

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
AND
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

EXPRESSED IN
THAI BAHT

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

To the Shareholders of The Bangchak Petroleum Public Company Limited

I have audited the consolidated balance sheets of The Bangchak Petroleum Public Company Limited and its subsidiary as of December 31, 2008 and 2007 and the related consolidated statements of changes in shareholders' equity, income and cash flows for the years then ended. I have also audited the financial statements for the same periods of The Bangchak Petroleum Public Company Limited. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bangchak Petroleum Public Company Limited and its subsidiary and of The Bangchak Petroleum Public Company Limited as of December 31, 2008 and 2007, the results of their operations, and cash flows for the years then ended in conformity with generally accepted accounting principles.

(NATSARAK SAROCHANUNJEEN)

Certified Public Account

Registration No. 4563

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 16, 2009

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

B A H T

	Notes	Consolidated Financial Statement		Separate Financial Statement	
		As of 31 ST	As of 31 ST	As of 31 ST	As of 31 ST
		December	December	December	December
		2008	2007	2008	2007
CURRENT ASSETS					
Cash and cash equivalents	5	1,682,310,096	6,450,064,228	1,495,167,252	6,088,212,621
Short term investment	6	647,719,766	288,022,000	600,000,000	241,011,000
Trade accounts receivable - net					
Related parties	4.1	200,218,758	115,613,497	562,210,499	712,652,661
Other parties	7	3,897,814,914	5,286,555,533	3,887,564,282	5,268,273,637
Inventories - net	8	5,916,487,918	11,029,353,333	5,743,313,340	10,744,400,323
Other current assets					
Material and Supplies - net	9	310,268,296	336,332,480	310,268,296	336,332,480
Oil Fund Subsidies Receivable		676,472,599	196,690,719	676,472,599	196,690,719
Others	10	1,333,508,260	162,087,123	1,288,593,199	148,235,093
Total Current Assets		14,664,800,607	23,864,718,913	14,563,589,467	23,735,808,534
NON-CURRENT ASSETS					
Investments in subsidiary	1.2, 4.2	-	-	79,309,800	490,000
Other long-term investments	11	157,157,448	12,343,357	156,257,448	11,443,357
Tariff prepayment - net	12	19,901,700	9,761,310	19,901,700	9,761,310
Property, plant and equipment - net	13	25,234,945,752	18,412,290,880	25,020,845,503	18,407,213,305
Leasehold right - net	14	1,086,737,154	1,168,013,702	1,086,737,154	1,168,013,702
Intangible assets - net	15	102,448,871	99,295,653	101,140,034	97,843,589
Investment in service station - net	16	269,362,462	338,026,060	269,362,462	338,026,060
Other non-current assets					
Deferred income tax assets	17	474,343,226	131,028,038	474,343,225	131,028,038
Others	18	530,138,038	942,687,814	521,695,331	939,923,301
Total Non-Current Assets		27,875,034,651	21,113,446,814	27,729,592,657	21,103,742,662
TOTAL ASSETS		42,539,835,258	44,978,165,727	42,293,182,124	44,839,551,196

The accompanying notes to financial statements are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

B A H T

	Notes	Consolidated Financial Statement		Separate Financial Statement	
		As of 31 ST	As of 31 ST	As of 31 ST	As of 31 ST
		December	December	December	December
		2008	2007	2008	2007
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from					
financial institutions	19	1,270,000,000	880,000,000	1,270,000,000	880,000,000
Trade accounts payable					
Related parties	4.3	3,841,667,348	8,165,945,448	3,843,713,700	8,167,960,423
Other parties		672,788,927	836,418,041	618,877,246	782,749,196
Other accounts payable - related parties	4.4	12,682,546	9,253,510	12,682,546	9,253,510
Current portion of long-term loans	20	603,500,000	722,500,000	603,500,000	722,500,000
Other current liabilities					
Accrued excise tax and oil stabilization fund		142,707,336	293,807,011	142,707,336	293,807,011
Accrued corporate income tax		-	659,225,521	-	650,736,049
Accrued expenses		439,848,764	472,108,469	411,024,381	441,027,433
Liabilities on hedging contracts	30.1, 30.3	10,773,805	929,062,981	10,773,805	929,062,981
Others	21	1,096,574,220	465,437,815	1,101,487,664	456,250,925
Total Current Liabilities		<u>8,090,542,946</u>	<u>13,433,758,796</u>	<u>8,014,766,678</u>	<u>13,333,347,528</u>
NON-CURRENT LIABILITIES					
Long-term loans	20	13,804,382,165	9,438,770,172	13,670,582,165	9,438,770,172
Other non-current liabilities					
Liabilities on long-term lease	14	414,481,760	460,703,710	414,481,760	460,703,710
Liabilities on service stations leasehold right		5,316,523	7,923,844	5,316,523	7,923,844
Reserve for pension fund		393,890,910	347,715,363	393,890,910	347,715,363
Deferred income tax liabilities	17	19,628,219	22,899,589	19,628,219	22,899,589
Others		48,326,866	41,725,139	33,444,491	29,123,404
Total Non-Current Liabilities		<u>14,686,026,443</u>	<u>10,319,737,817</u>	<u>14,537,344,068</u>	<u>10,307,136,082</u>
Total Liabilities		<u>22,776,569,389</u>	<u>23,753,496,613</u>	<u>22,552,110,746</u>	<u>23,640,483,610</u>

The accompanying notes to financial statements are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

B A H T

	Consolidated Financial Statement		Separate Financial Statement	
	As of 31 ST December	As of 31 ST December	As of 31 ST December	As of 31 ST December
Notes	2008	2007	2008	2007
SHAREHOLDERS' EQUITY				
Share Capital - Par Value Baht 1.00 per share				
Authorized share capital				
Common share 1,531,643,461 shares	1,531,643,461	1,531,643,461	1,531,643,461	1,531,643,461
Issued and paid - up share capital				
Common share 1,119,132,050 shares	1,119,132,050	1,119,132,050	1,119,132,050	1,119,132,050
Capital Surplus				
Premium on share capital	7,505,333,450	7,505,333,450	7,505,333,450	7,505,333,450
Capital surplus on registered and paid-up share reduction	189,617,759	189,617,759	189,617,759	189,617,759
Surplus on fixed assets revaluation	4,856,479,716	5,289,307,563	4,856,479,716	5,289,307,563
Premium on share capital of subsidiary of the Company	18,621,225	-	-	-
Retained earning (deficit)				
Appropriated – legal reserve	153,164,346	153,164,346	153,164,346	153,164,346
Unappropriated	5,881,772,402	6,967,603,946	5,917,344,057	6,942,512,418
Total Equity of Parent Company's Shareholders	19,724,120,948	21,224,159,114	19,741,071,378	21,199,067,586
Minority interests	39,144,921	510,000	-	-
Total Shareholders' Equity	19,763,265,869	21,224,669,114	19,741,071,378	21,199,067,586
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	42,539,835,258	44,978,165,727	42,293,182,124	44,839,551,196

The accompanying notes to financial statements are an integral part of these statements.

(Signed) *General Tawat Ked-Unkoon*

(General Tawat Ked-Unkoon)

Chairman

(Signed) *Anusorn Sangnimnuan*

(Anusorn Sangnimnuan)

President

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
CONSOLIDATED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	BAHT									
	Note	Issued and paid - up share capital	Premium on Share capital	Capital surplus on registered and paid-up share reduction	Surplus on fixed assets revaluation	Premium on share capital of subsidiary of the Company	Retained earning (Deficit)		Minority interests	Total
		Appropriated legal reserve	Unappropriated							
Beginning balance as at January 1, 2007		1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	-	153,164,346	5,398,384,611	510,000	18,648,683,491
Accumulative effects amount from changing in accounting policy:										
- Investment in subsidiary		-	-	-	-	-	-	(4,289,114)	-	(4,289,114)
Beginning balance after adjustment		1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	-	153,164,346	5,394,095,497	510,000	18,644,394,377
Issued and Paid-up share capital		35,699	-	-	-	-	-	-	-	35,699
Premium on share capital		-	604,301	-	-	-	-	-	-	604,301
Surplus on fixed assets revaluation		-	-	-	1,225,120,984	-	-	-	-	1,225,120,984
Transaction not recognised in the income statement										
- Depreciation on the fixed assets revaluation		-	-	-	(218,994,696)	-	-	-	-	(218,994,696)
Dividend paid		-	-	-	-	-	-	(190,248,930)	-	(190,248,930)
Net profit (loss)		-	-	-	-	-	-	1,763,757,379	-	1,763,757,379
Ending balance as at December 31, 2007		1,119,132,050	7,505,333,450	189,617,759	5,289,307,563	-	153,164,346	6,967,603,946	510,000	21,224,669,114
Beginning balance as at January 1, 2008		1,119,132,050	7,505,333,450	189,617,759	5,289,307,563	-	153,164,346	6,967,603,946	510,000	21,224,669,114
MI's share capital in subsidiary		-	-	-	-	-	-	-	41,760,725	41,760,725
Premium on share capital of subsidiary of the Company	1.2	-	-	-	-	18,621,225	-	-	-	18,621,225
Transaction not recognised in the income statement										
- Depreciation on the fixed assets revaluation		-	-	-	(432,827,847)	-	-	-	-	(432,827,847)
Dividend payment for preferred stock		-	-	-	-	-	-	-	(58,140)	(58,140)
Dividend paid	32	-	-	-	-	-	-	(335,739,615)	-	(335,739,615)
Net profit (loss)		-	-	-	-	-	-	(750,091,929)	(3,067,664)	(753,159,593)
Ending balance as at December 31, 2008		1,119,132,050	7,505,333,450	189,617,759	4,856,479,716	18,621,225	153,164,346	5,881,772,402	39,144,921	19,763,265,869

The accompanying notes to financial statements are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
THE SEPARATE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Note	BAHT						Total
	Issued and paid - up share capital	Premium on Share capital	Capital surplus on registered and paid-up share reduction	Surplus on fixed assets revaluation	Retained earning (Deficit)		
					Appropriated legal reserve	Unappropriated	
Beginning balance as at January 1, 2007	1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	153,164,346	5,441,467,438	18,691,256,318
Accumulative effect amount from changing in accounting policy:							
- Investment in subsidiary	-	-	-	-	-	490,000	490,000
Beginning balance after adjustment	1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	153,164,346	5,441,957,438	18,691,746,318
Issued and Paid-up share capital	35,699	-	-	-	-	-	35,699
Premium on share capital	-	604,301	-	-	-	-	604,301
Surplus on fixed assets revaluation	-	-	-	1,225,120,984	-	-	1,225,120,984
Transaction not recognised in the income statement							
- Depreciation on the fixed assets revaluation	-	-	-	(218,994,696)	-	-	(218,994,696)
Dividend paid	-	-	-	-	-	(190,248,930)	(190,248,930)
Net profit (loss)	-	-	-	-	-	1,690,803,910	1,690,803,910
Ending balance as at December 31, 2007	<u>1,119,132,050</u>	<u>7,505,333,450</u>	<u>189,617,759</u>	<u>5,289,307,563</u>	<u>153,164,346</u>	<u>6,942,512,418</u>	<u>21,199,067,586</u>
Beginning balance as at January 1, 2008	1,119,132,050	7,505,333,450	189,617,759	5,289,307,563	153,164,346	6,942,512,418	21,199,067,586
Transaction not recognised in the income statement							
- Depreciation on the fixed assets revaluation	-	-	-	(432,827,847)	-	-	(432,827,847)
Dividend paid	32	-	-	-	-	(335,739,615)	(335,739,615)
Net profit (loss)	-	-	-	-	-	(689,428,746)	(689,428,746)
Ending balance as at December 31, 2008	<u>1,119,132,050</u>	<u>7,505,333,450</u>	<u>189,617,759</u>	<u>4,856,479,716</u>	<u>153,164,346</u>	<u>5,917,344,057</u>	<u>19,741,071,378</u>

The accompanying notes to financial statements are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

		B A H T				
		Consolidated Financial Statement		Separate Financial Statement		
Notes		2008	2007	2008	2007	
	Sales and services	25	129,041,557,121	94,979,389,602	128,053,433,453	94,133,738,943
	Cost of sales and services		(125,340,670,804)	(88,885,964,489)	(124,760,296,402)	(88,524,161,416)
	Gross Margin		3,700,886,317	6,093,425,113	3,293,137,051	5,609,577,527
	Selling and administrative expenses		(2,811,818,224)	(2,525,810,983)	(2,365,205,749)	(2,113,352,999)
	Income from Sales		889,068,093	3,567,614,130	927,931,302	3,496,224,528
	Interest income		73,450,665	201,442,497	59,822,186	193,080,660
	Loss from foreign exchange	26	(168,136,904)	(46,996,035)	(168,136,904)	(46,996,035)
	Loss from crude oil and product oil price					
	hedging contract	29.3.1	(249,874,897)	(594,923,245)	(249,874,897)	(594,923,245)
	Reversal of loss / (Loss) from Inventory write - down		(948,227,619)	54,510,520	(942,158,173)	54,510,520
	Loss from assets disposal		(12,805,999)	(18,734,566)	(10,286,716)	(18,734,564)
	Loss adjustment / (Loss) from impairment of assets		15,390,546	(40,527,960)	15,390,546	(40,527,960)
	Other income		162,436,342	207,797,176	192,298,730	201,427,424
	Directors' remuneration		(16,270,650)	(7,683,785)	(16,225,650)	(7,648,785)
	Income before Interests and Taxes		(254,970,423)	3,322,498,732	(191,239,576)	3,236,412,543
	Interest expenses	20.1,27	(854,035,959)	(655,282,570)	(854,035,959)	(655,282,570)
	Income taxes	17	355,846,789	(903,458,783)	355,846,789	(890,326,063)
	Net income (loss) for the period		(753,159,593)	1,763,757,379	(689,428,746)	1,690,803,910
	Attributable to :					
	Equity holders of the parent		(750,091,929)	1,763,757,379	(689,428,746)	1,690,803,910
	Minority interest		(3,067,664)	-	-	-
			(753,159,593)	1,763,757,379	(689,428,746)	1,690,803,910
	BASIC EARNINGS PER SHARE	28	(0.67)	1.58	(0.62)	1.51
	DILUTED EARNINGS PER SHARE	28	(0.67)	1.38	(0.62)	1.32

The accompanying notes to financial statements are an integral part of these statements.

(Signed) General Tawat Ked-Unkoon

(General Tawat Ked-Unkoon)

Chairman

(Signed) Anusorn Sangnimnuan

(Anusorn Sangnimnuan)

President

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	B A H T				
	Consolidated Financial Statement		Separate Financial Statement		
	2008	2007	2008	2007	
	<u>Note</u>				
CASH FLOWS FROM OPERATING ACTIVITIES :					
Net profit (loss)		(750,091,929)	1,763,757,379	(689,428,746)	1,690,803,910
Adjustments to reconcile net profit to net cash provided by (used in) Operating Activities					
Depreciation		659,937,814	642,126,488	657,305,543	639,433,181
Bad debt and doubtful debts		(22,768,774)	32,412,990	(23,360,120)	28,213,890
Amortization		183,132,429	179,846,291	182,682,202	179,338,669
Loss (Gain) from foreign exchange	26	(13,075,813)	33,525,887	(13,075,813)	33,525,887
Loss (Reversal of loss) from Inventory write - down		948,227,619	(54,510,520)	942,158,173	(54,510,520)
Loss (Gain) from assets impairment adjustment		(15,390,546)	40,527,960	(15,390,546)	40,527,960
Loss from fixed assets disposal		12,097,489	18,734,566	10,286,716	18,734,564
Reserve for pension fund		46,175,547	51,910,995	46,175,547	51,910,995
Deferred revenue		(1,585,709)	(1,687,913)	(1,585,709)	(1,687,913)
Dividends received		-	-	(20,090,000)	-
Minority interests		(3,067,664)	-	-	-
Interest expenses		854,035,959	655,282,570	854,035,959	655,282,570
Income tax expenses		(355,846,789)	903,458,783	(355,846,789)	890,326,063
Operating gain before changes in operating assets and liabilities		1,541,779,633	4,265,385,476	1,573,866,417	4,171,899,256
Operating assets (increase), decrease					
Trade accounts receivable		1,285,260,166	(2,607,408,254)	1,512,103,239	(2,818,757,596)
Inventories		4,164,637,796	(2,099,552,232)	4,058,928,809	(2,049,524,891)
Other current assets		(461,660,425)	21,239,404	(461,475,610)	27,300,126
Operating liabilities increase, (decrease)					
Trade accounts payable		(4,488,480,733)	4,829,669,471	(4,488,118,673)	4,823,667,758
Other current liabilities		(434,883,910)	401,148,751	(419,380,095)	387,451,447
Other non - current liabilities		(43,440,339)	(8,197,045)	(44,428,724)	(8,825,774)
Cash Provided by Operating Activities		1,563,212,188	4,802,285,571	1,731,495,363	4,533,210,326
Interest payment		(1,165,895,862)	(665,157,382)	(1,163,462,796)	(665,157,382)
Income tax payment		(1,791,544,557)	223,214,123	(1,767,784,601)	227,857,371
Net Cash Provided by (Used in) Operating Activities		(1,394,228,231)	4,360,342,312	(1,199,752,034)	4,095,910,315

The accompanying notes to financial statements are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

		B A H T			
		Consolidated Financial Statement		Separate Financial Statement	
Note		2008	2007	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES :					
	Decrease (Increase) in temporary investments	(359,697,766)	3,797,028,172	(358,989,000)	3,804,028,044
	Increase in long-term investments	(133,140,278)	(1,286,444)	(133,140,278)	(1,286,444)
	Investments in subsidiary	-	99,300	(78,819,800)	-
	Dividends received	-	-	20,090,000	-
	Acquisition in property, plant and equipments	(7,702,897,609)	(2,282,487,411)	(7,541,422,885)	(2,280,763,513)
	Proceeds from sales of property, plant and equipment	10,955,394	18,613,074	58,226,425	18,613,074
	Increase in Leasehold right	(10,129,948)	(23,006,274)	(10,129,948)	(23,006,274)
	Increase in intangible assets	(28,733,846)	(23,355,314)	(28,426,846)	(23,355,314)
	Decrease (Increase) in other non - current assets	488,921,964	(224,968,668)	512,246,619	(224,957,086)
	Net Cash Provide by (Used in) Investing Activities	(7,734,722,089)	1,260,636,435	(7,560,365,713)	1,269,272,487
CASH FLOWS FROM FINANCING ACTIVITIES					
	Increase (Decrease) in bank overdrafts and short-term loans from financial institutions	390,000,000	(320,000,000)	390,000,000	(320,000,000)
	Proceeds from long - term loans	14,354,982,165	-	14,221,182,165	-
	Payment of long - term loans	(10,108,370,172)	(1,366,535,256)	(10,108,370,172)	(1,366,535,256)
	Dividend paid	(335,739,615)	(190,248,930)	(335,739,615)	(190,248,930)
	Dividend payment for preferred stock	(58,140)	-	-	-
	Issued and Paid-up share capital	-	35,000	-	35,000
	Premium on share capital	-	595,000	-	595,000
	Issuance of subsidiary's share capital	33,780,200	-	-	-
	Premium on share capital of subsidiary	26,601,750	-	-	-
	Net Cash Provided by (Used in) Financing Activities	4,361,196,188	(1,876,154,186)	4,167,072,378	(1,876,154,186)
	INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS - NET	(4,767,754,132)	3,744,824,561	(4,593,045,369)	3,489,028,616
	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	6,450,064,228	2,705,239,667	6,088,212,621	2,599,184,005
	CASH AND CASH EQUIVALENTS, END OF PERIOD	1,682,310,096	6,450,064,228	1,495,167,252	6,088,212,621

The accompanying notes to financial statements are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED December 31, 2008

1. GENERAL INFORMATION

1.1 General matter

The Company was incorporated as a limited company under the Civil and Commercial Code on November 8, 1984, and changed its status to a Public Company Limited under the Public Company Limited Act on April 23, 1993. The address of the head office is 210 Moo 1, Soi Sukhumvit 64, Sukhumvit Road, Bangchak, Phakanong, Bangkok.

The Company operates in Thailand and the main business is operating an oil refinery and marketing the finished products through its service stations under its company's brand. The Company's oil market includes consumers in various sectors, such as transportation, aviation, shipping, construction, industrial and agriculture. The sale of oil is also made through the major and the minor oil traders.

As at December 31, 2008 and 2007, the company employed 898 and 864 employees respectively and the employees related expenses were Baht 762.49 million and Baht 663.82 million respectively.

The Bangchak Green Net Co., Ltd., a subsidiary company, was incorporated as a limited company under the Civil and Commercial Code on July 13, 1993. Its head office address is 210 Moo 1, Soi Sukhumvit 64, Sukhumvit Road, Bangchak, Phakanong, Bangkok. The Company operates in Thailand with its main business being the running of the Bangchak service stations and the consumer goods retail shops under the Lemon Green and the Bi-Chak brand. It also provides other services to accommodate future expansion in the retail business. As at December 31, 2008 and 2007, the company employed 1,919 and 1,837 employees respectively and the employee related expenses were Baht 231.56 million and Baht 209.71 million respectively.

The Bangchak Biofuel Co., Ltd., a subsidiary company, was incorporated as a limited company under the Civil and Commercial Code on March 12, 2008. Its head office address is 210 Moo 1, Soi Sukhumvit 64, Sukhumvit Road, Bangchak, Phakanong, Bangkok. The Company operates in Thailand with its main business being producing and distributing of biodiesel. The subsidiary is in the planed process of construction of a biodiesel plant.

1.2 Related parties

Enterprises that directly, or indirectly through one or more intermediaries control, or are under common control of the Company are as follows:

Name	Type of business	Relationship	Share holding (%)
<u>Subsidiaries</u> :			
- The Bangchak Green Net Co., Ltd.	Manage BCP service station and consumer goods retailer	Share holding and joint directors	49.00%
- The Bangchak Green Line Co., Ltd.	Fuel transportation. (Company is in self liquidation process)	Indirect holding and joint directors	49.00%
- The Bangchak Biofuel Co., Ltd. *	Biodiesel	Share holding and joint directors	70.00%
<u>Related companies</u> :			
- PTT Public Company Limited.	Petroleum business	Company's share holder and joint directors	-
- Fuel Pipeline Transportation Ltd.	Fuel pipeline transportation	Share holding and joint directors	11.41%
- Thai Oil Public Company Limited.	Oil refinery	Related company of PTT	-
- PTT Aromatics and Refining Public Company Limited	Petrochemicals and Refining	Related company of PTT	-
- Thai Lube Base Public Co., Ltd.	Lubrication base refinery	Related company of PTT	-
- IRPC Public Company Limited.	Petrochemicals	Related company of PTT	-
- IRPC Oil Company Limited.	Refined Petroleum business	Related company of PTT	-
- NPC Safety and Environmental Service Co., Ltd.	Safety and Environmental business	Related company of PTT	-

Name	Type of business	Relationship	Share holding (%)
- Thai Oleochemicals Co., Ltd.	Petrochemicals	Related company of PTT	-
- PTT ICT Solutions Co., Ltd.	Factory maintenance and technology service	Related company of PTT	-
- PTT Utility Co., Ltd.	Generation and supply of electricity steam and water for industry	Related company of PTT	-
- ASEAN Potash Mining Public Company Limited	Potash Mining, Produce and Distribute Potassium Chloride fertilizer	Share holding	6.56%

The Bangchak Green Net Co., Ltd. did not include The Bangchak Green Line Co., Ltd. in its consolidated financial statements as The Bangchak Green Line Co., Ltd. has been in the process of self-liquidation and the investment in The Bangchak Green Line Co., Ltd. was written-off.

* Registered on March 12, 2008 with 2,815,000 shares, registration at par value Baht 100 per share. As of December 31, 2008 it has call partial share at par value Baht 40 per share. The share premium amounting to Baht 26.60 million is occurred by the share payment of the minority shareholder. For preparation of consolidated financial statements, the Company stated the proportional share of the premium amount of Baht 18.62 million in "the premium on share capital of subsidiary of the Company" which present in the shareholder's equities.

2. **BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

The consolidated and the separate financial statements are prepared in accordance with the generally accepted accounting standards and presented in brief in accordance with the Department of Business Development announcement on September 14, 2001.

The company's consolidated financial statements incorporate the financial statements of The Bangchak Petroleum Public Company Limited, The Bangchak Green Net Co., Ltd., and The Bangchak Biofuel Co., Ltd., in which the company holds 49% share and 70% share, respectively. For the purpose of the consolidation, all significant intercompany transactions and all intercompany account balances have been eliminated.

For the convenience of users, an English translation of the consolidated and the separate financial statements has been prepared from the statutory financial statements that were issued in Thai language.

The consolidated and the separate financial statements have been prepared under the historical cost convention.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies for preparing the consolidated and separate financial statements are as follow;

3.1 **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and at banks and deposits at banks and financial institutions, which are due within 3 months.

3.2 **Allowance for Doubtful Accounts**

The allowance for doubtful accounts is set-up based on debts deemed uncollectible from debtors as judged from the current status of each account receivable. The bad debt occurred will be realized as selling and administrative expenses in the income statement which is included

3.3 **Inventories**

Inventories consist of Finished petroleum products, Crude oil, Lubrication oils and Consumer goods.

Inventories are stated at the lower of cost determined by weighted average or net realizable value.

3.4 **Materials and Supplies**

Materials and supplies are stated at cost determined by the weighted average less allowance for deterioration of materials and supplies.

3.5 Investments in Subsidiaries

Investments in subsidiaries, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All inter-company transactions, balances and unrealized gains (losses) on transactions between group companies have been eliminated.

Investments in subsidiaries (in the Company's financial statements) are stated at the cost method.

3.6 Other Long-Term Investments

Investments in non-marketable securities are treated as general investment and presented at cost less allowance for impairment of investment.

Investments in debt securities held-to-maturity are presented at amortized cost. The difference between cost and redemption value of an investment in debt securities is amortized by straight line over the remaining period of the investment, which is credited or changed to interest income and is added to or subtracted from the carrying amount of the securities.

3.7 Property, Plant and Equipment

Property, plant and equipment are presented by cost model net of the accumulated depreciation and the allowance for assets impairment.

The Company revalues assets every five years by an independent appraiser for machinery, equipment and refinery plants and platinum catalyst. The machinery, equipment and refinery plants comprised of boat piers, machinery and equipment in the refinery. The mentioned assets are presented based on Depreciated Replacement Cost approach less the accumulated depreciation and recorded the incremental value of the assets in "Machinery, equipment and refinery plants and platinum catalyst – Revalued." The excess of share capital from revaluation is presented under the Shareholders' Equity as "Surplus on fixed assets revaluation". Depreciation is calculated from the initial cost (Cost Model) and recorded in the statement of income. Depreciation of the revalued assets is deducted from "Surplus on fixed assets revaluation" under the Shareholders' Equity which complies with the announcement no. 25/2549 of The Federation of Accounting Professions.

Should the assets revalued be lower than their initial cost, the reduced value is charged against the surplus on fixed assets revaluation until that amount is fully depleted before booking the remaining value as expense in the profit and loss for that same accounting period.

Depreciation of buildings, machinery and equipment are computed on a straight-line method based on the estimated useful life of the assets. The details of which are as follows: -

Type of Assets	No. of Year
Building	20
Machinery, equipment and refinery plants	30
Equipment	5-20
Vehicle	5

Equipment with value of not over Baht 10,000 each and service station asset costing less than Baht 1,000 each are booked as expense in the period of purchase.

Expenditures on repairs or maintenance of buildings, machinery and equipment which extend the useful life of such assets or increase their capacity are recorded as capital expenditure. Whereas the maintenance and repair costs of buildings, machinery and equipment to have them perform to the standard level initially assessed are booked as expense in the period they occurred.

3.8 Borrowing Cost

Interest expenses incurred from loan, especially used for the construction of fixed assets, are booked as cost of assets until the assets are ready for their intended use. Such interest expenses are derived from the total amount of interests paid less the revenue earned from the loan temporary used as short-term investments.

Interest expense on loan for general purposes but partly used for the construction of fixed assets are capitalized. The capitalization of such interest is computed by multiplying the interest rate against the average assets costs during construction. Upon completion of the construction project, the interest cost is booked to expense.

3.9 Leasehold rights

Leasehold rights are the rights obtained from the land lease contracts, which are amortized on a straight-line method over the contractual period.

Leasehold rights are presented at cost deducted by accumulated amortization.

3.10 Intangible Assets

Intangible assets are license and development costs of computer software cover expenditures to enhance future economic benefit to the company of more than one year. They are amortized within five years on a straight-line basis.

License and development costs of computer software are presented at cost deducted by accumulated amortization.

3.11 Impairment of assets

The Company reviews the impairment of assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount. The Company will consider the impairment for each asset item or each asset unit generating cash flows, whichever is practical.

The Company recognizes an impairment loss in the income statements whenever the carrying value of an asset exceeds its recoverable amount. The Company will reverse the impairment loss to other income whenever there is any indication that the impairment loss recognized may no longer exist or may have decreased.

3.12 Foreign Currencies

Foreign currency transactions are converted into Baht at the exchange rate on the date the transactions occur. The assets and liabilities in foreign currencies at the ending period are translated into Baht using the exchange rate as announced by the Bank of Thailand. Differences from foreign exchange translations are totally booked as income or expense.

Gains or losses resulting from debt repayment during the year are recorded as income or expense.

3.13 Financial Instruments

Forward Foreign Exchange Contracts

Forward foreign exchange contracts protect the Company from movements in exchange rates by establishing the rates at which foreign currency assets will be realized or foreign currency liabilities will be settled. Forward foreign exchange contracts are recognized in the financial statements on inception. The premium or discount on the establishment of each agreement is amortized on a straight-line method over the contract period.

Interest Rate Swap contracts

Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans.

Crude and Product Oil Price Hedging Contract

Selling and buying forward crude and product oil contracts are made to reduce the risk of changes in the oil price. The Company records the difference between the oil price in the contract and market price as income or expense when transactions occur.

3.14 Deferred Revenue

Deferred revenue, which represents the advance income from the lease of equipment and others, are amortized over the term of the contract.

3.15 Pension Fund Reserve

A reserve is established for pension fund to qualified employees who have worked with the Company for five years or over at the full amount of the entitled pension at the end of each accounting year.

3.16 Legal Reserve

The Company sets up the appropriation for a legal reserve of at least 5% of its net profit, less accumulated deficit brought forward (if any), until the reserve is not less than 10% of the authorized share capital.

3.17 Registered Provident Fund

The Company established a contributory provident covering substantially all employees. Members are required to make monthly contribution to the fund at either 5% or 10% of the members' salaries depending on their choice and the Company is required to make monthly contribution at the same rate.

3.18 Sales Revenue

Sales are recognized as revenue when delivery of goods has occurred.

Income from operating right

Income from operating right is recognized in accordance with the substance of the contract.

Interest income

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

3.19 Income Taxes

Income taxes consist of Currents taxes and Deferred Income Taxes.

Current Taxes

Current Taxes are based on the results of the company and are calculated according to the Revenue Code.

Deferred Income Tax

The Company calculates the deferred income tax from the temporary differences between the net book value of the assets and their tax base value in accordance with the International Accounting Standards No.12, "Income Taxes" (IAS No.12).

The temporary differences arise from the allowance for doubtful accounts, pension fund reserve, and accumulated depreciation of equipment.

3.20 Earnings per Share

Earnings per share is calculated from the net profit (loss) divided by the weighted average of issued and paid-up share capital.

Diluted earnings per share is calculated by dividing net earnings for the year, after adjusting the effect of transactions relating to dilute potential ordinary shares, by the total sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares to be issued for conversion of all diluted potential ordinary shares into ordinary shares.

4. RELATED PARTY TRANSACTIONS

The Company had certain accounting transactions with its subsidiaries and related companies which were considered normal business practice. The transactions were based on the general market price and in cases where market price was not available, the contract price was used.

Balance of assets, liabilities, account and trading transactions with subsidiaries and related companies as at December 31, 2008 and December 31, 2007 are as follows:

4.1 Trade accounts receivable – related parties

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
<u>Subsidiaries</u>				
- The Bangchak Green Net Co., Ltd.	-	-	361.43	597.04
- The Bangchak Biofuel Co., Ltd.	-	-	0.57	-
<u>Related Companies</u>				
- PTT Public Company Limited.	199.89	115.29	199.89	115.29
- Fuel Pipeline Transportation Ltd.	0.32	0.32	0.32	0.32
Total accounts receivable - related parties net	200.21	115.61	562.21	712.65

4.2 Investments in subsidiary

Name	Type of Business	Authorized Share capital (Million Baht)	Holding %	Million Baht		
				Separate Financial Statements		
				December 31, 2008		
				Cost Method	Net Book Value	Dividend
<u>Subsidiaries :</u>						
The Bangchak Green Net Co., Ltd.	Holding and joint directors	1	49.00%	0.49	(15.67)	20.09
The Bangchak Biofuel Co., Ltd.	Holding and joint directors	281.50	70.00%	78.82	90.15	-
Total				79.31		

Name	Type of Business	Authorized Share capital (Million Baht)	Holding %	Million Baht		
				Separate Financial Statement		
				December 31, 2007		
				Investments		
				Cost Method	Net Book Value	Dividend
<u>Subsidiaries :</u>						
The Bangchak Green Net Co., Ltd.	Holding and joint directors	1	49.00%	0.49	27.84	-

4.3 Trade accounts payable – related parties

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
<u>Subsidiaries</u>				
- The Bangchak Green Net Co., Ltd.	-	-	2.04	2.01
<u>Related Companies</u>				
- PTT Public Company Limited.	3,544.33	6,319.29	3,544.33	6,319.29
- The Related Companies of PTT	297.34	1,846.66	297.34	1,846.66
Total Accounts Payable - related parties	3,841.67	8,165.95	3,843.71	8,167.96

4.4 Other payable – related parties

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
<u>Related Companies</u>				
- The Related Companies of PTT	-	0.05	-	0.05
- Fuel Pipeline Transportation Ltd.	12.68	9.20	12.68	9.20
Total Other Payable - related parties	12.68	9.25	12.68	9.25

4.5 Transactions with related parties

Transactions with related parties for period ended December 31, 2008 and 2007 are as follows:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Revenue from sales of oil	8,809.75	4,232.60	26,020.64	17,575.79
Revenue from operating right	-	-	83.35	73.83
Other Revenue	83.21	50.35	109.41	65.19
Cost of pipeline transportation	105.25	86.56	105.25	86.56
Crude and Product purchase	102,491.38	72,350.53	102,491.38	72,350.53
Terminal service and others	67.24	56.91	67.24	56.91

Transfer pricing with the related parties does not differ from unrelated parties.

5. CASH AND CASH EQUIVALENTS

As at December 31, 2008 and December 31, 2007 Cash and cash equivalents consisted of:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Cash and deposits at Banks *	1,682.31	6,450.06	1,495.17	6,088.21
Cash and cash equivalents	1,682.31	6,450.06	1,495.17	6,088.21

* Included Banks deposits for PQI project as at December 31, 2008 and December 31, 2007 amounting to Baht 187.33 million and 2,918.16 million.

6. SHORT TERM INVESTMENTS

As at December 31, 2008 and December 31, 2007, trade accounts receivable consisted of:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Fixed deposit	47.72	288.02	-	241.01
Bills of Exchange	600.00	-	600.00	-
Short term investments	647.72	288.02	600.00	241.01

In December 2008, the Company invested in short-term bills of exchange with a financial institution amounting to Baht 600 million, with interest rate 2.65% – 2.70% per annum.

7. TRADE ACCOUNTS RECEIVABLE – OTHER PARTIES - NET

As at December 31, 2008 and December 31, 2007, Trade accounts receivable consist of:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Trade accounts receivable - other parties	3,979.47	5,378.62	3,966.52	5,357.31
<u>Less</u> : Allowance for doubtful accounts	<u>(81.66)</u>	<u>(92.06)</u>	<u>(78.96)</u>	<u>(89.04)</u>
Trade accounts receivable - other parties - net	3,897.81	5,286.56	3,887.56	5,268.27

As at December 31, 2008 and December 31, 2007, the overdue trade accounts receivable are classified by aging as follows:

	Million Baht	
	2008	2007
Over 3 months to 6 months	2.19	36.86
Over 6 months to 12 months	0.15	0.41
Over 12 months	85.91	55.42
Total	88.25	92.69

8. INVENTORIES - NET

As at December 31, 2008 and December 31, 2007, Inventories consist of :

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Crude oil	4,023.54	6,783.24	4,023.54	6,783.24
Finished oil products	2,788.69	4,196.74	2,661.93	3,961.16
Consumer products	53.85	51.01	-	-
<u>Less</u> : Inventories write down	<u>(948.22)</u>	<u>-</u>	<u>(942.16)</u>	<u>-</u>
<u>Less</u> : Allowance for devaluation	<u>(1.37)</u>	<u>(1.64)</u>	<u>-</u>	<u>-</u>
Inventories – net	5,916.49	11,029.35	5,743.31	10,744.40

Inventories as at December 31, 2008 and December 31, 2007, are included petroleum legal reserve of 326.51 million litres approximated value at Baht 4,928.41 million and 331.09 million litres approximated value at Baht 6,135.06 million respectively.

9. MATERIALS AND SUPPLIES - NET

As at December 31, 2008 and December 31, 2007, Materials and supplies consist of:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Materials and supplies	320.57	346.66	320.57	346.66
Less : Allowance for obsolescence	(10.30)	(10.33)	(10.30)	(10.33)
Material and supplies - net	310.27	336.33	310.27	336.33

10. OTHER CURRENT ASSETS – OTHERS

As at December 31, 2008 and December 31, 2007, other current assets consist of:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Accounts receivable -Hedging contract	27.07	18.31	27.07	18.31
Value added tax	-	69.04	-	69.04
Corporate Income Tax	1,143.15	-	1,126.33	-
Others	163.29	74.73	135.19	60.88
Total	1,333.51	162.08	1,288.59	148.23

CORPORATE INCOME TAX

Due to the declining situation of oil price in the 3rd and 4th quarter of 2008, the Company and its subsidiary have loss from the operation, which cause the Company and its subsidiary not to pay the current taxes. The Company and its subsidiary will be refunded the half year paid tax, which are calculated based on the profit during January to June 2008 and withholding tax amounting to Baht 1,126.33 million and Baht 16.82 million respectively from the Revenue Department.

11. OTHER LONG-TERM INVESTMENTS

As at December 31, 2008 and December 31, 2007, Other long-term investments consist of :

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
<u>Investments in capital paper</u>				
- Fuel Pipeline Transportation Ltd.	181.75	181.75	181.75	181.75
Less : Allowance for impairment	(181.75)	(181.75)	(181.75)	(181.75)
- MFC Energy Fund	73.29	8.49	73.29	8.49
- ASEAN Potash Mining Public Company Limited	80.00	-	80.00	-
Investment in capital paper – net	153.29	8.49	153.29	8.49
<u>Investments in commercial paper</u>				
- The Express way Authority of Thailand's bond	0.90	0.90	-	-
- The Government bond	3.00	3.00	3.00	3.00
Less Discount on investments	(0.03)	(0.05)	(0.03)	(0.05)
Total Investments in commercial paper - net	3.87	3.85	2.97	2.95
Total other long-term investments	157.16	12.34	156.26	11.44

On October 25, 2005, the Company invested in The Government's bond, B.E. 2547 no.4 with 5 years duration, amounting to Baht 2,917,337.43. The total 3,000 units bond, which face value Baht 1,000 per unit and stated interest rate at 4.25% per annum payable twice per year in February and August, was registered on August 13, 2006. The discounted amount of Baht 82,662.57 on the stated value will be amortized by straight-line method spreading over the duration period. During the nine-month period ended December 31, 2008, the Company amortized the discount to be income amounting to Baht 17,102.64.

On August 3, 2007, the Company invested in MFC Energy Fund, a redeemable special open-end mutual fund established for institutional investors, for a total committed purchase amount of Baht 200 million at a unit price of Baht 10. The first payment was called for Baht 100 million which the Company paid for its proportion at 10.22%, amounting to Baht 10.22 million. The Company has, according to the investment agreement, sold 0.17 million investment units at Baht 10 per unit amounting to Baht 1.73 million on December 12, 2007 and 0.035 million investment units at Baht 10 per unit amounting to Baht 0.35 million on May 6, 2008 respectively.

In the 3rd and 4th quarter of 2008, the Company has made the 2nd and 3rd payment for the 32.57 million investment units at a unit price of Baht 10 amounting to Baht 65.15 million. As a result, the investment of the Company as at December 31, 2008 equaled to 8.14%, amounting to Baht 73.29 million.

On August 27, 2008, the Company has invested in ASEAN Potash Mining Public Company Limited amounting to Baht 80 million for an investment proportion of 6.56%.

12. TARIFF PREPAYMENT - NET

The Company has provided financial support to the Fuel Pipeline Transportation Ltd. (FPT) in the form of advance payment of fuel transportation fee (Tariff Prepayment) as per the written agreement dated June 14, 1996. Subsequently, the Company, together with the other FPT creditors agreed on March 3, 1999 to restructure the FPT loan. Prior to the loan restructure, the amount owed to the Company as Tariff Prepayment was Baht 245.80 million, of this, Baht 48.75 million was converted to capital stock (preferred stock) on April 30, 1999, leaving the balance of loan as Baht 197.05 million. The loan shall be repaid in accordance with FPT's cash flow while the interest on the tariff prepayment and the custody fee (difference in interest rate MLR-2%) will be paid on a monthly basis. It turned out that FPT was able to repay some parts of the loan and due to financial difficulties it could not comply with the agreed terms. Hence, an amendment to the original agreement was made on March 28, 2002. Under the revised agreement, the remaining loan principle of Baht 187.29 million will be repaid on a monthly basis over a total number 153 periods, with the first payment made on April 30, 2002. The interest rate will be based on MLR with relaxation of 1% per annum starting from March 29, 2002. The difference in the interest shall be established as a receivable in a suspense account which will be written-off if FPT fulfill the agreement, without default, over a three-year consecutive period.

The financial statements as at December 31, 2008 and December 31, 2007 show a prepaid tariff - net as follows:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Prepaid tariff	127.63	139.28	127.63	139.28
<u>Less</u> Allowance for doubtful debt	(107.73)	(129.52)	(107.73)	(129.52)
Prepaid tariff - net	19.90	9.76	19.90	9.76

The difference in the interest rates, which is pending in the suspense account, has been written-off as follows:

	Million Baht
In 2004, it wrote-off the interest receivable set-up for the year 2001	21.38
In 2005, it wrote-off the interest receivable set-up for the year 2002	10.67
In 2006, it wrote-off the interest receivable set-up for the year 2003	9.40
In 2007, it wrote-off the interest receivable set-up for the year 2004	8.06
In 2008, it wrote-off the interest receivable set-up for the year 2005	7.75
Total	57.26

The Company will consider the write-off of the interest receivable, pending in the suspense account during January 1, 2006 to December 31, 2008 amounting Baht 26.66 million, annually. The allowance for doubtful debt for the interest receivable has been fully provided.

13. PROPERTY, PLANT AND EQUIPMENT - NET

	Million Baht							
	Consolidated Financial Statements							
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	Total
Cost / Revaluation								
At January 1, 2008	1,368.64	527.71	24,592.52	3,742.29	273.10	127.90	5,182.97	35,815.13
Additions	-	-	-	3.52	-	3.28	7,554.66	7,554.66
Borrowing Cost	-	-	-	-	-	-	270.46	270.46
Disposals	-	(1.29)	(202.12)	(61.05)	-	(17.30)	(71.40)	(350.96)
Reclassification	0.40	4.01	260.15	106.98	30.86	14.54	(253.57)	167.97
At December 31, 2008	1,369.04	530.43	24,650.55	3,791.74	303.96	128.42	12,683.12	43,457.26
Accumulated depreciation :								
At January 1, 2008	-	(344.89)	(14,244.09)	(2,078.82)	-	(100.50)	-	(16,768.30)
Additions	-	(16.69)	(799.41)	(227.39)	-	(13.69)	-	(1,057.18)
Disposals	-	1.11	157.86	46.85	-	17.28	-	223.10
Reclassification	-	-	-	(2.48)	-	-	-	(2.48)
At December 31, 2008	-	(360.47)	(14,885.64)	(2,261.84)	-	(96.91)	-	(17,604.86)
Allowance for impairment								
At January 1, 2008	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
Reversal of loss on impairment of assets	28.55	-	-	(11.48)	-	-	-	17.07
At December 31, 2008	(539.95)	-	(0.56)	(76.95)	-	-	-	(617.46)
Property, plant and equipment - net								
At January 1, 2008	800.14	182.82	10,347.87	1,598.00	273.10	27.40	5,182.97	18,412.30
At December 31, 2008	829.09	169.96	9,764.35	1,452.95	303.96	31.51	12,683.12	25,234.94
Depreciation included in income statements for the :								
Year ended December 31, 2007								642.13
Year ended December 31, 2008								659.94
Property, plant and equipment are classified by cost and revaluation								
Cost								
At December 31, 2007	1,368.64	527.71	13,390.18	3,742.29	134.58	127.90	5,182.97	24,474.27
Add (Less) : Reclassification	0.40	2.72	146.87	49.45	30.86	0.52	7,500.15	7,730.97
Less : Accumulated depreciation	-	(360.47)	(8,490.09)	(2,261.84)	-	(96.91)	-	(11,209.31)
Less : Allowance for impairment	(539.95)	-	(0.56)	(76.95)	-	-	-	(617.46)
At December 31, 2008	829.09	169.96	5,046.40	1,452.95	165.44	31.51	12,683.12	20,378.47
Revaluation								
At December 31, 2007	-	-	11,202.34	-	138.52	-	-	11,340.86
Add(Less) : Changing in appraisal surplus	-	-	(88.83)	-	-	-	-	(88.83)
Less : Accumulated depreciation	-	-	(6,395.56)	-	-	-	-	(6,395.56)
At December 31, 2008	-	-	4,717.95	-	138.52	-	-	4,856.47
Property, plant and equipment - net								
At December 31, 2008	829.09	169.96	9,764.35	1,452.95	303.96	31.51	12,683.12	25,234.94

Million Baht								
Separate Financial Statements								
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	Total
Cost / Revaluation								
At January 1, 2008	1,368.64	527.71	24,592.52	3,702.23	273.10	122.84	5,182.97	35,770.01
Additions	-	-	-	-	-	-	7,554.66	7,554.66
Borrowing Cost	-	-	-	-	-	-	270.46	270.46
Disposals	(45.48)	(1.29)	(202.12)	(58.58)	-	(16.97)	(71.40)	(395.84)
Reclassification	-	4.01	260.15	106.98	30.86	14.54	(412.57)	3.97
At December 31, 2008	1,323.16	530.43	24,650.55	3,750.63	303.96	120.41	12,524.12	43,203.26
Accumulated depreciation :								
At January 1, 2008	-	(344.89)	(14,244.09)	(2,042.31)	-	(96.97)	-	(16,728.26)
Additions	-	(16.89)	(799.41)	(225.73)	-	(12.72)	-	(1,054.55)
Disposals	-	1.11	157.86	44.40	-	16.96	-	220.33
Reclassification	-	-	-	(2.48)	-	-	-	(2.48)
At December 31, 2008	-	(360.47)	(14,885.64)	(2,226.12)	-	(92.73)	-	(17,564.96)
Allowance for impairment								
At January 1, 2008	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
Reversal of loss on impairment of assets	28.55	-	-	(11.48)	-	-	-	17.07
At December 31, 2008	(539.95)	-	(0.56)	(76.95)	-	-	-	(617.46)
Property, plant and equipment - net								
At January 1, 2008	800.14	182.82	10,347.87	1,594.45	273.10	25.87	5,182.97	18,407.22
At December 31, 2008	783.21	169.96	9,764.35	1,447.56	303.96	27.68	12,524.12	25,020.84
Depreciation included in income statements for the :								
Year ended December 31, 2007								639.43
Year ended December 31, 2008								657.31
Property, plant and equipment are classified by cost and revaluation								
Cost								
At December 31, 2007	1,368.64	527.71	13,390.18	3,702.23	134.58	122.84	5,182.97	24,429.15
Add (Less) : Reclassification	(45.48)	2.72	146.87	48.40	30.86	(2.43)	7,341.15	7,522.09
Less : Accumulated depreciation	-	(360.47)	(8,490.09)	(2,226.12)	-	(92.73)	-	(11,169.41)
Less : Allowance for impairment	(539.95)	-	(0.56)	(76.95)	-	-	-	(617.46)
At December 31, 2008	783.21	169.96	5,046.40	1,447.56	165.44	27.68	12,524.12	20,164.37
Revaluation								
At December 31, 2007	-	-	11,202.34	-	138.52	-	-	11,340.86
Add(Less) : Changing in appraisal surplus	-	-	(88.83)	-	-	-	-	(88.83)
Less : Accumulated depreciation	-	-	(6,395.56)	-	-	-	-	(6,395.56)
At December 31, 2008	-	-	4,717.95	-	138.52	-	-	4,856.47
Property, plant and equipment - net								
At December 31, 2008	783.21	169.96	9,764.35	1,447.56	303.96	27.68	12,524.12	25,020.84

The Company has mortgaged its land, buildings and machinery which the net book value as at December 31, 2008 and December 31, 2007 were Baht 22,247.57 million and Baht 15,948.02 million respectively as collateral with financial institutions for the credit facilities extended to the Company by the financial institutions as mentioned in Note 20.1

Construction in progress is the investment in PQI project which is partially financed by an issuance of new common shares to PTT. The Company has entered into a long term business cooperation agreement with PTT as referred in Notes 29.3.6.

14. LEASEHOLD RIGHT

As at December 31, 2008 and December 31, 2007, Leasehold right consist of:

	Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
<u>Cost :</u>		
At January 1, 2007	2,112.54	2,112.54
Additions	24.69	24.69
Disposals	(5.93)	(5.93)
At December 31, 2007	2,131.30	2,131.30
Additions	9.88	9.88
Disposals	(13.40)	(13.40)
At December 31, 2008	2,127.78	2,127.78
<u>Accumulated amortization :</u>		
At January 1, 2007	(864.16)	(864.16)
Additions	(91.36)	(91.36)
Disposals	4.87	4.87
At December 31, 2007	(950.65)	(950.65)
Additions	(90.89)	(90.89)
Disposals	11.93	11.93
At December 31, 2008	(1,029.61)	(1,029.61)
<u>Allowance for impairment :</u>		
At December 31, 2007	(12.64)	(12.64)
At December 31, 2008	(11.43)	(11.43)
<u>Intangible assets – net :</u>		
At December 31, 2007	1,168.01	1,168.01
At December 31, 2008	1,086.74	1,086.74

On February 27, 2004, The Treasury Department permitted the Company to pay, by installments, the leasehold fee of Baht 551.63 million covering the extension of the lease agreement of state-owned land on which the Company's refinery and the head office are located. The initial lease agreement, which expires on April 1, 2015, will be extended by 18 years under the new lease agreement, which will expire on March 31, 2033. The Company has extended the amortization period of existing leasehold right to March 31, 2033 which corresponding to the period of new agreement. The annually installments of the leasehold fee are as follow;

Period	Million Baht	
	Per annum	Total
The year 2007 – 2009	45.67	137.90
The year 2010 - 2012	61.29	183.88
The year 2013 - 2015	76.62	229.85
		551.63

In addition, The Treasury Department also permitted the Company to utilize the mentioned leasehold right to pledge as security against loan and to place the building structures, including machinery on the leased land as collateral for credit facilities from financial institutions, as referred to in Notes 20.1.

As at December 31, 2008 and December 31, 2007, the balances outstanding in the long-term leasehold right are Baht 460.70 million and Baht 506.86 million respectively.

15. INTANGIBLE ASSETS – NET

Intangible assets comprise of the right to use and the cost of development of computer software.
As at December 31, 2008 and December 31, 2007, Intangible assets consist of:

	Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
<u>Cost :</u>		
At January 1, 2007	123.42	121.35
Additions	23.35	23.35
Disposals	(8.63)	(8.63)
At December 31, 2007	138.14	136.07
Additions	28.85	28.43
Disposals	(3.74)	(3.63)
At December 31, 2008	163.25	160.87
<u>Accumulated amortization :</u>		
At January 1, 2007	(23.62)	(23.51)
Additions	(22.72)	(22.21)
Disposals	7.49	7.49
At December 31, 2007	(38.85)	(38.23)
Additions	(25.58)	(25.13)
Disposals	3.63	3.63
At December 31, 2008	(60.80)	(59.73)
<u>Intangible assets – net :</u>		
At December 31, 2007	99.29	97.84
At December 31, 2008	102.45	101.14

16. INVESTMENT IN SERVICE STATIONS

The investment in service stations is for business expansion and the approach taken by the company varies. For example, the Company invests and grants franchise to others to operate or enter into, a joint venture agreement, or with investment made by the operator and the Company providing support. As at December 31, 2008 and December 31, 2007, the balances outstanding in the investment in service stations account are Baht 269.36 million and Baht 338.03 million respectively. The Company amortized the investment in service stations to expense amounting Baht 53.10 million in this accounting period.

17. INCOME TAX AND DEFERRED INCOME TAX

The Company paid income tax on rates under the Revenue Code as follows:

	Tax rates (%)
- The Company	30
- Subsidiaries	15 – 30

Deferred income tax as at December 31, 2008 and December 31, 2007 are as follows:

	Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Deferred income tax assets		
As at December 31, 2007	131.03	131.03
Pension fund reserve	13.85	13.85
Loss carry forward	332.49	332.49
Other	(3.03)	(3.03)
As at December 31, 2008	474.34	474.34

	Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Deferred income tax liabilities		
As at December 31, 2007	22.90	22.90
Property, Plant and Equipments	(3.27)	(3.27)
As at December 31, 2008	19.63	19.63

18 OTHER NON-CURRENT ASSETS - OTHERS

As at December 31, 2008 and December 31, 2007, other non-current assets consist of:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
18.1 Fixed deposit for staff welfare	222.50	210.42	222.50	210.42
18.2 Deposit for crude and product oil price hedging contract	14.73	410.89	14.73	410.89
18.3 Deferred expenses for the issuance of debentures and long-term loans	210.51	94.20	202.86	94.20
18.4 Deposit for Customs duty	0.05	162.87	0.05	162.87
18.5 Others	82.35	64.31	81.56	61.55
Total	530.14	942.69	521.70	939.93

18.1 Fixed deposit for staff welfare

As at December 31, 2008 and December 31, 2007, the Company has fixed deposit fund in a bank of Baht 222.50 million and Baht 210.42 million respectively with interest rate of 1.0 %.The deposit is maintained to allow employees obtain credit facilities from the mentioned bank.

18.2 Deposit for crude and product oil price hedging contract

The Company made forward contracts with several overseas traders with different amounts of deposit to protect against risk from the fluctuation of crude and product oil prices. Some traders request the Company to pledge initial deposit as per the initial agreement or even more afterwards in cases where the market price deviates in the direction which the Company loses and has to settle the balance. The traders preserve the right to request the Company to transfer deposit in the similar amount that the Company has to settle in each day. The traders commit to pay interest in the agreed rate for the deposit. Vice versa, in case that the market price deviates in the direction which the Company gains, the Company preserves the right to request the traders to transfer partial or all of the deposits to the Company.

18.3 Deferred expenses for the issuance of debentures and long-term loans

In January 2004, the Company issued Baht 4,000 million convertible debentures and in February 2004, the Company entered a loan contract with Krung Thai Bank Public Company Limited for a Baht 12,500 million credit line. The Company paid fees for the issuance of convertible debentures, expenses for the loans and other expenses in the amount of Baht 157.13 million. On May, 2006, The Company issued Baht 585.60 million of convertible into common stock, subordinated registered debentures. The Company paid fees for into the issuance of convertible debentures, expense for the loans and other expense in the amount of Baht 2.63 million. This was recorded as deferred expenses for the issuance of debentures and long-term loans and amortized using the straight line accounting method based on the loan life.

In July 2008, the Company cancelled the loan agreement with Krung Thai Bank (Public) Company Limited and the loan for PQI Project and entered into a new long-term loan agreement for a total amount of Baht 16,500 million with 4 local banks. The total expense relating to the new loan arrangement of Baht 129.87 million was recorded as deferred charge and amortized using the straight line accounting method based on the loan life.

For the period ended December 31, 2008 the expense relating to the new loan, deferred expenses for the issuance of debentures and deferred expenses for the issuance of the former long - term loans had been amortized in amounting to Baht 84.14 million.

19. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2008 and December 31, 2007, Bank overdrafts and Short-term loans from financial institutions consist of :

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Short-term loans from financial institutions	970.00	880.00	970.00	880.00
Bill of Exchange	300.00	-	300.00	-
Total	1,270.00	880.00	1,270.00	880.00

Short-term loans from financial institutions are part of the credit facilities covered by collateral as describe in Note 20.1. As at December 31, 2008, the Company has the short-term loan of Baht 970 million bared the interest rate at 6.125 % per annum. As at December 31, 2007, the Company has the short-term loan of Baht 880 million bared the interest rate at 5.875 % per annum

In December 2008 the Company has issued 6 months bill of exchange to a financial institution amount of Baht 300 million, with 4.20% interest rate which mature on June 25, 2009.

20. LONG-TERM LOANS

As at December 31, 2008 and December 31, 2007, Long-term loans consist of:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
20.1 Loans from bank	11,646.33	7,399.72	11,512.53	7,399.72
20.2 Convertible debentures	2,761.55	2,761.55	2,761.55	2,761.55
Total	14,407.88	10,161.27	14,274.08	10,161.27
Less : current portion of long-term loans	(603.50)	(722.50)	(603.50)	(722.50)
Long-term loans	13,804.38	9,438.77	13,670.58	9,438.77

20.1 Loans from bank

On July 2, 2008, the Company has entered into a new syndicate loan agreement with a group of banks comprised of 4 local banks and 2 foreign banks to acquire Baht 23,734 million loans which consist of ;

- Long-term loan facility amounting to Baht 16,500 million for the repayment of the outstanding loans with the Krung Thai Bank Public Company Limited, loans for the PQI Project and loans for part of the construction of EURO IV Project and other projects relating to energy.
- Baht 7,234 million short-term loan for the operation.

There were expenses relating to the new loans acquisition as the following;

1. Fee for loan early retirement and fee for loan facility cancellation of the former loan amounting to Baht 174.79 million were recorded as interest expenses in this period.
2. Amortization of the deferred charge of the former loan facility to interest expenses amounting to Baht 67.69 million.
3. Expenses of the new loans acquisition of Baht 129.87 million were recorded as deferred charge.

The benefits which the company will gain from the new loans are as follow;

1. The extension of repayment period of the loans from 7 years to 9 years and the lower amount of the repayments during the early stage of the loans which increase the liquidity and the opportunity for reinvestment for the Company.
2. Benefit from Interest saving of the new loans which the interest rate was altered from the Minimum Loan Rate (MLR) to Thai Baht Fix rate (THBFIX).
3. Increase of the ability of financial cost risk management of the Company through use of different financial instruments.
4. The Company has pledged its assets such as land, buildings, machinery, equipment and the leasehold right of the state-owned land as the collaterals for the loans. The Company may release the pledged assets 6 months after the PQI Project passes the performance test agreed with the banks. Furthermore, there are conditions that allow the Company to source additional investments or loans for future projects.

The loan agreement contains certain covenants and restrictions pertaining to, the maintenance of a certain debt to equity ratio, debt service coverage ratio and current ratio.

20.2 Convertible debentures

On January 29, 2004, the Company issued 400,000 units of unsecured, convertible into common stock, subordinated registered debentures with holders' names. The instruments have a face value of Baht 10,000 per unit, with a 10-year maturing period and with interest of 3% per annum. The convertible value of the debenture is Baht 14.30 per common stock, subjected to subsequent adjustment of price according to the terms of the exercise of conversion right in the Debentures. The issuance of the convertible debentures form part of the financial restructuring plan, approved by the cabinet on July 8, 2003; in which offerings are made to investing institution in the form of depository receipt against benefits derived from the convertible debentures. The issuance of the depository receipt is made by the Siam DR Co., Ltd. (which is 99% owned by The Stock Exchange of Thailand) on the basis of one depository receipt for one convertible debenture. The Ministry of Finance guarantees the investment and offers to buy back the depository receipts at the initial offered price of Baht 10,000 per unit; as specified under the term, of the depository receipts.

The holders of the depository receipts can exchange them for convertible debentures and convert the debentures into common stock. Such conversion, however, must be done on every 30th day of March, June, September and December of each year. The first conversion commences on June 30, 2004 and ends on September 30, 2013. This is in accordance with the terms and conditions relating to depository receipts and also the convertible debentures.

On May 16, 2006, the Company issued 58,560 units of unsecured, convertible into common stock, subordinated registered debentures with holders' names. The instruments have a face value of Baht 10,000 per unit, with a 10-year maturing period and with interest of 3% per annum. The convertible value of the debenture is Baht 14 per one common stock, subjected to subsequent adjustment of price according to the terms of the exercise of conversion right in the Debentures. The issuance of the convertible debentures offered to PTT Public Co., Ltd. is part of the financing for Product Quality Improvement Project (PQI).

As of December 31, 2008, the convertible debentures holders exercised the right by redeem 182,405 units of convertible debentures, the balance on convertible debentures was 276,155 units.

21. OTHER CURRENT LIABILITIES – OTHERS

As at December 31, 2008 and December 31, 2007, Other current liabilities – others consist of:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Other accounts payable	222.45	143.27	221.86	136.62
Deposit & Retention	612.03	185.10	612.03	185.10
Current portion of long-term debt	60.60	61.96	60.47	61.96
Value Added Tax	82.30	-	82.30	-
Others	119.19	75.11	124.83	72.57
Total	1,096.57	465.44	1,101.49	456.25

22. ISSUED AND PAID – UP SHARE CAPITAL

On May 16, 2006, the Company issued 428,092,940 units of ordinary shares, Par Value of Baht 1.00 per share. Offered price of Baht 14 per share, and have already paid-up in full amount of Baht 5,993,301,160. As at December 31, 2008, the issued and paid-up share capital is amounting to Baht 1,119,132,050.

23. CAPITAL SURPLUS ON REGISTERED AND PAID-UP SHARE REDUCTION

On July 6, 2004, the Company has registered with the Ministry of Commerce, the reduction in the Company's registered share capital from Baht 1,032,761,220 to Baht 843,143,461 and the paid-up share capital from Baht 753,040,940 to Baht 563,423,181. These changes were due to the reduction of 189,617,759 shares held by the Siam DR Co., Ltd. so as to be consistent with the number of "Depository Receipts of BCP's Ordinary Shares (DR)" which were issued and offered by the Siam DR Co., Ltd. The Company received consent from the Siam DR Co., Ltd. for reducing the mentioned number of shares without capital payback. The Company also received approval to transfer the proceeds from the said share reduction of Baht 189,617,759 to the account, Capital Surplus on Registered and Paid-Up Share Reduction.

24. WARRANTS

24.1 On August 25, 2004, the Company allotted, free of charge, 24 million units of warrants for the purchase of Ordinary Shares by the Company's director, management and employees and The Bangchak Green Net Co., Ltd. (ESOP) and people to whom buying rights have been transferred.

The warrant has a 5-year duration and is exercisable on a quarterly basis at one warrant per one ordinary share, at the price of Baht 5 per share. The conditions are as follows.

24.1.1 45% of the total allotted warrants is exercisable on the first year duration when the closing price of the Depository Receipts of BCP's Ordinary Shares (DRs), or the closing price of the Ordinary Shares, in case there are no DRs, is at Baht 21 or higher, over a continuous period of 5 days.

24.1.2 25% of the total allotted warrants is exercisable on the second year duration when the closing price of the Depository Receipts of BCP's Ordinary Shares (DRs), or the closing price of the Ordinary Shares, in case there are no DRs, is at Baht 23 or higher, over a continuous period of 5 days.

24.1.3 30% of the total allotted warrants is exercisable on the third year duration when the closing price of the Depository Receipts of BCP's Ordinary Shares (DRs), or the closing price of the Ordinary Shares, in case there are no DRs, is at Baht 25 or higher, over a continuous period of 5 days.

24.2 On May 15, 2006, the Company issued 69,092,486 units of no offering price warrants for the purchase of Ordinary Shares to the Company's existing shareholders whose names are in the share register book as at the closing date of the share register book, which is on April 20, 2006. The allocation ratio of the existing shares to the new warrants is 10 existing shares for 1 unit of warrant, Term of Warrants 5 years, exercised price Baht 18.00 per share, exercised ratio 1 warrant : 1 ordinary share (the exercised price and exercised ratio may be changed in accordance with the conditions for adjustment of rights)The warrant holders are able to exercise the warrants on the last business day of March, June, September, and December throughout the term of the warrants. The first exercise date shall be September 30, 2006, and the last exercise date shall be at the end of term of warrants, which is on May 14, 2011.

As of December 31, 2008, the warrants (BCP-W1) holders exercised the right by redeem 60,000 warrants, the balance of the warrants (BCP-W1) was 69,032,486 warrants.

25. SALES

Sales revenue for the period ended December 31, 2008 and 2007 are as follows:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Sales revenue from fuel products	129,001.71	94,933.86	127,930.24	94,014.38
Income from investment charge	39.85	45.53	123.19	119.36
Total	129,041.56	94,979.39	128,053.43	94,133.74

26. GAIN (LOSS) FROM FOREIGN EXCHANGE

Gain (loss) from foreign exchange for the period ended December 31, 2008 and 2007 are as follows:

	Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
Realized gain (loss) from foreign exchange fluctuations	(181.22)	(13.47)	(181.22)	(13.47)
Unrealized gain(loss) from foreign exchange fluctuations	13.08	(33.53)	13.08	(33.53)
Total	(168.14)	(47.00)	(168.14)	(47.00)

27. INTEREST EXPENSE

Total interest expense for the period ended December 31, 2008 is Baht 1,124.50 million, of which Baht 270.46 million is recorded as cost of work in progress and Baht 854.04 million as expense.

28. EARNINGS PER SHARE

The calculation of basic earnings per share and diluted earnings per share for the period ended December 31, 2008 and 2007 are as follows:

	Million Baht							
	Basic Earnings per Share				Diluted Earnings per Share			
	Consolidated Financial Statements		Separate Financial Statements		Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007	2008	2007	2008	2007
Net income attributable to ordinary shareholders	(750.09)	1,763.76	(689.43)	1,690.80	(750.09)	1,763.76	(689.43)	1,690.80
Adjustment of net income	-	-	-	-	47.78	47.78	47.78	47.78
Net income for the calculation of earning per share	(750.09)	1,763.76	(689.43)	1,690.80	(702.31)	1,811.54	(641.65)	1,738.58
Weighted average number of ordinary shares for the calculation of earnings per share (million shares)	1,119.13	1,119.12	1,119.13	1,119.12	1,313.12	1,313.11	1,313.12	1,313.11
Earnings per share (Baht/ share)	(0.67)	1.58	(0.62)	1.51	(0.67)	1.38	(0.62)	1.32

29. CONTINGENT LIABILITIES AND COMMITMENTS**29.1 Liabilities on guarantees**

As at December 31, 2008, the Company's total liabilities in the form of bank guarantees is amounted to Baht 387.40 million. These guarantees are mainly to cover bank guarantee for Corporate Income Tax refund and electricity usage.

29.2 Litigation

As at December 31, 2008, the Company has litigation as follows:

- 29.2.1 The Company (the fifth defendant) was accused with the Ministry of Finance (the first defendant) for alleged land right transgression and demanding Baht 1,055 million in compensation. The land in question is located at the pier of the Refinery that the Company lodged against the Ministry of Finance. The civil court dismissed the case on April 30, 2003 and now is being appealed with the appeal court.

- 29.2.2 The Company was accused in accompany with the government, PTT and other private sectors, called upon to pay 210 million Baht in compensation for an infringement of the petty patentee's rights as the Patent Act in case of producing and selling biodiesel. Now is being appealed with the court of first instance. The Company's Legal Office has its opinion that the Company will win the case.
- 29.2.3 An international crude oil carrier hired by the Company has claimed to the Company for a damage caused by a crude oil lighter hired by the Company amounting to USD. 0.22 million equivalent to Baht 7.57 million. Presently, the dispute is under the consideration of an arbitrator.

29.3 Commitments

As at December 31, 2008, the Company has commitments as follows:

- 29.3.1 The Company has entered into 14.94 million barrels oil price hedging contracts with foreign oil traders for oil price of period from January 2009 to December 2009.
- 29.3.2 The Company has foreign currency buying forward contracts cover the period to June 2009 amounting to USD. 69.48 million equivalent to Baht 2,393.78 million and selling forward contracts cover the period to December 2009 amounting to USD. 100.81 million equivalent to Baht 3,538.99 million. The Company has a foreign currency buying and selling forward contract with conditions that the Company buy or sell the currency at the specific rates for the amounts not exceeding USD. 69 million in 2009 and USD. 52 million in 2010 respectively.
- 29.3.3 The Company applies the financial instrument to manage the risk for PQI Project as buying forward contracts cover the period to April 2009 amounting to USD. 34.09 million which is equivalent to Baht 1,164.48 million.
- 29.3.4 The Company has entered into an interest rate swap contract for a loan agreement for the Company's operation with a total facility of Baht 3,000 million. The Interest Rate Swap contracts ends on June 30, 2013.
- 29.3.5 The Company has entered into a cross currency swap contract for part of a loan that exchange Baht for US Dollar amounting to US Dollar 200 million. The contract is effective as from January 5, 2009 to June 30, 2013.
- 29.3.6 The Company has entered into subscription agreements with PTT as follows:
- 29.3.6.1 Feedstock Supply Agreement, to enhance the Company's feedstock supply, which PTT will supply crude oil and other feedstocks for the refinery. The agreement has been effective since May 16, 2006 and shall be in effect for an initial period of twelve years after PQI's commercial operation date (COD).
- 29.3.6.2 Product Offtake Agreement, to accommodate the additional production outputs from the PQI project. PTT will purchase 30% of refined petroleum products (not include aviation fuel and fuel oil) from the refinery. This agreement shall be in effect for an initial period of twelve years after PQI's commercial operation date (COD).
- 29.3.6.3 On February 25, 2008, the Company has signed a Head of Agreement of "Cogeneration Project" with PTT which PTT invests in the construction of a cogeneration power plant to generate 19.7 MW of electricity and 90 metric tons per hour of steam to sell to the Company. It is anticipated that the completion of the construction of the power plant and the commencement of its commercial operation will be around mid of 2009.
- 29.3.7 The Company has obligations to pay rental charges of service station lease agreements for the periods as follows:

	<u>Million Baht</u>
Not exceed 1 year	65.93
Over 1 year but not exceed 5 years	256.29
Over 5 years	<u>275.33</u>
Total	<u>597.55</u>

- 29.4 The Company has utilized the tax privilege on the allowance for corporate income tax calculation for its 2006 tax payment which was in accordance with the announcement of the Director General of the Revenue Department regarding the corporate income tax (No. 156) "Criteria, procedures and conditions for the exemption of corporate income tax for the companies that registered its shares in the Stock Exchange of Thailand according to the Securities and Exchange Acts for payments of investment or extension, modification, addition or improvement of assets but not the repair of assets according to Section 65 Tri (5) of the Revenue Codes" which the Company has paid its 2006 corporate income tax about Baht 40 million less than the case that the Company chose not to utilize the tax privilege. The Revenue Department is examining the Company's application for 2006 corporate income tax refund. The Company believes that the utilization of such tax privilege is fully in accordance with the announcement mentioned above.

30. DISCLOSURE FOR FINANCIAL INSTRUMENTS

30.1 Risk from foreign exchange rate

The Company faces the risk in foreign exchange rates as the Company's cost of goods and revenue are tied to US Dollar. The essentially major costs are crude and oil products imported from overseas in US Dollar. The selling price in Thai Baht is derived from the oil product prices in Singapore market in US Dollar multiplied by the exchange rates of US Dollar against Thai Baht on the selling date. To safeguard against risk from the fluctuation of foreign exchange, the Company applies the financial instrument to manage the risk by entering into forward contracts on foreign exchange.

30.2 Risk from interest rate

The interest rate risk depends on the fluctuation of the interest rates in the financial market in the future, which could impact on the Company's operations and its cash flows. However, the Company has applied financial instruments to manage the risk by entering into Interest Rate Swap contracts.

30.3 Risk from product oil price in the global market

Over 90% of the Company's cost is related to oil. The price of crude oil and finished oil products will fluctuate in accordance with the buying and selling price in the global market. The price of crude oil against each purchase is based on the average benchmark price in the month of delivery. Purchases of finished oil products are based on the Singapore market price at the time of delivery. From the time of crude transfers to the sale of finished products to customers takes two to three-month. As such, there is the risk arising from price fluctuation due to the timing difference. There is also the risk in the inventory value at the end of the accounting period being lower than the beginning period. In order to safeguard against such risks, the Company has established a risk management committee to monitor oil purchases, to assess situations and the trend in prices. The committee establishes policies related to oil purchases, inventory level and also the instruments for managing risks in the market. The Company also enters into hedging contracts with oil traders to minimize the risk from price fluctuation.

30.4 Risk from credit term

Credit risk refers to the risk that trade accounts receivable may default in its obligations resulting in a financial loss to the Company. However, since the Company currently sells its products to creditworthy customers and applies systematic credit control procedures on its credit sales approval process, it does not anticipate any material problem in collecting its debts. The concentration of credit risk with respect to trade receivable is limited as company debtors are spread over different type of businesses.

The carrying amount of accounts receivable recorded as shown in the balance sheets, net of a portion of allowance for doubtful debts, represents the maximum exposure to credit risk.

30.5 Fair value

The management believes that the fair value of the Company's financial assets and liabilities does not materially differ from their carrying value.

31. FINANCIAL INFORMATION BY SEGMENT OF BUSINESS

The statements of income of the Company segmented by types of business for the period ended December 31, 2008 are as follows:

	Million Baht			
	Refinery	Marketing	Elimination	Total
Sales	124,954.29	83,516.06	(80,416.92)	128,053.43
Cost of sales	(124,070.17)	(81,107.04)	80,416.92	(124,760.29)
Gross margin	884.12	2,409.02	-	3,293.14
Selling and administrative expenses	(559.77)	(1,364.02)	-	(1,923.79)
Other incomes (expenses)	(1,367.40)	145.71	-	(1,221.69)
Depreciation and amortization	(27.82)	(429.82)	-	(457.64)
EBIT	(1,070.87)	760.89	-	(309.98)
Gain from impairment				15.39
Gain from foreign exchange fluctuations of others				43.52
Interest-net				(794.21)
Income tax				355.85
Loss				(689.43)
EBITDA	(660.70)	1,190.71	-	530.01

The statements of income of the Company segmented by type of business for the period ended December 31, 2007 are as follows:

	Million Baht			Total
	Refinery	Marketing	Elimination	
Sales	92,250.92	66,857.37	(64,974.54)	94,133.75
Cost of sales	(87,964.71)	(65,534.00)	64,974.54	(88,524.17)
Gross margin	4,286.21	1,323.37	-	5,609.58
Selling and administrative expenses	(495.44)	(1,165.89)	-	(1,661.33)
Other incomes (expenses)	(381.07)	51.17	-	(329.90)
Depreciation and amortization	(24.23)	(435.44)	-	(459.67)
EBIT	3,385.47	(226.79)	-	3,158.68
Loss from impairment				(40.53)
Loss from foreign exchange fluctuations of others				(74.82)
Interest-net				(462.20)
Income tax				(890.33)
Net profit				1,690.80
EBITDA	3,768.80	208.65	-	3,977.45

32. Dividends

At the Company's ordinary shareholders' meeting held on April 25, 2008, the shareholders unanimously approved the distribution of cash dividends for the year ended December 31, 2007 at Baht 0.30 per share for 1,119,132,050 ordinary shares, amounting to Baht 335,739,615 and was paid in May 2008.

33. ACCOUNT RECLASSIFICATION

The Company has reclassified certain items in the financial statements for the year ended December 31, 2007 to comply with the financial statements for the nine-month period ended December 31, 2008.

34. THE APPROVAL FOR ISSUE OF THE FINANCIAL STATEMENTS

The interim financial statements have been approved by the designated management to issue on February 16, 2009.