

2. Management Discussion and Analysis of Operating Results for the First Quarter of 2014

2.1 PTTEP Performance

Global macroeconomic overview: The International Monetary Fund (IMF) projects global economic growth for 2014 to be 3.6%, an increase from the 3.0% growth reported in 2013. Economic growth in 2014 is expected to be led by developed market (DM) economies, notably from the United States' (US) private sector demand, gradual recovery of the Eurozone despite high levels of unemployment, and continuous growth in Japan. Growth from emerging market economies (EM) is expected to remain stagnant with no clear indication of expansion, while the political uncertainty involving Russia's annexation of Crimea could have negative consequences on the global economy.

Regional macroeconomic overview: The US economy grew at 1.9% in 2013, and the IMF estimates that 2014 US GDP will be 2.8%. However, risks to this growth include premature tapering or complete withdrawal of the quantitative easing (QE) program which would negatively impact the economic recovery. Nevertheless, the production, consumption and employment indicators suggest positive development during the first quarter.

The Eurozone's GDP in 2013 grew at -0.5%, but the IMF estimates that 2014 growth will be 1.2%. The current situation, however, indicates low levels of growth, and decreasing inflation rates due to lower levels of consumption risks becoming deflationary. Coupled with high levels of unemployment, there is uncertainty about the sustainability of the Eurozone's recovery in 2014. During the first quarter, positive factors for the economy include indications of a pick-up in domestic demand and export demand, as well as the Eurozone's monetary authorities maintaining the policy rate at 25 basis points.

The Japanese economy in 2013 grew at 1.5%, and the IMF estimates 2014 growth at 1.4%. Japan's economy faces an increase in value added tax (VAT) from 5% to 8% which became effective on 1 April 2014. The Bank of Japan is expected to ease the impact from VAT increase through additional monetary stimulus beyond maintaining a low policy rate and increasing the monetary base to 70 trillion Yen. The Japanese monetary authorities assessed that during the first quarter of 2014, the Japanese economy grew at a slow and steady pace with signs of increased inflation, increased private sector consumption, continued private sector and government investment, stable exports, and increased production resulting from greater domestic and international demand.

The Chinese economy grew at 7.7% in 2013, and is estimated by the IMF to grow at 7.5% in 2014 due to China's plan for economic restructuring which will see a shift to private sector and domestic consumption led growth from previous reliance on export as the key growth driver. Moreover, China's central bank will slow its pace of liquidity injection in order to tackle the issues caused by an expanding shadow banking sector, such as corruption. During the first quarter of 2014, the Chinese economy grew at 7.4% which is a

decrease from the 7.7% growth of the previous quarter, and this slower growth is an attestation to China's policy of shifting towards a model of stable and sustainable long-term economic growth.

Thailand's GDP grew at 2.9% in 2013 with 2014 growth forecasted at 2.5% by the IMF. However, the Office of National Economic and Social Development Board (NESDB), in February 2014, announced their 2014 GDP growth estimates at 3-4%, while in March 2014, the Fiscal Policy Office (FPO) revised their GDP growth estimate to 2.6% from the previous 4% due to an expected decrease in demand during the first half of the year.

During the first quarter of 2014, Thailand's domestic economy was weighed down by politics and is reflected in the decreased household and government expenditure as well as decreased investment and tourism expenditure. Exports on the other hand were stable. The Monetary Policy Committee (MPC) meeting held in March resolved to reduce the policy rate by 0.25% per annum, from 2.25% to 2.00% per annum to stimulate the economy during the uncertain political situation in which investments in infrastructure projects and the 2015 annual fiscal budgeting process is delayed. The current level of domestic demand reflects the risks of a weak Thai economy. Prospects for the economy during the second half of the year are brighter, but conditional upon resolutions of political issues as well as upon the increase in export activity to be driven by improved economic conditions of Thailand's trading partners. Growth in the export sector will be a key driver for the Thai economy in 2014.

Despite lower projected growth rates for the Thai economy, gas consumption remains high and therefore did not affect the Company. However, the global economy as well as oil prices in 2014 will be depicted by various uncertainties with consequences to energy costs and to the Thai domestic economy. Examples include the slowdown of large economies such as that of China which is the largest importer of energy in the world, the recovery of the US economy, and the volatility of the Thai currency as a result of inwards and outwards capital flows. These factors affect overall imports and exports and particularly the cost of energy imports for Thailand. PTTEP closely monitors the economic and oil price conditions and reviews its operating and investment plans accordingly, such that they are aligned with the strategic plan. PTTEP also continuously carries out improvements in the organization's quality and capabilities to achieve sustainable growth in exploration, development and production.

As of the first quarter of 2014, PTTEP has operations in Thailand and internationally, altogether summing up to 42 projects in 10 countries. The following are the highlights of activities from key projects.

Project Activity Highlights in Thailand: PTTEP has 18 projects in Thailand which are mainly projects in the production phase located in both the Gulf of Thailand and onshore. The following section highlights the key project activities during the first quarter of 2014.

S1 Project: The project is the largest onshore crude oil field in Thailand covering the Kampaeng Phet, Sukhothai and Phitsnulok provinces. During the first quarter of 2014, the project produced at an average rate of 27,436 barrels per day (BPD), a slight decrease versus the production rate during the fourth quarter of 2013 at 30,829 BPD. The decrease in production rate is attributed to the planned shutdown for annual maintenance. The project will continue to maintain production levels above the 30,000 BPD rate through drilling of new production wells, Artificial Lifting and Waterflooding. The project has drilled new exploration and appraisal wells to expand its production acreage in order to maintain crude oil production levels in the future.

Bongkot Project: The project is the largest natural gas field in the Gulf of Thailand, and consists of the Greater Bongkot North and the Greater Bongkot South fields. During the first quarter of 2014 the project produced natural gas at an average rate of 934 Million Standard Cubic Feet per Day (MMSCFD) and condensates at an average rate of 31,822 BPD. The natural gas production from this project still represents 20% of Thailand's natural gas demand.

Project Activity Highlights in South East Asia: PTTEP has 15 projects in this region with the following as key activities during the first quarter of 2014:

Myanmar Zawtika Project: The project is located offshore in the Gulf of Moattama, in the Republic of the Union of Myanmar. PTTEP holds 80% working interest and is the operator of this project. On 14 March 2014, the project began delivering gas to the Myanma Oil and Gas Enterprise (MOGE) for domestic use in the Republic of the Union of Myanmar, with a sales rate of 40 MMSCFD. For gas exports to Thailand, the project is currently constructing the onshore pipeline and facilities, which are expected to be complete and able to deliver gas to Thailand at a rate of 240 MMSCFD during the second quarter of 2014.

Moreover, the project has completed the Basic Engineering Study and begun the bidding process for construction of 4 additional production platforms in order to maintain the project's production plateau. The project has also prepared for the drilling of 10 appraisal wells during 2014-2015 in order to increase petroleum reserves of the project to support long-term production. The first appraisal well of this program is scheduled for June 2014.

Myanmar M3 Project: The project is located in the Gulf of Moattama, in the Republic of the Union of Myanmar. PTTEP holds 80% working interest and is the operator of the project. The project is currently in the preparation phase for drilling 6 additional exploration and appraisal wells to assess the commerciality of the project as well as to plan for the development and production of natural gas. Drilling is expected to begin in the fourth quarter of 2014.

Myanmar PSC and EP-2 Project: The project is located onshore, north of the city of Yangon. PTTEP holds 90% working interest and is the operator of the project. The project completed 2D seismic acquisition in 2013 and is currently studying the geological structures and planning for 4 exploration wells in 2014-2015. Drilling is expected to begin in June 2014.

Myanmar MD-7 & MD-8 Project: The project is located offshore in deep-waters of the Gulf of Moattama, in the Republic of the Union of Myanmar, with PTTEP being the sole owner. The project completed 5,800 kilometers of 2D seismic acquisition in February 2014, and is currently studying the geological structures to plan further exploration activities.

Vietnam 16-1 Project: The project, located offshore, south-east of Vietnam, successfully completed the drilling of an appraisal well in Area H5 of the Te Glac Trang Field (TGT), and prepared plans to install a well head platform to sustain production from this area, which is expected to start production in 2015. During the first quarter of 2014, the project produced crude oil at an average rate of 36,826 BPD and natural gas at an average rate of 29 MMSCFD.

Project Activity Highlights in Australasia: PTTEP has 1 project in this region comprising 16 permits. The following are key highlights from this region during the first quarter of 2014.

PTTEP Australasia Project:

Montara Field: The field is located in the Timor Sea in Australia. The project began production and made its first sales during 2013, and is currently producing crude oil at a rate of 22,000 BPD.

Regarding the compensation claims from insurance companies, since the time of the oil leak incident until the end of 2013, PTTEP has received a total compensation claim of USD 234 million. PTTEP is currently in the progress of claiming the remaining USD 12 million, which is expected to be received during 2014-2015.

With respect to the claim submitted by the Government of Indonesia for compensation from the Montara incident, PTTEP continues to assess the case with the Indonesian government through the use of scientific evidence to determine the impact (if any).

Cash Maple Field: The project, located in the Timor Sea in Australia, is progressing with geological and geophysics engineering studies and the analysis of commercial feasibility for the development of the Cash-Maple field. The drilling of an additional exploration well (Maple-East) is planned for the second quarter of 2014.

Project Activity Highlights in North America: PTTEP has 1 project in this region and the following are key highlights for the first quarter of 2014:

Canada KKD Oil Sands Project: The project is located in Alberta, Canada, and produced bitumen at an average rate of 13,998 BPD during the first quarter of 2014.

In January 2014, PTTEPCA entered into a Partnership Unit Redemption Agreement (PURA) with Statoil Canada Limited (SCL) to restructure the ownership of the five areas of the KKD Project, by exchanging PTTEPCA's 40% of its interest in Leismer and Corner (LC) for an additional 60% in Thornbury, Hangingstone and South Leismer (THSL) plus cash of USD 200 million and plus an additional amount to be calculated from working capital adjustments related to expenditures and revenues of the KKD Project from 1 Jan 2013 until the closing date (equivalent approximately to USD 235 million as at 31 Dec 2013). This transaction is subject to the conditions precedent to closing prescribed in the PURA, including approval of the Government of Canada, with an expected closing date by the third quarter of the year. At the close of the transaction as prescribed in the PURA, PTTEPCA will hold 100.0% of and operate the THSL fields while also receiving the aforementioned cash amounts from SCL; and SCL will hold 100.0% of and operate the LC fields.

Project Activity Highlights in Africa and the Middle East: PTTEP has 7 projects in this region, with the following as key highlights during the first quarter of 2014:

Algeria 433A and 416B: The project is an onshore oil field located in the east of Algeria. The project is currently carrying out the construction of processing and pipeline facilities as well as the construction of living quarters and utility facilities. Production is expected to begin by the end of 2014 at a rate of 20,000 BPD.

Algeria Hassi Bir Rekaiz Project: The project is an onshore oil field located in the east of Algeria. The project is currently in the second exploration phase (May 2013 to May 2015), and is currently carrying out preparations for 3D seismic acquisition and for 5 additional exploration and appraisal wells.

Mozambique Rovuma Offshore Area 1 Project: The project is located off the coast of Mozambique, and is currently progressing with the development of offshore natural gas fields, and is planning the development of onshore Liquefied Natural Gas or LNG facilities construction in the industrial zone at Cape Afungi, in Cabo Delgado province in northern Mozambique. The project plans to drill a total of 8 exploration and appraisal wells for further assessment of potentiality. During the first quarter of 2014, the project successfully completed 2 appraisal wells (Orca-2 and Orca-3), encountering natural gas in both wells.

The project also continues to carry out the LNG Engineering and Construction Development as planned, and expects to commence LNG production and sales towards the end of 2018 or in 2019.

Kenya L10A and L10B Project: The project is located in offshore Kenya, and during the first quarter of 2014 completed the drilling of an exploration well (Sunbird-1) in the L10A field, but did not discover potential for commerciality. However, the project is awaiting the official drilling results which will be applied for further geological studies.

Portfolio Management: PTTEP continued carrying out portfolio management activities to ensure appropriate investments and risk management while adding value to projects. To keep pace with the changing social, economic and political landscape, PTTEP, on a regular basis, studies and analyzes pertinent investment factors as well as impacts of investments to incorporate into its investment considerations and decisions. Additionally, the company reviews its target countries for expansion of its investments (Focused Countries) by grouping the countries according to petroleum potential, appropriateness and consistency with the company's direction and goals. The analysis is based on factors such as petroleum potential, geography, government sharing of interests, business and political risks, and PTTEP's competitive advantages.

During the first quarter of 2014, PTTEP carried out portfolio management activities such as the restructuring of ownership in the Canada Oil Sands KKD Project as aforementioned.

Moreover, during April 2014, PTTEP invested in a petroleum exploration project in Brazil by farming-in to concession blocks BAR-M-215, BAR-M-217, BAR-M-252 and BAR-M-254, which are located in an area with high potential for petroleum. PTTEP has 25% interest in this project.

Additionally, on 22 April 2014, PTTEP acquired subsidiaries of Hess Corporation which hold interests in the following concessions:

- Field B12/27 (covering areas in the Pailin, Morakot and Ubon petroleum fields) and Field G7/50 of the Contract 4 Project; with 15% interest.
- Field EU-1 and Field E5-North of the Sinphuhorm Project; with 35% interest.

The acquisition of Hess Corporation's interests in the Contract 4 and Sinphuhorm Project is a strategic fit to PTTEP's Growth Strategy of adding producing assets that contribute to immediate revenue stream growth, accretion of volume and reserves, and enhancement of PTTEP's position in Thailand.

PTTEP's aforementioned Portfolio Management activities are aimed towards creating balanced investments which will promote sustainable long-term growth for the Company.

2.2 Results of Operations

Since 1 January 2011, PTTEP has determined the USD to be its functional currency in accordance with Thai Accounting Standard No.21 (revised 2009) "The Effects of Changes in Foreign Exchange Rates". However, in submission of its financial statements to the Stock Exchange of Thailand and the Department of Business Development, the Company is also required to convert the financial statements from USD to the presentation currency, which is Thai Baht.

Detailed discussion of financial results by quarter are as follows:

2.2.1. Results of Operations - Quarterly Comparison

Earnings summary	4 th Quarter*	1 st Quarter	1 st Quarter (restated)
(Unit : Millions of USD, excepting USD per share amounts)	2013	2014	2013
Total Revenues	1,904	1,827	1,906
Total Expenses	(1,227)	(1,105)	(937)
Operating Income	677	722	969
Share of gain (loss) from associates	1	-	2
Profit before income taxes	678	722	971
Income taxes expenses	(440)	(342)	(291)
Profit for the period	238	380	680
Diluted earnings per share	0.06	0.10	0.17
Profit from normal operation	393	392	586
Gain(Loss) from non-recurring items	(155)	(12)	94
Profit for the period	238	380	680

Earnings summary	4 th Quarter*	1 st Quarter	1 st Quarter (restated)
(Unit : Millions of Baht, excepting Baht per share amounts)	2013	2014	2013
Total Revenues	60,402	59,680	56,794
Total Expenses	(38,982)	(36,057)	(27,908)
Operating Income	21,420	23,623	28,886
Share of gain (loss) from associates	31	(4)	47
Profit before income taxes	21,451	23,619	28,933
Income taxes expenses	(14,024)	(11,184)	(8,687)
Profit for the period	7,427	12,435	20,246
Diluted earnings per share	1.85	3.12	5.08

* Presented figures as stated in financial statements for the year 2013 which were submitted to The Stock Exchange of Thailand on February 17, 2014. The financial information had not restated per changed accounting policy under Thai Accounting Standard No.19 (revised 2012) – Employee benefit which the Company has applied the new policy on January 1, 2014. The comparative financial statements of the first quarter of 2013 were restated as disclosed in notes number 3 in notes to interim financial information for the three-month period ended March 31, 2014.

First Quarter of 2014 compared with First Quarter of 2013

For the results of operations in the first quarter of 2014, PTTEP and subsidiaries' net profit amounted to USD 380 million (equivalent to 12,435 million baht), or USD 0.10 per share-diluted (equivalent to 3.12 baht per share-diluted), a decrease of USD 300 million or 44% against the first quarter of 2013, which was USD 680 million (equivalent to 20,246 million baht), or USD 0.17 per share-diluted (equivalent to 5.08 baht per share-diluted). The returns on shareholders' equity for the first quarter of 2014 were 13.64%.

However, PTTEP and subsidiaries' net profit amounted to USD 380 million for the first quarter of 2014, comprising the recurring net profit for this period, which amounted to USD 392 million, and the loss from non-recurring items, which amounted to USD 12 million.

For the results of recurring operations in the first quarter of 2014, PTTEP and subsidiaries' recurring net profit was USD 392 million, a decrease of USD 194 million or 33% against the first quarter of 2013, which was USD 586 million. The returns from normal operation on shareholders' equity for the first quarter of 2014 were 16.96%.

For the first quarter of 2014, the total revenue of PTTEP and its subsidiaries was USD 1,827 million (equivalent to 59,680 million baht), a decrease of USD 79 million or 4% against the first quarter of 2013, which was USD 1,906 million (equivalent to 56,794 million baht). This was chiefly due to lower gain on foreign exchange, which is a non-recurring item, amounting to USD 41 million and lower sales totaling USD 13 million.

Total sales for the first quarter of 2014 decreased USD 13 million compared with that of the first quarter of 2013, resulting from the net effect of:

(1) The lower average petroleum sales price for the first quarter of 2014, which decreased to USD 64.92 per barrel of oil equivalent (BOE) against the first quarter of 2013, which was USD 67.03 per BOE

The average sales price for the first quarter of 2014; if gas sales of other periods of Vietnam 16-1 project were excluded, it would be USD 65.91 per BOE.

However,

(2) There was a higher average sales volume in the first quarter of 2014, which increased to 298,621 barrels of oil equivalent per day (BOED) against the first quarter of 2013, which was 291,476 BOED. This average sales volume increased as a result of

- PTTEP Australasia project: Crude oil sales volume increased because Montara began offloading crude oil for sales in August 2013.
- MTJDA-B17 project: Sales volume of natural gas in the first quarter of 2014 increased against that of the first quarter of 2013, resulting from fewer shutdown days for pipeline maintenance

- Natuna Sea A project: Sales volume of natural gas and crude oil increased because of the acquisition of Natuna 2 B.V. which held interest in the Natuna Sea A Project in December 2013.
- Vietnam 16-1 project: Sales volume increased because there was a recognition of natural gas sales for the period of May 2013 to March 2014 because the Gas Sales Agreement signatures were fully accomplished in November 2013.
- Zawtika project: Sales volume of natural gas increased from its first gas sales in March 2014.

However,

- S1 project: Crude oil sales volume decreased caused by maintenance shutdown in March 2014.

The average sales volume for the first quarter of 2014, if gas sales volumes of other periods of Vietnam 16-1 project was excluded, it would be 293,698 BOED.

In the first quarter of 2014, PTTEP and subsidiaries' revenue from pipeline transportation from proportionate revenue in Moattama Gas Transportation Company (MGTC) and Taninthayi Pipeline Company (TPC) decreased against that of the first quarter of 2013. The decrease was because of a lower natural gas transportation volume of Yetagun and Yadana projects as a result of a shutdown in January 2014 for Yetagun North project Hose Tie-in to Yetagun Main.

In the first quarter of 2014, PTTEP and subsidiaries took in other income of USD 9 million, a decrease of USD 7 million against USD 16 million for the first quarter of 2013. The decrease was mainly resulted from the first quarter of 2013's recognition of transfer of participating interest in block Myanmar M11 amounting to USD 9 million.

PTTEP and subsidiaries incurred expenses amounting to USD 1,105 million (equivalent to 36,057 million baht) in the first quarter of 2014, an increase of USD 168 million or 18% against USD 937 million (equivalent to 27,908 million baht) for the first quarter of 2013. This increase was caused by the net effect of the following:

- (1) Depreciation, depletion and amortization expenses increased, amounting to USD 109 million, mainly from PTTEP Australasia project began offloading crude oil for sales in August 2013.
- (2) Operating expenses increased, amounting to USD 99 million, mainly from higher operating expenses of PTTEP Australasia project from the abnormal cost of a development well (H5), amounting to USD 62 million and from regular operating expenses since it began offloading crude oil for sales in August 2013. In addition, the increase came from pipeline maintenance

and repair and maintenance costs of the Bongkot project, and from operating expenses of Zawtika project from its first gas sales in March 2014.

- (3) Exploration expenses decreased, amounting to USD 21 million, primarily due to:
 - Exploratory well write-off costs decreased, amounting to USD 18 million. There were exploratory well write-off costs of 1 well in the first quarter of 2014 from the S1 project, while there were USD 18 million exploratory well write-off costs in the first quarter of 2013, principally from the Mozambique Rovuma Offshore Area 1, B8/32 & 9A, and G4/43 projects.
 - Exploration expenses decreased, amounting to USD 3 million, mainly from the lower cost of geological studies of the Canada Oil Sands KKD project.
- (4) Petroleum royalties and remuneration decreased, which amounted to USD 20 million resulting from decreased sales revenue.

In the first quarter of 2014, PTTEP and subsidiaries incurred income tax expenses of USD 342 million (equivalent to 11,184 million baht), an increase of USD 51 million, against the first quarter of 2013, which was USD 291 million (equivalent to 8,687 million baht). The increase was mainly due to an increase in petroleum income tax and overseas income taxes.

For the first quarter of 2014, PTTEP and subsidiaries' recognized a loss from non-recurring items of USD 12 million, an increased loss of USD 106 million, against a gain from non-recurring items in the first quarter of 2013 of USD 94 million. The increased loss primarily resulted from an increase in loss from the effect of foreign exchange which was mainly from;

- (1) Loss on foreign exchange increased, amounting to USD 45 million. In the first quarter of 2014, loss on foreign exchange of USD 4 million was caused by the net effect of:
 - Loss on foreign exchange from USD transactions in PTTEP Canada Limited amounting to USD 16 million, mainly derived from the USD loan, given the CAD depreciation against the USD.
 - Gain on foreign exchange, amounting to USD 12 million mainly due to realized and unrealized loss on foreign exchange from Thai Baht transactions, given the Baht appreciation against the USD.

While, in the first quarter of 2013, recognition of gain on foreign exchange amount of USD 41 million was mainly from

the receipts of accounts receivable in Thai Baht, given the Baht appreciation against the USD on the cash receipt date.

- (2) For the first quarter of 2014, income tax expenses affected by the functional currency increased, amounting to USD 70 million against the first quarter of 2013. In the first quarter of 2013, there were lower deferred income tax liabilities, because of an increase in net assets after they were translated into USD on 31 March 2013, compared with net assets after they were translated into USD on 31 December 2012, given the Baht appreciation against the USD. The increase of net assets resulted in an increase of depreciation expenses in USD and a decrease of future income tax amounted of USD 52 million; whereas, income tax expenses affected by the functional currency for the first quarter of 2014 caused an increase of income tax expenses in the future of USD 18 million.

First Quarter of 2014 compared with Fourth Quarter of 2013

For the results of operations in the first quarter of 2014, PTTEP and subsidiaries' net profit amounted to USD 380 million (equivalent to 12,435 million baht), or USD 0.10 per share-diluted (equivalent to 3.12 baht per share-diluted), an increase of USD 142 million or 60% from the fourth quarter of 2013's net profit of USD 238 million (equivalent to 7,427 million baht), or USD 0.06 per share-diluted (equivalent to 1.85 baht per share-diluted). Return on shareholder's equity for the first quarter of 2014 was 13.64%.

However, PTTEP and subsidiaries' net profit amounted to USD 380 million for the first quarter of 2014 comprising the recurring net profit for this period, which amounted to USD 392 million, and the loss from non-recurring items, which amounted to USD 12 million.

For the results of recurring operations in the first quarter of 2014, PTTEP and subsidiaries' recurring net profit was USD 392 million, a decrease of USD 1 million or 0.3% from the fourth quarter of 2013's recurring net profit of USD 393 million. The returns from normal operation on shareholders' equity for the first quarter of 2014 were 16.96%.

For the first quarter of 2014, the total revenue of PTTEP and subsidiaries was USD 1,827 million (equivalent to 59,680 million baht), a decrease of USD 77 million or 4% from the fourth quarter of 2013's total revenue of USD 1,904 million (equivalent to 60,402 million baht), which was chiefly due to lower amounts of other income totaling USD 35 million and lower sales, totaling USD 31 million.

Total sales for the first quarter of 2014 decreased USD 31 million compared with that of the fourth quarter of 2013, resulting from the net effect of:

- (1) There was a lower average sales volume for the first quarter of 2014, which decreased to 298,621 barrels of oil equivalent per day (BOED) against the fourth quarter of 2013, which was 299,716 BOED. This average sales volume decreased from the net effect of the following :

- Vietnam 16-1 project: Sales volume of natural gas decreased due to lower recognized gas sales. In the fourth quarter 2013, there was recognition of natural gas sales from August 2011 to May 2013 because the Gas Sales Agreement signatures were fully accomplished in November 2013. While, in the first quarter of 2014, there was a recognition of natural gas sales from May 2013 to March 2014. In addition, crude oil sales volume decreased due to a shutdown for a rig move.
- S1 project: Crude oil sales volume decreased due to a shutdown for the normal planned maintenance in March 2014.
- Yadana project: Sales volume of natural gas decreased resulting from a shutdown in January 2014 for Yetagun North project Hose Tie-in to Yetagun Main.

However,

- PTTEP Australasia project: Crude oil sales volume increased from 3 new wells and from fewer shutdown days.
- Natuna Sea A project: Sales volume of natural gas and crude oil increased because of recognition of full-quarter sales in the first quarter of 2014 compared with one-month sales in the fourth quarter of 2013
- Zawtika project: Sales volume of natural gas increased from its first gas sales in March 2014.

The average sales volume for the first quarter of 2014 and for the fourth quarter of 2013, if gas sales volume of other periods of Vietnam 16-1 project was excluded, would be 293,698 BOED and 289,975 BOED accordingly.

However,

(2) The higher average petroleum sales price for the first quarter of 2014 went up to USD 64.92 per BOE compared with the fourth quarter of 2013, which was USD 64.48 per BOE.

The average sales price for the first quarter of 2014 and for the fourth quarter of 2013, if gas sales of other periods of Vietnam 16-1 project were excluded, would be USD 65.91 per BOE and USD 66.46 per BOE accordingly.

In the first quarter of 2014, PTTEP and subsidiaries' revenue from pipeline transportation from proportionate revenue in Moattama Gas Transportation Company (MGTC) and Taninthayi Pipeline Company (TPC) decreased against that of the fourth quarter of 2013. The decrease was because of lower natural gas transportation volume of Yetagun and Yadana projects resulting from a shutdown in January 2014 for the Yetagun North project Hose Tie-in to Yetagun Main.

In the first quarter of 2014, PTTEP and its subsidiaries realized other income of USD 9 million, a decrease of USD 35 million against the fourth quarter of 2013,

which was USD 44 million. The decrease mostly resulted from the recognition of other income from insurance claims received from the Montara incident totaling USD 21 million during the fourth quarter of 2013; whereas, there was no recognition of such insurance claims in the first quarter of 2014.

PTTEP and subsidiaries incurred expenses of USD 1,105 million (equivalent to 36,057 million baht) in the first quarter of 2014, a decrease of USD 122 million from the fourth quarter of 2013, when the figure was USD 1,227 million (equivalent to 38,982 million baht). This decrease stemmed from the net effect of the following:

(1) Administrative expenses decreased, amounting to USD 91 million, mainly from MTJDA-B17 project's decreased administrative expenses paid to Malaysia-Thailand Joint Authority based on obligations in Production Sharing Contract for condensate sales, and decreased allocated administrative expenses from the Algeria 433 A & 416 B projects. In addition, administrative expenses from the head office decreased, driven by lower staff costs, geological data purchases and professional consultation fees.

(2) Loss on foreign exchange decreased, amounting to USD 61 million. In the first quarter of 2014, PTTEP and subsidiaries recognized a loss on foreign exchange in the amount of USD 4 million caused by the net effect of:

- Loss on foreign exchange from USD transactions in PTTEP Canada Limited amounting to USD 16 million, mainly derived from USD loan, given the CAD depreciation against the USD
- Gain on foreign exchange amounting to USD 12 million, mainly due to realized and unrealized loss on foreign exchange from Thai Baht transactions, given the Baht appreciation against the USD

While, in the fourth quarter of 2013, a loss on foreign exchange that amounted of USD 65 million was caused by the following:

- Loss on foreign exchange amounting to USD 47 million was mainly due to realized and unrealized loss on foreign exchange from Thai Baht transactions, given the Baht depreciation against the USD
- Loss on foreign exchange from USD transactions in PTTEP Canada Limited amounting to USD 18 million, mainly derived from USD loan, given the CAD depreciation against the USD

(3) Exploration expenses decreased, amounting to USD 41 million, was primarily due to:

- Exploratory well write-off costs decreased, amounting to USD 23 million. There were exploratory well write-off costs from 1 well in the first quarter of 2014 from the S1 project, while there were USD 23 million exploratory well write-off costs in the fourth quarter of 2013, principally from the Myanmar M11 and S1 projects.

- Exploration expenses decreased, amounting to USD 18 million, mainly from the lower seismic cost of Myanmar PSC G & EP 2, lower cost of geological studies of the Canada Oil Sands KKD, and lower exploration expenses of Indonesia South Sageri projects.

(4) Petroleum royalties and remuneration decreased, amounting to USD 12 million, because of decreased sales revenue.

However,

(5) Operating expenses increased, amounting to USD 58 million, mainly from higher operating expenses of the PTTEP Australasia project driven by the abnormal cost of a development well (H5). However, partial operating expenses decreased from the lower repair and maintenance costs of the Bongkot project.

(6) Depreciation, depletion and amortization expenses increased, amounting to USD 39 million, mainly from an increase in production volume and the value of completed assets of the PTTEP Australasia project.

For the first quarter of 2014, PTTEP and subsidiaries incurred income tax expenses, totaling USD 342 million. The decrease of USD 98 million compared to the fourth quarter of 2013 amounted to USD 440 million, mainly because corporate income tax and petroleum income tax decreased.

For the first quarter of 2014, PTTEP and subsidiaries' recognized a loss from non-recurring items of USD 12 million. A decreased loss of USD 143 million, against that of the fourth quarter of 2013 of USD 155 million, stemmed from the net effect of the following:

(1) Loss from effect of foreign exchange decreased amounting to USD 162 million mainly from the following:

- Loss on foreign exchange decreased, amounting to USD 61 million. In the first quarter of 2014, loss on foreign exchange of USD 4 million was caused by the net effect of:
 - Loss on foreign exchange from USD transactions in PTTEP Canada Limited, amounting to USD 16 million, mainly derived from a USD loan. given the CAD depreciation against the USD
 - Gain on foreign exchange amounting to USD 12 million, mainly due to the realized and unrealized loss on foreign exchange from Thai Baht transactions, given the Baht appreciation against the USD

While, in the fourth quarter of 2013, recognition of loss on foreign exchange in the amount of USD 65 million was caused by the following:

- Loss on foreign exchange amounting to USD 47 million was mainly due to realized and unrealized loss from Thai Baht transactions, given the Baht depreciation against the USD
- Loss on foreign exchange from USD transactions in PTTEP Canada Limited amounting to USD 18 million, mainly derived from USD loan, given the CAD depreciation against the USD
- For the first quarter of 2014, income tax expenses affected by the functional currency decreased, amounting to USD 56 million against the fourth quarter of 2013. In the fourth quarter of 2013, there were higher deferred income tax liabilities, because of a decrease in net assets after they were translated into USD on 31 December 2013, compared with net assets after they were translated into USD on 30 September 2013, given the Baht depreciation against the USD. The decrease of net assets resulted in a decrease of depreciation expenses in USD and an increase of future income tax amounted of USD 74 million; whereas, income tax expenses affected by the functional currency for the first quarter of 2014 caused an increase of income tax expenses in the future of USD 18 million.
- Income tax expenses on foreign exchange gain (loss) on revaluation of foreign currency transaction into Thai Baht per Subsection 5, Section 65 bis. of the Revenue Code, decreased USD 45 million. In the first quarter of 2014, the appreciation of the Baht against the USD as of March 31, 2014, resulted in the unrealized loss on foreign exchange from net assets in USD. This caused the income tax saving of USD 11 million.

While in the fourth quarter of 2014, the depreciation of the Baht against the USD resulted in the unrealized gain on foreign exchange from net assets in USD which caused income tax expense of USD 34 million.

However,

(2) Other income from the net impact from the Montara incident decreased, amounting to USD 27 million, principally because of the recognition of the insurance claim from the Montara incident amounting to USD 21 million in the fourth quarter of 2013; whereas, there was no such insurance claim recognition in the first quarter of 2014.

2.2.2. Financial position

	Unit : Millions of USD		Unit : Millions of Baht	
	Mar 31, 2014	Dec 31, 2013 (restated)	Mar 31, 2014	Dec 31, 2013 (restated)
Total Assets	22,086	21,572	716,530	707,868
Current Assets	6,959	4,105	225,767	134,719
Non-current Assets	15,127	17,467	490,763	573,149
Total Liabilities	10,397	9,853	337,305	323,332
Current Liabilities	3,605	2,633	116,971	86,383
Non-current Liabilities	6,792	7,220	220,334	236,949
Shareholders' Equity	11,689	11,719	379,225	384,536
Total Liabilities and Shareholders' Equity	22,086	21,572	716,530	707,868

As of March 31, 2014, PTTEP and subsidiaries commanded total assets of USD 22,086 million (equivalent to 716,530 million baht), an increase of USD 514 million higher than the total on hand as of December 31, 2013 at which point total assets were USD 21,572 million (equivalent to 707,868 million baht). This increase was mainly due to the net effect of:

- (1) An increase of USD 2,854 million in current assets primarily from
 - An increase of USD 2,442 million of Assets Held-For-Sale because during the period, PTTEP Canada Limited (PTTEPCA), a subsidiary of the Company, has entered into a Partnership Units Redemption Agreement (PURA) with Statoil Canada Limited, a joint venture partner in the Canada Oil Sands KKD project, to restructure the ownership interests of the five areas of the Canada Oil Sands KKD project, whereby PTTEPCA will exchange its 40% participating interests in Leismer and Corner areas with the 60% participating interests in Thournbury, Hangingstone and South Leisner areas plus cash of USD 200 million and cash calculated from the working capital adjustment from January 1, 2013 until the effective date of the agreement. The agreement will become effective when PTTEP CA has fulfilled all the terms and conditions as prescribed in the PURA and the government of Canada has approved the transaction. As at March 31, 2014, the Group's management has assessed that it is highly probable that the agreement will be completed. As a result, the Company has reclassified related assets and liabilities of Leismer and Corner areas of the Canada Oil Sands KKD project as assets and liabilities held-for-sale.

Assets held-for-sale as of March 31, 2104 comprised:

Unit : Million US Dollar

Cash and cash equivalents	37.24
Trade accounts receivable	28.79
Inventories	5.59
Materials and supplies, net	7.08
Other accounts receivable	0.25
Other current assets	0.04
Property, plant and equipment, net	1,841.37
Goodwill	297.65
Intangible assets, net	<u>224.17</u>
Total	<u>2,442.18</u>

- An increase of USD 412 million in other current assets, principally from an increase of USD 714 million in cash and cash equivalents mainly from cash inflow of operating activities, offset with cash outflow in the exploration and production assets, and finance cost payments. However, account receivable-parent company decreased by USD 268 million.

Whereas,

(2) A decrease of USD 496 million in intangible assets and goodwill chiefly resulted from the reclassification of related intangible assets and goodwill of Leismer and Corner areas of the Canada Oil Sands KKD project, amounting to USD 522 million, as assets held-for-sale.

(3) A decrease of USD 1,871 million in property, plant and equipment, net mostly due to the reclassification of related property, plant and equipment, net of Leismer and Corner areas of the Canada Oil Sands KKD project, amounting to USD 1,841 million, as assets held-for-sale.

Most current assets as of March 31, 2014 were cash and cash equivalents; account receivable-parent company; materials and supplies; and assets held-for-sale. A large proportion of the non-current assets as of March 31, 2014 were assets used in joint-venture exploration and production, presented under property, plant, and equipment, net; intangible assets, net; and goodwill. PTTEP and subsidiaries' Current Ratio as of March 31, 2014, was 1.46 times.

As of March 31, 2014, PTTEP and subsidiaries had total liabilities of USD 10,397 million (equivalent to 337,305 million baht), an increase of USD 544 million higher than the total on hand as of December 31, 2013, when total liabilities were USD 9,853 million (equivalent to 323,332 million baht), principally due to

- (1) An increase of USD 972 million in current liabilities mainly from:
- Liabilities directly associated with non-current assets classified as held-for-sale amount of USD 517 million that resulted from the reclassification of related liabilities of Leismer and Corner areas of the Canada Oil Sands KKD project.

Liabilities directly associated with non-current assets classified as held-for-sale as of December 31, 2014 comprised:

Unit : Million US Dollar

Trade accounts payable	28.01
Other current liabilities	27.33
Deferred income tax liabilities	455.63
Provision for decommissioning costs	<u>6.35</u>
Total	<u>517.32</u>

- Dividend payable for the second half-year operations of 2013 in the amount of USD 367 million.
- Income tax payable increased by USD 215 million due to the increase in corporate income tax and petroleum income tax

While,

- Accrued expenses decreased by USD 57 million mostly derived from the decreases in accrued expenses arising from the cost of construction of production asset for Zawtika and Bongkot projects.

(2) A decrease of USD 428 million in non-current liabilities, mainly from a decrease in deferred income tax liabilities amounting to USD 417 million, mainly from the reclassification of related deferred income tax liabilities of Leismer and Corner areas of the Canada Oil Sands KKD project, in the amount of 456, as liabilities directly associated with non-current assets classified as held-for-sale

Capital Structure

Bill of Exchange

PTTEP maintains the Short-term Financing Program (“PF”) which involves the issuance of Bills of Exchange (B/Es) via Public Offerings to institutional and high net-worth investors in Thailand. B/Es are issued on a revolving basis with the total revolving credit of up to Baht 50,000 million. The B/Es facility was approved by the Resolution of the Board of Directors’ meeting in February 2009 and in November 2010.

As of March 31, 2014, there is no outstanding B/Es.

Bonds

No bonds issuance in the 1st quarter of year 2014

Subordinated Capital Debentures

No subordinated capital debentures issuance in the 1st quarter of year 2014

Short-term Loans from Financial Institutions

In February 2012, PTTEP entered into an unsecured, unsubordinated revolving credit facility agreement Baht 20,000 million. During the availability period of 5 years, the loan has a floating interest rate of THBFIX + 1.10%. The outstanding principal of the loan as of the end of the availability period may, subject to negotiation between the parties, be converted into a term loan to be repaid within 5 years after the end of the availability period. This revolving credit facility will be used for general corporate purposes.

The Board of Directors' meetings in year 2010 and 2011 approved the Company's entering into loan agreements, whose approved amount remaining was Baht 68,250 million.

As of March 31, 2014, there is no outstanding loan.

Long-Term Loans from Financial Institutions

There was no additional long term loan in the 1st quarter of year 2014.

Commitment and Guarantee

Loans Agreement

PTTEP has a subordinated loan agreement with Energy Complex Company Limited (EnCo) with the loan limit of Baht 1,250 million. The agreement was effective from April 2, 2009 and shall continue for 13 years and 6 months.

As of 31 March 2014, the outstanding loan to EnCo was Baht 580 million.

Loan Guarantee

PTTEP has guaranteed the unsecured and unsubordinated loan agreements of PTTEP Offshore Investment Company Limited (PTTEPO) with the total amount of US Dollar 575 million.

PTTEP has guaranteed the unsecured and unsubordinated loan agreements of PTTEP Canada International Finance Limited (PTTEP CIF) with the total amount of CAD 475 million.

Bond Guarantee

PTTEP has guaranteed the unsecured and unsubordinated debentures of PTTEP Australia International Finance Pty Ltd (PTTEP AIF) with total amount of US Dollar 700 million.

PTTEP has guaranteed the unsecured and unsubordinated debentures of PTTEP Canada International Finance Limited (PTTEP CIF) with total amount of US Dollar 1,190 million.

Cash Flows

For the 3-month period ending on March 31, 2014, PTTEP and subsidiaries experienced net cash flows from operating activities of USD 1,400 million, chiefly due to cash receipts from sales revenues offset by cash payments for expenses and taxes.

PTTEP and subsidiaries had a net cash flow used in its investing activities of USD 609 million, mainly resulting from additional investment in exploration and production assets as well as intangible assets, primarily from the Zawtika, Arthit, and Bongkot projects.

PTTEP and subsidiaries had a net cash flow, used in financing activities, of USD 40 million, mainly from interest paid and cash payments for financial costs.

As of March 31, 2014, PTTEP and subsidiaries held total cash and cash equivalents of USD 3,108 million, an increase of USD 751 million from that of December 31, 2013, at which point cash and cash equivalents totaled USD 2,357 million. Furthermore, related cash and cash equivalents of the Leismer and Corner areas of the Canada Oil Sands KKD project of USD 37 million were reclassified as assets held-for-sale. Therefore, as of March 31, 2014, PTTEP and subsidiaries retain total cash and cash equivalents of USD 3,071 million in the consolidated financial statements.

2.3 Major Factors with Potential Impact on Operations

The oil price environment during the first quarter of 2014 was still volatile due to a number of factors. Dubai crude prices during the first quarter averaged 104.52 USD/bbl, a slight decrease versus the previous quarter's average of 105.42 USD/bbl, as well as a decrease relative to previous year's first quarter average of 108.24 USD/bbl.

The unrest in Ukraine has exerted upward pressure on oil prices due to supply concerns about Russian crude since Russia accounts for a large proportion of global crude exports. However, Libyan supplies of crude oil is expected to put downward pressure on oil prices after the Libyan government and rebels reached an agreement to open 4 oil terminals after 8 months of closure. The opening of these oil terminals is expected to allow for 700,000 BPD of crude oil exports.

Nonetheless, there are several other factors which will have potential impact on oil price volatility in 2014. These include increased crude oil production in the United States from shale assets which could result in excess global supply. On the other hand, geopolitics in the Middle East and Africa could lead to a disruption in crude oil production and exports from the region, while the recovery of the Eurozone and prospects of increased global economic growth would impact the demand for crude oil from oil importing nations.

PTTEP closely monitors global economic conditions and energy demand given the uncertainty and volatile conditions of the global economy and oil prices, and has developed the following guidelines for management of operations amidst the changing economic conditions.

Responding to the increase in energy demand: PTTEP's production rate during the first quarter of 2014 averaged 332,491 barrels of oil equivalent per day (BOED), which is close to its average production rate during the previous quarter of approximately 327,617 BOED. Thailand's domestic energy demand, according the Ministry of Energy, in January 2013, was approximately 1.88 Million BOED, a year-on-year decrease from 1.97 BOED or approximately 4%. The decrease was driven by lower energy requirements for development of the economy. The Ministry of Energy has established the direction of energy policies for 2013-2014 with emphasis on balancing the need for energy security and the development of renewable energy for the future, for example the production of ethanol, bio-plastics, and bio-diesel. The Ministry has also established policies geared towards energy conservation and efficient usage of energy as well as restructuring energy prices to accurately reflect the actual costs.

PTTEP has reviewed its supply plan and improved production in order to meet the rise in energy demand. PTTEP has been cooperating with related government agencies to collectively outline an optimal supply plan, and forecast future energy demand from both domestic and neighboring countries, in both the short term and the long term. PTTEP has continuously been reviewing and adjusting its production plan as well as project development plans, including developing various technologies in exploration and production. Additionally, PTTEP is constantly seeking for investment opportunities in order to increase its reserves, with the goal of meeting the nation's demand.

Improving efficiency and cost optimization: During the first quarter of 2014, PTTEP participated in the Operational Excellence and OpEx Transformation project with other PTT Group companies to follow up on the efficiency and management of operational costs, with emphasis placed on continuous development and aligned objectives with PTT Group's plan in order to ensure sustainable Operational Excellence.

In 2014, the company set a goal to reduce operating costs by USD 15 million. During the first quarter, operating costs were reduced by USD 7 million as a result of procurement and logistics strategies such as preparing price agreements and negotiating prices for long-term contracts. The following is a list of planned cost reduction activities in various areas of operations:

- Cost reduction from procurement strategies,
- Seeking new suppliers from Low-cost Vendor Countries,
- Management of existing support vessels in the Gulf of Thailand to increase Deck Utilization and reduce fuel consumption,
- Enhancement of logistics performance through management and control in order to avoid vessel delays,

- Quality improvement of shipping and delivery, and increase accuracy of warehouse management.

The company also has plans to engage in Supplier Relationship Management and assess the quality of suppliers in order to reduce procurement risk and increase efficiency in strategic planning, and thereby enabling the company to source high quality goods and services at the most reasonable price. PTTEP also continues to enforce its Green Procurement policies.

Managing Risks on oil price volatility: PTTEP enters into derivative contracts, using Brent crude as its reference price, to hedge pricing risks of the petroleum products related to the company. PTTEP continues to closely monitor events and economic conditions which have potential impact on oil prices. Moreover, PTTEP simulates scenarios of various oils price levels to assess and prepare operating plans for each scenario.

Capability Development: PTTEP and its subsidiaries operate globally to promote energy security. Technology is an important enabler for the company which will allow PTTEP to operate in deep waters and areas of increasingly complex geology, including operating unconventional assets.

The Company established the PTTEP Technology Center during the first quarter of 2014, as per its long-term growth strategy and technology development roadmap which was defined during the previous year. The Technology Center is focused on development and dissemination of modern technology to create value for the business. It encourages research and development of various technologies for application in the Company's global upstream businesses.

In this regard, the Company works closely with multiple universities and research institutions and is also supported by PTT's Research and Technology Institute. PTTEP's University Partnership Program, together with the aforementioned institutions, promotes cooperation in petroleum research, technology development and job training programs. The structure of the technology division comprises of researchers, scientists, engineers, technical specialists and university students. Altogether, the cooperation aims to provide solutions to the increasing exploration and production challenges in a safe, economical, and sustainable manner while giving due consideration to the environment and to the development of societies in the areas of operation.

The Technology Center is subdivided into the following functional groups in order to drive technological innovations that will give PTTEP a competitive edge in the industry:

- 1) Subsurface Technology
 - a. Basin Modeling
 - b. Advanced Seismic & Visualization
 - c. Field Modeling and Simulation

- 2) Well Technology
 - a. Novel drilling
 - b. Fracking & Stimulation
- 3) Engineering Technology
 - a. Innovative Facility
 - b. iField / Smart Field
- 4) Green Technology

Safety, Security, Health and Environment (SSHE): PTTEP aims to become a Lost Time Injury Free Organization through compulsory management of safety, security, health and environment. In the first quarter of 2014, PTTEP's Lost Time Injury Frequency (LTIF) and Total Recordable Injury Rate (TRIR) performance is still in First Quartile ranking among other OGP members.

At the end of the first quarter of 2014, PTTEP achieved an LTIF of 0.3 and a Total Recordable Incidence Rate (TRIR) of 1.28. If PTTEP maintains its current LTIF and TRIR at the current levels, it will continue to rank in the top quartile of OGP members in 2014.

In addition, PTTEP has developed and published a SSHE Handbook for its employees and contractors as reference and for awareness of their duties and fundamental statutory rights. The SSHE Handbook also provides guidelines for safe working practices.

PTTEP realizes the importance of safety for its employees at all levels and has communicated news related to safety and security risks from natural disasters, epidemics and social unrest. During the first quarter, PTTEP issued SSHE Alerts to all employees across the organization regarding security during the public demonstrations in Bangkok.

Sustainable Development (SD): During the first quarter of 2014, PTTEP published its 2013 Sustainability Report on its website and distributed copies of the report at its annual shareholders' meeting. The report content was prepared based on the Global Reporting Initiatives (GRI) G3.1 and rated at GRI Application Level A+ by Lloyd's Register Quality Assurance Ltd (LRQA).

In the first quarter of 2014, PTTEP achieved a 5.2% reduction in GHG emissions based on Q1 of 2012 and a 5% reduction based on Q1 2013. This accomplishment is the result of successful operations (operating at over 98% of full capacity) of the Flash Gas Recovery Unit (FGRU) at the Greater Bongkot South (GBS) site. This achievement is a step towards reaching PTTEP's long-term GHG reduction target of 20% by 2020.

In March 2014, PTTEP's S1 Project was one of ten projects to receive the 2013 Thailand Quality Class (TQC) awards out of 30 entrants at the 2013 Thailand Quality Award (TQA) ceremony. Moreover, as a leading energy company in Thailand, PTTEP also participated in the Thailand Voluntary Emission Reduction Program (T-VER) in the area of Sustainable Forestation to help promote the domestic carbon market initiative. The forestation program will not only reduce carbon dioxide emissions and increase oxygen but will also help absorb air pollution. Additionally, PTTEP and its partners, Hitachi Zosen Corporation (HITZ) and Daiki Ataka Engineering Co., Ltd (DAE) (a subsidiary of HITZ) were successful in their joint research and development of carbon dioxide to methane conversion technology, whereby the produced methane is a form of renewable energy storage that helps mitigate climate change and global warming.

Corporate Social Responsibility (CSR): PTTEP continues to carry out CSR activities to meet the needs of society in a sustainable manner. During the first quarter of 2014, PTTEP continued its reforestation campaign to reduce global warming by maintaining the 50,000 rai of forest it planted in 2013. PTTEP, in conjunction with the Department of Forestry, Department of National Parks and the Department of Marine and Coastal Resources, also began surveying new areas which would be suited for planting an additional 50,000 rai during 2014, with focus on areas where PTTEP has exploration and production activities. Additionally, together with the Department of National Parks and Kasetsart University, PTTEP prepared plans to plant 20 rai of forest in 2014, as well as plans to maintain natural trails for walking, bicycling and for the disabled, as part of the reforestation project to the study of ecological systems in the Si Nakhon Khuean Khan Park (Bang Ka Chao), following the royal initiative of Her Royal Highness Princess Maha Chakri Sirindhorn.

Furthermore, PTTEP's "Thai Heritage & World Heritage" campaign sponsors the study of nature and wildlife in the Huai Kha Khaeng Forest as well as the development of the local curriculum for studying tigers which will be implemented in areas around the Huai Kha Khaeng forest in May. PTTEP also initiated a local curriculum for the conservation of the Irrawaddy Dolphins in Songkhla Lake. The Company also made preparations for PTTEP GREEN UP activities in the Bang Ka Chao area to promote awareness of the conservation of nature through reforestation activities and to instill a sense of social and environmental responsibility in management, employees and their families.

In terms of social development in PTTEP's areas of exploration and production, PTTEP together with the municipal government and educational institutions organized an event for the National Children's Day whereby gifts and educational materials were donated to over 5,000 people in the areas where PTTEP operates such as in the Songkhla, Chumporn, Ranong, Nakorn Si Thammarat, Khon Kaen, and Suphan Buri provinces. In March, the PTTEP 1 project organized a "Love Your Neighbor" event for the local community to renovate empty spaces in the Baan Don Rakaam neighborhood, of the Suan Taeng district in Suphanburi, into fitness and recreational areas. During the same

period, PTTEP, in cooperation with Chulalongkorn University and the Prince of Songkhla University (Surat Thani Campus), brought together underprivileged juveniles across the country as well as children in areas where PTTEP operates to participate in the Thai Marine Heritage Conservation campaign under the Patronage of Her Royal Highness Princess Maha Chakri Sirindhorn, to create awareness and appreciation as well as to help conserve Thailand's national marine resources and environment.