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## Management's Discussion and Analysis for Business Operations

For the three-month period ended September 30, 2011

### 1. Executive Summary

For the Third Quarter of 2011, the Consolidated Financial Statements recorded a net profit of Baht 604 million (EPS = 0.44 Baht per share) which can be summarized in below table

| (Unit: Million Baht)     | Q3<br>2011 | Q3<br>2010 | Q2<br>2011 | % Change<br>YoY | % Change<br>QoQ |
|--------------------------|------------|------------|------------|-----------------|-----------------|
| Sale Revenues            | 39,772     | 33,207     | 42,906     | +19.77%         | -7.30%          |
| Net Profit <sup>1/</sup> | 604        | 504        | 3,021      | +19.84%         | -80.01%         |
| EPS (Baht)               | 0.44       | 0.43       | 2.33       | +2.33%          | -81.12%         |

Note 1) taking out the profit attributed to Non-Controlling interests.

For the Third Quarter of 2011, Net Profit increased by 1.85% from the same period of last year because of higher GRM, inventory gain and GRM hedging. In addition, company also received the indemnity from insurance company according to the Hydro Cracking Unit incident in January, 2011.

Progress summary of investment projects of the Company are as follow.

| Project                                       | Details  | Progress   |
|---|--|--|
| <b>1. Product Quality Improvement Project</b> |  |  |
| 1.1 Gasoline EURO IV Project                  | To improve gasoline quality to meet with the EURO IV standard following the new regulation of the Ministry of Energy which will be legally effective on January 2012 | The project has been successfully completed. It is ready for the test run of the equipment/machine in October 2011 |



| <b>2. Marketing Business Expansion Project</b>                  |  |  |
|---|--|--|
| 2.1 Gasohol Promotion Project                                   | To promote and expand the use of gasohol through the increasing service stations of E20 and E85, including the sales promotion through the gasohol club card           | As of the end of Quarter 3, the Company's sales volume of E20 was around 11.5 million litres per month and sales volume of E85 was around 600,000 litres per month through 420 service stations of E20 and 18 service stations of E85. |
| <b>3. Renewable Energy Development Project</b>                  |  |  |
| 3.1 Solar-cell power generation plant – Solar Farm Phase 1      | Installed capacity of 38 MW consisting of : <ul style="list-style-type: none"> <li>● 8 MW will be sold to the PEA</li> <li>● 30 MW will be sold to the EGAT</li> </ul> | -The Commercial Operation Date (COD) of the 8 MW-installed capacity sold to the PEA on August,5 2011.<br>-The 30 MW-installed capacity is under construction.  |
| 3.2 Ethanol Project<br>(Ubon Bio Ethanol Co., Ltd. /UBE)        | Produce ethanol with the capacity of 400,000 litres per day. It also includes the manufacturing of cassava starch and biogas. The Company holds 21.28% of shares.      | -Under construction which is expected to be completed and start its COD in October 2012.   |
| 3.3 Ethanol Project<br>(Thai Agro Energy Public Co., Ltd. /TAE) | Produce ethanol with capacity of 165,000 litres per day from molasses and 200,000 litres per day from cassava.   | The company has signed the Share Sale and Purchase Agreement with Lanna Resources Plc. in acquiring TAE share. Currently, it is under the commissioning test process.  |

## **2. Oil Price Situation**

An average crude oil prices during the Third Quarter decreased from the second Quarter around 3 \$/bbl. At the beginning of this Quarter, there were two main factors that supported the improvement in oil price. Firstly, there was an approval from European leaders for the second bailout plan of Greece (109 billion Euro) with low interest rate. Secondly, Barclay



Capital had updated WTI and Brent prices forecast to 110 and 115 \$/bbl for 2012 respectively because of the strong economy in Saudi Arabia, China and India which resulted in greater demand.

Thereafter, in early August, prices had decreased around 10\$/bbl due to profit taking. Then it rebounded and fluctuated in downward trend channel until the end of the third Quarter. In addition, investors were concerning over global economic regression after U.S. was downgraded long-term credit rating by Standard and Poor's (S&P), while unemployment rate was currently high at 9.1 percent. These factors had increased the pressure to Federal Reserve (FED) to announce Operation Twist measurement to stimulate the economy. This program included buying \$400Bn of long-term Treasuries and selling of an equal amount of short-term bonds, within three years, which resulted in stronger U.S. dollar and raised pressure to oil price. Furthermore, the concern over European debt crisis, especially in Greece, was also one of the key factors. A Greece default will impact on financial banking in euro zone countries especially France who holds considerable amount of Greece bonds.

However, there was a significant evidence supported price at the end of this Quarter. Germany's parliament had voted to approve legislation expanding the size and scope of the euro-zone rescue fund (EFSF) leading to an increase in Germany's guarantee commitments to 211 billion Euro.

The table of oil prices comparison

Unit: USD/bbl

| Price    | Q3 2011 |        |            | 2010          | 2011          | Changes |         |
|----------|---------|--------|------------|---------------|---------------|---------|---------|
|          | MAX     | MIN    | AVG<br>(A) | AVG Q2<br>(B) | AVG Q1<br>(C) | (A)-(B) | (A)-(C) |
| DB       | 112.79  | 100.05 | 107.01     | 73.97         | 110.57        | +33.04  | -3.56   |
| UNL95/DB | 21.97   | 13.50  | 17.43      | 8.60          | 14.20         | +8.83   | +3.23   |
| GO/DB    | 21.67   | 14.76  | 17.67      | 12.39         | 19.51         | +5.28   | -1.84   |
| IK/DB    | 22.05   | 15.70  | 18.84      | 12.86         | 20.44         | +5.98   | -1.60   |
| FO/DB    | -0.40   | -7.02  | -3.10      | -4.82         | -8.57         | +1.72   | +5.47   |



### 3. Operating Result

#### 3.1 Summary of the Operating Results on consolidated basis

Unit: Million Baht

| Statements of income  | Quarter      |              | Changes<br>+/(-) | Jan – Sep    |              |
|---|--------------|--------------|------------------|--------------|--------------|
|   | Q3/2011      | Q3/2010      |                  | 2011         | 2010         |
| Revenue from sale of goods and rendering of services          | 39,772       | 33,207       | +6,565           | 118,438      | 100,145      |
| Cost of sale of goods and rendering of services               | (38,232)     | (32,148)     | +6,084           | (109,620)    | (96,237)     |
| <b>Gross Profit</b>   | <b>1,540</b> | <b>1,058</b> | <b>+481</b>      | <b>8,818</b> | <b>3,908</b> |
| Gain (loss) from crude and product oil price hedging contract | (15)         | 43           | -58              | (876)        | 217          |
| Gain (loss) on foreign exchange                               | (124)        | 433          | -557             | (492)        | 742          |
| Other income / expense  | 406          | 80           | +326             | 1,691        | 350          |
| Selling, General & Administrative Expense                     | (849)        | (769)        | +80              | (2,536)      | (2,253)      |
| <b>Profit before financial costs and income tax expense</b>   | <b>958</b>   | <b>845</b>   | <b>+113</b>      | <b>6,605</b> | <b>2,964</b> |
| Financial costs   | (95)         | (231)        | -136             | (431)        | (669)        |
| Income tax expense  | (250)        | (94)         | +156             | (1,087)      | (548)        |
| <b>Net Profit / (Loss)</b>                                    | <b>613</b>   | <b>520</b>   | <b>+93</b>       | <b>5,086</b> | <b>1,747</b> |
| · Non-controlling interests                                   | <b>9</b>     | <b>16</b>    | <b>-7</b>        | <b>37</b>    | <b>37</b>    |
| · Equity holders of the Company                               | <b>604</b>   | <b>504</b>   | <b>+100</b>      | <b>5,049</b> | <b>1,710</b> |

#### Revenues

- For nine-month period, revenues from sale of goods and rendering of services of the Company and its subsidiaries were Baht 118,438 million, comprised of the Company's revenues of Baht 117,136 million, Bangchak Green Net Company Limited (BGN)'s revenues of Baht 16,883 million, Bangchak Bio Fuel Company Limited (BBF)'s revenues of Baht 2,050 million and Bangchak Solar Energy company limited (BSE)'s revenues of Baht 0.65 Million. However, there was connected transaction of Baht 17,632 million which mostly associates with the sale transactions from the Company to BGN.



- For the Third Quarter 2011, revenues from sale of goods and rendering of services of the Company and its subsidiaries were Baht 39,772 million, comprised of the Company's revenues of Baht 39,312 million, Bangchak Green Net Company Limited (BGN)'s revenues of Baht 5,618 million, Bangchak Bio Fuel Company Limited (BBF)'s revenues of Baht 768 million and Bangchak Solar Energy company limited (BSE)'s revenues of Baht 0.65 million. There was connected transaction of Baht 5,927 million.

#### Cost of sale of goods and rendering of services

- For nine-month period, cost of sale of goods and rendering of services of Consolidated Income Statement was Baht 109,620 million, comprising of the Company's costs of Baht 108,951 million, Bangchak Green Net Company Limited (BGN)'s costs of Baht 16,346 million and Bangchak Bio Fuel Company Limited (BBF)'s costs of Baht 1,883 million adjusted by connected transaction of Baht 17,560 million, which mostly was cost of sales of oil finished products among the Company and subsidiaries.
- For the Third Quarter 2011, cost of sale of goods and rendering of services of Consolidated Income Statement was Baht 38,232 million, comprising of the Company's costs of Baht 37,957 million, Bangchak Green Net Company Limited (BGN)'s costs of Baht 5,445 million and Bangchak Bio Fuel Company Limited (BBF)'s costs of Baht 732 million adjusted by connected transaction of Baht 5,902 million.

#### Net Profit

- For nine-month period, the Consolidated Financial Statements recorded a net profit of Baht 5,086 million, which was the Company's net profit of Baht 5,029 million, Bangchak Green Net Company Limited (BGN)'s net profit of Baht 27 million, Bangchak Bio Fuel Company Limited (BBF)'s net profit of Baht 123 million and Bangchak Solar Energy Company limited (BSE)'s net profit of Baht 0.34 million. Taking out the profit attributed to Non-Controlling interests of Baht 37 million, the remaining net profit to equity holders of the Company was Baht 5,049 million (EPS 3.87 Baht.)
- For the Third Quarter of 2011, the Consolidated Financial Statements recorded a net profit of Baht 613 million, which was the Company's net profit of Baht 593 million,



Bangchak Green Net Company Limited (BGN)'s net profit of Baht 4 million, Bangchak Bio Fuel Company Limited (BBF)'s net profit of Baht 30 million and Bangchak Solar Energy (BSE)'s net profit of Baht 0.55 million. But taking out the profit attributed to Non-Controlling interests of Baht 9 million, the remaining net profit to equity holders of the Company was Baht 604 million (EPS 0.44 Baht.)

### 3.2 Analysis of the Company's Operating Results

Unit: Million Baht

| Statements of income  | Quarter      |            | Changes     |
|---|--------------|------------|-------------|
|   | Q3/2011      | Q3/2011    | + / (-)     |
| Revenue for sale of goods and rendering of services           | 39,312       | 32,783     | +6,529      |
| Cost of sale of goods and rendering of services               | (37,957)     | (31,918)   | +6,039      |
| <b>Gross Profit</b>   | <b>1,355</b> | <b>864</b> | <b>+491</b> |
| Gain (loss) from crude and product oil price hedging contract | (15)         | 43         | -58         |
| Gain (loss) from foreign exchange                             | (124)        | 433        | -557        |
| Other income / expense  | 414          | 82         | +332        |
| Selling, General & Administrative Expense                     | (704)        | (639)      | +65         |
| <b>Profit before financial costs and income tax expense</b>   | <b>926</b>   | <b>784</b> | <b>+142</b> |
| Financial costs   | (85)         | (222)      | -137        |
| Income tax expense  | (248)        | (95)       | +153        |
| <b>Net Profit / (Loss)</b>                                    | <b>593</b>   | <b>467</b> | <b>+126</b> |

- For the Third Quarter of 2011, the Company has a Total Gross Integrated Margin-GIM (Gross Refining Margin-GRM and Marketing Margin-MKM) of USD 7.91 per barrel. An average crude run was 86.90 KBD decreasing from 88.0 KBD in the Third Quarter of 2010. In this Quarter, the Company's total product distribution (excluding crude oil and lubricant) was at an average of 102.4 thousand barrels per day, compared to 101.7 thousand barrels per day of same period last year. Sales through marketing business were 72.0 KBD. The Company's sales volume through service stations and industrial market increased by 8.3%, through PTT increased by 2.3%.



However, sales volume through export decreased by 26.3%. Supply Sale and others also decreased.

- The revenue from sales (exclude rental rights and transportation revenues) increased by Baht 6,805 million, or increased by 21.18% due to the rise in average oil price comparing to the last year. This resulted in an increase in retail price by approximately 20.6% while sales volume increased by 0.5%. Other income had increased by Baht 332 million because the Company received indemnity according to January, 2011 incident, amount of Baht 260 million.
- Cost of sale of goods and rendering of services/ Expense :
  - The cost of sale of goods increased by Baht 6,225 million or by 20.1% because of an increase in costs of crude oil, which was in the same direction of the increase in revenue from sales.
  - Loss from crude and product oil price hedging contract of Baht 15 million as analyzed in GRM Analysis Section;
  - Loss of Baht 124 million on foreign exchange. Part of it was a Mark-to-Market affect of USD 200 million Loan in which the Company had swapped the Thai Baht Loan to USD Loan (Cross Currency Swap), according to Company's policy of Natural Hedge to protect the business from exchange rate fluctuation impact.
- For the Third Quarter of 2011, The Company's net profit was Baht 593 million increasing from the same period of last year by Baht 126 million. The Company's base performance EBITDA was Baht 1,340 million. When combined with Baht 15 million losses from oil hedging transaction and Baht 190 million gain from inventory effect, total accounting EBITDA was Baht 1,515 million. The breakdown EBITDA by business units comparing the Third Quarter of 2011 to the Third Quarter of 2010 was summarized as follows:



Unit: Million Baht

|                                | Q3<br>2011 | Q3<br>2010 | Δ       |        |
|--------------------------------|------------|------------|---------|--------|
|                                |            |            | + / (-) | %      |
| ■ Base Performance EBITDA      | 1,340      | 1,242      | +98     | +7.89  |
| - Refinery business            | 1,103      | 883        | +220    | +24.92 |
| - Marketing business           | 237        | 359        | -122    | -33.98 |
| ■ Gain (loss) from oil hedging | (15)       | 43         | -58     | N/A    |
| ■ Gain (loss) from inventory   | 190        | (139)      | +329    | N/A    |
| ■ Total Accounting EBITDA      | 1,515      | 1,146      | +369    | +32.20 |
| - Refinery business            | 1,278      | 787        | +491    | +62.39 |
| - Marketing business           | 237        | 359        | -122    | -33.98 |

● **Refinery Business**

-For the Third Quarter of 2011, the Refinery Business's Base Performance EBITDA was Baht 1,103 million, an increase of Baht 220 million from EBITDA of the same period of last year. Total accounting EBITDA of Refinery business was Baht 1,278 million, an increase of Baht 491 million from the same period of last year. The Refinery Business has a Total GRM of USD 5.85 per barrel, compared to USD 4.90 per barrel in the Third Quarter of 2011. In this Quarter, an average crude run was 86.9 KBD decreasing from 88.0 KBD in the Third Quarter of 2010. GRM analysis was summarized as follows:

Unit: USD/bbl

| GRM from                                   | Q3<br>2011  | Q3<br>2010  | Changes<br>+/- |
|--|-------------|-------------|----------------|
| Base GRM                                   | 5.13        | 5.28        | -0.15          |
| GRM Hedging                                | 0.30        | 0.17        | -0.13          |
| Inventory Gain (include inventory hedging) | 0.42        | -0.55       | +0.97          |
| <b>Total</b>                               | <b>5.85</b> | <b>4.90</b> | <b>+0.95</b>   |





**Base GRM** The Base GRM was at USD 5.13 per barrel which was USD 0.15 decreases from USD 5.28 per barrel in Q3/2010. The spreads of all finished products to crude except the fuel oil had increased. The spreads of the oil finished products and the benchmark crude are as follows:

Unit: USD/bbl

| Crack spreads | Q3<br>2011 | Q3<br>2010 | Changes<br>+/- |
|---------------|------------|------------|----------------|
| UNL95/DB      | 17.43      | 8.60       | +8.83          |
| IK/DB         | 18.84      | 12.86      | +5.98          |
| GO/DB         | 17.67      | 12.39      | +5.28          |
| FO/DB         | -3.10      | -4.82      | +1.72          |

**Inventory Effect** The Company had an inventory gain (include Inventory hedging) of USD 0.42 per barrel in the Third Quarter of 2011. In addition, there was GRM Hedging Gain of USD 0.30 per barrel

- **Marketing Business**

-For the Third Quarter of 2011, Marketing Business had the gross profit margin of Baht 498 million decreasing from Baht 513 million during the same period of last year. EBITDA from the Marketing Business was Baht 237 million, decreasing from EBITDA of the same period of last year at Baht 359 million. The Company's Marketing Margin (exclude lube) was at Baht 0.46 per litre (equivalent to USD 2.42 per barrel) which was lower when compared to last year's marketing margin of Baht 0.53 per litre (equivalent to USD 2.66 per barrel). The sales volume through the Marketing Business in this Quarter had increased from 66.0 thousand barrels per day to 72.0 thousand barrels per day.



● **Operating Results by business**

Unit: Million Baht

|   | Q3/2011 | Q3/2010 | Δ       |        |
|---|---------|---------|---------|--------|
|   |         |         | + / (-) | %      |
| <b>Production</b>                               |         |         |         |        |
| ● Refinery Business (KBD)                       | 86.9    | 88.0    | -1.1    | -1.25  |
| ● Biodiesel Business B100 (KL/Day)              | 274.9   | 243.1   | +31.8   | +13.08 |
| <b>Revenue from sale of goods &amp; service</b> | 39,772  | 33,207  | +6,565  | +19.77 |
| ● Refinery Business                             | 38,688  | 31,824  | +6,864  | +21.57 |
| ● Marketing Business                            | 28,699  | 22,763  | +5,936  | +26.08 |
| ● Biodiesel Business (B100)                     | 768     | 586     | +182    | +31.06 |
| ● Connected transaction                         | -28,383 | -21,967 | N/A     | N/A    |
| <b>EBITDA</b>                                   |         |         |         |        |
| ● Refinery Business                             | 1,278   | 787     | +491    | +62.39 |
| ● Marketing Business                            | 237     | 359     | -122    | -33.98 |
| ● Biodiesel Business (B100)                     | 52      | 73      | -21     | -28.77 |



4. Analysis of the Financial Position as of September 30, 2011 compared with December 31, 2010

Unit: Million Baht

| <b>Balance Sheet</b>   | <b>30 September 2011</b> |                | <b>31 December 2010</b> |                |
|--|--------------------------|----------------|-------------------------|----------------|
|  | <b>Consolidated</b>      | <b>Company</b> | <b>Consolidated</b>     | <b>Company</b> |
| <b>Assets</b>  |                          |                |                         |                |
| Current assets   | 32,545                   | 32,040         | 32,144                  | 31,511         |
| Investments in associates and other<br>long-term investments     | 750                      | 1,111          | -                       | 198            |
| Property, plant and equipment                                    | 26,788                   | 25,891         | 23,566                  | 22,736         |
| Other non-current assets   | 2,679                    | 2,673          | 2,702                   | 2,695          |
| <b>Total assets</b>  | <b>62,762</b>            | <b>67,175</b>  | <b>58,412</b>           | <b>57,139</b>  |
| <b>Liabilities</b>   |                          |                |                         |                |
| Current liabilities  | 15,978                   | 15,906         | 14,918                  | 14,577         |
| Long-term borrowings & debentures<br>(including current portion) | 16,335                   | 15,765         | 19,577                  | 19,028         |
| Other non-current liabilities                                    | 1,116                    | 1,086          | 1,137                   | 1,109          |
| <b>Total liabilities</b>   | <b>33,428</b>            | <b>32,757</b>  | <b>35,632</b>           | <b>34,713</b>  |
| <b>Equity</b>  |                          |                |                         |                |
| Total equity attributable to owners of<br>company                | 29,169                   | 28,958         | 22,616                  | 22,426         |
| Non-controlling interests  | 165                      | -              | 164                     | -              |
| <b>Total equity</b>  | <b>29,334</b>            | <b>28,958</b>  | <b>22,780</b>           | <b>22,426</b>  |
| <b>Total liabilities and equity</b>                              | <b>62,762</b>            | <b>61,715</b>  | <b>58,412</b>           | <b>57,139</b>  |

Remark: The figures shown in the table for 2011 and 2010 were adjusted to the new accounting standard which has been applied since 1 January 2011.



#### 4.1 Assets

- At the end of September 2011, Total Assets of the Company and its subsidiaries were Baht 62,762 million, which comprised of the Company's total assets of Baht 61,715 million, Bangchak Green Net Company Limited (BGN)'s total assets of Baht 722 million, Bangchak Bio Fuel Company Limited (BBF)'s total assets of Baht 1,242 million and Bangchak Solar Energy (BSE)'s total assets of Baht 151 million adjusted by connected transactions of Baht 1,068 million which was mainly Trade Account Receivable-BGN and BBF of Baht 670 million and subsidiaries investment of Baht 348 million.
- The Company's Total Assets at the end of September 2011 compared to the end of 2010 increased by Baht 4,576 million or increased by 8%. The changes of assets were mainly attributed to;
  - a. Cash decreased by Baht 7,811 million (Detail is mentioned under Cash Flow Analysis Section).
  - b. Net Accounts Receivable increased by Baht 1,836 million from the increasing sales through Supply sales in September export.
  - c. The inventories increased by Baht 5,836 million from 108.6 million litres increase in inventory (approximately 0.68 million litres increase from the end of 2010)
  - d. The other current assets had Baht 260 million indemnity from insurance company due to January 2011 incident.
  - e. Property, plant and equipment increased by Baht 3,155 million. The increasing is resulted from an investment in Phrase 1 solar cell plant, Euro IV and normal capital expenditure. In addition, there was Baht 242 million reversing entries of impairment assets.
  - f. The non-current assets increased by Baht 892 million from the investments in associates and subsidiaries.



## 4.2 Liabilities

- At the end of September 2011, Total Liabilities of the Company and its subsidiaries were Baht 33,428 million, which comprised of the Company's total liabilities of Baht 32,757 million, Bangchak Green Net Company Limited (BGN)'s total liabilities of Baht 674 million, Bangchak Bio Fuel Company Limited (BBF)'s total liabilities of Baht 694 million adjusted by connected transactions of Baht 696 million which mostly associates with the sale transactions between the Company and subsidiaries (BGN and BBF).
- The Company's Total Liabilities at the end of September 2011 compared to the end of 2010 decreased by Baht 1,956 million. The changes of liabilities were mainly from;
  - i. The short-term loans increased by Baht 1,500 million for reserving as working capital.
  - ii. The long-term loans drawdown of Baht 2,970 million for Solar Farm Project.
  - iii. The repayment of the long-term loan of Baht 4,296 million resulting from the Loan Condition Restructure.
  - iv. The conversion of convertible debenture (CD-DR) to common share worth of Baht 1,937 million,
  - v. Accounts Payable increased by Baht 1,273 million which was caused from an increasing in inventory purchasing at the end of the Third Quarter.

## 4.3 Equity

- At the end of September 2011, the Consolidated Total Equity was Baht 29,334 million, which comprised of the Company's total equity of Baht 28,958 million, Bangchak Green Net Company Limited (BGN)'s total equity of Baht 48 million, Bangchak Bio Fuel Company Limited (BBF)'s total equity of Baht 548 million and Bangchak Solar Energy (BSE)'s total equity of Baht 151 million adjusted by connected transactions of Baht 371 million.
- The Company's Total Equity as of 30 September 2011 was Baht 28,958 million increased by Baht 6,532 million from the end of 2010. The changes in the Company's Equity were as follow;



- The Company's net profit for nine-month of 2011 was Baht 5,029 million.
- The holders of the CD-DR had exercised conversion into common shares worth Baht 1,352 million at conversion price of Baht 14.30 per common share.
- PTT had exercised conversion CD-PTT worth Baht 585 million to common shares at conversion price of Baht 14 per common share.
- The holders of BCP-W1 had exercised their right to purchase common shares at exercise price of Baht 18 per common share, totaling 63 million shares.
- The above mentioned CD conversion and warrant exercising led to an increase of the common shares by 200 million shares at par of Baht 1 per share, leading to an increase of Baht 200 million of the issued and paid up capital and an increase of Baht 2,885 million of the share premium.

The dividend paid to the Company's shareholders was in a total of Baht 1,582 million which composed of Baht 687 million for the second half of 2010 at Baht 0.55 per share and Baht 895 Million for the 2011 interim dividend at Baht 0.65 per share.

- Therefore, as of September 30, 2011, the Company's equities were at a total of Baht 28,958 million, accounting for the book value of Baht 21.03 per share.

## 5. Analysis of the Cash Flows Statement

Unit: Million Baht

|   | Consolidated   | Company        |
|---|----------------|----------------|
| Cash flows from operating activities                        | 8,724          | 8,495          |
| Cash used for operating assets and liabilities              | (10,604)       | (10,387)       |
| Net cash used in operating activities                       | (1,880)        | (1,893)        |
| Net cash used in investing activities                       | (5,222)        | (5,189)        |
| Net cash paid from financing activities                     | (812)          | (730)          |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>(7,914)</b> | <b>(7,811)</b> |
| Cash and cash equivalents at 1 January 2011                 | 9,109          | 8,504          |
| <b>Cash and cash equivalents at 30 September 2011</b>       | <b>1,195</b>   | <b>693</b>     |



- For the first 9 month of 2011, the Company and its subsidiaries had Beginning Cash and Cash Equivalents of total Baht 9,109 million. During the period, Net Cash decreased from the utilizing in various activities by Baht 7,914 million, of which Baht 1,880 million was used in operating activities and Baht 5,222 million was used in Investing Activities. In addition, Baht 812 million was paid from Financing Activities. Hence, Cash and Cash Equivalents as shown in the Consolidated Financial Statements at the end of September 2011 were Baht 1,195 million.
- For nine-month period, the Company had net profit of Baht 5,029 million added by Baht 1,986 million from non-cash expense. Thus, the earnings before interest and tax of the Company were Baht 7,015 million. The Company's cash flow came from cash beginning balance of Baht 8,504 million.
  - The Company's cash from operation was at Baht 8,495 million
  - The Company paid cash of Baht 10,387 million for the operating assets and liabilities, mostly for the increase of inventory by Baht 5,836 million, the increase of the accounts receivable by Baht 1,770 million, and the increase of other assets by Baht 979 million.
  - The company paid cash of Baht 398 million for liabilities from Baht 715 Million increase in Accounts payable, debt and other accrued expenses decreased by Baht 1,113 million.
  - The Company used Baht 5,189 million of cash in investment activities  
Additional investment in fixed assets-equipments worth Baht 4,338 million, receiving the dividend of Baht 84 million from Bangchak Bio Fuel Company Limited and receiving Baht 25 million cash as interest paid, while share payment of Baht 150 million in subsidiaries, and share payment of Baht 763 million in affiliated companies.
  - The Company paid Baht 730 of cash from financing activities, such as receiving cash from long-term loan of Baht 2,970 Million, receiving Baht 1,148 million of cash from the right exercising of BCP-W1, short-term loan drawdown worth Baht 1,500 million, long-term loan repayment of Baht 4,296 million resulting from the



Loan Condition Restructure, , interest payment of Baht 469 million and dividend payment of Baht 1,582 million to the Company's shareholders,

Therefore, as of the end of the Third Quarter of 2011, the Company's cash and cash equivalents decreased by Baht 7,811 million from the end of 2010 when the Company's cash was at Baht 8,504 million, leading to the ending cash of Baht 693 million.

## 6. Financial Ratio

|  | Q3 2011      |         | Q3 2010      |         |
|--|--------------|---------|--------------|---------|
|  | Consolidated | Company | Consolidated | Company |
| □ Net Profit Margin, %                         | 1.54         | 1.51    | 1.57         | 1.43    |
| □ Earnings Per Share, Baht/Share <sup>1/</sup> | 0.44         | 0.43    | 0.43         | 0.40    |
| □ Return on Equity-ROE, %                      | 2.10         | 2.04    | 2.05         | 1.85    |
| □ ROE (excluding inventory effect), %          | 1.85         | 1.80    | 2.44         | 2.23    |
| □ Current Ratio , Times                        | 1.97         | 1.96    | 1.83         | 1.84    |
| □ Debt to Equity, Times                        | 0.61         | 0.60    | 0.86         | 0.85    |
| □ Book Value, Baht/Share <sup>2/</sup>         | 21.30        | 21.03   | 19.35        | 19.05   |

1/ As of 1,374 million shares in 2011 and 1,170 million shares in 2010.

2/ As of 1,377 million shares at September, 30 2011 and 1,177 million shares at December, 31 2010.





## 7. Environmental Cost Accounting

Having the environmental concerns and social responsibilities, since 2005, the Company has prepared the environmental management accounting report (production line) and also published in the Annual Sustainability Report. The environmental cost accounting helps the Company to keep track of related information, which is useful for enhancing the environmental management effectiveness, and resource utilization. The report for the Third Quarter of 2011 compared to same period of last year is summarized hereunder.

| (Unit : Million Baht)  | Q3<br>2011 | Q3<br>2010 | Change<br>+/- |
|--|------------|------------|---------------|
| <b>Material Costs of Product Outputs</b><br>: Consist of crude oil, ethanol, bio-diesel, chemical, energy and utilities in production                | 29,235.40  | 20,179.95  | +9,055.45     |
| <b>Material Costs of Non-Product Outputs</b><br>: Consist of slop and sludge oil, waste water, chemical surplus                                      | 32.53      | 26.43      | +6.10         |
| <b>Waste and Emission Control Costs</b><br>: Consist of maintenance cost of environmental control equipments and depreciation and other fees         | 43.35      | 25.58      | +17.77        |
| <b>Prevention and Other Environmental Management Costs</b><br>: Consist of monitoring and measurement cost, environmental management system expenses | 1.56       | 1.50       | +0.06         |
| <b>Benefit from by-product and waste recycling</b><br>: The revenue realization from liquid sulfur, glycerin, waste paper                            | -8.32      | -5.83      | +2.49         |

From the above table, the environmental expense in the Third Quarter of 2011 as a whole, increased from the Third Quarter of 2010 around Baht 9,076.89 million, or increased by 44.87%. Most of which, more than 99%, were the Material Costs of Product Outputs because the crude oil price had averagely increased by Baht 6.08 per litre, or increased by 39.96% compared to Baht 15.21 per litre in 2010. In this Quarter, the average crude run was 86.9 KBD decreased from 88.0 KBD which was the average production capacity of the Third Quarter of last year. The Material Costs of Non-Product Outputs increased 23.08 % from the Third Quarter of last year due to the increase of the slop oil which was in accordance with the decrease of the frequency of distillation unit maintenance. As a consequence, the expenses for pollution controller equipment increased by 69.44% while the expense for environmental protection slightly increased by 3.81% from 2010. In addition, the revenue increased by 42.68% due to the increase of the distribution of liquid sulfur, paper, and scrap.