



ANNUAL REPORT

PTG ENERGY PUBLIC COMPANY LIMITED



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PTG ENERGY PUBLIC COMPANY LIMITED

ANNUAL REPORT

2013



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Message from the Board of Directors



Pol. Gen. Soontorn Saikwan
Chairman of the Board of Directors

To the Shareholders,

2013 was another year in which PTG Energy Public Company Limited made significant changes, with the improvement of brand image, the modernization of PT petrol stations, the openings of the first “Punthai” coffee shop in Bangkok at CyberWorld Tower and the commencement of new tank farm in Phitsanulok province. Above all, its initial public offering and listing on the Stock Exchange of Thailand under the abbreviation “PTG” provided the Company a healthy fund, most of which was used in business expansion toward the accomplishment of corporate goal and committee as to “Where there’re Thais, there’s PT to be the nation’s number one service of choice”. As a result of continuous business expansion throughout the year, the Company had more than 700 PT petrol stations nationwide at the end of 2013 and total revenue of Baht 47,856 million, increasing from that of 2012 by Baht 6,038 Million or by 14%, a record total revenue since its establishment in 1988. Total fuel sales volume amounted to 1,577.50 million liters, increasing from that of 2012 by 1,372.53 million liters, equivalent to a growth of 14%.

Apart from striving for excellent performance on the basis of transparency and good corporate governance principles, the Company also attaches great importance

to business operations with responsibilities to the society. In 2013, it has made constant donations to “Phra Dabos Foundation,” a charitable project initiated by His Majesty the King with the aim of giving underprivileged students an opportunity to acquire vocational skills along with ethical and moral education, thus enabling them to earn a right livelihood as well as help their families, the society and the nation.

As for 2014, the Company continues to pursue expansion of various businesses. Special focus is on activities in regard to the increase of standardized PT petrol stations across the country in order to ensure service users that they receive fuels and services of the highest quality, thus contributing to the achievement of corporate visions toward being a leading petrol station operator in Thailand.

Finally, on behalf of the Board of Directors of PTG Energy Public Company Limited, I would like to convey my appreciation to the shareholders, customers, business partners and all stakeholders for the given support and trust which have enabled us to achieve continual business success. I would also like to thank the management team and all staff for their unvarying determination and dedication at all times.

Pol. Gen. 

(Soontorn Saikwan)
Chairman of the Board of Directors

Report of the Audit Committee

The Audit Committee of PTG Energy Public Company Limited comprises 3 qualified independent directors, with Police General Soontorn Saikwan being the Chairman, Mr. Thien Mekanontchai and Mr. Supote Pitayapongpat as members. In 2013, the Audit Committee held 7 meetings, at some of which the Audit Committee had discussed with the President & CEO, the management, external auditors and internal auditors, and duly given independent opinions and recommendations. The Audit Committee performed its duties as assigned by the Board of Directors and in accordance with the Audit Committee Charter which also complied with the requirements of the Stock Exchange of Thailand, by attaching great importance on good corporate governance principles and good internal audit system. The Audit Committee discharged its duties with competence, prudence and sufficient independence for equal benefits to all stakeholders, which could be summarized as follows:-

- Adopted a preventive audit approach in order to promote systematic operations; provided necessary body of knowledge so that the Company's staff acquired knowledge and understanding to ensure accurate and complete operations in compliance with relevant regulations.
- Managed both enterprise and business unit risks, focusing on identification of operational risk factors.
- Pursued to ensure that the management and employees perform their tasks in compliance with laws, regulations and other relevant rules.

Summary of Performance

1. Accuracy, completeness and credibility of financial reports

The Audit Committee reviewed with the management and external auditors the quarterly and annual financial statements for the year 2013, significant accounting policies, related transactions including potential conflict-of-interest transactions. In addition, it checked with the auditors about the accuracy and completeness of financial statements, the adjustment of significant accounts that affected the

financial statements, the adequacy and appropriateness of account recording method and scope of auditing, the accurate, complete and adequate disclosure of information, along with the independence of the auditors in order to ensure that the financial statements were prepared in accordance with applicable laws and generally-accepted accounting standards, and that the financial statements were disclosed sufficiently and timely for the benefit of investors or financial statement users.

2. Adequacy of internal control and internal audit systems

The Audit Committee reviewed audit reports of the Internal Audit Department and the external auditors on the internal control assessment and the management's corrective actions as recommended by said reports. The Audit Committee viewed that the Company's internal control systems were adequate and appropriate. Moreover, the Audit Committee assessed the Internal Audit Department's performance and also consulted with supervisors of the Internal Audit Department appropriately on a regular basis.

3. Risk Management

The Audit Committee reviewed risk management plans, risk management criteria, and the efficiency and appropriateness of risk management process regularly on a quarterly basis with recommendations for improvement. In this, the Audit Committee had considered both external and internal risk factors together with probability of impacts to ensure that they were at an acceptable level. Nevertheless, the management had already carried out risk assessment and managed risks by setting responsive measures to deal with any possible incidents efficiently.

4. Good Corporate Governance

The Audit Committee reviewed operations for compliance with the corporate-set systems, ethics, code of conduct, securities and exchange laws, requirements of the Stock Exchange of Thailand, including other relevant laws, especially those concerning connected transactions and potential conflict-of-interest transactions. According to related reports, the Company's directors and employees

had strictly complied with the set principles, and the Board of Directors had regularly and continually promoted the sense of ethical conduct among employees. Moreover, the Audit Committee pursued good practices in corporate governance by performing a self-assessment, both for the whole body and each member, the results of which were highly satisfactory.

5. Compliance with securities and exchange laws, requirements of the Stock Exchange of Thailand, and other relevant laws

The Audit Committee reviewed the Company's compliance with securities and exchange laws, requirements of the Stock Exchange of Thailand and other relevant laws, and also regularly monitored the management's corrective actions. In this regard, the Audit Committee viewed that the Company had complied with securities and exchange laws, requirements of the Stock Exchange of Thailand, and relevant laws governing the Company's business.

6. Appointment of external auditors for the year 2013

DIA International Auditing Co., Ltd. was selected and appointed as the Company's external auditors for 4 years' term from 2010 to 2013. The Audit Committee held 1 meeting with the auditors, without the management's involvement, to seek the auditors' opinions about performance and coordination with the related management. Upon considering the previous year's performance, The Audit Committee viewed that the external auditors had performed their duties independently and satisfactorily.

7. Opinions and remarks upon performing duties under the Charter

The Audit Committee revised the Audit Committee Charter for consistency with rules and requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as the good corporate governance policies. This was to ensure shareholders, business partners, customers and other stakeholders that the Company's operations conformed to legal requirements and proper code of conduct, and were based on efficient internal control system. In addition, the Audit Committee carried out a self-assessment of the Committee's 2013 performance as a whole, and opined that the Audit Committee had performed its duties adequately and completely.

Pol. Gen. 

(Soontorn Saikwan)
Chairman of the Audit Committee

Board of Directors



Pol.Gen. Soontorn Saikwan
Chairman of the Board of Directors
Chairman of the Audit Committee



Mr. Thien Mekanontchai
Member of the Audit Committee
Independent Director



Mr. Supote Pitayapongpat
Member of the Audit Committee
Independent Director



Mr. Sakanant Wijitthanarak
Director
Chairman of the Executive Committee



Mr. Pitak Ratchakitprakarn
Director
Member of the Executive Committee
Chairman of the Risk Management Committee
President & Chief Executive Officer



Mrs. ChatKaew Gajasen
Director
Member of the Executive Committee



Mrs. Lertlak Nadtasomboon
Director



Mr. Pongsak Vachirasakpanich
Director
Member of the Executive Committee



Mr. Rangsun Puangprang
Director
Member of the Executive Committee
Risk Management Committee
Secretary to the Board of Directors

General Information and Other Significant Information

Company Information

Name	PTG Energy Public Company Limited
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	<ol style="list-style-type: none"> 1. Fuel retailing at petrol stations managed by the Company (COCO petrol stations). 2. Fuel wholesaling to 1) dealers for sales at petrol stations managed by such dealers (DODO petrol stations), 2) Other petrol traders, and 3) Industrial operators that need fuel in business operations. 3. Fuel logistics services 4. Minimart business at petrol stations
Registration no.	0107538000703
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Homepage	www.ptgenenergy.co.th
Amount and type of total shares issued and paid	1,670,000,000 ordinary shares (as of December 31, 2013)
Par value	Baht 1 per share

Investment Information (as of December 31, 2013)

Company name	Petroleum Thai Corporation Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 11
Registration no.	0105535099511
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	6,000,000 ordinary shares (as of December 31, 2013)
Par value	Baht 73.33 per share

Company name	Pyramid Oil Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 10
Registration no.	0105552004590
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	10,000 ordinary shares (as of December 31, 2013)
Par value	Baht 100 per share

Company name	Alpine Oil Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 10
Registration no.	0105552004522
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	10,000 ordinary shares (as of December 31, 2013)
Par value	Baht 100 per share

Company name	Empire Oil Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 10
Registration no.	0105554077471
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	10,000 ordinary shares (as December 31, 2013)
Par value	Baht 100 per share

Company name	Everest Oil Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 10
Registration no.	0105554093280
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	10,000 ordinary shares (as of December 31, 2013)
Par value	Baht 100 per share

Company name	Andes Oil Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 10
Registration no.	0105554147673
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	10,000 ordinary shares (as of December 31, 2013)
Par value	Baht 100 per share

Company name	Atlast Oil Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 10
Registration no.	0105554147681
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	10,000 ordinary shares (as of December 31, 2013)
Par value	Baht 100 per share

Company name	Olympus Oil Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 10
Registration no.	0105555130588
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	10,000 ordinary shares (as of December 31, 2013)
Par value	Baht 100 per share

Company name	Pyrenees Oil Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Fuel trader under Section 10
Registration no.	0105555130570
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	10,000 ordinary shares (as of December 31, 2013)
Par value	Baht 100 per share

Company name	Punthai Coffee Co., Ltd.
Head office address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310
Type of business	Coffee shop operation under the name "Punthai Coffee"
Registration no.	0105555139534
Telephone	0 2168 3377, 0 2168 3388
Facsimile	0 2168 3379, 0 2168 3389
Amount and type of total shares issued and paid	50,000 ordinary shares (as of December 31, 2013)
Par value	Baht 100 per share

References

Company secretary	Mr. Rangsun Puangprang
Contact address	90 CyberWorld Tower A 33 rd Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310

Registrar	Thailand Securities Depository Co., Ltd.
Contact address	62, Ratchadaphisek Road, Klongtoey, Bangkok 10110
Telephone	0 2229 2800
Facsimile	0 2654 5427

Auditor	DIA International Auditing Co., Ltd.
Contact address	316/32, Soi Sainumthip, Sukhumvit Road, Klongtoey, Bangkok 10110
Telephone	0 2259 5300
Facsimile	0 2259 8956

Legal advisor	LS Horizon Limited
Contact address	93/1, Wireless Road, Lumpini, Phatumwan, Bangkok 10330
Telephone	0 2627 3443
Facsimile	0 2627 3250

Financial Highlights

		31 December 2013 (Audited)	31 December 2012 (Audited)	31 December 2011 (Audited)
Financial Position				
	(Million Baht)			
Total Assets		5,971.15	3,915.53	2,893.96
Total Liabilities		2,782.71	2,544.71	1,861.49
Total Shareholders' Equity		3,188.44	1,370.82	1,032.47
Operating Results				
	(Million Baht)			
Revenues from Sales and Services		47,694.19	41,723.68	27,816.71
Cost from Sales and Services		45,435.19	39,991.38	26,742.18
Selling and Administrative Expenses		1,963.79	1,325.79	832.79
Profit for the Period		312.33	340.37	226.42
Liquidity Ratio				
Current Ratio	(Times)	1.20	0.89	1.00
Account Receivable Turnover	(Times)	364.12	300.84	172.71
Average Collection Period	(Days)	0.99	1.20	2.08
Inventory Turnover	(Times)	42.30	52.93	44.05
Inventory Days	(Days)	8.51	6.80	8.17
Account Payable Turnover	(Times)	38.20	45.11	41.93
Account Payable Days	(Days)	9.42	7.98	8.58
Cash Cycle	(Days)	0.08	0.02	1.67
Profitability Ratio				
Gross Profit Margin	(%)	4.74	4.15	3.86
Net Profit Margin	(%)	0.65	0.81	0.81
Return on Equity	(%)	13.70	28.33	24.42
Efficiency Ratio				
Return on Assets	(%)	6.32	10.00	9.02
Return on Fixed Assets	(%)	20.17	27.95	27.22
Assets Turnover	(Times)	9.68	12.28	11.13
Financial Policy Ratio				
Debt to Equity Ratio	(Times)	0.87	1.86	1.80
Interest Coverage Ratio	(Times)	11.74	15.32	13.56
Debt Service Coverage Ratio	(Times)	0.37	0.90	1.39
Dividend Payout Ratio	(%)	51.56 *	n.a.	n.a.

* Remark : Calculate from interim dividend paid in 2013 divided by net profit from company only financial statement, not include the dividend which will be approved by the Annual General Meeting of Shareholders 2014

COMPANY OVERVIEW

Company Overview

1. Company Overview and Development

PTG Energy Public Company Limited (“the Company” or “PTG”) was founded by a group of Thai businesspersons on March 21, 1988, originally as Paktai Chueplerng Co., Ltd. to operate tank farms and fuel trade. Initially, the Company had 2 tank farms, i.e. Chumphorn Tank Farm in Mueng district, Chumphorn province and Maeklong Depot in Mueang Tank Farm in district, Samut Songkhram province. Most of the customers were from fishery industries and industrial factories in the South.

Subsequently, the Company incorporated a subsidiary named Petroleum Thai Corporation Co., Ltd. to operate the business of retailing ready-made fuel via petrol stations under “PT” trademark (“PT petrol stations”), with an aim to expand customer base to automobile users and other retail users. The Company also invested in more tank farms in order to appropriately support fuel retailing and wholesaling businesses of the Company.

Serving consumers for a long time, PT petrol stations have established great reputation and recognition among consumers. The Company was able to open more PT petrol stations in many areas during the past period. At present, there are PT petrol stations in all parts of Thailand, amounting to a total 739 stations as at December 31, 2013.

2. Vision, Mission, Values and Business Goal

The Company has set its vision, mission, values and business goal as follows:-

Vision

“PT, the nation’s leading petroleum retail service company.”

Mission

1. To create the utmost satisfaction for all partners, employees and consumers;
2. To manage with professionalism and continuous improvement, servicing to build revenues for and bring values to the organization and all partners;

3. To be responsible and accountable to the welfare of society and the environment.

Values

“C” Customer Service

We listen and we understand, because we care. Your wants and your expectations are central to what we do, every day.

“T” Team Work

The role and responsibility as a member of a team, to participate in the work and problem solving, to exchange thoughts and experiences at PTG, we work as a team.

“I” Integrity & Ethic

We operate on principles. We trust in honesty. We respect rules and regulations. Our employees and our managers, our team all perform with the highest integrity.

“C” Continuous Improvement

New ideas, new processes and new systems, we continuously find ways to improve our operations to stay ahead of the competitions and to service our customers.

Business Goal

The Company desires to be the service provider of petrol stations covering all provinces of Thailand, and with the standardized service quality in order to ensure service users at a PT petrol station that they will receive the same service and fuel quality, no matter where the station is located. The Company seeks to continually increasing the number of both COCO and DODO PT petrol stations. The Company will focus more on COCO petrol stations because they are managed by its subsidiary, ensuring that the Company can fully control the service standards. In this regard, the Company plans to open approximately new 230 petrol stations (200 COCO stations and 30 DODO stations) in 2014 to secure its step toward a leading service provider of petrol stations.

3. Company Background and Key Developments

1988	<ul style="list-style-type: none"> The Company was incorporated under the name Paktai Chueplerng Co., Ltd. on March 21, 1998 with an initial registered capital of Baht 1.00 million, divided into 0.01 million ordinary shares with a par value of Baht 100.00 each.
1992	<ul style="list-style-type: none"> The Company increased its registered capital to Baht 264.00 million by issuing, via a rights offering, 2.63 million new ordinary shares with a par value of Baht 100.00 each. Petroleum Thai Corporation Co., Ltd. ("PTC") was incorporated on July 7, 1992 with a registered capital of Baht 100.00 million, divided into 1.00 million ordinary shares with a par value of Baht 100.00 each.
1993	<ul style="list-style-type: none"> The Company increased its registered capital to Baht 400.00 million by issuing, via a rights offering, 1.36 million new ordinary shares with a par value of Baht 100.00 each.
1994	<ul style="list-style-type: none"> The Company increased its registered capital to Baht 500.00 million by issuing, via a rights offering, 1.00 million new ordinary shares with a par value of Baht 100.00 each. PTC undertook a shareholding restructuring. The Company became PTC's major shareholder holding a stake of 99.99%.
1995	<ul style="list-style-type: none"> The Company registered the conversion into a public limited company. The Company split the share par value from Baht 100.00 each to Baht 10.00 each, thereby the number of shares increased from 5.00 million shares to 50.00 million shares. The Company increased its registered capital to Baht 1,000.00 million by issuing 50.00 million new ordinary shares with a par value of Baht 10.00 each, 5.00 million shares of which were offered via a rights offering to existing shareholders, 20.00 million shares were offered via private placement to 7 specific investors, and 25.00 million shares remained unpaid.
2001	<ul style="list-style-type: none"> The Company decreased its registered capital to Baht 750.00 million by canceling the unpaid capital of Baht 250.00 million or 25 million shares. The Company increased its registered capital to Baht 1,250.00 million by issuing 50.00 million new ordinary shares with a par value of Baht 10.00 each, 12.45 million shares of which were offered via a rights offering to existing shareholders and 37.55 million shares were offered to a financial institution according to the debt compromise agreement entered between the Company and the institution ("Financial Lender Shares").
2004	<ul style="list-style-type: none"> The Company entered into a debt restructuring agreement with an asset management company which had accepted a partial debt transfer from a financial institution ("Debt to Asset Management Company"). For the remaining debt not transferred to the asset management company ("Debt to Original Financial Lender"), the Company had negotiated for debt restructuring.
2005	<ul style="list-style-type: none"> PTC increased its registered capital to Baht 600.00 million by issuing 5.00 million new ordinary shares with a par value of Baht 100.00 each and offering the whole lot to the Company.

- | | |
|------|---|
| 2006 | <ul style="list-style-type: none"> The Company proposed Mrs. Lertlak Nadtasomboon, a shareholder of Pubadin Co., Ltd. ("Pubadin"), to invest in the Company. Mrs. Lertlak Nadtasomboon granted the Company a loan for repayment of debts (both Debt to Asset Management Company and Debt to Original Financial Institution) under the debt restructuring agreements made with said asset management company and financial institution. Mrs. Lertlak Nadtasomboon also purchased the Company's ordinary shares (Financial Lender Shares) from such financial institution, making her to become a shareholder of the Company and Pubadin to become a connected person of the Company. |
| 2009 | <ul style="list-style-type: none"> The Company assigned a working group to arrange for the incorporation of Pyramid Oil Co., Ltd. ("PMO"), a subsidiary, with a registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 each. Then the Company purchased 9,997 PMO shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. Afterwards, the Company purchased 1 additional shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. The Company assigned a working group to arrange for the incorporation of Alpine Oil Co., Ltd. ("APO"), a subsidiary, with a registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 each. Then the Company purchased 9,997 APO shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. |
| 2011 | <ul style="list-style-type: none"> The Company assigned a working group to arrange for the incorporation of Empire Oil Co., Ltd. ("EPO"), a subsidiary, with a registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 each. Then the Company purchased 9,997 EPO shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. Afterwards, the Company purchased 1 additional shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. The Company assigned a working group to arrange for the incorporation of Everest Oil Co., Ltd. ("EVO"), a subsidiary, with a registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 each. Then the Company purchased 9,997 EVO shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. Afterwards, the Company purchased 1 additional shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. The Company assigned a working group to arrange for the incorporation of Atlast Oil Co., Ltd. ("ATL"), a subsidiary, with a registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 each. Then the Company purchased 9,997 ATL shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. The Company assigned a working group to arrange for the incorporation of Andes Oil Co., Ltd. ("AND"), a subsidiary, with a registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 each. Then the Company purchased 9,997 AND shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation. The Company registered a change of name to PTG Energy Public Company Limited. |

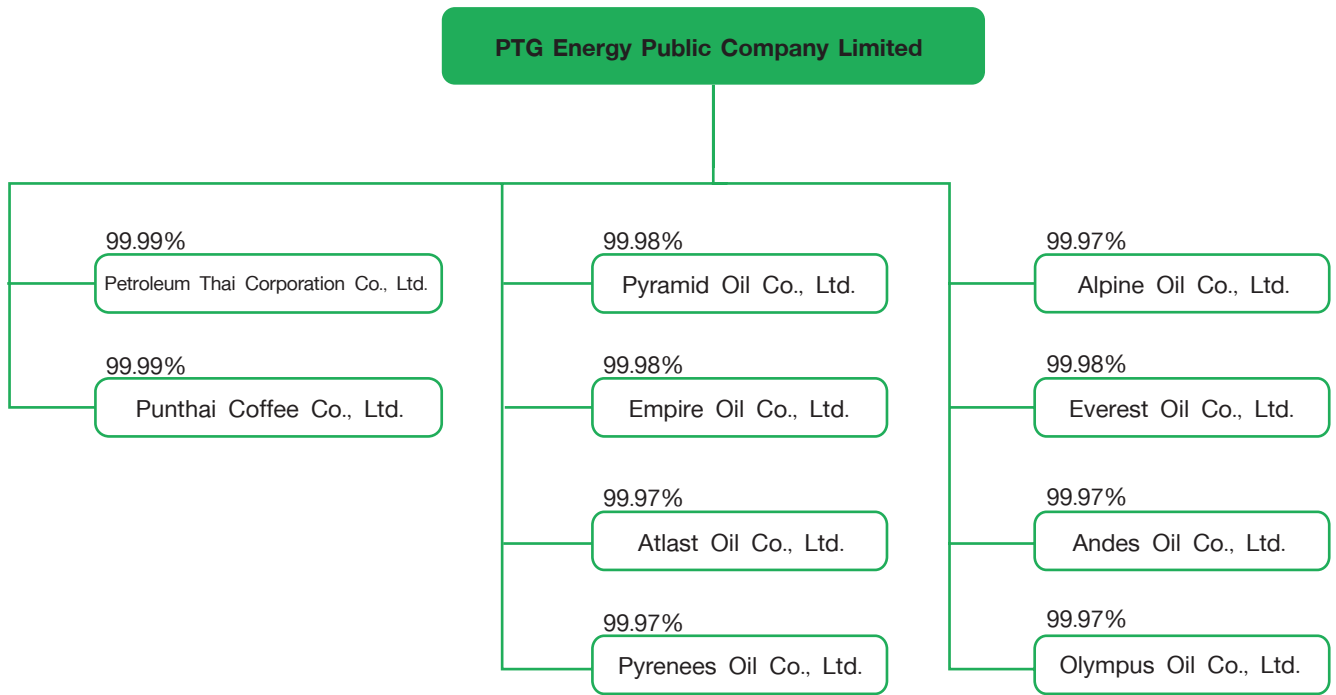
2012

- The Company was accredited ISO 9001 certification for receiving, storage and distribution of fuel oil (benzene and diesel) at Maeklong Tank Farm.
- PTC decreased its registered capital to Baht 439.98 million by reducing the par value from Baht 100.00 each to Baht 73.33 each in order to write off PTC's accumulated loss.
- The Company incorporated Pyrenees Oil Co., Ltd. ("PRN"), a subsidiary, with a registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 each.
- The Company incorporated Olympus Oil Co., Ltd. ("OLP"), a subsidiary, with a registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 each.
- The Company assigned a working group to arrange for the incorporation of Punthai Coffee Co., Ltd. ("Punthai Coffee"), a subsidiary, with a registered capital of Baht 5.00 million, divided into 50,000 ordinary shares with a par value of Baht 100.00 each. Then the Company purchased 49,997 Punthai Coffee shares from the working group at a price of Baht 100.00 each, equal to the value of shares paid up for incorporation.
- The shareholders' meeting resolved to register a change of the par value from Baht 10.00 each to Baht 1.00 each, thereby the number of issued and paid-up shares increased from 125.00 million shares to 1,250 million shares. The meeting also approved the registered capital increase of Baht 420.00 million via issuance of 386.60 million shares for a public offering and issuance of 33.40 million shares for offering to its directors, executives and employees.

2013

- The Office of the Securities and Exchange Commission approved the Company to offer 420 million ordinary shares at a price of Baht 3.90 each, by offering not more than 33.40 million shares to the Company's and its Subsidiaries' directors, executives and employees, and offering 386.60 million shares to general public (including the amount remained from offering to directors, executives and employees of the Company and subsidiaries). The Company had sold said ordinary shares on May 17 and 20-22, 2013. Consequently, the Company's registered capital increased from Baht 1,250.00 million to Baht 1,670.00 million. On May 30, 2013, the Company's shares were a listed stock in the Stock Exchange of Thailand and were first traded on the day.
- The Company invested in Phitsanulok Tank Farm, being the 8th tank farm of the Company. The tank farm has a total capacity of 7.51 million liters for service rendered to petrol stations in 7 Northern provinces, namely Chiang Rai, Phayao, Uttaradit, Nan, Phitsanulok, Sukhothai and Phrae. It will be commercially open in January 2014.

4. Shareholding Structure of the Group



Nature of Business

1. Business Overview

The core businesses of the Company and subsidiaries are retailing and wholesaling of fuels. The Company purchases most of the fuels directly from Thai Oil Public Company Limited (“Thai Oil” or “TOP”) and transport them from TOP refineries to customers by its own tanker truck fleet. In general, the Company sold the fuels both directly and indirectly to automobile users and users of other types (e.g. farmers using fuels for agricultural machines, etc.) via PT petrol stations. PT petrol stations can be divided into 2 types as follows:-

1) Petrol stations being company owned outlet

At present, most PT petrol stations in service are of the Company-Owned-Company-Operated type (“COCO petrol stations”). PTC, a subsidiary, owns or holds leasehold rights of these COCO petrol stations, and sells fuels directly to automobile users and other users.

2) Petrol stations operated under franchise

PT petrol stations of the other type are owned and operated by dealers who are permitted by the Company to use PT trademark (Dealer Owned Dealer Operated or “DODO petrol stations”). Operators of DODO petrol stations (“the Company’s dealers”) own or hold leasehold rights of the stations as well as manage them, while the Company and subsidiaries being fuel traders under Section 10 sell fuels to the Company’s dealers in their respective responsible areas. In this regard, the Company will give its dealers support and advice on various aspects, such as station layout design, investment and management schemes, along with providing them materials and accessories like paints for decoration, tall poles for logo and price displays, TOP trademark flags showing fuel quality assurance by TOP, other displays and etc., in order to ensure that all DODO petrol stations are of the same pattern and quality as COCO petrol stations.

In addition, the Company and subsidiaries being fuel traders under Section 10 sell fuels to independent petrol station operators not being dealers of large fuel traders and also to other fuel wholesalers that act as middlemen

(also known as “Jobbers” in fuel distribution business). The Company and subsidiaries being fuel traders under Section 10 also sell fuels directly to industrial operators that need fuels in business operations.

Nature of Business Operations of the Company and Subsidiaries

- PTG Energy Public Company Limited

The Company has registered as a fuel trader under Section 7 of the Fuel Trade Act B.E.2543, operating the business of fuel wholesaling to customers in its responsible areas which are 1) the Company’s dealers, 2) other petrol traders and 3) industrial operators that need fuel in business operations. The Company has also registered as a fuel logistics operator under Section 12 of the Fuel Trade Act B.E.2543 and provides service for its subsidiaries and customers in fuel wholesaling sector. Moreover, the Company provides fuel storage services to other fuel traders.

- Petroleum Thai Corporation Co., Ltd.

Petroleum Thai Corporation (“PTC”), a subsidiary in which the Company holds a 99.99% stake, has registered as a fuel trader under Section 11 of the Fuel Trade Act B.E.2543, operating the business of fuel retailing through PT COCO petrol stations. In addition, PTC operates minimart business under the name PT Mart (“PT Mart convenience store”) at PT petrol stations. It is presently redesigning the image and service model of its minimart, where the new stores as well as PT Mart stores with high service potential will be modernized into stores of new model and standards under the name Max Mart. Furthermore, PTC sells lubricating oils under the trademark Castrol at PT COCO petrol stations and rents out spaces at COCO petrol stations to retail business operators.

- Subsidiaries being Fuel Traders under Section 10

As of December 31, 2013, the Company has totally 8 subsidiaries being registered as fuel traders under Section 10 of the Fuel Trade Act B.E.2543 (“subsidiaries being fuel traders under Section 10”), namely:-

o Pyramid Oil Co., Ltd. ("PMO")	99.98% of shares held by the Company
o Alpine Oil Co., Ltd. ("APO")	99.97% of shares held by the Company
o Empire Oil Co., Ltd. ("EPO")	99.98% of shares held by the Company
o Everest Oil Co., Ltd. ("EVO")	99.98% of shares held by the Company
o Andes Oil Co., Ltd. ("AND")	99.97% of shares held by the Company
o Atlast Oil Co., Ltd. ("ATL")	99.97% of shares held by the Company
o Olympus Oil Co., Ltd. ("OLP")	99.97% of shares held by the Company
o Pyrenees Oil Co., Ltd. ("PRN")	99.97% of shares held by the Company

All subsidiaries being fuel traders under Section 10 operate the business of fuel wholesaling to customers in their respective responsible areas which are 1) the Company's dealers, 2) other petrol traders and 3) industrial operators that need fuel in business operations. In this regard, the Company directs that fuel sales of each tank farm be handled by 1 or 2 subsidiaries, whereas the number of responsible shall depend on fuel trade volume of each tank farm because subsidiaries being fuel traders under Section 10 cannot have fuel sales volume per year exceeding the volume prescribed by laws (100,000 metric tons). Therefore, if any tank farm has an increasing annual fuel trade volume

to the extent that its capacity might exceed the volume the subsidiaries under its responsibility are permitted to sell, the Company shall establish a new subsidiary to be a fuel trader under Section 10 so as to meet such increase in fuel trade volume.

- Punthai Coffee Co., Ltd.

Punthai Coffee Co., Ltd. ("Punthai Coffee"), a subsidiary in which the Company holds 99.99% stake, operates coffee shops at PT petrol stations under the name "Punthai Coffee" (Punthai Coffee shops).

2. Revenue Structure

Business		2013		2012		2011	
		Mil. Bt.	%	Mil. Bt.	%	Mil. Bt.	%
1. Revenue from fuel selling through PT petrol stations	PTG and subsidiaries						
1.1) Revenue from fuel retailing through the Company's petrol stations (COCO petrol stations)	PTC	29,261.76	61.1	19,728.41	47.2	11,905.46	42.6
1.2) Revenue from fuel wholesaling to the Company's dealers (DODO petrol stations)	PTG and subsidiaries (excl. PTC)	7,463.17	15.6	8,064.67	19.3	7,029.76	25.1
2. Revenue from fuel wholesaling to other fuel traders and industrial operators	PTG and subsidiaries (excl. PTC)	10,697.48	22.4	13,629.46	32.6	8,610.33	30.8
3. Revenue from fuel logistics business	PTG	11.25	0.0	13.27	0.0	18.09	0.1
4. Revenue from minimart business at PT petrol stations	PTC	194.97	0.4	230.76	0.6	228.78	0.8
5. Other revenues ^{1/}	PTG and subsidiaries	228.28	0.5	152.75	0.4	158.95	0.6
Total Revenue		47,856.91	100.0	41,819.32	100.0	27,951.37	100.0

Notes: 1/Other revenues consist of 1) revenue from sales of other products and services such as fuel storage for other fuel traders, property rental and retailing and wholesaling of automobile lubricating oils, etc., and 2) revenue from special items such as subsidy for decline in oil prices,

3. Characteristics of Products and Services

Products sold by the Company and subsidiaries are mostly diesel and benzene used as fuels for vehicles. In 2012 and 2013, the Company's fuel sales revenues were Baht 41,422.53 million from total sales of 1,372.53 million liters and Baht million from total sales of 1,577.50 million liters respectively. Fuel sales revenues in 2012 and 2013 were equal to 99.1% and 99.1% of its total revenues. The Company's products can be categorized into 2 main groups, details of which are as follows:-

1) Fuel Products

Fuel products of the Company and subsidiaries

can be divided into 2 main types as follows:-

- Diesel, which is high speed diesel fuel (hereinafter called "diesel fuel");
- Benzene, which comprises octane-95 benzene, gasohol 95 (E10) and gasohol 91 (E10) (hereinafter called "benzene fuel").

Mostly, the Company sells diesel fuel because user of cars for commercial purpose are, both directly and indirectly, its main customers. For this reason, volume of fuel sold is in line with the type of cars registered in Thailand, which are largely diesel engine powered.

	2013	2012	2011	2010	2009
Diesel fuel	75.8%	75.7%	75.0%	74.1%	73.3%
Benzene fuel	24.2%	24.3%	25.0%	25.9%	26.7%

2) Non-fuel Products

Apart from fuel sales, the Company sells daily-use consumer goods via convenience stores at PT petrol stations, as well as sells a variety of lubricating oils at PT petrol stations.

The Company also provides its customers and other fuel traders with more services related to fuel trade. Major services include logistics services for fuel wholesalers that have no tankers truck fleet of their own, and fuel storage services for other fuel traders.

according to characteristics of products and services, target groups, and distribution channels into 5 core business groups, namely:-

- 1) Fuel sales at PT petrol stations
 - 1.1) Fuel retailing via COCO petrol stations
 - 1.2) Fuel retailing via DODO petrol stations;
- 2) Fuel wholesaling to other fuel traders and industrial operators;
- 3) Fuel logistics services;
- 4) Minimart business at PT petrol stations;
- 5) Sales of other products and services.

4. Nature of Core Business Groups of the Company

The Company's significant operations can be divided

Sales Volume of Fuel Trade Businesses

unit : million litter

	2013	2012	2011
1) Fuel sales at PT petrol stations	1,201.02	891.28	638.54
1.1) COCO petrol stations	953.12	633.82	397.63
1.2) DODO petrol stations	247.90	257.46	240.91
2) Fuel wholesaling to other fuel traders and industrial operators	376.48	480.91	309.51
Total fuel sales volume	1,577.50	1,372.19	948.05

4.1 Fuel Sales at PT Petrol Stations

The Company operates fuel sales business at PT petrol stations in 2 manners as follows:-

1) Fuel retailing via the Company's petrol stations, where fuel is sold directly to automobile users via the petrol stations owned and operated by the Company, or the so-called COCO petrol stations.

2) Fuel wholesaling to the Company's dealers, where fuel is sold indirectly to automobile users. In this, the Company sells fuel to its dealers who manage the petrol stations owned and operated by them, or the so-called DODO petrol stations.

1) Fuel Retailing via the Company's Petrol Stations

The Company operates fuel retailing business via COCO petrol stations under the management of Petroleum Thai Corporation Co., Ltd. (PTC), the Company's subsidiary.

Fuels sold at COCO petrol stations include both diesel fuel and benzene fuel. Sales proportion of the two fuels varies from station to station, relying mainly on target customer demand for each fuel type at a specific COCO petrol station. If target customers frequenting a COCO petrol station need more diesel fuel than benzene fuel, the Company will have the station keep diesel fuel in reserve at a higher proportion than benzene fuel to ensure sufficient amount for sales. Additionally, the petrol station shall have more diesel dispensers than benzene ones in order to adequately serve incoming customers each day. However, the number of petrol dispensers at each COCO petrol station depends on the space available for placing them.

For each petrol station, a station manager is put in charge to control, oversee and manage its day-to-day operations to make certain that they are carried out correctly, appropriately and in accordance with the Company's regulations. Moreover, the Company appoints zone managers to supervise station managers under their responsibility so that the station managers perform duties according to plans to achieve the set goals, as well as to monitor that the stations' operations comply with corporate regulations. Zone managers are to visit a troubled petrol station and inspect the station manager's

and employees' operations, so as to identify and report the cause of problems to related units for further action. Supervision by zone managers therefore enables the Company to inspect, monitor and address the problems properly and promptly.

In addition, the Company appoints regional managers to supervise and ensure that zone managers and station managers under their responsibility perform duties according to plans and strategies in order to achieve the set goals. Each regional manager is also assigned a different responsibility, such as marketing strategy formulation, COCO petrol station expansion, cost management, PT petrol station efficiency control, fuel sales activities and volume, etc.

Service hours of each COCO petrol station depend on the number of working periods ("work shifts") of forecourt attendants and cashiers. The length of each work shift is 9 hours. 1st shift starts from 5.00 hrs to 14.00 hrs, 2nd shift from 13.00 hrs to 22.00 hrs, and 3rd shift from 21.00 hrs to 6.00 hrs, with a 1 hour overlap between shifts to enable the staff of the next shift to get ready before their shift begins. In determining suitable service hours of each COCO petrol station, the Company takes into account the number of customers obtaining services at each period. Petrol stations having a few incoming customers during 22.00 hrs to 5.00 hrs will operate in only 2 work shifts from 5.00 hrs to 22.00 hrs only, while petrol stations with round-the-clock business will operate in 3 work shifts and be open 24 hours a day.

Fuel sales via COCO petrol stations are mostly cash sales. Customers pay cash right away once the forecourt attendant fills the fuel tank, except for some regular or bulk purchase customers such as transport service providers and manufacturers using vehicles for goods transport, etc that would like to buy fuel on credit so there is no need for their drivers to carry cash. Consequently, station managers are allowed to sell fuel on credit to customers granted a credit line from the Company. Upon each filling up, the customer must present a purchase order specifying purchase date, fuel type, volume, license number, etc, signed by authorized persons of the customer. If the signatures on the order do not match those of the authorized persons,

the forecourt attendant will refuse to fill the vehicle for that customer. Customers wishing to buy fuel on credit have to make a request with the station managers, who will process credit approval applications according to procedure and condition specified by the Company

Characteristics of Customers and Target Group

Target customers for fuel retailing via the Company's petrol stations are fuel users in the vicinity of COCO petrol stations, namely:-

- 1) Transport service providers and manufacturers using vehicles for goods transport, which are located in communities surrounding COCO petrol stations or often go by COCO petrol stations;
- 2) Farmers using fuels for agricultural machines, or living or working near COCO petrol stations;

- 3) People using automobiles and motorcycles in their daily life, who reside in communities surrounding COCO petrol stations.

The Company focuses on selling fuels to target customers, since they regularly need fuels in their daily life or work. To reach these target customers, the Company primarily invests in COCO petrol stations near communities or its main target customers.

Distribution Channels

The Company sells fuels directly to target customers via COCO petrol stations. Over the past years, the Company has been increasing the number of COCO petrol stations for a wider distribution channel to reach more target customers throughout Thailand. Numbers of COCO petrol stations at the end of 2009 to 2013 are shown below.

Number of COCO Petrol Stations as at the end of 2009-2013

	2013	2012	2011	2010	2009
COCO petrol stations	551	397	272	184	101

Number of COCO Petrol Stations by Regions as at the end of 2012-2013

Location	2013		2012	
	Stations	%	Stations	%
1. Greater Bangkok region	52	9.4	42	10.6
2. Northern region	113	20.5	83	20.9
3. Central region	55	10.0	37	9.3
4. Northeastern region	214	38.8	149	37.5
5. Eastern region	51	9.3	37	9.3
6. Western region	38	6.9	34	8.6
7. Southern	28	5.1	15	3.8
Total	551	100.0	397	100.0

The Company pursues COCO petrol station expansion through various natures of investments, in which it may buy or rent petrol stations from proprietors who are discontinuing the business. The Company determines suitable patterns of investment by considering the proprietors' conditions, e.g. term of contract, rental fee and increase. This is accompanied by risk analysis and investment

worthiness assessment, covering such aspect as location of property, locations of PT petrol station and other petrol stations nearby, characteristics and number of existing or prospective customers, sales projections, amount of investment and expenditure required for station renovation, rates of return and etc.

Competitive Strategies

The Company puts emphasis on sales of quality and high-standard fuels to customers to establish confidence in and satisfaction with PT petrol stations' products and services. Over 90% of fuels sold at PT petrol stations are purchased directly from Thai Oil which is a large refinery company of a good standard and one of the nation's major fuel suppliers, thus ensuring standardization of fuel quality. As the tanker fleet owned and operated by the Company is used in transporting and distributing fuel from Thai Oil refineries to its COCO petrol stations nationwide, the Company can control fuel quality and prevent fuel contamination and adulteration that may occur if the transportation is handled by unqualified and unethical operators. Moreover, the Company has built a fuel oil testing laboratory at Maeklong tank farm to examine the quality of petrol randomly retrieved in the course of transport, from Thai Oil refineries to the Company's tank farms and COCO petrol stations across the country. The Company also sets up a mobile lab unit to carry out random onsite inspection of fuel quality at both PT COCO and DODO petrol stations, in order to give the customers confidence that fuels sold at each PT petrol station are of equal quality and standard to those produced by refineries.

In relation to marketing and public relations, the Company engages in sales promotion activities continually to encourage higher-volume and constant purchases among target customers. One example is giveaway of drinking water or other sales promotion items for an indicated purchase value, where sales promotion items may vary from area to area, depending on characteristics of target customers in the area. Another is PT petrol station membership program,

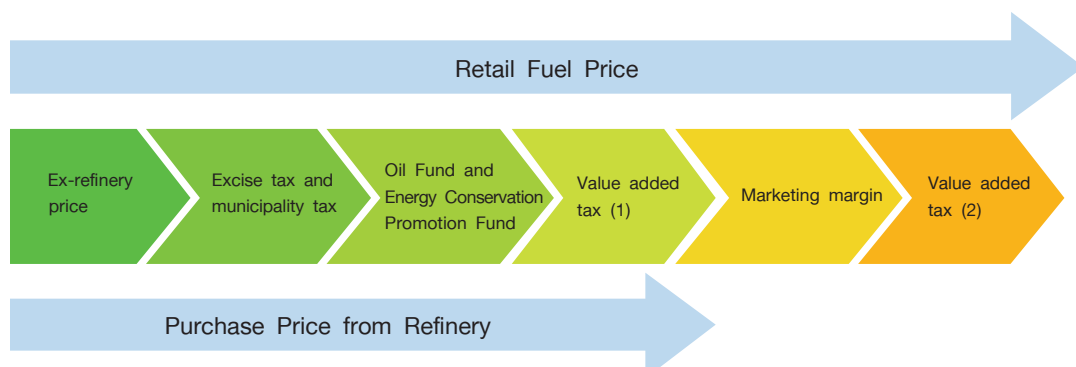
where customers applying for membership are entitled to special benefits such as reward point collection or redemption newsletter, service privileges at PT petrol stations, privileges to participate in other exclusive sales promotion activities in the future, etc. Besides, the Company uses internet tools and social media like its website (www.ptgenergy.co.th) and Facebook (www.facebook.com/ptstation) for disclosing corporate information and publicizing its marketing activities to customers and general public.

The Company also attaches great importance on good relations between PT petrol stations and surrounding communities. In recruiting full-time employees, it therefore has a policy to give special consideration to applicants living near its petrol stations, so PT petrol station staff understand the nature of local customers and render proper services. This policy does not only enable the staff to stay close to their families, but also promotes a good image of PT petrol stations.

Pricing Policies

The Company does not focus on price competition against other fuel retailers, as it pays more attention to selling quality and high-quality fuels to customers, good services, and punctual delivery. Changes in sales price at the petrol station ("retail fuel prices") of the Company are subject to market mechanism and in line with changes made by major traders.

Profit gained ("marketing margin") by the Company is equal to the difference between the retail fuel price after value added tax (output tax) and the purchase price from refinery after value added tax (input tax). The relationship between retail price, purchase price from refinery, and marketing margin is shown in the diagram below.



Notes : Value added tax (1) in the fuel purchase price from refinery is the tax for which the Company can claim a tax refund from the Revenue Department. It is called the "input tax." Value added tax (2) in the fuel retail prices is the tax the Company must submit to the Revenue Department. It is called the "output tax."

2) Fuel wholesaling to the Company's dealers

The Company and subsidiaries being fuel traders under Section 10 sell fuels to DODO petrol stations operators, which are fuel dealers who are permitted by the Company to use PT trademark ("the Company's dealers").

Petrol station operators wishing to be the Company's dealers have to sign a petroleum dealer appointment agreement with the Company first. According to the petroleum dealer appointment agreement, the Company's dealers shall buy fuels from the Company, with an aggregate volume of purchase not less than the amount specified therein. Likewise, the Company shall sell fuels to its dealers at a price that allows the dealers to receive a profit share ("marketing margin for dealers") not less than the rate specified under the agreement. However, the Company may increase the already-agreed marketing margin for dealers in some periods of time, so that the dealers receive a proper and fair profit share. In determining the marketing margin for dealers, the Company will take its gain on marketing margin into close consideration.

Fuels sold at DODO petrol stations are both diesel fuel and benzene fuel, similar to those at COCO petrol stations. However, the proportion and volume for trade of each fuel type are decided at the discretion of each dealer. The Company merely serves as the supplier and seller of fuels for them. Each dealer is responsible for the internal administration of DODO petrol stations, including personnel management and control.

Characteristics of Customers and Target Group

Target customers for the business of fuel wholesaling to PT petrol station operators are persons and juristic persons wishing to undertake petrol station business, namely 1) petrol station operators who are dealers of other fuel traders, 2) petrol station operators who are not fuel dealers, and 3) persons and juristic persons are land owners and wish to undertake petrol station business. These persons and juristic persons find the Company's dealership conditions interesting, and share the same business goals with the Company. Numbers of DODO petrol stations (the Company's dealers) at the end of 2009 to 2013 are shown below.

Number of DODO Petrol Stations as at the end of 2009-2013

	2013	2012	2011	2010	2009
DODO petrol stations	188	177	165	154	147

Number of DODO Petrol Stations by Regions as at the end of 2012-2013

Location	2013		2012	
	Stations	%	Stations	%
1. Greater Bangkok region	13	6.9	13	7.3
2. Northern region	32	17.0	26	14.7
3. Central region	21	11.2	22	12.4
4. Northeastern region	74	39.4	70	39.6
5. Eastern region	10	5.3	10	5.7
6. Western region	14	7.4	14	7.9
7. Southern	24	12.8	22	12.4
Total	188	100.0	177	100.0

Distribution Channels

Aside from taking care of and giving advice to the Company's dealers and customers, sales staff at tank farms are responsible for seeking petrol station operators who desire to be the Company's dealer. In addition, business development staff have made incessant effort to locate operations with potential for being COCO petrol stations. Some petrol station operators, with whom business development staff met, want to continue the current petrol station business, yet want to buy fuels from the Company and also be the Company's dealer. Information review concerning petrol station operators by the sales and business development staff, the Company is able to gain better access to target customers.

Competitive Strategies

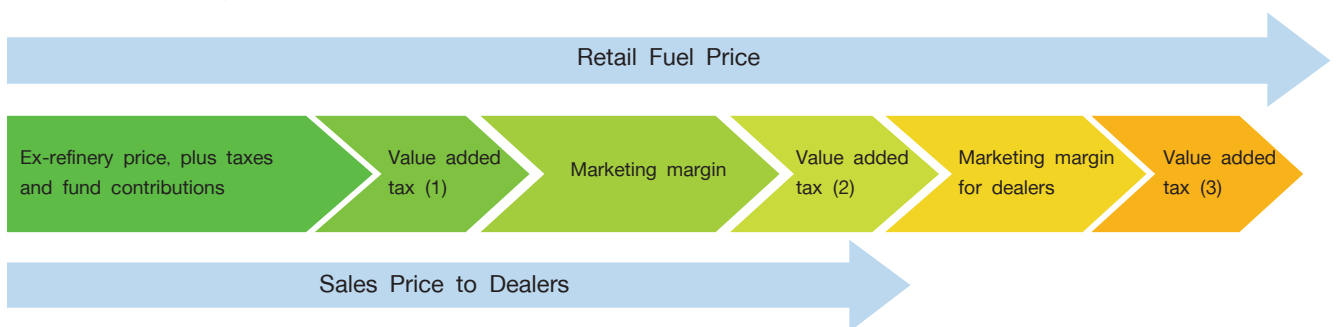
Since day one of being fuel dealers, the Company's dealers receive continual supports in various forms. The Company provides its dealers with materials and accessories for station revamping, such as paints for decoration, tall poles for PT logo and price displays, TOP trademark flags as fuel quality assurance, and other displays, together with uniforms for forecourt attendants. Moreover, the Company assigns an engineering and maintenance

team to give advice and assistance necessary for renovation of petrol stations, in order that the dealers' petrol stations are of the same pattern and quality as COCO petrol stations. In terms of marketing support, it offers the dealers some discounts on sales promotion items such as drinking water and other sales promotion products, so the sales promotion campaigns at DODO petrol station can be run in a similar way as they are at COCO petrol stations. The Company provides guidance on forecourt service and inventory management as well.

Pricing Policies

The Company has no policy to pursue any price competition against other fuel traders. Yet, it may increase or decrease the marketing margin for dealers, taking into account the marketing margin by the Company as well as the suitable and fair profit share (marketing margin for dealers) for its dealers.

Sales price to the Company's dealers is calculated by subtracting the marketing margin for dealers from the retail fuel price. The relationship between retail price, sales price to dealers, and marketing margin for dealers can be shown in the diagram below.



Accordingly, the sales price changes according to the fluctuation in retail fuel price announced by the Energy Policy and Planning Office. However, profit gained by the dealers is equal to the difference between the retail fuel price after value added tax (tax (3) in the above diagram, which is output tax for the dealers) and the sales price to dealers after value added tax (tax (2) in the above diagram, which is input tax for the dealers). Therefore, if the Company does not change the marketing margin for dealers, the dealers will get the same rate of profit share no matter whether the retail fuel price rises or falls.

4.2 Fuel Wholesaling to Other Fuel Traders and Industrial Operators

The Company and subsidiaries being fuel traders under Section 10 operate business of fuel whole selling to other fuel traders and industrial operators. They are another customer group with huge volume of fuel purchase and for numerous purposes, e.g. reselling fuels to other fuel traders, selling fuels to individual users, or using such fuels in the production process in factories, etc.

Characteristics of Customers and Target Group

Target customers for the business of wholesaling fuels to other fuel traders and industrial operators include:-

1) Other fuel wholesalers, which are fuel wholesalers who buy fuels for the purpose of reselling fuels to other traders, independent petrol station operators, or industrial operators that need fuels in business operations, thus acting as the middlemen. In the fuel trade industry, a wholesaler of this nature is called “jobber”.

2) Independent petrol station operators, which are operators of small-scale petrol stations who are not dealers of major fuel traders. Consequently, they may not display any trademarks at the petrol stations or use their own logos.

3) Industrial operators that need fuels in business operations, for example construction business that needs fuels for machines, logistics business that needs fuels for vehicles, agricultural business that needs fuels for farm machineries, industrial plants that use fuels in production, etc.

Distribution Channels

Apart from seeking petrol station operators who wish to be the Company's dealers, sales staff are assigned to regularly gather information on fuel retailers and wholesalers as well as industrial operators in their respective responsible areas, in order to look for retailers, wholesalers and industrial operators who make regular purchases or have high volume of consumption.

Competitive Strategies

The Company places a top priority on product quality and punctual delivery of fuels to customers, so it keeps investing in tanker trucks to support the increasing daily delivery workload due to growing sales volume. Owning a large tanker truck fleet with high combined cargo capacity, the Company is capable of supplying a huge quantity of fuels per load. Appropriate and efficient tanker truck

management contributes to the delivery continuity of tanker truck fleet, while efficient fuel reserve management at each tank farm enables the Company to make fuel deliveries according to customer demand.

Additionally, the Company lends its customers some tools for fuel storage and dispensing equipment, e.g. fuel tanks, fuel dispensers, etc, and helps install the equipment at the customers' business site, as a facilitation given to customers who are fuel retailers or industrial operators that need fuels for vehicles or machineries.

Pricing Policies

In the business of wholesaling fuels to other fuel wholesalers and industrial operators, sales price is a crucial factor in the customers' decision as to which fuel wholesaler to buy from. For this reason, the Company has to set its sales price based on comparison with other fuel traders'. However, the sales price offered to each customer must reflect the cost of fuels, credit term, and the facilitation provided to each customer.

4.3 Fuel Logistics Business

Fuel logistics business is related to fuel sales. The Company has registered as a fuel transporter under Section 12 of the Fuel Trade Act B.E.2543, and invests in a large tanker truck fleet of its own. The size of the fleet has been growing correspondingly with the growth in fuel sales revenues and the increasing number of PT petrol stations over the past period.

Tankers of the Company can be divided into 2 groups, namely:-

1) Tanker trucks with a maximum cargo capacity of 20,000 liters (“10-wheeler trucks”), and

2) Tanker semi-trailers with a cargo capacity exceeding 20,000 liters (“tanker trailers”).

Number of Tanker Trucks and Combined Cargo Capacity as at the end of 2009-2013

	2013	2012	2011	2010	2009
Number of tanker trucks	336	236	154	127	109
Combined cargo capacity (million liters)	11.75	7.77	4.61	3.53	2.89

The Company assigns each driver to work on and take responsibility for a certain tanker truck. At the start of work day, all drivers shall report to the supervisor to take a driver readiness test, which involves random test for blood alcohol level, random urine test for drug and stimulant positivity, including tests for physical fitness in relation to adequate rest and illness that may affect their ability to drive. Before performing their jobs, drivers are also responsible for carrying out truck roadworthiness checks as per the list stated by the Company, such as lighting and signal systems, level of automotive system lubricants, radiator water level, conditions of wires in the engine compartment, conditions of tires and etc, and then submitting the check form to the supervisor. If a tanker truck fails the condition checks, it shall be prohibited from use and its driver will not receive per diem pay (the wage that varies dependent on the number of delivery trips made each month) until such tanker truck resumes normal service. Accordingly, each driver pays great attention to truck condition checks according to time/mileage schedule and gets the tanker truck under responsibility checked regularly.

After daily condition checks, drivers will park their tanker trucks in the specified area and await call of duty. Logistics staff are responsible for appropriately setting delivery schedules based on such factors as cargo capacities, routes, fuel supply plans for COCO petrol stations and fuel wholesalers, fuel transports between tank farms for the purpose of inventory management, etc. When called, the drivers will obtain transport-related documents, e.g. bill of lading, delivery control slip, purchase order, delivery invoice, etc, along with cable seals and security seal caps for sealing the loading and unloading valves of the truck. The drivers undertake to study their assigned routes to destinations. In this regard, the Company determines appropriate routes based on safety distance and time of travel, and also specifies appropriate rest stops en route, which are fair-sized PT COCO petrol stations. Consequently, the Company-selected routes optimize the efficiency of delivery, while the appropriate rest stops facilitate safety in driving. In addition, they are responsible for double-checking the correctness of all documents relevant to fuel delivery to prevent any errors, such as delivery of the wrong fuel type, or discrepancy between the delivery quantity and the purchase order quantity, etc.

The drivers will subsequently check for possible remaining fuel in the tank. If so, they must completely unload the remaining fuel and close all discharge valves tightly. Then the drivers seal the discharge valves by fastening seal caps with cable seals firmly. Security guards at the gate of a loading terminal will re-check that the seals on the discharge valves are in secured condition. The drivers drive fuel tanker trucks to the loading terminal and hand the bill of lading and the delivery control slip to terminal officers for execution of loading. After filling the tank with fuel of the right type and quantity stated in the documents, the terminal officers seal the fill inlets by fastening seal caps with cable seals firmly and the drivers re-check that the seals on the fill inlets are in secured condition. The security guards at the gate of the loading terminal will examine all the seals before allowing the tanker trucks to leave the tank farm.

When a tanker truck reaches its destination, COCO petrol station staff in charge of fuel receipt or the customer procuring fuels from the Company shall inspect the seals and the seal numbers stated in the documents. If the seals are not in proper condition or the seal numbers differ from those indicated in the documents, COCO petrol station staff or the customers can refuse the delivery. The driver must report the incident back and returns to the Company for due examination. In case the seals are really in improper condition or the seal numbers differ from those in the documents, while the driver cannot provide a reasonable explanation, the Company shall regard that driver as demonstrating misconduct of duty and having an intention to cheat and steal the Company's fuels, which carry a dismissal penalty. Therefore, security seal caps are useful tools for inspecting and preventing possible fuel theft by the drivers.

Additionally, the Company seeks to achieve driver operation control and tanker fleet management more efficiently by installing a global positioning system unit ("GPS") on all tanker trucks and software to display data of tanker trucks currently in delivery operations. Logistics staff then get real-time monitoring of tanker trucks' data, such as location of every tanker truck on delivery, route taken from its origin to current spot, speed, number of times the drivers have exceeded the Company-specified

speed limit, including stops made during delivery, etc. As a result, logistics staff can examine the drivers' regulatory compliance at all times. Furthermore, logistics staff are able to use GPS data in enhancing the efficiency of tanker fleet management, e.g. organization of delivery schedule that identifies the codes of tanker trucks to be on duty in sequential order or within the next 1 or 2 days, and calculation of the drivers' actual work hours.

Each group of tanker trucks is suited for different mode of fuel deliveries. A ten-wheeler truck is appropriate for short-distance and small-volume distribution of fuel, such as deliveries from the Company's tank farms, Thai Oil refinery (Sriracha) or other loading sites to COCO petrol stations or fuel wholesaler in nearby areas. A tanker trailer is fit for long-haul bulk delivery, such as deliveries from Thai Oil refinery (Sriracha) to the Company's tank farms in various regions, or deliveries between tank farms of the Company, etc.

At present, the Company employs tanker trailers for fuel distribution more frequently due to the increase in COCO petrol stations. The Company is then able to use only one tanker trailer to transport fuels from Thai Oil refinery (Sriracha) to a number of COCO petrol stations in close proximity, thereby saving both the expenses and time in the loading/unloading of fuels to and from tanker trucks at the tank farms, as well as reducing delivery costs. The ratio of transportation cost per liter per distance of a tanker trailer is relatively lower, since it can carries a larger quantity of fuels while its cost per distance is slightly higher. The use of tanker trailers in place of 10-wheeler trucks in fuel delivery helps boost the efficiency of the Company's fuel transportation.

The Company assigns logistics staff to plan for tank calibration test of each tanker truck. Every 3 years, all tanker trucks are to take a tank volume measurement with a calibration service provider certified by the Bureau of Weights and Measures, Department of Internal Trade. This is to ensure that the volume of fuel in each truck's cargo tank is equal to the marking on the identification plate inside the tank. The customers and COCO petrol stations taking delivery from the tanker trucks will receive the exact and accurate quantity of fuels as shown in the delivery documents.

Characteristics of Customers and Target Group

Users of the Company's fuel logistics service can be divided into 2 groups as follows:-

1) PTC and subsidiaries being fuel traders under Section 10.

2) Fuel wholesalers buying fuels from the Company and subsidiaries, i.e. the Company's dealers, jobbers, operators of petrol stations not using PT trademark, and industrial operators that need fuels in business operations.

Most of the Company's fuel logistics services are rendered to PTC and subsidiaries being fuel traders under Section 10.

Distribution Channels

In the process of fuel logistics to PTC and subsidiaries being fuel traders under Section 10, the logistics staff are notified of requests for daily logistics services by tank farm staff who receive purchase orders from COCO petrol stations in their respective areas, and also notified of fuel supply information by supply staff. Logistics staff then arrange for tanker trucks and plan the work schedule in order to sufficiently and appropriately deliver fuels to COCO petrol stations as well as transport fuels from refineries to each tank farm.

As for fuel logistics to fuel wholesalers, sales coordinators, upon receiving purchase orders from customers, shall inquire the customers about the means of transportation in order to organize the time and queue for suitable loading of fuels by the Company's and customers' tanker trucks. In case the customers do not own a tanker truck and have not hired any transportation services, the sales coordinators shall offer them the Company's fuel logistics services. Then, the sales coordinator will propose fuel prices inclusive of logistics fees to an interested customer for consideration. When the customer sends back the approved purchase order, the sales coordinator will coordinate with logistics staff on arrangement of tanker truck for fuel delivery to the customer.

Competitive Strategies

The Company focuses on building customer confidence

in its fuel logistics services. To this end, the Company directs truck drivers to double-check documents relating to loading/unloading and delivery of fuels in order to prevent delivery of the wrong fuel type or quantity. Furthermore, uses of oil seals for securing both unloading and loading valves together with GPS system for monitoring drivers' behaviors help boost customer confidence in the Company's logistics services. It also emphasizes fast and punctual delivery of fuels, in effort to keep customers satisfied with its fuel logistics services.

Pricing Policies

The Company sets its fuel logistics fees based on the actual costs of fuel logistics services and in comparison of market rates, so that its fuel logistics fees are appropriate and fair. The Company has no policy to compete with other fuel logistics service providers by lowering its service fees, because it undertakes fuel logistics services primarily for COCO petrol stations. It renders fuel logistics services to fuel wholesalers merely to facilitate customers who have no tanker trucks of their own.

4.2 Fuel Wholesaling to Other Fuel Traders and Industrial Operators

The Company and subsidiaries being fuel traders under Section 10 also sell fuels in large quantity to other fuel traders and industrial operators. They are another customer group with huge volume of fuel purchase and for numerous purposes, e.g. reselling fuels to other fuel traders, selling fuels to individual users, or using such fuels in the production process in factories, etc.

Characteristics of Customers and Target Group

Target customers for the business of wholesaling fuels to other fuel traders and industrial operators include:-

1) Other fuel wholesalers, which are fuel wholesalers who buy fuels for the purpose of reselling fuels to other traders, independent petrol station operators, or industrial operators that need fuels in business operations, thus acting as the middlemen. In the fuel trade industry, a wholesaler of this nature is called "jobber".

2) Independent petrol station operators, which are

operators of small-scale petrol stations who are not dealers of major fuel traders. Consequently, they may not display any trademarks at the petrol stations or use their own logos.

3) Industrial operators that need fuels in business operations, for example construction business that needs fuels for machines, logistics business that needs fuels for vehicles, agricultural business that needs fuels for farm machineries, industrial plants that use fuels in production, etc.

Distribution Channels

Apart from seeking petrol station operators who wish to be the Company's dealers, sales staff are assigned to regularly gather information on fuel retailers and wholesalers as well as industrial operators in their respective responsible areas, in order to look for retailers, wholesalers and industrial operators who have high volume of purchase or consumption.

Competitive Strategies

The Company places a top priority on punctual delivery of fuels to customers, so it keeps investing in tanker trucks to support the increasing daily delivery workload due to growing sales volume. Owning a large tanker truck fleet with high combined cargo capacity, the Company is capable of supplying a huge quantity of fuels per load. Appropriate and efficient tanker truck management contributes to the delivery continuity of tanker truck fleet, while efficient fuel reserve management at each tank farm enables the Company to make fuel deliveries according to customer demand.

Additionally, the Company lends its customers some tools for fuel storage and dispensing equipment, e.g. fuel tanks, fuel dispensers, etc, and helps install the equipment at the customers' business site, as a facilitation given to customers who are fuel retailers or industrial operators that need fuels for vehicles or machineries.

Pricing Policies

In the business of wholesaling fuels to other fuel wholesalers and industrial operators, sales price is a crucial factor in the customers' decision as to which fuel wholesaler to buy from. For this reason, the Company has

to set its sales price based on comparison with other fuel traders'. However, the sales price offered to each customer must reflect the cost of fuels, credit term, and the facilitation provided to each customer.

4.3 Fuel Logistics Business

Fuel logistics business is related to fuel sales. The Company has registered as a fuel transporter under Section 12 of the Fuel Trade Act B.E.2543, and invests in a large tanker truck fleet of its own. The size of the fleet has been growing correspondingly with the growth in fuel

sales revenues and the increasing number of PT petrol stations over the past period.

Tankers of the Company can be divided into 2 groups, namely:-

1) Tanker trucks with a maximum cargo capacity of 20,000 liters ("10-wheeler trucks), and

2) Tanker semi-trailers with a cargo capacity exceeding 20,000 liters ("tanker trailers").

Number of Tanker Trucks and Combined Cargo Capacity as at the end of 2009-2013

	2013	2012	2011	2010	2009
Number of tanker trucks	336	236	154	127	109
Combined cargo capacity (million liters)	11.75	7.77	4.61	3.53	2.89

The Company assigns each driver to work on and take responsibility for a certain tanker truck. At the start of work day, all drivers shall report to the supervisor to take a driver readiness test, which involves random test for blood alcohol level, random urine test for drug and stimulant positivity, including tests for physical fitness in relation to adequate rest and illness that may affect their ability to drive. Before performing their jobs, drivers are also responsible for carrying out truck roadworthiness checks as per the list stated by the Company, such as lighting and signal systems, level of automotive system lubricants, radiator water level, conditions of wires in the engine compartment, conditions of tyres and etc, and then submitting the check form to the supervisor. If a tanker truck fails the condition checks, it shall be prohibited from use and its driver will not receive per diem pay (the wage that varies dependent on the number of delivery trips made each month) until such tanker truck resumes normal service. Accordingly, each driver pays great attention to truck condition checks according to time/mileage schedule and gets the tanker truck under responsibility checked regularly.

After daily condition checks, drivers will park their tanker trucks in the specified area and await call of duty. Logistics staff are responsible for appropriately setting

delivery schedules based on such factors as cargo capacities, routes, fuel supply plans for COCO petrol stations and fuel wholesalers, fuel transports between tank farms for the purpose of inventory management, etc. When called, the drivers will obtain transport-related documents, e.g. bill of lading, delivery control slip, purchase order, delivery invoice, etc, along with cable seals and security seal caps for sealing the loading and unloading valves of the truck. The drivers undertake to study their assigned routes to destinations. In this regard, the Company determines appropriate routes based on distance and time travel, and also specifies appropriate rest stops en route, which are fair-sized PT COCO petrol stations. Consequently, the Company-selected routes optimize the efficiency of delivery, while the appropriate rest stops facilitate safety in driving. In addition, they are responsible for double-checking the correctness of all documents relevant to fuel delivery to prevent any errors, such as delivery of the wrong fuel type, or discrepancy between the delivery quantity and the purchase order quantity, etc.

The drivers will subsequently check for possible remaining fuel in the tank. If so, they must completely unload the remaining fuel and close all discharge valves tightly. Then the drivers seal the discharge valves by fastening seal caps with cable seals firmly. Security guards

at the gate of a loading terminal will re-check that the seals on the discharge valves are in secured condition. The drivers drive fuel tanker trucks to the loading terminal and hand the bill of lading and the delivery control slip to terminal officers for execution of loading. After filling the tank with fuel of the right type and quantity stated in the documents, the terminal officers seal the fill inlets by fastening seal caps with cable seals firmly and the drivers re-check that the seals on the fill inlets are in secured condition. The security guards at the gate of the loading terminal will examine all the seals before allowing the tanker trucks to leave the tank farm.

When a tanker truck reaches its destination, COCO petrol station staff in charge of fuel receipt or the customer procuring fuels from the Company shall inspect the seals and the seal numbers stated in the documents. If the seals are not in proper condition or the seal numbers differ from those indicated in the documents, COCO petrol station staff or the customers can refuse the delivery. The driver must report the incident back and returns to the Company for due examination. In case the seals are really in improper condition or the seal numbers differ from those in the documents, while the driver cannot provide a reasonable explanation, the Company shall regard that driver as demonstrating misconduct of duty and having an intention to cheat and steal the Company's fuels, which carry a dismissal penalty. Therefore, security seal caps are useful tools for inspecting and preventing possible fuel theft by the drivers.

Additionally, the Company seeks to achieve driver operation control and tanker fleet management more efficiently by installing a global positioning system unit ("GPS") on all tanker trucks and software to display data of tanker trucks currently in delivery operations. Logistics staff then get real-time monitoring of tanker trucks' data, such as location of every tanker truck on delivery, route taken from its origin to current spot, speed, number of times the drivers have exceeded the Company-specified speed limit, including stops made during delivery, etc. As a result, logistics staff can examine the drivers' regulatory compliance at all times. Furthermore, logistics staff are able to use GPS data in enhancing the efficiency of tanker fleet management, e.g. organization of delivery

schedule that identifies the codes of tanker trucks to be on duty in sequential order or within the next 1 or 2 days, and calculation of the drivers' actual work hours.

Each group of tanker trucks is suited for different mode of fuel deliveries. A ten-wheeler truck is appropriate for short-distance and small-volume distribution of fuel, such as deliveries from the Company's tank farms, Thai Oil refinery (Sriracha) or other loading sites to COCO petrol stations or fuel wholesaler in nearby areas. A tanker trailer is fit for long-haul bulk delivery, such as deliveries from Thai Oil refinery (Sriracha) to the Company's tank farms in various regions, or deliveries between tank farms of the Company, etc.

At present, the Company employs tanker trailers for fuel distribution more frequently due to the increase in COCO petrol stations. The Company is then able to use only one tanker trailer to transport fuels from Thai Oil refinery (Sriracha) to a number of COCO petrol stations in close proximity, thereby saving both the expenses and time in the loading/unloading of fuels to and from tanker trucks at the tank farms, as well as reducing delivery costs. The ratio of transportation cost per liter per distance of a tanker trailer is relatively lower, since it can carries a larger quantity of fuels while its cost per distance is slightly higher. The use of tanker trailers in place of 10-wheeler trucks in fuel delivery helps boost the efficiency of the Company's fuel transportation.

The Company assigns logistics staff to plan for tank calibration test of each tanker truck. Every 3 years, all tanker trucks are to take a tank volume measurement with a calibration service provider certified by the Bureau of Weights and Measures, Department of Internal Trade. This is to ensure that the volume of fuel in each truck's cargo tank is equal to the marking on the identification plate inside the tank. The customers and COCO petrol stations taking delivery from the tanker trucks will receive the exact and accurate quantity of fuels as shown in the delivery documents.

Characteristics of Customers and Target Group

Users of the Company's fuel logistics service can be divided into 2 groups as follows:-

1) PTC and subsidiaries being fuel traders under Section 10.

2) Fuel wholesalers buying fuels from the Company and subsidiaries, i.e. the Company's dealers, jobbers, operators of petrol stations not using PT trademark, and industrial operators that need fuels in business operations.

Most of the Company's fuel logistics services are rendered to PTC and subsidiaries being fuel traders under Section 10.

Distribution Channels

In the process of fuel logistics to PTC and subsidiaries being fuel traders under Section 10, the logistics staff are notified of requests for daily logistics services by tank farm staff who receive purchase orders from COCO petrol stations in their respective areas, and also notified of fuel supply information by supply staff. Logistics staff then arrange for tanker trucks and plan the work schedule in order to sufficiently and appropriately deliver fuels to COCO petrol stations as well as transport fuels from refineries to each tank farm.

As for fuel logistics to fuel wholesalers, sales coordinators, upon receiving purchase orders from customers, shall inquire the customers about the means of transportation in order to organize the time and queue for suitable loading of fuels by the Company's and customers' tanker trucks. In case the customers do not own a tanker truck and have not hired any transportation services, the sales coordinators shall offer them the Company's fuel logistics services. Then, the sales coordinator will propose fuel prices inclusive of logistics fees to an interested customer for consideration. When the customer sends back the approved purchase order, the sales coordinator will coordinate with logistics staff on arrangement of tanker truck for fuel delivery to the customer.

Competitive Strategies

The Company focuses on building customer confidence

in its fuel logistics services. To this end, the Company directs truck drivers to double-check documents relating to loading/unloading and delivery of fuels in order to prevent delivery of the wrong fuel type or quantity. Furthermore, uses of oil seals for securing both unloading and loading valves together with GPS system for monitoring drivers' behaviors help boost customer confidence in the Company's logistics services. It also emphasizes fast and punctual delivery of fuels, in effort to keep customers satisfied with its fuel logistics services.

Pricing Policies

The Company sets its fuel logistics fees based on the actual costs of fuel logistics services and in comparison of market rates, so that its fuel logistics fees are appropriate and fair. The Company has no policy to compete with other fuel logistics service providers by lowering its service fees, because it undertakes fuel logistics services primarily for COCO petrol stations. It renders fuel logistics services to fuel wholesalers merely to facilitate customers who have no tanker trucks of their own.

4.4 Minimart Business at PT Petrol Stations

The Company sells daily-use consumer goods at PT petrol stations to users of station services and residents of nearby areas. PTC invests in and manages the original convenience stores under the name PT Mart ("PT Mart stores") and modern convenience stores under the name Max Mart ("Max Mart stores"). Similar to PT Mart stores, Max Mart stores are also open at PT petrol stations operated by PTC (COCO petrol stations), but their store design as well as the variety and quantity of merchandise differ.

The stores' duration of work shift and the number of shifts in a day are the same as those of PT petrol stations. Therefore, the convenience store located at a PT petrol station being in service from 5.00 to 22.00 hrs will also open from 5.00 to 22.00 hrs as well. At a shift change, cashiers of the current and the next shifts will examine the store inventory together, by counting up all the control merchandise (goods with a high value per unit) and randomly counting up the other merchandise. They will also jointly check the amount of changes in cash registers, for the benefit of reconciling product sales to cash receipts

in each shift, as well as checking stock at the end of each shift. In case of loss of goods in a shift, the cashier of that shift together with the store manager will be liable for the price of goods so lost.

Goods for sale at each convenience store may vary depending on the demand of customers in each area. The Company determines the appropriate products based on sales statistics of each product item. Goods of top sales at most stores are made the major goods to be available for sale at every store, while goods of top sales at some stores are made the minor goods to be available for sale

at some stores. Besides, the amount of goods held in stock for sale at each store will be calculated from the average inventory turnover rate of each item. As a result, bestselling goods (sold quite quickly) will be stocked in large quantity.

Characteristics of Customers and Target Group

Target customers for minimart business at PT petrol stations consist of 1) fuel buyers at PT petrol stations, and 2) residents of communities near PT petrol stations.

Distribution Channels

Number of PT Mart and Max Mart Stores

	2013	2012	2011
PT Mart	53	51	35
Max Mart	3	1	-
Total	56	52	35

The first Max Mart was opened in 2012. The Company's investment is made mainly in convenience stores at PT COCO petrol stations, in order to promote favorable image of services and to facilitate users of PT petrol stations. The Company selects appropriate stations to invest in by considering 1) number of users of station services and sales volume at the stations, 2) location of petrol stations at which the stores will be situated, taking into account the nearby residential communities, business areas and significant government offices, as well as roadways that link to the petrol stations, and 3) size of PT petrol stations, either with a free space large enough for constructing a convenience store, or with an already-built convenience store.

As for a convenience store with a small number of target customers and undiversified customer demand, the Company will operate it as a PT Mart store. Meanwhile, a convenience store with high business potential due to a great number and wide range of target customers has to meet customer demand for a large number and different kinds of goods. The Company will then operate it as a Max Mart store, by opening a new Max Mart store at the petrol station where there is none or refurbishing the existing

PT Mart of high potential into Max Mart.

Competitive Strategies

The Company places importance on providing quality products from manufacturers renowned for high production and safety standard, and endeavors to select products that fulfill the demand of target customers in each area, based on sales record of each item at each store. If a product is not popular among target customers, the Company will reduce the quantity ordered or cancel purchase order for it in order to correspond to target customer demand at each store. In addition, it arranges joint marketing campaigns between convenience stores and the petrol stations, by offering users of petrol station services a discount or a purchase privilege on goods in the store under the conditions specified by the Company.

Pricing Policies

The Company sets retail prices of goods in its convenience stores by considering general retail prices of each item and comparing them with cost of goods and other expenses, such as transportation cost, managerial cost, etc. For a product obtained at a big discount, the Company may set a sales price lower than the general retail price

of such product. Moreover, the Company may reduce sales prices of some product items from time to time in order to attract more customers to the convenience stores.

4.5 Sales of Other Products and Services

Other revenues of the Company are partly from providing oil storage services for other fuel traders, since the Company has invested in many tank farms. Maeklong tank farm is a big tank farm housing a lot of oil tanks, capacity of which exceed the Company's current reserve demand, and it is also equipped with a dock suitable for bulk shipment of fuels. Therefore, the Company is able to provide fuel storage services to other fuel traders in large volume. Customers' fuels are stored in oil tanks arranged solely for them, while the Company's fuels in separate oil tanks. Additionally, the Company regularly inspects quality of the fuels stored for customers, to ensure that the customers' fuels are not contaminated with other types of fuel during stored at the Company's tank farm.

The Company earns other revenues from sales of Castrol engine lubricating products at COCO petrol stations and also to the Company's dealers for further distribution at DODO petrol stations, and from renting out spaces at COCO petrol stations to retail operators, such as coffee shops, auto garages and etc, for their business operations.

5. Credit Sale of Fuels

The Company requires customers in fuel retailing via PT petrol stations, who are individual users with infrequent and low-volume purchases, as well as customers in fuel wholesaling who place only occasional orders or are new customers to make payments in advance before place purchase order or as soon as receiving fuels. For customers with high-volume and frequent purchases, however, the Company may grant them a credit line and term as it deems appropriate. The credit scheme is set by the Credit Development and Collection Committee, which is responsible for determining credit line and conditions, and monitoring debts. Credit line and term are determined based on various factors, e.g. nature of business, reason and necessity for credit request, sources and consistency of income, financial status and operating results, duration of being the Company's customer, business reputation, payment history, collateral pledged as a guarantee of purchase order, etc. Customers are granted different credit line and term. Almost all fuel retailing customers, who are general individual users, have no reason and necessity to get a credit line, except for transport service providers and manufacturers using vehicles in goods transport that need a credit line for business flexibility. Therefore, most of the credit lines are extended to customers in fuel wholesaling business.

Proportion of Cash and Credit Sales of Each Business Group in 2013

	Fuel retailing via the Company's petrol stations	Fuel wholesaling to the Company's dealers	Fuel wholesaling to other fuel traders and industrial operators
Cash sales	96.85	77.45	81.75
Credit sales	3.15	22.55	18.25
Credit term	Approx. 30 days	Not more than 3 days	Not more than 3 days

Notes : Proportion of revenues of each business type

Credit sale in fuel retailing is provided for operators in nearby areas who are regular customers of the Company's petrol stations.

Mostly, instruments required by the Company to use as collateral are letters of guarantee (L/G) issued by

commercial banks, except that the customer cannot request a bank to issue one. If the Company has considered other credit-related factors and seen that the customer is of low risk, it may accept land, equipment at petrol station or tanker trucks as collateral for the credit line.

In regard to fuel purchase order by credit customers, the Company assigns forecourt attendants to take care of customers in fuel retailing business, and sales coordinators to take care of customers in fuel wholesaling business. Before selling fuels to credit customers, the responsible forecourt attendants and sales coordinators shall examine the credit line and term as follows:-

1) Credit Term

For customers with overdue payments exceeding their respective credit terms, the forecourt attendants or sales coordinators shall refuse to sell fuels to them although the amount overdue is less than the credit line. The customers will be asked to pay for the overdue bills before making a new purchase order.

2) Credit Line

The value of each purchase, together with both due and undue debt obligations, must not exceed the approved credit line. If the value of a purchase will cause the total debt to exceed the credit line, the forecourt attendants or sales coordinators shall refuse to make a sale, and inform the customer of that the purchase amount permitted at the time is equal to the differential between the credit line and total debts. Wishing to buy at a higher amount, the customer has to pay for part of the current debts.

As for fuel wholesaling business, if a credit customer with overdue payments or insufficient credit line really needs to buy more fuels, but cannot pay for part of the current debts, the sales coordinators must prepare a brief on said customer as well as relevant documents for approval request according to the Company's procedures. In giving approvals to the purchase request of the customer with overdue payments or insufficient credit line, the Company shall consider his duration of being the Company's customer, payment history, fulfillment of the

agreed conditions, quantity and consistency of purchases, financial status, operating results, as well as the reason and necessity for overdue bills or insufficient credit line. If the customer has made late payments many times, the Company shall not approve the excess purchase. In case of a customer with repeated overbuying orders, the Company shall have sales staff to discuss with the customer the adjustment of credit line to suit his fuel purchase demand.

The Company also assigns credit control staff at the Head Office to examine and monitor credit sales of fuels to all customers. Upon finding customers with overdue payments or overdue amount exceeding the credit line, the credit control staff shall inform the sales development staff to pursue collection of the overdue or overbought amount from customers in fuel retailing business, or the sales staff from customers in fuel wholesaling business. If a mutual conclusion cannot be reached within 60 days, the sales development or sales staff must notify the matter to the legal officers who will issue a final notice as well as demand the guarantor bank to make payments as stated in its letter of guarantee. If a conclusion cannot be reached within 90 days, the legal officers shall take further legal action.

6. Industry Review

Domestic Petrol Refinery

As at 2013 year-end, there were totally 7 large-scale commercial oil refinery operators in Thailand, namely Thai Oil Plc. ("Thai Oil"), IRPC Plc. ("IRPC"), Esso (Thailand) Plc. ("Esso"), PTT Global Chemical Plc. ("PTTGC"), Star Petroleum Refining Co., Ltd. ("Star"), Bangchak Petroleum Plc. ("Bangchak") and Rayong Purifier Plc. ("RPC"). Their crude refining capacities as at 2013 year-end, along with daily oil refining volumes and refinery utilization rates in 2013 are shown below.

	Crude Refining Capacity (1,000 barrels/day)	Daily Oil Refining Volume (1,000 barrels/day)	Refinery Utilization Rate (%)
1. Thai Oil	275.00	297.34	108.1
2. IRPC	215.00	183.63	85.2
3. Star	150.00	183.63	122.4
4. PTTGC	145.00	171.95	118.6
5. Esso	170.00	142.01	80.2
6. Bangchak	120.00	99.94	83.3
7. RPC ^{1/}	17.00	0	0
Total	1,092.00	1,078.00	98.1

Source : Energy Policy and Planning Office, Ministry of Energy

Notes : 1/ RPC Refineries ceased operation since February 7, 2012.

Domestic oil is on refining volume a continually increasing trend in response to rising domestic oil demand due to population growth and domestic economic expansion, illustrated by a hike in daily oil refining volume from 0.17 million barrels in 1986 to 0.98 million barrels in 2012. The perpetual higher demand for oil spurs more investment efforts for greater refining capacity among oil refinery operators. Especially in 1991, refinery utilization rate soared to 112.4% of crude refining capacity, causing operators to hasten expansion at their refineries. As a result, average daily crude refining capacity improved from 0.22 million barrels in 1991 to 0.82 million barrels in 1996, and daily oil refining volume from 0.25 million barrels in 1991 to 0.66 million barrels in 1996. In 2011, daily oil refining volume was 0.94 million barrels, decreasing from 0.96 million barrels in 2010, because many refineries simultaneously underwent temporary shutdowns, both for annual maintenance and for upgrading facilities so that the production qualities met the Euro 4 standard that took effects on January 1, 2012. In 2013, average daily oil refining volume increased to 0.98 million barrels.

1) Diesel fuels, i.e. high speed diesel fuel and low speed diesel fuel;

2) Benzene fuels, i.e. octane-95 benzene, octane-91 benzene, gasohol 95 (E10), gasohol 91 (E10), gasohol 95 (E20) and gasohol 95 (E85);

3) Aviation fuels, i.e. Jet A-1 aviation fuel and JP-8 aviation fuel;

4) Fuel oils;

5) Kerosene.

Fuels obtained from crude refinery are largely diesel fuels and benzene fuels. Most of fuels produced by large-scale oil refinery operators in the country are distributed domestically, especially diesel fuels and benzene fuels sold by the Company. Fuel production volumes, domestic sales volumes, and ratios of sales volume to production volume in 2009 to 2013 are as follows:-

Nature of Sale of Refined Fuels by Domestic Refinery Operators

Petroleum derived from crude refinery can be distilled into various types of fuels, divided into 5 major categories as follows:-

	2013	2012	2011	2010	2009
Diesel fuels					
Production volume (million liters)	25,518.20	25,124.62	23,098.60	23,304.83	22,488.98
Domestic sales volume (million liters)	20,891.90	20,564.63	19,192.15	18,479.67	18,465.31
Ratio of sales volume to production volume (%)	81.9	81.9	83.1	79.3	82.1
Benzene fuels					
Production volume (million liters)	9,853.3	9,150.10	8,325.89	8,741.82	8,852.07
Domestic sales volume (million liters)	8,233.03	7,704.96	7,331.14	7,416.76	7,524.38
Ratio of sales volume to production volume (%)	83.6	84.2	88.1	84.8	85.0
Fuel oils					
Production volume (million liters)	5,911.20	6,138.11	5,815.80	5,999.80	6,884.19
Domestic sales volume (million liters)	2,154.90	2,363.34	2,455.93	2,615.22	2,730.91
Ratio of sales volume to production volume (%)	36.5	38.5	42.2	43.6	39.7
Aviation fuels					
Production volume (million liters)	6,680.10	5,857.77	6,292.73	6,196.06	5,975.04
Domestic sales volume (million liters)	5,562.40	5,091.40	5,076.52	4,711.69	4,431.59
Ratio of sales volume to production volume (%)	83.3	86.9	80.7	76.0	74.2
Kerosene					
Production volume (million liters)	687.10	75.86	151.80	466.71	92.88
Domestic sales volume (million liters)	11.0	13.44	12.97	15.25	17.64
Ratio of sales volume to production volume (%)	1.6	17.7	8.5	3.3	19.0
Products in Aggregate					
Production volume (million liters)	48,649.90	46,346.45	43,684.82	44,709.22	44,293.15
Domestic sales volume (million liters)	36,815.10	35,737.76	34,068.70	33,238.98	33,169.83
Ratio of sales volume to production volume (%)	75.8	77.1	78.0	74.3	74.9

Source : Department of Energy Business, Ministry of Energy

Domestic Distribution Channels for Diesel and Benzene

According to domestic sales volume of diesel and benzene by types of business, fuel sales in petrol station business account for the largest portion of diesel and benzene distribution. Sales volume of diesel and benzene in Thailand during 2009 to 2013 are shown below.

	2013		2012		2011		2010		2009	
	Volume (Mil.Ltr.)	Share (%)	Volume (Mil.Ltr.)	Share (%)	Volume (Mil.Ltr.)	Share (%)	Volume (Mil.Ltr.)	Share (%)	Volume (Mil.Ltr.)	Share (%)
Diesel										
Petrol stations	12,331.58	59.0	11,992.83	58.3	11,448.10	59.6	10,614.89	57.4	10,746.37	58.2
Transportation	779.99	3.7	750.76	3.7	663.11	3.5	750.98	4.1	817.92	4.4
Industrial	1,112.13	5.3	1,083.18	5.3	921.41	4.8	825.58	4.5	804.46	4.4
Electricity generation	135.16	0.7	50.33	0.2	32.15	0.2	48.61	0.3	28.87	0.2
Government and state enterprises	525.49	2.5	577.14	2.8	521.58	2.7	547.72	3.0	549.45	3.0
Others	2,280.33	10.9	2,319.11	11.3	2,136.90	11.1	2,317.85	12.5	2,576.97	14.0
Fuel traders under Section 10	3,727.25	17.8	3,791.28	18.4	3,468.90	18.1	3,374.05	18.3	2,941.27	15.9
Total volume	20,891.93	100.0	20,564.63	100.0	19,192.15	100.0	18,479.67	100.0	18,465.31	100
Benzene										
Petrol stations	6,769.42	82.2	6,273.10	81.4	5,897.01	80.4	5,880.51	79.3	5,938.97	78.9
Fuel vendors, shops	-	-	-	-	-	-	-	-	0.02	0.0
Transportation	31.33	0.4	33.47	0.4	30.97	0.4	36.32	0.5	26.27	0.3
Industrial	48.96	0.6	56.95	0.7	25.07	0.3	20.07	0.3	17.74	0.2
Government and state enterprises	44.08	0.5	44.78	0.6	44.86	0.6	48.09	0.6	46.21	0.6
Others	473.97	5.8	437.86	5.7	470.12	6.4	600.62	8.1	720.21	9.6
Fuel traders under Section 10	865.27	10.5	6,846.15	11.1	863.12	11.8	831.16	11.2	774.96	10.3
Total	8,233.03	100.0	7,704.96	100.0	7,331.14	100.0	7,416.76	100.0	7,524.37	100.0

Source : Department of Energy Business, Ministry of Energy

Domestic Demand for Diesel and Benzene

Domestic consumption of diesel and benzene has a tendency to increase steadily. In particular, fuel sale in petrol station business is escalating due mainly to domestic vehicle used that tends to grow every year. Although the majority of vehicles run on benzene, about 84% of them are motorcycles. Diesel-engined cars, comprised of private

carriers, buses, trucks and agricultural motors, are the second most used automobile accounting for 25% of total vehicles registered, but have higher and more regular fuel consumption than the benzene-engined. Consequently, domestic sales volume of diesel is greater than that of benzene, despite the fact that the number of diesel-engined vehicles is less than benzene-engined ones.

Number of Cars Registered with Department of Land Transport as at ending December 2009-2013

	2013	2012	2011	2010	2009
Diesel-engined cars	8.64	8.00	7.38	6.97	6.60
Benzene-engined cars	24.19	22.91	21.51	20.47	19.69
Total cars	34.62	32.48	30.19	28.48	27.18

Source : Department of Land Transport

Types of Fuel Service Station in Thailand

The number of fuel service stations in the country tends to expand constantly, caused chiefly by the rising trend of fuel demand. Fuel service stations can be divided into 2 types, namely petrol stations and natural gas stations, the proportion of which are shown below.

Number of Cars Registered with Department of Land Transport as at ending December 2009-2013

Type	2013	2012	2011	2010	2009
Petrol stations	20,470	19,769	18,884	18,139	17,822
Natural gas station	2,155	1,637	1,368	1,304	1,113
Total	22,625	21,406	20,252	19,443	18,935

Source : Department of Energy Business, Ministry of Energy

Furthermore, petrol and natural gas station can be divided by characteristics of operators as follows:-

1. Petrol or natural gas stations operated by large and medium fuel traders. Trademarks of these fuel traders shall be displayed at the petrol or natural gas stations.
2. Petrol or natural gas stations operated by dealers appointed by large and medium fuel traders. These dealers are therefore permitted to display trademarks of these fuel traders at their petrol or natural gas stations.
3. Petrol or natural gas stations operated by independent operators who undertake small stations and may not be dealers of large fuel traders. Therefore, these service stations may not display any trademarks, or display the operators' own logos.

Different groups of operators have different target customers. Thus, their courses of business operations differ, for example one may aim to provide services on main roads that carry heavy traffic, while another in communities in order to sell fuels to users in such communities, etc.

7. Market Competition

A continuing expansion in domestic oil demand attracts a lot of operators into fuel sale business, both as retailers and wholesalers. Fuel sale operators are then diverse in nature, ranging from retailers who own and operate only one petrol station, small and medium traders who own no petrol station but act as fuel wholesale middlemen, to large fuel traders operating fuel retailing and wholesaling businesses who own oil refineries and tank farms in various parts of Thailand along with petrol stations undertaken under their own trademarks. The current list of medium and large fuel traders is as follows:-

- 1) PTT Plc. ("PTT")
- 2) Thai Oil Plc. ("Thai Oil")
- 3) Esso (Thailand) Plc. ("Esso")
- 4) Shell (Thailand) Co., Ltd. ("Shell")
- 5) Bangchak Petroleum Plc. ("Bangchak")
- 6) Chevron (Thailand) Co., Ltd. ("Chevron")
- 7) IRPC Plc. ("IRPC")
- 8) PTG Energy Plc. ("the Company")
- 9) Susco Plc. ("Susco")

Market share of domestic fuel sales by medium and large fuel traders during 2009 to 2013 is shown below.

	2013		2012		2011		2010		2009	
	Volume (Mil.Ltr.)	Share (%)	Volume (Mil.Ltr.)	Share (%)	Volume (Mil.Ltr.)	Share (%)	Volume (Mil.Ltr.)	Share (%)	Volume (Mil.Ltr.)	Share (%)
1) PTT	10,683.97	36.7	10,072.54	35.6	9,686.19	36.5	9,130.55	35.3	8,874.53	34.1
2) Esso	4,540.82	15.6	4,373.59	15.5	3,801.58	14.3	4,166.44	16.1	4,004.98	15.4
3) Bangchak	3,861.94	13.3	3,481.56	12.3	3,032.05	11.4	2,812.79	10.9	2,642.12	10.2
4) Shell	3,099.34	10.6	3,246.54	11.5	3,114.09	11.7	3,039.21	11.7	3,517.19	13.5
5) Chevron	2,228.86	7.7	2,511.58	8.9	2,366.86	8.9	2,659.22	10.3	3,270.71	12.6
6) IRPC	2,072.99	7.1	2,032.27	7.2	2,004.93	7.6	2,321.28	9.0	2,047.10	7.9
7) Thai Oil ^{3/}	1,470.48	5.0	1,396.17	4.9	996.05	0.5	413.52	1.6	175.58	0.7
8) Susco ^{2/}	428.28	1.5	522.82	1.8	244.25	0.9	230.63	0.9	257.01	1.0
9) Petronas ^{2/}	-	-	-	-	355.23	1.3	316.81	1.2	333.80	1.3
10) Company ^{1/}	254.22	0.9	177.51	0.6	129.23	0.5	122.84	0.5	180.06	0.7
11) Others	484.06	1.7	455.02	1.6	792.83	3.0	683.14	2.6	686.61	2.6

Source : Department of Energy Business, Ministry of Energy

Notes: 1/ Volume shown in the table above refers to the quantity of fuels sold by fuel traders under Section 7 to customers (including fuel traders under Sections 10 and 11 buying fuels from fuel traders under Section 7). Therefore, the Company's fuel sales volume shown above refers to the quantity of fuels sold solely by the Company as a fuel trader under Section 7 to its customers. This does not include the quantity of fuels sold by the Company's subsidiaries being fuel traders under Sections 10 and 11, because the Company's subsidiaries are regarded as other Section 7-fuel traders' customer, and have already been included in the volume reported by that Section 7-fuel traders. Fuels sold by the Company and subsidiaries altogether amounted to 391.78 million liters in 2009 and increased to 558.23 million liters in 2010, to 948.05 million liters in 2011, to 1,372.54 million liters in 2012 and to 1,577.50 million liters in 2013.

2/ Susco Plc. acquired shares of Petronas Retail (Thailand) Co., Ltd. on October 9, 2012.

3/ Fuel volume shown in the table above refers to the quantity of fuels sold by fuel traders under Section 7 to customers who are not fuel traders under Section 7. Therefore, Thai Oil's fuel sales volume shown above is lower than its actual annual production volume, because Thai Oil sells a vast quantity of oil output to fuel traders under Section 7.

Most of the large and medium fuel traders sells diesel and benzene fuels via petrol stations operated under their respective trademarks. These petrol stations are either stations operated by the large and medium fuel traders or station operated under franchise by dealers of said large and medium fuel traders. Meanwhile, independent petrol station operators sell fuels via their own petrol stations,

without bearing trademarks of the large and medium fuel traders. Over the past period, number of petrol and natural gas stations has been expanding in line with continual increase in domestic oil and gas consumption. Number of petrol and natural gas stations of each trader as at ending 2009 to 2013 is shown below.

	2013		2012		2011		2010		2009	
	No. (stations)	Share (%)	No. (stations)	Share (%)	No. (stations)	Share (%)	No. (stations)	Share (%)	No. (stations)	Share (%)
1) PTT ^{1/}	1,593	7.0	1,404	6.6	1,472	7.3	1,321	6.8	1,295	6.8
2) Bangchak	1,068	4.7	1,067	5.0	1,068	5.3	1,065	5.5	1,053	5.6
3) Company ^{2/}	700	3.1	577	2.7	438	2.1	315	1.6	242	1.3
4) Shell	519	2.3	533	2.5	547	2.7	548	2.8	562	3.0
5) Esso	513	2.3	512	2.4	523	2.6	529	2.7	540	2.8
6) Chevron	371	1.6	371	1.7	390	1.9	438	2.3	430	2.3
7) Susco	218	1.0	138	0.6	145	0.7	147	0.8	152	0.8
8) Petronas	-	-	95	0.4	100	0.5	103	0.5	110	0.6
9) Rayong Pure	66	0.3	67	0.3	76	0.4	78	0.4	74	0.4
10) Others	17,577	77.7	16,642	77.7	15,493	76.5	14,899	76.6	14,477	76.4
Total ^{3/}	22,625	100.0	21,406	100.0	20,252	100.0	19,443	100.0	18,935	100.0

Source : Department of Energy Business, Ministry of Energy

Notes : 1/ Inclusive of PTT petrol stations under the management of PTT Retail Management Co., Ltd.

2/ Number of the Company's petrol stations in the table above refers to the number of petrol stations registered with the Department of Energy Business at period end. However, the number reported slightly differs from the actual number in service in each period because some newly-opened or terminated petrol stations are still in the process of filing registration with the Department. The actual number of the Company's active petrol stations at ending 2009 was 248 stations and increased to 388 stations at ending 2010, to 437 stations at ending 2011, to 574 stations at ending 2012 and to 739 stations at ending 2013.

3/ Number of petrol stations of some fuel traders in the table above consists of both petrol and natural gas stations.

8. Supply and Storage of Products

8.1 Supply of Fuel Products

The Company's fuels are supplied mainly by Thai Oil. The petrol the Company purchased from Thai Oil in 2012 and 2013 accounted for 98.0% and 96.7% of total purchase quantity respectively, enabling the Company to get better terms and prices from Thai Oil than it does from other fuel traders and jobbers. Nevertheless, the Company also buys fuels partly from jobbers in the following cases:-

1) Purchase of fuels for distribution to fuel retailers and wholesalers in the lower South (from Nakhon Si Thammarat to Narathiwat) as there are no Thai Oil tank farms or distribution facilities in the said area. The Company is therefore unable to purchase fuels from Thai Oil, and transport of fuels from other Thai Oil tank farms or distribution facilities is not worthwhile as well.

2) Purchase of fuels for the portion exceeding the monthly offtake quantity agreed with Thai Oil. In this regard, the Company may buy fuels from jobbers if the terms and prices offered by jobbers are significantly better than those by Thai Oil.

The Company assigns fuel procurement staff to be responsible for daily purchase of fuels for distribution and to manage an appropriate level of fuel reserve at each tank farm. Procedure for daily fuel procurement involves:-

1) In the morning and afternoon each day, fuel procurement staff compile and review information on international oil prices, along with matters that can affect sales prices and volume of domestic oil producers, ex-refinery prices, retail fuel prices at petrol stations and domestic fuel demand, in order to analyze short-term trend of petrol prices. Additionally, fuel procurement staff are

responsible for compiling and reviewing information on wholesale petrol prices of each jobber.

2) At the end of each day, fuel procurement staff decide on the quantity of fuels to be purchased, by gathering information from each tank farm manager. The quantity of fuels to be purchased consists of 1) quantity to be delivered to customers and petrol stations in the next day, 2) quantity to be reserved as compensation for the quantity sold during the day, and 3) quantity to be reserved or removed in response to the trend of market demand.

3) Fuel procurement staff compare terms and sales prices of Thai Oil with those of jobbers, and determine the proportion of fuel types to be purchased from Thai Oil and jobbers. Then, fuel procurement staff submit the purchase summary plan to their supervisors for consideration and approval.

4) Fuel procurement staff coordinate with logistics staff for the arrangement of tanker trucks for fuel transport,

submit purchase orders to Thai Oil and jobbers, and then notify accounting and finance staff of the fuel purchase transactions, in order to proceed further financial manager

Some fuels purchased from Thai Oil or other jobbers will be transported by tanker trailers directly to COCO petrol stations or customers in fuel wholesaling business, if several COCO petrol stations to take delivery of such fuels are located in close proximity, or customers in fuel wholesaling business have made bulk purchases and requested the Company's logistics services. Most of the fuels purchased will be transported by tanker trailers from Thai Oil's or other traders' site to the Company's tank farms, before further delivery on tanker trucks to COCO petrol stations or customers in fuel wholesaling business.

8.2 Storage of Fuel Products

The Company has invested in scores of tank farms for stocking at each the fuels transported from Thai Oil prior to further distribution to the Company's petrol stations (COCO petrol stations) and customers in fuel wholesaling business. At present, it has 8 tank farms, as follows:-

Tank Farm	Capacity (Mil. Ltr.)
1. Nam Phong tank farm, Khon Kaen province	4.46
2. Lampang tank farm, Lampang province	3.87
3. Nong Khae tank farm, Saraburi province	5.30
4. Mae Klong tank farm, Samut Songkhram province	113.69
5. Pak Thong Chai tank farm, Nakhon Ratchasima province	12.51
6. Chum Phon tank farm, Chum Phon province	26.54
7. Pak Phanang tank farm, Nakhon Si Thammarat province ^{1/}	19.81
8. Phitsanulok tank farm, Phitsanulok province ^{2/}	7.51
Total	193.69

Notes: 1/ In the past, Pak Phanang tank farm was the distribution facility for supplying fuels to petrol stations and customers in the lower South (from Nakhon Si Thammarat to Narathiwat). As small sales volume in the said area made the business not worth the management expenses, the Company therefore suspended the operation of Pak Phanang tank farm. However, if fuel sales

volume in the lower South is high enough, the Company may consider using it as the distribution facility again.

2/ Phitsanulok tank farm in Phitsanulok province will launch its commercial operation in January 2014.

The Company's tank farms in all regions of Thailand contribute to its ability to transport and delivery fuels to target customers in each business segment effectively and efficiently. Advantages of tank farms in fuel transport and delivery as well as fuel wholesaling business operations as follows:-

1) Fuel delivery takes a relatively short time. The Company can promptly fulfill urgent demand for fuels since the fuels had been transported to and stored at its tank farms, readily available for delivery.

2) Cost of fuel transport per liter is low, owing to the combined operations of tanker trailers for long-haul delivery and 10-wheeler trucks for short-distant distribution.

3) The Company is able to use each tank farm as a sales office, so as to reach the target customers in each area more efficiently.

8.3 Supply and Storage of Non-fuel Products

Consumer Goods for Sales at PT Mart and Max Mart

The Company set up a distribution center (DC) in Pathum Thani province to serve as warehouse for keeping the stock of consumer goods for PT Mart and Max Mart, as well as distribution hubs in Nakhon Ratchasima Province to serve as the centers for distributing goods to PT Mart and Max Mart stores in responsible areas. These distribution facilities have their own trucks for delivering merchandise to PT Mart and Max Mart stores under their responsibility. Each truck is assigned with regular delivery route and destination stores, therefore the time period between one delivery and the next ("goods delivery cycle time") for each convenience store will differ dependent on number of stores and the delivery route for which each truck is responsible. For this reason, the time period between one set of orders and the next ("order cycle time") of these convenience stores shall be equal to the goods delivery cycle time.

The Company assigns the distribution center to serve as the center for receiving purchase orders from all convenience stores for the benefit of efficient inventory management and merchandise distribution.

However, the distribution center is not required to handle purchase orders for some types of goods, which include short-life products such as milk and bread, and locally-produced or locally-based goods such as ice and souvenirs. The Company assigns the convenience store managers to make purchase requests for short-life fresh products to the Minimart Management Division at the Head Office. Minimart management staff will subsequently place purchase orders with the producers, with instruction for the delivery of goods to certain PT Mart and Max Mart stores. As for the locally-produced or locally-based goods, the Company permits the store managers to place purchase orders, for the goods as approved by the Company only, with the local producers permitted by the Company to be suppliers for the stores. Nonetheless, the quantity and value of purchases not made via the distribution center are relatively small when compared to purchases via the distribution center.

Apart from receiving purchase orders from PT Mart and Max Mart stores in the responsible areas, staff at the distribution center and distribution hubs are also responsible for managing stock to ensure availability of consumer goods for supplying to each convenience store. The distribution staff submit purchase orders for consumer goods to the minimart management staff at the Head Office via software similar to the one used in convenience stores. The order cycle time for each product item depends on the delivery cycle time of each producer, and the suitable quantity of each purchase is calculated by multiplying the average quantity of goods to be distributed to convenience stores in a day by the number days of an order cycle time, and then subtracting the number of current inventory in the facility. Upon receipt of purchase orders from the distribution center and distribution hubs, the minimart management staff place orders with the producers, with instruction for the delivery of goods to the center and the hubs.

Engine Lubricants for Sale at PT Petrol Stations

The Company buys engine lubricants for sale at PT petrol stations directly from BP-Castrol (Thailand) Co., Ltd., the distributor of Castrol lubricant in Thailand. The Company sells engine lubricants at PT COCO petrol stations and also to its dealers for further sale at their DODO petrol stations. Sales staff are assigned to manage a suitable level of lubricant stock at each tank farm to match the volume sold at COCO petrol stations and the demand of the Company's dealers.

9. Inspection of Fuel Quality

The Company has built a fuel oil testing laboratory at Mae Klong tank farm to inspect the quality of petrol randomly retrieved during its operating process. Quality testing at the oil testing laboratory aims to 1) assess the performance of tanker drivers and the logistics service providers, 2) inspect the quality of fuels obtained from other fuel wholesalers and other loading sites in comparison to those obtained from oil refineries, 3) inspect the quality of fuels stored in the oil tanks at the Company's tank farms, 4) inspect the accuracy and precision of the dispensing equipment, and 5) inspect the quality of fuels sold to retail users. The Company has laid down procedures for inspection of fuel quality as follows:-

9.1 Quality Inspection of Fuel Oils Received from Tanker Trucks at Tank Farms

Prior to taking fuel delivery by tanker trucks, the Company assigns the quality assurance staff to inspect the delivered fuels for preliminary qualities which include 1) specific gravity of fuels ("API gravity") measured in comparison to API gravity stated in the delivery documents and the standard API of each fuel type, 2) color of the delivered fuels in comparison to the government-specified color chart, and 3) clarity of fuels, where the fuels of high quality and standard will carry no sediment or other substances. If the preliminary test results match with the delivery document information and the official standards, the quality assurance staff will take random samples of fuels from the tanker trucks according to the rules specified by the Company and launch the unloading of fuels from the trucks to the oil tanks of the tank farm. The samples collected will be submitted to the testing laboratory which

will conduct another random test of fuel quality thoroughly. Mae Klong tank farm submits the stored oils for random test every day because its volume of oil received per day is high. The other tank farms submit the stored oils to the quality testing laboratory once a month.

9.2 Quality Inspection of Fuel Oils Received from Tanker Vessels at Tank Farms

At present, the fuels sold by the Company are transported by tanker trucks alone. Therefore, the fuels received from tanker vessels are those of the customers using the Company's storage services only. Before taking delivery from tanker vessels, the quality assurance staff are also required to inspect the delivered fuels for preliminary qualities as they do for tanker trucks, which are API gravity, color and clarity of fuels. If the preliminary test results match with the information in delivery documents and the standards, the quality assurance staff will take random samples of fuels from the tanker vessels according to the rules specified by the Company and launch the unloading of fuels from the vessels to the oil tanks of the tank farm. The quality assurance staff will, on a daily basis, submit the collected samples to the testing laboratory for another thorough random test of fuel quality. If the fuels do not pass the preliminary quality testing, the Company will notify the customers of such results and let them decide whether to take or reject the fuel delivery from the tanker vessels.

After unloading fuels from tanker vessels to the oil tanks, the quality assurance staff will take random samples of fuels in the oil tanks according to the rules specified by the Company. The fuel samples will be submitted to the quality testing laboratory which will conduct a thorough random test of fuel quality in order to compare the quality of fuels stored in the oil tanks before and after the latest delivery.

9.3 Quality Inspection of Fuel Oils Stored in the Oil Tanks and of Additives at Tank Farms

The Company requires that random samples of fuels in the oil tanks, both the ones storing the Company's fuel oils and the ones storing the customers' oils, are taken at the beginning and in the middle of each month according to the rules specified by the Company, and submitted to

the testing laboratory for quality testing of the stored fuel oils. In addition, the Company takes random samples of fuels in the oil tanks in tandem with the annual random sample collection by the Department of Energy Business officials in order to inspect the quality and properties of additives in the storage before utilization. The additives stored at the Company's tank farms belong to the customers using the Company's fuel storage services.

9.4 Quality Inspection of Fuel Oils Loaded to Tanker Trucks at Tank Farms

In the fuel storage services, the fuel oils stored for the customers are base oils that require a mixture of additives or B100 biodiesel to obtain ready-to-use fuels. The Company assigns the quality assurance staff to take random samples of fuel oils loaded into the first tanker truck of each day according to the rules specified by the Company in order to test the accuracy and precision of the fuel mixers and dispensers. The quality assurance staff submit the fuel samples to the quality testing laboratory for inspecting qualities of the fuels discharged from the dispensers according to the customers' requirements. Throughout the course of fuel loading to tanker trucks both for the Company and for the customers, the quality assurance staff are to constantly inspect the preliminary qualities of fuels, namely API gravity, color and clarity of fuels according to the rules specified by the Company.

9.5 Quality Inspection of Fuel Oils Unloaded from Tanker Trucks at PT Petrol Stations

Apart from examining the security seals and delivery documents, the station managers are assigned to inspect the preliminary qualities of fuels, i.e. API gravity, color and clarity of fuels, every time before unloading fuels from tanker trucks to the fuel tanks at the COCO petrol stations. If the preliminary testing results match with the information in the delivery document and the standards, the station managers will launch the unloading of fuels into fuel tanks and take random samples of fuels from the tanker trucks according to the rules specified by the Company. Such samples are submitted to the quality testing laboratory every month for a thorough random test. As for DODO petrol stations, the Company has provided training sessions for its dealer on fuel inspection before unloading into fuel tanks at the petrol stations, and encouraged the dealers

to strictly comply with the relevant instructions.

9.6 Quality Inspection of Fuel Oils at PT Petrol Stations

The Company assigns the testing laboratory staff to conduct a random test of fuel quality at each PT petrol station. In addition to performing on-site inspection of fuel quality using a mobile lab equipped with key testing apparatus, the laboratory staff will take random samples of fuels according the rules specified by the Company for further test at the laboratory. The laboratory staff will carry out on-site quality tests at all PT petrol stations every year without prior notice.

Environmental Impacts and Safety

Recognizing the importance of environmental impacts and safety, the Company has established Safety Division to analyze and examine each of the Company's business activity that may affect safety of the operating staff and other related parties, including the environmental impacts arising from the Company's operations. Operation Manual and Incident Prevention and Control Manual have been issued to staff in related units. Staff of each unit are required to thoroughly study and strictly follow these manuals. Emergency drills are carried out regularly, especially the fire extinguisher trainings at petrol stations and tank farms, the rescue trainings for tanker truck accident, etc.

Moreover, the Company is a member of the Oil Industry Environmental Safety Group Association (IESG), established with the aim of enhancing safety standards, developing personnel related to safety and environment, promoting collaboration among large petroleum business operators for the prevention and handling of oil spill into water supplies or on land, along with emergency responses. The Company delegates its safety and environment staff to participate in IESG activities. Over the past period, the Company, IESG and governmental sector have been regularly organizing training programs on incident preventions. It also provides staff and equipment in many emergency rescues.

10. Significant Laws Relevant to Business Operations

10.1 Fuel Trade Act B.E.2543

The Fuel Trade Act has been enacted to control and supervise the businesses related to trade of fuels. Under the Act, fuel traders are divided into 3 groups as follows:-

1) Fuel traders under Section 7, which are large fuel traders having an annual trade volume of each fuel type or of all types altogether equal to 100,000 metric tons or more, or having an annual trade volume of liquefied petroleum gas alone equal to 50,000 metric tons or more. They can operate the business only when granted a license by the Minister of Energy.

2) Fuel traders under Section 10, which are fuel retailers having an annual trade volume of fuels and liquefied petroleum gas not as much as the volume prescribed for traders under Section 7, but having an aggregate trade volume of each fuel type or all types altogether exceeding the volume prescribed by the Minister, or having storage tanks with capacity exceeding the volume prescribed by the Minister. They can operate the business only when registering with the Director-General of the Energy Business Department.

3) Fuel traders under Section 11, which are traders operating fuel trade by establishing a fuel service station. They can operate the business only when registering with the Director-General of the Energy Business Department.

The fuel transporters under Section 12 transporting fuels of the type and volume prescribed by the Minister are required to notify the Director-General according to the specified forms and procedures, before undertaking the businesses.

Fuel traders under Section 7 have the duty to submit the annual trade volume to the Director-General for approval before the trade year, and to keep reserve of fuels of the prescribed types at all times at the volume not less than the prescribed rate, but not exceeding 30% of the annual trade volume. They are required to prepare books of account regarding volume and storage location of each fuel type imported into the Kingdom, purchased,

refined, produced, acquired, sold and the remaining volume in each month, as well as to prepare plans regarding the fuels to be imported into the Kingdom, purchased, refined, produced or sold for the next three-month period.

Under this Act, the Director-General is empowered to prescribe the appearance and quality of fuels to be sold, and the rules for inspecting fuel appearance and quality, i.e. sample collection of fuels kept in storage or for sale, and inspection of appearance and quality of fuels kept in storage or for sale. Fuel traders selling fuels of appearance and quality different from the prescribed standards or not complying with the provisions or conditions specified by the Minister or the Director-General shall be subject to license revocation, imprisonment or fine penalty, as the case may be.

The Company operates fuel trade business, having a trade volume reaching the volume prescribed for fuel traders under Section 7 of the Fuel Trade Act, and also provides fuel transport and logistics services. Therefore, it must obtain the trading license as a fuel trader under Section 7 and notify the status of fuel transporter under Section 12. Meanwhile, the subsidiaries (except PTC) operating fuel sale business and having a trade volume as prescribed for fuel traders under Section 10 shall have to apply for registration as fuel traders under Section 10. PTC, which operates petrol station business, shall have to apply for registration as a fuel trader under Section 11.

10.2 Fuel Oils Control Act B.E.2542

The Fuel Oils Control Act has been enacted to prevent any damage and danger that may affect people, animals, plants, properties or the environment. The businesses under control in relation to possession of fuels are divided into 3 categories as follows:-

1) Category-1 controlled business, refers to business that can begin operations immediately by complying with the rules prescribed in ministerial regulations.

2) Category-2 controlled business, refers to business that must comply with the rules prescribed in ministerial regulations, and must give the officials prior notice of its commencing operations.

3) Category-3 controlled business, refers to business that must comply with the rules prescribed in ministerial regulations, and can commence its operations only when obtaining business license according to the rules and procedures prescribed in ministerial regulations.

The Fuel Oils Control Act has also set out guidelines for or nature of activities relating to fuel oils control. In this regard, the Minister is empowered to issue ministerial regulations governing the following matters:-

- 1) Storage, transport, usage, sale, sub-packing of fuels, and any other measures relating to fuel oils;
- 2) Location, layout, format and characteristics of fuel oil storage site, petrol service station and tank farm, as well as the maintenance thereof;
- 3) Description of tanks or containers used for storage or transport, as well as the maintenance thereof;

4) Qualifications and trainings for personnel relating to fuel oils control operations;

5) Operating procedures and arrangements for maintenance of equipment or any other tools for the benefit of implementing activities under 1) to 4);

6) Hearing of public opinions that is deemed to be arranged in the event that the business operations or the approval of business to be operated under the Act may have impact on the general public;

7) Any other matters necessary for the successful fulfillment of this Act's objectives.

Under the Fuel Oils Control Act, all petrol service stations and tank farms must obtain the license for undertaking category-3 business before commencing business operations.

Risk Factors

The following statements entail significant risk factors that can have adverse effects on the Company and its share prices. Apart from risk factors disclosed herein, there may be other risks currently unknown to the Company or considered as insignificant for the time being, yet they may become important risk factors in the future. These risks may have significant effects on the Company's business, financial status, operating results, liquidity or sources of fund.

In addition, forward-looking statements which are the opinions of the Company at the time of this report, e.g. such terms and phrases as "believe that", "expect that", "anticipate that", "plan to", "intend to", "approximately," or financial projections, future projects, operating performance anticipation, business expansion plans, change of applicable laws, government policies and anticipation of future circumstances, do not guarantee future operating results or circumstances. The actual results could differ materially from those anticipated or estimated in said statements. In this section, information referring or related to the government or economy on the whole has been derived from disclosed information or abridged from the government publication or other sources. The Company has not examined or verified the accuracy of such information at all.

1. Risks from uncertainties in fuel sale prices due to oil price volatility and state mechanism

Prices of fuel sold by the Company and/or purchased from refineries or other fuel traders may fluctuate according to such factors as 1) global economic situation, especially in the region with relatively high fuel consumption, 2) world fuel demand and supply, 3) relevant state regulations domestically and overseas, etc, which are beyond the Company's control. Volatility of fuel prices can directly affect both retail and wholesale sale prices of fuels, leading to possible increase or decrease in demand for and sales volume of fuels along with a change in the value of inventory, mostly the reserved fuels. Therefore, fuel price volatility can impact the Company's financial status and operating results.

However, the Company focuses on selling fuels to target customers with regular demand, i.e. individual consumers using fuels in their daily lives and businesses, and industrial operators using fuels in their operations. Demand for and sales volume of fuels in these groups do not easily change in response to fluctuating oil prices. The Company has no policy to reserve fuels for speculation; the amount currently reserved is only for legal requirement and sales to customers in each area.

Despite oil price volatility, the Company's ratio of profit to sales per liter will remain unaffected if the marketing margin does not change. This is because retail fuel price is the sum total of ex-refinery price plus marketing margin. Therefore, if marketing margin, tax rate, and fund contributions do not change, the retail fuel price shall be adjusted according to the change in the ex-refinery price alone. For this reason, the Company believes that oil price volatility will not materially affect its financial status and operating results.

2. Risks from the unmatching of personnel knowledge, capability and skills with corporate growth

Due to rapid business growth from extensive expansion of service stations combined with quite volatile fuel prices, the Company needs personnel experienced and expert in fuel procurement and distribution management. The skills include procuring fuels at appropriate prices and quantity, determining the appropriate quantity of fuel reserve for distribution in each period, and setting the suitable fuel sale price to enhance its competitiveness in the markets, as well as managing tanker truck fleet to enable a timely and sufficient delivery of fuels to its tank farms and petrol stations so as to fulfill customer demand without the need to make excessive fuel reserve. A shortage of such professionals can affect the Company's business operations.

Recognizing the importance of personnel, the Company has considered and set an appropriate level of remuneration for employees, benchmarked against those of the industry peers, in order to induce employee loyalty. The Company

has also encouraged personnel development continually, and promoted competent employees to an appropriate position so that they can contribute to corporate growth to the best of their ability. Additionally, the listing of the Company on the Stock Exchange has demonstrated its credibility and stability to both the existing employees and the prospective employees being recruited to support business expansion.

3. Risks from the substandard service quality and inefficient petrol station management

The Company puts emphasis on continuous expansion of the Company's COCO petrol stations and the dealers' DODO petrol stations over the past period, causing the number of PT petrol stations to increase to 739 at the end of 2013. In respect of the type of petrol stations, most of the increasing stations are COCO petrol stations. The Company has 551 COCO petrol stations at ending 2013, and plans to open approximately 200 new stations in 2014. The steady increase in number of COCO petrol stations may affect the petrol station management, e.g. recruiting adequate number of experienced staff for the increasing petrol stations, overseeing efficient operations of petrol stations, upgrading service station management and database systems to support the expansion of petrol station network, as well as managing to ensure that fuel sales at the newly opened petrol stations are on par with those at the existing stations. The Company's failure to efficiently manage the newly opened stations can therefore affect its operations in the future.

The Company is however well aware of potential impacts of this rapid expansion of COCO petrol stations, and has thus implemented a plan on recruitment of petrol station staff. It will have job advertisements posted at petrol stations nearby the new PT petrol stations, and encourage the existing staff to recommend the vacancy to interested candidates. In this regard, the Company would rather employ applicants residing in the vicinity of the petrol stations so that the petrol station staff can understand the nature of local customers and provide proper services. Petrol station staff shall be employed in advance and take both training session and on-the-job training at the petrol stations with the existing experienced staff who have a

good track record. The Company shall select station managers and zone managers, who play an important role in managing and supervising petrol stations under responsibility, primarily from qualified staff existing employed. Experienced and capable station managers will be transferred to the new petrol stations or appointed as zone managers, while competent staff in their subordinate positions will be promoted to station managers. However, the Company still employs new station managers regularly through external recruitment in advance. Prior to starting their job as station managers, these newly-employed managers will take training session and on-the-job training with the experienced station managers for about 1 to 3 months so that the management of the new petrol stations is as efficient as that of the existing ones. With all these, the Company believes that it has a consistent and suitable personnel recruitment to support the expansion of COCO petrol stations. The considerable expansion of COCO petrol stations annually should therefore not affect either the efficient management of the new petrol stations or the Company's operating results in the future.

4. Risks from the inability to acquire locations for expansion of petrol stations

The Company places importance to investment in potential petrol stations. Business development staff are responsible for finding petrol stations with potential for operations, but the existing operators do not want to continue the business. Informed of such a station, sales staff will contact its proprietor to gather information of business performance record, especially of target customers and monthly fuel sales volume, before submitting a summary report to the Petrol Station Investment Committee for further consideration. If the petrol station under consideration is expected to have a fuel sales volume lower than the Company's minimum target and yield a return not worth the investment, the Company will not invest in the said petrol station. In regard to investment in COCO petrol stations, the Company will enter into a lease agreement of no longer than 3 years, with renewal rights. If a station makes favorable sales volume as expected, the Company will negotiate for a renewal of a longer term or offer to purchase the station when the original lease agreement

expires. On the contrary, if the station's performance is lower than expected, the Company may not renew the agreement or even terminate the lease before its expiry. Therefore, the Company believes that its selection process and method of investment in COCO petrol stations are appropriate.

5. Risks from future changes in the government oil reserve measures that may affect business operations

In operating fuel retailing and wholesaling of the Company and subsidiaries ("PTG Group"), the Company, as a fuel wholesaler registered as a fuel trader under Section 7 of the Fuel Trade Act B.E.2543, has a responsibility to make oil reserve as specified by laws. In this regard, a fuel trade under Section 7 is originally required to keep oil in reserve at 5% of its annual trade volume. The rate of reserve has been increased to 6% in November 2013. Meanwhile, Petroleum Thai Corporation Co., Ltd. ("PTC"), a subsidiary undertaking fuel retailing business via petrol stations, has registered as a fuel trader under Section 11 of the Fuel Trade Act B.E.2543. PTC and the Company's other 8 subsidiaries ("subsidiaries being fuel traders under Section 10," see more details under the Policy and Business Overview section) undertake fuel wholesaling business and have registered as fuel traders under Section 10 of the Fuel Trade Act B.E.2543. As a result, PTC and subsidiaries being fuel traders under Section 10 have no legal responsibility to make any oil reserve.

At present, the Company, PTC and subsidiaries being fuel traders under Section 10 purchase most of the fuels directly from Thai Oil. Therefore, only the Company, as a fuel trader under Section 7, is required by laws to maintain legal oil reserve, while PTC and subsidiaries being fuel traders under Section 10 are not. If Thai Oil changes its

policy and supplies fuels to the Company and PTC only in the future, the subsidiaries being fuel traders under Section 10 will have to purchase fuels via the Company. In such case, the Company, being a fuel trader under Section 7, will need to make additional oil reserve.

Taking into consideration the additional cost and expenses incurred from fuel reserve for the subsidiaries being fuel traders under Section 10, the incremental burden is slight. Moreover, when setting prices of fuels sold to fuel traders under Section 10, Thai Oil has already taken in to account the costs and expenses in reserving the quantity of oil for sale to fuel traders under Section 10. The prices of fuels sold to fuel traders under Section 10 are generally higher than those sold to fuel traders under Section 7. Accordingly, if subsidiaries being fuel traders under Section 10 have to buy fuels from Thai Oil through the Company, the prices at which the Company, as a fuel trader under Section 7, bought from Thai Oil will be lower than those at which they bought directly from Thai Oil. The lower purchase prices will compensate for the impact of increasing financial cost due to fuel reserve. The Company thus believes that the risks from fuel reserve for the subsidiaries being fuel traders under Section 10 are unlikely to materially affect the Company's financial status and operating results.

6. Risks from reliance on a single major supplier

Most of the fuels sold by the Company and subsidiaries are procured directly from Thai Oil Public Company Limited ("Thai Oil"), which is the largest single-site complex refinery in Thailand having a crude refining capacity of 275,000 barrels per day (source: Department of Energy Business). Volume of fuels purchased from Thai Oil is shown below.

Description	2013	2012	2011	2010	2009
Volume of fuels purchased from Thai Oil (million liters)	1,540.97	1,350.28	926.20	443.31	235.26
Percentage of total purchase volume (%)	96.70	98.00	97.00	78.70	66.00

Accordingly, the Company is at risk of reliance on a single major supplier. If there is a necessity for Thai Oil to cease fuel supply to the Company or to supply only a part of the total demand of the Company and subsidiaries in the future, the Company's operating performance can be affected.

Nonetheless, the Company and Thai Oil have been good trade partners for over 15 years. According to the fuel supply agreement made with Thai Oil, the Company

shall notify Thai Oil in advance of the required quantity of each fuel type in order to facilitate the supplier's production plan. At the beginning of each month, Thai Oil shall confirm to the Company the volume of fuels deliverable in the month. Throughout these years, Thai Oil has been promptly supplying fuels to the Company and able to produce more than sufficient fuels to serve domestic demand. The remainder of fuels is exported to overseas markets.

Volume of Fuel Exports

Description	2556	2555	2554
Thai Oil			
Diesel	528.77	753.42	438.01
Benzene	252.99	132.38	135.08
Refinery Operators in Thailand			
Diesel	4,859.80	5,371.34	4,705.46
Benzene	1,147.48	1,569.27	968.71

Source : Department of Energy Business

In 2013, the volumes of diesel and benzene sold by the Company and subsidiaries increased from those in 2012 to 156.97 million liters and 48.36 million liters. From the table above, the volume of diesel and benzene exports by Thai Oil can apparently support the Company's growth. In case in the future Thai Oil does not raise its production capacity, the Company can still buy the incremental amount of fuels from other refinery operators.

The Company is also able to purchase fuels from other refinery operators or jobbers, or import finished products with a slightly higher distribution costs. Therefore, the Company believes that the risks from reliance on a single major supplier will not materially affect its business operations.

7. Risks from Accidents and Incidents at Tank Farms

The Company has currently invested in 8 tank farms in all parts of the country to keep fuels in reserve for fuel sales of the Company and subsidiaries. Fuel is highly inflammable. Negligence of operating staff in their day-to-day operations can pose risks of such accidents as fire, leakage of pipeline and explosion at tank farms, thus inflicting

damages and impacts on the Company, the lives and properties of the employees and residents in nearby communities, along with the environment, as well as having a material effect on the Company's reputation, financial status and operating performance. Well aware of the potential risks, the Company has invested in pipeline and storage systems of high safety standards, and also arranged for a well-schedule maintenance of related tools and equipment on a regular basis in order that its tank farms attain international standards. The Company has also established the Safety and Environment Section to analyze and monitor the Company's operations in the areas that may impact the safety of operating staff and other related parties, including the environment. In this regard, the Operation Manual and the Incident Prevention and Control Manual have been issued to staff in relevant units. Safety standards include prohibition of entry of unrelated persons into tank farm's working areas without permission, and prohibiting of materials that can cause sparks into the working areas. Additionally, measures on the prevention and handling of oil spill into the waterway have been implemented at tank farms with petrol loading docks, namely Mae Klong tank farm and Chum Phon tank farm.

Moreover, the Company is a member of the Oil Industry Environmental Safety Group Association (IESG), established with the aim of enhancing safety standards, developing personnel related to safety and environment, promoting collaboration among large petroleum business operators for the prevention and handling of oil spill into water supplies or on land, along with emergency responses. The Company delegates its safety and environment staff to participate in IESG activities. Over the past period, the Company, IESG and governmental sector have been regularly organizing training programs on incident preventions. It also provides staff and equipment in many emergency rescues.

Throughout its years of operations, the Company has passed all inspections by government agencies related to industry and environment, without any record of getting below regulatory standards. Its tank farms are also not located in densely populated areas and at a safe distance as specified by laws away from communities. In the event of an accident, it is unlikely to pose serious impact on the nearby communities. Furthermore, the Company has arranged for insurance against damages to the lives and properties of the Company and employees, including people residing in areas surrounding tank farms. The Company therefore believes that it has reduced the possibility of accidents at tank farms to a low level, and taken preventive measures to curb potential impacts on and damages to the Company and the environment at an acceptable level, thereby unlikely to materially affect the Company's financial status and operating performance.

8. Risks from non-renewal of dealer appointment agreements

The Company has entered in to dealer appointment agreements with independent petrol station operators wishing to be the Company's dealers. These dealers are permitted by the Company to use PT trademark at their petrol stations ("DODO petrol stations"). According to the agreement, the dealers shall buy an agreed quantity of fuels from the Company each month, while the Company agrees that the prices of fuels sold to them shall carry a profit share (marketing margin for dealers) not less than the rate specified thereunder. The term of petroleum dealer appointment agreements is generally 5 years. The Company

is thus exposed to a risk that the dealers do not wish to renew their petroleum dealer appointment agreements upon the expiry, causing the Company to lose income and profit from fuel wholesaling to these dealers.

However, the Company has a policy to do business with its dealers on the basis of a good business partnership. The Company seeks to provide its dealers with high-quality fuels, punctual delivery, and fair profit share (marketing margin for dealers), which greatly boost confidence and satisfaction of these petrol station operators and make them want to continue being the Company's dealers. The Company also gives advice and assistance constantly, for example providing them with materials and accessories for station revamping, or offering some discounts on sales promotion items so that they can run sales promotion campaigns similar to those of the Company's petrol stations. Moreover, the listing of the Company on the Stock Exchange helps foster the good image of the Company and its brand. For these reasons, the Company anticipates that the risks from non-renewal of dealer appointment agreements are not likely to materially affect the Company's financial status and operating performance.

9. Risks from the impacts of political uncertainties and unrest on the Company's businesses

The unceasing political violence since 2010 has alerted the Company to get efficiently prepared for any emergencies and disturbances that may arise therefrom. Apart from preventive plan against business interruption, the Company has developed a Business Continuity Plan (BCP) as guidelines for all units in response to crises or grave emergencies, which could help mitigate potential impacts or make them as least as possible.

10. Risks from flooding in the country

Having a large number of petrol stations in all areas across the country, the Company is at risk from flooding in such areas, which tends to take place every year. In 2011, where Thailand was inflicted by the worst flooding in its history, totally 15 of PT COCO petrol stations (together with convenience stores at some stations) suffered the disaster. As a result, the Company could not sell fuels

at the submerged stations and bore the expenses on post-flood renovation and repair of petrol stations. As for 2013, where the deluge recurred in October, only 4 COCO petrol stations were affected.

Additionally, safety and environment staff have prepared and provide a Flood Response Manual as guidelines for each petrol station to reduce the damages to petrol stations and convenience stores. The Manual details procedures for preventing the flood-induced losses and damages to fuel pipeline systems and storage tanks at petrol stations, fuels in storage tanks, power systems, including constructions and equipment in the stations and convenience stores. The Company has maintained an all risk insurance policy for its major operating assets, with additional coverage for flood-related damages, enabling it to claim for compensation from the insurer in case of any damages. Accordingly, the Company believes that risks from flooding disaster in the country will not materially affect the its financial status and operating performance.

11. Risks from non-renewal or rejection of lease agreements for petrol station operations

In regard to fuel retailing via its own petrol stations, the Company focuses on making additional investments in expansion of petrol stations by means of renting petrol stations from their original proprietor for a short term (no longer than 3 years) and renovating and operating them as PT petrol stations. According to this strategy, most of the Company's petrol stations are operated on land leased for a short term (no longer than 3 years). As at December 31, 2013, the Company's COCO petrol stations amounted to 551, 20 of which owned by the Company or PTC and another 531 rented by PTC for operating petrol station business. Among the latter, 44.8% had a remaining lease term of less than 3 years, 40.9% between 3 to 10 years, and 14.3% more than 3 years. The Company is therefore exposed to a risk of being unable to renew some of these short-term lease agreements, because there are quite a lot of expiring lease agreements each year. If a proprietor refuses to renew the agreements or requests a considerably higher fee, the Company's operations and financial status can be affected.

However, when the Company rents petrol stations for a short term, it does not have to make a massive investment in each petrol station. Under a short-term lease of station, the lessor agrees to take payments on a monthly basis. In a long-term lease, it does not pay a monthly fee only, but is required by the lessor to pay on the date of agreement signing or lease registration a deposit, which is usually a large sum of money. This will be quite burdensome if it has to hold many long-term lease agreements at the same time. Accordingly, short-term lease agreement helps diminish the risk concerning uncertainty over the operating results of rented petrol stations as the performance of some stations may differ from the Company's projection. After the rented stations began operations, the Company can use their performance in further decision-making. For a petrol station that performs well, the Company may consider renewing the agreement for a longer term or offering to purchase it once the original agreement expires. Over the past period, the Company has been able to negotiate with the station proprietors for agreement renewal at a reasonable price.

Reasons for not wishing to continue petrol station business vary from proprietor to proprietor, e.g. oppressive burden of personnel management, insufficient working capital, debt obligations with financial institutions, retirement after long-running business operations, etc. Meanwhile, most large fuel traders do not rent petrol stations to undertake petrol station business by themselves, but would rather appoint those proprietors as their dealers. Thus, renting their petrol stations out to the Company should be of greater benefit to the proprietors than continuing the businesses.

The Company's rate of non-renewal of lease agreements is low. However, in case of non-renewal, it is mostly because the Company has already considered that such petrol stations failed to perform as projected.

Securities Information and Shareholders

1. Securities Information

As of December 31, 2013, the Company has paid-up registered capital of Baht 1,670.00 million, divided into 1,670.00 million ordinary shares with a par value of Baht 1.00 each.

2. Shareholders

Major shareholders of the Company as of December 31, 2013 can be summarized as follows:-

	No. of Shares	%
1. Ratchakitprakarn Family ^{1/}	549,635,634	32.91
• Mr. Pitak Ratchakitprakarn	129,243,634	7.74
• Mr. Pipat Ratchakitprakarn	76,423,000	4.58
• Ms. Pakjira Ratchakitprakarn	70,000,000	4.19
• Mrs. Chatkaew Gajaseni	33,969,000	2.03
• Ms. Lapat-orn Gajaseni	60,000,000	3.59
• Ms. Chantawarat Chandrasardula	180,000,000	10.78
2. Mr. Sakanan Wjitthanarak	309,651,000	18.54
3. Vachirasakpanich Family ^{2/}	156,140,800	9.35
• Mr. Veerasak Vachirasakpanich	145,840,800	8.73
• Mr. Pongsak Vachirasakpanich	10,300,000	0.62
4. Mrs. Lertlak Nadtasomboon	76,969,340	4.61
5. Pooshutvanitshakul Family ^{3/}	36,790,274	2.20
• Mr. Choosak Pooshutvanitshakul	36,385,000	2.18
• Mrs. Sukwasa Pooshutvanitshakul	405,274	0.02
6. Mr. Surachai Chotjurangkool	27,120,000	1.62
7. Mrs. Pennapa Pongsuraphan	26,530,000	1.59
8. Bualuang Long Term Equity Fund	21,522,900	1.29
9. Bualuang Long Term Equity Fund 75/25	19,235,000	1.15
10. Ms. Natrada Yaemchaya	15,400,000	0.92
11. Others	431,005,052	25.81
Total	1,670,000,000	100.00

- หมายเหตุ : 1/ Ratchakitprakarn Family comprises 1) Mr. Pitak Ratchakitprakarn, the Company's director, Executive Director, Risk Management Committee, and President & Chief Executive Officer, 2) Mr. Pipat Ratchakitprakarn, elder brother of Mr. Pitak Ratchakitprakarn, 3) Ms. Pakjira Ratchakitprakarn, younger sister of Mr. Pitak Ratchakitprakarn, 4) Mrs. Chatkaew Gajasen, the Company's director, Executive Director, Risk Management Committee and elder sister of Mr. Pitak Ratchakitprakarn, 5) Ms. Lapat-orn Gajasen, daughter of Mrs. Chatkaew Gajasen, and 6) Ms. Chantawarat Chandrasardula, spouse of Mr. Pitak Ratchakitprakarn.
- 2/ Vachirasakpanich Family comprises 1) Mr. Pongsak Vachirasakpanich, the Company's director, Executive Director, and 2) Mr. Veerasak Vachirasakpanich, father of Mr. Pongsak Vachirasakpanich.
- 3/ Pooshutvanitshakul Family comprises 1) Mrs. Sukwasa Pooshutvanitshakul, Vice President-Procurement, and 2) Mr. Choosak Pooshutvanitshakul, spouse of Mrs. Sukwasa Pooshutvanitshakul.

Dividend Policy

Dividend Policy of the Company

The Company has a policy to pay dividends to shareholders at the rate of not less than 30% of net profit according to the separate financial statements after taxes, legal reserve and other reserves (if any). However, the dividend payment is subject to change depending on operating performance, financial position, liquidity, the need for working capital, investment and business expansion plans, market conditions, suitability, and other factors relating to the Company's operations and management. This is on condition that the Company has sufficient cash for business undertaking and that it will result in the maximum benefit of the shareholders as the Board of Directors and/or the shareholders deem appropriate. The Board of Directors' resolution for dividend payment shall be proposed to the meeting of shareholders for approval, except for interim dividend payment which can be approved by the Board of Directors and subsequently reported to the general meeting of shareholders for acknowledgement at the next meeting.

Dividend Policy of Subsidiaries

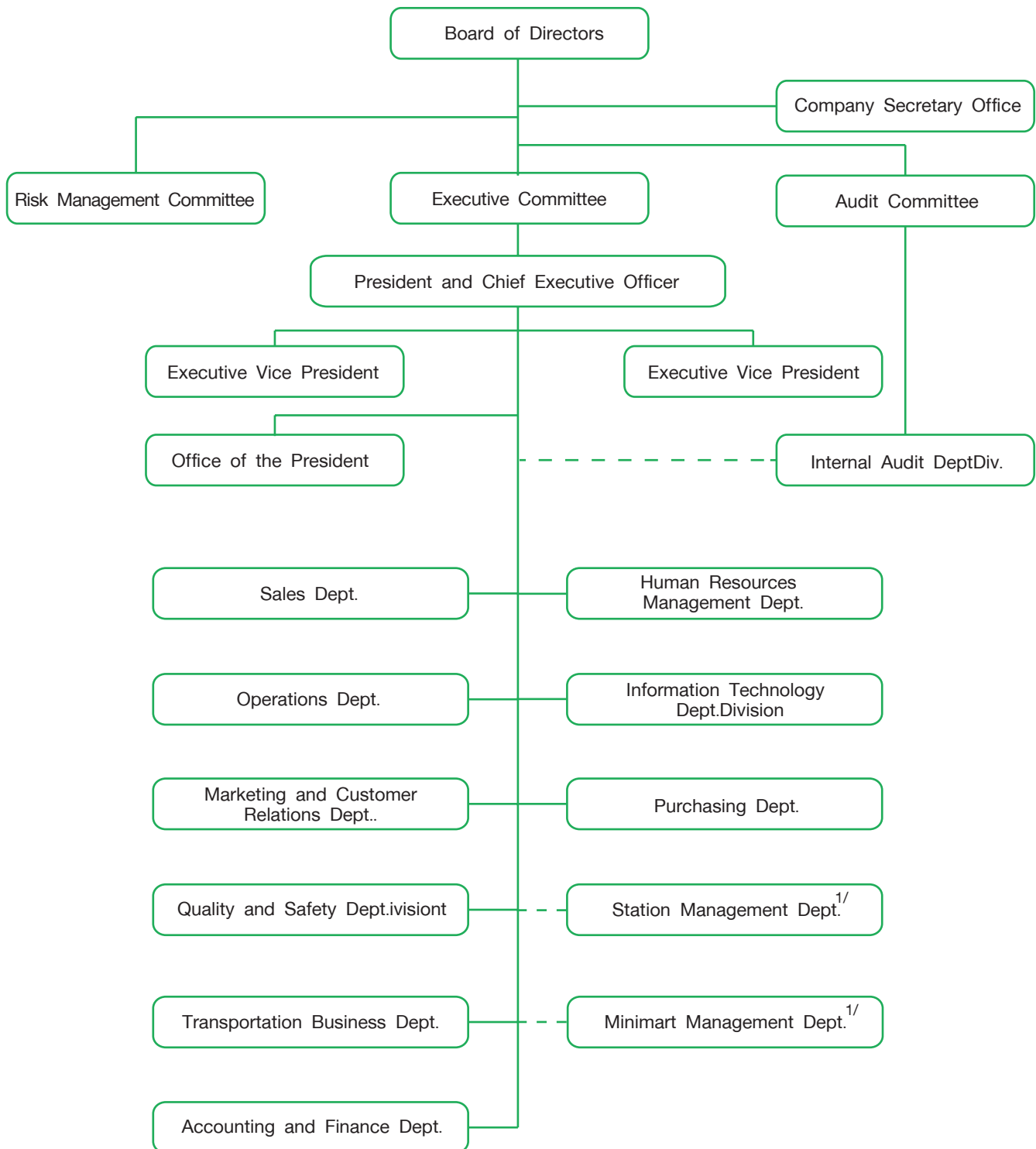
PTC, a subsidiary operating fuel retailing business via the petrol stations, and Punthai Coffee, a subsidiary operating coffee shop business at the Company's petrol stations, have a policy to pay dividends to shareholders at the rate of not less than 30% of net profit according to the separate financial statements after taxes, legal reserve and other reserves (if any). However, the dividend payment is subject to change depending on operating performance, financial position, liquidity, the need for working capital,

investment and business expansion plans, market conditions, suitability, and other factors relating to their operations and management. This is on condition that they have sufficient cash for business undertaking and that it will result in the maximum benefit of the shareholders as their respective board of directors and/or the shareholders deem appropriate. Resolution by the board of directors for dividend payment shall be proposed to the meeting of shareholders for approval, except for interim dividend payment which can be approved by the board of directors and subsequently reported to the general meeting of shareholders for acknowledgement at the next meeting.

Subsidiaries being fuel traders under Section 10 have a policy to pay dividends to shareholders at the rate of not less than 90% of net profit according to the separate financial statements after taxes, legal reserve and other reserves (if any). However, the dividend payment is subject to change depending on operating performance, financial position, liquidity, the need for working capital, investment and business expansion plans, market conditions, suitability, and other factors relating to their operations and management. This is on condition that they have sufficient cash for business undertaking and that it will result in the maximum benefit of the shareholders as their respective board of directors and/or the shareholders deem appropriate. Resolution by the board of directors for dividend payment shall be proposed to the meeting of shareholders for approval, except for interim dividend payment which can be approved by the board of directors and subsequently reported to the general meeting of shareholders for acknowledgement at the next meeting.

Management Structure

1. Management Structure of the Company as of December 31, 2013



Notes : 1/ Station Management Dept. and Minimart Management Dept. are business units of PTC, a subsidiary in which the Company holds a 99.99% stake. However, the Company supervises management and day-to-day operations of these two units like they are its own business units.

1. Board of Directors

The Company's Board of Directors comprises 9 directors, which are 1) 4 non-executive directors, 3 of which are independent directors, and 2) 5 executive directors.

Members of the Board of Directors as of December 31, 2013

Name	Position(s)	Board Meeting Attendance
1) Police General Soontorn Saikwan	Chairman of the Board of Directors, Chairman of the Audit Committee, and Independent Director	9/10
2) Mr. Thien Mekanontchai	Director, Audit Committee Member, and Independent Director	10/10
3) Mr. Mr. Supote Pitayapongpat	Director, Audit Committee Member, and Independent Director	10/10
4) Mr. Sakanan Wijitthanarak	Director	7/10
5) Mr. Pitak Ratchakitprakarn	Director	10/10
6) Mrs. Chatkaew Gajaseni	Director	8/10
7) Mrs. Lertlak Nadtasomboon	Director	9/10
8) Mr. Pongsak Vachirasakpanich	Director	10/10
9) Mr. Rangsun Puangprang	Director	10/10

Notes : Mr. Rangsun Puangprang serves as the secretary to the Board of Directors, and the Company Secretary.

Authorized Directors as specied in the Company Afdavit

According to the Company affidavit, Mr. Pitak Ratchakitprakarn and Mr. Rangsun Puangprang are authorized directors to jointly sign together with the Company seal affixed.

2. Executives

Executives as of December 31, 2013

Name	Position(s)
1) Mr. Pitak Ratchakitprakarn	President & Chief Executive Officer
2) Mr. Rangsun Puangprang	Executive Vice President
3) Ms. Natthisa Pongtaranont	Executive Vice President
4) Mrs. Sukwasa Pooshutvanitshakul	Vice President-Procurement
5) Mr. Thatree Kerdboonsong	Vice President-Transportation Business
6) Mr. Surasak Songvorakulpan	Vice President-Operation
7) Mr. Chaitas Wanchai	Vice President-Retail Management

Scope of Authorities and Responsibilities of the Chief Executive Officer and President

The Board of Directors' meeting no.5/2012 on May 25, 2012 resolved to specify the scope of authorities and responsibilities of the President 2 Chief Executive Officer and President as follows:-

1) Formulate the Company's policies, goals, business plans and strategic plans and propose them to the Executive Committee for consideration.

2) Manage the business according to the policies, goals, business plans and strategic plans approved by the Board of Directors.

3) Authorize and/or assign other persons to perform specific duties on his behalf, within the scope of authorities according to the authorization rules or regulations or orders specified by the Board of Directors.

4) Prepare reports on the Company's operations together with significant matters regularly for presenting to the Executive Committee.

5) Represent the Company in dealing with

external firms.

6) Perform other duties as assigned by the Executive Committee and/or the Board of Directors.

Authorities of the Chief Executive Officer and President as well as authorization to other persons by the Chief Executive Officer and President shall not include the authorities or authorization to approve any transactions whereby he/she or his/her related persons may have conflicts, interests or other benefits of any nature against the interests of the Company or its subsidiaries, or to approve any transactions outside the normal course of business of the Company or subsidiaries. Approval of such transactions must be proposed to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval as specified by the Company's Articles of Association or by relevant laws.

Remuneration for Directors and Executives

1) Monetary Remuneration

Remuneration for the Board of Directors

In 2012 and 2013, the Company paid remuneration to the Board of Directors as follows:-

(Unit : Baht)

Name	2013				2012			
	Monthly Remuneration	Meeting Allowance-BoD	Meeting Allowance-Audit Committee	Total	Monthly Remuneration	Meeting Allowance-BoD	Meeting Allowance-Audit Committee	Total
1) Police General Soontorn Saikwan	1,000,000	90,000	70,000	1,160,000	350,000	70,000	30,000	450,000
2) Mr. Thien Mekanontchai	700,000	100,000	70,000	870,000	245,000	70,000	30,000	345,000
3) Mr. Supote Pitayapongpat	700,000	100,000	70,000	870,000	245,000	70,000	30,000	345,000
4) Mr. Sakanan Wijitthanarak	400,000	70,000	-	470,000	140,000	70,000	-	210,000
5) Mr. Pitak Ratchakitprakarn	400,000	100,000	-	500,000	140,000	80,000	-	220,000
6) Mrs. Chatkaew Gajaseni	400,000	80,000	-	480,000	140,000	50,000	-	190,000
7) Mrs. Lertlak Nadtasomboon	400,000	90,000	-	490,000	140,000	80,000	-	220,000
8) Mr. Pongsak Vachirasakpanich	400,000	100,000	-	500,000	140,000	70,000	-	210,000
9) Mr. Rangsun Puangprang	400,000	100,000	-	500,000	140,000	80,000	-	220,000
Total	4,800,000	830,000	210,000	5,840,000	1,680,000	640,000	90,000	620,000

Remark : Exclude remuneration as Executive Director

Remuneration for Executives

In 2012 and 2013, the Company paid remuneration to executives as follows:-

Description	2013		2012	
	Number (persons)	Amount (mil. Baht)	Number (persons)	Amount (mil. Baht)
1) Salary, bonus and overtime pay	7	20.77	7	25.32
2) Meeting allowance and annual remuneration for executive director position	2	1.79	5	0.52
3) Other remunerations, i.e. provident fund contribution ^{1/} , social security fund contribution, and other welfare benefits	7	1.83	7	1.77
Total	7	24.39	7	27.61

Notes : 1/ The Company has established a provident fund, into which it pays contributions at the rate of 3-6% of salaries.

2. Other Remuneration

- None -

3. Personnel

1. Number of Personnel

As of December 31, 2013 the Company and subsidiaries had a total of 5,273 employees, 1,057 of which were the Company's employees and another 4,216 were the subsidiaries'. They could be grouped according to line functions as follows:-

Line Function	PTG	Subsidiaries
Internal Audit Division	37	
Office of the President	22	5
Company Secretary Office	2	
Sales Department	53	
Marketing and Customer Relations Department	15	
Operations Department	135	
Quality and Safety Department	29	
Transportation Business Department	568	
Accounting and Finance Department	88	
Human Resources Management Department	61	
Information Technology Department	33	
Purchasing Department	14	
Station Management Department		3,968
Minimart Management Department		218
General Management Department		25
Total	1,057	4,216

2. Remuneration for Employees

In 2012 and 2013, the Company paid remuneration to employees (excluding directors and executives of the Company and subsidiaries) as follows:-

Description	2013		2012	
	Number (persons)	Amount (mil. Baht)	Number (persons)	Amount (mil. Baht)
Salary, bonus and overtime pay	5,273	644.45	3,813	426.01
Other remunerations, i.e. provident fund contribution, social security fund contribution, and other welfare benefits	5,273	57.61	3,813	31.76
Total	5,273	696.06	3,813	457.77

3. Labor-related Disputes over the Past 3 Years

– None –

4. Personnel Development Policy

Well aware that personnel at all levels and in all units are essential to the business undertaking, the Company encourage the personnel to constantly enhance their knowledge, expertise and competency so as to be well-grounded in their works. Therefore, the Company has opened the Employee Training Center at Nongkae tank farm to provide:-

1) Basic knowledge training for new employees, in order to enable all new employees to gain a clear understanding of their jobs and operate correctly and safely according to the Company's regulations.

2) Annual training, in order to enable the employees to regularly refresh their knowledge about risk prevention and safety in work.

3) Specialized trainings such as management development course for new station managers, minimart management courses, professional selling skills course, persuasion techniques in sales course and etc, in order to boost operating effectiveness and efficiency of each units.

Total personnel development expenses of the Company and subsidiaries amounted to Baht 15.47 million in 2013.

Directors and Executives of the Company

Police General Soontorn Saikwan

Position Chairman of the Board of Directors / Chairman of the Audit Committee / Independent Director

Highest Education - Master of Arts in Political Science, Ramkhamhaeng University

Thai IOD Courses

- DAP, Class 41/2005, Thai Institute of Directors
- ACP, Class 42/2013, Thai Institute of Directors
- MIR, Class 14/2013, Thai Institute of Directors
- MFR, Class 18/2013, Thai Institute of Directors
- MIA, Class 15/2013, Thai Institute of Directors
- MFM, Class 9/2013, Thai Institute of Directors

Work Experiences	Period	Position	Company
	2013 – Present	Chairman of the Board of Directors	Millcon Burapa Co., Ltd.
	2012 – Present	Chairman of the Board of Directors / Chairman of the Audit Committee / Independent Director	PTG Energy Plc.
	2013 – Present	Vice Chairman of the Board of Directors / Independent Director	Millcon Steel Plc.
	2007 – 2013	Chairman of the Board of Directors / Independent Director	Millcon Steel Plc.
	2005 – Present	Chairman of the Board of Directors / Independent Director	Vanachai Group Plc.
	2008 – 2011	Selected Senator	The Senate
	2006 – 2008	Member of the National Legislative Assembly	The National Legislative Assembly

% of Shareholding 0.01

Mr. Thien Mekanontchai

Position	Independent Director / Member of the Audit Committee		
Highest Education	M.S. in Mechanical Engineer North Dakota State University, U.S.A.		
Thai IOD Courses	- DAP, Class BJC/2004, Thai Institute of Directors - ACP, Class 42/2013, Thai Institute of Directors - MIR, Class 14/2013, Thai Institute of Directors - MFR, Class 17/2013, Thai Institute of Directors - MIA, Class 14/2013, Thai Institute of Directors - MFM, Class 9/2013, Thai Institute of Directors		
Work Experiences	2012 – Present	Independent Director/ Member of the Audit Committee	PTG Energy Plc.
	2010 – Present	Chairman of the Board of Directors	Quality Pineapple Products Co., Ltd.
	2007 – Present	Chairman of the Board of Directors/ Chairman of the Executive Committee	Siam Food Products Plc.
	2007 – Present	Chairman of the Board of Directors	Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.
	2001 – 2007	Independent Director/ Member of the Audit Committee	Berli Jucker Plc.
% of Shareholding	none		

Mr. Supote Pitayapongpat

Position	Independent Director / Member of the Audit Committee		
Highest Education	- Bachelor of Accounting, Thammasat University - Bachelor of Commerce, Thammasat University		
Thai IOD Courses	- DAP, Class 96/2012, Thai Institute of Directors - ACP, Class 42/2013, Thai Institute of Directors - MIR, Class 14/2013, Thai Institute of Directors - MFR, Class 17/2013, Thai Institute of Directors - MIA, Class 14/2013, Thai Institute of Directors - MFM, Class 9/2013, Thai Institute of Directors		
Work Experiences	2012 – Present	Independent Director/ Member of the Audit Committee	PTG Energy Plc.
	2003 – Present	Director/ Executive Directors	Siam-Best Trading Co., Ltd.
% of Shareholding	0.01		

Mr. Sakanan Wijitthanarak

Position	Director / Chairman of the Executive Committee		
Highest Education	Commercial, Han Chiang College (Malaysia)		
Thai IOD Courses	- DAP, Class 92/2011, Thai Institute of Directors		
Work Experiences	2012 – Present	Chairman of the Executive Committee	PTG Energy Plc.
	2007 – Present	Director	Siam Bird's Nest Products Co., Ltd.
	2004 – Present	Director	Siam South Sea Bird's Nest Co., Ltd.
	1995 – Present	Director	PTG Energy Plc.
	1992 – Present	Director	Petroleum Thai Corporation Co., Ltd.
	1990 – Present	Director	S.C.S. Land Development Co., Ltd.
	1981 – Present	Director	Hat Yai Chok Charoen Co., Ltd.
% of Shareholding	18.54		

Mr. Pitak Ratchakitprakarn

Position	Director / Chairman of the Risk Management Committee / Executive Director / Chief Executive Officer President 2		
Highest Education	Master of Business Administration, Prince of Songkla University		
Thai IOD Courses	- DAP, Class 92/2011, Thai Institute of Directors - SFE, Class 8/2010, Thai Institute of Directors		
Work Experiences	2013 – Present	Acting Director - Office of the President Marketing and Customer Relations Department Human Resources Management Department	PTG Energy Plc.
	2012 – Present	Chairman of the Risk Management Committee / Executive Director	PTG Energy Plc.
	2012 – Present	Chairman of the Board of Director	Punthai Coffee Co., Ltd.
	2012 – Present	Chairman of the Board of Director	Pyrenees Oil Co., Ltd.
	2012 – Present	Chairman of the Board of Director	Olympus Oil Co., Ltd.
	2012 – Present	Chairman of the Board of Director	Atlast Oil Co., Ltd.
	2012 – Present	Chairman of the Board of Director	Andes Oil Co., Ltd.
	2011 – Present	Chairman of the Board of Director	Everest Oil Co., Ltd.
	2011 – Present	Chairman of the Board of Director	Empire Oil Co., Ltd.
	2011 – 2013	Acting Director, Marketing Department	PTG Energy Plc.
	2009 – Present	Chairman of the Board of Director	Alpine Oil Co., Ltd.
	2009 – Present	Chairman of the Board of Director	Pyramid Oil Co., Ltd.
	2007 – Present	Chairman of the Board of Director / Managing Director	Petroleum Thai Corporation Co., Ltd.
	2006 – Present	Chief Executive Officer and President	PTG Energy Plc.
	2006 – Present	Director	Petroleum Thai Corporation Co., Ltd.
	2005 – Present	Director	R & D Kasetpattana Co., Ltd.
	2002 – Present	Director	PTG Energy Plc.
	1999 – Present	Director	P & C Group Co., Ltd.
	1999 – Present	Director	Satun Aquamarine Culture Co., Ltd.
	1999 – Present	Director	S.C.S. Land Development Co., Ltd.
	2007 – 2012	Chairman of the Board of Directors / Chairman of the Executive Committee	PTG Energy Plc.
	2005 – 2009	Director	Petro Bangkok Co., Ltd.
% of Shareholding	7.74		

Mrs. Chatkaew Gajaseni

Position Director / Executive Director

Highest Education Master of Public Administration, The National Institute of Development Administration
Master of Science (Environmental Science), Kasetsart University

Thai IOD Courses DAP, Class 92/2011, Thai Institute of Directors

Work Experiences	Year	Position	Company
	2013 – Present	Director	B.K.Trading Co., Ltd.
	2012 – Present	Executive Director	PTG Energy Plc.
	2012 – Present	Director	Gear Auto Car Co., Ltd.
	2011 – Present	Director	PTG Energy Plc.
	2010 – Present	Director / Real Estate Agent	Jitkaew Co., Ltd.
	2010 – Present	Proprietor / Partner	Chatthong Rungrueng Ordinary Partnership
	2007 – Present	Director	Siam Bird's Nest Products Co., Ltd.
	2005 – Present	Director / Manager	R & D Kasetpattana Co., Ltd.
	2004 – Present	Director	Siam South Sea Bird's Nest Co., Ltd.
	2003 – Present	Director	P & C Aquamarine Co., Ltd.
	2001 – Present	Director	K.O.C. Import Export Co., Ltd.
	2000 – Present	Director / Managing Director	CK Five Trading Co., Ltd.
	1999 – Present	Director	Satun Aquamarine Feed Supply Co., Ltd.
	1996 – Present	Director / Managing Director	N & C Minimart Co., Ltd.
	1996 – Present	Director / Managing Director	KTP Petroleum Co., Ltd.
	1993 – Present	Director	Odean Southern Center Co., Ltd.
	1993 – Present	Director / Managing Director	P & C Petroleum Co., Ltd.
	1991 – Present	Managing Director	P & C Group Co., Ltd.
	1989 – Present	Director	Satun Aquamarine Culture Co., Ltd.

% of Shareholding 2.03

Mrs. Lertlak Nadtasomboon

Position	Director		
Highest Education	High school diploma, Indarapichai School, Surat Thani province		
Thai IOD Courses	DAP, Class 96/2012, Thai Institute of Directors		
Work Experiences	2007 – Present	Director	PTG Energy Plc.
	2003 – Present	Director	Pubadin Co., Ltd.
% of Shareholding	4.61		

Mr. Pongsak Vachirasakpanich

Position	Director / Executive Director		
Highest Education	Master of Business Administration (XMBA) in Strategic Management, Thammasat University		
Thai IOD Courses	DAP, Class 96/2012, Thai Institute of Directors		
Work Experiences	2012 – Present	Director / Executive Director	PTG Energy Plc.
	2010 – Present	Director	Highlight Mansion Co., Ltd.
	2006 – Present	Director	Legal Brains Co., Ltd.
	2005 – Present	Director	New Bangpho Apartment Co., Ltd.
	2003 – Present	Director	Puripat Property Co., Ltd.
	2002 – Present	Managing Director	P.S.V. Property Co., Ltd.
% of Shareholding	0.62		

Mr. Rangsun Puangprang

Position Director / Executive Director / Member of the Risk Management Committee / Executive Vice President / Company Secretary

Highest Education Master of Business Administration, The National Institute of Development Administration

Thai IOD Courses

- DAP, Class 79/2009, Thai Institute of Directors
- CSP, Class 50/2013, Thai Institute of Directors
- BRP, Class 10/2013, Thai Institute of Directors
- CRP, Class 5/2013, Thai Institute of Directors
- RCC, Class 16/2013, Thai Institute of Directors

Work Experiences	2013 – Present	Acting Director - Office of the Company Secretary, Accounting and Finance Department	PTG Energy Plc.
	2013 – Present	Acting Director - Minimart Management Department	Petroleum Thai Corporation Co., Ltd.
	2013 – Present	Member of the Risk Management Committee	PTG Energy Plc.
	2012 – 2013	Vice Chairman-Risk Management Committee	PTG Energy Plc.
	2012 – Present	Director	Punthai Coffee Co., Ltd.
	2012 – Present	Director	Pyrenees Oil Co., Ltd.
	2012 – Present	Director	Olympus Oil Co., Ltd.
	2012 – Present	Director	Atlant Oil Co., Ltd.
	2012 – Present	Director	Andes Oil Co., Ltd.
	2011 – Present	Acting Director -Information Technology Department	PTG Energy Plc.
	2011 – 2013	Acting Director-General Administration Department	PTG Energy Plc.
	2011 – Present	Director	Everest Oil Co., Ltd.
	2011 – Present	Director	Empire Oil Co., Ltd.
	2009 – Present	Director	Alpine Oil Co., Ltd.
	2009 – Present	Director	Pyramid Oil Co., Ltd.
	2010 – Present	Executive Vice President	PTG Energy Plc.
	2006 – Present	Director	Petroleum Thai Corporation Co., Ltd.
	2006 – Present	Director	Century Oil Co., Ltd.
	2005 – Present	Director / Executive Director	PTG Energy Plc.
	2005 – 2010	Director-Accounting and Finance Department	PTG Energy Plc.
	1993 - 2008	Manager-Accounting Division	PTG Energy Plc.

% of Shareholding 0.03

Ms. Nattisa Pongtaranont

Position	Executive Vice President		
Highest Education	Business Management, La Vern University, USA		
Thai IOD Courses	None		
Work Experiences	2013 – Present	Executive Vice President	PTG Energy Plc.
	2011 – 2013	Chief Digital Officer	Creative Juice\G1 Limited
	2003 - 2010	Managing Director	DRAFT Worldwide under .Lowe Thailand
	1995 - 2002	Managing Director	OgilvyOne Limited
% of Shareholding	None		

Mrs. Sukwasa Pooshutvanitshakul

Position	Member of the Risk Management Committee / Director - Purchasing Department		
Highest Education	Master of Business Administration (Finance), The National Institute of Development Administration		
Thai IOD Courses	SFE, Class 16/2012, Thai Institute of Directors		
Work Experiences	2013 – Present	Director-Purchasing Department	PTG Energy Plc.
	2013 – 2013	Director-Office of the President	PTG Energy Plc.
	2012 – Present	Member of the Risk Management Committee	PTG Energy Plc.
	2007 – 2013	Director-Accounting and Finance Department	PTG Energy Plc.
	2002 – 2006	Assistant Director-Accounting and Finance Department	Petroleum Thai Corporation Co., Ltd.
	1997 – 2001	Manager - Accounting and Finance Division	Petroleum Thai Corporation Co., Ltd.
	2011 – 2011	Director	Andes Oil Co., Ltd.
	2011 – 2011	Director	Atlast Oil Co., Ltd.
% of Shareholding	0.02		

Mr. Thatree Kerdboonsong

Position	Member of the Risk Management Committee / Director - Transportation Business Department		
Highest Education	Diploma in Mechanical Engineering, Rajamangala University of Technology Isan (Northeastern Campus, Nakhon Ratchasima province)		
Thai IOD Courses	SFE, Class 16/2012, Thai Institute of Directors		
Work Experiences	2012 – Present	Member of the Risk Management Committee	PTG Energy Plc.
	2010 – Present	Director - Transportation Business Department	PTG Energy Plc.
	2006 – 2010	Senior Division Manager - Marketing Department	PTG Energy Plc.
% of Shareholding	0.02		

Mr. Surasak Songvorakulpan

Position	Member of the Risk Management Committee / Director - Operations Department		
Highest Education	Bachelor of Science in Mathematics, Prince of Songkla University, Hat Yai Campus		
Thai IOD Courses	None		
Work Experiences	2013 – Present	Acting Director - Quality and Safety Department	PTG Energy Plc.
	2012 – Present	Member of the Risk Management Committee	PTG Energy Plc.
	2012 – Present	Director - Operations Department	PTG Energy Plc.
	2010 – 2011	Executive Officer	Petroleum Thai Corporation Co., Ltd.
	2009 – 2010	Director - General Administration Department	Petroleum Thai Corporation Co., Ltd.
	2008 – 2009	Director - Operations Department	PTG Energy Plc.
	2007 – 2008	Assistant Director - Operations Department	PTG Energy Plc.
	2003 – 2007	Assistant Director - Policy and Plan Department	PTG Energy Plc.
% of Shareholding	0.02		

Mr. Chaitas Wanchai

Position	Member of the Risk Management Committee / Director - Station Management Department		
Highest Education	Master of Science (Economics), Kasetsart University		
Thai IOD Courses	SFE, Class 16/2012, Thai Institute of Directors		
Work Experiences	2013 – 2013	Acting Director - Purchasing Department	PTG Energy Plc.
	2012 – Present	Member of the Risk Management Committee	PTG Energy Plc.
	2012 – Present	Director - Station Management Department	Petroleum Thai Corporation Co., Ltd.
	2010 – 2012	Acting Director - Retail Management Department	Petroleum Thai Corporation Co., Ltd.
	2000 – 2010	Manager - Marketing Department	Thai Sekisui Foam Co., Ltd.
% of Shareholding	0.00		

CORPORATE GOVERNANCE

Corporate Governance

1. Corporate Governance Policy

The Company trusts that good corporate governance is the cornerstone of transparent and efficient operations, sustainable growth and constructive relationships with all stakeholders, i.e. shareholders, investors, employees, customers, trade partners and the society. Therefore, a good corporate governance policy has been established in accordance with the SET's good corporate governance principles for listed companies covering 5 sections namely 1) rights of shareholders, 2) equitable treatment of shareholders, 3) role of stakeholders, 4) information disclosure and transparency, and 5) responsibilities of the Board of Directors. Details are as follows:-

Section 1 Right of Shareholders

The Company recognizes the importance of the right of shareholders, especially the basic rights to buy, sell and transfer securities held by them, to share profit of the Company, to sufficiently obtain news and information of the Company, to attend and exercise their votes at the meeting of shareholders, etc. The Company has thus laid down pertinent policies and procedures in order to protect shareholder rights as well as to support and facilitate the exercise of their rights, as follows:-

1) The Company provides an opportunity for shareholders to propose agendas for shareholders meeting, give their opinions, and made enquiries in advance.

2) The Company undertakes to sufficiently and timely submit or disclose to the shareholders important information in relation to shareholders meetings, by submitting the meeting notice and agenda supporting documents to them not less than 7 days before meeting date or for a period specified by the Office of Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand (SET). Such notice shall be published in a newspaper, for 3 consecutive days, not less than 3 days before the meeting date, and each agenda shall be supplemented by the Board of Directors' opinion. The meeting notice shall also be published via the Company's website so that the shareholders have sufficient time to

study the information in advance of the meeting. Moreover, the Company avoids adding any immediate agendas that were not included in the meeting notice, in order to ensure fair treatment to shareholders who cannot attend the meeting.

3) In case of shareholders unable to attend the meeting, the Company enables them to appoint its independent directors or any other persons as a proxy to attend the meeting on their behalf, using one of proxy forms attached with the meeting notice.

4) The Company encourages all directors to attend the shareholders meeting, so that shareholders can ask relevant questions.

5) All shareholders attending the meeting are given equal opportunity to freely make comments, recommendations or enquiries before the vote casting. The directors and executives related to the agendas so considered shall be present to answer questions made at the meeting. Questions and answers along with significant opinions shall be recorded in the minutes of the meeting for further inspection by shareholders.

6) Voting results and resolutions of the meeting are recorded in the meeting minutes, specifying clearly on each agenda that requires vote casting as to the number of votes for approval, disapproval and abstention.

7) After the meeting, the Company shall prepare the minutes of the meeting in which material information is disclosed completely and accurately for further inspection by shareholders.

Section 2 Equitable Treatment of Shareholders

Recognizing the importance of all shareholder groups, i.e. executive shareholders, non-executive shareholders, minority shareholders and foreign shareholders, the Company has adopted a policy to facilitate fair treatment of shareholders as follows:-

1) Disclose information related to shareholders meeting to all shareholders on an equal basis. All shareholders are provided an opportunity to express their opinions and make enquiries both before and during the meeting. Meanwhile, those unable to attend the meeting can appoint a proxy to attend the meeting on their behalf.

2) Shareholders with directorship or executive positions are required to disclose information about the interests they or their related persons have in any agendas, and shall not be entitled to vote on the agendas in which they have interests.

3) At a meeting where director election is considered, the Company shall give the shareholders an opportunity to cast their votes on an individual basis. Accordingly, the shareholders exercise the right to elect any nominees qualified as directors to safeguard their interests, thereby promoting diversity among directors who would truly represent the shareholders.

4) Directors, executives and staff being aware of inside information are prohibited from revealing said information to third or uninvolved parties. In addition, the Company has a policy preventing directors, executives and employees from using non-public inside information acquired as a result of their positions to trade the Company's securities. Directors and executives are also prohibited from trading the Company's securities during the period of 1 month before the financial statements are publicly disclosed.

5) Directors and executives are informed of the duty to report changes in their securities holding to the Office of the SEC in pursuant to Section 59 of the Securities and Exchange Act B.E.2535 (including amendments thereto).

Section 3 Roles of Stakeholders

The Company recognizes and respects the rights of stakeholders related to its business operations, e.g. shareholders, employees, customers, trade partners, creditors, debtors, competitors, communities, the society, the environment, etc. In regard to this, the Company shall comply with the provisions of laws and relevant regulations in order that the rights of all stakeholders are well sustained.

Treatment of Shareholders

The Company has a policy to treat all shareholders equitably and not to perform any action in violation or infringement of shareholders. It endeavors to safeguard shareholder rights and maximize their satisfaction, taking into account the sustainable growth of the Company, addition of corporate value, consistent and proper returns, along with adherence to the good corporate governance principles.

Treatment of Employees

Fully aware that all employees are crucial to corporate operations, the Company has a policy to treat employees equitably and fairly. Employee appointment, transfer, remunerations and fringe benefits, as well as disciplinary actions shall be fair, transparent and appropriate for individual employee dependent on his/her knowledge, competence and past performance. The Company encourages continual development of employee capabilities and skills, and also offers employees of all levels opportunities to make comments and recommendations on operational enhancement for each unit.

Treatment of Customers

The Company focuses on strengthen customer satisfaction by delivering quality products that meet their demand, disclosing complete and up-to-date information of products and services without misleading them, and honoring contracts, agreements or conditions made with the customers on a transparent and equitable basis. Confidentiality of customers shall be preserved at all times, and not be exploited for personal gain or for the interests of other related parties.

Treatment of Trade Partners, Creditors and Debtors

The Company operates on the basis of equal opportunities, fairness and ethical conducts. When engaging in business with trade partners, creditors and debtors, the Company and its employees shall never solicit or accept from or pay to them any corrupt benefits. To protect mutual benefits of its trade partners, creditors and debtors, the Company shall strictly comply with laws, contracts and agreements. In case of failure to honor the terms and conditions of contracts, the Company shall notify the contractual parties immediately to discuss solutions to the problems.

Treatment of Competitors

The Company treats business competitors on the basis of free trade, equal opportunities and fair competition. It discourages the defamation of competitors through accusation, slander, false lambasting, or any unfair action in competition.

Treatment of Communities, Society and Environment

The Company puts emphasis on sustainable collaboration with communities, the society and the environment, and also realizes its role, duties and responsibilities to them. The Company has therefore set and regularly reviewed policy and plans concerning occupational safety, health, security and environment, in order to control and assess employees' and relevant parties' performance in relation to the aforementioned matters effectively and efficiently as appropriate to changing circumstances. Moreover, the Company promotes efficient use of energy along with employees' awareness of and responsibility to communities, the society and the environment. Any activities posing a threat to society or morality and/or abetting vices are not permitted.

Section 4 Information Disclosure and Transparency

Recognizing the significance of accurate, complete, sufficient and timely disclosure of information to shareholders, investors and the general public, the Company has a policy to publish via the SET's system and its website (www.ptgenergy.co.th) corporate information, namely financial reports and information, general information as required by the SEC and the SET, along with other information that may affect the price of the Company's securities or the decisions of shareholders, investors and stakeholders. In addition, the Board of Directors has assigned Mr. Rangsun Puangprang to take responsibility for investor relations and communications with shareholders, investors, analysts and related government agencies.

Additionally, all employees are required to discharge their duties solely for the maximum benefits of the Company. All actions and decisions shall be made in accordance with the Company's regulations and procedures, and not be influenced by personal intents of the makers or their family members, close relatives or other acquaintances.

All employees are also prohibited from exploiting or using inside information corruptly for personal gain or for the interests of their families or friends, and must safeguard the Company's inside information and documents without disclosing them to third and/or uninvolved parties. Use of shared inside information by employees must be in the scope of duties and responsibilities assigned specifically to each.

Section 5 Responsibilities of Board of Directors Board of Directors Structure

The number of directors is specified by the shareholders meeting, but shall not be less than 5 directors. The Board of Directors is made up of members with knowledge, capabilities and experiences pertinent to the business who have been approved by the shareholders meeting to serve as the Company's directors, and shall consist of at least 3 independent directors or one-third of the total directors, whichever is higher. At each annual general meeting of shareholders, one-third of the directors, having served longest in the office, shall retire. If the number of directors is not a multiple of three, the number closest to one-third shall apply.

The duties and authorities of the Board of Directors and top executives are clearly segregated. The Board of Directors is responsible for policy making and supervision of the management at a policy level, while the executives for management of operations according to the prescribed policies. The Company has specified that the Chairman of the Board is an independent director and shall not be either the Chairman of the Executive Committee or the Chief Executive Officer and President, thereby distinctly segregating the policy making and supervision duties from the day-to-day management. This also enables the Company to retain a sound balance of power and to prevent centralization of authority by any person. Moreover, the Company has laid down and put in writing the scope of duties and authorities of the Board of Directors, sub-committees and the Chief Executive Officer and President so that the scope of their operational responsibilities can be clearly defined.

Company secretary is appointed to assist the Board of Directors in the arrangements for the Board meetings, e.g. confirming schedules, preparing agenda items, sending meeting notices together with supporting documents, etc. Under the first paragraph of Section 89/51 of the Securities and Exchange Act B.E.2535 (including amendments thereto), the Company Secretary is also responsible for 1) preparing and safekeeping the register of directors, meeting notices, minutes of the Board of Directors meetings and of shareholders meetings, annual reports, giving advice in relation to laws and regulations the directors need to know, supporting activities of the Board of Directors, and coordinating to ensure compliance with the Board's resolutions, 2) safekeeping reports on interests filed by directors or executives, and 3) performing any other actions as specified by the Capital Market Supervisory Board.

Sub-Committees

The Board of Directors has set up subcommittees, i.e. Audit Committee, Executive Director Committee and Risk Management Committee to assist the Board of Directors in governance. Scope of duties and authorities of each committee shall be clearly defined in writing. These committees consist of directors with expertise, competency and extensive background in business, as well as fully qualified under Section 68 of the Public Limited Companies Act B.E.2535 (including amendments thereto) and other applicable notifications.

Role, Duties and Responsibilities of the Board of Directors

The Company's directors are obliged to comply with the SET's Code of Best Practices for directors of listed companies, and to understand and acquaint themselves with the entrusted roles, duties and responsibilities. Apart from that, they shall discharge their duties with integrity in accordance with the laws, the Company's objectives and articles of association including resolutions of shareholders meetings, taking into account the best interests of the Company and its shareholders. The Board of Directors plays a crucial role in considering and approving significant matters pertaining to the Company's operations such as vision, mission, financial strategies and targets, risks, action plans and budgets, as well as supervising and monitoring the management to ensure effective and

efficient performance of the established policies and plans.

The Company's consideration to enter into transactions that may involve conflicts of interest shall rest on the best interests of the Company and its shareholders. To prevent conflicts of interest that may arise from entering into related transactions, persons related to or having interests in related transactions are required to report their relationship or connection therein, and are prohibited from considering, giving opinions on and approving such transactions. Price and conditions of the related transactions so considered shall be determined on an arms' length basis, and in compliance with the laws on securities and exchange as well as the relevant regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand. Additionally, the Audit Committee is responsible for considering and giving opinions on the related transactions, and proposing them to the Board of Directors. Details of related transactions shall be disclosed in the Company's annual report and the annual registration statement (Form 56-1) as well.

The Board of Directors places importance on the internal control. Accordingly, the Internal Control Division has been established to audit the internal control system for effectiveness and efficiency, thereby ensuring the Company that each unit has appropriate policies and procedures in tandem with a good internal control. The Internal Control Division shall prepare and submit pertinent reports directly to the Audit Committee.

In addition, the Board of Directors also attaches much significance to risk management. The Risk Management Committee has therefore been set up to assist the Board in formulating organization-wide risk management policy and framework for implementation by the management. The Risk Management Committee is responsible for reporting on any risks that may hamper the Company's business either at present or in the future, together with making recommendations or suggesting measures for managing said risks to an acceptable level. The Committee shall regularly report to the Board of Directors on the results of risk management policy and framework implementation by the executive management.

Board of Directors Meetings

The Board of Directors should organize formal meetings at least 6 times a year and special meetings as appropriate. To allow the directors ample time and sufficient information for consideration, the Company shall notify them of the agenda items and submit to them the meeting notice and agenda supporting documents not less than 7 days prior to the meeting date. Except where it is a matter of necessity and urgency to preserve the rights or interests of the Company, the meeting may be called by other means and at an earlier date. At the Board meetings, each director is able to give opinions or make recommendations and remarks independently. On some agendas, top executives or concerned persons may attend the meeting to provide explanations, opinions and answers to the Board of Directors' questions. Resolutions of the Board of Directors meetings shall be made by a majority of votes, where each director shall have one vote and any directors

having interests therein shall exclude themselves from the meeting and not be entitled to vote on such agenda. In case of a time, chairman of the meeting shall have an additional casting vote.

The Company Secretary shall attend every meeting and take notes of the meeting. The minutes shall be submitted to the Chairman of the Board for consideration and signature confirming its accuracy, and subsequently proposed to the Meeting on the second agenda of the next meeting for approval. The Company is also responsible for safekeeping all information and documents of the Board meetings for future inquiry and reference.

In 2013, the Company held 10 Board of Directors meetings. Details of each director's meeting attendance are as follows:-

Name	Attendance/Total Meeting (times)	
	Board of Directors	Audit Committee
1) Police General Soontorn Saikwan	9/10	7/7
2) Mr. Thien Mekanontchai	10/10	7/7
3) Mr. Supote Pitayapongpat	10/10	7/7
4) Mr. Sakanan Wijitthanarak	7/10	-
5) Mr. Pitak Ratchakitprakarn	10/10	-
6) Mrs. Chatkaew Gajaseni	8/10	-
7) Mrs. Lertlak Nadtasomboon	9/10	-
8) Mr. Pongsak Vachirasakpanich	10/10	-
9) Mr. Rangsun Puangprang	10/10	-

Remuneration

The Company has established guidelines in setting remuneration for directors at a level appropriate and attractive enough, yet not overpaid, to retain competence and valuable directors with the Company in the long term. In determining directors' remuneration, the Company takes

into account their duties and responsibilities, the Company's performance and operating results, along with remuneration rates of peer companies in similar industries. Furthermore, directors' remuneration each year shall be considered and approved by the annual general meeting of shareholders.

Director and Executive Development

To enable continual improvement of performance, the Company has a policy to promote and facilitate trainings and seminars for persons related to corporate governance system, e.g. directors, Audit Committee members, executives, etc. Directors are encouraged to attend relevant training courses such as those organized by the Thai Institute of Directors Association (“IOD”), so that they thoroughly recognize and understand their fiduciary duties and responsibilities as directors of listed companies.

2. Director Structure

The Company's director structure consists of 4 sub-committees namely the Board of Directors, the Audit Committee, the Executive Director Committee and the Risk Management Committee, the members and scope of duties and responsibilities of which are as follows:-

2.1 Board of Directors

The Company's Board of Directors is made up of 9 directors, comprising 1) 4 non-executive directors, 3 of which are independent directors, and 2) 5 executive directors.

Members of the Board of Directors as at December 31, 2013

Name	Position	Meeting Attendance
1) Police General Soontorn Saikwan	Chairman of the Board of Directors	9/10
2) Mr. Thien Mekanontchai	Director	10/10
3) Mr. Supote Pitayapongpat	Director	10/10
4) Mr. Sakanan Wijitthanarak	Director	7/10
5) Mr. Pitak Ratchakitprakarn	Director	10/10
6) Mrs. Chatkaew Gajaseni	Director	8/10
7) Mrs. Lertlak Nadtasomboon	Director	9/10
8) Mr. Pongsak Vachirasakpanich	Director	10/10
9) Mr. Rangsun Puangprang	Director	10/10

Notes: Mr. Rangsun Puangprang serves as the secretary to the Board of Directors, and also the Company Secretary. Detailed profile of the Company Secretary is disclosed under the Director and Executive Profile Section.

Scope of Authority and Duties

1) Oversee and manage the Company, discharge their duties with integrity in compliance with the laws, the Company's objectives and articles of association including resolutions of shareholders meetings, as well as safeguard the Company's interests and exercise accountability to shareholders.

2) Formulate policies and business direction of the Company, as well as monitor and supervise to ensure the management's effective and efficient performance of the established policies and plans under the good corporate governance, so as to maximize economic value and shareholders' wealth.

3) Supervise to ensure that the management treats all stakeholders on the basis of ethical values and equity.

4) Consider and formulate the annual budget plan, revise such plan to be appropriate to and consistent with the Company's policies and business direction, as well as inspect and control the management's efficient implementation of budgets according to the annual budget plan.

5) Monitor the Company's business operations regularly, and secure compliance with the laws and terms of relevant agreements. In this regard, the management is assigned to report on a quarterly basis on performance and other significant matters of the Company to the Board of Directors meeting for acknowledgement, so as to enable effective business operations.

6) Ensure that the Company's accounting system, financial reporting system, internal control and internal audit are effective and reliable.

7) Play a vital role in risk management, by implementing appropriate and adequate risk management guidelines and measures in tandem with regular monitoring.

8) Consider and approve and/or give opinions on the execution of significant transactions and connected transactions to be proposed to shareholders meetings for approval in accordance with criteria, conditions and procedures specified by relevant laws and regulations and/or the Company's articles of association and/or resolutions of shareholders meetings.

9) Ensure that annual reports of the Company or the Board of Directors are prepared in compliance with relevant laws or regulations, as well as report to the shareholders regularly and accurately on both positive and negative aspects of the current business status and future business direction, together with sufficient reasons for entering to said transactions.

10) Consider and approve an organizational structure suitable for business operations, which include establish subcommittees, nominate and appoint experienced and competent directors or persons qualified to sit in the subcommittees, and determine the scope of authority, duties and responsibilities of such sub committees.

11) Consider and appoint the Chief Executive Officer and President, and determine the scope of authority, duties and responsibilities of the position.

12) Consider and set out the annual remuneration structure and criteria for appropriate remuneration for directors, executives and employees, taking into account proper factors such as performance assessment results, positions, scope of duties and responsibilities, qualifications, knowledge, abilities and suitable remuneration rates comparable to those in the same industry.

13) Consider appropriate remuneration rate for directors in accordance with the criteria specified by the

Board of Directors, and propose such rate to the shareholders meeting for consideration and approval.

14) Nominate and propose knowledgeable, competent and experienced persons fully qualified under the relevant laws and regulations to the shareholders meeting for approval as the Company's directors.

15) The Board of Directors may authorize one or more directors or any other persons to, under the supervision of the Board, perform any acts on its behalf. It may also delegate certain authorities to said persons as it deems appropriate and for a period of time it deems appropriate. Such authorization and delegation can be rescinded, revoked, changed or amended if appropriate, and must be made in writing or clearly recorded as the Board's resolution in the minutes of the Board of Directors meeting, with a clearly-defined scope of delegated authority. In addition, the authorized persons shall not have an authority to approve any transactions which they or potential interested persons ("potential interested persons" shall be as defined by the notifications of the Securities and Exchange Commission or the Capital Market Supervisory Board) may have an interest in or may involve a conflict of interest in any other form with the Company, except for approval of transactions made in accordance with the policies and criteria already approved by the shareholders meeting or the Board of Directors meeting.

16) Have any other authorities, duties and responsibilities as prescribed by relevant laws and regulations, the Company's articles of association and resolutions of shareholders meetings.

2.2 Audit Committee

The Audit Committee consists of 3 independent directors who are fully qualified under the requirements of the Office of the SEC and the Stock Exchange of Thailand.

Members of the Audit Committee as at December 31, 2013

Name	Position	Meeting Attendance
1) Police General Soontorn Saikwan	Chairman of the Audit Committee, and Independent Director	7/7
2) Mr. Supote Pitayapongpat	Member of the Audit Committee, and Independent Director	7/7
3) Mr. Thien Mekanontchai	Member of the Audit Committee, and Independent Director	7/7

Notes : Mr. Supote Pitayapongpat is a member of the Audit Committee with competency and expertise in reviewing the reliability of financial statements. Ms. Sumaree Panniyom, manager of the Internal Audit Division, serves as the secretary to the Audit Committee.

Scope of Authority and Duties

1) Financial Reporting

(1) Review to ensure that the preparation and information disclosure of the Company's quarterly and annual financial reports are accurate, complete, sufficient, reliable and timely, by coordinating with the external auditors and executives responsible for preparation of the financial reports.

2) Connected Transactions and Transactions with Potential Conflicts of Interest

(1) Review that connected transactions and transactions with potential conflicts of interest are in compliance with the laws and the SET's regulations in order to ensure that these transactions are reasonable and in the best interests of the Company.

(2) Review that the disclosure of information regarding connected transactions or related transactions or transactions that may involve conflicts of interest is accurate and complete.

3) Internal Control

(1) Review to ensure that the Company's internal control system is appropriate and effective.

(2) Consider audit results and recommendations of the external auditors and the internal audit office on the internal control system, propose said

recommendations to the management for further improvements, and follow up the progress.

4) Internal Audit

(1) Review to ensure that the Company's internal audit unit is independent and the internal audit system is effective.

(2) Review activities and structure of the Internal Audit Division, and approve the Charter of the Internal Audit Office.

(3) Participate in the approval to the appointment, rewarding, transfer, removal or dismissal as well as the remuneration of the manager of Internal Audit Division, to ensure that the unit can perform duties independently.

(4) Review with the manager of Internal Audit Division the internal audit plan, especially on matters concerning internal control system and financial management process.

(5) Consider and give opinions and remarks in relation to budget and staffing of the Internal Audit Division, to propose to the Management for approval.

(6) Consider the audit plans and the scope of works of internal auditors, external auditors as well as internal audit advisor (if any) to ensure that they are mutually supportive and to avoid duplication of works.

5) Auditing

(1) Consider and propose the appointment of auditors and audit fees, including removal thereof. External auditors with independence are selected based on the credibility, adequacy of resources, work load of the audit firm, past experiences of staff assigned to audit the Company's statements, together with performance in the previous year. The Audit Committee shall propose the matter to the Board of Directors for approval.

(2) Review the scope and approach of audit proposed by the external auditors, and consider reasons for changes of audit plan (in case the plan is changed afterward).

(3) Suggest the external auditors to review or audit any transactions deemed necessary and material in the course of auditing the Company's and subsidiaries' statements.

(4) Review the auditors' reports, propose recommendations for improvements to the management, and follow up the progress.

(5) Consider the adequacy and efficiency of coordination between the external and internal auditors.

(6) Take due action and inspect the issue without delay upon being notified by the external auditors of any suspicious circumstance that the Chief Executive Officer and President or any person responsible for the Company's operations commits an offence under the second paragraph of Section 281/2, Sections 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, as well as report results of preliminary inspection to the SEC and the external auditors within 30 days from the date being notified.

6) Compliance with Relevant Laws and Regulations

(1) Review to ensure the Company's compliance with the Securities and Exchange Act, the SET's regulations or the laws relating to the Company's business.

7) Reporting of the Audit Committee

(1) The Audit Committee shall submit performance report to the Board of Directors meeting for acknowledgement and consideration at least once a quarter.

(2) The annual performance report of the Audit Committee shall be prepared with details as specified by the SET and signed by the Chairman of the Audit Committee, as well as disclosed in the Company's annual report.

(3) During the discharge of duties, if a transaction or action that may materially affect the Company's status and performance is found or suspected, the Audit Committee shall immediately report the matter to the Board of Directors in order to rectify the circumstance within the period deemed appropriate. Such transactions or actions include:-

(3.1) Transactions with conflicts of interest;

(3.2) Fraud, or irregularity or material defect in the internal control system;

(3.3) Violation of the Act, the SET's regulations or the laws relating to the Company's business.

(4) If the Board of Directors or the executives fail to rectify the transaction or action identified in (3.1), (3.2) and (3.3) above within the appropriate period, any member of the Audit Committee may report such transaction or action to the SEC or the SET.

8) Good Corporate Governance

(1) Review to ensure the Company's continual process of good corporate governance development, as well as provide guidelines and recommendations necessary for improvement.

(2) Promote the good corporate governance value by encouraging the Company to set the topic as a regular agenda for the Board of Directors meeting and annual general meeting of shareholders.

(3) Monitor to ensure that the Chairman of the Audit Committee receives copies of reports on interests under Section 89/14 within 7 business days from the date on which the Company has received such reports.

9) Risk Management

(1) Review to ensure that the Company's risk management process runs systematically, effectively and efficiently under appropriate standards.

(2) Consider, jointly with the Risk Management Committee, the risk management panel and the management, and give opinions regarding reports on risk management results and progress.

10) Other Responsibilities

(1) Perform any other acts as assigned by the Board of Directors with the concurrence of the Audit Committee. The Audit Committee is responsible to the Board of Directors according to the duties and responsibilities assigned by the Board of Directors, while the responsibilities for all corporate activities toward third parties still lie with the entire Board of Directors.

(2) Review and revise the Charter of the Audit Committee at least annually in order to keep it up-to-date and proper to the Company's business circumstances.

(3) Discharge duties as specified by additional notifications of the SET.

(4) Oversee that a whistleblower system is established, in case employees or stakeholders have doubts or discover any actions suspicious of being violation of or non-compliance with the laws, rules, regulations, business ethics or corporate governance policies, so as to ensure the whistleblowers that the Company has independent investigation process and appropriate monitoring activities.

(5) Oversee any special investigations as necessary.

2.3 Risk Management Committee

The Risk Management Committee has been set up to formulate organization-wide risk management policy and to supervise the implementation of a system or process for managing risks that may affect the Company's financial status, operating performance and competitiveness in the long term. As at December 31, 2013, the Risk Management Committee consists of members as follows:-

Member Parties	Name	Position	Meeting Attendance
President and Chief Executive Officer	Mr. Pitak Ratchakitprakarn	Chairman of the Risk Management Committee	5/5
Executive Vice President	Mr. Rangsun Puangprang	Risk Management Committee	5/5
	Ms. Nattisa Pongtaranont ^{1/}	Risk Management Committee	2/5
Office of the President	Mr. Surasak Songvorakulpan	Risk Management Committee	4/5
Office of the Company Secretary	Mr. Nopparat Chantanaves	Risk Management Committee	5/5
Sales Department	Mr. Suwatchai Pitakwongsaporn	Risk Management Committee	5/5
Marketing & Customer Relations Department	Mr. Chalong Tiratraipusit	Risk Management Committee	4/5
	Flt. Lt. Satta Suparp		5/5
Operations Department	Mr. Surasak Songvorakulpan	Risk Management Committee	4/5
Quality & Safety Department			
Transportation Business Department	Mr. Thatree Kirdboonsong	Risk Management Committee	5/5
Accounting & Finance Department	Ms. Patchanok Worasakyotin ^{2/}	Risk Management Committee	-
Personnel Management Department	(Mr. Pitak Ratchakitprakarn – Acting)	Risk Management Committee	-
Information Technology Department	Ms. Supapan Mahasarakul ^{2/}	Risk Management Committee	-
Purchasing Department	Mrs. Sukwasa Pooshutvanitshakul	Risk Management Committee	3/5
Station Management Department	Mr. Chaitasn Wanchai	Risk Management Committee	5/5
Minimart Management Department	Mr. Surawut Louilarpprasert ^{2/}	Risk Management Committee	-

Notes : Mr. Tossaporn Nakay serves as the secretary to the Risk Management Committee.

1/ Ms. Nattisa Pongtaranont joined the Company in November 2013.

2/ This group of members was appointed by the Risk Management Committee meeting no. 4/2013 held on November 21, 2013.

Scope of Authority and Duties

1) Formulate the overall risk management policy and framework, where the management is assigned to implement said policy and framework as well as to report performance results to the Risk Management Committee.

2) Review and revise the Company's risk management system for continual efficiency and effectiveness, and supervise assessment and monitoring of risk management implementation to ensure constant

conformity with the set policy and framework.

3) Arrange for assessment and analysis of significant risks in various areas systematically and continuously in line with current circumstances in order to ensure that the risk assessment covers all steps of operations, and also recommend methods for preventing or mitigating such risks to an acceptable level.

4) Perform any other duties as assigned by the Board of Directors.

Members of the Executive Committee as at December 31, 2013

Name	Position	Meeting Attendance
1) Mr. Sakanan Wijitthanarak	Chairman of the Executive Committee	12/12
2) Mr. Pitak Ratchakitprakarn	Member of the Executive Committee	12/12
3) Mrs. Chatkaew Gajasen	Member of the Executive Committee	12/12
4) Mr. Pongsak Vachirasakpanich	Member of the Executive Committee	12/12
5) Mr. Rangsun Puangprang	Member of the Executive Committee	11/12

Noes : Mr. Rangsun Puangprang serves as the secretary to the Executive Committee.

Scope of Authority and Duties

1) Consider the business plan and annual budget for proposing to the Board of Directors.

2) Formulate the Company's financial and investment policies, determine investment policy direction in line with corporate policies, and approve investment criteria as well as investment proposals according to the Company's regulations.

3) Consider and take action on key matters relating to the Company's operations.

4) Consider and provide recommendations on projects of all types that are proposed to the Board of Directors.

5) Consider and appoint directors of subsidiaries or joint ventures, according to shareholding ratio of the Company or the terms agreed by shareholders of subsidiaries or joint ventures (if any).

6) Oversee and monitor that the Company's administration results comply with the policies, business plans and annual budget determined and approved by the Board of Directors, as well as regularly report such results to the Board of Directors.

7) Consider matters that the Chief Executive Officer and President proposes to the Executive Committee for consent or approval.

8) Approve recruitment, appointment, removal and transfer of senior employees at the senior executive vice president level or other equivalent positions.

9) Approve matters concerning the Company's finances and assets in accordance with the approval criteria.

10) Assign or advise the Chief Executive Officer and President to consider or perform any activities as the Committee deems appropriate.

11) Appoint working panels to consider any matters as the Committee deems appropriate.

12) Consider and propose matters deemed appropriate to be notified to the Board of Directors for acknowledgement, consent or approval.

13) Consider and approve matters concerning the opening or closing of bank accounts with all commercial banks at which the Company uses services, including requests for special or extra services in relation to all the accounts the Company has with all commercial banks.

14) Consider any other matters or perform any other duties as assigned by the Board of Directors.

The Executive Committee's authority as well as delegation of authority to other persons as the Committee deems appropriate shall not include the authority or delegation of authority to approve any transactions in which the Executive Directors and delegated persons or their related persons may have conflicts of interest or benefits in any other forms against the Company's or subsidiaries' interests, or transactions beyond the Company's or subsidiaries' normal business scope. Such transactions must be proposed to the Board of Directors meeting and/or the shareholders meeting for consideration and approval in accordance with the Company's articles of association or relevant laws.

3. Nomination and Appointment of Directors and Top Executives

3.1 Nomination of Directors

The Company has not set up a nomination committee for selecting nominees for director and executive positions. Therefore, the Board of Directors shall consider and select persons with experiences and abilities pertinent to the Company's business as well as required qualifications and without legally-prohibited characteristics, and subsequently propose the selected nominees to the shareholders meeting for appointment as directors in accordance with the criteria and procedures specified in the Company's articles of associations, which could be summarized as follows:-

1) The Board of Directors consists of at least 5 directors, and at least half of the total number of directors shall reside in the Kingdom of Thailand. The Company's directors shall possess qualifications as specified by the laws and not less than 3 directors or one-third of the total number of directors, whichever is higher, shall be independent directors who possess qualifications as specified by the requirements of the Office of the SEC and the SET.

2) The Board of Directors elects a director as the Chairman of the Board, provided that the elected director shall be an independent director.

3) Directors shall not be a partner in an ordinary partnership or a partner with unlimited liability in a limited partnership, operate any business or become a director of a private company or other company operating business of the same nature as and in competition with that of the Company, unless they have notified the shareholders meeting of this matter prior to the resolution for appointment.

4) In considering director appointment, the shareholders meeting shall elect the Company's directors by a majority of votes according to the following criteria and procedures:-

(1) Each shareholder shall have one vote for one share.

(2) Shareholders shall cast their votes to elect directors on an individual basis.

(3) Persons receiving the highest votes in descending order shall be elected as the Company's directors in a number of directors required or to be elected at a given meeting. In the event of a tie for the last opening, causing the number of persons elected to exceed the number required or to be elected at such time, the chairman of the meeting shall have a casting vote.

5) At every annual general meeting of shareholders, one-third of the directors shall retire. If the number of directors is not a multiple of three, the number closest to one-third shall apply. The directors retiring in the first and second years after the registration of the Company shall be selected by drawing lots. In subsequent years, the directors having served longest in the office shall retire. The directors retired by rotation may be elected.

6) Any director wishing to resign from office shall submit a resignation letter to the Company. The resignation shall be effective on the date the letter reaches the Company. Such director may also notify the Registrar of his/her resignation.

7) In case an office of a director falls vacant for reasons other than by rotation, the Board of Directors shall appoint a person with required qualifications and without legally-prohibited characteristics as a replacement director at the next Board of Directors meeting, except

that the remaining term of the former director is less than 2 months. The replacement director shall retain office only for the remaining term of his/her predecessor. The Board of Directors' resolution for appointment of the replacement director shall represent a vote of not less than three-fourth of the number of the remaining directors.

8) The shareholders meeting may resolve to remove any director from office before his/her term expires as a result of retirement by rotation, by a vote of not less than three-fourth of the number of shareholders attending the meeting and entitled to vote, and with an aggregate number of shares not less than half of the number of shares held by the shareholders attending the meeting and entitled to vote.

3.2 Nomination of Independent Directors

The Company has a policy to appoint independent directors in a number not less than one-third of the total directors, yet not less than 3 persons. In nominating persons for independent directors, the Board of Directors shall jointly select qualified persons based on knowledge, abilities, past experiences and other appropriate qualities, including required qualifications and prohibited characteristics according to the Public Limited Companies Act, Securities and Exchange Act., notifications of the Capital Market Supervisory Board along with relevant notifications, regulations and/or rules. The Board of Directors shall subsequently propose selected persons to the shareholders meeting for approval to the appointment thereof. Qualifications of independent directors are as follows:-

1) Holding shares not exceeding 1% of the total shares with voting rights of the Company, its parent company, subsidiary, affiliate, the Company's major shareholders or controlling persons, including shares held by related persons of such independent director.

2) Neither being nor used to be an executive director, employee, staff, advisor who receives salary or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company, unless the foregoing status has ended for not less than 2 years.

3) Not being a person related by blood or legal

registration as father, mother, spouse, sibling and child, including spouse of child of the executive, major shareholder, controlling person or person to be nominated as executive or controlling person of the Company or its subsidiary.

4) Having no business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company in the manner which may impede his/her independent discretion; and neither being nor used to be a significant shareholder (holding more than 10% of the total shares with voting rights of the Company, including those held by related persons), or a controlling person of those having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing status has ended for not less than 2 years.

5) Neither being nor used to be an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not be a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing status has ended for not less than 2 years.

6) Neither being nor used to be a professional service provider of any kind, including legal or financial advisor, who receives an annual service fee exceeding Baht 2 million from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company; and not being a significant shareholder, controlling person or partner of such professional service provider, unless the foregoing status has ended for not less than 2 years.

7) Not being a director appointed as a representative of the Company's directors, major shareholder or shareholder who is related to major shareholder.

8) Not operating any business of the same nature as and in competition with that of the Company or its subsidiary to a significant extent; or not being a significant

partner in a partnership, or an executive director, employee, staff or advisor who receives salary or a shareholder holding more than 1% of the total shares with voting rights of any other company that operates any business of the same nature as and in competition with that of the Company or its subsidiary to a significant extent.

9) Not having any other characteristics that make him/her incapable of giving independent opinions on the Company's business operations.

10) An independent director being appointed with qualifications as stated in 1) to 9) above may be assigned by the Board of Director to make decisions on business operations of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company, provided that it is in the manner of collective decision where such independent director shall not be regarded as an executive director.

11) In case an independent director involves or used to involve in a business relationship or provision of professional services for a consideration exceeding the amount specified in 4) and 6) above, he/she shall be granted a relaxation thereof if the Board of Directors has considered, based on Section 89/7 of the Securities and Exchange Act B.E.2535, and opined that the appointment of such person does not affect his/her performance and independent opinions. The notice of shareholders meeting shall disclose in the agenda on appointment of independent director the following information:-

(a) The nature of business relationship or professional services that makes such person lack the specified qualifications;

(b) Reasons and necessity for retaining or appointing such person as an independent director;

(c) Opinions of the Board of Directors regarding the proposal to appoint such person as an independent director.

3.3 Nomination of Audit Committee Members

The Company has a policy to appoint the Audit

Committee, which consists of at least 3 members. In this regard, the Company shall select independent directors to be members of the Audit Committee, and subsequently propose such nominees to the Board of Directors meeting or shareholders meeting for approval. Apart from basic qualifications, the independent directors sitting in the Audit Committee shall possess additional qualifications as follows:-

1) Not being a director assigned by the Board of Directors to make decisions on the business of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company.

2) Not being a director of its parent company, subsidiary or same-level subsidiary which are listed companies.

3) Having sufficient knowledge and experiences to perform duties as a member of the Audit Committee, provided that at least one of the members has sufficient knowledge and experiences to review the reliability of financial statements.

4. Use of Inside Information

The Company puts great emphasis on overseeing and prohibiting its directors, executives and employees from using non-public material inside information for personal gain or for the interests of persons related to them, as well as from trading the Company's securities. Accordingly, the Company has laid down guidelines preventing exploitation of inside information by the directors, executives and employees as follows:-

1) Directors, executives and employees at all levels are prohibited from disclosing confidential and/or inside information of the Company to non-related parties or persons.

2) Directors, executives and employees at all levels are prohibited from utilizing confidential and/or inside information of the Company for their own or any other persons' direct or indirect interests of personal gain or for the interests of any other persons, either directly or indirectly and no matter whether they receive any benefits in return.

3) Directors, executives and employees at all levels being aware of the Company's non-public operating results or inside information that may affect the price of the Company's securities are prohibited from buying or selling the Company's securities until said information is released to the public. This prohibition shall apply to spouses and minor children of such persons. Violation of this regulation shall be regarded as a serious and legally punishable offence.

4) Directors and executives shall understand and acquaint themselves with the duty to report their securities holding and the holding of securities by their spouse and minor children, including changes thereof, to the Office of the SEC in pursuant to Section 59, as well as with penalty provisions in pursuant to the Securities and Exchange Act B.E.2535 (including amendments thereto) and the regulations of the Stock Exchange of Thailand.

5) The Company has established disciplinary actions against any persons utilizing or disclosing the Company's inside information to the extent that may damage the Company. The disciplinary actions shall be considered and taken as appropriate to the case, which include verbal warning, written warning, probation as well as termination of directors, executives or employees by means of dismissal, deposition or discharge, as the case maybe.

5. Audit Fees

The Company and subsidiaries have paid audit fees and non-audit fees to DIA International Auditing Co., Ltd., which is the audit firm for the year 2013, and to other persons or businesses related to the external auditors or the office of the external auditors, as follows:-

(Unit : Million Baht)

Recipient	Audit Fees	Non-audit Fees
Audit firm of the Company and subsidiaries	2.28	-
Other persons or businesses related to the external auditors or the office of the external auditors	-	-

Corporate Social Responsibility : CSR

The Company sets the vision of being the nation's leading petroleum retail service company, with 3 key missions as follows:-

1. To create the utmost satisfaction for all partners, employees and customers;
2. To manage with professionalism and continuous improvement, servicing to build revenues for and bring values to the organization and all partners;
3. To be responsible and accountable to the welfare of society and the environment.

The Company also made a firm commitment that "Where there're Thais, there's PT to be the number one service of choice for people nationwide." This commitment forms the basis of the Company's CSR ambition, which is:-

"We exist to inspire and give people with a thirst for knowledge an opportunity to learn to live securely and sustainably in the ever-changing world."

To achieve this CSR ambition, the Company has made it one of the key missions. In 2013, the Company therefore initiated the beneficent "PT Fills the Land with Right Livelihood Project" in support of Phra Dabos School.

Phra Dabos School provides its students with vocational trainings, moral integrity and disciplines so that they can earn a living rightly and self-sufficiently. Situated at Tha Wasukree, Samsen Road, Bangkok, the School admits about 140 students each year. It is under the supervision of Phra Dabos Foundation, the charitable organization working under the royal patronage to help children deprived of education to acquire vocational skills and be good citizens. Phra Dabos School offers 1-year vocational courses covering 8 areas, i.e. motor mechanics, electronics, electrical skills, maintenance engineering, housekeeping, furniture carpentry and welding.

The support fund was proportional to the petrol sales volume during September to November 2013 at the rate of 5 satang per liter. The Company expected that the project would be able to raise about Baht 17 million. For the project's continual and full development, the Company plans to support more of Phra Dabos Foundation's projects

in years to come. They include Look Phra Dabos (the School graduates) project, which sponsors tools and equipments for the School, Look Phra Dabos SME project, which educates the graduates about management concepts and business plans, and PT Look Phra Dabos Shop project, which afford the graduates an opportunity to operate their shops or garages on the petrol station premises.

Apart from the CSR benevolent supports given to Phra Dabos Foundation, the Company has conducted all its business activities consistent with the core mission regarding responsibility to the society and all stakeholders, i.e. shareholders, customers, business partners, employees and surrounding communities. Examples are:-

- The Company focuses on selling quality and high-standard petrol. Accordingly, it has built a fuel oil testing laboratory at Maeklong tank farm for testing the quality of petrol randomly retrieved at each production step (more details under the Nature of Business topic – Fuel Oil Quality Testing).
- The Company sets operation control system for tanker drivers. All drivers shall study and understand the regulations and procedures thoroughly. This is designed not only to safeguard the Company's assets, but also to prevent the tanker drivers from driving too fast and being dangerous to themselves and other road users.
- The Company gives much importance to building good relationship between PT petrol stations and surrounding communities. Its effort includes a policy to recruit people in nearby communities as full-time employees, various activities to enhance a friendly relationship and goodwill such as fire fighting training, safety exhibition about emergency and fire drill, training course on protection against accidents related to petroleum products. In addition, the Company has donated drinking water to flood victims.

Internal Control and Risk Management

PTG Energy Public Company Limited places steady emphasis on internal control by implementing a thorough system sufficient for all activities and suitable for business undertaking, so as to achieve the enhanced efficiency and effectiveness in operations, resources utilization and asset stewardship, the accurate and credible accounting and financial reporting system, along with the strict compliance with the governing laws, rules and regulations. The Board of Directors has assigned the Audit Committee to annually review the Company's internal control, using the criteria for assessing the adequacy of internal control set by the internationally recognized Committee of Sponsoring Organizations of the Treadway Commission (COSO). In this regard, the Board of Directors meeting no.1/2014 on February 27, 2014 has opined that the Company's internal control system is sufficient and suitable to the scale of business and its current circumstances. The assessment results could be summarized as follows:-

1. Control Environment

The Company has a good internal control environment conducive to efficient and effective operations. The Board of Directors and all level of the management have fostered a corporate culture of business ethics and integrity, with management in the following areas:-

1.1 The Company promotes adherence to integrity and ethics. It has adopted a written Code of Conduct, which lays down the basis of integrity and ethics in operations as well as prohibition of conduct that may lead to conflict of interest and corruption damaging to the organization; and has also informed all staff of such guidelines and penalty. Monitoring and assessment of compliance therewith are carried out in order that an immediate action can be taken in case of any nonconformity to the rules relating to integrity and ethics.

1.2 The Board of Directors is independent beyond the influence of the management and responsible for the oversight and improvement of internal control function. The roles and duties of the Board of Directors are segregated clearly from those of the management, and valid according to the laws

and its Charter. Taking responsibility for overseeing the formulation of clear and measurable business goals, the Board consists of members who have knowledge and expertise beneficial to the Company's business, along with complete independence in the discharge of duties as well as the supervision over development and practices in relation to corporate internal control.

1.3 Appropriate structures of the line of reporting and line of command are established to achieve corporate objectives. Under the oversight of the Board of Directors, the Company has formulated the organizational structure that contributes to such achievements, together with segregation of duties in order to enable a check and balance. In this regard, the internal control unit reports directly to the Audit Committee, under the well-defined line of reporting. In setting the line of reporting within the Company, appropriateness of duties, responsibilities and communications is taken into account.

1.4 The Company is determined to motivate, develop and retain competent personnel. A policy to develop and retain capable personnel has been pursued and reviewed regularly. Furthermore, the performance assessment and reward system has been arranged and communicated throughout the organization. The Company also has processes for recruiting, developing and retaining all executives and employees, accompanied by the measure to promptly sort out a lack of skilled personnel in tandem with the succession plan for significant positions.

1.5 Personnel have a duty and responsibility to carry out internal control tasks toward achievement of corporate objectives. The Board of Directors and executives have therefore communicated the imperative for all personnel to be responsible for the internal control mission. The internal control processes may be amended as necessary. Additionally, the Company has set out particular key performance indicators, proper incentives and motivation assessment. This includes constant rewarding in connection to successful conformity with internal control criteria, yet with care not to put each personnel under excessive pressure.

2. Risk Assessment

The Company focuses on pursuing its risk management policies and processes as follows:-

2.1 Set adequately clear objectives, so that risks relating to corporate goal achievement can be identified and assessed. The Company has complied with the generally accepted accounting standards, by ensuring that its financial reports contain all transactions, reveal the Company's rights or obligations accurately, and disclose proper values of entries as well as complete and correct information. Material content of the financial reports has been determined by taking into consideration such important factors as the report users, size of transactions and business outlook, thus enabling them to reflect the actual business activities of the Company. The Board of Directors or the Risk Management Committee shall approve and disseminate the policy to all employees for acknowledgement and practice, making it a part of the corporate culture.

2.2 Comprehensively identify and analyze all risks that can affect the achievement of the enterprise goals. The Company has identified all risks that can affect the Company's business, and analyzed both internal and external factors, covering strategic risks, operations, reporting, regulatory compliance and information technology. Executives of all levels have taken part in the risk management and assessment, by considering risk possibility and potential consequences. Due actions shall be taken according to the established risk management measures, ranging from acceptance, reduction, avoidance or risk sharing.

2.3 Explore the possibility of corruption. In assessing the risk toward achievement of corporate goals, the Company has evaluated the possibility of corruption of all forms. Operational targets have been carefully reviewed in order to ensure that incentives and remunerations for employees are appropriate and do not by any means instigate misconducts among the staff.

2.4 Be able to identify and assess changes that can affect the internal control system. The Company has assessed the changes of external factors, business pattern and corporate leaders that may impact its operations, internal control and financial reports. In addition, it has formulated

sufficient reactive measures to cope with such changes.

3. Control Activities

To facilitate the systematic and efficient business operations as well as to prevent and mitigate any detrimental risks possibly arisen from its business activities, the Company has laid down control measures as follows:-

3.1 Have control measures that help reduce the risks hindering achievement of corporate objectives to an acceptable level. Put into writing and applied to all level of personnel, the Company's control measures are suited to associated risks and corporate characteristics and appropriately cover all processes. The scope, duties and hierarchy of management approval are clearly defined in order to enhance anti-corruption efficacy. Duties and responsibilities in 3 areas of work, i.e. approval, recording of accounts and information, and asset custody and stewardship, are segregated absolutely so as to maintain a good check and balance. Information regarding major shareholders, directors, executives including connected persons is compiled, not only for official updates but also for the benefit of reviewing related transactions and conflict-of-interest transactions. Long-term transactions are monitored to ensure counterparties' compliance with the agreed terms throughout the binding period.

3.2 Support achievement of objectives via the use of technology in selecting and developing general control activities. The Company has established the correlation between the use of information technology in its operating procedures and the general control of information system, by attaining appropriate controls of infrastructure, safety, as well as the acquisition, development and maintenance of technological systems.

3.3 Carry out control activities via policies that specify expectations and procedures in order to successfully put the adopted policies into practice. The Company has a cautious policy to monitor compliance with procedures in the approval of transactions of major shareholders, directors, executives or their related persons, in effort to prevent unfair advantage or exploitation of corporate benefits for personal gain. Additionally, approvals shall be considered by persons having no conflicts of interest in said transactions,

taking into account the best interests of the Company. Operations of subsidiaries or associated companies are also monitored. Internal control policies and procedures shall be implemented at an appropriate time, encompassing correction process for operational errors. These policies and procedures shall be reviewed on a regular basis to ensure consistent appropriateness.

4. Information & Communication System

The Company attaches much importance to both internal and external information and communication systems, which are regarded as crucial tools in business undertaking. Decisions by the Board of Directors and the management therefore rest on the sufficient, accurate and reliable information.

4.1 Information quality is promoted to actualize the internal control mission. The Company has identified quality information, to be sought internally and externally based on costs and benefits, pertinent to and necessary for its operations. This aims to provide the Board of Directors with important information sufficient for decision making. Minutes of the Board of Directors meeting contain enough details that can be used as documentation for subsequent assessment of directors' reasonable performance. All book-keeping documents are kept and well-organized according to categories.

4.2 Information on internal control objectives, responsibilities and other matters essential to the internal control success is communicated within the organization. The Company has built an efficient intra-organizational communication that supports the internal control activities. Important information has been regularly reported to the Board of Directors, who can also request to review any transactions. Besides, a whistleblower mechanism is launched for internal parties to safely and anonymously report information or complaint about fraud or corruption in the organization.

4.3 The Company has communicated with external parties about issues that may affect the internal control system. To support internal control activities, the Company has established a process to communicate corporate information with external stakeholders efficiently through appropriate communication channels and means, such as Investor Relations office, Call Center, etc.

5. Monitoring Activities

The Company has devised performance monitoring and assessment processes to ensure that the total internal control system is efficient and responsive to the perpetual changes.

5.1 The Company keeps monitoring and assessing its internal control in order to ensure that the internal control activities are carried out completely and appropriately. Thus, it has established a process to monitor compliance with the business ethics as well as a set of restrictions on conducts that may lead to conflicts of interest. Audits of compliance with the internal control system are also arranged, either by self-assessment or assessment by external auditors, the frequency of which suits the organizational changes. The internal audit results shall be reported directly to the Audit Committee. Meanwhile, the internal auditors are encouraged to perform according to the International Standards for the Professional Practice of Internal Auditing (IIA).

5.2 The Company has assessed and communicated, in a timely manner, the flaws in internal control system with responsible persons including senior executives and the Board of Directors, as appropriate. The Company has assessed the internal control system and communicated any flaws therein. Corrective actions shall be taken promptly in the event that the actual result differs significantly from the target. In case a gross corruption is committed or suspected, or there is a legal violation, such incident must be reported to the Board of Director immediately. The Company must also report any material errors, together with plausible solutions and progress of correction to the Board of Directors and the Audit Committee for further consideration in due time.

The Audit Committee appointed Ms.Sumaree Panniyom as Head of Internal Audit Division as she has more than 14 years of experience in Internal Audit field and also attended many courses concerning Internal Audit. In addition, she has a thorough understanding in the company business operation. Therefore, the Audit Committee considered that she is suitable to act as Head of Internal Audit Division. The Audit Committee has the authority for the appointment, removal, transfer of Head of the Internal Audit Division.

12. Related Transactions

12.1 Summaries of Related Transactions between the Company and Persons with Potential Conflicts of Interest in 2012 and 2013

The Company and subsidiaries had entered into related transactions with persons with potential conflicts of interest (as defined by the notification regarding issuance and offering of securities), relationships of which could be summarized as follows:-

Person with Potential Conflict of Interest	Relationship*
<p>1) P & C Petroleum Co., Ltd. ("P&C")</p> <p>P&C registered its incorporation on June 18, 1993 to operate fuel retailing and wholesaling businesses. P&C is one of the Company's dealers and a jobber buying or selling fuels with the Company.</p>	<p>- P&C is related to the Company for its shares are held by the Company's related persons, as follows:-</p> <ul style="list-style-type: none"> o Mrs. Chatkaew Gajaseni (the Company's director), 6.54% of the issued and paid-up capital; o Close relatives of Mr. Pitak Ratchakitprakarn and Mrs. Chatkaew Gajaseni, 58.85% of the issued and paid-up capital. <p>- The Company and P&C have 1 joint director namely:- Mrs. Chatkaew Gajaseni, who is the elder sister of Mr. Pitak Ratchakitprakarn (the Company's director, and the President & Chief Executive Officer) and holds 2.03% of the Company's issued and paid-up capital.</p>
<p>2) KTP Petroleum Co., Ltd. ("KTP")</p> <p>KTP registered its incorporation on September 5, 1996 to operate fuel wholesaling business. KTP is a jobber buying and selling fuels with the Company.</p>	<p>- KTP is related to the Company for its shares are held by the Company's related persons as follows:-</p> <ul style="list-style-type: none"> o Mrs. Chatkaew Gajaseni (the Company's director), 4.90% of the issued and paid-up capital; o Close relatives of Mr. Pitak Ratchakitprakarn and Mrs. Chatkaew Gajaseni, 44.15% of the issued and paid-up capital; o P&C, 25.00% of the issued and paidup capital. <p>- The Company and KTP have 1 joint director namely:- Mrs. Chatkaew Gajaseni, who is a sister of Mr. Pitak Ratchakitprakarn's (the Company's director, and the President & Chief Executive Officer) and holds 2.03% of the Company's issued and paid-up capital.</p>

Person with Potential Conflict of Interest	Relationship*
<p>3) Pubadin Co., Ltd. ("Pubadin")</p> <p>Pubadin registered its incorporation on September 25, 1992 to operate petrol station business. Pubadin is one of the Company's dealers.</p>	<p>- Pubadin is related to the Company for its shares are held by the Company's related person as follows:-</p> <ul style="list-style-type: none"> o Mrs. Lertlak Nadtasomboon (the Company's director), 65% of the issued and paid-up capital. - The Company and Pubadin has 1 joint director namely:-Mrs. Lertlak Nadtasomboon, who holds 4.61% of the Company's issued and paid-up capital.
<p>4) Sansaran-Jai Co., Ltd. ("Sansaran-Jai")</p> <p>Sansaran-Jai registered its incorporation on May 23, 2003 to operate accommodation (resort) business in Saraburi province.</p>	<p>- Sansaran-Jai is related to the Company for its directors and shareholders are related to the Company as follows:-</p> <ul style="list-style-type: none"> o Mrs. Natee Ratchakitprakarn, a major shareholder of Sansaran-Jai (holding 25.00% of the issued and paid-up capital), is Mr. Phiphat Ratchakitprakarn's spouse; o Mrs. Busakorn Trongsuesat, the director and a major shareholder of Sansaran-Jai (holding 36.67% of the issued and paid-up capital), is a sister-in-law of Mr. Phiphat Ratchakitprakarn who had been the Company's director until March 29, 2012; o Mrs. Arporn Noodang, the director of Sansaran-Jai, is a sister-in-law of Mr. Phiphat Ratchakitprakarn who had been the Company's director until March 29, 2012. - Mr. Phiphat Ratchakitprakarn (a brother of Mr. Pitak Ratchakitprakarn) resigned from the Company's directorship since March 29, 2013, yet holds a stake of 4.58% of the Company's issued and paid-up capital.
<p>5) Mrs. Sukwasa Pooshutvanitshakul</p>	<p>- Mrs. Sukwasa Pooshutvanitshakul is related to the Company as being:-</p> <ul style="list-style-type: none"> o The directors of Accounting and Finance Division, and Purchasing Division; o The Company's shareholder holding a stake of 0.02% of the issued and paidup capital.

Person with Potential Conflict of Interest	Relationship*
6) Mr. Pitak Ratchakitprakarn	<ul style="list-style-type: none"> - Mr. Pitak Ratchakitprakarn is related to the Company as being:- <ul style="list-style-type: none"> o The Company's director, and the President & Chief Executive Officer o The Company's shareholder holding a stake of 7.74% the issued and paid-up capital.
7) Mr. Rangsun Puangprang	<ul style="list-style-type: none"> - Mr. Rangsun Puangprang is related to the Company as being:- <ul style="list-style-type: none"> o The Company's director, and the Executive Vice President o The Company's shareholder holding a stake of 0.03% of the issued and paidup capital.

Notes: *Shareholding in the Company is the proportion as of December 31, 2013

Person with Potential Conflict of Interest	Type of Transaction	Value of Transaction (Million Baht)		Necessity and Reasonableness of Transaction
		2012	2013	
1. P & C Petroleum Co., Ltd. ("P&C")	Income from sales of goods	80.09	68.33	<ul style="list-style-type: none"> - Fuel sale to P&C is conducted in a normal course of business. The Company sells fuels to P&C, one of its dealers, at a daily quantity ordered by P&C at the price and under the trading conditions specified in the Dealer Appointment Agreement between the Company and P&C. The price and trading conditions given to P&C are set based on the same principles as to other dealers. - The Audit Committee opines that the transaction is reasonable as it is a normal business transaction where the price and trading conditions are set based on general trading conditions.
	<ul style="list-style-type: none"> o By the Company o By subsidiaries 	- 80.09	- 68.33	
	- The Company sells fuels wholesale to P&C, which is the Company's dealer.			
	Trade account receivable	-	0.35	<ul style="list-style-type: none"> - The Company grants P&C a credit line based on such factors as nature of business, financial status, operating performance, duration as the Company's customer and payment record. The term of payment is 7 days. - The Audit Committee opines that the transaction is reasonable as it is a normal business transaction where the trading conditions are set based on general trading conditions.
	<ul style="list-style-type: none"> o The Company o Subsidiaries 	- -	- 0.35	
	P&C is liable for trade account payable incurred from fuel purchase from the Company under the payment terms agreed between the Company and P&C.			

Person with Potential Conflict of Interest	Type of Transaction	Value of Transaction (Million Baht)		Necessity and Reasonableness of Transaction
		2012	2013	
	Cost of goods purchased	562.79	1,135.7	<p>- The Company needs to buy fuels from jobbers for sales to customers operating fuel retailing and wholesaling businesses in the lower South (from Nakhon Si Thammarat to Narathiwat) as there are no Thai Oil tank farms or distribution facilities in the said area. The Company is therefore unable to purchase fuels from Thai Oil, and transport of fuels from other Thai Oil tank farms or other distribution facilities is not worthwhile.</p> <p>- The sales price and trading conditions are as specified in the Fuel Supply Agreement between the Company and P&C, which are approximate to the trading conditions and wholesale prices offered by other jobbers in such area.</p> <p>- For the benefit of comparing sales prices of P&C with other jobbers in the lower South, the Company has assigned staff in the area to conduct a daily survey of fuel sales prices of other jobbers in the area and report to the fuel procurement staff at the Head Office. Meanwhile, the Internal Audit Section is responsible for gathering and proposing information on fuel purchase orders and comparative prices to the Audit Committee for consideration of reasonableness of the transaction.</p> <p>- The Audit Committee opines that the transaction is reasonable and done for best interests of the Company's and its subsidiaries' operations, with appropriate prices and conditions.</p>
	o By the Company	2.70	249.15	
	o By subsidiaries	560.09	886.59	
	- The Company and subsidiaries purchase fuels from P&C for sales at PT petrol stations operated by PTC (COCO petrol stations) and to the Company's dealers in the lower South.			
	Trade account payable	7.15	26.79	<p>- The Company receives a credit line from P&C for purchase of fuels for further distribution in the lower South. The credit term granted by P&C is 7 days according to the Fuel Supply Agreement between the Company and P&C.</p> <p>- The Audit Committee opines that the transaction is reasonable as it is a normal business transaction where the trading conditions are set based on general trading conditions.</p>
	o The Company	-	-	
	o Subsidiaries	7.15	26.79	
	- The Company is liable for trade account payable incurred from fuel purchase from P&C under the payment terms agreed between the Company and P&C.			

Person with Potential Conflict of Interest	Type of Transaction	Value of Transaction (Million Baht)		Necessity and Reasonableness of Transaction
		2012	2013	
2. KTP Petroleum Co., Ltd. ("KTP")	Revenue from sales of goods	-	8.00	<p>- Fuel sale to KTP is conducted in a normal course of business. The Company sells fuels wholesale to KTP, one of its dealers, in a daily quantity ordered by KTP at the price and under the trading conditions specified in the Petroleum Dealer Appointment Agreement between the Company and KTP. The price and trading conditions given to KTP are set based on the same principles as to other dealers.</p> <p>- The Audit Committee opines that the transaction is reasonable as it is a normal business transaction where the price and trading conditions are set based on general trading conditions.</p>
	o By the Company	-	8.00	
	o By subsidiaries			
	The Company sells fuels wholesale to KTP, which is the Company's dealer.			
	Trade account receivable	-	0.58	<p>- The Company grants KTP a credit line based on such factors as nature of business, financial status, operating performance, duration as the Company's customer and payment record. The term of payment is 7 days</p> <p>- The Audit Committee opines that the transaction is reasonable as it is a normal business transaction where the trading conditions are set based on general trading conditions.</p>
	o The Company	-	-	
	o Subsidiaries	-	0.58	
	KTP is liable for trade account payable incurred from fuel purchase from the Company under the payment terms agreed between the Company and KTP			
	Cost of goods purchased	-	146.79	<p>- The Company needs to buy fuels from jobbers for sales to customers operating fuel retailing and wholesaling businesses in the lower South (from Nakhon Si Thammarat to Narathiwat) as there are no Thai Oil tank farms or distribution facilities in the said area. The Company is therefore unable to purchase fuels from Thai Oil, and transport of fuels from other Thai Oil tank farms or other distribution facilities is not worthwhile.</p> <p>- The sales price and trading conditions are of the same nature as those agreed with P&C (KTP is a company under P&C group), and are approximate to the wholesale prices offered by other jobbers in such area.</p> <p>- For the benefit of comparing sales prices of P&C (KTP is a company under P&C group) with other jobbers in the lower South, the Company has assigned staff in the area to conduct a daily survey of fuel sales</p>
	o By the Company	-	146.79	
	o By subsidiaries	-	-	
	- Apart from P&C, the Company and subsidiaries also purchase fuels from KTP for sales at PT petrol stations operated by PTC (COCO petrol stations) and to the Company's dealers in the lower South.			

Person with Potential Conflict of Interest	Type of Transaction	Value of Transaction (Million Baht)		Necessity and Reasonableness of Transaction
		2012	2013	
				<p>prices of other jobbers in the area and report to the fuel procurement staff at the Head Office. Meanwhile, the Internal Audit Section is responsible for gathering and proposing information on fuel purchase orders and comparative prices to the Audit Committee for consideration of reasonableness of the transaction.</p> <p>- The Audit Committee opines that the transaction is reasonable and done for best interests of the Company's and its subsidiaries' operations, with appropriate prices and conditions.</p>
3. Pubadin Co., Ltd. ("Pubadin")	Income from sales of goods	175.19	187.22	<p>- Fuel sale to Pubadin is conducted in a normal course of business. The Company sells fuels wholesale to Pubadin, one of its dealers, at a daily quantity ordered by Pubadin at the price and under the trading conditions specified in the Petroleum Dealer Appointment Agreement between the Company and Pubadin. The price and trading conditions given to Pubadin are set based on the same principles as to other dealers.</p> <p>- The Audit Committee opines that the transaction is reasonable as it is a normal business transaction where the price and trading conditions are set based on general trading conditions.</p>
	o By the Company	175.19	113.58	
	o By subsidiaries	-	73.64	
	- The Company and subsidiaries sell fuels wholesale to Pubadin, which is the Company's dealer.			
	Transport fee income	0.59	-	<p>- Having no tanker trucks of its own, Pubadin therefore hires the Company's fuel transport services.</p> <p>- The fees charged by the Company are based on market rates and are of the same rates charged to customers in general. The fees vary according to the distance of delivery.</p> <p>- The Audit Committee opines that the transaction is reasonable as it is a normal business transaction where the price and trading conditions are set based on general trading conditions.</p>
	o By the Company	0.59	-	
	o By subsidiaries	-	-	
	- The Company charges Pubadin transport and loading/unloading fees for each delivery of fuels to Pubadin.			

Person with Potential Conflict of Interest	Type of Transaction	Value of Transaction (Million Baht)		Necessity and Reasonableness of Transaction
		2012	2013	
	<p>Property rental income</p> <p>- The Company receives petrol station rental from Pubadin under the terms and conditions specified in the Petrol Station Rental Agreement between the Company and Pubadin (details are disclosed in Part 2, No. 4 re operating assets, No.4.2.2 re significant agreements on renting and renting out spaces for business operations).</p>	0.72	0.72	<p>- The Company agrees to rent a petrol station out to Pubadin for business operations, on condition that Pubadin agrees to be the Company's dealer. According to the Petrol Station Rental Agreement and the Petroleum Dealer Appointment Agreement between the Company and Pubadin, Pubadin is required to buy fuels on a monthly basis not less than the specified quantity. In addition to the monthly station rental, the Company earns a profit from fuel sale to Pubadin, as one of the Company's dealers. In this regard, the rental is set based on the expected benefits, possible risks, and comparative analysis of petrol station operation by the Company and petrol station rental to other persons for petrol station operation.</p> <p>- The Audit Committee opines that the transaction is reasonable and beneficial to the Company.</p>
	<p>Trade account receivable</p> <p>o The Company</p> <p>o Subsidiaries</p> <p>- Pubadin is liable for trade account payable incurred from fuel purchase from the Company and subsidiaries under the payment terms agreed between the Company and Pubadin.</p>	-	<p>5.25</p> <p>0.37</p> <p>4.88</p>	<p>- The Company grants Pubadin a credit line based on such factors as nature of business, financial status, operating performance, duration as the Company's customer and payment record. The term of payment in 2013 is 30 days.</p> <p>- The Audit Committee opines that the transaction is reasonable as it is a normal business transaction where the trading conditions are set based on general trading conditions. Target customers in the vicinity of the petrol station rented to Pubadin are mostly industrial operators who prefer a fairly long credit term. Even though the Company operates the petrol station by itself, it would have granted these target customers a credit term no shorter than that granted to Pubadin.</p>

Person with Potential Conflict of Interest	Type of Transaction	Value of Transaction (Million Baht)		Necessity and Reasonableness of Transaction
		2012	2013	
4. Sansaran-Jai Co., Ltd. ("Sansaran-Jai")	Employee training expenses o The Company o Subsidiaries - The Company pays Sansaran-Jai for accommodations, food and beverages for the Company's employees attending training courses.	1.46 0.38 1.08	- - -	<p>- To enable employees to operate properly and efficiently, the Company organizes training courses for new and existing employees so that they gain understanding of work and develop skills necessary for operations. Therefore, the Company has established a training center at Nong Khae tank farm, Saraburi province and regularly arranges training courses for employees.</p> <p>- Having to arrange accommodations for its employees who attend each training course, the Company has accordingly reserved rooms at Sansaran-Jai Resort because it is not far from the training center and its service fees are approximate to those of other resorts nearby.</p> <p>- The Audit Committee opines that the transaction is reasonable as the Company needs to provide employees with regular trainings so that they could perform their tasks properly and efficiently. Meanwhile, it is a normal business transaction where the price and trading conditions are set based on general trading conditions.</p>
5. Mrs. Sukwasa Pooshutvanitshakul	Acquisition of ordinary shares in subsidiaries from the director - The Company has acquired from Mrs. Sukwasa Pooshutvanitshakul ordinary shares in Atlast Oil Co., Ltd. ("ALO") and Andes Oil Co., Ltd ("ADO") in 2011 and ordinary shares in Punthai Coffee Co., Ltd. ("Punthai Coffee") in 2012. Following the acquisition, ALO, ADO and Punthai Coffee become the Company's subsidiaries in which the Company has 99.97%, 99.97% and 99.99% shareholding respectively.	5.00		<p>- Wishing to establish subsidiaries to operate fuel wholesaling business, the Company assigned Mrs. Sukwasa Pooshutvanitshakul to handle the establishment of Atlast Oil Co., Ltd. ("ALO") and Andes Oil Co., Ltd. ("ADO") on November 23, 2011, both of which had a paid-up registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100 each. Mrs. Sukwasa Pooshutvanitshakul held 9,998 shares in the companies, equivalent to 99.98% of the paid-up registered capital.</p> <p>- Mrs. Sukwasa Pooshutvanitshakul was also assigned to handle the establishment of Punthai Coffee Co., Ltd. ("Punthai Coffee") to operate coffee shop business at PT petrol stations. Said company was established on September 19, 2012 with a paid-up registered capital of Baht 5.00 million, divided into 50,000 ordinary shares with a par value of Baht 100 each. Mrs. Sukwasa Pooshutvanitshakul held 49,998 shares in Punthai Coffee, equivalent to 99.99% of the paidup registered capital.</p>

Person with Potential Conict of Interest	Type of Transaction	Value of Transaction (Million Baht)		Necessity and Reasonableness of Transaction
		2012	2013	
				<p>- After the establishments, the Company acquired 9,997 ordinary shares in ALO, 9,997 ordinary shares in ADO and 49,997 ordinary shares in Punthai Coffee at a price of Baht 100 per share, which equated to their par values. Following the acquisition, ALO, ADO and Punthai Coffee consequently became the Company's subsidiaries, in which the Company holds a stake of 99.97%, 99.97% and 99.99% of the paid-up registered capital respectively.</p> <p>- The Audit Committee opines that these transactions are reasonable and conform to the objectives of the subsidiaries' establishment.</p>
6. Mr. Pitak Ratchakitprakarn	Guarantee for the Company's loans with 2 financial institutions as follows:- - Long-term loan - Letter of guarantee for purchase of goods - Leasing and hire purchase loan	400 1,200 120	- - 120	<p>- The transaction is under normal lending conditions of financial institutions, where a director is required to give personal guarantee in addition to the Company's collateralized assets.</p> <p>- The Audit Committee opines that the transaction is a reasonable receipt of financial assistance from the director in the form of a loan guarantee and the Company incurred no expenses thereon. However, one of the financial institutions has already approved to release the personal guarantee by this director.</p>
7. Mr. Rangsun Puangprang	Guarantee for the Company's loans with 1 financial institution as follows:- - Long-term loan - Letter of guarantee for purchase of goods	400 1,200	- -	<p>- The transaction is under normal lending conditions of financial institutions, where a director is required to give personal guarantee in addition to the Company's collateralized assets.</p> <p>- The Audit Committee opines that the transaction is a reasonable receipt of financial assistance from the director in the form of a loan guarantee and the Company incurred no expenses thereon. However, the financial institution has already approved to release the personal guarantee by this director.</p>



MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

1. Business Overview

PTG Energy Public Company Limited (“the Company”) initially operated the business of fuel wholesaling to operators of fishery and industrial factories in the South, before entering into fuel retailing at petrol stations in order to expand customer base to reach car users and retail fuel users. In this regard, Petroleum Thai Corporation Co., Ltd., a subsidiary, was established to undertake fuel retailing business via the Company’s petrol stations under “PT” trademark. The Company also made further investments for the ownership of many tank farms to support expansion of its fuel retailing and wholesaling activities. However, Thailand’s currency crisis in 1997 had affected the Company so adversely that it had to undergo debt restructuring with financial institutions and delayed its investments at that time. After the fulfillment of all restructuring conditions in 2009, the Company was granted loans from various financial institutions for use as working capital in fuel retailing and wholesaling businesses and investments in operating assets, i.e. petrol stations and tanker trucks. The Company’s fuel retailing and wholesaling businesses have grown steadily since 2009, causing its operating performance to improve considerably.

In 2012 and 2013, the Company had revenue from sales of goods and services of Baht 41,723.68 million and 47,694.19 million respectively, which were derived mainly from fuel sales that increased continuously in line with the growth in fuel retailing and wholesaling businesses. Continual investments in the expansion of PT COCO petrol stations and tanker trucks over the past period have been crucial factors enabling the Company’s fuel retailing and wholesaling to grow significantly. Yet, investments resulted in the corresponding increase of selling and administrative expenses as well. Major expenses related to sales and administration, i.e. personnel expenses, rentals and amortized expenses, utilities expenses, depreciation and repairing expenses, tended to increase in response to operating assets. Consequently, the Company’s selling and administrative expenses in 2012 and 2013 were Baht 1,325.79 million and 1,963.79 million respectively. However,

the ratios of selling and administrative expenses to revenue from sales of goods and services were only 3.2% in 2012 and 4.1% in 2013. On the average, the selling and administrative expenses have increased at a lower rate than the revenue from sales of goods and services.

The Company registered net profits of Baht 340.37 million and 312.33 million in 2012 and 2013 respectively. The incremental net profit came directly from the growth in fuel retailing and wholesaling businesses.

2. Operating Performance Analysis

Revenue from sales of goods and services

The Company registered revenue from sales of goods and services of Baht 41,723.68 million and 47,694.19 million in 2012 and 2013 respectively. The increase of revenue from sales of goods and services resulted from the expansion of fuel sales business, the Company’s core business. Revenue from sales of goods and services was composed of:-

1) Revenue from sales of goods

In 2012 and 2013, the Company’s revenue from sales of goods amounted to Baht 41,710.41 million and 47,682.95 million respectively. Sources of said revenue could be divided into 2 main groups, i.e. 1) revenue from fuel sales and 2) revenue from sales of other products.

1.1) Revenue from fuel sales

The Company had revenues from fuel sales of Baht 41,422.53 million and 47,422.41 million in 2012 and 2013, or equal to sales volume of 1,372.53 million liters and 1,577.50 million liters respectively. The revenue from fuel sales was the key component of the Company’s revenue from sales of goods as it accounted for 99.3% and 99.1% of total revenue from sales of goods and services in 2012 and 2013. It could be categorized according to trader groups as follows:-

	2013		2012		2011	
	Mil. Bt.	%	Mil. Bt.	%	Mil. Bt.	%
1. Revenue from fuel retailing through the Company's petrol stations (COCO petrol stations)	29,261.76	61.7	19,728.41	47.6	11,905.46	43.2
2. Revenue from fuel wholesaling to the Company's dealers (DODO petrol stations)	7,463.17	15.7	8,064.67	19.5	7,029.76	25.5
3. Revenue from fuel wholesaling to other fuel traders and industrial operators	10,697.48	22.6	13,629.46	32.9	8,610.33	31.3
Total revenue from fuel sales	47,422.41	100.0	41,422.53	100.0	27,545.54	100.0

Revenue from fuel retailing through the Company's petrol stations

Revenue from fuel sales came mostly from fuel retailing through the Company's petrol stations, which accounted for 47.6% and 61.1% of total revenue from fuel sales in 2012 and 2013 respectively. The revenue from fuel retailing through the Company's petrol stations has been on an upward trend as shown in the table above.

Major factor that boosts the revenue from fuel retailing through the Company's petrol stations is the continual investment in expansion of PT petrol stations operated by the Company ("COCO petrol stations") over the past period. Number of COCO petrol stations as at 2011 year-end was 272 and increased to 397 at ending 2012 and to 551 at ending 2013, thereby contributing to the steady increase in volume of fuels sold via COCO petrol stations.

Revenue from fuel wholesaling to the Company's dealers

In 2013, revenue from fuel wholesaling to the Company's dealers fell from that of 2012 by 7.50%. The revenue from fuel wholesaling to its dealers tends to decrease since the Company has focused more on expanding its COCO petrol station network in the past years because profit from fuel wholesaling to the dealers is relatively lower than profit from fuel retailing via its petrol station. Moreover, the Company attaches much importance to screening and selecting high-quality dealers

in order to ensure that the services at PT DODO petrol stations shall be of the same standards as PT COCO petrol stations.

Revenue from fuel wholesaling to other fuel traders and industrial operators

The Company earned revenue from fuel wholesaling to other fuel traders and industrial operators in 2012 and 2013 of Baht 13,629.46 million and 10,697.48 million respectively, representing a year-on-year decrease of 21.51% due to the decline in volume of fuels sold to other fuel traders. The Company has trimmed down its fuel wholesaling to other fuel traders, as the gross profit margin on sales to this customer group is quite low.

1.2) Revenue from sales of other products

Other revenue is derived from sales of products related to fuel retailing and wholesaling businesses, which include sales of consumer goods via convenience stores at PT petrol stations and sales of lubricating oils for various types of engine as well as other products at PT petrol stations. The Company's revenue from sales of other products amounted to Baht 287.88 million and 260.53 million in 2012 and 2013 respectively, equal to only 0.7% and 0.5% of total revenue from sales of goods in 2012 and 2013.

2) Revenue from fuel logistics services

The Company had revenue from fuel logistics services according to its separate financial statements of Baht 518.56 million and 665.05 million in 2012 and 2013 respectively, continuing to increase in line with the growing fuel retailing and wholesaling businesses.

When considering the revenue according to the consolidated financial statements, however, the revenue from fuel logistics services was only Baht 13.27 million and 11.25 million in 2012 and 2013 respectively, which was considerably lower than that of the separate statements. As the Company focuses on providing the services to PTC and subsidiaries being fuel traders under Section 10, it has therefore recognized in the consolidated financial statements only the revenue from services rendered to other outside parties, i.e. fuel transportation and loading services provided to fuel wholesalers who have no tanker trucks of their own and request for the Company's logistics services. The consolidated revenue from fuel logistics services gradually decreases because the Company has offered fuel logistics and loading services mainly to its Group companies.

Other revenues

The Company's other revenues totaled Baht 95.64 million and 162.72 million in 2012 and 2013 respectively, equal to 0.2% and 0.3% of revenue from sales of goods and services in 2012 and 2013. Significant other revenues included revenue from asset rentals and other services accounting for 47.3% and 24.2% of other revenues in 2012 and 2013 respectively. The revenue from rentals and other services consisted of 1) revenue from fuel storage services for keeping fuels of other fuel traders at the Company's tank farms, and 2) revenue from space rentals arisen from PTC's renting out spaces at COCO petrol stations to retail operators, such as coffee shops, restaurants, auto garages and etc, for their business operations. The Company also earned interest income from deposits at financial institutions.

Cost of sales of goods and services

The Company's cost of sales of goods and services amounted to Baht 39,991.38 million and 45,435.19 million in 2012 and 2013 respectively. The cost of sales of goods and services was made up of cost of sales of goods and cost of sales of services as follows:-

1) Cost of sales of goods

The Company had cost of sales of goods in 2012 and 2013 of Baht 39,984.43 million and 45,428.94 million respectively. The cost of sales of goods could be divided

into 2 groups, namely 1) cost of sales of fuels and 2) cost of sales of other products.

1.1) Cost of sales of fuels

Almost all the cost of goods sold was cost of fuel sales, which comprised cost of fuels the Company purchased from Thai Oil and other traders for further distribution in its fuel retailing and wholesaling businesses. The cost of fuel sales in 2012 and 2013 totaled Baht 39,717.04 million and 45,189.10 million, equal to 99.3% and 99.5 of the cost of sales of goods in 2012 and 2013. The Company has recorded a continual increase in the cost of fuel sales, brought about by an increase in sales volume of fuels sold in retail and wholesale of fuels. In this regard, total fuels sold in the Company's retail and wholesale businesses in 2013 rose by 14.9% from that of the previous year.

1.2) Cost of sales of other products

The Company registered Baht 267.39 million and 239.85 million in 2012 and 2013 for cost of sales of other products. Major cost included cost of sales of consumer goods via convenience stores at PT petrol stations. Therefore, the cost of sales of other products tended to increase in proportion to quantity of consumer goods sold, which has improved every year due to the increasing number of PT Mart and Max Mart stores.

2) Cost of fuel logistics services

Cost of fuel logistics services was comprised of cost of fuels for tanker trucks, depreciation of tanker trucks and component parts, and tanker truck insurance premiums. Cost of fuel logistics services according to its separate financial statements increased from Baht 270.31 million in 2012 to 369.53 million in 2013 as the Company provided more fuel logistics and loading services to PTC and subsidiaries being traders under Section 10 owing to the growth in fuel retailing and wholesaling businesses. However, the cost of fuel logistics services recorded in the consolidated financial statements tended to go downward. In 2012 and 2013, such cost amounted to Baht 6.95 million and 6.25 million, in line with the ratio between the revenue from fuel logistics services rendered to other outside parties and the total revenue from fuel logistics services.

Gross profit and gross profit margin

In 2012 and 2013, the Company had gross profit of Baht 1,732.30 million and 2,259.00 million respectively. The gross profit was mostly composed of profit from fuel retailing and wholesaling businesses, the increase of which contributed by significant expansion of the two businesses over the past period. Its gross profit margin rose from 4.2% in 2012 to 4.7% in 2013 because the percentage of revenue from fuel retailing at the Company's petrol stations was relatively higher than that from fuel wholesaling.

Selling and administrative expenses

The Company's selling and administrative expenses totaled Baht 1,325.79 million and 1,963.79 million in 2012 and 2013, which was on an upward trend due to the growth in fuel retailing and wholesaling businesses. Main components of the expenses are 1) employee remuneration, 2) depreciation and repairing expenses, 3) amortized rentals and leasehold rights, and 4) advertising and sales promotion expenses.

1) Employee remuneration

Employee remuneration consists of salary, bonus, welfare benefit, and contributions to social security fund and compensation fund. Undertaking retail sales of fuel via the Company's petrol stations and fuel logistics business, the Company therefore needs a large number of employees to carry out various tasks, especially petrol station staff and tanker truck drivers. Consequently, employee remuneration becomes a significant portion of selling and administrative expenses. In 2012 and 2013, employee remuneration accounted for 47.0% and 48.1% of the selling and administrative expenses.

The employee remuneration totaled Baht 622.80 million and 944.38 million in 2012 and 2013, the increment of which resulted from the Company's intense investments in the increase of PT COCO petrol stations and the increase of tanker trucks in effort to fulfill higher demand for fuel transportation and loading of PTC and subsidiaries being fuel traders under Section 10 as the fuel sales became a growth industry. Consequently, the Company needs to recruit more petrol station staff and tanker truck drivers to support new petrol stations and tanker trucks as well as future expansion of PT COCO petrol stations.

More employees have been recruited and trained as petrol station managers of new petrol stations the Company plans to open. The Company has also employed more staffs into back-office operations, such as accounting officers and administration officers, to support business growth in the future.

2) Depreciation and repairing expenses

In undertaking fuel retailing and wholesaling businesses, the Company has a policy to invest in the ownership of petrol stations, tanker trucks and tank farms so as to enable the Company to manage fuel logistics and loading operations efficiently, to reserve sufficient amount of fuels for sales and proper to the current working capital, and to appropriately distribute fuels to each target customers. As a result, the Company has land, building and equipment as one of its main assets, thus making depreciation as one of the significant selling and administrative expenses. Depreciation accounted for 7.9% and 8.5% of total selling and administrative expenses in 2012 and 2013. Meanwhile, the Company continues to invest in more PT COCO petrol stations, thereby causing depreciation pertinent to selling and administrative expenses to increase from Baht 104.74 million in 2012 to 166.35 million in 2013.

Repairing expenses amounted to Baht 57.26 million and 49.50 million in 2012 and 2013, accounting for 4.3% and 2.5% of selling and administrative expenses in 2012 and 2013 respectively. Major repairing expenses were expenses in repairing new petrol stations, and expenses in renovating and decorating the existing PT petrol stations in order to improve the petrol stations' image. The incremental repairing expenses also arose from the investment in petrol station expansion.

3) Amortized rentals and leasehold rights

In operating fuel retailing via COCO petrol stations, the Company concentrates on renting petrol stations from proprietors who would not continue the business and renovating them into PT petrol stations. Consequently, amortized rentals and leasehold rights become significant component of the Company's selling and administrative expenses. In 2012 and 2013, amortized rentals and leasehold rights accounted for 10.5% and 10.9% of selling

and administrative expenses respectively. Major amortized rentals and leasehold rights included rentals of land the Company leased for operating petrol station business (COCO petrol stations). Therefore, continual investment to increase PT COCO petrol stations over the past period was the main reason for the upward trend in the amortized rentals and leasehold rights each year. In 2012 and 2013, the Company had amortized rentals and leasehold rights of Baht 139.09 million and 213.97 million.

4) Advertising and sales promotion expenses

Advertising and sales promotion expenses were a major component of the Company's selling and administrative expenses. In 2012 and 2013, advertising and sales promotion expenses amounted to Baht 150.75 million and 231.90 million, equal to 11.4% and 11.8% of selling and administrative expenses respectively. The increase in advertising and sales promotion expenses during 2013 was caused by 1) expenses in organizing sales promotion activities for fuel retailing business and arranging sales promotion items for the Company's dealers (DODO petrol stations), which continued to increase in line with the growth in fuel retailing and wholesaling businesses, and 2) expenses in advertising the Company and its petrol stations via TV commercials, aiming to promote TV audience's awareness of the new image of PT petrol stations.

Financial cost

In 2012 and 2013, the Company's financial cost amounted to Baht 55.87 million and 65.11 million respectively, the increase of which arose from higher financial contract liabilities as a result of continual investment in additional tanker trucks to support the growth in fuel retailing and wholesaling businesses.

Income Tax

The Company paid income tax of Baht 105.91 million and 80.49 million in 2012 and 2013 respectively. The income tax paid each year tends to rise as the net profit improves.

Net profit

The Company had a net profit in 2012 and 2013 of Baht 340.37 million and 313.33 million respectively,

representing a slight reduction. In 2013, the fuel retailing and wholesaling businesses showed extensive growth, with the main focus on fuel retailing via the Company's petrol stations as it yielded a higher gross profit margin than other channels of distribution. While obtaining better gross profit, the Company had to recruit new employees continuously in order to support business growth. Concurrently, amortized rentals and leasehold rights, depreciation and utilities expenses also rose following the increasing number of petrol stations, alongside higher advertising and sales promotion expenses due to the promotional effort to raise wider awareness of new image of PT petrol stations. As a result, selling and administrative expenses increased from Baht 1,325.79 million in 2012 to 1,963.79 million in 2013.

3. Financial Position Analysis

Assets

At ending 2012 and 2013, the Company reported total assets of Baht 3,915.53 million and 5,971.15 million respectively, equal to a year-on-year increase of 52.5% due to higher cash and cash equivalents, trade and other receivables, inventories, and land, buildings and equipment which rose following the growth in fuel retailing and wholesaling businesses, the core businesses of the Company and subsidiaries. The Company has made quite a large investment in fixed assets as it strategically emphasizes on investment and ownership of petrol stations, tank farms and tanker trucks so that it can run a comprehensive control and management of operations, ranging from fuel logistics, fuel storage and reserve, and fuel distribution and delivery to customers in each industry. The fixed assets accounted for 53.4% and 54.8% of total assets as of 2012 and 2013 year-ends respectively.

1) Trade and other receivables

The Company had trade and other receivables at ending 2012 and 2013 of Baht 277.16 million and 387.50 million respectively, equal to 7.1% and 6.5% of total assets at ending 2012 and 2013 respectively. Details are as follows:-

1.1) Trade receivables

The Company had net trade receivables

at ending 2012 and 2013 of Baht 127.11 million and 111.88 million respectively. Trade receivables of the Company and subsidiaries come from credit sales of goods and services to a number of customers with credit lines granted, thus there is outstanding debt on collection from these customers at the end of the accounting year. The fuel retailing at the Company's petrol stations is mostly based on cash sales, where customers must pay cash upon filling up. On the contrary, fuel wholesaling to the Company's dealers, other fuel traders and industrial

operators is mostly on credit basis. However, most customers are granted a maximum credit term of 3 days, while some are required to make an advance payment before placing each purchase order. For this reason, the percentage of trade receivables of the Company is moderate when compared to revenue from fuel retailing and wholesaling of the Company and subsidiaries.

Details of trade receivables by aging period are as follows:-

	31 December 2013 (audited)		31 December 2012 (audited)		31 December 2011 (audited)	
	Mil. Bt.	%	Mil. Bt.	%	Mil. Bt.	%
Current	87.55	71.4	69.11	49.6	87.95	63.7
Overdue						
Less than 90 days	22.66	18.5	55.79	40.1	29.76	21.5
Over 90 days but less than 180 days	0.01	0.0	0.30	0.2	4.16	3.0
Over 180 days but less than 360 days	0.20	0.2	0.96	0.7	4.85	3.5
Over 360 days	12.28	10.0	13.11	9.4	11.39	8.2
Total	122.70	100.0	139.27	100.0	138.11	100.0
Less: Allowance for doubtful accounts	(10.82)	(8.8)	(12.16)	(8.7)	(7.08)	(5.1)
Net trade receivables	111.88	91.2	127.11	91.3	131.03	94.9

1.2) Other receivables

The Company had other receivables arisen from business operations, such as 1-year prepaid leasehold rights and rentals, prepaid expenses, Revenue Department receivable, Oil Fuel Fund subsidies receivables, etc. As at 2013 year-end, the Company's other receivables amounted to Baht 275.61 million, increasing from Baht 150.06 million at ending 2012 as a result of prepaid leasehold rights and rentals that expired within the year and higher prepaid expenses as the Company made more advance payments for rentals of new petrol stations.

2) Inventories

The Company's inventories at ending 2012 and 2013 totaled Baht 861.76 million and 1,298.88 million respectively. Significant inventories include fuels kept in reserve at the Company's tank farms and in storage tanks at its petrol stations (COCO petrol stations). Inventories tend to rise every year as the Company needs to store and reserve fuels for retail sales and delivery due to the growth in fuel retailing and wholesaling businesses. Taking

inventory turnover period in consideration, however, the average inventory turnover period of the Company each year is relatively similar (around 7-8 days), thus reflecting the proficient management of reserve fuels stored both at the tank farms and at COCO petrol stations. Because of the efficient management of tanker truck fleet, the Company is capable of transporting fuels from refineries to the requesting COCO petrol stations as well as delivering fuels to customers each day. Therefore, it can reserve a moderate level of fuels, but still make sales and achieve steady growth in fuel retailing and wholesaling businesses.

3) Land, buildings and equipment

At ending 2012 and 2013, the Company had land, buildings and equipment of Baht 2,089.38 million and 3,271.49 million respectively, accounting for 53.4% and 54.8% of total assets. Significant land, buildings and equipment of the Company and subsidiaries are tank farms, COCO petrol stations and tanker trucks. Main cause of the increase in 2013 land, buildings and equipment was

the investment in the expansion of COCO petrol stations and tanker trucks, as the previous year. At 2013 year-end, numbers of COCO petrol stations and tanker trucks increased to 551 and 336 respectively. Moreover, the Company invested in a new tank farm in Phitsanulok, thereby having a total of 8 tank farms across the country at the end of 2013.

The Company had total liabilities as at ending 2012 and 2013 of Baht 2,544.71 million and 2,782.71 million respectively, going up by 9.4% because trade payables and financial contract liabilities increased in consistent with the growth in fuel retailing and wholesaling businesses.

1) Trade and other payables

The Company trade and other payables as at ending 2012 and 2013 totaled Baht 1,086.79 million and 1,523.94 million respectively, which accounted for 27.8% and 25.5% of total liabilities and shareholders' equity in as of 2012 and 2013 year-ends respectively. Details are as follows:-

1.1) Trade payables

Trade payables of the Company and subsidiaries arise mostly from purchase of fuels from Thai Oil. The quantity of fuels purchased from Thai Oil has increased steadily over the past years. Therefore, Thai Oil has continuously raised the credit line for the Company's fuel purchase so as to match the purchase orders of the Company and subsidiaries. Accordingly, trade payables tend to increase further in response to the expansion of fuel retailing and wholesaling businesses. The Company's trade payables totaled Baht 1,000.52 million and 1,343.97 million at 2012 and 2013 year-ends. However, fuel retailing and wholesaling businesses in the past period have expanded at a higher rate than the raise of credit line by oil traders, thereby causing the Company to pay for fuels before the due date of credit term specified by the oil traders, which is 8-9 days on average. Despite that, the extremely strong growth in fuel retailing and wholesaling businesses throughout the recent period has boosted the Company's liquidity. It has therefore not been affected by the obligation to pay for fuels before the due date of credit specified by the oil traders.

1.2) Other payables

Significant other payables include amounts received in advance and accrued expenses. The Company had other payables as at ending 2012 and 2013 of Baht 79.12 million and 153.18 million respectively, representing a year-on-year increment because accrued expenses surged from Baht 24.25 million to 91.09 million.

2) Borrowings from financial institutions

Borrowings from financial institutions consist of overdrafts (O/D), short-term loans, long-term loans and financial lease liabilities. The Company's borrowings from financial institutions totaled Baht 1,325.54 million and 1,121.18 million as at ending 2012 and 2013 respectively. During the course of business expansion, commercial borrowings generally rise. In 2013, the Company was able to mobilize funds from its initial public offering (IPO) for use as working capital, the total borrowings from financial institutions therefore dropped slightly at the end of 2013. However, the continual investment in the augmentation of COCO petrol stations and tanker trucks throughout 2013 along with more tanker truck leasing contracts with financial institutions had caused the Company's financial lease liabilities to increase from Baht 582.95 million at 2012 year-end to Baht 1,001.23 million at 2013 year-end.

Shareholders' equity

The Company had shareholders' equity (excluding non-controlling interests) of Baht 1,370.74 million and 3,188.35 million at ending 2012 and 2013 respectively. The year-on-year increment was a result of the net profit yielded by the Company in 2013 and the proceeds from its initial public offering in May 2013, where the Company had issued 420.00 million common shares (par value of Baht 1.00 each) for sale at a price of Baht 3.90 each. Following the IPO, the Company's issued and paid-up capital increased by Baht 420.00 million from Baht 1,250.00 million to Baht 1,670.00 million, with a premium on share capital of Baht 1,185.43 million.

Suitability of capital structure

At 2013 year-end, the Company's debt to equity ratio decreased from 1.86 times as at 2012 year-end to 0.87 times, despite the continual investment in the expansion of PT COCO petrol stations and tanker trucks.

This was because the Company could utilize the proceeds from initial public offering in May 2013 for business expansion.

4. Liquidity Analysis

Cash ow from operations

The Company registered a constant growth in cash flow from operations during the past period, which totaled Baht 687.74 million and 607.12 million in 2012 and 2013 respectively. Major factor influencing the higher cash flow from operations each year is the net profit. The Company's profit before corporate income tax in 2012 and 2013 amounted to Baht 446.28 million and 392.82 million respectively, increasing on the back of the investment to expand PT COCO petrol stations and tanker truck fleet that enabled the Company to boost sales of fuel retailing and wholesaling every year.

An efficient liquidity management that resulted in continual improvement of cash cycle rate is another factor contributing to the Company's better cash flow from operations each year. Furthermore, the investment in ownership of tank farms and tanker trucks allows the Company to manage its fuel reserve efficiently. In this regard, the inventory turnover period was 8.17 days in 2011, 6.80 days in 2012 and 8.51 days in 2013.

The Company has efficiently managed its trade receivables, by determining the credit line and credit term for each customer on a basis of appropriateness and necessity. Consequently, average collection period has declined continuously, from 2.08 days in 2011 to 1.20 days in 2012 and 0.99 day in 2013.

Although the quantity of fuel purchased from Thai Oil has soared rapidly owing to the vigorous growth in fuel retailing and wholesaling businesses, the credit line granted by Thai Oil expands at a lower rate than the surge of fuel purchase. Therefore, the Company has to pay for fuels before the due date of credit term granted by Thai Oil. Its average payment period was 8.58 days in 2011, 7.98 days in 2012 and 9.42 days in 2013. On account of aforesaid practice, the Company has a relatively good cash cycle rate equivalent to 1.67

days in 2011, 0.02 day in 2012 and 0.08 day in 2013. This indicates the Company's ability to maintain its fuel turnover period and collection period approximate to the period of its payments to fuel traders, thereby lessening its demand for working capital.

Cash ow from investment

The Company has used its cash flow in investing activities constantly, with total amount of Baht 1,183.38 million in 2013. Most of the investing cash flow is for acquisition of fixed assets and leasehold rights, since the Company seeks to increase PT COCO petrol stations and tanker trucks continually. In addition, the Company has utilized some of the cash flow for modernizing PT COCO petrol stations.

Cash ow from nancing

The Company may have cash flow received from or paid for financing activities, depending on the amount of cash flow obtained from operations and used in investing activities in the year. In 2013, the Company carried out its initial public offering and had a cash flow gained from financing activities of Baht 799.16 million, where the net proceeds from said IPO totaled Baht 1,605.63 million.

5. Significant Financial Ratios

Liquidity ratio

The Company had liquidity ratio of 0.89 times and 1.20 times at the end of 2012 and 2013 respectively. According to the said ratios, the Company could use its total current assets to pay off the total current liabilities, if called for. This represents a relative good liquidity of the Company. Over the past period, its fuel retailing and wholesaling businesses have grown extensively. As a result, trade payables have considerably increased in line with higher quantity of fuel purchase, while financial lease liabilities due within 1 year have soared in line with higher investment in tanker trucks. Despite that, the Company has cash gain from operations for use as working capital of the business.

Profitability ratio

In 2012 and 2013, the Company had gross profit margin of 4.15% and 4.74% respectively. Initially, 2013 gross profit margin tended to outperform 2012 because, since ending 2012, the Company gradually reduced the proportion of fuel wholesaling to other fuel traders and industrial operators which yielded a lower rate of gross profit margin than fuel retailing via its petrol stations. However, the higher selling and administrative expenses due to expansion of fuel retailing and wholesaling as well as the higher advertising expenses in 2013 had caused the Company's net profit margin to diminish slightly, equal to 0.81% in 2012 and 0.65% in 2013.

Efficiency ratio

In 2013, the Company made heavy investment in augmentation of PT COCO petrol stations and tanker trucks, as shown by the increase of COCO petrol stations from 397 at ending 2012 to 551 at ending 2013 and of tanker trucks from 236 at ending 2012 to 336 at ending 2013. As the Company was in the initial stage of revenue and profit-generating activities, its efficiency ratio dropped from 9.93% in 2012 to 6.32% in 2013.

volume or the marketing margin on fuel sales of the Company and subsidiaries decrease significantly due to government's fuel price control measures in the future, the Company's and subsidiaries' operations might be affected.

Nevertheless, the Company is of the opinion that its average fuel sales volume per petrol station could still grow. Though previously known among specific group of customers, the modernization and active advertising of petrol station image as well as the securities listing on the SET are expected to help the Company's petrol stations acquire a wider brand awareness and higher average sales volume. As for risks on marketing margin, the Company views that the effects, if any, would be only short-term. If the government sees the necessity for price control in the long term, it needs to cushion fuel retailers and wholesalers from adverse impacts on their abilities to distribute fuels to general users by issuing such measures as the reduction of Oil Fuel Fund contribution rate, the provision of subsidy from Oil Fuel Fund for operators, etc. Following the support measures of the government, the marketing margin should resume its appropriate level.

6. Factors Possibly Affecting Operations or Financial Position in the Future

Marketing margin volatility

The Company has focused on investing in the ownership of tank farms in various areas throughout the country in effort to swiftly distribute fuels to customers. It has also owned a large tanker fleet so that it can transport fuels to tank farms, petrol stations and delivery points for wholesale customers promptly and punctually, and also distribute fuels to retail customers in each area properly. With investment in such fixed assets, however, the Company has incurred higher amortized rentals and leasehold rights, utilities expenses, depreciation and repairing expenses, which are significant selling and administrative expenses. Besides, as the Company needs more staff corresponding to said fixed assets, personnel expenses are thus regarded as crucial selling and administrative expenses as well. Hence, if the fuel sales

Report of the Board of Directors' Responsibility for Financial Statements

The Company's Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and all financial information disclosed in the annual report. These financial statements have been prepared in accordance with generally accepted accounting standards applicable in Thailand, using appropriate accounting policies applied consistently and with adequate disclosure of important information in the notes to the financial statements in order to provide the shareholders and general investors with reliable and adequate information of financial status.

In this regard, the Board of Directors has appointed the Audit Committee, comprising skilled independent directors, to review the quality of the financial statements and to assess the internal control system. The Audit Committee's Report regarding these matters has been presented in this Annual Report.

The Board of Directors views that the Company's internal control system can assure that the Company's financial statements have reflected its financial status and operating performance accurately in all material aspects.

Pol. Gen.



(Soontorn Saikwan)

Chairman of the Board of Directors

**PTG ENERGY PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
AUDITOR'S REPORT**

To The Shareholders of

PTG ENERGY PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate financial statements of PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of PTG ENERGY PUBLIC COMPANY LIMITED, which comprise consolidated and separate statements of financial position as at December 31, 2013, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, including notes of summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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 separate financial statements present fairly, in all material respects, the consolidated and separate financial position of PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of PTG ENERGY PUBLIC COMPANY LIMITED as at December 31, 2013, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards.

D I A International Audit Co., Ltd.

(Mrs. Suvimol Krittayakiern)
C.P.A. (Thailand)
Registration No. 2982

February 27, 2014

FINANCIAL STATEMENTS



The title 'FINANCIAL STATEMENTS' is rendered in large, bold, green capital letters. Each letter is decorated with various financial data points and symbols. The 'F' features a line graph and the value '90.45' with the unit 'ล้านบาท' (Million Baht). The 'I' has '90.45' and 'ล้านบาท'. The 'N' displays '226.12' and 'ล้านบาท'. The 'A' shows '89.15' and 'ล้านบาท'. The 'N' has '90.45' and 'ล้านบาท'. The 'C' features a line graph and '89.15' with 'ล้านบาท'. The 'I' has '90.45' and 'ล้านบาท'. The 'A' shows '89.15' and 'ล้านบาท'. The 'L' displays '90.45' and 'ล้านบาท'. The word 'STATEMENTS' is in a solid green font below the main title.

Letter	Value	Unit
F	90.45	ล้านบาท
I	90.45	ล้านบาท
N	226.12	ล้านบาท
A	89.15	ล้านบาท
N	90.45	ล้านบาท
C	89.15	ล้านบาท
I	90.45	ล้านบาท
A	89.15	ล้านบาท
L	90.45	ล้านบาท

PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

1. GENERAL INFORMATION

- Name : PTG Energy Public Company Limited (The Company).
- Registration : The Company was incorporated in Thailand on November 28, 1995 and registered to change its title name to PTG Energy Public Company Limited on December 20, 2011.
- Head office address: 90, Cyber World Tower A Building, 33rd Floor, Ratchadapisek Road, HuayKwang, Bangkok.
- Type of business : The Company engaged in business of trading of petroleum products, supplies and equipment for oil service station.
- Others : The Company and subsidiaries have registered as trader in accordance with the Section 7, 10 and 11 of the Fuel Trade Act B.E. 2543 and must comply with the condition determined by the Director General.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Financial statements preparation

The Consolidated and separate financial statements have been prepared in conformity with generally accepted accounting principles enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 and the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.

The Consolidated and separate financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

2.2 These consolidated financial statements consist of financial statements of PTG Energy Public Company Limited which is a parent company and financial statements of subsidiaries in which PTG Energy Public Company Limited held their share capital or has significantly power to control such

	Percentage of Shareholding		Type of business	Relationship
	Dec 31, 2013	Dec 31, 2012		
Petroleum Thai Corporation Limited	99.99	99.99	Service stations	Subsidiary
Pyramid Oil Company Limited	99.98	99.98	Trading of petroleum products	Subsidiary
Alpine Oil Company Limited	99.97	99.97	Trading of petroleum products	Subsidiary
Empire Oil Company Limited	99.98	99.98	Trading of petroleum products	Subsidiary
Everest Oil Company Limited	99.98	99.98	Trading of petroleum products	Subsidiary
Atlas Oil Company Limited	99.97	99.97	Trading of petroleum products	Subsidiary
Andes Oil Company Limited	99.97	99.97	Trading of petroleum products	Subsidiary
Pyrenees Oil Company Limited	99.97	99.97	Trading of petroleum products	Subsidiary
Olympus Oil Company Limited	99.97	99.97	Trading of petroleum products	Subsidiary
Punthai Coffee Company Limited	99.99	99.99	Trading of coffee	Subsidiary

2.3 The consolidated financial statements have been prepared by including the financial statements of its subsidiaries in which PTG Energy Public Company Limited has power to control such companies when the balances and inter-company transactions had been eliminated from the consolidation. The Company takes subsidiaries to include in consolidation since the controllable date.

2.4 Investment transactions between the Company and its subsidiaries have been eliminated under the cost method as if the Company owns 100 percent shareholding in those companies, and the interest of other shareholders is shown as "Non-controlling interests".

2.5 These financial statements have been prepared with the objective to present the consolidated financial position of PTG Energy Public Company Limited and its subsidiaries, and the consolidated results of their operations only. The usefulness of these financial statements for other purposes may be limited due to the difference in types of business of those consolidated companies.

2.6 Accounting standards adoption during the year

The Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations and accounting guidance which is effective for the financial statements beginning on or after January 1, 2013 as detailed below:

Accounting Standards

TAS 12 Income Taxes

TAS 20 Accounting for Government Grants and Disclosure of Government Assistance

TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rate

Financial Reporting Standards

TFRS 8 Operation Segments

Standing Interpretations

TSIC 10	Government Assistance-No Specific Relation to Operating Activities
TSIC 21	Income Taxes- Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes- Changes in the Tax Status of an Enterprises or its Shareholders

Accounting Guidance Transfers of Financial Assets

Those accounting standards, financial reporting standards, standing interpretations and accounting guidance will have no significantly impacts on these financial statements except for TAS 12 "Income Taxes".

2.7 New accounting standards in issue not yet effective

During the current period, the Federation of Accounting Professions issued the notification which pronounced in the Royal Gazette and required to adopt financial reporting standards, standing interpretations and financial reporting interpretations as follows:

		Effective date
Accounting Standards		
TFRS 1 (Revised 2012)	Presentation of Financial Statement	January 1, 2014
TFRS 7 (Revised 2012)	Statement of Cash Flows	January 1, 2014
TFRS 12 (Revised 2012)	Income Taxes	January 1, 2014
TFRS 17 (Revised 2012)	Leases	January 1, 2014
TFRS 18 (Revised 2012)	Revenue	January 1, 2014
TFRS 19 (Revised 2012)	Employee Benefits	January 1, 2014
TFRS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rate	January 1, 2014
TFRS 24 (Revised 2012)	Related Party Disclosures	January 1, 2014
TFRS 28 (Revised 2012)	Investments in Associates	January 1, 2014
TFRS 31 (Revised 2012)	Interests in Joint Ventures	January 1, 2014
TFRS 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TFRS 36 (Revised 2012)	Impairment of Assets	January 1, 2014
TFRS 38 (Revised 2012)	Intangible assets	January 1, 2014
Financial Reporting Standards		
TFRS 2 (Revised 2012)	Share-based Payment	January 1, 2014
TFRS 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS 4	Insurance Contracts	January 1, 2016
TFRS 5 (Revised 2012)	Non-current Assets Held for sale and Discontinued Operations	January 1, 2014
TFRS 8 (Revised 2012)	Operating Segments	January 1, 2014
Standing Interpretations		
TSIC 15	Operating Lease-Incentives	January 1, 2014
TSIC 27	Evaluating the Substance of Transactions Involving The Legal Form of a Lease	January 1, 2014
TSIC 29	Service Concession Arrangements Disclosures	January 1, 2014
TSIC 32	Intangible Assets-Web Site Costs	January 1, 2014

Financial Reporting Interpretations

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRIC 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customers Loyalty Programmes	January 1, 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRIC 18	Transfer of Assets from Customers	January 1, 2014

The Company group's managements are being evaluated the effects of accounting standards, financial reporting standards, standing interpretations and financial reporting interpretations on the financial statements in the year in which they are initially applied. Such evaluation is not being concluded.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income and expenses recognition

3.1.1 Revenues from the sales of goods are recognized as income whenever the goods, the significant risks and rewards have been transferred to the buyer and the Company will retain neither continuing managerial involvement to the effective control over the goods sold or it is probable that the economic benefits associated with the transaction or amount of revenue and costs incurred cannot be measured reliably or the probable return of goods.

3.1.2 Revenues from services are recognized when the services are rendered.

3.1.3 Rental income from investment property is recognized in the statements of comprehensive income on a straight-line basis over the period of the lease.

3.1.4 Interest income is accrued on a time proportion basis. Dividend income is recognized when the shareholder's right to receive payment has been established.

3.1.5 Other income and expenses are recognized on accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents included cash and deposits at banks and financial institution which are due within three months (excluding pledged deposits at bank and financial institution).

3.3 Current investments

Current investments comprise fixed deposit at banks with maturity period not over twelve months and without obligations, and investments in marketable equity securities which held for trading are stated at fair value. Different between their fair value and carrying value as at the reporting date is realized as gain

and loss on investments in the statements of comprehensive income. Investments in marketable securities are classified as available-for-sale investments and carried at fair value in the statements of financial position. Any changes in value are recognized as gain (loss) from fair value measurement of available-for-sale investments in the statement of other comprehensive income and accumulated amounts are recognized as available-for-sale investments in equity.

3.4 Trade and other receivables

Trade and other receivables are stated at right to receive amount less allowance for doubtful accounts. The Company and subsidiaries provided the allowance for doubtful accounts equal to the estimated uncollectible receivable based on historical collection experience. Bad debts are written off when they are incurred.

3.5 Inventories valuation

Petroleum products are stated at the lower of cost (moving average method) or net realizable value. Consumer products are stated at the lower of cost (average method) or net realizable value. Lubricant is stated at the lower of cost (average method) or net realizable value.

The Company and subsidiaries accounted for allowance for devaluation of inventories for all deteriorated, damaged, obsolete and slow-moving inventories.

3.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment (if any).

3.7 Investment properties

Investment properties are defined as property owned to earn rentals or capital appreciation; or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and provision for impairment loss of assets.

Depreciation of investment properties is determined on a straight-line basis over the useful lives for approximately 20-50 years.

3.8 Property, plants and equipment

Property, plants and equipment are valued at cost less accumulated depreciation and provision for impairment.

The cost is included all direct costs related to bringing the asset, construction cost, including cost of material and direct labor and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner of intention, the cost of dismantling and removing the item and restoring the site on which it is located and the borrowing cost.

Parts of property, plant and equipment are not the same useful life, the Company and subsidiaries separately recorded the significant parts.

The replacement cost is recognized as part of the carrying value of property, plant and equipment if it is probable that future economic benefits associated with the item will flow to the Company and subsidiaries and the cost of the item can be measured reliably. The removed assets are derecognized by the carrying value. The cost of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated from the depreciable amount of building and equipment which comprised of the cost of an asset, or other amount substituted for cost, less its residual value. The allocation of the depreciable amount is calculated by over its estimated useful life as follows:

Building	20 - 40 years
Building improvement	5 years
Tools and equipment	5 - 40 years
Office furniture and equipment	5 years
Vehicles	5 and 10 years

3.9 Leasehold right

Leasehold is the rights obtained from the land lease contracts, which are stated at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the lease period.

3.10 Intangible assets

Intangible assets in the form of computer software are stated at cost less accumulated amortization. The amortization is determined on a straight-line basis over 5 years.

3.11 Impairment of assets

The Company and subsidiaries have assessed the impairment of land, building and equipment and investment whenever event or changes indicate that the carrying amount of assets exceeds its recoverable value. The impairment loss will be recognized in statement of comprehensive income. The Company will reverse the impairment loss whenever there is no longer impairment or reduction in impairment.

Net realizable value means net selling price of the asset or its utilization value whichever is higher, the Company will consider the impairment for each asset item or each asset unit generating cash flow, whichever is practical.

3.12 Long-term lease agreement

Operating lease

Leases of assets which not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are recognized as expenses in the statement of comprehensive income over the period of the lease on a straight-line basis.

Financial lease

Leases which transferring a significant portion of the risks and rewards of ownership to the lessee are classified as financial leases. Financial leases are recorded as capital expenditures at the lower of the fair value of the leased assets as at the inception of the lease or the present value of the minimum lease payments. Financial lease obligation less financial expenses will record as corresponding long-term liabilities. Interest charges will record directly to statements of comprehensive income on over the term of the lease. Leased assets are depreciated on over the useful lives of the leased assets or over the period of the lease whichever is lower.

3.13 Directors' remuneration and management benefit expenses

3.13.1 Directors' remuneration

Directors' remuneration represents the benefits paid to the Company and subsidiaries' directors in accordance with Section 90 of the Public Limited Companies Act B.E. 2535, excluding salaries and related benefits payable to executive directors.

3.13.2 Management benefit expenses

Management benefit expenses focuses expenses relating to salaries and other benefits to the

directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive level.

3.14 Income tax

Income tax expenses for the period comprise current and deferred tax.

- Current tax

The Company and subsidiaries record income tax to be paid in each period as expenses in the fiscal period and the calculated income tax as prescribed in the Revenue Code, Royal Decrees No.530 regarding the Reduction of income tax rate and Exemption from revenue taxes.

- Deferred tax

The Company and subsidiaries record deferred tax on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements by using tax rates that have been enacted or substantially enacted by the end of the reporting period.

The Company and subsidiaries recognize the deferred tax liabilities of all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

The Company and subsidiaries will review the carrying amount of deferred tax assets by the end of each reporting period. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

The Company and subsidiaries will record the deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

3.15 Accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption which affect the report amounts in the financial statements and notes related thereto. Consequent actual results may differ from these estimates.

The Company and subsidiaries make estimates and assumptions concerning the future factors. The results of accounting estimates may be differed from the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the assets in the next financial year related to allowance for doubtful accounts, provision for impairment of assets, and provision for impairment of investment at the statements of financial position date. Other estimates are further described in the corresponding disclosures.

3.16 Provisions

The Company and subsidiaries recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain reimbursement will be received if the Company and subsidiaries settle the obligation. The amount recognized should not exceed the amount of the provision.

3.17 Related parties transactions

Enterprise and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company associated with these individuals also constitute related parties.

3.18 Basic earnings per share

Earnings (Loss) per share as presented in the statements of comprehensive income is basis earnings (loss) per share which is calculated by dividing the net earnings (loss) for the year by the weighted average number of ordinary shares issued and paid-up during the year.

3.19 Financial instruments

Financial assets are presented in statements of financial position, consist of cash and cash equivalents, current investments, trade and other accounts receivable, short-term loans to related companies. Financial liabilities are presented in statements of financial position, consist of bank overdrafts and short-term loans from financial institutions and related companies, trade and other accounts payable, accrued income tax, liabilities under financial lease and long-term loans from financial institutions. The accounting policy of each item is separately disclosed in the related transactions.

3.20 Provident fund and Employee benefits

3.20.1 Provident fund

The Company and subsidiaries have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company and subsidiaries' contribution payments to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

3.20.2 Employee benefits

Since January 1, 2011, the Company and subsidiaries adopted TAS 19 "Employee Benefits". Under the new policy, the Company and subsidiaries' obligations in respect of post-employment benefits-retirement benefits are recorded in the financial statements by using the projected unit credit method by the actuary. Previously the Company and subsidiaries recognized such obligations when they are incurred.

The significant assumption of provisions based on the actuarial method in calculating employee benefit obligations is as follow:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Discount rate	3.53 – 3.62%	3.53 – 3.62%	3.53%	3.53%
Salaries increase rate	5%	5%	5%	5%

Mortality and disability rate are based on Thailand Mortality Table (TMO 2008) B.E.2551

4. CHANGES IN ACCOUNTING POLICY FOR DEFERRED TAX

On January 1, 2013, the Company and subsidiaries have complied accounting policy for deferred tax, which recognized on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts as at the end of reporting period by using tax rate enacted as at the end of reporting period as stated in note 3. The Company and subsidiaries have recorded deferred tax by using cumulative effects as an adjustment to the beginning retained earnings of 2013 and made retroactively adjustments the 2012 financial statements. From the changes in this accounting policy, the consolidated and separate financial statements for the year ended December 31, 2013 represented the decrease in beginning retained earnings by the amount of Baht 14.04 million (Separate: Baht 3.67 million) and net assets decreased by the same amount. The consolidated and separate financial statements for the year ended December 31, 2012 and January 1, 2012 had changed as follows:

Consolidated statements of financial position (Baht)

As at December 31, 2012

	Previous	Restated	Variance
Deferred tax assets	-	25,481,292	(25,481,292)
Deferred tax liabilities	-	39,527,313	39,527,313
Unappropriated retained earnings (deficit)	124,799,350	110,754,366	(14,044,984)
Non-controlling interests	76,424	75,387	(1,037)

Separate statements of financial position (Baht)

As at December 31, 2011

	Previous	Restated	Variance
Deferred tax assets	-	18,201,225	(18,201,225)
Deferred tax liabilities	-	21,875,562	21,875,562
Unappropriated retained earnings (deficit)	189,817,626	186,143,289	(3,674,337)

Consolidated statements of financial position (Baht)

As at January 1, 2012

	Previous	Restated	Variance
Deferred tax assets	-	19,326,011	(19,326,011)
Deferred tax liabilities	-	13,744,739	13,744,739
Unappropriated retained earnings (deficit)	(286,170,135)	(280,589,125)	5,581,010
Non-controlling interests	2,057,466	2,057,728	262

Separate statements of financial position (Baht)

As at January 1, 2012

	Previous	Restated	Variance
Deferred tax assets	-	60,799,540	(60,799,540)
Deferred tax liabilities	-	11,161,928	11,161,928
Unappropriated retained earnings (deficit)	(420,272,263)	(370,634,651)	49,637,612

Consolidated statements of comprehensive income (Baht)

For the year ended December 31, 2012

	Previous	Restated	Variance
Income tax	86,281,211	105,908,504	(19,627,293)
Net profit	359,994,531	340,367,238	19,627,293
Earnings per share	0.288	0.272	(0.016)

Separate statements of comprehensive income (Baht)

For the year ended December 31, 2012

	Previous	Restated	Variance
Income tax	25,308,841	78,620,790	(53,311,949)
Net profit	559,073,569	505,761,620	53,311,949
Earnings per share	0.447	0.405	(0.042)

5. RELATED PARTY TRANSACTIONS

5.1 The relationship between the Company and its related companies are as follows:

Items	Person and entity	Relationship	Transactions	Pricing policy
1.	Petroleum Thai Corporation Limited	Subsidiary	Sales of goods	Selling price close to market price
			Transportation income	At the rate as agreed based on distance
			Rental assets and other services	As stipulated in agreement
			Interest income	At the rate of MLR-2%
			Dividends received	As declared
			Purchase of goods	Selling price close to market price
			Electricity expenses	At the rate of usage
			Sales promotion expenses	At market price
			Other expenses	As stipulated in agreement
			Training expenses	As stipulated in agreement

Items	Person and entity	Relationship	Transactions	Pricing policy
2.	Pyramid Oil Company Limited	Subsidiary	Sales of goods	Selling price close to market price
			Transportation income	At the rate as agreed based on distance
			Rental assets and other services	As stipulated in agreement
			Interest income	At the rate of MLR-2%
			Dividends received	As declared
			Purchase of goods	Selling price close to market price
			Sales promotion expenses	At market price
			Interest expenses	At the rate of MLR-2%
			Other expenses	As stipulated in agreement
3.	Alpine Oil Company Limited	Subsidiary	Sales of goods	Selling price close to market price
			Transportation income	At the rate as agreed based on distance
			Rental assets and other services	As stipulated in agreement
			Interest income	At the rate of MLR-2%
			Dividends received	As declared
			Purchase of goods	Selling price close to market price
			Interest expenses	At the rate of MLR-2%
4.	Empire Oil Company Limited	Subsidiary	Sales of goods	Selling price close to market price
			Transportation income	At the rate as agreed based on distance
			Rental assets and other services	As stipulated in agreement
			Interest income	At the rate of MLR-2%
			Dividends received	As declared
			Purchase of goods	Selling price close to market price
			Interest expenses	At the rate of MLR-2%

Items	Person and entity	Relationship	Transactions	Pricing policy
5.	Everest Oil Company Limited	Subsidiary	Sales of goods Transportation income Rental assets and other services Interest income Dividends received Purchase of goods Sales promotion expenses Interest expenses Other expenses	Selling price close to market price At the rate as agreed based on distance As stipulated in agreement At the rate of MLR-2% As declared Selling price close to market price At market price At the rate of MLR-2% As stipulated in agreement
6.	Andes Oil Company Limited	Subsidiary	Sales of goods Transportation income Rental assets and other services Interest income Dividends received Interest expenses	Selling price close to market price At the rate as agreed based on distance As stipulated in agreement At the rate of MLR-2% As declared At the rate of MLR-2%
7.	Atlas Oil Company Limited	Subsidiary	Sales of goods Transportation income Rental assets and other services Interest income Dividends received Purchase of goods Interest expenses	Selling price close to market price At the rate as agreed based on distance As stipulated in agreement At the rate of MLR-2% As declared Selling price close to market price At the rate of MLR-2%
8.	Punthai Coffee Company Limited	Subsidiary	Interest income Other expenses	At the rate of MLR-2% As stipulated in agreement

Items	Person and entity	Relationship	Transactions	Pricing policy
9.	P & C Petroleum Company Limited	Shareholder is intimate of the Company's director	Sales of goods Purchase of goods	Selling price close to market price and provide credit term close to other customers. Selling price close to market price and obtain credit term close to other sellers.
10.	KTP Petroleum Company Limited	Shareholder is intimate of the Company's director	Sales of goods Purchase of goods	Selling price close to market price and provide credit term close to other customers. Selling price close to market price and obtain credit term close to other sellers.
11.	Phubadin Company Limited	One director is a shareholder of Phubadin Company	Sales of goods Transportation income Rental assets and other services	Selling price close to market price and provide credit term close to other customers. At the rate as agreed based on distance As stipulated in agreement
12.	SaenSamran Jai Company Limited	Shareholder is intimate of the Company's director	Other services	As stipulated in agreement

5.2 Transactions and amounts with related persons and parties in statements of financial position are as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
5.2.1 Trade accounts receivable				
Petroleum Thai Corporation Limited	-	-	66,419,715	198,035,312
Pyramid Oil Company Limited	-	-	5,416,661	20,207,448
Alpine Oil Company Limited	-	-	3,086,627	30,828,014
Empire Oil Company Limited	-	-	4,826,672	-
Everest Oil Company Limited	-	-	5,160,235	41,325,101
Andes Oil Company Limited	-	-	1,128,850	-
Atlas Oil Company Limited	-	-	-	58,560,160
P & C Petroleum Company Limited	349,380	-	-	-
KTP Petroleum Company Limited	584,910	-	-	-
Phubadin Company Limited	5,252,886	-	368,136	-
Total	6,187,176	-	86,406,896	348,956,035
5.2.2 Short-term loans				
Petroleum Thai Corporation Limited	-	-	831,809,263	253,190,010
Pyramid Oil Company Limited	-	-	3,000,000	-
Alpine Oil Company Limited	-	-	2,500,000	-
Andes Oil Company Limited	-	-	8,130,100	-
Punthai Coffee Limited	-	-	19,300,000	-
Total	-	-	864,739,363	253,190,010

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
5.2.3 Accrued interest receivables				
Petroleum Thai Corporation Limited	-	-	33,344,880	5,172,289
Pyramid Oil Company Limited	-	-	180,644	29,800
Alpine Oil Company Limited	-	-	434,352	32,729
Empire Oil Company Limited	-	-	331,591	-
Everest Oil Company Limited	-	-	162,506	449
Andes Oil Company Limited	-	-	162,501	-
Atlas Oil Company Limited	-	-	63,352	2,727
Punthai Coffee Limited	-	-	286,026	-
Total	-	-	34,965,852	5,237,994
5.2.4 Investment receivable from decrease capital				
Petroleum Thai Corporation Limited	-	-	13,597,778	13,597,778
Total	-	-	13,597,778	13,597,778
5.2.5 Trade accounts payable				
Petroleum Thai Corporation Limited	-	-	598,728	1,109,470
Pyramid Oil Company Limited	-	-	-	592,187
Everest Oil Company Limited	-	-	-	345,917
P & C Petroleum Company Limited	26,788,640	7,152,330	-	-
Total	26,788,640	7,152,330	598,728	2,047,574
5.2.6 Accrued expenses				
Petroleum Thai Corporation Limited	-	-	178,230	-
Total	-	-	178,230	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
5.2.7 Short-term loans				
Pyramid Oil Company Limited	-	-	-	60,601,350
Alpine Oil Company Limited	-	-	-	42,701,450
Empire Oil Company Limited	-	-	-	4,648,800
Everest Oil Company Limited	-	-	-	116,654,050
Andes Oil Company Limited	-	-	200,000	25,299,900
Atlas Oil Company Limited	-	-	-	85,890,000
Total	-	-	200,000	335,795,550
5.2.8 Accrued interest expenses				
Pyramid Oil Company Limited	-	-	967,579	84,868
Alpine Oil Company Limited	-	-	1,147,096	135,081
Empire Oil Company Limited	-	-	595,049	22,271
Everest Oil Company Limited	-	-	2,400,099	399,340
Andes Oil Company Limited	-	-	2,050,510	114,617
Atlas Oil Company Limited	-	-	3,906,627	145,130
Total	-	-	11,066,960	901,307

5.3 Transactions and amounts with related persons and parties in statements of comprehensive income for the year ended December 31, 2013 and 2012 are as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
5.3.1 Revenues from sales				
Petroleum Thai Corporation Limited	-	-	2,006,644,494	246,765,935
Pyramid Oil Company Limited	-	-	19,402,781	71,348,233
Alpine Oil Company Limited	-	-	47,794,948	101,735,414
Empire Oil Company Limited	-	-	1,812,907	-
Everest Oil Company Limited	-	-	103,508,394	305,758,440
Andes Oil Company Limited	-	-	4,001,876	5,063,645
Atlas Oil Company Limited	-	-	5,270,981	53,673,607
P & C Petroleum Company Limited	68,331,991	80,090,934	-	-
KTP Petroleum Company Limited	7,996,766	-	-	-
Phubadin Company Limited	187,217,008	175,187,864	113,578,951	175,187,864
Total	263,545,765	255,278,798	2,302,015,332	959,533,138
5.3.2 Transportation income				
Petroleum Thai Corporation Limited	-	-	510,852,807	348,592,569
Pyramid Oil Company Limited	-	-	57,024,458	61,056,317
Alpine Oil Company Limited	-	-	27,263,415	32,288,699
Empire Oil Company Limited	-	-	3,975,950	1,848,933
Everest Oil Company Limited	-	-	44,288,778	57,677,425
Andes Oil Company Limited	-	-	8,336,813	1,116,160
Atlas Oil Company Limited	-	-	2,055,710	2,655,180
Phubadin Company Limited	-	588,022	-	588,022
Total	-	588,022	653,797,931	505,823,305

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
5.3.3 Revenues from rental and other services				
Petroleum Thai Corporation Limited	-	-	58,490,057	38,196,671
Pyramid Oil Company Limited	-	-	12,660,000	12,660,000
Alpine Oil Company Limited	-	-	12,871,415	12,719,914
Empire Oil Company Limited	-	-	4,250,120	9,053,621
Everest Oil Company Limited	-	-	11,605,000	13,365,017
Andes Oil Company Limited	-	-	9,062,885	8,358,948
Atlas Oil Company Limited	-	-	8,069,135	8,008,297
Phubadin Company Limited	720,000	720,000	720,000	720,000
Total	720,000	720,000	117,728,612	103,082,468
5.3.4 Interest income				
Petroleum Thai Corporation Limited	-	-	32,077,215	17,275,218
Pyramid Oil Company Limited	-	-	150,843	132,466
Alpine Oil Company Limited	-	-	401,623	488,786
Empire Oil Company Limited	-	-	331,591	682,699
Everest Oil Company Limited	-	-	162,056	1,212,250
Andes Oil Company Limited	-	-	162,501	539,544
Atlas Oil Company Limited	-	-	60,626	92,492
Punthai Coffee Company Limited	-	-	286,026	-
Total	-	-	33,632,481	20,423,455

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
5.3.5 Purchase of goods				
Petroleum Thai Corporation Limited	-	-	4,241,128	29,521,928
Pyramid Oil Company Limited	-	-	247,402	-
Alpine Oil Company Limited	-	-	1,494,972	30,696,925
Empire Oil Company Limited	-	-	1,270,280	4,076,019
Everest Oil Company Limited	-	-	1,726,570	12,917,159
Atlas Oil Company Limited	-	-	1,405,935	-
P & C Petroleum Company Limited	1,135,743,875	562,787,220	249,147,477	2,696,290
KTP Petroleum Company Limited	146,793,467	-	146,793,467	-
Total	1,282,537,342	562,787,220	406,327,231	79,908,321
5.3.6 Electricity expenses				
Petroleum Thai Corporation Limited	-	-	1,426,213	1,165,874
Total	-	-	1,426,213	1,165,874
5.3.7 Sales promotion expenses				
Petroleum Thai Corporation Limited	-	-	64,000	107,900
Pyramid Oil Company Limited	-	-	402,477	24,647
Everest Oil Company Limited	-	-	12,149	7,716
Total	-	-	478,626	140,263
5.3.8 Other services				
SaenSamran Jai Company Limited	-	1,458,048	-	381,235
Total	-	1,458,048	-	381,235
5.3.9 Interest expenses				
Pyramid Oil Company Limited	-	-	882,711	913,046
Alpine Oil Company Limited	-	-	1,012,015	1,311,436
Empire Oil Company Limited	-	-	572,778	1,546,769
Everest Oil Company Limited	-	-	2,000,759	3,836,864
Andes Oil Company Limited	-	-	1,935,893	2,002,807
Atlas Oil Company Limited	-	-	3,761,497	1,445,419
Total	-	-	10,165,653	11,056,341

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
5.3.10 Other expenses				
Petroleum Thai Corporation Limited	-	-	651,165	1,584,469
Pyramid Oil Company Limited	-	-	484,309	553,446
Everest Oil Company Limited	-	-	557,897	775,345
Punthai Coffee Company Limited	-	-	19,564	-
Total	-	-	1,712,935	2,913,260
5.3.11 Training expenses				
Petroleum Thai Corporation Limited	-	-	43,679	-
Total	-	-	43,679	-

5.4 The movement of short-term loans to and from related persons and parties is detailed as follows:

5.4.1 Short-term loans to related parties

	Separate financial statements (Baht)			
	January 1, 2013	Increase	Repayment	December 31, 2013
Petroleum Thai Corporation Limited	253,190,010	8,167,700,720	(7,589,081,467)	831,809,263
Pyramid Oil Company Limited	-	181,812,423	(178,812,423)	3,000,000
Alpine Oil Company Limited	-	245,907,386	(243,407,386)	2,500,000
Empire Oil Company Limited	-	120,902,400	(120,902,400)	-
Everest Oil Company Limited	-	207,763,800	(207,763,800)	-
Andes Oil Company Limited	-	193,730,500	(185,600,400)	8,130,100
Atlas Oil Company Limited	-	33,509,280	(33,509,280)	-
Punthai Coffee Company Limited	-	19,300,000	-	19,300,000
Total	253,190,010	9,170,626,509	(8,559,077,156)	864,739,363

5.4.2 Short-term loans from related parties

	Separate financial statements (Baht)			
	January 1, 2013	Increase	Repayment	December 31, 2013
Pyramid Oil Company Limited	60,601,350	585,019,073	(645,620,423)	-
Alpine Oil Company Limited	42,701,450	436,842,064	(479,543,514)	-
Empire Oil Company Limited	4,648,800	197,757,775	(202,406,575)	-
Everest Oil Company Limited	116,654,050	468,799,517	(585,453,567)	-
Andes Oil Company Limited	25,299,900	733,099,600	(758,199,500)	200,000
Atlas Oil Company Limited	85,890,000	841,591,440	(927,481,440)	-
Total	335,795,550	3,263,109,469	(3,598,705,019)	200,000

6. CURRENT INVESTMENT

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current investments - securities for trading	2,557,856	1,788,236	667,941	160,729
Current investments - available-for-sale securities	80,514,956	-	80,514,956	-
Total	83,072,812	1,788,236	81,182,897	160,729

7. TRADE AND OTHER RECEIVABLES

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts receivable-related companies	6,187,176	-	86,406,896	348,956,035
Trade accounts receivable-other companies	116,515,248	139,268,774	17,527,765	43,901,994
Total	122,702,424	139,268,774	103,934,661	392,858,029
Less Allowance for doubtful accounts	(10,821,947)	(12,159,917)	(6,257,350)	(6,267,350)
Total trade accounts receivable	111,880,477	127,108,857	97,677,311	386,590,679
Deposit for goods	1,975,000	2,650,172	1,975,000	2,650,172
Refunded value added tax	78,253,074	30,170,605	69,858,399	23,741,774

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current portion of leasehold and prepaid rental expenses	121,807,746	84,485,717	-	-
Prepaid expenses	38,632,093	21,528,939	26,680,669	14,297,362
Accrued income	11,333,425	4,165,059	45,141,135	8,340,227
Investment receivable from decrease capital	-	-	13,597,778	13,597,778
Others	36,830,837	20,271,864	3,980,008	1,900,385
Total other receivables	288,832,175	163,272,356	161,232,989	64,527,698
Less Allowance for doubtful accounts	(13,217,271)	(13,217,271)	-	-
Total other receivables	275,614,904	150,055,085	161,232,989	64,527,698
Total trade and other receivables	387,495,381	277,163,942	258,910,300	451,118,377

The outstanding trade accounts receivable are separated by aging as follows:

	Consolidated financial statements		Separate financial statements		(Unit : Baht)
	2013	2012	2013	2012	
Within credit term	87,549,290	69,111,530	95,529,646	369,120,403	
Overdue :					
1 - 90 days	22,661,281	55,785,218	2,147,665	17,274,102	
91 - 180 days	9,576	298,069	-	-	
181 - 360 days	198,512	963,048	-	34,356	
360 days	12,283,765	13,110,909	6,257,350	6,429,168	
Total	122,702,424	139,268,774	103,934,661	392,858,029	
Less Allowance for doubtful accounts	(10,821,947)	(12,159,917)	(6,257,350)	(6,267,350)	
Trade accounts receivables	111,880,477	127,108,857	97,677,311	386,590,679	

Investment receivable from decrease capital

This represent outstanding receivable from decrease capital of a subsidiary in the amount of Baht 13.60 million as stated in note 10 to financial statements.

8. INVENTORIES

	Consolidated financial statements		Separate financial statements	
			(Unit : Baht)	
	2013	2012	2013	2012
Petroleum products	1,224,483,820	790,803,731	546,313,678	292,279,671
Consumable goods	30,471,240	24,823,148	-	-
Other products	42,419,857	35,516,841	22,388,598	19,765,629
Raw materials	945,340	548,463	-	-
Equipment supplies	898,525	344,208	-	-
Goods in transit	36,777	9,722,370	36,777	6,545,027
Total	1,299,255,559	861,758,761	568,739,053	318,590,327
Less Allowance for loss on devaluation of inventories	(371,026)	-	-	-
Inventories	1,298,884,533	861,758,761	568,739,053	318,590,327

As at December 31, 2013 and 2012, the above inventories of the Company and subsidiaries included the reserved oil as required by law in the consolidated and separate financial statements, totaling Baht 464.19 million and Baht 247.28 million respectively.

9. PLEDGED FIXED DEPOSIT USED AS COLLATERAL

As at December 31, 2013 and 2012, the Company and subsidiaries pledged fixed deposit amount of Baht 31.28 million and Baht 31.57 million respectively as guarantee against credit facilities from bank depository. (Separate: Baht 0.97 million in 2012)

10. INVESTMENT IN SUBSIDIARIES

	% of shareholding		Separate financial statements (Baht)			
			2013		2012	
	2013	2012	Cost	Dividend received	Cost	Dividend received
Petroleum Thai Corporation Limited	99.99	99.99	586,397,022	11,999,896	586,397,022	69,999,708
Pyramid Oil Company Limited	99.98	99.98	999,800	3,499,300	999,800	11,497,000
Alpine Oil Company Limited	99.97	99.97	999,700	5,498,350	999,700	6,997,900
Empire Oil Company Limited	99.98	99.98	999,800	499,900	999,800	64,983,400

	% of		Separate financial statements (Baht)			
	shareholding		2013		2012	
	2013	2012	Cost	Dividend received	Cost	Dividend received
Everest Oil Company Limited	99.98	99.98	999,800	12,497,500	999,800	66,981,250
Andes Oil Company Limited	99.97	99.97	999,700	20,193,940	999,700	4,998,500
Atlas Oil Company Limited	99.97	99.97	999,700	15,695,290	999,700	-
Olympus Oil Company Limited	99.97	99.97	999,700	-	999,700	-
Pyrenees Oil Company Limited	99.97	99.97	999,700	-	999,700	-
Punthai Coffee Company Limited	99.99	99.99	4,999,700	-	4,999,700	-
Total			599,394,622	69,884,176	599,394,622	225,457,758

As stated in notes 7 and 22 to financial statements, in 2012 a subsidiary has registered the decrease its share capital but the Company has not yet recovered the amount of Baht 13.60 million. The Company then recorded to reduce investment in subsidiary and presented investment receivable from capital decrease by the said amount.

11. LONG-TERM LOAN TO OTHER COMPANY

As at December 31, 2013 and 2012, a subsidiary has loans to a company in the amount of Baht 3.28 million and Baht 3.46 million respectively, at the interest rate of 6% per annum, the payment is offset with land and building rental which is structured the oil station for the period of 10 years commenced from January 10, 2010 and ended on December 10, 2019, the remaining is repayable on termination of agreement by cash, guaranteed by mortgaging land and building used as oil station of subsidiary company.

12. INVESTMENT PROPERTIES

Consolidated financial statements (Baht)		
Land and improvement	Building and improvement	Total

Cost :-

As at January 1, 2012	118,553,340	34,258,586	152,811,926
Purchase	-	-	-
Disposal	-	-	-
As at December 31, 2012	118,553,340	34,258,586	152,811,926
Purchase	-	-	-
Disposal	-	-	-
Transfer in (out)	536,285	16,596,113	17,132,398
As at December 31, 2013	119,089,625	50,854,699	169,944,324

Consolidated financial statements (Baht)			
	Land and improvement	Building and improvement	Total
Accumulated depreciation :-			
As at January 1, 2012	-	(24,743,658)	(24,743,658)
Depreciation for the year	-	-	-
As at December 31, 2012	-	(24,743,658)	(24,743,658)
Depreciation for the year	-	-	-
Transfer in (out)	-	(14,063,905)	(14,063,905)
As at December 31, 2013	-	(38,807,563)	(38,807,563)
Provisions for impairment of assets :-			
As at January 1, 2012	(28,570,533)	(9,514,928)	(38,085,461)
Loss on impairment of assets	-	-	-
As at December 31, 2012	(28,570,533)	(9,514,928)	(38,085,461)
Loss on impairment of assets	(536,285)	-	(536,285)
As at December 31, 2013	(29,106,818)	(9,514,928)	(38,621,746)
Net book value :-			
As at December 31, 2012	89,982,807	-	89,982,807
As at December 31, 2013	89,982,807	2,532,208	92,515,015

Separate financial statements (Baht)			
	Land and improvement	Building and improvement	Total
Cost :-			
As at January 1, 2012	122,739,106	34,258,586	156,997,692
Purchase	-	-	-
Disposal	-	-	-
As at December 31, 2012	122,739,106	34,258,586	156,997,692
Purchase	-	-	-
Disposal	-	-	-
Transfer in (out)	1,429,079	16,596,113	18,025,192
As at December 31, 2013	124,168,185	50,854,699	175,022,884
Accumulated depreciation :-			
As at January 1, 2012	-	(24,743,658)	(24,743,658)
Depreciation for the year	-	-	-
As at December 31, 2012	-	(24,743,658)	(24,743,658)
Depreciation for the year	-	-	-

	Separate financial statements (Baht)		
	Land and improvement	Building and improvement	Total
Transfer in (out)	-	(14,063,905)	(14,063,905)
As at December 31, 2013	-	(38,807,563)	(38,807,563)
Provisions for impairment of assets :-			
As at December 31, 2012	(26,461,533)	(9,514,928)	(35,976,461)
Loss on impairment of assets	-	-	-
As at December 31, 2012	(26,461,533)	(9,514,928)	(35,976,461)
Loss on impairment of assets	(1,089,630)	-	(1,089,630)
As at December 31, 2013	(27,551,163)	(9,514,928)	(37,066,091)
Net book value :-			
As at December 31, 2012	96,277,573	-	96,277,573
As at December 31, 2013	96,617,022	2,532,208	99,149,230

As at December 31, 2013 and 2012, a part of investment properties costs of Baht 17.77 million and Baht 16.84 million respectively in the separate financial statements are leased by its subsidiaries for using in its operation.

As at December 31, 2013 and 2012, investment properties had fair value amount of Baht 128.62 and Baht 110.00 million respectively (Separate: Baht 114.84 million and Baht 99.42 million respectively), appraised by the independent appraiser.

13. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements (Baht)							
	Land and im- provement	Building and improvement	Tools and equipment	Ofce furni- ture,xture and equipment	Vehicles	Work in progress	Total
Cost:-							
As at January 1, 2012	400,689,601	716,704,362	1,039,936,954	40,072,001	585,479,376	4,053,452	2,786,935,746
Purchase	2,003,058	119,481,549	196,507,549	16,556,521	452,399,748	106,519,506	893,467,931
Disposal	-	(622,472)	(12,552,407)	(252,313)	(16,083,200)	-	(29,510,392)
Transfer in (out)	4,071,727	87,222,197	5,880,659	(505,700)	-	(97,174,583)	(505,700)
As at December 31, 2012	406,764,386	922,785,636	1,229,772,755	55,870,509	1,021,795,924	13,398,375	3,650,387,585
Purchase	14,913,496	107,974,569	295,589,982	14,933,136	611,917,074	373,474,737	1,418,802,994
Disposal	-	-	(1,321,800)	(201,569)	(35,396,573)	-	(36,919,942)
Terminated/Donated	-	(103,520)	(131,445)	(848,842)	-	-	(1,083,807)
Transfer in (out)	497,104	188,762,762	30,421,755	(1,127,825)	-	(235,686,194)	(17,132,398)
As at December 31, 2013	422,174,986	1,219,419,447	1,554,331,247	68,625,409	1,598,316,425	151,186,918	5,014,054,432
Accumulated depreciation:-							
As at January 1, 2012	-	(476,576,601)	(665,450,486)	(21,081,247)	(268,978,797)	-	(1,432,087,131)
Depreciation for the year	-	(21,432,139)	(69,639,786)	(7,627,863)	(39,967,009)	-	(138,666,797)
Disposal	-	153,158	11,157,542	225,990	14,412,155	-	25,948,845
Transfer in (out)	-	-	-	502,694	-	-	502,694
As at December 31, 2012	-	(497,855,582)	(723,932,730)	(27,980,426)	(294,533,651)	-	(1,544,302,389)
Depreciation for the year	-	(39,492,248)	(109,316,121)	(9,183,905)	(70,230,023)	-	(228,222,297)
Disposal	-	-	1,242,473	139,622	30,295,077	-	31,677,172
Terminated/Donated	-	30,130	84,496	802,865	-	-	917,491
Transfer in (out)	-	14,063,905	-	-	-	-	14,063,905
As at December 31, 2013	-	(523,253,795)	(831,921,882)	(36,221,844)	(334,468,597)	-	(1,725,866,118)

	Consolidated financial statements (Baht)						
	Land and im- provement	Building and improvement	Tools and equipment	Ofce furni- ture,xture and equipment	Vehicles	Work in progress	Total
Provisions for impairment of assets :-							
As at January 1, 2012	(15,133,647)	-	(1,569,087)	-	-	-	(16,702,734)
Loss on impairment of assets	-	-	-	-	-	-	-
As at December 31, 2012	(15,133,647)	-	(1,569,087)	-	-	-	(16,702,734)
Loss on impairment of assets	-	-	-	-	-	-	-
As at December 31, 2013	(15,133,647)	-	(1,569,087)	-	-	-	(16,702,734)
Net book value:-							
As at December 31, 2012	391,630,739	424,930,054	504,270,938	27,890,083	727,262,273	13,398,375	2,089,382,462
As at December 31, 2013	407,041,339	696,165,652	720,840,278	32,403,565	1,263,847,828	151,186,918	3,271,485,580

Separate financial statements (Baht)						
	Land and im- provement	Building and improvement	Tools and equipment	Ofce furni- ture,xture and equipment	Vehicles	Work in progress
						Total
Cost:-						
As at January 1, 2012	203,674,902	267,898,126	728,196,331	14,607,667	564,643,593	1,783,074,071
Purchase	2,003,058	6,923,976	8,625,411	2,746,351	444,771,871	480,068,192
Disposal	-	-	(1,719)	(161,240)	(16,083,201)	(16,246,160)
Transfer in (out)	4,071,727	7,651,755	5,880,659	(505,700)	-	(505,700)
As at December 31, 2012	209,749,687	282,473,857	742,700,682	16,687,078	993,332,263	2,246,390,403
Purchase	6,751,067	30,625,323	52,644,282	2,508,835	602,940,550	707,337,179
Disposal	-	-	-	-	(35,075,004)	(35,075,004)
Terminated/Donated	-	-	(8,400)	(369,105)	-	(377,505)
Transfer in (out)	(814,628)	(15,271,199)	6,928,593	-	-	(18,025,192)
As at December 31, 2013	215,686,126	297,827,981	802,265,157	18,826,808	1,561,197,809	2,900,249,881
Accumulated depreciation:-						
As at January 1, 2012	-	(213,742,997)	(554,714,954)	(9,087,175)	(256,944,424)	(1,034,489,550)
Depreciation for the year	-	(7,547,546)	(17,423,146)	(1,687,017)	(37,435,484)	(64,093,193)
Disposal	-	-	1,299	136,013	14,412,155	14,549,467
Transfer in (out)	-	-	-	502,693	-	502,693
As at December 31, 2012	-	(221,290,543)	(572,136,801)	(10,135,486)	(279,967,753)	(1,083,530,583)
Depreciation for the year	-	(8,769,928)	(20,659,764)	(2,072,684)	(66,479,861)	(97,982,237)
Disposal	-	-	-	-	29,973,509	29,973,509
Terminated/Donated	-	-	8,399	365,291	-	373,690
Transfer in (out)	-	14,063,905	-	-	-	14,063,905
As at December 31, 2013	-	(215,996,566)	(592,788,166)	(11,842,879)	(316,474,105)	(1,137,101,716)

	Separate financial statements (Baht)						
	Land and im- provement	Building and improvement	Tools and equipment	Ofce furni- ture,xture and equipment	Vehicles	Work in progress	Total
Provisions for impairment of assets :-							
As at January 1, 2012	-	-	(1,569,087)	-	-	-	(1,569,087)
Loss on impairment of assets	-	-	-	-	-	-	-
As at December 31, 2012	-	-	(1,569,087)	-	-	-	(1,569,087)
Loss on impairment of assets	-	-	-	-	-	-	-
As at December 31, 2013	-	-	(1,569,087)	-	-	-	(1,569,087)
Net book value:-							
As at December 31, 2012	209,749,687	61,183,314	168,994,794	6,551,592	713,364,510	1,446,836	1,161,290,733
As at December 31, 2013	215,686,126	81,831,415	207,907,904	6,983,929	1,244,723,704	4,446,000	1,761,579,078

As at December 31, 2013 and 2012, the Company and subsidiaries used part of land with its construction at net book value of Baht 518.06 million and Baht 505.50 million respectively (Separate : Baht 385.45 million and Baht 371.35 million respectively), to mortgage with a commercial bank as guarantee against bank overdrafts and short-term loans from financial institution and long-term loans as stated in notes 17 and 20.

As at December 31, 2013 and 2012, the Company and subsidiaries had fixed assets at cost of Baht 801.78 million and Baht 798.84 million re- spectively (Separate : Baht 689.56 million and Baht 704.76 million respectively) which were fully depreciated but are still in use.

14. LEASEHOLD RIGHT AND PREPAID FOR LAND

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Leasehold right	134,994,415	53,535,776	279,766	312,360
Prepaid for land	190,239,445	142,347,441	4,218,885	4,401,235
Total	325,233,860	195,883,217	4,498,651	4,713,595
Less Current portion of leasehold right and prepaid expenses	(121,807,746)	(84,485,716)	-	-
Net book value	203,426,114	111,397,501	4,498,651	4,713,595

15. INCOME TAX EXPENSES/ DEFERRED TAX

Deferred tax assets and liabilities after offsetting are included in the statement of financial position as the details below:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax assets				
Allowance for doubtful accounts	4,658,778	4,822,972	1,251,470	1,253,470
Allowance for impairment of land	3,026,729	3,448,529	-	-
Loss on devaluation of inventories	74,205	-	-	-
Leasehold right and prepaid for land	620,091	259,436	-	-
Amount received in advance – accumulated point	3,446,950	-	-	-
Impairment loss of investment properties	5,932,033	5,292,307	5,510,233	5,292,307
Employee benefit provisions	7,662,155	4,335,932	4,656,708	4,333,332
Hire purchase assets	10,734,381	7,322,116	10,734,381	7,322,116
Total	36,155,322	25,481,292	22,152,792	18,201,225

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax liabilities				
Operating lease oil station	28,737,597	17,651,752	-	-
Financial lease assets	33,177,064	16,129,040	33,177,064	16,129,040
Temporary difference –				
Depreciation of assets	8,026,568	5,746,521	8,026,568	5,746,522
Total	69,941,229	39,527,313	41,203,632	21,875,562

Income tax expenses for the year ended December 31, 2013 and 2012 are summarized as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current tax :				
Income tax for the year	60,752,376	86,281,211	14,397,563	25,308,841
Deferred tax :				
Deferred tax from temporary difference and reversal of temporary difference	19,739,886	19,627,293	15,376,502	53,311,949
Income tax expenses presented in statements of comprehensive income	80,492,262	105,908,504	29,774,065	78,620,790

Reconciliation between income tax expenses and multiplication of taxable profit and tax rate used for the year ended December 31, 2013 and 2012 can be presented as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Taxable profit before income tax	392,818,466	446,275,742	224,017,553	584,382,410
Income tax rate	20%	23%	20%	23%
Taxable profit before income tax multiply with tax rate	78,563,693	102,643,421	44,803,511	134,407,954
Taxable effects for :				
Other expenses for which accounting base differ from tax base	3,654,906	1,229,799	3,611,069	1,228,800
Other income for which accounting base differ from tax base	(2,944,906)	(447,726)	(15,898,826)	(52,941,521)
Prohibited expenses – oil quantities	5,894,126	4,706,222	-	-
Prohibited expenses	2,687,003	2,156,566	-	-
Others	(7,362,560)	(4,379,778)	(2,741,689)	(4,074,443)
Total	1,928,569	3,265,083	(15,029,446)	(55,787,164)
Income tax expenses presented in Statements of comprehensive income	80,492,262	105,908,504	29,774,065	78,620,790
Effective income tax rate	20.49%	23.73%	13.29%	13.45%

16. INTANGIBLE ASSETS

	(Unit : Baht)					
	Consolidated financial statements			Separate financial statements		
	Software	Software under installation	Total	Software	Software under installation	Total
Cost :-						
As at January 1, 2012	11,420,722	-	11,420,722	628,000	-	628,000
Purchase	4,851,099	-	4,851,099	497,631	-	497,631
Transfer in (out)	505,700	-	505,700	505,700	-	505,700
As at December 31, 2012	16,777,521	-	16,777,521	1,631,331	-	1,631,331
Purchase	2,918,058	8,319,750	11,237,808	1,028,466	8,319,750	9,348,216
Terminated	(175,000)	-	(175,000)	(175,000)	-	(175,000)
As at December 31, 2013	19,520,579	8,319,750	27,840,329	2,484,797	8,319,750	10,804,547
Accumulated amortization :-						
As at January 1, 2012	(1,358,384)	-	(1,358,384)	(50,418)	-	(50,418)
Amortization for the year	(2,783,114)	-	(2,783,114)	(158,043)	-	(158,043)
Transfer in (out)	(502,694)	-	(502,694)	(502,694)	-	(502,694)
As at December 31, 2012	(4,644,192)	-	(4,644,192)	(711,155)	-	(711,155)
Amortization for the year	(3,409,458)	-	(3,409,458)	(288,196)	-	(288,196)
Terminated	64,246	-	64,246	64,246	-	64,246
As at December 31, 2013	(7,989,404)	-	(7,989,404)	(935,105)	-	(935,105)
Net book value :-						
As at December 31, 2012	12,133,329	-	12,133,329	920,176	-	920,176
As at December 31, 2013	11,531,175	8,319,750	19,850,925	1,549,692	8,319,750	9,869,442

17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTION

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Bank overdrafts	119,947,712	158,841,971	-	34,880,541
Short-term loans from bank	-	250,000,000	-	150,000,000
Total	119,947,712	408,841,971	-	184,880,541

As at December 31, 2013 and 2012, the Company and subsidiaries have bank overdrafts line and short-term loans from financial institution amount of Baht 915.00 million and Baht 895.00 million respectively (Separate: Baht 815.00million and Baht 805.00 million respectively) which is a common credit line with subsidiaries amount of Baht 775.00 millionat the interest rate of MOR and MOR-4.45%.

As at December 31, 2013 and 2012, the Company and subsidiaries have credit guarantee line granted by a bank which is a common credit line with related company for total amount of Baht 1,803.84 million and Baht 1,200.00 million respectively.

As at December 31, 2013 and 2012, the Company and subsidiaries' bank overdrafts and short-term loans from financial institution are guaranteed by mortgaging land with its construction and parts of fixed assets as stated in note 12 and 13, guaranteed by pledging fixed deposit of a subsidiary, directors and related company (guarantee obligation by directors is cancelled since December 13, 2013) .

18. TRADE AND OTHER PAYABLES

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts payable-related parties	26,788,640	7,152,330	598,728	2,047,574
Trade accounts payable-other parties	1,343,969,001	1,000,520,426	61,478,738	125,815,264
Amount received in advance	34,346,403	35,484,475	1,953,219	4,713,895
Accrued expenses	91,087,756	24,254,110	49,739,224	10,241,508
Others	27,746,845	19,378,778	11,896,837	5,757,958
Total	1,523,938,645	1,086,790,119	125,666,746	148,576,199

19. FINANCIAL LEASE LIABILITIES

Details of leased assets under financial lease as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Vehicles	1,344,751,200	753,976,710	1,338,032,417	749,876,186
Less Accumulated depreciation	(123,951,843)	(64,708,123)	(123,391,923)	(63,949,548)
Total	1,220,799,357	689,268,587	1,214,640,494	685,926,638

The minimum amounts to be paid for financial lease are as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Within 1 year	298,830,836	164,133,845	297,472,487	163,493,495
Over 1 year but less than 3 years	533,303,147	429,151,301	530,836,467	428,168,012
Over 3 years but less than 5 years	265,897,969	49,475,204	264,340,008	49,029,204
	1,098,031,952	642,760,350	1,092,648,962	640,690,711
Less Future interest paid of financial lease	(96,797,393)	(59,810,014)	(96,313,235)	(59,655,831)
Present value of financial lease liabilities	1,001,234,559	582,950,336	996,335,727	581,034,880

Financial lease liabilities excluded future interest paid are as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Financial lease liabilities	1,001,234,559	582,950,336	996,335,727	581,034,880
Less Current portion of financial lease liabilities	(257,661,239)	(131,290,760)	(256,382,717)	(130,646,732)
Total	743,573,320	451,659,576	739,953,010	450,388,148

20. LONG-TERM LOANS

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Long-term loans	-	333,750,000	-	333,750,000
Less Current portion of long-term loans	-	(60,000,000)	-	(60,000,000)
Total	-	273,750,000	-	273,750,000

As at December 31, 2012, the Company and subsidiaries have loans from 2 commercial banks consist of:

- 20.1 Credit line amount of Baht 300 million bearing interest at the rate of 5.00% per annum for the first three year, at MLR-2% per annum for the 4th - 5th year and MLR-1.5% per annum for the 6th - 7th year. The principal and interest is repayable on a monthly basis, commenced in October 2011 and ended in September 2018.
- 20.2 Credit line amount of Baht 100 million bearing interest at the rate of 5.00% per annum for the first three year, at MLR-2% per annum for the 4th - 5th year and MLR-1.5% per annum for the 6th - 7th year. The principal and interest is repayable on a monthly basis, commenced in January 2012 and ended in December 2018.

Such long-term loans are guaranteed by mortgaging land with its construction and parts of fixed assets as stated in notes 12 and 13, the Company and subsidiaries must comply with the conditions stipulated in agreement, the defaulting repayment is assumed if they could not comply with agreement. Subsequent in 2013, the Company has made repayment in full and closed such credit line.

21.EMPLOYEE BENEFIT OBLIGATIONS

Changes in present value of employee benefits obligation plan

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Employee benefit obligations				
plant as at January 1	33,566,860	27,272,952	21,666,658	15,385,751
Current cost of service and interest	7,131,198	4,696,148	3,555,488	2,323,054
Recognized actuarial gain (loss) for the year	-	2,563,554	-	4,923,647
Employee benefits payment during the year	(2,387,286)	(965,794)	(1,938,608)	(965,794)
Employee benefit obligations plan as at December 31	38,310,772	33,566,860	23,283,538	21,666,658

Employee benefit obligations realized in the statements of comprehensive income for the year ended December 31, 2013 and 2012

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Selling expenses	4,225,642	2,987,290	1,440,164	2,987,290
Administrative expenses	2,905,556	4,272,412	2,115,324	4,259,411
Total	7,131,198	7,259,702	3,555,488	7,246,701

22.SHARE CAPITAL

- 22.1 According to the minutes of shareholders' extraordinary meeting No. 3/2012 held on August 23, 2012, passed the resolution to change par value of share capital of the Company from Baht 10.00 per share to Baht 1.00 per share, the ordinary shares are increased from 125 million shares to 1,250 million shares. The Company has amended the Memorandum of Association clause 4 regarding the par value of share capital on September 6, 2012.
- 22.2 According to the minutes of shareholders' extraordinary meeting No. 3/2012 held on August 23, 2012, passed the resolution to increase share capital of the Company for the amount of Baht 420 million from Baht 1,250 million, to be the registered share capital amount of Baht 1,670 million. The Company has amended the Memorandum of Association clause 4 regarding the share capital for corresponding with the increase share capital on September 7, 2012.
- 22.3 According to the minutes of shareholders' extraordinary meeting No.1/2012 held on February 10, 2012, passed the resolution to take premium on share capital of the Company in the amount of Baht 59.50 million and legal reserve amount of Baht 1.51 million to offset the Company's deficit.

22.4 According to the minutes of shareholders' extraordinary meeting of a subsidiary No.1/2012 held on February 3, 2012, passed the resolution to decrease ordinary shares for 6 million shares and par value of Baht 26.67 each from Baht 100 each to Baht 73.33 each. As a result, subsidiary reduced share capital 160.02 million by taking to offset with deficit amount of Baht 146.42 million, the remaining amount of Baht 13.60 million is being returned to the shareholders for which recorded as shareholder payables. From such decrease share capital, the ordinary shares of subsidiary remains amount of Baht 439.98 million. The subsidiary has amended the Memorandum of Association clause 4 regarding the share capital for corresponding with the decrease share capital on March 29, 2012

23. DIVIDENDS

On December 3, 2013, at the Board of Directors Meeting No. 10/2013 of the Company, the Board approved interim dividend payments for the nine-month period 2013 as follows:

Dividends	For operating period	Dividend payment rate (Baht/share)	Number of shares (shares)	Total dividends (million Baht)	Payment date
Interim	January 1, 2013 - September 30, 2013	0.06	1,670,000,000	100.20	December 27, 2013

24. LEGAL RESERVE

By virtue of the Public Company Limited B.E. 2535, the Company is required to appropriate net profit as a legal reserve at least 5% of annual net profit deducted with deficit brought forward (if any) until the reserve reaches an amount of 10% of authorized share capital. Such reserve is not available for dividend distribution.

25. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFITS EXPENSES

- Directors' remuneration

According to the minutes of shareholders' extraordinary meeting No. 2/2012 held on August 7, 2012, passed to determine the directors' remuneration and management benefits expenses of the Company for only the directors who joined the meeting amount of Baht 10,000.00 for each meeting.

- Management benefits expenses

Management benefits expenses are paid to management includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels comprises salaries, advisory fee, bonus, meeting allowance, pension, car rental, fuel expenses and telephone charges.

26. PROVIDENT FUND

For the year ended December 31, 2013 and 2012, the Company and subsidiaries had paid contribution to the provident fund amount of Baht 6.20 million and Baht 5.16 million respectively (Separate: Baht 3.14 million and Baht 2.66 million respectively).

27. EXPENSES ANALYZED BY NATURE

For the year ended December 31, 2013 and 2012

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Changes in inventories	(437,125,772)	(201,937,949)	(250,148,726)	(78,500,288)
Purchase of finished goods	45,883,606,018	40,278,497,034	7,691,746,487	5,401,237,977
Consumable used in business	122,934,376	(154,758,931)	221,227,755	(154,758,931)
Cost of transportation	4,028,539	113,620,256	238,375,097	270,307,886
Salaries, wages and other employee benefit expenses	957,608,529	619,205,024	260,889,241	174,270,088
Depreciation and amortization	409,776,600	240,952,448	98,485,378	64,600,361
Sales promotion expenses	133,788,041	102,143,046	17,880,757	14,302,286
Directors' remuneration	9,510,854	2,100,000	9,510,855	2,100,000
Management benefits expenses	22,654,214	27,532,841	20,413,242	23,806,981

28. SUPPLYMENTAL DISCLOSURE OF CASH FLOW INFORMATION

28.1 Cash and cash equivalents comprise of cash on hand and the bank balance transaction in statements of financial position as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash on hand	151,053,423	62,620,523	1,781,577	1,530,723
Cheque on hand	506,310	1,155,960	-	-
Current accounts	126,277,896	104,730,477	4,246,518	17,813,831
Savings deposit	237,703,847	230,329,926	60,266,865	166,197,933
Total	515,541,476	398,836,886	66,294,960	185,542,487

28.2 Non-cash transactions

- 28.2.1 For the year ended December 31, 2013 and 2012, the Company and subsidiaries purchased assets by using credit for the amount of Baht 627.83 million and Baht 470.92 million respectively (Separate: Baht 604.83 million and Baht 441.08 million respectively).
- 28.2.2 For the year ended December 31, 2012, the Company taken premium on share capital amount of Baht 59.50 million and legal reserve amount of Baht 1.51 million to offset the Company's deficit.
- 28.2.3 For the year ended December 31, 2012, a subsidiary decreased share capital exceeds its deficit, the Company then recorded investment receivable from decrease capital amount of Baht 13.60 million as stated in note 7 to financial statements.

29. FINANCIAL INFORMATION BY SEGMENT

Financial information segment is reported in the manner of the management in the information segment reports which the Company and subsidiaries have operated in distribution of petroleum products, supplies and equipment for oil service stations and consumer products. Consumer products sold, rental income and transportation income in the consolidated financial statements are not exceeding 10% of total sales volume which is immaterial to the presentation of segment information. Besides, the transportation income in the separated financial statements is exceed 10% of total sales volume that the Company presented only the separated financial statements by segment.

Beside, the Company's operation involve a business of petroleum products distribution only in Thailand, therefore, geographical segment was not presented.

	(Unit :Baht)		
	For the year ended December 31, 2013		
	Sales	Transportation income	Total
Sales	7,367,534,429	665,046,313	8,032,580,742
Costs of sales	(7,142,999,548)	(369,527,025)	(7,512,526,573)
Gross profit	224,534,881	295,519,288	520,054,169
Other income			303,417,041
Selling expenses			(406,903,321)
Administrative expenses			(120,281,332)
Finance costs			(72,269,004)
Profit before income tax			224,017,553
Income tax expenses			(29,774,065)
Profit for the year			194,243,488
Other comprehensive income			75,132
Total comprehensive income for the year			194,318,620

	(Unit :Baht)		
	For the year ended December 31, 2012		
	Sales	Transportation income	Total
Sales	5,293,094,834	518,558,226	5,811,653,060
Costs of sales	(5,156,791,815)	(270,307,886)	(5,427,099,701)
Gross profit	136,303,019	248,250,340	384,553,359
Other income			615,496,827
Selling expenses			(261,389,931)
Administrative expenses			(95,269,231)
Finance costs			(59,008,614)
Profit before income tax			584,382,410
Income tax expenses			(78,620,790)
Profit for the year			505,761,620
Other comprehensive income			-
Total comprehensive income for the year			505,761,620

30. COMMITMENT AND CONTINGENT LIABILITIES

30.1 The Company and subsidiary are liable on payment rental under long-term lease agreement for land, building and construction with the termination of agreement in 2043. The minimum rental to be paid under agreement as below:

(Unit :Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Within 1 year	159,639,268	111,350,022	5,842,105	9,318,724
Over 1 year but less than 5 years	377,015,577	236,212,193	23,829,461	26,497,063
Over 5 years	401,058,219	196,542,796	23,685,750	32,015,167
Total	937,713,064	544,105,011	53,357,316	67,830,954

30.2 As at December 31, 2013 and 2012, the Company and subsidiary are liable on payment rental for lease of office buildings under lease agreement amount of Baht 7.55 million and Baht 15.40 million respectively (Separate: Baht 1.25 million and Baht 4.25 million respectively).

30.3 As at December 31, 2013 and 2012, the Company and subsidiaries have contingent liabilities from bank issuance of letter of guarantee to government agency and trade accounts payable amount of Baht 1,803.94 million and Baht 1,204.82 million respectively (Separate: Baht 201.51 million and Baht 141.41 million respectively).

31. FINANCIAL INSTRUMENT

31.1 Accounting policies

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities has been disclosed in notes to financial statements No. 3.

31.2 Interest rate risk

Interest rate risk is the risk from changes in value of financial instrument derived from changes in market interest rate resulting to the operations and cash flows. Mostly of the Company and subsidiaries' monetary have interest rate fluctuated due to market rate.

31.3 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation and debt settlement to the Company and subsidiaries when they are matured.

Management has a credit policy in place and the exposure to credit risk for monitoring procedures on a going concern by reviewing the financial position of each customer. As at the statements of financial position date, the Company and subsidiaries do not have significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statements of financial position. Management does not anticipate material losses from uncollectable of debt.

31.4 Liquidity risk

The Company and subsidiaries monitor their liquidity risk and maintains a level of cash and cash equivalents to be adequate for the Company and subsidiaries' operations and to mitigate the effects of fluctuations in cash flows. Besides, the Company is being managed the financial structure by reducing short-term loans ratio to be long-term loans in order to maintain the liquidity of the group of company.

31.5 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company and subsidiaries takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instruments.

The amounts of financial assets and liabilities in statements of financial position in part of maturity in short-term, had the value closed to their fair value.

Fair value of pledged fixed deposit and long-term loans assumes as the amounts in statements of financial position since their carry interest rate are closed to market interest rate.

Fair value of investment in subsidiaries is described in notes 3.6 to financial statements.

32. CAPITAL MANAGEMENT

The objective of capital management of the Company and subsidiaries is to prepare the financial structure to be properly appropriated and preserve the ability to continue their operations as a going concern.

As at December 31, 2013 and 2012, the Company and subsidiaries have debt to equity ratio, can be summarized as follows:

	(Unit :Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Debt to equity ratio	0.87 : 1	1.86 : 1	0.38 : 1	1.14 : 1

33. EVENTS AFTER THE REPORTING PERIOD

On February 27, 2014, the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval a dividend payment of Baht0.11 per share for 2013. On December 27, 2013 the Company paid an interim dividend of Baht 0.06 per share as described in Note 23. Accordingly, the remaining dividend of Baht 0.05 per share or approximately Baht 83.50 million will be proposed for approval by the Annual General Meeting of the Company's shareholders for the year 2014.

34. RECLASSIFICATIONS

The presentation in the financial statements are prepared in accordance with the notification of Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554. Certain reclassifications have been made in the prior financial statements to conform to the classification used in the current financial statements, which is not effect to the reported statement of comprehensive income or shareholders' equity

The classification in the financial statement for the year ended December 31, 2012 to conform to the classification used in the financial statements for the year ended December 31, 2013 as follows:

	(Unit : Baht)		
	Consolidated financial statements		
	Before reclassification	Reclassification	After reclassification
The statement of comprehensive income			
Selling expenses	1,110,427,164	(14,404,907)	1,096,022,257
Administrative expenses	215,366,728	14,404,907	229,771,635

35. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of Directors on February 27, 2014.

PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

Assets	Note	Consolidated financial statements (Baht)			Separate financial statements (Baht)		
		December	December	January	December	December	January
		31, 2013	31, 2012	1, 2012	31, 2013	31, 2012	1, 2012
			(Restated)	(Restated)		(Restated)	(Restated)
Current assets							
Cash and cash equivalents	28.1	515,541,476	398,836,886	262,683,654	66,294,960	185,542,487	121,712,869
Current investments	6	83,072,812	1,788,236	350,471	81,182,897	160,729	117,502
Trade and other receivables	7	387,495,381	277,163,942	365,623,169	258,910,300	451,118,377	216,493,188
Short-term loans	5.2.2	-	-	-	864,739,363	253,190,010	382,100,000
Inventories	8	1,298,884,533	861,758,761	659,820,812	568,739,053	318,590,327	240,090,040
Total current assets		<u>2,284,994,202</u>	<u>1,539,547,825</u>	<u>1,288,478,106</u>	<u>1,839,866,573</u>	<u>1,208,601,930</u>	<u>960,513,599</u>
Non-current assets							
Pledged fixed deposit	9	31,276,681	31,569,756	31,025,148	-	974,582	963,184
Investments in subsidiaries	10	-	-	-	599,394,622	599,394,622	401,067,111
Long-term loan to other company	11	3,280,000	3,460,000	3,640,000	-	-	-
Investment properties	12	92,515,015	89,982,807	89,982,807	99,149,230	96,277,573	96,277,573
Property, plant and equipment	13	3,271,485,580	2,089,382,462	1,338,145,881	1,761,579,078	1,161,290,733	747,015,433
Prepaid leasehold right and land rental	14	203,426,114	111,397,501	103,297,437	4,498,651	4,713,595	4,750,358
Deferred tax assets	15	36,155,322	25,481,292	19,326,011	22,152,792	18,201,225	60,799,540
Intangible assets	16	19,850,925	12,133,329	10,062,337	9,869,442	920,176	577,582
Other non-current assets		28,169,201	12,571,608	10,004,472	3,759,479	1,150,176	1,267,224
Total non-current assets		<u>3,686,158,838</u>	<u>2,375,978,755</u>	<u>1,605,484,093</u>	<u>2,500,403,294</u>	<u>1,882,922,682</u>	<u>1,312,718,005</u>
Total assets		<u><u>5,971,153,040</u></u>	<u><u>3,915,526,580</u></u>	<u><u>2,893,962,199</u></u>	<u><u>4,340,269,867</u></u>	<u><u>3,091,524,612</u></u>	<u><u>2,273,231,604</u></u>

Notes to financial statements are integral parts of these financial statements

PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont'd) AS AT DECEMBER 31, 2013

Liabilities and share- holders' equity (Cont'd)	Note	Consolidated financial statements (Baht)			Separate financial statements (Baht)		
		December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)
Current liabilities							
Bank overdrafts and short-term loans from financial institution	17	119,947,712	408,841,971	202,347,699	-	184,880,541	200,000,530
Trade and other payables	18	1,523,938,645	1,086,790,119	887,431,481	125,666,746	148,576,199	86,766,243
Short-term loans	5.2.7	-	-	-	200,000	335,795,550	370,120,000
Current portion of financial lease liabilities	19	257,661,239	131,290,760	52,932,806	256,382,717	130,646,732	52,416,895
Current portion of long-term loans	20	-	60,000,000	68,441,922	-	60,000,000	68,441,922
Accrued income tax		7,158,691	39,225,098	77,923,026	-	10,575,562	8,291,584
Total current liabilities		<u>1,908,706,287</u>	<u>1,726,147,948</u>	<u>1,289,076,934</u>	<u>382,249,463</u>	<u>870,474,584</u>	<u>786,037,174</u>
Non-current liabilities							
Financial lease liabilities	19	743,573,320	451,659,576	181,780,747	739,953,010	450,388,148	181,090,225
Long-term loans	20	-	273,750,000	332,500,000	-	273,750,000	332,500,000
Deferred tax liabilities	15	69,941,229	39,527,313	13,744,739	41,203,632	21,875,562	11,161,928
Employee benefit obligations	21	38,310,772	33,566,860	27,272,952	23,283,538	21,666,658	15,385,751
Other non-current liabilities		22,180,816	20,054,729	17,111,503	7,892,964	7,235,970	6,684,456
Total non-current liabilities		<u>874,006,137</u>	<u>818,558,478</u>	<u>572,409,941</u>	<u>812,333,144</u>	<u>774,916,338</u>	<u>546,822,360</u>
Total liabilities		<u>2,782,712,424</u>	<u>2,544,706,426</u>	<u>1,861,486,875</u>	<u>1,194,582,607</u>	<u>1,645,390,922</u>	<u>1,332,859,534</u>

Notes to financial statements are integral parts of these financial statements

PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont'd) AS AT DECEMBER 31, 2013

Liabilities and shareholders' equity (Cont'd)	Note	Consolidated financial statements (Baht)			Separate financial statements (Baht)		
		December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)
Shareholders' equity							
Share capital							
Authorized share capital							
1,670,000,000 common shares							
of Baht 1 each		1,670,000,000	1,670,000,000		1,670,000,000	1,670,000,000	
125,000,000 common shares							
of Baht 10 each				1,250,000,000			1,250,000,000
Issued and paid-up share capital							
1,670,000,000 common shares							
of Baht 1 each		1,670,000,000			1,670,000,000		
1,250,000,000 common shares							
of Baht 1 each			1,250,000,000			1,250,000,000	
125,000,000 common shares							
of Baht 10 each				1,250,000,000			1,250,000,000
Premium on share capital		1,185,430,000	-	59,500,000	1,185,430,000	-	59,500,000
Retained earnings (deficit)							
Appropriated							
Legal reserve		19,702,576	9,990,401	1,506,721	19,702,576	9,990,401	1,506,721
Unappropriated		313,141,786	110,754,366	(280,589,125)	270,479,552	186,143,289	(370,634,651)
Other components of equity		75,132	-	-	75,132	-	-
Owners of the Company		3,188,349,494	1,370,744,767	1,030,417,596	3,145,687,260	1,446,133,690	940,372,070
Non-controlling interests		91,122	75,387	2,057,728	-	-	-
Total shareholders' equity		3,188,440,616	1,370,820,154	1,032,475,324	3,145,687,260	1,446,133,690	940,372,070
Total liabilities and shareholders' equity		5,971,153,040	3,915,526,580	2,893,962,199	4,340,269,867	3,091,524,612	2,273,231,604

Notes to financial statements are integral parts of these financial statements

PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Sales		47,682,945,952	41,710,410,051	7,367,534,429	5,293,094,834
Transportation income		11,248,382	13,269,102	665,046,313	518,558,226
Total revenues		47,694,194,334	41,723,679,153	8,032,580,742	5,811,653,060
Cost of sales					
Costs of sales		45,428,943,030	39,984,428,686	7,142,999,548	5,156,791,815
Costs of transportation		6,250,063	6,946,912	369,527,025	270,307,886
Total costs of sales		45,435,193,093	39,991,375,598	7,512,526,573	5,427,099,701
Gross profit		2,259,001,241	1,732,303,555	520,054,169	384,553,359
Other income					
Revenues from assets for lease and other services		39,348,417	45,272,729	132,189,170	125,567,286
Interest income		1,729,397	1,343,463	34,180,966	20,610,004
Dividend received		-	-	69,884,176	225,457,758
Reversed loss on impairment of investment		-	-	-	202,926,489
Gain on sales of assets		10,628,073	2,947,172	10,675,524	3,699,438
Gain on sales of investment		11,347,797	142,912	11,347,797	142,912
Other income		99,665,080	45,931,703	45,139,408	37,092,940
Total other income		162,718,764	95,637,979	303,417,041	615,496,827
Profit before expenses		2,421,720,005	1,827,941,534	823,471,210	1,000,050,186
Selling expenses		(1,684,521,166)	(1,096,022,257)	(406,903,321)	(261,389,931)
Administrative expenses		(279,273,098)	(229,771,635)	(120,281,332)	(95,269,231)
Finance costs		(65,107,275)	(55,871,900)	(72,269,004)	(59,008,614)
Profit before income tax		392,818,466	446,275,742	224,017,553	584,382,410
Income tax expenses	15	(80,492,262)	(105,908,504)	(29,774,065)	(78,620,790)
Profit for the year		312,326,204	340,367,238	194,243,488	505,761,620
Other comprehensive income					
Gain on re-measuring investments available for sale securities		75,132	-	75,132	-
Total comprehensive income for the year		312,401,336	340,367,238	194,318,620	505,761,620
Profit attributable to:					
Owners of the Company		312,294,645	340,327,171	194,243,488	505,761,620
Non-controlling interests		31,559	40,067	-	-
		312,326,204	340,367,238	194,243,488	505,761,620
Total comprehensive income attributable to:					
Owners of the Company		312,369,777	340,327,171	194,318,620	505,761,620
Non-controlling interests		31,559	40,067	-	-
		312,401,336	340,367,238	194,318,620	505,761,620
Earnings per share					
Basic earnings per share		0.21	0.27	0.13	0.40
Weighted average number of common shares (share)		1,495,000,000	1,250,000,000	1,495,000,000	1,250,000,000

Notes to financial statements are integral parts of these financial statements

Notes to financial statements are integral parts of these financial statements

PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Separate financial statements (Baht)				
		Issued and paid-up share capital	Premium on share capital	Retained earnings (debit)		Total
				Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2013 (as previously reported)		1,250,000,000	-	9,990,401	189,817,626	1,449,808,027
Cumulative effect of changes in accounting policy for deferred tax	4	-	-	-	(3,674,337)	(3,674,337)
Balance as at January 1, 2013 (restated)		1,250,000,000	-	9,990,401	186,143,289	1,446,133,690
Changes in shareholders' equity for the year						
Increasing in issued and paid-up share capital		420,000,000	1,185,430,000	-	-	1,605,430,000
Legal reserve		-	-	9,712,175	(9,712,175)	-
Dividend paid	23	-	-	-	(100,195,050)	(100,195,050)
Total comprehensive income for the year		-	-	-	194,243,488	194,318,620
Balance as at December 31, 2013		1,670,000,000	1,185,430,000	19,702,576	270,479,552	3,145,687,260
Balance as at January 1, 2012 (as previously reported)		1,250,000,000	59,500,000	1,506,721	(420,272,263)	890,734,458
Cumulative effect of changes in accounting policy for deferred tax	4	-	-	-	49,637,612	49,637,612
Balance as at January 1, 2012 (restated)		1,250,000,000	59,500,000	1,506,721	(370,634,651)	940,372,070
Changes in shareholders' equity for the year						
Decreasing in premium on share capital and legal reserve		-	(59,500,000)	(1,506,721)	61,006,721	-
Legal reserve		-	-	9,990,401	(9,990,401)	-
Total comprehensive income for the year - restated					505,761,620	505,761,620
Balance as at December 31, 2012		1,250,000,000	-	9,990,401	186,143,289	1,446,133,690

Notes to financial statements are integral parts of these financial statements

PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows from operating activities				
Profit before income tax	392,818,466	446,275,742	224,017,553	584,382,410
Adjustments to reconcile net profit to net cash provided by (used in) operating activities				
Depreciation and amortization	409,776,600	240,952,448	98,485,378	64,600,361
(Reversal) doubtful accounts	(1,337,970)	11,015,612	(10,000)	765,638
Revenue from dividend income	-	-	(69,884,176)	(225,457,758)
Employee benefit obligations	7,131,198	6,293,908	3,555,488	6,280,907
Loss on devaluation of inventories	371,026	-	-	-
Impairment of investment properties	-	-	1,089,630.00	-
Impairment of assets	536,285	-	-	-
Loss on sales of assets	(10,628,073)	(2,947,172)	(10,675,524)	(3,699,438)
Gain on sales of current investment - available-for-sale	(8,839,824)	-	(8,839,824)	-
Reversed loss on impairment of investment	-	-	-	(202,926,489)
Interest expenses	54,035,751	43,409,931	61,293,219	52,577,520
Profit (loss) from operation before changes in part of operating assets and liabilities	843,863,459	745,000,469	299,031,744	276,523,151
(Increase) Decrease in operating assets				
Current investments - securities for trading	(769,620)	(1,437,765)	(507,212)	(43,227)
Trade and other receivables	(71,645,340)	139,583,771	192,218,077	(221,793,051)
Inventories	(437,496,798)	(201,937,949)	(250,148,726)	(78,500,288)
Other non-current assets	(5,631,991)	(2,567,138)	(526,216)	117,048
(Increase) Decrease in operating assets	(515,543,749)	(66,359,081)	(58,964,077)	(300,219,518)
(Decrease) Increase in operating liabilities				
Trade and other payables	436,586,115	174,419,926	(38,429,019)	69,279,997
Employee benefit obligations	(2,387,286)	-	(1,938,608)	-
Other non-current liabilities	2,126,087	2,943,226	656,993	551,514
(Decrease) Increase in operating liabilities	436,324,916	177,363,152	(39,710,634)	69,831,511
Cash generated (paid) from operation	764,644,626	856,004,540	200,357,033	46,135,144
Interest paid	(54,739,769)	(43,283,834)	(52,590,579)	(60,047,560)
Income tax paid	(102,784,384)	(124,979,217)	(27,056,212)	(23,024,863)
Net cash provided by (used in) operating activities	607,120,473	687,741,489	120,710,242	(36,937,279)

Notes to financial statements are integral parts of these financial statements

PTG ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Cont'd) FOR THE YEAR ENDED DECEMBER 31, 2013

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash ows from investing activities				
Pledged fixed deposit	293,075	(544,609)	974,582	(11,399)
Payments for current investment acquisition				
- available-for-sale	(5,022,000,000)	-	(5,022,000,000)	-
Proceeds from sales of current investment				
- available-for-sale	4,950,400,000	-	4,950,400,000	-
Payments for short-term loans	-	-	(9,170,626,509)	(6,962,001,850)
Proceeds from short-term loans	-	-	8,559,077,156	7,090,911,840
Proceeds from long-term loans	180,000	180,000	-	-
Payment for investments in subsidiaries	-	-	-	(8,998,800)
Dividend income	-	-	69,884,176	225,457,758
Proceeds from sales of assets	16,121,813	6,508,718	15,891,589	5,396,129.00
Payment for purchased of assets	(815,639,727)	(422,603,752)	(102,510,674)	(35,296,320)
Payment for intangible assets acquisition	(11,237,808)	(4,738,270)	(9,348,216)	(497,631)
Payment for leasehold right	(307,495,487)	(169,742,675)	-	(312,359)
Net cash provided by (used in) investing activities	(1,189,378,134)	(590,940,588)	(708,257,896)	314,647,368
Cash ows from nancing activities				
Increase (Decrease) in bank overdrafts and short-term loans from financial institution	(288,894,259)	206,494,272	(184,880,541)	(15,119,989)
Proceeds from short-term loans	-	-	3,263,109,469	4,317,176,550
Payments for short-term loans	-	-	(3,598,705,019"	(4,351,501,000)
Proceeds from issued and paid-up share capital	1,605,430,000	-	1,605,430,000	-
Payments for financial lease liabilities	(183,612,616)	(97,927,612)	(182,708,732)	(97,244,110)
Payments for long-term loans	(333,750,000)	(67,191,922)	(333,750,000)	(67,191,922)
Dividend paid	(100,195,050)	-	(100,195,050)	-
Proceeds (payment) from non-controlling interests	-	(1,980,165)	-	-
Dividend paid to non-controlling interests	(15,824)	(42,242)	-	-
Net cash provided by (used in) nancing activities	698,962,251	39,352,331	468,300,127	(213,880,471)
Net increase (decrease) in cash and cash equivalents	116,704,590	136,153,232	(119,247,527)	63,829,618
Cash and cash equivalents as at January 1	398,836,886	262,683,654	185,542,487	121,712,869
Cash and cash equivalents as at December 31	515,541,476	398,836,886	66,294,960	185,542,487

Supplemental disclosure of cash flow information see note 28 to financial statements.

Notes to financial statements are integral parts of these financial statements





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