



2012 Annual Report

Esso(Thailand) Public Company Limited



MOLECULE MANAGEMENT

+ 400
M Baht

We have captured benefits from using Molecule Management technologies amounting to 400 million Baht.



GLOBAL RELIABILITY SYSTEM

1st
quartile

The system has helped us to achieve 1st quartile in Mechanical Availability of Solomon Associates survey since 2006.



TECHNOLOGY - A KEY

GLOBAL ENERGY MANAGEMENT SYSTEM

100,000+ cars

GEMS enables the Company to reduce impact on the environment by reducing the CO₂ emission equivalent to removing more than 100,000 cars off the streets in Thailand.



REAL-TIME WETSTOCK MONITORING SYSTEM

900+ Mil Liters

Wetstock monitoring system ensures that more than 900 million liters of products annually at our service stations are being handled safely and efficiently.



TO SUCCESS

Content



TECHNOLOGY - A KEY TO SUCCESS ➤

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Message from Chairman

“ The Company had a crude run rate of 140 KBD, the highest as a public company. These operational milestones could not have been achieved without our high-impact management systems and technologies. ”



TECHNOLOGY - A KEY



To Our Shareholders

A year has passed since the start-up of the 10 billion Baht Euro 4 project and I am pleased to report safe and flawless operations. Last year, refinery throughputs and sales volumes were the highest since our IPO with improved performance in safety and energy efficiency. These operational milestones could not have been achieved without our high-impact management systems and technologies. Our disciplined investment approach in technology enables us to enhance operational excellence in all aspects of our businesses. Examples include identifying low cost feedstock to optimize yields, enhancing energy efficiency, operating plants reliably and safely, providing employees customized training utilizing world-class curriculum and materials, and maintaining product quality through a broad transportation system from refinery to service stations.

In 2012 industry refining margins supported a crude run rate of 140KBD, the highest as a public company. Our retail sales volumes remained strong; maintaining our position as the second largest fuels retailer in Thailand. Oil prices fluctuated significantly throughout the year and closed for the year at lower prices in Thai Baht terms than in 2011. This was primarily due to the strengthening Baht against US dollar; inevitably resulting in stock losses for the year. Paraxylene production was 347K Ton as a result of cyclically narrower spreads during most parts of the year. We also set up a 1.4 billion Baht reserve for deferred tax asset relating to tax loss carry-forward which may not be used in full before the 2013 expiry. As a result of these factors, we had a net loss of 1.7 billion Baht in 2012 versus 0.9 billion Baht of net profit in 2011.

We continue our selective and disciplined investment approach by improving and expanding our marketing network in fuels and lubes retail sales channels. Our service station image upgrade program continued with a total of 179 service stations upgraded during 2011- 2012. We opened 13 new service stations and 70 new Mobil 1 centers bringing our year-end network to 516 service stations and 230 Mobil 1 centers. Operations generated 10.4 billion baht of cash partly due to working capital optimization. Our debt balance was lowered by 7 billion Baht from the 2011 level and stands at 31.6 billion Baht.

To strengthen our Esso brand and increase retail sales volumes, we launched a Fuels Quality Campaign with support from a strong nationwide marketing program. We simultaneously planned a new mix of product offerings in preparation for Gasoline 91 phase-out mandate, effective January 2013. Equally important, LPG controlled pricing remains a challenging issue as the below international market price suppressed our refining margins.

Strong safety and controls is our license to operate. Our operations integrity management system and control systems help identify, track, and report metrics that demonstrate and guide our performance. Safety performance during 2008-2012 was 3 times better than the U.S. petroleum industry in terms of the Total Recordable Incident Rate of employees. In 2012 we conducted a four-year business practice review with all employees to ensure their full understanding of Company policies and applicable laws so they are able to choose the course of highest integrity. Our commitment to business transparency and good governance is unparalleled.

We are committed to conducting business using an approach that is compatible with both the environmental and economic needs of the communities where we operate. Our ongoing employee volunteer programs visibly demonstrate our dedication to corporate citizenship and are well recognized, including the receipt of the 2012 American Chamber of Commerce (AMCHAM) Corporate Social Responsibility Excellence Recognition Award (third consecutive year).

In conclusion, we employ a business model focused on achieving excellence in our daily operations in an environmentally, socially and economically responsible manner, generating competitive cash flow, and creating long-term shareholder value. On behalf of the Board, I would like to express my gratitude to our shareholders, dealers, customers, and employees for your continued support of Esso (Thailand) Public Company Limited.

Z John Atanas
Chairman and Managing Director

General Information



Company information

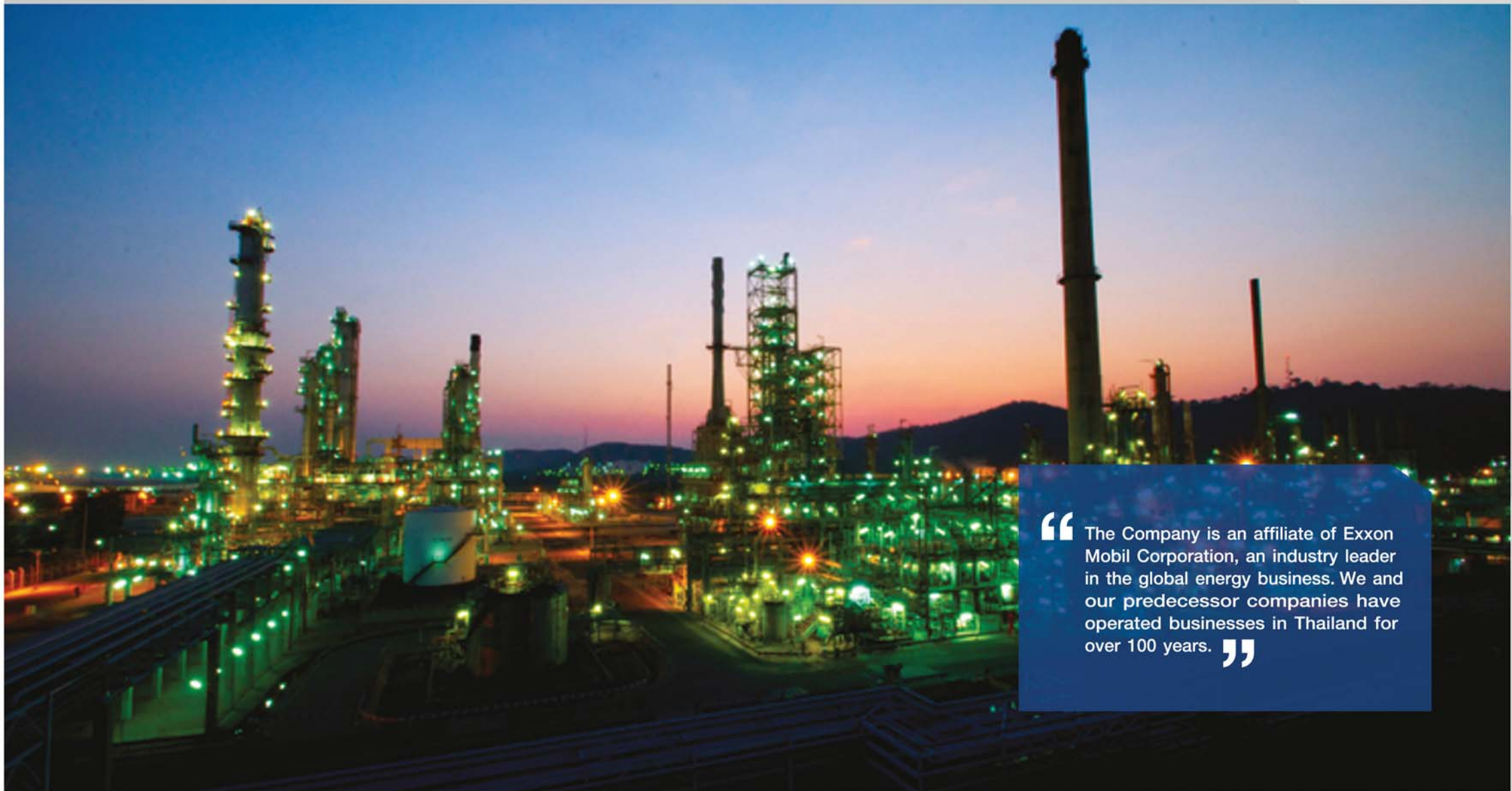
Company Name	Esso (Thailand) Public Company Limited
Symbol	ESSO
Registration Number	0107539000073
Business	Integrated petroleum refining, petrochemical, and marketing
Registered Capital	Baht 17,110,007,246.71 Comprising 3,467,916,666 common shares of Baht 4.9338 per share
Paid-up Capital	Baht 17,075,181,200.40 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 15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120 Telephone: 02 344-1000

Our Business



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



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

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

- A complex refinery with a maximum rated capacity (based on stream days) of 174,000 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 significant flexibility to handle a wide range of crude oils and to produce a high proportion of high-value products such as gasoline, diesel, and jet fuel. Our refinery is strategically located near the Laem Chabang deep sea port in Sriracha, Chonburi Province. The site benefits from its ready access to a deep sea port, road networks, and a multi-product transmission pipeline that allows the flexibility of delivering our refined petroleum products via pipeline in addition to truck and marine transportation.

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

Revenue Structure

Our sales revenue in the downstream and petrochemical segments can be divided as follows:

	2012		2011		2010	
	Million Baht	%	Million Baht	%	Million Baht	%
Net Sales						
Downstream segment:						
Refined petroleum products	211,770	86.5	172,913	84.1	157,746	88.0
Lubricants	3,753	1.5	3,593	1.7	3,296	1.8
Others ⁽¹⁾	4,361	1.8	4,358	2.1	1,274	0.7
Services ⁽²⁾	591	0.2	567	0.3	496	0.3
Total Downstream segment	220,475	90.0	181,431	88.2	162,812	90.8
Petrochemical segment:						
Paraxylene	17,511	7.1	17,870	8.7	10,742	6.0
Others ⁽³⁾	7,094	2.9	6,352	3.1	5,686	3.2
Services	47	0.0	57	0.0	65	0.0
Total Petrochemical segment	24,652	10.0	24,279	11.8	16,493	9.2
Total Sales revenue	245,127	100.0	205,710	100.0	179,305	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, 2012

Corporate	Refining & Distribution ⁽¹⁾	Retail & Lubricants ⁽²⁾	Chemicals	Total
36	481	119	12	648

⁽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.

Financial Highlights

Financial Highlights

Financial Highlights	2012	2011	2010
(millions of Baht, unless otherwise stated)			
Sales revenue	245,127	205,710	179,305
Gross profit	5,496	7,937	6,871
EBITDA	2,546	4,557	4,170
(Loss)/Profit for the period	(1,698)	941	1,654
(Loss)/Earning per share (Baht) ⁽¹⁾	(0.5)	0.3	0.5
Total assets	75,862	73,844	66,758
Total liabilities	52,930	49,305	41,829
Total shareholders' equity	22,932	24,539	24,929
Key Financial Ratios	2012	2011	2010
Net (loss)/ profit margin (%)	(0.7)	0.5	0.9
Interest coverage (times)	2.1	6.0	11.0
Net debt to equity (times)	1.4	1.6	1.1
Dividend Payment for the Operating Results	2012	2011	2010
Dividend payment (Baht/share)	- ⁽²⁾	0.25	0.20

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

⁽²⁾ No interim dividend payment for year 2012

Our Performance



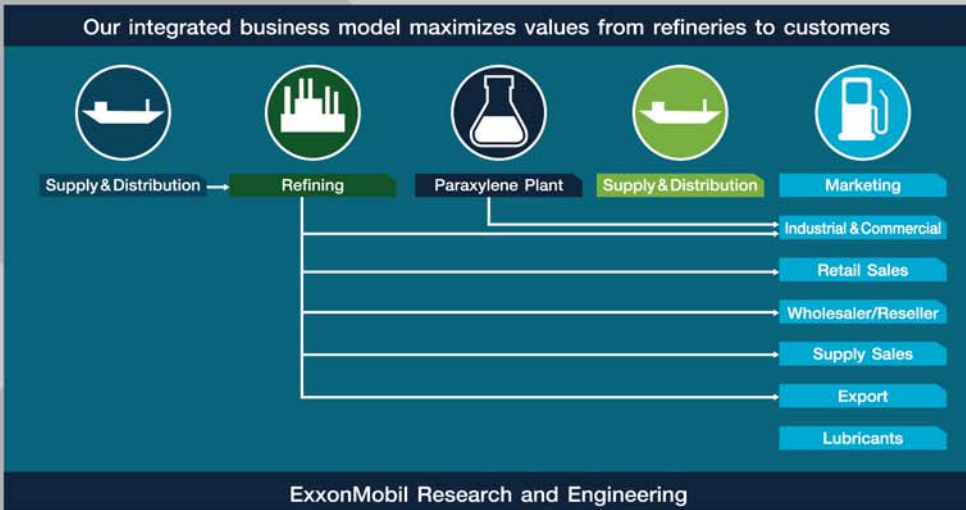
“ The Company believes that the rigor, discipline and degree of accountability required to improve safety performance are the same qualities that produce successful business results – operationally and fiscally. ”



Optimizing through Integration

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.

We sell our petroleum products through diversified channels including retail, commercial, and export markets for optimal product realization. With the changes in market conditions and refinery production, we optimize the general interest sales by working closely with the Integrated Business Team.



High-impact Technology: Molecule Management

Our proprietary Molecule Management process uses advanced analytical techniques to understand the detailed molecular composition of raw materials, intermediate streams, and products. Supply chain models optimize placement of feedstocks and real-time process models enable us to maximize production of products with enhanced yields and margins. Blend execution management system helps minimize product quality giveaway and improve right first time blending to sustain high supply reliability. For example, we are an industry leader in processing challenged crudes, due in part to this technology. These crudes are typically more difficult to process because they have properties such as acid corrosivity, high nitrogen content, and other impurities. Because of these characteristics, they are sold at a discount, which provides the company a raw material cost advantage. Robust systems allow us to process a wider range of raw materials, including higher levels of challenged crudes, without restricting our ability to manufacture higher-value products. This also allows us to integrate feed selection for refining and chemicals and to adjust process conditions and product slates in real time to optimize profitability and energy efficiency.

In May 2006, we were recognized as the first refinery in the ExxonMobil network to fully embed Molecule Management technologies and work practices into the way we do business.

+ 400
M Baht

We have captured benefits from using Molecule Management technologies in the amount of 400 million Baht.

Operational Excellence and Continuous Improvement

Refining and Petrochemical

Our refinery's crude run was 140 thousand barrels per day in 2012 post Clean Fuels project, significantly improved over 2011 due to no refinery turnaround and the new facility enabled the processing of more economical crude. Refining margins in 2012 were still challenging with LPG controlled price and crude inventory prices impacting the Company's earnings in 2012. LPG prices has improved since January 2011; however, the controlled price was still well below the international market.

Paraxylene production was 347 thousand tons in 2012, representing an increase from 2011. While the cost of raw materials in 2012 increased, the sales realizations for paraxylene increased by a lesser extent, resulting in lower paraxylene margins mainly due to challenges from oversupply in China and concerns over the global economy. We continue our strategy to optimize our earnings through integration by determining paraxylene production based on integrated manufacturing economics.

Product margins was a key factor in creating a challenging market environment in 2012 and 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.

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 a site-wide upgrade to new steam trap technology.

In our distribution terminals, we continue to utilize and manage our assets to improve overall efficiency, reduce operating costs, and increase terminal reliability. In 2012, the Company installed additional facilities at the Sriracha terminal that enabled the handling of another gasoline grade and enhanced operations safety through additional equipment and processes that reduce the risks in the handling of ULSD (Ultra Low Sulfur Diesel).

Marketing

Esso's service stations continued to provide a secure, value-added and reliable outlet for our refinery; sales through our service stations accounted for 37% of total sales volumes in 2012. With our logistical and other operational advantages, we are well-positioned to compete in this dynamic and competitive market. In 2012, we had 516 service stations with approximately 16%* of product sales in the market and maintained our position as the second largest fuels retailer in Thailand.



*Source: Department of Energy Business

High-impact Know-How: GRS

Global Reliability System (GRS) enables manufacturing reliability excellence. A reliable plant is safer and more energy efficient, makes higher quality products, and operates at a lower cost. GRS is a comprehensive and integrated set of elements focused on effective management of all activities impacting manufacturing reliability. To achieve that, we have to design it right, operate it right, and maintain it right.

1st
quartile

The system has helped us to achieve 1st quartile in Mechanical Availability of Solomon Associates survey since 2006.

Note: High reliability is the high probability that a system will perform its intended function under specified conditions for given period of time.

High-impact Technology: Real-Time Wetstock Monitoring System

Real-time wetstock monitoring and related system enable us to effectively manage and monitor our inventory at Company Operated Retail Service (CORS) stations for purposes of environmental care, controls, product quality, and product availability. Unusual changes in inventory levels trigger prompt processes to check for potential leak, theft, or water contamination. Equally important, the system is used for not only inventory replenishment to avoid run-out, but also optimization of operating inventories at service stations.

900 +
Mil Liters

Wetstock monitoring system ensures that more than 900 million liters of products at our service stations annually are being handled safely and efficiently.



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 Mobil 1 Centers. 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 of the number of alliance partners this year, which now include Tesco Lotus Express, B-Quik, Wizard Car Wash, Mobil 1 Center, and Rabika Coffee. These alliances allow us to optimize our retail sites' profitability and to provide high quality services to our customers.

To strengthen our brand and increase sales volume, a Fuels Quality Campaign was launched in late 2012 with support from a strong nationwide marketing program. In preparation of gasoline 91 phase-out mandate, new product slates were planned in 2013 to protect our market penetration.

Our commercial channels include sales through our three business-to-business segments; Industrial and Wholesale, Aviation, and Marine. Sales through these channels accounted for 47% of total sales volume in 2012. We continue to focus on sales network efficiency enhancements.

The remaining 16% of our petroleum products were exported, mainly within the Asia Pacific region.

In 2012, we achieved outstanding performance in our lubricants business, delivering record sales of our flagship synthetic products through various marketing and sales initiatives. The Company also supplies automotive and industrial lubricant products to key strategic customers and distributors.

More than 94% 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. The Company's main focus in 2012 was to utilize our CRM (Customer Relationship Management) to develop and explore opportunities to expand our customer base.

High-impact Know-How: Marketing & Selling Tools

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 sales people in dealing with our customers. We adopted the Benefit Selling approach to better understand our customers' needs, improve efficiency and business effectiveness, and increase sales contribution.

**47% of
Sales Volume**

Value-based pricing tools and benefit selling approaches are applied to our commercial channels, accounting for 47% of total sales volumes.

High-impact Technology: Mobil 1 – Keeps Your Engine Performing Like New

Mobil 1 is the world's leading synthetic motor oil brand, an advanced full synthetic motor oil family that provides performance beyond conventional motor oils. Mobil 1 motor oils meet or exceed the toughest standards of Japanese, European and U.S. car builders and provide exceptional protection against engine wear, under normal or even extreme conditions.

**230
sites**

There are now 230 Mobil 1 Centers sites nationwide providing professional services and premium products to customers.

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 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. We promote from within and require our managers and supervisors to foster an environment where continuous personal and professional growth is encouraged. 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. Equally important, it is an environment of high expectations that recognizes employee contributions and provides rewards based on individual and team contributions.

Selective and Disciplined Investing

We further optimized our retail marketing 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, effective promotion program, improving site equipment and appearance via our Image Upgrade Program at selective locations. In 2012, 131 sites have been upgraded. Enhancements included forecourt, backcourt and restroom improvement programs at a number of our service stations nationwide. These improvements ensure sustainable growth in retail business. In addition, the Company opened 13 new service stations across the country in 2012.

For the automotive lubricants business, we continued to expand through the Mobil 1 Center network and now have achieved 230 sites nationwide. These Mobil 1 Centers strive to provide best-in-class car care services to customers through consistent delivery of professional services and premium products.

The Company continues to maintain a disciplined approach to Credit Management and improve overdue and bad debts performance despite intense competition and unfavorable economic conditions.

High-impact Technology: GMT

Global Manufacturing Training (GMT) is a comprehensive worldwide training tool for manufacturing plant employees from field operators to senior management. Employees validate if their competencies meet job requirements relating to skills and knowledge. Increased competencies will positively contribute to individual, team and ultimately refinery performances.

Training materials were developed by experts and specialists in all areas of Operations, Maintenance, and Technical within ExxonMobil. GMT's format and materials further provides self-motivated learning and career development that helps build a firm foundation for progression. Training schedule is automatically planned based on individual's role, and his/her progress is regularly monitored by an immediate supervisor or manager.

40+ years
of experience

GMT is a means of knowledge transfer from generation to generation capturing 40+ years of our experience in refining and petrochemical manufacturing.



Commitment to Safety, Health and Environment

Safety

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.

High-impact Know-How: OIMS

The Operations Integrity Management System (OIMS) establishes common expectations for addressing safety, security, health, environmental, and social risks. OIMS provides a systematic, structured, and disciplined approach to measure progress and track accountability across business lines, facilities, and projects. We evaluate opportunities to improve the OIMS Framework at least every five years.

In 2011, Lloyd's Register Quality Assurance, Inc., attested that OIMS is consistent with the standard on environmental management systems of the International Organization for Standardization (ISO 14001:2004) and the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 18001:2007).

**3 times
better than
U.S. industry**

OIMS helps us manage operation risks and our safety incident rate (TRIR) of employees is 3 times lower than that of the U.S. industry.



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 technologies to reduce emissions and conserve resources.

Our refinery operations also use and recycle fresh water produced by our two desalination plants, thus saving natural fresh water resources. 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.

Sriracha Clean Fuels Project started up successfully and produced products meeting Euro IV specifications earlier than plan. One of the key technologies utilized in this project that helps minimize energy consumption is the use of a Divided-Wall Column technology to remove Benzene from gasoline products. This technology combined two separation towers into one, hence reducing both cost and energy consumption to meet a new Benzene specification. We also implemented two energy recovery projects in 2012. These projects together with disciplined execution of Global Energy Management System (GEMS), significantly improved our energy performance. This improvement was sufficient to offset energy consumption incurred from operating new Clean Fuels facilities to meet Euro IV product specifications.

We continue to improve our wastewater treating facilities and plan to install a new Biological Oxidation Unit which is scheduled to start-up in 2014. This will further enhance our ability to treat used water prior to releasing it back into the environment.

At service stations, the Company also implemented a technology to improve cost of operations and reduce potential contributions to global warming. We piloted an LED lighting system in the service stations to save energy. We the plan to continue more implementations in 2013.

High Standards of Ethics and Business Control

Refer to the chapters of Corporate Governance and Internal Controls.

High-impact Technology: GEMS

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.

Three cogeneration gas turbine generators installed in 2002 reduce greenhouse gas emissions by efficiently generating electricity and are also designed for low nitrogen oxide emissions compared to conventional electricity generation.

100,000+
cars

GEMS enables the Company to help save the environment by reducing CO₂ emission that is equivalent to removing more than 100,000 cars off the streets of Thailand*.

*Figures based on 2011 compared to 2008





Management's Discussion and Analysis



Review of consolidated results for 2012

Income Statement

	2012	2011
(million Baht)		
Sales	245,127	205,710
Profit / (loss) from sales	373	3,260
Downstream	1,062	2,275
Petrochemical	(689)	985
EBITDA	2,546	4,557
Finance costs, net	(1,190)	(753)
Income tax expenses	(1,316)	(1,997)
(Loss) / profit for the period	(1,698)	941
(Loss) / earnings per share* (Baht/share)	(0.5)	0.3

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

Sales revenue in 2012 increased about 20% from 2011 mainly due to higher processed volume in absence of planned maintenance in 2011. Profit from sales decreased from 3,260 million Baht in 2011 to 373 million Baht in 2012, as a result of stock impacts, lower industry refinery margins, and deteriorated paraxylene spreads. Refining margins decreased from 5.0 dollars per barrel in 2011 to 2.7 dollars per barrel in 2012. Paraxylene margins decreased from 167 dollars per ton in 2011 to 9 dollars per ton in 2012, reflecting weaker industry conditions. Selling and administrative expenses were higher by 446 million Baht in 2012 largely due to the service station image upgrade program and the 300 Baht minimum wage increase.

2012 EBITDA was 2,546 million Baht with cash generated from operations of 10,367 million Baht.

Finance costs increased by 437 million Baht in 2012 due to the absence of capitalized interest along with higher interest rates and debt balances, compared to 2011.

Income tax charges were 1,316 million Baht in 2012 which reflected an inclusion of write-down of deferred tax assets mainly relating to tax loss carry-forward of 1,454 million Baht.

Loss for the period was 1,698 million Baht or negative 49 satang per share in 2012 compared to a profit of 941 million Baht or 27 satang per share in 2011.

Gross Refining Margins and Crude Prices (\$/Bbl)

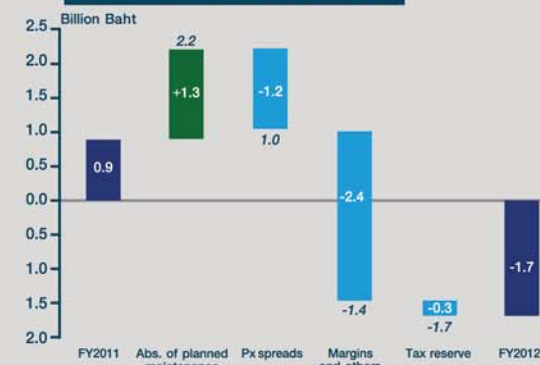


Source: Company / Reuters

2012 Industry Prices and Margins:

- Oil prices highly fluctuated during the year, declined in 4Q12, and closed at about the same levels as those at YE11; however, in Baht terms they closed at prices lower than YE11 due to Baht strengthening against Dollar
- Industry refining margins softened this year but still healthy; however, GRM's were significantly impacted by stock losses in 2012 vs. stock gains in 2011

Net Profit Factor Analysis



Source: Company

Key Contributing Factors to Net Profit Change (2012 vs. 2011):

- Absence of planned shutdown
- A significant decrease in Paraxylene spreads
- Stock losses in 2012 vs stock gains in 2011 and others
- Tax reserve for TLCF which may not be used in full before the 2013 expiration partly offset by absence of tax impact in 2011 due to corporate tax rate change



Balance Sheet	2012	2011
(million Baht)		
Total assets	75,862	73,844
Total liabilities	52,930	49,305
Total shareholders' equity	22,932	24,539

Total assets increased by 2,018 million Baht in 2012. Current assets were higher by 4,444 million Baht primarily due to increased inventories driven by trade account receivables to support higher crude run rates.

Non-current assets decreased by 2,426 million Baht as a result of the deferred income tax assets reserves along with plant and equipment depreciation.

Total liabilities rose by 3,625 million Baht, mainly resulted from higher trade payables due to higher crude purchase volumes, partly offset by lower debt. In the absence of an on-going major investment project in 2012, the Company's operating cashflows were used mainly for debt repayments. As of year-end, total debts were 31,608 million Baht decreased from 38,467 million Baht in 2011. The 2012 debts consisted of 13,883 million Baht of short-term debts and 17,725 million Baht of long-term borrowings. Short-term debts included 4,993 million Baht of Bills of Exchange and 428 million Baht of short-term loans from related parties. The key 2012 transaction includes a refinancing of a 6,000 million Baht short term borrowings with a combination of 3 year promissory notes to an ExxonMobil affiliate at a discount value of 5,000 million Baht and a 1,000 million Baht of 3 year loan from a financial institution which will mature in September 2015.

Total shareholders' equity decreased by 1,607 million Baht, reflecting the 2012 loss for the period and 2011 final dividends totaling 173 million Baht paid in 2Q 2012.



Cash Flow	2012	2011
(million Baht)		
Cash generated/(used in) from operations	10,367	(5,158)
- Net cash generated/(used in) from operating activities (after interest and tax)	9,399	(6,147)
Cash flow from investment	(734)	(3,827)
Cash flow from financing	(7,286)	9,367
Net increase/(decrease) in cash	1,379	(607)

Our cash generated from operations was 10,367 million Baht. Net cash used in investment was 734 million Baht primarily reflected capital investments for routine maintenance. Our net cash used in financing of 7,286 million Baht reflected debt repayments. In total, our cash increased by 1,379 million Baht as of December 31, 2012.

Financial Ratio	2012	2011
Current ratio (times)	1.2	1.0
Quick ratio (times)	0.3	0.2
Total debt to equity ratio (times)	1.4	1.6
Long term debt to equity ratio (times)	0.8	0.5
Net debt to equity ratio (times)	1.3	1.5

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



Corporate Social Responsibility



“Engineers enjoy their time volunteering to teach in weekly English classes in nearby schools.”

Follow in Royal Footsteps

Determined to be on the Road of Sharing

Considering ourselves as a part of the Thai society and seeing the example of a tireless giver fulfilled by His Majesty King Bhumibol Adulyadej, as the father to the whole nation, Esso and its affiliates in Thailand are determined to be on the road of sharing.

Over 500 of our employees and their families have participated in activities for public benefits. We have made contributions in total value of 18 million Baht by working with more than 40 organizations, foundations and institutes as volunteers, and donors of educational equipment and scholarships for the youths. Meanwhile, we have helped preserve Thai culture and traditions and take a good care of the environment.

In 2012, employees of Esso and its affiliates were encouraged to participate in activities which strengthened relationship, brought smiles and happiness to people and enhanced the intertwining of integrity and knowledge in the Thai society. Therefore, all Esso employees can truly take pride when the company achieved the "Silver Status" as it received "AMCHAM's Corporate Social Responsibility Excellence Recognition Award," for the past 3 consecutive years.

Esso has operated its business in Thailand with emphasis on good corporate citizenship, social responsibility and contribution to a wide range of social activities.

On the auspicious occasion of His Majesty the King's 84th birthday anniversary and Her Majesty the Queen's 80th birthday anniversary, the company has supported the royal initiatives as follows:

- Donated 1,200,000 Baht for the purchase of the refrigerated blood delivery van to maintain good quality of delivered blood and enhance efficiency of the work by the National Blood Center, the Thai Red Cross Society. This refrigerated blood delivery van is the third van acquired through the company's donation.
- Presented 280,000 Baht to sponsor four exhibitions organized by Bangsai Arts and Crafts Centre to promote, demonstrate the making of and sell highlighted collections of handicrafts.
- Donated 840,000 product can lids to The Prostheses Foundation to use in making artificial limbs for the handicapped.

The Company recognizes the significance of the youths in Thai society and has helped them to develop to their full potential; so they can grow up to be good citizens. We also provided access to knowledge especially sciences through modern media and exhibitions and television program. We supported university students to apply their knowledge in their rural development projects, which provided them a chance to learn to work together as well as build good relationships. In the past year, the company has supported the following projects:

- Donated 200,000 Baht for the construction of the library and the recreation center for deprived children under St. Camillus Foundation of Thailand, Takua Pa, Phang-nga province.



- Presented notebook computers to Father Ray Foundation for use in enhancing computer and electronic skill development among disabled students of the Redemptorist Vocational School for People with Disabilities in Pattaya, Bang Lamung, Chon Buri.
- Donated 300,000 Baht for the Esso-Vocational Science Contest 2012 for students from the vocational certificate level to promote scientific and technological learning and innovations among high potential vocational students. The program was aimed at giving them an opportunity to create new inventions, to explore and to conduct scientific research that could benefit the public in daily life, society at large and national development. In cooperation with the Ministry of Education and the Science Society of Thailand under the Royal Patronage of His Majesty the King, the Company has initiated the contest since 1991 and continued the support for more than 20 consecutive years.
- Presented scholarships totaling 800,000 Baht from the Esso-Rattanakosin Bicentennial Fund to needy undergraduate students in engineering, sciences, energy technology and related fields from public universities nationwide.
- Organized "the Esso Challenge 2012," an innovative internship program for 3rd year university students, aiming to enhance their potential for a professional career after graduation. Learning experience was given through on-the-job training on the business operation in offices and at the Esso Sriracha refinery, working with pump attendants at Esso service stations to provide customer-focused services with smiles, and class lectures by Esso and ExxonMobil management, lecturers and guest speakers from renowned universities and the Ministry of Energy.



- Donated 100,000 Baht to support the engineering student camp, the Faculty of Engineering, Chulalongkorn University, to construct Yuwawissawakorn Borpit 40 Bridge at Baan Fak Khlong, Tambon Dong Sue Lueng, Amphoe Pho Pratap Chang, Phichit. The objective of the camp is to encourage students to apply engineering knowledge for rural development and to build teamwork through construction of such public amenities as bridges, spillways, school buildings, etc. during summer vacation.

- Donated 2,500,000 Baht to support the production of the science documentary television programs, "Interesting Knowledge for Kids" and "Fun with Science." The programs will also incorporate Esso's legendary documentary television program "Knowledge is Light" as part of the program. The support for "Interesting Knowledge for Kids" and "Fun with Science" will cover a series of 60 science topics and be broadcast every Wednesday and Sunday at 17.00 hrs. via NBT. The company also presented 800 sets of the company-sponsored TV documentary, "Knowledge is Light" videos to the National Science Museum for further distribution to schools throughout the country with an aim to enhance science study among youth. The documentary was produced in 8 themes: make yourself a genius, brain power booster, save environment for a beautiful world, sciences for learning, energy towards a better quality of life, natural sciences for learning, good health wins all, and alternatives for health.

- Donated 500,000 Baht to support the National Science Museum (NSM) to organize "Learning Sciences via Caravan," a science learning mobile unit which enhances outside classroom learning among children and the public by travelling around the regions. Through this caravan, youths in more than 30 provinces in all regions could enjoy learning and gaining new experience to find science answers themselves.

Esso has focused on raising the quality of life in key aspects that enhance sustainable development. The Company has helped educate the society about the importance of natural resources, especially the sea. We also have helped Thai artists to raise the standard of their works and promote them to the public. We have helped Thai women reach their full potential. We have contributed driving techniques and traffic rules to the public so they are aware of safety. In 2012, the company has joined and supported the following activities.

- Donated 100,000 Baht to support the Marine Conservation Club of the Faculty of Science, Chulalongkorn University, to organize the 32th Marine Science Youth Camp which aimed to instill interest and positive attitude towards sciences among students and to encourage them to realize value and importance of the marine resources. This would finally enhance awareness and participation in marine conservation. The camp members visited Bangsaen Aquarium and experienced the analysis of sea water sample and scuba diving at Samaesarn island, Sattahip, Chon Buri.

- Donated 300,000 Baht to support the national exhibition of art with an aim to promote works of the Thai artists and public interest in art for more than 31 consecutive years. The exhibition was held at the national gallery, the national museum, Chao-fa road in Bangkok.

- Awarded a scholarship to woman social workers from the Population and Community Development Association and Father Ray Foundation. The scholarship offers an intensive workshop in the "Global Women in Management Program (GWIM)" in Jakarta, Indonesia. The training was sponsored by Exxon Mobil Corporation to promote development of woman management around the world. The company has continuously selected nine Thai women social workers to participate in this program since 2005.

- Road safety was addressed as part of the national agenda and 2012 marked the start of "the decade of road safety." The company presented 100,000 Baht to Thai Motorcycle Enterprise Association (TMEA) to organize a safe riding workshop for motorcyclists at Chiang Rai, Chon Buri, Nan and Krabi. Anti-knock helmets were also given to all workshop participants and students riding a motorcycle. The events received assistance from the Department of Land Transport and the Royal Thai Police.

Encourage "Volunteer" Spirit among Employees

The Company has encouraged employees to join a variety of social contribution activities, including donations and volunteering. Our employees were proud to be able to help the communities close to their workplace and provide opportunity for the needy children. Their activities in the past year are as follows:

- Organized a toy library program for rural schools, lending toys and educational materials for students with a proof of good acts. Last year, we presented 100,000 Baht scholarships, toy libraries and computers to students of Baan Nong Hoi school in Prachuap Khiri Khan and schools in Khon Kaen; namely Kham Yai Pannamjai school, Gud Nam Sai municipality school, Baan Dong Kao school, Nong Bua Dee Mee school and Nong Pho Prachanukul school.

- Employees of Sriracha refinery and terminal volunteered to build a new playground for children of the Abundant Life Foundation Thailand in Chon Buri with the company's 200,000 Baht donation. The employees also organized recreational and learning activities for orphans of the foundation, for example, teaching them to bake blueberry pies, to make multi-purpose boxes, to play brain games, etc.



- Presented 379 scholarships to students with good behavior and school performance in Sriracha, Chon Buri in 2012. The scholarships totaling 450,200 Baht came from employees' donations and interest from the Esso Refinery Educational Fund set up by the company 13 years ago to support studious students to continue their education.

Employees and Families Teamed up for "Good Cause"

Believing in the power of volunteerism, employees and their families have been teamed up to make a better society, and create smiles on little faces in schools and children's homes through many activities. In the past year, the employees and their families have organized and joined in the following activities.

- Volunteered to help Matayom 1 students of Wat Laem Chabang School develop English language skills every Thursday.
- Volunteered to teach Lanna traditional dance at the Lanna school located at Wat Wachira Tham Sathit, Sukhumvit 101/1.
- Donated textbooks, educational media, stationery, sports equipment to Wat Krang Thong Burana school in Kanchanaburi. Employees played sports with students at the school as well.
- Presented school equipment and supplies including notebook computers, stationery, football accessories to Baan Sab Srijan, Khao Yai, Nakhon Ratchasima.

- Sold handmade bags in Esso Family Day event held at Dream World amusement park. The proceeds went to support education for students of Wat Poh school in Ayutthaya.
- Hosted lunch for students of Paed Kaew school in Ang Thong, giving them a cash donation and such school supplies as sports equipment, stationery and toys.
- Donated financial support to the Pattaya Orphanage and hosted a dinner for orphans. Employees also participated in recreational and other activities with the children, creating lovely pencil cases and greeting cards. This program was called Day of Caring.
- Presented equipment and necessities for special children's bedrooms at Baan Kru Boonchoo school for special children, Wat Khao Bai Sri, Chon Buri.

Employees and families joined religious activities in order to learn and apply Dharma to their work and life. Volunteering to promote the Thai identity, employees learned more about Thai culture and traditions. They passed all these values on to the next generations to enhance their appreciation and participation in continually promoting and preserving Thai artistic and cultural heritage.

- Organized vipassana meditation course at Wat Phra Thatphakaew, amphoe Khao Kho, Phetchabun. Key activities included listening to Dharma preaching and practicing Vipassana meditation and molding a stucco Buddha image to be enshrined at the Five Lord Buddha shrine, advised and supervised by Phra Ajarn Paramee Surayutho.
- Redeemed pregnant cattle from a slaughterhouse in Ayutthaya with 387,000 Baht donation.

With love and care for the environment, the employees and their families have participated in the following environmental conservation activities.

- Joined with students of Wat Laem Chabang school and locals from Baan Laem Chabang communities to plant mangroves and clean the mangrove forest in Laem Chabang, Chon Buri.
- Held a mangrove reforestation activity at Baan Khlong Klone, Samut Songkhram, to improve the coastal environment.
- Organized a trip to Huay Sai Royal Development Study Center in Amphoe Cha-am, Phetchaburi, to learn more about the royally-initiated Vetiver planting project and deforestation crises. Employees also planted Vetiver grass together.

Shareholding and Management Structure

“Esso's management and employees join the Heart of Tiger Service (HOTS) program hosted at service stations to understand about the retail business and customer's needs.”



01 Shareholders

The top 10 major shareholders registered in the share register book as of May 10, 2012 (closing date for a dividend payment for year 2012) were as follows:

Shareholders*	Number of Share	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 Krung Thai Asset Management Public Co., Ltd	126,875,000	3.67
4. Mr.Vichai Eakudomsin	30,000,000	0.87
5. Mr.Charoen Eakudomsin	29,000,000	0.84
6. Mr.Supachai Suthipongchai	22,751,900	0.66
7. RBC Dexia Investor Services Bank S.A.	18,179,486	0.53
8. East Fourteen Limited-Dimensional EMER MKTS Value Fund	17,457,700	0.50
9. HSBC (Singapore) Nominees Pte Ltd	17,060,850	0.49
10. The Bank of New York (Nominees) Limited	15,102,863	0.44
Total	2,667,802,799	77.09

* Excluding 41,241,974 shares (1.19%) 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 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 2012 comprised:

Name	Position
1. Mr. Z John Atanas	Chairman
2. Mr. Mark Eil Northcutt	Director
3. Mr. Mongkolnimit Auacherdkul	Director and Member of Performance Evaluation Committee
4. Mr. Yodpong Sutatham	Director
5. Mr. Adisak Jangkamolkulchai	Director
6. Mr. Somjate Saifon	Director
7. Ms. Ratri mani Pasiphol ⁽¹⁾	Director
8. Mr. Kurujit Nakornthap	Independent Director
9. Mr. Wattana Chantarason	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

Ms. Kathiona Lie and Ms. Angsna Pirentorn are the Company's secretaries .

⁽¹⁾Ms. Ratri mani Pasiphol was appointed director to replace vacant position with effect from February 22, 2012.

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;
4. Implementation of appropriate Standards of Business Conduct applicable to the Company's directors, officers and employees.

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



Board Appointment

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

1. The Board shall consist of at least five directors and not less than half of the directors are required to reside in Thailand.
2. The shareholders' meeting shall appoint directors in accordance with the following principles and procedures:
 - i. In the election of each director, each shareholder will have vote(s) equal to the number of shares held by him/her.
 - ii. Each shareholder may vote all of his/her shares in the exercise of the right he/she has under (i) to elect each of candidates of his/her choice as a director but he/she cannot split his/her shares and cast his/her split votes in favor of two or more candidates to one directorship; and
 - iii. Candidates who receive the largest number of votes in descending order from the highest to the lowest number of votes received will be elected until all director positions required at such time are filled. In the event of candidates receiving equal votes and exceeding the number of vacancies to be filled, the chairman of the meeting shall have a casting vote, or, in case the chairman is not the Company's shareholder, the decision shall be made by drawing lot;
3. At each annual general meeting of shareholders, one-third or the number of directors closest to one-third, of the Board is required to retire. Retiring directors are eligible for re-election;
4. Any director who decides to resign must submit a letter of resignation to the Company. The resignation shall be effective on the date the Company receives the letter; 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 numbers of shareholders and proxies (if any) attending the meeting and eligible to vote and not less than one-half of the total number of shares held by shareholders and proxies (if any) attending the meeting and eligible to vote.

Independent Directors

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

1. Not hold shares exceeding 1% of the total number of voting rights of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, including the shares held by related persons of the independent director;
2. Not be nor have been an executive officer, employee, staff, salaried consultant or a controlling person of the Company, its parent company, its subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person unless foregoing status has ended not less than two years prior to the date of appointment except where the independent director(s) was the government officer or consultant of the government agency which is the major shareholders or a controlling person of the Company;

3. Not be a person related by blood or registration under laws, such as father, mother, spouse, sibling or child, including spouse of the children, executives or majority shareholders or controlling persons or persons to be nominated as executive or controlling persons of the Company or its subsidiaries;
4. Not have business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person which may interfere with his independent judgment and neither being nor having been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person unless the foregoing relationship has ended not less than two years prior to the date of appointment.

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

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

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.

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

The following executive officers constituted as the management committee as of December 31, 2012.

Name	Position
1. Mr. Z John Atanas	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. Ms. Ratrimani Pasiphol	Director and Treasurer / Tax Manager
8. Mr. Channarong Janjitmun	Industrial and Wholesale Manager
9. Mr. Chai Jangsirikul	Controller
10. Mr. Chan Itthithavorn	Investor Relations Manager

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, and is as follows:

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

The following remuneration was paid to directors in 2012:

Name	Fiscal year ended December 31, 2012 (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. Ms. Ratrimani Pasiphol ⁽¹⁾	-
8. Mr. Kurujit Nakornthap	1,600,008
9. Mr. Wattana Chantarasorn	1,600,008
10. Mr. Sompop Amatayakul	2,000,004
11. Mr. Smit Tiemprasert	2,000,004
12. Ms. Wattanee Phanachet	2,000,004
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, 2012, the total executive remuneration for 12 executives (including the 2 executives who resigned in 2012), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 96.1 Million.

09 Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2012 is as follows:

Name	Company	Subsidiaries/Associated Companies					
		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. Ms. Rattrimani Pasiphol*	/, //						
8. Mr. Kurujit Nakornthap	/						
9. Mr. Wattana Chantarasorn	/						
10. Mr. Sompop Amatayakul	/						
11. Mr. Smit Tiemprasert	/						
12. Ms. Wattanee Phanachet	/						
13. Mr. Channarong Janjitmun	//						
14. Mr. Chai Jangsirikul	//						
15. Mr. Chan Itthithavorn	//						

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

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

10 Shareholding of Directors and Executives*

Shareholding of directors and executives as of December 31, 2012 is as follows:

Unit : % shares

Name	Company	Subsidiaries/Associated Companies					
		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. Ms. Rattrimani Pasiphol	0.0003	0.003	-	-	-	-	-
8. Mr. Kurujit Nakornthap	-	-	-	-	-	-	-
9. Mr. Wattana Chantarasorn	-	-	-	-	-	-	-
10. Mr. Sompop Amatayakul	-	-	-	-	-	-	-
11. Mr. Smit Tiemprasert	-	-	-	-	-	-	-
12. Ms. Wattanee Phanachet	-	-	-	-	-	-	-
13. Mr. Channarong Janjitmun	-	7.00	-	-	-	-	-
14. Mr. Chai Jangsirikul	-	-	-	-	-	-	-
15. Mr. Chan Itthithavorn	-	-	-	-	-	-	-

* Including shareholding of spouse and minor child.

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

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



Corporate Governance

“Sriracha Refinery is environmental friendly as birds are frequently spotted enjoying the sunset scenery.”



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 | 14. Alcohol and Drug Use Policy |
| 2. Conflicts of Interest Policy | 15. Equal Employment Opportunity Policy |
| 3. Corporate Assets Policy | 16. Harassment in the Workplaces Policy |
| 4. Directorship Policy | 17. Anti-corruption 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 | |

02 Corporate Governance Practices

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

2.1 Rights of Shareholders

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

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

2.2 Equitable Treatment of Shareholders

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

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

2.3 Role of Stakeholders

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

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

2.4 Disclosure and Transparency

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

It is the Company's policy to make full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with the authorities, and in other public communications. Relevant information will be disclosed to shareholders in accordance with applicable laws. In the past year, 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 (essolIR@exxonmobil.com) were provided for contact convenience.

2.5 Board Responsibilities

Board Structure and Responsibilities

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

Board Meetings

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

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

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

In 2012, the Board met 5 times with details of attendance as follows:

Name	Board Meeting Attendance (times)
1. Mr. Z John Atanas	5/5
2. Mr. Mark Ell Northcutt	3/5
3. Mr. Mongkolnimit Auacherdkul	5/5
4. Mr. Yodpong Sutatham	5/5
5. Mr. Adisak Jangkamolkulchai	3/5
6. Mr. Somjate Saifon	4/5
7. Ms. Ratrimani Pasiphol	5/5
8. Mr. Kurujit Nakornthap	4/5
9. Mr. Wattana Chantarasorn	5/5
10. Mr. Sompop Amatayakul	5/5
11. Mr. Smit Tiemprasert	5/5
12. Ms. Wattanee Phanachet	5/5

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 2012, the Audit Committee met 6 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	6/6
2. Mr. Smit Tiemprasert	6/6
3. Ms. Wattanee Phanachet	6/6



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 2012 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 March 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. Ms. Ratrimani Pasiphon	DAP	16 Jul 2012
8. Mr. Kurujit Nakornthap	DAP	20 Jul 2007
9. Mr. Wattana Chantarasorn	DAP	27 Mar 2009
10. Mr. Sompop Amatayakul	DAP	26 Sep 2008
11. Mr. Smit Tiemprasert	DCP	Jan - Mar 2006
	FN	2005
12. Ms. Wattanee Phanachet	DCP	12 Mar - 16 Aug 2002
	DCP Refresher	25 Feb 2007
	ACP	14 - 15 Feb 2007

* Attended on March 12, 2013

DAP = Director Accreditation Program

DCP = Director Certification Program

ACP = Audit Committee Program

FN = Finance for Non-Finance Director

Risk Management



“ Fire trucks daily patrol around the refinery premise to ensure our emergency response readiness.”

Comprehensive Risk Management

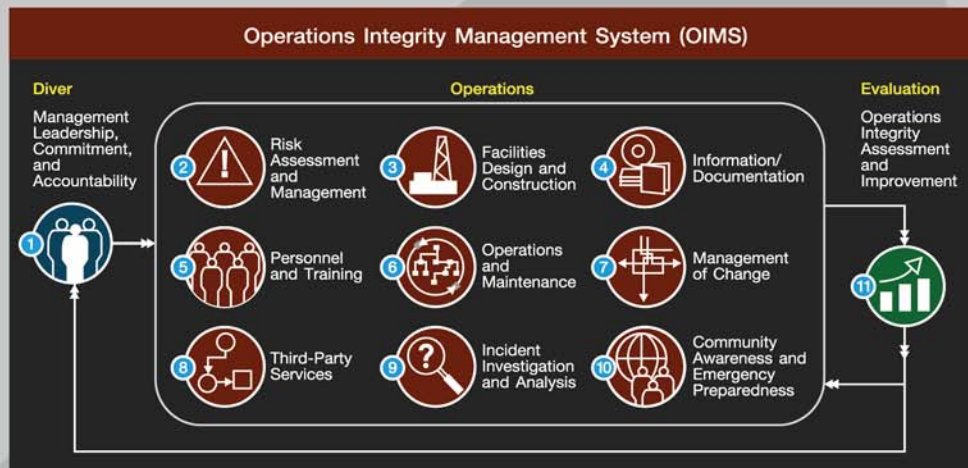
The Company systematically applies risk assessment and management practices to address inherent risks in either operational or financial aspects of our business. We have put in place processes in identifying, analyzing, and assessing the significance of potential risks and in determining mitigation measures to reduce risks to acceptable levels, ultimately safeguarding shareholders' interests and the Company's assets. The cornerstones of our risk management and control commitment are the Operations Integrity Management System (OIMS) and the Control Integrity Management System (CIMS). OIMS is utilized for setting tolerance levels of safety, security, health, environmental, and social (SSH&E) risks and managing them while CIMS is for financial control risks.

In accordance with fore-mentioned frameworks and guidelines, the risk management plans, embedded as an integral part of every business processes, are developed in consideration of internal and external risk factors, and include assessments and follow-up processes to ensure effective implementation and drive continuous improvement. Hence, the Company's management committee effectively assumes roles and responsibilities of the risk management committee.

Operations Integrity Management System (OIMS)

The Company is committed to conducting business in a manner that is compatible with the environmental and economic needs of the communities in which we operates, and that protects the safety, security, and health of our employees, those involved with our operations, our customers, and the public. These commitments are documented in our Safety, Security, Health, Environmental, and Product Safety policies. These policies are put into practice through a disciplined management framework called the Operations Integrity Management System (OIMS).

OIMS provides a systematic, structured, and disciplined approach to measure progress and track accountability across business lines, facilities, and projects. In 2011, Lloyd's Register Quality Assurance, Inc., reviewed our ongoing performance and attested that OIMS is consistent with the standard on environmental management systems of the International Organization for standardization (ISO 14001:2004) and the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 18001:2007). OIMS consists of the following 11 elements as illustrated in the below diagram.



Control Systems

System of Management Control Basic Standards (SMC) defines essential principles and concepts that drive our business controls. Similar to OIMS, our Controls Integrity Management System (CIMS) is designed to assess and measure financial control risks, including procedures for mitigating concerns, monitoring compliance with standards, and reporting results to the appropriate operations and management groups. These company-wide financial controls meet or exceed the requirements of the Sarbanes-Oxley Act and NYSE listing standards. (Details of SMC and CIMS are provided on Page 43.)

Risk Factors

The Company's financial and operating results are subject to a variety of risks inherent in the global and regional petroleum and petrochemical businesses. Even after monitored or managed through our above-mentioned comprehensive management systems, many of these risk factors are not within the Company's control and could adversely affect our business, and our financial and operating results. These risk factors include:

Supply and Demand

The petroleum and petrochemical businesses are fundamentally commodity businesses. This means the Company's operations and earnings including stock gains/losses may be significantly affected by changes in refined petroleum and petrochemical product prices and by changes in margins on the products. Refined petroleum and petrochemical products prices and margins in turn depend on local, regional and global events or conditions that affect supply and demand for the relevant commodity.

Economic Conditions

The demand for refined petroleum and petrochemical products correlates closely with general economic growth rates. The occurrence of recessions or other periods of low or negative economic growth will typically have a direct adverse impact on our results. Other factors that affect general economic conditions in the world or in a major region, such as changes in population growth rates or periods of civil unrest, also impact the demand for energy and petrochemicals. Economic conditions that impair the functioning of financial markets and institutions also pose risks to the Company, including risks to the safety of our financial assets and to the ability of our partners and customers to fulfill their commitments to the Company.

Other Demand-Related

Other factors that may affect the demand for oil and petrochemicals, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns, which affect the demand for energy associated with heating and cooling; increased competitiveness of alternative energy sources that have so far generally not been competitive with oil and gas without the benefit of government subsidies or mandates; and changes in technology or consumer preferences that alter fuel choices, such as toward alternative fueled vehicles.



Other Supply-Related

Commodity prices and margins also vary depending on a number of factors affecting supply. For example, increases in industry refining or petrochemical manufacturing capacity tend to reduce margins on the effected products. World oil and petrochemical supply levels can also be affected by factors that reduce available supplies, such as adherence by member countries to OPEC production quotas and the occurrence of wars, hostile actions, natural disasters, or unexpected unavailability of distribution channels that may disrupt supplies. Technological change can also alter the relative costs to produce and refine oil and to manufacture petrochemicals.

Other Market Factors

The Company's business results are also exposed to potential negative impacts due to changes in currency exchange rates, interest rates, inflation, and other local or regional market conditions. We generally do not use financial instruments to hedge market exposures.

Government Policies, Laws and Regulations

The Company's results can be adversely affected by government policy changes or regulatory developments affecting our operations.

Regulatory & Litigation

We are exposed to changes in law that could adversely affect our results, such as increases in taxes; restrictive permitting; price controls; changes in environmental regulations or other laws that increase our cost of compliance or reduce or delay available business opportunities; adoption of regulations mandating the use of alternative fuels or uncompetitive fuel components. We also may be adversely affected by the outcome of litigation or other legal proceedings and very large and unpredictable punitive damage awards may occur.

Management Effectiveness

In addition to external economic and political factors, our future business results also depend on our ability to manage successfully those factors that are at least in part within our control. The extent to which we manage these factors will impact our performance relative to competition.

Operational Efficiency

An important component of the Company's competitive performance, especially given the commodity-based nature of many of our businesses, is our ability to operate efficiently, including our ability to manage expenses and improve production yields on an ongoing basis. This requires continuous management focus, including technology improvements, cost control, productivity enhancements and regular reappraisal of our asset portfolio.

Safety, Control & Environment Risk Management

Our results depend on management's ability to minimize the inherent risks of petroleum and petrochemical operations and to control effectively our business activities. We apply rigorous management systems and continuous focus on workplace safety and to avoid spills or other adverse environmental events. Similarly, we are implementing cost-effective new technologies and adopting new operating practices to reduce air emissions, not only in response to government requirements but also to address community priorities. We also maintain a disciplined framework of internal controls and apply a controls management system for monitoring compliance with this framework. Substantial liabilities and other adverse impacts could result if our management systems and controls do not function as intended.

Preparedness

Our ability to mitigate adverse impacts of natural disasters and accidents depends in part upon the effectiveness of our rigorous disaster preparedness and response planning, as well as business continuity planning.



Others

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

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

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

Current and future litigation

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

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

Internal Controls



Internal Controls

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

Organization and Control Environment

The Company believes the existing organization structure is appropriate and effective in operating the Company's business. It is the Company's policy that directors, officers, and employees are expected to observe the highest code of ethics and avoid any actual or apparent conflict between their own personal interests and the interests of the Company. They are also expected to deal fairly with each other and with the company's 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. (Details of risk management are provided on Page 39.)

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 staffs independently assess compliance with policies and procedures, and evaluate the effectiveness of all control systems relating to the business. Control weaknesses, irregularities, and business practice issues are promptly addressed and reported to management and reviewed by the Audit Committee. Corrective actions, in accordance with internal audit findings and recommendations, are monitored by the management of each business unit until the issues are resolved. The Audit Committee periodically reviews and assesses the effectiveness of the management follow up process.

Internal Control System

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

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

System of Management Control (SMC)

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

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

Controls Integrity Management System (CIMS)

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



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

Auditing and Compliance

Business Practices Review (BPR)

The Company has long recognized the importance and value of sound corporate governance, straight-forward business model, and high ethical business standards. We believe that they are keys to achieving long-term sustainable results. And, the methods we use to obtain results are as important to the results themselves. All employees are expected to review the policies and standards of business conduct, and apply them to all of their work. Periodically and in 2012, series of formal Business Practice Review (BPR) sessions are conducted and attended by all employees as required. The BPR objectives are:

- Promote the Company's reputation for honesty and straightforward approach to business integrity;
- Promote clear understanding of, and compliance with the Standards of Business Conduct;
- Demonstrate applicability of the Standards to all aspects of day-to-day business activities and practices at every level in the organization;
- Convey consequences for non-compliance with the Standards;
- Identify, evaluate, report, and where necessary, correct practices that may not be consistent with the policy; and
- Report compliance concerns and ensure employees' awareness of channels available for reporting their concerns.

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 2012 accounting period was Baht 4,500,000.

Report of the Audit Committee



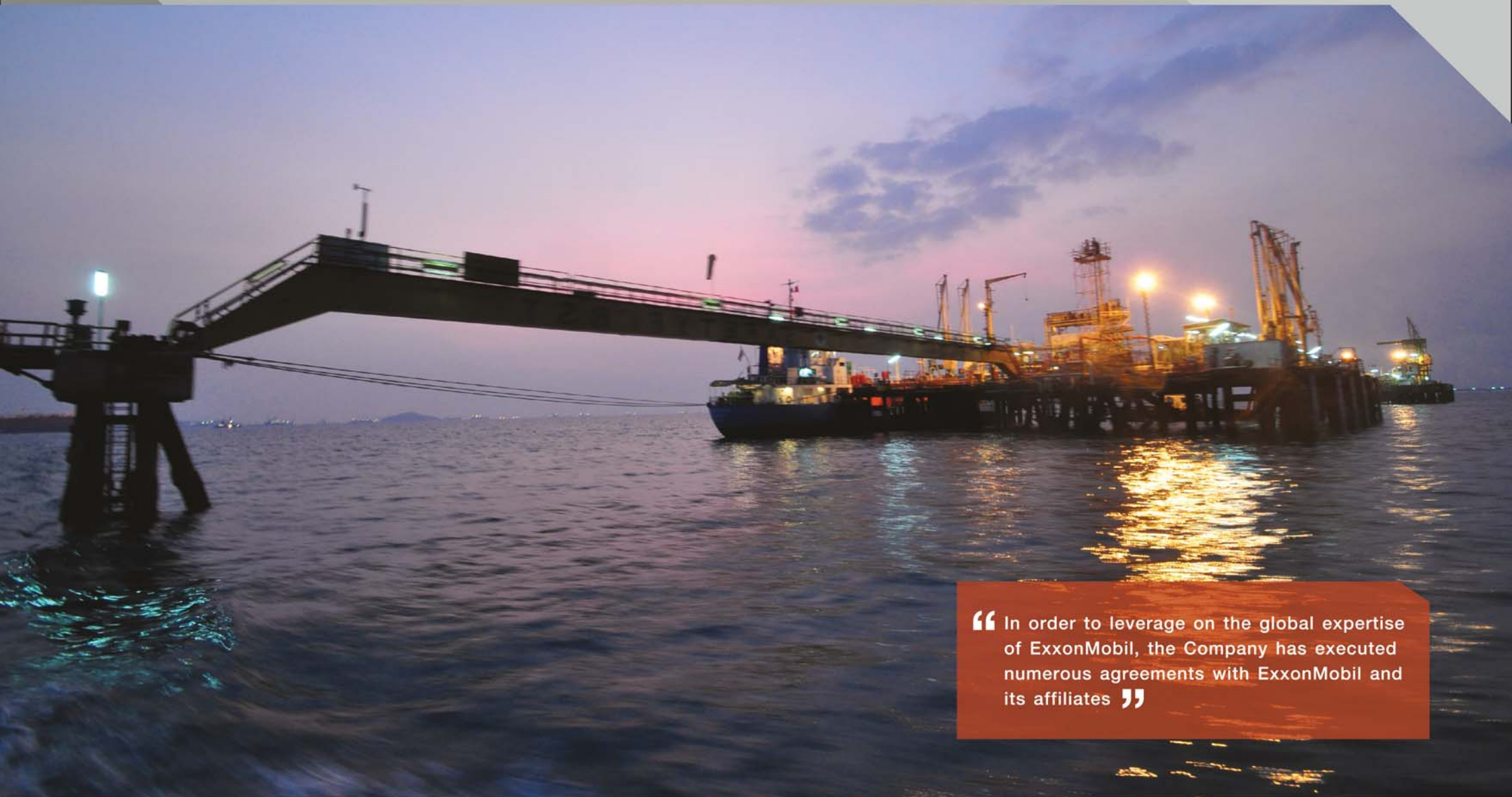
The Audit Committee of Esso (Thailand) Public Company Limited comprises of three independent directors namely Mr. Sompop Amatayakul, Chairman of the Audit Committee, Mr. Smit Tiemprasert and Ms. Wattanee Phanachet, members of the Audit Committee. The Audit Committee carried out the duties as entrusted by the Board of Directors, in accordance with the Audit Committee Charter. The Committee reviewed the financial reports, information disclosure, adequacy of internal control, risk management and recommended corrective actions. In 2012, all committee members attended four meetings with the Management, Internal Audit, Legal Counselors, and external auditors. In addition, the Audit Committee also conducted two meetings separately with internal legal counselors and external auditors. The Committee reported the findings and recommendations to the Board of Directors on a quarterly basis. The summary of the review by Audit Committee is as follows.

- The Committee reviewed the quarterly and 2012 financial statements, financial information disclosures, and accounting policies with external auditors and the Management. The Committee concluded that the financial statements were prepared timely in accordance with Thai Financial Reporting Standards (TFRS), and adequately disclosed the transactions with related parties as required by regulations. The Committee reviewed the results of the auditing, there were no significant adjustments made by the external auditors.
- The Committee assessed the adequacy of the internal controls and concurred with the annual plan of internal audit. The Committee reviewed key findings of internal auditors, and in addition, reviewed the effectiveness of management monitoring and actions on key issues and corrective actions as recommended by the internal auditors or the Committee. The results of assessment indicated that the internal control is adequate and appropriate.

- The Committee reviewed the risk management framework, risk identification, risk assessment, and measures for mitigation and controls. The Committee concluded that the Company deploys a comprehensive and appropriate risk management framework.
- The Committee reviewed the monitoring processes of compliance on laws and regulations applicable to the business of the Company, and concluded that the Company has adequate monitoring processes in place.
- 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 arm's length and were disclosed as appropriate.
- The Company establishes Standards of Business Conducts to support the management in continuing the business ethically and consistent with the principles of good corporate governance of the Stock Exchange of Thailand. In 2012, the company conducted multiple sessions of trainings, communications and reviewed Business Practices policy and measures to all employees.
- The Committee participated in screening and reviewing the qualifications and remunerations of external auditors as proposed by the Management and consented to the Board of Directors to propose the external auditors for approval at the Annual Shareholder's General Meeting.

Sompop Amatayakul
Chairman of Audit Committee

Related Party Transactions



“ In order to leverage on the global expertise of ExxonMobil, the Company has executed numerous agreements with ExxonMobil and its affiliates ”



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 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, 2012.

Agreements	Parties/Relationship with the Company	Main Purposes	2012 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
Goods and Services						
Crude oil, LPG, Products and Feedstock, and Lube Basestock Supply Agreement	ExxonMobil Asia Pacific Pte.Ltd. (“EMAPPL”) EMAPPL is an affiliate of Exxon Mobil Corporation (EMC), which EMC indirectly holds 100% of shares in EMAPPL	EMAPPL sells or procures for sale to Esso Asia Pacific crude oil. In addition to such crude oil, EMAPPL agrees to sell or procure for sale LPG, products and feedstock, and lube basestock. EMAPPL purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.	25,488	15,090		
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	ExxonMobil Chemical Asia Pacific (“EMCAP”), a division of EMAPPL	EMCAP sells or causes to be sold to Esso chemical products in such a volume as Esso nominates from time to time.		3,710		131
Paraxylene Sales Agreement	EMCAP	EMCAP sells to Esso paraxylene products in such a volume as Esso nominates from time to time.				
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.	3,418	171,819		
“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.				1,098

Agreements	Parties/Relationship with the Company	Main Purposes	2012 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
Goods and Services						
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.			9	884
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.				59
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.				2
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.				92
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.		2,077		3

Agreements	Parties/Relationship with the Company	Main Purposes	2012 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
Goods and Services						
Standard Research Agreement	<p>ExxonMobil Research and Engineering Company (“EMRE”)</p> <p>EMRE is an affiliate of EMC, which EMC directly holds 100% of shares in EMRE</p>	<p>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.</p>				126 ⁽¹⁾
Catalyst Lease Agreement	<p>ExxonMobil Catalyst Technologies LLC (“EMCT”)</p> <p>EMCT is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCT</p>	<p>EMCT, as a lessor, commits to supply and lease catalysts to Esso.</p>				27
Trademark License Agreement	<p>Exxon Mobil Corporation (“EMC”)</p> <p>EMC is the ultimate parent company of various affiliates and subsidiaries</p>	<p>EMC authorizes Esso to use Esso, Exxon, Esso Oval and Exxon Emblem trademarks in Thailand in association with the products and services sold or provided.</p>				4
Service Agreement	<p>ExxonMobil Hong Kong Limited (“EMHKL”)</p> <p>EMHKL is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMHKL</p>	<p>EMHKL provides / receives services to/from Esso covering managerial, professional and administrative, and other operational advice relating to their overall corporate operations to Esso.</p>				6

Agreements	Parties/Relationship with the Company	Main Purposes	2012 Transaction Value (Million Baht)			
			Sales	Purchase	Service Income	Service Expenses
Goods and Services						
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.				(13)
Service Agreement	ExxonMobil Chemical Company ("EMCC") EMCC is a division of EMC	Esso provides certain services relating to marketing efforts in Thailand to EMCC.			2	
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.	-			
Others			21	140		180
TOTAL (see note to financial statement no.33)			28,927	192,836 ⁽²⁾	11	2,599

(1) Baht 80 million paid to EMRE is classified as capital expenditures

(2) Baht 826 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included

Agreements	Parties	Main Purposes	2012 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.	428		17	
Promissory Notes	ExxonMobil United Finance Company ("EMUFC")	Esso issued five promissory notes at a discounted value of Baht 5,000 million in September 2012 and maturity date in September 2015	5,044		44	
TOTAL (see note to financial statement no.33)			5,472		61	

Board of Directors and Executive Officers





Mr. Z John Atanas
 Chairman and Managing Director
 Age: 48

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: 55

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 Limited

Records of violation of law*: None
 Family Relationship with Executives of the Company: None
 Shareholding in the Company (%): None

Mr. Mark Ell Northcutt
 Director
 Age: 50

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



Dr. Adisak Jangkamolkulchai
Director
Age: 49

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: 55

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: 45

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



Ms. Ratrimani Pasiphol
 Director
 Age: 45

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. Kurujit Nakornthap
 Independent Director
 Age: 57

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: 66

Education:
 • M.Sc in Chemical Engineering, Illinois Institute of Technology, USA

Current Positions:
 -

Experience:
 2006 - 2007 Asia Pacific Refining Business Advisor, Exxon Mobil 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: 72

Education:

- Master of Business Administration, The University of The Thai Chamber of Commerce
- Honorary Doctorate in Commerce Thammasat University Thailand
- International Management Course, Columbia University, USA

Current Positions:

- Director of Civil Service Commission, Royal Thai Government
- Chairman of Sub-Committee, Bureau of Classification and Compensations, Civil Service Commission
- Chairman of Thailand Quality Award (TQA), Thailand Productivity Institute
- Chairman of Sub-Committee of State Enterprise Performance Appraisal, State Enterprise Policy Office

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 (%): None



Ms. Wattanee Phanachet
Independent Director and Member of Audit Committee
Age: 75

Education:

- M.A. (Accounting), University of Alabama, USA Certified Public Accountant

Current Positions:

- Independent Director and Chairman of Audit Committee, 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:

2009 - 2011 Group Business Committee Member, Electricity Generating PLC
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

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%): None



Mr. Smit Tiemprasert
Independent Director, Chairman of Performance Evaluation Committee and Member of Audit Committee
Age: 73

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 Industry PLC

Records of violation of law*: None

Family Relationship with Executives of the Company : None

Shareholding in the Company (%): None



Mr. Channarong Janjitmun
 Industrial and Wholesale Manager
 Age: 58

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: 55

Education:

- M.BA, Thammasat University, Thailand

Current Positions:

- Controller, Esso (Thailand) Public Company Limited
- Controller, ExxonMobil Limited

Experience:

- 2005 - 2007 L&S Controller Manager, Asia Pacific Region, ExxonMobil Asia Pacific Pte. Ltd., Singapore
- 2002 - 2005 Financial Accounting and Reporting Process Manager, ExxonMobil Limited

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%): None

Mr. Chan Itthithavorn
 Investor Relations Manager
 Age: 44

Education:

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

Current Positions:

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

Experience:

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

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company (%): None

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

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

Statement of Directors' Responsibilities for Financial Reporting

The accompanying consolidated financial statements of Esso (Thailand) Public Company Limited and its subsidiaries and the company financial statements have been prepared in conformity with generally accepted accounting standards in Thailand under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Security and Exchange Act B.E. 2535.

The Board of Directors is of the opinion that the financial statements have been prepared in a prudent manner and contain accurate and complete material information in respect of the financial condition, results of operations and cash flows of the Company and its subsidiaries.

An effective internal control system has been established to ensure that accounting records are accurate, complete and timely, safeguard assets and identify weaknesses to prevent fraud, unlawful conduct and irregularities. The appropriate accounting policies were consistently applied in accordance with generally accepted accounting principles and material information was adequately disclosed in the notes to the financial statements.



Mr. Z John Atanas
Chairman and Managing Director
Esso (Thailand) Public Company Limited

Auditor's Report

To the Shareholders of Esso (Thailand) Public Company Limited

I have audited the accompanying consolidated and company financial statements of Esso (Thailand) Public Company Limited and its subsidiaries and of Esso (Thailand) Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 of Esso (Thailand) Public Company Limited and its subsidiaries and of Esso (Thailand) Public Company Limited as at 31 December 2012, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

Bangkok
21 February 2013

Statements of financial position

As at 31 December 2012 and 2011

(All amounts in Baht thousand unless otherwise stated)

Assets	Note	Consolidated		Company	
		2012	2011	2012	2011
Current assets					
Cash and cash equivalents	5	2,047,243	668,221	1,636,944	408,362
Trade receivables, net	6	7,072,927	5,576,562	7,051,846	5,554,795
Trade receivables from a related party	33f	-	-	1,402,371	1,197,745
Amounts due from related parties	33f	130	138	51,927	92,530
Inventories, net	7	27,635,912	26,014,648	27,257,885	25,653,964
Tax claim receivable, net	8	1,592,379	1,731,196	1,580,421	1,669,166
Other current assets	9	805,827	720,288	979,220	894,063
		39,154,418	34,711,053	39,960,614	35,470,625
Non-current assets					
Investments in subsidiaries and an associate	10	1,341,453	1,006,559	1,843,949	1,843,949
Available-for-sale financial assets	11	741,600	410,400	741,600	410,400
Long-term loans to related parties	33g	-	-	2,227,709	2,102,069
Deferred income tax assets, net	12	1,451,901	2,831,542	1,318,769	2,708,488
Intangible assets, net	13	284,164	342,430	284,164	342,430
Property, plant and equipment, net	14	32,053,128	33,411,828	27,649,079	28,944,471
Prepaid rental and deferred charges	15	799,613	1,090,384	2,501,985	3,009,420
Other non-current assets		35,505	39,516	19,347	20,843
		36,707,364	39,132,659	36,586,602	39,382,070
Total assets		75,861,782	73,843,712	76,547,216	74,852,695

Director




Statements of financial position

As at 31 December 2012 and 2011

(All amounts in Baht thousand unless otherwise stated)

Liabilities and shareholders' equity	Note	Consolidated		Company	
		2012	2011	2012	2011
Current liabilities					
Borrowings	16	13,454,780	25,206,966	13,454,780	25,206,966
Trade and other payables	17	4,090,734	3,910,606	3,972,052	3,767,314
Short-term loans from related parties	33h	427,574	176,304	1,005,826	733,369
Amounts due to related parties	33f	15,298,576	5,201,139	15,303,794	5,221,507
Short-term provisions for employee benefits	18	445,243	431,337	445,243	431,337
		33,716,907	34,926,352	34,181,695	35,360,493
Non-current liabilities					
Long-term loans from related parties	33h	5,043,726	-	5,046,173	65,482
Borrowings	16	12,681,558	13,084,144	12,681,558	13,084,144
Long-term provisions for employee benefits	18	1,485,701	1,291,499	1,485,701	1,291,499
Other non-current liabilities		1,804	2,723	1,804	2,723
		19,212,789	14,378,366	19,215,236	14,443,848
Total liabilities		52,929,696	49,304,718	53,396,931	49,804,341
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	653,243	653,243	653,243
Unappropriated		600,040	2,471,907	825,670	2,988,699
Other components of equity	22	564,480	299,520	564,480	299,520
Equity attributable to owners of the parent		22,924,655	24,531,562	23,150,285	25,048,354
Non-controlling interests		7,431	7,432	-	-
Total shareholders' equity		22,932,086	24,538,994	23,150,285	25,048,354
Total liabilities and shareholders' equity		75,861,782	73,843,712	76,547,216	74,852,695

The notes on pages 66 to 103 are an integral part of these consolidated and company financial statements.

Statement of comprehensive income

For the years ended 31 December 2012 and 2011

(All amounts in Baht thousand unless otherwise stated)

	Note	Consolidated		Company	
		2012	2011	2012	2011
Sales	23	245,127,489	205,710,376	243,608,604	204,281,470
Cost of sales	24	(239,630,876)	(197,773,416)	(238,740,777)	(196,920,343)
Gross profit		5,496,613	7,936,960	4,867,827	7,361,127
Selling expenses	24	(4,738,400)	(4,301,322)	(4,142,617)	(3,823,389)
Administrative expenses	24	(385,368)	(375,269)	(385,368)	(375,269)
Profit from sales		372,845	3,260,369	339,842	3,162,469
Other income		103,182	70,138	86,796	103,444
Finance costs, net	25	(1,190,424)	(752,787)	(1,093,145)	(698,449)
Share of profit from an associate	10	334,894	288,029	-	-
Other non-operating (expense)/income		(3,000)	72,296	-	43,482
(Loss)/profit before income tax		(382,503)	2,938,045	(666,507)	2,610,946
Income tax expense	26	(1,315,635)	(1,997,439)	(1,323,479)	(1,913,450)
(Loss)/profit for the year		(1,698,138)	940,606	(1,989,986)	697,496
Other comprehensive (expense)/income, net of tax:					
Gains on remeasuring available-for-sale investments	22	264,960	55,080	264,960	55,080
Total comprehensive (expense)/income for the year		(1,433,178)	995,686	(1,725,026)	752,576
(Loss)/profit attributable to:					
Owners of the parent		(1,698,824)	939,747	(1,989,986)	697,496
Non-controlling interests		686	859	-	-
		(1,698,138)	940,606	(1,989,986)	697,496
Total comprehensive (expense)/income attributable to:					
Owners of the parent		(1,433,864)	994,827	(1,725,026)	752,576
Non-controlling interests		686	859	-	-
		(1,433,178)	995,686	(1,725,026)	752,576
(Loss)/earning per share for profit attributable to the equity holders of the parent (expressed in Baht per share)					
Basic/diluted	27	(0.49)	0.27	(0.57)	0.20

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2012 and 2011

(All amounts in Baht thousand unless otherwise stated)

		Consolidated								
		Attributable to owners of the parent								
		Retained earnings				Other comprehensive income		Total attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Note		Issued and paid-up share capital	Share premium	Appropriated - legal reserve	Unappropriated - retained earnings	Available -for-sale investments				
		17,075,181	4,031,711	653,243	2,471,907	299,520	24,531,562	7,432	24,538,994	
		-	-	-	(1,698,824)	264,960	(1,433,864)	686	(1,433,178)	
	20	-	-	-	(173,043)	-	(173,043)	(687)	(173,730)	
		17,075,181	4,031,711	653,243	600,040	564,480	22,924,655	7,431	22,932,086	
		17,075,181	4,031,711	618,368	2,951,378	244,440	24,921,078	7,433	24,928,511	
		-	-	-	939,747	55,080	994,827	859	995,686	
	20	-	-	-	(1,384,343)	-	(1,384,343)	(860)	(1,385,203)	
	21	-	-	34,875	(34,875)	-	-	-	-	
		17,075,181	4,031,711	653,243	2,471,907	299,520	24,531,562	7,432	24,538,994	

The notes on pages 66 to 103 are an integral part of these consolidated and company financial statements.

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2012 and 2011

(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 2012		17,075,181	4,031,711	653,243	2,988,699	299,520	25,048,354
Total comprehensive (expense)/income		-	-	-	(1,989,986)	264,960	(1,725,026)
Dividend paid	20	-	-	-	(173,043)	-	(173,043)
Balance at 31 December 2012		17,075,181	4,031,711	653,243	825,670	564,480	23,150,285
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

Statement of Cash Flows

For the years ended 31 December 2012 and 2011

(All amounts in Baht thousand unless otherwise stated)

	Note	Consolidated		Company	
		2012	2011	2012	2011
Cash flows from operating activities					
Cash generated from/(used in) operations	28	10,366,763	(5,157,808)	10,276,964	(4,927,788)
Interest paid		(951,791)	(980,864)	(1,015,890)	(1,064,672)
Income tax paid		(16,050)	(8,641)	-	-
Net cash generated from/(used in) operating activities		9,398,922	(6,147,313)	9,261,074	(5,992,460)
Cash flows from investing activities					
Net additional long-term loans to related parties	33g	-	-	(125,640)	(157,686)
Purchase of property, plant and equipment	14	(843,600)	(3,989,018)	(843,600)	(3,989,018)
Interest received		5,349	9,346	157,928	138,370
Dividend received		22,680	21,960	70,180	25,460
Proceeds from disposals of property, plant and equipment	28	81,276	130,879	35,406	21,762
Net cash used in investing activities		(734,295)	(3,826,833)	(705,726)	(3,961,112)
Cash flows from financing activities					
(Repayments of) / proceeds from short-term borrowings	16	(10,614,000)	13,255,679	(10,614,000)	13,255,679
Repayments of long-term loan	16	(2,750,000)	(2,750,000)	(2,750,000)	(2,750,000)
Proceeds from additional long-term loans		1,000,000	84,144	1,000,000	84,144
Net proceeds from short-term loans from related parties	33h	251,270	162,525	272,457	42,048
Net proceeds from long-term loans from related parties	33h	5,000,000	-	4,936,965	63,561
Dividends paid to equity holders	20	(173,043)	(1,384,343)	(173,043)	(1,384,343)
Dividends paid to minority interests		(687)	(860)	-	-
Net cash (used in)/generated from financing activities		(7,286,460)	9,367,145	(7,327,621)	9,311,089
Net increase / (decrease) in cash and cash equivalents and bank overdrafts					
Cash and cash equivalents and bank overdrafts at the beginning of the year	5	667,039	1,274,040	407,180	1,049,663
Cash and cash equivalents and bank overdrafts at the end of the year	5	2,045,206	667,039	1,634,907	407,180

The notes on pages 66 to 103 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 2012 and 2011

(All amounts in Baht thousand unless otherwise stated)

1 General information

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

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

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

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

These consolidated and company financial statements were authorised for issue by the Board of Directors on 21 February 2013.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles (“Thai GAAP”) under the Accounting Act B.E. 2543, being those Thai 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.

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 2013.

TAS 12	<i>Income taxes</i>
TAS 20	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>
TAS 21	<i>The Effects of Changes in Foreign Exchange Rates</i> (Revised 2009)
TFRS 8	<i>Operating Segments</i>
TSIC 10	<i>Government Assistance - No Specific Relation to Operating Activities</i>
TSIC 21	<i>Income Taxes - Recovery of Revalued Non-Depreciable Assets</i>
TSIC 25	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>

The Company and the Group have early adopted Thai Accounting Standard 12, "Income Taxes" prior to its effective date.

Effective for the periods beginning on or after 1 January 2014

TFRIC 4	<i>Determining whether an Arrangement contains a Lease</i>
TFRIC 12	<i>Service Concession Arrangements</i>
TFRIC 13	<i>Customer Loyalty Programmes</i>
TSIC 29	<i>Service Concession Arrangements: Disclosure</i>

The Group's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial information 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 assets 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 capitalisation 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 recognised 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 unrecognised past service costs and unrecognised actuarial gains/losses.

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

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

(c) Employee Saving Plan

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

2.15 Provisions

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

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

2.16 Share capital

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

2.17 Foreign currency translation

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

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated to the presentation currency at the exchange rate prevailing at the 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.

3 Critical accounting estimates and judgements

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

3.1 Critical accounting estimates and assumptions

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

Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognised to the extent it is probable that the tax losses carried forward will be utilized. Such an assessment is based upon management's review of the forecast financial income. Following the review in 2012, management assessed that it is probable that the deferred tax assets previously recognised may not be realized in whole, therefore, an asset valuation allowance was set up for the unrealized portion.

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 Court's conclusions. Management have reviewed the case with outside counsel and believes that no provision is necessary based on the facts of the case. As a result of this process, management appealed the judgement to the Supreme Court on 29 September 2008.

4 Segmental information

As of 31 December 2012, 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 2012 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	254,033,750	45,809,554	299,843,304
Inter-segment revenue	(33,558,244)	(21,157,571)	(54,715,815)
Revenue	220,475,506	24,651,983	245,127,489
Segment result	1,061,717	(688,872)	372,845
Segment fixed assets	27,403,291	4,649,837	32,053,128

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

5. Cash and cash equivalents

	Consolidated		Company	
	2012	2011	2012	2011
Cash at bank and on hand	201,131	283,813	122,176	232,873
Cash in transit	1,846,112	384,408	1,514,768	175,489
Cash and cash equivalents	2,047,243	668,221	1,636,944	408,362

The interest rate on cash at bank averaged 0.4% (2011: 0.7%).

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

	Consolidated		Company	
	2012	2011	2012	2011
Cash and cash equivalents	2,047,243	668,221	1,636,944	408,362
Bank overdrafts (Note 16)	(2,037)	(1,182)	(2,037)	(1,182)
	2,045,206	667,039	1,634,907	407,180

6 Trade receivables, net

	Consolidated		Company	
	2012	2011	2012	2011
Trade receivables, gross	7,095,199	5,613,392	7,074,118	5,591,625
Less: Allowance for impairment of trade receivables (Note 28)	(22,272)	(36,830)	(22,272)	(36,830)
Trade receivables, net	7,072,927	5,576,562	7,051,846	5,554,795

Outstanding trade receivables, as at 31 December 2012 and 31 December 2011, are analysed as follows:

	Consolidated		Company	
	2012	2011	2012	2011
Current	6,790,177	5,441,421	6,769,096	5,419,654
Overdue:				
- Less than 3 months	281,469	134,209	281,469	134,209
- 3 to 6 months	-	-	-	-
- 6 to 12 months	-	-	-	-
- Over 12 months	23,553	37,762	23,553	37,762
	7,095,199	5,613,392	7,074,118	5,591,625
Less: Allowance for impairment of trade receivables (Note 28)	(22,272)	(36,830)	(22,272)	(36,830)
	7,072,927	5,576,562	7,051,846	5,554,795

7 Inventories, net

	Consolidated		Company	
	2012	2011	2012	2011
Crude oil	14,934,729	13,015,747	14,934,729	13,015,747
Petroleum products	10,052,378	10,811,268	9,745,365	10,529,117
Chemical products	1,614,661	1,243,369	1,614,661	1,243,369
Materials and supplies	956,431	853,984	956,431	853,984
Other merchandise	77,713	90,680	6,699	11,747
	27,635,912	26,015,048	27,257,885	25,653,964
Less: Allowance for obsolete stocks (Note 28)	-	(400)	-	-
Inventories, net	27,635,912	26,014,648	27,257,885	25,653,964

Petroleum products of Baht 3,169,809 thousand (2011: Petroleum products of Baht 3,583,370 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 2012, the value of this inventory amounted to Baht 12,059,355 thousand (2011: Baht 12,249,444 thousand).

8 Tax claim receivables, net

	Consolidated		Company	
	2012	2011	2012	2011
Tax claim receivables	1,592,379	1,750,713	1,580,421	1,688,683
Less: Allowance for impairment of tax claim receivables	-	(19,517)	-	(19,517)
	1,592,379	1,731,196	1,580,421	1,669,166

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

9 Other current assets

	Consolidated		Company	
	2012	2011	2012	2011
Accounts receivable - other	178,794	190,860	159,805	170,575
Prepaid expenses and deferred charges	627,033	529,428	819,415	723,488
	805,827	720,288	979,220	894,063

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	
	2012	2011	2012	2011
At 1 January	1,006,559	718,530	1,843,949	1,843,949
Share of profit from an associate (Note 28)	334,894	288,029	-	-
At 31 December	1,341,453	1,006,559	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	
		2012	2011	2012	2011
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 and Company	
	2012	2011
Assets	1,768,073	1,733,897
Liabilities	(426,620)	(727,338)
Net assets	1,341,453	1,006,559
Revenues	660,443	619,087
Net profit	334,894	288,029

11 Available-for-sale financial assets

	Consolidated and Company	
	2012	2011
At 1 January	410,400	385,200
Unrealised gain recognised in equity (Note 22)	331,200	25,200
At 31 December	741,600	410,400

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	
	2012	2011	2012	2011
Deferred tax assets:				
• To be recovered after more than 12 months	992,026	1,641,865	860,751	1,518,811
• To be recovered within 12 months	600,995	1,264,557	599,138	1,264,557
	1,593,021	2,906,422	1,459,889	2,783,368
Deferred tax liabilities:				
• To be recovered after more than 12 months	(141,120)	(74,880)	(141,120)	(74,880)
Deferred tax assets, net	1,451,901	2,831,542	1,318,769	2,708,488

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:

- 2012: based on 20% for the amounts expected to be realized or settled in 2013 and thereafter
- 2011: based on 23% for the amounts expected to be realized or settled in 2012, and 20% thereafter

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

	Consolidated		Company	
	2012	2011	2012	2011
At 1 January	2,831,542	4,778,068	2,708,488	4,592,058
Charged to profit or loss (Note 26)	(1,313,401)	(1,976,406)	(1,323,479)	(1,913,450)
Tax charged directly to equity (Note 22)	(66,240)	29,880	(66,240)	29,880
At 31 December	1,451,901	2,831,542	1,318,769	2,708,488

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 2011	(Charged)/ Credited to profit or loss / Equity	At 31 December 2011	(Charged)/ Credited to profit or loss / Equity	At 31 December 2012
Deferred tax assets					
Depreciation	497,019	(112,252)	384,767	(35,965)	348,802
Pensions and employee benefits	464,074	(119,507)	344,567	41,622	386,189
Tax losses carried forward	3,680,962	(1,714,747)	1,966,215	(1,349,901)	616,314
Interest on zero coupon bonds	-	16,829	16,829	48,228	65,057
Others	240,773	(46,729)	194,044	(17,385)	176,659
Deferred tax assets	4,882,828	(1,976,406)	2,906,422	(1,313,401)	1,593,021
Deferred tax liabilities					
Unrealised gain on available-for-sale financial assets (Note 22)	(104,760)	29,880	(74,880)	(66,240)	(141,120)
Deferred tax liabilities	(104,760)	29,880	(74,880)	(66,240)	(141,120)

	Company				
	At 1 January 2011	(Charged)/ Credited to profit or loss / Equity	At 31 December 2011	(Charged)/ Credited to profit or loss / Equity	At 31 December 2012
Deferred tax assets					
Depreciation	497,019	(112,252)	384,767	(35,965)	348,802
Pensions and employee benefits	464,074	(119,507)	344,567	41,622	386,189
Tax losses carried forward	3,680,962	(1,718,207)	1,962,755	(1,359,943)	602,812
Interest on zero coupon bonds	-	16,829	16,829	48,228	65,057
Others	54,763	19,687	74,450	(17,421)	57,029
Deferred tax assets	4,696,818	(1,913,450)	2,783,368	(1,323,479)	1,459,889
Deferred tax liabilities					
Unrealised gain on available-for-sale financial assets (Note 22)	(104,760)	29,880	(74,880)	(66,240)	(141,120)
Deferred tax liabilities	(104,760)	29,880	(74,880)	(66,240)	(141,120)

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.

Based on a review of taxable income projections, in 2012, the Company has recognised a valuation allowance in respect of deferred tax assets recognised relating to tax loss carry-forwards that are not expected to be utilised prior to the expiry of the statutory period in the amount of Baht 1,287 million. Management will continue to assess the recoverability of the deferred tax assets related to loss carry-forwards.

Consolidated and Company

	Computer software	Royalties and licences	Total
At 1 January 2011			
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
Year ended 31 December 2012			
Opening net book amount	141,306	201,124	342,430
Amortisation charge (Note 28)	(35,189)	(23,077)	(58,266)
Closing net book amount	106,117	178,047	284,164
At 31 December 2012			
Cost	616,400	805,248	1,421,648
Less: Accumulated amortisation	(510,283)	(627,201)	(1,137,484)
Net book amount	106,117	178,047	284,164

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.

Consolidated

	Land	Buildings, plant and equipment	Construction in progress	Total
At 1 January 2011				
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 (Note 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
Year ended 31 December 2012				
Opening net book amount	5,195,959	27,882,781	333,088	33,411,828
Additions	-	-	843,600	843,600
Disposals (Note 28)	(45,469)	(42,276)	-	(87,745)
Transfers	-	545,713	(545,713)	-
Depreciation charge (Note 28)	-	(2,114,555)	-	(2,114,555)
Closing net book amount	5,150,490	26,271,663	630,975	32,053,128
At 31 December 2012				
Cost	5,150,490	58,471,219	630,975	64,252,684
Less: Accumulated depreciation	-	(32,199,556)	-	(32,199,556)
Net book amount	5,150,490	26,271,663	630,975	32,053,128

Company

	Land	Buildings, plant and equipment	Construction in progress	Total
At 1 January 2011				
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)
Transfer (Note 13)	-	11,259,191	(11,261,020)	(1,829)
Depreciation charge (Note 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
Year ended 31 December 2012				
Opening net book amount	675,420	27,935,963	333,088	28,944,471
Additions	-	-	843,600	843,600
Disposals (Note 28)	-	(42,276)	-	(42,276)
Transfers	-	545,713	(545,713)	-
Depreciation charge (Note 28)	-	(2,096,716)	-	(2,096,716)
Closing net book amount	675,420	26,342,684	630,975	27,649,079
At 31 December 2012				
Cost	675,420	58,106,033	630,975	59,412,428
Less: Accumulated depreciation	-	(31,763,349)	-	(31,763,349)
Net book amount	675,420	26,342,684	630,975	27,649,079

In June and October 2012, subsidiaries of the Company sold two plots of land valued at Baht 45,469 thousand. Baht 45,871 thousand was received as compensation. (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 reassessed the 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 decreased the depreciation expense for the year ended 31 December 2011 by approximately Baht 388,573 thousand.

As at 31 December 2012, the cost of fully depreciated property, plant and equipment of the Group, and Company, that were still in use amounted to Baht 9,975,973 thousand (2011: Baht 10,160,204 thousand).

Borrowing costs of Baht 241,682 thousand arising from the proportion of general borrowings which were used for financing a project at the refinery, were capitalised during 2011 and are included in the 'Additions' line. A capitalisation rate of 3.1% was used to represent the actual average cost of borrowings.

15 Prepaid rental and deferred charges

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

16 Borrowings

Consolidated and Company

	2012	2011
Current		
Bank overdrafts (Note 5)	2,037	1,182
Short-term revolving facilities	6,860,000	16,144,000
Bill of exchange	4,992,743	6,311,784
Current portion of long-term loan	1,600,000	2,750,000
	13,454,780	25,206,966
Non-current		
Bank borrowings	12,681,558	13,084,144
	26,136,338	38,291,110

Bank borrowings and other facilities detailed below are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2012 ranged between 3% to 4% per annum (2011: 2% to 4% per annum).

Short-term borrowings

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

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 (THBFIX) rate plus a margin. The loan was fully repaid in 2012.

- Long-term bank loans

The long-term bank loans consisted of the following :

- 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. As at 31 December 2012, the amortised cost and the fair value of the promissory note was Baht 5,281,558 thousand and Baht 5,330,391 thousand, respectively.
- A 3-year fixed interest rate loan of Baht 1,000,000 thousand which was obtained in September 2012 and is payable in September 2015. The interest is payable annually.

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

	2012	2011
No later than 1 year	1,600,000	2,750,000
Later than 1 year and no later than 5 years	12,892,457	11,892,457
Later than 5 years	-	1,600,000
	14,492,457	16,242,457

17 Trade and other payables

	Consolidated		Company	
	2012	2011	2012	2011
Trade accounts payable	2,786,334	2,932,285	2,715,680	2,860,835
Other tax payables	711,301	258,012	690,900	206,611
Other payables and accruals	593,099	720,309	565,472	699,868
	4,090,734	3,910,606	3,972,052	3,767,314

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	
	2012	2011
Present value of unfunded obligations	2,649,030	2,410,824
Unrecognized actuarial loss	(718,086)	(687,988)
Liability in the statement of financial position	1,930,944	1,722,836

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

	Consolidated and Company	
	2012	2011
At 1 January	2,410,824	2,267,814
Current service cost	151,448	128,720
Interest cost	105,736	101,849
Actuarial loss	85,757	25,752
Benefits paid	(104,735)	(113,311)
At 31 December	2,649,030	2,410,824

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

	Consolidated and Company	
	2012	2011
At 1 January	1,722,836	1,546,914
Net expenses charged to the statement of comprehensive income	312,843	289,233
Payments to separating employees and retirees	(104,735)	(113,311)
At 31 December	1,930,944	1,722,836

Analysis of total provisions for employee benefits:

	Consolidated and Company	
	2012	2011
- Current	445,243	431,337
- Non-current	1,485,701	1,291,499
At 31 December	1,930,944	1,722,836

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

	Consolidated and Company	
	2012	2011
Current service cost	151,448	128,720
Interest cost	105,736	101,849
Amortization of actuarial loss	55,659	58,664
Total, included in employee expenses	312,843	289,233

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

The principal actuarial assumptions used were as follows:

	Consolidated and Company	
	2012	2011
	%	%
Discount rate	4.8	4.7
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 2012 and 2011	3,460,858	17,075,181	4,031,711	21,106,892

As at 31 December 2012 and 2011, the total authorised number of ordinary shares is 3,476,917 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 26 April 2012, the Company paid an additional dividend for the year 2011 at Baht 0.05 per share, totaling Baht 173,043 thousand on 25 May 2012.

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, totaling 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.

21 Legal reserve

Consolidated and Company

	2012	2011
At 1 January	653,243	618,368
Current year allocation of net profit	-	34,875
At 31 December	653,243	653,243

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	
	2012	2011
At 1 January	299,520	244,440
Net unrealised gain recognised in equity (Notes 11 and 12)	264,960	55,080
At 31 December	564,480	299,520

23 Sales

	Consolidated		Company	
	2012	2011	2012	2011
Sales of goods	244,488,695	205,085,343	242,854,303	203,541,788
Sales of services	638,794	625,033	754,301	739,682
	245,127,489	205,710,376	243,608,604	204,281,470

24 Expenses by nature

	Consolidated		Company	
	2012	2011	2012	2011
Net changes in inventories of finished goods	390,555	(2,542,556)	417,508	(2,567,363)
Raw materials and consumables used	233,533,351	194,454,542	232,616,300	193,626,275
Depreciation and amortisation (Notes 13 and 14)	2,172,821	1,297,423	2,154,982	1,279,501
Employee expenses	1,781,491	1,758,195	1,781,491	1,758,195
Maintenance and repair, materials, contract services, and utilities	1,793,645	2,737,981	1,793,645	2,737,981
Transport and distribution	1,397,169	1,273,356	1,397,169	1,273,356
Business service expenses	766,069	759,151	762,271	753,859
Business and technical support, research and development expenses	1,148,696	1,048,966	1,148,696	1,048,966
Company operated service station expenses	762,454	681,120	-	-
Other expenses	1,008,393	981,829	1,196,700	1,208,231
Total cost of sales, selling expenses and administrative expenses	244,754,644	202,450,007	243,268,762	201,119,001

25 Finance costs, net

	Consolidated		Company	
	2012	2011	2012	2011
Interest income	5,349	9,346	159,098	147,398
Interest expense	(1,195,773)	(762,133)	(1,252,243)	(845,847)
Finance Costs, net (Note 28)	(1,190,424)	(752,787)	(1,093,145)	(698,449)

	Consolidated		Company	
	2012	2011	2012	2011
Current tax :				
Current tax on profits for the year	2,084	22,101	-	-
Adjustments in respect of prior year	150	(1,068)	-	-
Total current tax	2,234	21,033	-	-
Deferred tax :				
Origination and reversal of temporary differences	(140,669)	774,134	(130,153)	772,029
Tax losses carried forward valuation allowance	1,286,800	-	1,286,800	-
Impact of change in tax rate	167,270	1,202,272	166,832	1,141,421
Total deferred tax (Note 12)	1,313,401	1,976,406	1,323,479	1,913,450
Total income tax expense	1,315,635	1,997,439	1,323,479	1,913,450

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	
	2012	2011	2012	2011
Profit before tax	(382,503)	2,938,045	(666,507)	2,610,946
Tax calculated at domestic tax rates	(76,501)	881,413	(133,301)	783,284
Tax effect of:				
Income not subject to tax	(71,511)	(95,692)	(6,031)	(20,117)
Expenses not deductible for tax purposes	9,576	9,446	9,179	8,862
Tax losses carried forward revaluation allowance	1,286,800	-	1,286,800	-
Re-measurement of deferred tax balances	167,271	1,202,272	166,832	1,141,421
Income tax expense	1,315,635	1,997,439	1,323,479	1,913,450

The statutory tax rate was 23% (2011: 30%). However, as the Company has posted a net loss in the year, the tax calculated has been determined at the rate applicable when those losses can be offset against future income. This rate was 20%.

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	
	2012	2011	2012	2011
(Loss)/profit attributable to equity holders of the Company	(1,698,824)	939,747	(1,989,986)	697,496
Weighted average number of ordinary shares in issue (thousands shares)	3,460,858	3,460,858	3,460,858	3,460,858
Basic (loss)/ earnings per share (Baht per share)	(0.49)	0.27	(0.57)	0.20

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	
	2012	2011	2012	2011
Net profit	(1,698,138)	940,606	(1,989,986)	697,496
Adjustments for:				
Depreciation (Note 14)	2,114,555	1,234,207	2,096,716	1,216,285
Amortisation (Note 13)	58,266	63,216	58,266	63,216
Allowance for impairment of trade receivables (Note 6)	(14,558)	(18,131)	(14,558)	(18,131)
Write-down of inventory to net realisable value	107,136	185,416	107,136	185,416
Allowance for obsolete stocks (Note 7)	-	400	-	-
Loss/ (gain) on disposal of property, plant and equipment and intangible assets	6,469	28,456	6,870	62,387
Share of profit from an associate (Note 10)	(334,894)	(288,029)	-	-
Finance costs, net (Note 25)	1,190,424	752,787	1,093,145	698,449
Dividend income	(22,680)	(21,960)	(30,180)	(65,460)
Income tax expense (Note 26)	1,315,635	1,997,439	1,323,479	1,913,450
Net unrealised foreign exchange (gain)/loss	90,093	(118,616)	90,093	(118,616)

	Consolidated		Company	
	2012	2011	2012	2011
Changes in working capital				
Trade receivables	(1,482,984)	(287,617)	(1,483,670)	(288,417)
Trade receivables from a related party	-	-	(204,626)	132,641
Amount due from related parties	8	553	1,773	39,816
Inventories	(1,728,400)	(5,489,126)	(1,711,057)	(5,538,783)
Tax claim receivables	138,817	(1,023,838)	88,745	(988,376)
Other current assets	(85,539)	360,039	(85,157)	366,014
Prepaid rental and deferred charges	290,771	(330,888)	507,435	(107,382)
Other non-current assets	4,011	24,611	1,496	24,334
Trade and other payables	201,830	(354,709)	212,624	(392,448)
Amount due to related parties	10,008,752	(2,978,779)	10,001,231	(2,975,834)
Provisions for employee benefits	208,108	175,922	208,108	175,922
Other non-current liabilities	(919)	(9,767)	(919)	(9,767)
Cash generated from operations	10,366,763	(5,157,808)	10,276,964	(4,927,788)

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

	Consolidated		Company	
	2012	2011	2012	2011
Net book amount (Note 14)	87,745	159,335	42,276	84,149
(Loss)/gain on disposal of property, plant and equipment and intangible assets	(6,469)	(28,456)	(6,870)	(62,387)
Proceeds from disposal of property, plant and equipment and intangible assets	81,276	130,879	35,406	21,762

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 2012, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business, amounting to Baht 65,024 thousand (2011: Baht 64,109 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 829,149 thousand (2011: Baht 267,411 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	
	2012	2011
No later than 1 year	51,763	58,708
Later than 1 year and no later than 5 years	118,441	137,303
Later than 5 years	39,527	62,085
	209,731	258,096

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 2012, the Group has no short-term or long-term debt denominated in foreign currencies. In 2012, 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 2012, the Group has uncommitted facilities of Baht 73,039,014 thousand (2011: Baht 63,424,746 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 5,000,000 thousand has been utilized as of 31 December 2012 (2011: Baht 6,330,000 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 2012			
Revenue from domestic activities	16,671,567	184,294,204	200,965,771
Revenue from export activities	2,791,158	39,851,675	42,642,833
	19,462,725	224,145,879	243,608,604
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

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 2012 and 2011. The ultimate holding company is Exxon Mobil Corporation. Both companies are incorporated in the United States of America. As of 31 December 2012, 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	
	2012	2011	2012	2011
Sales of goods and services:				
• Subsidiaries	-	-	28,601,689	25,268,915
• Other related parties	28,937,785	19,078,884	28,937,785	19,078,884
	28,937,785	19,078,884	57,539,474	44,347,799

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	
	2012	2011
Purchases of goods:		
• Other related parties	192,835,745	148,461,657
Purchases of services:		
• An associate	826,258	697,043
	193,662,003	149,158,700

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	
	2012	2011	2012	2011
Expenses paid to:				
• Subsidiaries	-	-	198,746	238,444
• Other related parties	2,599,391	2,732,575	2,532,886	2,660,920
	2,599,391	2,732,575	2,731,632	2,899,364

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	
	2012	2011	2012	2011
Interest income received from:				
• Subsidiaries	-	-	153,847	138,138
• Other related parties	-	86	-	86
	-	86	153,847	138,224
Interest expenses paid to:				
• Subsidiaries	-	-	56,569	83,741
• Other related parties	60,642	19,426	60,642	19,426
	60,642	19,426	117,211	103,167

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

(e) Key management compensation

	Consolidated and Company	
	2012	2011
Salaries and other short-term employment benefits	73,634	70,927
Post-employment benefits	22,469	20,001
	96,103	90,928

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	
	2012	2011	2012	2011
Trade receivables:				
● Subsidiary	-	-	1,402,371	1,197,745
Amounts due from:				
● Subsidiaries	-	-	51,797	92,392
● Other related parties	130	138	130	138
	130	138	51,927	92,530
Amounts due to:				
● Subsidiaries	-	-	10,208	35,635
● Other related parties	15,298,576	5,201,139	15,293,586	5,185,872
	15,298,576	5,201,139	15,303,794	5,221,507

Trade receivables from a related party arise mainly from the sale of petroleum products with credit terms being approximately 25 days.

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 under standard industry terms.

(g) Loans to related parties

	Consolidated		Company	
	2012	2011	2012	2011
Long-term loans to:				
● Subsidiaries	-	-	2,227,709	2,102,069

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

	Consolidated		Company	
	2012	2011	2012	2011
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 Bangkok Bank Public Company Limited.

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

	Company	
	2012	2011
Opening amount as at 1 January	2,102,069	1,944,383
Additional borrowings	154,899	200,934
Repayments of borrowings	(29,259)	(43,248)
Closing amount as at 31 December	2,227,709	2,102,069

Long-term loans to related parties are unsecured. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited.

(h) Loans from related parties

	Consolidated		Company	
	2012	2011	2012	2011
Short-term loans from:				
● Subsidiaries	-	-	578,252	557,065
● Other related party	427,574	176,304	427,574	176,304
	427,574	176,304	1,005,826	733,369
Long-term loans from:				
● Subsidiaries	-	-	2,447	65,482
● Other related party	5,043,726	-	5,043,726	-
	5,043,726	-	5,046,173	65,482

The Company issued five promissory notes at a discounted value of Baht 5,000,000 thousand in September 2012 with the amortized costs of Baht 5,043,726 thousand at the end of December 2012. The promissory notes had maturity date in September 2015.

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

	Consolidated		Company	
	2012	2011	2012	2011
Opening amount as at 1 January	176,304	13,779	733,369	691,321
Additional borrowings	714,372	418,184	1,960,685	1,299,501
Repayments of borrowings	(463,102)	(255,659)	(1,688,228)	(1,257,453)
Closing amount as at 31 December	427,574	176,304	1,005,826	733,369

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 minus a spread.

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

	Consolidated		Company	
	2012	2011	2012	2011
Opening amount as at 1 January	-	-	65,482	1,921
Additional borrowings	5,043,726	-	5,047,934	70,487
Repayments of borrowings	-	-	(67,243)	(6,926)
Closing amount as at 31 December	5,043,726	-	5,046,173	65,482

Long-term loans from related parties bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited minus a spread.

34 Asset retirement obligation

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.

Corporate Separateness Notice

Nothing in this material is intended to override the corporate separateness of local entities. Working relationships discussed in this material do not necessarily represent a reporting connection, but may reflect a functional guidance, stewardship, or service relationship. Where shareholder consideration of a local entity matter is contemplated by this material, responsibility for action remains with the local entity.

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