directors

1. Shareholder's meetings elect Directors through majority voting with one shareholder holding one vote per share held and can elect Directors individually. The candidates with the most votes are to be appointed Directors up to the number open at the meeting. If more candidates receive equal votes than the number of Directors required, the Chairman of the meeting must cast a deciding vote.
2. In every Annual General Meeting (AGM), one-third of the Directors must retire. If this number is not a multiple of three, then the number nearest to one-third. The names of the Directors to retire during the first and second year after the Company was registered are to be drawn by lots if not agreed otherwise. For subsequent years, those with the longest terms must retire. The retired Directors can be re-elected.
3. Other than the completion of term, a Director may retire for to the following reasons:
  - death
  - resignation (effective from the date the Company receives the letter of resignation)
  - lack of qualifications according to Article 68 of the Public Company Limited Act 1992
  - decision of the shareholders' meeting to resign according to Article 76 of the Public Company Limited Act 1992
  - court order
4. In case a Director's position is vacant due to other reason than the completion of term, the Board of Directors is to elect a candidate with qualifications according to the Company's regulations in the next meeting except when the Director's term is to be completed in less than two months. At least, a three-quarter vote of the Directors present at the meeting is required. The elected Director holds the position until the completion of term of the Director they have replaced.

#### Terms of Directorship

Bangchak decided that directors can serve for maximum consecutive terms as follows:

"The appropriate term for directorship is no more than three consecutive terms (from 2008 onward) except for when a director is deemed suitable to hold the position for a longer period. The Board will consider the independence and effectiveness of the director who is under consideration and defend their decision to the shareholders."

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Directors do not hold more than three consecutive terms, meaning that they cannot serve for more than nine years (three years in each term) to allow the Company to find other qualified Directors for the maximum benefit of the Company.

#### **Roles, duties and responsibilities of the Board of Directors**

1. Each newly elected Director must attend an orientation course on the Company's business.
2. Carry out duties under laws, objectives and regulations of the Company as well as resolutions of shareholders' meetings with honesty, protect the Company's benefit and have accountability to the shareholders.
3. Define the Company's policy and direction and monitor and supervise management so that they may work efficiently and effectively according to the Company's policy and regulations under corporate governance practices so as to maximize economic value and shareholders' wealth.
4. Follow-up on the Company's activities at all times and act according to the laws and regulations pertaining to the Company's contracts by assigning management to report the Company's performance and important matters to the Board of Directors at its monthly meeting so that the Company's business may run effectively.
5. Regularly and truthfully report to the shareholders on the Company's situations, including the Company's future trends, whether positively or negative, with sufficient rationale.
6. Ensure that the Company possesses an effective and reliable accounting system, financial report, internal controls and internal audit.
7. Regularly review the corporate governance policy.
8. Play an important role in risk management through appropriate and sufficient risk management guidelines and measures, with regular monitoring.
9. Ensure that management treats all stakeholders ethically and equally.
10. Independent and external Directors are prepared to express their opinions freely formulating strategies, management, use of resources, appointment of Directors and business standard as well as to disagree with other Directors or the administration in conflicts that affect the equality of all shareholders.
11. If necessary, the Board of Directors may seek professional opinions from external advisers on Company performance at the expense of the Company.
12. Appoint a Company Secretary according to the Securities and Exchange Act to prepare and maintain documents and other matters as determined by the Capital Market Supervisory Board as well as to facilitate the Board's and the Company's business, such as meetings of the Board and shareholders, regularly provide the Directors and the Company with legal advice and remind them of the various regulations that they need to know and comply with, as well as ensuring that Directors and the Company disclose correct, complete and transparent information.
13. Provide a code of conduct, code of ethics as working guidelines within the Company.
14. Undertake no securities transactions at least one month before budget announcement and at least three days after budget announcement.



15. Report on one's own portfolio of securities, as well as those of their spouses and children not yet of legal age in the Company and subsidiaries to the monthly Board of Directors meeting and must report to the Company without delay in the following cases:
  - Have vested interests, whether direct or indirect, in any of the Company's contracts within the accounting year.
  - Hold shares or debentures in the Company or the subsidiary companies.
16. Attend at least one training course organized by Thai Institute of Directors Association (IOD), such as Director Accreditation Program (DAP) or Director Certification Program (DCP) or equivalent, to increase expertise at work.
17. The Directors who are not executives must annually evaluate the President.
18. The Directors who are not executives and Independent Directors may convene among themselves as necessary at least twice a year to discuss relevant management problems without the management's attendance, and report the findings of the meeting to the President.
19. Each Director cannot hold the position of Director in a listed company in the Stock Exchange of Thailand (SET) in more than five companies. In case a Director hold more positions, the Board of Directors will consider the efficiency of the Director's performance and report the reasons and performance to the shareholders.

### Meetings of the Board of Directors

The Board of Directors set the 2010 timetable for its official meetings in advance. The Chairman and the President jointly consider the items to be included in the agenda. The meeting is set once every month on the last Wednesday of the month, with additional extraordinary meetings as appropriate. The Secretary to the Board of Directors Office ("SBO") will send out letters of invitation with the agenda attached and complete meeting documents to each Director at least seven days in advance so that the Directors may have sufficient time to study and review the documents before the meeting and ask additional questions to the senior manager of SBO. Each Director can submit items to the agenda by informing SBO.

In meetings, the Chairman allocates sufficient time for Directors to discuss important matters and supports the Directors' independent opinions. The minutes of meetings are undertaken in written form with complete information. The certified minutes are maintained, so that Directors and relevant persons can check, with a good filing system. Amendments cannot be made without the consent of the Board. Each meeting lasts approximately three hours.

In 2010, the Board convened in twelve general meetings and one extraordinary meeting. Moreover, the Board organized a meeting/seminar on organizational strategies with the management to set up strategies and action plans for 2011 and a study tour on technological progress and innovations, including carbon caption storage. ; the detail of each Director's meeting attendance is as follows:

Names	Meeting attendance/all meetings (Times)				Remark
	General meetings	Extraordinary meeting	Seminars	Total	
1. Mr. Krairit Nilkuha	10/10	0/1	1/1	11/12	Started on February 19, 2010
2. Prof. Dr. Chai-Anan Samudavanija	12/12	1/1	1/1	14/14	
3. Dr. Anusorn Tamajai	12/12	1/1	1/1	14/14	
4. Mr. Wirat Iam-Ua-Yut	12/12	1/1	0/1	13/14	
5. Assoc.Prof. Pranom Kowinwipat	12/12	1/1	1/1	14/14	
6. Mr. Thana Putarungsi	12/12	1/1	1/1	14/14	
7. Mr. Issra Shoatburakarn	9/9	1/1	1/1	11/11	Started on April 8, 2010
8. Mr. Surin Chiravisit	9/9	1/1	1/1	11/11	Started on April 8, 2010
9. Mr. Pichai Chunhavajira	12/12	1/1	1/1	14/14	
10. Mr. Nattachart Charuchinda	9/12	1/1	1/1	11/14	
11. Mr. Sukrit Surabotsopon	8/9	0/1	1/1	9/11	Started on April 8, 2010
12. Mr. Sarakorn Kulatham	8/9	1/1	1/1	10/11	Started on April 8, 2010
13. Ms. Supa Piyajitti	10/10	1/1	1/1	12/12	Started on February 19, 2010
14. Dr. Anusorn Sangnimnuan	12/12	1/1	1/1	14/14	
15. Mr. Thevan Vichitakul	1/1	-	-	1/1	Resigned on February 4, 2010
16. Dr. Twarath Sutabutr	1/1	-	-	1/1	Resigned on February 4, 2010
17. General Thawat Ked-Unkoon	3/3	-	-	3/3	Completed term on April 8, 2010
18. Dr. Nipon Surapongrukchareon	2/3	-	-	2/3	Completed term on April 8, 2010
19. Mr. Chaivat Churitti	3/3	-	-	3/3	Completed term on April 8, 2010
20. Mr. Tevin Vongvanich	2/3	-	-	2/3	Completed term on April 8, 2010

Additionally, according to corporate governance practices, the Board of Directors agreed on joint meetings for non-executive Directors and Independent Directors. In 2010, during the Board of Directors meetings No. 3/2010 on March 26, 2010 and 11/2010 on October 27, 2010, before the Board of Directors meeting, non-executive Directors and Independent Directors convened without the management's attendance to discuss general problems of the Company's management and inform the President so that the management may take due action.

Moreover, the Board of Directors also evaluated the supporting performance of the Secretariat to improve and determine a direction to efficiently develop and maximize Board of Directors' meetings.



## Evaluation of the Board of Directors

In view of corporate governance practices, the Board of Directors set up an evaluation form for the Board's performance at least once a year. In 2010, the Board conducted the evaluation in three forms, namely individual evaluation (self-evaluation), individual evaluation (cross-evaluation by group) by group of 3-4 directors (3-4:1) (The name of the evaluating Directors would not be revealed to the director being evaluated.) and group evaluation with reference to the evaluation form of the Stock Exchange of Thailand (SET) and the Thai Institute of Directors Association (IOD) which was the same as in the previous year.

Additionally, the Board of Directors set an evaluation process for Members in Committees, such as the Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee and Enterprisewide Risk Management Committee, as in the previous year, so that the Board of Directors and the Committees may use it as a framework to review duties, problems and obstacles and leverage the findings to analyze the work of Directors and improve and develop the work.

The evaluation results of the Board of Directors and the Sub-committees are as follows:

- Individual evaluation (self-evaluation) had the average score of 73.3 from 80, rated excellent.
- Individual evaluation (cross-evaluation by group) had the average score of 75.2 from 80, rated excellent.
- Both types of evaluation had the same three categories, namely the Company's strategies and direction, monitoring and evaluation of management performance and responsibilities of the Directors.
- Group evaluation had the average score of 155.8 from 160, rated excellent.
- Group evaluation had eight categories, namely Structure and qualifications of the Board of Directors, Strategic implementation, Risk management and internal control, Elimination of conflicts of interest, Meetings of the Board of Directors, Self-development of the Directors, Nomination and Remuneration and Relationship with the management.
- The group evaluation of Sub-committees in 2010 was undertaken on the criteria of responsibilities and meetings; the evaluations of all Committees were as follows:
  - Audit Committee, the group evaluation had the average score of 79.3 from 80, rated excellent.
  - Nomination and Remuneration Committee, the group evaluation had the average score of 45 from 48, rated excellent.
  - Corporate Governance Committee, the group evaluation had the average score of 44.8 from 48, rated excellent.
  - Enterprisewide Risk Management Committee, the group evaluation had the average score of 47.2 from 48, rated excellent.

## Orientation for new Directors

The Company organized an orientation course for new Directors by presenting the new Directors with an overview of the Company's business, as follows:

- Operational framework (laws, cabinet decisions, regulations, rules)
- Information on the Company's business profile and activities
- The Company's important projects
- Organizational and business development
- Corporate governance policy
- Corporate social responsibility

Additionally, the Company organized Company visits for new Directors, including the refinery, terminal and service stations and provided the Securities and Exchange Commission's "Handbook for Directors of Listed Companies" and the information files of the Board of Directors and the Executives as a handbook/introduction of the Company to the new Directors as a guideline to oversee the Company's activities for the following topics:

- The Company's vision, mission, value statement and objectives
- Organizational and business development
- Profiles summaries of Directors and the Executives
- Qualifications and remuneration of Directors
- Roles, duties and responsibilities of Directors
- Management structure
- Information on the Company's establishment
- Corporate governance policy and risk management handbook
- The Company's memorandum of association, company affidavit, regulations and rules

## Training of the Board of Directors

The Company promotes opportunities for the Board of Directors to pursue further study and training so as to increase knowledge and understanding of corporate governance principle, rules and regulations, as well as roles and duties of the Board of Directors so that they may work efficiently and ethically. In 2010, the Directors who attended the training courses organized by the Thai Institute of Directors Association (IOD) are as follows:

1. Director Certification Program (DCP): Mr. Surin Chiravisit, Mr. Issra Shoatburakarn, Ms. Supa Piyajitti, Mr. Nattachart Charuchinda and Mr. Sukrit Surabotsopon
2. Director Accreditation Program (DAP) : Prof. Dr. Chai-Anan Samudavanija
3. Role of the Compensation Committee (RCC) : Prof. Dr. Chai-Anan Samudavanija

At present, there are 10 and 5 out of 14 Directors had attended the Directors' courses (DCP and DAP respectively). The Company also applied all Directors for IOD membership to receive news and information, and every time the Company received documents announcing news on training courses and documents attached to the training courses concerning the Board of Directors, such information would be forwarded to the Directors for further study.



Summary of the Board of Directors' attendance of major training course as follows:

Name		Director Certification Program	Director Accreditation Program
1. Mr. Krairit	Nilkuha	-	-
2. Prof. Dr. Chai-Anan	Samudavanija	-	2010
3. Dr. Anusorn	Tamajai	2003	2004
4. Mr. Wirat	Iam-Ua-Yut	-	2006
5. Assoc.Prof. Pranom	Kowinwipat	2001	-
6. Mr. Thana	Putarungsi	2009	-
7. Mr. Issra	Shoatburakarn	2010	-
8. Mr. Surin	Chiravisit	2010	-
9. Mr. Pichai	Chunhavajira	2008	2005
10. Mr. Nattachart	Charuchinda	2010	-
11. Mr. Sukrit	Surabotsopon	2010	-
12. Mr. Sarakorn	Kulatham	-	-
13. Ms. Supa	Piyajitti	2010	-
14. Dr. Anusorn	Sangnimnuan	2005	2005
15. Mr. Thevan	Vichitakul <sup>1/</sup>	2002	-
16. Dr. Twarath	Sutabutr <sup>1/</sup>	2009	-
17. General Thawat	Ked-Unkoon <sup>2/</sup>	-	2004
18. Dr. Nipon	Surapongrukchareon <sup>2/</sup>	2003	-
19. Mr. Chaivat	Churitti <sup>2/</sup>	-	2007
20. Mr. Tevin	Vongvanich <sup>2/</sup>	2002	-

Note: 1/ Resigned on 4 February 2010

2/ Term expired on 8 April 2010

Additionally, the Company invited lecturers to give talks to increase the knowledge and understanding of various issues for Directors and Executives. In 2010, Prof. Dr. Warapatr Todhanakasem was invited to give a lecture on An Tangible Good Governance, in order to promote Good Governance in the organization.

### 3. Committees

The Board of Directors elected Sub-committees (or Committees) to facilitate the Company’s business undertaking, with five sub-committees as follows:

#### 1. Audit Committee–AUDIT

The present Audit Committee consists of four Directors, all of whom are Independent Directors and two of whom are specialists in accounting and finance or audit. Their responsibilities are assigned by the Board of Directors in written form in the Audit Commission charter. Their meetings are to be convened at least once per quarter. The names of the Audit Committee are:

Name		Position
1. Dr. Anusorn	Tamajai	Chairman and Independent Director with expertise in accounting and finance
2. Assoc.Prof. Pranom	Kowinwipat	Member and Independent Director with expertise in accounting and finance
3. Mr. Wirat	Iam-Ua-Yut	Member and Independent Director
4. Mr. Issra	Shoatburakarn	Member and Independent Director

\* If necessary, the Audit Committee may seek advice from outside independent advisers, the expense paid by the Company.







### Scopes, Duties and responsibilities of the Audit Committee

1. To ensure accuracy and adequacy of the Company's financial reporting according to the Accounting Principles governed by laws.
2. To ensure that the Company has suitable and efficient internal control system and internal audit and to assure the efficiency and adequacy of the risk management system.
3. To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Exchange or laws relating to business of the Company.
4. To review a connected transaction or transaction that may lead to conflict of interest to ensure compliance with the laws and regulations of the Exchange.
5. To inspect and consider with the management on the defects that have been found out and on the responses from the management.
6. To empower the auditing and investigating all related party under the authorization of the Audit Committee and also to authorize in hiring an expert so as to audit and investigate in compliance with the Company's regulations.
7. To prepare a report on monitoring activities of the Audit Committee and disclose it in an annual report of the Company, and have such report signed by Chairman of the Audit Committee.
8. To consider, select, nominate the person who is independent to be the Company's auditor, recommend remuneration of the Company's auditor and, at least once a year, attend the private meeting with an auditor without management.
9. To consider auditing scopes and plans of the external auditor and the internal control office so that they are contributory to each other and to reduce double operations as concerns financial auditing.
10. To approve Charter, audit work plans, budget, training plans and manpower of the Internal Control Office
11. To appoint, transfer, and undertake annual evaluation of the Vice President of Internal Control Office and review the independence of Internal Control Office.
12. To review the efficiency and effectiveness of internal control and risk management focusing on the issue of information technology.
13. In performing the duty of the Audit Committee, if there is transaction or act which could extremely affect the Company's financial status and the Company's performance, namely
  - 1) transaction which lead to conflict of interest
  - 2) dishonest, extremely unusual or remiss Internal Control system
  - 3) breaking the securities and exchange law, regulations of the exchange or laws relating to business of the Company,
 the Audit Committee has to report the Company's Board of Directors so as to modify and revise within prescribed time. If the Audit Committee or executives does not modify and revise within prescribed time, the Audit Committee is able to report this transaction or act to the Securities and Exchange Commission or the Stock Exchange of Thailand.
14. To perform any other act assigned by the Board of Directors with approval of the Audit Committee.

### Remuneration

Monthly remuneration was set at 10,000 Baht per person and a meeting allowance 5,000 Baht per meeting (only the Directors attending the meeting) and the Audit Committee Chairman would get an additional 25 percent.

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## 2. Nomination and Remuneration Committee–NRC

In compliance with the corporate governance principle of directors in a listed company on SET, the Board of Directors appoints the Nomination and Remuneration Committee to nominate and define criteria for transparent and fair remuneration to Directors and the senior executives in compliance with **the charter of the Nomination and Remuneration Committee** as follows:

### Nomination policy for Directors

“To nominate Directors, the Company focuses on people with knowledge, capability, experience, sound career profile, leadership, vision, morality, ethics and good attitude toward the organization, who can dedicate adequate time for the Company’s benefit. Moreover, consideration was also given for the appropriate qualifications in compliance with the structure of Directors and in line with the Company’s business strategies through transparent procedures to bolster the confidence of shareholders”.

### Remuneration policy for Directors

“To provide remuneration for Directors, the Company will take into consideration the appropriateness of duties and responsibilities as assigned and compared with listed companies on SET with a similar industry and business size. The remuneration for the Directors is sufficient to induce the Directors to work with quality and meet the objectives and business direction as determined by the Company through transparent procedures, giving confidence to the shareholders”.

Moreover, the Board of Directors sets the following procedures for the official and transparent nomination of Directors:

1. The Company gives minor shareholders opportunities to submit names of candidates as potential Directors to the Company.
2. The Nomination and Remuneration Committee reviews the structure of Directors in line with the Company’s strategies.
3. Define new Directors’ qualifications in terms of knowledge, competing and experience in compliance with the Company’s objectives and strategies by using the Director Qualifications and Skill Matrix tool.
4. The Committee defines the qualifications needed for the replacement or additional appointment and submits the names of the qualified candidates to the Secretary of the Committee.
5. The Committee selects qualified candidates and submits their name to the Board of Directors for approval.
6. The Board agrees on the list of qualified candidates and submits their names to the AGM for approval.



The Nomination and Remuneration Committee hold a meeting once every quarter. At present, there are four members with at least one member with expertise in personnel management as follows:

Name		Position
1. Prof. Dr. Chai-anan	Samudavanija	Chairman and Independent Director
2. Mr. Wirat	Iam-Ua-Yut	Member and Independent Director
3. Mr. Pichai	Chunhavajira	Member and Non-executive Director
4. Mr. Nattachart	Charuchinda	Member and Secretary, Non-executive Director

#### Scopes, duties and responsibilities of the Nomination and Remuneration Committee

1. Define qualifications needed for potential Directors and President.
2. Recommend qualified candidates for the positions of Directors and President to the Board of Directors.
3. Define criteria of remuneration for Directors and the President.
4. Submit the remuneration for Directors to the Board of Directors and then for the shareholders for approval.
5. Submit the remuneration for the President to the Board of Directors for approval.
6. Review and summarize the President's succession plan every year and report it to the Board of Directors.
7. Perform duties assigned by the Board.

#### Remuneration

The remuneration is set as a meeting allowance of 10,000 Baht per meeting (only the Directors who attended the meeting) and the Chairman would receive an additional 25 percent.



### 3. Strategic Business Investment Committee – SBIC

To align with the direction and goals defined by the Board of Directors for business development to supplement value and growth to the Company through healthy returns on investment and lower the risks associated with the oil business, the Board at its 5/2010 meeting, held on May 27, 2010, appointed a Strategic Business Investment Committee, replacing the Management Committee, with the responsibilities as assigned by the Board of Directors in written form. The present Strategic Business Investment Committee consists of experts in business investment as follows:

Name	Position
1. Mr. Pichai Chunhavajira	Chairman and Non -executive Director
2. Dr. Anusorn Sangnimnuan	Member and Executive Director
3. Senior Executive Vice President	Member
4. Corporate Planning Office	Secretary

#### Scopes, Duties and Responsibilities of the Strategic Business Investment Committee

1. Define the direction and goals for business development that supplements value and strength to the Company under the Board's policy
2. Screen assorted investment projects and opportunities in line with the Company's business goals for the Board's consideration
3. Perform duties assigned by the Board.

#### Remuneration

The remuneration is set as a meeting allowance of 10,000 Baht per meeting (only the Directors who attended the meeting) and the Chairman would receive an additional 25 percent.



#### 4. Enterprisewide Risk Management Committee-ERMC

The Enterprisewide Risk Management Committee is responsible for the appropriate management of the Company as assigned by the Board of Directors in written form. The Committee has 5 members, with at least one member with expertise in risk management as follows:

Name		Position
1. Ms. Supa	Piyajitti	Chairman and Non-executive Director
2. Mr. Thana	Putarungsi	Member and Independent Director
3. Mr. Surin	Chiravisit	Member and Independent Director
4. Mr. Sukrit	Surabotsopon	Member and Non-executive Director
5. Dr. Anusorn	Sangnimnuan	Member and Secretary, Executive Director

##### Scopes, duties and responsibilities of the Enterprisewide Risk Management Committee

1. Set policy, strategies and objectives of the enterprisewide risk management.
2. Develop enterprisewide risk management system in view of continuous efficiency.
3. Promote enterprisewide risk management at all levels of the organization.
4. Ensure that the Company has appropriate and efficient risk management.
5. The Chairman of the Enterprisewide Risk Management Committee reports the findings to the Board of Directors' next meeting.
6. Perform duties assigned by the Board.

##### Remuneration

The Members and the experts in risk management receive remuneration in the form of meeting allowances of 10,000 Baht per meeting (only Members who attended the meeting) and the Chairman receives an additional 25 percent.



## 5. Corporate Governance Committee–CGC

The Corporate Governance Committee is responsible for ensuring that the whole organization has corporate governance in compliance with the guidelines and policy of corporate governance as set by the Board of Directors in written form, as well as continuously improving the principles of corporate governance in line with international standards. The present Committee consists of 5 members with at least one expert in corporate governance principles in line with international standards as follows:

Name		Position
1. Mr. Surin	Chiravisit	Chairman and Independent Director
2. Mr. Wirat	Iam-Ua-Yut	Member and Independent Director
3. Mr. Thana	Putarungsi	Member and Independent Director
4. Mr. Sarakorn	Kulatham	Member and Non-executive Director
5. Dr. Anusorn	Sangnimnuan	Member and Secretary, executive Director

### Scopes, duties and responsibilities of Corporate Governance Committee

1. Recommend the implementation of corporate governance to the Board of Directors
2. Monitor the work of the Committee and the management in compliance with the principles of corporate governance.
3. Review the implementation of corporate governance by comparing it with international standards and recommend it to the Board of Directors for continual follow-ups.
4. Give the policy of corporate governance to the Company's corporate governance working team.
5. Have the authority to invite external advisors to attend meetings at the Company's expense.
6. Perform duties assigned by the Board.

### Remuneration

The Members are to receive a meeting allowance of 10,000 Baht per meeting (only Members who attended the meeting) and the Chairman receives an additional 25 percent.



## The meetings of the Sub-committees in 2010

2010 <sup>1/</sup>	Committees					Remark
	AUDIT	NRC	SBIC	ERMC	CGC	
1. Prof. Dr. Chai-Anan Samudavanija	-	3/3	-	-	-	
2. Dr. Anusorn Tamajai	13/13	-	-	-	-	
3. Mr. Wirat Iam-Ua-Yut <sup>2/</sup>	12/13	1/1	-	-	6/6	
4. Assoc.Prof. Pranom Kowinwipat	13/13	-	-	-	-	
5. Mr. Thana Putarungsi <sup>3/</sup>	-	-	-	7/7	5/6	
6. Mr. Issra Shoatburakarn <sup>4/</sup>	7/7	-	-	-	-	Started term on 8 April 2010
7. Mr. Surin Chiravisit <sup>5/, 6/</sup>	-	-	-	4/4	4/4	Started term on 8 April 2010
8. Mr. Pichai Chunhavajira	-	3/3	6/6	-	-	
9. Mr. Nattachart Charuchinda <sup>2/</sup>	-	1/1	-	-	-	
10. Mr. Sukrit Surabotsopon <sup>3/</sup>	-	-	-	6/7	-	Started term on 8 April 2010
11. Mr. Sarakorn Kulatham <sup>8/</sup>	-	-	-	-	3/4	Started term on 8 April 2010
12. Ms. Supa Piyajitti <sup>7/</sup>	-	-	-	7/7	-	Started term on 19 February 2010
13. Dr. Anusorn Sangnimnuan	-	-	6/6	9/9	6/6	
14. Mr. Thevan Vichitakul	-	-	-	1/1	-	Resigned on 4 February 2010
15. Dr. Twarath Sutabutr	-	-	-	1/1	1/1	Resigned on 4 February 2010
16. Dr. Nipon Surapongrukchareon	3/3	2/2	-	2/2	-	Completed term on 8 April 2010
17. Mr. Chaivat Churitti	-	2/2	-	-	-	Completed term on 8 April 2010
18. Mr. Tevin Vongvanich	-	-	-	2/2	-	Completed term on 8 April 2010

Note 1/ Mr. Krairit Nilkuha and General Thawat Ked-Unkoon (Completed term on 8 April 2010), Chairman, did not join any Committee as member

2/ Appointed as Member of NRC on May 27, 2010

3/ Appointed as Member of ERMC on May 27, 2010

4/ Appointed as Member of AUDIT on May 27, 2010

5/ Appointed as Chairman of CGC on May 27, 2010

6/ Appointed as Member of ERMC on August 25, 2010

7/ Appointed as Chairman of ERMC on May 27, 2010

8/ Appointed as Member of CGC on May 27, 2010

## 4. Company Secretary

The Board of Directors appoints Miss Pakawadee Junrayapes, senior manager office of the secretary to the Board of Directors, as the Company Secretary responsible for providing legal and regulatory advice that the Board of Directors and the Executives must know and oversee the Board of Directors' activities, as well as coordinate to ensure that the resolutions of the Board of Directors and the shareholders are in compliance with the Company's corporate governance. The Secretary has the main duties and responsibilities as follows:

- Give preliminary advice to Directors on laws, and company rules and regulations and ensure correct and continuous compliance, as well as reporting on important changes to the Directors.
- Organize meetings of shareholders and the Board of Directors in compliance of the Company's laws and regulations.
- Prepare minutes of the meetings of the shareholders and the Board of Directors, as well as monitor the implementation of the resolutions of the shareholders and the Board of Directors.
- Ensure the disclosure of information and information technology report under responsibilities to the Company's monitoring office in compliance with the Company's rules and regulations.
- Communicate with general shareholders on their rights and the Company's news.
- Oversee the activities of the Board of Directors.

## 5. Executive Management

The Company's Executive Management (or Management) consists of seven persons, namely:

Name	Position
1. Dr. Anusorn Sangnimnuan	President
2. Mr.Vichien Usanachote	Senior Executive Vice President, Refinery Business
3. Mr. Wattana Opanon-amata	Senior Executive Vice President, Corporate Administration and Information and Technology
4. Mr. Yodphot Wongrukmit	Executive Vice President, Marketing Business
5. Mr. Bundit Sapianchai	Executive Vice President, Corporate Business Development
6. Mr. Surachai Kositsareewong	Executive Vice President, Accounting and Finance
7. Mr. Kiatchai Maitriwong	Executive Vice President, Corporate Administration and Information Technology





### **The Board of Directors' regulations on scopes, duties and responsibilities of the Executive Management**

The Board of Directors defines the roles, duties and responsibilities of the Executive Management as follows:

1. Manage the Company's daily operations in compliance with the Company's policy, action plans, objectives, regulations and rules as set by the Board of Directors.
2. Manage operations according to the resolutions of the meetings of the Board of Directors with the allocated budget with sternness, honesty, protecting the best interest of the Company and the shareholders.
3. Regularly report performance and update on the work according to the resolutions and the Company's important performance to the meeting of the Board of Directors at least once a month.
4. Manage the Company's activities in compliance with corporate governance practices as set by the Board of Directors.
5. Refrain from running the business or participate in similar businesses in competition with the Company's business, whether for one's own interest for interest of others, with the exception that one's respective superior and the Internal Control Office have been informed and approves such activity.
6. If the President takes the position of Director in another company, the Board of Directors must approve it first. In the case of a senior executive, the President must approve it first.
7. All senior executives including the first four senior-most executives after the President, and all those who hold the equivalent position to the fourth senior-most executive, as well as the executive in accounting and finance at the same level as the vice president, must refrain from securities trading at least one month before the announcement of the Company's financial statements and at least three days after such announcement. They have to report the ownership of securities of their own, those of their spouse and their children not yet of legal age, held in the Company and subsidiaries to the Board of Directors every month and must promptly report to the Company in the following cases:
  - Direct and indirect vested interests with any contract concluded by the Company during the accounting year.
  - Possess shares or debentures of the Company and its subsidiary companies.
8. Must participate in courses related to the Company's business and daily operation at the Company's expense, to enhance knowledge and skills to perform duties. As for the Senior Executive Vice Presidents, the Board of Directors encourage them to participate in the Director Certification Program (DCP) organized by the Thai Institute of Directors Association (IOD) or equivalent to enhance understanding of the Director's roles and responsibilities that would lead to effective management of the Company.

### **Stipulations of the Board of Directors concerning the succession plan and improvement of Executives**

The Board of Directors sets a policy to nominate the President and Vice Presidents with appropriate qualifications which any person whether external or internal the Company can apply. The rationale is to suit the Company's situations at that particular time and to prepare Company personnel to work in case the President or Senior Executives could not perform their duties or complete their term. It is also designed to reduce the risk or impact of the non-continuity in the Company's management. The succession plan is thus set. The qualified person is selected by the Nomination and Remuneration Committee, which sets a succession plan for the President and the Senior Executive Vice Presidents under the following procedures:

1. Determine an executive position that needs a succession plan, consisting of the President and Senior Executive Vice Presidents of all business departments.
2. The Nomination and Remuneration Committee determines the competency, experiences and the required level of each position.
3. The Nomination and Remuneration Committee selects qualified executives for the succession in each business department.
4. Assign the President to evaluate the performance and competency of the qualified executives against the required competency to set a plan to develop each person to reduce the competency gap.
5. Assign the Personnel and Management Committee to take charge of training and the development of the competency of qualified executives.
6. The President stipulates the rotation of duties of qualified executives and instructs the Senior Executive Vice Presidents and Executive Vice Presidents to attend the meetings of the Board of Directors to acquire better understanding, experience and readiness in general organizational management.
7. The President regularly reports the performance and the improvement, according to the individual development plan, of the qualified executive to the Nomination and Remuneration Committee.
8. The Nomination and Remuneration Committee annually reviews and summarizes the succession plans for the President and Senior Executive Vice Presidents and reports them to the Board of Directors.

### **Appointment of Executives**

According to the Company's rules, the Board of Directors promotes executives at the level of department. The Board of Directors assigns the Nomination and Remuneration Committee to select executives at the level of Senior Executive Vice President before submitting their names to the Board of Directors.

### **Evaluation of the President**

Non-executive Directors are to evaluate the performance of the President at least once every year. Each year, the Board of Directors evaluates the performance of the President in the form of KPIs against the KPIs stated in the objectives in the hiring contract and action plan that were submitted to the Board of Directors. The President must present his performance in various fields, such as management of the refinery business, marketing business and organizational development, as well as in terms of success, obstacles and capability to expand opportunities and business competition while responding to the government's assorted policies.



## 6. Remuneration of Directors

The Nomination and Remuneration Committee fairly and sensibly sets the remuneration for Directors in line with the responsibilities of Directors, the financial status, and against other companies listed on SET in a similar industry or business size, as well as comparing the average of listed companies from a survey of remuneration rates of registered Directors of IOD Association by setting the remuneration in the forms of meeting allowances and bonus. The Directors assigned as Members in various Committees receive additional compensation to reflect additional responsibilities. The Company has sought permission to pay Directors from the meeting of the shareholders as follows:

### 1. Annual remuneration and meeting allowance

The 2010 AGM on April 8, 2010 gave permission to pay Directors as follows:

#### The Board of Directors

- Monthly remuneration of 20,000 Baht/person
- Meeting allowances of 20,000 Baht/person per meeting (only Directors who attended the meeting)

#### Committee Members

1. Audit Committee
  - Monthly remuneration of 10,000 Baht/person
  - Meeting allowances of 5,000 Baht/person per meeting (only Members who attended the meeting))
2. Nomination and Remuneration Committee
  - Monthly allowance –none-
  - Meeting allowance of 10,000 Baht/person (only Members who attended the Meeting)
3. The remuneration of other Committees appointed by the Board of Directors is under the consideration of the Board of Directors on the basis of appropriateness and in line with the Members' duties and responsibilities.

The Chairmen of the Board of Directors and the Committees receive monthly remuneration and meeting allowances amounting to 25 percent higher than other Directors, and the Vice Chairmen receive monthly remuneration and meeting allowances amounting to 12.5 percent higher than other Directors do.

### 2. Bonuses for Directors

The bonus for each Director is set at 1 percent of net profit but altogether no more than 20,000,000 Baht/year for all Directors. However, the President and Vice Presidents receive 25 percent and 12.5 percent higher bonuses.

In 2010, the individual remuneration of Directors was as follows:

2010	Remuneration in Baht							Net total
	BOARD	AUDIT	NRC	SBIC	ERMC	CGC	Bonus	
1. Mr. Krairit Nilkuha <sup>1/</sup>	560,000	0	0	0	0	0	0	560,000
2. Prof. Dr. Chai-Anan Samudavanija	630,000	0	37,500	0	0	0	1,187,494	1,854,994
3. Dr. Anusorn Tamajai	560,000	231,250	0	0	0	0	1,055,550	1,846,800
4. Mr. Wirat lam-Ua-Yut	540,000	180,000	10,000	0	0	52,500	1,055,550	1,838,050
5. Assoc.Prof. Pranom Kowinwipat	560,000	185,000	0	0	0	0	1,055,550	1,800,550
6. Mr. Thana Putarungsi	560,000	0	0	0	70,000	40,000	772,135	1,442,135
7. Mr. Issra Shoatburakarn <sup>2/</sup>	420,000	105,000	0	0	0	0	0	525,000
8. Mr. Surin Chiravisit <sup>2/</sup>	420,000	0	0	0	40,000	50,000	0	510,000
9. Mr. Pichai Chuhavajira	560,000	0	30,000	75,000	0	0	1,055,550	1,720,550
10. Mr. Nattachart Charuchinda	480,000	0	10,000	0	0	0	101,227	591,227
11. Mr. Sukrit Surabotsopon <sup>2/</sup>	380,000	0	0	0	60,000	0	0	440,000
12. Mr. Sarakorn Kulatham <sup>2/</sup>	380,000	0	0	0	0	30,000	0	410,000
13. Ms. Supa Piyajitti <sup>1/</sup>	480,000	0	0	0	87,500	0	0	567,500
14. Dr. Anusorn Sangnimnuan	560,000	0	0	60,000	70,000	50,000	1,055,550	1,795,550
<b>TOTAL</b>	<b>7,090,000</b>	<b>701,250</b>	<b>87,500</b>	<b>135,000</b>	<b>327,500</b>	<b>222,500</b>	<b>7,338,606</b>	<b>15,902,356</b>

Since the Independent Directors (No. 2-8) did not hold the positions of Directors in a related company or equivalent, there was no remuneration for holding the position.

Note 1/ Appointed as member on February 19, 2010

2/ Appointed as member on April 8, 2010

Directors who completed their terms and resigned during 2010

2010	Remuneration in Baht							Net total
	BOARD	AUDIT	NRC	SBIC	ERMC	CGC	Bonus	
1. General Thawat Ked-Unkoon <sup>1/</sup>	200,000	0	0	0	0	0	1,319,439	1,519,439
2. Dr. Nipon Surapongrukchareon <sup>1/</sup>	140,000	45,000	20,000	0	25,000	0	1,055,550	1,285,550
3. Mr. Chaivat Churitti <sup>1/</sup>	160,000	0	20,000	0	0	0	1,055,550	1,235,550
4. Mr. Tevin Vongvanich <sup>1/</sup>	120,000	0	0	0	20,000	0	1,055,550	1,195,550
5. Mr. Thevan Vichitakul <sup>2/</sup>	40,000	0	0	0	10,000	0	1,055,550	1,105,550
6. Dr. Twarath Sutabutr <sup>2/</sup>	40,000	0	0	0	10,000	0	1,055,550	1,105,550
<b>TOTAL</b>	<b>700,000</b>	<b>45,000</b>	<b>40,000</b>	<b>0</b>	<b>65,000</b>	<b>0</b>	<b>6,597,189</b>	<b>7,447,189</b>

Note 1/ Completed term on April 8, 2010

2/ Resigned on February 4, 2010



Directors who completed their terms and resigned during 2009 (and received bonuses for 2009 performance, payable in 2010)

2010	Remuneration in Baht							Bonus	Net total
	BOARD	AUDIT	NRC	SBIC	ERMC	CGC			
1. Mr. Surong Bulakul <sup>1/</sup>	0	0	0	0	0	0	497,375	497,375	
2. Mr. Sayan Satangmongkol <sup>2/</sup>	0	0	0	0	0	0	283,415	283,415	
3. Mr. Apisit Rujikeatkamjorn <sup>2/</sup>	0	0	0	0	0	0	283,415	283,415	
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,064,205</b>	<b>1,064,205</b>	

Note 1/ Resigned on September 28, 2009

2/ Completed term on April 9, 2009

Comparison of Remuneration of Directors in 2009 and 2010

Remuneration	2009		2010	
	Persons	Baht	Persons	Baht
Meeting allowance	14	8,597,500	14	9,413,750
Bonus	14	0	14	15,000,000
<b>TOTAL</b>		<b>8,597,500</b>		<b>24,413,750</b>

Note: Bonuses for 2009 performance under the resolution of the 2009 AGM, held on April 9, 2009, and payable in 2010

## 7. Remuneration of Executives

The Company evaluates the performance of executives every year in the form of KPIs by comparing them with the objectives in the hiring contract and/or action plan presented to the President and/or the Board of Directors, which will be connected to the rate received according to the Board of Directors' regulations. As for the President, the evaluation will be undertaken every year as well by the non-executive Directors as detailed above.

The Nomination and Remuneration Committee sets remuneration which reflects the performance and remuneration according to the standard of various companies in the same industry and submit appropriate remuneration to the Board of Directors for further consideration and approval.

The President and the Senior Executives of the Company, totaling seven persons, received a total of Baht 54,926,048 in remuneration in 2010, detailed as follows:

#### Remuneration of Senior Executives

Remuneration	2009		2010	
	Persons	Baht	Persons	Baht
Salary	6	29,447,143	7	35,299,158
Bonus and other		18,167,299		16,625,264

Note: Others consisted of

1. Retirement bonuses
2. Contribution to the Employee Joint Investment Program (October 1, 2009 – September 30, 2011)

#### Provident Fund for Senior Executives

Remuneration	2009		2010	
	Persons	Baht	Persons	Baht
Provident fund	6	2,944,714	7	3,001,626

Detail of the Executives and authorized controllers of the Company as of December 31, 2010

Name-Surname	Position	Position in subsidiary companies		Position in related companies
		Bangchak Green Net Co., Ltd	Bangchak Biofuel Co., Ltd	Fuel Pipeline Transportation Co., Ltd
1. Dr. Anusorn Sangnimnuan	President	-	Chairman	-
2. Mr. Vichien Usanachote	Senior Executive Vice President, Refinery Business	-	-	Director
3. Mr. Wattana Opanon-amata	Senior Executive Vice President, Corporate Administration and Information Technology	-	Director	Director
4. Mr. Yodphot Wongrukmit	Executive Vice President, Marketing Business	Director	-	-
5. Mr. Bundit Sapianchai	Executive Vice President, Corporate Business Development	-	-	-



Name-Surname	Position	Position in subsidiary companies		Position in related companies
		Bangchak Green Net Co., Ltd	Bangchak Biofuel Co., Ltd	Fuel Pipeline Transportation Co., Ltd
6. Mr. Surachai Kositsareewong	Executive Vice President, Accounting and Finance	Director	Director	Director
7. Mr. Kiatchai Maitriwong	Executive Vice President, Corporate Administration and Information Technology	-	-	-

#### Remuneration of executives holding positions in subsidiary companies and related companies

- None -

## 8. Personnel

On December 31, 2010, the Company had a total headcount of 994:

- Supporting Employee (Accounting and Finance, Administration and Information Technology, Internal Control Office): 226 persons
- Refinery Business Employee: 472 persons
- Marketing Business and Refinery Project Employee: 282 persons
- Corporate Business Development Employee: 14 persons

#### Remuneration of employee

Employee receive remuneration in the form of salary; shift, night shift, overtime, and upcountry pay; operation at the refinery; and discipline remuneration. Employees have the right to apply for membership of “Bangchak Public Company Limited Provident Fund” by choosing the accumulated at a rate of five percent or ten percent of the salary and the Company will pay the same rate to the Fund. In 2010, the Company paid remuneration to the personnel in the form of salary, shift, night shift, overtime, upcountry, refinery stand-by pay, discipline pay, special bonus and other welfare, with a total of 1,025 million Baht.

Moreover, the personnel and the Company’s executives are entitled to join the Employee Joint Investment Program (EJIP) as approved at the meeting of the Board of Directors No. 9/2009 on August 28, 2009, with the project timeframe spanning October 1, 2009 to September 30, 2011, a total of two years. The Company deducts the salary of those who were eligible and who volunteered to join the Program at a rate of up to five percent of the salary every month until the end of the program, to be accumulated into the Fund. Every month the Company pays 7.5 percent of the salary of those who joined the Program. With the accumulated sum plus the Company’s payment, the Company buys BCP shares and/or BCP-DR1 on SET within a date set by the Company.

#### Significant changes in number employee for the past three years

For the past three years, the Company increased its employee from 865 (as of December 31, 2007) to 994 (as of December 31, 2010) to support the operation of the Product Quality Improvement (PQI) unit.

## 9. Human Resource Development Policy

The Company's strong intention is to support progress in personnel development under a development scheme based on corporate goals that lead to an action plan to focus on personnel development of capability and specialty skills that can compete internationally. What the Company has always stressed is that its personnel must prove themselves worthy to society. In fact, the Company's corporate culture is to be "virtuous, knowledgeable and contributive to society". This is the way to lead it to excellence as a company. Development and promotion of knowledge among employees are regarded as everyone's responsibility to participate in.

This past year, the Company continued to value knowledge management by defining a goal to turn itself into a learning organization and develop lifelong learning. An approach was defined, beginning from search (exploration), defining a scope, managing and storing, transferring knowledge to driving employees' participation in learning and sharing. Finally, the knowledge is applied in the form of best practices leading to innovations, which are in turn useful to the Company's business and improvement. Construction of a Web KM for employees' learning experience is based on fundamental job knowledge, or knowledge derived from experience, specialty knowledge, knowledge derived from training and intelligence, as well as the transfer of such knowledge among employees and others, so that the knowledge remains with the Company and employees can fill in on others' duties. This personnel development provides for regular drills and practices, as well as reviews of employees' knowledge and experience.

Besides, The Company set core competencies for executives and employees to prepare for future operation. It also assessed the knowledge and skills of all employees against the standard set by the Company (the so-called Competency Gap). In 2009, the Company focused on human resource development in compliance with Individual Development Plans, both training courses within the Company and courses from institutions outside the Company, so that all possess the qualifications that the Company had defined (Core Competency). The six qualifications of the organization are:

### 1. Ability for Adaptation and Initiation

This means the ability to understand the organization and business environment by opening up for changing, learning new things, daring to think out of the box and do new things to create opportunities and lead the organization toward maximum success.

### 2. Leadership

This means a leader with vision, who dares to think and do what is right for the benefit of the organization with transparency and fairness, ready for differences of opinions, and show responsibility for a result as well as giving advice and creating inspiration to cooperate, and is accepted at all levels.

### 3. Teamwork Spirit

This means working as a service-minded team, the willingness to work with others, enthusiastic to assist, accept the value of colleagues in the team, and forge good relationships with all concerned, both within and outside, to create willingness to work together and render service so that the jointly set objectives may be met.

### 4. Organization Commitment

This means the commitment to dedicate oneself to meet the organization's objectives through integrity, professionalism and efficiency, and improve work processes to upgrade the general performance so that it may be generally accepted as well as continually creating success and business growth.





### 5. Personal Mastery

This means the enthusiasm to constantly learn and be ready to apply knowledge to develop one's own potential as well as that of the organization.

### 6. Social and SHEE Awareness

This means being aware and following the principles of safety, occupational health and environment in compliance with international standards and the Company's operation as well as have public consciousness and participating in activities benefiting the organization, community and society.

The Company has added functional competencies for employees without subordinates and executive competencies for executives and supervisors to serve as approaches for employee development to either perform or manage in their own jobs more efficiently.

The Company prepared functional competencies for subordinates, as detailed below:

1. Building Trust
2. Communication and Presentation
3. Customer Service Orientation
4. Persuasion and Influencing
5. Continuous Improvement
6. Decision Making
7. Managing Work
8. Quality Orientation
9. Sales Persuasion
10. Sales Negotiation
11. Business Orientation
12. Devising Sales Approaches and Solutions
13. Tenacity



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Moreover, the Company prepared executive competencies for executives and supervisors, including:

1. Communication and Presentation
2. Building Partnership
3. Empowerment/Delegation
4. Facilitating Teams
5. Leading through Vision and Values
6. Building Organizational Talent
7. Business acumen
8. Customer Centric
9. Planning and Organizing
10. Facilitating Change
11. Driving for Results
12. Executive Disposition

As for training and development, the Company designed training courses to address its goals and direction in both the short term and the long term. As far as human resource development goes, continual improvement aimed to close competency gaps while developing expertise and experience in specialty, technical and management areas, as well as expertise to support future businesses. The average training hours per person was 10.4. The Company's training courses fell into seven categories, namely:

1. Executive Development
2. Business Development
3. Successor & Talent
4. Company Policy
5. Competency Development
6. e-Learning
7. Special Technical Request

Apart from these, the Company consistently focused on exercising care for the environment and energy, work safety awareness and social responsibility in line with its Greenergy Excellence vision of working towards sustainable development in harmony with the environment and society.



# Board of Directors



1. Mr. Krairit Nilkuha
2. Prof. Dr. Chai-Anan Samudavanija
3. Dr. Anusorn Tamajai
4. Mr. Pichai Chunhavajira





5. Mr. Wirat Iam-Ua-Yut 6. Mr. Issra Shoatburakarn  
7. Mr. Surin Chiravisit 8. Assoc.Prof. Pranom Kowinwipaf 9. Mr. Thana Putarungsi







10. Mr. Nattachart Charuchinda 11. Mr. Sukrit Surabotsopon 12. Mr. Sarakorn Kulatham  
13. Ms. Supa Piyajitfi 14. Dr. Anusorn Sangnimnuan



# Board of Directors

## Mr. Krairit Nilkuha

Chairman

- **Age 59**

- **Education/Training**

- B.B.Sc. in Mechanics Engineering, Kasetsart University
- M.Sc. in Petroleum Engineering, New Mexico Institute of Mining and Technology, USA
- Diploma, the National Defense Course, Class 48 (2005), National Defence College
- Audit Committee Continuing and Development Program (ACP 24/2008), IOD
- Senior Executive Program, Batch#8, Capital Market Academy

- **Experience**

- 1998-2005 : Secretary of the Petroleum Committee
- 1998-2005 : Sub-Committee of the Petroleum Committee
- 2003-2005 : Deputy Director-General, Department of Mineral Fuels

- 2005-2007 : Director, PTT Exploration and Production Public Company Limited
- 2005-2008 : Director-General, Department of Mineral Fuels
- 2008-2009 : Deputy Permanent Secretary, Ministry of Energy
- 2009-Present : Director General Department of Alternative Energy Development and Efficiency, Ministry of Energy

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - o Director, PTT Public Company Limited
- Non-listed businesses
  - o Director General Department of Alternative Energy Development and Efficiency, Ministry of Energy

## Prof. Dr. Chai-Anan Samudavanija

Vice Chairman (Independent Director)

Chairman of the Nomination and Remuneration Committee

- **Age 66**

- **Education/Training**

- Doctorate degree, University of Wisconsin (Madison)
- Master's degree, University of Wisconsin (Madison)
- Bachelor's degree, Victoria University of Wellington, New Zealand
- Certificate, Social Planning, United Nations Asian Institute
- Honorary doctorate (development administration), National Institute of Development Administration
- Honorary doctorate, Edgewood University
- Honorary doctorate and outstanding alumnus, University of Wisconsin (Madison)
- Honorary degree, National Defence College
- Director Certification Program (DCP), IOD
- Role of the Compensation Committee (RCC), IOD

- **Experience**

- 1996-June 2007 : Director, Vajiravudh College
- 1998-2000 : Judge, Constitutional Court

- 2003 : Fellow of the Academy of Moral and Political Sciences, The Royal Institute
- : Vice President, The Royal Institute
- : Chairman, Electricity Generating Authority of Thailand
- : Chairman, Electricity Generating Public Company Limited
- : Chairman of Audit Committee, Krungthai Bank Public Company Limited
- : Director, Office of the Public Sector Development Commission (OPDC)
- : Executive Director, National Research Council
- : Director, State Enterprise Policy Committee

- 2006-2008 : Member, National Legislative Assembly

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - None -



- Non-listed businesses
  - o Chairman, Standing Committee of Education and Sport
  - o Chairman, Institute of Public Policy Studies
- o President, The Royal Institute
- o Chairman, Office of the Basic Education Commission
- o Director, College of Management, Mahidol University

## Dr. Anusorn Tamajai

Independent Director

Chairman of Audit Committee

- **Age 44**

- **Education/Training**

- Ph.D.Econ. (International economics, finance and development), Fordham University New York, USA
- M.B.A., Southeastern University
- M.Econ, Fordham University New York, USA
- B.A. (Political Science) (Honours), Chulalongkorn University
- Director Certification Program (DCP), IOD
- Strategy and Policy Development, IOD
- Audit Committee Program (ACP), IOD
- Role of the Chairman Program (RCP), IOD
- Role of the Compensation Committee (RCC), IOD
- Financial Statement for Directors (FSC), IOD
- Monitoring the System of Internal Control and Risk Management (MIR), IOD
- Monitoring the Quality of Financial Reporting (MFR), IOD
- State-enterprise Leadership Development for Senior Managers (Class 2) King Prajadhipok's Institute

- **Experience**

- 2000 : Vice President, Corporate Regulatory, Research and Public Affairs, Citibank
- 2002-2005 : Senior Director, Research and Fund Management Office, Bankthai Public Company Limited
- 2002-2003 : Managing Director, BT Asset Management Company Limited

- 2002-2006 : Director and Chairman of Internal Audit Committee, Thailand Post Company Limited
- 2002-2006 : Director, Family Know How Company Limited (a subsidiary of Stock Exchange of Thailand)
- 2005-2007 : Director, Center for the Promotion of National Strength on Moral Ethics and Values, Moral Center, Office of the Prime Minister
- 2008-2010 : Director and Chairman of Risk Management Committee, Bank for Agriculture and Agricultural Cooperatives

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - o Director and chairman of audit committee, MCOT Public Company Limited
- Non-listed businesses
  - o Dean of Faculty of Economics/Director, Research Center for Economic and Business Reform, Rangsit University
  - o Executive Director, Telecommunications Development for Public Benefit Fund (NTC)
  - o Director, Pridi Banomyong Institute
  - o Specialist and Director for supervision and execution of policies, Public Management Office, Ministry of Finance
  - o Member, Sub-committee on Performance Evaluation of State-Owned Enterprises, Ministry of Finance

## Mr. Wirat Iam-Ua-Yut

Independent Director

- **Age 66**

- **Education/Training**

- Honorary Master Degree of Science (Cooperatives Economics), Mae Jo University
- Improving the Quality of Financial Reporting (QFR), IOD
- Director Accredited Program (DAP), IOD
- Finance for Non-finance Director (FND), IOD

- **Experience**

- 1997-2001 : Chairman, The Administrative Authority of Ka-Mung District, Nakhon Sawan
- 2002-2005 : Chairman, The Cooperative League of Thailand: Board of National Cooperative Development
- 2006-2010 : Member, The Cooperative League of Thailand

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - None -

- Non-listed businesses

- o Chairman, Chumsaeng Agricultural Cooperatives Limited
- o Member, National Economic and Social Advisory Council
- o Member, The Cooperative League of Thailand

## Assoc.Prof. Pranom Kowinwipat

Independent Director

- **Age 68**

- **Education/Training**

- M.B.A. (Accounting), Georgia State University, USA
- B.A. (Accounting), Thammasat University
- Audit Committee in a New Era of Governance, Harvard Business School (USA)
- Director Certification Program (CDP), IOD
- Responsibilities of Directors and Executives under Securities and Exchange Act, B.E.2535 (amended version)
- Corporate Fraud Detection and Prevention, IOD
- Latest Amendment of Accounting Standards (Class 7), Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Audit Committee Program (ACP), IOD
- What the Board Should Do in a Downturn Situation, IOD
- Keeping Pace with International Accounting, Commerce and Accountancy, Thammasat University
- The value creation advisory role, Federation of Accounting Professions under the Royal Patronage of His Majesty the King

- **Experience**

- Director and Chairperson of Audit Committee, Metropolitan Electricity Authority
- Director, Tax Auditor Examination Committee, Revenue Department, Ministry of Finance
- Director, Tax Auditor Compliance Committee, Revenue Department, Ministry of Finance

- Director, Office of the Civil Service Commission (OCSC)'s committee to interview applicants for Ph.D/master's degree scholarships in accountancy

- Deputy Dean, Faculty of Commerce and Accountancy, Thammasat University

- Head of Accounting Department and Director of Faculty of Commerce and Accountancy, Thammasat University

- Director, Office of National Education Standards and Quality Assessment (public organization)

- Advisor to the Rector, Thammasat University (2004-2010)

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company

- None -

- Other listed companies

- o Director and Audit Committee member, Bangkok Union Insurance Public Company Limited

- o Director and Audit Committee member, Thai Coating Industrial Public Company Limited

- Non-listed businesses

- o Vice Chairperson of a committee to manage the fund for merit making on Thammasat University's Birthday

- o Specialist, Faculty of Commerce and Accountancy, Thammasat University

- o Lecturer, Faculty of Accountancy and Management, Mahasarakham University

## Mr. Thana Putarungsi

Independent Director

- **Age 55**

- **Education/Training**

- M.Eng. (Power Technology), Kasetsart University
- B.Eng. (Power Technology), Kasetsart University

- Director Certification Program (DCP), IOD

- Financial Statement for Directors (FSD), IOD

- **Experience**

- 1992-1995 : Chief of High Voltage Station Division, Central Region Operations, Electricity Generating Authority of Thailand



- 1995-2000 : Chief of High Voltage Station Maintenance Division, Central Region Operations, Electricity Generating Authority of Thailand
  - 2000-2003 : Assistant Director, Operations, Electricity Consumption, Electricity Generating Authority of Thailand
  - 2003-2008 : Director, Operations, Electricity Consumption, Electricity Generating Authority of Thailand
  - 2008-2010 : Assistant Governor, Transmission Operations, the Electricity Generating Authority of Thailand
  - 2010-present : Deputy Governor, Transmission Operations, the Electricity Generating Authority of Thailand
- **Other directorship positions/other positions at present**
    - Subsidiaries/Related Company
      - None -
    - Other listed companies
      - None -
    - Non-listed businesses
      - o Deputy Governor, Transmission Operations, the Electricity Generating Authority of Thailand
      - o Director, District Cooling System and Power Plant Co., Ltd (DCAP)

## Mr. Issra Shoatburakarn

Independent Director

- **Age 63**

- **Education/Training**

- B.Eng. (Industrial Engineering), Chulalongkorn University
- M.S. (Environment Engineering) Florida Institute of Technology, USA
- The National Defence Course, Class 46, National Defence College
- Senior Executive Program Batch#33, Office of the Civil Service Commission (OCSC)
- Director Certification Program (DCP 77/2006), IOD

- **Experience**

- Chairman of Industrial Standards Committee
- Chief Executive, Bangpa-in Paper Mill Industry Co., Ltd.
- Chairman, The General Environmental Conservation Public Company Limited

- Director, Industrial Estate Authority of Thailand
- Director, Metropolitan Waterworks Authority (Thailand)
- 2003-2004 : Secretary General, Office of the Cane and Sugar Board
- 2004-2006 : Director General, Department of Industrial Works
- 2007-retirement : Deputy Permanent Secretary, Ministry of Industry

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - None -
- Non-listed businesses
  - None -

## Mr. Surin Chiravisit

Independent Director

Chairman of Corporate Governance Committee

- **Age 63**

- **Education/Training**

- LL.B., Ramkhamhaeng University
- B.Ed., Srinakharinwirot University
- LL.M., Chulalongkorn University
- Investigation of the criminal case program, Batch#44, The Royal Thailand Police

- Senior Administrator Program, Batch#29, Ministry of Interior
- Senior Executive Program, Batch#21, Office of The Civil Service Commission
- The National Defence Course, Class 40, National Defence College
- Politics and Government in Democracy for Executives (Class 6), King Prajadhipok's Institute
- Director Certification Program (DCP), IOD

● **Experience**

- 2543 : Director General, Department of Skill Development
- 2004 : Director General, Department of Labor Protection and Welfare
- 2005 : Deputy Permanent Secretary, Ministry of Labor, Office of the Permanent Secretary for Ministry of Labor
- 2006-retirement : Secretary General, Social Security Office

● **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
- None -
- Other listed companies
- None -
- Non-listed businesses
- None -

## Mr. Pichai Chunhavajira

Director

Chairman of Strategic Business Investment Committee

● **Age 61**

● **Education/Training**

- Honorary Ph.D. (Financial Management), Mahasarakham University
- Honorary Ph.D. (Accounting), Thammasat University
- M.B.A. (Business Administration), Indiana University of Pennsylvania, USA
- B.A. (Accounting), Thammasat University
- Capital Market Academy, Class 5
- Public and Private Joint Program (Class 4313), National Defence College
- Certified Auditor No. 2918
- Director Accreditation Program (DAP), IOD
- Director Certification Program (DCP), IOD

● **Experience**

- 1999-2007 : Director, The Aromatics (Thailand) Public Company Limited
- 2000-2001 : President, PTT Oil
  - : Acting Deputy Governor, Finance and Accounting, Petroleum Authority of Thailand
  - : Acting President, PTT International Company Limited
- 2001 : Deputy Governor, Finance and Accounting, Petroleum Authority of Thailand
- 2001-2003 : Director, Eastern Water Resources Development and Management Public Company Limited
- Sept 2003-Dec 2004 : Acting President, Bangchak Petroleum Public Company Limited
- 2003-2008 : Director and Audit Committee member, Siam Commercial Bank Public Company Limited

- 2004-2006 : Director, Metropolitan Electricity Authority
  - : Director, Electricity Generating Authority of Thailand

- 1996-May 2009 : Director, Dhipaya Insurance Public Company Limited
- 2005-Jun 2009 : Director, PTT Chemical Public Company Limited
- 2007-Jun 2009 : Director, PTT Aromatics and Refining Public Company Limited
- 2001-Dec 2007 : Senior Executive Vice President, Finance and Accounting, PTT Public Company Limited
- 2008-Jun 2009 : Chief Financial Officer, PTT Public Company Limited

● **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
- None -
- Other listed companies
  - o Chairman, ThaiOil Public Company Limited
  - o Director, PTT Public Company Limited
  - o Director, IRPC Public Company Limited
  - o Director, Thai Airways International Public Company Limited
  - o Director, PTT Exploration and Production Public Company Limited
- Non-listed businesses
  - o Director, Thai Lube Base Public Company Limited
  - o Director, ThaiOil Power Company Limited
  - o Director, ThaiOil Ethanol Company Limited
  - o University Council Member of Assumption University
  - o Member, Audit Committee, Mahidol University
  - o Vice President/Chairman of the Management Accounting Committee, Federation of Accounting Professions
  - o Director, Risk Management Sub-Committee Charter, The Thai Red Cross Society



## Mr. Nattachart Charuchinda

Director

- **Age 55**

- **Education/Training**

- M.B.A., Thammasat University
- B.S. (Engineering), Chiangmai University
- Director Certification Program (DCP) จาก IOD
- Break Through Program for Senior Executives (BPSE)

- **Experience**

- 1996 : Senior Vice President, Marketing and Joint Venture, Petroleum Authority of Thailand
- 2001 : Senior Vice President, Business Development and International Markets, Petroleum Authority of Thailand
- 2002 : Executive Vice President, Business Development and International Markets, PTT Plc.

- Nov 2002-2004 : Executive Vice President, Terminal Operations, PTT Plc.
- Oct 2004 : Executive Vice President, Supply and Logistics, PTT Plc.
- Nov 2005 : Executive Vice President, Gas Business Unit for Vehicles, PTT Plc.
- Jul 2009-Present: Senior Executive Vice President Organizational Strategic, PTT Plc.

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - o Senior Executive Vice President Organizational Strategic, PTT Plc.
  - o Director, Bangkok Aviation Fuel Services Plc.
- Non-listed businesses
  - o Director, Bangkok Polyethylene Plc.

## Mr. Sukrit Surabotsopon

Director

- **Age 52**

- **Education/Training**

- B.Eng., Chulalongkorn University
- Executive Development Program (EDP) 2009, Thai Listed Companies Association (TLCA)
- Director Certification Program (DCP 132/2010), Thai Institute of Directors (IOD)

- **Experience**

- 2005 : Strategic Planning and Business Development Manager, Thai Oil Plc.
- 2007 : Assistant Managing Director, Business, Thai Oil Plc.
- 2008 : Assistant Managing Director, Strategic Planning and Business Development, Thai Oil Plc.
- 2009 : Executive Vice President, Subsidiary Planning & Management, Petrochemicals and Refining Business Unit, PTT Plc.

- 2010 : Senior Executive Vice President, Petrochemicals and Refining Business Unit, PTT Plc.

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - o Senior Executive Vice President, Petrochemicals and Refining Business Unit, PTT Plc.
- Non-listed businesses
  - o Director, Thai Lube Base Public Company Limited
  - o Director, ThaiOil Ethanol Company Limited
  - o Director, ThaiOil Energy Solution Company Limited
  - o Director, Star Petroleum Refining Company Limited
  - o Director, HMC Polymers Company Limited
  - o Director, PTT Phenol Company Limited
  - o Director, PTT Maintenance & Engineering Company Limited

## Mr. Sarakorn Kulatham

Director

- **Age 56**

- **Education/Training**

- B.Sc. (Sanitation), Chulalongkorn University
- M.S. (Civil Engineering), University of Missouri, USA
- Finance for Non Finance Executive (2007)
- PTT Group EVP Leadership Development Program Class 1 (2008)
- IMD – BPSE (2009)

- **Experience**

- 2001-2004 : Vice President, Petroleum Products and LPG Trading Department, PTT Plc.
- 2004-2007 : Vice President, PTT Plc.  
(working at Alliance Refining Co., Ltd.)
- 2007-2009 : Executive Vice President, PTT Plc.  
(working at Alliance Refining Co., Ltd.)

- 2009-2010 : Executive Vice President, PTT Plc.  
(working at Alliance Refining Co., Ltd.)
- 2010 : Executive Vice President,  
International Trading Unit, PTT Plc.
- Oct 2010-Present : Senior Executive Vice President,  
International Trading Unit, PTT Plc.

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - o Senior Executive Vice President,  
International Trading Unit, PTT Plc.
- Non-listed businesses
  - o Director, Star Petroleum Refining Co., Ltd.
  - o Director, Thaioil Marine Co., Ltd
  - o Director, PTT International Trading Pte.Ltd.

## Ms. Supa Piyajitti

Director

Chairman of Enterprisewide Risk management Committee

- **Age 56**

- **Education/Training**

- B.Sc. in Accounting, Thammasart University
- LL.B., Thammasart University
- MPA, National Institute of Development Administration (NIDA)
- Junior Executive Program, Batch#20
- Mini MBA Curriculum of Ministry of Finance, Batch#2
- English Language Program, United States of America
- Public Sector Management Reform Program, New Zealand
- Senior Executive program, Batch#27, Ministry of Finance
- Insurance Training Program, United Kingdom
- Directors Certification Program (DCP), IOD
- The National Defence Course, Batch#45,  
National Defence College
- The Program for Senior Executive on Justice Administration,  
Batch#11, Judicial Training institute
- Senior Executive Program, Batch#8,  
Capital Market Academy

- **Experience**

- 1997 : Director Bureau of State Enterprises and Government Securities, The Comptroller General's Department
- 2001 : Deputy Director General, The Comptroller General's Department
- 2004 : Inspector General
- 2006 : Deputy Permanent Secretary
- 2009 : Director General, State Enterprise Policy Office (SEPO), Ministry of Finance
- 2010 : Deputy Permanent Secretary, Ministry of Finance

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - o Director and member of audit committee,  
Siam Commercial Bank Public Company Limited
- Non-listed businesses
  - o Deputy Permanent Secretary, Ministry of Finance
  - o Director, National Credit Bureau Company Limited





## Dr. Anusorn Sangnimnuan

President

And Secretary to Board of Directors

- Age 56

- Education/Training

- Ph.D. (Chemical Engineering), Monash University, Melbourne, Australia
- M.Eng. (Environmental Engineering), Asian Institute of Technology
- B.Sc. (Chemical Technology), Chulalongkorn University
- Diploma, The joint State-Private Sector Course, National Defence College (Class 20th)
- Advanced Diploma, public administration and public law, King Prajadhipok's Institute
- Leadership Program, Capital Market Academy (Class of 10<sup>th</sup>)
- Director Certification Program (DCP), IOD
- Director Accreditation Program (DAP), IOD
- Finance for Non-finance Director (FND), IOD
- DCP Refresher Course (RE DCP), IOD

- Experience

The Bangchak Petroleum Public Company Limited

- 2000-2001 : Senior Vice President, Planning and Supply
- 2001-2004 : Senior Executive Vice President, Planning and Supply/Industrial Lubricant Marketing
- 2003-2004 : Senior Executive Vice President, Refinery Business
- 2005-Present : President and Secretary to Board of Directors

Others

- 1997-2003 : Expert director providing consideration on industrial projects' environmental analysis reports

- 2000-2005 : Executive Director, National Research Center of Environmental and Hazardous Waste Management, Chulalongkorn University
- 2000-2008 : Executive Director, Petroleum and Petrochemical College, Chulalongkorn University
- 2001-2005 : Director, National Ethanol Committee
- 2002-2004 : Member, sub-committee providing consideration on ethanol-biodiesel, The House of Representatives
- 2006-2008 : Vice Chairman, Petroleum Refining Industry Club, Federation of Thai Industries
- 2006-2008 : Member, The National Legislative Assembly : Commissioner and Secretary, Energy Committee

- Other directorship positions/other positions at present

- Subsidiaries/Related Company
  - o Chairman, Bangchak Biofuel Company Limited
- Other listed companies
  - None -
- Non-listed businesses
  - o Chairman, Thailand Business Council for Sustainable Development
  - o Director, Thai Listed Companies Association
  - o Director, National Center of Excellence for Petroleum, Petrochemicals, and Advanced Materials, Chulalongkorn University
  - o Director, School of Environment, Resources and Development, Asian Institute of Technology
  - o Director, Thai Capital Market Organizations
  - o Director, Petroleum Institute of Thailand
  - o Director, "Business Network for the Reform", The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB)

# Executive Management



1. Dr. Anusorn Sangnimnuan
2. Mr. Vichien Usanachote
3. Mr. Wattana Opanon-amata





4. Mr. Yodphot Wongrukmit 5. Mr. Bundit Sapianchai 6. Mr. Surachai Kositsareewong  
7. Mr. Kiatchai Maitriwong 8. Mr. Pongchai Chaichirawiwat 9. Mr. Somchai Tejavanija



# Executive Management

## Dr. Anusorn Sangnimnuan

President

And Secretary to Board of Directors

- **Age 56**

- **Education/Training**

- Ph.D. (Chemical Engineering), Monash University, Melbourne, Australia
- M.Eng. (Environmental Engineering), Asian Institute of Technology
- B.Sc. (Chemical Technology), Chulalongkorn University
- Diploma, The joint State-Private Sector Course, National Defence College (Class 20th)
- Advanced Diploma, public administration and public law, King Prajadhipok's Institute
- Leadership Program, Capital Market Academy (Class of 10<sup>th</sup>)
- Director Certification Program (DCP), IOD
- Director Accreditation Program (DAP), IOD
- Finance for Non-finance Director (FND), IOD
- DCP Refresher Course (RE DCP), IOD

- **Experience**

The Bangchak Petroleum Public Company Limited

- 2000-2001 : Senior Vice President, Planning and Supply
- 2001-2004 : Senior Executive Vice President, Planning and Supply/Industrial Lubricant Marketing
- 2003-2004 : Senior Executive Vice President, Refinery Business
- 2005-Present : President and Secretary to Board of Directors

Others

- 1997-2003 : Expert director providing consideration on industrial projects' environmental analysis reports

- 2000-2005 : Executive Director, National Research Center of Environmental and Hazardous Waste Management, Chulalongkorn University
- 2000-2008 : Executive Director, Petroleum and Petrochemical College, Chulalongkorn University
- 2001-2005 : Director, National Ethanol Committee
- 2002-2004 : Member, sub-committee providing consideration on ethanol-biodiesel, The House of Representatives
- 2006-2008 : Vice Chairman, Petroleum Refining Industry Club, Federation of Thai Industries
- 2006-2008 : Member, The National Legislative Assembly : Commissioner and Secretary, Energy Committee

- **Other directorship positions/other positions at present**

- Subsidiaries/Related Company
  - o Chairman, Bangchak Biofuel Company Limited
- Other listed companies
  - None -
- Non-listed businesses
  - o Chairman, Thailand Business Council for Sustainable Development
  - o Director, Thai Listed Companies Association
  - o Director, National Center of Excellence for Petroleum, Petrochemicals, and Advanced Materials, Chulalongkorn University
  - o Director, School of Environment, Resources and Development, Asian Institute of Technology
  - o Director, Thai Capital Market Organizations
  - o Director, Petroleum Institute of Thailand
  - o Director, "Business Network for the Reform", The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB)

## Mr. Vichien Usanachote

Senior Executive Vice President, Refinery Business

- **Age 55**

- **Education/Training**

- Master of Engineering, Ohio State University, USA
- BS (Engineering), Chulalongkorn University



- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Advanced Diploma in Public Law and Management # 7, King Prajadhipok's Institute
- Advanced Senior Executive Program, Kellogg School of Management
- Director Certification Program (DCP), IOD
- Finance for Non-Finance Director (FND), IOD

- **Experience**

The Bangchak Petroleum Public Company Limited

- 1993 : Senior Executive Vice President, Marketing/Manufacturing
- 2000 : Senior Executive Vice President,

- Marketing Business Unit
- 2001 : Senior Consultant
- 2002 : Senior Executive Vice President, Planning and Logistics
- 2003-2004 : Senior Consultant, Acting Senior Executive Vice President
- 2005-present : Senior Executive Vice President, Refinery Business

- **Other directorship positions/Other positions at present**

- Other listed companies
  - None -
- Non-listed businesses
  - o Director, Fuel Pipeline Transportation Limited

## Mr. Wattana Opanon-amata

Senior Executive Vice President,

Corporate Administration and Information Technology

- **Age 54**

- **Education/Training**

- MS (Chemical Engineering), Chulalongkorn University
- BS (Chemical engineering), Chulalongkorn University
- Mini-MBA, Chulalongkorn University
- Diploma, Director Certification Program, IOD
- Advanced diploma in public administration and public law, King Prajadhipok's Institute (Por.Ror.Mor.6)
- Diploma, Enterprisewide Risk Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Director Certification Program Refresher Course (RE DCP), IOD
- Director Certification Program (DCP), IOD
- Audit Committee Program (ACP), IOD
- Finance for Non-finance Director Course (FND), IOD
- Certificate, Management of Thinking and Cultural Conflicts, Class 2, National Defence College Think Tank for Society
- Certificate, Executive Leadership Program (ELP 5), Nida-Wharton, USA
- Diploma, Senior Executive Program (SEP-24), Sasin Graduate Institute of Business Administration of Chulalongkorn University

- **Experience**

The Bangchak Petroleum Public Company Limited

- 1994-2000 : Senior Vice President, Marketing and Engineering Service

- 2000-2001 : Senior Vice President, Planning and Supply
- 2001-2004 : Executive Vice President
- 2004-2005 : Senior Consultant, Acting Senior Executive Vice President
- 2006-present : Senior Executive Vice President, Corporate Administration and Information Technology

- **Other directorship positions/Other positions at present**

- Other listed companies
  - None -
- Non-listed businesses
  - o Director, Bangchak Biofuel Company Limited
  - o Director, Fuel Pipeline Transportation Limited
  - o Committee member, Chemical Engineering Committee for 2008-2010, The Engineering Institute of Thailand under H.M. the King's Patronage
  - o Committee member, Thailand Business Council for Sustainable Development
  - o Member of Green Labeling Project Management Committee, Thailand Environment Institute (TEI)
  - o Member of Certified GHG Emission Reductions for Building Committee, Thailand Environment Institute (TEI)
  - o Chairman of CSR Club, Thai Listed Companies Association, Stock Exchange of Thailand
  - o Advisor of Corporate Social Responsibility Institute (CSRI), The Stock Exchange of Thailand

## Mr. Yodphot Wongrukmit

Executive Vice President, Marketing Business

- **Age 51**

- **Education/Training**

- MBA, MTSU, USA
- BA (Economics) (2nd Class Honors), University of the Thai Chamber of Commerce
- NIDA-Wharton Executive Leadership Program # 6/2010
- Graduate Diploma in Public Law and Management # 9/2010, King Prajadhipok's Institute
- Director Certification Program (DCP), IOD
- Logistics Economic
- Economics for Decision Making
- JCCP "Advanced Marketing" (Japan)
- Marketing Outlook
- Sales Management
- Effective Negotiation Skills
- PR Strategies for SET-Listed Companies

- Strategic Leadership
- The Leadership GRID

- **Experience**

The Bangchak Petroleum Public Company Limited

- 1994 : Manager, North and Central Districts
- 1998 : Senior Manager, Central District
- 2001 : Vice President, Retail Marketing
- 2004 : Senior Vice President, Retail Marketing
- 2007-2008 : Executive Vice President, Retail Marketing
- 2008-present : Executive Vice President, Marketing

Business

- **Other directorship positions/Other positions at present**

- Other listed companies
  - None -
- Non-listed businesses
  - o Director, Bangchak Green Net Company Limited

## Mr. Bundit Sapianchai

Executive Vice President, Corporate Business Development

- **Age 46**

- **Education/Training**

- Master's degree in engineering, Asian Institute of Technology (AIT), Thailand
- BS (Engineering), King Mongkut's Institute of Technology Ladkrabang
- Director Certification Program (DCP), IOD
- Director Accredited Program (DAP), IOD
- Finance for Non-finance Director (FND), IOD
- Successful Formulation & Execution of Strategy (SFE), IOD
- Management in Globalizing Era (Ex-PSM 5), Fiscal Policy Research Institute

- **Experience**

The Bangchak Petroleum Public Company Limited

- 1998-present : Executive Vice President, Business Development and Strategy

Other

- 1988-1994 : Commercial Manager, National Petrochemical Public Company Limited
- 1994-1997 : Marketing Director, PTT Petrochemical Company Limited
- 1997-2004 : Business Director, Air Liquide (Thailand) Company Limited
- 2004-2008 : Executive Vice President, Finance and Strategy, NFC Fertilizer Public Company Limited

- **Other directorship positions/Other positions at present**

- Other listed companies
  - None -
- Non-listed businesses
  - o Director, ASEAN Potash Mining Public Co., Ltd.





## Mr. Surachai Kositsareewong

Executive Vice President, Accounting and Finance

- **Age 48**

- **Education/Training**

- Master of Business Administration, Steton School of Economics and Business Administration Mercer University, USA
- BA in Merchant Marine, Faculty of Commerce and Accounting, Chulalongkorn University
- Director Accreditation Program (DAP), IOD
- Audit Committee Program (ACP), IOD

- **Experience**

The Bangchak Petroleum Public Company Limited

- 2009-Present : Executive Vice President, Accounting and Finance

Other

- 1998-2004 : Vice president, Treasury Department, Small and Medium Enterprise Development Bank of Thailand

- 2004-2007 : Independent director and audit committee member, Wyncoast Industrial Park Public Company Limited
- 2005-2007 : Consultant in business, finance, and investment, Libra Law Office (Thailand)
- 2007-2009 : Vice President (Administration) and Chief Finance Officer, Dhanarak Asset Development Company Limited

- **Other directorship positions/Other positions at present**

- Other listed companies
  - None -
- Non-listed businesses
  - o Director, Bangchak Biofuel Company Limited
  - o Director, Bangchak Green Net Company Limited
  - o Director, Fuel Pipeline Transportation Limited

## Mr. Kiatchai Maitriwong

Executive Vice President,

Corporate Administration and Information Technology

- **Age 51**

- **Education/Training**

- MBA (Bachelor of Commerce and Accountancy) , Thammasat University
- BS (Chemical engineering), Chulalongkorn University
- LPG Recovery Technology, JCCP (Japan)
- Essential Petroleum Refining for Process Engineer, JCCP (Japan)
- Engineering Design, UOP (USA)
- Distribution Control System, Honeywell (USA)
- Oil Price Risk Management, Morgan Stanley (USA)
- The Manager Grid, AIM
- Fire & Business Interruption, The Chartered Insurance Institute (CII)
- Energy Leadership Development for Senior Managers (Class 4), Ministry of Energy

- Great Leadership, PACRIM
- Time Management, Planning and Prioritization, Petroleum Institute of Thailand (PTIT)
- Executive Development Program Coaching for Result, Mahidol University
- Executive Development Program, Fiscal Policy Research Institute Foundation (FPRI) and Maxwell School of Syracuse University

- **Experience**

The Bangchak Petroleum Public Company Limited

- 1997 : Senior Manager, Oil Supply
- 2001 : Senior Manager, Planning and Evaluation, Marketing Business
- 2002 : Assistant Vice President, Business Strategy Office
- 2004 : Vice President, Planning, Planning and Supply
- 2006 : Acting Senior Vice President, Planning and Supply
- 2007 : Senior Vice President, Planning and Supply
- 2008 : Consultant

- 2009-2010 : Senior Consultant
  - 2010-present : Executive Vice President, Corporate Administration and Information Technology
- Other
- Team leader, OIM Risk Management, PTT Group
  - Vice chairman and committee member, Petroleum Refining Industrial Group, Federation of Thai Industries
  - Special instructor for refining and supply businesses, Petroleum Institute of Thailand
  - Special course instructor and consultant to Ministry of Energy involved in the development of Energy Leadership Development training programs for senior, middle, and junior managers
  - Course director, Logistics Economics & Workshop
  - Consultant to Minister of Prime Minister's Office's in energy affairs
  - Special instructor for oil pricing structure and oil price risk management training
- **Other directorship positions/Other positions at present**
    - Other listed companies
    - None -
    - Non-listed businesses
    - None -

## Mr. Pongchai Chaichirawiwat

Senior Vice President

- **Age 50**
- **Education/Training**
  - MBA, Thammasat University
  - Master's degree in engineering, Asian Institute of Technology (AIT), Thailand
  - Bachelor's degree in engineering, Chulalongkorn University
- **Experience**
  - 1998 : Manager, Marketing Engineering
  - 2001 : Senior Manager, Marketing Engineering
  - 2004 : Vice President, Retail Marketing
  - 2006 : Vice President, Business
  - 2007 : Acting Senior Vice President, Commercial Marketing and Lubricants
  - 2008-present : Senior Vice President (Managing Director appointed to Bangchak Biofuel Company Limited)
- **Other directorship positions/Other positions at present**
  - Other listed companies
  - None -
  - Non-listed businesses
    - o Managing Director, Bangchak Biofuel Company Limited
    - o Director, Bangchak Green Net Company Limited

## Mr. Somchai Tejavanija

Senior Vice President,

Marketing Business Strategy and Planning, Marketing Business

- **Age 47**
- **Education/Training**
  - MBA, Thammasat University
  - B.ENG (Engineering), Kasetsart University
  - Energy Leadership Development for Senior Managers (Class 4), Ministry of Energy
  - Executive Development Program (Session 6), Thai Listed Companies Association
- **Experience**
  - 1996 : Manager, Metropolitan Area
  - 2000 : Senior Manager, Metropolitan Area
  - 2002 : Assistant Vice President, Metropolitan Area
  - 2003 : Vice President-Associated Company
  - 2006-2008 : Vice President-Retail Marketing Development
  - 2008-2010 : Senior Vice President-Retail Marketing
  - 2010-present : Senior Vice President-Marketing Business Strategy and Planning, Marketing Business




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- Other directorship positions/Other positions at present

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>- Other listed companies</li> <li>- None -</li> </ul> | <ul style="list-style-type: none"> <li>- Non-listed businesses</li> <li>- None -</li> </ul> |
|--|---|
- 

## Mr. Thanachit Makaranond

Vice President, Refinery Technique, Refinery Business

- Age 51

- Education/Training

- Master of Engineering, The University of Southwestern Louisiana
- BS (Chemical technology), Chulalongkorn University
- Energy Leadership Development for Senior Managers (Class 4), Ministry of Energy

- Experience

- 1997 : Senior Manager (Operations)
  - 2000 : Senior Manager (Technique and Environment)
  - 2001 : Senior Manager, Refining Operations
  - 2004-Jun 2009 : Vice President, Operations, Refinery Business
  - Jun 2009-present : Vice President, Refinery Technique, Refinery Business
- 

## Mr. Watcharapong Saisuk

Vice President, Solar Farm Project

- Age 45

- Education/Training

- BS (Engineering), Chulalongkorn University

- Experience

- 1994 : Manager, Depot and Transport

- 2000 : Senior Manager, Depot and Transport
  - 2003 : Assistant Vice President, Corporate Planning
  - 2004-2010 : Vice President, Corporate Planning and IR Office, Accounting and Finance
  - 2010-present : Vice President, Solar Farm Project
- 

## Dr. Kitti Nivatvongs

Vice President, Refinery Engineering, Refinery Business

- Age 56

- Education/Training

- Ph.D. (Engineering), Northwestern University
- MS (Engineering), Mississippi State University
- BS (Engineering), Chulalongkorn University

- Experience

- 1999 : Manager, Technique and Environment
- 2000 : Senior Manager (Engineering)
- 2005-Jun 2009 : Vice President, Technique, Refinery Business
- Jun 2009-present : Vice President, Refinery Engineering, Refinery Business

## Mr. Chalermchai Udomrenu

Vice President, Refinery Operation, Refinery Business

- **Age 49**

- **Education/Training**

- MBA, Thammasat University
- B. Engineering (Electrical), Chulalongkorn University

- **Experience**

- 1997 : Manager, Maintenance Service Division

- 2000 : Senior Manager, Maintenance Service Division
- 2001 : Senior Manager, Technical Service Division
- 2003 : Senior Manager, Production Project
- 2005-Jun 2009 : Vice President, Refinery Project
- Jun 2009-present : Vice President, Refinery Operation, Refinery Business

## Mr. Pichit Wongrujiravahich

Vice President, Internal Control Office

- **Age 50**

- **Education/Training**

- MA (Accounting), Thammasat University
- BA (Accounting), Thammasat University
- Certified Public Accountant, license no. 3766

- **Experience**

- 1992-2005 : Assistant to Executive Director, Yontrakit Group
- Oct 2005-present : Vice President, Internal Control Office

## Miss Revadee Pornpatkul

Vice President, Accounting and Taxation,

Accounting and Finance

- **Age 50**

- **Education/Training**

- MBA, Thammasat University
- BA (Accounting), Ramkhamhaeng University
- BA (Law), Sukhothai Thammathirat University
- BS (Science), Chulalongkorn University

- **Experience**

- 2000 : Manager, Revenue Accounting
- 2002 : Manager, Accounting
- 2004 : Senior Manager, Accounting, and Acting Vice President, Accounting and Tax
- 2007-present : Vice President, Accounting and Taxation, Accounting and Finance

## Mr. Chokchai Assavarangsarit

Vice President, Corporate Business Development Office,

Corporate Business Development

- **Age 42**

- **Education/Training**

- MBA, Kasetsart University
- BS (Engineering), Chulalongkorn University
- Director Certification Program (DCP), IOD
- TCLA Executive Development Program (EDP), Thai Listed Companies Association

- Energy Leadership Development for Senior Managers (Class 6), Ministry of Energy

- **Experience**

- 2000 : Manager, Oil Supply
- 2002 : Manager, Business Strategy and Analysis
- 2003 : Manager, Marketing Business
- 2004 : Senior Manager, Business Strategy and Enterprise Risk Management Office
- 2005 : Senior Manager, Company Secretariat



- 2007-Jun 2009 : Vice President, Company Secretariat, and Company Secretary

- Jun 2009-present : Vice President, Corporate Business Development Office, Corporate Business Development

## Mr. Prawit Sunthornsithpong

Vice President, Retail Marketing, Marketing Business

- **Age 49**

- **Education/Training**

- MBA, Chulalongkorn University
- BS (Dentistry), Mahidol University

- **Experience**

- 2001 : Manager, Member Card and Business Card
- 2002 : Manager, Corporate Business Development
- 2003 : Manager, Metropolitan Area
- 2004 : Senior Manager, Metropolitan Area
- 2006-2008 : Acting Vice President

- 2008-2010 : Vice President, Retail Marketing, Marketing Business (Managing Director appointed to Bangchak Green Net Company Limited)

- 2010-present : Vice President, Retail Marketing, Marketing Business

- **Other directorship positions/Other positions at present**

- Other listed companies
- None -
- Non-listed businesses
- None -

## Miss Nintira Abhisinha

Vice President, Finance, Accounting and Finance

- **Age 44**

- **Education/Training**

- MBA, Case Western Reserve University, USA (KBank scholarship)
- BA (Commerce) (Honours), Chulalongkorn University
- Energy Leadership Development for Senior Managers (Class 6), Ministry of Energy

- **Experience**

The Bangchak Petroleum Public Company Limited

- 2008-present : Vice President, Finance, Accounting and Finance

Other

- 1993 : Chief of Business Promotion, Business Development, K Bank

- 1994-1999 : Vice President, Investment, Capital Management Company Limited

- 1999-2001 : Deputy Managing Director, Capital Management Company Limited

- 2001-2004 : Vice President, Corporate Business Development, Samart Corporation Public Company Limited

- 2004-2007 : Vice President, Samart Comtech Company Limited

- 2005-2007 : Member of sub-committee on National Skill Standards, Department of Skill Development, Ministry of Labour

## Mr. Pichet Aimwatana

Vice President, Planning and Logistics, Refinery Business

- **Age 43**

- **Education/Training**

- BS (Engineering), Chulalongkorn University

- **Experience**

- 2000 : Manager, Oil Supply and Wholesale Operations
- 2004 : Senior Manager, Oil Supply and Wholesale Operations

- 2006 : Senior Manager, Strategy and Risk Management Office
- 2007 : Vice President, Corporate Business Development Office
- 2008-Jun 2009 : Acting Senior Vice President, Planning and Logistics
- Jun 2009-present : Vice President, Planning and Logistics, Refinery Business

## Mrs. Chavewan Kiatchokechaikul

Vice President, Corporate Communication

and Community Relations Office,

Corporate Administration and Information Technology

- **Age 53**

- **Education/Training**

- Master of Public and Private Management (MPPM), National Institute of Development Administration (NIDA)
- Bachelor of Arts in Political Science (Government), Ramkhamhaeng University
- Mini-MBA, Thammasat University
- Property Development, Chulalongkorn University
- Field Study Concerning Economy and Education, USA
- The Philosophy of Sufficiency Economy, National Defence College Alumni Think Tank
- Executive of High Level Public Communication, ISRA Institute Thai Press Development Foundation

- **Experience**

The Bangchak Petroleum Public Company Limited

- 2000-2002 : Senior Manager, President Office
- 2002-2005 : Senior Manager, Corporate Relations Division
- 2005- 2009 : Senior Manager, Public Relations Division
- 2009-present : Vice President, Corporate Communication and Community Relations Office

Other

- 1983-1995 : Senior Reporter, Matichon Newspaper
- 1995-1999 : Editor of Economic News, Naewna Newspaper
- 1997-1999 : President of The Economic Reporters Association
- 1999-2000 : Editor of Head News and Financial News, Bangkok Business Newspaper

## Mr. Pisatepong Sasanavin

Vice President, Refinery Project, Refinery Business

- **Age 47**

- **Education/Training**

- M.B.A
- M.Eng. (Chemical Engineering)

- **Experience**

- 2004-2004 : Manager, Technical Service Division
- 2004-2004 : Senior Manager, Technical Service Division
- 2005-2009 : Senior Manager, Project Engineering Division
- 2009-2009 : Senior Manager, Project
- 2010-present : Vice President, Refinery Project



# Report of the Corporate Governance Committee

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To the Shareholders

The Board of Directors of Bangchak Petroleum Plc. had appointed a Corporate Governance Committee under the chairmanship of Mr. Wirat Iam-Ua-Yut, with Dr. Twarath Sutabutr, Mr. Thana Putarungsi, and Dr. Anusorn Sangnimnuan as members. This year, with the resignation of Dr. Twarath, his membership of this committee also ended. Later, at its meeting No. 9/2010, the Board appointed Mr. Surin Chiravisit and Mr. Sarakorn Kulatham as additional members, with the former serving as Chairman.

In 2010, the committee held a total of six meetings to monitor performance under the plan for developing good corporate governance practices. Below are the essences of the meetings:

## 1. Rights of Shareholders

- Publicized information concerning the Annual General Meeting of the Shareholders (AGM) on the Company website 32 days ahead of the meeting and mailed the documents to the shareholders 22 days ahead of the meeting.
- Added registration points at the AGM for faster processing.

## 2. Equitable Treatment of Shareholders

- Allowed the shareholders to propose AGM agenda items and nominate directors between October 1 and December 31 of the previous year.
- Proposed all seven independent directors to whom the shareholders could assign proxies for the AGM.

## 3. Role of Stakeholders

- Staged one offsite CG meeting for the corporate governance committee to inspect Bangchak service stations in the Central and Northern Regions and meet service station operators and cooperative groups.
- Added channels for comments and complaints through community relations officers and at the Piyarom Sports Club Department Store.
- Monitored information reports or complaints through the Internal Control Office, 13 cases of which arose in 2010. Investigation by the in-charge units, however, showed no irregularity.

## 4. Disclosure and Transparency

- Installed an online board to show environmental and safety parameters of the refinery inside the Piyarom Sports Club Department Store, besides the refinery's gate.
- Installed an LCD monitor to publicize data on the Company's community relations, news, CSR activities, and marketing activities for residents around the refinery.
- Installed smart bulletin boards at office buildings for employees' greater information efficiency, aimed at reducing paper consumption.
- Was chosen to present the Company data under a project on transparency awards, sponsored by the Office of National Anti-Corruption Commission.

## 5. Responsibilities of the Board

- At Board meeting No. 4/2010, Mr. Krairit Nilkuha was appointed chairman (a different post from the President).





- Defined a policy for meetings among independent directors and non-executive ones at least two times a year, for instance, in March and October 2010.
- Organized a lecture on ‘Tangible Corporate Governance’ by Prof. Dr. Warapatr Todhanakasem.
- Organized a study tour on technological progress and innovations, including carbon caption storage.

#### 6. Corporate Governance Policy

- Amended the policy for the seventh edition on Board meetings, scope, roles and responsibility of the Audit Committee, rights and equality of the shareholders, the company’s role toward stakeholders, and employees’ practical guidelines.
- Included employees’ policy response mechanism in the Knowledge Management process in favor of hard copies.
- Had an assessment test form prepared for employees’ understanding of the policy.

#### 7. Publicity of Corporate Governance

Directors and the management were invited speakers on the policy and experience of corporate governance, including

- A talk on ‘Corporate Governance of Listed Companies’, organized by the Thai Investors Association.
- A seminar on ‘Organizational Enrichment towards Sustainability: a new challenge’ at Asia Pacific HR Congress 2010, organized by PMAT (Personnel Management Association of Thailand).
- A seminar on ‘Deciphering Sustainable Growth’ at PTT Group CG Day 2010 ‘The Code to Growth’, organized by PTT Group.
- A seminar on ‘Collective Action Coalition: a new anti-corruption option for the Thai private sector’, where the Company along with 26 companies declared their intention to form a private-sector coalition at a national meeting on creating collective action among the Thai private sector, sponsored by IOD, Thai Chamber of Commerce, Thai Bankers’ Association, Foreign Chambers of Commerce, and Thai Listed Companies Association.

The Company also welcomed visiting public and private agencies, as well as educational institutions, to its premises to share experiences and observe its corporate governance practices.

#### 8. Public Relations to Promote The Corporate Governance Culture

- Included corporate governance training in the orientation for new Directors and employees.
- Participated in poster sessions and staged an employee show on corporate governance at PTT Group CG Day 2010 ‘The Code to Growth’, organized by PTT Group.
- Organized ‘CG Day 2010: Anti-corruption’, featuring exhibition and an employee show at a seminar to reiterate and cultivate employees’ understanding of practical guidelines about improper payment involving those doing business with the Company under the seventh edition of the corporate governance policy.

Owing to the Company’s value consistently given to good corporate governance, the year saw the Company win two major awards at SET Awards 2010: an SET Award of Honor for Top Corporate Governance Report for the fifth straight year (in recognition of listed companies with outstanding corporate governance reports) and another for Corporate Social Responsibilities for the fourth straight year (in recognition of listed companies with outstanding corporate social responsibility practices). The event was hosted by SET and the Finance and Banking Magazine.

(Signed) *Surin Chiravisit*

(Mr. Surin Chiravisit)

Chairman, Corporate Governance Committee

# Corporate Governance

The Board of Directors is fully committed to conducting its business under the principles of good corporate governance to ensure that BCP performs its operations with efficiency, transparency and accountability toward all stakeholders. In 2010, BCP conformed to corporate governance principles in the following aspects:



## 1. Compliance with the Principles of Good Corporate Governance for Listed Companies 2006

The Stock Exchange of Thailand (SET) has instituted “The Principles of Good Corporate Governance for Listed Companies 2006” which consist of principles and best practices related to corporate governance for use by listed companies. BCP, throughout 2010, has continuously adopted such principles in executing its business, which can be divided into five areas as follows:

### 1.1 Rights of Shareholders

#### 1) Policy

The Board has defined a policy on the rights of shareholders in the Corporate Governance Policy, section 6, with details as follows:

- 1) The Board of Director safeguards the basic rights of all shareholders:
  - The right to receive share certificates, the right to transfer shares and access to adequate and timely information in appropriate form for making decision that would affect the interests of the Company and oneself.
  - The right to attend meetings and cast votes at the Annual General Meeting (AGM) to make important decisions about the Company’s significant policy, and on shareholders’ right that require the Board to obtain approval from the AGM.
  - The right to appoint and remove Directors and to appoint an external auditor.
  - The right to dividend.



- 2) The Shareholder receives meeting invitations containing the venue and time which are properly arranged, also agenda details and related appendices. In the agenda to pay dividend, the Company must disclose a comparison between payment amount and dividend policy, then delivers such invitation to the shareholders and the registrar no less than 14 days prior to the meeting, advertises the meeting appointment in the newspaper for three consecutive days no less than three days prior to the meeting date, as well as making the information available on the Company website at least 1 month before delivering the meeting invitation.
- 3) In the agenda to appoint a Director, the shareholder can vote for individual nominees. The shareholder's vote is proportional to the number of the shares held.
- 4) According to the laws and the Company's articles of association, the Shareholder can submit a request to the Board for an item to be added to the meeting agenda and may ask questions, ask for explanations and express their opinions in an appropriate manner.
- 5) The Chairman, Directors and related executives are responsible for attending the AGM to answer shareholders' questions.
- 6) After the AGM, the shareholder can access information to find out the results of the ballots and matters considered.

## 2) 2010 Annual General Meeting of Shareholders

- The 2010 Annual General Meeting of Shareholders (AGM) was held on Thursday, April 8, 2010, sooner than in the previous year to avoid overlapping with the AGMs of most listed companies.
- The meeting was held at Bangchak Refinery, located near BTS On- Nut Station and Sukhumvit 62 Expressway, which is conveniently accessible.
- The Company applied the record date for the 2010 AGM to give shareholders more time to examine meeting notices and related information ahead of the meeting.
- Shareholders were informed of the meeting two months ahead of the meeting date, which is or and above the standard required by law, to allow shareholders time to plan his or her schedule.
- Meeting documents were disseminated 32 days before the meeting date via website and 22 days via mail.
- Opinions of the Board were included for every agenda item and an annual report was attached as well as a proxy form, with details of documents and supporting evidence needed, together with meeting documents.
- Contact numbers were provided for additional inquiries by shareholders.
- Shareholders can pose inquiries ahead of the meeting for clarification from the Company related to agenda items proposed for the meeting. The rules and procedures were disclosed via the Company's website and SET's media channel.

- 
- Facilities were provided to shareholders on the date of the meeting as follows:
    - Ample parking spaces were reserved and free transport provided from BTS On-nut Station and Sukhumvit 64 to the meeting venue.
    - Registration points were increased and the barcode system used in registration and ballot counting for efficiency and speed.
    - The Thailand Securities Depository Company Limited's (TSD's) e-voting system was used in the registration and ballot counting for efficiency and transparency.
    - Stamp duties to affix to the proxy form were provided to proxies free of charge.
    - Stickers were provided to registered shareholders to ease their access to the meeting without re-verifying the document.
    - The President, before the meeting, informed shareholders of the voting and counting procedures for the resolution of each agenda.
    - A trip to Bangchak Refinery was arranged for interested shareholders and an exhibition board on the progress of the Company's operations was displayed for shareholders to better understand its overall operations.
  - During the meeting, the shareholders were given equal opportunities to express their views and raising queries. Significant views and queries were recorded in the minutes of the meeting.
  - Afterward, the minutes of the meeting were disseminated to the shareholders via the Company's website and SET's channel, and a video presentation of the meeting was posted on the Company's website

For the 2010 AGM, the Company invited Mr. Visith Uevirojnangkoon, a representative from Kanung and Partners Law Offices Company Limited, to serve as a referee to ensure that the meeting was conducted in a transparent ways and in compliance with the laws and the Company's Regulations for the following matters:

1. Verification process for documents and evidence of shareholders or proxy holders
2. Quorum of the meeting
3. Abstention of stakeholders
4. Vote casting and vote counting procedures in compliance with the Company's regulations / as informed by Chairman.
5. Monitoring of ballot collecting and verification of voting results and resolutions.

Because of its continual improvement, the Company has received, under a project to assess the quality of organisations for the (AGM)/ 2010, a Perfect Score of 100, organised by the Thai Investors Association.



## 1.2 Equitable Treatment of Shareholders

### 1) Policy

The Board has defined its policy on equitable treatment of shareholders in its corporate governance, section 6, in addition to those defined by the law, with details as follows:

- 1) Shareholders have the right to cast as many votes as the shares they hold and have equal access to information and media about the Company.
- 2) Shareholders receive sufficient and fair information from the Company. The Company does not show favor to certain groups of shareholders by giving access to undisclosed information.
- 3) All shareholders receive equal treatment in the AGM.
- 4) Shareholders can add items to the meeting agenda or nominate Directors ahead of the meeting and in accordance with Company guidelines.
- 5) The shareholders can directly contact independent directors on matters concerning his/her rights via [ico@bangchak.co.th](mailto:ico@bangchak.co.th)

### 2) Equitable Treatment of Shareholders

- Allowed shareholders to propose agenda items and nominate directors ahead of the AGM from October 1 to December 31, 2010, with related rules and procedures disclosed on the Company's website, and posted a notice of the meeting via SET's media channels. The Company makes it a policy not to add any agenda items without prior notification, especially essential agenda items which need time for investigation before making decisions.
- Encouraged shareholders to use Proxy Form B with stipulated direction for voting and a list of all seven independent directors, any of whom they can appoint as their proxy in the meeting.
- Used ballot papers on every agenda, especially the agenda on election of directors, in which shareholders can vote for each individual nominee. The vote is in proportion to the number of shares held. Ballot papers (to either approve, disapprove or abstain votes) were collected from all shareholders attending the meeting.
- Defined guidelines for employees in the good corporate governance statement, section 8, on safeguarding the Company's confidential information and restraining from using the Company's confidential information for their own gains.
- Stipulated the duties of directors and the management in the good corporate governance statement, section 4, in refraining from trading of Company shares at least a month before the disclosure of financial statements and three days after the disclosure, as well as in reporting to the Board on their shares held every month.



- Provided various communication channels in order that shareholders can have equal access to the information, either via website, press releases, analyst meetings, or company visits so that shareholders, investors and analysts can better understand the operations and meet the executives, and participated in “Opportunity Day”, held by SET every quarter to present the Company’s activities, as well as communicating through the telephone, email with the Investors Relations Unit, apart from SET’s normal media channel, to provide maximum information access for the shareholders.

### 1.3 Role of Stakeholders

#### 1) Policy

The Board has defined its policy on the roles of the Company towards stakeholders in its corporate governance policy, section 6, as follows:

- 1) The Board recognize and value the rights of stakeholders as defined by laws, human rights and fair labor treatment, locally and internationally, and promotes cooperation between the Company and its stakeholders in forging prosperity, creating jobs and creating a sustained, stable financial status for the business. The Board ensures that the stakeholders’ rights are protected and well-treated.
- 2) The Board takes into consideration the benefits derived and the stakeholders’ assistance in forging its competitiveness and profitability.
- 3) The Board has instituted measures for whistle-blowing and complaint-filing against violations of the law and the code of conduct, or behavior potentially classified as frauds or malfeasance of those inside the Company or of stakeholders, including inaccurate financial reports or deficient internal controls. The Board has also instituted protective measures for whistle-blowers for stakeholders’ greater stewardship of Company benefits.

#### 2) Role of Stakeholders

- Staged one offsite CG meeting for the corporate governance committee to inspect Bangchak service stations in the Central and Northern Regions and meet service station operators and cooperative groups.
- Added channels for comments and complaints through community relations officers and at the Piyarom Sports Club Department Store.
- Monitored information reports or complaints through the Internal Control Office, 13 cases of which arose in 2010. Investigation by the in-charge units, however, showed no irregularity.

In corporate governance, there are various groups of stakeholder which the Company takes into consideration their rights over and above those stated by the law, as well as not taking actions which might violate the rights of stakeholders. This can be summarized below.



## Employees

The Company recognizes that employees are the driving force, and encourages the training of employees to increase their competency. Moreover, the Company has arranged for the equal treatment of employees, and fair remuneration and benefits including medical care, the Company's shuttle service and activities including the Employee Club House which has various activity clubs for the employee's relaxation after their work. (Further details are included in the Sustainability Report 2010)

The Company has set up an Employee Joint Investment Program (EJIP) as a means to motivate employees in their work and keep their loyalty with the Company by encouraging them to participate in the program as a way to accumulate savings through acquisition of the Company's shares through a regular and efficient trading system.

## Customers and Society

The Company is dedicated to improving the quality of products and services for maximum customers' satisfaction. The policy aims to deliver quality goods which meets or exceeds the customer's demands under fair conditions, and aims to give adequate, accurate and timely information about the products and services. The Company does not exaggerate or mislead the customer about the quality, quantity or other terms and conditions of the products or services. Company employees protect the customer's secrets and do not use them for personal gains.

## Suppliers/ Contractors

The Company has a policy which limits the practices in contract and procurement as well as the provision and sales of petroleum and petroleum-related products to ensure that business conduct with its suppliers/contractors is carried out in an appropriate and fair manner, and complies with corporate governance. Moreover, the Company has a "Manual for Appropriate Business Conduct" and "Guidelines for Bangchak Petroleum Station Representatives" to ensure that the Entrepreneur/ Representative of the Company conducts business with efficiency, corporate governance, and good business ethics. The policy treats suppliers/contractors fairly, and is based on the principle of fair compensation for both parties, honors contractual obligations and agreements, and seeks to notify suppliers/contractors as soon as possible in the case that one or more of the agreements cannot be fulfilled, in order to find a timely resolution.

## Lenders

Bangchak treats lenders fairly, responsibly, and transparently and seeks to fulfill all its contractual and financial obligations. It does not engage in dishonest practices and does not conceal information which may cause losses for the lender. If the Company cannot fulfill one or more of its obligations, it seeks to notify the lender so that a resolution can be agreed upon together.

## Competitors

The Company conducts business with ethics, transparency, and engages in fair competition with its competitors under the guidance of fair competition. It does not seek to find information about Competitors through dishonest or inappropriate means, for example, bribing a competitor's employees. The Company does not engage in slander or discrediting its competitors.

## Shareholders

The Company is determined to follow the principles of corporate governance and is focused on creating a business which has financial stability and sustainability to maximize the value of shares for the benefit of the shareholders.

## The Community around the Refinery, Society, and the Environment

The Company considers health and safety and the environment an integral part of the business, and has a written guideline on health, safety and the environment for the Directors, Executives, and employees to uphold. Under the mission to “Develop sustainable business, while safeguarding environment and Society”, Directors, executives and employees uphold the following practices:

- Engage in work practices that are safe and do not have undesirable effects on themselves, related parties, the community and the environment.
- Comply with laws on health and safety, the environment and energy.
- Prevent pollution, leakage and loss of petroleum.
- Take action to prevent accidents in all aspects.
- Use resources such as energy, water, and chemicals efficiently.
- Constantly improve the health and safety and environmental practices.

The Company produces “Krob Krua Bai Mai” (Leaf Family) newsletter and “Rob Rua Bangchak” (Bangchak Neighbors) magazine for distribution every other month to allow the community to know the goings-on of the Company as well as receiving interesting information, such as how to save energy, how to ensure safety in daily life, and health tips and how to protect the environment. This is another way for the Company to communicate with and take care of communities around its refinery.

Moreover, the Board has developed a mechanism for the stakeholders to be involved with the Company’s business by making information available and transparent, as well as listening to various opinions on Open House days, receiving information through opinion boxes, Investor Relations, and the website. **Various channels are available for tipping or making complaints against misconduct or unethical behavior in financial practices or internal control. There are mechanisms for protecting the whistleblower and appropriate mechanisms for action after information is received. This ensures that the stakeholders play an active part in protecting the Company’s interest.**

### Methods of filing a complaint or inquiry

- E-Mail  
ico@bangchak.co.th
- Mail  
The Internal Control Office  
The Bangchak Petroleum Public Company Limited  
210 Sukhumvit 64, Bangchak, Phra Khanong, Bangkok 10260  
Tel : 0-2335-4566 Fax : 0-2331-6530





## 1.4 Disclosure and Transparency

### 1) Policy

The Board has defined its policy on Disclosure and Transparency s in its corporate governance policy, section 7, as follows:

“The Company is committed to the fair disclosure of information to the shareholders, financial institutions, securities companies, investors, those needing financial information, and the general public. It highly values communication practices that are open, complete, accurate, timely, and regular for past information and future value addition without bias against positive or negative information. The Company recognizes the need to maintain sensitive information for critical business information and operating strategies. This policy aligns with the SET and SEC criteria and terms for information disclosure...”

### 2) Disclosure and Transparency

- Installed an e-Board in the shopping center of Piyarom Sports Club to exhibit the Company’s online information on its environment and safety measures in addition to the one in front of Bangchak Refinery.
- Installed an LCD projector to publicize information on community activities, the Company’s news, CRS and marketing activities for residents around Bangchak Refinery areas.
- Installed smart e-boards around the offices to provide efficient, paperless and timely access to information for the employees.
- The Company was chosen to present its information at the awarding ceremony for transparent organizations held by the Office of the National Anti-Corruption Commission.
- The Company has an investor relations unit to communicate with analysts, investors and other persons who might seek information on financial statements, corporate performance and status as well as any transactions which might affect the Company.
- Regularly disseminate the Company’s important news via SET’s media channel, information disclosure forms, annual report and the Company’s website, in both Thai and English.



## 1.5 Responsibilities of the Board

### 1) Policy

The Board has defined its policy on the roles, duties and responsibilities of the Board in its corporate governance statement, section 2 (details as in “Management Structure”).

### 2) Responsibilities of the Board

- The Board, at Meeting No. 4/2553, appointed Mr. Krairit Nilkuha as Chairman, separately from the position of President. The Chairman will hold no position on any subcommittee as stipulated in good corporate governance, section 2
- Amended the good corporate governance statement to hold meetings between independent directors and non-management directors at least twice a year. In 2010, both meetings were held in March and October.
- Held a presentation on “Tangible Governance” by Professor Dr. Warapatr Thodhanakasem to promote corporate governance in the Company.
- Held a trip study on advanced technology and innovations, including carbon capture storage.
- Took part in defining a vision, mission, strategy, business targets, and budget each year to maximize economic value to BCP business and shareholders’ security. The Board also approves essential strategies and policies, in particular, key performance indicators (KPIS) relating to financial and planning matters which the Board had earlier approved (indicators and targets) and monitor them from time to time.
- Ensured that the Company had efficient internal controls, internal audit, and risk management measures in place and regularly reported to the Board on its performance.
- Followed up on the management’s execution by assigning the management to report the Company’s performance and operations to the Board every month.





## 2. Corporate Governance Policy

The Board has had a written corporate governance policy since 2003 for its executives and employees to adhere to:

1. **Accountability** for all decisions made and actions taken
2. **Responsibility**
3. **Transparency** in regard to information disclosure and being open to scrutiny
4. **Equitable Treatment** to all concerned parties
5. **Vision to Create Long-Term Value**
6. **Ethics** and virtue.

The corporate governance policy, section 2, stipulates the roles, duties and responsibilities of the Board in reviewing the policy regularly. In 2010, the Board developed and provided support to the execution of good corporate governance as follows:

- Improved the policy (revision 7) relating to Board meetings, scope of responsibilities of the Audit Committee, rights and equitability of the shareholders, the Company's role toward stakeholders and guidelines for employees.
- Upgraded the acknowledgment of employees of the policy from the paper form into the corporate knowledge management (KM) system.
- Prepared a questionnaire to evaluate employees' understanding of good corporate governance. The results showed that employees had a perfect understanding of it.
- Played a role in disseminating good corporate governance principles to the public. Directors and executives were invited to share their knowledge and experience on the Company's good corporate governance on various occasions as follows:
  - A talk on "Governance of Listed Companies", held by the Thai Investors Association.
  - A forum on "Organizational Enrichment towards Sustainability: A New Challenge", held at the Asia Pacific HR Congress 2010, by the Personnel Management Association of Thailand (PMAT).
  - A forum on "The Code to Growth", held at PTT Group CG Day 2010, hosted by PTT Group.
  - A forum on "Collective Action Coalition: Against Corruption in the Thai Private Sector" and joined 26 listed companies in the Collective Action Declaration at the National Meeting on Collective Action Against Corruption in the Thai Private Sector, hosted by the Thai Institute of Directors, Thai Chamber of Commerce, Thai Bankers' Association, International Chamber of Commerce Thailand and Thai Listed Companies Association.



The Company also welcomed delegates from public and private agencies, as well as educational institutions, to its operations where experience was shared at study tours of the Company's good corporate governance.

- Launched public relations activities to promote the good corporate governance culture as follows:
  - Training on good corporate governance was included in its orientation course for new directors and employees
  - Displayed exhibition boards and presented an employee performance at “PTT Group CG Day 2010 : The Code to Growth”, hosted by PTT Group
  - Held “2010 CG Day: Anti-Corruption” for the sixth consecutive year to foster employees’ understanding on guidelines for employees on improper payment with the Company’s business partners under good corporate governance policies, revision 7, through exhibition, questions and answers on good corporate governance and employees’ performance on “Wanida” (a popular Thai Drama), with a talk by Ms. Saranya Jindawanik, Director, Securities Registration, the Office of the Securities and Exchange Commission (SEC). The Company, to publicize its good corporate governance model, invited four representatives from interested listed companies to participate as observers.



The Company has also defined its policy and directions in compliance with good corporate governance, with an emphasis on internal controls, internal audit and risk management systems, and monitored and supervised the management to conduct business in compliance with good corporate governance for long-term benefit to shareholders and stakeholders and in compliance with the law. The Company has also defined its Business Ethics as follows:

1. Transparency and disclosure of information
2. Equitable treatment of related parties
3. Risk management
4. Commitment to excellence
5. Commitment to social responsibility
6. Virtue and ethical behavior at every level.





### 3. The President and Senior Executives Accepting Positions as Directors in Other Companies

The Company has clearly defined policies and code of conduct when the President and senior executives from the Company accept positions as directors in other companies as follows:

1. The President and other senior executives may be delegated to be directors of the Company's affiliates or subsidiaries.
2. If the President wishes to be a director of another company which is not an affiliate or subsidiary of the Company, he must have the approval of the Board of Directors and are limited to no more than three companies.
3. If a senior executive wishes to be a director in another company which is not an affiliate or subsidiary of the Company, they must have the approval of the President and are limited to serving no more than three other companies. They must also notify the Board of Directors.

### 4. Limiting the Number of Companies Where Directors Can Serve

The Company has limited the number of listed companies in the SET where directors can serve to the following:

"The appropriate number of SET-listed companies where directors can serve should not exceed five companies. If a director serves at more than five companies, the Board will consider the efficiency of that director and defend their decision as well as giving an assessment of duties carried out to the shareholder."

### 5. Conflicts of Interest

Under the good corporate governance policy, the guidelines for directors, management and employees stipulated that they must refrain from any act posing potential conflicts of interest with the Company, i.e. any act potentially depriving the Company of its interests or its fair share of interests, including competing with the Company, incurring personal gains from private business dealing with the Company, abuse of Company information for personal gain and holding shares in the Company's business competitors.

The Company, in order to prevent potential conflicts of interest, has set the following forms:

- **Employees' personal information in addition to job information form**

To comply with the policy on good corporate governance, which forbids directors, management and employees to commit any act which might deprive the Company of its interests, BCP has prepared the above-mentioned form. All employees are to fill it out and deliver it to Internal Audit through their supervisors, to in turn audit any acts or activities that might be in conflict with the Company's business interests.

- **Report of directors and management's stake form**

The Securities and Exchange Act (No. 4) B.E. 2551 (2008) stipulates that directors and the management are to report to the Company his/her or connected persons' stakes connected with the business operations of the Company or its subsidiaries. The Company has therefore prepared the above-mentioned form for its directors and management to fill out and report any change to the Company. The Corporate Secretary will forward a copy of the form to the Chairman of the Audit Committee to ensure that the directors and management perform their duties with integrity.

- **Report on connected transactions form**

To ensure that transactions between the Company and any related parties or businesses are transparent and comply with SET's rules and regulations, the Company has defined a policy and guidelines on connected transactions and prepared the above-mentioned form for responsible employees to fill out and forward it to the Secretary to the Board with a copy to Internal Audit for acknowledgment.

## 6. Monitoring the Use of Inside Information

The Company has a policy detailing the accepted practices of director, executive and employees and forbidding the disclosure of important secret information to the public for personal or other gains, as well as policies on the buying and selling of Company shares as follows:

1. Directors and executives, as well as spouses and offspring, including connected persons, according to Article 258 of the Securities and Exchange Act of 1992 must notify and distribute information about shares held, as well as reporting any changes to SEC every time they buy, sell, transfer, or receive shares within three days of the change to comply with Article 59 or face punishment according to Clause 275 of the Securities and Exchange Act of 1992.
2. Notify the Directors and executives of the financial information which affects the price of shares. Avoid buying or selling Company shares one month prior to the disclosure of information and three days after disclosure, as well as not disclosing information to others before it is made available to the public.

Furthermore, in the Board Meeting, Directors and executives must report changes in shares held every month, and must notify the Company without delay if:

- They are stakeholders directly or indirectly from the contracts that the Company makes during the fiscal year.
- They hold shares or bonds in the Company and its subsidiaries.

The Company also has penalties against employees who use the Company's inside information for personal gains, ranging from a warning to termination of employment.

## 7. Internal Control and Internal Audit

The Company recognizes the importance of internal control, both at the level of the management and execution, and has organized an appropriate organization structure and chain of command and inter-departmental relations. There is a limit on the powers of authorization for each position, and clear company regulations relating to budgeting, finance and accounting, human resources, the provision and sales of petroleum and petroleum products and contract and procurement, as well as risk management and whistle-blowing and reporting of irregular items.



The Board has arranged for an audit company to assess the system of internal control to assure that all the departments are performing their duties efficiently and effectively. The assessment followed the strategy of a risk-based approach. The audit company reports directly to the Audit Committee in order to assure their freedom to do their job.

## 8. Risk Management

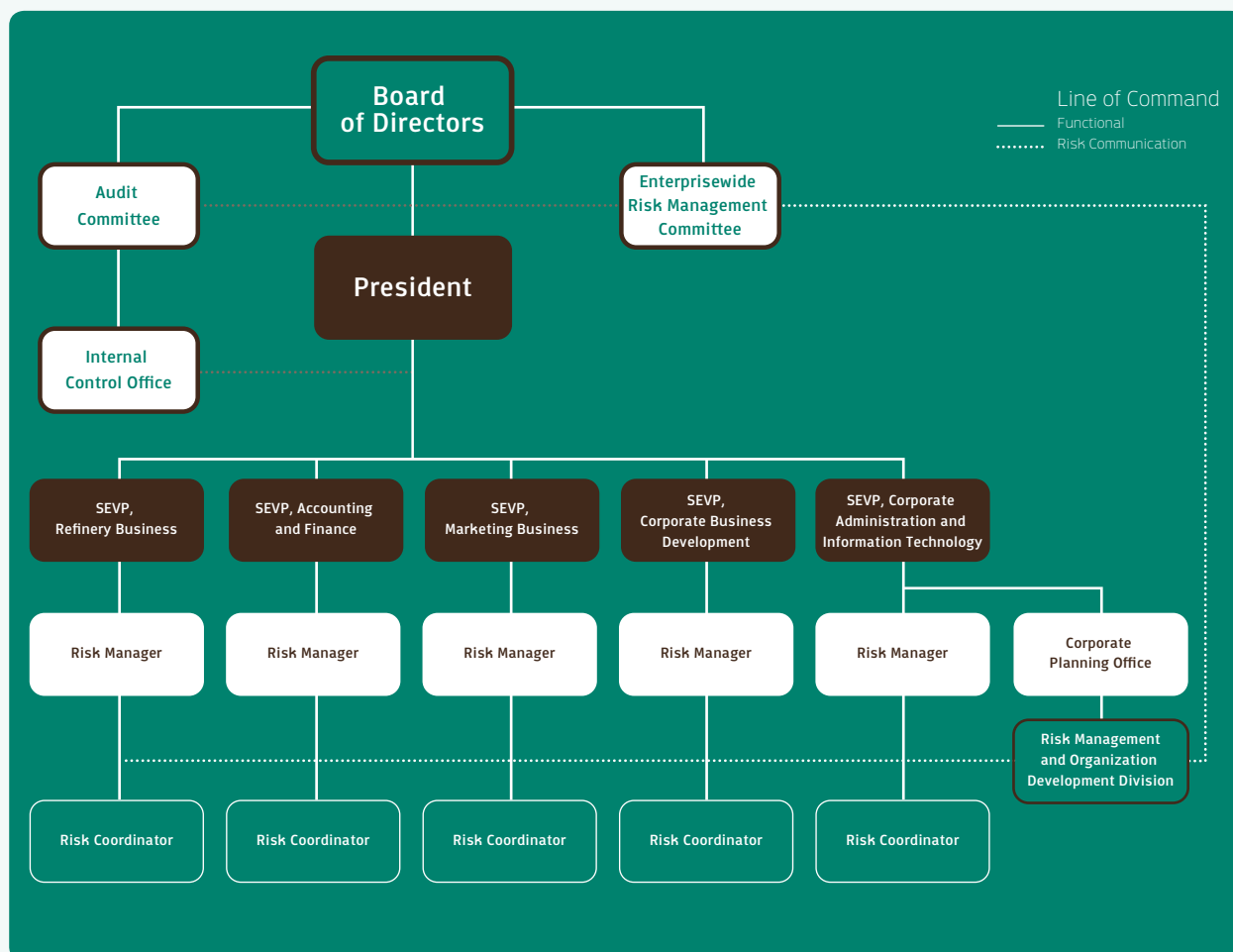
The Company recognizes the importance of risk management and has appointed the Enterprisewide Risk Management Committee to be responsible for identifying and assessing any risks to the business. There are measures to prevent and manage risk, and monitoring to ensure compliance with legal requirements and risk management reports. The Company has the following risk management policies and overall risk management structure:

### Policy for Enterprisewide Risk Management

1. Managers and employees oversee risk and play an active role in developing the organization's risk management. They have full understanding of their roles and responsibilities related to risk management.
2. There are effective risk management procedures in every step of the work process in line with corporate governance principles. This reduces uncertainty in the work process.
3. Take action and support successful risk management throughout the organization by efficiently using limited resources to identify, assess and manage risk.
4. Encourage and stimulate risk management as a corporate culture and encourage awareness of risk management.

### Risk Management Structure

The organization's risk management structure incorporates the directors, executives, and all departments in the organization. The Enterprisewide Risk Management Committee has been appointed by the Board to ensure effective risk management in the organization. The committee is responsible for ensuring that there is an effective risk management system for the Company, raising awareness of potential risk with executives and employees and ensuring that there are appropriate measures to handle risk. The corporate risk management section coordinates, supports the managers and other departments to ensure that steps are taken towards effective risk management as shown below:



In 2009, The Company has revised and produced the second edition of the risk management manual with the approval of the Enterprisewide Risk Management Committee (ERMC), which was communicated through the Company intranet to pass on information about risk management to managers and employees for effective implementation.

## 9. Remuneration for the External Auditor

### 9.1 Audit Fee

The Company and its subsidiaries have paid audit fees as follows:

- The Company's External Auditor (Mr. Wairote Jindamaneejitak or Mr. Jaroen Poomritlert or Mr. Winij Silamongkol) in the last year totaled 0 Baht
- The Audit Company (KPMG Phoomchai Audit Ltd.), persons and businesses related to the external auditor and the Audit Company in the last year totaled 2,516,009 Baht (Bangchak Petroleum Plc: 224,270 Baht, Bangchak Green Net Ltd.: 639,055 Baht and Bangchak Biofuel Ltd.: 136,000 Baht)

### 9.2 Other fees

- None -





## 10. Investor Relations

The Company realizes that its information, both financial and non-financial, affect the decision-making process for investors and stakeholders. Therefore the management values accurate and full disclosure in a regular and timely manner, in accordance with SEC and SET regulations. The Investor Relations department acts as a center for giving out important information to investors and ensuring that financial reports as well as important information which affects the value of the Company's shares, such as the financial statements, the business performance report, MD&A report and analysis for each quarter and year, are distributed in a timely and regular manner, and that complying with SEC regulations. This is for the benefit of investors both in Thailand and abroad. The Company produces a performance report and provides information to investors, shareholders and stakeholders directly and indirectly as follows:

- Directly: The Company keeps analysts, investors and employees updated regularly through analyst meetings, company road shows, E-newsletters, conference calls and attending conferences organized by various institutions, meeting with minor investors on SET's Opportunity Day, or company visits to other listed companies through the Federation of Thai Industries to allow potential investors, shareholders in listed companies, analysts and Federation of Thai Industries members to have access to the Company's management information and activities. Related parties can also make appointments to ask for information about business updates and can attend the company visit programs as well. Moreover, those who cannot attend analyst meetings can access the information through videotaped sessions, which are put on the website in Thai and English.



## A Summary of Investor Relations Activities in 2010

Activity	Number (times)
Foreign Roadshow	3
Local Roadshow	2
Analyst Meetings	4
Opportunity Day (organized by the SET)	4
Company Visit	49
Conference Call	24
Answering Inquiries by E-mail/telephone	Apprx. 3-4 times/day
E-newsletter	4
Site Visit	4
Shareholder and Minor Investors Get-together	4

- Indirectly: The Company gives out both current and past information about the Company, financial statements, performance reports, as well as other reports submitted to SET on the Company's website [www.bangchak.co.th](http://www.bangchak.co.th), where interested parties can read and download this information. The Investor's Relations page contains information in Thai and English which is updated frequently.

Investors and related parties can make queries or ask for the Company's information at Ms. Supamol Eamaon, tel. 0-2335-4580, 83, at the Website: [www.bangchak.co.th](http://www.bangchak.co.th), or e-mail address: [ir@bangchak.co.th](mailto:ir@bangchak.co.th)

Activity	Number (times)
Press Conference / other ceremonies involving the media	13
SMS news alert	55
Press Release	19
Photo Caption	72

Furthermore, the Company distributes information about public relations, business updates, business progress, and ongoing projects, as well as answering questions and allowing ready access for the media and the public, through e-mails, press releases, photo captions, press conferences, as well as Opportunity Day. Activities in 2010 can be summarized as follows:



# Changes in the Securities Portfolios of the Board and the Executive

The Company has notified all Board of Directors and Executives team members about the announcement of the Securities and Exchange Commission (SEC), calling on them to report their portfolios, including those of their spouses and children not yet of age, to SEC within 30 days of their appointment to the Board and the management rank, and to do so with each change in portfolio.

Each month the portfolios and changes of the Board and the executives are reported to the Board at their meeting. As of year-end 2010, these portfolios were as follows.

Name		Type of Securities <sup>1/</sup>	Shares as of Year-end 2009	Shares as of Year-end 2010	Up (Down)
<b>Board of Directors</b>					
1.	Mr. Krairit Nilkuha <sup>2/</sup>	-	-	-	-
2.	Prof. Dr. Chai-Anan Samudavanija	-	-	-	-
3.	Dr. Anusorn Tamajai	-	-	-	-
4.	Mr. Wirat lam-Ua-Yut	BCP-DR1	100,650	100,650	-
		Warrant (BCP-W1)	65	65	-
5.	Mr. Surin Chiravisit <sup>3/</sup>	-	-	-	-
6.	Mr. Pichai Chunhavajira	BCP-DR1	500,000	500,000	-
		Warrant (BCP-W1)	50,000	50,000	-
7.	Assoc.Prof. Pranom Kowinwipat	BCP-DR1	0	20,000	20,000
		BCP	60,000	0	(60,000)
8.	Mr. Issra Shoatburakarn <sup>3/</sup>	-	-	-	-
9.	Mr. Sukrit Surabotsopon <sup>3/</sup>	BCP	-	300,000	300,000
10.	Mr. Sarakorn Kulatham <sup>3/</sup>	-	-	-	-
11.	Ms. Supa Piyajitti <sup>2/</sup>	-	-	-	-
12.	Mr. Thana Putarungsi	-	-	-	-
13.	Mr. Nattachart Charuchinda	-	-	-	-
14.	Dr. Anusorn Sangnimnuan	BCP-DR1	252,360	252,360	-
		BCP	20,000	20,000	-
<b>Executive Management</b>					
1.	Mr. Vichien Usanachote	-	-	-	-
2.	Mr. Wattana Opanon-amata	BCP-DR1	2,860	2,860	-
		Warrant (BCP-W1)	286	286	-
3.	Mr. Yodphot Wongrukmit	-	-	-	-
4.	Mr. Bundit Sapianchai	-	-	-	-
5.	Mr. Surachai Kositsareewong	-	-	-	-
6.	Mr. Kiatchai Maitriwong	-	-	-	-

**Note:**

1/ Types of securities:

- BCP (common shares of the Bangchak Petroleum Plc)
- BCP-DR1 (Depository Receipts of Ordinary Shares of the Bangchak Petroleum Plc)
- BCP-W1 (Warrants on the Bangchak Petroleum Plc's newly issued common shares series 1/2006)

2/ Appointed to the Board on February 19, 2010

3/ Appointed to the Board on April 8, 2010

# Internal Control

Below is a summary of opinions of the Board of Directors (“Board”) of Bangchak Petroleum Plc on the adequacy and suitability of the Company’s internal control system.



## 1. Control environment

The Company’s organizational environment and structure favor implementation of the internal control system. Its business goals are deliberated by the Board in a clear and measurable way for use as concrete guidelines for employees. Employee incentives or compensation has undergone a critical analysis for sensibility. A proper organizational structure favors efficient business execution by the management, who continue to support alternative-energy project promotion and value business integrity and ethics. In 2010, the Company refined its corporate governance policy by including the policy on connected transactions to ensure that any Company transactions with connected parties are transparent and without conflicts of interest. The Company hosted the annual CG Day under the theme “Anti-Corruption” to stress its opposition to corrupt practices. It also took part in PTT Group CG Day 2010 (“The Code to Growth”) to promote and reinforce corporate governance practices among PTT Group apart from equality among shareholders and stakeholders. The Company also instituted whistle-blowing measures for reporting illegal or unethical behavior that implies corruption or malfeasance; this applies to employees and other stakeholders alike and includes inaccurate financial reports or a defective internal control system so that stakeholders may contribute to the monitoring.

## 2. Risk Assessment

The Company has appointed the Enterprisewide Risk Management Committee (ERMC) to define policies, strategies and enterprisewide risk management goals; evolve such a management system for continual efficiency; support and actively encourage cooperation in risk management at all levels; and ensure suitable and efficient risk management. In 2010, the Company continued to value risk management for new ventures to boost confidence in their returns on investment against goals/plans. Actions have proceeded on its portfolio view of risks in tandem with each risk factor’s management to ensure that any remaining impacts on strategic objectives are acceptable.

The Company earnestly and consistently values a sound environmental and safety management system for its neighboring communities. Patterns, procedures, and assorted tools and indicators are now in place for community impacts, as are crisis management plan drills and emergency plan drills to ensure control over potential crises and restore business normalcy.



### 3. Control activities

the Company's control activities rely on key performance indicators (KPIs) as a planning and control tool, with segregation of responsibilities for checks and balances. Authority, responsibility and approval of expenditure are defined in writing, along with preparation of documents that favor segmentation and identification of responsible parties should things go wrong. Custodianship and stewardship of Company properties to prevent losses or abuses have been instituted. the Company transactions with long-term obligations are properly monitored for contractual compliance. Measures are in place to prevent self-gains of Company opportunities or benefits. Subsidiaries are properly monitored. Procedures are in place to ensure that the Company observes the law and relevant regulations. Computer systems are in use to promote internal controls. In 2010, the Company appointed a committee to develop and promote internal controls to manage its internal control practices together with control self-assessment. In addition, the business processes of subsidiaries, Bangchak Biofuel Co., Ltd. and Bangchak Green Net Co., Ltd., were reviewed. Also, HSB Solomon Associates LLC was commissioned to assess the refinery's operating efficiency in energy consumption and capacity utilization, among others, by benchmarking it with other Asia Pacific refineries to find ways to develop and enhance their competitiveness continually. To prevent undue transfers of benefits, strict measures are also in place if the Company carries out transactions with the major shareholder, directors, among others. For instance, approvals must be sought without the

involvement of the management with vested interests in making such decisions; also, details of such transactions are to follow the rules of the Securities and Exchange Commission by disclosing information about the connected parties or businesses under accounting standards.

### 4. Information technology and communication

the Company constantly develops its information technology and communication systems. In 2010, information security efficiency was raised through the improvement of the Data Center in line with ISO 27001. Mitigation of data and business processes was achieved by expanding the scope of disaster recovery. In addition, assorted key data have now been adequately prepared for decision-making. Company directors receive meeting notices and meeting documents containing adequate information early enough as defined before each meeting to scrutinize minutes of meetings. Their views are duly summarized. Documents are systematically stored. Entry of accounting items follows generally accepted accounting principles and is compatible with the Company's business.

### 5. Monitoring and assessment

The Company has instituted a performance monitoring process, under which the Board regularly compares performance against defined goals. An internal audit unit reports to the Audit Committee under a defined internal control process.



# Connected Transactions

## 1. Connected transactions between shareholders

For the year ended December 31, 2009 and 2010, these are the connected transactions with the shareholders.

Company	Relationship	Connected transaction	Baht (million)		
			As of December 31, 2009	2010	
PTT Plc.	Major shareholder	• Value of sale of refined products to PTT	10,931.90	17,410.49	
		• Other revenue	130.59	119.87	
		• Trade debtor as of the end of the period	764.14	1,538.67	
		• Value of purchase of refined products from PTT	67,735.27	81,619.34	
		• Trade creditor as of the end of the period	3,911.20	8,644.69	
		• Creditor to others	-	170.74	
		• Service fee for the use of PTT's Si Racha Terminal	287.51	230.71	
		• Expenses on natural gas, steam, and electricity	408.96	1,128.35	
		• Accrued interest payable	7.41	7.41	
		• Interests derived from converted subordinated debentures	17.57	17.57	
		• Other expenses			
		• Gain (Loss) incurring from crude and refined products forward/futures contracts	(5.46)	3.78	
		• Assets from risk insurance	-	1.20	
		• Advance payment for utilities	-	82.65	
		Holding convertible subordinated, unsecured bond specifying holder's name			
		- As of December 31, 2010, the outstanding balance of convertible bond was 58,560 units at a repurchase value of Baht 10,000 per unit.			585.60
		- As of December 31, 2009, the outstanding balance of convertible bond was 58,560 units at a repurchase value of Baht 10,000 per unit.		585.60	
Ministry of Finance	Shareholder	Investment underwriting of the principal of CD-DR			
		- As of December 31, 2010, the outstanding balance of converted debentures was 135,097 units at a repurchase value of 10,000 baht each		1,350.97	
		- As of December 31, 2009, the outstanding balance of converted debentures was 145,097 units at a repurchase value of 10,000 baht each	1,450.97		
		Investment underwriting of the principal of BCP-DRI			
		- As of December 31, 2010, the outstanding balance was 426 million units at a repurchase value of 13 baht each		5,539.47	
		- As of December 31, 2009, the outstanding balance was 432 million units at a repurchase value of 13 baht each	5,619.03		



## 2. Connected transactions with subsidiaries, jointly-controlled businesses, associated companies and related companies during 2009 and 2010

consisted of the following.

**2.1 Sale of products and services:** These items are sold and services performed by the Company to subsidiaries, jointly-controlled businesses, associated companies and related companies.

Related company	2009	2010	Relationship for the year ended December 31, 2010	
	Baht (million)	Baht (million)	Shareholding	Management
<b>Subsidiaries</b>				
Bangchak Green Net Co., Ltd.	15,403.66	18,296.80	BCP holds 49% shares	BCP delegates its representatives as directors
Bangchak Biofuel Co., Ltd.	6.27	48.58	BCP holds 70% shares	BCP delegates its representatives as directors
<b>Other related businesses</b>				
IRPC Plc	229.70	-	PTT Plc holds shares in this company	-
PTT International Trading Co., Ltd.	-	1,165.69	PTT Plc holds shares in this company	-
PTT Aromatics and Refining Plc	39.39	697.33	PTT Plc holds shares in this company	-

**2.2 Purchase of products and services:** These items have to do with the Company's purchase of products and/or services from subsidiaries, jointly-controlled businesses, associated companies and related companies.

Related company	2009	2010	Relationship for the year ended December 31, 2010	
	Baht (million)	Baht (million)	Shareholding	Management
<b>Subsidiaries</b>				
Bangchak Green Net Co., Ltd.	0.97	1.09	BCP holds 49% shares	BCP delegates its representatives as directors
Bangchak Biofuel Co., Ltd.	118.38	1,697.10	BCP holds 70% shares	BCP delegates its representatives as directors
<b>Other related businesses</b>				
IRPC Plc	3,053.87	1,843.68	PTT Plc holds shares in this company	-
PTT Aromatics and Refining Plc	1,444.24	1,749.73	PTT Plc holds shares in this company	-
Thai Oil Plc	7,466.89	6,207.58	PTT Plc holds shares in this company	-
Thai Lube Base Plc	24.76	20.13	Shared relationship through PTT Plc	-
PTT International Trading Co., Ltd.	342.88	-	PTT Plc holds shares in this company	-
Fuel Pipeline Transportation Ltd.	115.43	135.33	BCP holds 11.40% shares	BCP delegates its representatives as directors
Thai Oleochemicals Co., Ltd.	41.87	-	PTT Plc holds shares in this company	BCP delegates its representatives as directors

### 2.3 Other revenue from subsidiaries, jointly-controlled businesses and related companies

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Subsidiaries</b>				
Bangchak Green Net Co., Ltd.	10.10	33.10	BCP holds 49% shares	BCP delegates its representatives as directors
Bangchak Biofuel Co., Ltd.	4.06	5.13	BCP holds 70% shares	BCP delegates its representatives as directors
<b>Other related businesses</b>				
PTTEP Siam Co., Ltd.	0.09	0.09	Shared relationship with PTT Plc	-
PTT Exploration and Production Plc	-	0.13	Shared relationship with PTT Plc	-
Fuel Pipeline Transportation Ltd.	4.29	4.28	BCP holds 11.40% shares	BCP delegates its representatives as directors
Thai Lube Base Plc	-	0.17	Shared relationship through PTT Plc	-

### 2.4 Interest expenses paid by the Company to subsidiaries for loan guarantees under grant of operating rights

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Subsidiaries</b>				
Bangchak Green Net Co., Ltd.	0.83	0.72	BCP holds 49% shares	BCP delegates its representatives as directors

### 2.5 Other expenses paid by the Company to subsidiaries, jointly-controlled businesses and related companies

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Subsidiaries</b>				
Bangchak Green Net Co., Ltd.-	-	12.12	BCP holds 49% shares	BCP delegates its representatives as directors
<b>Other related businesses</b>				
NPC Safety and Environmental Services Co., Ltd	0.33	0.35	Shared relationship through PTT Plc	-
Energy Complex Co., Ltd.	-	20.63	PTT Plc holds shares in this company	-
PTT ICT Solutions Co., Ltd.	-	0.28	PTT Plc holds shares in this company	-
Thai Oil Plc	0.10	0.51	PTT Plc holds shares in this company	-





## 2.6 Items of debtors, advance payments, and short-term loans to related businesses

### 2.6.1 Trade debtors

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Subsidiaries</b>				
Bangchak Green Net Co., Ltd.	615.59	710.88	BCP holds 49% shares	BCP delegates its representatives as directors
Bangchak Biofuel Co., Ltd.	1.92	6.43	BCP holds 70% shares	BCP delegates its representatives as directors
<b>Other related businesses</b>				
Fuel Pipeline Transportation Ltd.	0.33	0.33	BCP holds 11.40% shares	BCP delegates its representatives as directors

## 2.7 Debtors, advance payments, and long-term loans to related businesses.

### 2.7.1 Advance transport expenses

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Other related businesses</b>				
Fuel Pipeline Transportation Ltd.	19.90	15.16	BCP holds 11.40% shares	BCP delegates its representatives as directors

## 2.8 Creditors of related businesses

### 2.8.1 Trade creditors

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Subsidiaries</b>				
Bangchak Green Net Co., Ltd.	1.83	3.57	BCP holds 49% shares	BCP delegates its representatives as directors
Bangchak Biofuel Co., Ltd.	82.54	97.70	BCP holds 70% shares	BCP delegates its representatives as directors
<b>Other related businesses</b>				
PTT Aromatics and Refining Plc	538.19	96.69	PTT Plc holds shares in this company	-
Thai Oil Plc	549.88	605.31	PTT Plc holds shares in this company	-
IRPC Plc	354.71	-	PTT Plc holds shares in this company	-
Thai Lube Base Plc	0.33	0.34	Shared relationship through PTT Plc	-

## 2.8.2 Other creditor items

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Other related businesses</b>				
Fuel Pipeline Transportation Ltd.	10.39	15.33	BCP holds 11.40% shares	BCP delegates its representatives as directors
Energy Complex Co., Ltd.	-	0.06	PTT Plc holds shares in this company	-

**3. Other non-current assets:** These items are the company's guarantee payment for office use under lease contracts for offices and related services.

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Other related businesses</b>				
Energy Complex Co., Ltd.	4.70	4.51	PTT Plc holds shares in this company	-

**4. Other current liabilities:** These items are the Company's demanded guarantee payment for service contracts with subsidiary companies.

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Subsidiaries</b>				
Bangchak Green Net Co., Ltd.	26.15	26.86	BCP holds 49% shares	BCP delegates its representatives as directors

**5. Other non-current liabilities:** These items are the Company's revenue received in advance for land lease from related businesses.

Related company	2009 Baht (million)	2010 Baht (million)	Relationship for the year ended December 31, 2010	
			Shareholding	Management
<b>Other related businesses</b>				
Fuel Pipeline Transportation Ltd.	6.30	5.82	BCP holds 11.40% shares	BCP delegates its representatives as directors

## 1. Connected transactions with PTT Plc

Orders for crude oil supplies between the Company and PTT, which is the Company's crude oil supplier for sale to industrial operators under the terms of feedstock supply agreements, are designed to add to the Company's capability for sourcing feedstock for its processes. As for

the sale of refined products, PTT notifies the Company six months in advance of its orders. A meeting is held each month to confirm orders, for which pricing follows market prices.



The Company entered into a 10-year contract with PTT, starting on August 3, 2009, for natural gas purchase to feed the Company's production process. Pricing was agreed in the contract with terms and conditions considered normal business practice.

The Company made a contract with PTT for the use of PTT's Si Racha petroleum and gas terminal service. The 15-year contract, which started on January 1, 2009, involves receiving, storage, and distribution of oil products. The service charge was agreed in the contract with terms and conditions considered normal business practice.

The Company entered into a contract with PTT to operate NGV refueling stations. The Company earn an income from land use and station operation at the rate agreed in the contract, with terms and conditions considered normal business practice.

The Company entered into an agreement with PTT on February 25, 2008, for the sale-purchase of electricity and steam. Under the contract, PTT is the investor in the construction of the production plant with the capacity to produce 90 tons per hour of steam and 19.7 megawatts of electricity, while the Company is the sole buyer of all products at the price agreed in the contract with terms and conditions considered normal business practice. Commercial production started in June 2010.

The Company holds convertible subordinated, unsecured bond specifying the holder's name for the Company's financial restructuring. This gives the Company access to sources of funds with better satisfied conditions.

As a part of its risk management, the Company made an oil price hedging contract with PTT, due to end in December 2010, using the price and currency exchange rate agreed in the contract. The Company later terminated the contract, which resulted in a gain from such hedging. Payment was due in December 2010.

## **2. Connected transactions with the Ministry of Finance**

The ministry underwrites the CD-DR debentures and BCP-DR1 equity shares issued by Siam DR Co., Ltd., for the Company's financial restructuring to ease the Company's search for better sources of fund.

## **3. Connected transactions with Bangchak Green Net Co., Ltd.**

Bangchak Green Net was set up to manage Bangchak service stations and consumer product sales at Lemon Green and Bai Chak outlets. These transactions followed normal business practices, relied on market prices, and followed details stated in the operation contracts.

## **4. Connected transactions with Bangchak Biofuel Co., Ltd.**

A subsidiary, Bangchak Biofuel was set up to produce and sell biodiesel. These connected transactions followed normal business practices, relied on market prices, and followed details stated in the operation contracts.

## **5. Connected transactions with Fuel Pipeline Transportation Co., Ltd.**

The Company entered into fuel pipeline transport contracts with this company to take its oil products from Bangchak Depot to its Bang Pa-in Depot and sell them to its customers in the Central, North and Northeast under normal business conditions and market prices.

## **6. Connected transactions with Thai Oil Plc**

The transactions with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

## **7. Connected transactions with PTT Aromatics and Refining Plc**

The transactions with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**8. Connected transactions with Thai Lube Base Plc**

The transactions with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**9. Connected transactions with IRPC Plc**

The transactions with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**10. Connected transactions with NPC Safety and Environmental Services Co., Ltd.**

The service fees with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**11. Connected transactions with PTT International Trading Co., Ltd.**

The transaction items with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**12. Connected transactions with PTT ICT Solution Co., Ltd.**

Payment for the rights to use Microsoft software from this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**13. Connected transactions with PTTEP Siam Co., Ltd.**

Other service fees with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**14. Connected transactions with Energy Complex Co., Ltd.**

The deposit payments, office rents and office service fees with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**15. Connected transactions with Thai Oleochemicals Co., Ltd.**

The transactions with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

**16. Connected transactions with PTT Exploration and Production Plc.**

Other service fees with this company, a connected company as a result of PTT's shareholding in both, followed normal business practices and market prices.

These transactions were undertaken in the normal course of business, with none taken as extraordinary transactions. No siphoning of interests occurred among the Company, subsidiary companies, connected companies and shareholders. Approvals were scrutinized by the President, who duly approved as authorized by Company regulations, with the exception of the underwriting of the Company's debentures and equity stocks by the Ministry of Finance, which enabled the Company's to find sources of funds with superior conditions to the case without underwriting.

Disclosure of connected transactions followed the rules of the Office of the Securities and Exchange (SEC) and the Stock Exchange of Thailand (SET), as well as the accounting standard concerning the disclosure of information on connected parties and businesses, as defined by the Federation of Accounting Professions.

**Policy for future connected transactions**

In undertaking future connected transactions, the Company will continue its product and oil pipeline transport service transactions with connected companies, as these represent normal business practices in the same industry. The pricing of products and services follow market practices and/or the details stipulated in commercial contracts. However, in such cooperation, the Company takes into consideration its best interests. The Audit Committee and the Internal Audit Office supervise and review the Company's business to ensure its conformance to securities and SET laws, as well as the requirements, announcements or regulations of SET. In addition, for whichever transactions involving the Company executives, they are not allowed to cast their votes in meetings.



# Management's Discussion and Analysis for Business Operations

For the year ended December 31, 2010

## Business Overview for 2010

### Oil Price Situation

The average oil price in 2010 had continually increased at almost USD 20 per barrel. The main factors supported the increase in oil price at the beginning of the year were the cold weathers in the US and North Asia, particularly in the US where the weather condition was the coldest in the past 9 years and its eastern part had the heaviest snow storm in the past 30 years, leading to the oil demand increased. Moreover, the oil price had increased because the investors were more confident in the world economic, and the worry in European debt crisis was relieved. Many banks jointly provided loans to European countries that faced huge amount of Public Debt – USD 180 Billion, which were Portugal, Ireland, Greece, and Spain.

The factors which had driven the oil price in the second half of the year was the Quantitative Easing 2 of the US which was approved to inject USD 600 billion to the system through the purchase of the bond. As a result, the US Dollar had continuously depreciated against the Euro in the second half of the year, so most investors had moved their investments to the commodities markets such as oil and gold markets. In addition, the concern over the European Countries' financial stability was eased up when the European Union and the International Monetary Fund (IMF) had approved the emergency funding of USD 113 billion to Ireland. Moreover, the Enbridge's crude oil pipeline from Canada to the US, with capacity of 670 KBD, ceased its operation due to pipeline leakage problem. Also, the rapid growth of China's economy had affected the country's high oil demand, in which the Chinese government had to post measurements to slowdown its economy's dramatic growth such as the increase in banks' reserves, the increase in the interest rate, and the control of financial institutes' investments. All mentioned facts above were main factors affecting the movement of oil price in 2010.

### The table of oil price comparison

Unit: USD/BBL

Price	Max	2010 Min	Avg. (A)	Max	2009 Min	Avg. (B)	Changing (A)-(B)
DB	91.83	68.22	78.04	79.57	36.40	61.82	16.22
UNL95/DB	15.13	6.60	10.32	20.91	0.38	8.55	1.77
GO/DB	15.16	6.68	11.42	18.25	1.14	7.24	4.18
FO/DB	0.11	-12.20	-8.18	-0.86	-12.89	-5.06	-3.12

### Production and Distribution

The Company's average crude run increased from 79.2 thousand barrels per day in 2009 to 86.0 thousand barrels per day in 2010 since its refinery had operated as Complex Refinery from December 7, 2009 onwards.

The Company's total product distribution in 2010 (excluding crude oil and lubricant) was at an average of 102.9 thousand barrels per day, whereas the previous year's figure was 99.7 thousand barrels per day. Sales through marketing business were increased to be 67.1 KBD, from last year's figure of 61.0 KBD.

According to the information from the Department of Energy Business, sales volume through service stations of all brands in Thailand had decreased from 1,390.4 million liters per month in 2009 to 1,374.6 million liters per month in 2010 or decreased by 1.1%.

The Company's sales volume through service stations decreased around 0.5% which was a lower decrease rate than the decrease rate of Thailand's all brands sales through service stations. The Company's market share through service stations in 2010 was at 13.8%, ranked the third place.

## 1. Explanation and Analysis of the Operating Results

### 1.1 Net Profit/(Loss) Analysis

- 1) For the year 2010, the Consolidated Financial Statements recorded a net profit of Baht 2,889 million, which was the Company's net profit of Baht 2,649 million, the subsidiaries' (Bangchak Green Net Company Limited-BGN and Bangchak Biofuel Company Limited-BBF) net profit of 7 million and 252 million Baht respectively but the consolidated figures were adjusted by connected transactions of Baht 19 million. When taking out the profit attributed to Minority interests of Baht 76 million, the remaining net profit to equity holders of the Company was Baht 2,813 million (EPS 2.40 Baht).
- 2) The Company's base performance EBITDA in 2010 was Baht 5,365 million. When combine with Baht 28 million gain from hedging transaction and Baht 434 million gain from inventory effect, total accounting EBITDA was Baht 5,827 million. Total Gross Integrated Margin-GIM was USD 8.24 per barrel (weighted calculation from Total Gross Refining Margin-GRM of USD 6.09 per barrel and Marketing Margin-MKM of USD 2.75 per barrel.) The breakdown EBITDA by business units comparing Year 2010 to Year 2009 was summarized as follows:

**Table: Details of breakdown EBITDA**

Unit: Million Baht

	2010 (A)	2009 (B)	Changing + / - (A)-(B)
• <b>Base Performance EBITDA</b>	5,365	3,450	+1,915
- <i>Refinery business</i>	4,004	2,045	+1,959
- <i>Marketing business</i>	1,361	1,405	-44
• Gain from hedging	28	5,631	-5,603
• Gain(loss) from inventory effect	434	3,163	-2,729
• <b>Total Accounting EBITDA</b>	5,827	12,244	-6,417
- <i>Refinery business</i>	4,466	10,839	-6,373
- <i>Marketing business</i>	1,361	1,405	-44

### Refinery Business

- In 2010, the Refinery business's base performance EBITDA was Baht 4,004 million, an increase of Baht 1,959 million from last year's EBITDA of Baht 2,045 million. Operating as a Complex Refinery had effected to a better margin. And there was an increase in crude run. Crude run increased from 79.2 thousand barrels per day in 2009 to 86.0 thousand barrels per day in 2010.



- The profits from hedging transaction and the gains from inventory effect in 2010 were lower than those in 2009. As a result, Refinery business' total EBITDA in 2010 was Baht 4,466 million, compared to Baht 10,839 million in 2009.
- Total GRM in 2010 was USD 6.09 per barrel, compared to USD 12.76 per barrel in 2009. In 2009 there were huge gains from hedging transaction USD 5.62 per barrel and inventory gain of USD 3.16 per barrel whereas in 2010 hedging transaction was USD 0.03 per barrel and inventory gain of USD 0.43 per barrel.

GRM analysis was summarized as follows:

Unit: USD/BBL

ค่าการกลั่นจาก	2010	2009	Changing +/-
Base GRM	5.63	3.98	+1.65
GRM Hedging	0.03	5.62	-5.59
Inventory Gain/(Loss)	0.43	2.22	-1.79
LCM	-	0.94	-0.94
<b>Total</b>	<b>6.09</b>	<b>12.76</b>	<b>-6.67</b>

**Base GRM** An increase of USD 1.65 per barrel, from 2009's base GRM of USD 3.98 per barrel to USD 5.63 per barrel per barrel in 2010. The company operated as Complex Refinery resulting in less production of Fuel Oil and higher production in Diesel. Therefore, the Company received better refining margin from an increase of diesel production and better products crack spread. The following table illustrates the spread of finished products and crude oil.

Unit: USD/BBL

Products crack spread	2010	2009	Changing +/-
UNL95/DB	10.31	8.55	+1.76
IK/DB	12.10	8.28	+3.82
GO/DB	11.41	7.24	+4.17
FO/DB	-5.68	-5.06	-0.62

**Oil hedging** A decrease of USD 5.59 per barrel in GRM Hedging. The narrow spread of finished products and crude oil during 2009-2010 led to an unfavorable market condition for hedging transaction. For the year 2010, the hedged position was approximately 25% of the average refinery production level (the hedging policy is at 30%) and the actual spread was barely different from the hedged position, leading to slight gain from the hedging transaction. While, the hedged position in 2009 was at 54% of the average refinery production level and the actual spread was much lower than the hedged position. Thus, in 2009 the Company received much gain from the transaction. The determination of forward contract price depends mainly on the market situation at certain period.

**Inventory Effect** The Company reported a stock gain of USD 0.43 per barrel in 2010 due to a slightly increase in oil price in 2010. In 2009 the oil price was rising sharply and led to a stock gain of USD 3.16 per barrel.

## Marketing Business

- In 2010, the sales volume through the Marketing Business increased from 61.0 thousand barrels per day to 67.1 thousand barrels per day.
- EBITDA from the Marketing Business was Baht 1,361 million, comparing to 2009's EBITDA of Baht 1,405 million. In 2010, the Company's marketing margin (excluding lubricant) was at Baht 0.55 per litre (equivalent to USD 2.75 per barrel) which was slightly lower from last year's marketing margin of Baht 0.57 per litre (equivalent to USD 2.62 per barrel).

### 1.2 Income Analysis

Revenues from of sale of goods and rendering of services of the Company and its subsidiaries for 2010 were Baht 136,369 million, comprised of the Company's revenues of Baht 134,638 million and its subsidiaries' (Bangchak Green Net Company Limited-BGN and Bangchak Biofuel Company Limited-BBF) of Baht 19,334 million and Baht 2,441 million respectively, adjusted by connected transaction of Baht 20,044 million which mostly associates with the sale transactions from the Company to BGN and the sale transaction of B100 from BBF to the Company. The major changes in the Company's revenues comparing to those of last year were as follows:

- Revenues from sale (exclude lubricant) of Baht 132,935 million were higher than those of last year by Baht 26,781 million, or increased by 25.2%. Reasons of revenue increase were an increase of 4.1% in total sales volume and an increase of 20.5% in average oil selling price.
- An increase of Baht 467 million in Other Revenues, mainly from Insurance Compensation, Oil reservation fee, and dividend received from Bangchak Green Net Co., Ltd.
- Baht 932 million gain on foreign exchange was mainly from Foreign Exchange Hedging on Crude Purchase and Product Selling transactions and a Mark-to-Market effect of USD 200 million Loan in which the Company had swapped the Thai Baht Loan to USD Loan (Cross Currency Swap), according to Company's policy of Natural Hedge to protect the business from exchange rate fluctuations impact.
- Gain from Oil Hedging Transaction decreased by Baht 5,603 million or decrease by 99.5% due to the decline in hedging transaction as already explained under Oil Hedging section.
- Stock gain decreased by Baht 2,729 million or decreased by 86.3% due to a slightly increase in oil price in 2010 whereas in 2009 the oil price was rising sharply and led to a high stock gain.

### 1.3 Expense Analysis

In 2010 Cost of sale of goods and rendering of services of Consolidated Income Statement was Baht 130,020 million, comprising of the Company's costs of Baht 129,115 million and of its subsidiaries' (Bangchak Green Net Company Limited-BGN and Bangchak Bio Fuel Company Limited-BBF) of Baht 18,699 million and Baht 2,154 million respectively, adjusted by connected transaction of Baht 19,948 million, which mostly was cost of sales from the Company to BGN. Major components in changes of the Company's expenses comparing to last year were as follows:

- The Cost of sale of goods and rendering of services increased by Baht 27,372 million or by 28% because of a 4.1% increase in sales volume and an increase in costs of crude oil, which was in the same direction of the increase in Revenue from Sales.
- Depreciation and Amortization increased by Baht 821 million due to the record of Amortization from the PQI
- Finance Cost increased by Baht 350 million, after the Commercial Operation of PQI Project in December 7, 2009 in which the Company realized the interest expense in the Statements of income since then.
- Income Tax expense decreased by Baht 2,173 million due to the decrease in the profit.





#### 1.4 Performance Analysis of the Company and its subsidiaries by Business

Unit : Million Baht

	2010	2009	+/-
<b>Intake</b>			
• Refinery business (KBD)	86.0	79.2	+6.8
• Biodiesel (B100) (KL/Day)	71.5	-	n/a
Revenues from sale and services	136,369	108,681	+27,688
• Refinery business	130,787	104,138	+26,649
• Marketing & service station	95,168	75,137	+20,031
• Biodiesel (B100)	2,441	53	+2,388
• Connected transaction	(92,027)	(70,647)	(21,380)
<b>EBITDA</b>	6,165	12,316	-6,151
• Refinery business	4,466	10,841	-6,375
• Marketing & service station	1,358	1,460	-102
• Biodiesel (B100)	341	15	+326
<b>Net Profit</b>	2,889	7,523	-4,634
• Refinery business	2,034	6,832	-4,798
• Marketing & service station	603	696	-93
• Biodiesel (B100)	252	-5	+257

#### Profitability Analysis

	Consolidated		Company	
	2010	2009	2010	2009
• Sales and Services, Million Baht	136,369	108,681	134,638	107,678
• Net Profit (Loss), Million Baht	2,889	7,523	2,649	7,475
• Net Profit Margin, %	2.12	6.92	1.97	6.94
• Earning Per Share, Baht/Share <sup>1/</sup>	2.40	6.57	2.26	6.53
• Return on Equity-ROE, %	10.90	33.01	10.09	32.80
• ROE (excluding inventory effect), % <sup>2/</sup>	9.74	22.95	8.93	22.97

1/ Calculate from average number of shares in 2010 and 2009 which were 1,172 and 1,144 million shares respectively.

2/ Exclude impact from inventory gain or loss

- Percentages of Net Profit Margin for the year 2010 as shown in the Consolidated Financial Statement and the Separate Financial Statements were 2.12% and 1.97% respectively, decreased from 2009's Margins of 6.92% and 6.94%. Operating as a Complex Refinery had effected to a better margin. And there was an increase in crude run. Crude run increased from 79.2 thousand barrels per day in 2009 to 86.0 thousand barrels per day in 2010. However, the Gain from Hedging Transaction and Inventory Gain were much lower than those in 2009. Therefore, the Return on Equity for the Consolidated Financial Statement then decreased from 33.01% in 2009 to 10.09% in 2010.

## 2. Explanation and Analysis of the Financial Position as of December 31, 2010 compared with December 31, 2009

	Consolidated		Company	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
• Total Assets, Million Baht	62,453	53,891	61,180	52,901
• Total Liabilities, Million Baht	35,401	27,938	34,489	27,069
• Total Equity, Million Baht	27,052	25,953	26,691	25,832
• Current Ratio , Times	1.83	1.78	1.83	1.80
• Debt to Equity, Times	0.73	0.61	0.71	0.59
• Book Value, Baht/Share*	22.85	22.11	22.68	22.08

\* Calculate from number of shares as of December 31, 2010 and December 31, 2009 which were 1,177 and 1,170 million shares respectively.

### 2.1 Assets

- At the end of 2010, Total Assets were Baht 62,453 million, which comprised of the Company's total assets of Baht 61,180 million, its subsidiaries' (Bangchak Green Net Company Limited-BGN and Bangchak Bio Fuel Company Limited-BBF) total assets of Baht 861 million and Baht 1,470 million respectively, adjusted by connected transactions of Baht 1,058 million which was mainly Trade Account Receivable-BGN of Baht 711 million.
- The Company's Total Assets at the end of 2010 increased by Baht 8,279 million, or increased by 15.6% compared to the end of 2009. The major changes of assets were as follows:
  - Cash and Cash Equivalents increased by Baht 6,793 million, part of it was increased Cash from Long-term Loan
  - Net Accounts Receivable increased by Baht 813 million due to an increase of both local and export sales volumes.
  - Inventories increased by Baht 963 million due to an increase of oil price and an increase of 29 million liters or 0.18 million barrels of inventory. The additional inventory was prepared for sales during Major Turnaround Period.
  - Account Receivable from Oil Hedging Transaction decreased by Baht 443 million due to the decline in hedging transaction. In 2010, the transaction was accounting for 25% of the average refining volume (the hedging policy stipulates the transaction at approximately 30%)
  - Insurance Compensation Receivable of Baht 416 million from Property Damage and Business Interruption Insurance Claims due to the accident during PQI construction in May 2009.



- Other long-term investments increased by Baht 88 million, or increased by 44.2%, from the acquisition of 1,165,500 common shares of ASEAN Potash Public Company Limited (APMC), or approximately 9.9% of the total common shares. At present the Company holds 16.4% stake in APMC.

## 2.2 Liabilities

- 1) At the end of 2010, Total Liabilities Baht 35,401 million, which consisted of the Company's Total Liabilities of Baht 34,489 million, of its subsidiaries' (Bangchak Green Net Company Limited-BGN and Bangchak Bio Fuel Company Limited-BBF) Total Liabilities of Baht 834 million and Baht 925 million respectively. Connected Transactions of Baht 847 million was adjusted, of which Baht 711 million was Trade Accounts Payable resulting from the Company's sales to Bangchak Green Net.
- 2) The Company's Total Liabilities at the end of 2010 increased by Baht 7,420 million, or increased by 27.4% compared to the end of 2009. The major changes of liabilities were as follows:
  - Loan increased Baht 3,772 million or increased by 24.7% from 2009 due to the long-term loan drawdown of Baht 4,672 million and the Short-term loan repayment of Baht 800 million. There was a conversion of BCP141A debenture worth Baht 100 million to common shares.
  - Net Trade Accounts Payable at the end of 2010 was at Baht 10,094 million which increased by Baht 4,071 million or 67.6% due to an increase in oil price. Moreover, the purchase volume of crude oil in December 2010 was 1.7 million barrels higher than those in December 2009.
  - Excise Tax and Oil Fuel Fund Payable increased by Baht 217 million or increased around 36.3%. It was because production and sales volume were increased and the excise tax rates were back to the normal rate after the ending of Excise Tax Reduction Project.

## 2.3 Shareholders' Equity

- 1) At the end of 2010, the Consolidated Total Shareholders' Equity were Baht 27,052 million, which comprised of Baht 26,691 million from Total Shareholders' Equity of the Company and Baht 572 million of subsidiaries' equity, adjusted connected transactions by Baht 212 million.
- 2) The Company's Total Equity increased by Baht 859 million or 3.33% from the end of 2009. The changes in the Company's Equity were as follow;
  - The Company reported Net Profit of Baht 2,649 million in 2010
  - The Company's two times Dividend Payment (Baht 0.80 per share for the 2009 operating results and Baht 0.50 per share for the first 6 months of 2010 operating results), amounting Total Dividend Payment of Baht 1,521 million.
  - Baht 369 million of the Depreciation on the property revaluation.
  - Shareholders of BCP141A Debenture exercised their right to convert the debenture worth Baht 100 million to common shares at Baht 14.30 per 1 common share, leading to an increase in common share of Baht 7 million (with the par at Baht 1 per share), and the share premium increased by Baht 93 million.

At the end of 2010 the company shareholders' equity were Baht 26,691 million, or accounting for the Book Value per Share of Baht 22.68.
- 3) As of December 31, 2010, the Company had quasi-equity instruments (CDDR, subordinated convertible debenture and warrant) which are equivalent to 205 million common shares or approximately 15% of total shares in full dilution if these were fully converted or exercised.

### 3. Explanation and Analysis of the Cash Flows Statement for the year 2010

3.1 In 2010, the Company and its subsidiaries had Beginning Cash and Cash Equivalents of total Baht 2,136 million. During the period, Net Cash increased from the utilizing in various activities by Baht 6,973 million, of which Baht 6,100 million were received from operating activities, while Baht 1,403 million were used in Investing Activities and Baht 2,276 million were received from Financing Activities. Hence, Cash and Cash Equivalents as shown in the Consolidated Financial Statements at the end of 2010 were Baht 9,109 million, which consisted of Baht 8,504 million of the Company and Baht 439 million of Bangchak Green Net Company Limited as well as Baht 166 million of Bangchak Bio Fuel Company Limited.

3.2 Cash flow of the Company derived from the Beginning Cash of Baht 1,711 million. During the period, Net Cash increased by Baht 6,793 million from the following activities;

- 1) Net Cash received from Operation was Baht 5,808 million;
  - Profit from the operation before the change in operating assets and liabilities of Baht 5,845 million
  - Cash used in Operation of Baht 2,083 million consisted of Baht 963 million increases in Inventory, Baht 813 million increased in Trade Accounts Receivable, and Baht 306 million increases of Other Assets.
  - Cash received from changes in operating liabilities of Baht 4,714 million consisted of Baht 4,065 million increased in Trade Accounts Payable and Baht 649 million increased in other liabilities.
  - Cash payment of Interest and Income Tax was Baht 2,668 million.
- 2) Net Cash used for Investing Activities was Baht 1,367 million;
  - Cash paid for Purchase of property, plant and equipment of Baht 1,299 million
  - Cash paid for Purchasing of Other Assets of Baht 117 million
  - Cash received from the proceed from sale of property, plant and equipment of Baht 31 million
  - Cash received from Dividend of Baht 18 million
- 3) Cash received from Funding Activities of Baht 2,352 million:
  - Short-term Loan Repayment of Baht 800 million
  - Proceed from Long-term Loan of Baht 5,590 million
  - Repayment of Long-term Loan of Baht 917 million
  - Twice Dividend Payments to the shareholders at Baht 1.30 per share, totaling Baht 1,521 million

Thus, the end of 2010, the Company's Cash or Cash Equivalents was Baht 8,504 million.



#### 4. Financial ratios analysis and the explanation for the year 2010 compared with 2009

		2010	2009
<b>Liquidity Ratios</b>			
Current Ratio	Time	1.8	1.8
Quick Ratio	Time	0.9	0.7
Receivable Turnover	Time	25.7	24.2
Average Collection Period	Day	14.2	15.1
Inventory Turnover	Time	8.9	10.1
Inventory Turnover Period	Day	41.0	36.1
Account Payable Turnover	Time	16.0	19.1
Average Payment Period	Day	22.9	19.1
Cash Cycle	Day	32.3	32.1
<b>Profitability Ratios</b>			
Net Profit Margin	%	2.1	6.9
Net Profit Margin (excluded inventory effect) <sup>1/</sup>	%	1.9	4.8
Return on Equity	%	10.9	33.0
Return on Equity (excluded inventory effect) <sup>1/</sup>	%	9.7	20.3
<b>Efficiency Ratios</b>			
Return on Total Assets	%	5.0	15.6
Return on Total Assets (excluded inventory effect) <sup>1/</sup>	%	4.4	9.8
Assets Turnover	Time	2.3	2.2
<b>Financial Policy Ratios</b>			
Debt to Equity <sup>2/</sup>	Time	0.7	0.6
Debt to Equity (included convertible debenture) <sup>3/</sup>	Time	0.6	0.5

Remark: Calculation from consolidated financial statements

1/ Excluding impact from inventory gain or loss and apply tax rate at 30% for calculation only

2/ Calculating from Interest Bearing Debt

3/ Including convertible debenture in equity portion

## 5. Factors and major influences that may affect the Company's performance or financial status in the future

### Foreign Exchange

The factor which may have impact on the Company's performance is the foreign exchange volatility (mostly Baht/USD). The Company pays for the feedstock in US dollar term and sells its product on US dollar-linked basis, and subsequently records transactions as trade payable and trade receivable respectively. Since the Company's assets are greater than liabilities, the appreciation of Thai Baht will cause the shrink in net assets value, Baht margin value, and vice versa. However, being aware of that risk, the Company has been managing to mitigate the risk by utilizing some market financial instrument. In addition, as completion of the loan refinancing on July 2, 2008, the Company has performed Cross Currency Swap (CCS) from Thai baht loan to Dollar link amounted USD 200 million following the policy to leverage the differences of US dollar liabilities balancing with revenue (natural Hedge) to protect the business from impact of the exchange rate fluctuations. Therefore, when the Baht depreciates, the Company will record loss from exchange rate and realize the increase revenue in the term of baht. But in the other hand, when the Baht appreciates, the revenue in the term of baht will be reduced however the Company will realize gain from the exchange rate. The referred CCS contracts affected from January 5, 2009 to June 30, 2013.

### Gross Refining Margin from Hedging (GRM Hedging)

The oil price is likely to continually fluctuate according to fundamental factors both demand and supply as well as speculating, which directly affects gross refining margin. Being realized such risk, the Price Risk Management Committee (PRMC) consisted of high-level executives and related divisions was set up in 2006. PRMC is responsible in officiate prescribed hedging policy and objective as well as closely monitor the oil price market situation to minimize impact on business operations by utilizing some hedging instruments to determine the appropriate and level satisfied margin between product and crude in advance and/or inventory price management.

## 6. Environmental Cost Accounting

Having the environmental concerns and social responsibilities, since 2005, the Company has prepared the environmental management accounting report (production line) and also published in the Sustainability Report. The environmental cost accounting helps the Company to keep track the related information, which is useful for enhancing the environmental management effectiveness, and resource utilization. The report for 2010 compared to that of last year is summarized hereunder.



(Unit : Million Baht)	2010	2009	Δ
<b>Material Costs of Product Outputs</b>	84,091.34	64,172.54	19,918.80
: Consist of crude oil, ethanol, bio-diesel, chemical, energy and utilities in production			
<b>Material Costs of Non-Product Outputs</b>	132.48	95.77	36.71
: Consist of slop and sludge oil, waste water, chemical surplus			
<b>Waste and Emission Control Costs</b>	222.66	86.11	136.55
: Consist of maintenance cost of environmental control equipments and depreciation and other fees			
<b>Prevention and Other Environmental Management Costs</b>	7.99	5.26	2.73
: Consist of monitoring and measurement cost, environmental management system expenses			
<b>Benefit from by-product and waste recycling</b>	(12.39)	(2.73)	(9.66)
: The revenue realization from liquid sulfur, glycerin, waste paper			

- Environmental expense in 2010 was higher than 2009 around Baht 20,085.13 million or increased by 31%. Most of the increases which account for 99% was from the Material Costs of Product Outputs since the crude oil price increased with an average of Baht 3.01 per liters, or increased by 23.79% while the capacity slightly increased around 5.86% from 2009.
- The Material Costs of Non-Product Outputs increased around Baht 36.71 million, or increased by 38.33% due to the rerun cost of the slop oil which increased more than 200%.
- Expenses in Pollution control equipment increased by Baht 136.55 million or increased by 158.58% from the depreciation of equipments because of the establishment of many pollution control units.
- Environmental prevention expense increased by Baht 2.73 million or increased by 51.90% due to the Company's focus more on being alert, following, and continuous measuring of quality of environment.

# Declaration of the Directors' Responsibility for the Financial Statements

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The Board of Directors of the Bangchak Petroleum Plc has prepared the Company's financial statements to show its financial status and performance for 2009 under the Public Company Limited Act of 1992, the Accounting Act of 2000, the Securities and Exchange Act of 1992, and the announcement of the Capital Market Supervisory Board concerning the criteria, conditions, and reporting method for the disclosure of information on financial status and performance of companies that issue securities.

The Board recognizes its duties and responsibility for directing a listed company, particularly the responsibility for financial statements of the Company and its subsidiaries – including financial information that appears in the annual report of 2010. Such statements have been prepared under generally accepted accounting standards, which regularly complies with a suitable accounting policies and due and reasonable discretion exercised in the preparation of financial statements. Adequate significant information has been disclosed in the notes to these financial statements for transparent use by shareholders and investors at large.

The Board has instituted and maintained effective risk management and internal control systems to become reasonably confident of accurate, complete, and adequate accounting information to retain Company assets and prevent frauds or significant anomalies in operation.

The Audit Committee, acting on behalf of the Board, has been assigned responsibility for the quality of financial reports and internal control system, and its opinions duly appear in its own report found in this publication.

It is our view that the Company's internal control system is, on the whole, satisfactory and can reasonably assure us that the financial statements of the Company and its subsidiaries ended December 31, 2010 are reliable under generally accepted accounting standards, legally sound, and acceptable to relevant regulations.

(Signed) *Krait Nilkuha*  
(Mr. Krait Nilkuha)  
Chairman of the Board

(Signed) *Anusorn Sangnimnuan*  
(Mr. Anusorn Sangnimnuan)  
President





# Report of the Audit Committee

To the Shareholders

At its meeting No. 7/2008, the Board of Directors (“Board”) appointed this committee, chaired by Mr. Anusorn Tamajai and consisting of Mr. Wirat lam-ua-yut, Mr. Nipon Surapongrukcharoen and Assoc.Prof. Pranom Kowinwipat as members.

Then at the Board meeting No. 5/2010, Mr. Issra Shoatburakarn was appointed to replace Mr. Nipon Surapongrukcharoen, who had completed his term.

In 2010 the committee held 13 meetings, seven of which with senior management. When meeting with senior management, executives with vested interests stayed away from the meetings. The following captures the meeting attendances.

Name		Attendance/Total
Mr. Anusorn	Tamajai	13/13
Mr. Wirat	lam-ua-yut	12/13
Assoc.Prof. Pranom	Kowinwipat	13/13
Mr. Nipon	Surapongrakcharoen	12/13
Mr. Issra	Shoatburakarn	7/7

The committee deliberated various matters, summarized below:

1. Reviewed quarterly and annual financial statements, as well as related financial reports, including adequate and timely disclosure of information, compliance with generally accepted accounting principles, accounting standards, and significant changes in accounting policies, together with connected transactions among shareholders and subsidiaries or related companies. This was to ensure that such connected transactions were conducted in the normal course of business without transferring benefits, in the best interests of the Company and in compliance with the regulations of the Stock Exchange of Thailand (SET). Also, the committee met with the Company’s legal team to keep updated on significant court cases in which the Company was being sued with potentially significant impacts on its business.
2. Reviewed to ensure that the Company
  - Had instituted a proper, transparent and efficient internal control and internal audit system by monitoring the performance of the internal control office to ensure independence and efficiency
  - Confirmed the independence of the performance of the external auditor
  - Recognized the need for improved business efficiency while minimizing oil losses in its processes.

In 2010, recognizing the criticality of promoting corporate governance, the committee launched training on “Tangible Corporate Governance” for executives and employees.

3. Reviewed the Company’s compliance with all accounting standards in effect, laws, SET regulations and laws relevant to its business in a complete and accurate manner and in line with corporate governance principles. The committee’s emphasis was that the Company would exceed such standards.

4. Selected, nominated and proposed compensation for KPMG Phoomchai Audit Ltd. as the external auditor for 2010 and staged quarterly meetings between the committee and the external auditor to discuss concerns arising from each audit and find prompt solutions to significant ones.
5. Reviewed the adequacy of the Company's risk management process, investigated risks under identified ones and instituted coordination between the committee and the Enterprisewide Risk Management Committee.
6. Actively encouraged and ensured compliance with safety standards and stewardship of the refinery surroundings and nearby communities.
7. Revised the Audit Committee Charter in line with the criteria and terms of the Office of the Securities and Exchange Committee (SEC) and SET and the Corporate Governance Policy to ensure confidence of shareholders, business partners, customers and other stakeholders that the Company's business follows such terms and the code of conduct to maintain an efficient internal control system.
8. Reviewed the policy and operating manual of the internal control office to cover the roles and responsibilities of the Audit Committee and the internal control office for use as a practical guideline.
9. Cooperated fully with the State Enterprise Policy Office in assessing the Company's internal control and internal audit performance through Thai Rating and Information Service Company (TRIS), the findings of which were implemented in audit quality improvement.
10. Endorsed the hiring of an expert on Information technology (IT) system audits as its consultant and source of knowledge for the development of the Company's IT audit quality.

Having monitored the Company's performance in 2010 under the scope of authority and assigned responsibility, the Audit Committee approved the way the Company had prepared its financial statements, regarding it as accurate in significant details under generally accepted accounting principles. Connected transactions or items of potential conflicts of interest were adequately disclosed. the Company's internal controls and a risk management process are compatible with its business circumstances, with accurate and complete compliance with the law, SET regulations, and relevant laws.

(Signed) *Anusorn Tamajai*  
(Mr. Anusorn Tamajai)  
Chairman, Audit Committee



# Audit report of Certified Public Accountant

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## To the shareholders of the Bangchak Petroleum Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in equity 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. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 2010 and 2009 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 generally accepted accounting principles.

(Vairoj Jindamaneepitak)  
Certified Public Accountant  
Registration No. 3565

# Financial Statements

## Balance sheets

The Bangchak Petroleum Public Company Limited and its Subsidiaries

As at 31 December 2010 and 2009

Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Assets</b>					
<i>Current assets</i>					
Cash and cash equivalents	5	9,109,013,095	2,136,226,731	8,503,955,407	1,710,655,824
Current investments	6	9,277,752	8,400,163	-	-
Trade accounts receivable					
Related parties	4,7	1,593,110,679	764,467,776	2,256,318,433	1,381,982,395
Other parties	7	4,132,852,213	4,139,645,931	4,057,976,964	4,119,035,657
Inventories	8	15,132,818,729	14,053,694,650	14,588,313,599	13,624,876,047
Material and supplies		533,641,814	338,122,747	527,920,815	336,957,057
Oil Fuel Fund subsidies receivable		521,189,086	485,252,075	521,189,086	485,252,075
Other current assets	4,9	1,110,697,938	1,172,805,966	1,054,103,621	1,121,366,230
<b>Total current assets</b>		<b>32,142,601,306</b>	<b>23,098,616,039</b>	<b>31,509,777,925</b>	<b>22,780,125,285</b>
<i>Non-current assets</i>					
Investments in subsidiaries	10	-	-	197,539,500	197,539,500
Other long-term investments	6	287,382,207	200,257,215	287,382,207	199,357,215
Tariff prepayment	4	15,163,200	19,901,700	15,163,200	19,901,700
Property, plant and equipment	11	27,903,545,531	28,570,850,803	27,073,141,575	27,711,312,306
Leasehold rights	12	954,016,761	1,025,002,923	954,016,761	1,025,002,923
Intangible assets	13	74,729,539	88,840,795	73,867,231	87,647,920
Investment in service stations	14	215,644,676	238,902,314	215,644,676	238,902,314
Deferred tax assets	15	175,320,491	158,328,410	175,320,491	158,328,410
Other non-current assets	4,16	685,019,795	490,294,819	678,109,992	482,954,458
<b>Total non-current assets</b>		<b>30,310,822,200</b>	<b>30,792,378,979</b>	<b>29,670,185,633</b>	<b>30,120,946,746</b>
<b>Total assets</b>		<b>62,453,423,506</b>	<b>53,890,995,018</b>	<b>61,179,963,558</b>	<b>52,901,072,031</b>

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



## Balance sheets

The Bangkok Petroleum Public Company Limited and its Subsidiaries

As at 31 December 2010 and 2009

Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Liabilities and equity</b>					
<i>Current liabilities</i>					
Bank overdrafts and short-term loans					
from financial institutions	17	40,000,000	900,000,000	-	800,000,000
Trade accounts payable					
Related parties	4, 18	9,347,034,229	5,354,318,449	9,448,296,084	5,438,686,027
Other parties	18	886,984,345	714,877,468	646,077,128	584,276,472
Other accounts payable to related parties	4	186,133,768	10,393,170	186,133,768	10,393,170
Current portion of long-term loans					
from financial institutions	17	2,662,116,916	922,542,537	2,587,414,538	887,261,287
Excise tax and Oil Fuel Fund payable		815,229,753	598,358,345	815,229,753	598,358,345
Income tax payable		536,208,053	1,356,306,408	532,686,643	1,350,461,634
Liabilities on hedging contracts		314,669,490	246,527,725	314,669,490	246,527,725
Other current liabilities	4, 19	2,807,076,442	2,841,208,008	2,648,116,464	2,705,197,701
<b>Total current liabilities</b>		<b>17,595,452,996</b>	<b>12,944,532,110</b>	<b>17,178,623,868</b>	<b>12,621,162,361</b>
<i>Non-current liabilities</i>					
Long-term loans from financial institutions	17	14,978,618,763	12,060,989,628	14,504,038,953	11,531,770,878
Convertible debentures	4, 17	1,936,570,000	2,036,570,000	1,936,570,000	2,036,570,000
Deferred tax liabilities	15	13,085,480	16,356,850	13,085,480	16,356,850
Liabilities on long-term lease		291,391,648	352,936,704	291,391,648	352,936,704
Other non-current liabilities	4, 20	586,419,357	526,423,896	564,933,539	509,912,061
<b>Total non-current liabilities</b>		<b>17,806,085,248</b>	<b>14,993,277,078</b>	<b>17,310,019,620</b>	<b>14,447,546,493</b>
<b>Total liabilities</b>		<b>35,401,538,244</b>	<b>27,937,809,188</b>	<b>34,488,643,488</b>	<b>27,068,708,854</b>

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

## Balance sheets

The Bangchak Petroleum Public Company Limited and its Subsidiaries

As at 31 December 2010 and 2009

Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Liabilities and equity</b>					
<i>Equity</i>					
Share capital	21				
Authorised share capital		1,531,643,461	1,531,643,461	1,531,643,461	1,531,643,461
Issued and paid-up share capital		1,176,822,958	1,169,829,952	1,176,822,958	1,169,829,952
Additional paid-in capital					
Share premium	21,22	8,272,622,542	8,179,615,548	8,272,622,542	8,179,615,548
Share premium on subsidiary of the Company		18,621,225	18,621,225	-	-
Unrealised surplus					
Surplus on revaluation of property, plant, and equipment	22	4,108,125,747	4,477,247,790	4,108,125,747	4,477,247,790
Capital surplus on registered and paid-up share reduction	22	189,617,759	189,617,759	189,617,759	189,617,759
Retained earnings					
Appropriated					
Legal reserve	22	153,164,346	153,164,346	153,164,346	153,164,346
Unappropriated		12,968,789,521	11,676,691,109	12,790,966,718	11,662,887,782
<b>Total equity attributable to equity holders of the Company</b>		<b>26,887,764,098</b>	<b>25,864,787,729</b>	<b>26,691,320,070</b>	<b>25,832,363,177</b>
Minority interests		164,121,164	88,398,101	-	-
<b>Total equity</b>		<b>27,051,885,262</b>	<b>25,953,185,830</b>	<b>26,691,320,070</b>	<b>25,832,363,177</b>
<b>Total liabilities and equity</b>		<b>62,453,423,506</b>	<b>53,890,995,018</b>	<b>61,179,963,558</b>	<b>52,901,072,031</b>

(Signed) *Krairit Nilkuha*  
(Krairit Nilkuha)  
Chairman

(Signed) *Anusorn Sangnimnuan*  
(Anusorn Sangnimnuan)  
President



## Statements of income

The Bangchak Petroleum Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenue from sale of goods and rendering of services	4,33	136,369,388,669	108,681,229,134	134,638,172,504	107,678,233,690
Cost of sale of goods and rendering of services	4	(130,019,702,976)	(101,009,520,691)	(129,115,258,254)	(100,588,183,031)
<b>Gross Profit</b>		<b>6,349,685,693</b>	<b>7,671,708,443</b>	<b>5,522,914,250</b>	<b>7,090,050,659</b>
Other income	4,26	716,930,348	224,617,498	705,176,323	229,071,377
<b>Profit before expenses</b>		<b>7,066,616,041</b>	<b>7,896,325,941</b>	<b>6,228,090,573</b>	<b>7,319,122,036</b>
Selling expenses	4,27	(2,204,887,663)	(2,077,638,845)	(1,701,850,449)	(1,605,918,650)
Administrative expenses	4,28	(1,098,513,563)	(1,012,838,464)	(1,050,075,653)	(970,993,825)
Management benefit expenses	29	(79,484,798)	(59,945,193)	(79,379,798)	(59,900,193)
Reversal of allowance for loss from inventory write - down		-	948,227,619	-	942,158,173
Gain from crude and product oil price hedging contract		27,633,506	5,630,745,713	27,633,506	5,630,745,713
Gain (loss) on foreign exchange		931,763,918	(56,822,728)	931,725,849	(56,822,728)
Reversal of allowance for loss (loss) from impairment of assets		146,244,762	(5,004,768)	146,244,762	(5,004,768)
<b>Profit before finance costs and income tax expense</b>		<b>4,789,372,203</b>	<b>11,263,049,275</b>	<b>4,502,388,790</b>	<b>11,193,385,758</b>
Finance costs	31	(898,936,747)	(558,067,395)	(861,988,180)	(553,808,565)
<b>Profit before income tax expense</b>		<b>3,890,435,456</b>	<b>10,704,981,880</b>	<b>3,640,400,610</b>	<b>10,639,577,193</b>
Income tax expense	32	(1,001,861,751)	(3,182,135,916)	(991,610,856)	(3,164,689,091)
<b>Profit for the year</b>		<b>2,888,573,705</b>	<b>7,522,845,964</b>	<b>2,648,789,754</b>	<b>7,474,888,102</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		2,812,809,230	7,524,263,084	2,648,789,754	7,474,888,102
Minority interests		75,764,475	(1,417,120)	-	-
<b>Profit for the year</b>		<b>2,888,573,705</b>	<b>7,522,845,964</b>	<b>2,648,789,754</b>	<b>7,474,888,102</b>
<b>Earnings per share (Baht)</b>					
Basic	34	2.40	6.57	2.26	6.53
Diluted	34	2.17	5.75	2.05	5.72

(Signed) *Krairit Nilkuha*  
(Krairit Nilkuha)  
Chairman

(Signed) *Anusorn Sangnimnuan*  
(Anusorn Sangnimnuan)  
President

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

## Statements of changes in equity

For the years ended 31 December 2010 and 2009

The Bangchak Petroleum Public Company Limited and its Subsidiaries

### Consolidated financial statements (Baht)

	Note	Share premium		Unrealised surplus		Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity	
		Issued and paid-up share capital	Share premium on subsidiary of the Company	Share premium on property, plant, and equipment	Capital surplus on registered and paid-up	Legal reserve	Unappropriated				
<b>Balance at 1 January 2009</b>		1,119,132,050	7,505,333,450	18,621,225	4,856,479,716	189,617,759	153,164,346	5,881,772,402	19,724,120,948	39,144,921	19,763,265,869
Minority interest's share capital in subsidiary		-	-	-	-	-	-	-	-	50,670,300	50,670,300
Issue of share capital from redemption of convertible debentures	21	50,697,902	674,282,098	-	-	-	-	-	724,980,000	-	724,980,000
Transaction not recognised in the income statement											
- Depreciation on the property revaluation	11	-	-	-	(379,231,926)	-	-	-	(379,231,926)	-	(379,231,926)
Dividend paid to common shareholders	35	-	-	-	-	-	-	(1,729,344,377)	(1,729,344,377)	-	(1,729,344,377)
Profit (loss) for the year		-	-	-	-	-	-	7,524,263,084	7,524,263,084	(1,417,120)	7,522,845,964
<b>Balance at 31 December 2009</b>		<b>1,169,829,952</b>	<b>8,179,615,548</b>	<b>18,621,225</b>	<b>4,477,247,790</b>	<b>189,617,759</b>	<b>153,164,346</b>	<b>11,676,691,109</b>	<b>25,864,787,729</b>	<b>88,398,101</b>	<b>25,953,185,830</b>
Issue of share capital from redemption of convertible debentures	21	6,993,006	93,006,994	-	-	-	-	-	100,000,000	-	100,000,000
Transaction not recognised in the income statement											
- Depreciation on the property revaluation	11	-	-	-	(369,122,043)	-	-	-	(369,122,043)	-	(369,122,043)
Dividend paid to preferred shareholders		-	-	-	-	-	-	-	-	(41,412)	(41,412)
Dividend paid to common shareholders	35	-	-	-	-	-	-	(1,520,710,818)	(1,520,710,818)	-	(1,520,710,818)
Profit for the year		-	-	-	-	-	-	2,812,809,230	2,812,809,230	75,764,475	2,888,573,705
<b>Balance at 31 December 2010</b>		<b>1,176,822,958</b>	<b>8,272,622,542</b>	<b>18,621,225</b>	<b>4,108,125,747</b>	<b>189,617,759</b>	<b>153,164,346</b>	<b>12,968,789,521</b>	<b>26,887,764,098</b>	<b>164,121,164</b>	<b>27,051,885,262</b>

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





## Statements of changes in equity

For the years ended 31 December 2010 and 2009

The Bangkok Petroleum Public Company Limited and its Subsidiaries

### Separate financial statements (baht)

	Note	Issued and paid-up share capital	Share premium	Unrealised surplus on revaluation of property, plant, and equipment	Capital surplus on registered and paid-up share reduction	Retained earnings		Total equity attributable to equity holders of the Company
						Legal reserve	Unappropriated	
<b>Balance at 1 January 2009</b>		1,119,132,050	7,505,333,450	4,856,479,716	189,617,759	153,164,346	5,917,344,057	19,741,071,378
Issue of share capital from redemption of convertible debentures	21	50,697,902	674,282,098	-	-	-	-	724,980,000
Transaction not recognised in the income statement								
- Depreciation on the property revaluation	11	-	-	(379,231,926)	-	-	-	(379,231,926)
Dividend paid to common shareholders	35	-	-	-	-	-	(1,729,344,377)	(1,729,344,377)
Profit for the year		-	-	-	-	-	7,474,888,102	7,474,888,102
<b>Balance at 31 December 2009</b>								
<b>and 1 January 2010</b>		1,169,829,952	8,179,615,548	4,477,247,790	189,617,759	153,164,346	11,662,887,782	25,832,363,177
Issue of share capital from redemption of convertible debentures	21	6,993,006	93,006,994	-	-	-	-	100,000,000
Transaction not recognised in the income statement								
- Depreciation on the property revaluation	11	-	-	(369,122,043)	-	-	-	(369,122,043)
Dividend paid to common shareholders	35	-	-	-	-	-	(1,520,710,818)	(1,520,710,818)
Profit for the year		-	-	-	-	-	2,648,789,754	2,648,789,754
<b>Balance at 31 December 2010</b>		1,176,822,958	8,272,622,542	4,108,125,747	189,617,759	153,164,346	12,790,966,718	26,691,320,070

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

## Statements of cash flows

The Bangchak Petroleum Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Profit for the year	2,888,573,705	7,522,845,964	2,648,789,754	7,474,888,102
<i>Adjustments for</i>				
Depreciation	1,696,597,751	837,473,262	1,647,281,581	828,688,096
Amortisation	173,552,487	172,894,731	173,040,176	172,329,874
Reversal of Bad debt and doubtful debts of trade and other accounts receivables	(5,787,808)	(40,797,603)	(6,176,546)	(43,077,801)
Unrealised loss (gain) on foreign exchange	(374,527,881)	241,313,745	(374,489,812)	241,313,745
Reversal of loss from inventory write - down	-	(948,227,619)	-	(942,158,173)
(Reversal of loss) loss from impairment of assets	(146,244,762)	5,004,768	(146,244,762)	5,004,768
Loss on disposal of property, plant and equipment	10,051,117	18,078,187	11,181,954	18,002,571
Reserve for pension fund	57,130,617	62,729,959	57,130,617	62,729,959
Deferred revenue	(1,580,008)	(1,585,709)	(1,580,008)	(1,585,709)
Dividend received	-	-	(17,640,000)	-
Finance costs	898,936,747	558,067,395	861,988,180	553,808,565
Income tax expense	1,001,861,751	3,182,135,916	991,610,856	3,164,689,091
	6,198,563,716	11,609,932,996	5,844,891,990	11,534,633,088
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(854,872,192)	(795,810,563)	(813,549,671)	(1,040,848,743)
Inventories	(1,079,124,079)	(7,188,979,113)	(963,437,552)	(6,939,404,534)
Other current assets	(65,705,669)	398,301,105	(67,566,975)	408,120,724
Other non-current assets	(223,089,191)	19,753,890	(238,601,477)	19,620,974
Trade accounts payable	4,158,085,734	1,565,228,815	4,064,781,543	1,570,860,726
Other current liabilities	737,481,826	749,574,020	712,720,950	634,237,580
Other non-current liabilities	(57,297,405)	(32,924,523)	(62,988,873)	(27,010,427)
Interest paid	(876,042,096)	(778,639,774)	(838,405,466)	(759,598,788)
Income tax paid	(1,838,205,944)	(1,563,083,464)	(1,829,643,565)	(1,551,985,538)
<b>Net cash provided by operating activities</b>	<b>6,099,794,700</b>	<b>3,983,353,389</b>	<b>5,808,200,904</b>	<b>3,848,625,062</b>

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



## Statements of cash flows

The Bangkok Petroleum Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from investing activities</b>				
Increase in current investments	(877,589)	(680,397)	-	-
Increase in long-term investments	(82,348,023)	(42,506,896)	(83,248,023)	(42,506,896)
Net cash outflow from issue of subsidiary's share capital	-	-	-	(118,229,700)
Dividend received	-	-	17,640,000	-
Purchase of property, plant and equipment	(1,318,558,399)	(3,379,738,497)	(1,298,538,932)	(2,744,875,864)
Proceeds from sale of property, plant and equipment	32,441,501	5,284,632	31,310,659	5,281,361
Increase in leasehold right	(15,934,400)	(24,753,513)	(15,934,400)	(24,753,513)
Purchase of intangible assets	(18,182,710)	(15,568,006)	(17,841,133)	(15,207,501)
<b>Net cash used in investing activities</b>	<b>(1,403,459,620)</b>	<b>(3,457,962,677)</b>	<b>(1,366,611,829)</b>	<b>(2,940,292,113)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and				
short-term loans from financial institutions	(860,000,000)	(370,000,000)	(800,000,000)	(470,000,000)
Proceeds from long - term loans	5,590,000,000	1,940,700,000	5,590,000,000	1,510,000,000
Repayment of long - term loans	(932,796,486)	(603,500,000)	(917,578,674)	(603,500,000)
Dividend paid to common shareholders	(1,520,710,818)	(1,729,344,377)	(1,520,710,818)	(1,729,344,377)
Dividend paid to preferred shareholders	(41,412)	-	-	-
Proceeds from issue of subsidiary's share capital	-	50,670,300	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>2,276,451,284</b>	<b>(711,474,077)</b>	<b>2,351,710,508</b>	<b>(1,292,844,377)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,972,786,364</b>	<b>(186,083,365)</b>	<b>6,793,299,583</b>	<b>(384,511,428)</b>
Cash and cash equivalents at beginning of year	2,136,226,731	2,322,310,096	1,710,655,824	2,095,167,252
<b>Cash and cash equivalents at end of year</b>	<b>9,109,013,095</b>	<b>2,136,226,731</b>	<b>8,503,955,407</b>	<b>1,710,655,824</b>

### Non-cash transactions

On 3 July 2009, the Company issued 50.70 million new ordinary shares at the par value of Baht 1 each, totalling Baht 50.70 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 674.28 million.

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 totalling Baht 93.01 million.

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

# Notes to the financial statements

The Bangchak Petroleum Public Company Limited and its Subsidiaries

For the years ended 31 December 2010 and 2009

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These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 15 February 2011.

## 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 10<sup>th</sup>, 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 28.29% of the Company’s issued and paid-up share capital as of 31 December 2010.

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.

Details of the Company’s subsidiaries as at 31 December 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2010	2009
<b>Direct subsidiaries</b>				
• The Bangchak Green Net Co., Ltd.	Manage Company 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
<b>Indirect subsidiary</b>				
• The Bangchak Green Line Co., Ltd. (During liquidation process)	Fuel transportation	Thailand	49.00	49.00

## 2. Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

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. They are prepared on the historical cost basis except as stated in the accounting policies.

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

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 39.

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.



### 3. Significant accounting policies

#### (a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

##### *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.

##### *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.

#### (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 the statement of income.

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*

Forward foreign exchange 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.

*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*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost 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.

#### ***Disposal of investments***

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in the statement of income.

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) Property, plant and equipment**

#### ***Owned assets***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for machinery, equipment refinery plants and platinum catalyst which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

#### **Revalued assets**

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is credited to equity under the heading 'revaluation surplus' unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in equity in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and credited to revaluation surplus. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred from equity to retained earnings and is not taken into account in calculating the gain or loss on disposal.

#### ***Depreciation***

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

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

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

### (i) 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.

### (j) Intangible assets

#### *Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

The right to use and the cost of development of computer software 5 years

### (k) 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 or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

#### *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. For financial assets carried at amortised cost, the reversal is recognised in the statement of income.



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.

### (l) 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 the statement of income over the period of the borrowings on an effective interest basis.

### (m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

### (n) Employee benefits

#### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

#### *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.

#### *Retirement gratuity fund*

Obligations for retirement gratuity fund are computed on the benefit formula at balance sheet date and are recognised as an expense in the statement of income. Benefits are payable upon retirement, disability, death or resignation.

### (o) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

### (p) 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.

## (q) Revenue

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

### *Sale of goods and services rendered*

Revenue is recognised in the statement of income 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.

### *Interest and dividend income*

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

## (r) Expenses

### *Lease payments*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease or lease incentives receive in accordance with lease agreement. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

### *Finance costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

## (s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

### *Current tax*

Current tax is the expected tax payable on the taxable income 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**

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; and differences relating to investments in subsidiaries and joint ventures 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, based on the laws that have been enacted or substantively enacted by the reporting date.

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.

## **4. Related party transactions and balances**

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors or related to the major shareholder of the Company. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly-controlled by the Company or have transactions with the Company/Group were as follows:

<b>Name of entities</b>	<b>Country of incorporation/nationality</b>	<b>Nature of relationships</b>
PTT Plc.	Thailand	Major shareholder, some common directors
Fuel Pipeline Transportation Ltd.	Thailand	Shareholding, representative from the Company as director
PTT Exploration and Production Plc.	Thailand	Major shareholder as the Company's shareholder
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
PTT Aromatics and Refining Plc.	Thailand	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
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
PTTEP Siam Co., Ltd.	Thailand	Related Company of Major Shareholder

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

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Major Shareholder</b>				
Sales of goods	17,410.49	10,931.90	17,410.90	10,931.90
Purchases of raw material	82,747.69	68,144.23	82,747.69	68,144.23
Other income	119.87	130.59	119.87	130.59
Service expense	230.71	287.51	230.71	287.51
Loss from crude and product oil price hedging contract	3.78	5.46	3.78	5.46
Interest expense	17.57	17.57	17.57	17.57
Other expense	8.59	0.22	8.59	0.22
<b>Subsidiaries</b>				
Sales of goods	-	-	18,345.38	15,409.93
Purchases of goods	-	-	1,698.19	119.35
Other income	-	-	20.59	14.16
Dividend income	-	-	17.64	-
Interest expenses	-	-	0.72	0.83
Other expenses	-	-	12.12	-
<b>Other related parties</b>				
Sales of goods	1,863.02	269.09	1,863.02	269.09
Purchases of raw material and product	9,821.12	12,374.52	9,821.12	12,374.52
Other income	4.67	4.37	4.67	4.37
Pipeline transportation expenses	135.33	115.43	135.33	115.43
Other expenses	21.77	0.43	21.77	0.43



Balances as at 31 December 2010 and 2009 with related parties were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Trade accounts receivable from related parties</b>				
<b>Major Shareholder</b>				
PTT Plc.	1,592.78	764.14	1,538.68	764.14
<b>Subsidiaries</b>				
The Bangchak Green Net Co., Ltd.	-	-	710.88	615.59
The Bangchak Biofuel Co., Ltd.	-	-	6.43	1.92
<b>Other related party</b>				
Fuel Pipeline Transportation Ltd.	0.33	0.33	0.33	0.33
	1,593.11	764.47	2,256.32	1,381.98
<i>Less allowance for doubtful accounts</i>	-	-	-	-
<b>Net</b>	<b>1,593.11</b>	<b>764.47</b>	<b>2,256.32</b>	<b>1,381.98</b>
Bad and doubtful debts expense for the years ended 31 December	-	-	-	-

### Trade accounts payable - related parties

<b>Major Shareholder</b>				
PTT Plc.	8,644.69	3,911.21	8,644.69	3,911.21
<b>Subsidiaries</b>				
The Bangchak Green Net Co., Ltd.	-	-	3.57	1.83
The Bangchak Biofuel Co., Ltd.	-	-	97.70	82.54
<b>Other related parties</b>				
Thai Oil Plc.	605.31	549.88	605.31	549.88
IRPC Plc.	-	354.71	-	354.71
Thai Lube Base Plc.	0.34	0.33	0.34	0.33
PTT Aromatics and Refining Plc.	96.69	538.19	96.69	538.19
<b>Total</b>	<b>9,347.03</b>	<b>5,354.32</b>	<b>9,448.30</b>	<b>5,438.69</b>

(in million Baht)

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Other accounts payable – related parties</b>				
<b>Major Shareholder</b>				
PTT Plc.	170.74	-	170.74	-
<b>Other related parties</b>				
Fuel Pipeline Transportation Ltd.	15.33	10.39	15.33	10.39
Energy Complex Co., Ltd.	0.06	-	0.06	-
<b>Total</b>	<b>186.13</b>	<b>10.39</b>	<b>186.13</b>	<b>10.39</b>
<b>Other current assets</b>				
<b>Major Shareholder</b>				
PTT Plc.	83.85	-	83.85	-
<b>Tariff prepayment</b>				
<b>Other related parties</b>				
Fuel Pipeline Transportation Ltd.	106.78	117.20	106.78	117.20
Less allowance for doubtful accounts	(91.62)	(97.30)	(91.62)	(97.30)
<b>Net</b>	<b>15.16</b>	<b>19.90</b>	<b>15.16</b>	<b>19.90</b>
<b>Non-current assets</b>				
<b>Other related parties</b>				
Energy Complex Co., Ltd.	4.51	4.51	4.51	4.51
<b>Other current liabilities</b>				
<b>Major Shareholder</b>				
PTT Plc.	7.41	7.41	7.41	7.41
<b>Subsidiary</b>				
The Bangchak Green Net Co., Ltd.	-	-	26.86	26.15
<b>Total</b>	<b>7.41</b>	<b>7.41</b>	<b>34.27</b>	<b>33.56</b>
<b>Convertible debentures</b>				
<b>Major Shareholder</b>				
PTT Plc.	17	585.60	585.60	585.60
<b>Other non-current liabilities</b>				
<b>Other related parties</b>				
Fuel Pipeline Transportation Ltd.	5.82	6.30	5.82	6.30





## 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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***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 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.



### *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 in effect for 1 year which will be annually reviewed.

## 5. Cash and cash equivalents

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash on hand	25.48	19.55	1.48	1.14
Cash at banks - current accounts	477.79	566.55	343.98	439.56
Cash at banks - savings accounts	2,205.74	1,550.13	1,758.50	1,269.96
Highly liquid short-term investments	6,400.00	-	6,400.00	-
<b>Total</b>	<b>9,109.01</b>	<b>2,136.23</b>	<b>8,503.96</b>	<b>1,710.66</b>

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

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Thai Baht (THB)	9,002.20	2,133.15	8,397.15	1,707.58
United States Dollars (USD)	106.81	3.08	106.81	3.08
<b>Total</b>	<b>9,109.01</b>	<b>2,136.23</b>	<b>8,503.96</b>	<b>1,710.66</b>

## 6. Investments

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Current investments</b>				
Short-term deposits at financial institutions	9.28	8.40	-	-
	9.28	8.40	-	-
<b>Other long-term investments</b>				
Non-marketable equity securities				
Fuel Pipeline Transportation Co., Ltd.	181.75	181.75	181.75	181.75
Less Allowance for impairment	(181.75)	(181.75)	(181.75)	(181.75)
ASEAN Potash Mining Plc.	173.24	80.00	173.24	80.00
MFC Energy Fund	126.22	126.22	126.22	126.22
Less Allowance for impairment	(15.50)	(9.85)	(15.50)	(9.85)
<b>Non-marketable equity securities - net</b>	<b>283.96</b>	<b>196.37</b>	<b>283.96</b>	<b>196.37</b>
Debt securities held to maturity				
Government bonds	3.30	3.00	3.30	3.00
Add: Premium(Discount) on investments	0.12	(0.01)	0.12	(0.01)
The Express way Authority of Thailand's bond	-	0.90	-	-
<b>Debt securities held to maturity - net</b>	<b>3.42</b>	<b>3.89</b>	<b>3.42</b>	<b>2.99</b>
<b>Other long-term investments</b>	<b>287.38</b>	<b>200.26</b>	<b>287.38</b>	<b>199.36</b>
<b>Total</b>	<b>296.66</b>	<b>208.66</b>	<b>287.38</b>	<b>199.36</b>

## 7. Trade accounts receivable

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Related parties	4	1,593.11	764.47	2,256.32	1,381.98
Other parties		4,206.37	4,213.62	4,128.63	4,190.18
		5,799.48	4,978.09	6,384.95	5,572.16
Less allowance for doubtful accounts		(73.52)	(73.97)	(70.65)	(71.14)
<b>Net</b>		<b>5,725.96</b>	<b>4,904.12</b>	<b>6,314.30</b>	<b>5,501.02</b>
Reverse of doubtful debts expense					
for the years ended 31 December		(0.45)	(7.69)	(0.49)	(7.82)



Aging analyses for trade accounts receivable were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Related parties</b>				
Within credit terms	1,593.11	764.47	2,256.32	1,381.98
Less allowance for doubtful accounts	-	-	-	-
<b>Net</b>	<b>1,593.11</b>	<b>764.47</b>	<b>2,256.32</b>	<b>1,381.98</b>
<b>Other parties</b>				
Within credit terms	4,115.22	4,104.76	4,041.87	4,086.45
Overdue:				
Less than 3 months	17.70	32.03	15.57	28.69
3-6 months	0.03	0.42	0.02	0.51
6-12 months	0.15	0.24	0.15	0.30
Over 12 months	73.27	76.17	71.02	74.23
	4,206.37	4,213.62	4,128.63	4,190.18
Less allowance for doubtful accounts	(73.52)	(73.97)	(70.65)	(71.14)
<b>Net</b>	<b>4,132.85</b>	<b>4,139.65</b>	<b>4,057.98</b>	<b>4,119.04</b>
<b>Total</b>	<b>5,725.96</b>	<b>4,904.12</b>	<b>6,314.30</b>	<b>5,501.02</b>

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:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Thai Baht (THB)	4,603.69	4,015.01	5,192.03	4,611.91
United States Dollars (USD)	1,122.27	889.11	1,122.27	889.11
<b>Total</b>	<b>5,725.96</b>	<b>4,904.12</b>	<b>6,314.30</b>	<b>5,501.02</b>

## 8. Inventories

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Crude oil	9,940.36	8,991.61	9,859.11	8,954.70
Finished oil products	5,144.67	5,001.82	4,729.20	4,670.18
Consumer products	48.72	61.50	-	-
	15,133.75	14,054.93	14,588.31	13,624.88
Less: allowance for obsolete and slow moving	(0.93)	(1.24)	-	-
<b>Net</b>	<b>15,132.82</b>	<b>14,053.69</b>	<b>14,588.31</b>	<b>13,624.88</b>

As at 31 December 2010 and 2009, the Company's inventories included petroleum legal reserve of 412.57 million litres with approximated value of Baht 7,024.59 million and 431.38 million litres with approximated value of Baht 6,903.25 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 2010 amounted to Baht 79,472.21 million (2009: Baht 59,299.01 million).

During 2009, the Group reversed allowance for decline in value totalling Baht 948.22 million.

## 9. Other current assets

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Receivable from oil hedging contracts	116.13	559.35	116.13	559.35
Receivable from foreign currency hedging contracts	46.55	-	46.55	-
Value added tax receivable	254.16	452.66	254.16	437.09
Prepayment of corporate income tax	52.38	66.81	50.50	50.50
Prepayment of utilities	82.65	-	82.65	-
Insurance compensation receivable	416.39	-	416.39	-
Other	142.44	93.99	87.72	74.43
<b>Total</b>	<b>1,110.70</b>	<b>1,172.81</b>	<b>1,054.10</b>	<b>1,121.37</b>



## 10. Investments in subsidiaries

(in million Baht)

	Separate financial statements	
	2010	2009
<b>Subsidiaries</b>		
At 1 January	197.54	79.31
Acquisitions	-	118.23
<b>At 31 December</b>	<b>197.54</b>	<b>197.54</b>

Investments in subsidiaries as at 31 December 2010 and 2009, and dividend income for the years then ended were as follow:

### Separate financial statements

	Ownership interest (%)		Paid-up capital		(in million Baht)							
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost-net		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Subsidiaries</b>												
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	-	-
<b>Total</b>					<b>197.54</b>	<b>197.54</b>	<b>-</b>	<b>-</b>	<b>197.54</b>	<b>197.54</b>	<b>17.64</b>	<b>-</b>

## 11. Property, plant and equipment

### (a) The Group

(in million Baht)

	Consolidated financial statements							Total
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	
<i>Cost/Revaluation</i>								
At 1 January 2009	1,369.04	530.43	24,650.55	3,791.74	303.96	128.42	12,683.12	43,457.26
Additions	-	-	0.22	14.66	-	1.13	4,587.30	4,603.31
Transfers	3.85	279.16	16,095.98	97.09	159.90	33.63	(16,669.61)	-
Disposals	-	-	(30.00)	(79.68)	(17.03)	(0.38)	(21.35)	(148.44)
<b>At 31 December 2009 and</b>								
<b>1 January 2010</b>	<b>1,372.89</b>	<b>809.59</b>	<b>40,716.75</b>	<b>3,823.81</b>	<b>446.83</b>	<b>162.80</b>	<b>579.46</b>	<b>47,912.13</b>
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)	(68.03)	(42.60)	-	(24.51)	-	(166.02)
<b>At 31 December 2010</b>	<b>1,373.41</b>	<b>787.46</b>	<b>41,274.26</b>	<b>4,058.14</b>	<b>451.09</b>	<b>169.80</b>	<b>940.41</b>	<b>49,054.57</b>
<i>Depreciation and impairment losses</i>								
At 1 January 2009	(539.95)	(360.47)	(14,886.20)	(2,338.79)	-	(96.91)	-	(18,222.32)
Depreciation charge for the year	-	(19.76)	(926.17)	(239.60)	-	(14.20)	-	(1,199.73)
Impairment losses	(14.06)	-	-	-	-	-	-	(14.06)
Reversal of impairment losses	-	-	0.56	8.54	-	-	-	9.10
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	28.28	57.07	-	0.38	-	85.73
<b>At 31 December 2009 and</b>								
<b>1 January 2010</b>	<b>(554.01)</b>	<b>(380.23)</b>	<b>(15,783.53)</b>	<b>(2,512.78)</b>	<b>-</b>	<b>(110.73)</b>	<b>-</b>	<b>(19,341.28)</b>
Depreciation charge for the year	-	(32.37)	(1,762.79)	(253.77)	-	(17.93)	-	(2,066.86)
Reversal of accumulated depreciation								
on revaluation surplus	-	-	13.68	-	-	-	-	13.68
Reversal of impairment losses	127.13	-	-	5.66	-	-	-	132.79
Transfers	-	2.19	(1.35)	1.06	-	(0.78)	-	1.12
Disposals	-	0.10	51.53	33.38	-	24.51	-	109.52
<b>At 31 December 2010</b>	<b>(426.88)</b>	<b>(410.31)</b>	<b>(17,482.46)</b>	<b>(2,726.45)</b>	<b>-</b>	<b>(104.93)</b>	<b>-</b>	<b>(21,151.03)</b>





## (in million Baht)

	Consolidated financial statements							Total
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	
<i>Net book value</i>								
At 1 January 2009	829.09	169.96	9,764.35	1,452.95	303.96	31.51	12,683.12	25,234.94
At 31 December 2009 and 1 January 2010	818.88	429.36	24,933.22	1,311.03	446.83	52.07	579.46	28,570.85
At 31 December 2010	946.53	377.15	23,791.80	1,331.69	451.09	64.87	940.41	27,903.54

As at 31 December 2010, a subsidiary has mortgaged its land, buildings and machinery as collateral with financial institutions for credit facilities totaling Baht 784.45 million (31 December 2009: Baht 831.15 million).

Capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory amounted to Baht 14.22 million (2009: Baht 358.00 million), with a capitalization rate of 4.22% (2009: 3.09% - 6.50%) (see note 31).

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 1,978.31 million (2009: Baht 1,588.47 million).

## (b) The Company

## (in million Baht)

	Separate financial statements							Total
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	
<i>Cost/Revaluation</i>								
At 1 January 2009	1,323.16	530.43	24,650.55	3,750.63	303.96	120.41	12,524.12	43,203.26
Additions	-	-	-	-	-	-	3,948.98	3,948.98
Transfers	3.85	19.56	15,567.87	97.09	159.90	33.63	(15,881.90)	-
Disposals	-	-	(30.00)	(68.28)	(17.03)	(0.38)	(21.35)	(137.04)
At 31 December 2009 and 1 January 2010	1,327.01	549.99	40,188.42	3,779.44	446.83	153.66	569.85	47,015.20
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)	(68.03)	(42.58)	-	(21.68)	-	(163.17)
At 31 December 2010	1,327.53	569.82	40,696.42	4,019.42	451.10	155.99	920.15	48,140.43

## (in million Baht)

	Separate financial statements							Total
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	
<i>Depreciation and impairment losses</i>								
At 1 January 2009	(539.95)	(360.47)	(14,886.20)	(2,303.07)	-	(92.73)	-	(18,182.42)
Depreciation charge for the year	-	(18.25)	(922.49)	(236.43)	-	(13.78)	-	(1,190.95)
Impairment losses	(14.06)	-	-	-	-	-	-	(14.06)
Reversal of impairment losses	-	-	0.56	8.54	-	-	-	9.10
Transfer	-	-	-	-	-	-	-	-
Disposals	-	-	28.28	45.78	-	0.38	-	74.44
<b>At 31 December 2009 and</b>								
<b>1 January 2010</b>	<b>(554.01)</b>	<b>(378.72)</b>	<b>(15,779.85)</b>	<b>(2,485.18)</b>	<b>-</b>	<b>(106.13)</b>	<b>-</b>	<b>(19,303.89)</b>
Depreciation charge for the year	-	(19.56)	(1,730.20)	(251.10)	-	(15.54)	-	(2,016.40)
Reversal of accumulated depreciation								
on revaluation surplus	-	-	13.68	-	-	-	-	13.68
Reversal of impairment losses	127.13	-	-	5.66	-	-	-	132.79
Transfers	-	-	-	(0.14)	-	-	-	(0.14)
Disposals	-	0.10	51.53	33.36	-	21.68	-	106.67
<b>At 31 December 2010</b>	<b>(426.88)</b>	<b>(398.18)</b>	<b>(17,444.84)</b>	<b>(2,697.40)</b>	<b>-</b>	<b>(99.99)</b>	<b>-</b>	<b>(21,067.29)</b>
<i>Net book value</i>								
At 1 January 2009	783.21	169.96	9,764.35	1,447.56	303.96	27.68	12,524.12	25,020.84
<b>At 31 December 2009 and</b>								
<b>1 January 2010</b>	<b>773.00</b>	<b>171.27</b>	<b>24,408.57</b>	<b>1,294.26</b>	<b>446.83</b>	<b>47.53</b>	<b>569.85</b>	<b>27,711.31</b>
At 31 December 2010	900.65	171.64	23,251.58	1,322.02	451.10	56.00	920.15	27,073.14

In 2007, the Company engaged an independent appraiser to reappraise the machinery, equipment refinery plants and platinum catalyst using depreciated replacement cost approach as per report dated 31 December 2007. As a result, surplus on revaluation increased from previously appraised by Baht 1,070.90 million as of 31 December 2007. As of 31 December 2010, outstanding balances of surplus on revaluation of property, plant, and equipment amounted to Baht 4,108.13 million (2009: Baht 4,477.25 million). Surplus on revaluation has been accounted for in accordance with the accounting policy as stipulated in Note 3 (h) and presented as a separate item under "Equity" in the balance sheet. Revaluation surplus is not available for dividend distribution.



The carrying amount that would have been recognised had the assets been carried under the cost model as at 31 December 2010 totaling of Baht 23,454.64 million (2009: 23,856.48 million).

Capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory amounted to Baht 14.22 million (2009: Baht 338.96 million), with a capitalization rate of 4.22 % (2009:3.09%-4.43%) (see note 31).

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 1,955.52 million (2009: Baht 1,563.14 million).

## 12. Leasehold Rights

(in million Baht)

Consolidated and Separate financial statements

<i>Cost</i>	
At 1 January 2009	2,127.78
Addition	27.20
<b>At 31 December 2009 and 1 January 2010</b>	<b>2,154.98</b>
Addition	15.93
<b>At 31 December 2010</b>	<b>2,170.91</b>
<i>Amortisation and impairment losses</i>	
At 1 January 2009	(1,041.04)
Amortisation charge for the year	(89.52)
Reversal of impairment losses	0.58
<b>At 31 December 2009 and 1 January 2010</b>	<b>(1,129.98)</b>
Amortisation charge for the year	(89.63)
Reversal of impairment losses	2.72
<b>At 31 December 2010</b>	<b>(1,216.89)</b>
<i>Net book value</i>	
At 1 January 2009	1,086.74
<b>At 31 December 2009 and 1 January 2010</b>	<b>1,025.00</b>
<b>At 31 December 2010</b>	<b>954.02</b>

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

As at 31 December 2010, leasehold right liability has remaining balance totalling Baht 352.94 million (2009: Baht 414.48 million).

### 13. Intangible assets

(in million Baht)

	Right to use and cost of development of computer software Consolidated financial statements	Separate financial statements
<i>Cost</i>		
At 1 January 2009	163.25	160.87
Addition	15.58	15.21
<b>At 31 December 2009 and 1 January 2010</b>	<b>178.83</b>	<b>176.08</b>
Addition	18.19	17.84
<b>At 31 December 2010</b>	<b>197.02</b>	<b>193.92</b>
<i>Amortisation and impairment losses</i>		
At 1 January 2009	(60.80)	(59.73)
Amortisation charge for the year	(29.19)	(28.70)
<b>At 31 December 2009 and 1 January 2010</b>	<b>(89.99)</b>	<b>(88.43)</b>
Amortisation charge for the year	(32.30)	(31.62)
<b>At 31 December 2010</b>	<b>(122.29)</b>	<b>(120.05)</b>
<i>Net book value</i>		
At 1 January 2009	102.45	101.14
<b>At 31 December 2009 and 1 January 2010</b>	<b>88.84</b>	<b>87.65</b>
<b>At 31 December 2010</b>	<b>74.73</b>	<b>73.87</b>



## 14. 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 2010, the balances outstanding in the investment in service stations account total Baht 215.64 million (2009: Baht 238.90 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 2010 total Baht 43.92 million (2009: Baht 45.04 million)

## 15. Deferred tax

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Deferred tax assets	175.32	158.33	175.32	158.33
Deferred tax liabilities	(13.09)	(16.36)	(13.09)	(16.36)
<b>Net</b>	<b>162.23</b>	<b>141.97</b>	<b>162.23</b>	<b>141.97</b>

Movements in deferred tax assets and liabilities during the year were as follows:

(in million Baht)

	Consolidated and Separate financial statements (Charged)/ credited to Statement of income (Note 32)		
	At 1 January 2010	Statement of income (Note 32)	At 31 December 2010
<i>Deferred tax assets</i>			
Pension fund reserve	136.99	17.14	154.13
Others	21.34	(0.15)	21.19
<b>Total</b>	<b>158.33</b>	<b>16.99</b>	<b>175.32</b>
<i>Deferred tax liability</i>			
Property, plant and equipment	16.36	(3.27)	13.09
<b>Total</b>	<b>16.36</b>	<b>(3.27)</b>	<b>13.09</b>
<b>Net</b>	<b>141.97</b>	<b>20.26</b>	<b>162.23</b>

(in million Baht)

Consolidated and Separate financial statements  
(Charged)/  
credited to  
Statement  
of income  
(Note 32)

At 1 January  
2010

At 31 December  
2010

*Deferred tax assets*

Pension fund reserve	118.17	18.82	136.99
Loss carryforward	332.48	(332.48)	-
Others	23.69	(2.35)	21.34
<b>Total</b>	<b>474.34</b>	<b>(316.01)</b>	<b>158.33</b>

*Deferred tax liability*

Property, plant and equipment	19.63	(3.27)	16.36
<b>Total</b>	<b>19.63</b>	<b>(3.27)</b>	<b>16.36</b>

Net

454.71

(312.74)

141.97

**16. Other non-current assets**

(in million Baht)

Consolidated  
financial statements  
2010

2009

Separate  
financial statements  
2010

2009

Fixed deposit for staff welfare	341.17	223.64	341.17	223.64
Deposit for crude and product oil hedging contracts	60.02	-	60.02	-
Deferred expenses for the issuance of debentures and long-term loans	208.18	185.49	202.64	178.90
Others	75.65	81.16	74.28	80.41
<b>Total</b>	<b>685.02</b>	<b>490.29</b>	<b>678.11</b>	<b>482.95</b>



## 17. Interest-bearing liabilities

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>Current</i>				
Short-term loans from financial institutions				
secured	40.00	100.00	-	-
unsecured	-	800.00	-	800.00
	<b>40.00</b>	<b>900.00</b>	-	<b>800.00</b>
Current portion of long-term loans				
from financial institutions				
secured	74.71	35.28	-	-
unsecured	2,587.41	887.26	2,587.41	887.26
	<b>2,662.12</b>	<b>922.54</b>	<b>2,587.41</b>	<b>887.26</b>
<b>Total Current</b>	<b>2,702.12</b>	<b>1,822.54</b>	<b>2,587.41</b>	<b>1,687.26</b>
<i>Non-current</i>				
Long -term loans from financial institutions				
secured	474.58	529.22	-	-
unsecured	14,504.04	11,531.77	14,504.04	11,531.77
	<b>14,978.62</b>	<b>12,060.99</b>	<b>14,504.04</b>	<b>11,531.77</b>
Convertible Debenture				
unsecured	1,936.57	2,036.57	1,936.57	2,036.57
	<b>1,936.57</b>	<b>2,036.57</b>	<b>1,936.57</b>	<b>2,036.57</b>
<b>Total Non-current</b>	<b>16,915.19</b>	<b>14,097.56</b>	<b>16,440.61</b>	<b>13,568.34</b>
<b>Total</b>	<b>19,617.31</b>	<b>15,920.10</b>	<b>19,028.02</b>	<b>15,255.60</b>

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

(in million Baht)

Facilities	Currency (in million)	Interest Interest Rates (%) p.a.	Repayment Terms	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
<b>Short-term loans from financial institutions</b>							
The Company	Baht	10,105	MMR	-	800.00	-	800.00
Subsidiary	Baht	220	MOR - 1	40.00	100.00	-	-
<b>Total</b>				<b>40.00</b>	<b>900.00</b>	<b>-</b>	<b>800.00</b>
<b>Long-term loans from financial institutions</b>							
The Company	Baht	7,100	THBFX 6M plus margin	5,573.50	6,212.50	5,573.50	6,212.50
			The principle will be repayable in 18 instalments commencing in December 2008				
The Company	Baht	8,400	THBFX 6M plus margin	7,567.95	6,206.53	7,567.95	6,206.53
			The principle will be repayable in 15 instalments commencing in June 2010				
The Company	Baht	4,200	Fixed Interest Rate	450.00	-	450.00	-
			The principle will be repayable in 26 instalments commencing in March 2013				
The Company	Baht	3,500	THBFX 6M plus margin	3,500.00	-	3,500.00	-
			The principle will be repayable in 23 instalments commencing in December 2011				
Subsidiary	Baht	710	Sign agreement - 2 years	549.29	564.50	-	-
			MLR minus 0.25				
			After - MLR minus 0.5				
<b>Total</b>				<b>17,640.74</b>	<b>12,983.53</b>	<b>17,091.45</b>	<b>12,419.03</b>
Less: Current portion				(2,662.12)	(922.54)	(2,587.41)	(887.26)
<b>Net</b>				<b>14,978.62</b>	<b>12,060.99</b>	<b>14,504.04</b>	<b>11,531.77</b>





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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 2010 the Group and the Company had unutilised credit facilities totalling Baht 15,234 million and 15,110 million, respectively (2009: Baht 16,815 million and Baht 16,530 million, respectively).

### **Convertible Debentures**

On 29 January 2004, the Company issued 400,000 units of unsecured, convertible into common stock, subordinated registered debentures with holders' names. The instruments have a face value of Baht 10,000 per unit, with a 10-year maturing period and with interest of 3% per annum. The convertible value of the debenture is Baht 14.30 per common stock, subjected to subsequent adjustment of price according to the terms of the exercise of conversion right in the Debentures. The issuance of the convertible debentures was part of the financial restructuring plan, approved by the cabinet on 8 July 2003; in which offerings were made to investing institution in the form of depository receipt against benefits derived from the convertible debentures. The issuance of the depository receipt was made by the Siam DR Co., Ltd. (which is 99% owned by The Stock Exchange of Thailand) on the basis of one depository receipt for one convertible debenture. The Ministry of Finance guarantees the investment and offers to buy back the depository receipts at the initial offered price of Baht 10,000 per unit; as specified under the term of the depository receipts.

The holders of the depository receipts can exchange them for convertible debentures and convert the debentures into common stock. Such conversion, however, must be done on every 30<sup>th</sup> day of March, June, September and December of each year. The first conversion commenced on 30 September 2004 and will end on 30 September 2013. This is in accordance with the terms and conditions relating to depository receipts and also the convertible debentures.

On 16 May 2006, the Company issued 58,560 units of unsecured, convertible into common stock, subordinated registered debentures with holders' names. The instruments have a face value of Baht 10,000 per unit, with a 10-year maturing period and with interest of 3% per annum. The convertible value of the debenture is Baht 14 per one common stock, subjected to subsequent adjustment of price according to the terms of the exercise of conversion right in the Debentures. The issuance of the convertible debentures offered to PTT Public Co., Ltd. is part of the financing for Product Quality Improvement Project (PQI).

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. The conversion of convertible debenture at rate of Baht 14.30 per common share would be effective once the Company registered for additional authorised share capital in January 2011.

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

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Within one year	2,702.12	1,822.54	2,587.41	1,687.26
After one year but within five years	10,135.84	7,860.14	9,661.26	7,491.80
After five years	6,779.35	6,237.42	6,779.35	6,076.54
<b>Total</b>	<b>19,617.31</b>	<b>15,920.10</b>	<b>19,028.02</b>	<b>15,255.60</b>

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

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Property, plant and equipment	784.45	831.15	-	-
<b>Total</b>	<b>784.45</b>	<b>831.15</b>	<b>-</b>	<b>-</b>

Interest-bearing liabilities of the Group and the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

## 18. Trade accounts payable

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Related parties	4	9,347.03	5,354.32	9,448.30	5,438.69
Other parties		886.99	714.88	646.08	584.27
<b>Total</b>		<b>10,234.02</b>	<b>6,069.20</b>	<b>10,094.38</b>	<b>6,022.96</b>

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

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Thai Baht (THB)	10,189.51	6,069.20	10,049.87	6,022.96
United States Dollars (USD)	44.51	-	44.51	-
<b>Total</b>	<b>10,234.02</b>	<b>6,069.20</b>	<b>10,094.38</b>	<b>6,022.96</b>



## 19. Other current liabilities

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Accrued expenses	536.27	645.18	422.15	534.45
Other accounts payable	1,296.17	1,308.34	1,286.60	1,294.32
Retention	664.26	659.49	656.89	650.76
Current portion of non-current liabilities	79.67	78.91	78.00	78.91
Value added tax payable	24.62	0.74	-	-
Others	206.09	148.55	204.48	146.76
<b>Total</b>	<b>2,807.08</b>	<b>2,841.21</b>	<b>2,648.12</b>	<b>2,705.20</b>

## 20. Other non-current liabilities

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Provision for pension funds	513.75	456.62	513.75	456.62
Others	72.67	69.80	51.18	53.29
<b>Total</b>	<b>586.42</b>	<b>526.42</b>	<b>564.93</b>	<b>509.91</b>

## 21. Share capital

(million shares / million Baht)

	Par value per share (in Baht)	2010		2009	
		Number	Baht	Number	Baht
<i>Authorised</i>					
At 1 January					
ordinary shares	1	1,531.64	1,531.64	1,531.64	1,531.64
<b>At 31 December</b>					
ordinary shares	1	<b>1,531.64</b>	<b>1,531.64</b>	<b>1,531.64</b>	<b>1,531.64</b>
<i>Issued and paid-up</i>					
At 1 January					
ordinary shares	1	1,169.83	1,169.83	1,119.13	1,119.13
Issue of new shares	1	6.99	6.99	50.70	50.70
<b>At 31 December</b>					
ordinary shares	1	<b>1,176.82</b>	<b>1,176.82</b>	<b>1,169.83</b>	<b>1,169.83</b>

On 4 October 2010, the Company issued 6.99 million new ordinary shares with a 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 totalling Baht 93.00 million.

On 3 July 2009, the Company issued 50.70 million new ordinary shares with a par value of Baht 1 each, totalling Baht 50.70 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 674.28 million.

## 22. 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.

### *Valuation changes*

The valuation changes account within equity cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.



## 23. Warrants

On 15 May 2006, the Company issued 69,092,486 units of no offering price warrants for the purchase of Ordinary Shares to the Company's existing shareholders whose names are in the share register book as at the closing date of the share register book, which is on 20 April 2006. The allocation ratio of the existing shares to the new warrants is 10 existing shares for 1 unit of warrant, Term of Warrants 5 years, exercised price Baht 18 per share, exercised ratio 1 warrant: 1 ordinary share (the exercised price and exercised ratio may be changed in accordance with the conditions for adjustment of rights). The warrant holders are able to exercise the warrants on the last business day of March, June, September, and December throughout the term of the warrants. The first exercise date shall be on 30 September 2006, and the last exercise date shall be at the end of term of warrants, which is on 14 May 2011.

As of 31 December 2010, the remaining balance of the warrants was 69,032,486 units.

## 24. Segment information

Segment information 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

Profit (loss) results, based on consolidated business segments for the years ended 31 December 2010 and 2009 were as follows:

	2010 (in million Baht)			
	Refinery	Marketing	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
Other income	576.79	140.14	-	716.93
Selling and administrative expenses and management benefit expenses	(797.58)	(2,585.30)	-	(3,382.88)
Gain from crude and product oil price hedging contract	27.63	-	-	27.63
Gain on foreign exchange	894.68	37.08	-	931.76
Reversal of allowance for loss from impairment of assets	97.63	48.61	-	146.24
Profit before finance costs and income tax expense	3,789.38	999.99	-	4,789.37
Finance costs				(898.94)
Income tax				(1,001.86)
<b>Profit for the year</b>				<b>2,888.57</b>

## 2009 (in million Baht)

	Refinery	Marketing	Eliminations	Total
Sales	104,137.75	75,190.64	(70,647.16)	108,681.23
Cost of sales	(99,785.23)	(71,871.45)	70,647.16	(101,009.52)
Gross profit	4,352.52	3,319.19	-	7,671.71
Other income	82.41	142.20	-	224.61
Selling and administrative expenses and management benefit expenses	(737.48)	(2,412.94)	-	(3,150.42)
Reversal of allowance for loss from inventory write-down	942.16	6.07	-	948.23
Gain from crude and product oil price hedging contract	5,630.75	-	-	5,630.75
Loss on foreign exchange	(56.82)	-	-	(56.82)
Reversal of allowance for loss from impairment of assets	(10.32)	5.31	-	(5.01)
Profit before finance costs and income tax expense	10,203.22	1,059.83	-	11,263.05
Finance costs				(558.07)
Income tax				(3,182.14)
<b>Profit for the year</b>				<b>7,522.84</b>

## 25. Investment income

## (in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>Dividend income</i>				
Subsidiaries	-	-	17.64	-
	-	-	<b>17.64</b>	-
Other investment income	44.89	41.55	42.08	41.55
<b>Total</b>	<b>44.89</b>	<b>41.55</b>	<b>59.72</b>	<b>41.55</b>



## 26. Other income

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Interest income	44.89	41.55	42.08	41.55
Fee for land utilisation and management fee for NGV service station	71.71	99.82	71.71	99.82
Dividend received	-	-	17.64	-
Insurance compensation	366.77	-	366.77	-
Oil reservation fee	70.53	17.84	70.53	17.84
Others	163.03	65.41	136.45	69.86
<b>Total</b>	<b>716.93</b>	<b>224.62</b>	<b>705.18</b>	<b>229.07</b>

## 27. Selling expenses

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Personnel	441.14	426.79	205.98	193.16
Advertising	207.97	190.19	130.86	132.22
Depreciation and amortisation	418.65	416.25	415.71	414.86
Distribution	517.90	493.30	516.22	493.30
Others	619.23	551.11	433.08	372.38
<b>Total</b>	<b>2,204.89</b>	<b>2,077.64</b>	<b>1,701.85</b>	<b>1,605.92</b>

## 28. Administrative expenses

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Personnel	655.35	626.45	614.43	593.38
Advertising	148.91	113.53	148.79	113.53
Depreciation and amortisation	65.84	53.05	62.82	48.86
Others	228.41	219.81	224.04	215.22
<b>Total</b>	<b>1,098.51</b>	<b>1,012.84</b>	<b>1,050.08</b>	<b>970.99</b>

## 29. Employee benefit expenses

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>Management</i>				
Wages and salaries	59.85	38.83	59.75	38.79
Contribution to provident funds	3.00	2.94	3.00	2.94
Pension	1.34	1.84	1.34	1.84
EJIP	2.13	0.47	2.13	0.47
Others	13.16	15.86	13.16	15.86
	<b>79.48</b>	<b>59.94</b>	<b>79.38</b>	<b>59.90</b>
<i>Other employees</i>				
Wages and salaries	816.19	775.92	568.23	532.32
Contribution to provident funds	49.37	44.52	46.90	42.83
Pension	73.34	72.61	73.34	72.61
EJIP	54.90	8.11	54.90	8.11
Others	252.22	278.78	226.57	261.67
	<b>1,246.02</b>	<b>1,179.94</b>	<b>969.94</b>	<b>917.54</b>
<b>Total</b>	<b>1,325.50</b>	<b>1,239.88</b>	<b>1,049.32</b>	<b>977.44</b>

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.

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.





### 30. 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:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>Included in cost of sales of goods:</i>				
Changes in inventories of finished goods and work in progress	130.07	2,220.78	59.02	2,008.25
Raw materials and consumables used	79,810.74	59,375.20	79,472.21	59,299.01
Tax expenses and oil fuel fund	21,989.50	14,504.80	21,989.50	14,504.80
Depreciation	1,364.03	520.61	1,320.17	516.77
<i>Included in selling expenses:</i>				
Depreciation	297.32	291.62	294.38	290.87
<i>Included in administrative expenses:</i>				
Depreciation	35.25	25.24	32.73	21.05

### 31. Finance costs

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Interest payable to financial institutions		801.15	671.00	765.26	647.70
Interest payable to Convertible Debentures		59.82	62.76	59.82	62.76
Amortisation of transaction costs capitalised		2.74	12.09	1.68	12.09
Premium on hedging contracts		20.18	38.22	20.18	38.22
Others		29.27	132.00	29.27	132.00
		<b>913.16</b>	<b>916.07</b>	<b>876.21</b>	<b>892.77</b>
Capitalised as cost of assets under construction	11	(14.22)	(358.00)	(14.22)	(338.96)
<b>Net</b>		<b>898.94</b>	<b>558.07</b>	<b>861.99</b>	<b>553.81</b>

## 32. Income tax expense

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>Current tax expense</i>					
Current year		1,022.12	3,344.40	1,011.87	3,326.95
Under (over) provided in prior years		-	-	-	-
		<b>1,022.12</b>	<b>3,344.40</b>	<b>1,011.87</b>	<b>3,326.95</b>
<i>Deferred tax expense</i>					
Movements in temporary differences	15	(20.26)	312.74	(20.26)	312.74
Benefit of tax losses recognised		-	(475.00)	-	(475.00)
		<b>(20.26)</b>	<b>(162.26)</b>	<b>(20.26)</b>	<b>(162.26)</b>
<b>Total</b>		<b>1,001.86</b>	<b>3,182.14</b>	<b>991.61</b>	<b>3,164.69</b>

Reconciliation of effective tax rate	Rate (%)	Consolidated financial statements	
		2010 (in million Baht)	2009 (in million Baht)
Profit before income tax expense		3,890.44	10,704.98
Income tax using the Thai corporation tax rate	30.00	1,167.13	3,211.49
Income not subject to tax / Expenses that are deductible at a greater amount	(5.40)	(210.27)	(0.23)
Expenses not deductible / Other adjustments	1.23	48.02	1.34
Utilisation of previously unrecognised tax losses	(0.08)	(3.02)	(1.39)
<b>Total</b>	<b>25.75</b>	<b>1,001.86</b>	<b>29.72</b>

Reconciliation of effective tax rate	Rate (%)	Separate financial statements	
		2010 (in million Baht)	2009 (in million Baht)
Profit before income tax expense		3,640.40	10,639.58
Income tax using the Thai corporation tax rate	30.00	1,092.12	3,191.87
Income not subject to tax / Expenses that are deductible at a greater amount	(4.04)	(147.04)	(0.23)
Expenses not deductible / Other adjustments	1.28	46.53	1.31
Utilisation of previously unrecognised tax losses	-	-	(1.34)
<b>Total</b>	<b>27.24</b>	<b>991.61</b>	<b>29.74</b>



### 33. 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 and production of Biodiesel. The privileges granted include:

- (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.
- (c) exemption from payment of income tax for certain operations of not over 70% of investment cost excluding land and working capital for environment protection for a period of three 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.

Summary of revenue from promoted and non-promoted businesses:

(in million Baht)

	Consolidated financial statements					
	2010			2009		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
Export sales	11.20	16,055.18	16,066.38	-	16,500.44	16,500.44
Local sales	2,415.07	137,931.96	140,347.03	52.65	107,589.08	107,641.73
Eliminations			(20,044.02)			(15,460.95)
<b>Total Revenue</b>			<b>136,369.39</b>			<b>108,681.22</b>

(in million Baht)

	Separate financial statements					
	2010			2009		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
Export sales	-	16,055.18	16,055.18	-	16,500.44	16,500.44
Local sales	-	118,582.99	118,582.99	-	91,177.79	91,177.79
<b>Total Revenue</b>	<b>-</b>	<b>134,638.17</b>	<b>134,638.17</b>	<b>-</b>	<b>107,678.23</b>	<b>107,678.23</b>

### 34. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

(in million Baht / million shares)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Profit attributable to equity holders of the Company (basic)	2,812.81	7,524.26	2,648.79	7,474.89
Number of ordinary shares outstanding at 1 January	1,169.83	1,119.13	1,169.83	1,119.13
Effect of shares issued on 3 July 2009	-	25.28	-	25.28
Effect of shares issued on 4 Oct 2010	1.71	-	1.71	-
Weighted average number of ordinary shares outstanding	1,171.54	1,144.41	1,171.54	1,144.41
Earnings per share (basic) (in Baht)	2.40	6.57	2.26	6.53

#### Diluted earnings per share

The calculation of diluted earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the years attributable to equity holders 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:

(in million Baht / million shares)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Profit attributable to equity holders of the Company (basic)	2,812.81	7,524.26	2,648.79	7,474.89
After-tax effect of interest on convertible debentures	41.87	31.64	41.87	31.64
Profit attributable to equity holders of the Company (diluted)	2,854.68	7,555.90	2,690.66	7,506.53
Weighted average number of ordinary shares outstanding (basic)	1,171.54	1,144.41	1,171.54	1,144.41
Effect of conversion of convertible Debentures	141.58	168.71	141.58	168.71
Weighted average number of ordinary shares outstanding (diluted)	1,313.12	1,313.12	1,313.12	1,313.12
Earnings per share (diluted) (in Baht)	2.17	5.75	2.05	5.72



## 35. Dividends

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.

At the Board of Directors' meeting of the Company held on 14 August 2009, the Board of Director approved the appropriation of interim dividend from retained earnings as of 30 June 2009 at of Baht 1.00 per share, amounting to Baht 1,169.78 million. The dividend was paid to shareholders on 7 September 2009.

At the annual general meeting of the shareholders of the Company held on 9 April 2009, the shareholders approved the appropriation of dividend from retained earnings as of 31 December 2008 at Baht 0.50 per share, amounting to Baht 559.56 million. The dividend was paid to shareholders during 2009.

## 36. 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:

(in million Baht)

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2010</b>					
<b>Current</b>					
Loans from Financial institutions	2.8 - 5.38	2,702.12	-	-	2,702.12
<b>Non-current</b>					
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
<b>Total</b>		<b>2,702.12</b>	<b>10,135.84</b>	<b>6,779.35</b>	<b>19,617.31</b>
<b>2009</b>					
<b>Current</b>					
Loans from Financial institutions	1.5 - 5.1	1,822.54	-	-	1,822.54
<b>Non-current</b>					
Loans from Financial institutions	3.1 - 3.6	-	6,409.17	5,651.82	12,060.99
Convertible debentures	3.0	-	1,450.97	585.60	2,036.57
<b>Total</b>		<b>1,822.54</b>	<b>7,860.14</b>	<b>6,237.42</b>	<b>15,920.10</b>



(in million Baht)					
	Effective interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years	After 5 years	
<b>2010</b>					
<b>Current</b>					
Loans from Financial institutions	2.8 - 3.6	2,587.41	-	-	2,587.41
<b>Non-current</b>					
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
<b>Total</b>		<b>2,587.41</b>	<b>9,661.26</b>	<b>6,779.35</b>	<b>19,028.02</b>
<b>2009</b>					
<b>Current</b>					
Loans from Financial institutions	1.5 - 5.1	1,687.26	-	-	1,687.26
<b>Non-current</b>					
Loans from Financial institutions	3.1 - 3.6	-	6,040.83	5,490.94	11,531.77
Convertible debentures	3.0	-	1,450.97	585.60	2,036.57
<b>Total</b>		<b>1,687.26</b>	<b>7,491.80</b>	<b>6,076.54</b>	<b>15,255.60</b>

#### **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:

## (in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>United States Dollars</i>					
Cash and cash equivalents	5	106.81	3.08	106.81	3.08
Trade accounts receivable	7	1,122.27	889.11	1,122.27	889.11
Other current assets		60.02	-	60.02	-
Receivable from oil hedging contracts	9	116.13	559.35	116.13	559.35
Trade accounts payable	18	(44.51)	-	(44.51)	-
Payable from oil hedging contracts		(314.67)	(1.79)	(314.67)	(1.79)
Other current liabilities		(827.30)	(920.00)	(827.30)	(920.00)
<b>Gross balance sheet exposure</b>		<b>218.75</b>	<b>529.75</b>	<b>218.75</b>	<b>529.75</b>
Currency forwards		(401.26)	891.58	(401.26)	891.58
<b>Net exposure</b>		<b>-</b>	<b>529.75</b>	<b>-</b>	<b>529.75</b>

Additionally, the Company entered into foreign currency forward exchange contracts, totalling Baht 6,005.53 million net, to hedge future sales and purchases transaction of goods with price denominated in foreign currencies and foreign currency forward contracts totalling Baht 459.20 million to hedge the construction payable for SOLAR power plant project.

**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.

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

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying value	Fair value	Carrying value
<b>2010</b>				
<b>Non-current</b>				
Convertible debentures	2,535.22	1,936.57	2,535.22	1,936.57
<b>Total</b>	<b>2,535.22</b>	<b>1,936.57</b>	<b>2,535.22</b>	<b>1,936.57</b>
<b>2009</b>				
<b>Non-current</b>				
Convertible debentures	2,135.10	2,036.57	2,135.10	2,036.57
<b>Total</b>	<b>2,135.10</b>	<b>2,036.57</b>	<b>2,135.10</b>	<b>2,036.57</b>

### 37. Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Capital commitments</b>				
Construction projects	4,477.52	1,763.83	4,454.49	1,654.08
<b>Total</b>	<b>4,477.52</b>	<b>1,763.83</b>	<b>4,454.49</b>	<b>1,654.08</b>

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	200
<i>Non-cancellable operating lease commitments</i>				
Within one year	392.30	366.93	392.30	366.93
After one year but within five years	1,505.78	1,433.44	1,505.78	1,433.44
After five years	3,076.32	3,410.13	3,076.32	3,410.13
<b>Total</b>	<b>4,974.40</b>	<b>5,210.50</b>	<b>4,974.40</b>	<b>5,210.50</b>
<i>Other commitments</i>				
Bank guarantees	49.13	71.53	49.13	71.53
<b>Total</b>	<b>49.13</b>	<b>71.53</b>	<b>49.13</b>	<b>71.53</b>

The Company entered into 12.60 million barrels oil price hedging contracts with foreign oil traders for the periods between January 2011 and December 2011.

The Company entered into foreign currency buying forward contracts cover the period to August 2011 amounting to USD 62.76 million equivalents to Baht 1,892.40 million and selling forward contracts cover the period to December 2011 amounting to USD 259.73 million equivalents to Baht 7,839.99 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 (Baht million)	Due date
1,500	31 December 2011
3,000	30 June 2013
1,500	30 June 2015
1,500	30 June 2016

The Company entered into a cross currency swap contract to exchange Baht for USD for partial loan settlement amounting to USD 200 million and interest rate swaps contract from THB float to USD fixed totalling USD 200 million. The contract is due on 30 June 2013.

The Company entered into foreign currency buying forward contracts totalling USD 200 million to deliver under cross currency swap contract which due on 30 June 2013.

### 38. 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 was accused along with the Government, PTT and other private sector entities, being called upon to pay Baht 210 million in compensation for an infringement of the petty patentee's rights under the Patent Act in case of producing and selling biodiesel. The case is now being appealed with the court of first instance. The Company's Legal Office has its opinion that the Company will win the case.

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 payment totalling Baht 50 million related to these matters in which the Company has already submitted and filed for appeal. The case is still under investigation by the Revenue Department.

### 39. Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated 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 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Tax	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 26	Accounting and Reporting by Retirement Benefit Plans	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011

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 financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

***TAS 16 (revised 2009) – Property, plant and equipment***

The principal changes introduced by the revised TAS 16 and affecting the Group/Company 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 revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from 1 January 2011 has no impact on the financial statements of 2010 or prior years.

***TAS 19 – Employee benefits***

There is currently no Thai accounting standard covering employee benefits and the Group/Company does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred except for retirement gratuity fund in accordance with the accounting policy as stipulated in note 3 (n). The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways. The Group intends to adopt transitional provision retrospectively.

Management has determined that the transitional liability for employment benefits as at 1 January 2011 will increase liability approximately Baht 210.76 million for the Group and Baht 209.07 million for the Company with an equivalent decrease in retained earnings.

## **40. Events after the reporting period**

On 5 January 2011, the Company registered the increased share capital with the Ministry of Commerce from Baht 1,176.82 million to Baht 1,249.55 million by issuing 72.73 million new ordinary shares with a par value of Baht 1 each, totaling Baht 72.73 million to support the conversion of Convertible Debentures.

At the Board of Directors' meeting held on 15 February 2011, the Board approved to submit for approval at the Annual General Meeting of the Shareholders, a full year 2010 dividend payment at the rate of Baht 1.05 per share, of which Baht 0.50 per share was paid as an interim dividend on 21 September 2010 as discussed in note 35. Thus, the remaining dividend will be at the rate of Baht 0.55 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 5 April 2011.



# Reference

## Securities Registrar

- Common shares (BCP)
- Depositary receipts on common shares (BCP-DR1)
- Converted debentures (BCP@A)
- Depositary receipts on convertible debentures (BCP141A)
- Warrant for new shares (BCP-W1)

## Thailand Securities Depository Limited

2/7 Moo 4 (North Park), Vibhavadi Rangsit Road,  
Khwaeng Thung Song Hong, Khet Lak Si, Bangkok 10210  
Tel. 0-2596-9302-10  
Fax 0-2832-4994-6

## Auditor

## KPMG Phoomchai Audit Limited

50<sup>th</sup>-51<sup>st</sup> Floor, Empire Tower  
195 Sathon Tai Road, Bangkok 10120  
Tel. 0-2677-2200  
Fax 0-2677-2222

## Others

- Investor support
- Reporting losses of share certificates
- Shareholders' information change

## Contact

Issuer Service Unit  
Thailand Securities Depository Limited  
2/7 Moo 4 (North Park), Vibhavadi Rangsit Road,  
Khwaeng Thung Song Hong, Khet Lak Si, Bangkok 10210  
Tel. 0-2596-9302-10  
Fax 0-2832-4994-6

# Company Information

## Registration No.

0107536000269

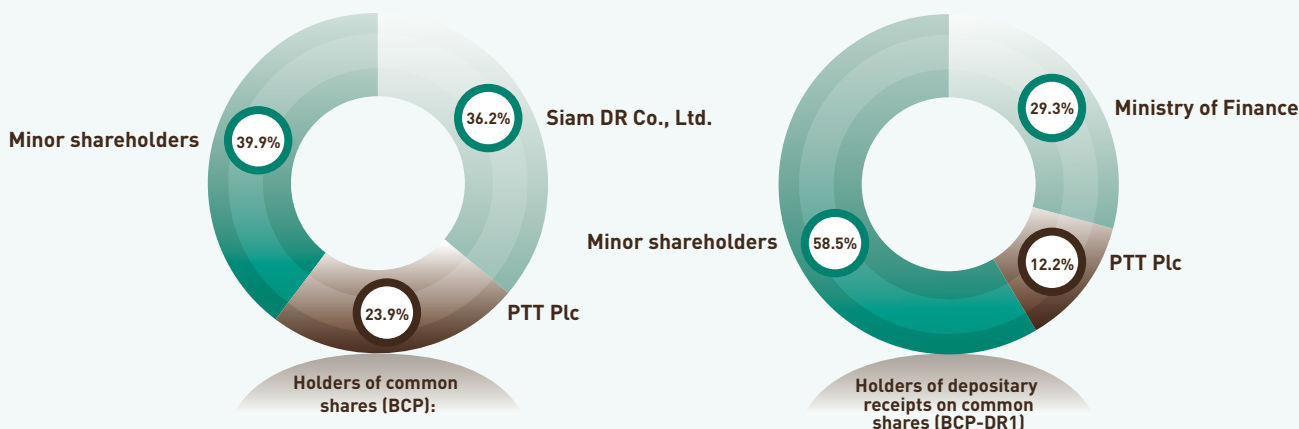
## Business established:

April 1985

## Registered capital as of December 31, 2010

- Baht 1,531,643,461, of which Baht 1,176,822,958 was paid up, dividing in to 1,531,643,461 shares, at 1 Baht per share.

## Shareholders (%) as of December 31, 2010:



## Business:

Sales of refined fuel products; management of 120,000-barrel/day Bangchak Refinery; sales of consumer products

## Customers:

- General public through Bangchak and dealers' service stations nationwide
- Industrial sector, including industrial works
- Transport and service sectors, including aviations, marine vessels, hotels, trucks, and construction activities
- Agricultural sector through cooperative-owned Bangchak service stations
- Foreign export market

## Website:

<http://www.bangchak.co.th>





## Office and Terminals:

- **Head Office:** 555/1 Energy Complex, 10th Floor, Building A, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900  
Tel. 0-2140-8999, Fax 0-2140-8900
- **Bangchak Refinery and Terminal:** 210 Sukhumwit 64 Road, Bangchak, Phra Khanong, Bangkok 10260  
Tel. 0-2335-4999, 0-2331-0047, Fax 0-2335-4009
- **Central Region Business Office and Bang Pa-In Terminal:** 99 Moo 9, Tambon Bang Krasan, Amphoe Bang Pa-in, Ayutthaya 13160  
Tel. 0-3535-0260, 0-3527-6999, Fax (Central Region Business Office) 0-3535-0290, Fax (Bang Pa-In Terminal) 0-3527-6920
- **Northern Region Business Office:** 87/9 Yee-wan Building, 3<sup>rd</sup> Floor, Thung Hotel Road, Tambon Wat Ket, Amphoe Muang, Chiang Mai 50000  
Tel. 0-5330-0484, Fax 0-5330-0485
- **Northeastern Region Business Office:** 499 Moo 3, Mitraphab Road, Tambon Muang Kao, Amphoe Muang, Khon Kaen 40000  
Tel. 0-4326-1789-92, 0-4326-1751-3, Fax 0-4326-1750
- **Southern Region Business Office:** Room 402, 4<sup>th</sup> Floor, P.C. Tower, 91/1 Moo 1, Kanchanawithi Road, Tambon Bang Kung, Amphoe Muang, Surat Thani 84000  
Tel. 0-7722-4790-2, Fax 0-7722-4793
- **Samut Sakhon Oil Distribution Center:** 100/149 Moo 1, Tambon Tha Chin, Amphoe Muang, Samut Sakhon 74000  
Tel. 0-3482-0974, Fax -none-
- **Si Racha Oil Distribution Center:** 115/14 Moo 10, Tambon Thung Sukhla, Amphoe Si Racha, Chon Buri 20230  
Tel. 0-3849-3179, Fax 0-3849-3129
- **Rayong Oil Distribution Center:** 1, 3B Road, Tambon Map Ta Phut, Amphoe Muang, Rayong 21150  
Tel. 0-3860-9389, Fax 0-3860-9413
- **Surat Thani Oil Distribution Center:** 104/1 Moo 2, Surat-Pak Nam Road, Tambon Bang Kung, Amphoe Muang, Surat Thani 84000  
Tel. 0-7727-5056-8, Fax 0-7728-2943
- **Song Kla Oil Distribution Center:** 13/1 Moo 6, Tambon Sa Ting Mor, Amphoe Singha Nakorn, Song Kla 90280  
Tel. 0-7433-2782, Fax 0-7433-2783
- **Suksawat Lubricant Oil Distribution Center:** 196 Moo 1, Suksawat Road, Tambon Pak Khlong Bang Pla Kot, Amphoe Phra Samut Chedi, Samut Prakan 10290  
Tel. 0-2815-6997-8, Fax 0-2815-6996

# Awards and Achievements

## 2010

- Thailand Quality Class (TQC) Award of 2010, organized by the National Quality Award Office. This award honors entities with integrated organizational management systems under the National Quality Award guidelines, as well as world-standard quality.
- SET Awards of Honor, presented at the SET Awards 2010 event, organized by the Stock Exchange of Thailand (SET) and Finance and Banking Magazine:
  - Top Corporate Governance Report, in its fifth straight year. This award honors listed companies with outstanding reports on compliance with corporate governance
  - Corporate Social Responsibilities, in its fourth straight year. This award honors listed companies with outstanding social responsibility practices.
- First prize at a contest of Sufficiency Economy practices for large corporations (for modern- management adaptation of the principle), presented at the second such event, organized by the Chaipattana Foundation, Office of the Royal Development Projects Boards, Ministry of Interior, Bureau of the Budget, Royal Thai Army, and the Sufficiency Economy National Research and Development Institute.
- Award of Excellence (Community Development Program of the Year), presented at the Platts Global Energy Awards 2010 event. This award honors entities with outstanding aspects of management in Asia. The Company was the only Thai winner of the award.
- Titanium Award (Corporate Governance), presented at The Asset Corporate Awards 2010, organized by The Asset Magazine. This award honors entities with outstanding Corporate Governance, which compared aspects of listed regional companies.
- The assessment outcome of a survey on good corporate governance reports of listed companies of 2010, organized by IOD (Thai Institute of Directors), showed that the Company commanded ‘excellent’ ratings in all categories, with top average scores for all categories among the entrants.
- A plaque presented under a project on transparent organizations to those with promotional activities for corporate governance, righteousness, and transparency. The Company was among the ten private-sector finalists at this event, hosted by the Office of the National Anti-Corruption Commission.
- Honorary award as an entity engaged in environmental public service, presented on the World Environment Day 2010 by the Ministry of Natural Resources and Environment.
- A perfect score of 100 for its quality under the Annual General Meeting (AGM) for 2010 project, sponsored by the Office of the Securities and Exchange Commission (SEC) in conjunction with the Listed Companies Association and the Thai Investors Association.
- ‘Quality and Safe Service Stations Awards’, sponsored by the Department of Energy Business and designed to raise the quality of nationwide service stations. The Company was named for its 75 service stations, of which 16 were gold, 31 were silver, and 28 were bronze.
- Certificate for potable piped water given by the Provincial Waterworks Authority for the quality of the company’s water, which passed the recommended standards of the World Health Organization of 2006.
- Trusted Brands Awards 2010 given by votes from Reader’s Digest Magazine readers, as a Thai brand of excellence (gold level) in the service stations category.





## 2009

- SEAN Business Award 2008 for Corporate and Environmental Social Responsibility for Large-Scale Businesses in ASEAN, sponsored by the ASEAN Business Advisory Council and the Thai Chamber of Commerce, The Federation of Thai Industries (FTI) and Thai Bankers' Association (TBA).
- Board of the Year Awards 2008/09 Project achievements:
  - The Board of the Year Award for Exemplary Practices for the third consecutive year, ranking in the top five with the highest average score
  - Audit Committee of the Year Award, ranking in the top five with the highest average score
  - Honorary Award (Hall of Fame) for being a Board with Consistent Exemplary Practices, presented to the Board that has received the Board of the Year Award for Exemplary Practices for three consecutive years.

This was organized by the Thai Institute of Directors (IOD) in conjunction with the Stock Exchange of Thailand (SET), Board of Trade of Thailand, Federation of Thai Industries (FTI), TBA, Thai Listed Companies Association, and the Federation of Thai Capital Market Organizations (FETCO).
- The Top Corporate Governance Report Award as a listed Company with outstanding good corporate governance practices for the fourth consecutive year. This was presented at the SET Awards 2009 event, organized by SET and Finance and Banking Magazine.
- The Corporate Social Responsibility Award as a listed company with outstanding corporate social responsibility (CSR) and environmental practices for the third consecutive year. This was presented at the SET Awards 2009 event, organized by SET and Finance and Banking Magazine.
- The IR Excellence Award as a listed company with outstanding investor relations (IR) practices, which values participation from across the board in the organization for investor relations with investors and shareholders. The Company received this award for the second consecutive year at the SET Awards 2009 event, organized by SET and Finance and Banking Magazine.
- A perfect score of 100 under a project to assess the quality of organizations for the Annual General Meeting of Shareholders (AGM) 2009, organized by the Securities and Exchange Commission (SEC) in conjunction with the Listed Companies Association and the Thai Investor Association.
- A plaque under a staff volunteer project entitled 'Chit Asa Personnel Development toward Sustainable Development of Organization and Society', sponsored by the Center for the Promotion and National Strength on Moral Ethics and Values, the Office of Knowledge Management and Development, and Kenan Institute Asia.
- The "Quality and Safety Service Stations Award" from the Department of Energy Business, designed to raise the quality of service stations nationwide. 67 the Company stations were awarded with 17 gold (five-star) medals, 38 silver (four-star) medals, and 12 bronze (three-star) medals.
- A plaque under a project entitled 'Rak Mae, Rak Mae Nam' as an organization which has conserved and recognized the value of the Chao Phraya River under the initiative of 'Friendly Works and Community and Environment' following the guidance of Her Majesty Queen Sirikit, who has expressed concern for the quality of river water. The project coordinated efforts from the public, schools, local communities, local administrations and organizations, private industrial entrepreneurs and the Ministry of Industry to restore and conserve the four major rivers, namely the Chao Phraya, Tha Chin, Mae Klong, and Bang Pakong river. The Company has received this honor for the second consecutive year.

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- National Outstanding Business Operator in Safety, Occupational Health and Work Environment Award for the second consecutive year, presented at the 23rd National Safety Week 2009 event, organized by the Department of Welfare and Labour Protection, Ministry of Labour.
  - A certificate of laboratory competence under ISO/ IEC 17025:2005 standards, terms, rules and conditions of the Office of Administration and Laboratory Accreditation, Department of Science Service, Ministry of Science and Technology.
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## 2008

- The Top Corporate Governance Report Award as a listed company that has shown excellence in reporting good corporate governance practices under the guidance for listed companies. The Company received this award for the third consecutive year in the SET Awards 2008 event, organized by SET and Finance & Banking Magazine.
- The Corporate Social Responsibilities Award as a listed company with outstanding corporate social responsibility and environmental practices for the second consecutive year. This was presented at the SET Awards 2008 event, organized by SET and Finance and Banking Magazine.
- The IR Excellence Awards as a listed company with outstanding IR practices, which values participation from across the board in the organization for investor relations with investors and shareholders, presented at the SET Awards 2008 event and organized by SET and Finance and Banking Magazine.
- A plaque and Certificate of Compliance to Corporate Social Responsibility guidelines, under a project entitled “Corporate Social Responsibility, Department of Industrial Works” (CSR-DIW), awarded by Management System Certification Institute (Thailand) (MASCI) and the Department of Industrial Works.
- A plaque under a project entitled ‘Rak Mae, Rak Mae Nam’ as an organization which has conserved and recognized the value of the Chao Phraya River under the initiative of ‘Friendly Works and Community and Environment’ following the guidance of Her Majesty Queen Sirikit, who has expressed concern for the quality of river water. The project raises awareness in industrial buildings and the local community situated on the river banks to coordinate efforts to curb pollution and restore the environment, as well as monitoring and safeguarding the quality of the river water, initiated by the Ministry of Industry.
- A plaque for participation in World Environment Day 2008 as an organization campaigning for public awareness of environmental protection and exemplary practices for environmental protection, organized by Office of Natural Resources and Environmental Policy and Planning and Bangkok Metropolitan Administration.
- National Outstanding Business Operator in Safety, Occupational Health and Work Environment Award, presented at the 22nd Occupational Safety and Health Week 2008, organized by the Department of Labour Protection and Welfare, Ministry of Labour.



- ISO/TS 16949:2002 certificate based on a set of internationally-recognized technical specifications for quality management for the automotive industry. The Company was the first in Thailand to receive this certification from United Registrar of Systems (Thailand) Ltd.
- Recognition for Good Lab Practice/Department of Industrial Works (GLP/DIW) and analytical laboratory which meets the standards of ISO/IEC 17025 from the Thai Industrial Standards Institute (TISI), Ministry of Industry.
- CNBC's Corporate Social Responsibility Award 2008, awarded for the Company's leading CSR practices, under CNBC's Asia Business Leader Award (ABLA) project, organized by the Consumer News and Business Channel (CNBC), NBC Universal.

## 2007

- Board of the Year for Exemplary Practices 2006-2007 from IOD, organized in conjunction with SET, The Thai Chamber of Commerce and Board of Trade of Thailand, FTI, TBA, Thai Listed Companies Association, and FETCO.
- A Certificate of Commitment to Social and/or Environment Issues from the Thailand Management Association (TMA) in conjunction with Sasin Graduate Institute of Business Administration of Chulalongkorn University, presented at the "Thailand Corporate Excellence Awards" 2006 event.
- Runner-up for work practices that follow the guidelines of the Sufficiency Economy Philosophy Competition (for Large-Scale Businesses) from the Office of Royal Development Projects Board (RDPB).
- A Certificate of Commitment to Energy Saving from TMA in conjunction with Sasin Graduate Institute of Business Administration of Chulalongkorn University, presented at the 6th "Thailand Corporate Excellence Awards" 2006 event.
- The Company's laboratories are ISO 17025-certified for competence in diesel product testing from TISI, Ministry of Industry.

## 2006

- Being among the nine companies with the highest scores for good corporate governance from IOD, organized in conjunction with SEC and SET.
- Best Corporate Social Responsibilities Award from Money & Banking Magazine and SET, presented at the SET Awards 2006 event.
- A certificate of Distinction in Maintaining Excellent Corporate Governance Reports from Money & Banking Magazine and SET, presented at the SET Awards 2006 event.
- A Certificate of Commitment to Social and/or Environment Issues from TMA in conjunction with Sasin Graduate Institute of Business Administration of Chulalongkorn University, presented at the 5th "Thailand Corporate Excellence Awards" 2006 event.

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- A Certificate of Commitment to Energy Saving from TMA in conjunction with Sasin Graduate Institute of Business Administration of Chulalongkorn University, presented at the 5th “Thailand Corporate Excellence Awards” 2006 event.
  - Best Toilets on Main Roads of the Year 2006 Award on Pahonyothin Road and Rama 2 Road, awarded by the Department of Health, Ministry of Public Health, under a project to develop Thai public toilets, presented at the “World Toilet Expo and Forum 2006” event.
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## 2005

- Certificate of recognition for Board of the Year 2004-2005 from IOD, organized in conjunction with SET, Board of Trade of Thailand, FTI, TBA, Thai Listed Companies Association, and FETCO.
  - Best Corporate Governance Report Award from Money & Banking Magazine and SET, presented at the SET Awards 2005 event.
  - Certified in Occupational Health and Safety Management according to TISI /OHSAS 18001 for the Company’s Bang Pa-in Oil Distribution Center, Ayutthaya province, from MASCI in 2005.
  - Selection to Top Quartile Companies 2005 for the third consecutive year, under the Corporate Governance of Thai Listed Companies 2005 project, organized by IOD in conjunction with SET and SEC.
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## 1990-2004

- Most Creative Issue Award under the Best Bond Awards 2004 project of the Thai Bond Market Association.
- ISO 9001:2000 Quality Management Certificate for motor oil product development, contract and procurement, and car care in 2002
- Recipient of the “Prueksa Nakhara” medal for Green and Clean Presentation of Large-scale Office Buildings between 2002 and 2004, organized by Khet Phra Khanong Office, Bangkok.
- EIA Monitoring Award 2001 for Environmental Impact Assessment and Planning, presented by the Office of Natural Resources and Environmental Policy and Planning.
- Certificate of Occupational Health and Safety Management under TISI-18001-2542 and OHSAS 18001-1999 in all work processes as of 2004.
- The Company’s Refinery was the first Thai refinery to receive Occupational Health and Safety Management System (OHSAS 18001) certification in 2000.
- OHSAS 18001 Certificate of Occupational Health and Safety Management in 2003.
- EIA Monitoring Award 1997 for Environmental Impact Assessment and Planning, presented by the Office of Natural Resources and Environmental Policy and Planning 1998



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- Best Board for Occupational Health and Safety Award 1998
  - ISO 14001-Petroleum Refining Certificate for environmental management system in production processes in 1997, extended in 2003.
  - Compliance with Environmental Impact Assessment and Environmental Monitoring 1995.
  - National Outstanding Business Operator in Safety Award 1995.
  - Best Industrial Practices for Safety Management 1994.
  - Best Environmental Stewardship 1991.
  - Best Energy Conservation 1990.







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