



$$\vec{V} = \vec{J} + \frac{\partial \vec{D}}{\partial t} \quad T = \frac{1}{2} I_1 \dot{\theta}^2 + \frac{1}{2} I_1 \dot{\phi}^2 \sin^2 \theta + \frac{1}{2} I_3 (\dot{\phi} - \dot{\phi} \cos \theta)^2 \quad \nabla \times \vec{E} = - \frac{\partial \vec{B}}{\partial t}, \quad \nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t}$$

$$\text{C}_n \text{H}_m + \left(n + \frac{m}{4}\right) (\text{O}_2 + 3.76 \text{N}_2) \Rightarrow n \text{CO}_2 + \frac{m}{2} \text{H}_2\text{O} + \left(n + \frac{m}{4}\right) 3.76 \text{N}_2 \quad \eta_t = \frac{W}{Q_H} = \frac{Q_H - Q_L}{Q_H} = 1 - \frac{Q_L}{Q_H}$$

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Esso (Thailand) Public Company Limited

$$\Rightarrow \text{C}_6 + \text{LiCoO}_2 \quad T = \frac{1}{2} I_1 \dot{\theta}^2 + \frac{1}{2} I_1 \dot{\phi}^2 \sin^2 \theta + \frac{1}{2} I_3 (\dot{\phi} + \dot{\phi} \cos \theta)^2 \quad \eta_t = \frac{W}{Q_H} = \frac{Q_H - Q_L}{Q_H}$$

$$3.76 \text{N}_2) = n \text{CO}_2 + \frac{m}{2} \text{H}_2\text{O} + \left(n + \frac{m}{4}\right) 3.76 \text{N}_2 \quad \nabla \times \vec{E} = - \frac{\partial \vec{B}}{\partial t}, \quad \nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t} \quad \Delta H_T = m (C_p \Delta T_{\text{amb-dew}} - \Delta H_V) \text{C}_n \text{H}_m + \left(n + \frac{m}{4}\right) (\text{O}_2 + 3.76 \text{N}_2)$$

$$2\theta + \frac{1}{2} I_3 (\dot{\phi} + \dot{\phi} \cos \theta)^2 \quad \text{C}_n \text{H}_m + \left(n + \frac{m}{4}\right) (\text{O}_2 + 3.76 \text{N}_2) \Rightarrow n \text{CO}_2 + \frac{m}{2} \text{H}_2\text{O} + \left(n + \frac{m}{4}\right) 3.76 \text{N}_2 \quad \text{Li}_{1-x} \text{CoO}_2 + \text{C}_6 - \text{LiCoO}_2$$

$$\text{C}_6 - \text{LiCoO}_2 \quad T = \frac{1}{2} I_1 \dot{\theta}^2 + \frac{1}{2} I_1 \dot{\phi}^2 \sin^2 \theta + \frac{1}{2} I_3 (\dot{\phi} + \dot{\phi} \cos \theta)^2 \quad \eta_t = \frac{W}{Q_H} = \frac{Q_H - Q_L}{Q_H} = 1 - \frac{Q_L}{Q_H}$$

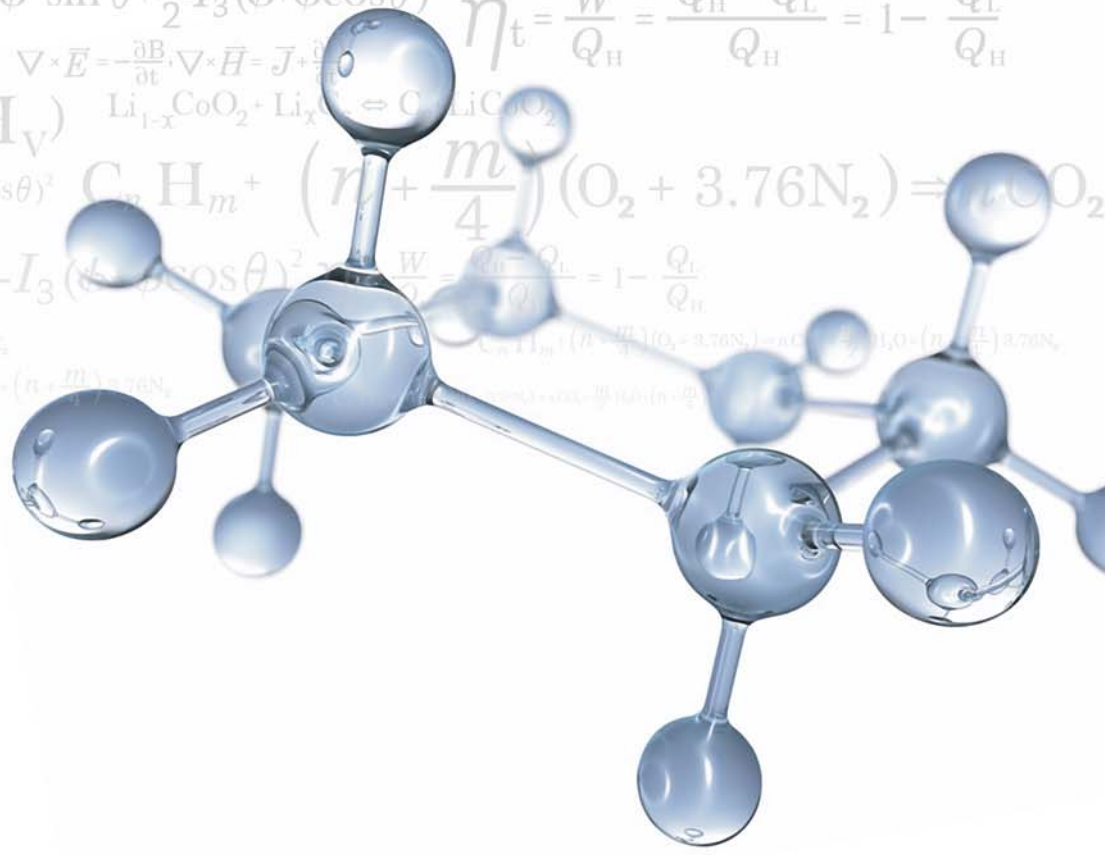
$$+ 3.76 \text{N}_2) = n \text{CO}_2 + \frac{m}{2} \text{H}_2\text{O} + \left(n + \frac{m}{4}\right) 3.76 \text{N}_2 \quad \nabla \times \vec{E} = - \frac{\partial \vec{B}}{\partial t}, \quad \nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t} \quad \text{Li}_{1-x} \text{CoO}_2 + \text{Li}_x \text{CoO}_2 \rightleftharpoons \text{C}_6 \text{LiCoO}_2$$

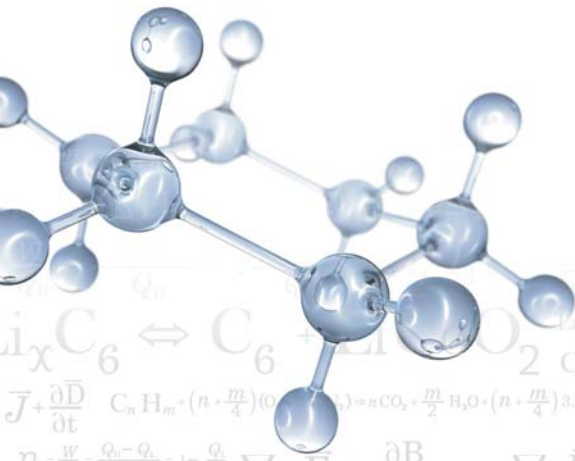
$$= m (C_p \Delta T_{\text{amb-dew}} - \Delta H_V) \quad \text{Li}_{1-x} \text{CoO}_2 + \text{Li}_x \text{CoO}_2 \rightleftharpoons \text{C}_6 \text{LiCoO}_2$$

$$T = \frac{1}{2} I_1 \dot{\theta}^2 + \frac{1}{2} I_1 \dot{\phi}^2 \sin^2 \theta + \frac{1}{2} I_3 (\dot{\phi} + \dot{\phi} \cos \theta)^2 \quad \text{C}_n \text{H}_m + \left(n + \frac{m}{4}\right) (\text{O}_2 + 3.76 \text{N}_2) \Rightarrow n \text{CO}_2 + \frac{m}{2} \text{H}_2\text{O} + \left(n + \frac{m}{4}\right) 3.76 \text{N}_2$$

$$\frac{1}{2} I_1 \dot{\theta}^2 + \frac{1}{2} I_1 \dot{\phi}^2 \sin^2 \theta + \frac{1}{2} I_3 (\dot{\phi} + \dot{\phi} \cos \theta)^2 \quad \eta_t = \frac{W}{Q_H} = \frac{Q_H - Q_L}{Q_H} = 1 - \frac{Q_L}{Q_H}$$

$$\left(n + \frac{m}{4}\right) (\text{O}_2 + 3.76 \text{N}_2) = n \text{CO}_2 + \frac{m}{2} \text{H}_2\text{O} + \left(n + \frac{m}{4}\right) 3.76 \text{N}_2 \quad \text{C}_n \text{H}_m + \left(n + \frac{m}{4}\right) (\text{O}_2 + 3.76 \text{N}_2) \Rightarrow n \text{CO}_2 + \frac{m}{2} \text{H}_2\text{O} + \left(n + \frac{m}{4}\right) 3.76 \text{N}_2$$





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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 context may require. "We", "our", "us" , "Esso", and the "Company" refers to Esso (Thailand) Public Company Limited , a public company with limited liabilities registered in the Kingdom of Thailand and its consolidated subsidiaries.

Long-term commitment to meeting Thai energy needs

We and our predecessor companies have operated in Thailand for over 116 years.



1894

Began operations in the reign of King Rama V to import and sell **Rooster** and **Eagle** brand kerosene and lubricants for rice mill steamers

1927

First imported diesel for sales

1930

Built our first service station

1931

Imported and sold **Gargoyle** brand lubricants

1947

Acquired Chongnonsri fuels terminal

1961

Imported Liquefied Petroleum Gas (LPG) for bottling and marketing under the **Stangas** brand

1962

Adopted the oval **Esso** trademark

1965

Imported extra gasoline for sale and launched marketing and advertising campaign

1967

Purchased a small asphalt plant and established Sriracha Refinery with an initial capacity of 7,000 barrels per day



1971

1st refinery capacity expansion to 35,000 barrels per day

1974

2nd refinery capacity expansion to 46,000 barrels per day

1983

3rd refinery capacity expansion to 63,000 barrels per day

1991

4th refinery capacity expansion to 177,000 barrels per day

Co-founded the Thai Petroleum Pipeline Company Limited with other oil companies to construct pipelines from Sriracha to Lumlukka, Don Muang and Saraburi

1998

The Company was honored by the granting of the Royal Garuda symbol by His Majesty the King

1999

Started up the Paraxylene plant which is fully integrated with Sriracha Refinery facilities

2001

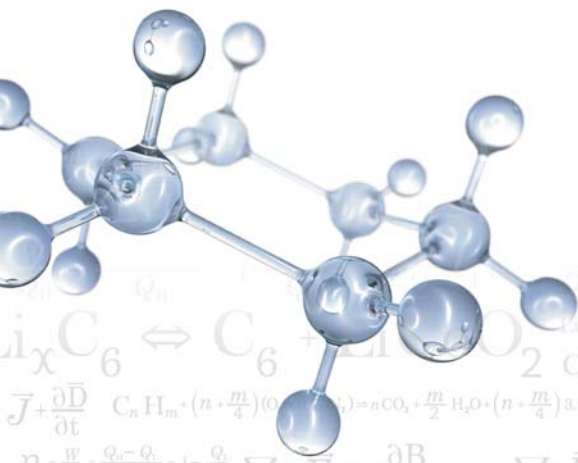
Merged with Mobil Oil Thailand Company and operated businesses under Esso (Thailand) Public Company Limited

2008

Listed on the Stock Exchange of Thailand

2010

Started construction on the Sriracha Clean Fuels project to meet Euro IV product specifications



Message from the Chairman

To Our Shareholders

2010 was a challenging year for our industry. Global economic recession continued to impact Refining and Chemical manufacturing margins, while controlled prices for the LPG we produce also adversely affected our financial results. Broader domestic issues in Thailand also impacted our operations during the year. However, in this challenging environment, we remained committed to our core values and long-term business strategies that have served us and our predecessor companies well for 116 years in Thailand.

We continuously strive to improve our business operations and to meet the expectations of our customers, shareholders, employees and the communities in which we operate. In 2010 we committed to our most significant investment decision for many years, the Sriracha Refinery Clean Fuels project (SCFP). This 13 billion Baht investment will enable us to produce and sell higher quality products in compliance with the new regulatory standards which take effect from January 1, 2012. We are fully committed to the successful execution of this project which will be commissioned in the second half of 2011.

Financial and operations results reflected industry market conditions in 2010. Overall, our 2010 earnings were 1.6 billion Baht, down from 4.4 billion Baht in 2009, as weak refining and chemical manufacturing margins and lower inventory effects reduced our earnings. Our 2010 crude runs were economically optimized at 121 thousand barrels per day compared with 135 thousand barrels per day in 2009, and Paraxylene production was 315 thousand tons in 2010, down from 368 thousand tons in 2009. Given weak industry conditions, we relentlessly worked to improve margins, by maximizing the production of higher value products and minimizing raw material costs with a focus on processing challenged crude oils. We utilized our advantaged technology and were successful in implementing self-help earnings improvement programs. We also completed an upgrade to our integrated business systems in 2010. As we look forwards, the revised ex-refinery LPG price structure for domestic sales, introduced in January 2011, should help to strengthen our financial results.

In marketing, we increased our share of retail fuels sales for the second consecutive year and continued to increase sales per site. These achievements were driven by a strong focus on providing high quality fuels to meet customer preferences, strong sales promotions, and a focus on continuously improving customer service. In our lubricants business, we continued to expand our network of Mobil 1 oil change centers and established our 101st center in December 2010. Our oil change center network has helped us deliver strong growth in sales of our flagship product - Mobil 1 - in the retail lubricants market.

Maintaining safe operations is fundamental to the way in which we do business. In all of our operations, we have developed a culture in which the value of safety is embedded at every level of our workforce. This includes the safety and health of our employees, contractors, customers and the people who live and work in the areas we operate. Our objective is "nobody gets hurt" and we will not be satisfied until that objective is achieved.

We take a long-term, consistent approach to our business, focusing on our core competitive strengths. With improved business conditions we believe that we will continue to provide attractive returns to our shareholders. We will do this while conducting our business with the highest standards of business conduct, providing our customers with valued products and services, making a positive contribution to the communities in which we operate with a relationship built on trust and respect, and providing our employees - our greatest asset - with excellent career opportunities and a safe and supportive work environment.

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



“Optimize results through integration”



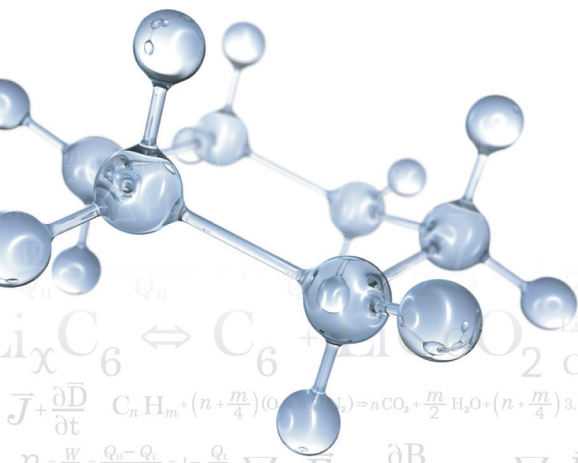
General Information

Company information:

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

References:

| | |
|----------------------|---|
| Securities Registrar | 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) |
| Auditor | 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, asphalt, and lubricants
- Sales of aromatics and other chemical products

Business Strategies



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 of delivering 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 the downstream and petrochemical segments can be divided as follows:

| | 2010 | | 2009 | | 2008 | |
|------------------------------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Net Sales | | | | | | |
| Downstream segment: | | | | | | |
| Refined petroleum products | 157,746 | 88.00 | 142,287 | 87.3 | 196,079 | 88.2 |
| Lubricants | 3,296 | 1.8 | 3,057 | 1.9 | 3,286 | 1.5 |
| Others (1) | 1,274 | 0.7 | 986 | 0.6 | 3,808 | 1.7 |
| Services (2) | 496 | 0.3 | 515 | 0.3 | 455 | 0.2 |
| Total Downstream segment | 162,812 | 90.8 | 146,845 | 90.1 | 203,628 | 91.6 |
| Petrochemical segment: | | | | | | |
| Paraxylene | 10,742 | 6.0 | 11,863 | 7.3 | 11,988 | 5.4 |
| Others (3) | 5,686 | 3.2 | 4,137 | 2.6 | 6,556 | 3.0 |
| Services | 65 | 0.0 | 65 | 0.0 | 62 | 0.0 |
| Total Petrochemical segment | 16,493 | 9.2 | 16,065 | 9.9 | 18,606 | 8.4 |
| Total Sales revenue | 179,305 | 100.0 | 162,910 | 100.0 | 222,234 | 100.0 |

(1) Mainly sales of crude oils which were purchased from an affiliate and 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, 2010 :

| Corporate | Refining & Distribution (1) | Retail & Lubricants (2) | Chemicals | Total |
|-----------|-----------------------------|-------------------------|-----------|-------|
| 39 | 546 | 122 | 16 | 723 |

(1) Includes engineers, technical staff and operators at Sriracha Refinery, together with commercial and export sales personnel.

(2) Includes retail and lubricant sales personnel.

Subsidiaries, Associated and Related Companies

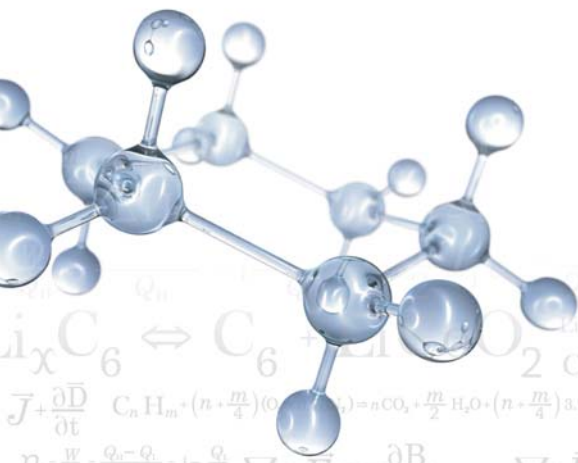
| Company Name and address | Business | Registered Capital (Baht) | Shareholding |
|---|---|---------------------------|--------------|
| Mobil Enterprises (Thailand) Limited (METL) 3195/17-29 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 262-4000 | Currently dormant | 3,333,000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

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

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

“Pursue operational excellence
and constant improvement”





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 our 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.

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 a foreign currency. 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.

3 Risk of loss from business operations

Our operations are subject to hazards and risks inherent in refining, transporting, and storing crude oils and products. Some of these hazards include 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.



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 Government 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 materially 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, in July 2010, investment in the Sriracha Clean Fuels Project was approved by the Board. We anticipate completing this substantial capital investment, as approved by the Board, 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, natural disasters or political unrest 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, 2010 was 1.1. 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 if 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 an 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 higher 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 materially 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 alternative 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 pre-emption 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.

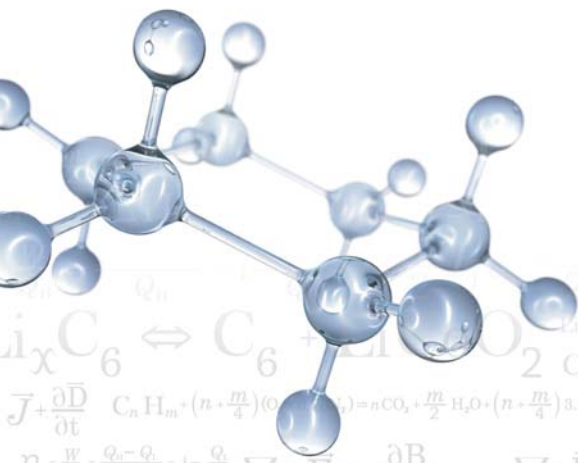
Financial Highlights

| Financial Highlights | 2010 | 2009 | 2008 |
|--|--------------------|-------------|-------------|
| (millions of Baht, unless otherwise stated) | | | |
| Sales revenue | 179,305 | 162,910 | 222,234 |
| Gross profit/(loss) | 6,871 | 11,074 | (4,252) |
| EBITDA | 4,170 | 8,417 | (7,058) |
| Net profit/(loss) | 1,654 | 4,451 | (6,864) |
| Basic earnings/(loss) per share (Baht) ⁽¹⁾ | 0.5 | 1.3 | (2.2) |
| Adjusted earnings/(loss) per share (Baht) ⁽²⁾ | 0.5 | 1.3 | (2.0) |
| | | | |
| Total assets | 66,758 | 62,015 | 55,070 |
| Total liabilities | 41,829 | 37,940 | 34,650 |
| Total shareholders' equity | 24,929 | 24,075 | 20,420 |
| | | | |
| Key Financial Ratios | 2010 | 2009 | 2008 |
| Net profit/(loss) margin (%) | 0.9 | 2.7 | (3.1) |
| Interest coverage (times) | 11.0 | 15.5 | N/A |
| Net debt to equity (times) | 1.1 | 1.1 | 1.3 |
| | | | |
| Dividend Payment for the Operating Results | 2010 | 2009 | 2008 |
| Dividend payment (Baht/share) | 0.2 ⁽³⁾ | 0.5 | 0.5 |

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

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

(3) Subject to shareholders' approval at 2011 Annual General Meeting of Shareholders



$$Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76 N_2) \rightarrow n CO_2 + \frac{m}{2} H_2 O + (n + \frac{m}{4}) 3.76 N_2$$

$$\Delta H_{T} = m (C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$\eta_t = \frac{W}{Q_c}$$

$$\nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t}$$

$$T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

Our Performance

Refining and Petrochemical



Production levels of our refining and paraxylene units are primarily determined by market demand and economics. We benefit 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 121 thousand barrels per day in 2010, below full capacity levels reflecting current demand for petroleum products and low industry refining margins, which were further impacted by Government price controls for LPG.

Paraxylene production was 315 thousand tons in 2010, 14% lower than in 2009. The decrease was mainly due to weaker margins for aromatics products. While the



sales realizations for paraxylene in 2010 increased, the cost of raw materials increased by a greater extent, resulting in lower paraxylene margins. We continue our strategy to optimize our earnings through integration and to optimize paraxylene production based on integrated manufacturing economics.

Product margins were a key factor in creating a challenging market environment in 2010. Offsetting some of these market effects, 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 continue to process challenged feedstocks, which generally have a higher incentive due to their need for more complex processing. We also process crudes from new fields, capturing discount while other buyers are less aggressive due to the uncertainty of the crude qualities. In terms of total processed volume, these opportunistic crudes and feedstocks accounted for 36% of total 2010 runs. This is made possible by our ability to utilize ExxonMobil's global refining and crude procurement network.
- **ExxonMobil Technology:** we continue to enhance utilization of ExxonMobil's Molecule Management technology, which 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 are thereby able to select those crudes with the best combination of purchase cost and yields of higher value products. We apply 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 pursue self-help programs and use resources from ExxonMobil's global network to assist in identifying areas of improvement based on global best practices, particularly in relation to raw material diversification, new emerging crude processing opportunities, product value upgrade, yield improvement and new technology. Our self-help initiatives include a continued emphasis on energy efficiency, where examples include advanced modeling of preheat exchanger performance and site-wide upgrade to new steam trap technology.

Final approval for the Sriracha Clean Fuels Project (SCFP) was given by our Board of Directors in 2010 and the project is progressing as planned.

In our distribution terminals, we continued to utilize and manage our assets to improve overall efficiency and reduce operating costs including the closure of our terminal in Saraburi and the relocation of liftings to the Thapline Saraburi terminal.

Marketing



We sell 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 43% of total sales volumes in 2010.

With our logistical and other operational advantages, we are well-positioned to compete in this dynamic and competitive market. In 2010, we had 535 service stations with approximately 18%* of product sales in the market and maintained our position as the second largest fuels retailer in Thailand.

We further optimized our network, making opportunistic enhancements to our stations while maintaining capital and cost discipline. Increased fuel sales have been achieved by offering an attractive product mix, improving site equipment and appearance via our Volume Improvement Program at selective locations, and effective promotion programs. Enhancements included forecourt, backcourt and restroom improvement programs at a number of our service stations nationwide.

In addition to the fuel revenues at our service stations, we also worked on enhancing non-fuel revenues such as income from our Tiger Marts and Lube Bays. Monthly sales promotions were run to provide customers with more choices and greater convenience. We also continued to place high importance on our alliances and further increased the number of alliance partners this year, which now include Tesco Lotus Express, B-Quik, Wizard Car Wash, and Rabika Coffee. These alliances allow us to optimize our retail sites' profitability and to provide high quality services for our customers.

* Source: Department of Energy Business

Focusing on our operation excellence, we achieved flawless operation during the floods in most parts of Thailand in terms of fast response to the situation while maintaining the sites' and staff's safety, and resuming normal business promptly.

Our commercial channels include sales through our three business-to-business segments; Industrial and Wholesale, Aviation, and Marine. Sales through this channel accounted for 36% of total sales volume in 2010. We continue to focus on sales network efficiency enhancements. With the changes in market conditions



In 2010, 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 initiatives. We continued to expand our business through the Mobil 1 Center network and achieved the 101st site by increasing 63 new sites within the year. These Mobil 1 Centers provide professional lube change service and superior care for customers' vehicles. We also supplied lubricant products to our key strategic customers including Toyota, Porsche, Caterpillar and B-Quik.



and refinery production, we optimize the general interest sales by working closely with the Integrated Business Team. In addition to the Global Professional Sales Process, we high-graded the existing sales mix by utilizing value-based pricing tools used by our salespeople in dealing with our customers, and we adopted the Benefit Selling approach to better understand our customers' needs so that we can better serve those needs while improving efficiency, business effectiveness and increasing sales contribution. We continue to maintain a disciplined approach to Credit Management and improve overdue and bad debts performance despite intense competition and unfavorable economic conditions.

The remaining 13% of our petroleum products were exported, mainly within the Asia Pacific region.

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.

Safety and Quality Control



We have developed a culture in which the value of safety is embedded at every level of the workforce. We continue to strengthen our Loss Prevention System (LPS) and make our commitment to maintain the safety performance of our workforce.

Our Operations Integrity Management System (OIMS) provides a robust framework for managing the safety of our personnel and operations, occupational health and environmental protection. Our safety management process focuses on underlying behavior 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 conduct 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 installed and commissioned vapor recovery units at all our terminals and Joint Operating terminals to reduce the hydrocarbon vapor released into the atmosphere and recover it as a product. We continue to meet Government biofuels mandates.

Financing



We have multiple sources of funds and maintain a strong liquidity position. As of December 31, 2010 the Company, including its subsidiaries, has total undrawn uncommitted credit facilities of Baht 71 billion from Thai and foreign banks as well as ExxonMobil affiliates. The Company also has a short-term bills of exchange program which received approval from the Securities and Exchange Commission (SEC) to offer for sale short-term bills of exchange in a revolving program to institutional investors, high net-worth investors, and the general public up to a program size of Baht 12 billion (increased from Baht 8 billion in 2009). The program has been assigned a short-term national rating of F-1 (tha) by Fitch Ratings (Thailand) Ltd. and the Company has obtained rating of A+ from Tris Rating Co., Ltd.

We also successfully secured Baht 8 billion for a 7-year commitment loan to refinance existing loans due in 2010, and an additional Baht 5 billion from a 3-year commitment loan.

Quality Workforce



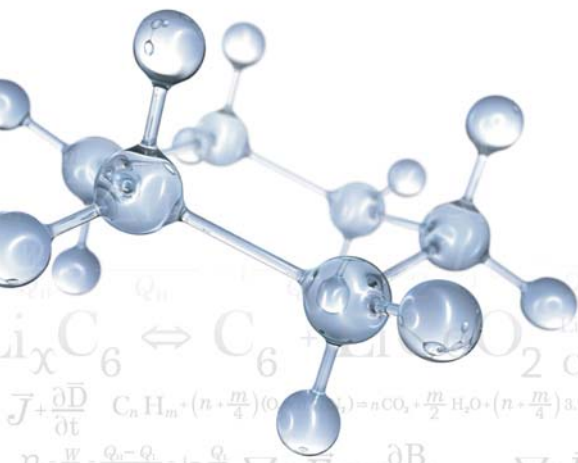
We believe that our capable and dedicated employees are one of the Company's greatest strengths. Our employee development system utilizes integrated processes for ensuring the ongoing development of highly productive, dedicated and motivated employees. We are committed to maintaining a diverse workforce 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 employees. 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 the 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.

“Commitment to safe,
environmentally responsible operations
and uphold high standards of ethics
and business control”





Management's Discussion and Analysis

Review of consolidated results for 2010

| Income Statement | 2010 | 2009 |
|----------------------------------|---------|---------|
| <i>(million Baht)</i> | | |
| Sales | 179,305 | 162,910 |
| Profit from sales | 2,148 | 6,410 |
| <i>Downstream</i> | 2,199 | 5,931 |
| <i>Petrochemical</i> | (51) | 479 |
| EBITDA | 4,170 | 8,417 |
| Finance costs, net | (366) | (536) |
| Income tax expenses | (567) | (1,744) |
| Net profit | 1,654 | 4,451 |
| Earnings per share* (Baht/share) | 0.5 | 1.3 |

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

Sales revenue in 2010 increased about 10% from 2009 due to higher average product prices partly offset by lower sales volumes. Profit from sales decreased from Baht 6,410 million in 2009 to Baht 2,148 million in 2010, as a result of lower stock gains, continued weak refining margins, and lower paraxylene spreads. Refining margins decreased from 5.6 Dollars per barrel in 2009 to 3.7 Dollars per barrel in 2010. Paraxylene margins decreased from 116 Dollars per ton in 2009 to 56 Dollars per ton in 2010, reflecting weak industry conditions. Selling, administrative and management benefit expenses were at about the same level in both years.

The 2010 EBITDA, which excludes depreciation and amortization expenses, was Baht 4,170 million, compared to Baht 8,417 million in 2009.

Finance costs decreased by Baht 170 million in 2010, mainly due to lower interest rates.

Income tax charges were Baht 567 million in 2010 with an effective tax rate of 29%, based on Baht 1,957 million profit before income tax excluding the share of profits from an associated company.

Net profit was Baht 1,654 million (0.5 Baht/share) in 2010 compared to Baht 4,451 million (1.3 Baht/share) in 2009.

2009 – 2010 Refining Margins

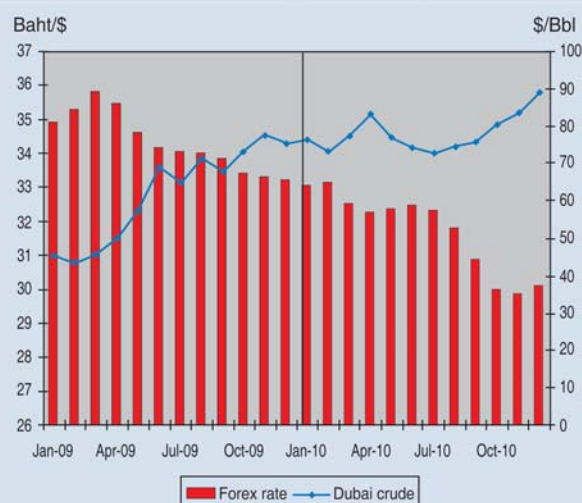
Fluctuations in crude prices often impact refining margins due to stock impacts. Generally these fluctuations create stock gains when crude prices rise, and stock losses when crude prices decline.

In both 2010 and 2009, crude prices generally increased which resulted in stock gains and positive impacts on refining margins. However in 2010, the crude price increases were lower than in 2009.

The impact of the crude price increase in US Dollars on 2010 refining margins was also partly offset by foreign exchange effects as the Thai Baht strengthened against the US Dollar.

In summary, refining margins were lower in 2010 than 2009 due to lower stock gains partly offset by some improvement in industry margins.

Dubai crude prices (\$/Bbl) and FX (Baht/\$)



Source: Bank of Thailand and Reuters

Balance Sheet

(million Baht)

| | 2010 | 2009 |
|----------------------------|--------|--------|
| Total assets | 66,758 | 62,015 |
| Total liabilities | 41,829 | 37,940 |
| Total shareholders' equity | 24,929 | 24,075 |



Total assets increased by Baht 4,743 million in 2010, with current assets higher by Baht 2,700 million and non-current assets higher by Baht 2,043 million. Current assets increased primarily due to higher trade receivables and inventories reflecting higher year-end crude and product prices. Non-current assets increased due to capital investments for the Sriracha Clean Fuels Project (SCFP).

Total liabilities increased by Baht 3,889 million mainly due to higher accounts payable of Baht 4,061 million driven by higher year-end crude prices and commitments for capital expenditures. As of year-end, total debts were Baht 27,743 million versus Baht 28,104 million in 2009. The 2010 debts consisted of Baht 11,979 million of short-term borrowings which included Baht 3,526 million of Bills of Exchange, Baht 14 million of related party loans, and Baht 15,750 million of long-term loans. The key 2010 transactions were a refinancing of a Baht 8,000 million due in 2010 to a new long-term loan facility, an addition of a new Baht 5,000 million long-term loan facility, and an increase of Bills of Exchange program value from Baht 8,000 million to Baht 12,000 million.

Total shareholders' equity increased by Baht 854 million, primarily reflecting 2010 net profit of Baht 1,654 million partially offset by a dividend payment of Baht 865 million (0.25 Baht/share) in May 2010.



Cash Flow

| Cash Flow | 2010 | 2009 |
|---|---------|---------|
| <i>(million Baht)</i> | | |
| Cash generated from operations | 6,318 | 4,521 |
| - Net cash generated from operating activities (after interest and tax) | 5,820 | 3,939 |
| Cash flow from investment | (4,457) | (2,680) |
| Cash flow from financing | (1,208) | (775) |
| Net increase/(decrease) in cash | 154 | 484 |

Our cash generated from operations was Baht 6,318 million. Net cash used in investment was Baht 4,457 million mainly related to capital investments for the SCFP project at our refinery to produce fuels to meet the Government Euro IV product specification mandate. Our net cash from financing of Baht 1,208 million included a Baht 865 million dividend payment to shareholders in May 2010. In total, our cash increased by Baht 154 million as of December 31, 2010.

| Financial Ratio | 2010 | 2009 |
|--|-------------|-------------|
| Current ratio (times) | 1.2 | 0.8 |
| Quick ratio (times) | 0.3 | 0.2 |
| Total debt to equity ratio (times) | 1.1 | 1.2 |
| Long-term debt to equity ratio (times) | 0.6 | 0.2 |
| Net debt to equity ratio (times) | 1.1 | 1.1 |

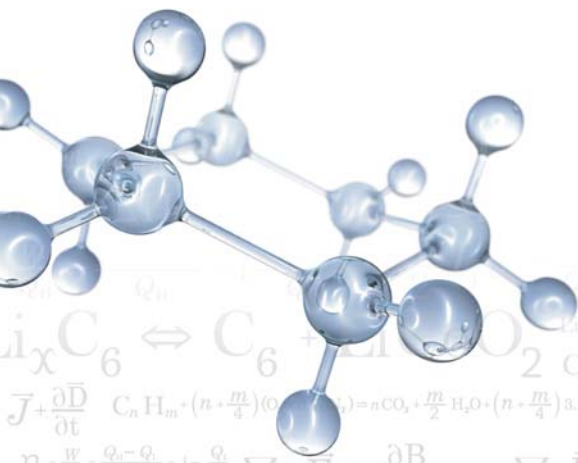
Current ratio = *Current assets / Current liabilities*

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 shareholders' equity*



$$Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76 N_2) \rightarrow n CO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76 N_2 \quad \Delta H_T = m (C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$Li_{1-x} CoO_2 + Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

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$$\eta_t = \frac{W}{Q_1}$$

$$\nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t} \quad \nabla \times \vec{E} = -\frac{\partial \vec{B}}{\partial t}$$

116 Years of Partnership

The first of our predecessor companies was established in Thailand in 1894. Since then, we have been developing a trusted partnership with the people of Thailand. Our corporate citizenship programs are designed to benefit rural development, education, arts and culture, environmental conservation, health and safety, and the well-being of the Thai people in communities around our operations and in the country at large.

Our commitment to corporate citizenship earned the Company a 2010 American Chamber of Commerce (AMCHAM) Corporate Social Responsibility Excellence Recognition Award, which was created to recognize AMCHAM member companies in Thailand which have strong commitment to community investment activities.



1 Sustainable Community Development

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

Bangsai Arts and Crafts Center

We provide support to the Bangsai Arts and Crafts Center which is under the Royal Patronage of Her Majesty the Queen's Supplementary Occupations and Related Techniques (SUPPORT) Foundation to organize exhibitions of Thai works of art. This exhibition aims to promote and support the center's marketing activities. The Bangsai SUPPORT Center is aimed at enhancing 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 a rural development camp organized by engineering students of Chulalongkorn University. The objective of the camp is to contribute to rural and social development. In 2010, students built the Yuwawissawakorn Borpit 38 Bridge at Amphoe Dan Chang, Suphan Buri province. Villagers, mostly farmers, benefit significantly from the bridge particularly for the transport of crops to market.

Encyclopedia Library in Honor of HM the King

To celebrate His Majesty the King's 84th Birthday in 2011, the Company provided support to the establishment of the Encyclopedia Library at Gawila Monument, Chiang Mai province.

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-Rattanakosin Bicentennial Fund in 1982. Since then, the fund has provided more than 1,550 scholarships to students in science and engineering fields from universities nationwide.

In addition, the Esso Sriracha Refinery educational fund was established in 1999 to support needy students. Since then, a total of 1,469 scholarships have been awarded. In 2010, scholarships were awarded to 142 primary school students, 96 secondary school students, and 82 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.



Promoting Education for Handicapped People

To make a positive difference in the lives of handicapped people, the Company provides financial support to the Father Ray Foundation for the development of an Electronic and Computer Skill Center for the Redemptorist Vocational School for People with Disabilities.



Esso Challenge – Innovative Internship

An extensive training program for selected third-year students from universities around Thailand, the Esso Challenge – Innovative Internship program aims to provide students with business experience before their graduation. The program includes classroom training and real life practice, designed to develop professionalism, an understanding of business ethics and skills development in various fields including Information Research and Analysis, Innovative Thinking, Integrated Marketing Communications and Leadership.

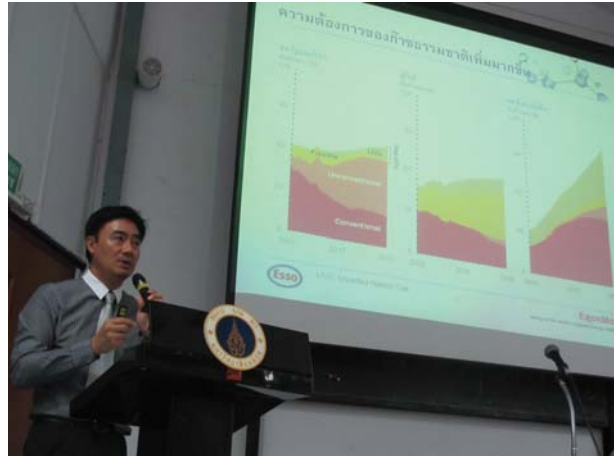
Promoting Public Learning

For more than 50 years, we have produced the quarterly magazine, “Knowledge is Light”, to promote understanding of art and culture, science and technology, energy and the environment. Since its first issue, the magazine has been distributed to libraries, schools, universities, Government offices and the general public. In addition, for more than 30 years, we have produced the TV documentary program, “Knowledge is Light”, to promote learning.



Speakers Coalition Program

Sharing energy knowledge with the general public is part of our strategy to help improve understanding of the energy situation in the country and the world. As part of that effort, we developed a Speakers Coalition team from selected employees and senior executives, including technical experts and engineers. In 2010, the Company’s speakers conducted many sessions to provide information on energy to about 2,300 people, both students and the general public.



3 Focusing on 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 behavior.

Road Safety

In conjunction with the Thai Motorcycle Enterprise Association (TMEA), the Department of Land Transport and the Royal Thai Police, the Company joins 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, has trained about 12,000 people in the past 5 years. We participated in the program in Chon Buri, Lopburi, Khon Kaen, and Chiang Mai in 2010.



Supporting Prostheses Foundation of H.R.H. The Princess Mother

The Company, in conjunction with its supplier of diesel and benzene fuel conditioners, Dso Chemical Company Limited, donated 3 million can lids to the Prostheses Foundation of H.R.H. The Princess Mother to make artificial limbs for the handicapped. The foundation was established in 1992 to provide free prostheses, made from recycled materials, which are lighter and significantly less expensive to produce.

Supporting Preventive Program for Diabetic Patients

We support the program to prevent permanent vision loss among diabetic patients at Ao Udom Hospital, Sriracha District, Chon Buri province. This program utilizes a digital retinal scanner, as early detection can help to cure diabetic retinopathy. Ao Udom Hospital currently provides service to about 2,000 diabetic patients.



Helping Those in Need

To help people affected by the widespread flooding and cold spells in various parts of Thailand, we presented a relief fund of 2,000,000 Baht to the Thai Red Cross Society and 300,000 Baht to the Disaster Relief Division of the Royal Thai Armed Forces.

4 Environmental Protection

In addition to our commitment to operating in an environmentally responsible manner, 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 Projects to Celebrate His Majesty the King's Birthday Anniversary

Since 2008, the Company has supported Kung Krabaen Bay Royal Development Study Center in its conservation of the bay area in Chantaburi province. The Study Center was initiated by His Majesty the King to conserve the environment around the coastal area in Chantaburi. In 2010, 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 2010, the 31st Marine Science Youth Camp was held on October 9-16 and was attended by selected high school students from all over Thailand. The program consisted of a full day of classroom lectures at the Faculty of Science, and a field trip to Kung Krabaen Bay Royal Development Study Center and mangrove forest planting at Chantaburi province.

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 wildlife 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 Sriracha refinery. We continue to support a program which trains students, teachers and villagers how to monitor the quality of sea water around the area. The program receives strong support from the local community.

Improving the Quality of Thai Elephants' Standard of Life

We supported the Asian Elephant Foundation of Thailand's activities, including the campaign for "Thai Elephants free from Tuberculosis".



5 Employee Volunteerism

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

Volunteer Activities by Management and Employees

Many of the Company's management and employees spend their own time and money in many volunteer programs, such as teaching and helping hill tribe children, entertaining the elderly and children at elderly homes and orphanages, helping deserted elephants, and enhancing the environment of neighboring Communities.



Building Homes for Needy Families with the Habitat for Humanity Thailand Foundation

Following a Company donation to the Habitat for Humanity Thailand Foundation, employees at Sriracha Refinery helped the foundation build a home for a needy family in Bang Lamung, Chon Buri province.



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 2010, 25 refinery employees joined this program. The teaching volunteers created a friendly learning atmosphere, resulting in highly enjoyable and productive classes for students.



2010 Highlights:

Women’s Skill Enhancement Center in Laem Chabang

In conjunction with the Population and Community Development Association, we supported the development of a Women’s Skill Enhancement Center in Laem Chabang. Covering 10 communities in the Laem Chabang area near our Sriracha Refinery, the Center was established to provide supporting activities to enhance the business potential of local women and advance their economic opportunities.

Serving as a local training, marketing and selling hub, the Center also provides resource and product assessment, professional skills training and counseling on marketing strategies, packaging design, available local materials and distribution channels. The Center is managed by a local committee appointed from the 10 participating communities which are located close to the Esso Sriracha Refinery.

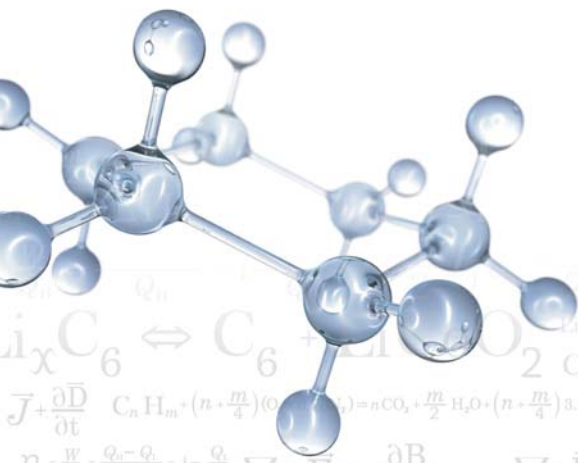


Village Toy Libraries

The Company’s employee club joined with the Population and Community Development Association in setting up the “Village Toy Library” program with an aim to foster a new generation of community-minded and philanthropic children in four remote schools.

The project emphasizes four youth-centered concepts: philanthropy, leadership, community service and participation, and environmental stewardship.

Employees donate toys to the libraries. In turn, by performing environmentally-focused community service, the children will be able to borrow and enjoy the toys. We hope this small start will eventually help to foster a new generation of local public-spirited citizens.



$$Li_x C_6 \Leftrightarrow C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi^2 \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76N_2) = nCO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76N_2$$

$$\Delta H_{T,1} = m(C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$\eta_t = \frac{W}{Q_c}$$

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$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76N_2) = nCO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76N_2$$

Shareholding and Management Structure

1 Shareholders

The top 10 major shareholders registered in the share register book as of May 10, 2010 (closing date for an additional dividend payment for year 2009) 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. | 30,000,900 | 0.87 |
| 4. Littledown Nominees Limited 9 | 25,502,700 | 0.74 |
| 5. American International Assurance Company Limited – APEX | 24,000,000 | 0.69 |
| 6. American International Assurance Company Limited – TIGER | 19,000,000 | 0.55 |
| 7. Government of Singapore Investment Corporation C | 14,465,900 | 0.42 |
| 8. Energy and Petrochemical Index Fund | 13,823,100 | 0.40 |
| 9. N.C.B. Trust Limited-SCRI-ROBECO INST.EM FONDS | 13,106,800 | 0.38 |
| 10. The BNY Nominees Ltd A/C Bank of New York Europe Ltd – Direct Clients Account-CGT Exempt | 12,306,000 | 0.36 |
| Total | 2,670,455,400 | 77.17 |

* Excluding 75,757,087 shares (2.19%) under Thai NVDR Co., Ltd.

** The Company was notified that the Ministry of Finance sold all shares to Vayupak Fund 1 on September 15, 2010.

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 be comprised of 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 2010 comprised:

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

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

(1) Mr. Yodpong Sutatham was appointed director to replace Mr. Kwok Yew Meng with effect from August 1, 2010

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, management of the business with prudence, and the avoidance of conflicts of interest;
2. Operation of the business in a transparent way with adequate disclosure to relevant parties;
3. Operation of the 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 held by him/her.
 - ii. Each shareholder may vote all of his/her shares in the exercise of the right he/she has under (i) to elect each of candidates of his/her choice as a director but he/she cannot split his/her shares and cast his/her split votes in favor of two or more candidates to one directorship.
 - iii. Candidates 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 candidates 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 or 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 a 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 transactions. 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, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person 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 a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
8. Not operate a business of the same nature as and in competition with the Company or subsidiaries nor be the partner or executive, director, employee, staff, salaried consultant or hold shares 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 by the Board of Directors, is comprised 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 subject to them meeting the requisite qualifications and remaining their position as directors of the Company.

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 the Audit Committee secretary; Mr. Amporn Chanyangam is the Audit Committee Coordinator

Audit Committee Responsibilities

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

1. to review the Company's financial reporting process to ensure accuracy and adequacy;
2. 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;
3. 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;
4. to consider, select, nominate and recommend remuneration of the Company's external auditors as well as to attend a non-management meeting with an external auditor at least once a year;
5. to review a connected transaction 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 benefit of the Company;
6. 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:

- (a) an opinion on the reliability, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the Company's compliance with the securities and exchange laws and regulations, and other laws applicable to the Company's business,
 - (d) an opinion on the suitability of the nominated external auditors,
 - (e) an opinion on transactions that may lead to conflicts of interests, if any,
 - (f) the number of audit committee meetings, and the attendance at such meetings by each committee member,
 - (g) an opinion or general comment observed by the audit committee from its performance of duties in accordance with the charger, and
 - (h) 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;
7. to perform any other task assigned by the Board and agreed to by the Audit Committee;
8. 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) a transaction which causes a conflict of interest;
 - (b) any fraud, irregularity, or material defect in an internal control system; or
 - (c) an infringement of the securities and exchange laws and regulations, or any laws applicable to the Company's business,
9. to review without delay after receiving written notice 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, report any finding confirming the suspicion of the external auditor to the Board and 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 assess performance of our Managing Director, to review our Managing Director's performance 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, 2010 were:

| Name | Position |
|---------------------------------|--|
| 1. Mr. Robert Michael Cooper | Chairman and Managing Director |
| 2. Mr. Mark Ell Northcutt | Director and Refinery Manager |
| 3. Mr. Mongkolnimit Auacherdkul | Director and Public and Government Affairs Manager |
| 4. Mr. Yodpong Sutatham (1) | 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. Ratrimani Pasiphol | Treasurer / Tax Manager |
| 10. Ms. Jo-Anne Eu Chu Chuin | Lubricants Manager |
| 11. Mr. Chan Itthithavorn (2) | Investor Relations Manager |

(1) Mr. Yodpong Sutatham was appointed to replace Mr. Kwok Yew Meng with effect from August 1, 2010

(2) Mr. Chan Itthithavorn was appointed to replace Ms. Phantipa Rasananda with effect from June 1, 2010

Managing Director's Responsibilities

The 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 that 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 receive a monthly remuneration of 166,667 Baht.
2. Directors who are not members of the Audit Committee 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 2010:

| Name | Fiscal year ended December 31, 2010 (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. Yodpong Sutatham (1) | - |
| 6. Mr. Adisak Jangkamolkulchai (1) | - |
| 7. Mr. Somjate Saifon (1) | - |
| 8. Mr. Kurujit Nakornthap | 1,600,008 |
| 9. Mr. Wattana Chantarasorn | 1,600,008 |
| 10. Mr. Sompop Amatayakul | 2,000,004 |
| 11. Mr. Smit Tiemprasert | 2,000,004 |
| 12. Ms. Wattanee Phanachet | 2,000,004 |
| Directors resigning during 2010 | |
| 1. Mr. Kwok Yew Meng (1) | - |
| Total | 9,200,028 |

(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, 2010, the total executive remuneration for 13 executives (including the 2 executives who resigned in 2010), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 89.4 Million.

9 Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2010 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. Yodpong Sutatham * | /, // | | 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. Ms. Jo-Anne Eu Chu Chuin | // | | | | | | |
| 17. Mr. Chan Itthithavorn | // | | | | | | |

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, 2010 is as follows:

Unit : % shares

| Name | Company | Subsidiaries/Associated Company | | | | | |
|---------------------------------|---------|---------------------------------|-------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| 1. Mr. Robert Michael Cooper | - | - | - | - | - | - | - |
| 2. Ms. Porntida Boonsa | - | 0.003 | - | - | - | - | - |
| 3. Mr. Mark Ell Northcutt | - | - | - | - | - | - | - |
| 4. Mr. Mongkolnimit Auacherdkul | - | - | - | - | - | - | - |
| 5. Mr. Yodpong Sutatham | - | - | - | - | - | - | - |
| 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. Ms. Jo-Anne Eu Chu Chuin | - | - | - | - | - | - | - |
| 17. Mr. Chan Itthithavorn | - | - | 14.00 | - | - | - | - |

* 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
6. Thai Petroleum Pipeline Company Limited

Report of the Audit Committee

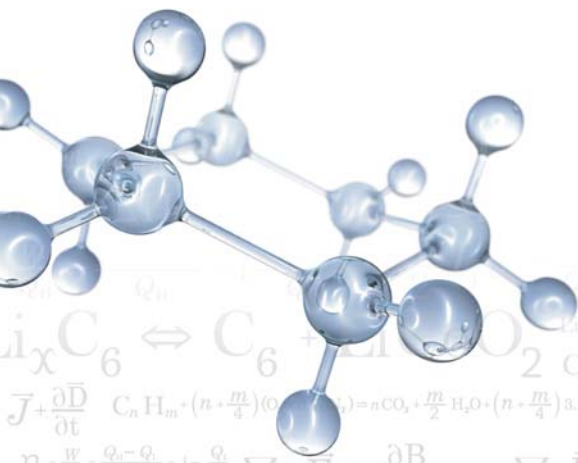
The Audit Committee of Esso (Thailand) Public Company Limited comprises three independent directors namely Mr. Sompop Amatayakul, Chairman of the Audit Committee, Mr. Smit Tiemprasert and Ms. Wattanee Phanachet, members of the Audit Committee. The Audit Committee performed its duties as entrusted by the Board of Directors which complies with the Audit Committee Charter and the Stock Exchange of Thailand's requirements. The Committee reviewed matters related to the financial reporting, information disclosure, adequacy of internal control, risks management and recommended corrective actions. In 2010, the Committee convened seven meetings with all members attending together with the Company's management, Internal Audit Manager, Legal Counselors and external auditors. These included two meetings to discuss solely with internal legal counselors and external auditors. The Committee reported the results, findings and recommendations to the Board of Directors on a quarterly basis. Results of the Audit Committee's review can be summarized as follows:

- The Committee reviewed the quarterly and 2010 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, and there were no significant adjustments made by the external auditors. Moreover, the Committee reviewed the Company's readiness in preparing the financial statements in accordance with the new Thai Accounting Standards based on the International Financial Reporting Standards (IFRS) and believed that the Company is well-positioned to comply with the IFRS.
- The Committee reviewed and concurred with the annual plan of internal audit, assessed the adequacy of the Company's internal control, risks 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 risks 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 compliance.
- The Committee reviewed the appropriateness and reasonableness of related-party transactions and concluded that the related-party 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 and construed that the Company's business practices are ethically consistent with the guideline of good corporate governance as promoted by the Stock Exchange of Thailand.
- The Committee participated in screening and reviewing the qualifications and remuneration 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.



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





$$Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76N_2) \rightarrow nCO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76N_2 \quad \Delta H_T = m(C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$Li_{1-x} CoO_2 + Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76N_2) \rightarrow nCO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76N_2 \quad \Delta H_T = m(C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$Li_{1-x} CoO_2 + Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76N_2) \rightarrow nCO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76N_2 \quad \Delta H_T = m(C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

Corporate Governance

$$Li_{1-x} CoO_2 + Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76N_2) \rightarrow nCO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76N_2 \quad \Delta H_T = m(C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$Li_{1-x} CoO_2 + Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76N_2) \rightarrow nCO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76N_2 \quad \Delta H_T = m(C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

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 | 9. Health Policy |
| 2. Conflicts of Interest Policy | 10. Environment Policy |
| 3. Corporate Assets Policy | 11. Safety Policy |
| 4. Directorship Policy | 12. Product Safety Policy |
| 5. Gifts and Entertainment Policy | 13. Customer Relations and Product Quality Policy |
| 6. Political Activities Policy | 14. Alcohol and Drug Use Policy |
| 7. International Operations Policy | 15. Equal Employment Opportunity Policy |
| 8. Antitrust 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 with 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, non-public 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; and
- 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.



2010 Annual General Meeting of Shareholders



Executives and officers from the Good Governance Development & Alliance Department, the Stock Exchange of Thailand visited Esso in 2010. Also, in 2010, Esso Corporate Governance Programs were rated 'Very Good' by Thai Institute of Directors Association (IOD).

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 2010, the Company disclosed 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).

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's website, quarterly analyst meetings, company visits, e-mails, and telephone calls. Direct IR phone line (02 262-4788) and e-mail (essoIR@exxonmobil.com) were provided for contact convenience.

2.5 Board Responsibilities

Board Structure and Responsibilities

See Board of Directors structure and its responsibilities, and the list of the directors serving the Board 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 2010, the Board met 6 times with details of attendance as follows:

| Name | Board Meeting Attendance (times) |
|--|----------------------------------|
| 1. Mr. Robert Michael Cooper | 6/6 |
| 2. Ms. Porntida Boonsa | 5/6 |
| 3. Mr. Mark Ell Northcutt | 5/6 |
| 4. Mr. Mongkolnimit Auacherdkul | 5/6 |
| 5. Mr. Yodpong Sutatham (1) | 2/2 |
| 6. Mr. Adisak Jangkamolkulchai | 4/6 |
| 7. Mr. Somjate Saifon | 6/6 |
| 8. Mr. Kurujit Nakornthap | 6/6 |
| 9. Mr. Wattana Chantarasorn | 6/6 |
| 10. Mr. Sompop Amatayakul | 6/6 |
| 11. Mr. Smit Tiemprasert | 6/6 |
| 12. Ms. Wattanee Phanachet | 6/6 |
| Directors resigning during 2010 | |
| 1. Mr. Kwok Yew Meng (1) | 3/3 |

(1) Mr. Yodpong Sutatham was appointed director to replace Mr. Kwok Yew Meng with effect from August 1, 2010.

Audit Committee

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

In 2010, the Audit Committee met 7 times which included meetings for individual discussions with internal legal counselors and external auditors. The details of attendance were:

| Name | Audit Committee Attendance (times) |
|---------------------------|------------------------------------|
| 1. Mr. Sompop Amatayakul | 7/7 |
| 2. Mr. Smit Tiemprasert | 7/7 |
| 3. Ms. Wattanee Phanachet | 7/7 |

Performance Evaluation Committee

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

The Performance Evaluation Committee assessed our Managing Director's performance for 2010 and reviewed the assessment with the Board, and provided 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 with 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 | DAP | ** / * |
| 2. Ms. Porntida Boonsa | DAP | 26 Sep 2008 |
| 3. Mr. Mark Ell Northcutt | DAP | ** / * |
| 4. Mr. Mongkolnimit Auacherdkul | DAP | 26 Sep 2008 |
| 5. Mr. Yodpong Sutatham | DAP | 30 Nov 2010 |
| 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 |

* To attend DAP English class on March 8, 2011.

** DAP English class previously enrolled in 2010 was cancelled.

DAP = Director Accreditation Program

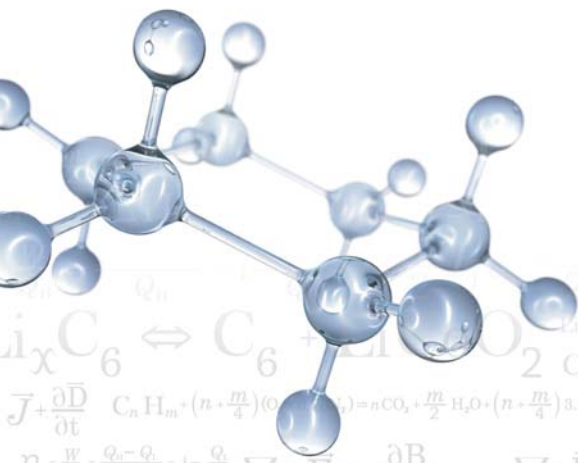
DCP = Director Certification Program

ACP = Audit Committee Program

FN = Finance for Non-Finance Director

“Selective and disciplined
investment approach”





Internal Controls

The Audit Committee independently assesses and evaluates the effectiveness of the Company's 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.

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 include follow-up processes to ensure effective implementation.

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 reviewed and approved 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.

Information and Communication

Meeting agendas and supporting information are provided to Board members in a timely fashion to ensure that material information is 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).

Monitoring and Evaluation

Control training is identified and provided to all employees consistent with job requirements. Internal audit staff independently assess compliance with policies and procedures, and evaluate 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 reviews and assesses the effectiveness of the management follow-up process.

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, is 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 Interdependence 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 systems 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

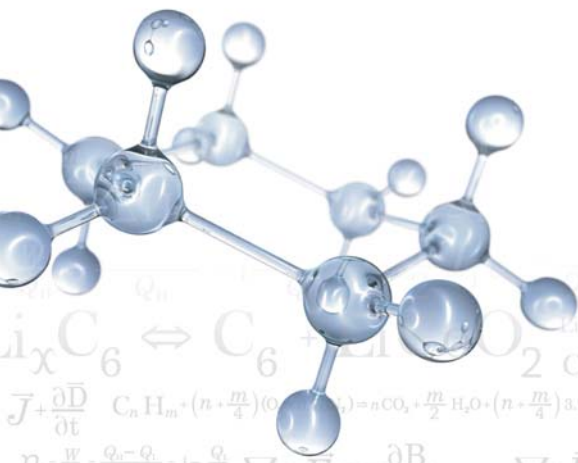
Independent external auditors audit the Company's financial statements in accordance with generally accepted auditing standards in Thailand to ensure that the financial statements are free of material misstatement and in conformity with generally accepted accounting principles.

Auditor's Remuneration

The audit fees paid to the office of external auditor, PricewaterhouseCoopers ABAS Limited, for the 2010 accounting period was Baht 4,300,000.

“Increase efficiency
and access technology
through affiliation with ExxonMobil”





$$Li_x C_6 \rightleftharpoons C_6 + LiCoO_2 \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$C_n H_m + (n + \frac{m}{4})(O_2 + 3.76 N_2) \rightarrow n CO_2 + \frac{m}{2} H_2 O + (n + \frac{m}{4}) 3.76 N_2$$

$$\Delta H_T = m (C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$\eta_t = \frac{W}{Q_c}$$

$$\nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t}$$

$$T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

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 Capital Market Supervisory Board and 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, the Capital Market Supervisory Board 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 an 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 interests of the Company.

Detail of Related party transactions

We list below the main agreements, with related parties as of December 31, 2010.

| Agreements | Parties/Relationship with the Company | Main Purposes | 2010 Transaction Value (Million Baht) | | |
|---|---|--|---------------------------------------|----------|------------------------------------|
| | | | Sales | Purchase | Service Income Service Expenses |
| Goods and Services | | | | | |
| Crude oil, LPG, Products and Feedstock, and Lube Basestock Supply Agreement | ExxonMobil Asia Pacific Pte.Ltd. (“ EMAPPL ”) EMAPPL is an affiliate of Exxon Mobil Corporation (EMC), which EMC indirectly holds 100% of shares in EMAPPL | EMAPPL sells or procures for sale to Esso Asia Pacific crude oil. In addition to such crude oil, EMAPPL agrees to sell or procure for sale LPG, products and feedstock, and lube basestock. EMAPPL purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export. | 10,637 | 32,938 | |
| Paraxylene and Benzene concentrate Supply and Offtake Agreement | EMAPPL | Esso sells EMAPPL paraxylene and benzene concentrate. | | | |
| Finished lubes Sale and Purchase Agreement (spot basis) | EMAPPL | Esso sells or purchases finished lubes to or from EMAPPL. | | | |
| Sale Agreement (ISOM BZ) (spot basis) | ExxonMobil Chemical Asia Pacific (“ EMCAP ”), 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. | 1,092 | | |
| Sale Agreement | EMCAP | EMCAP sells or causes to be sold to Esso chemical products in such a volume as Esso nominates from time to time. | | 3,528 | 52 |
| Crude oil, Products and Feedstocks Supply Agreement | ExxonMobil Sales and Supply (“ EMS&S ”) 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 sale products and feedstock to Esso. EMS&S purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export. | 377 | 71,404 | |
| “Bangkok Business Support Center” Master Service Agreement | ExxonMobil Limited (“ EML ”) 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. | | | 1,249 |

| Agreements | Parties/Relationship with the Company | Main Purposes | 2010 Transaction Value (Million Baht) | | | |
|---|---|--|---------------------------------------|----------|----------------|------------------|
| | | | Sales | Purchase | Service Income | Service Expenses |
| Downstream Regional Headquarters/Affiliate Master Service Agreement | EMAPPL | 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 | EMAPPL | 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. | | | 10 | 700 |
| Master Service Agreement | ExxonMobil Global Services Company (" EMGSC ") 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. | | | | 40 |
| ExxonMobil Petroleum & Chemical Master Business Support Agreement | ExxonMobil Petroleum & Chemical (" EMPC ") EMPC is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMPC | EMPC provides Esso a variety of services relating to accounting and administrative services through personnel based out of business centers established outside of Thailand. | | | | 3 |
| EssoAir Service Agreement | ExxonMobil Aviation International Ltd. (" EMA ") 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. | | | | 72 |
| Inter Affiliate Marine Transportation Services Agreement | Standard Tankers Bahamas Ltd (" STB ") 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. | | 1,477 | | 2 |

| Agreements | Parties/Relationship with the Company | Main Purposes | 2010 Transaction Value (Million Baht) | | | |
|---|--|--|---------------------------------------|----------|----------------|--------------------|
| | | | Sales | Purchase | Service Income | Service Expenses |
| Standard Research Agreement | ExxonMobil Research and Engineering Company (“EMRE”) 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. | | | | 518 ⁽¹⁾ |
| Catalyst Lease Agreement | ExxonMobil Catalyst Technologies LLC (“EMCT”) EMCT is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCT | EMCT, as a lessor, commits to supply and lease catalysts to Esso. | | | | 76 |
| Petroleum Retail Products Trademark License Agreement | EMC EMC is the ultimate parent company of various affiliates and subsidiaries | 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 | EMC | 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 | EMC | 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 (“EMHKL”) 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. | | | | 20 |
| Service Agreement | ExxonMobil Catalyst Services Inc. (“EMCSI”) 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. | | | | 68 |

| Agreements | Parties/Relationship with the Company | Main Purposes | 2010 Transaction Value (Million Baht) | | | |
|---|--|---|---------------------------------------|------------------------|----------------|------------------|
| | | | Sales | Purchase | Service Income | Service Expenses |
| Service Agreement | ExxonMobil Chemical Company (“EMCC”) EMCC is a division of EMC | Esso provides certain services relating to marketing efforts in Thailand to EMCC. | | | 3 | |
| ExxonMobil Marine Fuels Supply and Services Agreement | 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. | 1,117 | | | |
| Others | | | 0 | 219 | 0 | 276 |
| TOTAL (see note to financial statement no.33) | | | 13,223 | 109,566 ⁽²⁾ | 13 | 3,080 |

(1) Baht 390 million paid to EMRE is classified as capital expenditures

(2) Baht 680 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included

| Agreements | Parties | Main Purposes | 2010 Transaction Value (Million Baht) | | | |
|--|--|---|---------------------------------------|-----------------|------------------|-----------------|
| | | | Loan Balance | Deposit Balance | Interest Expense | Interest Income |
| Financial Assistance | | | | | | |
| Loan and Current Account Agreement | EML | 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 funds and is required to pay interest for the deposited amount. | 14 | | 19 | |
| Loan and Current Account Agreement | Industry Promotion Enterprises Limited (“IPEL”) IPEL is an affiliate, which an executive holds 14% of shares in IPEL | Esso provides a loan commitment to IPEL with the maximum principal amount of Baht 500 million. In the event that money from IPEL is deposited in current account, Esso can make use of such funds and is required to pay interest for the deposited amount. | 2 | | 0 | |
| TOTAL (see note to financial statement no.33) | | | 16 ⁽³⁾ | 0 | 19 | 0 |

(3) Baht 2 million classified as long-term loans from Subsidiaries is included.

Board of Directors



Mr. Robert Michael Cooper

Chairman and Managing Director

Age: 49

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 Investor Relations Manager, Exxon Mobil Corporation, USA
- 2005 – 2006 Upstream General Auditor, ExxonMobil, USA
- 2001 – 2005 Financial Reporting and Analysis Manager, ExxonMobil, USA

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: 70

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 and Audit Committee of 3 public companies
- Vice President of the Thai Chamber of Commerce

Experience: Before 2003

- Deputy Minister of Industry
- 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



Ms. Wattanee Phanachet

Independent Director and Member of Audit Committee

Age: 73

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
- Specialist in the field of finance and accounting, Civil Service Commission

Experience:

- 2007 – 2009 Independent Director and Audit Committee Member, Electricity Generating PLC
- 2005 – 2008 Head, Sub-Committee on Certified Public Accountant's Qualification, Federation of Accounting Professions
- 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

Board of Directors



Mr. Smit Tiemprasert

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

Age: 71

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



Mr. Wattana Chantarasorn

Director and Member of Performance Evaluation Committee

Age: 64

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: 55

Education:

- Ph.D in Petroleum Engineering, University of Oklahoma, USA

Current Positions:

- Deputy Permanent Secretary of Energy, Ministry of Energy

Experience:

- 2008 – 2009 Director-General, Department of Mineral Fuels, Ministry of Energy
- 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

Board of Directors



Mr. Mongkolnimit Auacherdkul

Director and Member of Performance Evaluation Committee
Age: 53

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

Ms. Porntida Boonsa

Director
Age: 44

Education:

- M.BA in Finance and Accounting, Wharton School, University of Pennsylvania, USA

Current Positions:

- Director, 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: Spouse of Mr. Chai Jangsirikul (Controller, Esso (Thailand) Public Company Limited)

Shareholding in the Company (%): None

Mr. Mark Ell Northcutt

Director
Age: 48

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

Board of Directors



Mr. Adisak Jangkamolkulchai

Director

Age: 47

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. Somjate Saifon

Director

Age: 53

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. Yodpong Sutatham

Director

Age: 43

Education:

- M.BA in General Management, Seattle Pacific University, USA

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

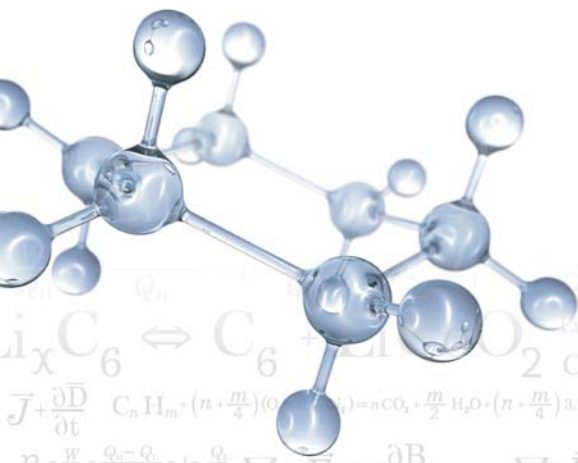
Experience:

- 2009 – 2010 Asia Pacific Retail Operations Support Center Manager, Fuels Marketing, ExxonMobil Limited
- 2007 – 2009 Asia Pacific Retail Lead Programs Coordinator, Asia Pacific Retail Support, Esso (Thailand) Public Company Limited
- 2006 – 2007 Asia Pacific Retail Lead Rent Advisor, Asia Pacific Support, Esso (Thailand) Public Company Limited

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%): None



$$Li_x C_6 \rightleftharpoons C_6 + LiCoO_2$$

$$T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi^2 \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$\Delta H_T = m (C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$\nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t}$$

$$\eta_t = \frac{W}{Q_c}$$

Executive Officers

$$Li_{1-x} CoO_2 + Li_x C_6 \rightleftharpoons C_6 + LiCoO_2$$

$$T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi^2 \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$\eta_t = \frac{W}{Q_c}$$

- 1 | **Mr. Robert Michael Cooper**
Chairman and Managing Director

- 2 | **Mr. Somjate Saifon**
Director and Chemicals Manager

- 3 | **Mr. Yodpong Sutatham**
Director and Retail Manager

- 4 | **Mr. Mark Eil Northcutt**
Director and Refinery Manager

- 5 | **Mr. Mongkolnimit Auacherdkul**
Director and Public and Government Affairs Manager

- 6 | **Mr. Adisak Jangkamolkulchai**
Director and Refinery Process Manager

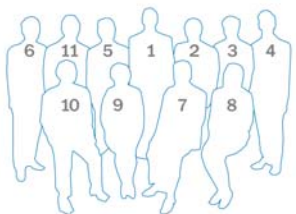
- 7 | **Mr. Channarong Janjitmun**
Industrial and Wholesale Manager

- 8 | **Ms. Ratrimani Pasiphol**
Treasurer / Tax Manager

- 9 | **Ms. Jo-Anne Eu Chu Chuin**
Lubricants Manager

- 10 | **Mr. Chai Jangsirikul**
Controller

- 11 | **Mr. Chan Itthithavorn**
Investor Relations Manager



Mr. Channarong Janjitmun

Industrial and Wholesale Manager

Age: 56

Education:

- M.BA, 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: 43

Education:

- M.BA, 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

Ms. Jo-Anne Eu Chu Chuin

Lubricants Manager

Age: 40

Education:

- M.BA in International Business, Nanyang Technological University, Singapore

Current Positions:

- Lubricants Manager, Esso (Thailand) Public Company Limited

Experience:

- 2008 – 2009 Deputy General Manager, Lubricants and Specialties, ExxonMobil (China) Investment Co., Ltd
- 2005 – 2007 Asia Pacific Sales Support Manager, Lubricants and Specialties, ExxonMobil Asia Pacific Pte Ltd, Singapore

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%): None

Mr. Chai Jangsirikul

Controller

Age: 53

Education:

- M.BA, Thammasat University, Thailand

Current Positions:

- Controller, Esso (Thailand) Public Company Limited
- Controller, ExxonMobil Limited
- Director, Thai Petroleum Pipeline Company 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: :

Spouse of Ms. Porntida Boonsa (Director, Esso (Thailand) Public Company Limited)

Shareholding in the Company (%): None

Mr. Chan Itthithavorn

Investor Relations Manager

Age: 42

Education:

- M.BA in Finance & Management of Information System, University of Minnesota, USA

Current Positions:

- Investor Relations Manager, Esso (Thailand) Public Company Limited
- Director, ExxonMobil Limited

Experience:

- 2008 – 2010 Financial Accounting & Reporting Manager, Bangkok BSC Controller's, ExxonMobil Limited
- 2006 – 2008 Global Refining & Supply Earning Advisor, ExxonMobil Fuels Marketing, USA
- 2006 – 2006 Asia Pacific Operation Advisor, ExxonMobil Limited
- 2004 – 2006 Controller, Esso (Thailand) Public Company Limited

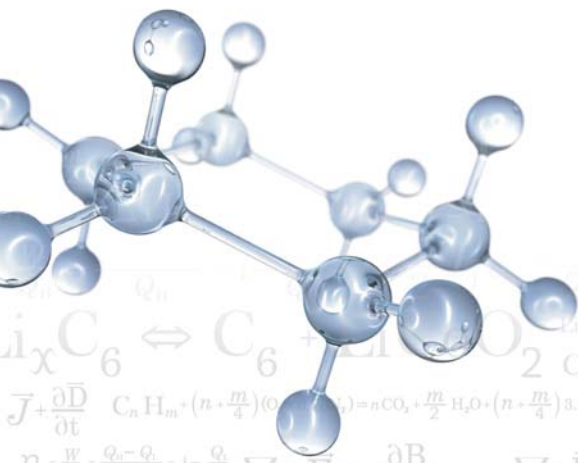
Records of violation of law*: None

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 generally accepted accounting standards in Thailand under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Security and Exchange Act B.E. 2535.

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 ensure that accounting records are accurate, complete and timely, 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

To the Shareholders of Esso (Thailand) Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2010, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year 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 audit. The consolidated and company financial statements of the Group and of the Company for the year ended 31 December 2009, presented herewith for comparative purposes, were audited by another auditor of the same firm as myself, whose report dated 26 February 2010 expressed an unqualified opinion.

I conducted my audit 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 audit provides 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 2010, and the consolidated and company results of operations, and cash flows for the year then ended of the Group, and of the Company, respectively, in accordance with generally accepted accounting principles.



Nattaporn Phan-Udom

Certified Public Accountant (Thailand) No. 3430

PricewaterhouseCoopers ABAS Limited

Bangkok

24 February 2011

Balance Sheets

As at 31 December 2010 and 2009

(All amounts in Baht thousand unless otherwise stated)

| Assets | Note | Consolidated | | Company | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Current assets | | | | | |
| Cash and cash equivalents | 5 | 1,302,692 | 1,167,821 | 1,078,315 | 948,413 |
| Trade receivables, net | 6 | 5,269,498 | 4,729,137 | 5,246,931 | 4,708,284 |
| Trade receivables from a related party | 33f | - | - | 1,330,386 | 1,156,949 |
| Amounts due from related parties | 33f | 691 | 38,006 | 83,317 | 76,164 |
| Inventories, net | 7 | 20,711,338 | 18,383,631 | 20,300,597 | 18,015,969 |
| Tax claim receivables, net | 8 | 707,358 | 1,044,756 | 680,790 | 1,037,391 |
| Other current assets | 9 | 1,080,327 | 1,008,343 | 1,260,077 | 1,177,690 |
| | | 29,071,904 | 26,371,694 | 29,980,413 | 27,120,860 |
| Non-current assets | | | | | |
| Investments in subsidiaries | | | | | |
| and an associate | 10 | 718,530 | 454,771 | 1,843,949 | 1,843,949 |
| Available-for-sale financial assets | 11 | 385,200 | 291,600 | 385,200 | 291,600 |
| Long-term loans to related parties | 33g | - | - | 1,944,383 | 1,817,620 |
| Deferred income tax assets, net | 12 | 4,778,068 | 5,364,730 | 4,592,058 | 5,179,811 |
| Intangible assets, net | 13 | 403,817 | 472,679 | 403,817 | 472,679 |
| Property, plant and equipment, net | 14 | 30,576,499 | 27,961,963 | 26,016,033 | 23,379,738 |
| Prepaid rental and deferred charges | 15 | 759,496 | 981,355 | 2,902,038 | 3,321,093 |
| Other non-current assets | | 64,127 | 116,011 | 45,178 | 96,883 |
| | | 37,685,737 | 35,643,109 | 38,132,656 | 36,403,373 |
| Total assets | | 66,757,641 | 62,014,803 | 68,113,069 | 63,524,233 |



The notes on pages 73 to 106 are an integral part of these consolidated and company financial statements.

Balance Sheets

As at 31 December 2010 and 2009

(All amounts in Baht thousand unless otherwise stated)

| Liabilities and shareholders' equity | Note | Consolidated | | Company | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Current liabilities | | | | | |
| Borrowings | 16 | 11,978,757 | 22,363,173 | 11,978,757 | 22,363,173 |
| Trade and other payables | 17 | 4,231,387 | 2,844,281 | 4,138,225 | 2,740,524 |
| Short-term loans from related parties | 33h | 13,779 | 240,993 | 691,321 | 823,941 |
| Amounts due to related parties | 33f | 8,295,803 | 5,621,653 | 8,313,320 | 5,628,780 |
| Short-term provisions for pensions | 18 | 34,926 | 10,943 | 34,926 | 10,943 |
| Short-term provisions for other employee benefits | 19 | 339,493 | 300,015 | 339,493 | 300,015 |
| | | 24,894,145 | 31,381,058 | 25,496,042 | 31,867,376 |
| Non-current liabilities | | | | | |
| Long-term loans from related parties | 33h | - | - | 1,921 | 5,371 |
| Borrowings | 16 | 15,750,000 | 5,500,000 | 15,750,000 | 5,500,000 |
| Long-term provisions for pensions | 18 | 920,794 | 815,459 | 920,794 | 815,459 |
| Long-term provisions for other employee benefits | 19 | 251,701 | 203,685 | 251,701 | 203,685 |
| Other non-current liabilities | | 12,490 | 39,673 | 12,490 | 39,673 |
| | | 16,934,985 | 6,558,817 | 16,936,906 | 6,564,188 |
| Total liabilities | | 41,829,130 | 37,939,875 | 42,432,948 | 38,431,564 |

The notes on pages 73 to 106 are an integral part of these consolidated and company financial statements.

Balance Sheets

As at 31 December 2010 and 2009

(All amounts in Baht thousand unless otherwise stated)

| Shareholders' equity | Note | Consolidated | | Company | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Share capital | | | | | |
| Authorised share capital | | | | | |
| 3,467,916,666 ordinary shares with par value of Baht 4.9338 each | 20 | 17,110,007 | 17,110,007 | 17,110,007 | 17,110,007 |
| Issued and paid-up share capital | | | | | |
| 3,460,858,000 ordinary shares with paid-up value of Baht 4.9338 each | 20 | 17,075,181 | 17,075,181 | 17,075,181 | 17,075,181 |
| Share premium | 20 | 4,031,711 | 4,031,711 | 4,031,711 | 4,031,711 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 22a | 618,368 | 549,010 | 618,368 | 549,010 |
| Unappropriated | | 2,951,378 | 2,232,673 | 3,710,421 | 3,257,847 |
| Fair value reserve | 22b | 244,440 | 178,920 | 244,440 | 178,920 |
| | | 24,921,078 | 24,067,495 | 25,680,121 | 25,092,669 |
| Minority interest | | 7,433 | 7,433 | - | - |
| Total shareholders' equity | | 24,928,511 | 24,074,928 | 25,680,121 | 25,092,669 |
| Total liabilities and shareholders' equity | | 66,757,641 | 62,014,803 | 68,113,069 | 63,524,233 |

The notes on pages 73 to 106 are an integral part of these consolidated and company financial statements.

Statements of Income

For the years ended 31 December 2010 and 2009

(All amounts in Baht thousand unless otherwise stated)

| | Note | Consolidated | | Company | |
|---|------|------------------|-------------------|------------------|-------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Sales | 23 | 179,304,969 | 162,909,983 | 177,873,209 | 161,516,001 |
| Cost of sales | 24 | (172,434,351) | (151,836,309) | (171,578,899) | (151,122,215) |
| Gross profit | | 6,870,618 | 11,073,674 | 6,294,310 | 10,393,786 |
| Selling expenses | 24 | (4,313,323) | (4,207,752) | (3,738,545) | (3,698,313) |
| Administrative expenses | 24 | (349,553) | (384,035) | (349,553) | (384,035) |
| Management benefit expenses | 24 | (59,779) | (71,600) | (59,779) | (71,600) |
| Profit from sales | | 2,147,963 | 6,410,287 | 2,146,433 | 6,239,838 |
| Other income | | 67,761 | 59,007 | 63,877 | 49,452 |
| Operating profit | | 2,215,724 | 6,469,294 | 2,210,310 | 6,289,290 |
| Share of profit from an associate | 10 | 263,759 | 261,547 | - | - |
| Other non-operating income | 14 | 107,590 | - | 69,290 | - |
| Profit before finance costs and income tax | | 2,587,073 | 6,730,841 | 2,279,600 | 6,289,290 |
| Finance costs, net | 25 | (366,200) | (536,477) | (332,780) | (485,909) |
| Profit before income tax | | 2,220,873 | 6,194,364 | 1,946,820 | 5,803,381 |
| Income tax expense | 26 | (566,848) | (1,743,800) | (559,673) | (1,703,110) |
| Profit for the year | | 1,654,025 | 4,450,564 | 1,387,147 | 4,100,271 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 1,653,278 | 4,449,743 | 1,387,147 | 4,100,271 |
| Minority interest | | 747 | 821 | - | - |
| | | 1,654,025 | 4,450,564 | 1,387,147 | 4,100,271 |
| Earnings per share for profit attributable to equity holders of the Company (expressed in Baht per share) | | | | | |
| Basic/diluted | 27 | 0.48 | 1.29 | 0.40 | 1.18 |

The notes on pages 73 to 106 are an integral part of these consolidated and company financial statements.

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2010 and 2009
(All amounts in Baht thousand unless otherwise stated)

| | Consolidated | | | | | | |
|---|----------------------------------|------------------|--|--|--------------------|-------------------|-------------------|
| | Issued and paid-up share capital | Share premium | Retained earnings/(accumulated losses) | | Fair value reserve | Minority interest | Total |
| | | | Appropriated - legal reserve | Unappropriated - retained earnings/ (accumulated losses) | | | |
| Note | | | | | | | |
| Balance at 1 January 2010 | 17,075,181 | 4,031,711 | 549,010 | 2,232,673 | 178,920 | 7,433 | 24,074,928 |
| Net profit for the year | - | - | - | 1,653,278 | - | 747 | 1,654,025 |
| Dividends paid | - | - | - | (865,215) | - | (747) | (865,962) |
| Fair value gains on available-for-sale financial assets, net of tax | - | - | - | - | 65,520 | - | 65,520 |
| Allocation of net profit to legal reserve | - | - | 69,358 | (69,358) | - | - | - |
| Balance at 31 December 2010 | 17,075,181 | 4,031,711 | 618,368 | 2,951,378 | 244,440 | 7,433 | 24,928,511 |
| Balance at 1 January 2009 | 17,075,181 | 4,031,711 | 343,997 | (1,146,842) | 108,360 | 7,433 | 20,419,840 |
| Net profit for the year | - | - | - | 4,449,743 | - | 821 | 4,450,564 |
| Dividends paid | - | - | - | (865,215) | - | (821) | (866,036) |
| Fair value gains on available-for-sale financial assets, net of tax | - | - | - | - | 70,560 | - | 70,560 |
| Allocation of net profit to legal reserve | - | - | 205,013 | (205,013) | - | - | - |
| Balance at 31 December 2009 | 17,075,181 | 4,031,711 | 549,010 | 2,232,673 | 178,920 | 7,433 | 24,074,928 |

The notes on pages 73 to 106 are an integral part of these consolidated and company financial statements.

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2010 and 2009
(All amounts in Baht thousand unless otherwise stated)

| | Note | Issued and paid-up share capital | Share premium | Company | | | Total |
|--|------|-------------------------------------|------------------|---------------------------------|---------------------------------------|--------------------|-------------------|
| | | | | Retained earnings | | Fair value reserve | |
| | | | | Appropriated - legal reserve | Unappropriated - retained earnings | | |
| Balance at 1 January 2010 | | 17,075,181 | 4,031,711 | 549,010 | 3,257,847 | 178,920 | 25,092,669 |
| Net profit for the year | | - | - | - | 1,387,147 | - | 1,387,147 |
| Dividends paid | 21 | - | - | - | (865,215) | - | (865,215) |
| Fair value gains on available-for-sale financial assets, net of tax | 22b | - | - | - | - | 65,520 | 65,520 |
| Allocation of net profit to legal reserve | 22a | - | - | 69,358 | (69,358) | - | - |
| Balance at 31 December 2010 | | 17,075,181 | 4,031,711 | 618,368 | 3,710,421 | 244,440 | 25,680,121 |
| Balance at 1 January 2009 | | 17,075,181 | 4,031,711 | 343,997 | 227,804 | 108,360 | 21,787,053 |
| Net profit for the year | | - | - | - | 4,100,271 | - | 4,100,271 |
| Dividends paid | 21 | - | - | - | (865,215) | - | (865,215) |
| Fair value gains on available-for-sale financial assets, net of tax | 22b | - | - | - | - | 70,560 | 70,560 |
| Allocation of net profit to legal reserve | 22a | - | - | 205,013 | (205,013) | - | - |
| Balance at 31 December 2009 | | 17,075,181 | 4,031,711 | 549,010 | 3,257,847 | 178,920 | 25,092,669 |

The notes on pages 73 to 106 are an integral part of these consolidated and company financial statements.

Statements of Cash Flows

For the years ended 31 December 2010 and 2009

(All amounts in Baht thousand unless otherwise stated)

| | Note | Consolidated | | Company | |
|--|----------|--------------------|--------------------|--------------------|--------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 28 | 6,317,822 | 4,520,705 | 6,331,435 | 3,933,574 |
| Interest paid | | (476,668) | (578,950) | (553,421) | (627,615) |
| Income tax paid | | (21,507) | (2,459) | - | - |
| Net cash generated from operating activities | | 5,819,647 | 3,939,296 | 5,778,014 | 3,305,959 |
| Cash flows from investing activities | | | | | |
| Net proceeds from short-term loans | | | | | |
| to related parties | 33g | - | 194,110 | - | 282,408 |
| Net additional long-term loans to subsidiaries | 33g | - | - | (126,763) | (205,205) |
| Purchase of property, plant and equipment | 14 | (4,554,139) | (2,914,665) | (4,553,443) | (2,914,665) |
| Dividends received | | 17,280 | 13,680 | 24,280 | 17,680 |
| Interest received | | 13,042 | 9,461 | 121,174 | 114,780 |
| Proceeds from disposals of property, plant and equipment and intangible assets | 28 | 66,633 | 17,442 | 22,341 | 16,722 |
| Net cash used in investing activities | | (4,457,184) | (2,679,972) | (4,512,411) | (2,688,280) |
| Cash flows from financing activities | | | | | |
| Net (repayments of)/proceeds from | | | | | |
| short-term borrowings | 16 | (10,364,904) | 2,600,009 | (10,364,904) | 2,600,009 |
| Repayments of long-term syndicated loan | 16 | (2,750,000) | (2,750,000) | (2,750,000) | (2,750,000) |
| Proceeds from additional long-term loans | | 13,000,000 | - | 13,000,000 | - |
| Net (repayments of)/proceeds from short-term loans from related parties | 33h | (227,214) | 240,993 | (132,620) | 823,026 |
| Net repayments of long-term loans from related parties | 33h | - | - | (3,450) | (519) |
| Dividends paid to equity holders of the Company | 21 | (865,215) | (865,215) | (865,215) | (865,215) |
| Dividends paid to minority interests | | (747) | (821) | - | - |
| Net cash used in financing activities | | (1,208,080) | (775,034) | (1,116,189) | (192,699) |
| Net increase in cash and cash equivalents and bank overdrafts | | 154,383 | 484,290 | 149,414 | 424,980 |
| Cash and cash equivalents and bank overdrafts at the beginning of the year | 5 | 1,119,657 | 635,367 | 900,249 | 475,269 |
| Cash and cash equivalents and bank overdrafts at the end of the year | 5 | 1,274,040 | 1,119,657 | 1,049,663 | 900,249 |

The notes on pages 73 to 106 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 2010 and 2009

(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 is listed on the Stock Exchange of Thailand (“SET”) on 6 May 2008.

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, the Group is also involved in the sale of chemicals products to both domestic and overseas customers.

The Company is a subsidiary of ExxonMobil Group which hold 65.99% of the Company’s shares.

These consolidated and company financial statements were authorised for issue by the board of directors on 24 February 2011.

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 12 “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.

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

(a) Amendments to Accounting Framework

The amendments of accounting framework were announced by the Federation of Accounting Professions on 9 April 2010 and endorsed by the Government Gazette on 26 May 2010, which were effective immediately.

(b) New and revised accounting standards

The following new accounting standards and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 or 1 January 2013.

Effective for the period beginning on or after 1 January 2011

| | |
|------------------------------|--|
| <i>TAS 1 (Revised 2009)</i> | <i>Presentation of Financial Statements</i> |
| <i>TAS 2 (Revised 2009)</i> | <i>Inventories</i> |
| <i>TAS 7 (Revised 2009)</i> | <i>Statement of Cash Flows</i> |
| <i>TAS 8 (Revised 2009)</i> | <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> |
| <i>TAS 10 (Revised 2009)</i> | <i>Events after the Reporting Period</i> |
| <i>TAS 16 (Revised 2009)</i> | <i>Property, Plant and Equipment</i> |
| <i>TAS 17 (Revised 2009)</i> | <i>Leases</i> |
| <i>TAS 18 (Revised 2009)</i> | <i>Revenue</i> |
| <i>TAS 19</i> | <i>Employee Benefits</i> |
| <i>TAS 23 (Revised 2009)</i> | <i>Borrowing Costs</i> |
| <i>TAS 24 (Revised 2009)</i> | <i>Related Party Disclosures</i> |
| <i>TAS 27 (Revised 2009)</i> | <i>Consolidated and Separate Financial Statements</i> |
| <i>TAS 28 (Revised 2009)</i> | <i>Investments in Associates</i> |
| <i>TAS 31 (Revised 2009)</i> | <i>Interests in Joint Ventures</i> |
| <i>TAS 33 (Revised 2009)</i> | <i>Earnings per Share</i> |
| <i>TAS 34 (Revised 2009)</i> | <i>Interim Financial Reporting</i> |
| <i>TAS 36 (Revised 2009)</i> | <i>Impairment of Assets</i> |
| <i>TAS 37 (Revised 2009)</i> | <i>Provisions, Contingent Liabilities and Contingent Assets</i> |
| <i>TAS 38 (Revised 2009)</i> | <i>Intangible Assets</i> |
| <i>TAS 40 (Revised 2009)</i> | <i>Investment Property</i> |
| <i>TFRS 2</i> | <i>Share-based Payment</i> |
| <i>TFRS 3 (Revised 2009)</i> | <i>Business Combination</i> |
| <i>TFRS 5 (Revised 2009)</i> | <i>Non-current Assets Held for Sale and Discontinued Operations</i> |

Effective for the period beginning on or after 1 January 2013

| | |
|------------------------------|---|
| <i>TAS 12</i> | <i>Income taxes</i> |
| <i>TAS 21 (Revised 2009)</i> | <i>The Effects of Changes in Foreign Exchange Rates</i> |

The Company and the Group have not early adopted the above standards prior to the effective date, except for Thai Accounting Standard 12, "Income Taxes".

The Group's management has assessed and determined that the new and revised accounting standards will result in additional and extended disclosures and is not expected to significantly impact the primary 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. Details of the subsidiaries are 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 statements 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. Details of the associate are 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

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'. The receivables are written-off against the allowance account when it is uncollectible. Subsequent recoveries of accounts previously written-off are credited against 'selling expenses' in the statements 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.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted-average interest rate applicable to the outstanding borrowings during the year. Where funds are borrowed specifically for the construction of property, plant and equipment, the amount of borrowing costs for capitalization is determined from the actual borrowing costs during the period less any income on the temporary investment of those borrowings.

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 purpose 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 leases at the lower of the fair value of the leased assets 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 Employee benefits

(a) Provident Fund Plan

The Group operates a Provident Fund that is a defined contribution plan, the assets of which are held in a separate trust fund, in accordance with the Provident Fund Act B.E. 2530. The Provident Fund is funded by payments from employees and the Group. Contributions to the Provident Fund are charged to the statements of income in the year to which they relate. All employees hired on or after 1 September 1997 are required to be members of the Provident Fund.

The Group provides for post-employment benefits, payable to Provident Fund members reaching normal retirement age, in accordance with Thai Labour Law. The benefit liability is recorded as the present value of estimated future cash outflows using interest rates which have terms to maturity approximating the terms of the related liabilities.

(b) Employee Separation Benefit and Long Service Allowance Plan

The Group maintains a defined benefit plan for employees hired prior to 1 September 1997 and who do not elect to participate in the Provident Fund, with this plan being unfunded. The plan contains Employee Separation Benefit and Long Service Allowance Plans, which is in accordance with the retirement laws and regulations of Thailand. Entitlement to these benefits is based on a minimum service period, and final month's salary and the plan provisions.

Actuarial valuations of the benefit plan requirements are performed every 3 years using the projected unit credit method. Based on the valuation, appropriate provisions are accrued and all payments are made against the accumulated provisions. The liability recognized in the balance sheets is the present value of the defined benefit obligation at the balance sheets date, together with adjustments for unrecognized past service costs and unrecognized gains/losses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are amortized on a straight line basis over the remaining expected service life of employees to receive the plan benefits.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of investments grade private debt securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligations.

(c) Employee Saving Plan

Beginning 2009, the Group operates an Employee Saving Plan for all regular Thai employees. The entitlement to this plan is based on a minimum service period of three years and the plan's provisions on withdrawal rights after vesting. This plan will vest 50 percent after three years and 100 percent after six years.

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. Monetary assets and liabilities denominated in foreign currency are translated to the presentation currency at the exchange rate prevailing at the balance sheet date. 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 receivables, 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.

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, (2) management's review of potential opportunities to improve the profitability in near term, and (3) management's current assessment is that it is probable that the Group will generate taxable income sufficient to fully utilise the tax losses that exist.

3.2 Critical judgements in applying the entity's accounting policies

Contingent liabilities

The Group has not recorded any provision relating to the litigation disclosed in Note 29 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 judgement to the Supreme Court on 29 September 2008.

4 Segmental information

As of 31 December 2010, 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 2010 are as follows:

| | Downstream | Petrochemicals | Group |
|-----------------------------|--------------------|-------------------|--------------------|
| Total segment revenue | 184,381,261 | 31,354,219 | 215,735,480 |
| Inter-segment revenue | (21,568,862) | (14,861,649) | (36,430,511) |
| Revenue | 162,812,399 | 16,492,570 | 179,304,969 |
| Segment result | 2,199,505 | (51,542) | 2,147,963 |
| Segment fixed assets | 24,870,473 | 5,706,026 | 30,576,499 |

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) |
| Revenue | 146,845,024 | 16,064,959 | 162,909,983 |
| Segment result | 5,931,349 | 478,938 | 6,410,287 |
| Segment fixed assets | 21,651,267 | 6,310,696 | 27,961,963 |

5 Cash and cash equivalents

| | Consolidated | | Company | |
|----------------------------------|------------------|------------------|------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Cash at bank and on hand | 95,527 | 69,201 | 61,836 | 37,321 |
| Cash in transit | 1,207,165 | 1,098,620 | 1,016,479 | 911,092 |
| Cash and cash equivalents | 1,302,692 | 1,167,821 | 1,078,315 | 948,413 |

The interest rate on cash at bank averaged 1% (2009: 1%).

Cash, cash equivalents and bank overdrafts are represented in the statements of cash flows as follows:

| | Consolidated | | Company | |
|---------------------------|------------------|------------------|------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Cash and cash equivalents | 1,302,692 | 1,167,821 | 1,078,315 | 948,413 |
| Bank overdrafts (Note 16) | (28,652) | (48,164) | (28,652) | (48,164) |
| | 1,274,040 | 1,119,657 | 1,049,663 | 900,249 |

6 Trade receivables, net

| | Consolidated | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Trade receivables, gross | 5,324,459 | 4,784,216 | 5,301,892 | 4,763,363 |
| Less: Allowance for impairment of trade receivables | (54,961) | (55,079) | (54,961) | (55,079) |
| Trade receivables, net | 5,269,498 | 4,729,137 | 5,246,931 | 4,708,284 |

Outstanding trade receivables, as at 31 December 2010 and 31 December 2009, are analysed as follows:

| | Consolidated | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Current | 5,166,643 | 4,649,416 | 5,144,076 | 4,628,563 |
| Overdue: | | | | |
| • Less than 3 months | 99,044 | 75,880 | 99,044 | 75,880 |
| • 3 to 6 months | 3,752 | 370 | 3,752 | 370 |
| • 6 to 12 months | 1,023 | 906 | 1,023 | 906 |
| • Over 12 months | 53,997 | 57,644 | 53,997 | 57,644 |
| | 5,324,459 | 4,784,216 | 5,301,892 | 4,763,363 |
| Less: Allowance for impairment of trade receivables | (54,961) | (55,079) | (54,961) | (55,079) |
| | 5,269,498 | 4,729,137 | 5,246,931 | 4,708,284 |

7 Inventories, net

| | Consolidated | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Crude oil | 10,295,202 | 8,441,160 | 10,295,202 | 8,441,160 |
| Petroleum products | 8,185,555 | 8,161,920 | 7,869,914 | 7,892,984 |
| Chemical products | 1,337,770 | 986,320 | 1,337,770 | 986,320 |
| Materials and supplies | 788,525 | 690,804 | 788,525 | 690,804 |
| Other merchandise | 108,036 | 103,427 | 9,186 | 4,701 |
| | 20,715,088 | 18,383,631 | 20,300,597 | 18,015,969 |
| Less: Allowance for obsolete stocks (Note 28) | (3,750) | - | - | - |
| Inventories, net | 20,711,338 | 18,383,631 | 20,300,597 | 18,015,969 |

Petroleum products of Baht 1,052,144 thousand (2009: Petroleum products of Baht 1,042,351 thousand) 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 2010, the value of this inventory amounted to Baht 10,886,959 thousand (2009: Baht 8,642,735 thousand).

8 Tax claim receivables, net

| | Consolidated | | Company | |
|---|----------------|------------------|----------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Tax claim receivables | 726,875 | 1,044,756 | 700,307 | 1,037,391 |
| Less: Allowance for impairment of tax claim receivables (Note 28) | (19,517) | - | (19,517) | - |
| | 707,358 | 1,044,756 | 680,790 | 1,037,391 |

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

9 Other current assets

| | Consolidated | | Company | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Accounts receivable - other | 112,209 | 91,611 | 94,784 | 63,763 |
| Prepaid expenses and deferred charges | 968,118 | 916,732 | 1,165,293 | 1,113,927 |
| | 1,080,327 | 1,008,343 | 1,260,077 | 1,177,690 |

Prepaid expenses 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 | |
|---|----------------|----------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| At 1 January | 454,771 | 193,224 | 1,843,949 | 1,843,949 |
| Share of profit from an associate (Note 28) | 263,759 | 261,547 | - | - |
| At 31 December | 718,530 | 454,771 | 1,843,949 | 1,843,949 |

10.1 Subsidiaries

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

| | Business | Cost method | | % Ordinary share ownership | |
|--|--------------------------|-------------|--------|----------------------------|--------|
| | | 2010 | 2009 | 2010 | 2009 |
| 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 (“Thap-pipeline”), 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 | |
|-------------------|----------------|----------------|
| | 2010 | 2009 |
| Assets | 2,030,251 | 1,815,352 |
| Liabilities | (1,311,721) | (1,360,581) |
| Net assets | 718,530 | 454,771 |
| Revenues | 570,114 | 570,788 |
| Net profit | 263,759 | 261,547 |

11 Available-for-sale financial assets

| | Consolidated and Company | |
|--|--------------------------|----------------|
| | 2010 | 2009 |
| At 1 January | 291,600 | 193,636 |
| Unrealised gain recognised in equity (Note 22b) | 93,600 | 100,800 |
| Write-off of other investment (Note 28) | - | (412) |
| Less: impairment provision on investment (Note 28) | - | (2,424) |
| At 31 December | 385,200 | 291,600 |

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 | |
|---|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Deferred tax assets: | | | | |
| • To be recovered after more than 12 months | 3,671,203 | 4,920,310 | 3,486,318 | 4,735,391 |
| • To be recovered within 12 months | 1,211,625 | 521,100 | 1,210,500 | 521,100 |
| | 4,882,828 | 5,441,410 | 4,696,818 | 5,256,491 |
| Deferred tax liabilities: | | | | |
| • To be recovered after more than 12 months | (104,760) | (76,680) | (104,760) | (76,680) |
| Deferred tax assets, net | 4,778,068 | 5,364,730 | 4,592,058 | 5,179,811 |

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 | |
|--|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| At 1 January | 5,364,730 | 7,120,200 | 5,179,811 | 6,913,161 |
| Charged to the statements of income (Note 26) | (558,582) | (1,725,230) | (559,673) | (1,703,110) |
| Tax charged directly to equity (Note 22b) | (28,080) | (30,240) | (28,080) | (30,240) |
| At 31 December | 4,778,068 | 5,364,730 | 4,592,058 | 5,179,811 |

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 2009 | (Charged)/ Credited to Statements of Income/ Equity | At 31 December 2009 | (Charged)/ Credited to Statements of Income/ Equity | At 31 December 2010 |
| Deferred tax assets | | | | | |
| Depreciation | 549,140 | (52,564) | 496,576 | 443 | 497,019 |
| Pensions and employee benefits | 351,746 | 47,284 | 399,030 | 65,044 | 464,074 |
| Tax losses carried forward | 6,008,324 | (1,703,574) | 4,304,750 | (623,788) | 3,680,962 |
| Others | 257,430 | (16,376) | 241,054 | (281) | 240,773 |
| Deferred tax assets | 7,166,640 | (1,725,230) | 5,441,410 | (558,582) | 4,882,828 |
| Deferred tax liabilities | | | | | |
| Unrealised gain on available-for-sale financial assets (Note 22b) | (46,440) | (30,240) | (76,680) | (28,080) | (104,760) |
| Deferred tax liabilities | (46,440) | (30,240) | (76,680) | (28,080) | (104,760) |

| | Company | | | | |
|---|-------------------------|---|---------------------------|---|---------------------------|
| | At 1 January 2009 | (Charged)/ Credited to Statements of Income/ Equity | At 31 December 2009 | (Charged)/ Credited to Statements of Income/ Equity | At 31 December 2010 |
| Deferred tax assets | | | | | |
| Depreciation | 549,140 | (52,564) | 496,576 | 443 | 497,019 |
| Pensions and employee benefits | 351,746 | 47,284 | 399,030 | 65,044 | 464,074 |
| Tax losses carried forward | 5,986,372 | (1,681,622) | 4,304,750 | (623,788) | 3,680,962 |
| Others | 72,343 | (16,208) | 56,135 | (1,372) | 54,763 |
| Deferred tax assets | 6,959,601 | (1,703,110) | 5,256,491 | (559,673) | 4,696,818 |
| Deferred tax liabilities | | | | | |
| Unrealised gain on available-for-sale financial assets (Note 22b) | (46,440) | (30,240) | (76,680) | (28,080) | (104,760) |
| Deferred tax liabilities | (46,440) | (30,240) | (76,680) | (28,080) | (104,760) |

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 |
| At 1 January 2009 | | | |
| Cost | 632,536 | 805,248 | 1,437,784 |
| Less: Accumulated amortisation | (360,814) | (534,815) | (895,629) |
| Net book amount | 271,722 | 270,433 | 542,155 |
| Year ended 31 December 2009 | | | |
| Opening net book amount | 271,722 | 270,433 | 542,155 |
| Disposals (Note 28) | (400) | - | (400) |
| Amortisation charge (Note 28) | (45,999) | (23,077) | (69,076) |
| Closing net book amount | 225,323 | 247,356 | 472,679 |
| At 31 December 2009 | | | |
| Cost | 625,718 | 805,248 | 1,430,966 |
| Less: Accumulated amortisation | (400,395) | (557,892) | (958,287) |
| Net book amount | 225,323 | 247,356 | 472,679 |
| Year ended 31 December 2010 | | | |
| Opening net book amount | 225,323 | 247,356 | 472,679 |
| Amortisation charge (Note 28) | (45,785) | (23,077) | (68,862) |
| Closing net book amount | 179,538 | 224,279 | 403,817 |
| At 31 December 2010 | | | |
| Cost | 625,718 | 805,248 | 1,430,966 |
| Less: Accumulated amortisation | (446,180) | (580,969) | (1,027,149) |
| Net book amount | 179,538 | 224,279 | 403,817 |

All amortisation 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 |
| At 1 January 2009 | | | | |
| Cost | 5,275,981 | 47,923,178 | 848,812 | 54,047,971 |
| Less: Accumulated depreciation | - | (26,918,783) | - | (26,918,783) |
| Net book amount | 5,275,981 | 21,004,395 | 848,812 | 27,129,188 |
| Year ended 31 December 2009 | | | | |
| Opening net book amount | 5,275,981 | 21,004,395 | 848,812 | 27,129,188 |
| Additions | - | - | 2,943,554 | 2,943,554 |
| Disposals (Note 28) | (1,001) | (170,272) | - | (171,273) |
| Transfers | - | 599,992 | (599,992) | - |
| Depreciation charge (Notes 28) | - | (1,939,506) | - | (1,939,506) |
| Closing net book amount | 5,274,980 | 19,494,609 | 3,192,374 | 27,961,963 |
| At 31 December 2009 | | | | |
| Cost | 5,274,980 | 47,980,360 | 3,192,374 | 56,447,714 |
| Less: Accumulated depreciation | - | (28,485,751) | - | (28,485,751) |
| Net book amount | 5,274,980 | 19,494,609 | 3,192,374 | 27,961,963 |
| Year ended 31 December 2010 | | | | |
| Opening net book amount | 5,274,980 | 19,494,609 | 3,192,374 | 27,961,963 |
| Additions | 696 | - | 4,631,080 | 4,631,776 |
| Disposals (Note 28) | (4,531) | (53,436) | (5,921) | (63,888) |
| Transfers | - | 452,165 | (452,165) | - |
| Depreciation charge (Notes 28) | - | (1,953,352) | - | (1,953,352) |
| Closing net book amount | 5,271,145 | 17,939,986 | 7,365,368 | 30,576,499 |
| At 31 December 2010 | | | | |
| Cost | 5,271,145 | 47,557,225 | 7,365,368 | 60,193,738 |
| Less: Accumulated depreciation | - | (29,617,239) | - | (29,617,239) |
| Net book amount | 5,271,145 | 17,939,986 | 7,365,368 | 30,576,499 |

| | Company | | | |
|------------------------------------|----------------|--------------------------------------|-----------------------------|-------------------|
| | Land | Buildings, plant and equipment | Construction in progress | Total |
| At 1 January 2009 | | | | |
| Cost | 675,420 | 47,557,907 | 848,812 | 49,082,139 |
| Less: Accumulated depreciation | - | (26,554,101) | - | (26,554,101) |
| Net book amount | 675,420 | 21,003,806 | 848,812 | 22,528,038 |
| Year ended 31 December 2009 | | | | |
| Opening net book amount | 675,420 | 21,003,806 | 848,812 | 22,528,038 |
| Additions | - | - | 2,943,553 | 2,943,553 |
| Disposals (Note 28) | - | (170,271) | - | (170,271) |
| Transfer | - | 599,992 | (599,992) | - |
| Depreciation charge (Notes 28) | - | (1,921,582) | - | (1,921,582) |
| Closing net book amount | 675,420 | 19,511,945 | 3,192,373 | 23,379,738 |
| At 31 December 2009 | | | | |
| Cost | 675,420 | 47,615,090 | 3,192,373 | 51,482,883 |
| Less: Accumulated depreciation | - | (28,103,145) | - | (28,103,145) |
| Net book amount | 675,420 | 19,511,945 | 3,192,373 | 23,379,738 |
| Year ended 31 December 2010 | | | | |
| Opening net book amount | 675,420 | 19,511,945 | 3,192,373 | 23,379,738 |
| Additions | - | - | 4,631,080 | 4,631,080 |
| Disposals (Note 28) | - | (53,436) | (5,921) | (59,357) |
| Transfers | - | 452,165 | (452,165) | - |
| Depreciation charge (Notes 28) | - | (1,935,428) | - | (1,935,428) |
| Closing net book amount | 675,420 | 17,975,246 | 7,365,367 | 26,016,033 |
| At 31 December 2010 | | | | |
| Cost | 675,420 | 47,191,955 | 7,365,367 | 55,232,742 |
| Less: Accumulated depreciation | - | (29,216,709) | - | (29,216,709) |
| Net book amount | 675,420 | 17,975,246 | 7,365,367 | 26,016,033 |

A portion of land plots owned by a subsidiary, with a book value of Baht 4,531 thousand, was expropriated by the Mass Rapid Transit Authority of Thailand in September 2010. Baht 44,292 thousand was received as compensation.

As at 31 December 2010, the cost of fully depreciated property, plant and equipment of the Group, and Company, that were still in use amounted to Baht 10,334,265 thousand (2009: Baht 10,966,153 thousand).

Borrowing costs of Baht 77,637 thousand (2009: Baht 28,888 thousand), 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 1.6% (2009: 2.1%) 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 | |
|--|--------------------------|-------------------|
| | 2010 | 2009 |
| Current | | |
| Bank overdrafts (Note 5) | 28,652 | 48,164 |
| Short-term borrowings | 9,200,105 | 19,565,009 |
| Current portion of long-term bank borrowings | 2,750,000 | 2,750,000 |
| | 11,978,757 | 22,363,173 |
| Non-current | | |
| Bank borrowings | 15,750,000 | 5,500,000 |
| | 27,728,757 | 27,863,173 |

Bank borrowings and other facilities detailed below are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2010 ranged between 1% to 3% per annum (2009: 1% to 4% per annum).

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

Short-term borrowings

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

In 2010, the Company fully repaid the Baht 8,000,000 thousand short-term loan mentioned above and made a net repayment of revolving short-term facilities of approximately Baht 1,096,000 thousand (2009: 2,195,000 thousand).

The Company received approval from the Securities and Exchange Commission to offer for sale Baht 12,000,000 thousand of Bills of Exchange in a revolving program (2009 : Baht 8,000,000 thousand). As at 31 December 2010, approximately Baht 3,526,000 thousand was outstanding (2009: Baht 4,795,009 thousand) at an average interest of 2.0%.

Syndicated long-term loan

The Company entered into a long-term syndicated loan of Baht 11,000,000 thousand 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 1.6% per annum in 2010 (2009: 2.2% per annum). As at 31 December 2010, the outstanding loan balance was Baht 5,500,000 thousand (2009: Baht 8,250,000 thousand), of which Baht 2,750,000 thousand (2009: Baht 2,750,000 thousand) will be due within 12 months of the balance sheet date.

An amendment to the long-term syndicated loan agreement was made on 30 June 2010 to remove a requirement for the Company to maintain a debt service coverage ratio above a specified threshold.

Other long-term loans

In 2010, the Company obtained the following long-term floating rate facilities:

- A loan facility of Baht 5,000,000 thousand which is due for full repayment in September 2013
- A 7-year loan facility of Baht 8,000,000 thousand which is repayable in 20 quarterly installments commencing from February 2013 to November 2017.

As at 31 December 2010, the Company has fully drawdown both facilities and the average interest rate was 2.2%.

| Maturity of long-term bank borrowings | Consolidated and Company | |
|---|--------------------------|------------------|
| | 2010 | 2009 |
| No later than 1 year | 2,750,000 | 2,750,000 |
| Later than 1 year and no later than 5 years | 12,550,000 | 5,500,000 |
| Later than 5 years | 3,200,000 | - |
| | 18,500,000 | 8,250,000 |

17 Trade and other payables

| | Consolidated | | Company | |
|-----------------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Trade accounts payable | 3,241,762 | 1,819,448 | 3,169,819 | 1,755,254 |
| Other tax payables | 479,678 | 486,569 | 478,499 | 468,205 |
| Other payables and accruals | 509,947 | 538,264 | 489,907 | 517,065 |
| | 4,231,387 | 2,844,281 | 4,138,225 | 2,740,524 |

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

18 Provisions for pensions (Separation benefit)

| | Consolidated and Company | |
|--|--------------------------|----------------|
| | 2010 | 2009 |
| At 1 January | 826,402 | 736,126 |
| Net expenses charged to the statements of income | 134,241 | 106,859 |
| Payments to separating employees and retirees | (4,923) | (16,583) |
| At 31 December | 955,720 | 826,402 |
| Analysis of total provisions for pensions: | | |
| • Current | 34,926 | 10,943 |
| • Non-current | 920,794 | 815,459 |
| At 31 December | 955,720 | 826,402 |

19 Provisions for other employee benefits

| | Consolidated and Company | |
|---|--------------------------|----------------|
| | 2010 | 2009 |
| At 1 January | 503,700 | 436,360 |
| Net expenses charged to the statements of income | 133,136 | 100,566 |
| Payments to separating employees and retirees | (45,642) | (33,226) |
| At 31 December | 591,194 | 503,700 |
| Analysis of total provisions for other employee benefits: | | |
| • Current | 339,493 | 300,015 |
| • Non-current | 251,701 | 203,685 |
| At 31 December | 591,194 | 503,700 |

20 Share capital and premium

| | Issued and paid-up share capital | | | |
|---|------------------------------------|--------------------|------------------|-------------------|
| | Number of Shares (thousands) | Ordinary Shares | Share Premium | Total |
| At 1 January and 31 December 2010 and 2009 | 3,460,858 | 17,075,181 | 4,031,711 | 21,106,892 |

On 15 September 2010, the Vayupak Fund 1, a mutual fund established by the Ministry of Finance, acquired all shares held by the Ministry of Finance.

As at 31 December 2010 and 2009, the total authorised number of ordinary shares is 3,467,917 thousand shares with a par value of Baht 4.9338 per share. All issued shares are fully paid.

21 Dividends

Further to a resolution passed by majority vote at the Annual General Meeting of shareholders on 27 April 2010, the Company paid an additional dividend for year 2009 at Baht 0.25 per share, totalling Baht 865,215 thousand on 26 May 2010.

Further to resolutions passed by the Board of Directors on 31 August 2009, the Company paid an interim dividend during the first nine months of 2009 at Baht 0.25 per share, totalling Baht 865,215 thousand on 28 September 2009.

22 Other reserves

(a) Legal reserve

| | Consolidated and Company | |
|---------------------------------------|--------------------------|----------------|
| | 2010 | 2009 |
| At 1 January | 549,010 | 343,997 |
| Current year allocation of net profit | 69,358 | 205,013 |
| At 31 December | 618,368 | 549,010 |

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 | |
|---|--------------------------|----------------|
| | 2010 | 2009 |
| At 1 January | 178,920 | 108,360 |
| Net unrealised gain recognised in equity (Notes 11 and 12) | 65,520 | 70,560 |
| At 31 December | 244,440 | 178,920 |

23 Sales

| | Consolidated | | Company | |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Sales of goods | 178,744,473 | 162,331,055 | 177,194,413 | 160,824,665 |
| Sales of services | 560,496 | 578,928 | 678,796 | 691,336 |
| | 179,304,969 | 162,909,983 | 177,873,209 | 161,516,001 |

24 Expenses by nature

| | Consolidated | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Net changes in inventories of finished goods | (399,608) | (2,745,226) | (332,865) | (2,618,674) |
| Raw materials and consumables used | 163,606,707 | 145,032,380 | 162,685,287 | 144,191,810 |
| Depreciation and amortisation (Notes 13 and 14) | 2,022,214 | 2,008,582 | 2,004,290 | 1,990,658 |
| Transport and distribution | 699,225 | 704,511 | 699,068 | 704,418 |
| Research and development | 105,514 | 69,072 | 105,514 | 69,072 |
| Operating lease payments | 401,914 | 390,627 | 395,387 | 422,403 |
| Employee benefits expenses | 2,121,906 | 1,926,075 | 1,783,269 | 1,604,204 |
| Utilities | 4,834,870 | 4,896,656 | 4,737,181 | 4,798,426 |
| Net gain on foreign exchange | (748,869) | (228,873) | (748,869) | (228,873) |
| Other expenses | 4,513,133 | 4,445,892 | 4,398,514 | 4,342,719 |
| Total cost of sales and selling and administrative expenses | 177,157,006 | 156,499,696 | 175,726,776 | 155,276,163 |

The cost of sales included a portion of management benefit expenses attributable to the Group's executive officers of Baht 29,577 thousand (2009: Baht 32,368 thousand). The management benefit expenses presented in cost of sales and on the face of the statements of income include salaries, short-term employment benefits and post-employment benefits of both the executive directors and officers who serve as the management of the Group.

25 Finance costs, net

| | Consolidated | | Company | |
|------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Interest income | 13,042 | 5,650 | 123,677 | 108,642 |
| Interest expense | (379,242) | (542,127) | (456,457) | (594,551) |
| | (366,200) | (536,477) | (332,780) | (485,909) |

26 Income tax expense

| | Consolidated | | Company | |
|---------------------------|----------------|------------------|----------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Deferred tax (Note 12) | 558,582 | 1,725,230 | 559,673 | 1,703,110 |
| Current tax | 8,266 | 18,570 | - | - |
| Income tax expense | 566,848 | 1,743,800 | 559,673 | 1,703,110 |

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

| | Consolidated | | Company | |
|--|----------------|------------------|----------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Profit before tax | 2,220,873 | 6,194,364 | 1,946,820 | 5,803,381 |
| Tax calculated at domestic tax rates | 666,262 | 1,858,309 | 584,046 | 1,741,014 |
| Income not subject to tax | (85,244) | (85,612) | (7,882) | (8,067) |
| Expenses not deductible for tax purposes | 10,797 | 9,385 | 8,476 | 8,445 |
| Capital investment incentive | (24,967) | (38,282) | (24,967) | (38,282) |
| Income tax expense | 566,848 | 1,743,800 | 559,673 | 1,703,110 |

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

27 Earnings per share

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

| | Consolidated | | Company | |
|--|--------------|-----------|-----------|-----------|
| | 2010 | 2009 | 2010 | 2009 |
| Profit attributable to equity holders of the Company | 1,653,278 | 4,449,743 | 1,387,147 | 4,100,271 |
| Weighted average number of ordinary shares in issue (thousands shares) | 3,460,858 | 3,460,858 | 3,460,858 | 3,460,858 |
| Basic earnings per share (Baht per share) | 0.48 | 1.29 | 0.40 | 1.18 |

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

28 Cash generated from operations

| | Consolidated | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Net profit | 1,654,025 | 4,450,564 | 1,387,147 | 4,100,271 |
| Adjustments for: | | | | |
| Depreciation (Note 14) | 1,953,352 | 1,939,506 | 1,935,428 | 1,921,582 |
| Amortisation (Note 13) | 68,862 | 69,076 | 68,862 | 69,076 |
| Allowance for impairment of trade receivables (Note 6) | (118) | (9,112) | (118) | (9,112) |
| Impairment provision on other investment (Note 11) | - | 2,424 | - | 2,424 |
| Write-off of other investment (Note 11) | - | 412 | - | 412 |
| Write-down of inventory to net realisable value | 13,092 | 11,556 | 13,092 | 11,556 |
| Allowance for obsolete stocks (Note 7) | 3,750 | - | - | - |
| Allowance for impairment of tax claim receivables (Note 8) | 19,517 | - | 19,517 | - |
| (Gain)/loss on disposal of property, plant and equipment and intangible assets | (2,745) | 154,231 | 37,016 | 153,949 |
| Share of profit from an associate (Note 10) | (263,759) | (261,547) | - | - |
| Finance costs, net (Note 25) | 366,200 | 536,477 | 332,780 | 485,909 |
| Dividend income | (17,280) | (13,680) | (24,280) | (17,680) |
| Income tax expense (Note 26) | 566,848 | 1,743,800 | 559,673 | 1,703,110 |
| Net unrealised foreign exchange loss | 6,412 | 67,529 | 6,412 | 67,529 |
| Changes in working capital | | | | |
| Trade receivables | (540,041) | (1,161,949) | (538,326) | (1,151,188) |
| Trade receivables from related parties | - | - | (173,437) | (692,091) |
| Amount due from related parties | 37,315 | (87) | (4,650) | (8,082) |
| Inventories | (2,344,549) | (5,671,077) | (2,297,720) | (5,561,844) |
| Tax claim receivables | 317,881 | (362,953) | 337,084 | (386,688) |
| Other current assets | (71,984) | (414,990) | (82,387) | (425,060) |
| Prepaid rental and deferred charges | 221,859 | 353,188 | 419,055 | 550,383 |
| Other non-current assets | 51,884 | 7,610 | 51,705 | 7,642 |
| Trade and other payables | 1,419,137 | 748,460 | 1,416,490 | 785,368 |
| Amount due to related parties | 2,668,535 | 2,177,062 | 2,678,463 | 2,171,903 |
| Pensions and employee benefits | 216,812 | 157,615 | 216,812 | 157,615 |
| Other non-current liabilities | (27,183) | (3,410) | (27,183) | (3,410) |
| Cash generated from operations | 6,317,822 | 4,520,705 | 6,331,435 | 3,933,574 |

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

| | Consolidated | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| Net book amount (Notes 13 and 14) | 63,888 | 171,673 | 59,357 | 170,671 |
| Gain/(loss) on disposal of property, plant and equipment and intangible assets | 2,745 | (154,231) | (37,016) | (153,949) |
| Proceeds from disposal of property, plant and equipment and intangible assets | 66,633 | 17,442 | 22,341 | 16,722 |

29 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 judgement 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 judgement 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 2010, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business, amounting to Baht 64,274 thousand (2009: Baht 58,836 thousand) to third parties. It is not anticipated that any material liabilities will arise from these bank guarantees.

30 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred amounted to approximately Baht 4,478,006 thousand (2009: Baht 667,014 thousand).

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 | |
|---|--------------------------|----------------|
| | 2010 | 2009 |
| No later than 1 year | 58,184 | 10,328 |
| Later than 1 year and no later than 5 years | 143,183 | 73,554 |
| Later than 5 years | 82,991 | 29,867 |
| | 284,358 | 113,749 |

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).

31 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.

31.1 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 2010, the Group has no short-term or long-term debt denominated in foreign currencies. In 2010, 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.

31.2 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 the 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.

31.3 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 2010, the Group has uncommitted facilities of Baht 71,108,556 thousand (2009: Baht 65,968,438 thousand). The Group has also received an approval from the Securities and Exchange Commission to offer for sale Baht 12,000,000 thousand of bills of exchange in a revolving program, of which Baht 3,526,000 thousand has been utilized as of 31 December 2010 (2009: Baht 4,795,009 thousand).

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.

31.4 Capital risk

The Group's objective when managing capital is 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.

32 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 Sriracha 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 2012, 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 |
|------------------------------------|-------------------|---------------------|--------------------|
| Year ended 31 December 2010 | | | |
| Revenue from domestic activities | 10,536,592 | 147,991,515 | 158,528,107 |
| Revenue from export activities | 1,091,938 | 18,253,164 | 19,345,102 |
| | 11,628,530 | 166,244,679 | 177,873,209 |
| Year ended 31 December 2009 | | | |
| 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 |
| | 12,292,228 | 149,223,773 | 161,516,001 |

33 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 2010 and 2009. The ultimate holding company is Exxon Mobil Corporation. Both companies are incorporated in the United States of America. As of 31 December 2010, a further 7.33% of the shares are held by Vayupak Fund 1, a mutual fund established by the Ministry of Finance, 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 | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Sales of goods and services: | | | | |
| • Subsidiaries | - | - | 25,604,095 | 20,293,369 |
| • Other related parties | 13,236,250 | 17,457,648 | 13,236,250 | 17,457,648 |
| | 13,236,250 | 17,457,648 | 38,840,345 | 37,751,017 |

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 | |
|-------------------------|--------------------------|--------------------|
| | 2010 | 2009 |
| Purchases of goods: | | |
| • Other related parties | 109,565,518 | 110,481,694 |
| Purchases of services: | | |
| • An associate | 680,197 | 625,678 |
| | 110,245,715 | 111,107,372 |

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 and terminaling and handling of the Group's products. Purchases of goods and services are based on market prices.

(c) Expenses

| | Consolidated | | Company | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Expenses paid to: | | | | |
| • Subsidiaries | - | - | 116,411 | 150,433 |
| • Other related parties | 3,079,521 | 3,356,807 | 3,022,452 | 3,291,352 |
| | 3,079,521 | 3,356,807 | 3,138,863 | 3,441,785 |

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 | |
|--------------------------------|---------------|--------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Interest income received from: | | | | |
| • Subsidiaries | - | - | 110,669 | 103,029 |
| • Other related parties | 2 | 2,120 | 2 | 2,120 |
| | 2 | 2,120 | 110,671 | 105,149 |
| Interest expenses paid to: | | | | |
| • Subsidiaries | - | - | 78,175 | 52,477 |
| • Other related parties | 19,155 | 6,595 | 19,155 | 6,595 |
| | 19,155 | 6,595 | 97,330 | 59,072 |

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

(e) Directors' remuneration

| | Consolidated and Company | |
|------------------------|--------------------------|--------------|
| | 2010 | 2009 |
| Directors' fees | 9,200 | 9,067 |

Directors' remuneration presented above is based on fees paid to individuals in their capacity as directors.

Executive directors, who are employees of the Company, are not eligible for directors' fees as they receive separate compensation from the Company or its affiliates for full-time services rendered.

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

| | Consolidated | | Company | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Trade receivables: | | | | |
| • Subsidiary | - | - | 1,330,386 | 1,156,949 |
| Amounts due from: | | | | |
| • Subsidiaries | - | - | 83,317 | 40,313 |
| • Other related parties | 691 | 38,006 | - | 35,851 |
| | 691 | 38,006 | 83,317 | 76,164 |
| Amounts due to: | | | | |
| • Subsidiaries | - | - | 17,931 | 17,469 |
| • Other related parties | 8,295,803 | 5,621,653 | 8,295,389 | 5,611,311 |
| | 8,295,803 | 5,621,653 | 8,313,320 | 5,628,780 |

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 33g).

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 | |
|---------------------|--------------|------|-----------|-----------|
| | 2010 | 2009 | 2010 | 2009 |
| Long-term loans to: | | | | |
| • Subsidiaries | - | - | 1,944,383 | 1,817,620 |

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

| | Consolidated | | Company | |
|--------------------------|--------------|-----------|----------|-----------|
| | 2010 | 2009 | 2010 | 2009 |
| At 1 January | - | 194,110 | - | 282,408 |
| Additional borrowings | - | - | - | - |
| Repayments of borrowings | - | (194,110) | - | (282,408) |
| At 31 December | - | - | - | - |

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 5.9% in 2010 (2009: 6.1%).

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

| | Consolidated | | Company | |
|--------------------------|--------------|----------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| At 1 January | - | - | 1,817,620 | 1,612,415 |
| Additional borrowings | - | - | 170,469 | 205,892 |
| Repayments of borrowings | - | - | (43,706) | (687) |
| At 31 December | - | - | 1,944,383 | 1,817,620 |

Long-term loans to subsidiaries are unsecured. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited which averaged 5.9% in 2010 (2009: 6.1%).

(h) Loans from related parties

| | Consolidated | | Company | |
|-------------------------|---------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Short-term loans from: | | | | |
| • Subsidiaries | - | - | 677,542 | 582,948 |
| • Other related parties | 13,779 | 240,993 | 13,779 | 240,993 |
| | 13,779 | 240,993 | 691,321 | 823,941 |
| Long-term loans from: | | | | |
| • Subsidiaries | - | - | 1,921 | 5,371 |

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

| | Consolidated | | Company | |
|--------------------------|---------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| At 1 January | 240,993 | - | 823,941 | 915 |
| Additional borrowings | 387,194 | 263,900 | 1,362,158 | 1,027,346 |
| Repayments of borrowings | (614,408) | (22,907) | (1,494,778) | (204,320) |
| At 31 December | 13,779 | 240,993 | 691,321 | 823,941 |

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 5.9% in 2010 (2009: 6.1%).

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

| | Consolidated | | Company | |
|--------------------------|--------------|----------|--------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| At 1 January | - | - | 5,371 | 5,890 |
| Additional borrowings | - | - | 5,134 | 5,190 |
| Repayments of borrowings | - | - | (8,584) | (5,709) |
| At 31 December | - | - | 1,921 | 5,371 |

Long-term loans from subsidiaries are unsecured. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited which averaged 5.9% in 2010 (2009: 6.1%).

34 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.

35 Reclassification

The comparative figures in the balance sheets for short-term investments have been reclassified to trade receivables as these represent customers' payments in form of post dated cheque and bill of exchange which have not been settled at the balance sheet date and provisions for pensions and employee benefits have been reclassified to (i) provisions for pensions and (ii) provisions for other employee benefits. This is made to appropriately account for the nature and classification of the employee benefits provisions as either pension/post-employment or other employee benefits.

The comparative figures in the statements of income for cost of sales, selling expenses, administrative expenses, management benefit expenses have been reclassified to conform with changes in presentation in the current year.

The reclassifications were made to the comparative consolidated and company financial statements and the related notes. The reclassifications are individually and in the aggregate insignificant. A summary of the reclassifications is as follows:

| | Consolidated | | |
|---|------------------------|-----------------------------|-------------|
| | As previously reported | Effects of reclassification | As restated |
| Balance sheet as at 31 December 2009 | | | |
| Current assets | | | |
| Short-term investments | 63,938 | (63,938) | - |
| Trade receivables, net | 4,665,199 | 63,938 | 4,729,137 |
| Current liabilities | | | |
| Trade and other payables | 3,148,655 | (304,374) | 2,844,281 |
| Short-term provisions for pensions | - | 10,943 | 10,943 |
| Short-term provisions for other employee benefits | - | 300,015 | 300,015 |
| Non-current liabilities | | | |
| Provisions for employee benefits | 826,403 | (826,403) | - |
| Long-term provisions for pensions | - | 815,459 | 815,459 |
| Long-term provisions for other employee benefits | - | 203,685 | 203,685 |
| Other non-current liabilities | 238,999 | (199,326) | 39,673 |
| Statement of income for the year ended | | | |
| 31 December 2009 | | | |
| Cost of sales | 151,775,533 | 60,776 | 151,836,309 |
| Selling expenses | 4,262,569 | (54,817) | 4,207,752 |
| Administrative expenses | 351,806 | 32,229 | 384,035 |
| Management benefit expenses | 109,788 | (38,188) | 71,600 |

| | Company | | |
|--|---------------------------|--------------------------------|-------------|
| | As previously reported | Effects of reclassification | As restated |
| Balance sheet as at 31 December 2009 | | | |
| Current assets | | | |
| Short-term investments | 63,938 | (63,938) | - |
| Trade receivables, net | 4,644,346 | 63,938 | 4,708,284 |
| Current liabilities | | | |
| Trade and other payables | 3,044,898 | (304,374) | 2,740,524 |
| Short-term provisions for pensions | - | 10,943 | 10,943 |
| Short-term provisions for other employee benefits | - | 300,015 | 300,015 |
| Non-current liabilities | | | |
| Provisions for employee benefits | 826,403 | (826,403) | - |
| Long-term provisions for pensions | - | 815,459 | 815,459 |
| Long-term provisions for other employee benefits | - | 203,685 | 203,685 |
| Other non-current liabilities | 238,998 | (199,325) | 39,673 |
| Statement of income for the year ended 31 December 2009 | | | |
| Cost of sales | 151,061,439 | 60,776 | 151,122,215 |
| Selling expenses | 3,753,130 | (54,817) | 3,698,313 |
| Administrative expenses | 351,806 | 32,229 | 384,035 |
| Management benefit expenses | 109,788 | (38,188) | 71,600 |

In addition to the above, the comparative figures for trade receivables in Note 6 include the reclassification of short-term investments to trade receivables of Baht 63,938 thousand. Other payables and accruals in Note 17 of Baht 304,374 thousand was reclassified into provisions for other employee benefits. In Note 24, the comparative figure for management benefit expenses included in the cost of sales was reclassified from Baht 51,875 thousand to Baht 32,368 thousand. The Company also reclassified the comparative figure in Note 33e for Directors' remuneration from Baht 127,284 to Baht 9,067 thousand.



Esso (Thailand) Public Company Limited

3195/17-29 Rama IV Road, Klong Ton,

Klong Toey District, Bangkok 10110

Telephone 0-2262-4000

www.esso.co.th

$$T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi^2 \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

$$\nabla \times \vec{E} = -\frac{\partial B}{\partial t}, \quad \nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t}$$

$$\eta_t = \frac{W}{Q_H} = \frac{Q_H - Q_L}{Q_H} = 1 - \frac{Q_L}{Q_H} \quad \Delta H_T = m (C_p \Delta T_{(amb-dew)} - \Delta H_V)$$



$$T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi^2 \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2 \quad \Delta H_T = m (C_p \Delta T_{(amb-dew)} - \Delta H_V)$$

$$\eta_t = \frac{W}{Q_H} = \frac{Q_H - Q_L}{Q_H} = 1 - \frac{Q_L}{Q_H} \quad T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi^2 \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$



$$\nabla \times \vec{E} = -\frac{\partial B}{\partial t}, \quad \nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t} \quad C_n H_m + (n + \frac{m}{4})(O_2 + 3.76N_2) \Rightarrow n CO_2 + \frac{m}{2} H_2O + (n + \frac{m}{4}) 3.76N_2 \quad \Delta H_T$$

$$\eta_t = \frac{W}{Q_H} = \frac{Q_H - Q_L}{Q_H} = 1 - \frac{Q_L}{Q_H} \quad \nabla \times \vec{E} = -\frac{\partial B}{\partial t}, \quad \nabla \times \vec{H} = \vec{J} + \frac{\partial \vec{D}}{\partial t}$$

$$T = \frac{1}{2} I_1 \theta^2 + \frac{1}{2} I_1 \phi^2 \sin^2 \theta + \frac{1}{2} I_3 (\phi + \phi \cos \theta)^2$$

