



# 2009 Annual Report

Esso (Thailand) Public Company Limited



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The term "ExxonMobil" refers to any one or more of Exxon Mobil Corporation and/or any of its subsidiaries or affiliates, as the text may require. "We", "Our", "Us", "Esso", and the "Company" refers to Esso (Thailand) Public Company Limited, a public company with limited liability registered in the Kingdom of Thailand and its consolidated subsidiaries.



Esso

TK 981

# message from the chairman

## To Our Shareholders

Despite a difficult business and economic environment Esso delivered solid financial results in 2009. Net income was Baht 4.5 billion and we also generated cash flow from operations of Baht 4.5 billion. Demonstrating our commitment to our shareholders we have distributed a total of Baht 6.1 billion in dividends since our IPO in May 2008. Business conditions remain challenging but these results demonstrate the strength of our long-term business model.

Production levels for our integrated Refining and Paraxylene operations were primarily determined by economics and product demand in 2009. Crude throughput at the refinery averaged 134 thousand barrels a day, in line with 2008. Paraxylene production was 368 thousand tons, 16% higher than in 2008 due to improved margins for aromatic products. We continued our efforts to enhance margins by maximizing production of higher value products and minimizing raw materials costs. Particular emphasis was placed on processing challenged crudes, utilizing advantaged technology and implementing self-help improvement programs.

Our Fuels Marketing business continued to provide a secure and reliable outlet for refining production while providing our customers with high-quality products. With our logistical and operational advantages, we are well-positioned to compete in these highly competitive markets and have maintained our position as the second largest fuels retailer in Thailand. Retail promotional programs were conducted during 2009 to improve engagement with our customers, and we also continued to develop our relationships with our alliance partners.

Mobil 1, our flagship lubricant brand, is the world's leading synthetic motor oil. In 2009, we achieved outstanding performance in our Lubricants business with record sales of Mobil 1, and we successfully expanded the network of Mobil 1 lube change centers from 8 at the start of 2009 to 38 centers by the end of the year.

Safety continues to be our top priority. Esso recorded zero lost time incidents in 2009 and we further reduced our total recordable injury rate for employees and contractors. This is evidence of the commitment, training, and performance of our workforce.

We believe that our capable and dedicated employees are our company's greatest strength. Our employees are committed not only to the results they deliver, but also to upholding high ethical and business control standards in every aspect of our operations.

Our commitment to being a good corporate citizen is an extension of our ethical standards. Protecting our employees, supporting local communities, and safeguarding the environment are principles of corporate citizenship that we believe are a priceless asset.

I believe that our competitive advantages position us well to meet the future challenges in our business. Esso will continue to deliver strong performance through disciplined investment, our ongoing commitment to technology, and through maintaining our focus on safety and operational excellence.

On behalf of the Board, I would like to express my appreciation to our shareholders, dealers and customers for your continued support of Esso (Thailand) Public Company Limited.



Robert Michael Cooper  
Chairman and Managing Director  
Esso (Thailand) Public Company Limited



- general information
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# general information

## Company information:

<b>Company Name</b>	Esso (Thailand) Public Company Limited
<b>Symbol</b>	ESSO
<b>Registration Number</b>	0107539000073
<b>Business</b>	Integrated petroleum refining, petrochemical, and marketing
<b>Registered Capital</b>	Baht 17,110,007,246.71 Comprising 3,467,916,666 common shares of Baht 4.9338 per share
<b>Paid-up Capital</b>	Baht 17,075,181,200.40 Comprising 3,460,858,000 common shares of Baht 4.9338 per share
<b>Head Office</b>	3195/17-29 Rama IV Road, Klong Ton Klong Toey District, Bangkok 10110 Telephone: 02 262-4000
<b>Website</b>	<a href="http://www.esso.co.th">www.esso.co.th</a>
<b>Investor Relations</b>	Telephone: 02 262-4788 E-mail: <a href="mailto:essoIR@exxonmobil.com">essoIR@exxonmobil.com</a>

## References:

<b>Securities Registrar</b>	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 62 Ratchadapisek Road, Klong Toey District, Bangkok 10110 Telephone: 02 229-2888 (Call Center)
<b>Auditor</b>	PricewaterhouseCoopers ABAS Limited 15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120 Telephone: 02 344-1000



# our business

The Company is an affiliate of Exxon Mobil Corporation, an industry leader in the global energy business. We and our predecessor companies have operated businesses in Thailand for over 100 years.

We subscribe to ExxonMobil's highly disciplined business approach with a focus on long-term fundamentals and growing shareholder value. The benefits of being a majority owned ExxonMobil affiliate include access to expertise in crude oil and raw material procurement services, global sales network for refined petroleum products and chemicals, advanced technological, operational and engineering services, and research and development programs. We also benefit from the use of Esso and other ExxonMobil trademarks licensed from ExxonMobil, the availability of ExxonMobil and affiliated management and technical personnel and corporate support services provided by ExxonMobil.

We are an integrated petroleum refining, petrochemical and marketing company with the following key businesses:

- A complex refinery with a maximum rated capacity (based on stream days) of 177,000 barrels per day
- An aromatics plant with a capacity of 500,000 tons per annum of paraxylene
- A solvent production unit with a capacity of 50,000 tons per annum
- An extensive network of Esso branded retail service stations throughout Thailand
- Direct commercial sales of petroleum products in the industrial, wholesale, aviation and marine sectors comprising LPG, gasoline, jet fuel/kerosene, diesel, fuel oil and asphalt, and also lubricants
- Sales of aromatics and other chemical products



Our refinery configuration incorporates ExxonMobil's unique proprietary technologies that provide us with significant flexibility to handle a wide range of crude oils and to produce a high proportion of high-value products such as gasoline, diesel, and jet fuel. Our refinery is strategically located near the Laem Chabang deep sea port in Sriracha, Chonburi province. The site benefits from its ready access to a deep sea port, road networks, and a multi-product transmission pipeline that allows the flexibility to deliver our refined petroleum products via pipeline in addition to truck and marine transportation.

Our aromatics production is fully integrated with our refinery operations. We produce aromatics primarily in the form of paraxylene which is used to make purified terephthalic acid (PTA), the raw material for producing polyester film, packaging resin and fabrics. Our other chemical products include solvents and plasticizers.



## Revenue Structure :

Our sales revenue in downstream and petrochemical segments can be broken down as follows:

	2009		2008		2007	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Net Sales</b>						
<b>Downstream segment:</b>						
Refined petroleum products	142,287	87.3	196,079	88.2	172,775	86.4
Lubricants	3,057	1.9	3,286	1.5	3,459	1.7
Others (1)	986	0.6	3,808	1.7	4,388	2.3
Services (2)	515	0.3	455	0.2	476	0.2
<b>Total Downstream segment</b>	<b>146,845</b>	<b>90.1</b>	<b>203,628</b>	<b>91.6</b>	<b>181,098</b>	<b>90.6</b>
<b>Petrochemical segment:</b>						
Paraxylene	11,863	7.3	11,988	5.4	15,999	8.0
Others (3)	4,137	2.6	6,556	3.0	2,807	1.4
Services	65	0.0	62	0.0	0	0.0
<b>Total Petrochemical segment</b>	<b>16,065</b>	<b>9.9</b>	<b>18,606</b>	<b>8.4</b>	<b>18,806</b>	<b>9.4</b>
<b>Total Sales revenue</b>	<b>162,910</b>	<b>100.0</b>	<b>222,234</b>	<b>100.0</b>	<b>199,904</b>	<b>100.0</b>

(1) Mainly sales of crude oil which were purchased from an affiliate but resold before processing. Also included are goods sold at convenience stores.

(2) Mainly franchise fees from dealers, product handling and storage fees from aviation customers, and rental income.

(3) Mainly sales of benzene, solvents, plasticizers, and other chemicals.

## Number of employees of the Company as of December 31, 2009 :

Corporate	Refining & Distribution (1)	Retail & Lubricants (2)	Chemicals	Total
34	543	119	17	713

(1) Includes engineers, technical staff and operators at Sriracha refinery, also commercial and export sales personnel

(2) Includes retail and lubricant sales personnel

## Subsidiaries, Associated and Related Companies :

Company Name and address	Business	Registered Capital (Baht)	Shareholding
<b>Mobil Enterprises (Thailand) Limited (METL)</b> 3195/17-29 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 262-4000	Currently dormant	3,333,000	100%
<b>Industry Promotion Enterprises Limited (IPEL)</b> 3195/26 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 262-4000	Real estate leasing	3,333,400	30%
<b>United Industry Development Company Limited (UIDC)</b> 3195/27 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 262-4000	Real estate leasing	10,000,000	49%
<b>Pacesetter Enterprise Limited (PSE)</b> 3195/27 Rama IV Road, Klong Ton Klong Toey District, Bangkok 10110 Telephone: 02 262-4000	Real estate leasing	10,000,000	33% (1)
<b>Thai C-Center Company Limited (TCC)</b> 3195/21 Rama IV Road, Klong Ton Klong Toey District, Bangkok 10110 Telephone: 02 262-4000	Service station and convenience store operation	50,000,000	0% (2)
<b>Thai Petroleum Pipeline Company Limited (THAPPLINE)</b> 2/8 Moo 11, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Telephone: 02 991-9130	Petroleum products pipeline transportation	8,479,000,000	21%
<b>Bangkok Aviation Fuels Services Public Company Limited (BAFS)</b> 171/2 Moo 10, Vibhavadi Rangsit Road, Sikan, DonMuang, Bangkok 10210 Telephone: 02 834-8900	Aircraft refuelling services	509,998,044	7%

(1) The remaining shares are held by UIDC and IPEL.

(2) Company does not directly hold shares in TCC. All of TCC's issued shares are held by UIDC.

# risk factors

The Company acknowledges the existence of a number of risks that could affect its operations as described below. All of these could materially adversely affect its business, financial condition, cash flow or results of operations and prospects.

## 1. Risk from market prices for crude oil and other feedstocks, refined petroleum products and aromatics and other chemical products

The prices at which we purchase our raw materials and the prices that we charge for our products are set based on market prices. These market prices are volatile and are subject to a variety of factors that are beyond our control.

Although increases or decreases in the price of raw materials may result in corresponding increases or decreases in the price of refined petroleum and petrochemical products, there can be no assurance that such prices will correspond in the same proportion, or at all. Any inability to pass on increases in the market price of raw materials to our customers may affect our business.

Any increase in the price of crude oil may also increase our short-term financing needs. Although we have not recently experienced difficulties in securing trade financing, any such difficulties in securing trade financing on favorable terms may adversely affect our business.

## 3. Risk of loss from business operations

Our operations are subject to hazards and risks inherent in refining, transporting, and storing crude oil and products such as fire, explosion, spills, mechanical failure of equipment, and natural disasters. These risks could cause personal injury or loss of life, severe damage to or destruction of our properties and the properties of others and environmental pollution, and may result in suspension of operations and the imposition of civil or criminal penalties.

We do not carry business interruption insurance and our insurance policies may not adequately cover large losses resulting from severely damaged facilities. Our business, financial condition, cash flow or results of operations and prospects may be materially adversely affected by such losses. In addition, our insurance policies do not cover any penalties or fines or other payments to the Thai government as a result of any of these risks.

## 2. Risk from fluctuations in the value of the Baht against foreign currencies

We are exposed to changes in exchange rates for commercial sales and purchases denominated in foreign currency. And since our Baht denominated domestic sales are also linked to US dollar-based regional refined product prices, the fluctuations in the value of the Baht against the US dollar also affect our business. If the US dollar appreciates significantly, we may not be able to pass on the higher cost to our customers. Conversely, a decline in the value of US dollar against the Baht could have a negative effect on revenue reported in Baht, which may impact our ability to repay our Baht denominated debt.



#### 4. Risk from government intervention in pricing decisions and other government laws and regulations

We and other petroleum companies in Thailand operate in a heavily regulated environment under the supervision of the Government. Our business could be directly affected by Government policy and regulations or any changes thereof. In particular, the Government may intervene in pricing decisions of refineries and retailers in order to pursue Thailand's macroeconomic and social objectives.

Moreover, our ability to operate our business in Thailand is subject to the Government issuing us a factory operating permit which is renewed every five years. If this permit is not renewed or cancelled for any reason, we may not be able to continue operating the refinery.

#### 5. Risk from changes in environmental laws and regulations

We are subject to extensive and increasingly stringent environmental laws, regulations and standards such as those relating to air emissions, accidental spills, discharges of hazardous materials or other pollutants into the environment. Some of these laws and regulations require our production facilities to operate under permits that are subject to renewal or modification. A violation of these laws, regulations or permit conditions could result in substantial fines and forced facility shutdowns.

New environmental laws and regulations, new interpretation of existing laws, increased governmental requirements or other developments in the future may require additional investment or cause us to incur additional operating expenses in order to maintain our current operations, or curtail our production activities, or require us to take other actions that could have a material adverse effect on our financial condition, results of operations and cash flow. For example, the Government has implemented new standards for motor fuels that require lower sulfur and benzene levels in gasoline and lower sulfur levels in diesel fuel which must be met by January 1, 2012. In order to continue selling our gasoline and diesel fuel production in the domestic market, we are progressing activities to allow investment to be made consistent with the deadline for the new fuels specification. If the final decision on the project is made, we will likely need to make a substantial capital investment prior to January 1, 2012.

Furthermore, new environmental standards or requirements could be imposed without adequate notice for compliance. We may not be able to obtain waivers or temporary dispensations if we are unable to meet the deadlines and in such circumstances, we may need to shut down or curtail affected operations.



#### 6. Risk from a significant interruption in the operations of our refinery and aromatics plants

Various components of our production facilities are temporarily shut down for routine maintenance from time to time. Any prolonged shutdown, unscheduled shutdown because of mechanical equipment failure, or significant interruption to our operations as a result of industrial accidents or natural disasters would affect our production volumes and could materially and adversely impact our business, financial condition, results of operations and prospects.

#### 7. Our leverage may limit our financial flexibility

Our proportion of financial debt to total equity as of December 31, 2009 was 1.2. We may incur additional indebtedness in the future although our ability to finance such indebtedness may be restricted by existing bank credit facilities. The level of our indebtedness will have several important effects on our future operations.

Our ability to meet our debt service obligations and to reduce our total indebtedness is dependent upon our future financial performance which is subject to general economic conditions and several factors which are beyond our control. We cannot assure that our business will continue to generate sufficient cash flow from operations to service our indebtedness. If we are unable to do so, we may be required to sell assets, to refinance, or to obtain additional financing. Such refinancing may not be possible and additional financing may not be available on commercially acceptable terms or at all.

Some of our bank credit facilities impose financial and other restrictions on us. Failure to comply with such restrictions may result in a debt default and could lead to acceleration of the payment of such debt or any instruments evidencing indebtedness that contain cross-acceleration or cross-default provisions. In such event, we may not be able to refinance or otherwise repay such indebtedness.

## 8. Risk of interest rate fluctuations

Our debts are mostly tied to floating interest rates which may fluctuate from time to time depending on market conditions. If borrowing costs are substantially increased because of increased interest rates, our business may be affected.

## 9. Risk of current and future litigation

We are defendants in a variety of litigation cases in the ordinary course of business. In one case, we have an outstanding judgment against us for Baht 436 Million for alleged underpayment of custom duties. We have filed an appeal to the Supreme Court against the judgment. While we continue to believe strongly in the merits of our appeal, we cannot provide any assurance that we will be successful in the appeal.

Any significant new litigation with an unfavorable outcome could have a material adverse effect on our business, cash flow, financial condition, results of operations and prospects.



## 10. Dependence on Exxon Mobil Corporation and/or its affiliates for numerous support services and senior staff

We are highly dependent on Exxon Mobil Corporation and/or its affiliates with respect to several aspects of our operations, including access to expertise in crude oil and raw material procurement services, a global sales network for refined petroleum products and chemicals, advanced technological, operational and engineering services, research and development programs, trademarks and other services. We cannot assure that Exxon Mobil Corporation and/or its affiliates will continue to provide support to us. If we were to lose the support of Exxon Mobil Corporation and/or its affiliates, or if any of our significant agreements with Exxon Mobil Corporation and its affiliates were terminated, and we are unable to secure alternate sources for such services or recruit additional key personnel, this could affect our business. Many of the agreements we have with ExxonMobil for services, technology, trademarks and other support services contain automatic termination clauses in the event Exxon Mobil Corporation directly or indirectly ceases to own or control more than 50% of the ownership interest in the Company. Certain preemption rights apply if ExxonMobil shareholders wish to reduce their aggregate shareholdings in the Company to below 50%.

Our ExxonMobil shareholders are not bound to retain any minimum interest in the Company and may reduce their shareholdings in the Company. In addition, Exxon Mobil Corporation and its affiliates are not obligated to grant loans to us or provide any other type of financial assistance and there can be no assurance that they will do so in the future.

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# financial highlights

Financial Highlights	2009	2008	2007
(millions of Baht, unless otherwise stated)			
Sales revenue	162,910	222,234	199,904
Gross profit/(loss)	11,134	(4,252)	15,048
EBITDA	8,417	(7,058)	12,603
Net profit/(loss)	4,451	(6,864)	7,054
Basic earnings/(loss) per share (Baht) <sup>(1)</sup>	1.3	(2.2)	6.6
Adjusted earnings/(loss) per share (Baht) <sup>(2)</sup>	1.3	(2.0)	2.0
Total assets	62,015	55,070	70,814
Total liabilities	37,940	34,650	46,419
Total shareholders' equity	24,075	20,420	24,395

Key Financial Ratios	2009	2008	2007
Net profit/(loss) margin (%)	2.7	(3.1)	3.5
Interest coverage (x)	15.5	N/A	3.7
Net debt to equity (x)	1.1	1.3	1.4

Dividend Payment for the Operating Results	1H 2009	2008	2007
Dividend payment (Baht/share)	0.25 <sup>(3)</sup>	0.5	1.0

(1) Based on weighted average number of shares during the period

(2) Based on current number of shares: 3,461 million shares

(3) Interim dividend payment for year 2009



# our performance

## Refining and Petrochemical

Production levels of our refining and paraxylene units were primarily determined by market demand and economics. We benefited from the integration of our refining and petrochemical operations which provides us with greater flexibility to produce higher-value products, optimize operations, and realize cost savings.

Our refinery's crude run was 134 thousand barrel per day in 2009, below full capacity levels reflecting current demand for petroleum products and planned maintenance on our Atmospheric Pipestill-1 (APS-1) and Vacuum Distillation Unit-2 (VPS-2) units. Work activities included the replacement of (VPS-2) Wash Bed packing and the decoking of furnaces for both units which will enhance unit energy efficiency and product yields.

Paraxylene production was 368 thousand tons in 2009, 16% higher than in 2008. The increase was mainly due to the improvement in economic conditions for aromatics products. While the sales realization of paraxylene decreased in 2009, the cost of raw materials decreased by a greater extent, resulting in improved paraxylene margins. Consistent with our strategy to optimize our earnings through integration, we optimized paraxylene production based on integrated manufacturing economics.

In addition to production levels, product margins were a key factor affecting our financial performance. While we cannot control margin fluctuations, which are driven by overall industry trends, we continued our efforts to enhance margins by maximizing production of higher value products and minimizing raw material costs. Particular emphasis was placed on processing challenged feedstocks, utilizing technology and implementing self-help improvement programs.

- **Challenged Raw Materials:** we continued to process challenged feedstocks, which generally have a price discount due to more complex processing requirements for these crudes. In terms of total processed volume, challenged feedstocks accounted for 30% of total crude runs. This was made possible by our ability to utilize ExxonMobil's global crude procurement network.
- **ExxonMobil Technology:** we continue to utilize ExxonMobil's Molecule Management technology. This consists of advanced molecular fingerprinting and modeling technology to optimize and analyze the behavior and characteristics of materials moving through our refinery on a real time basis. We were able to precisely source and select crudes with properties that optimize the yields of higher value products. In addition, we applied ExxonMobil's feed injection technology to enhance our catalytic cracking unit which upgrades heavier oil to higher-value fuels and chemical feedstocks for our aromatics plant.
- **Other Self-Help:** we pursued self-help programs and used ExxonMobil's global network resources to assist in identifying areas of improvement based on global best practices, particularly in relation to raw material diversification, new emerging crude processing opportunities, yield improvement and new technology to de-bottleneck profitable units. Our self-help initiatives include a continued emphasis on energy efficiency, where examples include successful implementation of on-line furnace convection cleaning and the implementation of steam optimization initiatives.

For our distribution terminals, we continue to utilize and manage our assets to improve overall efficiency and achieve lowest operating cost for our operations.



## Marketing

We sold our petroleum products through diversified channels including retail, commercial, and export markets for optimal product realization.

Esso's service stations continued to provide a secure, value-added and reliable outlet for our refinery; sales through our service stations accounted for 37% of total sales volumes in 2009.

With our logistical and other operational advantages, we were well-positioned to compete in this dynamic and competitive market. As of year-end, we had 537 service stations with 16.7%\* of product sales in the market maintaining our position as the second largest fuels retailer in Thailand.

for 45% of total sales volumes in 2009. We continued to focus on sales network efficiency enhancements. In addition to the *Global Professional Sales Process* used by our salespersons in dealing with our customers, we adopted the *Benefit Selling* approach to better understand our customers' needs so that we can better serve those needs while improving efficiency and business effectiveness. We continued to maintain a disciplined approach to Credit Management and improved overdue and bad debts performance despite intense competition and unfavorable economic conditions.

The remaining 18% of our petroleum products were exported, mainly within the Asia Pacific region.



We further optimized our network, making opportunistic enhancements to our stations while maintaining capital and cost discipline. Enhancements included a forecourt and restroom improvement program at a number of our service stations nationwide.

In addition to income from the sale of fuels at our service stations, we also worked on enhancing non-fuels revenues such as income from our Tiger Marts. Monthly promotions were run to provide customers with more choices and greater convenience. We also sought opportunities for strategic alliances with partners, including Wizard car wash and Rabika Coffee to optimize our retail sites' profitability.

Our commercial channels included sales through our three business-to-business segments; Industrial and Wholesale, Aviation, and Marine. Sales through this channel accounted

In 2009, we achieved outstanding performance in our Lubricants business. We achieved record sales of Mobil 1 motor oil, the world's leading synthetic motor oil, through various marketing and sales activities. We aggressively expanded our business through the Mobil 1 Center network. These Mobil 1 Centers provide professional lube change service and superior care for customers vehicles. In 2009, 30 new Mobil 1 Centers were opened bringing the total to 38 operating sites at the end of the year. We also supplied lubricant products to key strategic customers including Toyota, Mercedes-Benz, Porsche, and B-Quik.

More than 90% of our aromatics products, Paraxylene and Benzene, were sold domestically to commercial customers. Other chemical products including solvents and plasticizers were also sold to commercial customers locally.

\* Source: Department of Energy Business

## Safety and Quality Control

Safety continues to be our top priority. Esso recorded zero loss time incidents in 2009 and we further reduced our total recordable injury rate for employees and contractors. This is evidence of the commitment, training, and performance of our workforce.

Our Operations Integrity Management System (OIMS) provided a robust framework for managing the safety of our personnel and operations, occupational health and environmental protection. Our safety management process focused on underlying behaviors as well as enhancements to our facilities, systems, and competencies.

Our approach to safety and health management is yielding results, but we will not be satisfied until we have achieved a work environment in which *Nobody Gets Hurt* - our unifying goal.

Our quality control system ensures the quality of our products from the refinery to our customers. Every shipment of refined product is certified to fully meet the respective specifications, and we closely monitor the quality of our retail fuel products including the use of a mobile fuel quality team traveling nationwide to monitor and ensure our product quality.

## Environmental Care

We conducted regular reviews to ensure compliance with environmental laws and regulations and our internal policies in all aspects of our business. We implement various pollution control and other environmental impact mitigation measures to control our waste emissions, including applying ExxonMobil's advanced technologies to reduce emissions and conserve resources. Key examples include:

- Our three cogeneration gas turbine generators reduce greenhouse gas emissions by efficiently generating electricity and are also designed for low nitrogen oxide emissions compared to conventional electricity generation.
- Our refinery operations use and recycle fresh water produced by our two desalination plants, thus saving natural fresh water resources.
- Our Global Energy Management System (GEMS) ensures efficient use of energy in our operations on an ongoing basis and also helps to identify facility enhancements for further efficiency improvements.

We have installed and commissioned vapor recovery units at all our terminals to reduce the hydrocarbon vapor released to the atmosphere and recover it as product. We continue to meet government biofuels mandates including the provision of biodiesel 5% at all terminals.



## Financing

We have multiple sources of funds and maintain a strong liquidity position. As of December 31, 2009, the Company, including its subsidiaries, has total undrawn uncommitted credit facilities of Baht 66 billion from Thai and foreign banks as well as ExxonMobil affiliates. The Company also received an approval from the Securities and Exchange Commission (SEC) to offer for sale Baht 8 billion of short term bills of exchange in a revolving program to institutional investors, high net worth investors, and the general public. The program has been assigned the short-term national rating of F-1 (tha) by Fitch Ratings (Thailand) Ltd. and the company has obtained rating of A+ by Tris Rating Co., Ltd. The

company started issuing the short term bills of exchange in January 2009.

We also successfully secured Baht 8 billion of committed loans to refinance existing loans due in 2009.

## Quality Workforce

We believe that our capable and dedicated employees are one of the company's greatest strengths. Our employee development system utilizes integrated processes for ensuring the ongoing development of highly productive, dedicated and motivated employees. We are committed to maintaining a diverse workforce and a supportive work environment that is characterized by open communication, trust and fair treatment.

We continue to recruit talented people and are committed to employee development through work assignments, on-the-job experience, and focused training and education. Ongoing career planning is a shared responsibility between the Company and the employee. Our goal is to develop our employees to have the highest technical and leadership capabilities in the industry. We leverage the ExxonMobil network in providing training to our employees, including foreign assignments for selected employees to work in other ExxonMobil affiliates. We also have programs to support further education of our employees at company expense.

We place a high priority on employee development. Our people processes and systems are consistent with a long-term career orientation. We promote from within and require our managers and supervisors to foster an environment where continuous personal and professional growth is encouraged. It is an environment of high expectations that recognizes employee contributions and provides rewards based on individual and team contributions.





# management's discussion and analysis

## Review of consolidated results for 2009

Income Statement (million Baht)	2009	2008
Sales	162,910	222,234
Profit/(Loss) from sales	6,410	(9,033)
<i>Downstream</i>	5,931	(7,169)
<i>Petrochemical</i>	479	(1,864)
EBITDA	8,417	(7,058)
Interest expenses	(542)	(1,244)
Income Tax (expense) / credit	(1,744)	3,053
Net profit / (loss)	4,451	(6,864)
Adjusted earnings per share* (Baht/share)	1.3	(2.0)

*Based on current no. of shares of 3,461 million shares*

Sales revenue in 2009 dropped about 27% from 2008 due to lower average product prices and slightly reduced petroleum sales volumes. Profit from sales increased significantly from a loss of Baht 9,033 million in 2008 to a gain of Baht 6,410 million in 2009 as a result of higher refining and paraxylene margins. Refining margins increased from a negative 2.3 dollars per barrel in 2008 to 5.6 dollars per barrel in 2009. Paraxylene margins improved from a negative 81 dollars per ton in 2008 to 116 dollars per ton in 2009, reflecting an improvement in industry conditions. Selling, administrative and management benefit expenses were at about the same level in both years.

2009 EBITDA which excludes interests, taxes, depreciation and amortization expenses was Baht 8,417 million, compared to a loss of Baht 7,058 million in 2008.

Interest expenses decreased by Baht 702 million in 2009, due to lower interest rates and a reduction in our average debt balance compared to 2008.

The effective tax rate for 2009 was 28%, while income tax for 2008 was a net credit due to losses incurred.

Net profit was Baht 4,451 million (1.3 Baht/share) in 2009 compared to a net loss of Baht 6,864 million (-2.0 Baht/share) in 2008.

### 2008 - 2009 Refining Margins

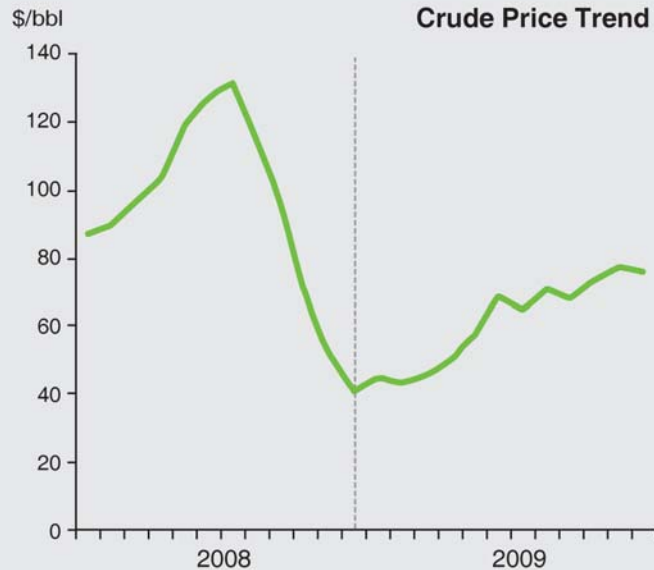
Fluctuations in crude prices often impact refining margins due to stock impacts. Generally these fluctuations create stock gains when crude prices rise and stock losses when crude prices decline.

In 2008, prices increased during the early part of the year but fell significantly during the second half. Over the full year, prices were much lower, resulting in stock losses, reducing refining margins.

In 2009 prices also fluctuated, but generally rose, resulting in stock gains which helped refining margins.

In total, refining margins were much stronger in 2009 than 2008, however excluding stock impacts margins were lower.

Crude Price Trend



Balance Sheet (million Baht)	2009	2008
Total assets	62,015	55,070
Total liabilities	37,940	34,650
Total shareholders equity	24,075	20,420

Total assets increased by Baht 6,945 million in 2009, with current assets higher by Baht 7,938 million partially offset by lower non-current assets of Baht 993 million. Current assets increased primarily due to higher trade receivables and inventories reflecting higher year-end crude and product prices. Non-current assets decreased due to a reduction in deferred income tax assets as prior year tax losses were partially utilized. This was partly offset by an increase in investing activities, in purchasing property, plant and equipment mainly associated with Euro IV standards preparations.

Total liabilities increased by Baht 3,290 million mainly due to higher accounts payable of Baht 3,060 million driven by increased crude prices at year-end 2009 compared to year-end 2008. As of year-end, borrowings were Baht 27,863 million, slightly lower than the prior year-end balance of Baht 27,971 million. In 2009, we had Baht 22,363 million of short-term borrowings (including Baht 4,795 million outstanding Bills of Exchange) and Baht 5,500 million in long-term loans. In 2008, long-term loans of Baht 8,250 million were considered as current liabilities to satisfy accounting requirement TAS 1.

Total shareholders' equity increased by Baht 3,655 million, reflecting 2009 net profit of Baht 4,451 million, partially offset by an interim dividend payment of Baht 865 million (0.25 Baht/share) paid in September.



## Cash Flow

Cash Flow (million Baht)	2009	2008
Cash generated from operations	4,521	5,342
- <i>Net cash generated from operating activities (after interest and tax)</i>	3,939	4,056
Cash flow from investment	(2,680)	(832)
Cash flow from financing	(775)	(3,827)
Net increase/(decrease) in cash	484	(603)

Our cash generated from operations was Baht 4,521 million. Net cash used for investments was Baht 2,680 million. Investment expenditures mainly related to capital investments for the early phase of a project at our refinery to produce fuels to meet the government Euro IV product specification mandate, the installation of vapor recovery units at our distribution terminals, and tank modifications at our service stations. Our cash flow from financing of Baht 775 million was mainly used to pay interim dividends to shareholders in September 2009. In total, our cash increased by Baht 484 million in 2009.

Financial Ratio	2009	2008
Current ratio (times)	0.8	0.5
Quick ratio (times)	0.2	0.1
Total debt to equity ratio (times)	1.2	1.4
Long term debt to equity ratio (times)	0.2	0.0
Net debt to equity ratio (times)	1.1	1.3

*Current ratio* = *Current assets / Current liabilities*

*Quick ratio* = *(Cash and cash equivalents + Short term investments + Trade receivables) / Current liabilities*

*Total debt to equity ratio* = *Total debt / Total shareholders' equity*

*Long term debt to equity ratio* = *Non-current borrowings / Total shareholders' equity*

*Net debt to equity ratio* = *(Total debt - Cash and cash equivalents) / Total shareholder's equity*



# growing with thais

The Company is actively participating in every community where we operate, and striving to make a positive contribution built on mutual trust and respect. We identify and support programs that benefit rural development, education, art and culture, environmental conservation, health and safety, and the well-being of the Thai people in the surrounding communities and the country at large.

## 1. Sustainable Community Development

We are supporting many projects that strengthen local communities and sustain their growth and development. Our contribution programs focus on infrastructures, skills development and the quality of life of people in communities near our operating facilities and rural areas around Thailand.



### Developing Skills for Women and Girls Project in Laem Chabang Area

We supported the Population and Community Development Association in the Skills Enhancement Center for Women and Girls Project in the Laem Chabang. Covering 10 communities in Laem Chabang area near our Sriracha refinery, the project aims to help provide these groups with skills, resources and supporting facilities to help improve their economic circumstances, business management skills and drive positive change in the communities.

### Disseminating Work of Bangsai Arts and Crafts Center

We provide support to the Bangsai Arts and Crafts Center under the Royal Patronage of Her Majesty the Queen's Supplementary Occupations and Related Techniques (SUPPORT) to organize exhibitions of the masterpiece products. This exhibition aims to promote and support

the center's marketing activities. The Bangsai SUPPORT Center is one of Her Majesty's many projects to develop Thai local communities. Its aim is to enhance Thai heritage activities particularly handicrafts while improving villagers' income and their quality of life, as well as conserving Thai art and culture.

### Voluntary Engineering Student Camp

For over 20 years, we have supported the rural development camp organized by engineering students of Chulalongkorn University. The objective of the camp is to contribute to rural and social development. In 2009, the students built the Yuwawissawakorn Borpit 37 Bridge at Baan Huay Pla Fa, Moo 3, Tambon Na Dee, Amphoe Dan Sai, Loei, during the summer. Villagers, mostly farmers, benefit significantly from the bridge which facilitates traveling in general and the transport of crops to market in particular.



## 2. Developing Education for Advancement

We realize the significance of education as a means to promote the country's development.



### Esso Scholarships

Recognizing the need to promote science and engineering education to help develop the next generation of scientists and engineers, we established the Esso-Ratanakosin Bicentennial Fund in 1982. Since then, the fund has provided more than 1,500 scholarships to students in science and engineering fields from universities nationwide.

The Esso Sriracha Refinery educational fund was established in 1999 to support needy students. Since then, a total of 1,149 scholarships have been awarded. In 2009, 286 scholarships were awarded to 133 primary school students, 83 secondary school students, and 70 high school students.

### Vocational Science Contest

The Company, in cooperation with the Ministry of Education and the Science Society of Thailand under the Royal Patronage of His Majesty the King, initiated the Esso-Vocational Science Contest Program in 1991. Since then, we have continuously supported the program to promote scientific learning and innovation by vocational students nationwide.

### Esso Challenge Innovative Internship

An extensive training program for selected third-year students from universities around Thailand, the objective of the Esso Challenge Innovative Internship program is to provide students with business experience before their graduation. The program includes classroom training and real life practice by developing professionalism with business ethics and skills development in Information Research and Analysis, Innovative Thinking, Integrated Marketing Communications and Leadership.

### Promoting Learning by Reading

We produce the quarterly magazine, "Knowledge is Light," to disseminate knowledge on art and culture, science and technology, and energy and the environment. Since its first issue five decades ago, the magazine has been distributed to libraries, schools, universities, government offices and to the general public.

### TV Documentary Program

For three decades, we have produced the TV documentary program, "Knowledge is Light" to disseminate information about science and technology, energy, environment, art and culture, including public interest issues. The program is now broadcasted every Saturday from 16.05-16.30 hrs. on TV Thai (Thai PBS).

### Speakers Coalition Program

Sharing energy knowledge with the general public is our approach to help improve understanding of the energy situation in the country and the world. We have developed a Speakers Coalition team from selected employees, including senior executives, technical experts and engineers. During the year, the Company's speakers worked with government agencies, community organizations, trade associations, and academic institutes.

### Preserving Thai Cultural Heritage

We realize that conserving Thailand's cultural heritage provides our descendants with an understanding of our history. We, therefore, support the National Film Archive of Thailand in preserving films and video records of historic events.

## 3. Health and Safety

We take an interest in projects designed to promote public health and safety. We provided funds for needy patients and donated medical equipment to local hospitals in remote areas. In addition, we have launched several safety campaigns at Esso service stations nationwide to increase public awareness of safe practices and behaviors.



### Road Safety

In conjunction with the Thai Motorcycle Enterprise Association (TMEA), the Department of Land Transport and the Royal Thai Police, the Company joined in the "Ride Safely, Lights-on and Fasten Anti-Knock Helmet" safety campaign to support the Government's policy on promoting public safety awareness. The program, which includes road safety and traffic rules training and the distribution of standard anti-knock helmets to attendees, was launched nationwide. We participated in the program in Chon Buri, Chaing Mai, Phuket and Samui Island in 2009.

### Providing Safety Helmets for Children in Hippotherapy Program

We provided anti-knock helmets to the Veterinary and Remount Department of the Royal Thai Army, for children attending the Hippotherapy Program, which utilizes horse riding to help treat autistic children, and children with other mental or physical disorders.

### Helping Friends in Need

We supported the Ao Udom Hospital's Emergency Relief Team to take care of the communities affected by a Chemical leakage at Laem Chabang Port in November.

## 4. Environmental Protection

In addition to our commitment to operating in an environmentally responsible manner everywhere we do business, we contribute and support several programs to help protect and conserve the environment in communities close to our operations, as well as in other parts of Thailand.



### Supporting Project to Celebrate His Majesty the King's Birthday Anniversary

The Company continued its support to the Kung Krabaen Bay Royal Development Study Center, which was initiated by His Majesty the King to conserve the environment around the coastal area in Chantaburi. In 2009, we joined in the "Clean Beach, Clean Sea at Kung Krabaen Bay" activities.

### Marine Science Youth Camp

Since 1980, we have supported the Marine Science Youth Camp, organized by the Marine Conservation Club of the Faculty of Science, Chulalongkorn University, to promote marine environmental conservation. In 2009, the 30th Marine Science Youth Camp was held on March 16-22 and was attended by selected high school students from all over Thailand. With the theme, "Share Our Soul, Save Our Sea," the program consisted of a full day of classroom lectures at the Faculty of Science, and a field trip and marine study activities Around the coral reef at Koh Pla Muek and Tien beach in Koh Samae San, Amphoe Sattahip, Chon Buri.

### Youth Leader Camp

We support Khao Kheo Open Zoo's long-term program, "Youth Leader Camp -- Tiger conserves the forest - Fish conserves the sea." At the camp, attendees gained a greater appreciation of wild life and environmental conservation.

### Laem Chabang Marine Ecology Study Center

In conjunction with the Laem Chabang Municipality and the Institute of Marine Science, Burapha University, in 2005, we established the Laem Chabang Marine Ecology Study Center at Laem Chabang School which is situated near our refinery. We continue to support a program which trains students, teachers and villagers how to monitor the quality of seawater around the area. The program receives strong support from the local community.

### Supporting Wildlife Conservation

We supported the Freeland Foundation to produce "Sold-Out" anti-wildlife trafficking banners in seven languages. The banners were distributed at Royal Thai Customs checkpoints in many frontier provinces as a part of the wildlife conservation campaign.

## 5. Employee Volunteerism

We encourage our employees to contribute to the society through a variety of activities.



### Giving Computers, ICT System to Rural School

Management and employees presented computers, internet access equipment and provided scholarships to Baan Sub Tai School in Nakhon Ratchasima province.

### Donating School Kits

The Esso employee club donated scholarships, books, stationery, fax machine and drinking water cooler tanks, to students of Wattamnak School in Nakhon Nayok province.



### Donating Scholarships and Musical Instruments

The Esso employee club gave scholarships and musical instruments to students of Phothi Wittayalai College, Amphoe Muang, Nakhon Nayok.

### Teaching Volunteers at Esso Sriracha Refinery

Employees at Esso Sriracha Refinery have volunteered to teach English to Mathayom 1 students of Wat Laem Chabang School every Thursday since 2002. In 2009, 28 refinery employees joined this program. The teaching volunteers created a friendly learning atmosphere, resulting in highly enjoyable and productive classes for students.

## 2009 Highlights:

### Thailand Corporate Social Responsibility - GWIM

#### Empowering Women Network for a Change



A comprehensive training and coaching program sponsored by Exxon Mobil Corporation, the Global Women in Management (GWIM) Program aims at strengthening the management skills and leadership abilities of women managers who are working in community organizations. The program bolsters their abilities to create positive and sustainable changes to their home communities and to the nation. We started recruiting Thai female managers of NGOs to attend the GWIM program in the USA in 2005.

To fulfill the program's objective, we initiated support for social development activities for three non-government organizations; the Population And Community Development Association (PDA), The Life Improvement Foundation for Children and Youth, and The Human Development Foundation (HDF Mercy Centre), whose female personnel had gone through the GWIM program. The three activities are as follows:

- **Mercy Farm Development Project** by the HDF Mercy Centre
- **Happy Family Project** by the Life Improvement Foundation for Children and Youth
- **Youth & Women Professional Training** at Ban Poo Muang, Ratchaburi by the PDA

- report of the audit committee
- shareholding and management structure
- corporate governance
- internal controls
- related party transactions



# report of the audit committee

The Audit Committee comprises of three independent directors namely Mr. Sompop Amatayakul, Mr. Smit Tiemprasert and Ms. Wattanee Phanachet, performed the duties as assigned by the Board and in compliance with the Audit Committee Charter. The Committee reviewed the matters related to the financial reporting, information disclosure, adequacy of internal control, risk management and provided corrective actions. In 2009, the Committee convened five meetings in which every committee members attended, together with the Company's management, internal control manager and external auditors. In addition, the Committee held two separate meetings to discuss singly with internal legal counselors and external auditors. The Committee reported the activities, internal audit findings and Committee's recommendations to the Board of Directors on a quarterly basis. In summary, the Audit Committee's activities included the following key subjects:

- The Committee reviewed the quarterly and annual financial statements, financial information disclosures and accounting policies with external auditors and the Company's management. The Committee concluded that the financial statements were prepared in accordance with generally accepted accounting principles, timely and adequately disclosed information and in compliance with related rules and regulations. The Committee also reviewed the results of external auditor's assessment, there were no significant adjustments made by the external auditors.
- The Committee reviewed and concurred with the annual plan of internal audit, assessed the adequacy of the Company's internal control, risk management processes and reviewed key findings from the internal audit assessment. The Committee also reviewed the effectiveness of management processes in monitoring and following up on key issues and corrective actions as recommended by the internal auditors or the Committee. The results of assessment indicated that the Company's internal control and risk management systems are adequate, appropriate and consistent with the assessment of external auditors.
- The Committee reviewed the processes of compliance monitoring on laws and regulations applicable to the business of the Company and satisfied with the mechanism and processes in place to ensure the compliances.
- The Committee reviewed the appropriateness and reasonableness of related-party transactions and concluded that the business transactions were conducted on normal course of business terms and conditions at arms' length and were disclosed as appropriate.
- The Committee reviewed the Company's Code of Conduct which could be construed that the Company business practices are ethically conducted and consistent with the principles of good corporate governance of the Stock Exchange of Thailand.
- The Committee participated in screening and reviewing the qualifications and remunerations of candidates for external auditors and informed consent to the Board of Directors to propose the external auditors for approval at the Annual Shareholders' General Meeting.



Mr. Sompop Amatayakul  
Chairman of Audit Committee  
Esso (Thailand) Public Company Limited





# shareholding and management structure

## 1. Shareholders

The top 10 major shareholders registered in the share register book as of September 16, 2009 (closing date for interim dividend payment) were as follows:

Shareholders *	Number of Shares	Shareholding (%)
1. ExxonMobil International Holdings Inc.	2,264,500,000	65.43
2. Ministry of Finance	253,750,000	7.33
3. RBC Dexia Investor Services Bank S.A.	30,100,900	0.87
4. Brown Brothers Harriman & Co-Oppenheimer Quest International Value Fund, Inc.	28,037,800	0.81
5. Duetsche Bank AG, London Prime Brokerage	25,591,200	0.74
6. Littledown Nominees Limited 9	25,502,700	0.74
7. American International Assurance Company Limited - APEX	24,000,000	0.69
8. American International Assurance Company Limited - TIGER	19,000,000	0.55
9. The BNY Nominees Ltd A/C Bank of New York Europe Ltd - Direct Clients Account-CGT Exempt	15,893,700	0.46
10. Somers (U.K.) Limited	14,000,000	0.40
<b>Total</b>	<b>2,700,376,300</b>	<b>78.02</b>

\* Excluding 52,033,693 shares (1.50%) under Thai NVDR Co., Ltd.

## 2. Dividend Policy

Our Board of Directors may recommend annual dividends, subject to the approval of the Company's shareholders. Our Board of Directors may by resolution decide to pay to our shareholders such interim dividends as appear to the directors to be justified by our profits. Distribution of an interim dividend must be reported to the shareholders at the next general meeting of shareholders following the meeting of our Board of Directors approving the interim dividend.

It is the current policy of our Board of Directors to recommend to our shareholders a dividend of not less than 40% of net profits after deduction of all specified reserves, subject to our investment plans, applicable laws, contingencies and other relevant considerations. The actual dividend payout ratio may vary above or below the level indicated in our dividend policy and is subject to the risks outlined in our regulatory filings.

## 3. Board of Directors

Our Articles of Association provide that the Board of Directors (the "Board") will comprise at least five directors not less than half of whom are required to reside in Thailand. In addition, one-third or the number of directors closest to one-third if the number of directors is not a multiple of three, of the Board is required to retire at each annual general meeting of shareholders. Retiring directors are eligible for re-election.

The Board consists of qualified persons with relevant experience. Currently, the Board has 12 members with 4 independent directors.



Our Board of Directors serving in 2009 comprised of:

Name	Position
1. Mr. Robert Michael Cooper (1)	Chairman
2. Ms. Porntida Boonsa	Director
3. Mr. Mark Ell Northcutt	Director
4. Mr. Mongkolnimit Auacherdkul (3)	Director and Member of Performance Evaluation Committee
5. Mr. Kwok Yew Meng	Director
6. Mr. Adisak Jangkamolkulchai	Director
7. Mr. Somjate Saifon	Director
8. Mr. Kurujit Nakornthap	Independent Director
9. Mr. Wattana Chantarasorn (3)	Director and Member of Performance Evaluation Committee
10. Mr. Sompop Amatayakul (2)	Independent Director and Chairman of Audit Committee
11. Mr. Smit Tiemprasert (2), (3)	Independent Director, Chairman of Performance Evaluation Committee and Member of Audit Committee
12. Ms. Wattanee Phanachet (2)	Independent Director and Member of Audit Committee

*Mr. Rene Gonzalez and Ms. Angsna Pirentorn are the Company's secretaries*

*(1) Mr. Robert Michael Cooper was appointed director and chairman of the Board to replace Mr. Daniel E. Lyons with effect from September 1, 2009*

*(2) Mr. Sompop Amatayakul, Mr. Smit Tiemprasert and Ms. Wattanee Phanachet were re-appointed as Audit Committee members and their term was extended for a further 2 years term with effect from October 19, 2009*

*(3) Mr. Mongkolnimit Auacherdkul, Mr. Wattana Chantarasorn and Mr. Smit Tiemprasert were re-appointed as Performance Evaluation Committee members and their term was extended for a further 2 years term with effect from November 29, 2009*

### Scope of Duties and Responsibilities of the Board

The Board of Directors has full powers and authority to conduct the Company's business in accordance with the Company's policies, objectives, Articles of Association, board and shareholder resolutions and applicable laws. The Board also has duties and responsibilities prescribed in applicable laws. The Board appreciates the importance of good corporate governance, and believes in the following principles:

1. Commitment to the creation of added value to the business in the long run, and management of the business with prudence and by avoiding of conflicts of interest;
2. Operation of business in a transparent way with adequate disclosure to relevant parties;
3. Operation of business based on appropriate risk control and management systems;
4. Implementation of appropriate Standards of Business Conduct applicable to the Company's directors, officers and employees.

The Board will issue a directors' report on the activities of the Company and its financial performance for review by the shareholders' meeting.

### Board Appointment

The appointment, removal or resignation of directors is prescribed in our Articles of Association which can be summarized as follows:

1. The Board shall consist of at least five directors and not less than half of the directors are required to reside in Thailand.
2. The shareholders' meeting shall appoint directors in accordance with the following principles and procedures:
  - i. In the election of each director, each shareholder will have vote(s) equal to the number of shares(s) held by him.
  - ii. Each shareholder may vote all of his shares in the exercise of the right he has under (i) to elect each of candidates of his choice as a director but he cannot split his shares and cast his split votes in favor of two or more candidates to one directorship.
  - iii. Nominees who receive the largest number of votes in descending order from the highest to the lowest number of votes received will be elected

until all director positions required at such time are filled. In the event of nominees receiving equal votes and exceeding the number of vacancies to be filled, the chairman of the meeting shall have a casting vote, or, in case the chairman is not the Company's shareholder, the decision shall be made by drawing lot.

3. At each annual general meeting of shareholders, one-third or the number of directors closest to one-third, of the Board is required to retire. Retiring directors are eligible for re-election.
4. Any director who decides to resign must submit a letter of resignation to the Company. The resignation shall be effective on the date the Company receives the letter.
5. Removal of a director before the end of term shall require a resolution of shareholders passed by not less than three-fourths of the total votes of shareholders and proxies (if any) attending the meeting and eligible to vote and not less than one-half of the total number of shares held by shareholders and proxies (if any) attending the meeting and eligible to vote.

### Independent Directors

In addition to the qualification described in item 7 (Nomination of Directors and Executives), independent directors meet the following qualifications pursuant to the regulation of the Securities and Exchange Commission and Stock Exchange of Thailand:

1. Not hold shares exceeding 1% of the total number of voting rights of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, including the shares held by related persons of the independent director;
2. Not be nor have been an executive officer, employee, staff, salaried consultant or a controlling person of the Company, its parent company, its subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person unless foregoing status has ended not less than two years prior to the date of appointment except where the independent director(s) was the government officer or consultant of the government agency which is the major shareholders or a controlling person of the Company;
3. Not be a person related by blood or registration under laws, such as father, mother, spouse, sibling and child, including spouse of the children, executives or majority shareholders or controlling persons or persons to be nominated as executive or controlling persons of the Company or its subsidiaries;
4. Not have business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person which may

interfere with his independent judgment and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person unless the foregoing relationship has ended not less than two years prior to the date of appointment.

The term "business relationship" includes the normal business transaction, rent or lease of immovable property, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions which result in the Company or its counterparty being subject to indebtedness payable to the other party amounting to three (3) percent or more of the net tangible assets of the Company or Baht twenty (20) million whichever is lower. The value of the business relationship shall be calculated according to the method stipulated by the Capital Market Supervisory Board governing rules on connected transaction *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither be nor have been an auditor of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person unless the foregoing relationship has ended not less than two years prior to the date of appointment;
6. Neither be nor have been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, its subsidiaries, affiliates or major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years prior to the date of appointment;
7. Not be a director who has been appointed as representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
8. Not operate the business of the same nature as and in significantly competition with the Company or subsidiaries nor be the partnership or executive, director, employee, staff, salaried consultant or hold share exceeding 1% of the total number of voting rights of the other companies operating the business of the same nature as and in competition with the Company or subsidiaries; and
9. Not have any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

## 4. Audit Committee

Our Audit Committee which was appointed at the Board of Directors' or a shareholders' meeting (as the case may be) comprises solely of independent directors who meet the qualifications set out in regulation of the Securities and Exchange Commission and Stock Exchange of Thailand. The Chairman and members of our Audit Committee hold office for a term of two years.

Our Audit Committee members listed below were re-appointed for another 2 years term at the Board of Directors' meeting with effect from October 19, 2009:

Name	Position
1. Mr. Sompop Amatayakul	Independent Director / Chairman
2. Mr. Smit Tiemprasert	Independent Director / Member
3. Ms. Wattanee Phanachet	Independent Director / Member (with accounting and finance background)

*Mr. Chai Jangsirikul is Audit Committee secretary, Mr. Amporn Chanyangam is Audit Committee Coordinator*

### Audit Committee Responsibilities

The scope of duties and responsibilities of the Audit Committee are as follows:

- to review the Company's financial reporting process to ensure accuracy and adequacy;
- to ensure that the Company has a suitable and efficient internal control system and an internal audit system, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
- to review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Stock Exchange of Thailand and laws relating to the business of the Company;
- to consider, select, nominate and recommend remuneration of the Company's external auditors as well as to attend non-management meeting with an external auditor at least once a year;
- to review a connected transactions or transaction that may lead to conflict of interest so as to ensure that they are in compliance with laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
- to prepare a report on monitoring activities of the Audit Committee and disclose it in the annual report of the Company, and have such report signed by the Chairman of the Audit Committee provided that it shall consist of at least the following information:
  - an opinion on the reliability, completeness and creditability of the Company's financial report,
  - an opinion on the adequacy on the Company's internal control system,
  - an opinion on the Company's compliance with the laws on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business,
  - an opinion on the suitability of the nominated external auditors,
  - an opinion on transactions that may lead to conflicts of interests, if any,
  - the number of audit committee meetings, and the attendance at such meetings by each committee member,
  - an opinion or general comment observed by the audit committee from its performance of duties in accordance with the charger, and
  - other transactions, within the scope of duties and responsibilities assigned by the Board, which, according to the audit committee's opinion, should be disclosed to the shareholders and general investors;
- to perform any other task assigned by the Board with the approval of the Audit Committee;
- to report to the Board for rectification within the period that the Audit Committee thinks fit if the Audit Committee found or suspected that there is a transaction or any of the following acts which may materially or significantly affect the Company's financial condition and operating results;
  - a transaction which cause a conflict of interest;

- (b) any fraud, irregularity, or material defect in an internal control system; or
  - (c) an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business,
9. to review without delay upon receiving a written notification from the external auditor of the discovery of any suspicious circumstance that the director,

manager or any person responsible for the Company commits an offence as prescribed by the relevant Securities and Exchange regulations and to report any finding confirming the suspicion of the external auditor, to the Board and to request the Board to disclose such finding to the Office of the Securities and Exchange Commission and/or the external auditor or to the Office of the Securities and Exchange Commission and/or the external auditor as required by the Securities and Exchange Act within thirty days.

## 5. Performance Evaluation Committee

Our Performance Evaluation Committee was appointed at the Board of Directors' meeting. The Chairman and members of our Performance Evaluation Committee will hold office for a term of two years subject to them retaining their position as directors of the Company. Our Performance Evaluation Committee members listed below were re-appointed for another 2 years term at the Board of Directors' meeting with effect from November 29, 2009:

Name	Position
1. Mr. Smit Tiemprasert	Independent Director / Chairman
2. Mr. Wattana Chantarasorn	Director / Member
3. Mr. Mongkolnimit Auacherdkul	Director / Member

### Performance Evaluation Committee Responsibilities

The scope of duties and responsibilities of the Performance Evaluation Committee is to develop Key Performance Indicators (KPI) for performance evaluation of our Managing

Director, to review our Managing Director's performance based on such KPI's with the Board, and to provide feedback to the Managing Director's home affiliate regarding such performance during the regular performance appraisal cycle of the Managing Director.

## 6. Executive Officers

Our executive officers as of December 31, 2009 were:

Name	Position
1. Mr. Robert Michael Cooper (1)	Chairman and Managing Director
2. Mr. Mark Eil Northcutt	Director and Refinery Manager
3. Mr. Mongkolnimit Auacherdkul	Director and Public and Government Affairs Manager
4. Mr. Kwok Yew Meng	Director and Retail Manager
5. Mr. Adisak Jangkamolkulchai	Director and Refinery Process Manager
6. Mr. Somjate Saifon	Director and Chemicals Manager
7. Mr. Channarong Janjitmun	Industrial and Wholesale Manager
8. Mr. Chai Jangsirikul	Controller
9. Ms. Ratriyani Pasiphol	Treasurer / Tax Manager
10. Mr. Zarko Pavlovic (2)	Lubricants Manager
11. Ms. Phantipa Rasananda	Investor Relations Manager

(1) Mr. Robert Michael Cooper was appointed to replace Mr. Daniel E. Lyons with effect from September 1, 2009

(2) Mr. Zarko Pavlovic replaced by Ms. Jo-Anne Eu Chu Chuin effective on January 1, 2010

## Managing Director's Responsibilities

Managing Director has full power to manage the affairs of the Company in accordance with its policies, objectives, Articles of Association, Board and Shareholders' resolutions, and applicable laws provided that the Managing Director may not exercise such powers if he/she may have a conflict of interest in any manner with the Company, in exercising such powers.

If the Managing Director delegates powers to a person, such person shall have the authority to exercise such powers on the Managing Director's behalf, provided that such person may not exercise such powers if he/she may have a conflict of interest in any manner with the Company, in exercising such powers.

## 7. Nomination of Directors and Executives

In the event a director vacancy arises or in the event of an additional director is to be appointed, the remaining directors will discuss to nominate a qualified director with relevant knowledge, experience and skill to fill the vacancy. An appointed director or executive must have all the qualifications set out in Section 68 of the Public Limited Companies Act B.E. 2535 (and as amended) and the Securities and Exchange Commission Procedure no. Tor Jor 24/2552, "The Qualification of Director and Executive of Listed Company" (and as amended). For directors retiring by normal rotation or for election of new directors, after the Board has approved the list of director nominees, the Board will propose the list of nominees at a general meeting of shareholders in accordance with the voting procedure described under item 3 (Board of Directors).

## 8. Remuneration of Directors and Executives

### Directors Remuneration

The remuneration of directors who are not receiving separate compensation from the Company, or its affiliates for any type of full-time service is comparable to those paid by other companies, and is as follows:

1. Directors who also are members of the Audit Committee will receive a monthly remuneration of 166,667 Baht.
2. Directors who are not member of the Audit Committee will receive a monthly remuneration of 133,334 Baht.
3. Notwithstanding item (1) and (2), directors who receive separate compensation from the Company or its affiliates for any type of full-time service rendered are not eligible for remuneration as directors.

The following remuneration was paid to directors in 2009:

Name	Fiscal year ended December 31, 2009 (Baht)
1. Mr. Robert Michael Cooper (1)	-
2. Ms. Porntida Boonsa (1)	-
3. Mr. Mark Ell Northcutt (1)	-
4. Mr. Mongkolnimit Auacherdkul (1)	-
5. Mr. Kwok Yew Meng (1)	-
6. Mr. Adisak Jangkamolkulchai (1)	-
7. Mr. Somjate Saifon (1)	-
8. Mr. Kurujit Nakornthap	1,600,008
9. Mr. Wattana Chantarasorn	1,466,674
10. Mr. Sompop Amatayakul	2,000,004
11. Mr. Smit Tiemprasert	2,000,004
12. Ms. Wattanee Phanachet	2,000,004
<b>Directors resigning during 2009</b>	
1. Mr. Daniel E. Lyons (1)	-
<b>Total</b>	<b>9,066,694</b>

(1) Not eligible for director remuneration as they receive separate compensation from the Company or its affiliates for full-time services rendered.

## Executives Remuneration

For the fiscal year ended December 31, 2009, the total executive remuneration for 13 executives (including the 2 executives resigned in 2009), which includes salaries,

wages, benefits, and pension benefits, to the extent borne by the Company, was Baht 161.7 Million.

## 9. Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2009 is as follows:

Name	Company	Subsidiaries/Associated Company					
		1	2	3	4	5	6
1. Mr. Robert Michael Cooper *	x, /, //	x, /					
2. Ms. Porntida Boonsa *	/						
3. Mr. Mark Ell Northcutt *	/, //						
4. Mr. Mongkolnimit Auacherdkul *	/, //						
5. Mr. Kwok Yew Meng *	/, //		x, /	x, /	x, /		
6. Mr. Adisak Jangkamolkulchai *	/, //						
7. Mr. Somjate Saifon *	/, //						
8. Mr. Kurujit Nakornthap	/						
9. Mr. Wattana Chantarasorn	/						
10. Mr. Sompop Amatayakul	/						
11. Mr. Smit Tiemprasert	/						
12. Ms. Wattanee Phanachet	/						
13. Mr. Channarong Janjitmun	//						
14. Mr. Chai Jangsirikul	//						
15. Ms. Ratrimani Pasiphol	//						
16. Mr. Zarko Pavlovic	//						
17. Ms. Phantipa Rasananda	//						

x = Chairman    / = Director    // = Executive Officer    \* = Authorized Director

1. Mobil Enterprises (Thailand) Limited
2. Industry Promotion Enterprises Limited
3. United Industry Development Company Limited
4. Pacesetter Enterprise Limited
5. Thai C-Center Company Limited
6. Thai Petroleum Pipeline Company Limited

## 10. Shareholding of Directors and Executives\*

Shareholding of directors and executives as of December 31, 2009 is as follows:

Unit : % shares

Name	Company	Subsidiaries/Affiliates				
		1	2	3	4	5
1. Mr. Robert Michael Cooper	-	-	-	-	-	-
2. Ms. Porntida Boonsa	-	0.003	-	-	-	-
3. Mr. Mark Ell Northcutt	-	-	-	-	-	-
4. Mr. Mongkolnimit Auacherdkul	-	-	-	-	-	-
5. Mr. Kwok Yew Meng	-	-	-	-	-	-
6. Mr. Adisak Jangkamolkulchai	-	-	-	-	-	-
7. Mr. Somjate Saifon	-	-	-	-	-	-
8. Mr. Kurujit Nakornthap	-	-	-	-	-	-
9. Mr. Wattana Chantarasorn	-	-	-	-	-	-
10. Mr. Sompop Amatayakul	0.0001	-	-	-	-	-
11. Mr. Smit Tiemprasert	-	-	-	-	-	-
12. Ms. Wattanee Phanachet	-	-	-	-	-	-
13. Mr. Channarong Janjitmun	-	-	7.00	-	-	-
14. Mr. Chai Jangsirikul	-	-	-	-	-	-
15. Ms. Ratrimani Pasiphol	0.0003	0.003	-	-	-	-
16. Mr. Zarko Pavlovic	-	-	-	-	-	-
17. Ms. Phantipa Rasananda	-	-	-	-	-	-

\* Including shareholding of spouse and minor child.

Remark : Some of the employee directors and executives are on loan assignments from Exxon Mobil Corporation or its affiliates. Pursuant to the programs of such companies, these directors and executives may own shares of Exxon Mobil Corporation stock through employee savings or other plans sponsored by such companies.

1. Mobil Enterprises (Thailand) Limited
2. Industry Promotion Enterprises Limited
3. United Industry Development Company Limited
4. Pacesetter Enterprise Limited
5. Thai C-Center Company Limited



# corporate governance

The Company believes that the methods we employ to achieve our results are as important as the results themselves. Our directors, officers, and employees are expected to observe the highest standards of integrity in the conduct of the Company's business and must comply with our Standards of Business Conduct. In addition, our corporate governance practices reflect the principles prescribed by the Stock Exchange of Thailand.

## 1. Standards of Business Conduct

The Company has long established "Standards of Business Conduct" consisting of various policies and guidelines that apply to our officers and employees. Officers and employees are expected to review these policies annually, and to provide written confirmation of compliance. Formal "Business Practice Review" training sessions are conducted periodically for all employees to bring about a greater understanding of these standards. In addition, separate periodic training sessions are held on specific policies.

Our Standards of Business Conduct contain 16 foundation policies as follows:

1. Ethics Policy
2. Conflicts of Interest Policy
3. Corporate Assets Policy
4. Directorship Policy
5. Gifts and Entertainment Policy
6. Political Activities Policy
7. International Operations Policy
8. Antitrust Policy
9. Health Policy
10. Environment Policy
11. Safety Policy
12. Product Safety Policy
13. Customer Relations and Product Quality Policy
14. Alcohol and Drug Use Policy
15. Equal Employment Opportunity Policy
16. Harassment in the Workplaces Policy



## 2. Corporate Governance Practices

The Company generally observes the principles of good corporate governance encouraged by the Stock Exchange of Thailand as follows:

### 2.1 Rights of Shareholders

The Company recognizes the rights of shareholders, including the right to freely buy, sell or transfer shares, to participate in, express opinions, raise questions, propose agenda items for the annual general meeting, nominate directors, and vote at general meetings of shareholders regarding the Company's performance review, election or removal of directors, directors' remuneration, appointment of external auditors, auditor's fee, declaration of final dividends, amendments to the Memorandum and Articles of Association, capital increases or decreases and the approval of extraordinary transactions requiring shareholder approval. General meetings of shareholders will be attended by relevant knowledgeable executives to answer questions.

Shareholders will be provided adequate information, including relevant opinions of the directors, regarding issues presented for voting at general meetings of shareholders in a timely manner to enable shareholders to exercise their voting rights effectively.

### 2.2 Equitable Treatment of Shareholders

It is the Company's policy that directors, officers, and employees are expected to avoid any actual or apparent conflict between their own personal interests and the interests of the Company. Our directors, officers, and employees are expected to avoid securities transactions based on material, nonpublic information learned through their positions with the Company. In relation to misuse of insider information, the Company has undertaken the following:

- Educate the Company's executives regarding their responsibilities to report holdings of the Company's shares, and the penalties for non-disclosure under the Securities and Exchange Act B.E. 2535 and SET regulations;
- Advise the Company's executives to report changes in such holdings of the Company's shares to the SEC in accordance with the Securities and Exchange Act B.E. 2535;
- Counsel the Company's executives on the sensitivities associated with the use of Company's information which has a bearing on the Company's share price. One month prior to release of the Company's financial statements, the Company advises relevant employees not to disclose any material information prior to disclosure to the SET and the board of directors;
- The Company's directors, executives, employees, officers, including their respective spouses and dependents, are prohibited from using the Company's information to sell, buy, transfer or receive any transfer of the Company's shares before such information is disclosed to the public. Any such use may violate applicable laws and subject the offending employee to disciplinary action by the Company.

### 2.3 Role of Stakeholders

The Company realizes the importance of the legal rights of various groups of stakeholders. We strive to provide communication channels for stakeholders to communicate their concerns in regard to irregularities, incorrect financial reporting, insufficient internal controls or unethical practices.

We recognize the importance of the communities and environment in which we operate. We have a policy to comply with all applicable laws, rules, and regulations, and respect local and national cultures. Above all other objectives, we are dedicated to running safe and environmentally responsible operations.

### 2.4 Disclosure and Transparency

The Company expects compliance with its standards of integrity throughout the organization and will not tolerate employees who achieve results by violating the laws or the Company's policies. All transactions will be accurately reflected in its books and records. The falsification of books and records and the creation or maintenance of any off-the-record bank accounts are strictly prohibited.

It is the Company's policy to make full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with the authorities, and in other public communications. Relevant information will be disclosed to shareholders in accordance with applicable laws. In 2009, the Company disclosed 9 essential matters as required by relevant rules and regulations through the Stock Exchange of Thailand's channel in a timely manner. Financial reports and relevant information are also posted on the company's website ([www.esso.co.th](http://www.esso.co.th)).

Moreover, the Company has set up an Investor Relations function as a focal point to conduct investor relations activities and to ensure effective communication with investors and securities analysts. Various communication channels are available via the Company website, quarterly analyst meetings, company visits, e-mails, and telephone calls. Direct IR phone line (02 262-4788) and e-mail ([essolR@exxonmobil.com](mailto:essolR@exxonmobil.com)) were provided for contact convenience.

## 2.5 Board Responsibilities

### Board Structure and Responsibilities

See Board of Directors structure and its responsibilities, and list of the directors serving the Board in 2009 in chapter Shareholding and Management Structure under item 3 (Board of Directors).

### Board Meetings

Under our Articles of Association, the Board normally meets once every three months. However, additional meetings may be scheduled as required.

The minutes of key items are documented and presented for approval at subsequent Board meetings, and retained for inspection by relevant persons.

Independent directors may meet as necessary among themselves without the management team to discuss their concerns about management issues. The outcome is to be relayed to the Board.

In 2009, the Board met 5 times with details of attendance as follows:

Name	Board Meeting Attendance (time)
1. Mr. Robert Michael Cooper (1)	1/1
2. Ms. Porntida Boonsa	5/5
3. Mr. Mark Eil Northcutt	4/5
4. Mr. Mongkolnimit Auacherdkul	4/5
5. Mr. Kwok Yew Meng	5/5
6. Mr. Adisak Jangkamolkulchai	4/5
7. Mr. Somjate Saifon	5/5
8. Mr. Kurujit Nakornthap	5/5
9. Mr. Wattana Chantarasorn	5/5
10. Mr. Sompop Amatayakul	4/5
11. Mr. Smit Tiemprasert	5/5
12. Ms. Wattanee Phanachet	5/5
<b>Directors resigning during 2009</b>	
1. Mr. Daniel E. Lyons (1)	4/4

(1) Mr. Robert Michael Cooper was appointed director to replace Mr. Daniel E. Lyons with effect from September 1, 2009.

### Audit Committee

See the Audit Committee charter and its responsibilities, and list of members in the chapter Shareholding and Management Structure under item 4 (Audit Committee).

In 2009, the Audit Committee met 5 times with details of attendance as follows:

Name	Audit Committee Attendance (time)
1. Mr. Sompop Amatayakul	5/5
2. Mr. Smit Tiemprasert	5/5
3. Ms. Wattanee Phanachet	5/5

In addition, the Audit Committee held 2 separate meetings to discuss singly with internal legal counselors and external auditors.

### Performance Evaluation Committee

See the Performance Evaluation Committee charter and its responsibilities, and list of members in chapter Shareholding and Management Structure under item 5 (Performance Evaluation Committee).

The Performance Evaluation Committee will assess our Managing Director's performance for 2009 based on Key Performance Indicators established and will review the assessment with the Board, and provide feedback to our Managing Director.

### Director Remuneration

Details of remuneration paid to directors is disclosed in chapter Shareholding and Management Structure under item 8 (Remuneration of Directors and Executives).

### Executive Remuneration

Total remuneration paid to executives is disclosed in chapter Shareholding and Management Structure under item 8 (Remuneration of Directors and Executives).

### Director Development

It is expected that directors will remain well informed regarding current aspects of the Company's operations, and developments, and best practices in corporate governance. In that regard, the Board considers it desirable that directors participate in continuing education opportunities in relevant available training programs inside and outside the Company, such as the programs offered by the Thai Institute of Directors Association (IOD).



Directors who have completed training courses by the IOD can be summarized as follows:

Name	Course	Date of Attendance
1. Mr. Robert Michael Cooper	-	*
2. Ms. Porntida Boonsa	DAP	26 Sep 2008
3. Mr. Mark Ell Northcutt	-	-**/*
4. Mr. Mongkolnimit Auacherdkul	DAP	26 Sep 2008
5. Mr. Kwok Yew Meng	-	-**/*
6. Mr. Adisak Jangkamolkulchai	DAP	7 Nov 2008
7. Mr. Somjate Saifon	DAP	26 Sep 2008
8. Mr. Kurujit Nakornthap	DAP	20 Jul 2007
9. Mr. Wattana Chantarasorn	DAP	27 Mar 2009
10. Mr. Sompop Amatayakul	DAP	26 Sep 2008
11. Mr. Smit Tiemprasert	DCP	Jan - Mar 2006
	FN	2005
12. Ms. Wattanee Phanachet	DCP	12 Mar - 16 Aug 2002
	DCP Refresher	25 Feb 2007
	ACP	14 - 15 Feb 2007

\* Planning to enroll in DAP English class in 2010

\*\* DAP English class previously enrolled was cancelled.

DAP = Director Accreditation Program

DCP = Director Certification Program

ACP = Audit Committee Program

FN = Finance for Non-Finance Director



# internal controls

The Audit Committee independently assesses and evaluates the effectiveness of the Company internal control systems to ensure that they are in compliance with good corporate governance. The Audit Committee has performed an assessment of the effectiveness of our system of internal controls including a review of all internal audit findings and recommendations. Based on the Audit Committee's assessment, the Board has concluded that our internal control systems are suitable and adequate, and are functioning consistent with the good corporate governance aspects described below.

## Organization and Control Environment

The Company believes the existing organization structure is appropriate and effective in operating the Company's business. It is the Company's policy that directors, officers, and employees are expected to observe the highest code of ethics and avoid any actual or apparent conflict between their own personal interests and the interests of the Company. They are also expected to deal fairly with each other and with the company's supplies, customers, competitors, and other third parties.

## Information and Communication

Meeting agendas and supporting information are provided to board members in a timely fashion to ensure that material information are available to the people responsible for making relevant decisions. Minutes of the Board's meetings including relevant comments of board members are properly documented for potential subsequent review. All accounting and supporting documents are effectively retained under the Company's Information Management System (IMS).

## Risk Management

The Company applies risk assessment and management practices in all aspects of our business. The Company has processes in place in analyzing and assessing the significance of potential risk and in determining mitigation measures to reduce risk to the extent feasible. The risk management plans - embedded as an integral part of the business processes, are developed, with consideration of internal and external risk factors, and including follow-up processes to ensure effective implementation.

## Monitoring and Evaluation

Control training is identified and provided to all employees consistent with job requirements. Internal audit staff independently assesses compliance with policies and procedures, and evaluates the effectiveness of all control systems relating to the business. Control weaknesses, irregularities, and business practice issues are promptly addressed and reported to management and reviewed by the Audit Committee. Corrective actions, in accordance with internal audit findings and recommendations, are monitored by the management of each business unit until the issues are resolved. The Audit Committee periodically review and assess the effectiveness of the management follow up process.

## Management Control

The Company has adopted a Delegation of Authority Guide which summarizes the responsibilities and authorities which form the overall framework for ensuring that business arrangements and transactions are endorsed and reviewed at an appropriate level. By delegating authority, management ensures that decisions will be made by individuals with the required skills and knowledge. A basic premise is that a delegated authority bears with it the obligation to exercise good business judgment and due diligence as well as effective segregation of duties.

## Internal Control System

The Company realizes the importance of an effective internal control system at all levels. In this regard, extensive internal controls and procedures, including those set out in our System of Management Control (SMC) - Basic Standards and Controls Integrity Management System (CIMS) are fully established.

The internal control system, including compliance with policies and procedures, and the effectiveness of all financial, operation and related controls, are formally assessed by independent internal audit staff and external auditors in each audit cycle.

### System of Management Control (SMC)

Our System of Management Control (SMC) sets forth the Company's basic principles, concepts and standards for an effective system of management control. We have evolved a system of management controls to ensure effective, efficient and proper utilization of its resources in pursuit of the Company's objectives, with due regard for the respective interests of its stakeholders and the public. The basic purpose of such controls is to see that business is conducted properly in accordance with management's general and specific directives.

The SMC is based on 7 basic principles which are : Decentralization of Management, Segregation of Duties and Responsibilities, Documentation, Supervision and Review, Timeliness, Relevance to Risk, and Minimum Inter-dependence of Controls. Management at all levels is required to establish systems and procedures that meet or exceed these control principles.

### Controls Integrity Management System (CIMS)

Our Controls Integrity Management System (CIMS) is a formal system of internal methods and analytical tool to assess and mitigate operating, financial, and administrative control risks, and facilitate the timely reporting to management of control weaknesses and business practice issues. CIMS is based on the principles and standards of SMC and provides key attributes of an effective control system for ensuring that the Company's policies and in-line controls are implemented and effectively sustained over time.

CIMS is comprised of seven elements: "Management, Leadership, Commitment & Accountability", "Risk Assessment", "Business Procedure Management & Improvement", "Personnel & Training", "Management of Change", "Reporting & Resolution of Control Weakness", and "Controls Integrity Assessment". Each element has five components: Objective, Standards, Procedures, Expected Results, and Verification & Feedback Mechanism.

## Auditing and Compliance

### Internal Control Audit

The internal audit staff independently assesses compliance with policies and procedures, and evaluates the effectiveness of all control system related to the business. Management of each business segment is obligated to consider all internal audit findings and recommendations, and take appropriate actions. Generally, each segment of the business receives an internal audit about every three years.

In addition, business segments appoint their Control Advisors to provide guidance on controls and to periodically facilitate their Unit Internal Assessments (UIA) based on CIMS and audit standards.

The results of internal audits are reviewed by the Audit Committee.

### Independent External Audit

Independent external auditors audit the Company's financial statements in accordance with generally accepted auditing standards in Thailand to ensure that the financial statements are free of material misstatement and in conformity with generally accepted accounting principles.

### Auditor's Remuneration

The audit fees paid to the office of external auditor, PricewaterhouseCoopers ABAS Limited, for the 2009 accounting period was Baht 4,300,000.



# related party transactions

In order to leverage on the global expertise of ExxonMobil, the Company has executed numerous agreements with ExxonMobil and its affiliates. These agreements are beneficial to the Company and are essential to the way the Company operates its business to the high standards of ExxonMobil. These agreements have terms and conditions that are on the same basis as those applied generally to all ExxonMobil affiliates worldwide. We believe these agreements are arm's length and have terms, conditions that are fair and reasonable. All of these related party agreements have been reviewed by the Audit Committee.

## Necessity and Reasonableness of related party transactions

All related party transactions undertaken in the past year pursuant to these agreements are for maximum benefit of the Company, and have been subject to review by the Company's external auditors as part of their audit of the Company's annual financial statements, and have been reviewed by the Audit Committee. The Audit Committee has considered and provided an opinion that such transactions were entered into in normal course of business and are arm's length, and have been properly disclosed.

## Approval of related party transactions

All our existing related party agreements are in the normal course of our business. The approval processes for related party agreements are consistent with those prescribed by the relevant rules and regulations of the Stock Exchange of Thailand. Where there is a likelihood of a conflict of interest arising from the Company's entry into a related party agreement with a person who is a shareholder, director or executive of the Company, the said shareholder, director or executive will not participate in the approval process for such agreement.



On August 28, 2008, the Board of Directors approved the Company and its subsidiaries to enter into certain transactions with its directors, executives and/or related persons (as defined in the Securities and Exchange Act) where, in principle, such transactions have the same terms as those which may ordinarily be entered into by ordinary persons with unrelated counterparties under similar circumstances, based on commercial negotiations, and without preference resulting from the status of being a director, executive or related person, as the case may be, or where the transactions reflect fair prices or are on a cost or cost plus basis pursuant to agreements between the Company and its affiliates, or where the charges under the transactions are consistent with those charged by or other affiliates around the world for similar services or goods, or where the interest expenses in connection with financing transactions with the Company's affiliates are generally based on fair and market rates.

## Related party transactions in the future

We will ensure that any new related party agreements in the future will comply with the Board resolution of August 28, 2008 described above, as well as applicable laws and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Subject to the above, where the Company proposes executing a related party agreement, the Audit Committee shall review and render an opinion on such agreement. The Audit committee's opinion will be communicated to the Board of directors or shareholders, as the case may be, to ensure the proposed agreement is in the best interest of the Company.

## Detail of Related party transactions

We list below the main agreements, with related parties.

Agreements	Parties/Relationship with the Company	Main Purposes	2009 Transaction Value (Million Baht)		
			Sales	Purchase	Service Income / Service Expenses
<b>Goods and Services</b>					
Crude oil, LPG, Products and Feedstock, and Lube Basestock Supply Agreement	ExxonMobil Asia Pacific Pte.Ltd. (" <b>EMAPPL</b> ") EMAPPL is an affiliate of Exxon Mobil Corporation (EMC), which EMC indirectly holds 100% of shares in EMAPPL	EMAPPL sells or procures for sell to Esso Asia-Pacific crude oil. In addition to such crude oil, EMAPPL agrees to sell or procure for sell LPG, products and feedstock, and lube basestock. EMAPPL purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.	67,359		
Paraxylene and Benzene concentrate Supply and Offtake Agreement	<b>EMAPPL</b>	Esso sells EMAPPL paraxylene and benzene concentrate.	15,874		
Sale Agreement (ISOM BZ) (spot basis)	ExxonMobil Chemical Asia Pacific (" <b>EMCAP</b> "), a division of EMAPPL EMCAP is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCAP	Esso sells Isom Benzene to EMCAP			
Crude oil, Products and Feedstocks Supply Agreement	ExxonMobil Sales and Supply (" <b>EMS&amp;S</b> ") EMS&S is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMS&S	EMS&S sells or procures to sell non Asia-Pacific crude oil. In addition to such crude oil, EMS&S agrees to sell or procure for sell products and feedstock to Esso. EMS&S purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.	38,839		
"Bangkok Business Support Center" Master Service Agreement	ExxonMobil Limited (" <b>EML</b> ") EML is an affiliate of EMC and a subsidiary of ExxonMobil International Holdings Inc.	EML provides various services including certain management consulting, functional advice, administrative, technical, professional and other supporting services relating to Esso's business and operations such as tax, finance, public affairs, etc.			1,324
Downstream Regional Headquarters/Affiliate Master Service Agreement	<b>EMAPPL</b>	EMAPPL provides /receives services to/from Esso covering a wide range of management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's downstream business such as fuels marketing, refining and supply, etc			
Chemical Regional Headquarters/Affiliate Service Agreement	<b>EMAPPL</b>	EMAPPL provides/receives services to/from Esso covering certain management consulting, functional advice, administrative, technical, professional, and other supporting services in connection with chemicals business such as accounting, legal, tax, human resources, office space, and clerical activities, computer network services and procurement services.		6	577



Agreements	Parties/Relationship with the Company	Main Purposes	2009 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
Master Service Agreement	ExxonMobil Global Services Company (" <b>EMGSC</b> ") EMGSC is an affiliate of EMC, which EMC directly holds 100% of shares in EMGSC	EMGSC provides Esso with advice and assistance relating to (i) information technology services (ii) procurement services (iii) real estate services and facilities services.				48
Sale Agreement	<b>EMCAP</b>	EMCAP sells or causes to be sold to Esso chemical products in such a volume as Esso nominates from time to time.		2,091		75
EssoAir Service Agreement	ExxonMobil Aviation International Ltd. (" <b>EMA</b> ") EMA is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMA	EMA provides Esso a wide range of marketing and technical assistance appropriate to Esso's aviation fuel business including solicitation of aviation sales and general advisory services and consultancy.				76
Inter Affiliate Marine Transportation Services Agreement	Standard Tankers Bahamas Ltd (" <b>STB</b> ") STB is an affiliate of EMC, which EMC indirectly holds 100% of shares in STB	STB provides services related to (i) vessel pool activities and transportation for purchasers' cargoes of crude oil, petroleum products, and chemicals (ii) chartering and transportation support services (iii) marine vetting services (iv) other supporting services related to the pool vessels as well as other marine transportation activities.		2,056		2
Standard Research Agreement	ExxonMobil Research and Engineering Company (" <b>EMRE</b> ") EMRE is an affiliate of EMC, which EMC directly holds 100% of shares in EMRE	Agreement is made for the purpose of (i) creation, acquisition and management of a body of technical information, technical services, and patent and copyright protection for the benefit of petroleum and chemical operations (ii) access to technical information and the use of patent and copyright protection (iii) engineering assistance and special research (iv) administer intellectual property and technical information acquired or made for the benefit of Esso.				791 <sup>(1)</sup>
Insurance Policy	Ancon Insurance Company, Inc (" <b>ANCON</b> ") ANCON is an affiliate of EMC, which EMC indirectly holds 100% of shares in ANCON	ANCON, as the insurer, issues coverage under onshore property policy, third party liability policy, and marine cargo policy, including package products delivered via plane, marine and/or land transportation.				177

Agreements	Parties/Relationship with the Company	Main Purposes	2009 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
Catalyst Lease Agreement	ExxonMobil Catalyst Technologies LLC (" <b>EMCT</b> ") EMCT is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCT <b>EMC</b> EMC is the ultimate parent company of various affiliates and subsidiaries <b>EMC</b>	EMCT, as a lessor, commits to supply and lease catalysts to Esso.				36
Petroleum Retail Products Trademark License Agreement	<b>EMC</b> EMC is the ultimate parent company of various affiliates and subsidiaries <b>EMC</b>	EMC authorizes Esso to use Esso, Exxon, Esso Oval and Exxon Emblem trademarks in Thailand in association with the retail products.				
Trademark Cost Sharing Agreement	<b>EMC</b>	Esso participates in a trademark cost sharing agreement to maintain, enhance and develop the trademarks other than those under the Petroleum Retail Products Trademark License Agreement.				4
Clearing House Service Agreement	<b>EMC</b>	EMC to provide the service of operating the Trade Central Clearing House Sub-Account and other Central Clearing House Sub-Account for the purpose of facilitating efficient settlement and processing of transactions.				
Service Agreement	ExxonMobil Hong Kong Limited (" <b>EMHKL</b> ") EMHKL is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMHKL	EMHKL provides / receives services to/from Esso covering managerial, professional and administrative, and other operational advice relating to their overall corporate operations to Esso.				24
Service Agreement	ExxonMobil Catalyst Services Inc. (" <b>EMCSI</b> ") EMCSI is an affiliate of EMC, which EMC directly holds 100% of shares in EMCSI	EMCSI provides services including arranging for supply of precious metals; arranging for the fabrication of catalyst, the reclamation of precious metals from spent catalyst, and catalyst operations such as regeneration as well as consulting services relating to catalyst.				(9)

Agreements	Parties/Relationship with the Company	Main Purposes	2009 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
Service Agreement	ExxonMobil Chemical Company ("EMCC")	Esso provides certain services relating to marketing efforts in Thailand to EMCC.			3	
ExxonMobil Marine Fuels Supply and Services Agreement	EMCC is a division of EMC ExxonMobil Marine Limited ("EMML") and EMAPPL EMML is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMML	Esso sells and delivers marine fuels as well as provides related services to EMML and EMAPPL.	1,571			
Others			0	136	4	232
<b>TOTAL (see note to financial statement no.32)</b>			<b>17,445</b>	<b>110,481<sup>(2)</sup></b>	<b>13</b>	<b>3,357</b>
<i>(1) Baht 708 million paid to EMRE is classified as capital expenditures.</i>						
<i>(2) Baht 626 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included.</i>						
Agreements	Parties	Main Purposes	2009 Transaction Value (Million Baht)			
			Loan Balance	Deposit Balance	Interest Expense	Interest Income
<b>Financial Assistance</b> Loan and Current Account Agreement	<b>EML</b>	Esso provides a loan commitment to EML with the maximum principal amount of Baht 3,000 million. In the event that money from EML is deposited in current account, Esso can make use of such fund and is required to pay interest for the deposited amount.	241		7	2
<b>TOTAL (see note to financial statement no.32)</b>			<b>241</b>	<b>0</b>	<b>7</b>	<b>2</b>

# board of directors

**Mr. Adisak  
Jangkamolkulchai**  
Director

**Mr. Kurujit  
Nakornthap**  
Independent  
Director

**Mr. Robert  
Michael Cooper**  
Chairman and  
Managing Director

**Mr. Sompop  
Amatayakul**  
Independent  
Director and  
Chairman of  
Audit Committee

**Mr. Mongkolnimit  
Auacherdkul**  
Director  
and Member of  
Performance  
Evaluation Committee

**Ms. Porntida  
Boonsa**  
Director





**Mr.Somjate  
Saifon**  
Director

**Mr.Mark Eil  
Northcutt**  
Director

**Ms.Wattanee  
Phanachet**  
Independent  
Director  
and Member  
of Audit Committee

**Mr.Smit  
Tiemprasert**  
Independent  
Director, Chairman  
of Performance  
Evaluation  
Committee and  
Member of Audit  
Committee

**Mr.Wattana  
Chantarasorn**  
Director and  
Member of  
Performance  
Evaluation  
Committee

**Mr.Kwok Yew  
Meng**  
Director



## Mr. Robert Michael Cooper

### Chairman and Managing Director

Age :	48
Education :	BA/Business, University of Northumbria, UK
Current Positions :	Chairman and Managing Director, Esso (Thailand) Public Company Limited  Chairman and Managing Director, ExxonMobil Limited  Chairman and Managing Director, Mobil Enterprises (Thailand) Limited
Experience :	2006 - 2009 Manager Investor Relations, Exxon Mobil Corporation, USA  2005 - 2006 Upstream General Auditor, ExxonMobil, USA  2001 - 2005 Manager Financial Reporting and Analysis, ExxonMobil, USA
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Ms. Porntida Boonsa

### Director

Age :	43
Education :	M.BA in Finance and Accounting, Wharton School, University of Pennsylvania, USA
Current Positions :	China Business Services Manager and Controller, ExxonMobil (China) Investment Company Limited  Director of various ExxonMobil Affiliates
Experience :	2006 - 2009 Director and Asia-Pacific Treasurer, ExxonMobil Asia Pacific Pte. Ltd., Singapore  2004 - 2005 Project Executive, Exxon Mobil Corporation, USA  2003 - 2004 Asia-Pacific Logistic Business Development Manager, ExxonMobil Asia Pacific Pte. Ltd., Singapore
Records of violation of law* :	None
Family Relationship with Executives of the Company :	Wife of Mr. Chai Jangsirikul (Controller, Esso (Thailand) Public Company Limited)
Shareholding in the Company (%) :	None

## Mr. Mark Ell Northcutt

### Director

Age :	47
Education :	B.Sc in Chemical Engineering, Texas Tech University, USA
Current Positions :	Refinery Manager, Esso (Thailand) Public Company Limited
Experience :	2006 - 2008 Project & Planning Executive Refining, ExxonMobil Refining & Supply Company, USA  2004 - 2006 Manager Global Manufacturing, ExxonMobil Lubricants & Specialties Company, USA  2001 - 2004 Manager Process, Baton Rouge Refinery, ExxonMobil Refining & Supply Company, USA
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Mongkolnimit Auacherdkul

### Director and Member of Performance Evaluation Committee

Age :	52
Education :	M.Sc in Mechanical Engineering, University of Cincinnati, USA
Current Positions :	Public and Government Affairs Manager, Esso (Thailand) Public Company Limited
Experience :	2006 - 2009 Public Affairs Manager, ExxonMobil Limited  2003 - 2005 Refinery Coordination Manager, Esso (Thailand) Public Company Limited
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Wattana Chantarasorn

### Director and Member of Performance Evaluation Committee

Age :	63
Education :	M.Sc in Chemical Engineering, Illinois Institute of Technology, USA
Current Positions :	-
Experience :	2006 - 2007 Asia-Pacific Refining Business Advisor, ExxonMobil Limited 2004 - 2006 Asia -Pacific Refining Business Advisor, Esso (Thailand) Public Company Limited 1997 - 2004 Refinery Manager, Esso (Thailand) Public Company Limited
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Kurujit Nakornthap

### Independent Director

Age :	54
Education :	Ph.D in Petroleum Engineering, University of Oklahoma, USA
Current Positions :	Director-General, Department of Mineral Fuels, Ministry of Energy
Experience :	2006 - 2008 Deputy Permanent Secretary of the Ministry of Energy 2006 - 2006 Deputy Director General of the Department of Mineral Fuels, Ministry of Energy 2004 - 2006 Director of Bureau of Petroleum Operation and Coordination, Ministry of Energy 2000 - 2004 Chief Executive Officer of the Malaysia-Thai Joint Authority (MTJA), Ministry of Industry
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Kwok Yew Meng

### Director

Age :	40
Education :	B.Social Sc in Economics, National University of Singapore, Singapore
Current Positions :	Retail Manager, Esso (Thailand) Public Company Limited Chairman and Managing Director, Industry Promotion Enterprises Limited Chairman and Managing Director, United Industry Development Company Limited Chairman and Managing Director, Pacesetter Enterprise Limited
Experience :	2007 - 2008 Planning Manager, Sinopec SenMei (Fujian) Petroleum Company Limited, China 2004 - 2007 Manager AP Retail Pricing, ExxonMobil Oil Singapore Pte. Ltd, Singapore 2001 - 2004 Strategy Analyst, Exxon Mobil Corporation, USA
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Adisak Jangkamolkulchai

### Director

Age :	46
Education :	Ph.D in Chemical Engineering, University of Tulsa, USA
Current Positions :	Refinery Process Manager, Esso (Thailand) Public Company Limited
Experience :	2005 - 2006 Process Department Manager, Baytown Refinery, ExxonMobil Refining & Supply Company, USA 2003 - 2005 Technical Department Manager, Baytown Refinery, ExxonMobil Refining & Supply Company, USA 2001 - 2003 Asia-Pacific Refining Optimization Advisor, ExxonMobil Refining & Supply Company, USA
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Smit Tiemprasert

Independent Director, Chairman of Performance Evaluation Committee and Member of Audit Committee

Age :	70
Education :	M.Sc in Industrial Engineering and Management, Oklahoma State University, USA
Current Positions :	-
Experience :	2005 - 2007 Advisor, Betagro Agro Group PLC 2001 - 2003 Chief Operating Officer, Thai Petrochemical Industries PLC
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Ms. Wattanee Phanachet

Independent Director and Member of Audit Committee

Age :	72
Education :	M.A. (Accounting), University of Alabama, USA Certified Public Accountant
Current Positions :	Group Business Committee Member, Electricity Generating PLC Independent Director and Audit Committee Member, Capital Nomura Securities PLC Independent Director and Audit Committee Member, Thai Poly Acrylic PLC
Experience :	2007 – 2009 Independent Director and Audit Committee Member, Electricity Generating PLC 2003 - 2006 Member of the Committee on Curriculum Quality Guarantee of the Faculty of Commerce and Accountancy, Chulalongkorn University 1999 - 2005 Independent Director and Audit Committee Member, Delta Electronics Thailand PLC
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Somjate Saifon

Director

Age :	52
Education :	M.Eng, Asian Institute of Technology, Thailand
Current Positions :	Chemicals Manager, Esso (Thailand) Public Company Limited
Experience :	2005 - 2007 Director and Fluid Sales Manager, ExxonMobil Chemical (Thailand) Limited 2002 - 2005 Chemical Manager of Thai Aromatics, Esso (Thailand) Public Company Limited
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Sompop Amatayakul

Independent Director and Chairman of Audit Committee

Age :	69
Education :	Honorary Doctorate in Commerce, Thammasat University, Thailand Honorary Doctorate in Business Administration, National Institute of Development Administration, Thailand International Management Course, Columbia University, USA
Current Positions :	Vice Chairman and Chairman of Audit Committee, Saha Union PLC Director, Civil Service Commission Director, The Public Sector Development Commission Director and Audit Committee of 3 public companies Chairman, Institute of Management Education of Thailand (IMET) Vice President of the Thai Chamber of Commerce
Experience :	Deputy Minister of Industry (before 2003) Chairman of the Board, Bangkok Metropolitan Bank PLC Chairman of the Board, The State Railway of Thailand General Manager, IBM Thailand Co., Ltd.
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	0.0001



# executive officers



- |    |                              |  |
|----|------------------------------|--|
| 01 | Mr. Robert Michael Cooper    | Chairman and Managing Director                     |
| 02 | Mr. Mongkolnimit Auacherdkul | Director and Public and Government Affairs Manager |
| 03 | Mr. Chai Jangsirikul         | Controller   |
| 04 | Mr. Somjate Saifon           | Director and Chemicals Manager                     |
| 05 | Mr. Adisak Jangkamolkulchai  | Director and Refinery Process Manager              |
| 06 | Mr. Mark Ell Northcutt       | Director and Refinery Manager                      |
| 07 | Mr. Zako Pavlovic            | Lubricants Manager                                 |
| 08 | Ms. Ratrimani Pasiphol       | Treasurer / Tax Manager                            |
| 09 | Ms. Phantipa Rasananda       | Investor Relations Manager                         |
| 10 | Mr. Channarong Janjitmun     | Industrial and Wholesale Manager                   |
| 11 | Mr. Kwok Yew Meng            | Director and Retail Manager                        |



## Mr. Channarong Janjitmun

### Industrial and Wholesale Manager

Age :	55
Education :	MBA, Thammasat University, Thailand
Current Positions :	Industrial and Wholesale Manager, Esso (Thailand) Public Company Limited
Experience :	2004 – 2007 Director, Esso (Thailand) Public Company Limited 2000 – 2007 Industrial and Wholesale Manager, Esso (Thailand) Public Company Limited
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Ms. Ratrimani Pasiphol

### Treasurer / Tax Manager

Age :	42
Education :	MBA, University of Washington, USA
Current Positions :	Treasurer / Tax Manager, Esso (Thailand) Public Company Limited Treasurer, ExxonMobil Limited
Experience :	2002 – 2004 Assistant Treasurer, ExxonMobil Limited
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	0.0003

## Mr. Zarko Pavlovic

### Lubricants Manager

Age :	48
Education :	B.Sc in Mechanical Engineering, University of Belgrade, Serbia
Current Positions :	Lubricants Manager, Esso (Thailand) Public Company Limited
Experience :	2005 – 2008 India Cluster Sales Manager, ExxonMobil Lubricants Pvt Ltd., India
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

## Mr. Chai Jangsirikul

### Controller

Age :	52
Education :	MBA, Thammasat University, Thailand
Current Positions :	Controller, Esso (Thailand) Public Company Limited Controller, ExxonMobil Limited
Experience :	2005 – 2007 L&S Controller Manager, Asia-Pacific Region, ExxonMobil Asia Pacific Pte. Ltd., Singapore 2002 – 2005 Financial Accounting and Reporting Process Manager, ExxonMobil Limited
Records of violation of law* :	None
Family Relationship with Executives of the Company :	Husband of Ms. Porntida Boonsa (Director, Esso (Thailand) Public Company Limited)
Shareholding in the Company (%) :	None


## Ms. Phantipa Rasananda

### Investor Relations Manager

Age :	55
Education :	MBA, University of Missouri - Kansas City, USA
Current Positions :	Investor Relations Manager, Esso (Thailand) Public Company Limited Director, ExxonMobil Limited
Experience :	2005 – 2008 Business Support Center Area Manager, Bangkok and Shanghai, ExxonMobil Limited 2003 – 2005 HR BSC Expansion Project Manager, ExxonMobil Limited
Records of violation of law* :	None
Family Relationship with Executives of the Company :	None
Shareholding in the Company (%) :	None

\* This covers any of the following within the past 10 years:

- (1) a conviction under a criminal charge, excluding conviction for traffic offences and minor charges;
- (2) being declared bankrupt or having assets controlled; or
- (3) being dismissed from government service or a state organization or agency for dishonest at work.



# statement of directors' responsibilities for financial reporting

The accompanying consolidated financial statements of Esso (Thailand) Public Company Limited and its subsidiaries and the company financial statements have been prepared in conformity with the requirements of the Public Limited Companies Act B.E. 2535, the Securities and Exchange Act B.E. 2535 and the Accounting Act B.E. 2543.

The Board of Directors is of the opinion that the financial statements have been prepared in a prudent manner and contain accurate and complete material information in respect of the financial condition, results of operations and cash flows of the Company and its subsidiaries. An effective internal control system has been established to safeguard assets and identify weaknesses to prevent fraud, unlawful conduct and irregularities. The appropriate accounting policies were consistently applied in accordance with generally accepted accounting principles and material information was adequately disclosed in the notes to the financial statements.



Mr. Robert Michael Cooper

Chairman and Managing Director

Esso (Thailand) Public Company Limited

- auditor's report
- financial statements
- notes to financial statements



# auditor's report

To the Shareholders of Esso (Thailand) Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2009 and 2008, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of Esso (Thailand) Public Company Limited (the "Company") and its subsidiaries (the "Group"), and of the Company, respectively. The Company's management is responsible for the correctness and completeness of information 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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2009 and 2008, and the consolidated and company results of operations, and cash flows for the years then ended of the Group and of the Company, respectively, in accordance with generally accepted accounting principles.



Prasan Chuaphanich  
Certified Public Accountant (Thailand) No.3051  
PricewaterhouseCoopers ABAS Limited

Bangkok  
26 February 2010

## Esso (Thailand) Public Company Limited

# balance sheets

As at 31 December 2009 and 2008

(All amounts in Baht thousand unless otherwise stated)

Assets	Note	Consolidated		Company	
		2009	2008	2009	2008
<b>Current assets</b>					
Cash and cash equivalents	5	1,167,821	641,866	948,413	481,768
Short-term investments		63,938	66,099	63,938	66,099
Trade receivables, net	6	4,665,199	3,490,572	4,644,346	3,480,480
Trade receivables from a related party	32f	-	-	1,156,949	464,858
Amounts due from related parties	32f	38,006	41,730	76,164	74,220
Short-term loans to related parties	32g	-	194,110	-	282,408
Inventories	7	18,383,631	12,724,110	18,015,969	12,465,681
Tax claim receivable	8	1,044,756	681,803	1,037,391	650,703
Other current assets	9	1,008,343	593,353	1,177,690	752,630
		<b>26,371,694</b>	<b>18,433,643</b>	<b>27,120,860</b>	<b>18,718,847</b>
<b>Non-current assets</b>					
Investments in subsidiaries and an associate	10	454,771	193,224	1,843,949	1,843,949
Available-for-sale financial assets	11	291,600	193,636	291,600	193,636
Long-term loans to related parties	32g	-	-	1,817,620	1,612,415
Deferred income tax assets, net	12	5,364,730	7,120,200	5,179,811	6,913,161
Intangible assets, net	13	472,679	542,155	472,679	542,155
Property, plant and equipment, net	14	27,961,963	27,129,188	23,379,738	22,528,038
Prepaid rental and deferred charges	15	981,355	1,334,543	3,321,093	3,871,476
Other non-current assets		116,011	123,621	96,883	104,525
		<b>35,643,109</b>	<b>36,636,567</b>	<b>36,403,373</b>	<b>37,609,355</b>
<b>Total assets</b>		<b>62,014,803</b>	<b>55,070,210</b>	<b>63,524,233</b>	<b>56,328,202</b>



The notes on pages 67 to 97 are an integral part of these consolidated and company financial statements.

## Esso (Thailand) Public Company Limited

# balance sheets

As at 31 December 2009 and 2008

(All amounts in Baht thousand unless otherwise stated)

Liabilities and shareholders' equity	Note	Consolidated		Company	
		2009	2008	2009	2008
<b>Current liabilities</b>					
Borrowings	16	22,363,173	27,971,499	22,363,173	27,971,499
Trade and other payables	17	3,148,655	2,338,196	3,044,898	2,213,642
Short-term loans from related parties	32h	240,993	-	823,941	915
Amounts due to related parties	32f	5,621,652	3,372,949	5,628,780	3,381,478
		<b>31,374,473</b>	<b>33,682,644</b>	<b>31,860,792</b>	<b>33,567,534</b>
<b>Non-current liabilities</b>					
Long-term loans from related parties	32h	-	-	5,371	5,890
Borrowings	16	5,500,000	-	5,500,000	-
Provision for pensions and employee benefits	18	826,403	736,126	826,403	736,126
Other non-current liabilities		238,999	231,600	238,998	231,599
		<b>6,565,402</b>	<b>967,726</b>	<b>6,570,772</b>	<b>973,615</b>
<b>Total liabilities</b>		<b>37,939,875</b>	<b>34,650,370</b>	<b>38,431,564</b>	<b>34,541,149</b>

The notes on pages 67 to 97 are an integral part of these consolidated and company financial statements.

Esso (Thailand) Public Company Limited

# balance sheets

As at 31 December 2009 and 2008

(All amounts in Baht thousand unless otherwise stated)

Shareholders' equity	Note	Consolidated		Company	
		2009	2008	2009	2008
Share capital					
Authorised share capital	19	17,110,007	17,110,007	17,110,007	17,110,007
Issued and paid-up share capital	19	17,075,181	17,075,181	17,075,181	17,075,181
Share premium	19	4,031,711	4,031,711	4,031,711	4,031,711
Retained earnings/(accumulated losses)					
Appropriated					
Legal reserve	21a	549,010	343,997	549,010	343,997
Unappropriated		2,232,673	(1,146,842)	3,257,847	227,804
Fair value reserve	21b	178,920	108,360	178,920	108,360
		<b>24,067,495</b>	<b>20,412,407</b>	<b>25,092,669</b>	<b>21,787,053</b>
Minority interest		<b>7,433</b>	<b>7,433</b>	-	-
<b>Total shareholders' equity</b>		<b>24,074,928</b>	<b>20,419,840</b>	<b>25,092,669</b>	<b>21,787,053</b>
<b>Total liabilities and shareholders' equity</b>		<b>62,014,803</b>	<b>55,070,210</b>	<b>63,524,233</b>	<b>56,328,202</b>

The notes on pages 67 to 97 are an integral part of these consolidated and company financial statements.



## Esso (Thailand) Public Company Limited

# statements of income

For the years ended 31 December 2009 and 2008

(All amounts in Baht thousand unless otherwise stated)

	Note	Consolidated		Company	
		2009	2008	2009	2008
Sales	22	162,909,983	222,233,538	161,516,001	220,995,766
Cost of sales	23	(151,775,533)	(226,485,371)	(151,061,439)	(225,715,655)
<b>Gross profit/(loss)</b>		<b>11,134,450</b>	<b>(4,251,833)</b>	<b>10,454,562</b>	<b>(4,719,889)</b>
Selling expenses	23	(4,262,569)	(4,302,928)	(3,753,130)	(3,802,297)
Administrative expenses	23	(351,806)	(398,796)	(351,806)	(398,796)
Management benefit expenses	23	(109,788)	(79,701)	(109,788)	(79,701)
<b>Profit/(loss) from sales</b>		<b>6,410,287</b>	<b>(9,033,258)</b>	<b>6,239,838</b>	<b>(9,000,683)</b>
Other income		59,007	87,585	49,452	83,627
<b>Operating profit/(loss)</b>		<b>6,469,294</b>	<b>(8,945,673)</b>	<b>6,289,290</b>	<b>(8,917,056)</b>
Share of profit from an associate	10	261,547	218,061	-	-
Reversal of impairment provision on investment in an associate	10	-	-	-	1,729,360
<b>Profit/(loss) before finance costs and income tax</b>		<b>6,730,841</b>	<b>(8,727,612)</b>	<b>6,289,290</b>	<b>(7,187,696)</b>
Finance costs, net	24	(536,477)	(1,188,868)	(485,909)	(1,173,858)
<b>Profit/(loss) before income tax</b>		<b>6,194,364</b>	<b>(9,916,480)</b>	<b>5,803,381</b>	<b>(8,361,554)</b>
Income tax (expense)/credit	25	(1,743,800)	3,052,728	(1,703,110)	3,042,282
<b>Profit/(loss) for the year</b>		<b>4,450,564</b>	<b>(6,863,752)</b>	<b>4,100,271</b>	<b>(5,319,272)</b>
<b>Attributable to:</b>					
Equity holders of the Company		4,449,743	(6,864,581)	4,100,271	(5,319,272)
Minority interest		821	829	-	-
		<b>4,450,564</b>	<b>(6,863,752)</b>	<b>4,100,271</b>	<b>(5,319,272)</b>
<b>Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company</b> (expressed in Baht per share)					
Basic/diluted	26	1.29	(2.16)	1.18	(1.68)

The notes on pages 67 to 97 are an integral part of these consolidated and company financial statements.

# statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(All amounts in Baht thousand unless otherwise stated)

		Consolidated							
		Retained earnings/ (accumulated losses)							
Note	Issued and paid-up share capital	Share premium	Appropriated - legal reserve	Unappropriated - retained earnings/ (accumulated losses)	Fair value reserve	Total	Minority interests	Total	
	<b>Balance at 1 January 2009</b>	17,075,181	4,031,711	343,997	(1,146,842)	108,360	20,412,407	7,433	20,419,840
	Net profit for the year	-	-	4,449,743	-	-	4,449,743	821	4,450,564
20	Dividends paid	-	-	(865,215)	-	-	(865,215)	(821)	(866,036)
	Fair value gains on available-for-sale financial assets, net of tax	-	-	-	-	70,560	70,560	-	70,560
21a	Allocation of net profit to legal reserve	-	-	205,013	(205,013)	-	-	-	-
	<b>Balance at 31 December 2009</b>	17,075,181	4,031,711	549,010	2,232,673	178,920	24,067,495	7,433	24,074,928
	<b>Balance at 1 January 2008</b>	12,877,218	-	343,997	10,909,026	257,040	24,387,281	7,433	24,394,714
	Net loss for the year	-	-	-	(6,864,581)	-	(6,864,581)	829	(6,863,752)
19	Issuance of new shares	4,197,963	4,031,711	-	-	-	8,229,674	-	8,229,674
20	Dividends paid	-	-	-	(5,191,287)	-	(5,191,287)	(829)	(5,192,116)
	Fair value losses on available-for-sale financial assets, net of tax	-	-	-	-	(148,680)	(148,680)	-	(148,680)
	<b>Balance at 31 December 2008</b>	17,075,181	4,031,711	343,997	(1,146,842)	108,360	20,412,407	7,433	20,419,840

The notes on pages 67 to 97 are an integral part of these consolidated and company financial statements.

Esso (Thailand) Public Company Limited

# statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(All amounts in Baht thousand unless otherwise stated)

Company							
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Fair value reserve	Total
				Appropriated - legal reserve	Unappropriated - retained earnings		
<b>Balance at 1 January 2009</b>		<b>17,075,181</b>	<b>4,031,711</b>	<b>343,997</b>	<b>227,804</b>	<b>108,360</b>	<b>21,787,053</b>
Net profit for the year		-	-	-	4,100,271	-	4,100,271
Dividends paid	20	-	-	-	(865,215)	-	(865,215)
Fair value gains on available-for-sale financial assets, net of tax	21b	-	-	-	-	70,560	70,560
Allocation of net profit to legal reserve	21a	-	-	205,013	(205,013)	-	-
<b>Balance at 31 December 2009</b>		<b>17,075,181</b>	<b>4,031,711</b>	<b>549,010</b>	<b>3,257,847</b>	<b>178,920</b>	<b>25,092,669</b>
<b>Balance at 1 January 2008</b>		<b>12,877,218</b>	-	<b>343,997</b>	<b>10,738,363</b>	<b>257,040</b>	<b>24,216,618</b>
Net loss for the year		-	-	-	(5,319,272)	-	(5,319,272)
Issuance of new shares	19	4,197,963	4,031,711	-	-	-	8,229,674
Dividends paid	20	-	-	-	(5,191,287)	-	(5,191,287)
Fair value losses on available-for-sale financial assets, net of tax	21b	-	-	-	-	(148,680)	(148,680)
<b>Balance at 31 December 2008</b>		<b>17,075,181</b>	<b>4,031,711</b>	<b>343,997</b>	<b>227,804</b>	<b>108,360</b>	<b>21,787,053</b>

The notes on pages 67 to 97 are an integral part of these consolidated and company financial statements.

Esso (Thailand) Public Company Limited

# statements of cash flows

For the years ended 31 December 2009 and 2008

(All amounts in Baht thousand unless otherwise stated)

	Note	Consolidated		Company	
		2009	2008	2009	2008
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	4,520,705	5,342,240	3,933,574	6,383,613
Interest paid		(578,950)	(1,246,309)	(627,615)	(1,344,939)
Income tax paid		(2,459)	(40,233)	-	-
<b>Net cash generated from operating activities</b>		<b>3,939,296</b>	<b>4,055,698</b>	<b>3,305,959</b>	<b>5,038,674</b>
<b>Cash flows from investing activities</b>					
Net proceeds from short-term loans to related parties	32g	194,110	222,449	282,408	134,151
Net additional long-term loans to subsidiaries	32g	-	-	(205,205)	(218,817)
Purchase of property, plant and equipment	14	(2,914,665)	(1,163,925)	(2,914,665)	(1,163,925)
Dividends received		13,680	16,920	17,680	20,920
Interest received		9,461	54,952	114,780	160,697
Proceeds from disposals of property, plant and equipment and intangible assets	27	17,442	37,596	16,722	37,596
<b>Net cash used in investing activities</b>		<b>(2,679,972)</b>	<b>(832,008)</b>	<b>(2,688,280)</b>	<b>(1,029,378)</b>
<b>Cash flows from financing activities</b>					
Net proceeds from/(repayments of) short-term borrowings	16	2,600,009	(6,745,000)	2,600,009	(6,745,000)
Repayments of long-term borrowings	16	(2,750,000)	-	(2,750,000)	-
Net proceeds from/(repayments of) short-term loans from related parties	32h	240,993	-	823,026	(593,721)
Net repayments of long-term loans from related parties	32h	-	-	(519)	(353)
Net proceeds from issuance of ordinary shares of the Company	19	-	8,110,144	-	8,110,144
Dividends paid to equity holders of the Company	20	(865,215)	(5,191,287)	(865,215)	(5,191,287)
Dividends paid to minority interests		(821)	(829)	-	-
<b>Net cash used in financing activities</b>		<b>(775,034)</b>	<b>(3,826,972)</b>	<b>(192,699)</b>	<b>(4,420,217)</b>
<b>Net increase/(decrease) in cash and cash equivalents and bank overdrafts</b>		<b>484,290</b>	<b>(603,282)</b>	<b>424,980</b>	<b>(410,921)</b>
Cash and cash equivalents and bank overdrafts at the beginning of the year	5	635,367	1,238,649	475,269	886,190
<b>Cash and cash equivalents and bank overdrafts at the end of the year</b>	<b>5</b>	<b>1,119,657</b>	<b>635,367</b>	<b>900,249</b>	<b>475,269</b>

The notes on pages 67 to 96 are an integral part of these consolidated and company financial statements.

# notes to the consolidated and company financial statements

For the years ended 31 December 2009 and 2008

(All amounts in Baht thousand unless otherwise stated)

## 1 General information

Esso (Thailand) Public Company Limited ("the Company") is a public limited company incorporated and domiciled in Thailand. The address of its registered office is 3195/17-29 Rama IV Road, Klongton, Klongtoey, Bangkok, 10110.

The Company and its subsidiaries (together "the Group") are involved in the refining and marketing of petroleum products as well as in the operation of retail service stations. The Group operates a refinery and chemicals manufacturing plant in Sriracha, Thailand. The Group also operates distribution facilities and oil terminals throughout Thailand. The Group's products are sold through a network of retail service stations, directly to industrial customers and through export. Additionally, following the acquisition of ExxonMobil Chemical (Thailand) Limited in September 2007, the Group is involved in the sale of chemicals products to both domestic and overseas customers.

The Company is listed on the Stock Exchange of Thailand ("SET"). The details of the initial public offering and commencement of trading on the SET are set out in Note 19.

The Company is a member of the ExxonMobil Group and is ultimately controlled by Exxon Mobil Corporation, a company incorporated in the United States of America.

These consolidated and company financial statements were authorised for issue by the board of directors on 26 February 2010.

## 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles ("Thai GAAP") under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Group has early adopted prior to its effective date, Thai Accounting Standard No. 12 "Accounting for Income Taxes".

The consolidated and company financial statements have been prepared under the historical cost convention, as modified for the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with Thai GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and company financial statements are disclosed in Note 3.

As at 31 December 2009, the current liabilities of the Group and of the Company exceeded the current assets by approximately Baht 5,002,779 thousand and Baht 4,739,932 thousand, respectively. As also discussed in Note 30.3, the Group currently has adequate financing

sources to enable the payment of liabilities as and when they become due as follows: (1) uncommitted borrowing facilities from related companies and third parties in the amount of Baht 65,968,438 thousand to fund the payment of liabilities, and (2) the Group has also received an approval from the Securities and Exchange Commission to offer for sale Baht 8,000,000 thousand of bills of exchange in a revolving program, of which Baht 4,795,009 thousand has been utilized as of 31 December 2009. Accordingly, the consolidated and company financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts or classification of liabilities that may be necessary if the going concern basis of preparing the consolidated and company financial statements is not appropriate.

The comparative figures in the statements of income for cost of sales, selling expenses, administration expenses, management benefit expense, and, finance costs and the comparative figures in Note 32c for expenses paid to other related parties have been reclassified to conform with changes in presentation in the current year. The amounts reclassified are individually and in aggregate insignificant.

An English version of the consolidated and company financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2.2 New accounting standards and amendments to accounting standards

On 26 June 2009, the Federation of Accounting Professions announced the revision of the numbers used in the Thai Accounting Standards to correspond with the numbers used in the International Accounting Standards.

### (a) Amendments to Accounting Standards effective in 2009

The following standards have been revised and are effective for accounting periods beginning on or after 1 January 2009.

#### **Revised Standards**

*TAS 36 (revised 2007)*

*Impairment of Assets*

*TFRS 5 (revised 2007)*

*Non-Current Assets Held for Sale and Discontinued Operations (formerly TAS 54)*

*Accounting Framework (revised 2007) (effective 26 June 2009)*

The above standards and accounting framework do not have a material impact on the financial statements being presented.

### (b) New accounting standards and amendments to accounting standards effective in 2011 and 2012

The following new accounting standards and amendments to accounting standards are effective for accounting periods beginning on or after 1 January 2011 or 1 January 2012 and have not been early adopted by the Company and the Group:

#### **Effective for the period beginning on 1 January 2011**

*TAS 24 (revised 2007)*

*Related Party Disclosure (formerly TAS 47)*

*TAS 40*

*Investment Property*

#### **Effective for the period beginning on 1 January 2012**

*TAS 20*

*Accounting for Government Grants and Disclosure for Government Assistance*

The Company's management has assessed and determined that the revised standard and the new standards will not significantly impact the financial statements being presented.

## 2.3 Consolidation

### (a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are de-consolidated from the date that the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, including those under common control. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statements of income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are reported using the cost method. A list of subsidiaries is included in Note 10.

### (b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the statements of income.

### (c) Associates

Associates are all entities over which the Group has significant influence but not the ability to govern the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated statement of income, and its shares of post-acquisition movements in reserves are recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate, or is committed to providing continued financial support.

In the Company's separate financial statements, the investment in an associate is reported using the cost method. A list of associate is included in Note 10.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

## 2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## 2.5 Investments

### (a) Short-term investments

Short-term investments represent bills of exchange, which are accepted as payment in settlement of customers' accounts, and are carried at face value. The bills of exchange on hand at the balance sheet date are expected to be held to maturity and are classified as such in the financial statements. In cases where the carrying value of the bills is less than their recoverable amount, an impairment loss is charged to the consolidated and company statements of income.

### (b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value based on the quoted bid price on the Stock Exchange of Thailand at the balance sheet date.

Unrealised gains or losses arising from changes in the fair value of investments classified as available-for-sale are recognised, net of tax, in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated and company statements of income as part of other income or costs. Dividends on available-for-sale financial assets are recognised in the consolidated and company statements of income as part of other income when the Group's and Company's right to receive payment is established.

## 2.6 Trade receivables

Trade receivables are carried at original invoice amount and subsequently measured at the invoice amount less allowance for impairment. An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the carrying amount and the amount expected to be collectible. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of income within 'selling expenses'. Subsequent recoveries of accounts previously written-off are credited against 'selling expenses' in the statement of income.

## 2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined under the following methods:

Crude oil and petroleum products	First-in, first-out method
Chemical products	First-in, first-out method
Materials and supplies	Average unit cost method
Other merchandise	Average unit cost method

Purchase cost includes the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods is primarily comprised of raw materials, transportation costs, direct labour, and direct manufacturing expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.



## 2.8 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the statements of income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and company financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an

asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

## 2.9 Intangible assets

### (a) Royalties and licenses

Acquired royalties and licenses are shown at historical cost. Royalties and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of royalties and licenses over their estimated useful lives (5 to 20 years).

### (b) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (5 to 15 years).

## 2.10 Property, plant and equipment

Land is stated at historical cost. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over its estimated useful life, as follows:

- Buildings 20 years
- Plant and equipment 3 to 20 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'selling expenses', 'administrative expenses' and 'other income' in the statements of income.

Net borrowing costs that are directly attributable to finance the construction of projects are capitalised as part of the cost of the project and depreciated over the useful life of the related asset.

## 2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation, or amortisation, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.12 Leases - where the Group is the lessee

The Group leases certain property, plant or equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to the consolidated and company

statements of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the statements of income on a straight-line basis over the period of the lease.

### 2.13 Borrowings

Borrowings are recognised initially at contractual amounts, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds, net of transaction costs, and the redemption value being recognised in the consolidated and company statements of income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### 2.14 Provision for pensions and employee benefits

The Group operates a Provident Fund that is a defined contribution scheme in accordance with the Provident Fund Act B.E. 2530. The Provident Fund is funded by payments from employees and by the Group. Contributions to the Provident Fund are charged to the consolidated and company statements of income in the year to which they relate.

In addition, the Group operates Employee Separation Benefit and Service Allowance Plans. Entitlement to these benefits is based on a minimum service period, final month's salary and the plan provisions.

The Group provides for its contractual liabilities for payments to employees in accordance with the retirement laws and regulations of Thailand. The benefit is provided based on years of service and the estimated remuneration at retirement.

### 2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events such that it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset at the time when reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### 2.17 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using Thai Baht. The company and consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated and company statements of income.

## 2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

### (a) Sales of goods

Sales of goods are recognised at the time when the risks and rewards of ownership have passed to the buyer which is generally at the point of delivery.

### (b) Sales of services

The Group receives rental income and franchise fees from dealers who operate branded retail stations. Revenue is recognised in the period in which the services are provided.

### (c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

### (d) Dividend income

Dividend income is recognised when the right to receive payment is established.

When inventories are exchanged or swapped for inventories which are of a similar nature, and value, the exchange is not considered a transaction which generates revenue.

## 2.19 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the consolidated and company financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.20 Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, short-term investments, trade receivables, trade receivables from a related party, amounts due from related parties, loans to related parties, tax claim receivable, and other assets. Financial liabilities carried on the balance sheet include borrowings, trade and other payables, amounts due to related parties, loans from related parties, and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item where applicable.

## 2.21 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

## 2.22 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continued use.

### 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessarily equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognised to the extent it is probable that it will be utilised. Such an assessment is based upon (1) management's review of forecast financial information for at least five years, and (2) management have assessed it to be probable that the Group will generate taxable income sufficient to fully utilise the tax losses that exist.

#### 3.2 Critical judgments in applying the entity's accounting policies

##### (a) Fair value of investment in an associate

The investment in an associate is reported using the cost method in the company financial statements. A provision for impairment was recognised in previous years as the cost of the investment in an associate exceeded the recoverable amount. Following a combination of capital restructuring of the associate and an improving long-term outlook, management made an assessment as to whether the impairment provision should be reversed. In making this assessment, management produced and reviewed a cashflow projection and financial forecast, and concluded that the entire impairment previously recognized should be reversed. The reversal was made in 2008 (Note 10).

##### (b) Contingent liabilities

The Group has not recorded any provision relating to the litigation disclosed in Note 28 despite unfavourable verdicts in both the Trial Court in 2004, and the Appeal Court in July 2008. The Company continues to deny the alleged wrongdoing and disagrees with the Courts' conclusions. Management have reviewed the case with outside counsel and believes that no provision is necessary based on the facts of the case. As a result of this process management appealed the judgment to the Supreme Court on 29 September 2008.

### 4 Segmental information

As of 31 December 2009, the Group is organised into two main business segments, namely:

- Downstream, which includes the refining and marketing of petroleum products as well as, the operation of retail service stations; and,
- Petrochemicals, which includes the manufacturing and marketing of chemical products.

Inter-segment transactions are priced under normal commercial terms and conditions that would also be available to unrelated third parties.

The segment information for the year ended 31 December 2009 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	169,026,670	30,180,045	199,206,715
Inter-segment revenue	(22,181,646)	(14,115,086)	(36,296,732)
<b>Revenue</b>	<b>146,845,024</b>	<b>16,064,959</b>	<b>162,909,983</b>
<b>Segment result</b>	<b>5,931,349</b>	<b>478,938</b>	<b>6,410,287</b>
<b>Segment fixed assets</b>	<b>21,651,267</b>	<b>6,310,696</b>	<b>27,961,963</b>

The segment information for the year ended 31 December 2008 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	234,937,553	39,140,645	274,078,198
Inter-segment revenue	(31,309,616)	(20,535,044)	(51,844,660)
<b>Revenue</b>	<b>203,627,937</b>	<b>18,605,601</b>	<b>222,233,538</b>
<b>Segment result</b>	<b>(7,169,327)</b>	<b>(1,863,931)</b>	<b>(9,033,258)</b>
<b>Segment fixed assets</b>	<b>20,208,780</b>	<b>6,920,408</b>	<b>27,129,188</b>

## 5 Cash and cash equivalents

	Consolidated		Company	
	2009	2008	2009	2008
<b>Cash at bank and on hand</b>	<b>1,167,821</b>	<b>641,866</b>	<b>948,413</b>	<b>481,768</b>

The interest rate on cash at bank averaged 1% (2008: 2%).

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statements of cash flows:

	Consolidated		Company	
	2009	2008	2009	2008
Cash at bank and on hand	1,167,821	641,866	948,413	481,768
Bank overdrafts (Note 16)	(48,164)	(6,499)	(48,164)	(6,499)
	<b>1,119,657</b>	<b>635,367</b>	<b>900,249</b>	<b>475,269</b>

## 6 Trade receivables, net

	Consolidated		Company	
	2009	2008	2009	2008
Trade receivables, gross	4,720,278	3,554,763	4,699,425	3,544,671
Less: Allowance for impairment of trade receivables	(55,079)	(64,191)	(55,079)	(64,191)
<b>Trade receivables, net</b>	<b>4,665,199</b>	<b>3,490,572</b>	<b>4,644,346</b>	<b>3,480,480</b>

Outstanding trade receivables, as at 31 December 2009 and 31 December 2008, are analysed as follows:

	Consolidated		Company	
	2009	2008	2009	2008
Current	4,649,416	3,470,823	4,628,563	3,460,731
Overdue:				
○ Less than 3 months	11,942	15,322	11,942	15,322
○ 3 to 6 months	370	3,652	370	3,652
○ 6 to 12 months	906	2,447	906	2,447
○ Over 12 months	57,644	62,519	57,644	62,519
	<b>4,720,278</b>	<b>3,554,763</b>	<b>4,699,425</b>	<b>3,544,671</b>
Less: Allowance for impairment of trade receivables	(55,079)	(64,191)	(55,079)	(64,191)
	<b>4,665,199</b>	<b>3,490,572</b>	<b>4,644,346</b>	<b>3,480,480</b>

## 7 Inventories

	Consolidated		Company	
	2009	2008	2009	2008
Crude oil	8,441,160	5,621,340	8,441,160	5,621,340
Petroleum products	8,161,920	5,534,848	7,892,984	5,388,163
Chemical products	986,320	868,567	986,320	868,567
Materials and supplies	690,804	579,011	690,804	579,011
Other merchandise	103,427	120,344	4,701	8,600
	<b>18,383,631</b>	<b>12,724,110</b>	<b>18,015,969</b>	<b>12,465,681</b>

Petroleum products of Baht 1,042,351 thousand (2008: Petroleum products and chemical products of Baht 2,098,686 thousand and Baht 547,738 thousand, respectively) are carried at net realisable value with this being lower than cost.

The provisions of the Oil Trading Act B.E. 2543 require the Group to maintain certain minimum levels of inventory at all times. As at 31 December 2009, the value of this inventory amounted to Baht 8,642,735 thousand (2008: Baht 6,310,050 thousand).

## 8 Tax claim receivable

The tax claim receivable primarily related to value-added tax and subsidy claims which are expected to be refunded within 12 months.

## 9 Other current assets

	Consolidated		Company	
	2009	2008	2009	2008
Accounts receivable - other	290,050	199,000	262,202	161,082
Prepaid rental and deferred charges	718,293	394,353	915,488	591,548
	<b>1,008,343</b>	<b>593,353</b>	<b>1,177,690</b>	<b>752,630</b>

Prepaid rental and deferred charges primarily relate to prepaid excise tax and the short-term portion of rental prepayments on service stations.

## 10 Investments in subsidiaries and an associate

The movements in investments in subsidiaries and an associate are as follows:

	Consolidated		Company	
	2009	2008	2009	2008
At 1 January	193,224	(24,837)	1,843,949	114,589
Share of profit from an associate	261,547	218,061	-	-
Reversal of impairment provision on investment in an associate	-	-	-	1,729,360
<b>At 31 December</b>	<b>454,771</b>	<b>193,224</b>	<b>1,843,949</b>	<b>1,843,949</b>

In 2008, following a review of an impairment provision previously booked in respect of an investment in an associate, management concluded that it was appropriate to fully reverse this provision in the company financial statement based on an assessment of projected future cash flows (Note 3.2 (a)).



## 10.1 Subsidiaries

The principal subsidiaries, all of which are incorporated and domiciled in Thailand, are:

	Business	Cost method		% Ordinary share ownership	
		2009	2008	2009	2008
Mobil Enterprises (Thailand) Limited	Lubes and Specialties	833	833	100.00	100.00
Industry Promotion Enterprises Limited	Real Estate Leasing	51,484	51,484	100.00	100.00
United Industry Development Company Limited and its subsidiaries	Real Estate Leasing	58,939	58,939	100.00	100.00
- Pacesetter Enterprises Limited	Real Estate Leasing	3,333	3,333	99.99	99.99
- Thai C-Center Company Limited	Service Station Operator	-	-	99.99	99.99

The ownership percentages detailed above include the effects of both direct and indirect ordinary shareholdings, but exclude preference shares. The Company does not own any of the preference shares issued by these subsidiaries, but has the ability to govern the financial and operating policies of each subsidiary.

## 10.2 Associate

The Company holds a 20.78% interest in an associate, Thai Petroleum Pipeline Company Limited ("Thappline"), which is incorporated and domiciled in Thailand with its primary business activity being the operation of a petroleum pipeline business.

The Group's share of the results of its associate, which is unlisted, and its aggregated assets and liabilities, are as follows:

	Consolidated	
	2009	2008
Assets	1,815,352	1,787,274
Liabilities	(1,360,581)	(1,594,050)
Net assets	454,771	193,224
Revenues	570,788	529,162
Net profit	261,547	218,061

## 11 Available-for-sale financial assets

	Consolidated and Company	
	2009	2008
At 1 January	193,636	406,036
Unrealised gain/(loss) recognised in equity (Note 21b)	100,800	(212,400)
Write-off of other investment (Note 27)	(412)	-
Less: impairment provision on investment (Note 27)	(2,424)	-
<b>At 31 December</b>	<b>291,600</b>	<b>193,636</b>

Available-for-sale financial assets consist primarily of an investment in equity securities of Bangkok Aviation Fuel Services Public Company Limited (BAFS) which is listed on the Stock Exchange of Thailand.

## 12 Deferred income tax, net

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes issued by the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated and company balance sheets:

	Consolidated		Company	
	2009	2008	2009	2008
<b>Deferred tax assets:</b>				
- To be recovered after more than 12 months	4,920,310	5,540,340	4,735,391	5,333,301
- To be recovered within 12 months	521,100	1,626,300	521,100	1,626,300
	<b>5,441,410</b>	<b>7,166,640</b>	<b>5,256,491</b>	<b>6,959,601</b>
<b>Deferred tax liabilities:</b>				
- To be recovered after more than 12 months	(76,680)	(46,440)	(76,680)	(46,440)
<b>Deferred tax assets, net</b>	<b>5,364,730</b>	<b>7,120,200</b>	<b>5,179,811</b>	<b>6,913,161</b>

Deferred income taxes are calculated on all temporary differences, under the liability method, using the statutory tax rate of 30% in both years presented.

The gross movement of the deferred income tax account is as follows:

	Consolidated		Company	
	2009	2008	2009	2008
At 1 January	7,120,200	3,880,939	6,913,161	3,687,597
(Charged)/credited to the statements of income (Note 25)	(1,725,230)	3,056,010	(1,703,110)	3,042,313
Tax on IPO costs credited directly to equity	-	119,531	-	119,531
Tax (charged)/credited directly to equity (Note 21b)	(30,240)	63,720	(30,240)	63,720
<b>At 31 December</b>	<b>5,364,730</b>	<b>7,120,200</b>	<b>5,179,811</b>	<b>6,913,161</b>

The transaction costs relating to the IPO of Baht 398,436 thousand (Note 19) can be utilised to offset future taxable income. On this basis a deferred income tax asset of Baht 119,531 thousand was recognised in 2008.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

#### Consolidated

	At 1 January 2008	(Charged)/ Credited to Statements of Income/ Equity	At 31 December 2008	(Charged)/ Credited to Statements of Income/ Equity	At 31 December 2009
<b>Deferred tax assets</b>					
Depreciation	607,787	(58,647)	549,140	(52,564)	496,576
Pensions and employee benefits	319,885	31,861	351,746	47,284	399,030
Tax losses carried forward	2,772,196	3,236,128	6,008,324	(1,703,574)	4,304,750
Others	291,231	(33,801)	257,430	(16,376)	241,054
<b>Deferred tax assets</b>	<b>3,991,099</b>	<b>3,175,541</b>	<b>7,166,640</b>	<b>(1,725,230)</b>	<b>5,441,410</b>
<b>Deferred tax liabilities</b>					
Unrealised gain on available-for-sale financial assets (Note 21b)	(110,160)	63,720	(46,440)	(30,240)	(76,680)
<b>Deferred tax liabilities</b>	<b>(110,160)</b>	<b>63,720</b>	<b>(46,440)</b>	<b>(30,240)</b>	<b>(76,680)</b>

#### Company

	At 1 January 2008	(Charged)/ Credited to Statements of Income/ Equity	At 31 December 2008	(Charged)/ Credited to Statements of Income/ Equity	At 31 December 2009
<b>Deferred tax assets</b>					
Depreciation	607,787	(58,647)	549,140	(52,564)	496,576
Pensions and employee benefits	319,885	31,861	351,746	47,284	399,030
Tax losses carried forward	2,763,941	3,222,431	5,986,372	(1,681,622)	4,304,750
Others	106,144	(33,801)	72,343	(16,208)	56,135
<b>Deferred tax assets</b>	<b>3,797,757</b>	<b>3,161,844</b>	<b>6,959,601</b>	<b>(1,703,110)</b>	<b>5,256,491</b>
<b>Deferred tax liabilities</b>					
Unrealised gain on available-for-sale financial assets (Note 21b)	(110,160)	63,720	(46,440)	(30,240)	(76,680)
<b>Deferred tax liabilities</b>	<b>(110,160)</b>	<b>63,720</b>	<b>(46,440)</b>	<b>(30,240)</b>	<b>(76,680)</b>

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

## 13 Intangible assets, net

### Consolidated and Company

	Computer software	Royalties and licences	Total
<b>At 1 January 2008</b>			
Cost	615,591	805,248	1,420,839
Less: Accumulated amortisation	(314,148)	(511,738)	(825,886)
<b>Net book amount</b>	<b>301,443</b>	<b>293,510</b>	<b>594,953</b>
<b>Year ended 31 December 2008</b>			
Opening net book amount	301,443	293,510	594,953
Reclassification from property, plant and equipment (Note 14)	16,945	-	16,945
Amortisation charge (Note 27)	(46,666)	(23,077)	(69,743)
<b>Closing net book amount</b>	<b>271,722</b>	<b>270,433</b>	<b>542,155</b>
<b>At 31 December 2008</b>			
Cost	632,536	805,248	1,437,784
Less: Accumulated amortisation	(360,814)	(534,815)	(895,629)
<b>Net book amount</b>	<b>271,722</b>	<b>270,433</b>	<b>542,155</b>
<b>Year ended 31 December 2009</b>			
Opening net book amount	271,722	270,433	542,155
Disposals (Note 27)	(400)	-	(400)
Amortisation charge (Note 27)	(45,999)	(23,077)	(69,076)
<b>Closing net book amount</b>	<b>225,323</b>	<b>247,356</b>	<b>472,679</b>
<b>At 31 December 2009</b>			
Cost	625,718	805,248	1,430,966
Less: Accumulated amortisation	(400,395)	(557,892)	(958,287)
<b>Net book amount</b>	<b>225,323</b>	<b>247,356</b>	<b>472,679</b>

All amortization charges are recorded in cost of sales, selling expenses and administrative expenses in the statements of income based on the nature of the asset.

## 14 Property, plant and equipment, net

### Consolidated

	Land	Buildings, plant and equipment	Construction in progress	Total
<b>At 1 January 2008</b>				
Cost	5,275,981	47,533,887	577,979	53,387,847
Less: Accumulated depreciation	-	(25,447,786)	-	(25,447,786)
<b>Net book amount</b>	<b>5,275,981</b>	<b>22,086,101</b>	<b>577,979</b>	<b>27,940,061</b>
<b>Year ended 31 December 2008</b>				
Opening net book amount	5,275,981	22,086,101	577,979	27,940,061
Additions	-	-	1,163,925	1,163,925
Disposals (Note 27)	-	(51,859)	(689)	(52,548)
Transfers	-	875,458	(875,458)	-
Reclassification to intangible assets (Note 13)	-	-	(16,945)	(16,945)
Depreciation charge (Notes 23 and 27)	-	(1,905,305)	-	(1,905,305)
<b>Closing net book amount</b>	<b>5,275,981</b>	<b>21,004,395</b>	<b>848,812</b>	<b>27,129,188</b>
<b>At 31 December 2008</b>				
Cost	5,275,981	47,923,178	848,812	54,047,971
Less: Accumulated depreciation	-	(26,918,783)	-	(26,918,783)
<b>Net book amount</b>	<b>5,275,981</b>	<b>21,004,395</b>	<b>848,812</b>	<b>27,129,188</b>
<b>Year ended 31 December 2009</b>				
Opening net book amount	5,275,981	21,004,395	848,812	27,129,188
Additions	-	-	2,943,554	2,943,554
Disposals (Note 27)	(1,001)	(170,272)	-	(171,273)
Transfers	-	599,992	(599,992)	-
Depreciation charge (Notes 23 and 27)	-	(1,939,506)	-	(1,939,506)
<b>Closing net book amount</b>	<b>5,274,980</b>	<b>19,494,609</b>	<b>3,192,374</b>	<b>27,961,963</b>
<b>At 31 December 2009</b>				
Cost	5,274,980	47,980,360	3,192,374	56,447,714
Less: Accumulated depreciation	-	(28,485,751)	-	(28,485,751)
<b>Net book amount</b>	<b>5,274,980</b>	<b>19,494,609</b>	<b>3,192,374</b>	<b>27,961,963</b>

**Company**

	Land	Buildings, plant and equipment	Construction in progress	Total
<b>At 1 January 2008</b>				
Cost	675,420	47,168,616	577,979	48,422,015
Less: Accumulated depreciation	-	(25,101,027)	-	(25,101,027)
<b>Net book amount</b>	<b>675,420</b>	<b>22,067,589</b>	<b>577,979</b>	<b>23,320,988</b>
<b>Year ended 31 December 2008</b>				
Opening net book amount	675,420	22,067,589	577,979	23,320,988
Additions	-	-	1,163,925	1,163,925
Disposals (Note 27)	-	(51,859)	(689)	(52,548)
Transfer	-	875,458	(875,458)	-
Reclassification to intangible assets (Note 13)	-	-	(16,945)	(16,945)
Depreciation charge (Notes 23 and 27)	-	(1,887,382)	-	(1,887,382)
<b>Closing net book amount</b>	<b>675,420</b>	<b>21,003,806</b>	<b>848,812</b>	<b>22,528,038</b>
<b>At 31 December 2008</b>				
Cost	675,420	47,557,907	848,812	49,082,139
Less: Accumulated depreciation	-	(26,554,101)	-	(26,554,101)
<b>Net book amount</b>	<b>675,420</b>	<b>21,003,806</b>	<b>848,812</b>	<b>22,528,038</b>
<b>Year ended 31 December 2009</b>				
Opening net book amount	675,420	21,003,806	848,812	22,528,038
Additions	-	-	2,943,553	2,943,553
Disposals (Note 27)	-	(170,271)	-	(170,271)
Transfers	-	599,992	(599,992)	-
Depreciation charge (Notes 23 and 27)	-	(1,921,582)	-	(1,921,582)
<b>Closing net book amount</b>	<b>675,420</b>	<b>19,511,945</b>	<b>3,192,373</b>	<b>23,379,738</b>
<b>At 31 December 2009</b>				
Cost	675,420	47,615,090	3,192,373	51,482,883
Less: Accumulated depreciation	-	(28,103,145)	-	(28,103,145)
<b>Net book amount</b>	<b>675,420</b>	<b>19,511,945</b>	<b>3,192,373</b>	<b>23,379,738</b>

Seven plots of land owned by a subsidiary, with a net book value of Baht 405,285 thousand, which were pledged as collateral with the Revenue Department in respect of its income tax liabilities were redeemed from the Revenue Department in 2009.

As at 31 December 2009, the cost of fully depreciated property, plant and equipment of the Group, and Company, that were still in use amounted to Baht 10,966,153 thousand (2008: Baht 11,017,583 thousand).

Borrowing costs of Baht 28,888 thousand (2008: nil), arising from the proportion of general borrowings which were used for financing a project at the refinery, were capitalised during the year and are included in the 'Additions' line. A capitalisation rate of 2.1% (2008: nil) was used to represent the actual average cost of borrowings.

## 15 Prepaid rental and deferred charges

Prepaid rental and deferred charges primarily relate to the long-term portion of rental prepayments on service stations and refinery catalyst replacement.

## 16 Borrowings

	Consolidated and Company	
	2009	2008
<b>Current</b>		
Bank overdrafts (Note 5)	48,164	6,499
Short-term borrowings	19,565,009	16,965,000
Current portion of long-term bank borrowings	2,750,000	11,000,000
	<b>22,363,173</b>	<b>27,971,499</b>
<b>Non-current</b>		
Bank borrowings	5,500,000	-
	<b>27,863,173</b>	<b>27,971,499</b>

Bank borrowings and other facilities detailed below are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2009 ranged between 1% to 4% per annum (2008: 3% to 5% per annum).

The carrying amounts of borrowings at each year-end reasonably reflect their fair values. All borrowings are denominated in Baht and are unsecured.

### Short-term borrowings

In 2009, the Company fully repaid two short-term loans in the amount of Baht 7,000 million and Baht 1,000 million and obtained a new unsecured loan of Baht 8,000 million which is due for repayment in December 2010. The loan bears a floating rate of interest which averaged approximately 2% per annum in 2009.

The Company received an approval from the Securities and Exchange Commission to offer for sale Baht 8,000 million of Bills of Exchange in a revolving program. As at 31 December 2009, approximately Baht 4,795 million of Bills of Exchange was outstanding (2008: nil) at an average interest rate of 1.2%.

In addition, the Company made a net repayment of revolving short-term facilities of approximately Baht 2,195 million.

### Syndicated long-term loan

The Company entered into a long-term syndicated loan of Baht 11,000 million in December 2007. The loan is repayable in 8 semi-annual installments commencing in June 2009. The loan bears a floating interest rate which averaged 2.2% per annum in 2009 (2008: 4.3% per annum). As at 31 December 2009, the outstanding loan balance is Baht 8,250 million, of which Baht 5,500 million will be due after 2010.

As at 31 December 2008, in accordance with TAS 1 "Presentation of Financial Statements", the Company classified Baht 8,250 million long-term debt under the syndicated loan agreement as a current liability due to the Company's debt service coverage ratio as of 31 December 2008 had fallen below specified thresholds largely as a result of the rapid fall in crude oil prices and the Company's use of the first-in, first-out inventory cost method. The Company and the lenders agreed that this condition was not an event of default. Notwithstanding this fact, on 5 February 2009, the Company obtained consent from its lenders to waive the debt service coverage ratio requirement for the 31 December 2008 determination date with the effect that no future event of default can arise with respect to this date. In 2009, the Company has reclassified this long-term debt as a non-current liability.

## 17 Trade and other payables

	Consolidated		Company	
	2009	2008	2009	2008
Trade accounts payable	1,819,448	1,354,554	1,755,254	1,282,797
Other tax payable	486,569	276,933	468,205	262,972
Other payables and accruals	842,638	706,709	821,439	667,873
	<b>3,148,655</b>	<b>2,338,196</b>	<b>3,044,898</b>	<b>2,213,642</b>

Other tax payable represents excise tax payable generated as a result of normal operations.

## 18 Provision for pension and employee benefits

	Consolidated and Company	
	2009	2008
At 1 January	736,126	680,968
Net expense charged to the statements of income	109,858	85,057
Payments to separating employees and retirees	(19,581)	(29,899)
<b>At 31 December</b>	<b>826,403</b>	<b>736,126</b>

## 19 Share capital and premium

	Issued and paid-up share capital			
	Number of Shares (thousands)	Ordinary Shares	Share Premium	Total
At 1 January 2008	2,610,000	12,877,218	-	12,877,218
Issuance of shares	850,858	4,197,963	4,031,711	8,229,674
<b>At 31 December 2008</b>	<b>3,460,858</b>	<b>17,075,181</b>	<b>4,031,711</b>	<b>21,106,892</b>
<b>At 1 January and 31 December 2009</b>	<b>3,460,858</b>	<b>17,075,181</b>	<b>4,031,711</b>	<b>21,106,892</b>

In April 2008, the Company issued 773,333 thousand ordinary shares through an initial public offering ("IPO") on the Stock Exchange of Thailand ("SET"), with an offer price of Baht 10 per share. The Company registered the additional paid-up share capital with the Ministry of Commerce on 30 April 2008. The shares commenced trading on the SET on 6 May 2008.

On 6 June 2008, the Company issued a further 77,525 thousand ordinary shares under an over allotment option at the offer price of Baht 10 per share. The Company registered the additional paid-up share capital with the Ministry of Commerce on 6 June 2008.

Transaction costs relating to the IPO of Baht 398,436 thousand were offset with the proceeds from the IPO.

Following completion of the initial public offering, the shareholdings of the Ministry of Finance and ExxonMobil were 7.33% and 65.99%, respectively.

As at 31 December 2009, the total authorised number of ordinary shares is 3,467,917 thousand shares (2008: 3,467,917 thousand shares) with a par value of Baht 4.9338 per share. All issued shares are fully paid.



## 20 Dividends

The Company paid the following interim dividend during the year ended 31 December 2009:

- Baht 0.25 per share on 28 September 2009 pursuant to resolutions passed by the Board of Directors on 31 August 2009.

The Company paid the following interim dividends during the year ended 31 December 2008:

- Baht 1 per share on 27 June 2008 pursuant to resolutions passed by the Board of Directors on 29 May 2008; and
- Baht 0.50 per share on 26 September 2008 pursuant to resolutions passed by the Board of Directors on 28 August 2008.

## 21 Other reserves

### (a) Legal reserve

	Consolidated and Company	
	2009	2008
At 1 January	343,997	343,997
Current year allocation of net profit	205,013	-
<b>At 31 December</b>	<b>549,010</b>	<b>343,997</b>

Under the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after taking into account any accumulated deficit brought forward until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

### (b) Fair value reserve

The movement of the fair value reserve for available-for-sale financial assets is as follows:

	Consolidated and Company	
	2009	2008
At 1 January	108,360	257,040
Net unrealised gain/(loss) recognised in equity (Notes 11 and 12)	70,560	(148,680)
<b>At 31 December</b>	<b>178,920</b>	<b>108,360</b>

## 22 Sales

	Consolidated		Company	
	2009	2008	2009	2008
Sales of goods	162,331,055	221,716,026	160,824,665	220,372,340
Sales of services	578,928	517,512	691,336	623,426
	<b>162,909,983</b>	<b>222,233,538</b>	<b>161,516,001</b>	<b>220,995,766</b>

## 23 Expenses by nature

	Consolidated		Company	
	2009	2008	2009	2008
Net changes in inventories of finished goods	(2,745,226)	5,281,669	(2,618,674)	5,327,993
Raw materials and consumables used	145,032,380	211,219,403	144,191,810	210,381,279
Depreciation on property, plant and equipment (Note 14)	1,939,506	1,905,305	1,921,582	1,887,382
Transport and distribution	704,511	790,018	704,418	789,946
Research and development	69,072	129,155	69,072	129,155
Operating lease payments	390,627	387,384	422,403	421,988
Employee benefits expense	1,926,075	1,643,554	1,604,204	1,330,773
Utilities	4,896,656	5,810,286	4,798,426	5,717,100
Net gain on foreign exchange	(228,873)	(280,238)	(228,873)	(280,238)
Other expenses	4,514,968	4,380,260	4,411,795	4,291,071
<b>Total cost of sales and selling and administrative expenses</b>	<b>156,499,696</b>	<b>231,266,796</b>	<b>155,276,163</b>	<b>229,996,449</b>

The cost of sales included a portion of management benefit expenses attributable to the Group's executive officers under the manufacturing function of Baht 51,875 thousand (2008: Baht 41,476 thousand).

## 24 Finance costs, net

	Consolidated		Company	
	2009	2008	2009	2008
Interest income	5,650	54,953	108,642	159,625
Interest expense	(542,127)	(1,243,821)	(594,551)	(1,333,483)
	<b>(536,477)</b>	<b>(1,188,868)</b>	<b>(485,909)</b>	<b>(1,173,858)</b>

## 25 Income tax expense/(credit)

	Consolidated		Company	
	2009	2008	2009	2008
Deferred tax (Note 12)	1,725,230	(3,056,010)	1,703,110	(3,042,313)
Current tax	18,570	3,282	-	31
<b>Income tax expense/(credit)</b>	<b>1,743,800</b>	<b>(3,052,728)</b>	<b>1,703,110</b>	<b>(3,042,282)</b>

The tax on the Group's, and Company's, profit/(loss) before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, or Company, as follows:

	Consolidated		Company	
	2009	2008	2009	2008
Profit/(loss) before tax	6,194,364	(9,916,480)	5,803,381	(8,361,554)
Tax calculated at domestic tax rates	1,858,309	(2,974,944)	1,741,014	(2,508,466)
Income not subject to tax	(85,612)	(67,956)	(8,067)	(522,728)
Expenses not deductible for tax purposes	9,385	12,639	8,445	11,379
Capital investment incentive	(38,282)	(22,467)	(38,282)	(22,467)
<b>Income tax expense/(credit)</b>	<b>1,743,800</b>	<b>(3,052,728)</b>	<b>1,703,110</b>	<b>(3,042,282)</b>

The weighted average applicable tax rate was 30% in each year presented.

## 26 Earnings per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Company	
	2009	2008	2009	2008
Profit/(loss) attributable to equity holders of the Company	4,449,743	(6,864,581)	4,100,271	(5,319,272)
Weighted average number of ordinary shares in issue (thousands shares)	3,460,858	3,174,051	3,460,858	3,174,051
Basic earnings/(loss) per share (Baht per share)	1.29	(2.16)	1.18	(1.68)

There are no potential ordinary shares in issue during the periods presented and as such diluted earnings/(loss) per share is not presented.

## 27 Cash generated from operations

	Consolidated		Company	
	2009	2008	2009	2008
Net profit/(loss)	4,450,564	(6,863,752)	4,100,271	(5,319,272)
Adjustments for:				
Depreciation (Note 14)	1,939,506	1,905,305	1,921,582	1,887,382
Amortisation (Note 13)	69,076	69,743	69,076	69,743
Allowance for impairment of trade receivables (Note 6)	(9,112)	(53,860)	(9,112)	(53,860)
Impairment provision on other investment (Note 11)	2,424	-	2,424	-
Write-off of other investment (Note 11)	412	-	412	-
Reversal of impairment provision on investment in an associate (Note 10)	-	-	-	(1,729,360)
Write-down of inventory to net realisable value	11,556	135,985	11,556	133,041
Loss on disposal of property, plant and equipment and intangible assets	154,231	14,952	153,949	14,952
Share of profit from an associate (Note 10)	(261,547)	(218,061)	-	-
Finance costs, net (Note 24)	536,477	1,188,868	485,909	1,173,858
Dividends income	(13,680)	(16,920)	(17,680)	(20,920)
Income tax expense/(credit) (Note 25)	1,743,800	(3,052,728)	1,703,110	(3,042,282)
Net unrealised foreign exchange loss/(gain)	67,529	(78,433)	67,529	(78,433)
Changes in working capital				
Short-term investments	2,161	104,809	2,161	104,809
Trade receivables	(1,164,110)	6,333,491	(1,153,349)	6,343,583
Trade receivables from related parties	-	-	(692,091)	750,619
Amount due from related parties	(87)	(31,353)	(8,082)	(41,612)
Inventories	(5,671,077)	8,009,222	(5,561,844)	8,062,524
Tax claim receivable	(362,953)	2,330,531	(386,688)	2,350,627
Other current assets	(414,990)	400,086	(425,060)	418,405
Prepaid rental and deferred charges	353,188	111,842	550,383	309,037
Other non-current assets	7,610	(59,653)	7,642	(70,073)
Trade and other payables	805,225	(1,027,085)	842,133	(1,028,137)
Amount due to related parties	2,177,062	(3,854,377)	2,171,903	(3,860,787)
Pensions and employee benefits	90,277	55,158	90,277	55,158
Other non-current liabilities	7,163	(61,530)	7,163	(45,389)
<b>Cash generated from operations</b>	<b>4,520,705</b>	<b>5,342,240</b>	<b>3,933,574</b>	<b>6,383,613</b>

In the cash flow statement, proceeds from sale of property, plant and equipment and intangible assets comprise:

	Consolidated		Company	
	2009	2008	2009	2008
Net book amount (Notes 13 and 14)	171,673	52,548	170,671	52,548
Loss on disposal of property, plant and equipment and intangible assets	(154,231)	(14,952)	(153,949)	(14,952)
<b>Proceeds from disposal of property, plant and equipment and intangible assets</b>	<b>17,442</b>	<b>37,596</b>	<b>16,722</b>	<b>37,596</b>

## 28 Contingent liabilities

On 24 November 2004, the Company was fined Baht 435,787 thousand in the Southern Bangkok Criminal Court for alleged false declarations relating to imports of lube base stocks in 1987 and 1988. The Company denied the alleged wrongdoing and disagreed with the Court's conclusions. On this basis, the Company appealed the conviction to the Court of Appeal on 14 February 2005. On 16 July 2008, the Court of Appeal confirmed the judgment of the lower court.

Following consultations with external legal counsel management continues to believe strongly in the merit of its defense and, on this basis, appealed the judgment to the Supreme Court on 29 September 2008. The Group, and the Company, have not recorded any provision in respect of the matter in their financial statements.

As at 31 December 2009, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business, amounting to Baht 58,836 thousand (2008: Baht 2,377,077 thousand) to third parties. It is not anticipated that any material liabilities will arise from these bank guarantees.

## 29 Commitments

### Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred amounted to approximately Baht 667 million (2008: Baht 700 million).

### Operating lease commitments - Group company as lessee

The Group leases various plots of land on which retail service stations are operated under non-cancellable operating lease agreements. The lease terms generally range between 15 and 25 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated and Company	
	2009	2008
No later than 1 year	10,328	18,758
Later than 1 year and no later than 5 years	73,554	74,044
Later than 5 years	29,867	38,252
	<b>113,749</b>	<b>131,054</b>

Certain subsidiaries lease land to the Company, however, there are no future minimum lease payments in respect of such leases which are prepaid (Notes 9 and 15).

## 30 Financial risk management

The Group's activities expose it to a variety of financial risks, which include market risk (including market prices for petroleum commodities risk, foreign exchange risk and interest rate risk), credit risk, liquidity risk, and capital risk.

## 30.1 Market risk

### (a) Market prices for petroleum commodities risk

The Group's financial results can be significantly affected from time to time by volatility and cyclical movement in the market prices for crude oil, petroleum and petrochemical products that are not predictable. Given its large size and the long-term nature of its business, the Group expects that this risk will be moderated over time. The Group discourages the use of derivative instruments to manage the risk.

### (b) Foreign exchange risk

The Group's activities are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Purchases of goods and export sales are primarily transacted in US Dollars. Domestic sales are transacted predominantly in Baht, and are thus not subject to foreign exchange risk.

As at 31 December 2009, the Group has no short-term or long-term debts denominated in foreign currencies. In 2009, the Group did not enter into any forward foreign currency contracts. The Group's foreign exchange guidelines prohibit speculative foreign exchange transactions.

### (c) Interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The interest rate risk arises from borrowings with those issued at variable interest rates exposing the Group to cash flow interest rate risk. The Group continually optimises the mix in its borrowing facilities to maximise financing flexibility whilst minimising financing cost.

## 30.2 Credit risk

Credit risk is managed on a Group basis. Credit risk primarily arises from cash and cash equivalents, and credit exposures to wholesale and retail trade customers, including outstanding receivables and committed transactions. Credit risk in respect of balances outstanding with related parties has been assessed to be low due to the overall strength of the ExxonMobil Group.

In the case of cash and cash equivalents, only independently rated banks with a minimum rating of at least BBB-, or equivalent, are accepted.

For trade customers, risk evaluations are performed internally which include reviews of financial positions, business success indicators, past experience and other factors. Individual risk limits are set based on the resultant internal ratings in accordance with limits set by management. Risk categories are established for individual customers based on internal credit guidelines ranging from very low to very high risk. The risk categories are intended to reflect the risk of payment default by a customer and are similar to the rating scales established by external rating agencies.

## 30.3 Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and cash equivalent balances. In addition, the Group maintains committed credit facilities as well as a number of uncommitted credit facilities from banks and related parties. The Group reviews requirements for future cash flows through the completion of an annual finance plan review. The finance plan review is completed for the forthcoming year to ensure that estimates of future requirements are analysed such that appropriate facilities can be made available.

The Group currently has adequate financing sources. As of 31 December 2009, the Group has uncommitted facilities of Baht 65,968,438 thousand (2008: Baht

63,234,000 thousand). In 2008, the Group also received an approval from the Securities and Exchange Commission to offer for sale Baht 8,000,000 thousand of bills of exchange in a revolving program, of which Baht 4,795,009 thousand has been utilized as of 31 December 2009 (2008: nil).

Liquidity risk may also arise if customers are not able to settle obligations to the Group within the normal credit term. To manage this risk, the Group periodically assesses financial viability of customers and may require certain customers to provide bank guarantees or other similar instruments.

### 30.4 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders. In the future, the Group may adjust the amount of dividend paid to shareholders in order to maintain an appropriate capital structure. Annually, the Group completes a finance plan which seeks to establish positions for the current and future years' dividend projections.

## 31 Promotional privileges

The Company received promotional privileges from the Board of Investment (BOI) on 16 January 1998 in respect of the construction, and subsequent operation, of an aromatics plant adjacent to the Group's Sri Racha refinery. The plant had a capacity of approximately 350,000 tons per annum of paraxylene, a raw material utilised to produce polyester film, packing resin and fabrics. The Company further expanded the plant capacity to 500,000 tons per annum in 2004. The products produced are sold both domestically and on the export market with sales made through a related company. BOI privileges granted include 100% import duty exemption on certain machinery and equipment which will expire in 2010, and exemption from corporate income tax for a period of eight years from the date that sales commenced. This income tax holiday expired on 10 September 2007.

The Company's revenue, split between BOI and non-BOI promoted businesses are as follows:

	BOI Promoted	Non-BOI Promoted	Total
<b>Year ended 31 December 2009</b>			
Revenue from domestic activities	11,169,650	129,527,517	140,697,167
Revenue from export activities	1,122,578	19,696,256	20,818,834
	<b>12,292,228</b>	<b>149,223,773</b>	<b>161,516,001</b>
<b>Year ended 31 December 2008</b>			
Revenue from domestic activities	11,987,753	177,859,975	189,847,728
Revenue from export activities	1,065,073	30,082,965	31,148,038
	<b>13,052,826</b>	<b>207,942,940</b>	<b>220,995,766</b>

## 32 Related party transactions

The Group is controlled by ExxonMobil International Holdings Incorporated, which owns 65.43% of the Company's shares with other companies within the ExxonMobil Group holding 0.56% of the shares as of 31 December 2009 and 2008. The ultimate holding company is Exxon Mobil Corporation. Both companies are incorporated in the United States of America. A further 7.33% of the shares are held by the Ministry of Finance as of 31 December 2009 and 2008, with the remaining shares held by a variety of institutional and retail investors. The significant investments in subsidiaries and an associate are set out in Note 10.

The following transactions were carried out with related parties:

**(a) Sales of goods and services**

	Consolidated		Company	
	2009	2008	2009	2008
Sales of goods and services:				
- Subsidiaries	-	-	20,293,369	21,706,952
- Other related parties	17,457,648	29,225,224	17,457,648	29,225,224
	<b>17,457,648</b>	<b>29,225,224</b>	<b>37,751,017</b>	<b>50,932,176</b>

Sales of goods and services between related parties are based on market prices and primarily relate to the sale of petroleum and petrochemical products.

**(b) Purchases of goods and services**

	Consolidated and Company	
	2009	2008
Purchases of goods:		
- Other related parties	110,481,694	184,168,045
Purchases of services:		
- An associate	625,678	540,218
	<b>111,107,372</b>	<b>184,708,263</b>

Purchases of goods from related parties primarily relate to the purchase of petroleum and petrochemical products. Purchases of services from an associate relate to the provision of pipeline transportation of the Group's products. Purchases of goods and services are based on market prices.

**(c) Expenses**

	Consolidated		Company	
	2009	2008	2009	2008
Expenses paid to:				
- Subsidiaries	-	-	150,433	160,241
- Other related parties	3,356,807	3,131,587	3,291,352	3,074,675
	<b>3,356,807</b>	<b>3,131,587</b>	<b>3,441,785</b>	<b>3,234,916</b>

Expenses primarily relate to the provision of support services and are charged on either at cost or cost plus basis.



**(d) Finance costs, net**

	Consolidated		Company	
	2009	2008	2009	2008
Interest income received from:				
- Subsidiaries	-	-	103,029	104,798
- Other related parties	2,120	21,066	2,120	21,066
	<b>2,120</b>	<b>21,066</b>	<b>105,149</b>	<b>125,864</b>
Interest expenses paid to:				
- Subsidiaries	-	-	52,477	89,740
- Other related parties	6,595	-	6,595	-
	<b>6,595</b>	<b>-</b>	<b>59,072</b>	<b>89,740</b>

Interest charges are generally based on market rates at the time the relevant agreements were entered.

**(e) Directors' remuneration**

	Consolidated and Company	
	2009	2008
Salaries and other short-term employment benefits	125,544	79,282
Post-employment benefits	1,740	2,567
	<b>127,284</b>	<b>81,849</b>

**(f) Year-end balances arising from sales/purchases of goods/services and expenses**

	Consolidated		Company	
	2009	2008	2009	2008
Trade receivables:				
- Subsidiary	-	-	1,156,949	464,858
Amounts due from:				
- Subsidiaries	-	-	40,313	35,078
- Other related parties	38,006	41,730	35,851	39,142
	<b>38,006</b>	<b>41,730</b>	<b>76,164</b>	<b>74,220</b>
Amounts due to:				
- Subsidiaries	-	-	17,469	13,710
- Other related parties	5,621,652	3,372,949	5,611,311	3,367,768
	<b>5,621,652</b>	<b>3,372,949</b>	<b>5,628,780</b>	<b>3,381,478</b>

Trade receivables from a related party arise mainly from the sale of petroleum products with credit terms being approximately 30 days. The receivables are unsecured in nature and bear no interest.

Amounts due from related parties relate primarily to interest receivable on short-term and long-term loans (Note 32g).

The amounts due to related parties arise mainly from the purchase of petroleum and petrochemical products and have no fixed repayment term, but are repayable on demand. The payables bear no interest.

(g) Loans to related parties

	Consolidated		Company	
	2009	2008	2009	2008
Short-term loans to:				
- Subsidiary	-	-	-	88,298
- Other related parties	-	194,110	-	194,110
	-	<b>194,110</b>	-	<b>282,408</b>
Long-term loans to:				
- Subsidiaries	-	-	<b>1,817,620</b>	<b>1,612,415</b>

Movements in short-term loans to other related parties are analysed as follows:

	Consolidated		Company	
	2009	2008	2009	2008
At 1 January	194,110	416,559	282,408	416,559
Additional borrowings	-	61,738	-	150,036
Repayments of borrowings	(194,110)	(284,187)	(282,408)	(284,187)
<b>At 31 December</b>	-	<b>194,110</b>	-	<b>282,408</b>

Short-term loans to other related parties are unsecured and have no fixed term of repayment. They bear interest based on the minimum lending rate of the Bangkok Bank Public Company Limited which averaged 6.1% in 2009 (2008: 7.1%).

Movements in long-term loans to subsidiaries are analysed as follows:

	Consolidated		Company	
	2009	2008	2009	2008
At 1 January	-	-	1,612,415	1,393,598
Additional borrowings	-	-	205,892	218,937
Repayments of borrowings	-	-	(687)	(120)
<b>At 31 December</b>	-	-	<b>1,817,620</b>	<b>1,612,415</b>

Long-term loans to subsidiaries are unsecured. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited which averaged 6.1% in 2009 (2008: 7.1%).

#### (h) Loans from related parties

	Consolidated		Company	
	2009	2008	2009	2008
Short-term loans from:				
- Subsidiaries	-	-	582,948	915
- Other related parties	240,993	-	240,993	-
	<b>240,993</b>	<b>-</b>	<b>823,941</b>	<b>915</b>
Long-term loans from:				
- Subsidiaries	-	-	5,371	5,890

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

	Consolidated		Company	
	2009	2008	2009	2008
At 1 January	-	-	915	594,636
Additional borrowings	263,900	-	1,027,346	750,426
Repayments of borrowings	(22,907)	-	(204,320)	(1,344,147)
<b>At 31 December</b>	<b>240,993</b>	<b>-</b>	<b>823,941</b>	<b>915</b>

Short-term loans from related parties are unsecured and have no fixed term of repayment. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited which averaged 6.1% in 2009 (2008: 7.1%).

Movements in long-term loans from related parties are analysed as follows:

	Consolidated		Company	
	2009	2008	2009	2008
At 1 January	-	-	5,890	6,243
Additional borrowings	-	-	5,190	5,332
Repayments of borrowings	-	-	(5,709)	(5,685)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5,371</b>	<b>5,890</b>

Long-term loans from subsidiaries are unsecured. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited which averaged 6.1% in 2009 (2008: 7.1%).

### 33 Asset retirement obligations

It is recognised that the Group may incur asset retirement obligations for the dismantling and site restoration costs of its manufacturing facilities. The timing and quantum of cash flows is difficult to estimate as the Group has no intention to decommission the sites in the near future. Accordingly and consistent with industry practice, no provision is recorded for asset retirement obligations as the amount cannot be measured with sufficient reliability due to the significant uncertainties involved.



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