



2011 Annual Report

24-Hour Operations for Clean Energy:

At Esso, we work relentlessly and continuously to supply Thais with clean energy from our newly invested facilities in an economically, socially, and environmentally responsible manner.

Euro 4 are the new standards for motor fuels that require lower sulfur and benzene levels in gasoline and lower sulfur levels in diesel fuel.



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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.

A Glimpse into Our Stakeholders' Perspectives on Esso & Euro 4

View from a regulator and policy monitoring government agency



Mr. Viraphol Jirapraditkul

Director General
Department of Energy Business
(DOEB)

"...Esso has supported DOEB to produce and sell cleaner fuels and helped make Thailand a leader in ASEAN countries...

in this respect...ahead of required timeline...a good solution to environmental issues....The continued support to government energy policies and collaboration with partners in fuel supply chains has been evident since the launching of renewable energies such as gasohol and biodiesel ..."

An employee's perspective



Mr. Nibhon Bootsobha

Complex Engineer
Esso (Thailand) Pcl.

"...during the Euro 4 project employees participated in the planning, designing, constructing, and start up of our facilities with global experts which provided great opportunities to enhance our skills and learn about new technology...we accomplished it within budget and time frame... all employees are very proud of this success...."

Opinion from a renowned engineering academic



Dr. Pomthong Malakul

Dean of Petroleum and
Petrochemical College
Chulalongkorn University

"...Esso is a major oil company..... one of industry leaders in environmental responsibility ... by launching Euro 4 product specifications...has developed a lot of national human resources in refinery industry ...a dream employer for students and myself which we can develop ourselves further by learning on the job internationally accepted management systems and understudying world-class colleagues...."

The Sriracha Clean Fuels Project is one of our largest investments in recent years and took four years to plan, design, construct and start up. The project involved more than 3,000 people.

Feedback from a nearby community



Mrs. Ananya Makhun

Professional Batik Painter
Laem Chabang Women Skill Center

"...I and other ladies in the area have been given opportunities to learn a new skills and use it to earn extra money to support our families.....There are no other companies taking this long-term approach to creating jobs for housewives in communities..."

The Company brings us happiness..."

Reflection from the second generation of entrepreneurship



Mr. Sukij Jantarungsikul

Jantarungsikul Pte. Ltd.
Dealer in Trang Province
17 years of experience

"...I am the second generation of dealership with Esso and our relationship with the company is like a family for 51 years..."

I can effectively compete with any other major oil service station in my area and grow volumes. Motorists trust our product quality and are loyal to the brand. Our format is well balanced between forecourt, Tigermart, Mobil 1 Center and Rabica Coffee shop..."

Viewpoint from a market expert



Mr. Chokchai Khunwasi

CSK Service Co., Ltd.
Dealer in Khon Khaen Province
18 years of experience

"...I am proud of doing business with a global top ten brand...my dealership has grown to 7 service stations in 18 years...I simply focus on what we do best -- providing service to meet motorists satisfaction-- and **confidently leave to the Company all key marketing decisions including new product/technologies to match needs and regulations** in each country...."





2011 marked another major milestone for our company as we completed our second largest investment ever, the Sriracha Clean Fuels project, and thus began production of cleaner fuels for Thais.

Z. John Atanas
Chairman and Managing Director

Message from the Chairman

2011 was an auspicious year in which the Company joined millions of Thais to celebrate the 84th birthday of His Majesty King Bhumibol. The year also marked another major milestone for our company as we completed our second largest investment ever, the Sriracha Clean Fuels project, and thus began production of cleaner fuels for Thais. Our investment will produce cleaner diesel and gasoline with lower sulfur and benzene contents per Euro 4 standard. It was completed ahead of the mandated schedule and about Baht 2.6 billion below the approved budget of Baht 13 billion.

Having said that, it was a challenging year in which the country and industry encountered its worst national disaster in 75 years and we all continued to weather world economic turmoil and political unrest. The floods affected about 20% of our service stations and one of our distribution terminals. Our dedicated workforce worked around the clock to re-stream 105 of our service stations and get the terminal into operations prior to the year-end. We did all of this while protecting the safety of our workforce and the environment within our communities.

Despite the difficulties, we had Baht 0.9 billion of earnings in 2011, compared with Baht 1.6 billion in 2010. The earnings reflected domestic and international market conditions, our operational requirements, and Baht 1.2 billion loss due to a change in the corporate income tax rate. As for operations, our refinery throughput decreased to 108 KBD compared with 121 KBD in 2010 primarily as a result of our shutdown to commission our clean fuels project and complete scheduled plant maintenance. Coincidentally, the worst impacts of the flooding happened around the shutdown period; therefore, the flooding impacts on our refinery business were reduced. In the first eight months of the year we increased refinery throughputs in responses to the January 2011 Government-controlled LPG price change and improved industry refining margins. Our Paraxylene production in 2011 was 315 K tons at the same level as last year. Equally important, our financial position remains strong. Debt at year-end increased to finance temporary working capital need during the plant startup, but we expect it will decrease over time.

We have continued to improve our fuels and lubes network and market effectiveness. We implemented the first phase of a service station image improvement program for 48 service stations in 2011 and a continued expansion of the Mobil 1 Center network from 100 to 160 centers in 2011. Selective investments in site image improvement have not only yielded good returns on investment in this competitive retail market but also maintained a secured product distribution channel for our refinery business. Our oil change center network has helped us deliver strong growth in sales of our flagship product - Mobil 1 - in the retail lubricants market.

Our commitment to corporate citizenship, business transparency and good governance continues. We earned a 2011 American Chamber of Commerce (AMCHAM) Corporate Social Responsibility Excellence Recognition Award for the second consecutive year. Our partnership with The Thai Red Cross Society to support the flood victims aimed to relieve their hardship and rehabilitate them.

Additionally, we continue our emphasis on improving workforce safety. In 2011, we established a new safety program ("Friends help Friends") in which everyone is empowered to intervene and challenge when unsafe acts are observed at any time in order to take care of themselves and their colleagues. However, we will not be satisfied until our goal of "nobody gets hurt" is achieved.

To conclude this letter, I would like to reassure you that with our core values and business strategies we will continue to provide valued products and services to customers, cleaner products for the environment, and long-term attractive returns to our shareholders and do so while maintaining the highest levels of integrity. 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.



Z. John Atanas
Chairman and Managing Director



05:00

A crude tanker continues discharging for a few more hours to unload crude into shore tanks at Esso Sriracha refinery.

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: essolR@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 15 th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120 Telephone: 02 344-1000



An offsite operator measures tank level at a crude tank, TK-902 after completion of discharging from crude tanker.

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

Our refinery configuration incorporates ExxonMobil's unique proprietary technologies that provide us with 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:

	2011		2010		2009	
	Million Baht	%	Million Baht	%	Million Baht	%
Net Sales						
Downstream segment:						
Refined petroleum products	172,913	84.1	157,746	88.0	142,287	87.3
Lubricants	3,593	1.7	3,296	1.8	3,057	1.9
Others ⁽¹⁾	4,358	2.1	1,274	0.7	986	0.6
Services ⁽²⁾	567	0.3	496	0.3	515	0.3
Total Downstream segment	181,431	88.2	162,812	90.8	146,845	90.1
Petrochemical segment:						
Paraxylene	17,870	8.7	10,742	6.0	11,863	7.3
Others ⁽³⁾	6,352	3.1	5,686	3.2	4,137	2.6
Services	57	0.0	65	0.0	65	0.0
Total Petrochemical segment	24,279	11.8	16,493	9.2	16,065	9.9
Total Sales revenue	205,710	100.0	179,305	100.0	162,910	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, 2011

Corporate	Refining & Distribution ⁽¹⁾	Retail & Lubricants ⁽²⁾	Chemicals	Total
34	525	114	13	686

⁽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 ⁽¹⁾
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 ⁽¹⁾
Pacesetter Enterprises 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 ⁽²⁾
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 ⁽³⁾
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 District, Bangkok 10210 Telephone: 02 834-8900	Aircraft refuelling services	509,998,044	7

⁽¹⁾ The remaining preferred shares are held by employees of the Company and/or ExxonMobil's affiliates.

⁽²⁾ The remaining shares are held by UIDC and IPEL.

⁽³⁾ The Company does not directly hold shares in TCC. All of TCC's issued shares are held by UIDC.



An employee suggests his colleague not to put himself in a potential harm way while performing his work in Block 2 unit.

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.

01 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.

02 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.

03 Risk of loss from business operations

Our operations are subject to hazards and risks inherent in refining, transporting, and storing crude oil 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.

04 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.

05 Risk from changes in environmental laws and regulations

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

New environmental laws and regulations, new interpretation of existing laws, increased Governmental requirements or other developments in the future may require additional investment or cause us to incur additional operating expenses in order to maintain our current operations, or curtail our production activities, or require us to take other actions that could have a 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, the investment in Sriracha Clean Fuels Project was approved by the Board in July 2010 and was completed as per approval by 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.

06 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.

07 Our leverage may limit our financial flexibility

Our proportion of financial debt to total equity as of December 31, 2011 was 1.6. 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.

08 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.

09 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, result of operations and prospects.

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

We are highly dependent on Exxon Mobil Corporation and/or its affiliates with respect to several aspects of our operations, including access to expertise in crude oil and raw material procurement services, a global sales network for refined petroleum products and chemicals, advanced technological, operational and engineering services, research and development programs, trademarks and other services. We cannot assure that Exxon Mobil Corporation and/or its affiliates will continue to provide support to us. If we were to lose the support of Exxon Mobil Corporation and/or its affiliates, or if any of our significant agreements with Exxon Mobil Corporation and its affiliates were terminated, and we are unable to secure alternate sources for such services or recruit additional key personnel, this could affect our business. Many of the agreements we have with ExxonMobil for services, technology, trademarks and other support services contain automatic termination clauses in the event Exxon Mobil Corporation directly or indirectly ceases to own or control more than 50% of the ownership interest in the Company. Certain 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	2011	2010	2009
(millions of Baht, unless otherwise stated)			
Sales revenue	205,710	179,305	162,910
Gross profit	7,937	6,871	11,074
EBITDA	4,557	4,170	8,417
Profit for the year	941	1,654	4,451
Earnings per share (Baht) ⁽¹⁾	0.3	0.5	1.3
Total assets	73,844	66,758	62,015
Total liabilities	49,305	41,829	37,940
Total shareholders' equity	24,539	24,929	24,075
Key Financial Ratios	2011	2010	2009
Net Profit margin (%)	0.5	0.9	2.7
Interest coverage (times)	6.0	11.0	15.5
Net debt to equity (times)	1.6	1.1	1.1
Dividend Payment for the Operating Results	1H 2011	2010	2009
Dividend payment (Baht/share)	0.2 ⁽²⁾	0.2	0.5

⁽¹⁾ Based on current number of shares: 3,461 million shares

⁽²⁾ Interim dividend payment for year 2011



Console Specialists in the control room make a shift hand-over to ensure stable and safe operations.

Our Performance

The Company believes that the rigor, discipline and degree of accountability required to improve safety performance are the same qualities that produce successful business results — operationally and fiscally.



Hundreds of grades of crude oil are produced around the world, and each comprises a unique molecular mix.



Paraxylene is one of the petrochemical building blocks primarily used as feedstock by chemical downstream manufacturers to produce polyester and PET bottles.

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 108 thousand barrels per day in 2011, below full capacity levels reflecting the planned refinery shutdown in late 2011. Refining margins in 2011 were challenging with high crude costs following the Libyan crisis and governmental price controls for LPG. Although LPG prices were much improved from 2010, the controlled price was still well below the international market.

As approved by our Board of Directors in 2010, the Sriracha Clean Fuels Project (SCFP) was mechanically completed and successfully commissioned ahead of the regulatory mandate of January 1, 2012.

Paraxylene production was 315 thousand tons in 2011, same as in 2010. While the cost of raw materials in 2011 increased, the sales realizations for paraxylene increased by a greater extent, resulting in higher 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 2011. 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 26% of total 2011 runs. This is made possible by our ability to utilize ExxonMobil's global refining and crude procurement network.

- **ExxonMobil Technology:** we apply new ExxonMobil technologies in SCFP including but not limited to SCANfiner to reduce the sulfur level in gasoline, and Divided Wall Column for energy conservation in Benzene Heartcut unit. 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.

In our distribution terminals, we continue to utilize and manage our assets to improve overall efficiency and reduce operating costs including converting a low utilized tank for additional grade of gasoline (G91) in Lampang and converting top loading to bottom loading for further utilization at Sriracha.



Mobil 1 Center network enables us to deliver strong growth in sales of our flagship product – Mobil 1 – in the retail lubricants market.



A Mobil 1 Center mechanic is changing an air filter after completing motor oil change for a customer.

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 42% of total sales volumes in 2011.

With our logistical and other operational advantages, we are well-positioned to compete in this dynamic and competitive market. In 2011, we had 524 service stations with approximately 16%* 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 Image Upgrade Program at selective locations, of which 48 sites have been upgraded in 2011, 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.

Focusing on our operation excellence, we achieved flawless operations during the floods in most part of Thailand in terms of fast response to the situations while maintaining

the sites and staff safety, and resuming the normal business promptly.

Our commercial channels include sales through our three business-to-business segments; Industrial and Wholesale, Aviation, and Marine. Sales through these channels accounted for 45% of total sales volume in 2011. We continue to focus on sales network efficiency enhancements. With the changes in market conditions 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 hi-graded the existing sales mix by utilizing value-based pricing tools that are used by our salespeople in dealing with our customers. We adopted the Benefit Selling approach to better understand our customers' needs so that we can better serve those needs while improving efficiency, 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.

In 2011, 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 160 sites by increasing 60 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.

More than 89% of our aromatics products, Paraxylene and Benzene, were sold domestically to commercial customers. Other chemical products including solvents and plasticizers were also sold to commercial customers locally.

* Source: Department of Energy Business



Our employees are trained to understand risks involved with their work environment and how to reduce them.

Safety and Quality Control

We have developed a culture in which the value of safety is embedded at every level of the workforce. Our Operations Integrity Management System (OIMS) provides a robust framework for managing both the safety of our operation and the safety of our personnel. Our personnel safety program utilizes Loss Prevention Systems (LPS), a proven approach for focusing upon underlying behaviors as well as enhancements to our facilities, systems, and competencies. Our approach to safety and health management is yielding results, but we will not be satisfied until we have achieved a work environment in which Nobody Gets Hurt – our unifying goal.

One critical success factor in achieving our goal of ‘Nobody Gets Hurt’ is the empowerment of everyone in the Company to intervene and challenge when unsafe acts are observed through our “Friends Help Friends” program. In other words, an employee will caution his/her colleagues if he/she sees that they are involved in a situation that may be unsafe. Likewise, he/she will welcome their co-worker’s suggestions on how to work safely. This could be office based (e.g. stopping someone walking down the stairs with both hands full), or site based (e.g. the crane outriggers) – either way encourages our employees to look out for the safety of themselves and their co-workers.

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.



Esso uses double wall underground tanks at our service stations to minimize risk to the environment.

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.

In addition, 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.



Light Cat Naphtha pre-assembled unit arrived at the site during construction of Sriracha Clean Fuels Project.

Financing

We have multiple sources of funds and maintain a strong liquidity position. As of December 31, 2011, the Company, including its subsidiaries, has total undrawn uncommitted credit facilities of Baht 69 billion from Thai and foreign banks as well as ExxonMobil affiliates. The Company also has a short-term bills of exchange program 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, of which the Company obtained a new 2-year approval from the Securities and Exchange Commission (SEC) after the previous program's approval expired in November 2011. The program has been assigned a rating of F-1 (tha) short-term national rating by Fitch Ratings (Thailand) Ltd. and the Company has obtained a rating of A+ by Tris Rating Co., Ltd.

In 2011, the Company refinanced a 3-year loan of Baht 5 billion due in 2013 with a promissory note issued to a bank at discount which will become due in 2014.



Kingkaew Na Nan received a 25-year service award from Z. John Atanas.

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.



Management's Discussion and Analysis

The Company's management provides their operational and financial insight into our 2012 operations as follows:

Review of consolidated results for 2011

Comprehensive Income	2011	2010
(million Baht)		
Sales	205,710	179,305
Profit from sales	3,260	2,148
Downstream	2,275	2,200
Petrochemical	985	(52)
EBITDA	4,557	4,170
Finance costs, net	(753)	(366)
Income tax expenses	(1,997)	(567)
Profit for the year	941	1,654
Earning per share* (Baht/share)	0.3	0.5

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

Sales revenue in 2011 increased about 15% from 2010 due to higher average product prices partly offset by lower sales volumes. Profit from sales increased from Baht 2,148 million in 2010 to Baht 3,260 million in 2011, as a result of higher stock gains, some refining margins improvement, and strong paraxylene spreads partly offset by adverse impacts from the planned shutdown in 2H 2011. Refining margins increased from 3.7 dollars per barrel in 2010 to 5.0 dollars per barrel in 2011. Paraxylene margins increased from 56 dollars per ton in 2010 to 167 dollars per ton in 2011, reflecting stronger industry conditions. Selling and administrative expenses were lower by Baht 46 million in 2011.

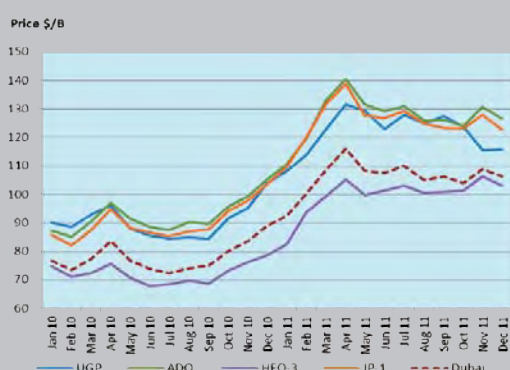
2011 EBITDA was Baht 4,557 million, compared to Baht 4,170 million in 2010.

Finance costs increased by Baht 387 million in 2011, due to higher interest rates and debt balances, compared to 2010.

Income tax charges were Baht 1,997 million in 2011 which includes Baht 1,202 million net tax charges from the re-measurement of deferred tax assets and liabilities due to the substantive enactment of the new corporate income tax rates from 30% to 23% for 2012 and to 20% for 2013 onwards.

Profit for the year was Baht 941 million (0.3 Baht/share) in 2011 compared to Baht 1,654 million (0.5 Baht/share) in 2010.

Dubai Crude and Product Prices (\$/Bbl)

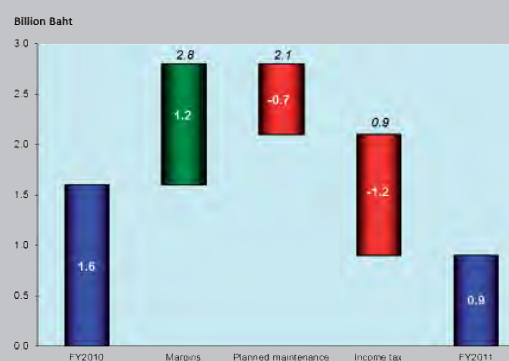


Source: Reuters

2011 Industry Prices and Margins:

- Product prices in 2011 generally increased in higher proportions than crude prices did in the same period which led to higher industry refining margins.
- Also, crude and product prices in 2011 increased higher than the increases in 2010, resulting in higher stock gains and positive refining margin impacts.

Net Profit Factor Analysis



Key Contributing Factors to Net Profit Change (2011 vs. 2010):

- Some improvement in both refining margins and Paraxylene spreads including higher stock gains;
- Negative impacts from planned maintenance and commissioning of Sriracha Clean Fuels Project (SCFP); namely, lower refinery throughput, higher maintenance and SCFP related expenses, higher energy costs during start-up, and others; and
- One-off adverse effect from a change in corporate income tax rate.



Financial Position	2011	2010
(million Baht)		
Total assets	73,844	66,758
Total liabilities	49,305	41,829
Total shareholders' equity	24,539	24,929

Total assets increased by Baht 7,086 million in 2011. Current assets were higher by Baht 5,639 million primarily due to increased inventories driven by higher prices, and increased tax subsidy claim receivables partly offset by lower cash and cash equivalents.

Non-current assets increased by Baht 1,447 million as capital investments for the Sriracha Clean Fuels Project (SCFP) were higher while deferred income tax assets were reduced by utilization and re-measurement of deferred income tax assets and liabilities as a result of the corporate income tax rate change.

Total liabilities rose by Baht 7,476 million, mainly resulting from higher borrowings partly offset by lower trade payables driven by lower crude purchase volumes around the plant turnaround. As of year-end, total debts were Baht 38,467 million versus Baht 27,743 million in 2010. The 2011 debts consisted of Baht 25,383 million of short-term debts and Baht 13,084 million of long-term borrowings. Short-term debts included Baht 6,312 million of Bills of Exchange and Baht 176 million of short-term loans from related parties. The key 2011 transactions include a refinancing of a Baht 5,000 million loan due in 2013 with a promissory note issued to a bank at discount to be due in 2014, and the new approval from Securities and Exchange Commission (SEC) for the 2-year short-term bills of exchange program after previous program expired in November 2011.

Total shareholders' equity decreased by Baht 390 million, reflecting the 2010 final and 2011 interim dividends totaling Baht 1,384 million paid in 2Q 2011 and 3Q 2011 respectively, partly offset by the 2011 profit for the period.

Cash Flows	2011	2010
(million Baht)		
Cash (used in) / generated from operations	(5,158)	6,318
- Net cash (used in) / generated from operating activities (after interest and tax)	(6,147)	5,820
Net cash used in investing activities	(3,827)	(4,457)
Net cash from / (used in) financing activities	9,367	(1,208)
Net (decrease) / increase in cash	(607)	154

Our cash used in operations was Baht 5,158 million. Net cash used in investment was Baht 3,827 million, mainly related to capital investments for the SCFP project at our refinery, which was completed by end of 2011 to produce fuels to meet the government Euro 4 product specification mandate. Our net cash from financing of Baht 9,367 million included a Baht 1,384 million dividend payment to shareholders in 2011. In total, our cash decreased by Baht 607 million as of December 31, 2011.

Financial Ratio	2011	2010
Current ratio (times)	1.0	1.2
Quick ratio (times)	0.2	0.3
Total debt to equity ratio (times)	1.6	1.1
Long term debt to equity ratio (times)	0.5	0.6
Net debt to equity ratio (times)	1.5	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

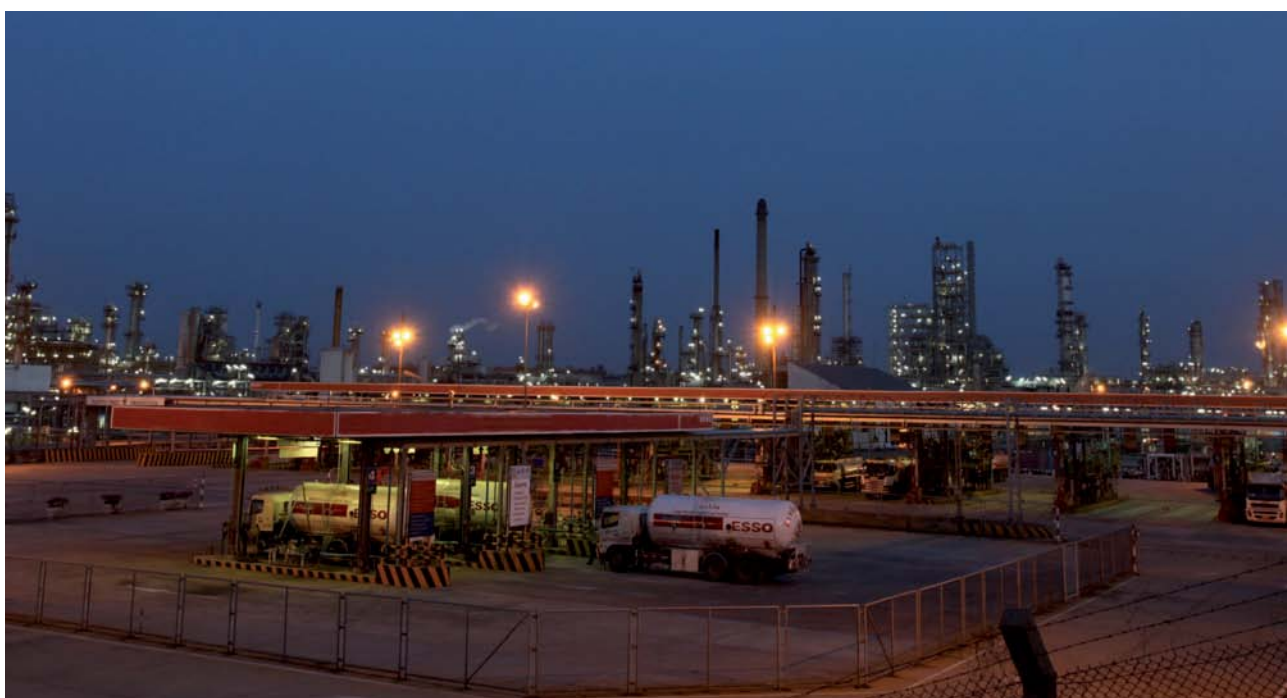
= Total debt / Total shareholders' equity

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





An employee discusses progress of a company-sponsored mangrove project with a Laem Chabang Community representative.

Following in Father's Footsteps

In addition to being the 117th anniversary of our operations, the year 2011 also marked the auspicious occasion of His Majesty King Bhumibol Adulyadej's 7th cycle – or 84th – birthday anniversary. Deeply loved and respected by Thais, His Majesty has not only been a great monarch, reigning with the Ten Kingly Virtues, but has also performed his royal duties for the benefits and prosperity of Thailand and the Thai people. He is a monarch with a wide breadth of knowledge in different fields, and a “father” to the whole nation, always ready to bestow love and care on his subjects with total dedication towards their happiness.

As a good corporate citizen in Thailand, our business operations take into account the benefits and well-being of the general public as well as the national development. Based on a trusted partnership with all sectors in the Thai society, the company was a pioneer in corporate support and activities to enable communities and the society at large to improve and grow on its own. Self-reliance which brings about sustainable development is a good way to follow in “Father’s footsteps.”

01 Activities in Honor of His Majesty the King in 2011

On the auspicious occasion of His Majesty’s 84th birthday anniversary, Esso (Thailand) Public Company Limited, as a Thai corporate citizen, has shown its respect and gratitude to His Majesty the King by following in his footsteps with the following social projects and activities for the Thai people.

Support to the Thai Red Cross Society for a Refrigerated Blood Delivery Van

We donated Baht 1.2 million to support the purchase of a refrigerated blood delivery van, the third van through our contribution. The vehicle helps maintain the quality of delivered blood and enhances the efficiency of the work by the National Blood Center, the Thai Red Cross Society.

Support of Dam Construction and Beach Development Projects at Khung Krabaen Bay Royal Development Study Center

We have contributed to the Khung Krabaen Bay Royal Development Study Center since 2008. The Center was established to conduct research and experiments on the appropriate usage and conservation methods suitable for development needs in the coastal area of Chanthaburi Province. In 2010, we funded the construction of 284 dams in the Khung Krabaen Bay Royal Development Study Center to mark this auspicious occasion.

We also supported the “Joint Coordination for Beach Cleanliness and Development Project” at Khung Krabaen Bay Royal Development Study Center in honor of His Majesty’s 84th birthday anniversary.

Encyclopedia Library in Honor of His Majesty the King’s 84th Birthday Anniversary

To celebrate His Majesty the King’s 84th birthday, we supported the establishment of the Thai Encyclopedia Library located at Gawila Monument, Gawila Military Camp in Chiang Mai Province. The library aims to serve as an education center for youth and the general public.

Increase Esso Scholarships

We increased the number of scholarships generated by the Esso-Rattanakosin Bicentennial Fund from 50 to 84. The scholarships are given annually to needy university students in the fields of science, engineering, energy and related fields.



A school in remote area received computers from the “Knowledge with Integrity” (computers for students) program.

Computer Donation for Needy Schools and Organizations

We continued our support for the “Knowledge with Integrity” (computers for students) program in honor of HM the King on his 84th birthday anniversary. Computers were donated through two non-profit organizations: Population and Community Development Association (PDA) and the Father Ray Foundation. The program aims at providing 284 computers to needy schools and organizations. The Father Ray Foundation’s Redemptorist Vocational School for People with Disabilities in Pattaya was responsible for checking up and assembling computers and installing LCD monitors, while the PDA coordinated for schools and other organizations in need of computers. In 2011, representatives of both NGOs, including teachers and students from the Redemptorist Vocational School, completed the installation of the hardware and software programs in all 84 recipient schools.

Bangsai Arts and Crafts Center

In the auspicious year 2011, the Bangsai Arts and Crafts Center under the Royal Patronage of Her Majesty the Queen’s Supplementary Occupations and Related Techniques (SUPPORT) Foundation organized four exhibitions of Thai arts and handicrafts in March, June, September and December. We thus increased our contribution to Baht 284,000 to support the organization of the events.

Along the Path to Follow in Father's Footsteps

Since its establishment in Thailand in 1894, the company has been committed to being part of a social network to support, promote, assist as well as fulfill people's basic needs in communities and the country as a whole. These community service projects include community development, educational development, environmental and energy conservation, public health and safety, and the promotion of Thai arts and culture.

02 Community Development Activities

We have supported rural development activities through the construction of public amenities, and the dissemination of knowledge to improve the well-being of communities and to upgrade their quality of life.

Engineering Students Volunteer 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 apply engineering knowledge in building public amenities for social benefits. In 2011, the students built the Yuwawissawakorn Borpit 39 Bridge at Tambon Tab Yai, Amphoe Ratanaburi, Surin Province.

03 Educational Development Activities

We promote educational development through scholarships and financial support for research studies, training and knowledge enhancement for communities, governmental offices and the general public.

Esso Sriracha Refinery Scholarships

Since 1999, the Esso Sriracha refinery has established an educational fund to grant scholarships to needy students with good performance and behavior. In 2011, a total of 325 scholarships were given to 147 primary students, 96 junior high school students and 82 high school students. The program has so far awarded 2,045 scholarships to local students.



Chulalongkorn University engineering students applied their engineering knowledge in building public amenities in remote areas.

Vocational Science Competition

In 1991, 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 Competition. Since then, we have continuously supported the program to promote scientific learning and innovation among vocational students nationwide, giving them an opportunity to develop new inventions from their own creativity, knowledge and capabilities to benefit society.

Electronic and Computer Skill Center for Disabled Students

To give handicapped youths an opportunity to live a better life, we have supported the Father Ray Foundation for the development of an Electronic and Computer Skill Center of the Redemptorist Vocational School for People with Disabilities. The center provides disabled students with skill training needed for sustainable career development and self-reliance.

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 in various fields including Information Research and Analysis, Innovative Thinking, Integrated Marketing Communications and Leadership. Since its inception, 240 students have attended this program.



2011 Esso Challenge interns teamed up with children at Mercy Center for batik paintings.



We promoted road safety by supporting the “Ride Safely, Lights-on and Fasten Safety Helmet” campaign in Chiang Mai Province.



Soldiers on duty for flood relief mission at Sai Mai Flood Evacuation Center enjoyed activities by the company’s employee club.

Scholarship for Women Social Workers to Join Global Training Program

Recognizing that empowering women is the key driver in economic development, the company awarded a scholarship to a female social worker in the mid-level management of the Association for the Promotion of the Status of Women under the Royal Patronage of HRH Princess Soamsawali. The scholarship offers an intensive one-month workshop at the “Global Women in Management Program (GWIM)” in Washington DC, USA, and a year-long guided mentoring on NGO management to enhance the recipient’s current work. The training was sponsored by Exxon Mobil Corporation and conducted by the Center for Development and Population Activities (CEDPA).

Promoting Public Learning

For more than 50 years, we have produced the quarterly magazine, “Knowledge is Light,” to promote the understanding of art and culture, science and technology, energy and the environment. Since its inaugural issue, the magazine has been distributed to libraries, schools, universities, government offices and the general public with over 6,000 subscribers at present. In addition, for more than 30 years, we have produced the TV documentary, “Knowledge is Light,” which has received many excellence awards for TV documentaries and TV documentary sponsorship.

Instilling Reading Habits Among Thai Children

The company helped Suphanburi National Library promote reading habits among deprived children and people in rural areas through an educational program called “Yam Panya” (Backpacks of Wisdom). In this program, books, toys, jigsaws and educational media tools are prepared in backpacks for borrowers to enjoy reading, to help enhance their knowledge and make better use of their leisure time. The Yam Panya project currently serves a number of local schools in Suphanburi and nearby provinces by providing up to 20 backpacks to each school for a lending period of one semester (4 months) before a rotation to other schools.

04 Public Health and Safety Promotion Activities

We have established a fund for needy patients, donated medical equipment to local hospitals, supported road safety programs and safety campaign for clients and the general public.

Road Safety Program

In conjunction with the Thai Motorcycle Enterprise Association (TMEA), the Department of Land Transport and the Royal Thai Police, the company has supported the “Ride Safely, Lights-on and Fasten Safety Helmet” campaign to organize a safe riding training workshop for the past 5 consecutive years. With the aim to enhance riding skills and traffic regulation awareness, the campaign has so far trained more than 4,000 students and motorcyclists nationwide.

Support to the Prostheses Foundation of HRH the Princess Mother

The company, in conjunction with DSO Chemical Company Limited, the supplier of diesel and benzene fuel conditioners, donated 3 million product can lids to the Prostheses Foundation of HRH the Princess Mother. The donated lids will be used to make or repair artificial limbs for distribution to the handicapped free of charge.

Support to Preventive Program for Diabetic Patients

We supported a 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 to detect diabetic retinopathy which can be cured at the early stage as a preventive measure for complications and vision loss in diabetic patients.

Donation for Flood Victims in 2011

The company and its employees conducted drives to help relieve suffering of those affected by the flood in many areas nationwide. Donations were in the form of cash, survival kits, food, drinking water, medication, boats and fuels, and other necessities as follows:

- 30,000 bottles of 1.5-liter drinking water to the Directorate of Civil Affairs, Royal Thai Armed Forces, through the Disaster Mitigation Center;
- 200 gallons (18 liters) of Delvac MX 15W-40 and 140 cartons (4x6 liters) of Esso lube X2 worth a total of Baht 1,000,000 to the Royal Thai Navy;
- 50 boats worth Baht 300,000 in value to the Ministry of Energy to help transport flood victims;
- 700 health care kits to the Royal Thai Armed Forces for distribution to military crews on flood relief duty. The company's employees also held an activity to cheer up soldiers at Sai Mai Flood Evacuation Center;
- 30,000 bottles of 1.5-litre drinking water as well as rice, dried food and medication to the Thai Red Cross Society;
- 100 boats worth Baht 600,000 to TV Channel 3 and "Rueng Lao Chao Nee" TV program for helping flood victims through the "Channel 3 News Family." Together with TV Channel 3, we presented boats to HRH Princess Maha Chakri Sirindhorn to provide assistance to flood victims;

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. Aimed at enhancing knowledge and instilling awareness on marine resource conservation, the program offers classroom lectures and a field trip to study mangrove forests at Khung Krabaen Bay Royal Development Study Center, combined with mangrove forest planting in Chanthaburi Province.

Youth Leader Camp

The company supported Khao Khaew Open Zoo's long-term program, "Youth Leader Environment Camp - Tiger conserves the forest, Fish conserves the sea." At the camp in the zoo located in Sriracha, Chon Buri Province, participants gained a greater appreciation of wildlife and environmental conservation.



Students at Laem Chabang School perform a test to monitor the quality of sea water in their community. This program is part of Marine Ecology Study Center activities.

- Necessities and drinking water donated by employees of the Esso Sriracha refinery for flood relief in the central region through the Buddhist Sawang Prateep Dharma Sathan Sriracha Association;
- 20,000 bottles of drinking water for flood victims through Esso service stations near the flooded areas; and
- Baht 6 million donation through the Thai Red Cross Society, jointly given by Exxon Mobil Corporation in the US, the parent company of Esso (Thailand) Public Company Limited, and employees of Esso and ExxonMobil affiliates in Thailand.

05 Environmental Protection

In addition to our commitment to operating in an environmentally responsible manner, we also contribute to and support several programs to enhance knowledge and awareness on environmental protection, care and conservation among youth, community residents and the general public.

Marine Ecology Study Center

In 2005, in conjunction with the Laem Chabang Municipality and the Institute of Marine Science, Burapha University, we established the Laem Chabang Marine Ecology Study Center at Wat Laem Chabang School, which is situated near the company's 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.

06 Employee Volunteer Program

Another activity that we are proud of is encouraging the company's employees at all levels to be good citizens of the country and to contribute to society.



Employees of the Esso Sriracha refinery built a home for a family in need in Bang Lamung, Chon Buri Province.



Z. John Atanas (Center) received the 2011 AMCHAM CSR excellence recognition award from the Ambassador Kenney and AMCHAM President Peter Elliot.

Volunteer Activities by Management and Employees

Our management and employees spend their free time and money in many volunteer programs that benefit society: teaching and helping hill tribe children in remote areas, entertaining the elderly and children at elderly homes and orphanages, helping abandoned elephants, and improving the environment of such neighboring communities as Laem Chabang, etc.

Speakers Coalition Program

We developed a Speakers Coalition team from selected employees and senior executives, including technical experts and engineers. The team has a mission to share energy knowledge with the general public to help improve understanding of the energy situation in the country and the world. Through interested organizations, the company's speakers conducted many sessions to provide information on energy on a regular basis. Our program has reached more than 20,000 people since the program started in 2005.

Building Homes for Families in Need with the Habitat for Humanity Thailand Foundation

Following a company donation to the Habitat for Humanity Thailand Foundation, employees of the Esso Sriracha refinery helped 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.

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 the aim of fostering a new generation of community-minded and philanthropic children. The project emphasizes four concepts: philanthropy, leadership, community service and participation, and environmental stewardship. Employees donate toys to the libraries where children are able to borrow and enjoy the toys upon showing a kept record of good acts in their notebooks.

We have faithfully upheld a policy in social contribution for communities in Thailand as much as a commitment to business transparency and good governance. This effort has earned us the "2010 and 2011 Corporate Social Responsibility Excellence Recognition Awards" from the American Chamber of Commerce (AMCHAM). The award recognizes our continued endeavors in following His Majesty's resolution. The dedicated King has carried out his royal duties for the happiness of Thais as once promised on Coronation Day over 60 years ago.

Esso (Thailand) Public Company Limited and our employees truly take delight and pride in continually following in Father's footsteps.



Shareholding and Management Structure

01 Shareholders

The top 10 major shareholders registered in the share register book as of September 21, 2011 (closing date for an additional dividend payment for year 2011) were as follows:

Shareholders*	Number of Shares	Shareholding (%)
1. ExxonMobil International Holdings Inc.	2,264,500,000	65.43
2. Vayupak Fund 1 by MFC Asset Management Public Co., Ltd.	126,875,000	3.67
3. Vayupak Fund 1 by MFC Asset Management Public Co., Ltd.	126,875,000	3.67
4. HSBC (Singapore) Nominee Pte Ltd.	57,350,600	1.66
5. RBC Dexia Investor Services Bank S.A.	30,627,300	0.88
6. KBL European Private Bankers S.A.	17,924,179	0.52
7. The Bank of New York (Nominees) Limited	15,396,663	0.44
8. The Bank of New York Mellon	14,047,100	0.40
9. American International Assurance Company Limited – APEX	13,971,800	0.40
10. Energy and Petrochemical Index Fund	13,358,200	0.39
Total	2,680,925,842	77.46

* Excluding 45,700,239 shares (1.32%) under Thai NVDR Co., Ltd.

02 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.

03 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, not less than half 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. Our Board of Directors serving in 2011 comprised:

Name	Position
1. Mr. Z. John Atanas ⁽¹⁾	Chairman
2. Ms. Porntida Boonsa ⁽²⁾	Director
3. Mr. Mark Ell Northcutt	Director
4. Mr. Mongkolnimit Auacherdkul	Director and Member of Performance Evaluation Committee
5. Mr. Yodpong Sutatham	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. Z. John Atanas was appointed director to replace Mr. Robert Michael Cooper with effect from September 3, 2011

⁽²⁾ Ms. Porntida Boonsa resigned from the Company and ceased to be Director of the Company with effect from August 1, 2011

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 by 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; and
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:
 - a In the election of each director, each shareholder will have vote(s) equal to the number of shares held by him/her;
 - b 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 cannot split his/her shares and cast his/her split votes in favor of two or more candidates to one directorship; and
 - c 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; and
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 shareholder 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 shareholder 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.

04 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 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, 2011:

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; Ms. Sutanee Vachanaratana is the Audit Committee Coordinator to replace Mr. Amporn Chanyangam with effect from October 1, 2011.

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 law applicable to the Company's business; and
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.

05 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, 2011:

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.

06 Executive Officers

Our executive officers as of December 31, 2011 were :

Name	Position
1. Mr. Z. John Atanas ⁽¹⁾	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	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. Daniel Tan Chun Ghee ⁽²⁾	Lubricants Manager
11. Mr. Chan Itthithavorn	Investor Relations Manager

⁽¹⁾ Mr. Z. John Atanas was appointed to replace Mr. Robert Michael Cooper with effect from September 3, 2011.

⁽²⁾ Mr. Daniel Tan Chun Ghee was appointed to replace Ms. Jo-Anne En Chu Chuin with effect from March 8, 2011.

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.

07 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).

08 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, is as follows:

1. Directors who also are members of the Audit Committee receive a monthly remuneration of Baht 166,667;
2. Directors who are not member of the Audit Committee receive a monthly remuneration of Baht 133,334; and
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 2011:

Name	Fiscal year ended December 31, 2011 (Baht)
1. Mr. Z. John Atanas ⁽¹⁾	-
2. Mr. Mark Ell Northcutt ⁽¹⁾	-
3. Mr. Mongkolnimit Auacherdkul ⁽¹⁾	-
4. Mr. Yodpong Sutatham ⁽¹⁾	-
5. Mr. Adisak Jangkamolkulchai ⁽¹⁾	-
6. Mr. Somjate Saifon ⁽¹⁾	-
7. Mr. Kurujit Nakornthap	1,600,008
8. Mr. Wattana Chantarasorn	1,600,008
9. Mr. Sompop Amatayakul	2,000,004
10. Mr. Smit Tiemprasert	2,000,004
11. Ms. Wattanee Phanachet	2,000,004
Directors resigning during 2011	
1. Mr. Robert Michael Cooper ⁽¹⁾	-
2. Ms. Porntida Boonsa ⁽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, 2011, the total executive remuneration for 13 executives (including the 2 executives who resigned in 2011), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 90.9 Million.

09 Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2011 is as follows:

Name	Company	Subsidiaries/Associated Company					
		1	2	3	4	5	6
1. Mr. Z. John Atanas*	x, /, //	x, /					
2. Mr. Mark Ell Northcutt*	/, //						
3. Mr. Mongkolnimit Auacherdkul*	/, //						
4. Mr. Yodpong Sutatham*	/, //		x, /	x, /	x, /		
5. Mr. Adisak Jangkamolkulchai*	/, //						
6. Mr. Somjate Saifon*	/, //						
7. Mr. Kurujit Nakornthap	/						
8. Mr. Wattana Chantarasorn	/						
9. Mr. Sompop Amatayakul	/						
10. Mr. Smit Tiemprasert	/						
11. Ms. Wattanee Phanachet	/						
12. Mr. Channarong Janjitmun	//						
13. Mr. Chai Jangsirikul	//						/
14. Ms. Ratrimani Pasiphol	//						
15. Mr. Daniel Tan Chun Ghee	//						
16. 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 Enterprises 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, 2011 is as follows:

Unit : % shares

Name	Company	Subsidiaries/Associated Company					
		1	2	3	4	5	6
1. Mr. Z. John Atanas	-	-	-	-	-	-	-
2. Mr. Mark Ell Northcutt	-	-	-	-	-	-	-
3. Mr. Mongkolnimit Auacherdkul	-	-	-	-	-	-	-
4. Mr. Yodpong Sutatham	-	-	-	-	-	-	-
5. Mr. Adisak Jangkamolkulchai	-	-	-	-	-	-	-
6. Mr. Somjate Saifon	-	-	-	-	-	-	-
7. Mr. Kurujit Nakornthap	-	-	-	-	-	-	-
8. Mr. Wattana Chantarasorn	-	-	-	-	-	-	-
9. Mr. Sompop Amatayakul	0.0001	-	-	-	-	-	-
10. Mr. Smit Tiemprasert	-	-	-	-	-	-	-
11. Ms. Wattanee Phanachet	-	-	-	-	-	-	-
12. Mr. Channarong Janjitmun	-	-	7.00	-	-	-	-
13. Mr. Chai Jangsirikul	-	-	-	-	-	-	-
14. Ms. Rattrimani Pasiphol	0.0003	0.003	-	-	-	-	-
15. Mr. Daniel Tan Chun Ghee	-	-	-	-	-	-	-
16. 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 Enterprises 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 of 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 Announcement. The Committee reviewed the matters related to the financial reporting, information disclosure, adequacy of internal control, risk management and recommended corrective actions. In 2011, the Committee convened seven meetings with the Company's management, Internal Audit Manager, Legal Counselors and external auditors in relevant agendas. In addition, the Committee held two separate meetings to discuss singly with internal legal counselors and the 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 2011 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 timely in accordance with generally accepted accounting principles and adequately disclosed information in compliance with related rules and regulations;
- The Committee also reviewed the results of the external auditor's assessment. There were no significant adjustments made by the external auditors. The Company had no significant issues in preparing the financial statements in accordance with the new Thai Accounting Standards. There were no changes made to financial statements previously reported;
- The Committee reviewed and concurred with the annual plan of internal audit, assessed the adequacy of the Company's internal controls, risk management processes and reviewed key findings from the internal audit assessment. The Committee also reviewed the effectiveness of management processes in monitoring and following up on key issues and corrective actions as recommended by the internal auditors or the Committee. The results of assessment indicated that the Company's internal controls and risk management systems are adequate, appropriate and consistent with the assessment of the external auditors;
- The Committee reviewed the processes of compliance monitoring on laws and regulations applicable to the business of the Company and were satisfied with the mechanism and processes in place to ensure the compliances;
- The Committee reviewed the appropriateness and reasonableness of related-party transactions and concluded that the business transactions were conducted on normal course of business terms and conditions at arms' length and were disclosed as appropriate;
- The Committee reviewed the Company's Standards of Business Conduct and recognized that the Company emphasizes and values the ethical business practices which are consistent with the principles of good corporate governance of the Stock Exchange of Thailand; and
- The Committee participated in screening and reviewing the qualifications and remunerations of candidates for external auditors and gave 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





Finished products are being loaded into a tank truck for a customer delivery at Sriracha Marketing Terminal.

Corporate Governance

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

01 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 17 foundation policies as follows:

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

02 Corporate Governance Practices

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

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.

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 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.



2011 Annual General Meeting of Shareholders



Mobil 1 Center Exhibition was set up at 2011 Annual General Meeting of Shareholders to enhance business knowledge.

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.

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 2011, 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 (essolr@exxonmobil.com) were provided for contact convenience.

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 2011, the Board met 6 times with details of attendance as follows:

Name	Board Meeting Attendance (times)
1. Mr. Z. John Atanas ⁽¹⁾	1/1
2. Mr. Mark Ell Northcutt	5/6
3. Mr. Mongkolnimit Auacherdkul	6/6
4. Mr. Yodpong Sutatham	6/6
5. Mr. Adisak Jangkamolkulchai	6/6
6. Mr. Somjate Saifon	6/6
7. Mr. Kurujit Nakornthap	5/6
8. Mr. Wattana Chantarasorn	5/6
9. Mr. Sompop Amatayakul	5/6
10. Mr. Smit Tiemprasert	6/6
11. Ms. Wattanee Phanachet	6/6
Directors resigning during 2011	
1. Mr. Robert Michael Cooper ⁽¹⁾	5/5
2. Ms. Porntida Boonsa ⁽²⁾	3/4

⁽¹⁾ Mr. Z. John Atanas was appointed director to replace Mr. Robert Michael Cooper with effect from September 3, 2011.

⁽²⁾ Ms. Porntida Boonsa resigned from the Company and ceased to be Director of the Company with effect from August 1, 2011.

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 2011, 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	5/7

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 2011 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. Z. John Atanas	DAP	*
2. Mr. Mark Ell Northcutt	DAP	8 Mar 2011
3. Mr. Mongkolnimit Auacherdkul	DAP	26 Sep 2008
4. Mr. Yodpong Sutatham	DAP	30 Nov 2010
5. Mr. Adisak Jangkamolkulchai	DAP	7 Nov 2008
6. Mr. Somjate Saifon	DAP	26 Sep 2008
7. Mr. Kurujit Nakornthap	DAP	20 Jul 2007
8. Mr. Wattana Chantarasorn	DAP	27 Mar 2009
9. Mr. Sompop Amatayakul	DAP	26 Sep 2008
10. Mr. Smit Tiemprasert	DCP	Jan – Mar 2006
	FN	2005
11. Ms. Wattanee Phanachet	DCP	12 Mar – 16 Aug 2002
	DCP Refresher	25 Feb 2007
	ACP	14 – 15 Feb 2007

* *Planning to enroll in DAP English Class in 2012.*

DAP = Director Accreditation Program

DCP = Director Certification Program

ACP = Audit Committee Program

FN = Finance for Non-Finance Director



A tank truck enters a service station to unload finished products for sales to motorists.

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.

01 Internal Controls

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 suppliers, 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.

02 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.

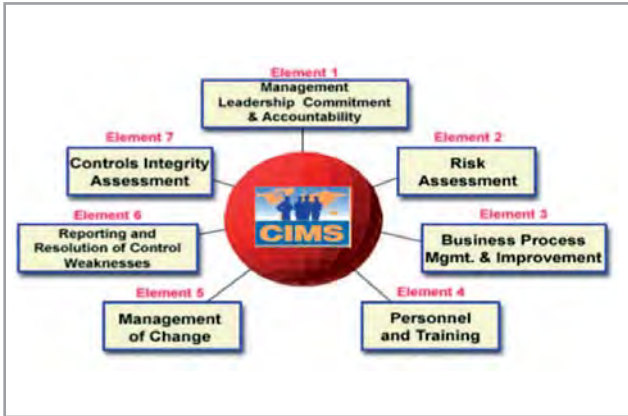
System of Management Control (SMC)

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 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 tools 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.

03 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 2011 accounting period was Baht 4,500,000.



Related Party Transactions

In order to leverage on the global expertise of ExxonMobil, the Company has executed numerous agreements with ExxonMobil and its affiliates. These agreements are beneficial to the Company and contribute 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 at 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 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, 2011.

Agreements	Parties/ Relationship with the Company	Main Purposes	2011 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 ExxonMobil 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.	13,487	27,623		
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 (SOM 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.	2,068			
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.				105
Paraxylene Sales Agreement	EMCAP	EMCAP sells to Esso paraxylene products in such a volume as Esso nominates from time to time.		5,909		
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.	3,483	113,104		
"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.				1,081

Agreements	Parties/ Relationship with the Company	Main Purposes	2011 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.			11	767
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.				
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.				45
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.				76
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.		1,666		2
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.				402 ⁽¹⁾

Agreements	Parties/ Relationship with the Company	Main Purposes	2011 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
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.				45
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.				0
Clearing House Service Agreement	EMC	EMC provides 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.				19
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.				1
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	

Agreements	Parties/ Relationship with the Company	Main Purposes	2011 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
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.	0			
Others			27	160	0	187
TOTAL (see note to financial statement no.33)			19,065	148,462⁽²⁾	14	2,733

(1) Baht 350 million paid to EMRE is classified as capital expenditures.

(2) Baht 697 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included.

Agreements	Parties/ Relationship with the Company	Main Purposes	2011 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.	176		19	0.1
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.	65		1	
TOTAL (see note to financial statement no.33)			241⁽³⁾	0	20	0.1

(3) Baht 65 million classified as long-term loans from Subsidiaries is included.

Board of Directors



Mr. Z. John Atanas

Chairman and Managing Director
Age: 47

Education:

- MBA/Finance, Carnegie Mellon University, Pennsylvania, USA

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 – 2011 Treasurer, Upstream, ExxonMobil Exploration Company, USA
- 2003 – 2006 Senior Advisor, Planning & Business Development, Exxonmobil Chemical, USA

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%):

None



Mr. Mongkolnimit Auacherdkul

Director and Member of Performance Evaluation Committee
Age: 54

Education:

- M.Sc in Mechanical Engineering, University of Cincinnati, USA

Current Positions:

- Public and Government Affairs Manager, Esso (Thailand) Public Company Limited

Experience:

- 2006 – 2009 Public Affairs Manager, ExxonMobil Limited
- 2003 – 2005 Refinery Coordination Manager, Esso (Thailand) Public Company Limited

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%):

None



Mr. Mark Eil Northcutt

Director
Age: 49

Education:

- B.Sc in Chemical Engineering, Texas Tech University, USA

Current Positions:

- Refinery Manager, Esso (Thailand) Public Company Limited

Experience:

- 2006 – 2008 Project & Planning Executive Refining, ExxonMobil Refining & Supply Company, USA

- 2004 – 2006 Manager Global Manufacturing, ExxonMobil Lubricants & Specialties Company, USA
- 2001 – 2004 Manager Process, Baton Rouge Refinery, ExxonMobil Refining & Supply Company, USA

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%):

None



Mr. Adisak Jangkamolkulchai

Director
Age: 48

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: 54

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: 44

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 Enterprises 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



Mr. Kurujit Nakornthap

Independent Director
Age: 56

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



Mr. Wattana Chantarasorn

Director and Member of Performance Evaluation Committee
Age: 65

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. Sompop Amatayakul

Independent Director and Chairman of Audit Committee
Age: 71

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 three 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



Mr. Smit Tiemprasert

Independent Director, Chairman of Performance Evaluation Committee and Member of Audit Committee
Age: 72

Education:

- M.Sc in Industrial Engineering and Management, Oklahoma State University, USA

Current Positions:

-

Experience:

- 2005 – 2007 Advisor, Betagro Agro Group PLC
- 2001 – 2003 Chief Operating Officer, Thai Petrochemical Industries PLC

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%): None



Ms. Wattanee Phanachet

Independent Director and Member of Audit Committee
Age: 74

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:

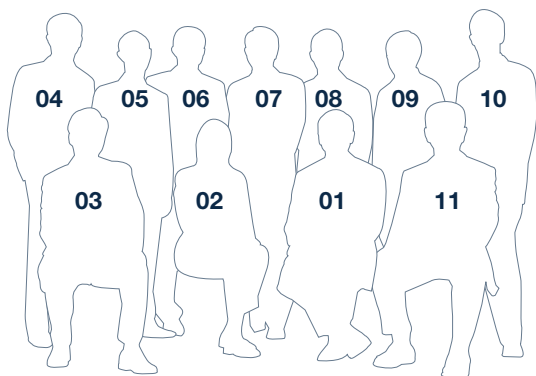
- 2007 – 2009 Independent Director and Audit Committee Member, Electricity Generating PLC
- 2005 – 2008 Head, Sub-Committee on Certified Public Accountant's Qualification, Federation of Accounting Professions
- 2003 – 2006 Member of the Committee on Curriculum Quality Guarantee of the Faculty of Commerce 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

Executive Officers



- 01 | Mr. Z. John Atanas**
Chairman and Managing Director
- 02 | Ms. Ratrimani Pasiphol**
Treasurer / Tax Manager
- 03 | Mr. Channarong Janjitmun**
Industrial and Wholesale Manager
- 04 | Mr. Yodpong Sutatham**
Director and Retail Manager
- 05 | Mr. Chai Jangsirikul**
Controller
- 06 | Mr. Daniel Tan Chun Ghee**
Lubricants Manager
- 07 | Mr. Adisak Jangkamolkulchai**
Director and Refinery Process Manager
- 08 | Mr. Chan Itthithavorn**
Investor Relations Manager
- 09 | Mr. Somjate Saifon**
Director and Chemicals Manager
- 10 | Mr. Mark Eil Northcutt**
Director and Refinery Manager
- 11 | Mr. Mongkolnimit Auacherdkul**
Director and Public and Government Affairs Manager

Ms. Ratrimani Pasiphol

Treasurer / Tax Manager

Age: 44

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

Mr. Channarong Janjitmun

Industrial and Wholesale Manager

Age: 57

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

Mr. Chai Jangsirikul

Controller

Age: 54

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:** None**Shareholding in the Company (%):** None

Mr. Daniel Tan Chun Ghee

Lubricants Manager

Age: 41

Education:

- Bachelor of Engineering (Mechanical), Nanyang Technological University, Singapore

Current Positions:

- Lubricants Manager, Esso (Thailand) Public Company Limited

Experience:

- 2009 – 2011 Asia Pacific Pricing Manager, Marketing, ExxonMobil Asia Pacific Pte Ltd, Singapore
- 2006 – 2009 Asia Pacific Planning Manager, 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. Chan Itthithavorn

Investor Relations Manager

Age: 43

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

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.



Z. John Atanas
Chairman and Managing Director

Auditor's Report

To the Shareholders of Esso (Thailand) Public Company Limited

I have audited the accompanying consolidated and company statements of financial position as of 31 December 2011 and 31 December 2010, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended of Esso (Thailand) Public Company Limited (the "Company") and its subsidiaries (the "Group"), and of the Company, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2011 and 31 December 2010, and the consolidated and company results of operations, and cash flows for the years then ended of the Group, and of the Company, respectively, in accordance with generally accepted accounting principles.



Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
PricewaterhouseCoopers ABAS Limited

Bangkok
22 February 2012

Statement of Financial Position

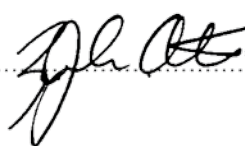
As at 31 December 2011 and 2010

(All amounts in Baht thousand unless otherwise stated)

Assets	Note	Consolidated		Company	
		2011	2010	2011	2010
Current assets					
Cash and cash equivalents	5	668,221	1,302,692	408,362	1,078,315
Trade receivables, net	6	5,576,562	5,269,498	5,554,795	5,246,931
Trade receivables from a related party	33f	-	-	1,197,745	1,330,386
Amounts due from related parties	33f	138	691	92,530	83,317
Inventories, net	7	26,014,648	20,711,338	25,653,964	20,300,597
Tax claim receivable, net	8	1,731,196	707,358	1,669,166	680,790
Other current assets	9	720,288	1,080,327	894,063	1,260,077
		34,711,053	29,071,904	35,470,625	29,980,413
Non-current assets					
Investments in subsidiaries and an associate	10	1,006,559	718,530	1,843,949	1,843,949
Available-for-sale financial assets	11	410,400	385,200	410,400	385,200
Long-term loans to related parties	33g	-	-	2,102,069	1,944,383
Deferred income tax assets, net	12	2,831,542	4,778,068	2,708,488	4,592,058
Intangible assets, net	13	342,430	403,817	342,430	403,817
Property, plant and equipment, net	14	33,411,828	30,576,499	28,944,471	26,016,034
Prepaid rental and deferred charges	15	1,090,384	759,496	3,009,420	2,902,038
Other non-current assets		39,516	64,127	20,843	45,177
		39,132,659	37,685,737	39,382,070	38,132,656
Total assets		73,843,712	66,757,641	74,852,695	68,113,069

Director

CM




The notes on pages 68 to 98 are an integral part of these consolidated and company financial statements.

Statement of Financial Position

As at 31 December 2011 and 2010

(All amounts in Baht thousand unless otherwise stated)

Liabilities and shareholders' equity	Note	Consolidated		Company	
		2011	2010	2011	2010
Current liabilities					
Borrowings	16	25,206,966	11,978,757	25,206,966	11,978,757
Trade and other payables	17	3,910,606	4,231,387	3,767,314	4,138,225
Short-term loans from related parties	33h	176,304	13,779	733,369	691,321
Amounts due to related parties	33f	5,201,139	8,295,803	5,221,507	8,313,320
Short-term provisions for employee benefits	18	431,337	374,419	431,337	374,419
		34,926,352	24,894,145	35,360,493	25,496,042
Non-current liabilities					
Long-term loans from related parties	33h	-	-	65,482	1,921
Borrowings	16	13,084,144	15,750,000	13,084,144	15,750,000
Long-term provisions for employee benefits	18	1,291,499	1,172,495	1,291,499	1,172,495
Other non-current liabilities		2,723	12,490	2,723	12,490
		14,378,366	16,934,985	14,443,848	16,936,906
Total liabilities		49,304,718	41,829,130	49,804,341	42,432,948
Shareholders' equity					
Share capital					
Authorised share capital					
3,467,916,666 ordinary shares with					
par value of Baht 4.9338 each	19	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	19	17,075,181	17,075,181	17,075,181	17,075,181
Share premium	19	4,031,711	4,031,711	4,031,711	4,031,711
Retained earnings					
Appropriated					
Legal reserve	21	653,243	618,368	653,243	618,368
Unappropriated		2,471,907	2,951,378	2,988,699	3,710,421
Other components of equity	22	299,520	244,440	299,520	244,440
Equity attributable to owners of the parent		24,531,562	24,921,078	25,048,354	25,680,121
Non-controlling interests		7,432	7,433	-	-
Total shareholders' equity		24,538,994	24,928,511	25,048,354	25,680,121
Total liabilities and shareholders' equity		73,843,712	66,757,641	74,852,695	68,113,069

The notes on pages 68 to 98 are an integral part of these consolidated and company financial statements.

Statement of Comprehensive Income

For the years ended 31 December 2011 and 2010
(All amounts in Baht thousand unless otherwise stated)

	Note	Consolidated		Company	
		2011	2010	2011	2010
Sales	23	205,710,376	179,304,969	204,281,470	177,873,209
Cost of sales	24	(197,773,416)	(172,434,351)	(196,920,343)	(171,578,899)
Gross profit		7,936,960	6,870,618	7,361,127	6,294,310
Selling expenses	24	(4,301,322)	(4,329,794)	(3,823,389)	(3,755,016)
Administrative expenses	24	(375,269)	(392,861)	(375,269)	(392,861)
Profit from sales		3,260,369	2,147,963	3,162,469	2,146,433
Other income		70,138	67,761	103,444	63,877
Finance costs, net	25	(752,787)	(366,200)	(698,449)	(332,780)
Share of profit from an associate	10	288,029	263,759	-	-
Other non-operating income		72,296	107,590	43,482	69,290
Profit before income tax		2,938,045	2,220,873	2,610,946	1,946,820
Income tax expense	26	(1,997,439)	(566,848)	(1,913,450)	(559,673)
Profit for the year		940,606	1,654,025	697,496	1,387,147
Other comprehensive income, net of tax:					
Gains on remeasuring available-for-sale investments					
	22	55,080	65,520	55,080	65,520
Total comprehensive income for the year		995,686	1,719,545	752,576	1,452,667
Profit attributable to:					
Owners of the parent		939,747	1,653,278	697,496	1,387,147
Non-controlling interests		859	747	-	-
		940,606	1,654,025	697,496	1,387,147
Total comprehensive income attributable to:					
Owners of the parent		994,827	1,718,798	752,576	1,452,667
Non-controlling interests		859	747	-	-
		995,686	1,719,545	752,576	1,452,667
Earning per share for profit attributable to the equity holders of the parent (expressed in Baht per share)					
Basic/diluted	27	0.27	0.48	0.20	0.40

The notes on pages 68 to 98 are an integral part of these consolidated and company financial statements.

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2011 and 2010
(All amounts in Baht thousand unless otherwise stated)

	Consolidated									
	Attributable to owners of the parent					Other comprehensive income				
	Issued and paid-up share capital	Share premium	Appropriated - legal reserve	Unappropriated - retained earnings	Available-for-sale investments	Total attributable to owners of the parent	Non-controlling interests	Total shareholders' equity		
Balance at 1 January 2011	17,075,181	4,031,711	618,368	2,951,378	244,440	24,921,078	7,433	24,928,511		
Total comprehensive income	-	-	-	939,747	55,080	994,827	859	995,686		
Dividend paid	-	-	-	(1,384,343)	-	(1,384,343)	(860)	(1,385,203)		
Allocation of net profit to legal reserve	-	-	34,875	(34,875)	-	-	-	-		
Balance at 31 December 2011	17,075,181	4,031,711	653,243	2,471,907	299,520	24,531,562	7,432	24,538,994		
Balance at 1 January 2010	17,075,181	4,031,711	549,010	2,232,673	178,920	24,067,495	7,433	24,074,928		
Total comprehensive income	-	-	-	1,653,278	65,520	1,718,798	747	1,719,545		
Dividend paid	-	-	-	(865,215)	-	(865,215)	(747)	(865,962)		
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	24,921,078	7,433	24,928,511		

The notes on pages 68 to 98 are an integral part of these consolidated and company financial statements.

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Statements of Changes in Shareholders' Equity

For the years ended 31 December 2011 and 2010
(All amounts in Baht thousand unless otherwise stated)

	Note	Company						Total shareholders' equity
		Issued and paid-up share capital	Share premium	Retained earnings		Other comprehensive income		
				Appropriated - legal reserve	Unappropriated - retained earnings	Available-for-sale investments		
Balance at 1 January 2011		17,075,181	4,031,711	618,368	3,710,421	244,440	25,680,121	
Total comprehensive income		-	-	-	697,496	55,080	752,576	
Dividend paid	20	-	-	-	(1,384,343)	-	(1,384,343)	
Allocation of net profit to legal reserve	21	-	-	34,875	(34,875)	-	-	
Balance at 31 December 2011		17,075,181	4,031,711	653,243	2,988,699	299,520	25,048,354	
Balance at 1 January 2010		17,075,181	4,031,711	549,010	3,257,847	178,920	25,092,669	
Total comprehensive income		-	-	-	1,387,147	65,520	1,452,667	
Dividend paid	20	-	-	-	(865,215)	-	(865,215)	
Allocation of net profit to legal reserve	21	-	-	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	

The notes on pages 68 to 98 are an integral part of these consolidated and company financial statements.

Statement of Cash Flows

For the years ended 31 December 2011 and 2010

(All amounts in Baht thousand unless otherwise stated)

	Note	Consolidated		Company	
		2011	2010	2011	2010
Cash flows from operating activities					
Cash (used in)/ generated from operations	28	(5,157,808)	6,317,822	(4,927,788)	6,331,435
Interest paid		(980,864)	(476,668)	(1,064,672)	(553,421)
Income tax paid		(8,641)	(21,507)	-	-
Net cash (used in)/ generated from operating activities		(6,147,313)	5,819,647	(5,992,460)	5,778,014
Cash flows from investing activities					
Net additional long-term loans to related parties	33g	-	-	(157,686)	(126,763)
Purchase of property, plant and equipment	14	(3,989,018)	(4,554,139)	(3,989,018)	(4,553,443)
Interest received		9,346	13,042	138,370	121,174
Dividend received		21,960	17,280	25,460	24,280
Proceeds from disposals of property, plant and equipment	28	130,879	66,633	21,762	22,341
Net cash used in investing activities		(3,826,833)	(4,457,184)	(3,961,112)	(4,512,411)
Cash flows from financing activities					
Net proceeds from/ (repayments of) short-term borrowings	16	13,255,679	(10,364,904)	13,255,679	(10,364,904)
Net 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		84,144	13,000,000	84,144	13,000,000
Net proceeds from/ (repayments of) short-term loans from related parties	33h	162,525	(227,214)	42,048	(132,620)
Net proceeds from/ (repayments of) long-term loans from related parties	33h	-	-	63,561	(3,450)
Dividends paid to equity holders	20	(1,384,343)	(865,215)	(1,384,343)	(865,215)
Dividends paid to minority interests		(860)	(747)	-	-
Net cash from/ (used in) financing activities		9,367,145	(1,208,080)	9,311,089	(1,116,189)
Net (decrease)/ increase in cash and cash equivalents and bank overdrafts					
		(607,001)	154,383	(642,483)	149,414
Cash and cash equivalents and bank overdrafts at the beginning of the year	5	1,274,040	1,119,657	1,049,663	900,249
Cash and cash equivalents and bank overdrafts at the end of the year					
	5	667,039	1,274,040	407,180	1,049,663

The notes on pages 68 to 98 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 2011 and 2010
(All amounts in Baht thousand unless otherwise stated)

01 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 22 February 2012.

02 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 Financial Reporting 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 disclosed in the accounting policies 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.

The comparative figures for short-term and long-term provisions for employee benefits in the statement of financial position and selling expenses and administrative expenses in the statement of comprehensive income have been reclassified to conform with changes in presentation in the current year. In addition, the comparative figures for expenses by nature in Note 24 and expenses paid to other related parties in Note 33c have been regrouped to appropriately present the nature of expenses incurred and to conform with presentation basis in the current year.

As at 31 December 2011, the current liabilities of the Group exceeded the current assets by approximately Baht 215,299 thousand. The Group currently has adequate financing sources to enable the payment of liabilities as and when they become due as follows: (1) uncommitted borrowing facilities from related companies and third parties in the amount of Baht 63,424,746 thousand to fund the payment of liabilities, and (2) the Group has also received an approval from the Securities and Exchange Commission to offer for sale Baht 12,000,000 thousand of bills of exchange in a revolving program, of which Baht 6,330,000 thousand has been utilised as of 31 December 2011. Accordingly, the consolidated and company financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts or classification of liabilities that may be necessary if the going concern basis of preparing the consolidated and company financial statements is not appropriate.

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, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation 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 early adopted Thai Accounting Standard 12, "Income Taxes" prior to its effective date.

As a result of adopting the revised TAS 1, the balance sheet is renamed as statement of financial position, and the Group elected to present a single statement of comprehensive income. The Group's management also assessed and determined that the new and revised accounting standards have resulted in additional and extended disclosures for (i) related party transactions (Note 33), (ii) share-based payments, (iii) provisions for employee benefits. With respect to the amortisation of actuarial gains/losses, the Group has elected to recognise such items in the statement of comprehensive income. In accordance with TFRS 2, the Group's accounting policy is to recognise share-based compensation granted to certain employees under an incentive program administered by the ultimate holding company. As at 31 December 2011, there is no material impact to the consolidated financial statements of the Group as a result of adopting this standard. There are no other significant effects to the statement of financial position and statement of comprehensive income 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. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. 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 statement of comprehensive 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 non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Associates*

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

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated statement of comprehensive 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 statement of financial position.

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 statement of financial position 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 statement of financial position 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 the consolidated and company statement of comprehensive income. 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 statement of comprehensive income as part of other income or costs. Dividends on available-for-sale financial assets are recognised in the consolidated and company statement of comprehensive 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 comprehensive 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 statement of comprehensive 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 tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position 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 from differences between the tax base of assets and liabilities and their carrying amounts in the 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 end of the reporting period and are 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 consolidated and company statement of comprehensive 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 25 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 statement of comprehensive 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 statement of comprehensive 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 statement of comprehensive 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 statement of comprehensive 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 end of reporting 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 statement of comprehensive 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 statement of financial position is the present value of the defined benefit obligation at the end of the reporting period, 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 recognized 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 statement of financial position 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 profit or loss.

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 distribution to the Company's shareholders is recognised as a liability in the Group's 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 statement of financial position 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 statement of financial position 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.

03 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.

04 Segmental information

As of 31 December 2011, 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 2011 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	206,664,418	41,357,358	248,021,776
Inter-segment revenue	(25,233,284)	(17,078,116)	(42,311,400)
Revenue	181,431,134	24,279,242	205,710,376
Segment result	2,275,423	984,946	3,260,369
Segment fixed assets	28,174,736	5,237,092	33,411,828

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

05 Cash and cash equivalents

	Consolidated		Company	
	2011	2010	2011	2010
Cash at bank and on hand	283,813	95,527	232,873	61,836
Cash in transit	384,408	1,207,165	175,489	1,016,479
Cash and cash equivalents	668,221	1,302,692	408,362	1,078,315

The interest rate on cash at bank averaged 1% (2010: 1%).

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

	Consolidated		Company	
	2011	2010	2011	2010
Cash and cash equivalents	668,221	1,302,692	408,362	1,078,315
Bank overdrafts (Note 16)	(1,182)	(28,652)	(1,182)	(28,652)
	667,039	1,274,040	407,180	1,049,663

06 Trade receivables, net

	Consolidated		Company	
	2011	2010	2011	2010
Trade receivables, gross	5,613,392	5,324,459	5,591,625	5,301,892
Less: Allowance for impairment of trade receivables (Note 28)	(36,830)	(54,961)	(36,830)	(54,961)
Trade receivables, net	5,576,562	5,269,498	5,554,795	5,246,931

Outstanding trade receivables, as at 31 December 2011 and 31 December 2010, are analysed as follows:

	Consolidated		Company	
	2011	2010	2011	2010
Current	5,441,421	5,166,643	5,419,654	5,144,076
Overdue:				
• Less than 3 months	134,209	99,044	134,209	99,044
• 3 to 6 months	-	3,752	-	3,752
• 6 to 12 months	-	1,023	-	1,023
• Over 12 months	37,762	53,997	37,762	53,997
	5,613,392	5,324,459	5,591,625	5,301,892
Less: Allowance for impairment of trade receivables (Note 28)	(36,830)	(54,961)	(36,830)	(54,961)
	5,576,562	5,269,498	5,554,795	5,246,931

07 Inventories, net

	Consolidated		Company	
	2011	2010	2011	2010
Crude oil	13,015,747	10,295,202	13,015,747	10,295,202
Petroleum products	10,811,268	8,185,555	10,529,117	7,869,914
Chemical products	1,243,369	1,337,770	1,243,369	1,337,770
Materials and supplies	853,984	788,525	853,984	788,525
Other merchandise	90,680	108,036	11,747	9,186
	26,015,048	20,715,088	25,653,964	20,300,597
Less: Allowance for obsolete stocks (Note 28)	(400)	(3,750)	-	-
Inventories, net	26,014,648	20,711,338	25,653,964	20,300,597

Petroleum products of Baht 3,583,370 thousand (2010: Petroleum products of Baht 1,052,144 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 2011, the value of this inventory amounted to Baht 12,249,444 thousand (2010: Baht 10,886,959 thousand).

08 Tax claim receivables, net

	Consolidated		Company	
	2011	2010	2011	2010
Tax claim receivables	1,750,713	726,875	1,688,683	700,307
Less: Allowance for impairment of tax claim receivables (Note 28)	(19,517)	(19,517)	(19,517)	(19,517)
	1,731,196	707,358	1,669,166	680,790

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

09 Other current assets

	Consolidated		Company	
	2011	2010	2011	2010
Accounts receivable - other	190,860	112,209	170,575	94,784
Prepaid expenses and deferred charges	529,428	968,118	723,488	1,165,293
	720,288	1,080,327	894,063	1,260,077

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	
	2011	2010	2011	2010
At 1 January	718,530	454,771	1,843,949	1,843,949
Share of profit from an associate (Note 28)	288,029	263,759	-	-
At 31 December	1,006,559	718,530	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	
		2011	2010	2011	2010
Mobil Enterprises (Thailand) Limited	Lubes and Specialties	833	833	100.00	100.00
Industry Promotion Enterprises Limited	Real Estate Leasing	51,484	51,484	100.00	100.00
United Industry Development Company Limited and its subsidiaries	Real Estate Leasing	58,939	58,939	100.00	100.00
• Pacesetter Enterprises Limited	Real Estate Leasing	3,333	3,333	99.99	99.99
• Thai C-Center Company Limited	Service Station Operator	-	-	99.99	99.99

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

10.2 Associate

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

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

	Consolidated	
	2011	2010
Assets	1,733,897	2,030,251
Liabilities	(727,338)	(1,311,721)
Net assets	1,006,559	718,530
Revenues	619,087	570,114
Net profit	288,029	263,759

11 Available-for-sale financial assets

	Consolidated and Company	
	2011	2010
At 1 January	385,200	291,600
Unrealised gain recognised in equity (Note 22)	25,200	93,600
At 31 December	410,400	385,200

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 statement of financial position:

	Consolidated		Company	
	2011	2010	2011	2010
Deferred tax assets:				
• To be recovered after more than 12 months	1,641,865	3,671,203	1,518,811	3,486,318
• To be recovered within 12 months	1,264,557	1,211,625	1,264,557	1,210,500
	2,906,422	4,882,828	2,783,368	4,696,818
Deferred tax liabilities:				
• To be recovered after more than 12 months	(74,880)	(104,760)	(74,880)	(104,760)
Deferred tax assets, net	2,831,542	4,778,068	2,708,488	4,592,058

Deferred income taxes are calculated on all temporary differences, under the liability method, using the statutory tax rates expected to apply in periods when the related deferred tax asset is realised or the deferred tax liability is settled. On 21 December 2011, new corporate tax rates were enacted in accordance with the Royal Decree number 530. Pursuant to this enactment, a statutory tax rate of 23% must be applied for 2012 and 20% must be applied during 2013 and 2014. With respect to tax years beginning 2015 onwards, the Federal of Accounting Professionals has provided further guidance for companies to continue to apply a rate of 20% as being considered substantially enacted.

Summary of tax rates applied is as follows:

- 2011: based on 23% for the amounts expected to be realized or settled in 2012, and 20% thereafter
- 2010: based on 30%

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

	Consolidated		Company	
	2011	2010	2011	2010
At 1 January	4,778,068	5,364,730	4,592,058	5,179,811
Charged to profit or loss (Note 26)	(1,976,406)	(558,582)	(1,913,450)	(559,673)
Tax charged directly to equity (Note 22)	29,880	(28,080)	29,880	(28,080)
At 31 December	2,831,542	4,778,068	2,708,488	4,592,058

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 2010	(Charged)/ Credited to profit or loss / Equity	At 31 December 2010	(Charged)/ Credited to profit or loss / Equity	At 31 December 2011
Deferred tax assets					
Depreciation	496,576	443	497,019	(112,252)	384,767
Pensions and employee benefits	399,030	65,044	464,074	(119,507)	344,567
Tax losses carried forward	4,304,750	(623,788)	3,680,962	(1,714,747)	1,966,215
Others	241,054	(281)	240,773	(29,900)	210,873
Deferred tax assets	5,441,410	(558,582)	4,882,828	(1,976,406)	2,906,422
Deferred tax liabilities					
Unrealised gain on available-for-sale financial assets (Note 22)	(76,680)	(28,080)	(104,760)	29,880	(74,880)
Deferred tax liabilities	(76,680)	(28,080)	(104,760)	29,880	(74,880)

Company					
	At 1 January 2010	(Charged)/ Credited to profit or loss / Equity	At 31 December 2010	(Charged)/ Credited to profit or loss / Equity	At 31 December 2011
Deferred tax assets					
Depreciation	496,576	443	497,019	(112,252)	384,767
Pensions and employee benefits	399,030	65,044	464,074	(119,507)	344,567
Tax losses carried forward	4,304,750	(623,788)	3,680,962	(1,718,207)	1,962,755
Others	56,135	(1,372)	54,763	36,516	91,279
Deferred tax assets	5,256,491	(559,673)	4,696,818	(1,913,450)	2,783,368
Deferred tax liabilities					
Unrealised gain on available-for-sale financial assets (Note 22)	(76,680)	(28,080)	(104,760)	29,880	(74,880)
Deferred tax liabilities	(76,680)	(28,080)	(104,760)	29,880	(74,880)

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 2010			
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
Year ended 31 December 2011			
Opening net book amount	179,538	224,279	403,817
Transfers (Note 14)	1,829	-	1,829
Amortisation charge (Note 28)	(40,061)	(23,155)	(63,216)
Closing net book amount	141,306	201,124	342,430
At 31 December 2011			
Cost	617,042	805,248	1,422,290
Less: Accumulated amortisation	(475,736)	(604,124)	(1,079,860)
Net book amount	141,306	201,124	342,430

All amortisation charges are recorded in cost of sales, selling expenses and administrative expenses in the statement of comprehensive 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 2010				
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
Year ended 31 December 2011				
Opening net book amount	5,271,145	17,939,986	7,365,368	30,576,499
Additions	-	-	4,230,700	4,230,700
Disposals (Note 28)	(75,186)	(82,189)	(1,960)	(159,335)
Transfers (Note 13)	-	11,259,191	(11,261,020)	(1,829)
Depreciation charge (Notes 28)	-	(1,234,207)	-	(1,234,207)
Closing net book amount	5,195,959	27,882,781	333,088	33,411,828
At 31 December 2011				
Cost	5,195,959	58,405,382	333,088	63,934,429
Less: Accumulated depreciation	-	(30,522,601)	-	(30,522,601)
Net book amount	5,195,959	27,882,781	333,088	33,411,828

	Company			
	Land	Buildings, plant and equipment	Construction in progress	Total
At 1 January 2010				
Cost	675,420	47,615,090	3,192,374	51,482,884
Less: Accumulated depreciation	-	(28,103,145)	-	(28,103,145)
Net book amount	675,420	19,511,945	3,192,374	23,379,739
Year ended 31 December 2010				
Opening net book amount	675,420	19,511,945	3,192,374	23,379,739
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	7,365,368	26,016,034
At 31 December 2010				
Cost	675,420	47,191,955	7,365,368	55,232,743
Less: Accumulated depreciation	-	(29,216,709)	-	(29,216,709)
Net book amount	675,420	17,975,246	7,365,368	26,016,034
Year ended 31 December 2011				
Opening net book amount	675,420	17,975,246	7,365,368	26,016,034
Additions	-	-	4,230,700	4,230,700
Disposals (Note 28)	-	(82,189)	(1,960)	(84,149)
Transfers (Note 13)	-	11,259,191	(11,261,020)	(1,829)
Depreciation charge (Notes 28)	-	(1,216,285)	-	(1,216,285)
Closing net book amount	675,420	27,935,963	333,088	28,944,471
At 31 December 2011				
Cost	675,420	58,040,111	333,088	59,048,619
Less: Accumulated depreciation	-	(30,104,148)	-	(30,104,148)
Net book amount	675,420	27,935,963	333,088	28,944,471

Four plots of land owned by subsidiaries with the book value of Baht 75,186 thousand were sold in September 2011. Baht 113,000 thousand was received as compensation.

During 2011, an independent appraiser which was engaged by the Company has assessed new useful lives of refinery and petrochemical plant assets to be 25 years from the date the assets become ready to use. As a result, depreciation expense is computed using new useful lives for refinery and petrochemical plant assets of 25 years effective from 1 January 2011. For income tax purposes, the effective date of this change is from 1 January 2010 in accordance with the approval of the Revenue Department received on 30 August 2011. The effect of this change is to decrease the depreciation expense for the year ended 31 December 2011 by approximately Baht 388,573 thousand.

As at 31 December 2011, the cost of fully depreciated property, plant and equipment of the Group, and Company, that were still in use amounted to Baht 10,160,204 thousand (2010: Baht 10,334,265 thousand).

Borrowing costs of Baht 241,682 thousand (2010: Baht 77,637 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 3.1% (2010: 1.6%) 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	
	2011	2010
Current		
Bank overdrafts (Note 5)	1,182	28,652
Short-term revolving facilities	16,144,000	5,674,000
Bill of exchange	6,311,784	3,526,105
Current portion of syndicated loan	2,750,000	2,750,000
	25,206,966	11,978,757
Non-current		
Bank borrowings	13,084,144	15,750,000
	38,291,110	27,728,757

Bank borrowings and other facilities detailed below are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2011 ranged between 2% to 4% per annum (2010: 1% to 3% per annum).

Short-term borrowings

Short-term borrowings comprised of bank revolving facilities (overnight loans and promissory notes due within 3 months), bills of exchange due within 270 days and short-term loans from banks.

Long-term borrowings

Syndicated long-term loan

The Company entered into a syndicated long-term loan agreement of Baht 11,000,000 thousand in December 2007. The loan is repayable in 8 semi-annual installments commencing in June 2009 and bears the interest at 1-month (THBFX) rate plus a margin. As at 31 December 2011, the outstanding loan balance was Baht 2,750,000 thousand (2010: Baht 5,500,000 thousand), which will be due in 2012. 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.

Long-term bank loans

The long-term bank loans consisted of the following:

- A 3 - year loan facility of Baht 5,000,000 thousand which was obtained and fully drawdown in 2010 and is due for full repayment in September 2013. The loan bears the interest at 1-month (THBFX) rate plus a margin.
- A 7 - year loan facility of Baht 8,000,000 thousand which was obtained and fully drawdown in 2010 and is repayable in 20 quarterly installments commencing from February 2013 to November 2017. The loan bears the interest at 1-month (BIBOR) rate plus a margin.
- A fixed interest rate promissory note of Baht 5,000,000 thousand issued to a bank at discount in August 2011 and is due for redemption in January 2014. The amortised cost and the fair value of the promissory note was Baht 5,084,144 thousand and Baht 5,147,500 thousand respectively at the end of 2011. This loan refinanced the 3-year bank loan due in 2013.

The carrying amounts at each year end of short-term borrowings and long-term borrowings other than the long-term fixed rate promissory note reasonably approximate their fair values. All borrowings are dominated in Baht.

Maturity of long-term bank borrowings	Consolidated and Company	
	2011	2010
No later than 1 year	2,750,000	2,750,000
Later than 1 year and no later than 5 years	11,892,457	12,550,000
Later than 5 years	1,600,000	3,200,000
	16,242,457	18,500,000

17 Trade and other payables

	Consolidated		Company	
	2011	2010	2011	2010
Trade accounts payable	2,932,285	3,241,762	2,860,835	3,169,819
Other tax payables	258,012	479,678	206,611	478,499
Other payables and accruals	720,309	509,947	699,868	489,907
	3,910,606	4,231,387	3,767,314	4,138,225

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

18 Provisions for employee benefits

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated and Company	
	2011	2010
Present value of unfunded obligations	2,410,824	2,267,814
Unrecognized actuarial loss	(687,988)	(720,900)
Liability in the statement of financial position	1,722,836	1,546,914

The movement in the defined benefit obligation over the year is as follows:

	Consolidated and Company	
	2011	2010
At 1 January	2,267,814	1,847,751
Current service cost	128,720	123,977
Interest cost	101,849	97,951
Actuarial loss	25,752	248,699
Benefits paid	(113,311)	(50,564)
At 31 December	2,410,824	2,267,814

The changes in the provision for employee benefits under the defined benefit plan during the year were as follows:

	Consolidated and Company	
	2011	2010
At 1 January	1,546,914	1,330,100
Net expenses charged to the statement of comprehensive income	289,233	267,378
Payments to separating employees and retirees	(113,311)	(50,564)
At 31 December	1,722,836	1,546,914
Analysis of total provisions for employee benefits:		
• Current	431,337	374,419
• Non-current	1,291,499	1,172,495
At 31 December	1,722,836	1,546,914

The amounts recognized in the statement of comprehensive income are as follows:

	Consolidated and Company	
	2011	2010
Current service cost	128,720	123,977
Interest cost	101,849	97,951
Amortization of actuarial loss	58,664	45,450
Total, included in employee expenses (Note 24)	289,233	267,378

The charge to the statement of comprehensive income is included within selling and administrative expenses.

The principal actuarial assumptions used were as follows:

	Consolidated and Company	
	2011	2010
Discount rate (%)	4.7	4.8
Expected rate of salary increases (%)	7	7

The discount rate used is based on investment grade private debt securities with tenure approximating the tenure of the employee benefits liability. The salary growth rate takes into account market factors such as projected market salary growth and incorporates assumptions relating to inflation rates.

19 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 2011 and 2010	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 2011 and 2010, 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.

20 Dividends

Further to a resolution passed by majority vote at the Annual General Meeting of shareholders on 28 April 2011, the Company paid an additional dividend for the year 2010 at Baht 0.20 per share, totalling Baht 692,172 thousand on 26 May 2011.

Further to resolutions passed by the Board of Directors on 2 September 2011, the Company paid the interim dividend during the first nine months of 2011 at Baht 0.20 per share, totalling Baht 692,172 thousand on 29 September 2011.

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.

21 Legal reserve

	Consolidated and Company	
	2011	2010
At 1 January	618,368	549,010
Current year allocation of net profit	34,875	69,358
At 31 December	653,243	618,368

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.

22 Other component of equity

The movement of other component of equity which is the fair value revaluation of available-for-sale financial assets is as follows:

	Consolidated and Company	
	2011	2010
At 1 January	244,440	178,920
Net unrealised gain recognised in equity		
(Notes 11 and 12)	55,080	65,520
At 31 December	299,520	244,440

23 Sales

	Consolidated		Company	
	2011	2010	2011	2010
Sales of goods	205,085,343	178,744,473	203,541,788	177,194,413
Sales of services	625,033	560,496	739,682	678,796
	205,710,376	179,304,969	204,281,470	177,873,209

24 Expenses by nature

	Consolidated		Company	
	2011	2010	2011	2010
Net changes in inventories of finished goods	(2,542,556)	(399,608)	(2,567,363)	(332,865)
Raw materials and consumables used	194,454,542	167,560,503	193,626,275	166,639,084
Depreciation and amortisation (Notes 13 and 14)	1,297,423	2,022,214	1,279,501	2,004,290
Employee expenses	1,758,195	1,679,402	1,758,195	1,679,402
Maintenance and Repair, Materials, Contract services, and Utilities	2,737,981	1,659,948	2,737,981	1,659,948
Transport and distribution	1,273,356	1,289,755	1,273,356	1,289,755
Business service expenses	759,151	823,941	753,859	819,795
Business and technical support, Research and development expenses	1,048,966	968,607	1,048,966	968,607
Company operated service station expenses	681,120	658,858	-	-
Other expenses	981,829	893,386	1,208,231	998,760
Total cost of sales, selling expenses and administrative expenses	202,450,007	177,157,006	201,119,001	175,726,776

25 Finance costs, net

	Consolidated		Company	
	2011	2010	2011	2010
Interest income	9,346	13,042	147,398	123,677
Interest expense	(762,133)	(379,242)	(845,847)	(456,457)
Finance costs, net (Note 28)	(752,787)	(366,200)	(698,449)	(332,780)

26 Income tax expense

	Consolidated		Company	
	2011	2010	2011	2010
Current tax :				
Current tax on profits for the year	22,101	7,479	-	-
Adjustments in respect of prior year	(1,068)	787	-	-
Total current tax	21,033	8,266	-	-
Deferred tax :				
Origination and reversal of temporary differences	774,134	558,582	772,029	559,673
Impact of change in tax rate	1,202,272	-	1,141,421	-
Total deferred tax (Note 12)	1,976,406	558,582	1,913,450	559,673
Total income tax expense	1,997,439	566,848	1,913,450	559,673

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	
	2011	2010	2011	2010
Profit before tax	2,938,045	2,220,873	2,610,946	1,946,820
Tax calculated at domestic tax rates	881,413	666,262	783,284	584,046
Tax effect of:				
Income not subject to tax	(95,692)	(85,244)	(20,117)	(7,882)
Expenses not deductible for tax purposes	9,446	10,797	8,862	8,476
Capital investment incentive	-	(24,967)	-	(24,967)
Re-measurement of deferred tax balances	1,202,272	-	1,141,421	-
Income tax expense	1,997,439	566,848	1,913,450	559,673

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	
	2011	2010	2011	2010
Profit attributable to equity holders of the Company	939,747	1,653,278	697,496	1,387,147
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)	0.27	0.48	0.20	0.40

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

28 Cash generated from operations

	Consolidated		Company	
	2011	2010	2011	2010
Net profit	940,606	1,654,025	697,496	1,387,147
Adjustments for:				
Depreciation (Note 14)	1,234,207	1,953,352	1,216,285	1,935,428
Amortisation (Note 13)	63,216	68,862	63,216	68,862
Allowance for impairment of trade receivables (Note 6)	(18,131)	(118)	(18,131)	(118)
Write-down of inventory to net realisable value	185,416	13,092	185,416	13,092
Allowance for obsolete stocks (Note 7)	400	3,750	-	-
Allowance for impairment of tax claim receivables (Note 8)	-	19,517	-	19,517
Loss/ (gain) on disposal of property, plant and equipment and intangible assets	28,456	(2,745)	62,387	37,016
Share of profit from an associate (Note 10)	(288,029)	(263,759)	-	-
Finance costs, net (Note 25)	752,787	366,200	698,449	332,780
Dividend income	(21,960)	(17,280)	(65,460)	(24,280)
Income tax expense (Note 26)	1,997,439	566,848	1,913,450	559,673
Net unrealised foreign exchange (gain)/loss	(118,616)	6,412	(118,616)	6,412
Changes in working capital				
Trade receivables	(287,617)	(540,041)	(288,417)	(538,326)
Trade receivables from related parties	-	-	132,641	(173,437)
Amount due from related parties	553	37,315	39,816	(4,650)
Inventories	(5,489,126)	(2,344,549)	(5,538,783)	(2,297,720)
Tax claim receivables	(1,023,838)	317,881	(988,376)	337,084
Other current assets	360,039	(71,984)	366,014	(82,387)
Prepaid rental and deferred charges	(330,888)	221,859	(107,382)	419,055
Other non-current assets	24,611	51,884	24,334	51,705
Trade and other payables	(354,709)	1,419,137	(392,448)	1,416,490
Amount due to related parties	(2,978,779)	2,668,535	(2,975,834)	2,678,463
Provisions for employee benefits	175,922	216,812	175,922	216,812
Other non-current liabilities	(9,767)	(27,183)	(9,767)	(27,183)
Cash generated from operations	(5,157,808)	6,317,822	(4,927,788)	6,331,435

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

	Consolidated		Company	
	2011	2010	2011	2010
Net book amount (Note 14)	159,335	63,888	84,149	59,357
(Loss)/ gain on disposal of property, plant and equipment and intangible assets	(28,456)	2,745	(62,387)	(37,016)
Proceeds from disposal of property, plant and equipment and intangible assets	130,879	66,633	21,762	22,341

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 2011, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business, amounting to Baht 64,109 thousand (2010: Baht 64,274 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 statement of financial position date but not yet incurred amounted to approximately Baht 267,411 thousand (2010: Baht 4,478,006 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	
	2011	2010
No later than 1 year	58,708	58,184
Later than 1 year and no later than 5 years	137,303	143,183
Later than 5 years	62,085	82,991
	258,096	284,358

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 2011, the Group has no short-term or long-term debt denominated in foreign currencies. In 2011, 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 2011, the Group has uncommitted facilities of Baht 63,424,746 thousand (2010: Baht 71,108,556 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 6,330,000 thousand has been utilized as of 31 December 2011 (2010: Baht 3,526,000 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 2011			
Revenue from domestic activities	16,703,068	157,141,685	173,844,753
Revenue from export activities	2,068,072	28,368,645	30,436,717
	18,771,140	185,510,330	204,281,470
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

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 2011 and 2010. The ultimate holding company is ExxonMobil Corporation. Both companies are incorporated in the United States of America. As of 31 December 2011, 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	
	2011	2010	2011	2010
Sales of goods and services:				
• Subsidiaries	-	-	25,268,915	25,604,095
• Other related parties	19,078,884	13,236,250	19,078,884	13,236,250
	19,078,884	13,236,250	44,347,799	38,840,345

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	
	2011	2010
Purchases of goods:		
• Other related parties	148,461,657	109,565,518
Purchases of services:		
• An associate	697,043	680,197
	149,158,700	110,245,715

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

(c) Expenses

	Consolidated		Company	
	2011	2010	2011	2010
Expenses paid to:				
• Subsidiaries	-	-	238,444	116,411
• Other related parties	2,732,575	2,997,842	2,660,920	2,944,506
	2,732,575	2,997,842	2,899,364	3,060,917

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	
	2011	2010	2011	2010
Interest income received from:				
• Subsidiaries	-	-	138,138	110,669
• Other related parties	86	2	86	2
	86	2	138,224	110,671
Interest expenses paid to:				
• Subsidiaries	-	-	83,741	78,175
• Other related parties	19,426	19,155	19,426	19,155
	19,426	19,155	103,167	97,330

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

(e) Key management compensation

	Consolidated and Company	
	2011	2010
Salaries and other short-term		
employment benefits	70,927	70,572
Post-employment benefits	20,001	18,785
	90,928	89,357

The above information is prepared in accordance with the Securities and Exchange Commission's regulations. This includes the managing director, the first four managers reporting to managing director as well as all managers at the same level.

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

	Consolidated		Company	
	2011	2010	2011	2010
Trade receivables:				
• Subsidiary	-	-	1,197,745	1,330,386
Amounts due from:				
• Subsidiaries	-	-	92,392	83,317
• Other related parties	138	691	138	-
	138	691	92,530	83,317
Amounts due to:				
• Subsidiaries	-	-	35,635	17,931
• Other related parties	5,201,139	8,295,803	5,185,872	8,295,389
	5,201,139	8,295,803	5,221,507	8,313,320

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 dividend and interest receivable on long-term loans (Note 33g).

The amounts due to related parties reflect a net payable which arises mainly from the purchase and sales of petroleum and petrochemical products with credit terms being approximately 30 days. The payables are unsecured in nature and bear no interest.

(g) Loans to related parties

	Consolidated		Company	
	2011	2010	2011	2010
Long-term loans to:				
• Subsidiaries	-	-	2,102,069	1,944,383

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

	Consolidated		Company	
	2011	2010	2011	2010
Opening amount as at 1 January	-	-	-	-
Additional borrowings	-	-	1,297	-
Repayments of borrowings	-	-	(1,297)	-
Closing amount as at 31 December	-	-	-	-

Short-term loans to related parties are unsecured and have no fixed term of repayment. They bear interest based on the minimum lending rate of the Bangkok Bank Public Company Limited which averaged 6.8% in 2011 (2010: 5.9%).

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

	Company	
	2011	2010
Opening amount as at 1 January	1,944,383	1,817,620
Additional borrowings	200,934	170,469
Repayments of borrowings	(43,248)	(43,706)
Closing amount as at 31 December	2,102,069	1,944,383

Long-term loans to related parties are unsecured. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited which averaged 6.8% in 2011 (2010: 5.9%).

(h) Loans from related parties

	Consolidated		Company	
	2011	2010	2011	2010
Short-term loans from:				
• Subsidiaries	-	-	557,065	677,542
• Other related parties	176,304	13,779	176,304	13,779
	176,304	13,779	733,369	691,321
Long-term loans from:				
• Subsidiaries	-	-	65,482	1,921

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

	Consolidated		Company	
	2011	2010	2011	2010
Opening amount as at 1 January	13,779	240,993	691,321	823,941
Additional borrowings	418,184	387,194	1,299,501	1,362,158
Repayments of borrowings	(255,659)	(614,408)	(1,257,453)	(1,494,778)
Closing amount as at 31 December	176,304	13,779	733,369	691,321

Short-term loans from related parties are unsecured and have no fixed term of repayment. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited which averaged 6.8% in 2011 (2010: 5.9%).

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

	Company	
	2011	2010
Opening amount as at 1 January	1,921	5,371
Additional borrowings	70,487	5,134
Repayments of borrowings	(6,926)	(8,584)
Closing amount as at 31 December	65,482	1,921

Long-term loans from related parties bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited which averaged 6.8% in 2011 (2010: 5.9%).

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.



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