



Innovating for **BE↑↑ER** living

Annual Report 2011
PTT Global Chemical Public Company Limited



Center of Petrochemical Excellence
Responsible - Excellent - Innovative

Innovating for BETTER living



IN THIS HIGHLY DYNAMIC WORLD

where innovations lurk at every corner, we strive to become a master innovator in everything that we do - from efficient execution, environmentally friendly processes, to our constant learning to simplify life. In other words, chemical innovations...for better living.


PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED (PTTGC)

strives to upgrade life and sustain society through chemical innovation by offering more choices to business partners, fulfilling happiness through investment, forging full potential from our personnel, and fabricating better everyday items to simplify life and society. All these to drive our organization, society, and nation toward sustainability.






Be Open


Lead Change


Be a Coach


Build Trust


Build
ONE Team



and even BETTER

To this end, PTTGC is prepared to march forward with you and all stakeholders.

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From Upstream



From Upstream to Downstream

Committed to world-class chemical innovation, we leverage our capability and product diversity in joining the Asia Pacific elite ranks. Thanks to our capacity of 228,000 barrels per day of petroleum products and 8.2 million tons per year of petrochemical products, we provide quality, value-adding upstream products through vertical integration among our seven business groups.

Our downstream business offers products and services to cover all your needs. In short, nothing but the best for our business partners.



to Downstream



Rewarding Investment



Rewarding Investment for Your Happiness

As a leader in the integrated petrochemical and refining business, we take business transparency and fairness seriously. Our goal is to supplement value while paying due regard to long-term growth, attractive investment returns, and innovation to add value to products and services while adhering to corporate governance, sustainable development, and consistent environmental stewardship.

Maximum business potential is what we give our shareholders. In return for their investment, we strive to provide maximum happiness on the path to a sustainable success.



for Your Happiness



Create a Learning Society and Ready to be Shared

Convinced that people hold the key to progress, PTTGC capitalizes on innovative concepts of people management in support of knowledge creation and management. By creating a happy workplace, we automatically encourage efficiency and professionalism.

Brilliant shared ideas lead to greater innovations
... sooner.



Innovate the Green Value



Innovate the Green Value for Sustainable Happiness

It takes conceptualization, learning, and doing to address consumers' needs. Our biotechnology business group leverages surplus raw materials from the agricultural sector to come up with bioplastics for a better life. Our green chemicals boost our aspiration to become a world-class leader of bio-based chemicals. Chemical products from nature - like plant and animal fats - include bioplastics, fatty alcohol

in the pharmaceutical, cosmetics, and personal-hygiene businesses, or even methyl ester for biodiesel blending or for replacement of products and containers.

To widen your grins and fulfill happiness, all innovations of ours are created with responsibility and due attention to production processes and environmental friendliness.



for Sustainable Happiness

Vision Mission



- To be a Leading Chemical Company for Better Living



- We deliver the best business performance through trustworthiness to create fair and sustainable value for shareholders.
- We engage and integrate social and environment to our business with responsibility and care for sustainable development.
- We provide superior solutions from innovative products and services to be the best choice for business partners.
- We create a learning organization and a happy workplace to cultivate proficient workforces with profound engagement and commitment to professional excellence.

Financial Highlights

Year 2011 *

Unit : Million Baht

Financial Status

Total Assets	372,967
Total Liabilities	164,513
Total Shareholder's Equity	208,454

Financial Performance

Total Revenues	504,599
EBITDA	54,422
Net Profit	30,033
Earnings per Share (Baht)	6.66

Financial Ratios

Current Ratio (times)	1.75
EBITDA to Total Revenues (%)	10.79
Net Profit on Total Revenues (%)	5.95
Return on Total Assets (%)	8.05
Return on Equity (%)	14.41
Debt to Equity (times)	0.79

Notes : EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization.

* The information is an unaudited pro-forma consolidated financial statements for the year 2011, prepared by the Company for the purpose of performance analysis. PTT Global Chemical Public Company Limited was formed by the amalgamation between PTT Chemical Public Company Limited and PTT Aromatics and Refining Public Company Limited and registered a new entity on 19 October, 2011. As a result, the audited financial statements for the year 2011 represent the performance only for the period of 19 October, 2011 to 31 December, 2011.

Global Winning Formula



Maximize
Integration



Reduce **Volatility**
of Business





World-Scale
Company



Create a
Strong Platform
for Sustainable Growth

Strategic Ways to Success

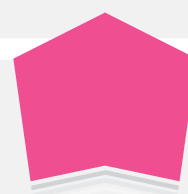


PTT Group's Chemical Flagship

Thailand's largest chemicals producer with a capacity of 8.2 million tons a year

Product Diversity

Covering all upstream products with diversification downstream and room for optimization



Highly Integrated Operations

765,000 tons per year of product transfer among PTT Global Chemical Group

More Profitable Business Opportunities

Combined Aromatics and Olefins feedstock with all major intermediate and valuable derivative products

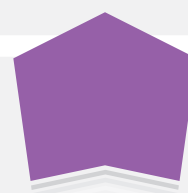


Synergy Supplementing Value

Maximizing assets utilization for more efficiency

Upgrading Marketing Positioning

Become a leading chemical company in ASEAN



History



PTT Global Chemical Public Company Limited (PTTGC) was founded through the amalgamation of PTT Chemical Public Company Limited and PTT Aromatics and Refining Public Company Limited. Registered on 19 October 2011, serves as PTT Group's Chemical Flagship. Its total registered share value is 45,129,302,690 Baht, made up of 4,512,930,269 common shares with a par value of 10 Baht, with 45,061,129,360 Baht in paid-up shares.

With a combined Olefins and Aromatics capacity of 8.2 million tons per year and Petroleum Refining capacity of 228,000 barrels per day, PTTGC consists of seven business groups: Refining, Aromatics, Olefins, Polymers, Ethylene Oxides, Green Chemicals, and Specialty Products. The largest Integrated Petrochemical and Petroleum Refining Company in Thailand, PTTGC is the leading Asia-Pacific company for its size and product diversity.

Milestones

- 24 February 2011 : The Boards of Directors of PTT, PTCH, and PTAR endorsed the amalgamation between PTCH and PTAR. A proposal for the amalgamation was to be submitted for the shareholders of both to endorse in line with the procedure specified by the Public Company Limited Act of 1992.
- 21 April 2011 : PTCH and PTAR shareholders separately approved the amalgamation proposal.
- 18 October 2011 : The joint shareholders meeting between PTCH and PTAR shareholders approved the amalgamation proposal.
- 19 October 2011 : - PTT Global Chemical Public Company Limited was registered with the Ministry of Commerce
- Business transfer ceremony.
- 21 October 2011 : Common-share trading began on the Stock Exchange of Thailand (SET) under the abbreviation PTTGC, which is classified under Petrochemicals and Chemicals.

Major Activities in 2011



5 January 2012 :

HRH Princess Maha Chakri Sirindhorn graciously visited PTG Group's "Power for Sustainable Future" booth at BOI Fair 2011, Muang Thong Thani, with Mr. Veerasak Kositpaisal, CEO of PTG Global Chemical, attending to Her Royal Highness's visit.



30 January 2012 :

PTG received Best CEO Award, Best CFO Award and Best IR Award from the Securities Analyst Association's "SAA Awards for Listed Companies 2011", which has been organized annually for three consecutive years, at the Grand Hyatt Erawan Hotel, Bangkok. This year, PTG received a total of 6 awards and PTG received three-awards in the Industrial category.



12 January 2012 :

PTG received an award during the PTG Group KM Awards Ceremony 2011, held at the Synergy Hall, Energy Complex, to support and motivate experts in transferring knowledge and advocating knowledge management for PTG Group. The award also promoted the establishment of knowledge assets and the application of knowledge to enhance business potentials under corporate strategies.



27 December 2011 :

PTG joined the Ministry of Energy's in "Energy Savings Projects for Flood Victims", held at BITEC Center, Bang Na, by showcasing the Cleaning Solutions Project for flooded homes and buildings and joined Plastic Converter customers in organizing a sales booth.





22 December 2011 :

PTTGC signed a joint-venture agreement with Perstorp Holding AB in Grenoble, France, to expand its business base for High-Volume Specialties products of the isocyanates group to meet with Asian and global market growth.



18 December 2011 :

PTTGC launched environmentally friendly cleaning solutions at the Welfare Center for the Elderly People, Khlong 5, Pathum Thani, for use in restoring and cleaning flooded areas. The National Nanotechnology Center, Chulalongkorn University's Faculty of Science, PTT Research and Technology Institute, and PTTGC took part in this Project.



30 November 2011 :

PTTGC co-signed a multiparty agreement on "PTT Group's Mutual Assistance during Emergencies" and received a Certificate in the name of PTT Group SEAL at the Synergy Hall, Energy Complex.



5 November 2011 :

PTTGC launched the "PTT Group Unify Thai Power in Restoration of Flood Victims' Rehabilitation" Center in Nakhon Sawan with PTT Group's Executives and volunteer employees and joined the opening of the project of the "Restoration Nakhon Sawan".



2 November 2011 :

PTTGC joined PTT Group in 20 million Baht in supporting of Thai Listed Companies Association's "Capital Market Unites to Help Flood Victims Fund", to be used in restoration work for people in the wake of the Great Floods. The ceremony was held at the Stock Exchange of Thailand.





21 October 2011 :

The first trading day of PTGTC took place at the Stock Exchange of Thailand, PTGTC was poised to play a key role as the Chemical Flagship of PTT Group with capacities, products diversifications to become a leading Asia-Pacific chemical company.



19 October 2011 :

PTGTC registered as PTT Global Chemical Public Company Limited with the Ministry of Commerce and held the transition ceremony.



13 October 2011 :

Contributed 20 million Baht to the "Flood Project" of "PTT Group Unify Thai Power in Recovery Flood Victims". Eight Food Distribution Centers; three are in Bangkok and surrounding areas, five are in Ayutthaya, Ang Thong, Sara Buri, Nakhon Sawan, and Phitsanulok.



3 October 2011 :

Joined PTT Group in launching "PTT Group Unify Thai Power in Recovery Flood Victims" caravan to set up a Center for Flood Victims in Phitsanulok. The ceremony took place at the Energy Complex, and the activity was PTT Group's third phase of recovery flood victims.



14 September 2011 :

Joined PTT Group Project in presenting 20 million Baht in donation to the Office of the Prime Minister's project "People and Government Unify to Help Flood Victims" through the "Flood Disaster Victims Fund". The ceremony took place at Santi Maitri Building, Government House, and the project received donations from all sectors to help the flood victims.



Dear Shareholders,

This year marked a pivotal transition for the Domestic Petroleum and Petrochemical Industries, with the amalgamation of two leading entities, namely PTT Aromatics and Refining Public Company Limited and PTT Chemical Public Company Limited, to form PTT Global Chemical Public Company Limited, which now serves as PTT Group's Chemical Flagship. Our Olefins and Aromatics outputs and vertically integrated businesses, totaling 8.2 million tons per year of chemical products and 228,000 barrels per day of petroleum, consists of seven core business groups: Refining, Aromatics, Olefins, Polymers, Ethylene Oxides, Green Chemicals, and Specialty Products. PTT Global Chemical represents a giant step forward and a significant phenomenon in forging chemical innovations for Thailand's petrochemical and chemical business through its integrated production lines.

From the overall economic perspective, 2011 remained a healthy year for PTT Global Chemical Group's businesses. Although in the latter half, with sluggish demand for downstream products due to the dire situation in Europe, where several countries were facing sovereign debt crises and the weakening of US economy while China and several Asian nations tightened their monetary policies to keep inflation in check. As a result of tariff reduction for petrochemical products in line with the ASEAN Free Trade Agreement (AFTA) and the Great Floods in Thailand late in the year, prices and demand for our products saw some drops.

Nonetheless, as a whole, the world economy of the East continued its impressive growth, contributed by the manufacturing and export sectors, together with Asian consumption (with constant expansion). In other words, the sluggishness of the West and the tightening of monetary policies of several Asian countries hardly affected PTT Global Chemical Group's businesses. To elaborate, ours is an integrated petrochemical and oil refinery business together with feedstock flexibility, and strong customers' base. These key factors significantly lowered the volatility of our performance. As a result for year 2011, from the unaudited pro-forma

Message

from the Chairman



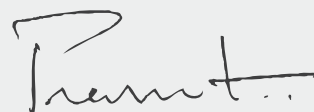
consolidated financial statements, the Company had revenue from sales of 500,305 million baht and net profit of 30,033 million baht or 6.66 baht in earning per share.

As far as investment growth is concerned, our core strategic plan calls for Olefins and Aromatics capacity expansion and value addition through investment made in related downstream industries and investment in the chemical industry - whose price cycles differ from those of the petrochemical industry, to stabilize product sales while adding reliability to our long-term sales revenue and profits. In addition, PTT Global Chemical Group is undertaking an expansion of production capacity - some projects have already been carried out, and others are in the beginning stages of commercial operation, such as the LDPE and HDPE plants, and also an Ultra-Low Sulfur Diesel Euro IV Standard project while the possibility of expansion to the Aromatics plant 2 is being studied. More international ventures have emerged, including our joint venture with Perstorp Holding SAS of France to expand our investment base in High Volume Specialties and build on the business of specialty chemicals. In addition, we have shown keen interest in environmentally friendly products by focusing on research and development of Bioplastics and Biochemicals, as evident in the acquisition of Myriant Corporation and NatureWorks shares to join leading US companies renowned for their Green Production Technology. These latter moves will add value to our products, meet market needs, use alternative energy and environmentally friendly products, and accommodate the growth of assorted industries.

PTT Global Chemical values and is committed to good corporate governance - a common practice of both companies before the amalgamation by cultivating ethical and integrity values among all employees, conducting transparent business and paying serious attention to conformance to related laws and regulations. Meanwhile, key principles of good corporate governance are applied to business execution together with a process to promote and plan personnel development through systematic knowledge so that our personnel may perform quality work and ably accommodate our long-term growth. After all, we recognize that our personnel are vital to our progress, and that we also must cultivate good citizenship filled with social responsibility in both good and needy times. A case in point is the Great Floods of late 2011. Besides donating money and articles to relieve flood victims' plight, PTT Global Chemical Group and employees joined rescue teams alongside PTT Group in scouring flooded areas to provide help and restore people's state of mind.

Environmental management is of paramount importance to us, who are firmly committed to running the business with systematic environmental management of international standards. In all projects and all producing units, now and in the future, this is an integral part of our corporate social responsibility and fits in well with the international practices of conducting businesses that strike a balance among industry, society, and the surroundings to achieve sustainable development.

On behalf of the Board of Directors, may I extend my most sincere gratitude to all related parties for consistently supporting our business. Now that we are better equipped as a result of the amalgamation, the blended knowhow, skills, business strength due to good corporate governance, and awareness of corporate social responsibility - it is my conviction that PTT Global Chemical will become an entity of excellence, filled with the potential for growth and leadership in the integrated petrochemical and chemical business of international stature. We will strive to forge not only sustainable business value, but also sustainable security for Thailand's economy and society in the years to come.



(Mr. Prasert Bunsumpun)

Chairman

Global and Thai Economic Trends in 2012-2016

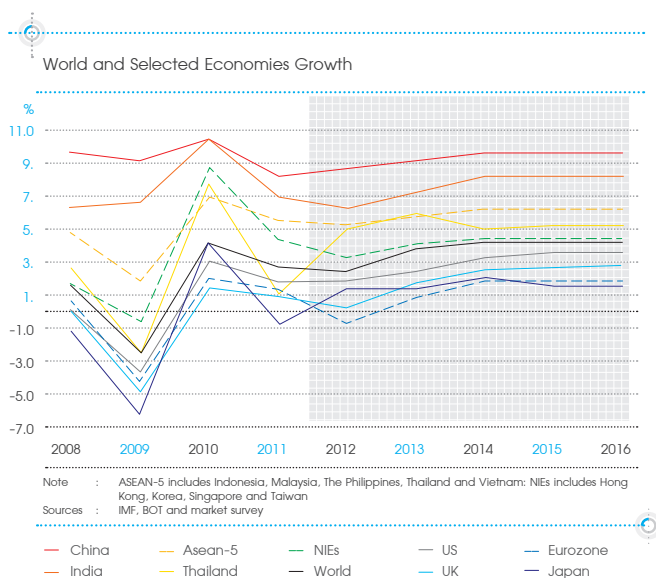
The world economy for 2012 will likely expand by 2.5%, a mild drop from the 2.8% projected for 2011, before slowly taking off to more than 3% afterward in 2013. As a result, it is expected that the world economic growth will average a moderate of 3.5% over the next five years, spearheaded by emerging economies like China, India, and ASEAN.

While Chinese economy is expected to slow down in 2012, it is still forecasted to expand at 8.2% before reaching 9% in 2013 and averaging at 9.5% afterward. On average, this economy will therefore be expanding at 9.1% over the next five years.

India also has impressive economic potential, surpassed only by China. Again, though its economic growth is expected to slow down in 2012, it will likely post a good 6.3% growth rate before climbing to more than 7% in 2013 and approaching 8% afterward. On average, India's economy will be expanding at 7.6% over the next five years.

The economy of Europe, particularly that of Eurozone countries, looks set to be in the doldrums because of sovereign debt crises. Greece, Ireland, and Portugal, all of which have requested help from the International Monetary Fund (IMF), still faced a prospect of continued recession in the short term as a result of severely austere monetary policies. Meanwhile, several other countries with similar sovereign debt crises, like Italy and Spain, still struggled to maintain the money market's confidence in their ability to repay debts so as to avoid facing the costs of loans, which may rise to unmanageable levels, and avoid seeking help from the European Union and IMF - since that would reflect situations even worse than at present, thus complicating solutions to sovereign debt crises. These support the expectation that the Eurozone economy would recede in 2012 to 0.7% before picking up to nearly 1% in 2013 and 1.7% afterward. In short, the Eurozone economy will probably expand at modestly by about 1% over the next five years, and unemployment rate will therefore stay around 10% over the long haul. That said - one crucial assumption is that the region's sovereign debt crises need to be sorted out.

The US economy, while also facing a similar sovereign debt crisis and high unemployment rate is more likely to recover, albeit slowly in the short term, because of its more efficient monetary and treasury policy implementation than Eurozone. The US economy is projected to grow by 2% in 2012 before rising to about 3% in 2014 and then 3.4% afterward. In short, the US economy will moderately expand at about 3% over the next five years.



Japan's economy, while receding in 2011, looks much better in 2012 and is expected to grow by 1.6% before registering remarkable improvement to 2% in 2014, but may falter a bit afterward. In short, Japan's economy will register mild expansion at about 1.6% over the next five years.

The Thai economy, devastated by the Great Floods in 2011, is expected to rebound well in 2012 with a growth figure of 4.9% against 1.0% in 2012 before expanding impressively at about 5.6% in 2013. In short, the Thai economy will be expanding moderately at 5% over the next five years.

The encouraging trend of economic recovery of the world and key regions in 2012 and over the next five years may either improve or falter significantly from the above-mentioned trends - subject to several risk factors. First, development of the sovereign debt crises, which could turn either positive or negative - to the point of threatening the existence of the Euro or Eurozone. Second, development of the economic policy conduct and management of the sovereign debt crises of the US and Japan, which again could boost the confidence of the money market or simply sap it. Third, development of the economic growth of emerging economies (particularly those in Asia), which could either become stable and push economic growth in the long term or come to a screeching halt and undermine growth potential in the long term. Finally, international political conflicts, which could be resolved rapidly or worsen to the point that the world oil price could skyrocket or an oil shortage could result.

The world economy will be affected by these four developments, as well as national and regional economies, thus altering the economic picture significantly both next year and over the next five years.

Besides the risks - facing the world economy, the Thai economy is still exposed to floods and drought in 2012 or afterward, which could significantly undermine economic growth, particularly if macro-management and planning of these matters lack efficiency. At the same time, Thailand's readiness to become part of the ASEAN economic community in 2015 is bound to prove pivotal for trade of goods and services, investment migration, labor migration, and capital migration. This will also significantly affect the Thai economy over the next five years.

Business Value Chain



Refinery & Shared Facilities

- + LPG
- + Light Naphtha and Reformate
- + JetA1
- + Diesel
- + Fuel Oil⁽¹⁾

Aromatics

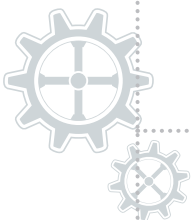
- + Paraxylene
- + Benzene
- + Cyclohexane
- + Orthoxylene
- + Mixed Xylenes
- + Toluene⁽²⁾

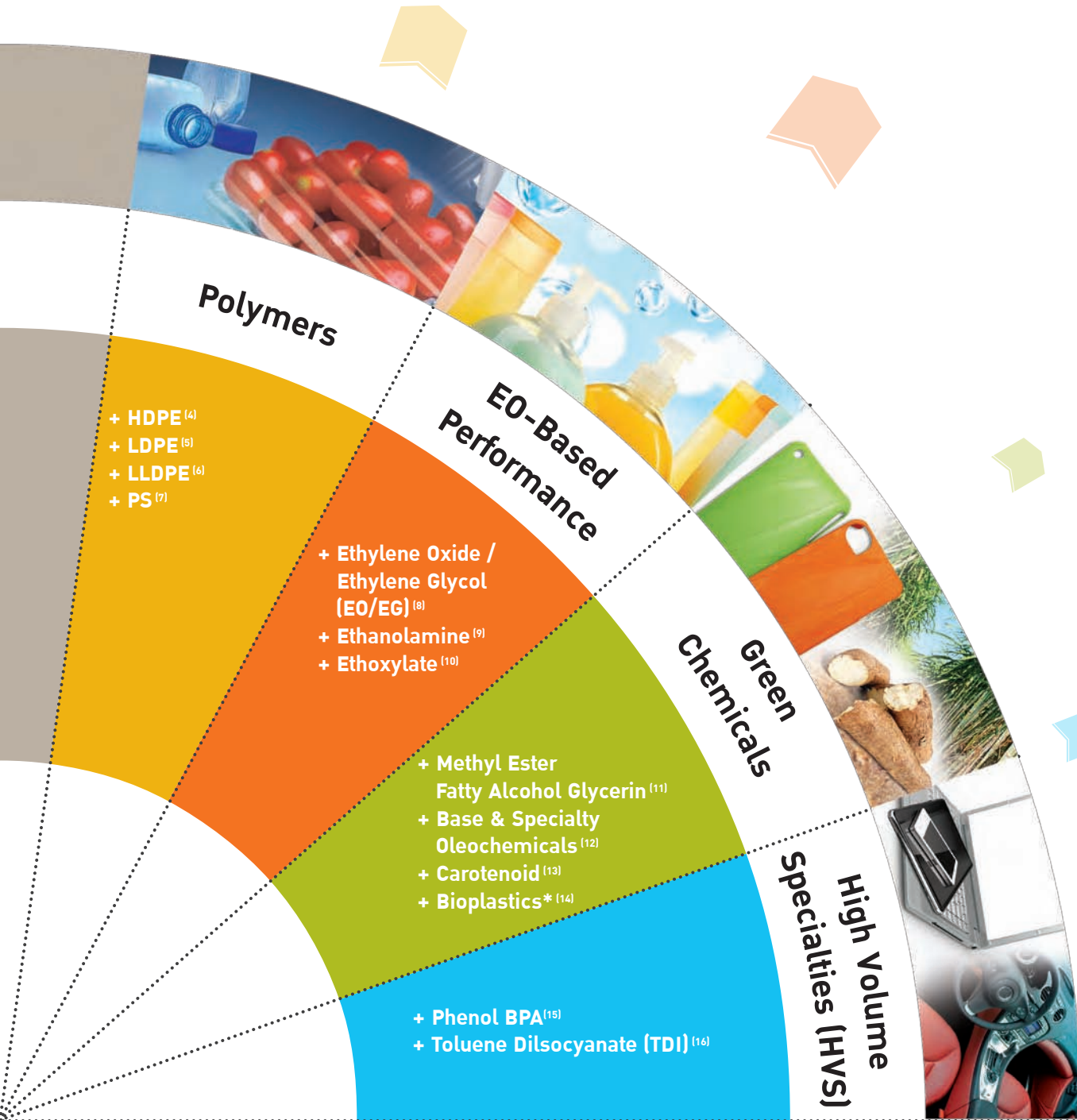
Olefins

- + Olefins⁽³⁾
- + Pyrolysis Gasoline
- + Mixed C4

Services and Others

- + Jetty⁽¹⁷⁾
- + Utility⁽¹⁸⁾
- + Safety and Environmental Service⁽¹⁹⁾
- + Maintenance & Engineering⁽²⁰⁾
- + Pipeline Transportation⁽²¹⁾
- + Poly Vinyl Chloride (PVC)⁽²²⁾
- + Trading Health & Nutrition Products⁽²³⁾
- + R&D Green Chemicals⁽²⁴⁾
- + Information and Communication Technology⁽²⁵⁾
- + Recruitment and Contracting Services⁽²⁶⁾





* Project in progress

Notes :

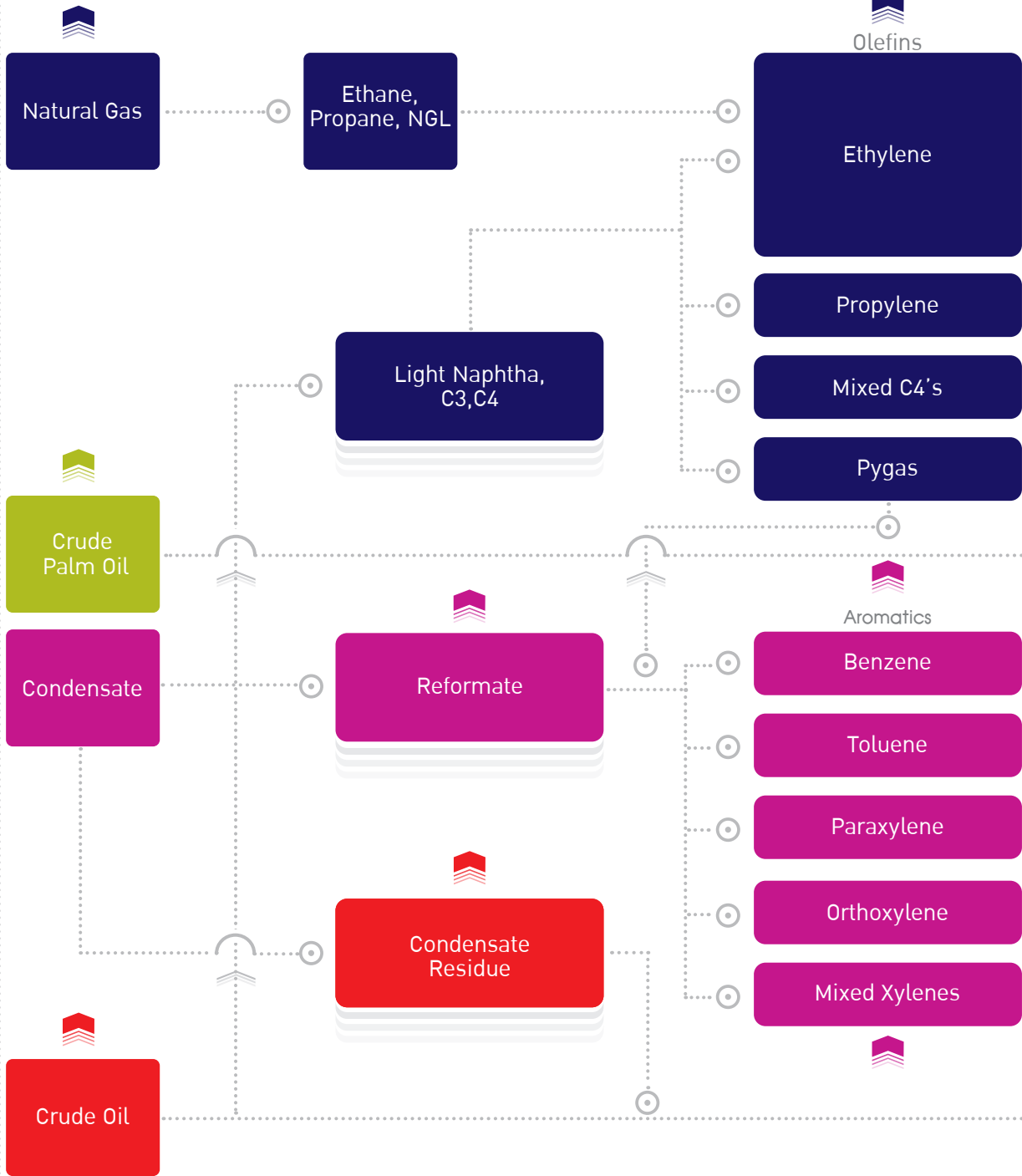
(1) PTTGC Crude Oil refining 145,000 barrels per day capacity
 (2) PTTGC 2,259,000 tons per year capacity and the total condensate refining capacity 135,000 barrels per day
 (3) PTTGC 1,863,000 tons per year capacity and PTTPE 1,025,000 tons per years capacity
 (4) PTTGC 300,000 tons per year capacity and BPE 500,000 tons per year capacity
 (5) PTTPE 300,000 tons per year capacity
 (6) PTTPE 400,000 tons per years capacity
 (7) TSCL 90,000 tons per year capacity
 (8) TOCGC 300,000 tons per years capacity and 95,000 tons per year capacity expansion is in the process
 (9) EA 50,000 tons per year capacity

(10) TEX 50,000 tons per year capacity
 (11) TOL 331,000 tons per year capacity
 (12) EMERY 962,000 tons per year capacity (include MPR Project which is under construction)
 (13) Bio Spectrum
 (14) NatureWorks LLC
 (15) Phenol 200,000 tons per years capacity and Bis-Phenol-A (BPA) 150,000 tons per year capacity
 (16) Perstorp Holding France SAS 125,000 tons per year capacity
 (17) TTT
 (18) PTTUT
 (19) NPC S&E
 (20) PTTME and PTTES
 (21) EFT
 (22) VNT 280,000 tons per year capacity
 (23) BioCreation
 (24) Myriant Corporation
 (25) PTTICT
 (26) Business Service Alliance

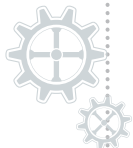
Business Flow Chart

Feedstock

Upstream



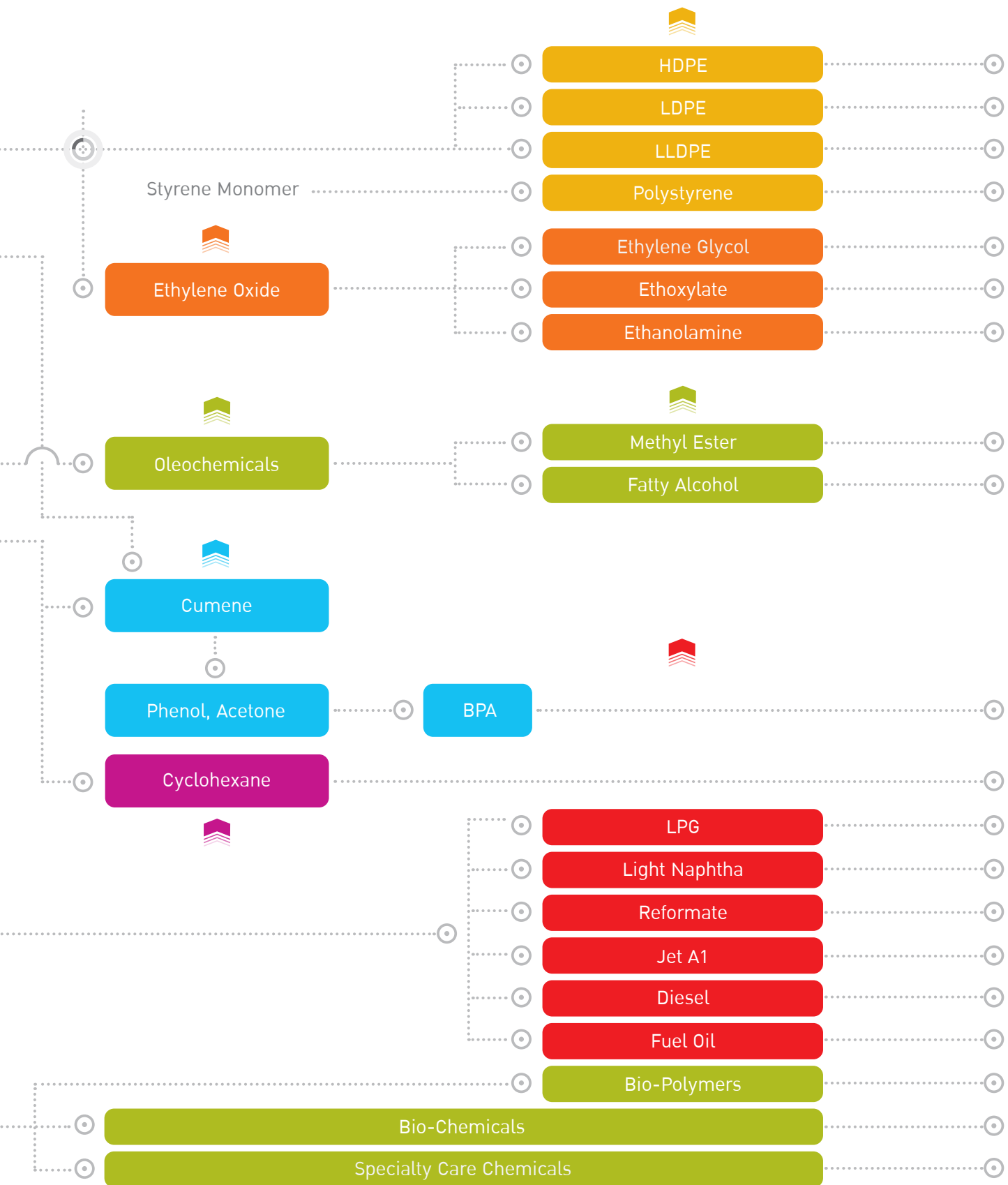
Agricultural Products



Intermediates

Downstream

Customers



Refinery and Shared Facilities

Overview

As a leader of Thailand's oil refiners and suppliers of refined products, PTTGC owns and operates a most advanced complex refinery, one of the most energy-efficient in Asia Pacific, thanks to the flexibility of refining processes and the ability to supply refined products in quantities matching customers' demand. The refinery has a capacity of 145,000 barrels per day of crude intake, with a wide range of high-quality refined products expected of a complex refinery with hydrocracker, and visbreaker units, capable of converting fuel oil into middle distillates.

The Company values businesses and activities in support of the security and integration of the petrochemical business. To illustrate, PTTGC Group owns a jetty and petrochemical tank farm to provide production security, such as when production processes are not functioning or during maintenance turnarounds. These also serve as storage for imported and exported petrochemical products, and in service provision to downstream petrochemical plants.

Performance overview

This year PTTGC's petroleum production totaled 57.6 million barrels from a crude intake 58.8 million barrels as raw materials, with one planned maintenance turnaround (47 days) during the first quarter, as well as continuous process efficiency improvement as strategically planned and summarized below:

- Replaced catalysts at the reformate unit for higher aromatics yields
- Replaced catalysts at the hydrocracker unit for higher diesel and jet fuel yields.

PTTGC constantly undertook the following projects to mitigate environmental impacts, including process improvement, to ensure optimal resource consumption.

- Installed a Low NOx Emission system at the unit 3 gas-turbine power generator, the last unit, lowering the emission of nitrogen oxides by 20%
- Operated the Upgrading Complex Phase 2 Project, also known as the Deep Hydro Desulfurization (DHDS) Project, to produce low-sulfur diesel of the EURO IV standard, with a start-up in December 2011.

PTTGC sold a total of 55 million barrels, grossing USD 6,450 million in revenue. PTTGC's domestic sales of its main products (diesel and jet fuels) accounted for 72% of the refinery's total capacity or a 19% of domestic market share. PTT Plc. remained its biggest product customer.

PTTGC secured new customers, particularly those for fuel oil, thus giving itself greater flexibility for processing and sale. Petroleum products sold in Asian - Singapore and Vietnam, accounted for about 35% of total petroleum sales.

Market and competition

- Crude oil price

For the first half of the year, the Dubai crude oil price ("Dubai") soared from the end of last year, buoyed by the unrest in Middle Eastern and North African countries, lowering world oil supply and pushing Dubai to peak at USD 118 per barrel in April - a two-year high.

Commodity prices - including those of crude oil - started to fall during the second half of the year with the economic slowdown and the lowering of the US financial rating to AA+; meanwhile, China exercised a more stringent monetary policy to combat inflation. The sluggish economic expansion took place during the latter half of the year. Equally important, the sovereign debt crises of Eurozone countries threatened Italy, Spain, and Greece. As a result, world economic growth lost some steam, thus lowering its oil demand. In the meantime, the situation in Libya was improving in October, meaning that Libya was returning to its oil-producing role. These factors caused Dubai to drop to USD 100 per barrel in the third quarter.

During the fourth quarter, however, fresh unrest brewed in oil-producing countries like Iraq, Kazakhstan, and Nigeria, coupled with the greater tension in the Middle East due to the international sanction against Iran's nuclear energy project and encouraging economic recovery signs in the US. These pushed Dubai to about USD 110 per barrel toward the year-end, with a tendency to level off until the beginning of 2012.

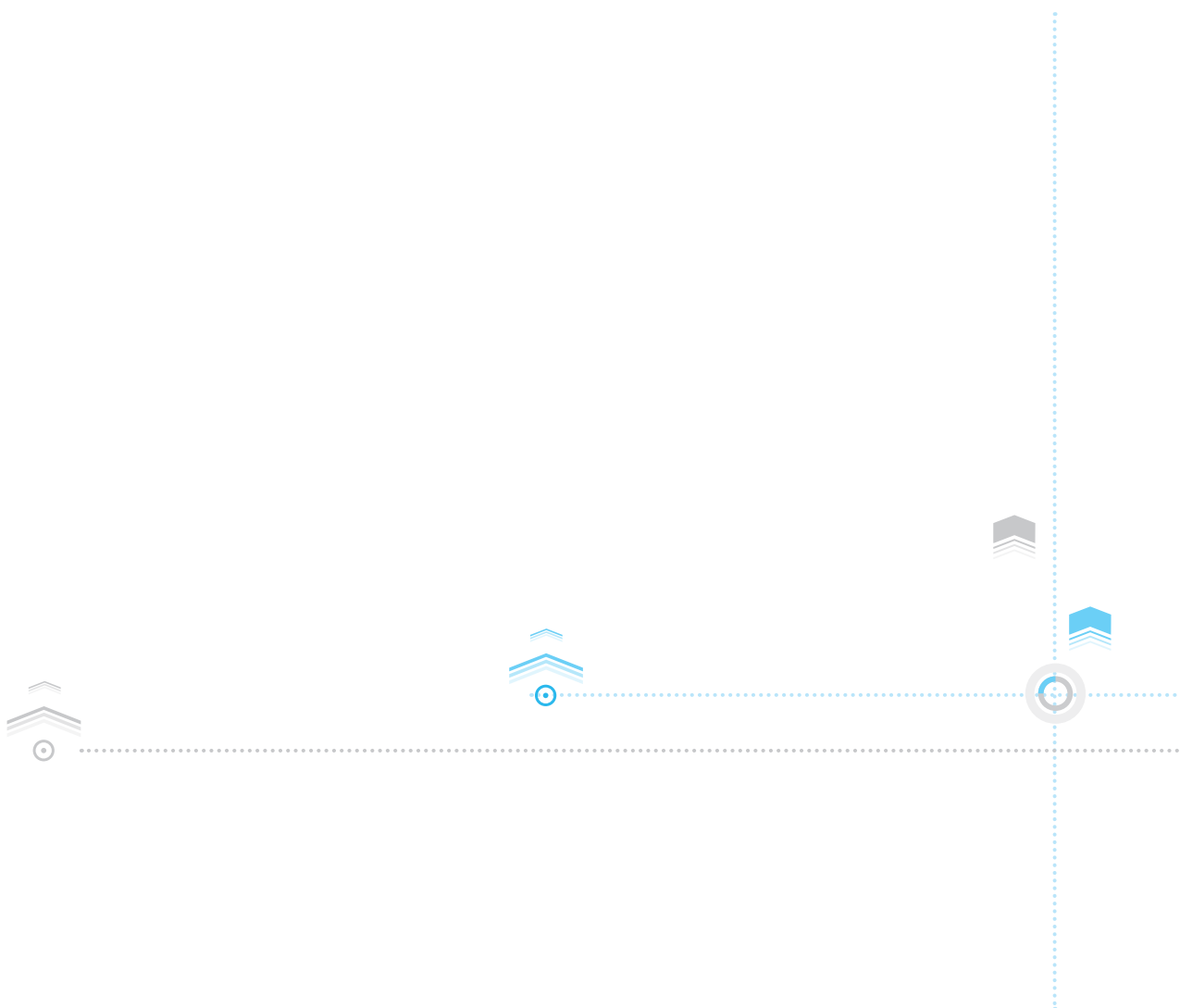
- Petroleum product prices

This year the spreads between petroleum products and Dubai continued to rise from those of the previous year because of the expanding petroleum product demand in line with world economic growth, particularly in Asia. Meanwhile, supply of petroleum products became significantly tight after the March earthquake and tsunami in Japan, as summarized below :

- Gasoline : (ULG 95) crake spread : This spread remained elevated through the year, peaking in September at USD18.1 per barrel due to an unplanned shutdown of the refinery of Formosa Petrochemical Corporation in Mailiao, Taiwan, and that of the Dung Quat refinery in Vietnam. This spread fell in November, when the average gasoline price dropped to USD 3.9 per barrel with the return to operation of such refineries and the lower demand due to floods in many Asian countries. For the year, the spread averaged USD 13.5 per barrel (a 31% rise) against last year's USD 10.3 per barrel.
- Jet/kerosene crake spread : This spread soared from that of last year, a result of the heightened demand due to prolonged frigid weather in various regions, including the US, Europe, and Asia, and the recovery of production and aviation sectors for cargo transport and international travel alike. Also, the March earthquake and tsunami in Japan took away more than 1 million barrels of refining products. In addition, jet fuel stockpiling for winter in Japan and the emergency shutdowns of Taiwan's and Singapore's refineries during the third quarter hiked the spread from USD 12.1 per barrel last year to USD 19.4 per barrel this year - a 60% rise.
- Diesel crake spread : This spread also soared as a result of Japan's earthquake and tsunami in March as well as from China's export ban on diesel during the second and third quarters for its own reserve use for power generation in the summer - a result of the drought in the northern part of that country and the lower dam-water levels for the purpose. As a result, the average spread this year climbed from USD 11.4 per barrel last year to USD 18.3 per barrel - a 61% rise.
- Fuel oil crake spread : This spread dropped from that of last year against the soaring crude oil price, but since the bunker oil demand by the shipping industry lingered and since demand was rising for power generation to make up for nuclear power plants damaged by Japan's earthquake and tsunami, the spread this year dropped to USD -5.2 per barrel (a 30% drop) from USD -3.9 per barrel last year.

With the market in a tight state, competition among refineries this year was mild, notably during the first half of the year and Japan's earthquake and tsunami, which resulted in a loss of 1 million barrels having to shut down in March. Besides, the refinery of Formosa Petrochemical Corporation in Mailiao, Taiwan, caught fire in late July, dealing a loss of about 540,000 barrels per day in August, which continued to early September. Meanwhile, oil demand was steadily rising, notably in Asia.

While Thailand's refinery business was affected by the floods toward the year-end, thus depressing oil demand, the impact was mild, since IRPC's refinery had planned a maintenance turnaround during the same period, thus taking away some domestic supply.



Aromatics

Overview

PTGC produces and distributes primary aromatics, namely benzene, paraxylene, orthoxylene, toluene, mixed xylenes, and cyclohexane (intermediate product) - as feedstock for intermediate and downstream industries. Today PTGC runs two aromatics unit, both aromatics complexes boast the technology of UOP, a world-renowned licensor known for constant upgrading. Both facilities allow feedstock and product exchange to optimize paraxylene and benzene production by :

- Mixed Xylenes from Aromatics Complex I as feedstock in Aromatics Complex II
- Toluene from Aromatics Complex II as feedstock in Aromatics Complex I

Aromatics product	Capacity (tons/year)		
	Complex I	Complex II	Total
Paraxylene	540,000	655,000	1,195,000
Benzene	307,000	355,000	662,000
Cyclohexane	200,000	-	200,000
Orthoxylene	66,000	-	66,000
Mixed xylenes	76,000	-	76,000
Toluene	-	60,000	60,000
Total	1,189,000	1,070,000	2,259,000

The total aromatics production is 2,259,000 tons per year along with 135,000 barrels per day of condensate splitter.

These products serve as feedstock for the following industries :

Upstream	Intermediate	Downstream	Application
Benzene	Styrene monomer	Polystyrene	Containers, electronics, toys, furniture, ink, and glue
		Acrylonitrile-butadiene-styrene	Automotive parts, bags, pipes, parts containers
		Styrene butadiene rubber	Automotive tires and hoses
	Cyclohexane	Caprolactam	Nylon 6
		Adipic acid	Nylon 6,6
		Bisphenol A	Polycarbonate polymers
Paraxylene	Pure terephthalic acid	Polyester	Synthetic fiber, thread, PET bottles, and food containers
Orthoxylene	Phthalic acid	Plasticizer	Chemicals used in PVC pipe joining and insecticide
Mixed xylenes			Paint, insecticide, and glue

Business unit operation

Production

PTTGC enhanced aromatics production capability through continuous improvement of processes to be able to use diverse raw materials, which promoted output flexibility in line with a volatile market, and through constant capacity expansion to ensure the most efficient use of its assets. As a result, PTTGC commanded lower production costs and was internationally competitive. A summary of factors supporting its capability appears below :

- Production technology developed by leading experts and accepted as technology with continuous improvement and constant production efficiency upgrading
- Reformer unit (where feedstock is staged before going into the aromatics unit) that provides feedstock blending to accommodate both domestic condensate (with high aromatics contents) and imported condensate (with higher sulfur contents)

- PTTGC's location in Map Ta Phut Industrial Estate, in the vicinity of major customers, and its pipeline system, a predominant mode of product transport, which is highly convenient, speedy, and cost-saving.

Efficiency improvement and maintenance

This year PTTGC produced a total of 2.05 million tons of aromatics with an 88% utilization rate and continuous process efficiency improvement. The year saw Aromatics Complex I suspend its production for 12 days as planned to improve efficiency. Below is a summary of the efficiency improvement moves during the year :

- Replaced heat exchanger of the distillation tower (Parex unit of Aromatics Complex II) to produce 25,000 tons per year of additional paraxylene
- Added value to the process offgas at Aromatics Complex II by installing a pipeline system for using it as feedstock in the olefins plant rather than as fuel use in process
- Added value to excess sour naphtha from Aromatics Complex I and Aromatics Complex II by installing a pipeline system to the refinery to produce reformat
- Improved cyclohexane process to enable it to operate during Aromatics Complex I turnaround, thus lowering its opportunity loss by 15 days

Market and competition

This year the aromatics market improved in line with world economic expansion, which dramatically hiked the needs for downstream products of paraxylene and benzene, namely electronics products, computer parts, automotive parts, and polyester, fiber, and resin products. New downstream producers also entered the market, notably those in China, thus boosting the demand for paraxylene and benzene. Also dramatically rising were the prices of crude oil and naphtha. These factors pushed the average paraxylene price to USD 1,541 per ton (a 47% rise) and the average benzene price to USD 1,091 per ton (a 21% rise) for the year. Below is a detailed description of the spreads between these products and condensate (their feedstock) :

- Paraxylene & benzene spreads: The peak were reached in the first quarter at USD 672 and USD 256 per ton, a result of higher downstream and intermediate demand for paraxylene and benzene in Asia, Europe, and the US, and the higher demand posed by downstream (notably paraxylene) newcomers during that period. Meanwhile, supply became tight because of emergency shutdowns by aromatics plants in Japan in the wake of the earthquake and tsunami there.
- In the second quarter, demand for intermediate and downstream products slowed down with dramatic rises in raw material and naphtha costs. Therefore the spreads fell from those of the first quarter to USD 624 (paraxylene) and USD 173 per ton (benzene).
- In the third quarter, these spreads remained relatively unchanged at USD 598 and USD 192 per ton. While power generation problems due to the drought in China had eased, resulting in higher outputs by intermediate and downstream operators (PTA and polyester) in China, and raw material and naphtha costs had dropped, the greater supply from a new aromatics plant in South Korea effectively stunted the spreads to effectively the same level as in the second quarter.
- In the final quarter of the year, aromatics prices were pressured by economic problems of European countries, suppressing the demand for intermediate and downstream products. Meanwhile, China's tough economic measures deprived downstream producers of liquidity and made them cut their capacities. The spreads therefore reached their year-lows at USD 572 and USD 84 per ton.

Overview competition in the paraxylene market this year was fairly tame, thanks to the tight supply in Asia. Domestically, PTTGC sold about 82% of their outputs. The Company has been highly competitive because of its pipeline transport of products, which has kept its costs lower than those of its competitors. As for its export markets, PTTGC sent its products to China, the world's largest paraxylene market. Again, PTTGC's logistics has proved superior to those of other regional producers.

As for benzene, PTTGC successfully maintained its domestic market share at 50% of its output, with pipeline product transport as the primary mode. Benzene was exported to Singapore, Malaysia, Saudi Arabia, and India - markets where the Company competed logistically. Incidentally, its benzene products were widely accepted by the market for their quality, so they could compete with others.

Olefins

Overview

PTTGC Group produces olefins (a collective name for ethylene and propylene) for sale to intermediate and downstream petrochemical plants in the industrial estate, to HDPE, LDPE, and LLDPE plants within the Group, and to the ethylene oxide/ethylene glycol (EO/EG) plant of TOC Glycol Co., Ltd. (TOCGC), wholly owned by PTTGC. At the year-end, its olefins nameplate capacity totaled 2,880,000 tons per year, consisting of 2,376,000 tons per year of ethylene and 512,000 tons per year of propylene.

The Group also produces and sells olefins by-products, namely mixed C4, pyrolysis gasoline, tail gas, cracker bottom, and hydrogen, to domestic customers. To supplement value to these, PTTGC will operate the butene-1 and butadiene project from mixed C4 with a combined capacity of about 100,000 tons per year. Today, the plant's basic engineering design has been completed, with a start-up date in about the second quarter of 2014.

PTTGC also values businesses and activities in support of security and integration of the petrochemical business by producing and selling essential public utilities, namely power, steam, and industrial water (consisting of treated water, potable water, and demineralized water, for consumption in the Group's olefins plants and distribution to a group of downstream petrochemical plants within its concessions and other companies in Map Ta Phut Industrial Estate. At the year-end, the Group commanded 210 megawatts (MW) in power-generating, 620 tons per hour in steam capacity, 2,080 cubic meters per hour in industrial water capacity, and 1,000 cubic meters per hour in sea water reverse osmosis (SWRO) capacity.

Performance

This year PTTGC's olefins business continued to post good results, partly accounted for by higher spreads than those of last year, as summarized below :

- Strengthened its olefins advantages in raw materials by managing its assets for optimum benefits, specifically by improving key processes and equipment to boost processing efficiency
- Added distribution and marketing capability together with development of key information systems for activity planning to boost domestic and international competitiveness, apart from preparing the Company for future growth
- Introduced software systems, like SCM and SAP, to bolster business efficiencies

Market and competition

- Domestic market

Domestic ethylene production this year amounted to 3.9 million tons, a 34% rise¹ from that of last year, with the start-ups of new cracker plants, namely the 1-million-ton/year plant operated by PTPE (PTGC's subsidiary) and the naphtha cracker plant operated by MOC since 2010 (which was more fully on-stream this year). Several producers suspended their operations this year as planned for maintenance, and others lowered their capacities because of a shortage of feedstock, which were getting more expensive. On the whole, however, Thailand's ethylene output rose to keep up with the 31% rise in demand over the year² because a new downstream plant, namely the 300-KTA LDPE plant of PTPE, came on stream in the first quarter, while a 350-KTA LLDPE plant of Siam Polyethylene Co., Ltd., (which started up last year) was ramping up, but could not keep up with the demand, thus needing to import more ethylene for these plants. Still, some ethylene was exported as a measure of managing outputs and sales during the year. The bottom line is that Thailand was a net importer of about 31,000 tons of ethylene.³

As for domestic propylene outputs, the year saw a drop of about 7%⁴ because new, on-purpose propylene units, namely the metathesis unit of MOC and the PDH unit of HMC Polymers (on-stream since last year), were not fully on stream. Meanwhile, PTGC's 100-KTA PDH unit underwent a planned maintenance turnaround, as well as for market reasons, in the first and third quarters, lasting 79 days, and the 6% reduction⁵ in propylene demand from last year, necessitated propylene exports instead to manage outputs. The bottom line was that Thailand remained a net exporter of about 130,000 tons⁶ of propylene as a result of domestic supply still exceeding domestic demand.

- Asian olefins market

It was another good year for Asian olefins producers because the average prices proved substantially higher than those of last year: ethylene at USD 1,188 per ton (a 10% rise) and propylene at USD 1,387 per ton (a 23% rise)⁷

This was because in the first half of the year, the market was rather tight, as several regional cracker plants underwent maintenance shutdowns and capacity reduction - both planned and unplanned (process problems). Shell Chemical's 800-KTA plant in Singapore and Ethylene Malaysia's 400-KTA plant in Malaysia took out 1.73 million tons⁸ in ethylene supply. Add to this the lower supply from the Middle East to Asia because of their maintenance turnarounds and their decisions to export the commodities to Europe for greater profitability. Ethylene prices were also boosted by the higher prices of crude oil and naphtha because of the unrest in many countries in the Middle East and North Africa. Incidentally, the March earthquake and tsunami in Japan had little impact on the regional ethylene market, thanks to adequate inventory by producers.

In the second half of the year, ethylene market prices lost ground because of the sluggish demand for downstream products, resulting from China's tough measures to rein in inflation and from global economic uncertainty, particularly in the US and European countries (both major export markets of downstream producers). What happened was that such producers slowed down their buying and ordered just enough for their processing, causing ethylene prices to drop by about 12% from the first half of the year.

On the whole, these factors dropped the profitability of naphtha-based ethylene producers from that of last year, as seen in the spread between ethylene and naphtha this year of USD 266 per ton by USD 97 per ton from that of last year.⁹

The Asian propylene market this year likewise proved tighter. This is because several Asian on-purpose propylene units shut down for planned maintenance or for production problems, in addition to the fire at Formosa's petrochemical complex in Taiwan in late July, causing disruption at the 325-KTA RFCC (residual fluid catalytic cracker) unit and the 250-KTA OCU (olefins conversion unit) and the explosion at Shell Chemical's 500,000-barrel/day refinery in Singapore toward the end of September - as a result, a part of the 800,000 tons per year of ethylene capacity and 450,000 tons per year of propylene capacity disappeared from the market. These losses, combined with other cracker shutdowns and capacity drops took away about 1.05 million tons of propylene from the market. Certainly, the rises in crude oil and feedstock prices also had something to do with it. These factors led to the higher prices of propylene in Asia than those of ethylene. Incidentally, the propylene-naphtha spreads this year averaged USD 466 per ton, a rise of about USD 47 per ton from that of last year.¹⁰

Asian market competition for olefins this year proved fairly stable during the first half of the year, with markets in a tight condition. In the second half of the year, however, with the sluggish demand arising from global economic uncertainty, including that in the US and the Eurozone, together with China's tough monetary measures to keep inflation in check, the market was in oversupply. As a result, price competition grew fierce. PTTGC, however, was relatively spared from such market conditions, thanks to its olefins production and distribution security and - equally important - its predominantly ethylene-based petrochemical processing in both intermediate and downstream plants, namely its own MEG and HDPE units. Besides, more than 80% of its olefins are derived from natural gas - which has kept its costs competitive worldwide.

To maintain its competitiveness, PTTGC is committed to keeping business returns decent by devising plans, including those for inventory management, production cost reduction, and cash-flow management.

1-6 (PTTGC's own estimate)

7-10 (Source: ICIS)

Polymers Business Unit

Overview

The polymers business takes up from the olefins business, both related to daily living and consumer applications. Polymers find themselves converted to general consumer products, essential goods for the industrial sector and agricultural sector, and goods that add convenience to modern lifestyles, which is why the Group is focusing on this business.

Today, PTTGC produces HDPE at a 300,000-ton/year capacity plus a 500,000-ton/year capacity of a subsidiary (Bangkok Polyethylene Co., Ltd.) for a total of 800,000 tons/year - all distributed under the InnoPlus trademark.

Various grades of HDPE are produced for film, blow molding and tube, pipe, injection, and fiber work, all of which can be modified for desired properties and applications, including merchandise bags, drinking water bottles, milk bottles, lubricant containers, household utensils and articles, toys, and products for construction and the agricultural sector like ropes, seines, nets, crates, stands for goods, water pipes, and electrical conduits. The Group sells HDPE to domestic and international molding factories through PTT Polymer Marketing Co., Ltd. (PTTPM), a joint venture between PTTGC (25%), PTT (50%), and IRPC (25%) and a marketing and distribution agent for all PTT Group companies to promote their marketing capability worldwide.

In addition, PTT Polyethylene Co., Ltd. (PTTPE), a wholly owned subsidiary, began its commercial production of LLDPE at a capacity of 400,000 tons/year in January 2010, and that of LDPE at 300,000 tons/year in February this year. Both products find applications in molding into assorted containers. Finally, Thai Styrenics Co., Ltd., wholly owned by PTTPE, produces 90,000 tons/year of polystyrene (PS). All these give PTTGC's polymers products great diversity.

Performance

Belonging to the downstream petrochemical industry, polymer production is capital-intensive with rather volatile prices subject to the price cycles of crude oil and supply-demand, much like other petrochemicals. If one can control production costs and have a secure customer base, one can survive in the long term. The Company's advantages lie in its long-standing experience in HDPE production, its cordial relations with reputable technology licensors together with transfer of world-class technology and continuous product development. PTTGC's polymers have won certification of prestigious standards, or are in the process of doing so, including ISO 9001 (quality management standard), ISO 14001 (environmental management standard), TIS 18000 (occupational health and safety management standard), and ISO 17025 (or Guide 25, laboratory management standard). These assure the Company that it can manage production with efficiency, thus deriving maximum benefit from production and securing low unit production costs.

PTTGC boasts systematic, world-class environmental management systems that are on top of potential problems resulting from its operation, while commanding continual improvement approaches, described as follows :

- An installed reverse osmosis system for treatment of effluent for reuse as clarified water for process cooling, which lowers the volume of effluent and optimizes natural resources - an application of the eco-efficiency concept
- Additional installation of other high-efficiency equipment to ease environmental impacts, including bag filters for product transport to silos and silencers installed at process equipment
- Installation of a display board in front of the Company in Rayong for data on environmental management, plans to minimize and treatment of pollutants, and projects being undertaken to minimize and treat pollutants from Group plants to show commitment and transparency in the Company's environmental operation
- Support to the addition of green areas on the Company's compounds, communities, and the vicinity to ease global warming under its plan to minimize and treat pollutants. This year the Polymers Business Unit participated in reforestation activities at the Huai Mahat community and on traffic islands of Map Ta Phut Industrial Estate, and in weir-building at the Huai Mahat and Chak Luk Ya communities
- Implementation of a plan to reduce VOCs at every piece of polymer process equipment
- A wastewater treatment system to handle all process wastewater
- A solid-waste treatment system through sorting, sale, or disposal by companies authorized by the Department of Industrial Works

- A liquid-waste treatment system through sale as fuel to companies authorized by the Department of Industrial Works

Market and competition

The year's domestic economy saw steady growth in plastic product demand during the first two quarters, thanks to economic stimuli in the run-up to the general elections and declaration of a clear policy by the new government. Unfortunately, the Great Floods of late 2011 put a brake on plastic producers, both directly and indirectly, in the last two quarters. The floods ravaged plastics factories in the Central Region, with 64% facing problems and over 30% having to suspend manufacturing, with a rippling effect on other industries, including the automotive, electrical appliance, and other industries of production supply chains - with purchase orders plummeting. Yet, demand for drinking water bottles, containers, boats, sand bags, and other essential tools in times of floods soared during the period of the floods. Therefore, demand for the entire year posted a 3.8% rise from that of the past year.

Other major domestic manufacturers of plastics are :

- IRPC Plc, regarded as Thailand's pioneer manufacturer of polymer production, commands integrated petrochemical businesses encompassing upstream and downstream, including HDPE, LDPE, LLDPE, PP, EVA, ABS, and PS. At present, IRPC is one of PTT's affiliate companies, as does PTTGC. Therefore, both are allies and have potential to be business partner in the future.
- Thai Polyethylene Co., Ltd. (TPE), an affiliate of Siam Cement Group, commands integrated petrochemical production, with its HDPE operation preceded only by IRPC. With feedstock received from an olefins plant in the same group (namely Rayong Olefins Co., Ltd.), while partially sourcing olefins supply volume from PTTGC. TPE is also produce LDPE and LLDPE.
- Siam Polystyrene Co., Ltd., a joint venture between Siam Cement Group and Dow Chemical Thailand (the world's leading producer of chemicals and polymers), produces PS from SM feedstock received from Siam Styrene Monomer Co., Ltd., another Siam Cement Group company.

EO-Based Performance Business Unit

Overview

To supplement value to olefins and accommodate demand of industrial production and consumers, PTTGC Group recognized the need to manufacture higher-value products not yet available domestically so as to displace imports and add competitiveness to Thailand's petrochemical industry. To this end, the Group turned to EO-based performance products.

- EO/EG

TOC Glycol Co., Ltd. (TOCGC), wholly owned by PTTGC, produces ethylene oxide (EO) and downstream product ethylene glycol (EG), with mono-ethylene glycol (MEG) as the core product. MEG is the feedstock for polyester fiber for the textile industry and production of clear PET bottles. TOCGC's MEG capacity is 300,000 tons/year.

For the MEG capacity expansion project by 95,000 tons/year, an ERIA report is under preparation, with production suspended due to a court injunction under the Map Ta Phut case.

- Ethoxylate

Thai Ethoxylate Co., Ltd. (TEX), a company 50% owned by PTTGC, runs the EO derivatives project. Ethoxylate is feedstock for the production of shampoos, dishwashing liquid, and cleaning solutions. With a capacity of 50,000 tons/year and with a commercial start-up in November 2006, it is Thailand's first such plant.

- Ethanolamines

Thai Ethanolamines Co., Ltd. (EA), produces ethanolamines, a blending agent in the production of hair conditioners, fabric softeners, cosmetics, and the pharmaceutical industry. With a 50,000 ton/year capacity, the plant had a commercial start-up in February 2011.

Performance

- TOCGC values energy matters through exercising energy conservation, leveraging plant design to control machinery operation, including inspection of heat exchange from chemical reactors such that heat transfer occurs at the maximum production rate, less reliance on steam imported from the steam plant, increased circulation of latent-heated substances for heat transfer during the production stage, detection of production equipment that consumes excessive power, and scheduling to shave peak power consumption for large water pumps. TOCGC therefore maintained its market competitiveness.
- EA values actions related to institution of systems for ISO 9000, ISO 14001, and TIS/OHSAS 18001, with certification from MASCI already granted. EA also ensured that no air pollution escapes to the atmosphere.
- TEX maintained its competitiveness, evident in year-round purchase orders and full-steam operation. It also initiated assorted projects that have contributed to energy saving and process efficiency improvement.

Market and competition

MEG is one of feedstock material of the polyester product and a downstream core feedstock for the textile industry and the clear plastic-bottle industry, its market situation align with that of the polyester industry. This is particularly true in the Chinese market, where MEG demand and imports top all other countries, including other Asian countries that still need to import MEG to constantly meet market needs.

As for the overall ethanolamine market, the year saw a business down-cycle, with slowdowns and lower demand by operators in related industries, including personal-care product, weed-killing drug, and construction industry. As a result, ethanolamine prices suffered and are projected to level off in 2012.

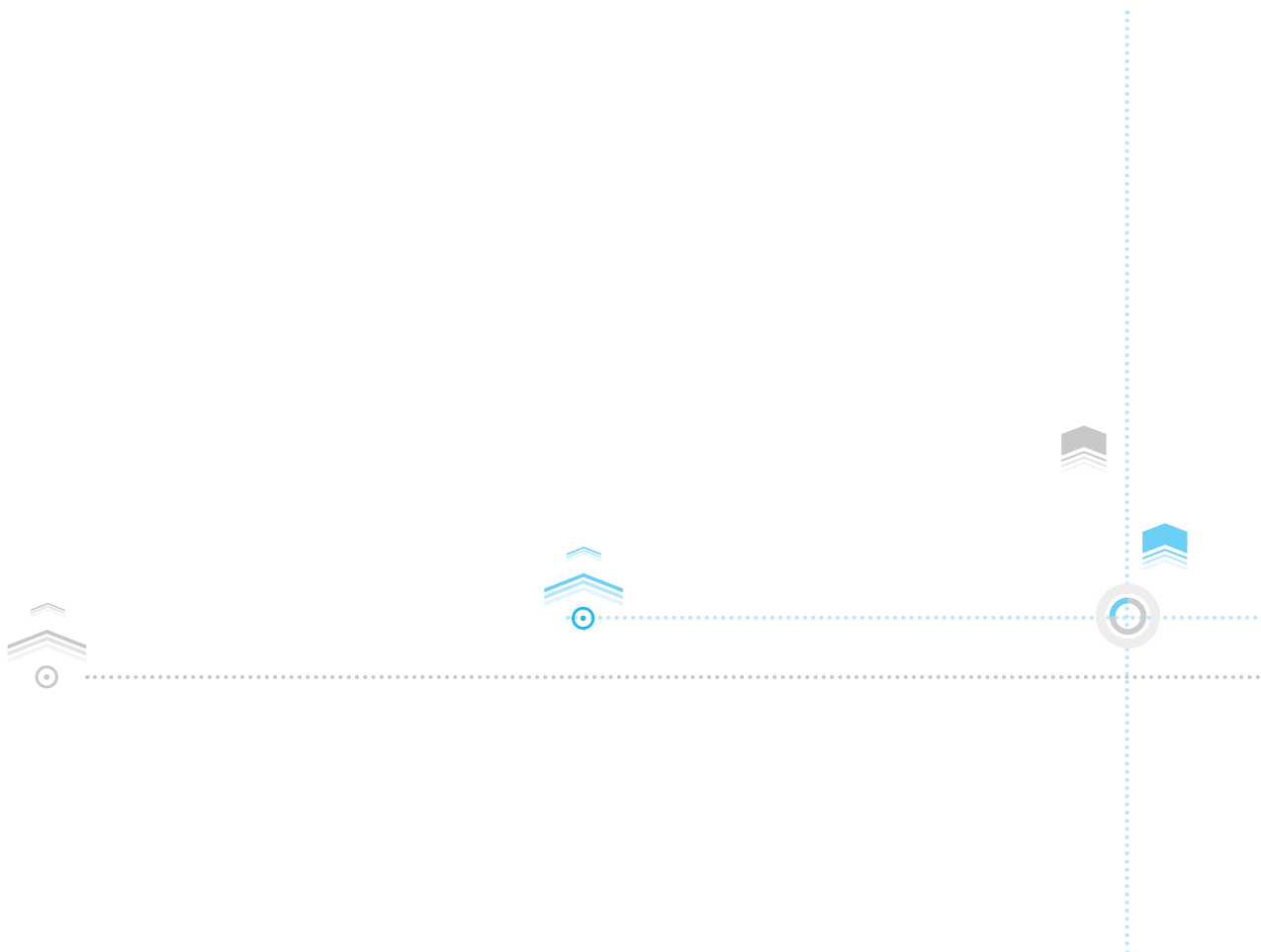
Ethoxylate is strongly associated with the domestic personal care and home care businesses. But because of the Great Floods in the late 2011, the overall ethoxylate market expanded mildly.

As for worldwide marketing and distribution of these products, the world's major MEG producers, namely SABIC, MEGlobal, and Shell, are based in the Middle East and other countries worldwide. Each year these producers expand their capacities for greater economies of scale and competitive

advantages over others to accommodate global MEG demand through direct and agent sales. All suppliers have tried to maintain their market shares in Thailand, especially those with key customers.

Similarly, for EA, the world's major producers are OUCC, Optimal, Ineos, and Dow, based in Asia and other regions. These producers have long been in this business, with good relations with their customers and distributors in every region of the world.

For TEX, the world's major market and distributors are Dow, Optimal, Shell, Huntsman, Clariant, and Sasol. Their main production bases are in Asia for advantages in labor costs and raw material costs. Production bases are scattered around the world.



Green Chemicals Business Unit

Overview

Green chemicals are processed primarily from natural materials like palm oil, palm-kernel oil, vegetable oil, or animal fats, yielding countless downstream products. Since Thailand boasts a sound geographical location and favorable climate for oily plants that are perfect for conversion into oleochemicals, coupled with the rising demand for alternative energy and green products, PTTGC seized this opportunity of developing green chemicals as a business unit, with investments made in subsidiaries and joint ventures summarized as follows :

- Thai Oleochemicals Co., Ltd. (TOL), wholly owned by PTTGC, has a capacity of 200,000 tons/year of methyl ester and 31,000 tons/year of glycerine.
- Thai Fatty Alcohols Co., Ltd. (TFA), wholly owned by TOL, has a capacity of 100,000 tons/year of fatty alcohols.
- Bio Spectrum, a 75%-25% joint venture with Inventa Technology (S) Pte. Ltd., produces carotenoid, an extract from methyl ester for food coloring. Its production unit is under construction.

Below are three joint-venture companies with PTT Chemical International Pte. Ltd. (a PTTGC Group company) :

- Emery Oleochemicals (M) Sdn. Bhd. (Emery) - a 50%-50% joint venture with Sime Darby Plantation (Malaysia) - boasts 962,000 tons/year in oleochemicals capacity and acquired assets of the Multi-Purposed Reactor (MPR) from TFA. With 14,000 tons/year of capacity, MPR came on stream this past year.
- Myriant Corporation., a 46%-54% joint venture with former shareholders (via PTTGC International (USA))
- NatureWorks LLC, a 50%-50% joint venture with Cargill Inc. of the US. (via PTTGC International (USA))

The two latter companies are leading ones renowned for their green chemical production technologies with a focus on research and development of bioplastics and biochemicals.

Performance

TOL maintained its ISO 9000, ISO 14000 (environmental management system), TIS 18001 and OHSAS 18000 (occupational health and safety assessment system), GMP (good manufacturing practice, a key fundamental system for food safety), and HACCP (hazard analysis and critical control point) certification, together with certification from the Halal Standard Institute of Thailand. These illustrate TOL's consistent commitment to quality, customers' satisfaction, the environment, surrounding communities, and its care for the safety and health of all contractors and employees.

As for marketing and commercial aspects, in a highly competitive market, TOL and TFA have constantly improved their production quality by running projects to add efficiency and cut production costs, including energy saving in production (particularly electricity and steam). Ideas have been forwarded on product value addition to meet customers' demand and boost confidence in products through quality improvement and continual services for customers' maximum satisfaction.

Meanwhile, Emery has expanded its production by investing in plastic additives through cooperation between itself and PTTGC to move the plant from Map Ta Phut to Malaysia. Adjustments were made to raise its capacity to forge synergy with shareholders in the best interests of all.

Market and competition

This year saw tremendous volatility for domestic methyl ester, particularly early 2011, when domestic crude palm oil was in short supply, causing the government to revoke its subsidy to B5 biodiesel and require only B2 biodiesel, effective from March. With increasing supply of crude palm oil toward the year-end, another adjustment saw B4 biodiesel come into enforcement. As a result, the year's demand for methyl ester plunged. In 2012, however, B5 biodiesel will be enforced from January, which should improve the domestic methyl ester situation. As for overseas markets, biodiesel demand is eclipsed by capacity, as seen in the domestic market. In the world market, the methyl ester situation is fluid because of the substantial rises in the prices of palm oil and soybean oil (both raw materials) due to variable weather, which slashed agricultural outputs. The higher the raw material prices, the higher the methyl ester prices. Emery Oleochemicals expects competition from Europe and the US (where the ester is derived from animal fats) to persist.

The fatty alcohols market continued its steady rise from last year, thanks to the surge in demand in the early months, as several Asian producers concurrently suspended their production, resulting in a shortage of fatty alcohols. Still, some grades of the alcohols still posted healthy demand, which resulted in mild rises for the year's overall demand. Global demand this year came to 2.6 million tons, which was eclipsed by global capacity (3.8 tons per year).

Significant factors for the fatty alcohols market are the volumes and prices of raw materials, that is, those of palm-kernel oil and coconut oil. The former was rising and will continue to be elevated in 2012. Higher prices will, however, force some producers to slash their capacities or temporarily suspend production and manage their inventories. Nevertheless, once the prices of raw materials rise, fatty alcohols will become more costly.

Worldwide operators of value-added oleochemicals consist of KLK, IOI, OLEON, and WILMAR, all of which boast production and distribution bases around the world.

As for the domestic market, the major producers of methyl ester are Patum Vegetable Oil Co., Ltd., and Pure Biodiesel Co., Ltd. Others produce methyl ester solely for biodiesel production, especially in the South of Thailand, a well-known palm-growing base.

High Volume Specialties (HVS)

Overview

Apart from the six business units previously mentioned, PTTGC features other chemicals collectively called specialty products, for which a new business unit was set up by the name of High Volume Specialties (HVS). To date, PTTGC has put some investment into this business, including that with PTT Group under the name of PTT Phenol Co., Ltd. (PPCL), which operates a phenol project with a capacity of 200,000 tons/year, with commercial production since March 2009, together with a called Bis-Phenol-A (BPA), with a capacity of 150,000 tons/year and whose commercial production began in April 2011. In addition, PTTGC is about to officially acquire 51% of the common shares in Perstorp Holdings France SAS through PTT Global Chemical International (Netherlands) Co., Ltd., a wholly owned subsidiary of PTT Chemical International Pte. Ltd. ("CH Inter"). Perstorp has 125,000 tons/year in toluene di-isocyanates (TDI) and 24,000 tons/years in Hexamethylene diisocyanate (HDI) capacity for the raw material for polyurethane (PU) production, with wide applications in the automotive industry, and so on.

Performance

- PPCL has a nameplate capacity of 200,000 tons/year of phenol and 124,000 tons/year of acetone, together with 150,000 tons/year of BPA, with plants located in Hemaraj Eastern Industrial Estate in Rayong.
- The Perstorp Holding France SAS joint venture boasts facilities for TDI, HDI, and derivatives on commercial production and located in France and the US, with the following capacities and outputs :

Company	Product	Capacity (thousand tons/year)	Output (thousand tons)	Capacity utilization (%)
Perstorp Holding France SAS	TDI	125	100	80
Perstorp Holding France SAS	HDI and Derivatives	24	24	100
Perstorp Holding France SAS (US plant)	Derivatives	11	11	100

PPCL successfully maintained its competitiveness, with year-round purchase orders and full capacity utilization this year. It also initiated projects to cut energy consumption and raise process efficiency, and so on.

Market and competition

2011 was a good year for the phenol product line. During the first three quarters, favorable global economic factors pushed growth, particularly factors in Asia. Demand from the staple market in China remained healthy, supported by the tight supply caused by the March tsunami in Japan, annual maintenance turnarounds of regional plants, and production problems in some of the plants in Asia. Nevertheless, since the late third quarter, demand again weakened, particularly that for BPA, caused mainly by the Chinese government's strict monetary measures. In addition, the sovereign debt crises of Eurozone countries and the frail US economy contributed to the weak demand for goods.

TDI commands markets worldwide of about 1.8 million tons, with an average annual growth rate of 4.6%. Last year, Asia's demand totaled 822,000 tons for this largest and most robust market (6.4%), followed by Europe and the Middle East (a combined 584,000 tons/year, with a 3.8% growth rate) and the US (441,000 tons/year, with a 2.0% growth rate). Most TDI applications are in the PU foam group for the automotive, furniture, and office equipment industries.

This year the overall economy continued to pick up. But since the prices of raw materials were 55% higher than those in 2009, with WTI crude prices averaging USD 79.52 per barrel and toluene prices averaging USD 1,072 per ton, TDI producers' margins fell from 2009 by USD 380 per ton. TDI average price is USD 2,364 per ton for the year. (Source : CMAI)

Since PPCL's phenol plant is the only one in Thailand, it has faced competition in marketing and sale only from foreign producers, particularly those from China, Singapore, Japan, Taiwan, and South Korea. Asia's major producers of phenol and acetone consist of the Mitsui Chemicals group, Sinopec group, Kumho P&B, Formosa Chemicals & Fibre Corporation, LG Chem Co., and Chang Chun Petrochemical Co., Ltd.

As for the BPA business, while in Thailand there are two such plants (PPCL and Bayer Thai), Bayer Thai produces BPA for captive use, that is, almost solely for polycarbonate production, PPCL has faced competition from overseas rivals, meaning those in China, Singapore, Japan, Taiwan, and South Korea. Asia's major BPA producers are Mitsui Chemicals group, Kumho P&B, Nan Ya Plastics Corp., Chang Chun Petrochemical Co., Ltd., Mitsubishi Chemical Corp., and LG Chem Co. No producer of TDI and HDI is based in Thailand, whereas the majors in Europe and Asia are :

- BASF produces TDI and other products related to PU production. With plants scattered around the world, BASF is regarded as a certified rival that is very close to its customers.
- Bayer produces TDI and HDI, as well as other products related to PU production. Like BASF, with plants located around the world, Bayer is regarded as a certified rival that is very close to its customers and boasts research and development capability for production technological advantages.

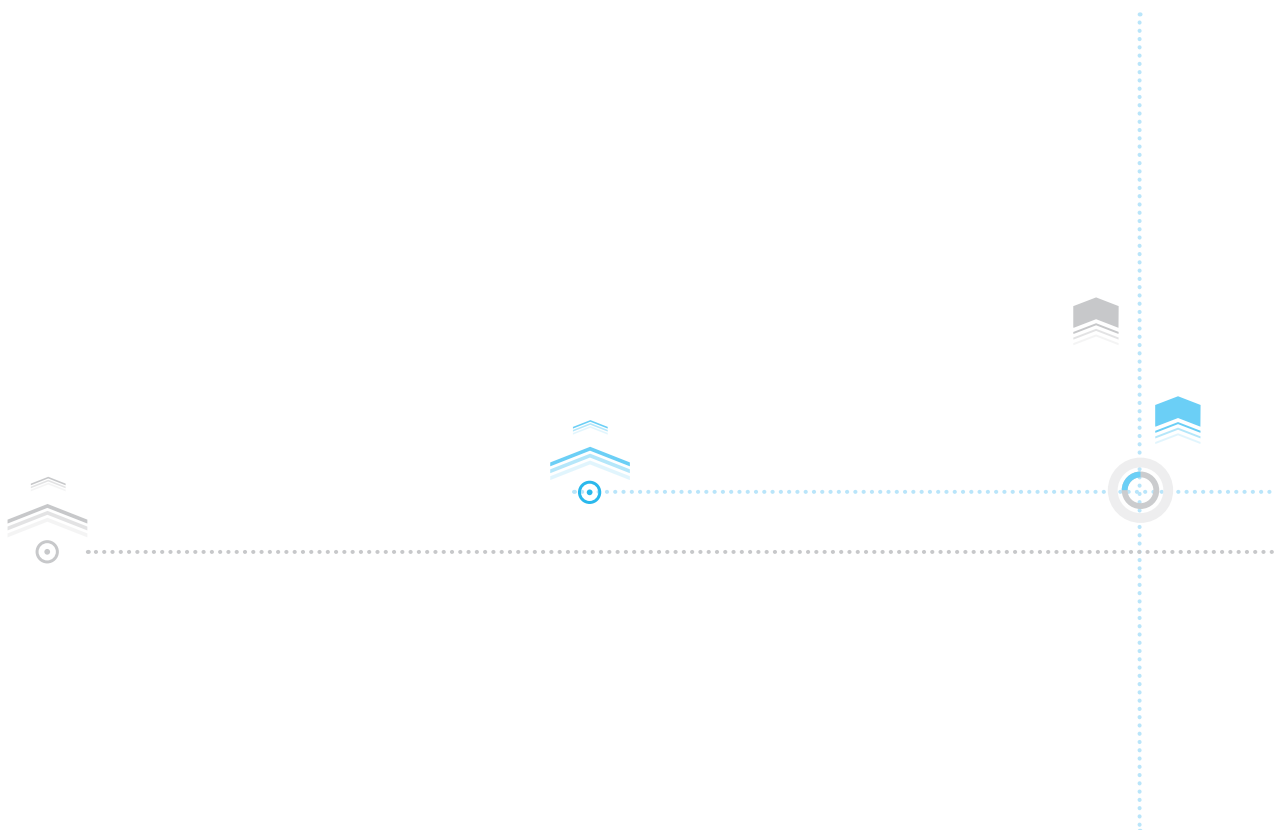
Services and Others

Overview

Valuing businesses and activities in support of business security and integration, PTTGC Group has an array of business services for the Group and customers in the downstream petrochemical industry.

1. **Jetty and chemical tank farm** : This is managed by Thai Tank Terminal Co., Ltd. (TTT), with a jetty for commodity transfer and a tank farm catering to industrial customers at large in Map Ta Phut Industrial Estate as stated in its concession.
2. **Public utility production/generation and sale** : This is managed by PTT Utility Co., Ltd. (PTTUT), which generates and supply electricity, steam, and industrial water to the Group and nearby plants.
3. **Maintenance and engineering design services** : This is managed by PTT Maintenance and Engineering Co., Ltd. (PTTME), to serve petroleum and petrochemical plants in Map Ta Phut Industrial Estate and other industrial groups in Thailand and Asia in maintenance, design and engineering, construction, pipe and conduit work, procurement, material work, and production administration. In addition, PTT Energy Solution Co.,Ltd (PTTES) is a new set up firm to provide consultancy and technical support for PTT Group.
4. **Safety, occupational health, and environmental services** : This consists of integrated services managed by NPC Safety and Environmental Service Co., Ltd. (NPC S&E), including training in safety, occupational health, and the environment; design and installation of fire prevention systems; and consultancy on international standardization of quality management, safety management, occupational health and environmental management systems.
5. **Pipeline infrastructural services** : This is managed by Eastern Fluid Transport Co., Ltd. (EFT), a service provider of pipeline infrastructure for petroleum and petrochemical operators in Map Ta Phut Industrial Estate and the vicinity.
6. **Information technology services** : This is managed by PTT ICT Solutions Co., Ltd. (PTT ICT), which provides information technology and communication services to PTT Group.

7. **Outsourcing service** : This is managed by Business Services Alliance Co., Ltd. (BSA), which provides contractor outsourcing services for PTT Group.
8. **Marketing and sales of health and nutrition products** : This is managed by Bio Creation Co., Ltd., a PTTGC subsidiary that provides trading services related to methylamine derivatives and health & nutrition products, including the food/supplement industry, personal-care compounds, and other by-products.
9. **Research and development of bioplastics and biochemicals** : To add capability for research and development (R&D) in preparation for bioplastics and biochemicals, PTT Chemical International Pte. Ltd. (CH Inter) acquired 46.4% of the shares in Myriant Technologies Inc. (Myriant) and is proceeding to acquire 50% of those in NatureWorks LLC of the US. PTTGC is preparing to set up a joint-venture company in Southeast Asia for industrial biotechnological R&D cooperation for regional production of plastics and biochemicals.
10. **Other downstream petrochemical businesses** : PTTGC has other products besides those of the seven business groups, including PVC powder, operated by Vinythai Public Company Limited (VNT), which had a capacity of 280,000 tons per year of PVC as of the year-end. Vinythai is a listed firm in Stock Exchange of Thailand and PTTGC has share 24.98% in this affiliate.







Shaping the Green Growth Society

Social, Community, and Environmental Responsibility

PTT Global Chemical Group defines sustainable development into three aspects: economic progress in tandem with social contribution and environmental stewardship. Such development is consistently behind PTT Global Chemical Group's genuine commitment and display of responsibility through its various projects.

Social

PTT Global Chemical dedicates corporate social responsibility to Thai society. This year PTT Global Chemical Group took part in flood recovery program to relieve flood victims and driving our nation to overcome the obstacle.

With cooperation among PTTEP, IRPC, Thai Oil, and PTTGC, PTT Group established an emergency management center at PTT Head Office on Vibhavadi Rangsit Road to ease hardship and restore the state of mind of the people ravaged by the Great Floods. Here, various employees took turns giving help to restore Thailand's strength and sustainability. The work consisted of three phases.

Phase 1: Relief

As a preliminary effort to relief flood victims, PTT Group donated cash and 50,000 survival bags to several sectors throughout the nation.

Phase 2: Protection and Assistance

PTT Group, "Thai power to rescue flood victims", established relief centers in five severely flooded provinces, namely Nakhon Sawan, Phitsanulok, Ang Thong, Ayutthaya, and Sara Buri to distribute help, including food and drinks through each day for 15,000 people per day, mobile phone charging, physical examination by experienced doctors, mobile lavatories, and barber services. Several teams were set up to alternatively entered the flooded areas to help and restore the areas continuously. Additionally, devoted rescue teams altruistically assisted employees and their families, as well as other Thais - this was another gesture to support the government to overcome the inundation crisis.

Stage 3: Restoration

PTT Group not only focused on providing assistance, but also on national recovery. Recovery implementation plan centered on people's basic needs: sanitation, public health, habitation, and livelihood restoration. Several projects were being initiated under the plan, for instance temples, schools, and public parks restoration; mobile clinic units; electrical appliances reparation; car and agricultural engine inspection and reparation; demonstration of EM ball-making and distribution of the balls to improve the quality of floodwater. These projects represented PTT Group's driving force to nurture the nation in a sustainable manner.

Community

- **The annual “For Hopeful Children” Project**

The Company along with the For Friends Fund continuously organized the 21st For Hopeful Children project. The project intended to develop children and youths both mentally and physically, inspire confidence in themselves and recognize the value of society, and ultimately to continue living positively.

- **Open House**

PTT Global Chemical Group joined community partnership in organizing the Open House to enable Ban Chang and Rayong community members to observe the Company’s operations and emergency control management.

- **Tripartite Project**

PTT Global Chemical Group collaborated with the Faculty of Education, Chulalongkorn University, Rayong Educational Service Area Office 1, and Map Ta Phut Municipality in sending interns from Chulalongkorn University to Rayong schools to improve local learning method.

Environment

- **Weir-building with PTT Chemical Group volunteers and the Chak Luk Ya community**

PTT Global Chemical Group and Chak Luk Ya community joined up in forest and water-source conservation project at Khao Huay Mahat as a tribute to HM the King on his 84th birthday. Purposes of the project were to create a sustainable forest and environmental management. More than 200 volunteers from the PTT Global Chemical Group, Chak Luk Ya community, Royal Thai Navy’s Air and Coastal Defense Command, Rayong Nursery Stock Station, Royal Forest Department, Map Ta Phut Municipality, Faculty of Forestry, Kasetsart University, and Khon Rak Pa Thong Thin Kla (Local Forest Conservation) Club participated in the project.

- **Protection strip**

A team of volunteering group of employees participated in a reforestation activity under the captioned project at the Nong Fap community, located in front of PTME Co., Ltd., to increase green areas to surrounding communities.

- **Forest restoration to combat global warming in keeping with HM the King’s wisdom project**

Resulting from the cooperation between the Ministry of Social Development and Human Security and PTT Group, this project saw over 1,000 Senior Government Officials, Executives, Community Leaders, Students, PTT Group Employees and the Public together plant trees around Khao Chom Hae.

- **Map Kha Community Reforestation**

PTT Global Chemical Group collaborated with Map Kha community in the reforestation project, to promote and conserve the green area and environment in the Map Kha area. Over 3,400 trees planted on the day.

- **Fuen Pa Rak Nam, Khao Huay Mahat Project**

PTT Global Chemical Group and Rayong community members of Chak Luk Ya launched a weir-building activity at Khao Huay Mahat to restore streams and enhance a natural balance for the area, thus promoting fertility.

- **Phum Chai Phak (Royal Pride) Project**

Under this project, the Air and Coastal Defense Command along with other Royal Thai Navy units in Sattahip, PTT Global Chemical Group, public and private sector allies organized a natural conservation project as a tribute to HM the Queen. The Group was represented by volunteering employees, who jointly released sea turtles and various fish species to the sea while engaging in mangrove reforestation to restore the ecosystem.

- **International Coastal Cleanup Day**

As a respect to the International Coastal Cleanup Day, over 2500 volunteers from PTT Global Chemical Group, 21 other companies, and communities assembled at Mae Lum Phung - Khon Aow Beaches to help cleaned up the beach, approximately 6.5 kilometer. This year, 8,177 Kilogram of trashes collected and categorized.

Occupational Health and Safety

- **Map Chalut Canal community ladder-building**

This OMO (One Manager One Community) activity was undertaken by the ESH Enhancement team together with Map Chalut community members and volunteering employees of PTT Chemical Group, who jointly built a ladder that extended down to Khlong Chak Lang Canal for use in traditional activities like Loi Krathong and other public service activities.

- **CARES Grand Day**

The Company organized the CARES Grand day, in order to emphasize PTT Global Chemical Group's occupational health and safety policy. The project not only focused on occupational health and safety, but also employees' daily routine health and safety.

Occupational Health, Safety, and Environmental Policy

PTT Global Chemical Plc. and its subsidiaries (known collectively as PTT Global Chemical Group) conduct their businesses with earnest attention under an internationally accepted quality, security, safety, occupational health, and environmental policy on the basis of good corporate governance. It is committed to strict conformance to environmental standards, requirements, and laws by obeying related regulations and laws. The awards and recognition won this year are a guarantee of PTTGC's determination to pursue business excellence over the past years.

Quality, Security, Safety, Occupational Health, and Safety (QSHE) Policy

PTT Global Chemical Public Company Limited, PTTGC commits to be a Leading Chemical Company for Better Living with innovation, filling with Corporate Social Responsibility (CSR) and commitment to continuously improving of QSHE effectiveness. We commit to:

1. Comply with security, safety, occupational health, and the environment laws and regulations, as well as related standards and other requirements.
2. Total Quality Management with quality management system, knowledge management, and productivity to meet customer's satisfactions, including product development with to environmental friendly concept.
3. Implement risk management to prevent hazards, work-related illnesses, losses caused by accident, injuries, and property damages, including establishing B-CAREs Safety Culture for caring everybody's safety.
4. Take care of occupational health and good work environment, including health promotion and happy workplace.
5. Evaluate impact to environment and minimize by focusing on prevention and improvement at-source, including resources consumption efficiency.

Evaluate impact to environment and minimize by focusing on prevention and improvement at-source, including resources consumption efficiency. All PTTGC Executives are accountable to be role models for improvement and maintain of QSHE system with adequate resources support for employee participation and implementation, including widely communication of QSHE performance throughout organization.

Environmental Performance

PTTGC Group values environmental impact prevention and pollution reduction for the least impacts by putting in place control and preventive measures as early as the pre-operation stage. An example is the commissioning of detailed Environmental Impact Assessment (EIA) investigation as stated in its EIA reports, defining measures for prevention and mitigation, defining suitable environmental monitoring measures, and applying the ISO 14001 environmental management system to its operating areas.

The Company's strategic environmental management plan, equipped with economic feasibility, accompanies long-term business conduct. To illustrate, a management philosophy known as Eco-efficiency serves as a systematic, continuous environmental performance indicator. Consisting of water consumption, energy consumption, global warming contribution, ozone-depleting substances, and wastewater generation; Eco-efficiency helps improve resource consumption and lower the amount of process waste and emission so that the Company may run a green business, which benefits not only business, but also the nation's environment.

By focusing on sustainable development for the Group was jointly define goals to reduce waste to landfill to be zero by 2015, in addition to managing process waste and that resulting from plant activities strictly as required by laws and regulations. To achieve this reduction, they rely on the 3R approach (reduction, re-use, and recycling) in tandem with current, suitable innovation technology. At the same time, they conduct research and development work to add value to waste, which represents an approach called Eco-industry, while adding management measures superior to legal requirements through strict selection of industrial waste processors. This can be achieved by selecting proper waste management techniques that bolster confidence in effective treatment and by requiring transporters of hazardous waste to install the GPS tracking system on all trucks so as to prevent illegal dumping and apply waste otherwise internal reusable or recyclable by the Company to other industries.

The Group has also made preparations for the international market by investigating the carbon footprint of HDPE derived from the PTTGC 2 (HDPE production unit) so as to assess the volume of carbon dioxide released for 11 grades of products, and has won carbon footprint labels from Thailand Greenhouse Gas Management Organization, Thailand's central agency for this matter. This pilot project will lead the way for other products under the Group, signifying its leadership of the petrochemical and downstream businesses.

In addition, PTTGC applies assorted pollution prevention measures, including conservation of air quality in Map Ta Phut through its control of Volatile Organic Compound (VOCs) at storage tanks and truck transfer points; development of a VOCs inventory and equipment upkeep to minimize VOCs emission; use of clean fuels to minimize sulfur dioxide (SO₂) discharge; and improvement of combustion in gas-fired power turbines to minimize nitrogen oxide (NOx) discharge. Incidentally, its Clean Fuel Project was completed ahead of schedule, which enabled it to sell low-sulfur diesel that meet EURO IV requirements before the end of the year, so a part of the Thai car fleet are now running on this green fuel while cutting down on domestic air pollution. In addition, PTTGC ensured transparent environmental management by installing air quality measurement tools (Continuous Emission Monitoring) at each plant stack, with measurement readings going to the Map Ta Phut Industrial Estate's Environmental Vigilance Center around the clock.

PTTGC has also developed an in-house greenhouse gas inventory of activities by collecting data under three scopes. Scope 1 applies to greenhouse gas emission from the Company's own activities. Scope 2 applies to emission from the power and heat purchased by the Company. Scope 3 applies to assorted Company activities under 2006 IPCC and ISO 14064-1:2006. All of these will contribute to efficient greenhouse gas emission management in addition to establishing PTTGC's direction and policy for risk reduction, given future climate change.

Recognizing the value of water sources, PTTGC has installed systems for maximum recycling of water while lowering plant effluent by recycling part of the treated wastewater in assorted plant activities, and manages a water settling system to ensure that its effluent is superior in quality to what is required by law before discharge.

PTTGC's policy is to conserve energy and the environment throughout its processes, including an energy conservation project for wastewater treatment systems and a similar project for its cooling water systems. These contribute to the identification of suitable approaches and choices for energy conservation and the reduction of chemicals in processes. This concept maximizes the use of natural resources while improving green production processes.

|| Safety Management

PTTGC values employees' and contractors' safety alike by raising their awareness of safe work for themselves and colleagues under a culture that strives for an injury-free organization in tandem with SHE Management System, Process Safety Management, and Contractor Safety Management. PTTGC Group plants have won for the 14th year in a row the National Outstanding Business Operator in Safety, Occupational Health, and Work Environment Award (from 1998 to 2011), echoing the Company's focus and consistency in safety.

The Company has joined Map Ta Phut Industrial Plants Group in staging provincial emergency drills as well as actual evacuation of communities around the RIL Industrial Estate. It also assigned employees who are skilled in emergency response matters to join the Rayong provincial governor, Rayong disaster prevention officers, Map Ta Phut municipality, and Map Ta Phut Industrial Plants Group in developing community emergency response plans and conducting emergency drills should plant accidents occur and affect communities.

Another key area is oil spill retrieval ability. PTTGC has joined the Rayong Oil Spill Emergency Response drills with Oil Industry Environmental Safety Group Association (IESG) and related government agencies, including the Marine Department and the Royal Thai Navy, in testing the preparedness of emergency plans, oil slick removal, and communication with neighboring communities of action plans for oil slick removal by the Company and the Sub-Committee on the prevention and remedy of oil spills in Rayong. PTTGC is also the member of the Emergency Mutual Aid Group (EMAG), which plays a part in drafting emergency response plans for Rayong province, as well as the emergency response plans for industrial estates in Map Ta Phut, Rayong.

Occupational Health Management

Out of its concerns for employees, particularly production process operators, the Company regularly reviews their physical examination programs, particularly those exposed to hazardous substances, so as to remain proactively vigilant for their well-being. In addition, it has plan for workplace hygiene monitoring, specifically heat, light, noise, and chemicals; the data contribute to the improvement of the work environment. Besides employees' well-being, this year PTTGC launched one "Health caravan" to provide preliminary physical check-ups for community members with a focus on mothers and children. At the event, volunteer employees helped out - even on holidays.



Company Information

Name	PTT Global Chemical Public Company Limited
Initial	PTTGC
Website	www.pttgcgroup.com
Registered Number	0107554000267
Number and Value of Issued Shares	As at 31 December 2011, the registered share capital was Baht 45,129,302,690 made up of 4,512,930,269 common shares at a par value of Baht 10 per share. The registered share capital is made up of: <ol style="list-style-type: none"> 1. Paid - up capital of Baht 45,061,129,360 consisting of 4,506,112,936 common shares at a par value of Baht 10 per share 2. Unpaid capital of Baht 68,173,330 consisting of 6,817,333 common shares at a par value of Baht 10 per share.
Establishment	19 October 2010
First Day Trade on the SET	21 October 2010
Business Structure and Value Chain	Group Performance Center - Refinery & Shared Facilities Group Performance Center - Aromatics Group Performance Center - Olefins Polymer Business Unit EO - Based Performance Business Unit Green Chemicals Business Unit High - Volume Specialties (HVS) Business Unit Services & Others
Number of Employees	3,454
Contact	
Head Office	Tel. 66 (0) 2265-8400 Fax : 66 (0) 2265-8500
Corporate Governance & Secretarial	Tel. 66 (0) 2265-8632, 8456, 8635 Email : cg@pttgcgroup.com
Investor Relation	Tel. 66 (0) 2265 - 8421,8574, 66 (0) 2140 - 8712 Email : ir@pttgcgroup.com

Head Office Address	555/1, Energy Complex, Building A, 14 th -18 th Floor Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900 Tel. 66 (0) 2265 - 8400 Fax : 66 (0) 2265 - 8500 website : www.pttgcgroup.com
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Olefins I-1 Branch	14, I-1 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong 21150 Tel. 66 (0) 3899 - 4000 Fax : 66 (0) 3899 - 4111
Olefins I-4 Branch	9, I-4 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong 21150 Tel. 66 (0) 3899 - 4000 Fax : 66 (0) 3899 - 4111
Aromatics I Branch	4, I-2 Road, Map Ta Phut Industrial Estate, Map Ta Phut, Muang District, Rayong 21150 Tel. 66 (0) 3897 - 1000 Fax : 66 (0) 3899 - 4111
Aromatics II Branch	98/9, Rayong Highway Road 3191, RIL Industrial Estate, Map Ta Phut, Muang District, Rayong 21150 Tel. 66 (0) 3897 - 1000 Fax : 66 (0) 3899 - 4111
Refinery Branch	8, I-8 Road, Map Ta Phut Industrial Estate, Map Ta Phut, Muang District, Rayong 21150 Tel. 66 (0) 3897 - 1000 Fax : 66 (0) 3899 - 4111
Jetty and Buffer Tank Farm Branch	19, Rong - Pui Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong 21150 Tel. 66 (0) 3899 - 4000 Fax : 66 (0) 3899 - 4111
Aromatics Tank Farm Branch	11, I-4 Road, Map Ta Phut Industrial Estate, Map Ta Phut, Muang District, Rayong 21150 Tel. 66 (0) 3897 - 1000 Fax : 66 (0) 3899 - 4111

Lab Services Center Branch

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**References
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Rachadapisek Road, Klongtoey, Bangkok 10110
Tel. 66 (0) 2229 - 2888 Call center 66 (0) 2229 - 2888
Fax : 66 (0) 2654 - 5427
Website <http://www.tsd.co.th>

**Registrar and Debenture
Holders Representative**

Thai Military Bank Public Company Limited
393, Silom road, Bangrak, Bangkok 10500
Tel. 66 (0) 2 230 - 5479, 5575, 5783, 6061
Fax : 66 (0) 2266 - 8150, 9779
Website <http://www.tmbbank.com>

Registrar Service

Siam Commercial Bank Public Company Limited
Registrar Markets Operations Division
1060, Phetburi Road, Makasan, Ratchathewi,
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Tel. 66 (0) 2256 - 2323 - 8 Fax : 66 (0) 2256 - 2406

Corporate Trust
16 Fl. Zone A, 9, Rutchadapisek Road, Chatuchak, Bangkok 10900
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US\$ Bond Registrar

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 Tel. 66 (0) 2639 - 1955 (26 lines)
 Fax : 66 (0) 2639 - 1956 to 57 (Trademark) 66 (0) 2639 - 1958 (Patent)
 Website <http://www.dsb.co.th>

Management's Discussion and Analysis

Financial Result for Year 2011

PTT Global Chemical Public Company Limited and its subsidiaries ("the Company") was formed by the amalgamation between PTT Chemical Public Company Limited ("PTTCH") and PTT Aromatics and Refining Public Company Limited ("PTTAR") and registered as a new entity on October 19, 2011. As a result, the audited financial statements represented the performance only for the period of October 19, 2011 to December 31, 2011.

However, for the Company's performance analysis purpose, the Company prepared unaudited pro-forma consolidated financial statements for year 2011 in comparison with year 2010, and hereby prepared management's discussion and analysis.

1. Executive Summary

For the period of October 19, 2011 to December 31, 2011, the Company had revenue from sale of Baht 104,433 million and net profit of Baht 2,113 million with the summary of Company's performance as follows.

	October 19 th -December 31 st , 2011	
	(Million Baht)	%
Revenue from Sales	104,433	100%
EBITDA	7,068	7%
Net Profit	2,113	2%
EPS (Baht)	0.4	

In 4Q/11 world economy remained vulnerable from the Euro zone public debt crisis and Chinese monetary policy, resulting in a slight decline in Dubai crude oil price compared to 3Q/11 while the demand for petroleum and petrochemical products remained low as buyers were concerned about the direction of world economy, therefore, managed to purchase products to match the demand only and had not built up their inventory to prepare for year-end holidays in 2011. As a result, spreads of products over feedstock, for instance, spread of gasoline to Dubai, and paraxylene and benzene to Condensate declined, and spread of HDPE to Naphtha remained low. Furthermore, flooding in Thailand in 4Q/11 had lowered the demand for electricity usage and resulted in lower level of ethane gas received from the supplier. The above reasons had caused certain impact on the Company's overall performance.

The Company's FY 2011 unaudited pro-forma consolidated financial statements recorded net profit of Baht 30,033 million, increased by 84% from FY 2010 with net profit of Baht 16,320 million with the summary as follows :

(Unit : Million Baht)	FY 2011	FY 2010	+ (-)
Revenue from Sales	500,305	375,304	33%
EBITDA	54,422	34,877	56%
Net Profit	30,033	16,320	84%
EPS (Baht)	6.66	3.65	82%

The primary reason that contributed to the Company's improved performance was the increase in olefins capacity of 1.0 million tons/year, resulting in the capacity increase from 1.88 million ton/year in 2010 to 2.88 million ton/year in 2011 or by 53%. In addition, Dubai crude oil price increased by 28 USD/barrel.

In 2011, Dubai crude oil price was averaged at 106 USD/barrel, increasing from 78 USD/barrel in 2010. Spreads of Jet/Kero to Dubai and Diesel to Dubai increased by 58% and 64%, respectively. In addition, spreads of aromatics products to Condensate also moved up according to increasing feedstock price and strong demand but tight supply. As a result, spread of PX to Condensate increased by 57%. As for Olefins market, naphtha price (MOPS) increased by 29% to 922 USD/barrel, as a result, average prices of ethylene (SEA) and HDPE (SEA) moved up as a cost-push effect. Ethylene price increased to 1,187 USD/ton or increased by 10% from 2010 and HDPE (SEA) increased to 1,373 USD/ton or increased by 12% from 2010. However, capacity additions of Olefins and HDPE (SEA) remained high resulting in a narrow spread of HDPE (SEA) to Naphtha (MOPS) of 451 USD/ton, decreased by 8%.

2. Operating Result from October 19 to December 31, 2011

During the period of October 19 to December 31, 2011, world economy was mainly affected by the Euro zone public debt crisis and Chinese monetary policy. Dubai crude oil price dropped to 106 USD/barrel in 4Q/11 from 107 USD/barrel in 3Q/11. Petroleum products prices dropped significantly in 4Q/11 i.e. gasoline to Dubai spread decreased from 17 USD/barrel in 3Q/11 to 10 USD/barrel in 4Q/11, diesel to Dubai spread decreased from 19 USD/barrel in 3Q to 18 USD/barrel. As for aromatics prices, spread of PX and BZ to Condensate significantly decreased from 638 USD/ton in 3Q/11 and 165 USD/ton to 531 USD/ton and 49 USD/ton in 4Q/11, respectively. Olefins prices also saw a significant decline. Ethylene to naphtha

spread decreased from 223 USD/ton in 3Q/11 to 191 USD/ton in 4Q/11. HDPE to naphtha spread went down from 463 USD/ton in 3Q/11 to 459 USD/ton in 4Q/11. Such decrease was due to the concern over world economy, therefore, buyers purchased only as necessary and maintained low inventories.

In addition, flooding situation in central part of Thailand and Bangkok did not directly affect the company as all plants and subsidiaries located in Rayong and were not flooded. However, the company was indirectly affected as an electricity company had to reduce its utilization to meet lower usage during the incident. The Company's gas feedstock provider, PTT, had to adjust the balance of production and gas sales which resulted in less gas supply to the Company during the period.

Due to the reasons above, the Company's revenue from operation was Baht 104,433 million with gross margin accounting for 13% of the revenue. As a result, EBITDA margin was 7% of revenue. The Company had other income of Baht 1,461 million due mainly to the change in shareholders percentage of PPCL and PTTUT after the amalgamation totaling Baht 594 million.

3. Operating Results for the Period of January 1-December 31, 2011

3.1 Market Situation

Petroleum Market Condition in 2011

Dubai crude oil price was averaged at 106 USD/barrel as against 78 USD/barrel in 2010. The price moved up by 28 USD/barrel or 36% as supported by unrest in the Middle East and North Africa particularly in the first half of 2011 coupled with instability in Tunisia and Egypt, resulting in a decrease in global crude supply by approximately 1 million barrel/day. As a result, Dubai crude price reached the highest level in two years, with an average of 118 USD/barrel in April. However, in the second half of the year, debt crisis in European countries intensified thus pressured world economic growth. Additional factors affecting price decrease a rating agency S&P downgraded US credit rating from AAA to AA+ and China restricted its monetary policy to reduce inflation rate in the country. All these factors pressured global economy and slowed down world oil demand, resulting in a decrease in Dubai crude price to 106 USD/barrel in 4Q/11.

Aromatics Market Condition in 2011

Aromatics market grew in accordance with world economy particularly the increase in polyester demand as downstream derivative of PX and in electronics appliances as downstream derivative of BZ. In addition, an earthquake in Japan caused several aromatics plants an unplanned shutdown and resulted in a decrease in PX supply. This caused spreads of PX and BZ to Condensate to widen significantly in 1Q/11. However, as the downstream demand in aromatics products started to shrink while feedstock cost and naphtha price became higher, spreads of PX and BZ to Condensate were narrower especially in 4Q/11 when an aromatics plant in Korea started its commercial operation. In 2011, Spread of PX to Condensate went up from 2010 by 220 USD/ton or 56% and BZ to Condensate by 93 USD/ton or 37%.

Olefins Market Condition in 2011

Average ethylene price in 2011 was 1,187 USD/ton and was 1,076 USD/ton in 2010 or increased by 10% while average propylene price was 1,386 USD/ton in 2011 and was 1,132 USD/ton in 2010 or increased by 23%.

In the first half of 2011, ethylene market was quite tight due to the turnaround and cut-run of several plants in the region, resulting in the reduction of ethylene volume in the market by 1.73 million tons. In addition, producers in the Middle East exported less to Asia as they preferred Europe market with higher profits. However, in the second half of 2011, ethylene price in the market reduced continuously due to a quiet downstream derivatives market when China restricted its monetary policy to control inflation rate in the country as well as uncertainty in European economy. All these factors pressured ethylene price to decrease from 1H/11 by approximately 12%. Throughout 2011, spread of ethylene to naphtha was 266 USD/ton, decreasing from the previous year by 98 USD/ton or 27%.

As for propylene price, the market was even tighter due to the turnaround season coupled with technical problem of several propylene production units in Asia. In addition, a fire accident at an olefins plant in Taiwan during end of July and an explosion at one of the refineries (500,000 barrels/day) in Singapore end of September had reduced propylene volume in the market by 1.05 million tons. Spread of propylene to naphtha in 2011 was averaged at 466 USD/ton, increasing from the previous year by approximately 47 USD/ton or 11%.

Polymer Market Condition in 2011

HDPE product price was 1,373 USD/ton in 2011 and 1,224 USD/ton in 2010 or increased by 12%.

LLDPE was 1,339 USD/ton in 2011 and 1,290 USD/ton in 2010 or increased by 3%.

LDPE was 1,602 USD/ton in 2011 and 1,453 USD/ton in 2010 or increased by 13%.

Market situation of polymer increased considerably in 1Q/11 mainly from an unrest in Middle East which caused crude oil prices as a feedstock of petrochemical products to rise significantly coupled with turnaround of several plants in Asia. However, concerns over debt crisis in European countries intensified as well as monetary policy in China had substantially softened petrochemical market before the market was better from an increasing demand in China from the re-stocking of inventories for Christmas and New Year seasons. However, as continuous concerns over debt crisis in Europe and significant reduction in margins had forced certain producers to cut runs and increase prices, but as downstream products could not move up as much, prices still remained low especially in LLDPE where capacity additions in the Middle East rose considerably.

MEG(SEA) price situation in 2011 increased by 34% to 1,314 USD/ton mainly from stronger demand in MEG and PTA which were feedstock for polyester as well as supply disruption of MEG due to a fire accident of Formosa that halted its production of 1.9 million tons per annum. In 2011, the spread of MEG over 0.65 times ethylene price increased by 258 USD/ton or 91%.

Product Prices, Feedstock Prices, and Spreads of Petroleum, Olefins, and Aromatics.

Year (\$/MT)	NAPHTHA CFR SING.	ETHYLENE S.E.ASIA	PROPYLENE S.E.ASIA	HDPE (FILM) SEA	LLDPE (SEA) CFR SEA	LDPE CFR SE Asia	MEG SEA	Ethylene MOPS	Propylene MOPS	HDPE MOPS	LLDPE MOPS	LDPE MOPS	MEG 0.65 Ethylene
2010	713	1,076	1,132	1,224	1,290	1,453	984	363	419	511	577	740	284
1Q-11	903	1,238	1,379	1,372	1,423	1,731	1,250	336	477	469	520	828	445
2Q-11	977	1,291	1,487	1,389	1,380	1,683	1,300	314	510	412	403	706	461
3Q-11	937	1,160	1,394	1,399	1,338	1,586	1,343	223	458	463	401	649	589
4Q-11	870	1,061	1,283	1,329	1,217	1,408	1,362	191	413	459	347	538	672
2011	922	1,187	1,386	1,373	1,339	1,602	1,314	266	464	451	418	680	542

Year (\$/MT)	Dubai (\$/BBL)	Condensate Erawan	PX Spot Korea	BZ Spot SEA	PX Condensate Spot	BZ Condensate Spot	Gasoline Dubai	Jet-Dubai	Diesel Dubai	Fuel Oil Dubai
2010	78	651	1,047	905	396	253	10	12	11	-6
1Q-11	100	859	1,630	1,135	771	276	13	20	18	-8
2Q-11	111	980	1,508	1,129	529	149	14	20	19	-8
3Q-11	107	942	1,575	1,106	638	165	17	19	18	-5
4Q-11	106	923	1,454	973	531	49	10	18	17	-2
2011	106	926	1,542	1,086	616	160	14	19	18	-6

Source: the Company

Unit: USD/ton

3.2 Performance for Year 2011 by Business Unit

3.2.1 Refinery Business and Shared Facilities

Product	Sales Volume		Sales Volume		+ (-)	
	Year 2011		Year 2010			
	Barrel	%	Barrel	%	Barrel	%
Light Naphtha	4,902,145	9%	5,879,382	10%	(977,237)	(17%)
Reformate	3,209,171	6%	3,093,349	5%	115,822	4%
Jet/Kero	6,089,538	11%	8,820,995	15%	(2,731,457)	(31%)
Diesel	28,416,616	52%	26,917,087	47%	1,499,529	6%
Fuel Oil	7,835,500	14%	9,366,480	16%	(1,530,979)	(16%)
Others	4,635,375	8%	3,694,951	6%	940,424	25%
Total	55,088,344	100%	57,772,243	100%	(2,683,898)	(5%)

Despite a 47 day turnaround of the Refinery in 1Q/11, the Company had a total intake of 58.75 million barrels (or equivalent to 161 KBD), decreasing by 4.59 million barrels or 7% with CDU Utilization rate of 90%. The Company sold 55.09 million barrels of petroleum products, decreasing by 5% from year 2010.

Refinery	Year		+ (-)
	2011	2010	
Total Intake (M.BBL)	58.75	63.34	(7%)
(KBD)	161	174	(7%)
CDU Utilization Rate	90%	100%	(10%)

Note : CDU Nameplate Capacity 145 KBD

In 2011, most petroleum crack spreads over Dubai crude improved substantially from year 2010. Gasoline to Dubai spread went up to 14 USD/barrel compared to 10 USD/barrel in year 2010. In addition, Jet/Kero to Dubai and Diesel to Dubai increased to 19 USD/barrel and 18 USD/barrel as against 12 USD/barrel and 11 USD/barrel in year 2010, respectively.

According to the sales volume and market situation described above, the Company registered gross margins as follows :

Refinery (USD/barrel)	Year		+ (-)
	2011	2010	
Market GRM	6.37	5.14	24%
Hedging Gain/(Loss)	(0.80)	0.01	(10,139%)
Stock Gain/(Loss) Net LCM	1.67	0.31	430%
Accounting GRM	7.24	5.46	32%

The Company recorded market GRM for year 2011 of 6.37 USD/barrel, increasing from 5.14 USD/barrel with a hedging loss of 0.80 USD/barrel and a stock gain net LCM of 1.67 USD/barrel. This contributed to an Accounting GRM of 7.24 USD/barrel as compared to 5.46 USD/barrel in 2010.

3.2.2 Aromatics Business

Product	Sales Volume Year 2011		Sales Volume Year 2010		+ (-)	
	Ton	%	Ton	%	Ton	%
Benzene	606,471	14%	577,795	14%	28,676	5%
Paraxylene	1,159,202	27%	1,138,660	28%	20,542	2%
Cyclohexane	184,521	4%	177,995	4%	6,526	4%
Other BTX Products	69,917	2%	74,563	2%	(4,646)	-6%
Naphtha and Raffinate	1,306,295	30%	1,197,576	30%	108,719	9%
Condensate Residue	529,630	12%	503,283	12%	26,348	5%
Other By-Products	426,935	10%	375,851	9%	51,084	14%
Total	4,282,971	100%	4,045,721	100%	237,250	6%
BTX Utilization Rate	88%		85%			

Note : BTX Nameplate Capacity 2.2 million tons per annum

The more favorable aromatics market in 2011 as compared to 2010 had enabled the Company to maximize its production at both aromatics plants as reflected in a BTX Utilization rate of 88%, increasing from 85% in 2010 despite a 12 day planned shutdown (June 20-July 1, 2011) for efficiency improvement at the Aromatics Unit 1, a 3 day unplanned shutdown (August 15-17, 2011) due to technical problem of electricity and steam supplier, and a 16 day unplanned shutdown (December 12-27, 2011) due to technical problem at the Aromatics Unit 2. Nonetheless, the Company had aromatics sales volume of 4,282,971 tons, increasing by 6% from 2010.

According to the sales volume and market situation described above, the Company reported Product to Feed Margin of 86 USD/ton, increasing from 81 USD/ton in 2010, with hedging gains and stock gains net LCM of 15 USD/ton, increasing by 4 USD/ton from the previous year.

3.2.3 Olefins and Derivatives

	Capacity as of 12/31/2011 (Ton)	FY 2011		FY 2010		Diff.	
		Sales (Ton)	Utilization Rate	Sales (Ton)	Utilization Rate	Sales (Ton)	Utilization Rate
		Olefins*	2,888,000	736,641	80%	661,526	71%
HDPE	800,000	758,391	95%	458,008	99%	300,383	(4%)
LLDPE	400,000	336,842	89%	283,488	64%	53,354	25%
LDPE	300,000	158,301	55%	N/A	N/A	N/A	N/A
MEG	395,000	257,830	68%	310,869	79%	-53,039	(11%)

* Sales of olefins are sales to external entities

Feedstock Used

	Naphtha		Gas		Total
	(K Ton)	%	(K Ton)	%	(K Ton)
2010	393	19%	1,706	81%	2,099
2011	414	13%	2,812	87%	3,226

3.2.3.1 Group Performance Center - Olefins

In 2011, olefins utilization rate increased from 71% in 2010 to 80% in 2011. Volume sales of olefins increased 75,115 ton or 11% due mainly to the commercial operation of PTPE ethane cracker in December 2010. On the other hand, I-4/1 plant was shutdown from operation for maintenance for 18 days (7-24 December) and PTPE cracker had 1 year warranty shutdown for 42 days. While olefins product price increased from 1,104 USD/ton to 1,287 USD/ton in 2011, an increase of 17%. As a result, product to feed margin of the Company in 2011 was higher at 383 USD/ton while 2010 was at 274 USD/ton.

3.2.3.2 Polymer Business Unit

Product to Feed Margin of polymer business unit for 2011 was 452 USD/ton, higher than year 2010 which was at 257 USD/ton due to as follows:

Sales volume of HDPE in 2011 increased from 2010 by 66% mainly due to commercial operations of HDPE additional capacity, BPE2 with capacity of 250,000 tons/year on January 1, 2011. While the utilization rate declined to 95% in 2011 or decline 4%. This was due to shutdown of HDPE I1, BPE1 and BPE2 for 32 days, 13 days and 84 days respectively.

Sales volume of LLDPE in 2011 increased from 2010 by 19% and utilization rate increased by 25% as a result of PTPE crack was able to run in full capacity and able to provide ethylene to LLDPE plant as needed. However, in 2011, LLDPE plant shutdown in total of 36 days in accordance to the production of PTPE cracker plant.

PTPE's LDPE plant started up the commercial operation on February 1, 2011 with capacity of 300,000 tons/year. Sales volume of LDPE in 2011 was 158,301 tons. During the year, there were planned shutdown of 93 days in 3Q/11 and unplanned shutdown of 36 days in 4Q/11 which resulted in utilization rate of 55%.

3.2.3.3 EO Based Business Unit

Product to feed margin of EO-based business unit was 574 USD/ton in 2011 higher than 2010 which was 366 USD/ton. Sales volume of MEG in 2011 decreased from prior year 17% with utilization rate of 68%, decreased 11% due to a planned shutdown for 43 days in 3Q/11. Note that the utilization rate calculated included the additional capacity of 95,000 tons/year which could not operate due to Map Ta Phut issue.

3.3 Operating Result by Business Units

(Unit : Million Baht)

	Refineries & Aromatics	Olefins	Polymer	EO Based	Others	Elimination	Total
Total Sales Revenue	351,576	66,654	55,617	14,526	57,114	(45,182)	500,305
EBITDA	16,809	13,347	9,981	5,403	8,045	838	54,423
Net Profit	7,492	6,776	8,147	4,748	6,619	(3,748)	30,033

3.4 Unaudited Pro Forma Consolidated Financial Statement

	FY 2011		FY 2010		Diff.	
	MB	%	MB	%	MB	%
Sales Revenue	500,305	100	375,304	100	125,001	33
Feedstock Cost	(419,053)	(84)	(319,344)	(85)	(99,709)	(31)
Product to Feed Margin	81,252	16	55,960	15	25,292	45
Variable Cost (1)	(7,784)	(2)	(5,411)	(3)	(2,373)	(44)
Fixed Cost (2)	(12,940)	(3)	(10,778)	(3)	(2,162)	(20)
Gain/(Loss) Hedging Commodity (3)	(1,275)	0	9	0	(1,284)	N/A
Other Income (4)	4,294	1	2,240	0	2,054	92
SG&A Expenses (5)	(9,125)	(2)	(7,143)	(3)	(1,982)	(28)
EBITDA	54,422	11	34,877	10	19,545	56
Depreciation & Amortization (6)	(13,608)	(3)	(11,903)	(3)	(1,705)	(14)
EBIT	40,814	8	22,974	6	17,840	78
Financing Expenses (Net Interest Earned)	(5,575)	(1)	(5,496)	(1)	(79)	(1)
FX Gain/(Loss) (7)	(724)	(0)	3,047	1	(3,771)	(123)
Share of Gain from Investment (8)	161	0	426	0	(265)	(62)
Corporate Tax (9)	(3,102)	(1)	(2,980)	(0)	(122)	(4)
Net Profit	31,574	6	17,971	5	13,603	76
Portion of Net Profit :						
Shareholders	30,033	6	16,320	5	13,713	84
Minorities	1,541	0	1,651	0	(110)	(7)
	31,574	6	17,971	5	13,603	76
EPS (Baht)	6.66		3.65		3.01	82

3.5 Comparison of Operating Results for Year 2011 and 2010

1. Other variable cost was Baht 7,781 million, increased by 44% or Baht 2,373 million due to an increase in variable cost from the commissioning of PTTPE cracker, HDPE Expansion, BPE2, LDPE, and TEA which had additional capacity of 1.68 million ton/year.
2. Fixed cost increased by 2,162 million baht or 20% due to the commissioning of PTTPE cracker, BPE2 and LDPE which had additional cost i.e. warehousing cost, logistic service cost for PTT Polymer Logistics Co.,Ltd totaling Baht 420 million, labor cost for additional production units of Baht 112 million, plant insurance cost of Baht 40 million, maintenance cost from plant shutdown and startup totaling Baht 325 million, employee compensation cost due to certain changes in the policy after the amalgamation totaling Baht 309 million, and Emery's reclassification of some variable costs to fixed costs of Baht 500 million.
3. The Company had product hedging loss of Baht 1,275 million derived mainly from risk management to manage feedstock volatility at ending inventory totaling 4.6 million barrels. However, as oil prices went up from 2010, the Company registered hedging loss, but both refinery and aromatics businesses had stock gains of Baht 4,576 million.
4. Other income in 2011 increased by Baht 2,054 million, or 92% to baht 4,294 million due to fair value evaluation and adjustment of percentage shareholding structure of PPCL and PTTUT (step up acquisition) which was from the amalgamation of PTTCH and PTTAR. Also, there are adjustments to obsolete items of PTTAR on amalgamation date totaling Baht 1,117 million, gains from services of TTT, PTTME, NPC S&E in total of Baht 270 million, and income from insurance claim in of HCU unplanned shutdown since 2008 and received in 2011 totaling Baht 400 million.
5. SG&A recorded at Baht 9,125 million, increased by 28% or Baht 1,982 million mainly due to the increase in employee benefits of Baht 485 million mainly from increase in number of employees and the adjustment of employee benefits from amalgamation. In addition, the increase was derived from consulting fees of projects for Baht 260 million, actuarial loss from the adjustment of employees benefit to be in line with changing economics assumptions in accordance with Thai Accounting Standard #19, This led to additional liabilities and expense of Baht 339 million.
6. Depreciation and amortization was Baht 13,608 million, increased by 14% or Baht 1,705 million due mainly to an increased depreciation in PTTPE cracker, LDPE, BPE2 and EA which started commercial operation during the end of 2010 and beginning of 2011 of Baht 1,600 million,

7. FX loss was Baht 724 million caused by depreciation of foreign exchange of the Company's USD loan of Baht 655 million. In 2011, foreign exchange depreciated 1.53 Baht/USD which caused the Company a loss of Baht 900 million. However, the Company had profits from forwarded contract transaction of Baht 200 million.
8. Shares of gain/loss from investments decreased by Baht 265 million or 62%, due mainly to a loss from investment in one of its subsidiaries.
9. Corporate income tax was Baht 3,102 million, increased by Baht 122 million mainly from an increase in total profit of Baht 13,671 million as most of PTTGC group companies received BOI privilege. In addition, in 2011, PTTGC recorded deferred tax asset carry forward which can be used from 2012 onward.

4. Financial Positions as of December 31, 2011 (from the financial statements of October 19-December 31, 2011)

Assets

As of December 31, 2011, the Company recorded total assets of Baht 372,967 million mainly consisted of :

- Cash and cash equivalent of Baht 18,973 million
- Account receivables of Baht 41,482 million, mainly from account receivables of refinery business of Baht 16,540 million (40%), aromatics business of Baht 10,640 million (25%), olefins business of Baht 5,986 million (14%), polymer business of Baht 5,411 million (13%), EO based business of Baht 1,643 million (4%) (these numbers before eliminating between business units) The Company's account receivable turnover ratio was 12 times or 30 days
- Inventories of Baht 36,145 million consisting of inventories from refinery business of Baht 12,498 million (35%), aromatics business of Baht 8,493 million (23%), olefins business of Baht 4,304 million (12%), polymer business of Baht 4,437 million (12%) (these numbers before eliminating between business units) The Company's inventory turnover was 12 times or 31 days.
- Value-added tax receivables of Baht 2,250 million
- Net property, plant and equipment of Baht 235,343 million
- Net intangible assets of Baht 20,414 million, comprising goodwill of Baht 10,742 million of which Baht 7,743 million derived from the amalgamation, right to land lease of Baht 1,168 million, intangible assets of Baht 8,505 million of which Baht 3,660 million was license to production technology and approximately Baht 3,084 million was value of customer relationship as derived from the amalgamation.

Liabilities

As of December 31, 2011, the Company recorded total liabilities of Baht 164,512 million due mainly to :

- Loans from financial institutions of Baht 2,103 million, mainly from short-term loans of affiliates.
- Account payables of Baht 27,269 million, mainly from account payables of refinery business Baht 9,503 million (35%), aromatics business Baht 9,614 (35%), olefins business Baht 1,377 million (5%) (these numbers before eliminating between business units) The Company's account payable turnover ratio was 15 times or 24 days.
- Current portions of long-term loans and short-term debentures of Baht 19,961 million
- Long-term loans of Baht 98,102 million consisting of long-term loans from financial institutions of Baht 54,824 million and bonds in Baht and USD currency of Baht 43,278 million

Shareholders' Equity

As of December 31, 2011, the Company had total shareholders' equity of Baht 208,454 million. The amount consisted of issued and paid-up share capital of Baht 45,061 million, share premium Baht 48,925 million, unappropriated retained earnings of Baht 86,290 million and minority interest Baht 9,950 million.

Important Financial Ratios

Financial Ratios	FY 2011
Current Ratio	1.75
EBITDA to total revenues	10.79%
Net Profits to total revenues	5.95%
Return on total assets	8.05%
Return on equity	14.41%
Interest bearing debt to equity	0.58
Net interest bearing debt to equity	0.47
Net interest bearing debt to EBITDA	1.79

Note :

Current ratio	=	Current assets divided by current liabilities
EBITDA to revenue	=	EBITDA divided by total revenues
Net profit on revenue	=	Net profit divided by total revenues
Return on total assets	=	Net profit divided by total assets
Return on equity	=	Net profit divided by total shareholder's equity
Interest Bearing Debt to equity	=	Interest bearing debt divided by shareholder's equity
Net Interest Bearing Debt to equity	=	Interest bearing debt net from cash and cash equivalent and current investments divided by shareholder's equity
Net Interest Bearing Debt to EBITDA	=	Interest bearing debt net from cash and cash equivalent and current investments divided by EBITDA

Risk Management and Risk Factors

Risk Management

PTT Global Chemical and its subsidiaries (PTT Global Chemical Group), recognize the risks in operating its business, and have developed a fully integrated systematic risk management. Risk Management Committee (RMC) supervises the risk management through the Company's Management Committee (MC), RMC's core mechanism and through the Company's Commercial and Financial Risk Management, a team in charge of formulating a hedging strategy, and setting price and volume of raw material, feedstock, products and funds to be hedged, all of which are in accordance with the Company's risk management policy and framework as approved by RMC.

The Company has consistently conducted both qualitative and quantitative risk assessment for its subsidiaries, by analyzing financial modeling in order to evaluate the Value at Risk (VaR), which helps identify impacts on the Company's financial system under possible scenarios. Analysis between impact severity and probability of occurrence is used to ensure full understanding of possible risk affecting the Company's business objectives and projects' goals. A risk management plan then aligns with directions set forth by the management - monitoring and analyzing both internal and external factors that may affect production sales, and price of feedstock and products, as well as financial market and economic data, and other business environment, are incorporated. All these are to minimize the probability of risks to occur and/or to mitigate impacts if such risk took place. Furthermore, PTT Global Chemical Group's risk management practice allows its management and employees to understand changes of information in the same way as to be able to make proper preparation for the risk events to occur.

Risk Factors

Even with an international standard risk management system in place, the Company and its subsidiaries are still exposed to an unavoidable set of risks uniquely taking place in the Refinery, Petrochemicals, plastic pellet and others, which may have significant impact on project goal or business objectives. These risks can be classified into industrial risks and company-specific risk.

Nevertheless, even with a well-established risk register, there are other risks not disclosed at the time of this report. Some risks previously ranked and classified as low and non-significant could become high and significant to the Group's businesses.

Industrial Risks

Price Risks

Price volatility of products and feedstock can significantly affect the Company's business performance, which is an inevitable situation, as they are closely tied to the market base price formula, and hence, at the change of global demand/supply driven by economic conditions of the world at large and major consuming nations. They also rely on capacity changes in the world market, which are uncontrollable circumstances.

Mitigation Approach : PTTGC pricing policy aims to create transparency in trading both feedstock and product, by using price formulas which reflect several market prices. This policy lessens the impact of price volatility to a certain extent. The Company also provides a policy allowing a transfer pricing mechanism of products and feedstock within the Company and the Group when possible and appropriate. This mechanism provides flexibility on price-setting and meanwhile reflects feedstock costs to end-product prices, which in turn alleviates the price impacts as a result of world market price fluctuation, especially during industries down-cycles.

Recognizing risks of oil price and foreign exchange rate fluctuation, RMC has approved a policy and framework for the Company to manage risks associated with products and feedstock prices and foreign exchange rates. A variety of financial instruments including financial derivatives and forwards are in place and managed under the guided policy to minimize such risk exposure.

Moreover, PTT Global Chemical Group has a centralized production planning system aiming an optimal benefit to the Group, when appropriate. This system optimizes the production and sales for maximum benefit under timing and all other constraints. It also minimizes impacts from price volatility of feedstock and products to a certain degree.

PTTGC continuously seeks business opportunities in all product groups and business sectors with high potential and in line with the Group's strategic imperatives. Diversity in product groups and business sectors also alleviates negative impacts on particular product prices and decreases fluctuation in revenue and net profits of the Group in the long run. This approach also enhances competitive performance and sustainable growth for the Group.

Feedstock Risks

Feedstock risks are basically those of not getting feedstock supply, either due to failure to procure or deliver feedstock by PTT under procurement and delivery agreements, or due to market feedstock shortfall stemming from external factors.

Imported crude and other feedstock for Refinery come mostly from the Middle East, the Far East, and West Africa. Factors affecting procurement and delivery from these regions range from geopolitical conditions, crude shipment, transport routes, rules and regulations of traded countries, climate and weather, and regional economies.

For the Aromatics business, running the plants relies on condensate supplies from PTT. PTT Global Chemical Group's Olefins plants also rely on ethane and naphtha feedstock from PTT. Failure to procure and deliver in the time and amount as stipulated in purchase agreements could result from short supply from PTT, shipment delays, production disruptions at ethane separation plant, and so on. This feedstock risk is a significant negative impact on the Company's performance.

Mitigation Approach : PTGC has put in place a feedstock contingency plan, including long-term crude supply contracts, crude and condensate reserve inventories, and preparation to secure short-term condensate supply from other sources, as well as a feedstock substitute for naphtha. In addition, close monitoring of procurement and shipment of feedstock and practical, appropriate alternative options for condensate shipment and storage are in place to secure the feedstock.

Besides, PTGC established a system continuously monitoring the movement of external factors and analyzing and making forecasts of all parameters influencing feedstock. The system defines a clear policy and management system mitigating impacts during a feedstock crisis.

Cluster-of-Plants Risks

Refinery, Petrochemical, Plastic pellet, and Downstream Plants are usually located next to or near either their feedstock suppliers or their customers to reduce the logistics costs. Our plants are located in the Map Ta Phut Industrial Estate which are close to those of feedstock suppliers and major customers. Map Ta Phut has obviously become a strategic location for incidents: serious damages or losses to the plants, facilities, or transport pipelines could lead to severe impact on the operation and financial performance of the Group as well as customers.

Mitigation Approach : In the present global industrial design, plants or related business and facilities are grouped in clusters from day one to reduce risks from resource-sharing, which in turn optimize the use of resources and minimize waste. Sustainable industrial concept like the Green Industrial or the Eco-industrial Concept, where plants within the same cluster share or exchange their byproduct or waste to generate more products and reduce actual waste have become more common. A cluster of plants eases the integrative approach in risk management for the entire cluster and at the same time maximizes the cooperative design on the entire industry, minimizes space for chemical storage facilities throughout the chain process, which are a main source for factory risks. The cluster design can also provide effective sharing of contingencies and facilities, as well as coordinated international safety standards. Synergy can expand to the entire group insurance covering not only facilities under commercial operations, but also those under construction, as incidents from any part could affect the entire Group. Nevertheless, international standards strictly define a safety distance between facilities in order to minimize impacts from the possible escalation of incidents from one plant to other. Furthermore, a mutual aid agreement among plant operators considerably enhances cooperation in emergency prevention and loss severity.

Environmental Risks

Chemical reactions and related activities in the Refinery, Petrochemical, Plastic pellet, and downstream industries could impact human health and the environment. Any accidents, force majeure incidents, or operating errors could negatively affect stakeholders, Group's investment plans and performance, as well as the image and reputation of PTT Global Chemical and the Group, both short-term and long-term.

Mitigation Approach : PTT Global Chemical has implemented a clear policy on health, safety and the environment. This policy defines the mission framework beginning from the initiatives of the project. The policy aims to monitor all facets of each project, in technology and process selection, design and installation, operating methodology, safety cultural development, environmental impact assessment, environmental protection and mitigation to stakeholder, legal compliance and strict standard practice, proactive environmental management development and improvement, and eco-efficiency or energy efficiency for organizational and social sustainability. ISO 14001 is the international standard the Company strictly observes for environmental management. The standard includes preparation of environmental impact assessment reports, review and approval, as well as regular and constant

monitoring quality of all environmental aspects by the Office of Natural Resources and Environmental Policy and Planning, followed by communication with all involved. An Environment Advisory Committee consisting of community representatives and related authorities is set up by the Group to participate in internal safety and environmental activities to arrive at a clear understanding of risks and risk management, as well as preventive measures that the Group has launched in their operations and production process.

Financial Risks

(A) Foreign Exchange (FX Risks)

Most of PTT Global Chemical's products and feedstock are priced in USD-linked currencies. This has somewhat lowered the foreign-exchange risk exposure due to the natural hedging. The main financial risks come from the product-to-feed margin in USD, the difference between revenues from product sales and the feedstock costs, especially when financial returns become lower due to the appreciation of the Baht currency. The volatility and fluctuation of the Baht-USD foreign exchange is the prime financial risk affecting Group performance.

Moreover, the recognition of income and revenue, profit and profit-sharing and dividends, as well as all other accounting figures, strictly adheres to the Thai GAAP (Generally Acceptable Accounting Procedures). Therefore, uncontrollable fluctuation of the foreign exchange of the Baht to other currencies may pose a significant negative impact to PTTGC's accounting and financial performance.

Mitigation Approach : PTTGC has adopted a policy to balance out foreign debts with the product-to-feed margins - the key is to minimize the prime financial risk. Other financial risk-mitigating tools, such as advanced trading in foreign currencies or currency forwards, are also implemented to limit losses in earnings and expenditures in foreign currencies.

(B) Interest Rate Risks

Interest rate risks are inevitable when financial market volatility and long-term business expansion plans occur in parallel. It is therefore vital for PTTGC to ensure adequate investment for projects. Interest rates may become too high for project economic viability or cause a shortage of funds available in the market for investment.

Mitigation Approach : To ease the negative impacts of global interest rate fluctuation and rising interest rates when foreign loans are needed for investment, PTTGC has adopted the following financial policy.

1. Securing short-term loans with financial institutions when investment is necessary.
2. Continuously reviewing debt structures and the adjustment of debt levels with fixed interest rates and those with floating interest rates. The appropriate ratio is determined by the Company's need for cash and investment and the interest rates of the current market and trends.

Government Policy Risks

The Group's business is directly monitored by government agencies and hence directly and indirectly affected by changes in government policies, especially those implemented in sudden, short-term, abnormal situation, or unplanned by the Group, for example, the LPG policy, policy on renewable and alternative energy industrial policy, national palm oil policy, environmental policy, and investment promotion policies in industrial zones. Altered policies could affect in the short term and the long term to Group performance.

Mitigation Approach : To ease possible impacts, the Group has established a system to monitor key policy changes potentially affecting its performance. Continuous coordination with relevant authorities and private industries, including that on information-sharing, direct and indirect reflective opinions to the policy, and policy changes in specific industrial sectors related to Group activities, is in place.

Company-specific Risks

Conflicts-of-Interests Risks

Conflicts of interest between PTT Global Chemical and its major shareholder (PTT Plc, which holds 48.92% of its paid-up capital) are possible, since PTT also supplies most of feedstock to the Group, including crude feed for the Refinery, Aromatics, and Olefins feedstock for Petrochemical Plants. PTT is, at the same time, the major buyer of PTT Global Chemical Group products. This possible conflict of interest could sub-optimize the Company's performance.

Mitigation Approach : Good Corporate Governance (CG) is strictly conformed to so as to ensure proper handling of conflicts of interest. The Company stresses CG practices and business code of conduct, and constantly communicates them with all stakeholders, including the Board, Executives, employees, contractors, and subcontractors. All are expected to observe the CG standard and practices, and strictly apply them whenever conflicts of interest take place. The emphasis also includes guidelines on transactions with shareholders, affiliates or business partners involving shareholders, Directors, or Executives of the Group. For instance, those with vested interests are forbidden to exercise their voting rights on any agenda of possible conflicts of interest at Board meetings and shareholders' meetings. Under the Securities and Exchange Act of 1992 and its Amendment of 2008, PTT Global Chemical, a listed company, is obliged to comply with all regulations, including CG practices on the formal appointments of Independent Directors and the Audit Committee to oversee and safeguard interests of minor shareholders and ensure fair, equal treatment to all stakeholders.

Supplier Risks

Supplier risks are obviously possible when the Group relies on PTT, the major feedstock supplier. If PTT could not procure or deliver feedstock under purchase agreements, Group performance would suffer heavily.

Mitigation Approach : PTT is the major shareholder of PTTGC and some companies in the Group. PTT is also the major feedstock supplier under long-term purchase agreements. Suppliers are generally fully aware of PTT Global Chemical's limitations in seeking and securing new customers. All these facts practically control suppliers' performance and prohibit them from any non-conformance activities to the contracts, including supplying of a different quality and quantity of feedstock. In practice, supplier risks are relatively low and somewhat protected by procurement and supply contract administration. The same principle can also be applied to crude supply, which is also a core PTT business under a long-term contract with the Group.

Plant Operations Risks

At all times, there are possibilities of unpredictable malfunctions and disruptions to plant operation in and outside of PTT Global Chemical Group. Human errors, accidents, disruptions or inadequate supply of utilities (such as electricity, water, and steam), machinery failures, pipeline disruptions, suppliers' plant failures reflecting supply shortage, or customers' plant mishaps resulting in a drop in product purchase. All these events are unplanned and unpredictable, but could severely impact the Group's operating and financial performance enough to deviate from the business plans.

Mitigation Approach : Recognizing the possibility of these operation risks, the Company has put in place a disaster management plan to control emergency incidents and disruptions, reduce property losses, safeguard personnel and the environment, and resume plant operations as soon as possible. Preventive/predictive maintenance programs are an operating mandate to minimize equipment and machinery risks. These programs include standard operating manuals and planned maintenance schedules for all machines, as well as periodic training to minimize incidents and risk exposure. In addition, PTTGC secures all its commercial operating plants with internationally standard insurance policies : all-risks insurance and business interruption insurance, as well as third-party liability insurance, to minimize possible losses to the Group.

Project Risks

Project risks of the Group fall into construction-typed project risks and M&A-typed (merger and acquisition) ones.

Risks of projects under construction usually connect on-going construction projects with current commercial projects, most of which disrupt not only the construction of new projects but also supply and production chains, as well as the transmission of electricity and steam of existing facilities. Both types of risks are initiated by several economic and project assumptions, which can alter between the decision point and the project phases. These assumptions are capital investment (for construction-typed projects), prices of products

and feedstock, production costs, controlling rules and regulations imposed by the authorities (both short-term and long-term ones), selective technologies, and key skilled personnel. These project risks are unavoidable. Once becoming real, they can significantly impact the Group through project delays, cost overruns, project returns on investment, or economic viability. They can trigger further operation risks, including environmental impact, occupational health, project design, project licensing delays, equipment and machinery procurement, construction, post-commissioning execution, feedstock supply, market, supply chain, and logistics risks.

Mitigation Approach : Recognizing project risks, the Company fully integrates systematic risk management with the project and manages it under the given policy and operating framework defined by RMC. Assigned project managers must conform to the Company's risk management policy and standard operating procedures, including project risk identification, severity and likelihood risk assessments, formulation and implementation of risk mitigation plans, and constant review and reporting of risk reports. This will lower the likelihood of risk occurrence while enhancing risk mitigation efficiency, meaning reducing opportunity losses and damage control and hence increasing opportunities for the Group to achieve long-term business goals. Securing full international-standard insurance coverage for all projects under construction is the Company's strict policy in minimizing risk severity, even if a given risk was to materialize.

Human Resource Risks

Human resource risks, without proper management, can severely and significantly impact the Company's operating and financial performance. The Group's vision is to move and invest further in a more value-added and value-chained downstream, producing more environmentally friendly chemical products and High Volume Specialties (HVS) in domestic and international markets. To accomplish this vision, the Group requires production technologies, plant operation, business plans, production processes, and production extensions beyond the current production lines, researching and developing innovative technologies and advanced operating processes - all these possibilities demand different human interfaces. Existing personnel may lack operating skills and work experience, or may possess inadequate skills and capability at internationally acceptable standards. Meanwhile, the Company may not be able to acquire qualified personnel either in or outside the organization, or to retain valuable human assets within the Company, the Group, or acquired companies.

Mitigation Approach : PTT Global Chemical fully recognizes human resource risks very early in the process, during the feasibility study period, long before the business plan and project execution. Preparation of skilled and experienced personnel suitable for specific tasks and assignments of each project is essential from day one. It has therefore put in place a clear strategic direction and subsequent operating plan specifically for managing and developing human resources in line with the Group's overall business strategy and other objectives, both short-term and long-term. These strategy and plan lower the human resource risks level down to a certain extent.



Internal Controls System

PTT Global Chemical Public Company Limited values a sound internal control system, which gives its business processes accuracy, transparency, and accountability, while lessening or preventing potential risks. The Board of Directors at its meeting No. 1/2011 on 19 October 2011, appointed an Audit Committee, consisting of three Independent Directors. The Board assigned the Committee to review its internal controls to ensure efficiency, adequacy, and suitability for business. This year the Board held four meetings, each time with the Audit Committee in attendance to give opinions concerning the internal controls.

The Committee tabled its assessment findings on internal controls to the Board at its meeting No. 2/2012 on 17 February 2012. The Board concurred with the Committee's view on internal controls, as described by component below:

1. Control Environment

PTTGC strives to become a leader in the chemical business for a better quality of life by clearly defining its vision, missions, and values to serve as its operating framework and provide business directions. In addition, it defined a policy for good corporate governance so that the Board, the Executives, and the employees may apply the core corporate governance principles namely, creation of long-term value, responsibilities, equitable treatment, accountabilities, transparency, and ethics to their business conduct and lead the organization toward sustainable growth. The Board and Executives also provided role models for conformance to the corporate governance policy and the business code of conduct for PTT Global Chemical Group while promoting the culture of corporate governance and responsibility to stakeholders.

PTTGC has instituted a suitable organization structure and lines of command with clear delegation of duties and responsibilities, while formulating corporate strategies and defining its clear directions, objectives, goals, and performance indicators, together with constant reviews and adjustment to suit prevailing circumstances. Finally, the policy and business procedures have been defined in writing, including those for financial and procurement transactions.

2. Risk Assessment

PTTGC values risk management, as seen in its appointment of a Risk Management Committee to devise a policy and recommend approaches for key risk management for its business in a suitable and efficient manner. It also has in place a Corporate Risk Management Department responsible for risk management inspection and oversight. In place are assessments of risks affecting PTTGC's business and its achievement of strategic objectives under the criteria stated in PTTGC's risk management handbook, definition of a mitigation plan to prevent or lower the risks to manageable levels, and mechanisms for the management to monitor implementation under risk management and action plans every month.

Besides, PTTGC appointed a risk management team consisting of senior executives assigned to monitor and oversee key risks by strategizing financial risk management in line with the policy devised by the Risk Management Committee, including those dealing with marketing and sales, and financial risks to ensure that management of risks resulting from these elements may be conducted efficiently in line with business plans.

3. Control Activities

The Board appointed four Sub-Committees, namely the Audit Committee, Corporate Governance Committee, Risk Management Committee, and Nomination and Remuneration Committee, to provide oversight of PTTGC's business and make sure it is up to standard and align with proper approaches under corporate governance principles. PTTGC defined the structure of the Board and the Audit Committee such that they are free from interference by the management in overseeing and monitoring the management's performance to ensure alignment with the defined policy and goals, and such that credible financial reporting and appropriate disclosure of connected transactions are in place. Also, they ensure that Internal Audit Department works independently and reports directly to the Board, scrutinizes the performance of other departments, and provides recommendations to ensure adequately effective internal controls.

PTTGC stresses business process management that is efficient and unified, with clearly defined policies and procedures for accounting and finance, procurement, control and administration of properties and warehouses, quality/safety/environmental management, and other regulations in line with business growth. Regulations are in place for approval authority and due actions taken, as is segregation of duties to prevent frauds. Also in place are regular reviews of execution by Executives, and monitoring of performance against corporate and performance indicators in relation to goals. Finally, in place is a process to control information processing that is timely, transparent, and reliable in support of accurate and timely business execution.

4. Information and Communication

PTTGC values information and communication by putting in place an information system for business execution, financial reporting and execution, policies and protocols for the control and operation of business activities, and external information. PTTGC communicates with Executives and internal users in formats conducive to efficient and effective application in support of their responsibilities.

Finally, it boasts plans for unifying the IT systems for both former companies (PTT Chemical Plc. and PTT Aromatics and Refining Plc.) to manage PTTGC's key information and render greater efficiency and effectiveness of internal controls.



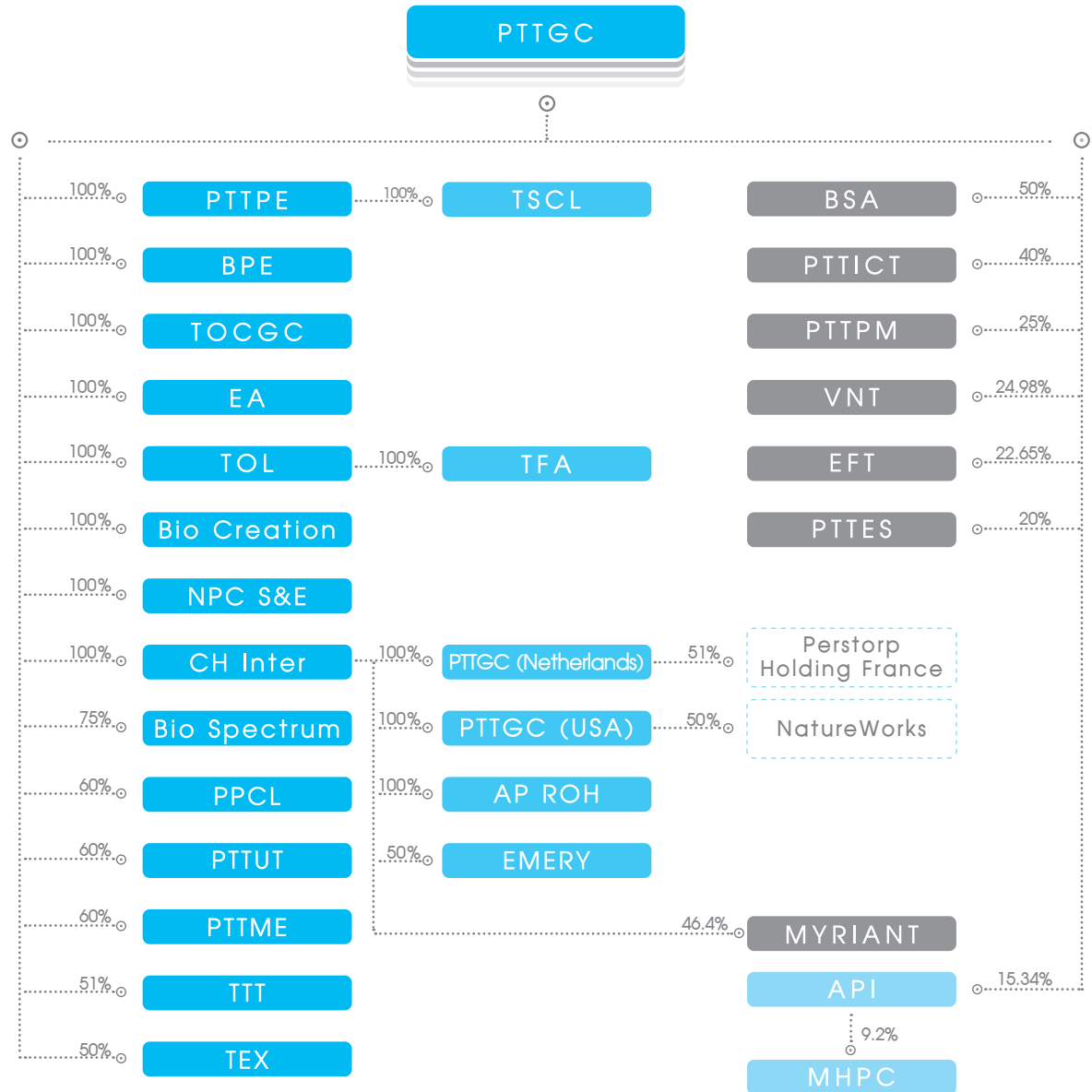
5. Monitoring

PTTGC commands a monitoring process for senior management to ensure adequate effectiveness of internal controls in support of business goal achievement. Ongoing monitoring activities include monitoring of strategic plan implementation in monthly Balanced Scorecard monitoring meetings, weekly meetings of Senior Executives, internal monitoring of action plans, and monitoring of subsidiaries' businesses. Separate evaluations include internal audit, QSHE management assessment, and external audit. These are periodically reported to the Board for consideration and monitoring of the management's performance against Company's goals.

Performance audit under this year's audit plans has identified no conflicts of interest, frauds, irregularities, or significant flaws in PTTGC's internal control system. No violation was found of Securities Exchange laws, SET's regulations, or laws related to Company business.



Shareholding in Subsidiaries and Affiliates



- Notes :**
- On 13 January 2011, CH Inter signed an agreement to acquire common shares of Myriant Corporation, USA. CH Inter now holds 46.4% of shares in Myriant.
 - On 6 September 2011, PTGC International (USA) Inc. was established with CH Inter holding 100% of shares in PTGC (USA).
 - On 12 October 2011, CH Inter signed an agreement to acquire common shares of NatureWorks LLC., USA. CH Inter now holds 50% of shares in NatureWorks.
 - On 19 October 2011, PTGC has increased its proportion of shares in PPCL from 30% to 60% as a result of the amalgamation between PTT Chemical Plc. and PTT Aromatics and Refining Plc.
 - On 19 October 2011, PTGC has increased its proportion of shares in PTUT from 40% to 60% as a result of the amalgamation between PTT Chemical Plc. and PTT Aromatics and Refining Plc.
 - On 15 December 2011, PTGC International (Netherlands) B.V. was established with CH Inter holding 100% of shares in PTGC (Netherlands).
 - On 12 October 2011, PTGC (Netherlands) signed an agreement to acquire common shares of Perstorp Holding France SAS, France. PTGC (Netherlands) now holds 51% of shares in Perstorp Holding France.
 - BSA - PTGC directly holds 25 % of shares (preference shares) and indirectly holds, through its subsidiary and affiliate, 15% and 10% of shares (preference shares) respectively.
 - EFT - PTGC directly holds 15 % of shares and indirectly holds, through its subsidiary, 7.65% of shares.

Subsidiaries	
PTTPE	PTT Polyethylene Company Limited
BPE	Bangkok Polyethylene Public Company Limited
TSCL	Thai Styrenics Company Limited
TOCGC	TOC Glycol Company Limited
EA	Thai Ethanolamines Company Limited
TOL	Thai Oleochemicals Company Limited
TFA	Thai Fatty Alcohols Company Limited
Bio Creation	Bio Creation Company Limited
NPC S&E	NPC Safety and Environmental Service Company Limited
CH Inter	PTT Chemical International Private Limited
PTTGC (USA)	PTTGC International (USA) Inc.
PTTGC (Netherlands)	PTTGC International (Netherlands) B.V.
AP ROH	PTT Chemical International (Asia Pacific ROH) Limited
Bio Spectrum	Bio Spectrum Company Limited
PPCL	PTT Phenol Company Limited
PTTUT	PTT Utility Company Limited
PTTME	PTT Maintenance and Engineering Company Limited
TTT	Thai Tank Terminal Limited
TEX	Thai Ethoxylate Company Limited
EMERY	Emery Oleochemicals (M) Sdn Bhd
Affiliates	
BSA	Business Services Alliance Company Limited
MYRIANT	Myriant Corporation
PTTICT	PTT ICT Solutions Company Limited
PTTPM	PTT Polymer Marketing Company Limited
VNT	Vinythai Public Company Limited
EFT	Eastern Fluid Transport Company Limited
PTTES	PTT Energy Solutions Company Limited
Others	
API	Alliance Petrochemical Investment (Singapore) Private Limited
MHPC	Mehr Petrochemical Company Limited
Affiliates under Acquisition Process	
Perstorp	Perstorp Holding France SAS
NatureWorks	NatureWorks LLC

Revenue Structure



Products / Services	For the period 19 October 2011 to 31 December 2011	
	Revenue	%
1. GPC - Refinery and Shared Facilities		
(1) Sales revenue from Light Naphtha	3,548	3.4
(2) Sales revenue from Reformate	3,802	3.6
(3) Sales revenue from Jet Fuel	6,489	6.2
(4) Sales revenue from Diesel	25,912	24.7
(5) Sales revenue from Fuel Oil	7,297	7.0
(6) Others	2,062	2.0
Total	49,109	46.8
2. GPC - Aromatics		
(1) Sales revenue from Benzene	2,628	2.5
(2) Sales revenue from Paraxylene	9,764	9.3
(3) Sales revenue from Cyclohexane	951	0.9
(4) Sales revenue from Light / Heavy Naphtha	6,575	6.3
(5) Sales revenue from Condensate Residue	2,832	2.7
(6) Others	2,812	2.7
Total	25,562	24.4
3. GPC - Olefins		
(1) Sales revenue from Ethylene	2,693	2.6
(2) Sales revenue from Propylene	1,999	1.9
(3) Sales revenue from Derivatives	820	0.8
(4) Others	751	0.7
Total	6,263	6.0
4. Polymer Business Unit		
(1) Sales revenue from Plastic Pellet	11,105	10.6
(2) Sales revenue from Polystyrene	457	0.4
Total	11,562	11.0



Products / Services	For the period 19 October 2011 to 31 December 2011	
	Revenue	%
5. EO-Based Performance Business Unit		
(1) Sales revenue from EO/EG	2,797	2.7
(2) Sales revenue from EO Derivatives	638	0.6
Total	3,435	3.3
6. Green Chemicals Business Unit		
(1) Sales revenue from ME/FA	2,520	2.4
(2) Revenue from CH Inter and Emery	3,029	2.9
Total	5,548	5.3
7. High-Volume Specialties (HVS) Business Unit		
(1) Sales revenue from Phenol	527	0.5
(2) Sales revenue from Acetone	426	0.4
(3) Others	1,056	1.0
Total	2,009	1.9
8. Services and Others		
(1) Sales revenue from Utilities	945	0.9
(2) Others	397	0.4
Total	1,342	1.3
Net Total	104,830	100.0

Note : GPC = Group Performance Center



Connected Transaction

Connected Transaction between related companies

PTT Global Chemical Public Company Limited and its subsidiaries ("the Company") was formed by the amalgamation between PTT Chemical Public Company Limited ("PTTCH") and PTT Aromatics and Refining Public Company Limited ("PTTAR") and registered as a new entity on 19 October 2011. As a result, the audited financial statements represented the performance only for the period of 19 October 2011 to 31 December 2011.

Some significant business transactions had taken place between the Company and its shareholder and connected companies of common shareholders or Directors. Mainly concerning product and service transactions, these transactions were based on market or contractual prices. Below are the details.

Company	Relationship	Connected Transaction	From 19 October 2011 (amalgamation) to 31 December 2011	
			Baht (Million)	
1. PTT Public Company Limited (PTT)	- Major Shareholder of PTTGC with 48.92% of the shares	Statements of income transactions		
		Sales of goods or rendering of services	51,838	
		Purchases of goods or receiving of services	60,671	
		Other income	135	
	- Directors who are PTTGC Executives :	1. Mr. Nuttachat Charuchinda	Other expense	891
		2. Mr. Sukrit Surabotsopon	Interest expense	61
		3. Mr. Veerasak Kositpaisal		
		4. Mr. Bowon Vongsinudom		
	- Sales transaction of products and services	Statements of financial position balances		
		Trade accounts receivable - related parties	17,576	
Other accounts receivable - related parties		221		
Trade accounts payable - related parties		23,152		
		Other accounts payable - related parties	1,155	

Company	Relationship	Connected Transaction	From 19 October 2011 (amalgamation) to 31 December 2011
			Baht (Million)
2. PTT Polymer Marketing Company Limited (PTTPM)	<ul style="list-style-type: none"> - Affiliate company in which PTTGC holds 25% of the shares - PTT, which is PTTGC's major shareholder - is the major shareholder - Common Director: Mr. Veerasak Kositpaisal - Executive who is PTTPM Director: Mr. Athavudhi Hirunburana - Sales transaction of products and services 	<ul style="list-style-type: none"> Statements of income transactions Sales of goods or rendering of services Other income Statements of financial position balances Trade accounts receivable - related parties Other accounts receivable - related parties 	<ul style="list-style-type: none"> 11,561 3 5,411 2
3. Vinythai Public Company Limited (VNT)	<ul style="list-style-type: none"> - Affiliate company in which PTTGC holds 24.98% of the shares - Common Director : Mr. Veerasak Kositpaisal - Common Executive : Mrs. Puntip Oungpasuk - Executives who are VNT Directors : 1. Mr. Dhanes Charoensupaya 2. Mrs. Puntip Oungpasuk - Sales transaction of products 	<ul style="list-style-type: none"> Statements of income transactions Sales of goods or rendering of services Purchases of goods or receiving of services Statements of financial position balances Trade accounts receivable - related parties Other accounts payable - related parties 	<ul style="list-style-type: none"> 1,187 7 631 6
4. PTT ICT Solutions Company Limited (PTICT)	<ul style="list-style-type: none"> - Affiliate company in which PTTGC holds 40% of the shares - Executives who are PTICT Directors: 1. Mr. Patiparn Sukorndhaman 2. Mr. Varit Namwong - Services transaction 	<ul style="list-style-type: none"> Statements of income transactions Purchases of goods or receiving of services Other income Other expense Statements of financial position balances Other accounts receivable - related parties Other accounts payable - related parties Payables to contractors - related parties 	<ul style="list-style-type: none"> 2 18 55 13 65 9

Company	Relationship	Connected Transaction	From 19 October 2011 (amalgamation) to 31 December 2011
			Baht (Million)
5. Star Petroleum Refining Company Limited (SPRC)	<ul style="list-style-type: none"> - PTT, which is PTTGC's major shareholder holds 36% of the shares - Common Director : Mr. Sukrit Surabotsopon - Sales transaction of products 	Statements of income transactions <hr/> Sales of goods or rendering of services 1,936 <hr/> Purchases of goods or receiving of services 3,074 <hr/> Other income 5 <hr/> Other expense 4 <hr/> Statements of financial position balances <hr/> Trade accounts receivable - related parties 327 <hr/> Other accounts receivable - related parties 9 <hr/> Trade accounts payable - related parties 464 <hr/> Other accounts payable - related parties 22	
6. PTTEP Siam Limited (PTTEPS)	<ul style="list-style-type: none"> - Subsidiary of PTTEP with connected transactions - PTT, which is PTTGC's major shareholder - is the major shareholder - Sales transaction of products and services 	Statements of income transactions <hr/> Sales of goods or rendering of services 12 <hr/> Statements of financial position balances <hr/> Trade accounts receivable - related parties 6	
7. PTT Exploration and Production Public Company Limited (PTTEP)	<ul style="list-style-type: none"> - Common Major Shareholder 	Statements of income transactions <hr/> Sales of goods or rendering of services 11 <hr/> Statements of financial position balances <hr/> Trade accounts receivable - related parties 3	
8. PTT Asahi Chemical Company Limited (PTTAC)	<ul style="list-style-type: none"> - PTT, which is PTTGC's major shareholder holds 48.50% of the shares - Common Director : Mr. Prajya Phinyawat - Sales transaction of products and services 	Statements of income transactions <hr/> Sales of goods or rendering of services 176 <hr/> Statements of financial position balances <hr/> Trade accounts receivable - related parties 77 <hr/> Other accounts receivable - related parties 10	

Company	Relationship	Connected Transaction	From 19 October 2011 (amalgamation) to 31 December 2011
			Baht (Million)
9. IRPC Public Company Limited (IRPC)	<ul style="list-style-type: none"> - PTT, which is PTTGC's major shareholder holds 39.02% of the shares - Common Director : Mr. Prasert Bunsumpun - Sales transaction of products 	Statements of income transactions <hr/> Sales of goods or rendering of services 1,358 <hr/> Purchases of goods or receiving of services 212 <hr/> Other income 1 <hr/> Statements of financial position balances <hr/> Trade accounts receivable — related parties 2,147 <hr/> Other accounts receivable - related parties 1 <hr/> Trade accounts payable - related parties 13 <hr/> Other accounts payable - related parties 13	
10. HMC Polymers Company Limited (HMC)	<ul style="list-style-type: none"> - PTT, which is PTTGC's major shareholder holds 41.44% of the shares - Shareholder of PTTGC with 1.85 % of the share - Executive who is HMC Director : Mrs. Sriwan Eamrungraj - Sales transaction of products and services 	Statements of income transactions <hr/> Sales of goods or rendering of services 1,264 <hr/> Purchases of goods or receiving of services 61 <hr/> Statements of financial position balances <hr/> Trade accounts receivable — related parties 550 <hr/> Trade accounts payable - related parties 25	
11. Bangchak Petroleum Public Company Limited (BCP)	<ul style="list-style-type: none"> - PTT, which is PTTGC's major shareholder holds 27.22% of the shares - Common Director: Mr. Nuttachat Charuchinda - Sales transaction of products 	Statements of income transactions <hr/> Purchases of goods or receiving of services 1 <hr/> Statements of financial position balances <hr/> Trade accounts payable - related parties 1	
12. PTT International Trading Private Limited (PTIT)	<ul style="list-style-type: none"> - PTT, which is PTTGC's major shareholder holds 100% of the shares - Sales transaction of products 	Statements of income transactions <hr/> Sales of goods or rendering of services 129 <hr/> Purchases of goods or receiving of services 224 <hr/> Statements of financial position balances <hr/> Trade accounts payable - related parties 57	

Company	Relationship	Connected Transaction	From 19 October 2011 (amalgamation) to 31 December 2011
			Baht (Million)
13. Dhipaya Insurance Public Company Limited (DHIPAYA)	- PTT, which is PTTGC's major shareholder holds 13.33% of the shares - Services transaction	Statements of income transactions	
		Purchases of goods or receiving of services	42
		Other expense	31
		Statements of financial position balances	
		Other accounts payable - related parties	77
14. Energy Complex Company Limited (ENCO)	- PTT, which is PTTGC's major shareholder holds 50% of the shares - Services transaction	Statements of income transactions	
		Purchases of goods or receiving of services	1
		Other expense	37
		Statements of financial position balances	
		Other accounts payable - related parties	3
15. Thai Oil Public Company Limited (TOP)	- PTT, which is PTTGC's major shareholder holds 49.10% of the shares - Sales transaction of products and services	Statements of income transactions	
		Sales of goods or rendering of services	2,552
		Purchases of goods or receiving of services	1,183
		Statements of financial position balances	
		Trade accounts receivable - related parties	45
16. Business Services Alliance Company Limited (BSA)	- Subsidiary in with PTTGC directly holds 25% of shares (preference shares) and indirectly holds, through its subsidiary and affiliate 15% and 10% of share (preference shares) respectively. - Services Transaction	Statements of income transactions	
		Purchases of goods or receiving of services	56
		Other expense	8
		Statements of financial position balances	
		Other accounts payable - related parties	7
17. PTT Polymers Logistic Company Limited (PTTPL)	- PTT, which is PTTGC's major shareholder holds 100% of the shares - Services Transaction	Statements of income transactions	
		Sales of goods or rendering of services	8
		Purchases of goods or receiving of services	94
		Other expense	50
		Statements of financial position balances	
		Trade accounts receivable — related parties	5
Other accounts payable - related parties	26		

Company	Relationship	Connected Transaction	From 19 October 2011 (amalgamation) to 31 December 2011
			Baht (Million)
18. Eastern Fluid Transport Company Limited (EFT)	<ul style="list-style-type: none"> - Affiliate company in with PTTGC and its subsidiaries hold 22.65% of the share - Executive who is EFT Director : Mr. Varit Namwong - Services transaction 	<ul style="list-style-type: none"> Statements of income transactions Purchases of goods or receiving of services Statements of financial position balances Other accounts receivable - related parties Other accounts payable - related parties 	<ul style="list-style-type: none"> <li style="text-align: right;">2 <li style="text-align: right;">2 <li style="text-align: right;">9
19. PTT Energy Solutions Company Limited (PTTES)	<ul style="list-style-type: none"> - Affiliate company in with PTTGC holds 20% of the share - Executive who is PTTES Director : Mr. Kun Patumraj 	<ul style="list-style-type: none"> Statements of income transactions Purchases of goods or receiving of services Other income Statements of financial position balances Other accounts receivable - related parties 	<ul style="list-style-type: none"> <li style="text-align: right;">7 <li style="text-align: right;">1 <li style="text-align: right;">1
20. PTT Maintenance and Engineering Company Limited (PTTME)	<ul style="list-style-type: none"> - Subsidiary company in with PTTGC holds 60% of the share - PTT, which is PTTGC's major shareholder holds 40% of the shares - Common Director: Mr. Bowon Vongsinudom - Executive who is PTTME Director : Mr. Kun Patumraj - Service transaction 	<ul style="list-style-type: none"> Statements of income transactions Purchases of goods or receiving of services Other income Other expense Statements of financial position balances Other accounts receivable - related parties Other accounts payable - related parties Payables to contractors - related parties 	<ul style="list-style-type: none"> <li style="text-align: right;">128 <li style="text-align: right;">51 <li style="text-align: right;">6 <li style="text-align: right;">82 <li style="text-align: right;">80 <li style="text-align: right;">66

Company	Relationship	Connected Transaction	From 19 October 2011 (amalgamation) to 31 December 2011
			Baht (Million)
21. PTT Utility Company Limited (PTTUT)	<ul style="list-style-type: none"> - Subsidiary company in with PTTGC holds 60% of the share - PTT, which is PTTGC's major shareholder holds 40% of the shares - Common Director : Mr. Bowon Vongsinudom - Executives who are PTTUT Directors <ol style="list-style-type: none"> 1. Mr. Narong Bunditkamol 2. Mr. Suvit Tinnachote 3. Mrs. Sriwan Eamrungrroj 4. Mr. Kun Patumraj 5. Mr. Varit Namwong - Sales transactions of products 	Statements of income transactions <hr/> Purchases of goods or receiving of services 300 <hr/> Other income 4 <hr/> Statements of financial position balances <hr/> Other accounts receivable - related parties 3 <hr/> Trade accounts payable - related parties 114 <hr/> Other accounts payable - related parties 1	
22. PTT Phenol Company Limited (PPCL)	<ul style="list-style-type: none"> - Subsidiary company in with PTTGC holds 60% of the share - PTT, which is PTTGC's major shareholder holds 40% of the shares - Common Director : Mr. Veerasak Kositpaisal - Executives who are PPCL Directors : <ol style="list-style-type: none"> 1. Mr. Patipam Sukomdhaman 2. Mr. Dhanes Charoensupaya 3. Mr. Narong Bunditkamol 4. Mr. Suvit Tinnachote 5. Mrs. Sriwan Eamrungrroj 6. Mrs. Puntip Oungpasuk - Sales transactions of products and services 	Statements of income transactions <hr/> Sales of goods or rendering of services 1,224 <hr/> Other income 2 <hr/> Statements of financial position balances <hr/> Trade accounts receivable — related parties 258 <hr/> Other accounts receivable - related parties 3	

Company	Relationship	Connected Transaction	From 19 October 2011 (amalgamation) to 31 December 2011
			Baht (Million)
23. PTT Tank Terminal Company Limited (PTT Tank)	- PTT, which is PTTC's major shareholder holds 100% of the shares - Services transaction	Statements of income transactions Sales of goods or rendering of services Statements of financial position balances Other accounts receivable - related parties	1 1
24. Myriant Corporation (MYRIANT)	- Subsidiary of CH Inter - a subsidiary of PTTC holds 46.4% of the shares - Executive who is MYRIANT Director : Mr. Dhanes Charoensupaya	Statements of financial position balances Other accounts receivable - related parties	3
25. Rayong Olefins Company Limited (ROC)	- Siam Cement - a shareholder of PTTC, is the major shareholder holds 64% of the shares - Sales transactions of products and services	Statements of income transactions Purchases of goods or receiving of services Statements of financial position balances Trade accounts payable - related parties	4 4

Needs and Justification of Connected Transaction

For the sales of products by the Company to connected parties have been carried out mainly so that they may process its products into their own for sale at prices corresponding to long-term off-take agreements or spot prices. Prices must prove mutually beneficial and based on market prices without any undue transfer of interests or extraordinary items. When providing services to connected parties, transactions must cover transportation or storage costs of products. The charges for services are both market-based and benefit-based without any undue transfer of interests or extraordinary items.

For the product and feedstock supply and/or services as well as the volume of products, feedstock or services given by connected parties must meet the needs and business operation of the Company. Prices of products trading or services are as agreed by the Company and connected parties without any undue transfer of interests or extraordinary items.

In addition, the Company is required to purchase feedstock from connected parties because the capacity and quality of such feedstock meet its needs. The Company also saves on transportation expenses since the feedstock can be transferred safely by the Company's pipeline systems from their plants in Map Ta Phut Industrial Estate, Rayong.

Measures and Procedure for Approval of Connected Transaction

The Company's Articles of Association stated that a Director can acquire or dispose of company assets or perform any business transaction involving the Company either by himself or herself or on behalf of others only with the approval from the Board of Director. Any Director who personally gains from any acquisition or disposal of company asset or any transaction of the Company is not allowed to vote on that matter. After receiving approval from the Board of Directors the Company can perform any business transaction or acquire or dispose of major assets in line with the announcement of the Stock Exchange of Thailand (SET). This also applies to the Company's subsidiaries in the SET announcement concerning connected transaction of listed companies as well as the buying and selling of registered company assets.

Opinion of Independent Directors

The Independent Directors agreed with the Board of Directors.

Policies and Trends of Future Connected Transactions

Future connected transactions between the Company and connected parties will remain normal and unexceptional without any transfer of interest. For the pricing policy between the company and connected parties, the price of products or feedstock purchased will be set in agreement and or linked to market prices. In addition, service charges paid to connected parties will also be at arm's length. The price of product sold or purchased between the Company and connected parties will, as a rule, be linked to Map Ta Phut Market prices.

Disclosure of the Company's connected transaction is to comply with the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The audit standards for connected parties will be as specified by the Federation of Accounting Professions and Office of the Auditor General.

Shareholding Structure

List of Major Shareholders (register book closing date on 19 October 2011)

No.	Shareholders	Shares	(%)
1.	PTT Public Company Limited	2,204,318,909	48.92
2.	Thai NVDR Company Limited	206,803,072	4.59
3.	HSBC (SINGAPORE) NOMINEES PTE LTD	147,407,566	3.27
4.	HMC Polymers Company Limited	83,427,636	1.85
5.	The Siam Cement Public Company Limited	82,164,775	1.82
6.	CHASE NOMINEES LIMITED 42	75,474,306	1.68
7.	STATE STREET BANK EUROPE LIMITED	71,017,132	1.58
8.	NORTRUST NOMINEES LIMITED-NTD SEC LENDING THAILAND	60,310,434	1.34
9.	STATE STREET BANK AND TRUST COMPANY	53,624,104	1.19
10.	THE BANK OF NEW YORK MELLON-CGT TAXABLE	50,270,230	1.12

- Remarks :
- (1) PTT Group Shareholders includes
 1. PTT Public Company Limited
 2. HMC Polymers Company Limited (PTT PLC. Holds 41.44% of the shares)
 - (2) Shareholders of Thai NVDR Company Limited holding Non-Voting Depository Receipt: NVDR, are ineligible for voting at shareholders, meeting except when exercising their voting rights on delisting the share form SET.
 - (3) The Siam Cement Group shareholders includes
 1. The Siam Cement Public Company Limited
Number of Shares holding in PTTGC: 82,164,775 shares
 2. Bangkok Synthetics Company Limited (SCC Plc. Holds 26% of the shares)
Number of Shares holding in PTTGC: 43,420,625 shares
 3. Thai Plastic and Chemicals Public Company Limited (SCC Plc. and subsidiaries Holds 75.95% of the shares)
Number of Shares holding in PTTGC: 8,541,081 shares
 - (4) In practice the major shareholders with significant influence on the establishment of PTTGC's policy and strategy is PTT Group Shareholders, which in total holds 49.69% in PTTGC.
 - (5) As of 19 October 2011 ; there are 300 foreign shareholders, holding a combined of 971,484,372 shares (21.56% of paid-up capital)
 - (6) According to the Company's Articles of Association No. 8 - "The Company's shares can be transferred without any restrict, except in the case where the said transfer would result in more than thirty-seven (37) percent of the Company's total shares sold being held by foreigners."

Dividend Payment Policy

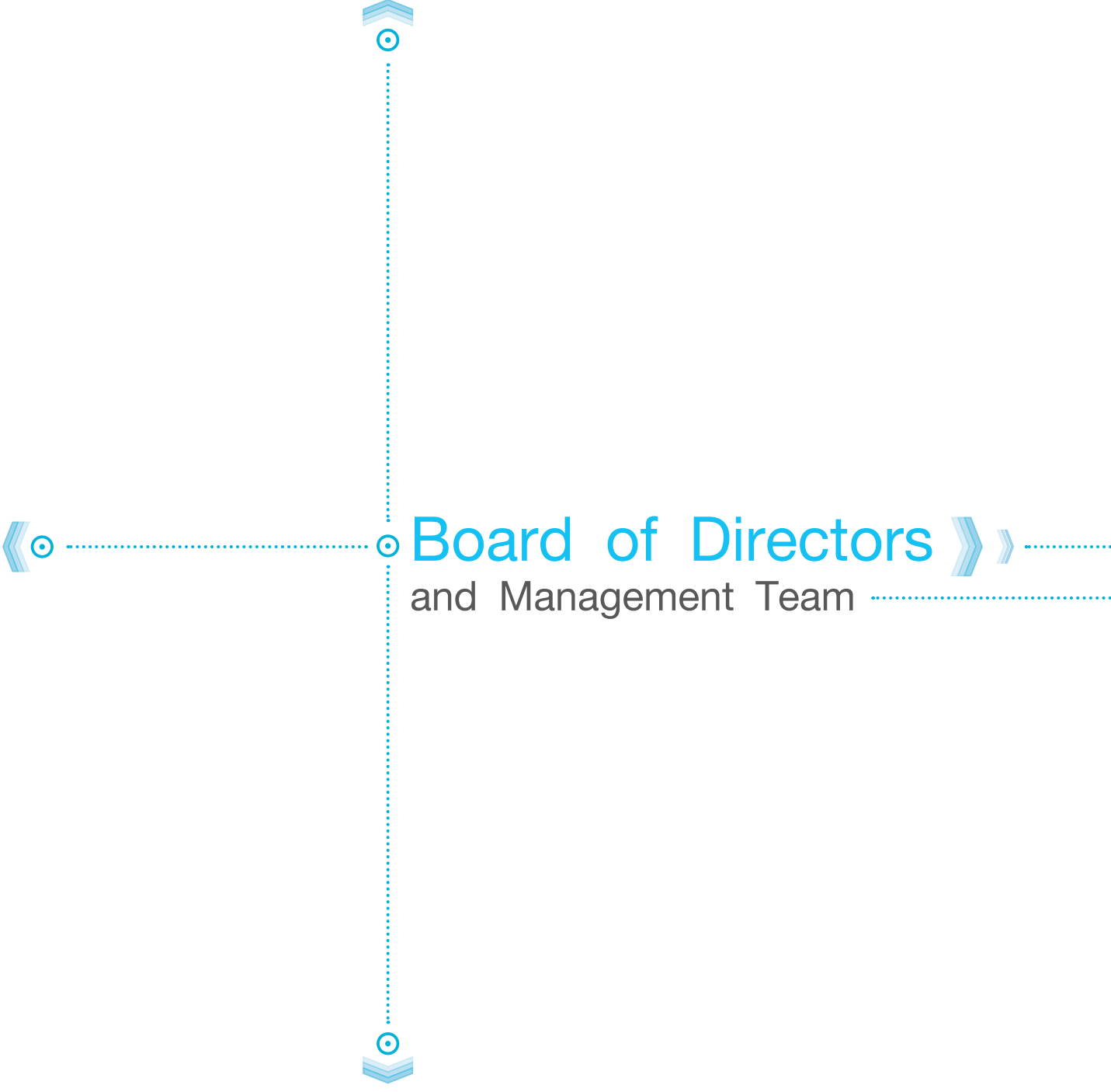
PTT Global Chemical Public Company Limited

The Board of Directors Meeting No. 1/2011, held on October 19, 2011, had resolved that the dividend policy of the Company is to pay dividend at a rate of no less than 30% of net profit after tax and allocation to all reserve funds of the Company, such payment of dividend being subject to investment plan other necessity and appropriate consideration in the future.

Subsidiaries' Dividend Policy

The dividend policy for PTTGC's subsidiaries shall be considered and proposed by the Board of Directors of each subsidiary for approval at the annual general meeting of each subsidiary, where the dividend payment shall be considerate based on the investment plans and other requirements and considerations, such as the adequacy of cash flow of each subsidiary after deducting reserve funds in accordance with the law.





PTT Global Chemical Public Company Limited



Board of Directors



Education / Training

- B.Eng. (Civil Engineering), Chulalongkorn University
- MBA, Utah State University, U.S.A.
- Honorary Doctoral in Engineering, Chulalongkorn University
- Honorary Doctoral in Management, National Institute of Development Administration (NIDA)
- Honorary Doctoral in Management Science, Phetchaburi Rajabhat University
- MBA, Honorary Doctoral in Management, Mahasarakham University
- Diploma, National Defense Course for the Joint State-Private Sector, Class 10, The National Defense College
- Certificate in Advanced Management Program, Harvard Business School, U.S.A.
- Advanced Certificate Course in Politics and Governance in Democratic System for Executives, Class 6, King Prajadhipok's Institute
- Capital Market Academy Leadership Program, Class 3, Capital Market Academy
- Director Accreditation Program (DAP), Class 26/2004, Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, IRPC Public Company Limited
- Chairman, Thai Lube Base Public Company Limited
- Director, Krung Thai Bank Public Company Limited
- Director, Shin Corporation Public Company Limited
- Chairman, Thailand Business Council for Sustainable Development (TBCSD)

Experiences

- | | |
|-----------------------|---|
| 2003 - 2011 | • President and Chief Executive Officer, Director and Secretary to the Board of Directors, PTT Public Company Limited |
| Oct. 2008 - Mar. 2011 | • Chairman, PT Exploration and Production Public Company Limited |
| 2000 - 2011 | • Director, PT Exploration and Production Public Company Limited |
| 2005 - 2010 | • Vice Chairman, PT Chemical Public Company Limited |
| Feb. - Jun. 2010 | • Chairman, PT Chemical Public Company Limited |
| 2010 - 2011 | • Director, PT Chemical Public Company Limited |
| 2007 - 2011 | • Director, PT Aromatics and Refining Public Company Limited |

Relation among family within the Company - None

Mr. Prasert Bunsumpun
Chairman
Age : 59

Education / Training

- Armed Forces Academic Preparatory School, Class 8
- The Royal Police Cadet Academy, Class 24
- Institute of Police Administration, Class 8
- Top Management Program Course 1 (Class 10) and Course 2 (Class 15), Civil Service Training Institute
- National Defense Course, Class 38, National Defense College
- Master Degree of Arts (Honorary Degree), Political Science, Ramkhamhaeng University
- Doctorate (Honorary Degree), Political Science, Ramkhamhaeng University
- Doctorate (Honorary Degree), Public Administration, Ubon Ratchathani University
- Capital Market Academy Leadership Program, Class 9, Capital Market Academy
- Director Accreditation Program (DAP) Class 60/2006 / Role of the Compensation Committee (RCC) Class 9/2009 and Role of the Chairman Program (RCP) Class 27/2012 Thai Institute of Directors Association (IOD)

Present Important Positions

- Retired Police Officer

Experiences

- | | |
|-------------|---|
| 2009 - 2011 | <ul style="list-style-type: none"> • Independent Director / Nomination and Remuneration Committee and Audit Committee, PTT Aromatics and Refining Public Company Limited |
| 2007 - 2008 | <ul style="list-style-type: none"> • National Police Commander |
| 2007 | <ul style="list-style-type: none"> • Member of Council of National Security • Acting National Police Commander |

Relation among family within the Company - None



Pol. Gen. Sereepisut Tameeyaves

Independent Director
Chairman of the Corporate Governance Committee
Age : 63

Education / Training

- LL.B., Ramkhamhaeng University Class 1
- Barrister at Law, Class 27, Institute of Thai Bar Association
- Master of Political Science, National Institute of Development Administration
- Provincial Public Prosecutor Program, Class 9/2530
- Capital Market Academy Leadership Program, Class 9, Capital Market Academy
- Director Certification Program (DCP) Class 76/2006 / Director Accreditation Program (DAP) Class 56/2006 and Understanding the Fundamental of Financial Statement (UFS), Class 3/2006 Thai Institute of Directors Association (IOD)

Present Important Positions

- Director-General, Department of Public Prosecutor Commission, Office of the Attorney General
- Commissioner, Audit Committee and Chairman of the Board of Appeals Office of the Securities and Exchange Commission, Thailand
- Director, Chairman of Corporate Governance and Social Responsibility Committee, Chairman of Risk Management and Internal Control Committee, Provincial Electricity Authority
- Chairman, Krungthai Laws Company Limited

Experiences

- | | |
|-------------|---|
| 2008 - 2011 | <ul style="list-style-type: none"> • Independent Director, Chairman of the Corporate Governance Committee, Remuneration Committee, PTT Chemical Public Company Limited • Director-General, Office of Regional Appellate Litigation, Region 9, • Director-General, Department of Policy, Strategy and Budget Planning • Director, Metropolitan Electricity Authority • Director, Forest Industry Organization |
| 2006 - 2008 | <ul style="list-style-type: none"> • Director and Audit Committee, Small and Medium Enterprise Development Bank of Thailand (SME Bank) |
| 2005 - 2008 | <ul style="list-style-type: none"> • Deputy Director, Department of Intellectual Property and International Trade Litigation |
| 2005-2007 | <ul style="list-style-type: none"> • Deputy Director General, Department of Southern Bangkok Criminal Litigation • Director and Audit Committee, Neighbouring Countries Economic Development Cooperation Agency |

Relation among family within the Company - None



Mr. Somchai Kuvijitsuwan

Independent Director
Chairman of the Audit Committee
Age : 60

Education / Training

- B.E. (Civil Engineering), Chulalongkorn University
- M.S.(Civil Engineering), Stanford University U.S.A.
- Ph.D.(Civil Engineering), University of Texas at Austin, U.S.A.
- Diploma, National Defense Course for the Joint State-Private Sector, Class 15, The National Defense College
- Capital Market Academy Leadership Program, Class 7, Capital Market Academy
- Director Certification Program (DCP), Class 14/2002, Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, PTT Polyethylene Company Limited
- Chairman, PTT Asahi Chemical Company Limited
- Director, Thai Paraxylene Company Limited
- Director, Thai Lube Base Public Company Limited
- Director, Bangkok Polyethylene Public Company Limited

Experiences

- | | |
|-------------|---|
| 2008 - 2011 | <ul style="list-style-type: none"> • Chief Operating Officer, Downstream Petroleum Business Group and Senior Executive Vice President, Oil Business Unit, PTT Public Company Limited |
| 2004 - 2007 | <ul style="list-style-type: none"> • Senior Executive Vice President, Petrochemicals & Refining Business Group, PTT Public Company Limited |
| 2007 - 2011 | <ul style="list-style-type: none"> • Director, PTT Aromatics and Refining Public Company Limited |
| 2006 - 2011 | <ul style="list-style-type: none"> • Director, IRPC Public Company Limited |
| 2005 - 2011 | <ul style="list-style-type: none"> • Director, PTT Chemical Public Company Limited |
| 2004 - 2011 | <ul style="list-style-type: none"> • Director, Thai Oil Public Company Limited |

Relation among family within the Company - None



Mr. Prajya Phinyawat

Director

Age : 60

Education / Training

- B.A. (Law), Chulalongkorn University
- M.A. (Law), Chulalongkorn University
- Barrister at Law, Thailand
- The National Defense College of Thailand, 1997
- Director Accreditation Program (DAP), Class 94/2012 Thai Institute of Directors Association (IOD)

Present Important Positions

- Legal and Boundary Advisor, Ministry of Foreign Affairs
- Director, Bank for Agriculture and Agricultural Cooperatives
- Chairman (Thailand), Thai - Malaysia Land Boundary Committee
- Vice Chairman, Thai - Korean Friendship Association
- Member of the Special Committee for the Consideration of Treaties, Ministry of Foreign Affairs
- Vice-Chairman (Thailand), Thai - Cambodia Joint Technical Committee (Delimitation of Sea Boundary)
- Chairman (Thailand), Senior Officials' Meeting on Thai - Laos Boundary
- Chairman (Thailand), Thai - Myanmar Joint Committee on Demarcation for Land Boundary
- Advisor, Mitr Phol Sugar Corp. Ltd.

Experiences

- | | |
|-------------|--|
| 2009 - 2011 | <ul style="list-style-type: none"> • Special Lecturer on Public and Private International Law, Mae Fah Luang University, Chiang Rai |
| 2008 - 2010 | <ul style="list-style-type: none"> • Chairman (Thailand), Thai - Cambodian Joint Commission on Demarcation for Land Boundary |
| 2008 - 2010 | <ul style="list-style-type: none"> • Thai Eminent Person, ASEAN - Korea Eminent Persons Group • Chairman, ASEAN's High Level Legal Experts Group on Follow - Up to the ASEAN Charter |
| 2005 - 2008 | <ul style="list-style-type: none"> • Ambassador to the Republic of Korea |

Relation among family within the Company - None



Mr. Vasin

Teeravechyan

Independent Director
Chairman of the Nomination
and Remuneration
Committee

Age : 63

Education / Training

- Bachelor of Accountancy, Chulalongkorn University
- Bachelor of Laws, Ramkhamhang University
- MBA (Accounting), Central Michigan University, U.S.A.
- National Defense Course, Class 38, National Defense College
- The Program for Senior Executives on Justice Administration, Batch 14, National Justice Academy, Office of the Judiciary
- Top Executive Program in Commerce and Trade (TEPCoT 4)
- Capital Market Academy Leadership Program, Class 7, Capital Market Academy
- The International Auditor's Fellowship Program, Government Accountability Office (U.S. GAO), U.S.A.
- Audit of Computer Systems, Kingston Polytechnic, England
- Internal Audit and Computer Audit, National Audit Office (NAO), England
- Procurement Audit, Board of Audit and Inspection, Republic of Korea
- Director Accreditation Program (DAP), Class 94/2012 and Audit Committee Program (ACP) Class 38/2012 Thai Institute of Directors Association (IOD)

Present Important Positions

- Advisor to the Audit Committee, Thai Airways International Public Company Limited
- Committee on Overseeing the NBTC's Operation, National Broadcasting and Telecommunication Commission (NBTC)

Experiences

- | | |
|-------------|--|
| 2008 - 2010 | • Expert Member, Board of Special Case, Department of Special Investigation (D.S.I.) |
| 2000 - 2006 | • State Audit Commissioner, State Audit Commission |

Relation among family within the Company - None



**Mrs. Raweporn
Kuhirun**
Independent Director
Director to the Audit
Committee
Age : 67

Education / Training

- The Royal Police Cadet Academy
- Master Degree in Public Administration (Honor Degree) National Institute of Development Administration
- The Federal Bureau of Investigation (FBI)
- National Defense Course, Class 34, National Defense College
- Director Certification Program (DCP) Class 107/2008 and Director Accreditation Program (DAP) Class 73/2008 Thai Institute of Directors Association (IOD)

Present Important Positions

- Retired Police Officer

Experiences

- | | |
|-------------|---|
| 2010 - 2011 | • Advisor to the Chairman of the Board of Directors, CAT Telecom Public Company Limited |
| 2008 - 2009 | • Advisor to the Minister of Foreign Affairs |
| 2008 | • Director, Airports of Thailand Public Company Limited |
| 2008 | • Advisor to the Minister of Justice |

Relation among family within the Company - None



**Pol. Gen. Sombat
Amornvivat**
Independent Director
Director to the Corporate
Governance Committee
Age : 64

Education / Training

- Bachelor of Electrical Engineering, Royal Air Force Academy
- Master of Electricity Engineering, Aerospace Systems, Cranfield Institute of Technology, U.K.
- National Defence College (Class 46)
- Airport Management, Kasetsart University
- Air War College (Class 30)
- Air Command and Staff College (Class 32)
- Top Executive Programme (Class 5), Capital Market Academy (CMA), Stock Exchange of Thailand
- Corporate Governance for Directors and Senior Executive of State Enterprises and Public Organizations, Class 3-2009, King Prajadhipok's Institute
- Director Accreditation Program (DAP) Class 47/2005 Thai Institute of Directors Association (IOD)

Present Important Positions

- Court Martial Judge
- Vice Chairman of Volleyball Association

Experiences

- | | |
|-------------|---|
| 2008 - 2011 | • President of Aeronautical Radio of Thailand Limited |
| 2005 - 2006 | • Director, Telephone Organization of Thailand (TOT) Public Company Limited |
| 2007 - 2008 | • Executive Expert (a position for an officer of the Rank of Air Chief Marshal) |
| 2006 - 2007 | • Chief of Staff Attached to the Commander-in-Chief, Royal Thai Air Force |
| 2005 - 2006 | • The Commander of the Science and Weapon System Development Centre, Royal Thai Air Force |

Relation among family within the Company - None



**Air Chief Marshal
Somchai Thean-anant**
Independent Director
Director to the Nomination
and Remuneration
Committee
Age : 60

Education / Training

- L.L.B., Sukhothai Thammathirat Open University
- B.A. in Economics, Ramkhamhaeng University
- M.P.A., National Institute of Development Administration
- Advanced Executive Program, Kellogg School of Management, Northwestern University, U.S.A.
- National Defence College, Class 51
- Director Certification Program (DCP) Class 80/2006 / Financial Statement for Directors (FSD) Class 11/2011 and Audit Committee Program (ACP) Class 38/2012 Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, CAT Telecom Public Company Limited
- Inspector General, Ministry of Finance
- Committee Member, Government Savings Bank
- Committee Member, Angpao Assets Public Company Limited

Experiences

- | | |
|-------------|--|
| 2008 - 2009 | • State Property Development Advisor, Treasury Department |
| 2006 - 2008 | • Deputy Director General, Treasury Department |
| 2004 - 2006 | • Director, Bureau of Bangkok State Property Management, Treasury Department |

Relation among family within the Company - None



**Mr. Amnuay
Preemonwong**
Independent Director
Director to the Audit
Committee
Age : 53

Education / Training

- B.Sc., Chiang Mai University
- Post-Graduate Diploma, Hydraulic Engineering, International Institute of Hydraulic Engineering, Delft, Netherlands
- Energy Executive Program (Class 1), Ministry of Energy
- Joint Staff Program (Class 43), National Defence Studies Institute, Supreme Command Headquarters
- Civil Service Executive Program 1 (Class 44), Civil Service Training Institute (CSTI), Office of the Civil Service Commission (OCSC)
- National Defence College, Class 51

Present Important Positions

- Director-General, Energy Policy and Planning Office, Ministry of Energy

Experiences

- | | |
|-------------|---|
| 2009 - 2011 | <ul style="list-style-type: none"> • Deputy Director-General, The Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy |
| 2007 - 2009 | <ul style="list-style-type: none"> • Director, Bureau of Alternative Energy Development, DEDE, Ministry of Energy |

Relation among family within the Company - None



Mr. Suthep Liumsirjarern
Independent Director
Director to the Risk Management Committee
Age : 56

Education / Training

- B.A., Economics, Thammasat University
- The Executive Management Seminar 2002 for Paper and Packaging Business, The Wharton School, University of Pennsylvania
- Diploma, National Defense Course for the Joint State-Private Sector, Class 22, The National Defense College
- Capital Market Academy Leadership Program, Class 2, Capital Market Academy
- Director Certification Program (DCP) Class 110/2008 and Audit Committee Program (ACP) Class 25/2009 Thai Institute of Directors Association (IOD)

Present Important Positions

- Deputy Secretary General, The Federation of Thai Industries
- Director, Sansiri Public Company Limited
- Chief Executive Officer, New Waitek Company Limited
- Executive Director, Prestige Direct Marketing Company Limited
- Executive Director, Prestige Gift and Premium Company Limited
- Executive Director, Media Shaker Company Limited
- Executive Director, Bangkok Binding Company Limited

Experiences

- | | |
|-------------|---|
| 2008 - 2010 | <ul style="list-style-type: none"> • Member of the Board, Thailand Institute of Scientific and Technological Research (TISTR) |
| 2006 - 2010 | <ul style="list-style-type: none"> • Chairman, the Thai Printing and Paper Packaging Industry Club, The Federation of Thai Industries |
| 2006 - 2009 | <ul style="list-style-type: none"> • Director, Metropolitan Electricity Authority |
| 2006 - 2008 | <ul style="list-style-type: none"> • Member of the Board, Office of Small and Medium Enterprise Promotion |
| 2005 - 2008 | <ul style="list-style-type: none"> • Member of the Board, the Federation of Thai Industries • Chairman, The Federation of Thai Printing Industry Foundation |

Relation among family within the Company - None



Mr. Kriengkrai Thiennukul
Independent Director
Director to the Corporate Governance Committee
Age : 52

Education / Training

- B.Eng. (Civil Engineering), Chiang Mai University
- MBA, Thammasat University
- Diploma, National Defense Course for the Joint State-Private Sector, Class 20, National Defense College
- Program for Global Leadership (PGL), Harvard Business School, U.S.A.
- Oxford Energy Seminar, England
- Break Through Program for Senior Executives (BPSE), IMD, Switzerland
- Director Certification Program (DCP) Class 129/2010 Thai Institute of Directors Association (IOD)

Present Important Positions

- Chief Operation Officer, Downstream Petroleum Business Group, PTT Public Company Limited
- Director, Bangchak Petroleum Public Company Limited
- Director, Bangkok Aviation Fuel Services Public Company Limited

Experiences

- | | |
|------------------|---|
| Jan. - Sep. 2011 | <ul style="list-style-type: none"> • Senior Executive Vice President, Corporate Strategy, PTT Public Company Limited |
| 2009 | <ul style="list-style-type: none"> • Executive Vice President, International Trading Business Unit, PTT Public Company Limited |
| 2005 - 2009 | <ul style="list-style-type: none"> • Executive Vice President, Natural Gas Vehicle, PTT Public Company Limited |
| Apr. - Oct. 2011 | <ul style="list-style-type: none"> • Director / Nomination and Remuneration Committee, PTT Aromatics and Refining Public Company Limited |

Relation among family within the Company - None



Mr. Nuttachat Charuchinda

Director

Director to the Nomination and Remuneration Committee

Age : 56

Education / Training

- B.Eng. Chemical Engineering, Chulalongkorn University (2nd Class Honor)
- TLCA Executive Development Program (EDP3) 2009, Thai Listed Companies Association (TLCA)
- Director Certification Program (DCP) Class 132/2010 / Audit Committee Program (ACP) Class 38/2012 and Monitoring the System of Internal Control & Risk Management (MIR) Class 12/2012 Thai Institute of Directors Association (IOD)

Present Important Positions

- Senior Executive Vice President, Petrochemicals & Refining Business Unit, PTT Public Company Limited
- Director, PTT International Company Limited
- Director, Thai Lube Base Public Company Limited
- Director, Thaioil Ethanol Company Limited
- Director, Star Petroleum Refining Company Limited

Experiences

- | | |
|------------------|---|
| 2009 - 2010 | <ul style="list-style-type: none"> • Executive Vice President, Subsidiary Planning & Management, PTT Public Company Limited |
| Apr. - Oct. 2011 | <ul style="list-style-type: none"> • Director / Risk Management Committee, PTT Aromatics and Refining Public Company Limited • Director / Nomination Committee, PTT Chemical Public Company Limited |
| 2008 - 2009 | <ul style="list-style-type: none"> • Assistant Managing Director - Strategic Planning & Business Development, Thai Oil Public Company Limited |
| 2007 - 2008 | <ul style="list-style-type: none"> • Assistant Managing Director - Business, Thai Oil Public Company Limited |

Relation among family within the Company - None



Mr. Sukrit Surabotsopon

Director

Chairman of the Risk Management Committee

Age : 53

Education / Training

- B.Eng. in Chemical Engineering, Chulalongkorn University
- M.Eng. in Chemical Engineering, Chulalongkorn University
- Master of Management, Sasri Graduate Institute of Business Administration of Chulalongkorn University
- National Defense Course, Class 17, National Defense College
- Director Accreditation Program (DAP) Class 76/2008 Thai Institute of Directors Association (IOD)

Present Important Positions

- Senior Executive Vice President, Downstream Petroleum Business Group, PTT Public Company Limited
- Chairman, NPC Safety and Environmental Service Company Limited
- Chairman, PTT Maintenance and Engineering Company Limited
- Director and President, PTT Polyethylene Company Limited
- Director, Thai Tank Terminal Limited
- Director, PTT Utility Company Limited

Experiences

- 2010 - 18 Oct. 2011 • Director / Risk Management Committee / President & CEO and Secretary to the Board of Directors, PTT Aromatics and Refining Public Company Limited
- 2009 - 2010 • Senior Executive Vice President - Operations and Acting Executive Vice President - Supply Planning & Business Development, PTT Aromatics and Refining Public Company Limited
- 2010 - 2011 • Director, PTT Phenol Company Limited
- 2008 - 2009 • Co-Chief Executive Officer, Alliance Refining Company Limited

Relation among family within the Company - None



**Mr. Bowon
Vongsinudom**

Director

Director to the Corporate

Governance Committee

Director to the Risk

Management Committee

Age : 57

Education / Training

- Bachelor of Engineering (Mechanical), Chulalongkorn University
- Master of Science (Mechanical Engineering), Texas A&I University, U.S.A.
- Top Executive Program in Commerce and Trade (TEPCoT)
- Capital Market Academy Leadership Program, Class 11, Capital Market Academy
- Director Certification Program (DCP) Class 82/2006 Finance for Non-Finance Directors Program (FND) Class 30/2006 Thai Institute of Directors Association (IOD)

Present Important Positions

- Senior Executive Vice President, Downstream Petroleum Business Group, PTT Public Company Limited
- Vice Chairman, Vinythai Public Company Limited
- Chairman, PTT Chemical International Private Limited
- Chairman, PTT Phenol Company Limited
- Chairman, Emery Oleochemicals (M) Sdn Bhd
- Chairman, PTT Chemical International (Asia Pacific ROH) Limited
- Director, PTT Polymer Marketing Company Limited
- Vice Chairman, The Federation of Thai Industries and Chairman, the Plastic Industry Club
- Director, Petroleum Institute of Thailand
- Director and Chairman of Nominating and Remuneration Committee, Thai Listed Companies Association Industries)

Experiences

- 2008 - 18 Oct. 2011 • Director / Secretary to the Board of Directors and President & CEO, PTT Chemical Public Company Limited
- 2006 - 2009 • Executive Vice President Acting for Senior Executive Vice President, PTT Public Company Limited
- Feb - Oct. 2008 • Executive Vice President-Polymer Products Value Center, PTT Chemical Public Company Limited
- 2007 - 2008 • Executive Vice President-Marketing, Commercial & Supply Chain Governance, PTT Chemical Public Company Limited

Relation among family within the Company - None



**Mr. Veerasak
Kositpaisal**

Director and

Secretary to the Board

of Directors

Age : 57

Management Team

01 Mr. Veerasak Kositpaisal
Chief Executive Officer

02 Mr. Bowon Vongsinudom
President

03 Mr. Dhanes Charoensupaya
Executive Vice President,
Growth Sustainability
and Innovation

04 Mrs. Puntip Oungpasuk
Executive Vice President,
Corporate Strategy

05 Mr. Patiparn Sukorndhaman
Executive Vice President,
Finance & Accounting

06 Mr. Varit Namwong
Executive Vice President,
Organization Effectiveness

07 Mrs. Thasnalak Santikul
Executive Vice President,
Corporate Affairs



▲▲ Mrs. Sriwan Eamrunroj
 08 Executive Vice President,
 Marketing, Commercial
 and Supply

▲▲ Mr. Kun Patumraj
 09 Executive Vice President,
 Engineering and
 Maintenance

▲▲ Mr. Suvit Tinnachote
 10 Executive Vice President
 Group Performance
 Center - Olefins

▲▲ Mr. Narong Bunditkamol
 11 Executive Vice President,
 Group Performance
 Center - Aromatics

▲▲ Mr. Porntep Butniphant
 12 Executive Vice President,
 Group Performance
 Center - Refinery
 and Shared Facilities

▲▲ Mr. Athavudhi Hirunburana
 13 Executive Vice President,
 Polymers Business Unit

▲▲ Mr. Sermsak Sriyaphai
 14 Executive Vice President,
 EO-Based Performance
 Business Unit

▲▲ Mr. Vanchai Tadadoltip
 15 Executive Vice President,
 Green Chemicals
 Business Unit
 Executive Vice President,
 High - Volume Specialties
 Business Unit (HVS)



Management Team

Mr. Veerasak Kositpaisal

01 

Chief Executive Officer • Age : 57

Education / Training

- Bachelor of Engineering (Mechanical), Chulalongkorn University
- Master of Science (Mechanical Engineering), Texas A&I University, U.S.A.
- Top Executive Program in Commerce and Trade (TEPCoT), Class 2
- Capital Market Academy Leadership Program, Class 11, Capital Market Academy
- Director Certification Program (DCP) Class 82/2006
- Finance for Non-Finance Directors Program (FND) Class 30/2006
- Thai Institute of Directors Association (IOD)

Present Important Positions

- Senior Executive Vice President, Downstream Petroleum Business Group, PTT Public Company Limited
- Vice Chairman, Vinythai Public Company Limited
- Chairman, PTT Chemical International Private Limited
- Chairman, PTT Phenol Company Limited
- Chairman, Emery Oleochemicals (M) Sdn Bhd
- Chairman, PTT Chemical International (Asia Pacific ROH) Limited
- Director, PTT Polymer Marketing Company Limited

- Vice Chairman, The Federation of Thai Industries
- Chairman, The Federation of Thailand Industries the Plastic Industry Club
- Director, Petroleum Institute of Thailand
- Director and Chairman of Nominating and Remuneration Committee, Thai Listed Companies Association Industries

Experiences

- 2008 - 18 Oct. 2011 • Director / Secretary to the Board of Directors and President & CEO, PTT Chemical Public Company Limited
- 2006 - 2009 • Executive Vice President Acting for Senior Executive Vice President, PTT Public Company Limited
- Feb - Oct. 2008 • Executive Vice President-Polymer Products Value Center, PTT Chemical Public Company Limited
- 2007 - 2008 • Executive Vice President-Marketing, Commercial & Supply Chain Governance, PTT Chemical Public Company Limited

Relation among family within the Company - None

Mr. Bowon Vongsinudom

02 

President • Age : 57

Education / Training

- B.Eng. in Chemical Engineering, Chulalongkorn University
- M.Eng. in Chemical Engineering, Chulalongkorn University
- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- National Defense Course, Class 17, National Defense College
- Director Accreditation Program (DAP) Class 76/2008
- Thai Institute of Directors Association (IOD)

Present Important Positions

- Senior Executive Vice President, Downstream Petroleum Business Group, PTT Public Company Limited
- Chairman, NPC Safety and Environmental Service Company Limited
- Chairman, PTT Maintenance and Engineering Company Limited
- Director and President, PTT Polyethylene Company Limited
- Director, Thai Tank Terminal Limited

- Director, PTT Utility Company Limited

Experiences

- 2010 - 18 Oct. 2011 • Director / Risk Management Committee / President & CEO and Secretary to the Board of Directors, PTT Aromatics and Refining Public Company Limited
- 2009 - 2010 • Senior Executive Vice President - Operations and Acting as Executive Vice President - Supply Planning & Business Development, PTT Aromatics and Refining Public Company Limited
- 2010 - 2011 • Director, PTT Phenol Company Limited
- 2008 - 2009 • Co-Chief Executive Officer, Alliance Refining Company Limited

Relation among family within the Company - None

Mr. Dhanes Charoensupaya

03 

Executive Vice President, Growth Sustainability and Innovation • Age : 57

Education / Training

- Ph.D. (Mechanical Engineering), Illinois Institute of Technology, U.S.A.
- Master of Science (Mechanical Engineering), Texas A & I University, U.S.A.
- Bachelor's Degree in Mechanical Engineering, Chulalongkorn University
- Advance Management Program, Harvard Business School, U.S.A.
- Director Certification Program (DCP), Class 97/2007, Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, Bio Creation Company Limited
- Chairman, Advanced Biochemical (Thailand) Company Limited
- Director, Vinythai Public Company Limited
- Director, PTT Phenol Company Limited
- Director, Thai Tank Terminal Limited
- Director, Myriant Corporation

Experiences

- 2008 - 18 Oct. 2011 • Executive Vice President, Marketing, Commercial & Supply Chain Governance, PTT Chemical Public Company Limited
- 2005 - 2006 • EO/EG Project Director, PTT Chemical Public Company Limited
- 2006 - 2007 • Senior Vice President, PTT Chemical Public Company Limited
- Executive Vice President - Operation, TOC Glycol Company Limited
- 2008 - 2011 • Director, PTT Polymer Marketing Company Limited
- Director, PTT Utility Company Limited
- Director, Thai Styrenics Company Limited
- 2008 - 10 Jan. 2012 • Director, Alliance Petrochemical Investment (Singapore) Pte., Ltd.
- Director, Mehr Petrochemical Company Limited

Relation among family within the Company - None

Mrs. Puntip Oungpasuk

Executive Vice President, Corporate Strategy

• Age : 52

04 

Education / Training

- Master's Degree in Business Administration (Commerce & Accountancy), Thammasat University
- Bachelor's Degree in Chemical Engineering, Prince of Songkla University
- The Advance Management Program (AMP), Harvard Business School, U.S.A.
- Chief Finance Officer (CFO) Class 1/2004, The Institute of Certified Accountants and Auditors of Thailand
- Director Certification Program (DCP) Class 67/2005, Thai Institute of Directors Association (IOD) and Australian Institute of Company Directors

Present Important Positions

- Director and Executive Committee, Vinythai Public Company Limited
- Director, PITGC International (Netherlands) B.V.
- Director, TOC Glycol Company Limited
- Director, PTT Phenol Company Limited
- Director, PTT Chemical International Private Limited

- Director, Emery Oleochemicals (M) Sdn. Bhd
- Director, PTT Chemical International (Asia Pacific ROH) Limited
- Director, Pimai Salt Company Limited
- Director, Advanced Biochemical (Thailand) Company Limited
- Director, Bio Creation Company Limited

Experiences

- 2008 - 18 Oct. 2011 • Executive Vice President, Strategy & International Affairs PTT Chemical Public Company Limited
- 2005 - 2007 • Executive Vice President - Corporate Strategy & Business Development, PTT Chemical Public Company Limited
- 2008 - 2011 • Director, Thai Tank Terminal Limited
- 2008 - 2010 • Director, Thai Styrenics Company Limited
- 2007 - 2010 • Director, PTT Polyethylene Company Limited
- 2007 - 2008 • Director, PTT Polymer Marketing Company Limited

Relation among family within the Company - None

Mr. Patiparn Sukorndhaman

Executive Vice President, Finance & Accounting

• Age : 51

05 

Education / Training

- M.B.A. (Finance), The American University, U.S.A.
- B.A. Political Science (Public Administration - Public Finance), 2nd Class Honors, Chulalongkorn University
- Graduate Diploma in Public Law and Management (PLM.8), King Prajadhipok's Institute
- Certification program for Senior Management 5 (Ex - PSM 5), Fiscal Policy Research Institute Foundation
- Director Certification Program (DCP) Class 73/2006, Thai Institute of Director (IOD)

Present Important Positions

- Director, Thai Oleochemicals Company Limited
- Director, Thai Fatty Alcohol Company Limited
- Director, TOC Glycol Company Limited

- Director, Thai Ethanolamines Company Limited
- Director, Bio Creation Company Limited
- Director, PTT Phenol Company Limited
- Director, PTT ICT Solutions Company Limited

Experiences

- 2009 - 18 Oct. 2011 • Executive Vice President, Finance & Accounting PTT Chemical Public Company Limited
- 2003 - 2009 • Senior Executive Vice President Accounting and Finance (CFO), Bangchak Petroleum Public Company Limited (BCP)
- 2009 - 5 Jan. 2012 • Director, PTT Polyethylene Company Limited

Relation among family within the Company - None

Mr. Varit Namwong

Executive Vice President, Organization Effectiveness

• Age : 48

06 

Education / Training

- Bachelor of Business Administration, Marketing, Assumption Business Administration College
- Master of Business Administration, Business Administration (International Program), Ramkhamhaeng University,
- Cert., in Senior Executive Program (SEP), Sasri Graduate Institute of Business Administration of Chulalongkorn University
- Director Accreditation Program (DAP) Class 91/2011, Thai Institute of Directors Association (IOD)

Present Important Positions

- Director, PTT Chemical International Private Limited
- Director, PTT Chemical International (Asia Pacific ROH) Limited

- Director, Eastern Fluid Transport Company Limited
- Director, Thai Styrenics Company Limited
- Director, PTT ICT Solutions Company Limited
- Director, PTT Utility Company Limited

Experiences

- 2009 - 18 Oct. 2011 • Executive Vice President - Human Resources & Corporate Administration, PTT Aromatics and Refining Public Company Limited

Relation among family within the Company - None

Mrs. Thasnalak Santikul

Executive Vice President, Corporate Affairs • Age : 57

07



Education / Training

- Master and Doctorate Degree (D.E.S) International Laws, University D'Aix-Marseille, France
- Bachelor Degree in Political Science (International Affairs), Thammasat University
- Certification Business Program, NIDA-Wharton (Class 2)
- Director Certification Program (DCP), Class 92/2007, Thai Institute of Directors Association (IOD)

Present Important Positions

- Director, Thai Oleochemicals Company Limited
- Director, Thai Fatty Alcohol Company Limited
- Director, Bangkok Polyethylene Public Company Limited
- Director, NPC Safety and Environmental Service Company Limited

Experiences

- 2008 - 18 Oct. 2011 • Senior Vice President, Corporate Affairs, PTT Chemical Public Company Limited
- 2006- 2007 • Senior Vice President - Office of the President, PTT Chemical Public Company Limited

Relation among family within the Company - None

Mrs. Sriwan Eamrunroj

Executive Vice President, Marketing, Commercial and Supply • Age : 54

08



Education / Training

- B.Eng. (Mechanical Engineering), Second Class Honors, Chulalongkorn University
- MBA., Thammasat University
- The Strategy Challenge (TSC) Program 2010, IMD
- INSEAD Business School 2010, INSEAD Executive Education, France
- NIDA - Wharton Executive Leaders 2005, Wharton School of Business University of Pennsylvania, U.S.A.
- The Board's role in mergers and acquisitions 1/2011, Thai Institute of Directors Association (IOD)

Present Important Positions

- Executive Vice President, Petrochemicals & Refining Business Unit, PTT Public Company Limited
- Director, Thai Styrenics Company Limited
- Director, Thai Tank Terminal Limited

- Director, HMC Polymers Company Limited
- Director, PTT Utility Company Limited
- Director, PTT Phenol Company Limited

Experiences

- 2009 - 2010 • Executive Vice President, Strategy & Portfolio Management, PTT Public Company Limited
- 2007 - 2008 • Executive Vice President, Corporate Strategies & Planning, PTT Public Company Limited
- 2005 - 2007 • Executive Vice President, Strategic Planning Exploration & Production and Gas Business Group, PTT Public Company Limited

Relation among family within the Company - None

Mr. Kun Patumraj

Executive Vice President, Engineering and Maintenance • Age : 55

09



Education / Training

- B.Sc. in Chemical Engineers, New Jersey Institute of Technology, U.S.A.
- M.Eng. in Chemical Engineers, Manhattan College, New York, U.S.A.
- Certificate of Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Advance Management Program (AMP), Harvard Business School, U.S.A.
- Director Accreditation Program (DAP), Class 91/2011 and Role of the Chairman Program (RCP), Class 27/2012 Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, PTT Energy Solutions Company Limited
- Director, PTT Utility Company Limited
- Director, NPC Safety and Environmental Service Company Limited

- Director, PTT Maintenance and Engineering Company Limited
- Director, PTT Polyethylene Company Limited

Experiences

- 2010 - 18 Oct. 2011 • Senior Executive Vice President - Technology Engineering & Maintenance, PTT Aromatics and Refining Public Company
- 1 Jan. - 30 Apr. 2010 • Executive Vice President - Operations, Limited, PTT Aromatics and Refining Public Company
- 2006 - 2011 • Director, PTT Phenol Company Limited

Relation among family within the Company - None

Mr. Suvit Tinnachote

Executive Vice President, Group Performance Center - Olefins • Age : 55

10

Education / Training

- Master of Public and Private Management, National Institute of Development Administration (NIDA)
- Bachelor's Degree in Electrical Engineering, King Mongkut's Institute of Technology (Ladkrabang)
- Asean Executive Program (AEP), GE Crotonville
- Director Certification Program (DCP), Class 92/2007, Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, PITGC International (USA) Inc.
- Director, TOC Glycol Company Limited
- Director, PTT Polyethylene Company Limited
- Director, PTT Phenol Company Limited
- Director, PTT Utility Company Limited

Experiences

- 2008 - 18 Oct. 2011 • Executive Vice President, Polymer Products Value Center, PTT Chemical Public Company Limited
- 2008 • Executive Vice President EO-Based Performances Product Value Center, PTT Chemical Public Company Limited
- 2005 - 2007 • Executive Vice President - Chief Operating Unit Plant I-4, PTT Chemical Public Company Limited
- 2009 - 15 Jan. 2012 • Chairman, Thai Stylenics Company Limited
- 2008 - 5 Jan. 2012 • Director, NPC Safety and Environmental Service Company Limited
- 2009 - 2011 • Director, Bangkok Polyethylene Public Company Limited

Relation among family within the Company - None

Mr. Narong Bunditkamol

Executive Vice President, Group Performance Center - Aromatics • Age : 57

11

Education / Training

- M.B.A., Thammasat University
- B.Eng. (Electrical Engineering), Chulalongkorn University
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Advanced Management Program, Harvard Business School, U.S.A
- Director Certification Program (DCP), Class 97/2007, Thai Institute of Directors Association (IOD)

Present Important Positions

- Director, PTT Phenol Company Limited
- Director, PTT Utility Company Limited

- Director, NPC Safety and Environmental Service Company Limited

Experiences

- 2007 - 18 Oct. 2011 • Executive Vice President, Olefins & Shared Facilities PTT Chemical Public Company Limited
- 2010 - 2011 • Director, PTT Polyethylene Company Limited
- 2008 - 2011 • Director, Thai Tank Terminal Limited

Relation among family within the Company - None

Mr. Porntep Butniphant

Executive Vice President, Group Performance Center - Refinery and Shared Facilities • Age : 56

12

Education / Training

- B.Sc. in Chemistry, Chiang Mai University
- M.S.E.C. (Process Technology), Department of Chemistry and Chemical Engineering, University of Detroit, Michigan, U.S.A.

Present Important Positions

- Director, Thai Tank Terminal Limited

Experiences

- 2009 - 18 Oct. 2011 • Executive Vice President - Refinery Operations PTT Aromatics and Refining Public Company
- 1 Feb. - 1 Aug. 2009 • Executive Vice President-Aromatics Operations, PTT Aromatics and Refining Public Company Limited
- 2008 - 2009 • Executive Vice President-Corporate Support and Acting Vice President-Public Relations, PTT Aromatics and Refining Public Company Limited

Relation among family within the Company - None

Mr. Athavudhi Hirunburana

Executive Vice President, Polymers Business Unit • Age : 56

13

**Education / Training**

- Master of Science (Mechanical), Manhattan College, New York, U.S.A.
- Bachelor of Science (Mechanical), New York Institute of Technology, U.S.A.
- Senior Executive Program 2007, Stanford University, U.S.A.
- Executive Program for Senior Management 2005, Fiscal Policy Research Institute Foundation
- Managing People for HR Executive, Thammasat University
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Director Certificate Program (DCP), Class 79/2006, Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, Thai Styrenics Company Limited
- Director, Bangkok Polyethylene Public Company Limited
- Director, PTT Polyethylene Company Limited
- Director, PTT Polymer Marketing Company Limited
- Director, Alliance Petrochemical Investment (Singapore) Private Limited
- Director, Mehr Petrochemical Company Limited

Experiences

- 2005 - 18 Oct. 2011 • Executive Vice President, Organizational Effectiveness PTT Chemical Public Company Limited
- 2005 - 2007 • Acting Managing Director, Thai Ethoxylate Company Limited
- 2009 - 2011 • Director, Thai Oleochemicals Company Limited
- Director, Thai Fatty Alcohols Company Limited
- Director, PTT Utility Company Limited
- Director, Eastern Fluid Transport Company Limited
- 2008 - 2011 • Director, PTT Chemical International Private Limited
- Director, PTT Chemical International (Asia Pacific ROH) Limited
- Director, TOC Glycol Company Limited
- Director, PTT ICT Solutions Company Limited
- 2005 - 2011 • Director, Thai Ethanolamines Company Limited
- 2005 - 2010 • Director, Bio Creation Company Limited

Relation among family within the Company - None

Mr. Sermsak Sriyaphai

Executive Vice President, EO-Based Performance Business Unit • Age : 56

14

**Education / Training**

- Master's Degree in Public and Private Management, National Institute of Development Administration (NIDA)
- Bachelor's Degree in Electrical Engineering, Feati University, the Philippines
- Certificate Senior Executive Program, Kellogg/Sasin (SEP Class 19)
- Certificate Business Program, NIDA-Wharton (Class 3)
- Director Certification Program (DCP), Class 117/2009 and Financial Statements of Directors (FSD), Class 4/2009, Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, TOC Glycol Company Limited

- Chairman, Thai Ethanolamines Company Limited
- Director, Thai Ethoxylate Company Limited

Experiences

- 2009 - 18 Oct. 2011 • Senior Vice President, EO-Based Performance Product Value Center, PTT Chemical Public Company Limited
- 2011 • Director, PTT Maintenance and Engineering Company Limited
- 2009 - 2011 • Director, TOC Glycol Company Limited
- 2006 - 2008 • Managing Director, Thai Ethanolamine Company Limited

Relation among family within the Company - None

Mr. Vanchai Tadadoltpip

Executive Vice President, Green Chemicals Business Unit and High - Volume Specialties Business Unit (HVS) • Age : 54

15

**Education / Training**

- Bachelor of Science, Chemical Technology, Chulalongkorn University
- Director Accreditation Program (DAP), Class 90/2011, Thai Institute of Directors Association (IOD)

Present Important Positions

- Chairman, Thai Oleochemicals Company Limited
- Chairman, Thai Fatty Alcohols Company Limited
- Director, PTTGC International (Netherlands) B.V.
- Director, PTTGC International (USA) Inc.
- Director, Emery Oleochemicals (M) Sdn Bhd

Experiences

- 2010 - 18 Oct. 2011 • Executive Vice President - Supply Planning & Business Development, PTT Aromatics and Refining Public Company Limited
- 2009 - 2010 • Executive Vice President-Aromatics Operations, PTT Aromatics and Refining Public Company Limited
- 2009 • Executive Vice President- Refinery Operations, PTT Aromatics and Refining Public Company Limited
- 2011 • Director, PTT Phenol Company Limited

Relation among family within the Company - None

PTTGC's Senior Vice President, and Senior Vice President Appointed as Executives of its Subsidiaries



Mr. Athavuth Vikitsreth

Senior Vice President, External Affairs



Mr. Siridech Kumvongdee

Senior Vice President, Supply Chain Management, Marketing,
Commercial and Supply



Mr. Kongkrapan Intarajang

Senior Vice President, Appointed as Chief Executive Officer,
Emery Oleochemicals (M) Shn Bhd.



Mr. Somsak Keerativutisest

Senior Vice President, Appointed as Managing Director,
PTT Maintenance and Engineering Company Limited



Mr. Taveesak Taipitak

Senior Vice President, Appointed as Managing Director,
Thai Oleochemicals Company Limited

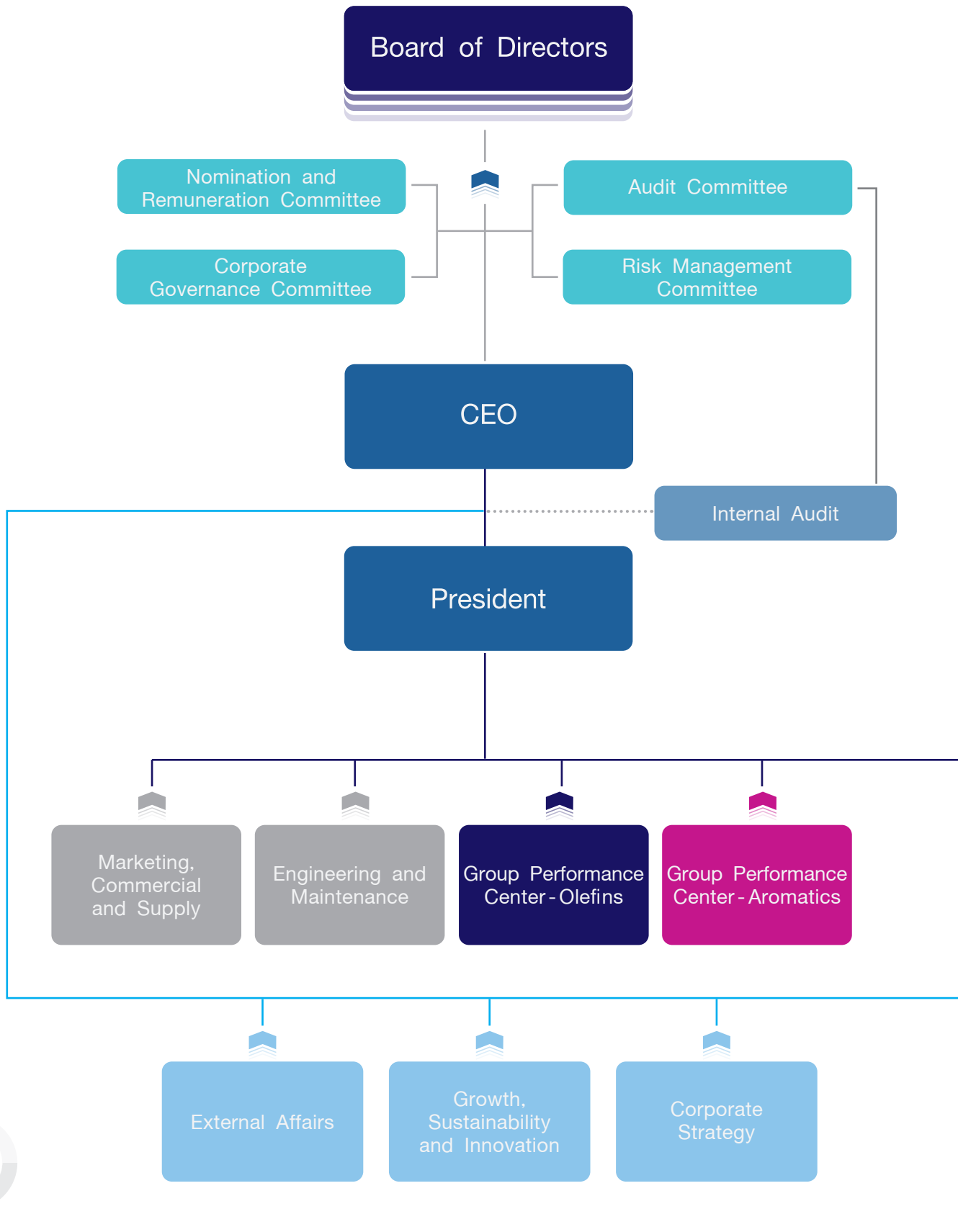


Mr. Prakob Petcharuttana

Senior Vice President, Appointed as President,
NPC Safety and Environmental Service Company Limited



Management Structure



Organization Structure

PTT Global Chemical Plc (PTTGC) was founded through the amalgamation of PTT Aromatics and Refining Plc and PTT Chemical Plc according to the Public Limited Company Act of 1992. The organization structure of PTTGC was authorized by the Board of Directors' resolution at its meeting No. 1/2011 on 19 October 2011 and the Company's order No. 001/2011 concerning the management structure of PTTGC and its subsidiaries on 19 October 2011 :



The Board of Directors as of 31 December 2011

Name	Position
1. Mr. Prasert Bunsumpun	Chairman
2. Pol. Gen. Sereepisut Tameeyaves	Independent Director Chairman of the Corporate Governance Committee
3. Mr. Somchai Kuvijitsuwan	Independent Director Chairman of the Audit Committee
4. Mr. Prajya Phinyawat *	Director
5. Mr. Vasin Teeravechyan	Independent Director Chairman of the Nomination and Remuneration Committee
6. Mrs. Raweporn Kuhirun	Independent Director Director to the Audit Committee
7. Pol. Gen. Sombat Amornvivat	Independent Director Director to the Corporate Governance Committee
8. Air Chief Marshal Somchai Thean-anant	Independent Director Director to the Nomination and Remuneration Committee
9. Mr. Amnuay Preemonwong	Independent Director Director to the Audit Committee
10. Mr. Suthep Liumsirjarern	Independent Director Director to the Risk Management Committee
11. Mr. Kriengkrai Thiennukul	Independent Director Director to the Corporate Governance Committee
12. Mr. Nuttachat Charuchinda	Director Director to the Nomination and Remuneration Committee
13. Mr. Sukrit Surabotsopon	Director Chairman of the Risk Management Committee
14. Mr. Bowon Vongsinudom	Director / Director to the Corporate Governance Committee/ Director to the Risk Management Committee
15. Mr. Veerasak Kositpaisal	Director Secretary to the Board of Directors

Note : * According to the Board's resolution at its meeting No. 2/2011 on 11 November 2011, Mr. Prajya Phinyawat replaced Mr. Chitrapongse Kwangsukstith, who resigned on 22 October 2011

Composition of the Board

According to PTTGC's regulations, the Board consists of at least five but no more than 15 Directors, with a minimum of three Independent Directors, who must account for one-third of the composition of the Board, elected and removed at Annual General Shareholders' Meetings. At least half of the Directors must reside in the Kingdom and all Directors must be qualified by law and PTTGC's regulations. Independent Directors must be qualified by the SET Law and Directors must not exceed 70 years of age. (A list of names and resumes of the Board appears on Attachment 1 - Details on the Company's executives and supervisors).

Appointment and Termination

PTTGC's regulations on the appointment and termination of Directors are summarized as follows :

Appointment

- The Annual General Shareholders' Meetings are to elect Directors under the following criteria :
 - (1) Each shareholder has one vote per held share.
 - (2) If the number of nominees does not exceed the number of Directors required in the election, the shareholders' meetings elect the nominees. In voting, the nominees are to receive the number of votes according to the number of shares each shareholder holds as under (1). Each shareholder cannot allocate only part of the votes to any nominees.
 - (3) If the number of nominees exceeds the number of Directors required in the election, a shareholder is to individually cast the vote for the nominees. In voting, the nominees are to receive the number of votes according to the number of shares each shareholder holds as under (1). Each shareholder cannot allocate only part of the votes to any nominees. The nominees are to be ranked by the total number of votes received and those with the most votes are elected as Directors, but the number can only be equal to that of the Directors required. If more nominees receive equal votes than the number of Directors required, the Chairman of the meeting must cast a deciding vote.

- The Board of Directors is to appoint anyone among themselves as Chairman, who must cast a deciding vote if there are an equal number of votes among the Directors. The Directors are also to appoint another one among themselves as Vice Chairman, who acts on behalf of the Chairman in case the Chairman is unable to perform his duty or if the Chairman's position becomes vacant.

- If vacancies of the Director exist for reasons other than term expiration, the Board of Directors is to elect a qualified person to become Director at the following Board meeting. If the remaining term of directorship is less than two months, the newly elected Director replacing the former Director is to stay in his/her duty for the remaining term of the former Director. The resolution of the Board on this matter must consist of no less than three-quarters of the votes of the remaining Directors.
- If the vacancies on the Board are less than its quorum, the only duty that the remaining Directors can perform, on behalf of the Board, is to call for a shareholders' meeting to elect Directors to fill the vacancies. The meeting is to be held within one month after the vacancies of the Board are less than the quorum. Each newly elected Director replacing the former Director is to stay in his/her duty for the remaining term of the former Director.

Termination

- At 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 must retire. The names of the Directors to retire during the first and second year after the Company was listed are to be drawn by lots. For subsequent years, those with the longest terms must retire. However, a Director whose term in the office expires can be re-elected.
- Apart from normal term expiration, directorship is to be considered terminated for reasons of death, resignation, disqualification, or disqualified by law of the shareholders' resolutions to remove a Director, or a court order for removal.
- Any Director may resign by submitting a resignation letter to the Company. Such resignation will take effect on the date the Company receives the letter. The Director may also inform the registrar about the resignation.
- At shareholders' meetings, shareholders may vote for the removal of any Director from office before the term expiration. At least, three-quarter votes of eligible shareholders present at the meeting are required, provided that the number of shares represented by the three-quarter votes is at least half of the total number of shares represented by the eligible shareholders present at the meeting.

Authority and Duties

The Board's responsibility is to manage the Company's business and perform its duties under the Company's relevant laws, objectives, and regulations, as well as the resolutions of the shareholders' meetings. The authority, duties, and responsibilities of the Board are as follows :

- (1) Perform duties and manage the Company's business with strict compliance with the laws, objectives, regulations, and the resolutions of the shareholders' meetings by adhering to the principle of good corporate governance for Directors in listed companies as stipulated by SET.
- (2) Dedicate time and priority to define the Company's vision, missions, directions, and strategies by full participation, and information acquisition essential to the charting of the Company's directions.
- (3) Review and approve important strategies and policies, including the Company's financial objectives and action plans, and regularly manage and monitor the implementation of the plans by the Executives as set in the directions and organization strategies to ensure that the Executives can efficiently implement the defined vision, directions, and strategies.
- (4) Define corporate governance policies and business code of conduct comprising good and appropriate principles and implementation for all directors, executives, staff, and employees, and raise the awareness of responsibility toward duty, ensure understanding and strict compliance in parallel with the Company's rules and regulations to ensure fairness to all stakeholders.
- (5) Set up credible accounting, financial statements, and auditing, and monitor the procedures to efficiently and effectively assess the appropriateness of internal controls and internal audit.
- (6) Foresee important potential risk factors and define directions of complete risk management, ensure that Executives have efficient systems or procedures to manage risk, seek business opportunities that may arise from such risk, and set up sufficient and effective internal controls.
- (7) Monitor and solve potential conflicts of interest, including connected transactions, and give priority to important major lines of business by providing maximum benefit to shareholders and stakeholders.
- (8) Provide appropriate channels of communication to stakeholders and monitor information dissemination to ensure correctness, clarity, transparency, credibility, and the highest standards.
- (9) Perform regular assessment and review of the work performance of their own and that of the Chief Executive Officer.
- (10) Set up appropriate systems or mechanisms to determine remuneration for the Company's top executives in line with their work performance to encourage short-term and long-term incentives.

- (11) Assume leadership and role models in good governance and code of conduct in line with the Company's corporate governance principles.
- (12) Prepare work performance assessment in line with the Company's corporate governance principles and business code of conduct at least once a year.
- (13) Ensure proper, transparent, and fair nomination processes for all those who will hold important executive posts.
- (14) Report the transaction of their own or that of related persons which may affect the operation of the Company or subsidiary.
- (15) Attend every Board and shareholders' meeting. If unable to attend, they must notify the Chairman.
- (16) The Board must value corporate responsibility toward society and the environment in operating business, promote sustainable well-being of Thai society by upgrading the well-being of those living around the plants so that the community and the factory can have sustainable co-existence.

However, the following matters require prior approval by the shareholders' meeting:

- Engagement in a connected transaction and acquisition/sale of significant PTGC assets as defined by law and announced by the Capital Market Regulatory Board.
- Sale or transfer of the whole or essential parts of PTGC to other entities
- Purchase or takeover of other companies
- Preparation, amendment, or termination of contract dealing with the granting of a lease of the whole or essential parts of PTGC's business, the assignment of person(s) to manage PTGC, or the amalgamation of the PTGC with any other entity to share profits and losses.
- Amendment of the memorandum of association or PTGC's regulations
- Increase/reduction in registered capital
- Issuance of debentures for the public
- Company dissolution/ merger
- Announcement of yearly dividend payment
- Other businesses as defined by PTGC's regulations that require prior approval at a shareholders' meeting.

Authorized Directors

The Directors' authority to sign on behalf of PTTGC as stipulated in the Company regulations is "The Chief Executive Officer signs and affixes the Company's seal" or "Two Directors co-sign and affix the Company's seal. However, the Board may designate the names of Directors authorized to sign and bind the Company and affix the Company's seal".

At its meeting No. 2/2011, on 11 November 2011, the Board designated the following names and number of Directors to sign and bind PTTGC: "(1) Mr. Veerasak Kositpaisal signs and affixes the Company's seal or (2) Pol. Gen. Sereepisut Tameeyaves, Mr. Somchai Kuvijitsuwan, Mr. Suthep Liumsirjarern, Pol. Gen. Sombat Amornvivat, Mrs. Raweporn Kuhirun, Mr. Kriengkrai Thiennukul, Mr. Nuttachat Charuchinda, Mr. Sukrit Surabotsopon, Mr. Bowon Vongsinudom, Air Chief Marshal Somchai Thean-anant, Mr. Vasin Teeravechyan, Mr. Amnuay Preemonwong, Mr. Prajya Phinyawat. The signatures of any two of these 13 Directors are authorized to jointly sign and affix the Company's seal".

Sub - Committees

In compliance with the good corporate governance principles, at its meeting No. 1/2011 on 19 October 2011, the Board appointed four sub - committees to screen particular critical issues with prudence and efficiency and report to the Board.

As of 31 December 2011, the structures of these sub - committees were as follows :

The Audit Committee

The Audit Committee consists of at least three Independent Directors, at least one of whom must command enough expertise in accounting/finance and must be qualified by the criteria prescribed under a notification of the Securities and Exchange Commission (SEC). The Committee must command adequate knowledge and experience needed to perform its duties on reviewing the integrity of financial statements to be disseminated, providing adequate and efficient internal audit and risk management, selecting the external auditor, and considering complete dissemination of the transaction with potential conflicts of interest.

The Audit Committee as of 31 December 2011 was as follows :

Name	Position
Mr. Somchai Kuvijitsuwan	Chairman of the Audit Committee (Independent Director)
Mrs. Raweporn Kuhirun	Director to the Audit Committee (Independent Director)
Mr. Amnuay Preemonwong	Director to the Audit Committee (Independent Director)

Ms. Araya Buraskarn, Vice President, Internal Audit Department, served as secretary to the Audit Committee.

The Committee's term is three years or terminated by resignation, removal by the Board, or termination of directorship. However, members may be re-appointed by the Board. The Committee has the following authority and responsibilities :

Financial Reports and External Audit

- Review the accuracy, credit ability, and sufficient disclosure of PTTGC's financial reports and ensure that PTTGC complies with the accounting standards, laws, and relevant standards.
- Consider, select, and appoint the external auditor, together with the fees to ensure the external auditor's independence.
- Encourage independence and provide comments on the appropriateness of the external auditor.

Internal Controls

- Review the adequacy and effectiveness of PTTGC's internal control system
- Review the appropriateness of PTTGC's risk management system and measures
- Review the internal control on whistle-blowing and complaints

Internal Audit

- Review the adequacy and effectiveness of PTTGC's internal audit system and ensure the compliance of internal audit standards of the Office of the Internal Audit Department.
- Consider the independence of the Internal Audit Department.
- Approve the appointment, transfer, and performance evaluation of the head of the Internal Audit Department.

- Approve the charter of the Internal Audit Department.
- Approve and evaluate annual internal audit plans to ensure compliance with PTTGC's types and levels of risks.
- Jointly review and examine audit results with the Internal Audit Department.
- Develop understanding among the Audit Committee, the management, the Internal Audit Department and the external auditor, and consider the scope of auditing with the external auditor to ensure consistency and cooperation.

Compliance with the Law and Related Regulations

- Review PTTGC's activities to ensure compliance with the Securities and Exchange law, the Stock Exchange of Thailand (SET), or laws relevant to PTTGC's businesses.
- Review the connected transactions or the transactions that may lead to conflicts of interest to ensure that they conform to the law and the SEC and SET regulations and that they are reasonable and provide highest benefit to PTTGC.

Reporting

- Prepare and disclose the Audit Committee's report in the annual report, with information as required by SET, to be signed by the Audit Committee Chairman.
- Report its performance to the Board.
- In performing its duties, if any transaction or action potentially affecting PTTGC's financial conditions and performance is found or suspected, the Committee must report the concern to the Board for rectification within the period the Committee considers appropriate. Those transactions and actions include
 - 1) A transaction which causes conflicts of interest
 - 2) Any fraud, irregularity, or significant defect in the internal control system
 - 3) A violation of the Securities and Exchange law, SET regulations, or any law relating to PTTGC's business.
- If the Board of Director or the Executives fails to rectify a transaction or action within an appropriate period, any Audit Committee member may report to SEC or SET.

Other Duties

- The Audit Committee may, at the Company expense, seek advice from an external independent adviser when necessary.
- Review its Charter and propose the revised version to the Board for approval.
- Perform other Board-assigned duties with the approval of the Committee.

Moreover, the Audit Committee must hold a non-management meeting with the external auditor at least once a year.

Accountability : The Committee is directly accountable to the Board for its duties and responsibilities, and the Board must take the ultimate responsibility to a third party for the Company's business operation.

The Nomination and Remuneration Committee

The Committee consists of at least three Directors, at least one of whom must be an Independent Director. The Chairman should be an Independent Director. The Committee selects an eligible person as a new Director or recruits the Chief Executive Officer by defining recruitment methods with principles, transparency, as well as considering remuneration to the Directors and the Chief Executive Officer with fairness and reason and submitting to the shareholders' meeting for approval.

The Nomination and Remuneration Committee as of 31 December 2011

Name	Position
Mr. Vasin Teeravechyan	Chairman of the Nomination and Remuneration Committee (Independent Director)
Air Chief Marshal Somchai Thean-anant	Director to the Nomination and Remuneration Committee (Independent Director)
Mr. Nuttachat Charuchinda	Director to the Nomination and Remuneration Committee

The Committee's term is three years, or terminated by resignation, termination of directorship, or removal by the Board. However, any Director whose term in the office expires may be re-elected by the Board.

The Committee has the following authority and responsibilities under the Charter approved by the Board at its meeting No. 4/2011 on 26 December 2011

Scope of Authority :

- Select qualified candidates for Directors or the Chief Executive Officer by defining the recruitment procedures and criteria to ensure transparency and submit them to the meetings of the Board and/or the shareholders for approval.
- Define procedures and criteria for fair and reasonable compensation paid to Directors and the Chief Executive Officer for approval at the meetings of the Board and /or shareholders.
- Perform other Board-assigned duties.

Accountability : The Committee is directly accountable to the Board for its duties and responsibilities, and the Board must take ultimate responsibility to a third party for the Company's business operation.

The Corporate Governance Committee

The Committee consists of at least three Directors, at least one of whom must be an Independent Director. The Chairman is responsible for defining directions and making recommendations on the Code of Conduct and Business Ethics under the corporate governance principles to the Board to ensure standard and correct implementation.

The Corporate Governance Committee as of 31 December 2011 was as follows :

Name	Position
Pol. Gen. Sereepisut Tameeyaves	Chairman of the Corporate Governance Committee (Independent Director)
Pol. Gen. Sombat Amornvivat	Director to the Corporate Governance Committee (Independent Director)
Mr. Kriengkrai Thiennukul	Director to the Corporate Governance Committee (Independent Director)
Mr. Bowon Vongsinudom	Director to the Corporate Governance Committee

Mrs. Thasnalak Santikul, Executive Vice President, Corporate Affairs, served as secretary to The Corporate Governance committee.

The committee's term is three years, or terminated by resignation, termination of directorship, or removal by the Board of Directors. However, any director whose term expires may be re-elected by the Board. The committee has the following authority and responsibilities under the Charter approved by the Board at its meeting No. 4/2011 on 26 December 2011.

Scope of Authority :

- Establish PTGC's corporate governance policies/principles and code of conduct in line with international standards and propose them to the Board and the management for approval and implementation.
- Monitor, advise, evaluate, and review corporate governance policies/principles and code of conduct to develop and upgrade them toward international standards.
- Perform other Board-assigned duties.

Accountability : The committee is directly accountable to the Board for its duties and responsibilities, and the Board must take the ultimate responsibility to a third party for the Company's business operations.

The Risk Management Committee

The committee consists of at least three directors, one of whom must be an Independent Director. The committee defines and provides recommendations on risk management involving PTGC's operation to ensure adequacy and effectiveness, oversee the risk management system or processes to properly reduce the impact on PTGC's business, and monitor and evaluate compliance with the risk management framework to ensure its adequacy and effectiveness.

The Risk Management Committee as of 31 December 2011 was as follows :

Name	Position
Mr. Sukrit Surabotsopon	Chairman of the Risk Management Committee
Mr. Suthep Liumsirjarern	Director to the Risk Management Committee (Independent Director)
Mr. Bowon Vongsinudom	Director to the Risk Management Committee

Mr. Adison Vichaikatka, Vice President, Risk Management Department, served as Secretary to The Risk Management Committee.

The committee's term is three years, or terminated by resignation, termination of directorship, or removal by the Board. However, any director whose term expires may be re-elected by the Board. The committee has the following authority and responsibilities under the Charter approved by the Board at its meeting No. 4/2011 on 26 December 2011.

Scope of Authority :

- Define policies and recommendations on risk management involving PTGC's business to ensure adequacy and effectiveness.
- Define risk management plans and risk management processes for the entire organization.
- Monitor and evaluate compliance with risk management framework of the entire organization.
- Perform other Board-assigned duties and those stipulated by the regulations.

Accountability : The committee is directly accountable to the Board for its duties and responsibilities, and the Board must take the ultimate responsibility to a third party for the Company's business operations.

Independent Directors

PTTGC's Article of Association requires that independent directors account for one-third of the composition of the Board, at least three of whom should have knowledge, expertise, and independent qualifications as stipulated by the SEC requirements and beyond the SEC requirements, requiring them to hold no more than 0.5 percent (against 1 percent set by SEC).

Independent directors must provide independent opinions, regularly attend meetings, and have sufficient access to financial information and other businesses to express views freely, maintain benefits of stakeholders, and prevent conflict of interest between PTTGC and executives, directors, or major shareholders, or other companies with the same group of directors, executives, or major shareholders. Moreover, independent directors must guarantee their own independence when elected and every year, and inform PTTGC of any change.

Qualifications of "Independent Director"

- (1) Holds no more than 0.5 percent of all voting shares in PTTGC, its parent company, subsidiary, affiliated company, major shareholder, or controller. The percentage of shareholding includes shares held by related persons.
- (2) Has not been a director, staff, employee, adviser with regular salary, controller of PTTGC, its parent company, subsidiary, affiliated company, equivalent subsidiary, major shareholder, or controller over the past two years.
- (3) Is not related by blood or by law as a parent, spouse, sibling, and descendants, or a spouse of the offspring of other director, executive, major shareholder, controller, or a person who will be nominated as an executive or a controller of PTTGC or its subsidiary.
- (4) Has not had business interests in PTTGC, its parent company, subsidiary, affiliated company, major shareholder, or controller that may prevent unbiased judgment; has not been a significant shareholder, a controller of those with business relations with PTTGC's, its parent company, subsidiary, affiliated company, major shareholder, or controller over the past two years.

The business relation includes normal business transactions to operate business, rent, or lease of real estates, list of assets and services, or provision or receipt of financial assistance through acceptance or loans, guarantees, assets as collaterals or similar actions that result in PTTGC or its contracting party bearing the burden to repay loans from three percent of PTTGC's net assets or more than 20 million baht, (whichever is lower than the calculation of value of connected transaction) under the announcement of SEC by calculating the accrued debt between the one year before the entering into business relation with the same person.

- (5) Has not been an external auditor of PTTGC, its parent company, subsidiary, affiliated company, major shareholder, or controller and is not a major shareholder (holding more than 10 percent of the shares of those with the voting right in PTTGC including the related persons), controller, or partner of the audit office with the external auditor of PTTGC, its parent company, subsidiary, affiliated company, major shareholder or controller, at present and at least two years before the election as an independent director.
- (6) Does not provide any professional service including services as legal or financial adviser with the service fee of more than 2 million baht a year from PTTGC, its parent company, subsidiary, affiliated company, major shareholder, or PTTGC's controller and is not the major shareholder, controller, or partner of the professional service provider at present and at least two years before the election as an Independent Director
- (7) Is not a Director who is elected to represent the member of the Board, the major shareholder, or a shareholder who is related to the major shareholder.
- (8) Does not engage in the activity with the same status and significant competition with PTTGC's operation or its subsidiary or not a major partner in a partnership or a Director who manages work, staff, employees, adviser with regular salary, or hold more than one percent of the number of shares of the eligible votes of the other company operating the same business and significant competition with the operation of PTTGC's or its subsidiary.
- (9) Does not have any qualifications that prevent him or her from expressing independent views on PTTGC's operation.

After being elected as an Independent Director, he or she may be assigned by the Board to make decisions on the operation of PTTGC, its parent company, subsidiary, affiliated company, equivalent company, major shareholder, or controller through a collective decision without considering the Independent Director as a director participating in the management.

As of 31 December 2011, there were nine Independent Directors, which exceeded one-third of the Board, as required by SEC:

Name	Position
1. Pol. Gen. Sereepisut Tameeyaves	Independent Director Chairman of the Corporate Governance Committee
2. Mr. Somchai Kuvijitsuwan	Independent Director Chairman of the Audit Committee
3. Mr. Vasin Teeravechyan	Independent Director Chairman of the Nomination and Remuneration Committee
4. Mrs. Raweporn Kuhirun	Independent Director Director to the Audit Committee
5. Pol. Gen. Sombat Amornvivat	Independent Director Director to the Corporate Governance Committee
6. Air Chief Marshal Somchai Thean-anant	Independent Director Director to the Nomination and Remuneration Committee
7. Mr. Amnuay Preemonwong	Independent Director Director to the Audit Committee
8. Mr. Suthep Liumsirjarern	Independent Director Director to the Risk Management Committee
9. Mr. Kriengkrai Thiennukul	Independent Director Director to the Corporate Governance Committee

Chief Executive Officer

PTTGC's Article of Association require the Board of Director to selects and appoints a director as the highest-ranking executive and secretary to the Board, to be called the Chief Executive Officer, who is to receive compensation and benefits as PTTGC's highest-ranking executive apart from being a Director.

Under PTTGC's objectives, Article of Association, resolutions, and regulations, the Chief Executive Officer is responsible for PTTGC's operation in compliance with the policies, work plans, and budget as approved by the Board and acts as the highest-ranking executive.

Management Team

For greater efficiency in PTTGC's operation, it appoints a management team comprising top executives, namely the Chief Executive Officer, President, and Executive Vice Presidents, to define strategies, consider and make recommendations on PTTGC's policies and operation directions and management in compliance with the policies as stipulated by the Board.

Company Secretary

Under the Securities and Exchange Act (No. 4) of 2008, Section 89/15, the Board of Director must appoint a Company Secretary who is in charge of ensuring proper documentation of major Company documents, namely the Directors' roster, meeting notices, minutes of the Board's and shareholders' meetings, and the Company's annual reports, filing of reports of connected transactions of directors and executives, and preparing meetings of the Board and the shareholders. Moreover, this person is to provide the Board with legal advice to enable the Board and the executives to perform efficiently and effectively for the maximum benefit to the Company, organize training courses/provide necessary information for newly-appointed directors, and monitor and coordinate to ensure the completeness and accuracy of PTTGC's compliance with the laws, regulations, and resolutions of the meetings of the Board and the shareholders. Ms. Walaiporn Puspavesa, Vice President, Corporate Secretary, was elected Company Secretary according to the resolution of the Board meeting No 1/2011 dated 19 October 2011.

Board Meetings and Compensation

Board Meetings

In 2011 (between 19 October and 31 December 2011), the Board and the committees held meetings as summarized below:

Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Governance Committee
4 times	2 times	1 time	1 time	1 time

Board Compensation

At the joint shareholders' meeting of PTT Aromatics and Refining Plc. and PTT Chemical Plc. on 18 October 2011, the following compensations for the Board and the committee were approved.

Remuneration	Rate
1. Directors' compensation <ul style="list-style-type: none"> • Monthly compensation 	Monthly compensation <ul style="list-style-type: none"> • Chairman 60,000 Baht/month • Director 50,000 Baht/month • Meeting allowance • N/A
2. Sub - committees' Compensation <ul style="list-style-type: none"> • Audit Committee • Remuneration and Nomination Committee • Corporate Governance Committee • Risk Management Committee 	Meeting allowance for each meeting <ul style="list-style-type: none"> - Chairman 50,000 Baht/meeting - Director 40,00 Baht/meeting

Meeting attendance and compensation of the Board and Committees in 2011

(From 19 October to 31 December 2011)

Name	Position	Number of meeting attendance	Monthly compensation of the Board / meeting allowance of Committee Director(baht)	Total (baht)
1. Mr. Prasert Bunsumpun	Chairman	4/4	145,161.29	145,161.29
2. Pol. Gen. Sereepisut Tameeyaves	Independent Director Chairman, Corporate Governance Committee	2/4 1/1	120,967.74 50,000.00	170,967.74
3. Mr. Somchai Kuvijitsuwan	Independent Director Chairman, Audit Committee	4/4 2/2	120,967.74 100,000.00	220,967.74
4. Mr. Prajya Phinyawat*	Director	2/2	83,333.34	83,333.34
5. Mr. Vasin Teeravechyan	Independent Director Chairman , Nomination and Remuneration Committee	4/4 1/1	120,967.74 50,000.00	170,967.74
6. Mrs. Raweporn Kuhirun	Independent Director Member , Audit Committee	4/4 2/2	120,967.74 80,000.00	200,967.74
7. Pol. Gen. Sombat Amornivat	Independent Director Member, Corporate Governance Committee	4/4 1/1	120,967.74 40,000.00	160,967.74
8. Air Chief Marshal Somchai Thean-anant	Independent Director Member, Nomination and Remuneration Committee	4/4 1/1	120,967.74 40,000.00	160,967.74
9. Mr. Amnuay Preemonwong	Independent Director Member , Audit Committee	4/4 2/2	120,967.74 80,000.00	200,967.74
10. Mr. Suthep Liumsirjarern	Independent Director Member , Risk Management Committee	4/4 1/1	120,967.74 40,000.00	160,967.74
11. Mr. Kriengkrai Thiennukul	Independent Director Member, Corporate Governance Committee	4/4 1/1	120,967.74 40,000.00	160,967.74
12. Mr. Nuttachat Charuchinda	Director Member, Nomination and Remuneration	4/4 1/1	120,967.74 40,000.00	160,967.74
13. Mr. Sukrit Surabotsopon	Director Chairman, Risk Management Committee	4/4 1/1	120,967.74 50,000.00	170,967.74
14. Mr. Bowon Vongsinudom**	Director Member, Corporate Governance Committee Member, Risk Management Committee	4/4 1/1 1/1	120,967.74 40,000.00 40,000.00	200,967.74
15. Mr. Veerasak Kositpaisal**	Director and Secretary to the Board	4/4	120,967.74	120,967.74

Note : * Elected through the resolution of the Board meeting No. 2/2011 as director to replace Mr. Chitrapongse Kwangsuksithi, who resigned on 22 October 2011, effective 11 November 2011

** Represents only compensation for directors, excluding compensation for executives

Director Compensation of PTTAR and PTCH for the year 2011

(1) PTTAR Director Compensation (From 1 January to 18 October 2011)

Name	Terms of Directorship	Monthly for Board Meeting (Baht)	Remuneration for sub-Committee Meeting				Bonus paid in 2011 (Baht)	Total (Baht)
			Audit Committee	Risk Committee	Nomination and Remuneration Committee	Corporate Governance Committee		
1. Mr. Witoon Simachokedee	1 Jan. - 11 Feb. 2011	54,666.67	30,000.00				1,524,603.40	1,609,270.07
2. Mr. Prasert Bunsumpun	1 Jan. - 29 Mar. 2011	120,000.00			60,000.00		1,828,615.61	2,008,615.61
3. Mr. Tevin Vongvanich	1 Jan. - 29 Mar. 2011	120,000.00		60,000.00			1,828,615.61	2,008,615.61
4. General Somjed Boontanom	1 Jan. - 12 Apr. 2011	135,999.99				120,000.00	1,921,141.06	2,177,141.05
5. Mrs. Pannee Sathavarodom	1 Jan. - 21 Apr. 2011	147,999.99	60,000.00	90,000.00			1,980,621.71	2,278,621.70
6. Mr. Wit Jeraphat	1 Jan. - 21 Apr. 2011	147,999.99					1,980,621.71	2,128,621.70
7. Mr. Norkun Sitthiphong	1 Jan. - 19 May 2011	231,666.66					2,707,090.78	2,938,757.44
8. Mr. Ampon Kittiampon	1 Jan. - 18 Oct. 2011	384,000.00			200,000.00		3,170,234.70	3,754,234.70
9. Mr. Chokchai Aksaranan	1 Jan. - 18 Oct. 2011	384,000.00	240,000.00				3,170,234.70	3,754,234.70
10. Mr. Prajya Phinyawat	1 Jan. - 18 Oct. 2011	384,000.00		240,000.00		180,000.00	3,170,234.70	3,754,234.70
11. Pol. Gen. Sereepisut Tameeyaves	1 Jan. - 18 Oct. 2011	384,000.00	180,000.00		150,000.00		3,170,234.70	3,884,234.70
12. Mr. Permsak Shevawattananon	1 Jan. - 18 Oct. 2011	384,000.00					3,170,234.70	3,754,234.70
13. Mr. Nathi Premrasmi	1 Jan. - 18 Oct. 2011	384,000.00				90,000.00	2,847,380.70	3,321,380.70
14. Mr. Somchai Poolsavasdi	1 Jan. - 18 Oct. 2011	384,000.00				210,000.00	2,596,653.70	3,190,653.70
15. Mr. Bowon Vongsinudom	1 Jan. - 18 Oct. 2011	384,000.00		180,000.00			2,232,583.70	2,796,583.70
16. Mr. Twarath Sutabutr	20 Feb. - 18 Oct. 2011	310,666.67		90,000.00			1,559,714.80	1,960,381.47
17. Mr. Nuttachat Charuchinda	20 Apr. - 18 Oct. 2011	238,666.66			60,000.00		1,196,221.94	1,494,888.60
18. Mr. Sukrit Surabotsopon	20 Apr. - 18 Oct. 2011	238,666.66		90,000.00			1,196,221.94	1,524,888.60
19. Mr. Sommai Khowkachaporn	21 Apr. - 4 Oct. 2011	284,666.65					1,318,487.73	1,603,154.38
20. Lieutenant General Yuwanat Suriyakul Na Ayuttaya	21 Apr. - 18 Oct. 2011	237,333.33				90,000.00	1,189,612.98	1,516,946.31
21. Mr. Thavisak Na Takuathung	21 Apr. - 18 Oct. 2011	237,333.33	60,000.00				1,189,612.98	1,489,946.31
Total		5,577,666.60	570,000.00	750,000.00	470,000.00	690,000.00	44,948,973.85	53,006,640.45

(2) PTCH Director Compensation (From 1 January to 18 October 2011)

Name	Terms of Directorship	Monthly for Board Meeting (Baht)	Remuneration for sub-Committee Meeting				Bonus paid in 2011 (Baht)	Total (Baht)
			Audit Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee		
1. Mr. Prasert Bunsumpun	1 Jan. - 28 Mar. 2011	116,129.03					1,281,759.80	1,397,888.83
2. Mr. Witoon Simachokedee	1 Jan. - 10 Feb. 2011	54,285.72					604,047.72	658,333.44
3. Mr.Paibulya Punyavutti	1 Jan. - 21 Apr. 2011	146,666.67	120,000.00	40,000.00			1,635,348.71	1,942,015.38
4. Mr.Prajya Phinyawat	1 Jan. - 21 Apr. 2011	146,666.67		30,000.00		40,000.00	1,635,348.71	1,852,015.38
5. Mr.Panich Pongpirodom	1 Jan. - 30 Apr. 2011	160,000.00					1,767,944.55	1,927,944.55
6. Mrs. Benja Louichareon	11 Mar. - 5 Sep. 2011	233,763.45					2,637,183.95	2,870,947.40
7. Mr.Nontigorn Kanchanachitra	1 Jan. - 18 Oct. 2011	479,032.26					5,359,081.92	5,838,114.18
8. Pol. Gen. Nopadol Somboonsub	1 Jan. - 18 Oct. 2011	383,225.81	210,000.00		80,000.00		4,287,265.52	4,960,491.33
9. General Winai Phattiyakul	1 Jan. - 18 Oct. 2011	383,225.81		30,000.00			4,287,265.52	4,700,491.33
10. Mr. Somchai Kuvijitsuwan	1 Jan. - 18 Oct. 2011	383,225.81			90,000.00	70,000.00	4,287,265.52	4,830,491.33
11. Mr. Sombat Sarntijaree	1 Jan. - 18 Oct. 2011	383,225.81	210,000.00				4,287,265.52	4,880,491.33
12. Mr. Arkhom Termpittayapaisith	21 Apr. - 18 Oct. 2011	236,559.14	90,000.00				2,666,649.69	2,993,208.83
13. Mr. Surachai Phuprasert	21 Apr. - 18 Oct. 2011	236,559.14					2,666,649.69	2,903,208.83
14. Mr. Chainoi Puankosoom	21 Apr. - 18 Oct. 2011	236,559.14				30,000.00	2,666,649.69	2,933,208.83
15. Mr.Sukrit Surabotsopon	21 Apr. - 18 Oct. 2011	236,559.14					2,666,649.69	2,903,208.83
16. Mr. Prakit Piriyaiket	21 Apr. - 18 Oct. 2011	236,559.14				30,000.00	2,666,649.69	2,933,208.83
17. Mr. Songpope Polachan	24 Feb. - 18 Oct. 2011	310,368.67					3,491,690.48	3,802,059.15
18. Mr.Tevin Vongvanich	1 Jan. - 18 Oct. 2011	383,225.81			90,000.00		4,287,265.52	4,760,491.33
19. Mr.Veerasak Kositpaisal	1 Jan. - 18 Oct. 2011	383,225.81					4,287,265.52	4,670,491.33
Total		5,129,063.03	630,000.00	100,000.00	260,000.00	170,000.00	57,469,247.41	63,758,310.44

Note : Board composition change in 2011

Compensation to directors who holds directorship in major subsidiaries

Directorship in the Company's subsidiaries held by the Company's director is meant to operate the business of PTTGC and its subsidiaries in compliance with the business policy of the unit. The compensation of the directors with directorship in major subsidiaries in 2011 was as follows :

- PTT Polyethylene Co., Ltd. (PTTPE) (Wholly owned by PTTGC)

Name	Position	Overall compensation (Baht)
1. Mr. Prajya Phinyawat	Chairman	240,000

- Bangkok Polyethylene Plc. (BPE) (Wholly owned by PTTGC)

Name	Position	Overall compensation (Baht)
1. Mr. Prajya Phinyawat	Vice chairman	480,000
2. Mr. Nuttachat Charuchinda	Director	360,000
(resigned on 20 April 2011)		

- NPC Safety and Environmental Service Co., Ltd. (NPC S&E) (Wholly owned by PTTGC)

Name	Position	Overall compensation (Baht)
1. Mr. Veerasak Kositpaisal	Director	180,000
(resigned on 20 December 2011)		

- Thai Oleochemicals Co., Ltd. (TOL) (Wholly owned by PTTGC)

Name	Position	Overall compensation (Baht)
1. Mr. Veerasak Kositpaisal	Chairman	330,000
(resigned on 20 December 2011)		

- Thai Fatty Alcohol Co., Ltd. (TFA) (Wholly owned by PTTGC)

Name	Position	Overall compensation (Baht)
1. Mr. Veerasak Kositpaisal	Chairman	330,000
(resigned on 20th December 2011)		

- PTT Chemical International Ptd. Ltd. (CH Inter) (Wholly owned by PTTGC)

Name	Position	Overall compensation (Singapore dollars)
1. Mr. Veerasak Kositpaisal	Director	20,000

- PTT Utility Co., Ltd. (PTTUT) (PTTGC holds 60 percent of the shares)

Name	Position	Overall compensation (Baht)
1. Mr. Bowon Vongsinudom (resigned on 1 February 2011 and was re-elected on 5 January 2012)	Director	15,000

- PTT Phenol Co., Ltd. (PPCL) (PTTGC holds 60 percent of the shares)

Name	Position	Overall compensation (Baht)
1. Mr. Prajya Phinyawat (resigned on 1 April 2011)	Chairman	60,000
2. Mr. Veerasak Kositpaisal (replacing Mr. Prajya Phinyawat as Chairman)	Chairman	225,000
3. Mr. Bowon Vongsinudom	Vice chairman	180,000
4. Mr. Sukrit Surabotsopon (resigned on 20 April 2011)	Director	60,000

- PTT Maintenance & Engineering Co., Ltd. (PTTME) (PTTGC holds 60 percent of the shares)

Name	Position	Overall compensation (Baht)
1. Mr. Sukrit Surabotsopon (resigned on 20 April 2011)	Director	180,000

- Thai Tank Terminal Co., Ltd. (TTT) (PTTGC holds 51 percent of the shares)

Name	Position	Overall compensation (Baht)
1. Mr. Veerasak Kositpaisal (resigned on 26 December 2011)	Director	240,000

- Emery Oleochemicals (Emery) (CH Inter, PTTGC's subsidiary, holds 50 percent of the shares)

Name	Position	Overall compensation (Malaysian ringgit)
1. Mr. Veerasak Kositpaisal	Director	75,000

Board of directors' ownership of shares

Name	As of 21 October 2011 (Opening of trading day at SET) Ratio of shares / number of shares	As of 31 December 2011 Paid capital 45,061,129,360 Baht Ratio of shares / number of shares	Change in increase/ (decrease) (shares)	ESOP Warrant (Unit)
1. Mr. Prasert Bunsumpun Chairman	0.006017% 271,142	0.006017% 271,142	-	-
2. Pol. Gen. Sereepisut Tameeyaves Independent Director	-	-	-	-
3. Mr. Somchai Kuvijitsuwan Independent Director	-	-	-	-
4. Mr. Prajya Phinyawat Director	0.006627% 298,647 *	0.006627% 298,645 (Spouse: 12,953 shares)	(2)	-
5. Mr. Vasin Teeravechyan Independent Director	-	-	-	-
6. Mrs. Raweporn Kuhirun Independent Director	-	-	-	-
7. Pol.Gen.Sombat Amornvivat Independent Director	-	-	-	-
8. Air Chief Marshal Somchai Thean-anant Independent Director	-	-	-	-
9. Mr. Amnuay Preemonwong Independent Director	-	-	-	-
10. Mr. Suthep Liumsirjarem Independent Director	-	-	-	-
11. Mr. Kriengkrai Thiennukul Independent Director	-	-	-	-
12. Mr. Nuttachat Charuchinda Director	0.000001% 54	0.000001% 54	-	-
13. Mr. Sukrit Surabotsopon Director	-	-	-	-
14. Mr. Bowon Vongsinudom Director	0.004968% 223,868	0.004968% 223,868	-	89 **
15. Mr. Veerasak Kositpaisal Director and Secretary to the Board	0.004351% 196,095 (Spouse: 3,509 shares)	0.004351% 196,095 (Spouse: 3,509 shares)	-	-

Management's ownership of shares

Name	As of 21 October 2011 (Opening of trading day at SET) Ratio of shares / Number of shares	As of 31 December 2011 Paid capital 45,061,129,360 baht Ratio of shares / Number of shares	Change in increase/ (decrease) (shares)	ESOP Warrant (Unit)
1. Mr. Veerasak Kositpaisal Chief Executive Officer	0.004351% 196,095 (Spouse: 3,509 shares)	0.004351% 196,095 (Spouse: 3,509 shares)	-	-
2. Mr. Bowon Vongsinudom President	0.004968% 223,868	0.004968% 223,868	-	89 **
3. Mr. Dhanes Charoensupaya Executive Vice President Growth, Sustainability and Innovation	0.001951% 87,917	0.001951% 87,917	-	-
4. Mrs. Puntip Oungpasuk Executive Vice President Corporate Strategy	0.003515% 158,389 (Spouse: 25,065 shares)	0.003515% 158,389 (Spouse: 25,065 shares)	-	-
5. Mr. Patiparn Sukorndhaman Executive Vice President Finance and Accounting	-	-	-	-
6. Mr. Varit Namwong Executive Vice President Organizational Effectiveness	0.001523% 68,639	0.001523% 68,639	-	155,572 **
7. Mrs. Thasnalak Santikul Executive Vice President Corporate Affairs	0.000002% 119	0.000002% 119	-	-
8. Mrs. Sriwan Eamrunroj Executive Vice President Marketing, Commercial and Supply	0.000172% 7,772	0.000172% 7,772	-	-
9. Mr. Kun Patumraj Executive Vice President Engineering and Maintenance	0.002543% 114,629	0.002543% 114,629	-	-
10. Mr. Suvit Tinnachote Executive Vice President GPC-Olefins	0.002132% 96,086 (Spouse: 24,313 shares)	0.002132% 96,086 (Spouse: 24,313 shares)	-	-
11. Mr. Narong Bunditkamol Executive Vice President GPC-Aromatics	0.000689% 31,084 (Spouse: 31,084 shares)	0.000689% 31,084 (Spouse: 31,084 shares)	-	-
12. Mr. Porntep Butniphant Executive Vice President GPC Refinery and Shared Facilities	0.002543% 114,629	0.002543% 114,629	-	-

Management's ownership of shares

Name	As of 21 October 2011 (Opening of trading day at SET) Ratio of shares / Number of shares	As of 31 December 2011 Paid capital 45,061,129,360 baht Ratio of shares / Number of shares	Change in increase/ (decrease) (shares)	ESOP Warrant (Unit)
13. Mr. Athavudhi Hirunburana	0.000373%	0.000373%	-	-
Executive Vice President Polymers BU	16,831 (Spouse: 9,681 shares)	16,831 (Spouse: 9,681 shares)		
14. Mr. Sermsak Sriyaphai	0.000002%	0.000002%	-	-
Executive Vice President EO-Based Performance BU	97	97		
15. Mr. Vanchai Tadadoltip	0.001895%	0.002125%	10,362	279,694 **
Executive Vice President Green Chemicals BU and Executive Vice President High-Volume Specialties BU	85,401 (Spouse: 10,362 shares)	95,763 (Spouse - shares)	(10,362)	

Note : * Information as of the date of assuming the position on 11 November 2011

** The remaining ESOP Warrants for PTTAR

Executives

The Company's executives, ranging from Executive Vice President to the Chief Executive Officer, are appointed by a majority vote of the Board. Mr. Veerasak Kositpaisal, Mr. Bowon Vongsinudom, and Ms. Sriwan Eamrungraj are secondment from PTT Plc.

Management Change in 2011

* Mr. Jiamsak Nantananate, Executive Vice President, Production Support, retired on 1 January 2012.

Compensation Paid to Executives in 2011

(1) 16 of PTTGC's Executives between October 19 to December 31, 2011 were compensated in the forms of salary, bonus, and provident fund for 31,177,945.07 Baht.

(2) The Executives of PTTAR and PTCH, between January 1 to October 18 were compensated for 113,977,067.51 Baht.

The Executives of PTTAR from 1 January - 18 October 2011

1.	Mr. Bowon Vongsinudom	President & CEO
2.	Mr. Kun Patumraj	Senior Executive Vice President Technology Engineering & Maintenance
3.	Mr. Vanchai Tadadoltip	Executive Vice President - Supply Planning & Business Development
4.	Mr. Varit Namwong	Executive Vice President Human Resources & Corporate Administration
5.	Mr. Porntep Butniphant	Executive Vice President - Refinery Operations
6.	Ms. Duangkamol Seftanung	Executive Vice President - Finance And Accounting

The Executives of PTCH from 1 January - 18 October 2011

1.	Mr. Veerasak Kositpaisal	President & CEO
2.	Mr. Jiamsak Nantananate	Executive Vice President, Operational Excellence
3.	Mr. Narong Bunditkamol	Executive Vice President Olefins & Shared Facilities
4.	Mrs. Puntip Oungpasuk	Executive Vice President, Strategy & International Affairs
5.	Mr. Dhanes Charoensupaya	Executive Vice President Marketing, Commercial & Supply Chain governance
6.	Mr. Patiparn Sukorndhaman	Executive Vice President Finance & Accounting
7.	Mr. Athavudhi Hirunburana	Executive Vice President, Organizational Effectiveness
8.	Mr. Suvit Tinnachote	Executive Vice President, polymers Products Value Center

Detail of Directors of PTT Global Chemical and its Subsidiaries/Associates/Related Companies

NO.	Name	Subsidiaries											Associates / Related Companies							
		PTGC	BPE	PTPE	NPC S&E	PTUT	PPCL	PTME	TTT	CH Inter	AP ROH	EMERY	PTGC (Netherlands)	PT	IRPC	BCP	PTAC	SRPC	PTPM	VNT
1.	Mr. Prasert Bunsumpun	X												X						
2.	Pol. Gen. Sereepisut Tameeyaves	/																		
3.	Mr. Somchai Kuvijitsuwon	/																		
4.	Mr. Prajya Phinyawat	/	/	X												X				
5.	Mr. Vasin Teeravechyan	/																		
6.	Mrs. Raweporn Kuhirun	/																		
7.	Pol. Gen. Sombat Amornvivat	/																		
8.	Air Chief Marshal Somchai Thean-anant	/																		
9.	Mr. Amnuay Preemonwong	/																		
10.	Mr. Suthep Lumsijarein	/																		
11.	Mr. Kriengkrai Thiennukul	/																		
12.	Mr. Nuttachat Charuchinda	/															/			
13.	Mr. Sukrit Surabotsopon	/																/		
14.	Mr. Bowon Vongsinudom	/		/	X	/		X	/											
15.	Mr. Veerasak Kositpaisal	/		/				X												/

Remark : / = Director // = Management x = Chairman

Organization and People Management

An exposure to higher competition, unpredictable volatility and dynamic changes has compelled PTT Global Chemical to draw and implement long-term growth strategies, which embrace both organic and inorganic growth. During the last years, we have focused on strengthening our existing production and manufacturing platforms in parallel with adding product lines for vertical integration and expanding business internationally through setting up representative offices and entering into joint ventures or mergers with international business partners.

With such aggressive paces, good organization and people management therefore is remarkably valued as a significant complement to the Company's success. PTTGC has devised new approaches and processes in addition to refining existing elements for greater efficiency to respond to greater business needs.

In the past year, PTTGC is on the way of integration and fine-tuning after the amalgamation of PTT Aromatics and Refining Public Company Limited (PTTAR) and PTT Chemical Public Company Limited (PTTCH). As far as organization and people management is concerned, PTTGC has redesigned its organization structure to suit its future business strategies and outlooks, new business model, supply chain patterns, and concepts of governance mechanism - that is, centralization and decentralization of power.

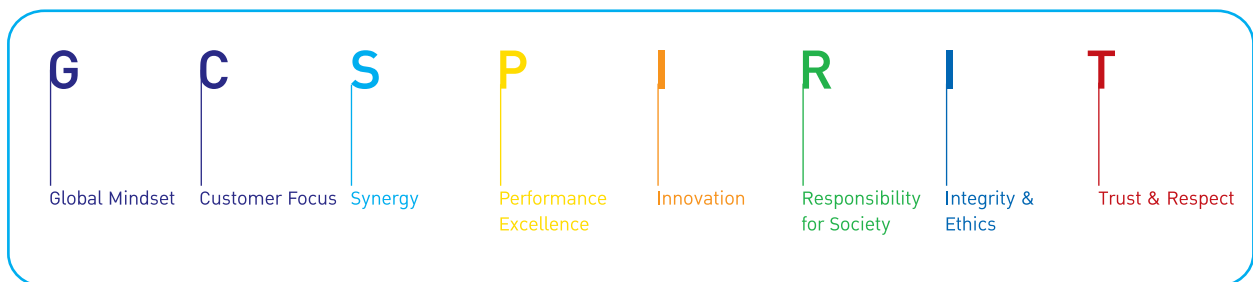
The new organization structure features three core groups of functions. The Corporate Center devises policies, lays down systems, oversees business performance, and keeps monitoring and periodical assessment to ensure that corporate-wide management is uniformly based. The center also supports pooling resources through shared services approach.

As for business execution, the Group Performance Center (GPC) produces upstream feedstock for PTTGC's various business units, with reliability as a key. On the other hand, business units, interfacing more closely with customers and consumers, focus on management and profit generation from product manufacturing and sale.

The new organizational design encourages decentralization of management and decision-making power in areas of strategy and business plan formulation, performance and bottom-line management, and people and their development, in addition to fostering awareness of responsibility for value addition for the organization and supporting business expansion. For accuracy and transparency, checks and balances govern the Company's supervision.

Besides the organization structure, we as well focus on benefit harmonization to launch a new standardized scheme of compensation, welfare, and benefits which should not only be on a par with industry peers and competitive with the market, but also create the maximum benefits to employees and the Company.

Also vital to post-amalgamation PTTGC is the cultivation of a single culture and values. After all, during this transition the organization faces critical changes across the board, so all PTTGC personnel must unite and drive it toward success. To this end, PTTGC has defined GC SPIRIT as its culture and values, patterned after not only PTT's culture and values, but also its own commitment to becoming a global player as PTT's petrochemical flagship with a focus on development and manufacturing of products needed by the market and value addition.



GC SPIRIT

These initial actions taken during this transition period will be built on, whether in term of organizational development, which still focuses on change management and efficient communication to nurture understanding and penetrate target groups, or in term of people management, by which the main mission here is to groom our workforce for business needs through the development of leadership skills, capability, competency development, and putting the right person on the right job. Workforce preparation also implies recruitment to fill gaps, as well as managing and upgrading high-flying staff in addition to strengthening employee engagement.

Organization and people management is always a challenge. Nevertheless, to make the leap and keep pace with business side, it is our commitment to make all activities happened through systematical and continuous execution and implementation.



“With intention to promote operational efficiency within the framework of international standard practice of good corporate governance and excellent management and also to conduct business with responsibility, ethics, fairness, transparency and accountability, with a clear focus on the creation of utmost benefits for the shareholders and stakeholders, towards mutual trust and sustainable growth.”





Corporate Governance
in compliance with International Standard

Good Corporate Governance

PTT Global Chemical Public Company Limited (PTTGC) resulted from the amalgamation of PTT Chemical Public Company Limited (PTTCH) and PTT Aromatics and Refining Public Company Limited (PTTAR) on 19 October 2011. Since its establishment, the Board of Directors have always valued good corporate governance principles, recognizing that good corporate governance not only creates trust in PTTGC's business among shareholders, investors, financial institutions, customers, business partners, and other stakeholders, but is a pillar that supports sustainable business growth. Adherence to good corporate governance will bring about long-term value for shareholders, social development, and accountability for stakeholders, which will further position the Company as PTT Group's Chemical Flagship, Thailand's largest and integrated petrochemical and refining business, and ASEAN's leading business entity in size and product diversification.

Driven by such strong will, the Board set up a Corporate Governance Committee. Chaired by an Independent Director, the Corporate Governance Committee is tasked with the formulation of policies regarding corporate governance business code of conduct, and making them widely known with guidelines for implementation. The Committee also oversees, gives advice, evaluates, and reviews policies and practices in order to bring PTTGC's corporate governance to international standards.

Initially, the Committee's duties involve formulation of policies and guidelines that both companies always complied with until they were widely recognized and awarded for their excellent corporate governance. To have guidelines of the most stringent standards for both the management and employee to follow, the Board published the 'PTT Global Chemical Group's Corporate Governance Policy' signed by Chairman of the Board, and announces company-wide implementation. This will result in PTTGC and its affiliates ("PTT Global Chemical Group") becoming an efficient entity in business management and corporate governance. PTT Global Chemical Group should be recognized as an organization conducting its business with ethics, fairness, transparency, and accountability. The Company is determined to create the maximum benefits for shareholders while having concerns for stakeholders to create mutual trust to move forward together with sustainability. The Company, moreover, produces 'Good Corporate Governance and Business Code of Conduct Handbook', a reference of corporate governance principles and implementation guidelines. The document equips the management and employee with awareness and understanding of good corporate governance, which is underscored by the principles of **Creation of long-term value, Responsibility, Equitable treatment, Accountability, Transparency, and Ethics, or CREATE**. The management and employee must strictly adhere to these principles, as well as laws and regulations in every country where it invests. The document also conveys the good corporate governance

policy to the Board, the management, and staff. It can also assure stakeholders with greater confidence in PTTGC's business conduct. The handbook was officially announced in February 2012. The Board, the management, and employee gave their signatures to show acceptance of the corporate governance principles as their mission. The contents of the handbook were also posted on the intranet for employee and other interested on the Company's website at www.pttgcgroup.com.

Compliance with the Good Corporate Governance Principle

PTTGC is committed to good corporate governance principles and conforms to the Stock Exchange of Thailand's (SET's) good corporate governance principles for listed companies. The five core principles are:

1. The Rights of Shareholders

PTTGC recognizes the rights of shareholders, thereby introducing a framework to ensure that shareholders' basic rights are fully protected. Investor Relations, Corporate Secretary work in coordination to promote shareholders' equal rights.

1.1 Annual General Meeting of Shareholders (AGM)

PTTGC is to organize the AGM by holding on to SEC regulations on corporate governance as well as corporate governance standards, both in terms of shareholders' rights and equitable treatment.

Before the Meeting Date

PTTGC makes some pre-arrangements for holding the 2012 AGM, the first shareholders' meeting following the amalgamation. It recognizes the usual practices of both companies which had received excellent ratings from the assessment based on the AGM Checklist. PTTGC is determined to hold a better meeting by welcoming suggestions and recommendations from shareholders for consideration. Preparation for the 2012 AGM was also included in the agenda of Corporate Governance Committee's 2012 meeting.

Preparations include notification to shareholders about the Board's agreement on the AGM date, dividend payment, record of meeting attendance and dividend payment dates, and closing date of the registry book to suspend share transfer. The invitation to AGM is sent along with other necessary documents using SET's information disclosure system as required. The invitation, proxy note, and other documents, in both Thai and English, are also posted on PTTGC's website 30 days before the meeting date.

The invitation to the meeting contains all details required, i.e. the meeting date, time, and venue; meeting agenda attached with the Boards' opinions; including information to facilitate the consideration of each item on the meeting agenda; PTTGC's annual report, all types of proxy note (type A, B, and C) as required by the Ministry of Commerce. These documents will be of use if any shareholder is not able to attend the meeting. In such case, the shareholder can appoint an Independent Director or any other person as proxy, who is also allowed for proxy votes. The Company arranges mailing of the invitation note 21 days ahead of the meeting date, which is earlier than the legal requirement of at least 14 days to allow enough time for shareholders to peruse the documents.

On the Meeting Date

On the day of the 2012 AGM, the meeting venue, meeting process, registration and officers will be prepared, to facilitate and speed up the registration process. Registration is allowed through the bar-code system two hours ahead of the meeting. Computer sets, in a sufficient number, are also available at all meeting rooms to ensure correct and fast registration. Shareholders are still allowed to register for the meeting even after the meeting starts so that they can maintain their rights for voting on the agendas that they have not yet exercised their rights. An emergency response plan is also in place to ensure safety and security.

The Board and each member of all Committees value each shareholders' meeting. Executives, auditors, and legal advisers consider it their duty to attend the shareholders' meeting to answer questions and clarify legal queries. The Chairman of the Board, who chairs the AGM, announces meeting regulations as required by law and Company regulations, e.g. opening of the meeting, voting, and vote counting for each item of the agenda. The Chairman of the meeting allows shareholders to ask questions and express their opinions freely. The Chairperson of each Sub-Committee answers questions clearly with adequate information in his/her respective areas. To ensure transparency, legal advisers and volunteers from shareholders are invited to witness every vote counting. Collection of ballots is carried out under SEC's regulations. To show respect for shareholders' rights, any addition or change on the agenda, or change of significant information in the meeting, is forbidden. The Chairman allows ample time for the meeting and conducts the meeting in an appropriate and transparent manner with respect to the meeting agenda earlier announced in the meeting invitation.

After the Meeting Date

PTTGC is determined to maintain AGM standards with strict conformance to regulations of the Securities and Exchange Commission (SEC) and the Thai Investors Association. It ensures that shareholders receive the minutes of the meeting, with accurate and adequate information, in a timely manner. It submits the minutes to SET within 14 days after the meeting. The minutes will also be posted on the Company's website to allow shareholders and other interested parties to access information about the Company. The proceeding at the meeting will also be recorded in a VCD format, and interested parties are welcomed to obtain a copy. The 2011 AGMs of PTCH and PTAR are assessed, and shareholders were satisfied with their arrangements, giving an over 90% rating.

1.2 Access to Information

PTTGC treats its shareholders better than what is required by law by providing them with updated information. Reports and analyses made by the management can also be accessed through various channels, e.g. SET's news reporting system and the Company's website, in both Thai and English, to ensure shareholders access to information. Information that is not required for disclosure by law but that the Company considers should be disclosed for the benefit of shareholders will be posted on the Company's website or made known through SET's news reporting system, as seen appropriate. PTTGC also allows shareholders to ask for information or pose their questions through Corporate Governance Secretary at cg@pttgcgroup.com, as well as Investor Relations at ir@pttgcgroup.com.

2. Equitable Treatment of Shareholders

PTTGC is determined to treat all shareholders equally, major or minor shareholders, or institution or foreign investors. The following tools support its equitable treatment of shareholders:

- **Structure of Good Corporate Governance and Scope of Work**

PTTGC establishes the structure of the Good Corporate Governance, which details elements, qualifications, appointment, roles and responsibilities, holding of directorship, and performance of Directors, and employees at both managerial and operating levels. It also formulates policies and regulations as well as an operating manual in a clear written form to allow checks and balances. PTTGC's Internal Audit Department examines the business performance to ensure that its business proceeds in the direction earlier agreed upon and conforms to the laws and regulations involved, and can attain its goal efficiently. In doing so, the Internal Audit Department must follow the charter approved by the Audit Committee.

- **Permission for Shareholders to Propose AGM Agenda, Director Nominees, and Questions in Advance**
PTTGC allows shareholders to propose meeting agendas and nominees for Directors, and pose questions before the AGM date, under the Board's regulations. Qualified shareholders can send their proposed agendas through fax, e-mail, or the Company's website, and are required to forward the signed original copies together with supporting documents via regular mail to the Corporate Secretarial Department. Information concerning such practice is posted on PTTGC's website and disseminated through SET's news reporting system to demonstrate the Company's equitable treatment of all shareholders. Candidate names and meeting agendas proposed by shareholders will receive consideration under PTTGC's criteria. The Board will carefully screen the meeting agenda to come up with items that only truly benefit the Company. Meanwhile, the Nomination and Remuneration Committee will be responsible for screening the proposed candidate names before submission for the Board of Director's consideration. The Chairman of the Board will announce the outcomes of the consideration with the rationales behind the decisions to shareholders at the meeting.

At Board Meeting No.4/2554, held on 26 December 2011, the Board approved the criteria and guidelines for determining the number of shares held by a given person to qualify for proposing meeting agendas and nominating directors. The shareholding volume must be no less than 0.5%, and the holder must have held such shares for one full year. Such shareholding must still be valid until the closing date of the registry book to maintain the holder's right to participate in the meeting. This is to open the door for shareholders who have continued interest in PTTGC's business.

In 2012, PTTGC allows shareholders to propose their meeting agendas from 26 December 2011 until 31 January 2012 as a result of the amalgamation, completed on 19 October 2011. In the following year, three months before the meeting date will be allowed according to best practices. And only for 2012, the Company is foregoing the condition regarding one-year shareholding for shareholders who would like to propose their meeting agendas, also as a result of the amalgamation.

- **Suggestions and Questions from Shareholders to the Chairman of the Corporate Governance Committee**
Shareholders are welcome to raise their suggestions and recommendations to the Chairman of the Corporate Governance Committee through the Company's website. The Company Secretary will collect and submit them to Chairman for consideration. If such suggestions,

recommendations, or questions are considered beneficial for PTTGC's business or are of interest to most stakeholders or PTTGC's performance, he/she will raise them at the Board's meeting.

- **Shareholder Relations**

As part of good corporate governance, PTTGC plans to arrange visits to operating plants for shareholders to ensure their confidence, while providing knowledge and understanding of operations, management, and PTTGC's care for society, the community, and the environment. The visits will also strengthen relationships between the Company's management and shareholders. PTTGC will let shareholders learn about the planned visits and will assess their satisfaction for further improvement.

- **Control of the Use of Inside Information among Members of the Board and the Management**

The Board has instituted a set of rules that govern the disclosure of information and prevention of insider trading or any act that may cause conflicts of interest among people involved, i.e. Directors, Executives, and employees working in related areas as well as their spouses and children under the lawful age. Policies, code of conduct for Directors and employees, and business conduct were set up in conformity as follows:

1. Directors and employees are not allowed to exploit inside information and must keep such information in confidence. This rule is incorporated in the Good Corporate Governance and Business Code of Conduct Handbook and communicated to Directors, the Executives and employees for acknowledgment and practice.
2. Sales and purchase of shares by exploiting inside information is prohibited to prevent insider trading, which may bring about personal benefits or benefits for related persons, and to prevent employees from wrong-doing. In this regard, equitable treatment of shareholders and investors is taken into account.
3. Sales and purchases of shares by Directors, the Executives, and employees whose work involves financial information is prohibited for 45 days before the disclosure of PTTGC's quarterly financial statements and 60 days for annual financial statements. Their transactions can resume 24 hours after the disclosure of such information to SET to ensure equal access to information. PTTGC will send out notifications to Directors and the Executives beforehand.
4. Directors and Executives, as defined by SEC, are responsible for notifying PTTGC by filing reports on sales-purchases-transfers-acquisitions of shares within 3 working days after any change in their portfolios. The Board assigns the Company Secretary to collect all reports and incorporate them into the meeting agenda of all the Board' meetings.

- **Prevention of Conflicts of Interest**

The Board draws up policies and business code of conduct and takes the following actions:

1. PTTGC has strictly followed the regulations of SET and SEC and those of the Capital Market Supervisory Board. Directors or Executives with potential vested interests in transactions or meeting agendas with potential conflicts of interest will not attend such meetings. If their presence at the meeting is required to provide necessary information, they will not be allowed to vote or to give any opinion on such items. The Company Secretary or the Secretary of the Sub-Committee involved will take note of any involvement of a Director or Executives and incorporate such information in the minutes of the meeting.
2. The Board has included the rules about conflicts of interest in the Good Corporate Governance and Business Code of Conduct Handbook, which Directors, Executives, and Employees are required to follow. By using the Company's report form to show their transparency and to prevent any unintentional cause of conflict of interest, all personnel are required to report any matter with potential conflicts of interest.

3. [Responsibilities to Stakeholders](#)

PTTGC has always been committed to taking responsibility for all stakeholders with respect for others' rights and stakeholders' satisfaction to accomplish sustainable co-existence. The Board's mechanism assures that all stakeholders are protected and that they are equally treated, be they shareholders, employees, customers, business partners, creditors, the government, business competitors, communities, society, or the environment.

PTTGC's policies and treatment for each group of stakeholders are as follows:

- **Shareholders**

Policy : Shareholders are encouraged to exercise their basic rights. PTT Global Chemical aims to create utmost satisfaction for the shareholders while taking into consideration the sustainable growth of the Company, the creation of added value and the continued provision of appropriate returns, as well as the good corporate governance principles.

In addition to ensuring shareholders' basic rights as stated by the law, the Company's Articles of Association, and the Good Corporate Governance and Business Code of Conduct Handbook,

such as the right to attend shareholders' meetings and cast their votes, the right to freely express their opinions, the right to check the number of shares, and the right to receive fair returns from the Company, PTTGC has drawn up a good corporate governance work plan to upgrade its CG to international standards. This is in line with its commitment to attaining regional and global business goals, which focuses upon creating satisfaction and added value that benefit both domestic and foreign shareholders directly.

- **Customers**

Policy : Devote to customers and members of the general public satisfaction and confidence in the quality products and services at appropriate price levels. Consistently upgrade standards and maintain a positive and lasting relationship.

To ensure maximum benefit from PTTGC's products, in terms of quality and price, while developing relationships with customers, it established a special department to take care of customers. Customers are welcome to raise their recommendations about products, give advice on problem-solving, and file complaints. This is to ensure the Company's attempt to best serve customers with products and services that are of the right quality, fair prices, and punctuality. Customer engagements and visits are arranged to listen to customers' opinions and clarify customers' queries for maximum benefit of all parties. PTTGC, moreover, does not collude with competitors to gain benefits which may cause unfairness to customers. It will only comply with contracts, business code of conduct, and laws and regulations strictly. It also conducts customer satisfaction surveys for all products and services every year to cross-check their satisfaction for further product and service development.

This year, PTTGC organized a customer engagement session on 26 November 2011 to welcome customers and business partners from all business sectors and strengthen relationships with them.

- **Business Partners**

Policy : Take into account equality and honesty in the conduct of business. Protect the interests in collaboration with the business partners by observing the laws and the rules agreed upon with them, and by conducting ethical business.

PTTGC follows an honest free-trade framework strictly in contracts and business code of conduct with business partners, equality, and fairness, and expects all business partners to do the same. It always includes a clause regarding conflicts of interest in business contracts, which value inspection and transparency in hiring contractors. It also prohibits the Executives and employees from having

influence or incentives, or giving, or receiving any benefits which are against the good corporate governance principles.

PTTGC issued a policy and clear guidelines on dealing with business partners. Employees must treat business partners honestly and strictly follow any obligations between each other. Business partners must be notified of any problems in advance to jointly find sensible solutions. Guidelines are in place to oversee the receipt and provision of any goods or benefits from parties with interests in the Company's business to prevent employees from inappropriate behavior. Business partners are expected to observe regulations concerning safety, occupational health, and the environment to ensure smooth relationships. The quality of life and well-being of the community, society, and the environment must also be respected by both sides.

- **Business Competitors**

Policy : Treat competitors as per the international principles within the framework of the laws on trade competition and fair competition.

PTTGC follows free-trade principles and promote free trading. It abides by fair trading while observing business code of conduct and laws. It does not seek competitors' confidential information through dishonest means, does not discredit them through accusations or slanders, and does not attack competitors groundlessly. The Company's personnel must refrain from any act that may harm business competitors.

- **Creditors**

Policy : Observe the practical guideline and the conditions in fairness to the creditors, and repay debt on time.

PTTGC strictly follows obligations with creditors and financial institutions, and performs its duties as required by conditions in agreements. It does not hide any facts which could prove harmful to creditors. If it cannot fulfill contracts, it will inform creditors beforehand to jointly find solutions. In addition, PTTGC organizes activities that foster good relationships with creditors and joins creditors in running suitable social activities.

- **Public Sector**

Policy : Recognize the significance of the public sector which is one of the stakeholders of PTT Global Chemical Group. A guideline has been established for the treatment of the public sector in the countries in which PTT Global Chemical Group invest in order to avoid negative consequence from any action.

PTTGC conducts its business under the supervision of government agencies involved both in Thailand and in countries where it invests, realizing that governmental support is needed for smooth operations and thus ensures compliance with policies, laws and regulations. In relationships, PTTGC regularly exchanges information with the government to foster ties within proper, transparent limits. It takes part in various activities and lends support to various projects organized by the government sector, such as the recent 'Ruam Phalang Thai Chuai Phai Nam Thuam' project (Calling for Thais to Join Forces in Flood Relief Project) organized by the Office of the Prime Minister.

- **Employees**

Policy : Develop our organization into one of learning. Foster a culture and an ambiance of teamwork. Pay fair compensation. Ensure safe work environment. Recognize the significance of development and knowledge transfer. Listen to opinions and suggestions of employees at all levels in an equitable manner. Foster and enhance cultural organization with the awareness that all employees are a crucial factor of sustainable success, advancement and growth of PTT Global Chemical Group.

Employee recruitment and allocation are carried out with due regard for each person's educational qualifications, experience, and ability to place him/her on the right job. PTTGC encourages continuous employees development. Employees are allowed to appropriately unleash their potential through performing their duties and responsibilities. Job opportunities are opened for all without discrimination against gender, age, religion, and physical disability. PTTGC also abides by international human rights with respect for others, while preventing harassment. A Welfare Committee comprising representatives from the management and employees has been set up to ensure that employees welfare is adequate and secure for employees and their families' living. PTTGC provides a safe workplace for employees while organizing various activities to provide knowledge about safety, in theory and practice, to employees and contractors to ensure their preparedness to deal with emergencies, such as fire drills at PTTGC's high-rise head office and emergency drills at operating plants.

At PTTGC, Good Corporate Governance Communication Plans are communicated to ensure that the Executives and employees of PTTGC Group possess due awareness and can apply such principles to their daily work life and personal life. PTTGC takes care of all stakeholders. It values human rights, the environment and the sensible use of natural resources, and international standards. The Company has drawn up its [PTTGC Core Values](#), known as [GC-SPIRIT](#), to guide its business conduct. [GC-SPIRIT](#) also drives good corporate governance, as the “I” in the acronym stands for [Integrity & Ethics](#). Even though the two former companies have now become one, the new entity still high values talent and virtue. Good corporate governance will be further driven by the ‘Good’ and ‘Great’ of employees who ‘value’ and ‘pursue’ the Good Corporate Governance Handbook, which will bring the Company’s corporate governance up to international standards sustainably and securely.

In addition, PTTGC recognizes the need to keep employees at all corners of the organization informed of all business developments. Employees can express their suggestions direct to the Executives, such as through the “Management Site Visit” activity, which is a type of employees engagement designed for discussion between the Executives and employees. The Executives will also give encouragement to operating employees at sites and head office. Many other activities are held to ensure the understanding of and familiarity between the Executives and employees.

- **Communities, Society and Environment**

Policy : Conduct the business on the basis of responsibility to communities, society and environment, in terms of safety, quality of life and preservation of natural resources. Must promote the efficient use of energy, recognize the significance of the quality of life of communities surrounding the plants and society at the national level. A proportion of the profit shall be allocated to help build communities and society. The conduct of business should take into account impact on the environment from the stage of plant construction, the selection of production technology to the handling of waste, as well as the research and development of innovations to increase energy usage efficiency.

PTTGC has always been careful not to create impacts on the community, society, and the environment. At all operating plants, it supports activities that upgrade the quality of life and provide benefit to the community, society, and the environment. Social responsibility is part of PTTGC’s “[GC-SPIRIT](#)” Core Values, in which ‘R’ stands for [Responsibility for Society](#). Social contribution plans are drawn up under the Company’s strategies, social development plan,

and investment plans for sustainability in order to minimize impacts on the surrounding communities, particularly in safety, health, and education areas. The Company devised a plan for sustainable development based on the international ISO 26000 standards, follows up and even improves it to align with the business plans. It encourages employees and stakeholders to act as good citizens and encourages them to join activities with operating sites' communities or in activities organized by stakeholders. Employees' volunteering spirit is made part of their annual performance appraisal. Even in a crisis, PTTGC's programs for the community and society still proceed. The Company even exploits more of its internal knowledge and capability to increase those projects' effectiveness for the maximum benefit of communities and society. During the flooding disaster in late 2011, for example, volunteer employees joined PTT Group in disaster relief programs, the opening of rehabilitation centers in affected provinces, and the establishment of the Boran Kaan Kaeng Club for social contribution activities, giving assistance to flood-affected people in both cash and thing.

4. [Disclosure of Information and Transparency](#)

The Board recognizes that disclosure of information should be done in a transparent, accurate, complete, equitable, reliable, and timely manner through reliable channels with easy access. A policy is laid down for disclosure of information, both financial and non-financial. Such information, be it positive or negative, must be composed carefully, clearly, correctly, transparently, regularly, and can be examined to ensure that shareholders and stakeholders can receive equal information, as required by law as well as the regulations of the Company and related government agencies.

4.1 Quality of Information

PTTGC's information disclosed to shareholders, investors, and the public must be timely, reliable, complete, and accurate as required by laws and regulations. Public disclosure of Company information, both financial and non-financial information, involves:

1. Financial and non-financial information as required by SEC and SET PTTGC's financial statements are prepared accurately and completely according to accounting standards. They are audited by the external auditor and the Audit Committee. The accurate, complete, and timely audit process is based on SEC and SET regulations and corporate governance principles. Since the amalgamation on 19 October 2011, none of PTTGC's acts relating to disclosure of information have been found in disagreement with SET regulations.

2. Information about Directors and its disclosure Directors, Executives, and their connected persons related to the business execution of PTTGC or affiliates under SET regulations file reports as required by law and other reports by their own accord and fiduciary duties with care and completeness. This is meant to ensure that they do not have vested interests in decision-making. These reports are vested-interest reports of Directors, the Executives, and connected persons, reports on shareholding and changes in shareholding and acknowledgment of their duties related to shareholding, reports on internal control and audit as well as risk management, the charter of each Sub-Committee, certification of independence of Independent Directors, reports from Independent Directors on each Sub-Committee, and corporate governance reports.
3. Business performance reports PTTGC discloses information in addition to information technology as required by SEC and SET regulations. This is to allow shareholders and the public to learn about its development, such as major investment projects, business movements, as well as CSR and SHE projects.

4.2 Disclosure Channels

PTTGC discloses its information, as or more than required through the channels below:

- Disclosure through SET Community Portal and the Company's website, in both Thai and English. The website is regularly updated and readily provided with web pages to access a particular PTTGC department.
- External communication, e.g. launch of projects, Executive interviews, propagation of the Company's vision, strategies, and goals, as well as business results must be complete and accurate according to information disclosure practice, and expression of ideas to outsiders as guided by the Good Corporate Governance and Business Code of Conduct Handbook.
- Internal communication, another type of communication that the Company considers important. Company information is passed on to employees through various channels of internal communication, including the e-mail, intranet, internal newsletter, notice board, and exhibition to keep staff updated with PTTGC's movement, particularly strategies, directions, and policies. PTTGC has guidelines on the use of information internally and on confidentiality of information which business and employees must strictly comply with.

4.3 Information Disclosure Channels and responsible parties

1. Investor Relations An Investor Relations department has been instituted to take responsibility or disclosure of information to investors by providing information and convenience to access information to ensure that information reaching investors is accurate, complete, and timely.

This year a number of activities were organized by Investor Relations. However, after the amalgamation, PTTGC arranged for its Executives to provide information on various occasions, e.g. meetings and road shows with domestic and international investors, meetings with financial analysts, telephone conferences with Executives, meetings with Executives at the office, disclosure of information through SET and the Company's website, conversations through telephone and e-mail, and newsletters to shareholders. PTTGC also launched a webpage dedicated to Investor Relations, which provides general information for shareholders/investors and financial information to better facilitate access to information. An ir@pttgcgroup.com e-mail address was also launched to answer queries.

2. Corporate Communication and Branding This department is responsible for giving updated information about business movement to the media and the public. Activities organized after the amalgamation include:

- A press conference titled 'First Trading Day of PTTGC Shares on SET' on 21 October 2011 at SET's office
- Executive interviews by the media, including television, print media, and magazine to provide information about PTTGC's structure, business directions, and vision
- Photo releases, press releases, scoops, and calendar news for the media, both in Bangkok and upcountry

3. Corporate Social Responsibility This department produces the 2011 Sustainability Report, based on Global Reporting Initiative (GRI) G3.1, transparent, and available for examination through all communication channels. The Sustainability Report is intended to provide such information as social development activities and the open-house activity to allow community people to meet and get acquainted with PTTGC Executives. It was an opportunity for the Company to make known its policies involving social responsibility and foster understanding and relationship with the community and stakeholders. It was also a channel for local people's voice, which will benefit the improvement of CSR plans. Visits to communities were also carried out not only to meet the local people, but to let them know about CSR projects in various aspects, such as education and public hygiene. Some other activities

were carried out with local people's participation, including scholarships for nurses, high-school tuition, and a mobile clinic.

PTTGC also has two - way communication channels, e.g. letter and e-mail, which appear on its 'Good Corporate Governance' webpage. Shareholders, investors, and individuals can reach the Chairman of the Corporate Governance Committee or the Company Secretary through cg@pttgcgroup.com.

5. [Responsibilities of the Board](#)

The Board plays a key role in corporate governance. By law, it is responsible for steering the business for the maximum benefit of the Company. Its performance reflects good corporate governance principles. The Board has performed its duties with integrity, prudence, care and transparency, and with understanding of legal commitments, Company regulations, shareholders' resolutions, and corporate governance practices. For shareholders' and investors' confidence, it avoids committing actions against PTTGC's interests.

5.1 Structure and Composition

The Board consists of Directors, Independent Directors, Sub-Committees, the CEO, the President, and the Company Secretary. The structure is balanced and appropriate, with due checks and balances.

5.1.1 [Directors](#)

Following the joint shareholders' meeting between PTT Chemical Public Company Limited and PTT Aromatics and Refining Public Company Limited on 18 October 2011, the Board consisted of 15 Directors - 4 Non-Executives, 2 Executives (the CEO and the President), and 9 Independent Directors. The number of Independent Directors exceeds half of the Board. All Directors are experts with diverse experience in the petroleum, petrochemical, energy, management, accounting and finance, legal, security, and auditing, who apply their expertise, skills, qualifications, and experience for the benefit of the Company. The Board structure allows all Directors to perform their duties with efficiency. The Board discloses the Directors' names, profiles, credentials, experience, and shareholding through the annual report, Form 56-1, and the Company's website. Qualifications of Directors are set by the Board and included as part of the Articles of

Association of PTTGC and in the Good Corporate Governance and Business Code of Conduct Handbook, which can also be accessed on the Company's website.

The Chairman, the CEO and the President are different individuals with clear separation of roles. The Chairman performs his/her duty with independence, and is able to express views on the Company's performance under the Board's policy and in the best interests of the Company, shareholders, and the country. The Chairman does not belong to any Sub-Committee. Such structure enables the Chairman to perform his/her duties efficiently.

PTTGC's Articles of Association and Good Corporate Governance and Business Code of Conduct Handbook contain written roles and responsibilities of the Board and the Executives to facilitate control, examination, and assessment to assure attainment of PTTGC's business goals, consisting of its vision, mission, strategies, financial goals, risk management, plans, and budgets. Business goals receive initial screening through the Management Committee, which comprises top Executives, before being raised to the Board for consideration. The Board has the Management Committee perform and report their performance under the policies and plans with regular follow-ups.

5.1.2 Independent Directors

The Board reviews the Independent Directors' independence through past and current performance as well as their business relationships to the Company under SEC and SET regulations. Currently numbering six, which exceeds a third of the composition of the Board and legal requirement, all Independent Directors perform their duties by taking into account equitable benefit of all stakeholders.

The Board includes the definition of Independent Directors in the Good Corporate Governance and Business Code of Conduct Handbook, in line with SEC and SET regulations. It also imposes stricter rules on their shareholding, which must not exceed 0.5% (while SEC's limit is 1%). All Independent Directors possess independent directorship and self-certify their independence every year-end (and at the end of 2011).

5.1.3 Sub-Committees

To ensure the effectiveness of the Board in performing their duties regarding corporate governance, the Board, at its meeting No. 1/2554 (2011) held on 19 October 2011, appointed

four Sub-Committees (also commonly called Committees), namely the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Risk Management Committee, to conduct initial deliberation of the establishment of preliminary criteria regarding business management. All Sub-Committees regularly report their findings and performance for the year to the shareholders through the annual report.

The Board also lays down written charters for all Sub-Committees, including roles, duties and responsibilities, qualifications, terms, and meeting regulations. Such information is included in the Good Corporate Governance and Business Code of Conduct Handbook and posted on PTTGC's website.

(1) Audit Committee

This Committee consists of three Independent Directors, serving three-year terms. Members are knowledgeable and experienced enough for reviewing the reliability of the financial statements. The scope of their authority and responsibility is specified in the Committee's charter. In reviewing the financial statements, the Committee is always joined by the external auditor, whose opinions as well as remarks and suggestions are noted in the meeting minutes. The Committee's performance is regularly reported to the Board. Its annual performance appraisals are conducted, and the number of meetings attended by individual directors is disclosed. The Committee also completed the previous year's report and included it in the annual report for shareholders' acknowledgement.

(2) Nomination and Remuneration Committee

This Committee consists of three Directors, two of whom are Independent Directors, with a three-year term. Its Chairman is an Independent Director tasked with the examination of the criteria and patterns of compensation for Directors and the CEO. The scope of work includes laying down the criteria and recruitment process with independence, fairness, transparency, and sensibility, comparable to industry peers.

(3) Corporate Governance Committee

This Committee consists of four Directors, three of whom are Independent Directors,

with a three-year term. Its Chairman is also an Independent Director. As assigned by the Board, the Committee considers practical guidelines for corporate governance and provides recommendations to the Board and the Executives. The scope of work includes giving advice, making assessment, and undertaking reviews of the policies and practices regarding corporate governance for improvement to international standards and conformance to the guidelines of SEC, SET, and leading organizations.

(4) **Risk Management Committee**

This Committee consists of three Directors, at least one of whom must be an Independent Director, with a three-year term. As assigned by the Board, the Committee is tasked with the formulation of policies and guidelines for the Executives of various risks present in the business conduct with appropriateness and efficiency. The scope of work includes keeping control of the risk management system and process to minimize impacts on PTTGC and following up the work with due assessment to ensure that the business is run with properly prepared risk management measures.

5.1.4 Company Secretary

At its meeting No. 1/2554 on 19 October 2011, the Board appointed Mrs. Walaiporn Puspavesa, Vice President, Corporate Secretary, under the Corporate Affairs, as Company Secretary under Section 89/15 of the Securities and Exchange Act, B.E.2535 (1992), which was amended by the Securities and Exchange Act, no.4, B.E. 2511 (2008).

In performing her duty, aside from regulatory requirements, the Company Secretary also ensures PTTGC's and the Board's compliance with PTTGC's articles of association, relevant laws and regulations of the overseeing agencies, resolutions of the Board/shareholders' meetings, and corporate governance practices. The Company Secretary also supports/coordinates training for the Directors and the Executives in relevant areas. The scope of work includes making reports to the Board and the Executives to inform them of any change in regulations and filing of important documents as required by law. The Company Secretary attends training, seminars, and various events organized by the regulators of listed companies to listen to clarifications while giving opinions on various issues. This will boost the efficiency of her functions and PTTGC's corporate governance alike. Shareholders can contact the Company Secretary via e-mail: cg@pttgcgroup.com.

5.2 Terms of the Board of Directors

As stated in PTTGC's Articles of Association, each Director's term is three years, in line with the Public Company Limited Act.

Recognizing the limit to the efficiency of Directors, the Board takes seriously the number of companies where PTTGC's Directors serve. The policy is outlined in the Good Corporate Governance Handbook, allowing Directors to serve no more than three listed companies. If the number exceeds this limit, taken into consideration are the suitability to the nature and condition of other companies' businesses and the fact that they should emphasize companies in which PTTGC invests. PTTGC discloses the positions of each Director in other companies in the annual report, Form 56-1 and the Company's website.

As for the case of the CEO holding directorship in other companies, consideration must be made on the suitability of the nature and condition of those companies' businesses and the fact that the person should emphasize companies in which PTTGC invests.

5.3 Roles and Responsibilities of the Board of Directors

The Board, as the representatives of shareholders, is vital to the formulation of policies, vision, strategies, and directions of the business, and is tasked with overseeing and following up business movements through analyses of both internal and external factors, as well as expectations from various stakeholders to ensure business success and the maximum benefit for shareholders. PTTGC therefore sets up roles and responsibilities of the Board members beyond legal requirements. Directors are required to set role models for all staff to build trust among shareholders and investors in the following areas:

1) Formulation of Policies and Business Strategies

The Board decides critical operation matters, namely its vision, mission, strategies, financial goals, risks, operating plans, and budgets. The Board also oversees the performance of the Executives to ensure its efficiency and effectiveness.

2) Controls for Value Creation

The Board lays down policies that govern the entire organization while working to ensure that PTTGC has in place a risk management plan to create value through measures and controls to minimize impacts on the business. The Board also gives recommendations that are considered beneficial to PTTGC's business.

3) Good Corporate Governance

The Board ensures compliance with laws and regulations, as well as resolutions of shareholders' meetings. It also formulates policies involving good corporate governance and business code of conduct and lays down guidelines for good, independent internal controls. The Board's authority also covers disclosure of information vital to the business, safeguarding benefits and rights of shareholders to ensure their equality, examining matters with potential conflicts of interest to ensure fairness and transparency for the maximum benefit of the shareholders and the Company. It promotes personnel development for better understanding and a correct mindset in conforming to PTTGC's corporate governance guidelines. Finally, the Board promotes integration of the internal control system with good corporate governance in all parts of the operations.

4) Promotion of Responsibilities for Society, the Environment, and Human Rights

The Board values business conduct with responsibility for society and the environment through, attempts to reduce problems caused by the industry in parallel with the promotion of sustainable well-being of Thai society. The scope of work includes upgrading the quality of life of the people residing around PTTGC's operating plants, participating in problem-solving, and seriously minimizing impacts on communities. Moreover, the Board respects human rights and fair labor treatment to ensure co-existence of communities and plants.

5.4 Appointment of Directors

The appointment of Directors needs to be transparent and visible and involve the review process of the Nomination and Remuneration Committee. The appointment process is in line with the good corporate governance policy and in accordance to the good practice of Thai Institute of Directors (IOD). The Nomination and Remuneration Committee screens with care the names of suitable candidates for the directorial positions - comprises of qualified individuals from various fields whose expertise, experience and capability are beneficial to the Company. Retiring Directors are not automatically re-appointed; the Committee will re-appoint the Directors based on their performances and responsibilities. Newly appointed Directors are considered based on their expertise, experience, collective knowledge and capability necessary for the operation of the Company. As for the appointment of Independent Directors, the Committee will consider based on the "Definition of Independent Director Qualifications". In addition, the individual considered for appointment as Director must sign the Nomination form.

5.5 Corporate Governance Policy and Business Code of Conduct

The Board produces the Corporate Governance Policy, Good Corporate Governance Handbook and Business Code of Conduct. The contents of the handbook are based on guidelines and principles of international standards. The Corporate Governance Committee and other departments responsible for stakeholders take part in reviewing the contents to ensure its completeness.

The Corporate Governance Committee regularly follows up the implementation of corporate governance plans and assesses its efficiency and effectiveness. The Committee meets every quarter to review compliance with PTTGC's own corporate governance principles against those of other listed companies according to international standards. The Committee will then file a report on corporate governance to the Board and shareholders in the annual report.

PTTGC's corporate governance framework requires assessment of the Board's performance, that of the awareness of corporate governance among employees, and that of the satisfaction of each group of stakeholders, as well as that of the performance against the regulations of other organizations, such as SEC, IOD, and Thai Investors Association, to bring PTTGC's corporate governance to international standards.

The Board ensures that corporate governance policy and business code of conduct are communicated thoroughly to employees and stakeholders, both inside and outside the Company. Communication is carried out through various formats and channels, including the announcement of the Corporate Governance Policy, presentation of Good Corporate Governance and Business Code of Conduct Handbook to each Director, the Executives and employees of PTTGC and affiliates; organization of employees orientation programs as well as many other corporate governance promotion programs to ensure awareness and implementation at work. Employee's awareness and application of corporate governance principles are also assessed.

The Business Code of Conduct Handbook is produced and distributed to stakeholders, such as customers, creditors, business partners, and other relevant agencies. The PTTGC Suppliers Code of Conduct Handbook is also distributed to producers and suppliers of materials and services. PTTGC hopes that all business partners will abide by the same principles.

Every year, PTTGC and companies in PTT Group organize PTT Group CG Day activities to publicize the corporate governance principles among employees in the hope that they will apply these principles

in growing a sustainable business. This event, normally held around the year-end by listed companies in PTT Group, is warmly received by employees. Members of the Corporate Governance Committee also participate in the activity. As a result of the severe floods in late 2011, PTT Group CG Day has been postponed to 2012. However, PTT Group has joined the nation in volunteering programs to help flood victims to demonstrate its responsibility for stakeholders and society.

5.6 Internal Control and Audit Systems

5.6.1 Internal Controls

The Board values internal controls that are adequate and appropriate to business conditions and encourages a work environment that supports good internal controls. In this regard, the management structure, work assignments, and employees competencies for each position are clearly defined. The Board promotes code of conduct and sound values with due consideration for impacts on the community, society, the environment, and stakeholders. Business objectives, strategies, risk management processes with follow-ups and assessment are in place to ensure goal attainment. Policies, regulations, and guidelines are examples showing internal controls that can always be referred to. Communication channels, reporting systems, and access to information technology are necessary for performing internal controls. Follow-up procedure set up by business units involved are also in place. Internal auditing performed by the external auditor is regularly carried out to ensure compliance with business plans, laws and regulations, and to prevent risks from off-track performance.

5.6.2 Internal Audit

The Board set up the Audit Committee to take charge of the assessment of adequacy and effectiveness of internal controls, which must be appropriate to business conditions. This Committee must regularly report to the Board and the shareholders. An internal audit department is established as a separate unit with a direct reporting line to the Committee. The department is responsible for review and assessment of adequacy and effectiveness of internal controls system based on professional auditing standards. The scope of work also includes creation of added value for the business and provision of support for control mechanisms, as well as making a report on such assessment to the Board every quarter.

5.7 Risk Management

The Board established the Risk Management Committee to lay down policies and provide recommendations on risk management, bearing in mind business goals. The Committee considers plans to deal with corporate risks and monitors risk levels as well as assessing company-wide risk management performance to ensure business goal attainment. This Committee files reports to the Board every quarter and when a major risk is discovered. Policies and a framework regarding risk management are incorporated in the Good Corporate Governance and Business Code of Conduct Handbook.

Risk management performance reports are regularly submitted to Board meetings and are disclosed to shareholders through the annual report.

5.8 Board Meetings

Following the amalgamation on 19 October 2011, the first Board meeting was held on the same day. Four meetings have since been held to scrutinize various matters, and the number of meetings attended by each Director is disclosed as required by SEC regulations.

The Chairman of the Board and the CEO jointly decide the meeting agenda and screen meeting agendas. Each Director may propose meeting agendas, and the meeting agenda is clearly drawn up ahead of the meeting. An invitation is sent out to all members of the Board together with relevant documents around seven days before the meeting date so that the Directors may have enough time to consider the meeting agenda and the documents. PTTGC fixes the dates and times of Board meetings for the year so that each Director may effectively schedule his or her attendance at the meetings. Extraordinary meetings are scheduled as needed. If a Director cannot attend a meeting, he/she must send the Chairman a written notification of absence.

The Chairman of the Board chairs Board meetings and allows Directors to freely express their opinions. He also allocates appropriate time for the consideration of each issue. In decision-making, the meeting respects the majority vote of Directors present at the meeting. In case of equal votes, the Chairman exercises his voting right. Each Director has one vote and Directors with vested interests in a given issue abstain from voting to avoid conflicts of interest. Meetings are conducted with transparency and relevant information is completely disclosed

At each Board meeting, Executives concerned are present to provide information and receive policies for efficient implementation. Exceptions are made for some Board meetings or meetings

of Independent Directors, which will be attended only by qualified Directors. Such meetings are held twice a year. Some meetings involve only Non-Executive Directors, such as the Audit Committee meeting, which involves only the Committee and the external auditor in the absence of the Executives. This latter meeting is held once a year.

To ensure independence in the consideration of each issue, the Company Secretary takes minutes and submits them to the Board for approval at the following meeting. The Chairman of the Board then signs to certify the accuracy of the minutes. Directors are allowed to make additional opinions and changes to the minutes before the Board's approval. Approved minutes are filed as a confidential document with a control system to prevent amendments without being presented to the Board meeting. Documents are also filed in the electronic form for easy retrieval.

5.9 Remuneration of the Board of Directors and Executives

The Board assigned the Nomination and Remuneration Committee to design compensation packages appropriate for Directors' roles and responsibilities, which must be transparent, fair, and in accordance with laws and regulations concerned. This Committee designs the structure and elements of the remuneration package, taking into account practices in leading listed companies and PTTGC's own performance. The Committee then formulates clear policies on Directors' compensation payment and tables them before the Board, which then seeks approval from the shareholders. Each Director that also serves as a Sub-Committee member duly receives additional compensation.

Under the topic 'Management Structure', the Board discloses the structure and elements of compensation as well as the sums of compensation paid to Directors as well as compensation for Directors serving as Directors of affiliates, as required by position or responsibility.

5.10 Remuneration of the Chief Executive Officer

The Board has a policy on remuneration to the CEO based on the annual assessment of PTTGC's performance, using some key performance indicators for strategies and targets, management ability, and year-round company competitiveness. The Nomination and Remuneration Committee designs remuneration packages that are fair and reasonable, and submits them to the Board for consideration.

5.11 Evaluation of the Performance of the Board of Directors

The Corporate Governance Committee proposed three types of annual assessment of the Board to the Board meeting No.4/2554, held on 26 December 2011, i.e. the entire Board assessment,

individual self-assessment, and cross-assessment. The Board approved the proposal and had it incorporated in the Good Corporate Governance and Business Code of Conduct Handbook

Since the current Board started its term only in October 2011 after the merger, the annual assessment of the Board will start in 2012 to allow adequate time for both self-assessment and assessment of other directors. During the year, the assessment form and criteria will be designed in accordance with relevant standards to benefit the development of the Board's performance.

5.12 Development of the Board of Directors and Executives

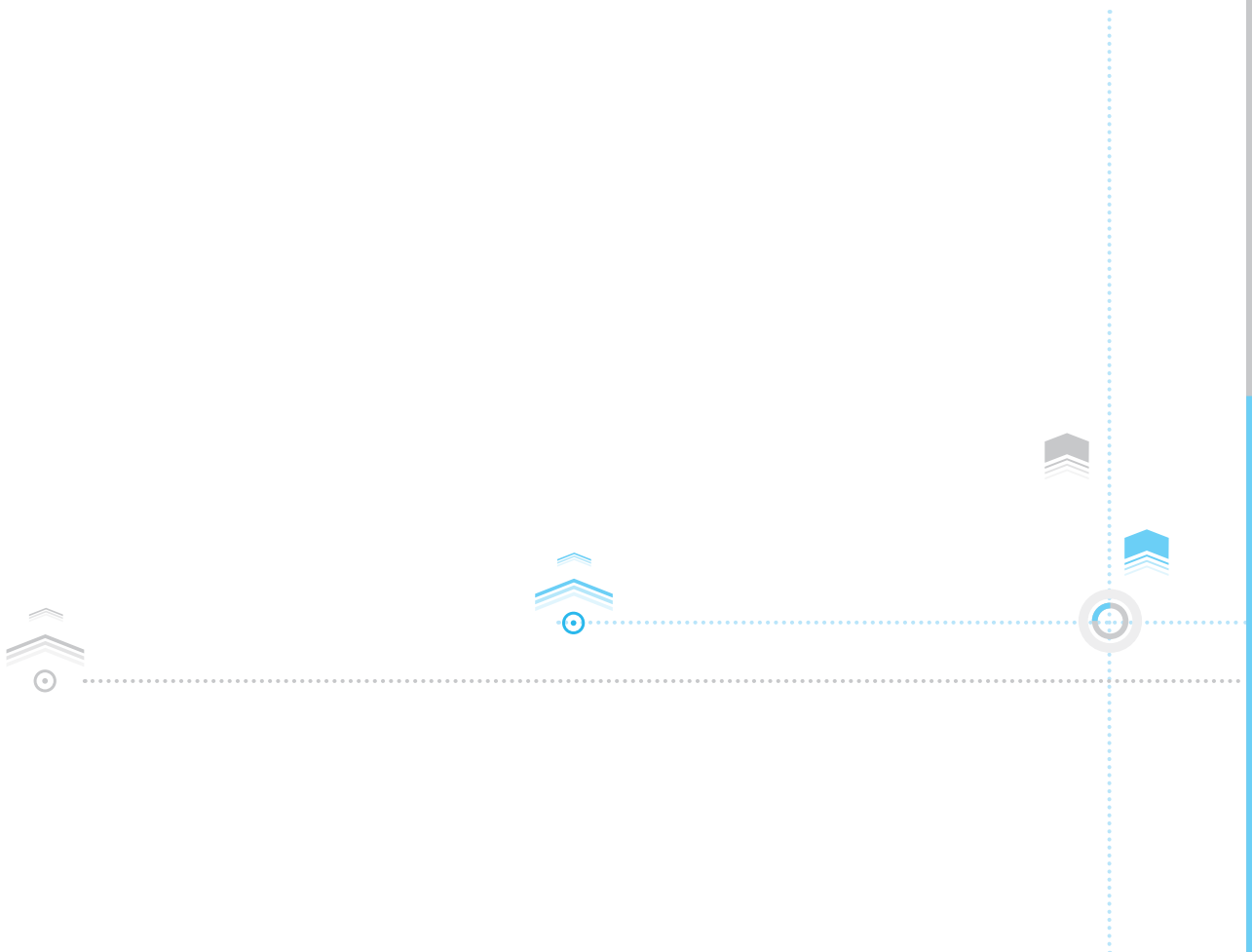
Even though most of its Directors have gone through training, the Company values continuous development. It encourages Directors to further attend training or participate in activities organized by IOD, SET, and SEC to broaden their horizons, especially in areas that affect their duties, both as Directors and as Sub-Committee members. In 2012, PTTGC informs Directors about training courses every quarter so that they can attend. Handbooks, as well as other helpful documents, including the Company profile, corporate governance principles, business code of conduct, and SET and SEC regulations, are regularly distributed to Directors and the Executives.

For new Directors, PTTGC laid out guidelines helpful for new Directors' readiness to perform their duties. The Company Secretary coordinates the following:

1. Collection and delivery of documents concerning regulations, criteria, and guidelines for holding directorship, as well as information about PTTGC, to equip new Directors with basic information and to ensure that they observe laws and regulations.
2. Organization of a Board orientation to keep new Directors informed about the structure and business nature of companies in PTTGC Group. For new Directors, the Company Secretary also arranges engagement with the management team and visits to operating plants. An orientation session was arranged before the first Board meeting took place on 19 October 2011, PTTGC's founding date.

5.13 Succession Plan

The Company has prepared systematic succession plans for key positions to replace those who retire or move to other positions as a result of business expansion or change in the business structure. There are also succession plans for the top management to ensure management continuity and facilitate selection of personnel who are competent and ready to assume key positions. PTTGC has made some improvement to human resource management regulations and criteria for the selection of successors based on the Career Management principle and Talent Management & Succession Planning. High-potential personnel are selected through a process that PTTGC considers appropriate. The selection process is communicated to ensure acknowledgment and understanding of the personnel development scope and desired behavior. Successful candidates are further developed to assume the positions. In going through the selection process, the Nomination and Remuneration Committee takes into account the candidates' knowledge, competency, experience, and management vision to grow the business of both PTTGC and affiliates.



Report of the Corporate Governance Committee

Dear Shareholders,

Since the establishment of PTT Global Chemical on 19 October 2011, the Corporate Governance Committee has performed its duties under the scope, authority, and responsibility assigned by the Board of Directors. The Committee is chaired by Police General Sereepisut Tameeyaves, with Police General Sombat Amornvivat, Mr. Kriengkrai Thiennukul, and Mr. Bowon Vongsinudom as members. The Committee convened meetings to examine relevant criteria and approaches, and provide recommendations on corporate governance work under good corporate governance practices with the following highlights for the acknowledgement of shareholders.

1. A written charter instituted for the Committee, in essence containing the Committee composition, qualifications, scope of duties, responsibility, and aligning with PTGC regulations and good corporate governance. This charter is disclosed in the Good Corporate Governance and Business Code of Conduct Handbook.
2. The PTGC policy was examined, as well as good corporate governance and business code of conduct handbook. In addition, various best practices were implemented in line with the corporate governance principles of the Stock Exchange of Thailand (SET) and international practices so that the Board of Directors may decide and announce its enforcement across the Company.
3. Also examined were best practices for the promotion of shareholder rights and equitability under the good corporate governance principles of listed companies. To this end, criteria were established allowing shareholders to nominate agenda items and nominate directors ahead of the 2012 Annual General Meeting of shareholders (AGM) and criteria allowing submission of questions related to the AGM.
4. Guidelines were instituted for reporting shareholding portfolios of Directors and Executives to the Board of Directors each time the Board meets.
5. The corporate governance action plan for 2012 was also examined to enable business execution in line with good corporate governance principles, upgrade corporate governance practices on a par with international standards, bolster confidence among shareholders and investors, value the stewardship of stakeholders, cultivate an awareness of and promote the culture of good corporate governance among all employees.

6. Quarterly meetings were scheduled and a meeting plan for the year was assured so that all members may acknowledge and examine meeting agendas.

Because the Company highly values Good Corporate Governance, the Committee agreed that it is crucial for a sustainable business, as it underscores efficient business execution. The Committee agreed to do its part to ensure conformance and acceptance to secure the confidence of stakeholders and regulators. The Committee is determined to do its best to elevate PTTGC's corporate governance for international acceptance.

On behalf of the Corporate Governance Committee



(Police General Sereepisut Tameeyaves)

Chairman of the Corporate Governance Committee

Report of the Nomination and Remuneration Committee

Dear Shareholders,

Recognizing the importance of compliance with good corporate governance, the Board of Directors of PTT Global Chemical Public Company Limited appointed the Nomination and Remuneration Committee with a composition as stated in the Company's Articles of Association. The Committee is chaired by Mr. Vasin Teeravechyan, with Air Chief Marshal Somchai Thean-anant and Mr. Nuttachat Charuchinda as members. As assigned by the Board of Directors, the Committee defines nomination procedures and criteria, nominates qualified Directors and the Chief Executive Officer (CEO) to ensure transparency, and considers the remuneration guidelines for the Directors and CEO in a fair and sensible manner. Findings are to be tabled for the consideration of the Board of Directors, who will then submit them to shareholders' meetings for approval.

This year the Committee held one meeting on the 19 October 2011 with perfect attendance and performs its duties prudently, carefully, and sensibly, as summarized below.

- **Considered the Charter of the Nomination and Remuneration Committee**

The Committee perused this charter to ensure alignment with its roles and responsibility before tabling it to the Board of Directors, requested the Chairman's signature, and publicized it in the corporate governance and business code of conduct handbook and on the Company's website.

- **Considered the nomination of Director to replace vacant position**

As Mr. Chitrapongse Kwangsukstith who retired before term completion. The Committee examined qualified names of those well-versed, experienced, skillful, and suitable for maximum benefit to PTTGC's business, together with the current Board of Directors composition for submission to the Board of Directors for its appointment in place of vacancy. Mr. Prajya Phinyawat was nominated in replacement of Mr. Chitrapongse Kwangsukstith, who has experience in Petrochemical Industries and qualified for its position as new Director

The Committee pledges to do its best to boost the confidence of the shareholders and stakeholders in its nomination process and compensation determination process, formulated with due regard for the Company's performance and the Board responsibilities. Transparency and suitability will prevail under the principles of good corporate governance and in the best interests of PTTGC, which will yield long-term value addition to the Company.

On behalf of the Nomination and Remuneration Committee



(Mr. Vasin Teeravechyan)

Chairman of the Nomination and Remuneration Committee

Report of the Risk Management Committee

Dear Shareholders,

The Risk Management Committee of PTT Global Chemical Public Company Limited, appointed by the Board of Directors on 19th October 2011, is composed of three members, one of whom is an independent director. All members are well knowledgeable in risk management. The Committee is chaired by Mr. Sukrit Surabotsopon, with Mr. Suthep Liumsirijarern and Mr. Bowon Vongsinudom as members.

The Committee has performed its duties and responsibilities as assigned by the Board of Directors, prescribed in the Risk Management Committee Charter. In 2011, the Committee held one meeting with full attendance from all members, including other responsible executives. The missions of the Committee can be summarized as follows :

1. Approving policies, objectives, and framework of the risk management practices, including the scope and structure of risk management and the responsibilities of all concerned parties, which encompass the execution of both short-term and long-term risk management, corporate investment, volatility of feedstock and product prices, and financial risks.
2. Reviewing the Company's risk assessment and mitigation plans of major investment projects before seeking approval from the Board of Directors.
3. Appointing the Vice President of the Corporate Risk Management and Internal Control System as the secretary to the Committee to promote efficient and effective risk management execution.

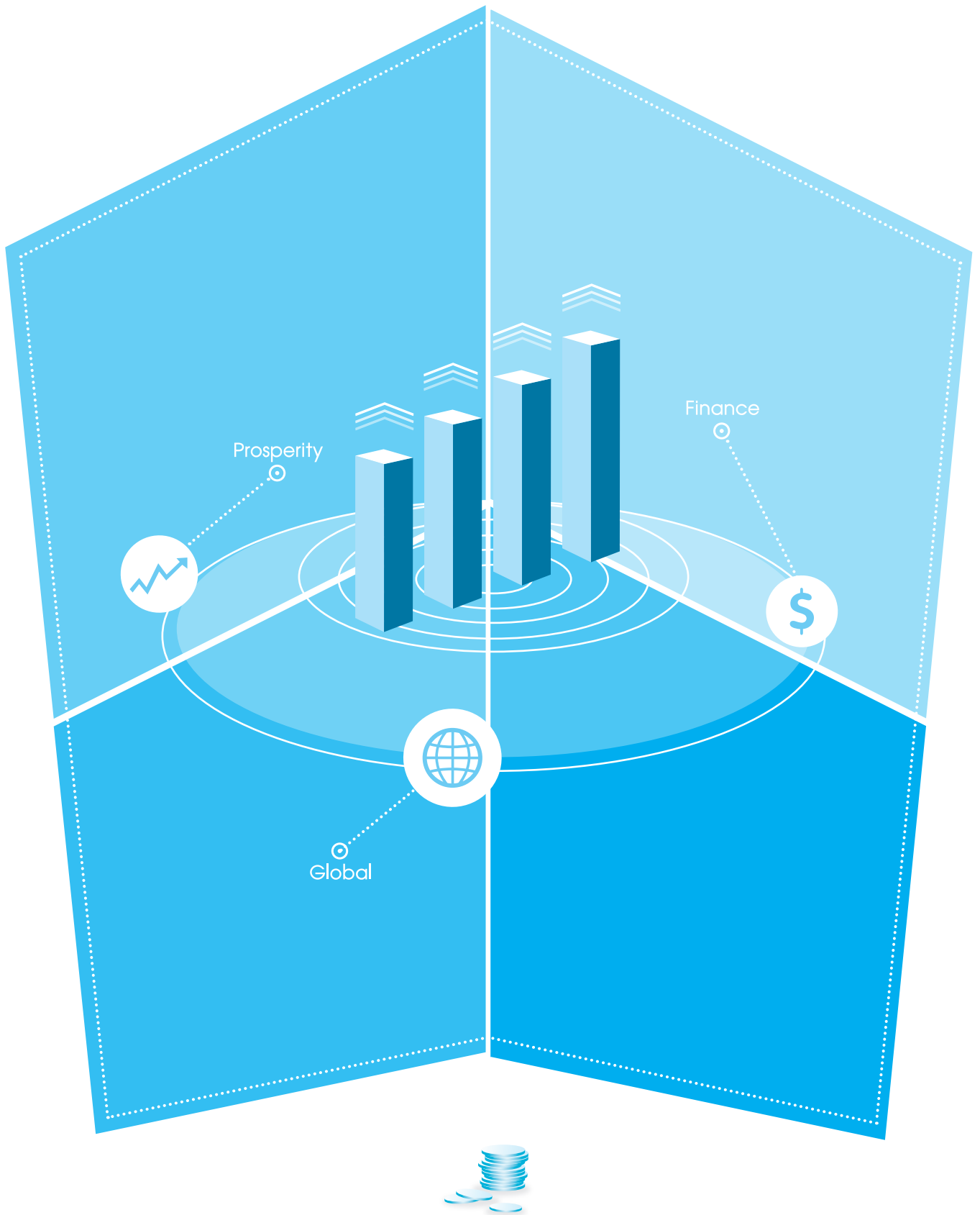
The Risk Management Committee is determined to carry out its assignments with prudence and best efforts, and to provide its independent opinions for the proper benefit of the Company, its shareholders, and other stakeholders.

On behalf of the Risk Management Committee



(Mr. Sukrit Surabotsopon)

Chairman of the Risk Management Committee



Financial Report

Report of Board of Directors' Accountability to Financial Report

The consolidated financial statements of PTT Global Chemical Public Company Limited and subsidiaries was prepared in compliance with the Department of Commercial Registration's announcement dated 14 September 2001, issued under the Accounting Act BE2543's Article 11 (3) in compliance to the Federation of Accounting Professions' accounting standards.

The Board of Directors is responsible for the consolidated financial statements of PTT Global Chemical Public Company Limited and subsidiaries, to reflect actual and appropriate financial status, revenues, expenses and cashflow. The accounting data is stored sufficiently and accurately to preserve assets and prevent corruption and irregular actions. The financial report is completed accordingly to proper accounting policy and regular practices, and in compliance to the generally accepted accounting standards. Significant data is sufficiently disclosed in the auditor's notes, where the auditor expressed opinions on the financial statements of PTT Global Chemical Public Company Limited and subsidiaries in the auditor's report.



(Mr. Prasert Bunsumpun)

Chairman



(Mr. Veerasak Kositpaisal)

Chief Executive Officer

Report of the Audit Committee

Dear Shareholders

The Board of Directors of PTT Global Chemical Public Company Limited, at its meeting No. 1/2011, on 19 October 2011, appointed the Audit Committee who consists of experienced experts of various fields, including administration, finance, accounting, economics, and law. The Committee is chaired by Mr. Somchai Kuvijitsuwan, with Mr. Amnuay Preemonwong and Mrs. Raweporn Kuhirun as members. The Committee's composition and qualifications conform to an announcement of the Stock Exchange of Thailand (SET).

The Audit Committee has prescribed the Audit Committee Charter, bearing the approval signature of the Chairman and specifying its scope of responsibility in line with the Stock Exchange of Thailand's announcement. This year the Committee held two meetings, one of which featured perfect attendance and the other featured one absence due to a prior engagement. The management was invited to attend as needed. The Committee was independent in performing their duties with excellent cooperation from the management, the internal auditor, and the external auditor, the Committee reported its performance for the year to the Board of Directors on 17 February 2012, as summarized below :

1. Reviewed the financial statements of the year ended 2011, with relevant management team and with the external auditor in attendance for answering the Committee's queries. The external auditor reported the audit's result from reviewing the financial statements present fairly with an accurate of its financial position from operations in all material respects in accordance with generally accepted accounting principles and the Committee agreed with the external auditor. In addition, the Committee held a meeting with the external auditor in the absence of attendance from management in order to review the external auditor's independence and to consult on the annual audit of the financial statements.
2. The Board of Directors and the management valued the risk management. The Committee performed risk assessment on the current and future risk factors and established a risk management plan toward off or mitigate them to the acceptable levels and continuously monitored the risk management progress.

The Risk Management Committee routinely reported its performance to the Board of Directors. The committee convinced that the Company can control and reduce the risk exposures on the achievement of its objectives.

3. The Committee reviewed the Company's internal control system as reported by Internal Audit Department, which had found that internal controls for key operating and work processes contained no significant issues, and that the Company had taken actions on the audit's recommendation. Having consideration on the Company's internal controls assessment, the Committee agreed that the Company indeed valued internal controls. In overview, the system provided reasonable assurances that the internal controls were adequate and effective.
4. The Committee ensured that Internal Audit Department has performed its duties independently through its direct reporting to the Board of Directors and ensured that Internal Audit's work was of international standards and contained effective internal controls. Finally, the Committee approved the charter of Internal Audit together with its audit plans for 2011 and 2012. The audit's scope is extended to subsidiaries company as well. The Committee monitored audit plan while providing beneficial recommendations to enhance the efficiency of the internal audit system.
5. Reviewed the Company's conformance to relevant laws in accordance to the Securities and Securities Exchange requirements, or relevant laws. Having monitored the reports of Internal Audit Department, the Committee noted that there is no significant issue related to sidestepping of the law or non-compliance.
6. Examined the information disclosure connecting with related transactions or items with potential conflicts of interest to ensure conformance to the law and Securities Exchange requirements requirements and to ensure that the Company indeed followed the policies and conditions in any contracts and disclosed information completely and adequately.
7. Assessed the Committee's performance as a whole and individually for the year 2011, so as to review its performance under scope of assigned responsibilities, and reported the assessment result to the Board of Directors.
8. Considered and nominated for approval an external auditor team for independent performance. The Committee proposed for 2012 Mr. Niran Lillamethawat (CPA No. 2316), Mr. Winid Silamongkol (CPA No. 3378), or Mr. Vairoj Jindamaneepitak (CPA No. 3565), or Mr. Charoen Phosamritert (CPA No. 4068) of KPMG Phoomchai Audit Ltd. together with an appropriate fee to the Board of Directors, then seek approval from the shareholders at the Annual General Meeting.

In summary, the Audit Committee focused the internal control system and risk management to encourage the Company to practice good governance; adequate and sufficient internal controls along with business's operation, effective risk management; an accurate, credible accounting system and financial reports including to conform all laws and regulations relevant to the Company's business.

On behalf of the Audit Committee



(Mr. Somchai Kuvijitsuwan)

Chairman of the Audit Committee

Audit Report of Certified Public Accountant

To the Shareholders of PTT Global Chemical Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011, and the related statements of income, statements of comprehensive income, changes in equity and cash flows for the period 19 October 2011 to 31 December 2011 of PTT Global Chemical Public Company Limited and its subsidiaries, and of PTT Global Chemical Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and the results of operations and cash flows for the period 19 October 2011 to 31 December 2011 of PTT Global Chemical Public Company Limited and its subsidiaries, and of PTT Global Chemical Public Company Limited, respectively, in accordance with Financial Reporting Standards.



(Vairoj Jindamaneepitak)

Certified Public Accountant

Registration No. 3565

KPMG Phoomchai Audit Ltd.

Bangkok

17 February 2012

Statements of Financial Position

PTT Global Chemical Public Company Limited and its Subsidiaries

As at 31 December 2011

Assets	Note	Consolidated financial statements	Separate financial statements
(in Baht)			
Current assets			
Cash and cash equivalents	6	18,973,235,320	9,155,276,500
Short-term investment	11	3,632,406,455	2,000,000,000
Trade accounts receivable and notes receivable	5, 7	41,482,265,978	33,462,976,680
Other accounts receivable	5	544,243,646	445,737,901
Inventories	8	36,145,301,273	24,729,966,486
Short-term loans to related parties	5	-	3,944,680,433
Current portion of long-term loans to related parties	5	-	6,545,000,000
Receivable from Oil Fuel Fund		442,270,386	442,270,386
Value-added tax receivable		2,249,869,493	1,627,014,496
Derivatives		54,052,594	11,837,570
Other current assets		1,713,017,071	953,355,567
Total current assets		105,236,662,216	83,318,116,019
Non-current assets			
Investments in subsidiaries	9	-	59,111,587,259
Investments in jointly-controlled entity	9	-	210,000,000
Investments in associates	10	6,177,580,837	3,398,891,913
Other long-term investments	11	327,022,741	290,738,392
Long-term loans to related parties	5	-	16,886,000,000
Property, plant and equipment	12	235,343,015,627	135,255,213,114
Goodwill	14	10,741,678,397	7,009,726,812
Land leasehold right	13	1,167,902,994	1,064,602,733
Intangible assets	15	8,505,126,747	4,246,373,891
Derivatives		346,719,945	346,719,945
Deferred tax assets	16	364,107,061	-
Other non-current assets		4,756,840,715	3,424,188,265
Total non-current assets		267,729,995,064	231,244,042,324
Total assets		372,966,657,280	314,562,158,343

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

Statements of Financial Position

PTT Global Chemical Public Company Limited and its Subsidiaries
As at 31 December 2011

Liabilities and equity	Note	Consolidated financial statements	Separate financial statements
(in Baht)			
Current liabilities			
Short-term loans from financial institutions	17	2,102,809,184	-
Trade accounts payable	5, 18	27,268,919,047	22,932,326,825
Other accounts payable	5, 19	3,061,644,530	2,503,627,789
Retention payables		247,529,230	8,636,176
Payables to contractors	5	2,046,845,613	1,394,822,644
Short-term loans from related parties	5, 17	-	1,200,769,349
Current portion of long-term loans from financial institutions	17	5,273,873,805	3,441,745,905
Current portion of debentures	17	9,698,832,960	9,698,832,960
Current portion of subordinated loan	5, 17	4,988,172,818	4,988,172,818
Income tax payable		833,825,099	667,143,891
Derivatives		77,024,696	8,613,711
Other current liabilities	17,20	4,467,980,932	2,178,466,576
Total current liabilities		60,067,457,914	49,023,158,644
Non-current liabilities			
Long-term loans from financial institutions	17	54,824,188,156	31,658,061,703
Debentures	17	43,277,518,114	43,277,518,114
Deferred tax liabilities	16	3,420,013,592	2,972,681,338
Employee benefit obligations	21	2,101,758,491	1,057,100,210
Derivatives		229,275,362	144,375,727
Other non-current liabilities		592,273,898	309,985,852
Total non-current liabilities		104,445,027,613	79,419,722,944
Total liabilities		164,512,485,527	128,442,881,588

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

Statements of Financial Position

PTT Global Chemical Public Company Limited and its Subsidiaries

As at 31 December 2011

Liabilities and equity	Note	Consolidated financial statements	Separate financial statements
(in Baht)			
Equity			
Share capital	22		
Authorised share capital		45,129,302,690	45,129,302,690
Issued and paid-up share capital		45,061,129,360	45,061,129,360
Equity from exercising warrants under the Employee Vested stock options in the process of exercise	23	46,730,261	46,730,261
Share premium	24	36,839,313,917	36,839,313,917
Surplus on business combination	4	12,086,007,975	13,505,861,611
Retained earnings			
Appropriated			
Legal reserve	24	4,512,930,269	4,512,930,269
Loan repayment reserve		807,802,564	807,802,564
Projects expansion reserve		12,446,994,126	12,446,994,126
Unappropriated		86,290,201,235	72,898,514,647
Other component of equity	24	413,146,889	-
Equity attributable to owners of the Company		198,504,256,596	186,119,276,755
Non-controlling interests		9,949,915,157	-
Total equity		208,454,171,753	186,119,276,755
Total liabilities and equity		372,966,657,280	314,562,158,343

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

Statements of Income

PTT Global Chemical Public Company Limited and its Subsidiaries

For the period 19 October 2011 (amalgamation date) to 31 December 2011

	Note	Consolidated financial statements	Separate financial statements
(in Baht)			
Income			
Revenue from sale of goods	5, 33	104,433,308,577	88,751,326,380
Revenue from rendering of services	5, 33	396,713,403	73,111,263
Investment income	5, 26	170,812,043	1,484,235,144
Derivative gain		710,485,495	560,268,924
Gain from step acquisition	4	857,395,956	-
Other income	5	206,758,933	230,247,781
Total income		106,775,474,407	91,099,189,492
Expenses			
Cost of sale of goods	5	98,584,450,781	86,147,665,337
Cost of rendering of services	5	145,049,343	42,668,539
Selling expenses	27	383,862,956	90,720,188
Administrative expenses	28	2,395,738,102	1,666,853,091
Finance costs	31	1,213,191,204	944,648,633
Derivative loss		1,060,696,632	897,824,462
Net foreign exchange loss		745,919,736	641,138,406
Total expenses		104,528,908,754	90,431,518,656
Share of loss of equity-accounted investees	10	(122,539,637)	-
Profit before income tax expense		2,124,026,016	667,670,836
Income tax expense	32	240,777,523	61,006,780
Profit for the period		1,883,248,493	606,664,056
Profit attributable to:			
Owners of the Company		2,113,439,517	606,664,056
Non-controlling interests		(230,191,024)	-
Profit for the period		1,883,248,493	606,664,056
Earnings per share			
Basic earnings per share (in Baht)	34	0.47	0.13
Diluted earnings per share (in Baht)		0.47	0.13

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

Statements of Comprehensive Income

PTT Global Chemical Public Company Limited and its Subsidiaries

For the period 19 October 2011 (amalgamation date) to 31 December 2011

	Consolidated financial statements	Separate financial statements
	(in Baht)	
Profit for the period	1,883,248,493	606,664,056
Other comprehensive income		
Foreign currency translation differences for foreign operations	(8,501,276)	-
Other comprehensive income for the period, net of income tax	(8,501,276)	-
Total comprehensive income for the period	1,874,747,217	606,664,056
Total comprehensive income attributable to:		
Owners of the Company	2,114,013,530	606,664,056
Non-controlling interests	(239,266,313)	-
Total comprehensive income for the period	1,874,747,217	606,664,056

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

Statements of Changes in Equity

PTT Global Chemical Public Company Limited and its Subsidiaries
For the period 19 October 2011 (amalgamation date) to 31 December 2011

Consolidated financial statements

	Retained earnings										Other components of equity				
	Equity from exercising warrants under the Employee Vested stock options in the process of exercise	Issued and paid-up share capital	Note	Share premium	Surplus on business combination	Legal reserve	Loans repayment reserve	Projects expansion reserve	Unappropriated	Currency translation changes	Change in investment holding	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 19 October 2011	48,592,589	45,059,846,380		36,832,791,806	12,086,007,975	4,506,028,838	807,802,564	12,446,994,126	84,183,663,149	401,574,238	10,998,638	412,572,876	196,384,300,303	10,189,181,470	206,573,481,773
Transactions with owners, recorded directly in equity															
Contributions by and distributions to owners of the Company															
Issue of ordinary shares	(1,862,328)	1,282,980	22	6,522,111	-	-	-	-	-	-	-	-	5,942,763	-	5,942,763
Total contributions by and distributions to owners of the Company	(1,862,328)	1,282,980		6,522,111	-	-	-	-	-	-	-	-	5,942,763	-	5,942,763
Comprehensive income for the period															
Profit	-	-		-	-	-	-	-	2,113,439,517	-	-	-	2,113,439,517	(230,191,024)	1,883,248,493
Other comprehensive income	-	-		-	-	-	-	-	574,013	574,013	574,013	574,013	574,013	(9,075,289)	(8,501,276)
Total comprehensive income for the period	-	-		-	-	-	-	-	2,113,439,517	574,013	574,013	574,013	2,114,013,530	(239,266,313)	1,874,747,217
Transfer to legal reserve	-	-	24	-	-	6,901,431	-	-	(6,901,431)	-	-	-	-	-	-
Balance at 31 December 2011	46,730,261	45,061,129,360		36,839,313,917	12,086,007,975	4,512,930,269	807,802,564	12,446,994,126	86,290,201,235	402,148,251	10,998,638	413,146,889	198,504,256,596	9,949,915,157	208,454,171,753

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

Statements of Changes in Equity

PTT Global Chemical Public Company Limited and its Subsidiaries
For the period 19 October 2011 (amalgamation date) to 31 December 2011

	Separate financial statements							Total equity
	Equity from exercising warrants under the Employee Vested stock options in the process of exercise	Share premium	Surplus on business combination	Legal reserve	Loans repayment reserve	Projects expansion reserve	Unappropriated	
Balance at 19 October 2011	45,059,846,380	36,832,791,806	13,505,861,611	4,506,028,838	807,802,564	12,446,994,126	72,298,752,022	185,506,669,936
				(in Baht)				
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Issue of ordinary shares	1,282,980	6,522,111	-	-	-	-	-	5,942,763
Total contributions by and distributions to owners of the Company	1,282,980	6,522,111	-	-	-	-	-	5,942,763
Comprehensive income for the period								
Profit	-	-	-	-	-	-	606,664,056	606,664,056
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	606,664,056	606,664,056
Transfer to legal reserve	-	-	-	6,901,431	-	-	(6,901,431)	-
Balance at 31 December 2011	45,061,129,360	36,839,313,917	13,505,861,611	4,512,930,269	807,802,564	12,446,994,126	72,898,514,647	186,119,276,755

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

Statements of Cash Flows

PTT Global Chemical Public Company Limited and its Subsidiaries
For the period 19 October 2011 (amalgamation date) to 31 December 2011

	Note	Consolidated financial statements	Separate financial statements
(in Baht)			
<i>Cash flows from operating activities</i>			
Profit for the period		1,883,248,493	606,664,056
<i>Adjustments for</i>			
Depreciation and amortisation		3,193,965,717	1,838,915,497
Investment income		(170,812,043)	(1,484,235,144)
Finance costs		1,213,191,204	944,648,633
Gain from step acquisition		(857,395,956)	-
Unrealised gain on derivative		(360,880,823)	(412,752,877)
Unrealised loss on exchange		663,585,850	596,408,091
(Reversal) allowance for doubtful debts expense		(1,341,625)	2,002,200
Loss from written-off of supplies		358,708	358,708
(Reversal) allowance for loss on decline in value of inventories and obsolete stock		45,702,785	(14,337,731)
Allowance for impairment of assets		39,725,504	29,900,169
Actuarial losses		331,107,415	159,985,861
(Gain) loss on disposal of property, plant and equipment		1,848,435	(5,788,142)
Realised deferred pipeline income and equipment and other income		(3,475,864)	(2,925,870)
Share of loss of equity-accounted investees, net of income tax expense		122,539,637	-
Dilution gain from conversion of warrant in associate		(182,922)	-
Income tax expense		240,777,523	61,006,780
		6,341,962,038	2,319,850,231
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable and notes receivable		6,143,978,456	7,092,745,339
Other accounts receivable		(148,015,403)	(264,871,950)
Inventories		5,326,220,768	5,571,160,692
Value-added tax receivable		(1,115,508,773)	(1,159,151,821)
Other current assets		(14,634,442)	4,118,242
Other non-current assets		(555,733,271)	(433,426,029)

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

Statements of Cash Flows

PTT Global Chemical Public Company Limited and its Subsidiaries

For the period 19 October 2011 (amalgamation date) to 31 December 2011

	Note	Consolidated financial statements	Separate financial statements
(in Baht)			
Trade accounts payable		(6,609,106,412)	(7,681,217,889)
Other accounts payable		477,123,202	678,582,805
Retention payables		21,507,187	397,250
Employee benefit obligations		18,361,501	9,330,822
Other current liabilities		189,481,946	369,186,745
Other non-current liabilities		(143,667,932)	(156,659,961)
Cash generated from operating activities		9,931,968,865	6,350,044,476
Income tax paid		(38,999,073)	(6,594,468)
Net cash from operating activities		9,892,969,792	6,343,450,008
<i>Cash flows from investing activities</i>			
Interest received		186,699,747	497,878,681
Dividends received		-	1,445,426,000
Purchase of property, plant and equipment		(837,244,653)	(169,111,379)
Sale of property, plant and equipment		22,706,580	17,308,150
Decrease in short-term investment		1,611,665,037	1,940,000,000
Increase in short-term loans to related parties		-	(1,502,822,545)
Proceeds from long-term loans to related parties		-	1,673,000,000
Purchase of intangible assets		(287,523,192)	(201,652,528)
Net cash outflow for acquisition of associates		(7,500,000)	(7,500,000)
Net cash from investing activities		688,803,519	3,692,526,379
<i>Cash flows from financing activities</i>			
Interest paid		(1,420,310,966)	(1,105,993,572)
Dividend paid		(166,848,174)	-
Finance lease payments		(38,193,676)	(25,806,485)
Proceeds from short-term loans from financial institutions		5,192,239,392	4,850,000,000
Proceeds from short-term loans from related parties		-	1,100,742,361
Proceeds from long-term loans from financial institutions		2,389,967,981	2,000,000,000

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

Statements of Cash Flows

PTT Global Chemical Public Company Limited and its Subsidiaries

For the period 19 October 2011 (amalgamation date) to 31 December 2011

	Note	Consolidated financial statements	Separate financial statements
(in Baht)			
Repayment of short-term loans from financial institutions		(11,276,933,354)	(10,887,000,000)
Repayment of long-term loans from financial institutions		(12,091,362,867)	(11,604,453,789)
Proceeds from issue of share capital		5,942,763	5,942,763
Net cash used in financing activities		(17,405,498,901)	(15,666,568,722)
Net increase in cash and cash equivalents		(6,823,725,590)	(5,630,592,335)
Cash and cash equivalents at beginning of period		25,865,424,056	14,763,858,505
Effect of exchange rate changes on balances held in foreign currencies		(68,463,146)	22,010,330
Cash and cash equivalents at end of period	6	18,973,235,320	9,155,276,500

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

Notes to the Financial Statements

PTT Global Chemical Public Company Limited and its Subsidiaries

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 17 February 2012.

1 General information

PTT Global Chemical Public Company Limited, “PTTGC”, arose from the amalgamation between PTT Chemical Public Company Limited, “PTTCH”, and PTT Aromatics and Refining Public Company Limited, “PTTAR”, which was registered on 19 October 2011 in accordance with the Public Company Limited Act, B.E. 2535 (1992). The amalgamation has resulted in the exchange of shares of PTTCH and PTTAR with the Company’s shares for PTTCH’s and PTTAR’s shareholders whose names appear in the Shareholder’s registration book of PTTCH and PTTAR. PTTGC is entitled to all the assets, liabilities, rights, obligations and commitments of both PTTCH and PTTAR, including the benefits, liabilities and commitments under agreements that PTTCH and PTTAR entered into prior to the amalgamation.

PTT Global Chemical Public Company Limited, the “Company”, is incorporated in Thailand and has its registered offices as follows:

Head Office	: 555/1, Energy Complex, Building A, 14th - 18th Floor, Vibhavadi-Rangsit Road, Chatuchak, Bangkok, Thailand.
Branch 1 (Rayong office Branch)	: 59, Radniyom Road, Tambon Noenphra, Amphoe Mueang Rayong, Rayong, Thailand
Branch 2 (Olefin I-1 Road Branch)	: 14, I-1 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 3 (Olefin I-4 Road Branch)	: 9, I-4 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 4 (Aromatics 1 Branch)	: 4, I-2 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 5 (Aromatics 2 Branch)	: 98/9, Rayong 3191 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 6 (Refining Branch)	: 8, I-8 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand

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Branch 7 (Jetty and Buffer Tank Farm Branch)	: 19, Rong Pui Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 8 (Aromatics reserve Branch)	: 11, I-4 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 9 (Lab Service Center Branch)	: 24/9, Pakorn Songkro-Rat Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand

The Board of Governors of the SET approved the listing of the Company on the day that the Registrar accepted the registration of the amalgamation on 19 October 2011.

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 48.92% of the Company’s issued and paid-up share capital.

The principal businesses of the Company are production and distribution of ethylene, propylene polyethylene and Biochemical products. By-products are mixed C4, pyrolysis gasoline, cracker bottom and tail gas and refining and provision of integrated petroleum products and production and distribution of aromatics products with plans to proceed with the production of aromatic products. Minor activities are production and distribution of electricity, water, steam and other utilities. In addition, the Company also operates production support facilities such as jetty and buffer tank farm services for liquid chemical, oil and gas. Details of the Company’s subsidiaries and jointly - controlled entities as at 31 December 2011 was as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)
<i>Direct subsidiaries</i>			
Bangkok Polyethylene Plc.	Manufacturing and distributing petrochemical products	Thailand	100
Bio Creation Co., Ltd.	Manufacturing and distributing petrochemical products, health and nutrition products	Thailand	100
Bio Spectrum Co., Ltd.	Manufacturing and distributing biochemical products	Thailand	75
TOC Glycol Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100

PTT Global Chemical Public Company Limited and its Subsidiaries
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)
Thai Ethanolamines Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100
Thai Oleochemicals Co., Ltd.	Manufacturing and distributing biochemical products	Thailand	100
Thai Tank Terminal Limited	Service for the storage and handling of liquid chemicals, oil and gas	Thailand	51
PTT Polyethylene Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100
PTT Maintenance and Engineering Co., Ltd.	Maintenance factory and services engineering	Thailand	60
NPC Safety and Environmental Service Co., Ltd.	Safety and environmental services	Thailand	100
PTT Chemical International Pte. Ltd.	Holding and operating international business	Singapore	100
PTT Phenol Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	60
PTT Utility Co., Ltd.	Manufacturing and distributing utilities	Thailand	60
<i>Indirect subsidiaries</i>			
Thai Fatty Alcohol Co., Ltd.	Manufacturing and distributing biochemical products	Thailand	100
Thai Styrenics Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100
PTT Chemical International (Asia Pacific ROH) Ltd.	Services rendering to the Group	Thailand	100
PTTGC International (USA) Inc.	Holding and operating international business	United States of America	100
PTTGC International (Netherlands) B.V.	Holding and operating international business	Netherlands	100

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)
<i>Jointly-controlled entity</i>			
Thai Ethoxylate Co., Ltd.	Manufacturing and distributing petrochemical product	Thailand	50
<i>Indirect jointly-controlled entity</i>			
Emery Oleochemical (M) Sdn. Bhd.	Manufacturing and distributing biochemical products	Malaysia	50

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

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

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits

PTT Global Chemical Public Company Limited and its Subsidiaries
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For the period 19 October 2011 (amalgamation date) to 31 December 2011

TFRS	Topic
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial statements
TAS 28 (revised 2009)	Investments in Associates
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (revised 2009)	Business Combination
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
FAP' s announcement no. 17/2011	Transitional Procedures for Other Long-term Employee Benefits

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 39.

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- the defined benefit asset is recognised as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

(c) Presentation currency

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

(d) Use of estimates and judgements

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

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

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

Note 4	Business combination
Note 11	Other investments
Note 14	Goodwill
Note 15	Intangible assets
Note 16	Deferred tax
Note 21	Measurement of defined benefit obligations
Note 35	Valuation of Financial instruments

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and jointly-controlled entities (together referred to as the “Group”) and the Group’s interests in associates.

Business combinations

The Group/Company applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group/Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group/Company to the previous owners of the acquiree, and equity interests issued by the Group/Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group/Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group/Company measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group/Company incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

PTT Global Chemical Public Company Limited and its Subsidiaries
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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. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates

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

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

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

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

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

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

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

PTT Global Chemical Public Company Limited and its Subsidiaries
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(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operating and financing 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.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps are based on broker quotes at the reporting date. 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 reporting date.

The fair value of forward exchange contracts is based on their listed market price as the reporting date, 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).

(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. Bad debts are written off when incurred.

(f) *Inventories*

Raw materials, work in progress and finished goods

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.

PTT Global Chemical Public Company Limited and its Subsidiaries
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(g) Investments

Investments in subsidiaries, jointly-controlled entities and associates

Investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in equity securities

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 profit or loss.

If the Group/Company 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

Recognition and measurement

Owned assets

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

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

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

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

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

Leased assets

Leases in terms of which the Group/Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

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

Depreciation

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

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

Leasehold improvement	5-30 years
Plant, machinery, equipment and Factory tools	3-30 years
Buildings and other constructions	5-30 years
Furniture, fixtures and office equipment	3-30 years
Vehicles	3-25 years

No depreciation is provided on freehold land or assets under construction.

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

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
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(i) *Intangible assets*

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Right to use pipe rack	3-20 years
Right to use Jetty	16 years
Right to use - others	15 years
Production licence fees	10- 30 years
Computer software	3-20 years
Customer contracts and the related customer relationships	12 years
Trademark	10 years

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

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

(j) Impairment

The carrying amounts of the Group's/Company'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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed. 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.

(k) Interest-bearing liabilities

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

(l) Trade and other accounts payable

Trade and accounts payable are stated at cost.

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
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(m) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Provident Fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Defined benefit plans

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

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

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

The Group/Company recognises all actuarial gains and losses arising from defined benefit plans in profit or loss.

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Other long-term employee benefits

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

Termination benefits

Termination benefits are recognised as an expense when the Group/Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group/Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

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

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

Share based payments

The employee share option programme allows certain of the Group's directors and employees to acquire shares of the Company under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

(n) Provisions

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

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(o) Revenue

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

Sale of goods and services rendered

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

Investments

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

Dividend income

Dividend income is recognised in profit or loss on the date the Group's/Company's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

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

(q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

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

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Determining whether an arrangement contains a lease

At inception of an arrangement, the Group/Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group/Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group/Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group/Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's/Company's incremental borrowing rate.

(r) Income tax

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

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

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

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

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

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

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

(s) ***Earnings per share***

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

4 Business combination

As explained in note 1, PTT Global Chemical Public Company Limited “PTTGC” is a new entity arising from the amalgamation of PTT Chemical Public Company Limited “PTTCH” and PTT Aromatics and Refining Public Company Limited “PTTAR”. PTTGC acquired the share capital of PTTCH and PTTAR in exchange for the new shares in PTTGC based on the following exchange ratio:

1 share in PTTCH for 1.980122323 new share in PTTGC
1 share in PTTAR for 0.501296791 new share in PTTGC

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The amalgamation was completed on 19 October 2011. TFRS 3 (revised 2009) Business Combination requires that the amalgamation is accounted for by applying the acquisition method. Accordingly PTTCH has been identified as the “deemed acquirer” the basis of the relative fair values of the respective entities based on the market capitalization based value of PTTCH exceeding the corresponding value of PTTAR in PTTGC. The acquisition method is recorded based on the fair values of the consideration transferred and the identifiable assets acquired and liabilities assumed, including the goodwill from the business combination in the consolidated and separate statements of financial position.

The effects of the above have been shown below:

	Consolidated financial statements			Separate financial statements		
	PTTCH	PTTAR	Total	PTTCH	PTTAR	Total
	<i>(in million Baht)</i>					
Equity as at 18 October 2011	117,183	67,067	184,250	106,305	65,647	171,952
Audited financial statements	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Adjustments as a result of business combination						
- Surplus on business combination			12,086			13,506
- Equity from non- exercised warrants			49			49
Equity balance forward as at 19 October 2011			<u>196,385</u>			<u>185,507</u>

Surplus on business combination is mainly the result of the increase in the net assets of PTTAR, PTT Phenol Company Limited and PTT Utility Company Limited which are measured and recognised at fair value at the amalgamation date.

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The adjustments as a result of the Business Combination affected the carrying value of the assets and liabilities as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Asset		
Increase in trade accounts receivable and notes receivable	7	-
Decrease in inventories	(245)	(408)
Increase in derivatives	361	351
Increase in investments in subsidiaries	-	1,926
Increase in property, plant and equipment	5,819	5,016
Increase in land leasehold	491	491
Increase in intangible assets	3,175	2,518
Increase in goodwill	7,709	7,010
Increase in deferred tax assets	766	702
Liabilities		
Increase in current portion of long-term loans to financial institutions	(26)	(2)
Increase in current portion of debentures	(173)	(173)
Increase in derivatives	(1,078)	(1,084)
Increase in long-term loans from financial institutions	(475)	(171)
Increase in debentures	(499)	(499)
Increase in deferred tax liabilities	(2,360)	(2,122)
Increase in net assets	<u>13,472</u>	<u>13,555</u>

The following represents an overview of the total consideration transferred and the fair values of the acquired net identifiable assets of PTTAR, PTT Utility Co., Ltd. and PTT Phenol Co., Ltd. and respective goodwill:

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	<i>Note</i>	Consolidated financial statements	Separate financial statements
<i>(in million Baht)</i>			
<i>Consideration transferred</i>			
Ordinary shares of PTTGC issued to PTTAR as at 19 October 2011 (1,485.02 million shares at Baht 53.30 per share)		79,153	79,153
Warrants of PTTGC issued to PTTAR as at 19 October 2011 (12.94 million units at Baht 3.76 per unit)		49	49
Receivables from related parties offset with payables to related parties		219	254
Total consideration transferred		79,421	79,456
Fair value of acquired net identifiable assets of			
PTTAR	<i>4(a)</i>	66,764	72,446
PTT Phenol Company Limited	<i>4(a)</i>	13,814	-
PTT Utility Company Limited	<i>4(a)</i>	7,112	-
Total fair value of acquired net identifiable assets as at 18 October 2011		87,690	72,446
Fair value of PTTCH's interest in PTT Phenol Co., Ltd. and PTT Utility Co., Ltd. prior to business combination		(7,559)	-
Non-controlling interests	<i>4(b)</i>	(8,419)	-
Goodwill	<i>4(c)</i>	7,709	7,010
		79,421	79,456

- 4 (a)* The fair value of assets and liabilities of PTTAR, PTT Phenol Co., Ltd. and PTT Utility Co., Ltd. which was recorded in the consolidated and separate financial statements was prepared based on the fair value as at 18 October 2011.
- 4 (b)* Fair value of non-controlling interests in PTT Phenol Co., Ltd. and PTT Utility Co., Ltd., which were non-listed companies, was adjusted to the fair value base of net assets as at 18 October 2011.
- 4 (c)* Goodwill arising on the acquisitions amounting to Baht 7,709 million and Baht 7,010 million in consolidated and separate financial statements, respectively is attributable to the synergies expected to arise from their integration.

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Gain from step acquisition

PTTGC recognised a gain attributable to the changes in the level of ownership interests totalling Baht 857 million in the consolidated statement of income for the period 19 October 2011 to 31 December 2011 from the re-measurement to fair value of PTT Phenol Co., Ltd. and PTT Utility Co., Ltd. PTTCH and PTTAR previously had ownership interests in PTT Utility Co., Ltd. of 40% and 20%, respectively. Both PTTCH and PTTAR equally held 30% of share capital of PTT Phenol Co., Ltd. before amalgamation.

5 Related parties

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
PTT Plc.	Thailand	Major shareholder, some common management and the Company's director as a management
Bangkok Polyethylene Plc.	Thailand	Subsidiary, 100% shareholding, some common director and the Company's management as a director
Bio Creation Co., Ltd.	Thailand	Subsidiary, 100% shareholding and the Company's management as a director
Bio Spectrum Co., Ltd.	Thailand	Subsidiary, 75% shareholding
TOC Glycol Co., Ltd.	Thailand	Subsidiary, 100% shareholding and the Company's management as a director
Thai Ethanolamines Co., Ltd.	Thailand	Subsidiary, 100% shareholding and the Company's management as a director
Thai Oleochemicals Co., Ltd.	Thailand	Subsidiary, 100% shareholding and the Company's management as a director
Thai Tank Terminal Limited	Thailand	Subsidiary, 51% shareholding, some common directors and the Company's management as a director

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Name of entities	Country of incorporation/ nationality	Nature of relationships
PTT Polyethylene Co., Ltd.	Thailand	Subsidiary, 100% shareholding, some common director and management and the Company's management as a director
PTT Maintenance and Engineering Co., Ltd.	Thailand	Subsidiary, 60% shareholding and the Company's management as a director
NPC Safety and Environmental Service Co., Ltd.	Thailand	Subsidiary, 100% shareholding and the Company's management as a director
PTT Chemical International Private Limited	Singapore	Subsidiary, 100% shareholding , some common directors and the Company's management as a director
PTT Phenol Co., Ltd.	Thailand	Subsidiary, 60% shareholding, some common shareholding and directors and the Company's management as a director
PTT Utility Co., Ltd.	Thailand	Subsidiary, 60% shareholding, some common shareholding and the Company's management as a director
Thai Fatty Alcohols Co., Ltd.	Thailand	Subsidiary of the Company's subsidiary, 100% shareholding by the Company's Subsidiary and the Company's management as a director
Thai Styrenics Co., Ltd.	Thailand	Subsidiary of the Company's subsidiary, 100% shareholding by the Company's subsidiary and the Company's management as a director
PTT Chemical International (Asia Pacific ROH) Ltd.	Thailand	Subsidiary of the Company's subsidiary, 100% shareholding by the Company's subsidiary, some common directors and the Company's management as a director
Emery Oleochemical (M) Sdn. Bhd.	Malaysia	Jointly - controlled entity of the Company's subsidiary, 50% shareholding by a subsidiary, some common directors and the Company's management as a director

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Name of entities	Country of incorporation/ nationality	Nature of relationships
PTTGC International (USA) Inc.	United States of America	Subsidiary of the Company's subsidiary, 100% shareholding by the Company's subsidiary and the Company's management as a director
PTTGC International (Netherlands) B.V.	Netherland	Subsidiary of the Company's subsidiary, 100% shareholding by the Company's subsidiary, some common director and the Company's management as a director
Thai Ethoxylate Co., Ltd.	Thailand	Jointly - controlled entity, 50% shareholding and the Company's management as a director
Thaioil Public Company Limited	Thailand	Major shareholding by the Company's major shareholders
Thai Petroleum Pipeline Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder
Dhipaya Insurance Plc.	Thailand	Major shareholding by the Company's major shareholder
Bangchak Petroleum Plc	Thailand	Major shareholding by the Company's major shareholder and some common directors
Business Services Alliance Co.,Ltd	Thailand	Shareholding by the Company's shareholder, 25% shareholding of preferred stock, 15% shareholding of preferred stock by the Company's subsidiary, 10% shareholding of preferred stock by the Company's associate
PTTEP Siam Limited	Thailand	Subsidiary of the Company's related party that has major shareholding by the Company's major shareholder
PTT Exploration and Production Plc.	Thailand	Major shareholding by the Company's major shareholder
PTT Retail Management Company Limited	Thailand	Subsidiary of the Company's related party that has major shareholding by the Company's major shareholder
PTTEP International Limited	Thailand	Subsidiary of the Company's related parties that has major shareholding by the Company's major shareholder

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Name of entities	Country of incorporation/ nationality	Nature of relationships
PTT Natural Gas Distribution Co.,Ltd.	Thailand	Major shareholding by the Company's major shareholder
PTT Green Energy Pte., Ltd	Thailand	Major shareholding by the Company's major shareholder
PTT Tank Terminal Ltd.	Thailand	Major shareholding by the Company's major shareholder
PTT Polymer Logistic Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder
PTT Polymer Marketing Co., Ltd.	Thailand	Associate, 25% shareholding, major shareholding by the Company's major shareholder, common directors and the Company's management as a director
PTT Asahi Chemical Co., Ltd.	Thailand	Major shareholding by the Company's major Shareholder and some common directors
PTT ICT Solutions Co., Ltd.	Thailand	Associate, 40% shareholding
PTT Energy Solutions Co.,Ltd.	Thailand	Associate, 20% shareholding and the Company's management as a director
PTT LNG Company Limited	Thailand	Major shareholding by the Company's major shareholder
Rayong Olefins Co., Ltd.	Thailand	Some common shareholder
Star Petroleum Refining Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder and some common director
Community Partnership Association	Thailand	The Company's director as a management and some common management
Vinythai Plc.	Thailand	Associate, 25% shareholding, some common directors and management and the Company's management as a director
Eastern Fluid Transport Co., Ltd.	Thailand	Associate, 15% shareholding, 15% shareholding by the Company's subsidiary and the Company's management as a director

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Name of entities	Country of incorporation/ nationality	Nature of relationships
HMC Polymers Co., Ltd.	Thailand	The Company's shareholder and the Company's management as a director
Energy Complex Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder
IRPC Plc.	Thailand	Major shareholding by the Company's major shareholder and some common directors
Amata Natural Gas Distribution Co., Ltd.	Thailand	Jointly - controlled entity of the Company's related party that has major shareholding by the Company's major shareholder
Alliance Petrochemical Investment (Singapore) Pte. Ltd.	Singapore	The Company's management as a director
PTT International Trading Pte. Ltd.	Singapore	Major shareholding by the Company's major shareholder
Myriant Technologies, Inc.	United States of America	Associate of the Company's subsidiary, 47.85% shareholding by a subsidiary and the Company's management as a director
Myriant Lake Providence, Inc.	United States of America	Subsidiary of associate of the Company's subsidiary, 100% shareholding by an associate of the Company's subsidiary
Myriant LP LLC	United States of America	Subsidiary of associate of the Company's subsidiary, 100% shareholding by an associate of the Company's subsidiary

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

Transactions	Pricing policies
Sale of goods	Contract price / Regional market price / World market price
Rendering of services	Contract price
Purchase of goods/raw materials/ services	Contract price / Market price
Interest on loan	Average cost of fund

Significant transactions for the period 19 October 2011 to 31 December 2011 with related parties were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Major Shareholder		
Sales of goods or rendering of services	51,838	50,373
Purchases of goods or receiving of services	60,671	57,422
Other income	135	134
Other expense	891	879
Interest expense	61	61
Subsidiaries		
Sales of goods or rendering of services	-	5,316
Purchases of goods or receiving of services	-	2,329
Other income	-	136
Other expense	-	137
Interest income	-	297
Dividend income	-	1,079
Interest expense	-	9
Jointly-controlled entity		
Other income	-	4
Associates		
Sales of goods or rendering of services	12,748	3,758
Purchases of goods or receiving of services	19	12
Other income	22	20
Other expense	56	50
Dividend income	3	3
Other related parties		
Sales of goods or rendering of services	7,447	6,622
Purchases of goods or receiving of services	4,951	4,484
Other income	6	6
Other expense	129	74

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	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	56	41
Post-employment benefits and Other long term benefits	1	1
Total key management personnel compensation	<u><u>57</u></u>	<u><u>42</u></u>

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

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Trade accounts receivable - related parties		
Major Shareholder		
PTT Plc.	17,576	17,046
Subsidiaries		
Bangkok Polyethylene Plc.	-	1,580
PTT Polyethylene Co., Ltd.	-	12
TOC Glycol Co., Ltd.	-	511
Thai Oleochemicals Co., Ltd.	-	13
Thai Tank Terminal Limited	-	5
Thai Styrenics Co., Ltd.	-	3
PTT Phenol Co., Ltd.	-	258
Associates		
PTT Polymer Marketing Co., Ltd.	5,411	1,263
Vinythai Plc.	631	625
Other related parties		
PTT Polymer Logistic Co., Ltd.	5	-
Thaioil Public Company Limited	45	-
Star Petroleum Refining Co., Ltd.	327	326
PTTEP Siam Limited.	6	-
PTT Exploration and Production Plc.	3	-
PTT Asahi Chemical Co., Ltd.	77	1
Other related parties		
IRPC Plc.	2,147	2,147
HMC Polymers Co., Ltd.	550	398
	<u>26,778</u>	<u>24,188</u>
<i>Less allowance for doubtful accounts</i>	-	-
Net	<u><u>26,778</u></u>	<u><u>24,188</u></u>
 Bad and doubtful debts expense for the period	 <u><u>-</u></u>	 <u><u>-</u></u>

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<i>Other accounts receivable - related parties</i>	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Major Shareholder		
PTT Plc.	221	220
Subsidiaries		
Bangkok Polyethylene Plc.	-	5
Bio Creation Co., Ltd.	-	1
PTT Chemical International (Asia Pacific ROH) Ltd.	-	19
PTT Polyethylene Co., Ltd.	-	39
PTT Maintenance and Engineering Co., Ltd.	-	82
TOC Glycol Co., Ltd.	-	7
Thai Fatty Alcohol Co., Ltd.	-	1
Thai Ethanolamine Co., Ltd.	-	7
Thai Oleochemicals Co., Ltd.	-	5
Thai Tank Terminal Limited	-	3
NPC Safety and Environmental Service Co., Ltd.	-	6
PTT Chemical International Pte. Ltd.	-	3
PTT Utility Co., Ltd.	-	3
PTT Phenol Co., Ltd.	-	3
Jointly - controlled entity		
Thai Ethoxylate Co., Ltd.	-	3
Associates		
PTT Polymer Marketing Co., Ltd.	2	2
PTT ICT Solutions Co., Ltd.	13	12
PTT Energy Solutions Co., Ltd.	1	1
Eastern Fluid Transport Co.,Ltd.	2	2
Indirect associate		
Myriant Technologies Inc	3	-
Other related party		
PTT Tank Terminal Ltd.	1	-
PTT Asahi Chemical Co., Ltd.	10	-
IRPC Plc	1	-
Star Petroleum Refining Co.,Ltd.	9	9
	<hr/> 263	<hr/> 433
<i>Less allowance for doubtful accounts</i>	-	-
Net	<hr/> 263	<hr/> 433
 Bad and doubtful debts expense for the period	 <hr/> <hr/> -	 <hr/> <hr/> -

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<i>Loans to related parties</i>	Interest rate	Consolidated financial statements	Separate financial statements
<i>Short-term loans</i>	<i>(% per annum)</i>	<i>(in million Baht)</i>	
Subsidiaries			
Bangkok Polyethylene Plc.	5.30	-	980
Bio Creation Co., Ltd	5.30	-	13
PTT Polyethylene Co., Ltd.	5.30	-	1,000
Thai Ethanolamines Co., Ltd.	5.30	-	1,707
NPC Safety and Environmental Service Co., Ltd.	5.30	-	245
		-	3,945
<i>Less allowance for doubtful accounts</i>		-	-
Short-term loans to related parties, net		-	3,945

<i>Loans to related parties</i>	Interest rate	Consolidated financial statements	Separate financial statements
<i>Long-term loans</i>	<i>(% per annum)</i>	<i>(in million Baht)</i>	
Subsidiaries			
Bangkok Polyethylene Plc.	5.30	-	3,858
PTT Polyethylene Co., Ltd.	5.30	-	16,823
Thai Oleochemicals Co., Ltd.	5.30	-	2,315
Thai Fatty Alcohols Co., Ltd.	5.30	-	435
		-	23,431
<i>Less current portion due within one year</i>		-	(6,545)
<i>Less allowance for doubtful accounts</i>		-	-
Long-term loans to related parties, net		-	16,886

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	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Summary of loans to related parties</i>		
Short-term loans	-	3,945
Current portion due within one year	-	6,545
Long-term loans	-	16,886
	<u>-</u>	<u>27,376</u>
<i>Less</i> allowance for doubtful accounts	-	-
Total loans to related parties, net	<u>-</u>	<u>27,376</u>
 Bad and doubtful debts expense for the period	 <u>-</u>	 <u>-</u>

Movements during the period 19 October 2011 to 31 December 2011 of loans to related parties were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Loans to related parties</i>		
<i>Short-term loans</i>		
Subsidiaries		
At 19 October 2011	-	2,442
Increase	-	1,503
Decrease	-	-
At 31 December 2011	<u>-</u>	<u>3,945</u>
 <i>Long-term loans</i>		
Subsidiaries		
At 19 October 2011	-	19,004
Increase	-	-
Current portion due within one year	-	(445)
Decrease	-	(1,673)
At 31 December 2011	<u>-</u>	<u>16,886</u>
	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Investments in subsidiaries (Note 9)	<u>-</u>	<u>59,112</u>
Investments in jointly-controlled entity (Note 9)	<u>-</u>	<u>210</u>
Investments in associates (Note 10)	<u>6,178</u>	<u>3,399</u>

PTT Global Chemical Public Company Limited and its Subsidiaries
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For the period 19 October 2011 (amalgamation date) to 31 December 2011

<i>Trade accounts payable - related parties</i>	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Major Shareholder		
PTT Plc.	23,152	21,010
Subsidiary		
PTT Polyethylene Co., Ltd.	-	933
PTT Utility Co.,Ltd.	-	114
Thai Oleochemicals Co., Ltd.	-	22
Other related parties		
Rayong Olefins Co., Ltd.	4	4
Star Petroleum Refining Co., Ltd.	464	464
IRPC Plc.	13	-
HMC Polymers Co., Ltd.	25	-
Bangchak Petroleum Plc	1	-
PTT International Trading Pte. Ltd.	57	-
Total	<u>23,716</u>	<u>22,547</u>
 <i>Other accounts payable - related parties</i>		
	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Major Shareholder		
PTT Plc.	1,155	1,060
Subsidiaries		
Bangkok Polyethylene Plc.	-	26
PTT Polyethylene Co., Ltd.	-	2
PTT Maintenance and Engineering Co., Ltd.	-	80
TOC Glycol Co., Ltd.	-	8
Thai Ethanolamine Co., Ltd.	-	1
Thai Oleochemicals Co., Ltd.	-	9
Thai Tank Terminal Limited	-	2
NPC Safety and Environmental Service Co., Ltd.	-	16
PTT Utility Co., Ltd.	-	1
Thai Styrenics Co., Ltd.	-	2
Associates		
Vinythai Plc.	6	3
PTT ICT Solutions Co., Ltd.	65	60
Eastern Fluid Transport Co., Ltd.	9	9
Other related parties		
PTT Polymer Logistics Co., Ltd.	26	3
Dhipaya Insurance Plc.	77	56
IRPC Plc.	13	10
Energy Complex Co., Ltd.	3	3
Star Petroleum Refining Co.,Ltd.	22	22
Business Services Alliance Co.,Ltd	7	-
Others	22	22
Total	<u>1,405</u>	<u>1,395</u>

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

<i>Payables to contractor - related parties</i>	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Subsidiary		
PTT Maintenance and Engineering Co., Ltd.	-	66
Associate		
PTT ICT Solutions Co., Ltd.	9	9
Total	<u>9</u>	<u>75</u>

<i>Loans from related parties</i>	Interest rate	Consolidated financial statements	Separate financial statements
<i>Short-term loans</i>	<i>(% per annum)</i>	<i>(in million Baht)</i>	
Subsidiaries			
TOC Glycol Co.,Ltd.	3.00-3.45	-	1,201
Total		<u>-</u>	<u>1,201</u>

Movements during the period 19 October 2011 and 31 December 2011 of loans to related parties were as follows:

<i>Loans from related party</i>	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Subsidiary		
At 19 October 2011	-	100
Increase	-	1,101
Decrease	-	-
At 31 December 2011	<u>-</u>	<u>1,201</u>

<i>Current portion of subordinated loan</i>	Interest rate	Consolidated financial statements	Separate financial statements
	<i>(% per annum)</i>	<i>(in million Baht)</i>	
Major shareholder			
PTT Plc	6.25	4,988	4,988

<i>Current portion of subordinated loan</i>	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Major shareholder		
At 19 October 2011	4,927	4,927
Increase	61	61
Decrease	-	-
At 31 December 2011	<u>4,988</u>	<u>4,988</u>

PTT Global Chemical Public Company Limited and its Subsidiaries
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Significant agreements with related parties

As at 31 December 2011, the Company has significant agreements with related parties as follows:

Olefins Sales Agreements

The Company has the Olefins Sales Agreement with five downstream petrochemical companies and two of them are related parties. These agreements guarantee to purchase Olefins products not less than the volume specified in the agreement with the selling price based on prices prevailing in the world market. The agreement is for the period of 15 years, commencing from the date as specified in the agreement and expiring in December 2011. The Company has signed a new agreement with a related party in order to renew the agreement which expired in December 2011 with the selling price based on prices prevailing in the world market. This agreement is for the period of 10 years and expiring in December 2021. In addition, the agreement of another related party is in the process of negotiation.

The Company has 3 Ethylene Sales Agreements with a major shareholder and 2 related parties. Selling prices are determined based on prices prevailing in the world market, the Polyethylene price in the world market and Ethane price. These agreements are for the periods from 7 years to 15 years, commencing from the effective date specified in each agreement and expiring in July 2012, in August 2021 and in May 2022.

The Company has 2 Propylene Sales Agreements with 2 related parties. Selling prices are determined based on Polypropylene and Propylene prices in the world market. These agreements are for the periods from 12 years to 15 years, commencing from the effective date specified in each agreement and expiring in December 2016 and in December 2023.

By Product Sales Agreements

The Company has 2 Hydrogen Sales Agreements with 2 related parties. Selling prices in each agreement are determined based on Natural Gas price for the industry. These agreements are for the periods of 15 years, commencing from the date as specified in each agreement and expiring in March 2024 and in December 2025.

The Company has the Tail Gas Supply Agreement with a related party. Selling prices are determined based on Natural Gas price for the industry. The agreement is for the period of 15 years, commencing from the date as specified in the agreement and expiring in July 2022.

Utilities and Other Services Agreements

The Company has 2 Power Supply Agreements with 2 related parties. Selling prices in these agreements are determined based on reference price from the Provincial Electricity Authority. These agreements are for the periods of 15 years, commencing from the date as specified in each agreement and expiring in September 2014 and in December 2016.

The Company has 3 Utilities Agreements covering electricity, steam and demineralised water with 2 related parties. These agreements are for the periods from 10 years to 15 years, commencing from the date as specified in each agreement expiring in December 2016 and in December 2021 and in July 2024.

PTT Global Chemical Public Company Limited and its Subsidiaries
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For the period 19 October 2011 (amalgamation date) to 31 December 2011

A related party has many Utilities Agreements covering steam, electricity and water with the Company and certain related parties. These agreements are for the periods of 15 years, commencing from the date as specified in each agreement expiring between July 2023 and September 2027. These agreements can be renewed for the period of 5 years with the terms and conditions agreed by both parties.

The Company has Product Transportation Agreements with a related party. The agreement is for the period of 3 years, commencing from the date as specified in the agreement and expiring in December 2012. The agreement with the term of 3 years is renewable for another period of 3 years, not exceeding a total period of 15 years.

Feedstock and Fuel Gas Sales Agreements

The Company has the LPG Supply Agreement with a major shareholder. Selling prices are determined based on the Polypropylene price. The agreement is for the period of 15 years, commencing from the date as specified in the agreement and expiring in May 2021.

The Company has the Natural Gas Supply Agreement with a major shareholder. Selling prices are determined based on fuel oil prices. The agreement is for the period of 20 years, commencing from the date as specified in the agreement and expiring in December 2018. The agreement is renewable for the period of 4 years, by providing not less than 1 year advance written notice to the counterparty.

The Company has 2 Natural Gas purchase and sales agreements with major shareholder. Selling prices are determined based on gas price as specified in the agreement and on the Thailand Producer Price Index (PPI). The agreement is for the period of 15 years, commencing from the date as specified in the agreements and expiring in May 2018 and December 2018.

Certain related parties have 6 Natural Gas purchase and sales agreements with a major shareholder. Selling price in 5 agreements is determined based on gas price as specified in the agreement and another agreement is determined based on the Thailand Producer Price Index. These agreements are for the period from 10 years to 15 years, commencing from the date as specified in each agreement and expiring between November 2019 and November 2023.

The Company has Benzene Supply agreement with a related party. Selling price is determined based on the benzene price as specified in the agreement. The agreement is for the period of 15 years, commencing from the date as specified in the agreements and expiring in March 2024.

The Company has the Natural Gas Liquid Agreement with a major shareholder. Selling prices are determined based on the standard price of Naphtha in the region. The agreement is for the period of 15 years, commencing from the date as specified in the agreement and expiring in May 2021. The agreement is renewable for the period of 5 years with the agreement of both parties.

The Company has 2 Ethane, Propane and LPG Supply Agreements with a major shareholder. Selling prices in the agreements are determined based on the Polyethylene and Polypropylene price and another agreement is determined based on the Polyethylene price. These agreements are for the periods of 12 years and 15 years, commencing from the date as specified in each agreement and expiring in December 2016 and in June 2020. All agreements are renewable for the period of 5 years with the agreement of both parties.

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

The Company has 2 LPG Supply Agreements with a major shareholder. Selling prices are determined based on Polypropylene. These agreements are for the periods of 1 year, commencing from the date as specified in each agreement and expiring in May 2012 and November 2012. The agreements are automatically renewable for 1 year or more with the agreement of both parties.

A related party has the Ethane Supply Agreements with a major shareholder. Selling price is determined based on prices prevailing in the high density Polyethylene price in the world market. The agreement is for the period of 15 years, commencing from the date as specified in the agreement and expiring in January 2025. The agreement is renewable for 5 years with the agreement of both parties and 1 year prior of written notice.

A related party has the Ethane Rich Gas Supply Agreements with a related party. Selling price is determined based on prevailing prices of Polyethylene and Polypropylene in the region. This agreement is for the period of 10 years and expires in January 2021.

Product Offtake Agreement

The Company has a purchase and sale agreements with a major shareholder and a other company. For domestic sales, the product price reflects prices prevailing in Thailand for products of a similar quality that are sold in or imported to Thailand. For export sales, the product price reflects the prevailing international spot price for that product. These agreements are for the periods of 18 years, commencing from the date as specified in each agreement and expiring in February 2024. The agreements are automatically renewable except for advance cancellation through written notice by each party.

Expansion Phase Product Offtake Agreement

The Company has an expansion phase product offtake agreement with a major shareholder, whereas a major shareholder agreed to purchase 100% of the volume of refined petroleum products produced by reforming and upgrading complexes. As specified in the Product Offtake Agreement, at least 50% of such volume will be sold at a competitive domestic market price and the remainder sold at a competitive export market price or other mutually agreed price. The agreement is for the period of 18 years, commencing from the date as specified in the agreement and expiring in February 2024. The agreement is automatically renewable except for advance cancellation through written notice by each party.

Long-term Crude Oil and Other Raw materials Supply Agreements

The Company entered into two supply agreements for crude oil and other raw material with a major shareholder, the reference price being based on market price of crude oil and other raw materials. These agreements are for the periods of 15 years and 20 years, expiring in December 2016 and February 2024. The agreements are automatically renewable except for advance cancellation through written notice by each party.

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

Crack Spread Swap Agreements

The Company has entered into crack spread swap agreements with a major shareholder to hedge the Company's oil refinery margin. Under the agreements the floating amount of the basket refinery margin, (calculated based on the Singapore price of refined petroleum products, Diesel, Gasoil, Kerosene and Fuel Oil against the price of Dubai crude oil), is swapped for a fixed amount of the basket refinery margin for a fixed quantity per month. Under the agreement, the Company shall make payment or receive of the crack spread difference according to terms and conditions stipulated in the agreements.

Crude Oil and Feedstock Time Spread Agreements

The Company has entered into crude oil and feedstock time spread agreements to mitigate price risk with a major shareholder, calculated based on the difference of the average price of crude oil and feedstock for the current month and the price of the following month. The Company shall make payment or receive of the difference according to terms and conditions stipulated in the agreements.

Purchase and Sale Aromatics Product Agreements

The Company, major shareholder, related parties and various other companies have entered into raw material and product purchase and sale agreements. The purchase and sale prices of raw material and product are based on the prices specified in the agreements. These agreements are for the periods between 1 year to 15 years from the agreement date and expiring between 2012 and 2023. The agreements are automatically renewable except for an advance cancellation period of 3 months to 2 years through written notice by each party.

Polyethylene Purchase and Sale Agreement

The Company and two related parties have the polyethylene purchase and sale agreement with a related party. The Company agreed to sell all Polyethylene to a related party for distributing to the customers in the market. Under the agreement, the Polyethylene pricing structure is changed to link to the Polyethylene product price, which the Company sells to end customers, adjusted by the appropriate marketing expenses for fairness to both parties. These agreements are for the periods of 15 years, commencing from the effective date as specified in each agreement. Two agreements expiring in December 2021 and other expiring in January 2022.

Loan Agreements

The Company has an unsecured loan agreement with a related party for the long-term credit facility of Baht 25,300 million. The loan bears interest at the rate of the Company's average cost of funds. This loan is repayable in quarterly instalments, commencing from June 2010 and due within 5 years.

The Company has an unsecured loan agreement with a related party for the long-term credit facility of Baht 4,605 million. The loan bears interest at the rate of the Company's average cost of funds. This long-term loan is repayable in semi-annually instalments, commencing from June 2011 and due within 5 years.

PTT Global Chemical Public Company Limited and its Subsidiaries
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For the period 19 October 2011 (amalgamation date) to 31 December 2011

The Company has an unsecured loan agreement with a related party with the credit facility of Baht 4,015 million. The loan agreement consists of long-term loan totaling Baht 2,315 million and short-term loan totaling Baht 1,700 million. The loan bears interest at the rate of the Company's average cost of funds. This long-term loan is repayable in semi-annual instalments, commencing from June 2012 and due within 10 years.

The Company has an unsecured loan agreement with a related party with the credit facility of Baht 485 million. The loan agreement consists of long-term loan totaling Baht 435 million and short-term loan totaling Baht 50 million. The loan bears interest at the rate of the Company's average cost of funds. This long-term loan is repayable in semi-annual instalments, commencing from June 2012 and due within 12 years.

The Company provides unsecured short-term loans to 3 related parties by receiving the promissory notes amounting to Baht 1,965 million. The loans bear interest at the rate of the Company's average cost of funds. The promissory notes are expiring within 1 month and are renewable.

The Company has unsecured short-term lending agreements for the period of 3 years through Liquidity Management System "LMS" with 3 related parties with the credit facility of Baht 3,400 million. These loans bear interest at the rate of the Company's average cost of funds.

The Company has unsecured short-term borrowing agreements for the period of 3 years through Liquidity Management System "LMS" with 3 related parties with the credit facility of Baht 11,000 million. These loans bear interest at the rate of the Company's average return on short-term investment minus 0.25% per annum.

Service Agreements

The Company has All Quality Guarantee, Machinery and Equipment Checking with a related party, for the period of 3 years, which expires in February 2014.

The Company has Shared Service Agreements with its 11 subsidiaries for the provision of general services. The service charges will be reviewed and agreed in the fourth quarter of each year. These agreements are effective from the date as specified in the agreement and are automatically renewable until either party agrees to terminate with 3 months prior of written notice.

The Company has 4 Security Service and Fire Protection Agreements with a related party. The agreements are to provide security and fire protection service to asset, employees and visitors in the location of the Company. The agreement is for the period of 2 years and will expire in September 2012.

The Company has a Warehouse Management System Agreement for the HDPE plant with a related party, for the period of 3 years, which expires in December 2013.

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

The Company has a Technical Services Agreement with a related party. Under the contract, the Company agreed to obtain certain technical advisory services, limited to 2,100 service hours in each year. The agreement duration is 5 years, including the initial service fee as specified in the agreement which will be adjusted in line with the increase in the labour cost index. The agreement can be automatically renewed for 5 years.

The Company has the Lab Analysis Service Agreement with a related party. The agreement is for the period of 1 year and is automatically renewable and may be terminated by either party giving 1 month prior written notice.

Office Rental Agreement

The Company has Office Rental Agreements and Service Agreements with a related party. The agreements are for the period of 3 years and expire in September 2012 and are renewable for another period of 3 years with the office and service rental rate and conditions as stipulated in the agreement.

6 Cash and cash equivalents

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Cash on hand	5	-
Cash at banks - current accounts	1,091	51
Cash at banks - savings accounts	3,600	891
Cash at banks - foreign accounts	384	113
Fixed deposits	39	-
Highly liquid short-term investments	13,854	8,100
Total	<u>18,973</u>	<u>9,155</u>

The currency denomination of cash and cash equivalents as at 31 December 2011 was as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Thai Baht (THB)	17,823	9,042
United States Dollars (USD)	446	112
Euro (EUR)	341	-
Singapore Dollar (SGD)	7	-
Japanese (JPY)	37	-
Ringgit (MYR)	276	-
Others	43	1
Total	<u>18,973</u>	<u>9,155</u>

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

7 Trade accounts receivable and notes receivable

	<i>Note</i>	Consolidated financial statements	Separate financial statements
		<i>(in million Baht)</i>	
Related parties	5	26,778	24,188
Other parties		<u>14,733</u>	<u>9,296</u>
		41,511	33,484
<i>Less</i> allowance for doubtful accounts		<u>(29)</u>	<u>(21)</u>
Total		<u>41,482</u>	<u>33,463</u>
Bad and doubtful debts expense for the period		<u>(1)</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Related parties		
Within credit terms	26,775	24,188
Overdue:		
Less than 3 months	3	-
3 - 6 months	-	-
6 - 12 months	-	-
Over 12 months	-	-
	<u>26,778</u>	<u>24,188</u>
<i>Less</i> allowance for doubtful accounts	-	-
Net	<u>26,778</u>	<u>24,188</u>
Other parties		
Within credit terms	14,228	9,249
Overdue:		
Less than 3 months	460	28
3 - 6 months	25	4
6 - 12 months	15	13
Over 12 months	5	2
	<u>14,733</u>	<u>9,296</u>
<i>Less</i> allowance for doubtful accounts	<u>(29)</u>	<u>(21)</u>
Net	<u>14,704</u>	<u>9,275</u>
Total	<u>41,482</u>	<u>33,463</u>

The normal credit term granted by the Group/Company ranges from 15 days to 90 days.

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

The currency denomination of trade accounts receivable as at 31 December 2011 was as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Thai Baht (THB)	34,773	30,027
United States Dollars (USD)	5,789	3,436
Euro (EUR)	644	-
Japanese (JPY)	138	-
Ringgit (MYR)	106	-
Others	32	-
Total	<u>41,482</u>	<u>33,463</u>

8 Inventories

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Finished goods	12,807	7,773
Work in progress	2,195	-
Raw materials	9,460	8,257
Factory supplies and spare parts	6,518	3,738
Goods in transit	5,324	4,962
	<u>36,304</u>	<u>24,730</u>
<i>Less</i> allowance for decline in value	(159)	-
Net	<u>36,145</u>	<u>24,730</u>
Inventories recognised as an expense in 'cost of sales of goods' for the period		
- Cost	98,538	86,162
- (Reversal of) write - down	46	(14)
Net	<u>98,584</u>	<u>86,148</u>

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

9 Investments in subsidiaries and jointly-controlled entity

	Separate financial statements <i>(in million Baht)</i>
Investment in subsidiaries	
At 19 October 2011	59,112
Acquisitions	-
Allowance for impairment	-
Disposals	-
At 31 December 2011	<u>59,112</u>
Investment in jointly-controlled entity	
At 19 October 2011	210
Acquisitions	-
Allowance for impairment	-
Disposals	-
At 31 December 2011	<u>210</u>
Total	
At 19 October 2011	59,322
Acquisitions	-
Allowance for impairment	-
Disposals	-
At 31 December 2011	<u>59,322</u>

PTT Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

Investments in subsidiaries and jointly-controlled entity as at 31 December 2011, and dividend income for the period 19 October 2011 to 31 December 2011 were as follows:

Separate financial statements							
	Ownership interest (%)	Paid-up capital	Cost method	Impairment (in million Baht)	At cost - net	Market price of listed securities	Dividend income during period
Subsidiaries							
Bangkok Polyethylene Plc.	100	1,700	3,664	-	3,664	-	-
TOC Glycol Co., Ltd.	100	5,395	5,395	-	5,395	-	1,079
Thai Ethanolamine Co., Ltd.	100	900	900	-	900	-	-
Bio Creation Co., Ltd.	100	280	280	-	280	-	-
Thai Oleochemicals Co., Ltd.	100	7,400	7,400	-	7,400	-	-
PTT Polyethylene Co., Ltd.	100	22,000	22,600	-	22,600	-	-
NPC Safety and Environmental Service Co., Ltd.	100	165	165	-	165	-	-
PTT Chemical International Pte. Ltd.	100	6,969	6,969	-	6,969	-	-
Bio Spectrum Co., Ltd.	75	221	146	-	146	-	-
PTT Maintenance and Engineering Co., Ltd.	60	137	82	-	82	-	-
Thai Tank							
Terminal Limited	51	900	459	-	459	-	-
PTT Utility Co., Ltd.	60	6,859	4,500	-	4,500	-	-
PTT Phenol Co., Ltd.	60	8,351	6,552	-	6,552	-	-
			59,112	-	59,112	-	1,079

PTT Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

Separate financial statements

	Ownership interest (%)	Paid-up capital	Cost method	Impairment (in million Baht)	At cost - net	Market price of listed securities	Dividend income for the period
<i>Jointly-controlled entity</i>							
Thai Ethoxylate Co., Ltd.	50	420	210	-	210	-	-
Total			59,322	-	59,322	-	1,079

The following summarised financial information on jointly-controlled entity which have been proportionately consolidated in the consolidated financial statements represents the Group's share:

	Ownership (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Profit
<i>31 December 2011</i>										
Thai Ethoxylate Co., Ltd.	50	700	224	924	289	4	293	329	305	24

(in million Baht)

PTT Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

Dividends paid by subsidiary

At the Board of Directors meeting of TOC Glycol Co., Ltd. held on 23 November 2011, the Board approved the interim dividend of Baht 20 per share, amounting to Baht 1,079 million. The dividend was paid to the shareholders during November 2011.

10 Investments in associates

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
At 19 October 2011	6,301	3,391
Share of net loss of equity- accounted associates	(122)	-
Acquisitions	8	8
Dividend income	(3)	-
Effect of change in exchange rates	(6)	-
At 31 December 2011	<u>6,178</u>	<u>3,399</u>

PTT Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

Investments in associates as at 31 December 2011, and dividend income for the period 19 October 2011 to 31 December 2011 was as follows:

Consolidated financial statements							
	Ownership interest (%)	Paid-up capital	Cost method	Equity method <i>(in million Baht)</i>	Impairment	At equity - net	Dividend income for the period
<i>Associates</i>							
PTT Polymer Marketing Co., Ltd.	25	40	10	121	-	121	-
Vinythai Plc.	25	7,111	3,297	4,295	-	4,295	-
Eastern Fluid Transport Co., Ltd.	23	10	1	17	-	17	3
PTT ICT Solutions Co., Ltd.	40	150	60	150	-	150	-
PTT Energy Solution Co., Ltd.	20	113	31	32	-	32	-
			<u>3,399</u>	<u>4,615</u>	<u>-</u>	<u>4,615</u>	<u>3</u>
<i>Indirect associates</i>							
Myriant Technologies, Inc.	47.85	0.07	1,919	1,483	-	1,483	-
ERCA Moerdijk B.V.	12.50	63	80	80	-	80	-
			<u>1,999</u>	<u>1,563</u>	<u>-</u>	<u>1,563</u>	<u>-</u>
Total			<u>5,398</u>	<u>6,178</u>	<u>-</u>	<u>6,178</u>	<u>3</u>

PTT Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

Separate financial statements

	Ownership interest (%)	Paid-up capital	Cost method	Impairment (in million Baht)	At cost - net	Market price of listed securities	Dividend income for the period
<i>Associates</i>							
PTT Polymer Marketing Co., Ltd.	25	40	10	-	10	-	-
Vinythai Plc.	25	7,111	3,297	-	3,297	4,944	-
Eastern Fluid Transport Co., Ltd.	15	10	1	-	1	-	3
PTT ICT Solutions Co., Ltd.	40	150	60	-	60	-	-
PTT Energy Solution Co., Ltd.	20	113	31	-	31	-	-
Total			3,399	-	3,399	4,944	3

PTT Chemical Public Company Limited and its Subsidiaries
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The following summarised financial information on associates which have been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

	Owner-ship (%)	Total assets	Total liabilities <i>(in million Baht)</i>	Total revenues	Net profit (loss)
31 December 2011					
<i>Associates</i>					
PTT Polymer Marketing Co., Ltd. Vinylthai Plc.	25	6,626	6,141	15,789	(9)
Eastern Fluid Transport Co., Ltd. PTT ICT Solutions Co., Ltd.	25	24,156	6,848	2,064	(58)
	23	94	23	25	8
	40	1,573	1,196	541	55
PTT Energy Solutions Co., Ltd.	20	211	53	78	7
Total		32,660	14,261	18,497	5
<i>Indirect Associates</i>					
Myriant Technologies Inc.	47.85	1,550	254	2	(928)
		1,550	254	2	(928)
Total		34,210	14,515	18,499	(923)

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
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11 Other investments

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Short-term investment</i>		
Promissory notes –financial institutions	3,632	2,000
	<u>3,632</u>	<u>2,000</u>
<i>Other long - term investments</i>		
Other non marketable equity securities		
Alliance Petrochemical Investment (Singapore) Pte. Ltd. (16.67% Shareholding)	290	290
Guangzhou Keylink Chemical Co., Ltd. (15% Shareholding)	36	-
Business Services Alliance Co., Ltd.	1	1
	<u>327</u>	<u>291</u>
Total	<u>3,959</u>	<u>2,291</u>

The currency denomination of other long-term investments as at 31 December 2011 was as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Singapore Dollars (SGD)	290	290
Hong Kong Dollars (HKD)	36	-
Thai Baht (Baht)	1	1
Total	<u>327</u>	<u>291</u>

PTT Global Chemical Public Company Limited and its Subsidiaries

Notes to the financial statements

For the period 19 October 2011 (amalgamation date) to 31 December 2011

12 Property, plant and equipment

	Consolidated financial statements						Total
	Land & improvement	Plant, machinery, factory equipment and tools	Buildings & buildings improvement	Furniture, fixtures and equipment	Vehicles	Asset under construction	
	<i>(in million Baht)</i>						
Cost							
At 19 October 2011	6,985	283,767	13,766	3,200	932	17,595	326,245
Additions	38	239	22	32	10	1,327	1,668
Transfers	10	6,811	127	(46)	3	(7,476)	(571)
Disposals	-	(261)	-	(38)	(9)	-	(308)
Effect of change in exchange rates	(1)	23	-	1	-	12	35
At 31 December 2011	7,032	290,579	13,915	3,149	936	11,458	327,069
Depreciation and impairment losses							
At 19 October 2011	(373)	(83,202)	(3,393)	(1,796)	(500)	-	(89,264)
Depreciation charge for the period	(12)	(2,414)	(127)	(133)	(26)	-	(2,712)
Disposals	-	218	-	37	8	-	263
Impairment losses	-	(1)	-	-	-	-	(1)
Effect of change in exchange rates	-	(9)	(2)	(1)	-	-	(12)
At 31 December 2011	(385)	(85,408)	(3,522)	(1,893)	(518)	-	(91,726)

PTT Global Chemical Public Company Limited and its Subsidiaries

Notes to the financial statements

For the period 19 October 2011 (amalgamation date) to 31 December 2011

		Consolidated financial statements						
		Land & improvement	Plant, machinery, factory equipment and tools	Buildings & buildings improvement	Furniture, fixtures and equipment	Vehicles	Asset under construction	Total
		<i>(in million Baht)</i>						
<i>Net book value</i>								
At 19 October 2011								
Owned assets		6,612	200,565	10,373	1,297	190	17,595	236,632
Assets under finance leases		-	-	-	107	242	-	349
		6,612	200,565	10,373	1,404	432	17,595	236,981
At 31 December 2011								
Owned assets		6,647	205,171	10,393	1,150	197	11,458	235,016
Assets under finance leases		-	-	-	106	221	-	327
		6,647	205,171	10,393	1,256	418	11,458	235,343

The gross amount of the Group's fully depreciated property and equipment that was still in use as at 31 December 2011 amounted to Baht 11,562 million.

Capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory amounted to Baht 7 million, with capitalisation rate of 4% per annum.

PTT Global Chemical Public Company Limited and its Subsidiaries

Notes to the financial statements

For the period 19 October 2011 (amalgamation date) to 31 December 2011

		Separate financial statements						
		Land & improvement	Plant, Machinery, Factory equipment and tools	Buildings & Buildings improvement	Furniture, fixtures and equipment	Vehicles	Asset under construction	Total
		<i>(in million Baht)</i>						
Net book value								
At 19 October 2011								
Owned assets		3,588	111,790	4,677	487	28	15,662	136,232
Assets under finance leases		-	-	-	84	160	-	244
		3,588	111,790	4,677	571	188	15,662	136,476
At 31 December 2011								
Owned assets		3,629	116,980	4,743	453	25	9,191	135,021
Assets under finance leases		-	-	-	81	153	-	234
		3,629	116,980	4,743	534	178	9,191	135,255

The gross amount of the Company's fully depreciated property and equipment that was still in use as at 31 December 2011 amounted to Baht 3,277 million.

PTT Global Chemical Public Company Limited and its Subsidiaries
Notes to the financial statements
For the period 19 October 2011 (amalgamation date) to 31 December 2011

13 Land leasehold right

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Cost</i>		
At 19 October 2011	2,426	2,317
Effect of change in exchange rates	1	-
At 31 December 2011	2,427	2,317
<i>Amortisation and impairment losses</i>		
At 19 October 2011	(1,242)	(1,235)
Amortisation charge for the period	(17)	(17)
At 31 December 2011	(1,259)	(1,252)
<i>Net book value</i>		
At 19 October 2011	1,184	1,082
At 31 December 2011	1,168	1,065

14 Goodwill

	Consolidated financial statements		
	Goodwill from business combination	Goodwill from acquisition	Total
	<i>(in million Baht)</i>		
<i>Cost</i>			
At 19 October 2011	7,709	3,029	10,738
Effect of change in exchange rates	-	4	4
At 31 December 2011	7,709	3,033	10,742
<i>Impairment losses</i>			
At 19 October 2011	-	-	-
Impairment loss	-	-	-
At 31 December 2011	-	-	-
<i>Net book value</i>			
At 19 October 2011	7,709	3,029	10,738
At 31 December 2011	7,709	3,033	10,742

PTT Global Chemical Public Company Limited and its Subsidiaries
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For the period 19 October 2011 (amalgamation date) to 31 December 2011

Separate financial statements

	Goodwill from business combination	Goodwill from acquisition	Total
	<i>(in million Baht)</i>		
<i>Cost</i>			
At 19 October 2011	7,010	-	7,010
Effect of change in exchange rates	-	-	-
At 31 December 2011	<u>7,010</u>	<u>-</u>	<u>7,010</u>
<i>Impairment losses</i>			
At 19 October 2011	-	-	-
Impairment loss	-	-	-
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net book value</i>			
At 19 October 2011	<u>7,010</u>	<u>-</u>	<u>7,010</u>
At 31 December 2011	<u>7,010</u>	<u>-</u>	<u>7,010</u>

PTT Global Chemical Public Company Limited and its Subsidiaries

Notes to the financial statements

For the period 19 October 2011 (amalgamation date) to 31 December 2011

15 Intangible assets

	Consolidated financial statements						
	License for production process	Software licences	Customer contracts and the related customer relationships	Right to use pipeline (in million Baht)	Right for other operation	Intangible in progress	Total
<i>Cost</i>							
At 19 October 2011	4,547	1,376	3,175	478	523	341	10,440
Additions	169	152	-	-	7	14	342
Transfers	21	90	-	(54)	82	11	150
Effect of change in exchange rates	-	1	-	-	-	(1)	-
At 31 December 2011	4,737	1,619	3,175	424	612	365	10,932
<i>Amortisation and impairment losses</i>							
At 19 October 2011	(1,032)	(703)	-	(173)	(314)	-	(2,222)
Amortisation charge for the period	(45)	(55)	(91)	(5)	(8)	-	(204)
Transfers	-	-	-	5	(5)	-	-
Effect of change in exchange rates	-	(1)	-	-	-	-	(1)
At 31 December 2011	(1,077)	(759)	(91)	(173)	(327)	-	(2,427)
<i>Net book value</i>							
At 19 October 2011	3,515	673	3,175	305	209	341	8,218
At 31 December 2011	3,660	860	3,084	251	285	365	8,505

PTT Global Chemical Public Company Limited and its Subsidiaries

Notes to the financial statements

For the period 19 October 2011 (amalgamation date) to 31 December 2011

<i>Cost</i>	Separate financial statements						Total
	License for production process	Software licences	Customer contracts and the related customer relationships <i>(in million Baht)</i>	Right to use pipeline	Right for other operation	Intangible in progress	
At 19 October 2011	1,394	1,041	2,518	339	50	223	5,565
Additions	-	16	-	-	-	49	65
Transfers	21	119	-	(29)	53	(25)	139
At 31 December 2011	1,415	1,176	2,518	310	103	247	5,769
<i>Amortisation and impairment losses</i>							
At 19 October 2011	(728)	(549)	-	(131)	(5)	-	(1,413)
Amortisation charge for the period	(18)	(24)	(60)	(4)	(4)	-	(110)
Transfers	-	-	-	4	(3)	-	1
At 31 December 2011	(746)	(573)	(60)	(131)	(12)	-	(1,522)
<i>Net book value</i>							
At 19 October 2011	666	492	2,518	208	45	223	4,152
At 31 December 2011	669	603	2,458	179	91	247	4,247

PTT Global Chemical Public Company Limited and its Subsidiaries
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16 Deferred tax

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

	Consolidated financial statements	
	Asset	Liability
	<i>(in million Baht)</i>	
Total	1,475	(4,531)
Set off of tax	(1,111)	1,111
Net deferred tax assets (liabilities)	364	(3,420)

	Separate financial statements	
	Asset	Liability
	<i>(in million Baht)</i>	
Total	852	(3,825)
Set off of tax	(852)	852
Net deferred tax assets (liabilities)	-	(2,973)

Movements in total deferred tax assets and liabilities during the period were as follows:

	Consolidated financial statements					At 31 December 2011
	At 19 October 2011	(Charged) / credited to:				
		Profit and loss <i>(note 32)</i>	Equity	Acquisition of subsidiary	Exchange differences	
			<i>(in million Baht)</i>			
Deferred tax assets						
Inventories (allowance for decline in value)	21	6	-	-	-	27
Loss carry forward	53	292	-	-	-	345
Employee benefit expenses	271	26	-	-	-	297
Fair value adjustment at amalgamation date	765	(443)	-	-	-	322
Others	315	169	-	-	-	484
Total	1,425	50	-	-	-	1,475

PTT Global Chemical Public Company Limited and its Subsidiaries
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For the period 19 October 2011 (amalgamation date) to 31 December 2011

	Consolidated financial statements					At 31 December 2011
	At 19 October 2011	<u>(Charged) / credited to:</u>		Acquisition of subsidiary	Exchange differences	
		Profit and loss (note 32)	Equity			
			<i>(in million Baht)</i>			
Deferred tax liabilities						
Property, plant and equipment	(1,859)	(443)	-	-	-	(2,302)
Finance lease assets	(7)	(5)	-	-	-	(12)
Net gain on remeasurement to fair value of interest rate swap contracts	(40)	24	-	-	-	(16)
Fair value adjustment at amalgamation date	(2,360)	174				(2,186)
Others	(20)	5	-	-	-	(15)
Total	(4,286)	(245)	-	-	-	(4,531)
Net	(2,861)	(195)	-	-	-	(3,056)

	Separate financial statements			
	At 19 October 2011	<u>(Charged) / credited to:</u>		At 31 December 2011
		Profit and loss (note 32)	Equity	
		<i>(in million Baht)</i>		
Deferred tax assets				
Allowance for decline in value of inventories	22	2	-	24
Employee benefit expenses	219	(6)	-	213
Loss carry forward	-	345	-	345
Fair value adjustment at amalgamation date	702	(443)	-	259
Others	16	(5)	-	11
Total	959	(107)	-	852
Deferred tax liabilities				
Property, plant and equipment	(1,702)	(149)	-	(1,851)
Finance lease assets	(5)	(5)	-	(10)
Net gain on remeasurement to fair value of interest rate swap contracts	(41)	25	-	(16)
Fair value adjustment at amalgamation date	(2,123)	175	-	(1,948)
Total	(3,871)	46	-	(3,825)
Net	(2,912)	(61)	-	(2,973)

PTT Global Chemical Public Company Limited and its Subsidiaries
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For the period 19 October 2011 (amalgamation date) to 31 December 2011

17 Interest-bearing liabilities

	<i>Note</i>	Consolidated financial statements	Separate financial statements
		<i>(in million Baht)</i>	
<i>Current</i>			
Short-term loans from financial institutions unsecured		2,103	-
Short-term loans from related parties unsecured	5	-	1,201
Short-term loan		2,103	1,201
Current portion of long-term loans from financial institutions unsecured		5,274	3,442
Current portion of debentures unsecured		9,699	9,699
Current portion of subordinated loan unsecured	5	4,988	4,988
Current portion of long-term loans		19,961	18,129
Current portion of financial lease		184	114
Total current interest bearing liabilities		22,248	19,444
<i>Non-current</i>			
Long-term loans from financial institutions unsecured		54,824	31,658
Debentures unsecured		43,278	43,278
Long-term loan		98,102	74,936
Finance lease liabilities		295	139
Total non-current interest-bearing liabilities		98,397	75,075
Total		120,645	94,519

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The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2011 was as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Within one year	22,064	19,330
After one year but within five years	78,641	55,472
After five years	19,461	19,464
Total	120,166	94,266

Debentures

As at 31 December 2011, the Company has unsubordinated and unsecured debentures in US dollar and Thai Baht in the amount of Baht 52,977 million (Original amount of Baht 52,392 million and fair value adjustment of Debentures from business combination of Baht 585 million). These debentures have period between 5 years to 10 years, bear different interest rates and repayment schedules as specified in the agreements.

Details of the Company's debentures as at 31 December 2011 were as follows:

	Currency	Facilities <i>(in million)</i>	Face Value Per share	Years	Interest Rates (%) p.a.	Repayment Terms
Unsubordinated debentures at 99.46% of the face value unsecured	USD	300	10,000	10	5.5	Interest is payable on semi-annual basis and maturity in June 2015
Unsubordinated debenture unsecured	Baht	2,100	1,000	5	4.58	Interest is payable on semi-annual basis and maturity in October 2012
Unsubordinated debenture unsecured	Baht	2,800	1,000	10	5.5	Interest is payable on semi-annual basis and maturity in October 2017
Unsubordinated debenture unsecured	Baht	500	1,000	7	5.6	Interest is payable on semi-annual basis and maturity in October 2015

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	Currency	Facilities (in million)	Face Value Per share	Years	Interest Rates (%) p.a.	Repayment Terms
Unsubordinated debenture unsecured	Baht	8,000	1,000	1-3 4-5	5.3 6	Interest is payable on quarterly basis and maturity in December 2013
Unsubordinated debenture unsecured	Baht	4,000	1,000	1-3 4-5 6-7	5.3 6 6.45	Interest is payable on quarterly basis and maturity in December 2015
Unsubordinated debenture unsecured	Baht	1,058	1,000	7	4.9	Interest is payable on semi-annual basis and maturity in June 2016
Unsubordinated debenture unsecured	Baht	1,942	1,000	10	5.5	Interest is payable on semi-annual basis and maturity in June 2019
Unsubordinated debenture unsecured	Baht	15,000	1,000	5	5.5	Interest is payable on quarterly basis and maturity in April 2014
Unsubordinated debenture at 99.845% of the face value unsecured	USD	300	1,000	7	5.5	Interest is payable on semi-annual basis and maturity in July 2012

Loans from financial institutions

As at 31 December 2011, the Group/Company had long-term and revolving long-term credit facility agreements with several financial institutions totalling Baht 60,098 million and 35,100 million, respectively (Original amount of Baht 59,608 million and 34,930 million and fair value adjustment of loan from business combination of Baht 490 million and 170 million, respectively), bear different interest rates as specified in the agreements. The Company is required to comply with certain covenants pertaining to maintenance of certain financial ratios, percentage of share held by the major shareholder and other conditions as specified in the agreements.

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The details of loans as at 31 December 2011 were as follows:

Currency	Facilities (in million)	Interest Interest Rates (%) p.a.	Repayment Terms
The Company			
Baht (Draw-down until December 2006)	3,000	Average 3 month –fixed deposit rate of Government Savings Bank plus margin	Principal is repayable on semi-annual basis, in 11 instalments commencing from September 2007.
Baht	1,000	THBFIX 6 M plus margin	Principal is repayable on semi-annual basis, in 9 instalments commencing from October 2011.
Baht	7,500	Highest interest rate for 6 month-fixed deposit plus margin	Principal is repayable on semi-annual basis, in 15 instalments commencing from August 2011.
Baht	1,500	Fixed rate	Principal is repayable on semi-annual basis, in 9 instalments commencing from September 2011.
Baht	1,600	THBFIX 6 M plus margin	Principal is repayable on semi-annual basis, in 8 instalments commencing from March 2013.
Baht	2,500	THBFIX 6 M plus margin	Principal is repayable on annual basis in 3 instalments commencing from July 2013.
Baht	2,000	Highest interest rate for 6 month-fixed deposit plus margin	Principal is repayable at the end of contract, in May 2017.
Baht	3,000	Prime Rate plus margin	Principal is repayable at the end of contract, in December 2017.
Baht	9,898	6 month –fixed deposit rate plus margin	Principal is repayable on semi-annual basis, in 20 instalments commencing from March 2011.
USD	100	LIBOR 1M/3M/6M plus margin	Principal is repayable on semi-annual basis, in 12 instalments commencing from July 2007.
USD	200	LIBOR 1M/3M/6M plus margin	Principal is repayable at the end of contract, in September 2015.
Baht	7,000	FDR 6 M plus margin	Principal is repayable on semi-annual basis, in 15 instalments commencing from September 2013.

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Currency	Facilities (in million)	Interest Rates (%) p.a.	Repayment Terms
Subsidiaries			
Baht	170	THBFIX 3 M plus a margin	Principal is repayable on quarterly basis, in 12 instalments, commencing from March 2012.
Baht	140	THBFIX 3 M plus a margin	Principal is repayable on quarterly basis, in 12 instalments, commencing from September 2012.
Baht	1,000	THBFIX 3 M plus a margin	Principal is repayable on quarterly basis, in 17 instalments, commencing from June 2008.
Baht	950	BIBOR 3 M plus a margin	Principal is repayable on quarterly basis, in 16 instalments, commencing from September 2012.
Baht	135	Highest interest rate for 3 month-fixed deposit plus a margin	Principal is repayable on quarterly basis, in 11 instalments commencing from November 2009.
Baht	16,011	THBFIX 6 M plus a margin	Principal is repayable on semi-annual basis, in 20 instalments commencing from February 2009
Baht	9,970	THBFIX 6 M – average of 5 banks plus a margin	Principal is repayable on semi-annual basis, in 20 instalments commencing from September 2010
USD	50	LIBOR plus a margin	Principal is repayable on annually basis, in 3 instalments commencing from January 2014.

As at 31 December 2011, the Group and the Company had unutilised credit facilities totalling Baht 68,768 million and 59,273 million, respectively.

Subordinated loan from shareholder

These loans were formerly subordinated loans in Thai Baht which were granted by the Company's major shareholder under the Shareholder Support Agreement. The loans bear interest at the rate MLR minus discount rate. The Company shall make the repayment of principal and interest under the conditions as specified in the Agreement. The repayment period of these loans is within 30 days after the date on which, unsubordinated loan amounting to USD 300 million was due on July 2012.

The details of the subordinated loan from the shareholder as at 31 December 2011 were as follows:

Currency	Facilities (in million)	Interest Rates (%) p.a.	Repayment Terms
Baht	210	MLR (KTB) minus a margin	Repayment within 30 days from 20 July 2012
	USD		

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The currency denominations of interest-bearing liabilities as at 31 December 2011 were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Thai Baht (THB)	96,829	73,597
United States Dollars (USD)	22,331	20,922
Japanese (JPY)	82	-
Ringgit (MYR)	1,369	-
Others	34	-
Total	<u>120,645</u>	<u>94,519</u>

18 Trade accounts payable

	<i>Note</i>	Consolidated financial statements	Separate financial statements
		<i>(in million Baht)</i>	
Related parties	5	23,716	22,547
Other parties		3,553	385
Total		<u>27,269</u>	<u>22,932</u>

The currency denomination of trade accounts payable as at 31 December 2011 was as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Thai Baht (THB)	20,832	17,503
United States Dollars (USD)	5,543	5,429
Euro (EUR)	331	-
Japanese (JPY)	32	-
Ringgit (MYR)	506	-
Others	25	-
Total	<u>27,269</u>	<u>22,932</u>

19 Other accounts payable

	<i>Note</i>	Consolidated financial statements	Separate financial statements
		<i>(in million Baht)</i>	
Related parties	5	1,405	1,395
Other parties		1,656	1,109
Total		<u>3,061</u>	<u>2,504</u>

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20 Other current liabilities

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Accrued interest and other accrued expenses	2,633	1,706
Withholding tax payable	435	262
Unearned revenue	536	3
Others	864	207
Total	<u>4,468</u>	<u>2,178</u>

21 Employee benefit obligations

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Statement of financial position		
Statement of financial position obligations for:		
Present value of unfunded obligation	1,604	807
Present value of funded obligation	713	-
Other long term employee benefits	281	250
Total	<u>2,598</u>	<u>1,057</u>
Fair value of plan assets	(496)	-
Net	<u>2,102</u>	<u>1,057</u>

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Statement of income		
recognised in profit or loss:		
Long-term employee benefit obligations	41	15
Other long-term employee benefit obligations	3	3
Actuarial losses	331	160
Total	<u>375</u>	<u>178</u>

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Movement in the present value of the defined benefit obligations:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Defined benefit obligations at 19 October 2011	2,280	888
Benefits paid by the plan	(25)	(9)
Current service costs and interest	44	18
Actuarial losses recognised in profit or loss	331	160
Currency translation differences	(29)	-
Others	(3)	-
Defined benefit obligations at 31 December 2011	<u>2,598</u>	<u>1,057</u>

Expense recognised in profit or loss (note 29)

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Current service costs	25	14
Interest on obligation	20	4
Expected return on plan assets	(8)	-
Actuarial losses	331	160
Others	7	-
Total	<u>375</u>	<u>178</u>

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

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Cost of sales	22	11
Administrative expenses	22	7
Actuarial losses	331	160
Total	<u>375</u>	<u>178</u>

Principle actuarial assumptions at the reporting date:

	Consolidated financial statements	Separate financial statements
	<i>(%)</i>	
Discount rate as at 31 December 2011	4.66-4.8%	4.8%
Future salary increases	3.32-6%	6%
Resignation rate	0-6%	0-6%
Retirement age	60 Years	60 Years

Assumptions regarding future mortality are based on published statistics and mortality tables

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The assets for funded plan were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Equity securities	290	-
Government and corporate bonds	176	-
Others	30	-
Total	<u>496</u>	<u>-</u>

Movement in the fair market value of the defined benefit obligations:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Fair value of the plan asset as at 19 October 2011	501	-
Contributions paid into the plan	14	-
Benefits paid by plan	(10)	-
Expected return on plan assets	24	-
Actuarial losses	(39)	-
Currency translation differences	9	-
Others	(3)	-
Fair value of the plan as at 31 December 2011	<u>496</u>	<u>-</u>

22 Share capital

	<i>Par value per share (Baht)</i>	2011	
		<i>Number (million shares / million Baht)</i>	<i>Amount</i>
Authorised			
At 19 October 2011			
ordinary shares	10	4,512.9	45,129.3
Issue of new shares	10	-	-
At 31 December 2011			
ordinary shares	10	<u>4,512.9</u>	<u>45,129.3</u>
Issued and paid-up			
At 19 October 2011			
ordinary shares	10	4,506.0	45,059.8
Issue of new shares	10	0.1	1.3
At 31 December 2011			
ordinary shares	10	<u>4,506.1</u>	<u>45,061.1</u>

For the period 19 October 2011 to 31 December 2011, holders of warrant under the Company's Employee Stock Ownership Plan exercised their rights totalling 495,300 units which were converted to 128,298 shares with the exercise price at Baht 46.32 per share.

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On 31 October 2011, the Company registered the paid-up share capital of Baht 1,282,980 (divided into 128,298 shares at Baht 10 par value) with the Ministry of Commerce, increasing the issued and paid-up share capital from Baht 45,059,846,380 (divided into 4,505,984,638 shares at Baht 10 par value) to Baht 45,061,129,360 (divided into 4,506,112,936 shares at Baht 10 par value). The shares were issued at Baht 46.32 per share, resulting in an increase in a share premium of Baht 4,659,783.

23 Warrants

The Company has warrants allocated to director, management and employee. The detail of the warrants are as follows:

Type of warrant	: Named and non-transferable warrants to buy ordinary shares of the Company
Number of units	: 12,939,342 units
Maturity	: 5 years
Exercise price	: Baht 46.32 per share
Exercise right per unit	: Warrant 1 unit to 0.2590478 ordinary share
Exercise period	: The holders of warrants are able to exercise the warrant on the last business day of January, April, July and October each year and the last exercise period in October 2012.

For the period 19 October 2011 to 31 December 2011, holders of warrants under the Company's Employee Stock Ownership Plan with 495,300 units exercised their rights. As of 31 December 2011, the remaining balance of unexercised warrants was 12,444,042 units.

24 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.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 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.

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Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

25 Segment information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments

The Group comprises the following main business segments:

Segment 1	Olefins
Segment 2	Aromatics and Refinery
Segment 3	Polymers
Segment 4	EO-Based Performance
Segment 5	Oleochemicals
Segment 6	High Volume Specialties (HVS)
Segment 7	Services & Others
Segment 8	International Business
Segment 9	Dividends income and others

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Business segment results for the period 19 October 2011 to 31 December 2011.

	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Segment 7	Segment 8	Segment 9	Elimination	Total
						<i>(in million Baht)</i>					
Revenues	10,741	75,507	11,562	3,435	2,685	2,009	3,598	3,029	-	(7,736)	104,830
Investment income	98	-	19	10	3	29	319	3	1,085	(1,395)	171
Gain from step acquisition	-	-	-	-	-	-	-	-	857	-	857
Other income	8	45	120	13	42	2	226	3	38	(290)	207
Total revenues	10,847	75,552	11,701	3,458	2,730	2,040	4,143	3,035	1,980	(9,421)	106,065
Cost of sale and service	9,086	74,615	9,973	2,187	2,450	2,400	2,997	2,831	-	(7,809)	98,730
Selling and administrative expense	990	494	255	110	100	170	336	573	-	(248)	2,780
Loss (gain) from foreign exchange	286	351	34	(17)	(10)	(9)	(7)	118	-	-	746
Loss (gain) from derivatives	209	89	39	(1)	6	135	3	(130)	-	-	350
Total expenses	10,571	75,549	10,301	2,279	2,546	2,696	3,329	3,392	-	(8,057)	102,606
Share of profit (loss) of equity-accounted investees	-	-	(14)	-	-	-	20	(136)	-	8	(122)
Profit (loss) before finance cost and income tax expense	276	3	1,386	1,179	184	(656)	834	(493)	1,980	(1,356)	3,337
Finance cost	297	475	151	19	33	89	431	28	-	(310)	1,213
Income tax expense	(207)	258	(8)	10	(1)	(1)	226	(36)	-	-	241
Profit (loss) for the period	186	(730)	1,243	1,150	152	(744)	177	(485)	1,980	(1,046)	1,883

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Business segment financial position as at 31 December 2011.

	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Segment 7	Segment 8	Segment 9	Elimination	Total
						<i>(in million Baht)</i>					
Cash and cash equivalent	6,545	303	2,508	359	501	4,156	3,610	991	-	-	18,973
Short-term investment	1,461	10	524	-	-	-	1,637	-	-	-	3,632
Trade accounts receivable and notes receivable	5,986	27,180	5,411	1,643	1,034	722	1,609	2,267	-	(4,370)	41,482
Other accounts receivable	3	242	29	11	9	4	245	247	-	(246)	544
Inventories	4,304	20,991	4,437	553	1,002	1,889	319	2,547	-	103	36,145
Short-term loans to related parties	515	-	-	1,201	-	-	3,945	-	-	(5,661)	-
Current portion of long-term loans to related parties	-	-	-	-	-	-	6,545	-	-	(6,545)	-
Receivable from Oil Fuel Fund	-	442	-	-	-	-	-	-	-	-	442
Value-added tax receivable	838	633	172	166	227	106	97	11	-	-	2,250
Derivatives	12	-	-	1	-	33	-	8	-	-	54
Other current assets	560	435	407	56	50	10	526	26	-	(357)	1,713
Investments in subsidiaries	-	-	-	-	-	-	-	-	59,302	(59,302)	-
Investments in jointly- controlled entity	-	-	-	-	-	-	-	-	210	(210)	-
Investments in associates	-	-	-	-	-	-	-	-	6,447	(269)	6,178
Other long-term investment	-	-	-	-	-	-	-	-	327	-	327
Long term loans to related parties	-	-	-	-	-	-	16,886	-	-	(16,886)	-
Property, plant and equipment	57,630	96,799	26,915	10,156	6,254	14,551	22,520	3,909	-	(3,391)	235,343
Intangible assets	848	11,393	2,421	166	190	1,345	942	614	-	2,496	20,415
Deferred tax assets	78	-	173	23	21	1	14	54	-	-	364
Derivatives	322	25	-	-	-	-	-	-	-	-	347
Other current assets	518	3,063	95	894	38	147	2	1	-	(1)	4,757
Total Asset	79,620	161,516	43,092	15,229	9,326	22,964	58,897	10,675	66,286	(94,639)	372,966

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Business segment financial position as at 31 December 2011

	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Segment 6	Segment 7	Segment 8	Segment 9	Elimination	Total
	<i>(in million Baht)</i>										
Short - term loans from financial institutions	-	-	-	-	-	-	-	2,103	-	-	2,103
Trade accounts payable	1,377	19,117	1,996	732	199	1,459	4,820	1,160	-	(3,591)	27,269
Other accounts payable	394	1,757	314	196	148	97	1,115	38	-	(997)	3,062
Retention payables	9	1	2	-	6	-	230	-	-	-	248
Payables to contractors	1,248	558	218	41	13	34	69	-	-	(134)	2,047
Short term loan	1,323	3	2,367	1,707	-	-	261	-	-	(5,661)	-
Current portion of long-term loans	4,259	1,305	4,142	-	272	255	1,586	-	-	(6,545)	5,274
Current portion of debentures	2,097	7,602	-	-	-	-	-	-	-	-	9,699
Current portion of subordinate loan	-	4,988	-	-	-	-	-	-	-	-	4,988
Income tax payable	603	2	111	12	-	-	109	67	-	(70)	834
Derivatives	-	9	-	-	4	47	-	17	-	-	77
Other current liabilities	1,769	436	580	129	186	146	1,268	592	-	(638)	4,468
Long-term loans from financial institutions	13,488	23,122	9,437	-	2,478	8,102	14,292	791	-	(16,886)	54,824
Debentures	23,367	15,535	4,314	-	-	-	61	-	-	-	43,277
Deferred tax liabilities	200	2,755	50	-	2	41	275	97	-	-	3,420
Employee benefit obligation	577	375	185	11	9	19	58	868	-	-	2,102
Derivatives	-	144	-	-	-	85	-	-	-	-	229
Other current liabilities	121	1	39	9	1	4	247	170	-	-	592
Total liabilities	50,832	77,710	23,755	2,837	3,318	10,289	24,391	5,903	-	(34,522)	164,513

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26 Investment income

	<i>Note</i>	Consolidated financial statements	Separate financial statements
		<i>(in million Baht)</i>	
<i>Dividend income</i>			
Subsidiaries	5	-	1,079
Associates	5	-	3
		<u>-</u>	<u>1,082</u>
<i>Interest income</i>			
Subsidiaries	5	-	297
Other parties		171	105
		<u>171</u>	<u>402</u>
Total		<u>171</u>	<u>1,484</u>

27 Selling expenses

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Distribution	274	85
Promotional	58	6
Marketing	4	-
Personnel	48	-
Total	<u>384</u>	<u>91</u>

28 Administrative expenses

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
Personnel	871	601
Consultancy fee	59	57
Professional fee	56	56
Feasibility study expense	98	98
Secondment fee	-	65
Actuarial losses	331	160
Administrative	717	443
Depreciation and amortisation	221	163
Loss on disposal of fixed assets	43	24
Total	<u>2,396</u>	<u>1,667</u>

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29 Employee benefit expenses

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Management</i>		
Salaries, bonus, wages and other welfares	54	39
Contribution to provident funds	2	2
Long-term employee benefits obligation	1	1
Other long-term employee benefits obligation	-	-
	<u>57</u>	<u>42</u>
<i>Other employees</i>		
Salaries, bonus, wages and other welfares	1,752	1,160
Contribution to provident funds	53	45
Long-term employee benefits obligation	40	14
Other long-term employee benefits obligation	3	3
	<u>1,848</u>	<u>1,222</u>
Total	<u>1,905</u>	<u>1,264</u>

Defined benefit plans

Details of the defined benefit plans are given in note 21.

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group in Thailand for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the minimum rate as required by law not exceeding 15% of their basic salaries and the Group contributes at the minimum rate as required by law not exceeding 15% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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30 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature for the period 19 October 2011 to 31 December 2011 disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Included in cost of sales of goods:</i>		
Changes in inventories of finished goods and work in progress	8,122	4,833
Raw materials used	55,319	39,110
Personnel expense	986	663
Depreciation of property, plant and equipment	2,539	1,395
Amortisation of intangible assets	92	47
<i>Included in selling and administrative expenses:</i>		
Personnel expense	919	601
Depreciation of property, plant and equipment	118	83
Amortisation of intangible assets	103	80
Lease payments recognised as an operating lease expense	53	37

31 Finance costs

	<i>Note</i>	Consolidated financial statements	Separate financial statements
		<i>(in million Baht)</i>	
<i>Interest expense :</i>			
Subsidiaries		-	69
Bank loans and overdrafts		1,163	828
Total interest expense		1,163	897
Other finance costs		57	48
<i>Less: amounts included in the cost of qualifying assets:</i>			
Capitalised as cost of assets under construction	12	(7)	-
Net		1,213	945

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32 Income tax expense

	<i>Note</i>	Consolidated financial statements	Separate financial statements
<i>(in million Baht)</i>			
<i>Current tax expense</i>			
Current year		44	-
Adjustment for prior years		2	-
		<u>46</u>	<u>-</u>
<i>Deferred tax expense</i>			
Movements in temporary differences	16	<u>195</u>	<u>61</u>
Total		<u>241</u>	<u>61</u>

Reconciliation of effective tax rate

Consolidated financial statements		
For the period 19 October 2011 to 31 December 2011		
	Tax rate (%)	<i>(in million Baht)</i>
Profit before income tax expense		<u>2,124</u>
Income tax using the Thai corporation tax rate	30	637
Effect of different tax rates in foreign jurisdictions	0.8	19
Income not subject to tax	(25.3)	(539)
Expenses not deductible for tax purposes	5.5	118
Others	0.2	6
Total	<u>11.2</u>	<u>241</u>

Separate financial statements		
For the period 19 October 2011 to 31 December 2011		
	Tax rate (%)	<i>(in million Baht)</i>
Profit before income tax expense		<u>668</u>
Income tax using the Thai corporation tax rate	30	200
Income not subject to tax	(30)	(201)
Expenses not deductible for tax purposes	9.2	62
Total	<u>9.2</u>	<u>61</u>

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Income tax reduction - deferred

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

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

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

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

33 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group/Company has been granted privileges by the Board of Investment relating to production of upstream, intermediate and downstream petrochemical, utilities and production support facilities, jetty for transportation and storage of liquid product and transportation by marine vessels, production of petroleum product, research and development of polymer products and chemical formula, lab testing services and refinery. 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 and three years from the date on which the income is first derived from such operations with additional conditions that not over 100 percent and 70 percent of investment excluded land and working capital.
- (c) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above.

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

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Summary of revenues from promoted and non-promoted businesses:

	Consolidated financial statements		
	For the period 19 October 2011 to 31 December 2011		
	Promoted businesses	Non-promoted businesses	Total
	<i>(in million Baht)</i>		
Export sales	20,997	10,886	31,883
Local sales	50,070	32,316	82,386
Service income	129	1,568	1,697
	<u>71,196</u>	<u>44,770</u>	<u>115,966</u>
Eliminations			<u>(11,136)</u>
Total revenue			<u>104,830</u>

	Separate financial statements		
	For the period 19 October 2011 to 31 December 2011		
	Promoted businesses	Non-promoted businesses	Total
	<i>(in million Baht)</i>		
Export sales	17,929	8,497	26,426
Local sales	33,913	28,413	62,326
Service income	14	59	73
	<u>51,856</u>	<u>36,969</u>	<u>88,825</u>
Total revenue	<u>51,856</u>	<u>36,969</u>	<u>88,825</u>

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34 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the period 19 October 2011 to 31 December 2011 were based on the profit for the period 19 October 2011 to 31 December 2011 attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period as follows:

	Consolidated financial statements <i>(in million Baht / million shares)</i>	Separate financial statements
Profit attributable to ordinary shareholders of the Company (basic)	<u>2,113.44</u>	<u>606.66</u>
Number of ordinary shares outstanding at 19 October 2011	4,505.98	4,505.98
Effect of shares issued during the period	<u>0.11</u>	<u>0.11</u>
Weighted average number of ordinary shares outstanding (basic)	<u>4,506.09</u>	<u>4,506.09</u>
Earnings per share (basic) (in Baht)	<u>0.47</u>	<u>0.13</u>

Diluted earnings per share

The calculation of diluted earnings per share for the period 19 October 2011 to 31 December 2011 were based on the profit for the period 19 October 2011 to 31 December 2011 attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements <i>(in million Baht / million shares)</i>	Separate financial statements
Profit attributable to ordinary shareholders of the company(diluted)	<u>2,113.44</u>	<u>606.66</u>
Weighted average number of ordinary shares outstanding (basic)	4,506.09	4,506.09
Effect of share options issue	<u>0.89</u>	<u>0.89</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>4,506.98</u>	<u>4,506.98</u>
Earnings per share (diluted) (in Baht)	<u>0.47</u>	<u>0.13</u>

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35 Financial instruments

Financial risk management policies

The Group/Company 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/Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group/Company. The management continually monitors the Group's/Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor, partners and other stakeholders. In addition, the Board monitors the return on capital and the level of dividends to ensure business sustainability.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's / Company's operations and its cash flows because the Group's/Company's finances loans which have both floating and fixed interest rates for their operations. The Group/Company has managed this risk to ensure the appropriateness to the business operation.

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The effective interest rates of loans receivable as at 31 December 2011 and the periods in which the loans receivable mature or re-price was as follows:

	Effective interest Rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
31 December 2011					
Current					
Loans to related parties	Average cost of funds	10,490	-	-	10,490
Non-current					
Loans to related parties	Average cost of funds	-	15,496	1,390	16,886
Total		10,490	15,496	1,390	27,376

The effective interest rates of interest-bearing liabilities at 31 December 2011 and the periods in which those liabilities mature or re-price were disclosed in note 17.

Foreign currency risk

The Group/Company is exposed to foreign currency risk relating to purchases and sales, including borrowings which are denominated in foreign currencies. The Group/Company primarily utilizes forward exchange contracts 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.

In addition to forward exchange contracts, the Group uses derivative financial instruments, principally interest rate swap and currency swaps, to manage exposure to fluctuations in interest rates and in exchange rates.

At 31 December 2011, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

PTT Global Chemical Public Company Limited and its Subsidiaries

Notes to the financial statements

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	<i>Note</i>	Consolidated financial statements	Separate financial statements
USD		<i>(in million Baht)</i>	
Cash and cash equivalents	6	446	112
Trade accounts receivable	7	5,789	3,436
Advance payment		5	5
Interest-bearing liabilities	17	(22,331)	(20,922)
Trade accounts payable	18	(5,543)	(5,429)
Retention payables		(22)	(21)
Payable to contractors		(508)	(508)
Other payables		(1,769)	(1,279)
Gross balance sheet exposure		(23,933)	(24,606)
Currency swaps		7,768	5,111
Currency forwards		3,406	-
Net exposure		(12,759)	(19,495)
EUR			
Cash and cash equivalents	6	341	-
Trade accounts receivable	7	644	-
Advance payment		128	128
Trade accounts payable	18	(331)	-
Retention payables		(3)	(3)
Payable to contractors		(185)	(185)
Other payables		(41)	(33)
Gross balance sheet exposure		553	(93)
Currency swaps		-	-
Currency forwards		-	-
Net exposure		553	(93)
SGD			
Cash and cash equivalents	6	7	-
Other investments	11	290	290
Gross balance sheet exposure		297	290
Currency swaps		-	-
Currency forwards		-	-
Net exposure		297	290
JPY			
Cash and cash equivalents	6	37	-
Trade accounts receivable	7	138	-
Interest-bearing liabilities	17	(82)	-
Trade accounts payable	18	(32)	-
Retention payables		(9)	(9)
Payable to contractors		(38)	(38)
Other payables		(73)	(67)
Gross balance sheet exposure		(59)	(114)
Currency swaps		-	-
Currency forwards		-	-
Net exposure		(59)	(114)

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	<i>Note</i>	Consolidated financial statements	Separate financial statements
<i>(in million Baht)</i>			
MYR			
Cash and cash equivalents	6	276	-
Trade accounts receivable	7	106	-
Interest-bearing liabilities	17	(1,369)	-
Trade accounts payable	18	(506)	-
Gross balance sheet exposure		(1,493)	-
Currency swaps		-	-
Currency forwards		-	-
Net exposure		(1,493)	-
Others			
Cash and cash equivalents	6	43	1
Trade accounts receivable	7	32	-
Other investments	11	36	-
Interest-bearing liabilities	17	(34)	-
Trade accounts payable	18	(25)	-
Payable to contractors		(38)	(37)
Other payables		(8)	(1)
Gross balance sheet exposure		6	(37)
Currency swaps		(27)	-
Currency forwards		-	-
Net exposure		(21)	(37)

Credit risk

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

Management has a 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, the majority of the customers are on the long-term contracted commitment and parts of them are the Company's shareholders which the company has consistently collected from them. For the customers who do not have the long-term contracted commitments, the Group monitors the risk on an ongoing basis and would do the business only with the credible customers by limiting the credit lines and requesting the guarantee on some cases. For the export, the credit of counterparty will be considered and will demand a payment on a case to case basis and also has commercial credit insurance. Management does not anticipate material losses from its debt collection.

Liquidity risk

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

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Determination of Fair values

A number of the Group's/Company's accounting policies and disclosures require the valuation 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 in equity securities, which are held for held-to-maturity, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

The fair value of interest rate swaps is based on broker quotes at the reporting date. 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 of forward rate for the residual maturity of the contract comparing with exchange rate at the valuation date.

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.

A fair value of debentures, together with the carrying values as at 31 December 2011 was as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	Fair value	Carrying value	Fair value	Carrying value
	<i>(in million Baht)</i>			
31 December 2011				
Current				
Debentures	9,718	9,699	9,718	9,699
Non-current				
Debentures	44,513	43,278	44,513	43,278
Total	54,231	52,977	54,231	52,977

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36 Commitments with non-related parties

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Capital commitments</i>		
<i>Contracted but not provided for</i>		
Land	16	16
Plant, machinery and equipment	1,869	547
Buildings	22	3
Others	12	2
Total	1,919	568
<i>Non-cancellable operating lease commitments</i>		
Within one year	198	38
After one year but within five years	352	62
After five years	408	45
Total	958	145
<i>Other commitments</i>		
Unused letters of credits	47	47
Bank guarantees	7,823	6,639
Forward contracts	3,433	-
Swap contracts	8,194	5,111
Other agreements	1,819	39
Total	21,316	11,836

37 Litigation

- 1) On 29 September 2009, following the petition no. 586/2009 (Map Ta Phut case), the Central Administrative Court ordered Government authorities as defendants to temporarily suspend 76 projects, which have not fully complied with the Section 67 chapter II of the Constitution of the Kingdom of Thailand, in Map Ta Phut Industrial Estate and vicinity areas as attached no. 7 in the petition. Subsequently, on 2 December 2009, the Supreme Administrative Court ordered, following the petition no. 592/2009, to confirm the order of the Central Administrative Court except for 11 projects. Of these 11 projects, 8 projects are projects of the Group.

On 22 January 2010, the Central Administrative Court ordered the temporarily suspended 65 projects, following the undecided case no. 908/2009, to coordinate with the relevant authorities to jointly consider whether the projects have complied with the conditions as ordered in the writ to continue their operations.

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During 2010, the Company and companies in the Group are coordinating with the relevant authorities to acknowledge the detail of projects either temporarily suspended by order of the Court or to be allowed to resume operations as a corrected order or damage of the Court. Subsequently, on 2 September 2010, the Central Administrative Court rendered a judgment of a case under the undecided case no.908/2009. The case affected 7 projects of the Company and the companies in the Group, which are not projects under the Notification of the Ministry of Natural Resources and Environment, dated 31 August 2010 and are allowed to resume their operations. However, for the remaining 1 project, now it has complied with the law and regulation and pending approval from the relevant authorities. Until 31 December 2011, the Group has already invested a total of Baht 1,627 million for the remaining 1 project.

- 2) On 3 December 2009, a company filed for arbitration against PTT and the Company as a producer to perform according to sale and purchase of raw materials agreement, of which the said company has been committed by PTT, or to compensate for damages of approximately Baht 13,805 million. On 8 March 2010, the dispute was thrown out of the case-list by the arbitration ruling that the Company was not a party to the contract.

Subsequently, on 27 August 2010, the said company filed a civil suit against PTT and the Company as a producer to perform according to sale and purchase of raw materials agreement, of which the said company has been committed by PTT, or to compensate for damages of approximately Baht 9,380 million. In this regards, the Company filed objections against the indictment with the civil court on the basis that the Company was not a party to the contract. The litigation has been presently in the consideration of the court. The court called the meeting on 19 June 2012 to acknowledge the results of the trial between the said company and PTT. The Company believes that the outcome of the consideration will not result in any liability to the Company, and therefore, has not provided against any loss that may result from this matter in the financial statements.

38 Events after the reporting period

On 31 January 2012, the Company registered the paid-up share capital of Baht 5,310,530 (divided into 531,053 shares at Baht 10 par value) with the Ministry of Commerce, increasing the issued and paid-up share capital from Baht 45,061,129,360 (divided into 4,506,112,936 shares at Baht 10 par value) to Baht 45,066,439,890 (divided into 4,506,643,989 shares at Baht 10 par value). The shares were issued at Baht 46.32 per share, resulting in an increase in share premium of Baht 19,287,845.

At the Board of Directors' meeting held on 17 February 2012, the Board approved to submit for approval at the Annual General Meeting of the Shareholders, dividend payment for the operating results for the year 2011 at the rate of Baht 1.30 per share to the shareholders entitled to receive dividends amounting to Baht 5,858 million. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 2 April 2012.

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For the period 19 October 2011 (amalgamation date) to 31 December 2011

39 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group/Company 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 expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

TAS 20 - Accounting for government grants and disclosures of government assistance

Management is of the opinion that the adoption of TAS 20 from 1 January 2013 will not have a significant impact on the Group's/Company's financial statements.

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

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

Management is of the opinion that the adoption of TAS 21 from 1 January 2013 will not have a significant impact on the Group's/Company's financial statements.

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40 Others

On 14 November 2011, the Board of Directors approved the resolution to purchase shares in Perstorp Holding France SAS (“Perstorp Holding France”) through its subsidiary with an initial investment of 51% ownership, approximates to investment capital of Euro 114.8 million (approximately Baht 4,830 million). Perstorp Holding France is an owner of technology and a major manufacturer of isocyanates in Europe and Asia, particularly in Toluene diisocyanate (TDI), Hexamethylene diisocyanate (HDI) and Derivatives which are major feedstocks in the manufacturing of polyurethane (PU) with its main characteristics for the usage in foams and coatings in the automobile and construction industries.

On 12 October 2011, PTTGC International (USA) Inc. (“PTTGC USA”), 100% owned by the PTT Chemical International Private Limited, a wholly-owned subsidiary of the Company, signed a membership interest purchase agreement with NatureWorks LLC (“NatureWorks”) to purchase 50% stake with investment capital of USD 150 million or 4,572 million Baht. NatureWorks is a biopolymer company producing PLA (Poly Lactic Acid) and commercially offers low carbon footprint biopolymer derived from renewable resources with comparable performance to petrochemical based plastics and fibres.

As at 31 December 2011, both transactions are subject to condition precedents in the definitive agreements and approval from other related authorities. The Company expects to be able to close the transactions within the first-half of year 2012.

Audit Fee

Audit Fee

For the fiscal year 2011, the Company and its subsidiaries paid an audit fee to KPMG Phoomchai Audit Ltd., which the auditors worked for, and to persons or businesses related to the auditors and the audit firm amounting to 5.66 Million Baht, by which is 1.90 Million Baht for the Company and 3.76 Million Baht for its subsidiaries.

Non Audit Fee

- None -

Technical Terms & Abbreviations

Abbreviations

Petroleum - Petrochemical

ABS	Acrylonitrile-Butadiene-Styrene
BPA	Bisphenol A
BZ	Benzene
EG	Ethylene Glycol
EO	Ethylene Oxide
EPS	Expandable Polystyrene
EVA	Ethylene Vinyl Acetate
FA	Fatty Alcohols
GPPS	General Purpose Polystyrene
HDPE	High Density Polyethylene
HIPS	High Impact Polystyrene
LAB	Linear Alkyl Benzene
LAS	Linear Alkyl Benzenesulfonate
LDPE	Low Density Polyethylene
LLDPE	Linear Low Density Polyethylene
LPG	Liquefied Petroleum Gas
ME	Methyl Ester
MEG	Mono Ethylene Glycol
MTBE	Methyl Tertiary Butyl Ether
MX	Mixed Xylenes
NGL	Natural Gas Liquids
OX	Orthoxylene
PA	Phthalic Anhydride
PC	Polycarbonate
PE	Polyethylene
PET	Poly Ethylene Terephthalate
PP	Polypropylene
PS	Polystyrene
PTA	Purified Terephthalic Acid
PVC	Poly Vinyl Chloride
PX	Paraxylene
PYGAS	Pyrolysis Gasoline
SAN	Styrene-Acrylonitrile
SBR	Styrene-Butadiene Rubber
SM	Styrene Monomer

TOL	Toluene
VCM	Vinyl Chloride Monomer

Others

CG	Corporate Governance
CSR	Corporate Social Responsibility

Technical Terms

Adjusted EBITDA	EBITDA exclusive of stock gain/(loss) and LCM
Base Chemicals / Commodity Chemicals	The commodity chemical products serve as a large supplier at a competitive price. Commodity chemicals are a starting material for all significant intermediates such as Ethylene, Propylene, Polyethylene Resins, Polypropylene Resins and PVC Resins.
Complex Refinery	A refinery that has manufacturing processes (conversion units or upgrading units) to upgrade lower value hydrocarbon products to higher value products. The type of processing facilities indicates the degree of complexity of the refinery.
Condensate	Liquefied petroleum (lighter than crude oil).
EBITDA	Income before deduction of interest, taxes, depreciation, and amortization.
GIM (Gross Integrated Margin)	Difference between the prices of refined/ petrochemical products and those of crude oil/feedstock.
GRM (Gross Refining Margin)	Difference between the price of a given refined product and that of crude oil.
Heavy Distillates	Higher-gravity petroleum products, including fuel oil and asphalt.

High Vacuum Unit (HVU)	A refinery unit that further fractionates the black fuel oil fraction produced by the CDU, which is also known as long residue, to produce a light fuel oil fraction (light vacuum gasoil and heavy vacuum gasoil) and a heavy fuel oil fraction (short residue). In the HVU, separation occurs in the fractionation column at a high temperature and under vacuum conditions to prevent a cracking reaction.
Hydrocracking Unit (HCU)	Diesel processing unit.
Hydrodesulfurizer Unit	Sulfur-removing unit.
Hydro-Skimming	One-step crude oil process yielding clear petroleum products, including gasoline and diesel, at lower proportions than the yields of a complex process.
LCM (Lower of Cost or Market Inventory Method)	Expense arising from the comparison of the expected value and the cost of stock/inventory, whichever is lower, to reflect a sensible value of stock/ inventory at the end of a given accounting period.
Light Distillates	Lower-gravity petroleum products, including gasoline and LPG.
Measurement Units	KBD (Kilo Barrel per Day) : Thousand barrels per day KMT (Kilo Metric Tons) : Thousand metric tons M.BBL (Million Barrels) : Million barrels
Middle Distillates	Medium-gravity petroleum products, including diesel, jet fuel, and kerosene.
Naphtha Hydrotreating Unit	A refinery unit that removes sulfur from naphtha in the presence of catalysts and hydrogen.
Oleochemicals	Oleochemicals are chemicals derived from plant and animal fats such as Fatty Alcohol, Methyl Ester, and Glycerin.
OPEX (Operating Expense)	Expense incurred in business execution (exclusive of capital expenses).
P2F (Product to Feed Margin)	Difference between the price of a given petrochemical product and that of its feedstock.

Performance Chemicals /
Specialty Chemicals

The performance chemicals value center supplies specific products and solutions for a range of customer industries with highly-effective technology, including Fatty Alcohol Ethoxylates

Polymer

Polymer is a large molecule composed of repeating structural units connected by bonds, synthetically called Plastic.

ROIC
(Return on Invested Capital)

Interest derived from investing money in a business.

Stock Gain / (Loss)

Difference between the accounting sales cost and the market cost arising from the time lag between the sale of a given petroleum product and the period in which the crude oil feed is imported from the Middle East for refining/processing and sale.

Total Intake

Total volume of processed feedstock/crude oil.

Utilization Rate

Comparison of the actual to the total capacity in a given period.





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