

Bor. Hor. 028/2010

November 12<sup>th</sup>, 2010

To: President  
The Stock Exchange of Thailand

**Subject: Report of 3<sup>rd</sup> Quarter 2010 Financial Performances**

The Company is pleased to report the 3<sup>rd</sup> quarter 2010 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended September 30<sup>th</sup> 2010; the Company's Net Profit After Tax for the 3<sup>rd</sup> quarter decreased by 13% and stood at Baht 213 million compared to Net Profit After Tax of Baht 245 million in the corresponding period for 2009. Details are as follows:

- 1) Sales and services stood at Baht 6,380 million reflecting an increase of Baht 2,481 million or 63% from the same period last year. The Group continues to register impressive sale revenue of Baht 6,380 million supported by strong export markets and domestic market. This was attributable to the continuing surge in export sales particularly to China, Vietnam and new markets. The domestic sales also reported an increase in sales revenue. Compared to 2<sup>nd</sup> quarter, the total Domestic sales revenue was lower due to the rainy season.
- 2) Cost of sales and services in the 3<sup>rd</sup> quarter 2010 stood at Baht 6,077 million or 95.25% of sales and services reflecting an increase from 85.84% in the same period last year; before the allowance for diminution in value of inventories that had been fully hedged. The exceptional high gross margin in the previous 3<sup>rd</sup> quarter 2009 was due to a crude cargo that the company bought in May 2009 when the crude Brent Index was at USD 56/bbl.
- 3) The consolidated margin was achieved from the sustained and improved refinery operations in Malaysia, strong sales performance in domestic as well as international market. Besides, the Company also implements effective hedging and FX policy to safeguard value of its crude, products and receivables. The hedging gain/loss is to compensate the sales margin and crude stock holding risk attributable to the high volatility in world energy price. Similarly, the FX gain/loss is to protect mainly the projected future cashflow (i.e. receivables in USD) attributable to the high volatility in USD. These two risk policies complement each other effectively as the world energy volatility has been significantly influenced by weak USD.
- 4) Selling, administrative and management's remuneration expenses stood at Baht 22 million, Baht 124 million and Baht 14 million, representing 0.34%, 1.94% and 0.21% of sales and services, respectively. Comparatively, these expenses in the same period 2009 stood at Baht 29 million, Baht 107 million and Baht 22 million or 0.74%, 2.74%

and 0.56% of sales and services, respectively. The reduction in percentage to sales was across the board attributed to the Company's productivity performance improvement program.

- 5) Financial expense in the 3<sup>rd</sup> quarter 2010 was Baht 67 million, a slight increase from Baht 66 million from the same period 2009 due to efficient working capital management in the rapid business growth environment. The company and subsidiaries also provided for corporate income tax of Baht 31 million during the 3<sup>rd</sup> quarter 2010.
- 6) The Net Profit After Tax and Minority Interest of Baht 207 million represents earning per share of Baht 1.35 attributable to the equity shareholders of the Company for the 3<sup>rd</sup> quarter.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat  
Managing Director