

Bor. Hor. 011/2009

25 February 2009

Subject: Report on 2008 financial performance

To: Managing Director  
The Securities Exchange of Thailand

The Company would like to report 2008 consolidated financial performance as follows:

Reference to the audited financial statements ending December 31, 2008, the company's consolidated net loss position for the year stood at Baht 1,089.1 million compared to profit of Baht 306.2 million in 2007 with details as follows:

1. Sales and services stood at Baht 9,395 million reflecting a decrease of Baht 1,059.9 million or 10.14% from the previous year due to the weakened economic conditions impacting both domestic sales and export particularly during the second half of 2008.
2. Cost of sales and services in 2008 stood at Baht 8,914.8 million or 94.88% of sales and services reflecting an increase from 90.70% in 2007. Higher cost of sale was due to a sudden collapse in price of oil products having a major impact on the price of major raw material as well as the company's inability to fully adjust the sale price along with the cost increase.
3. In 2008 selling and administrative expenses stood at Baht 130.4 million and Baht 539.05 million, representing 1.39% and 5.74% of sales and services, respectively. Comparatively, selling and administrative expenses in 2007 stood at Baht 91 million and Baht 416.73 million or 0.87% and 3.98% of sales and services. The increase was due to full consolidation of selling and administrative expenses of Kemaman Oil Corporation Sdn. Bhd. (KOC) starting in June 2008. Additionally, the company and subsidiaries initiated, "Mutual Separation Program" for early retirement of employees of which the expense is included in the administrative expenses.
4. In 2008, the company and subsidiaries had to make net provision of doubtful trade debt of Baht 33.4 million resulting from the unfavorable economic conditions as well as unstable political situation in the second half of 2008.

5. The company's subsidiary realized Baht 195.5 million net loss from oil hedging done on heavy crude oil purchased during the 4<sup>th</sup> quarter 2008 when crude oil price decreased drastically in a very short time despite some gain made from hedges done on selling price of non bitumen products.
6. Accounting standard requires the company to mark to market its inventory which resulted in a marked down of Baht 612 million from stock of crude oil and products.
7. Financial expense in 2008 was Baht 229.23, an increase of Baht 58.74 million from 2007 because of KOC's consolidation. The company and subsidiaries also paid corporate income tax of Baht 34.95 million during the year.

Please circulate the above information to the public accordingly.

Sincerely yours,

Chayongsak Pisitpong  
Executive Director