

**The Bangchak Petroleum Public Company Limited  
and its Subsidiaries**

Annual financial statements  
and  
Audit report of Certified Public Accountant

For the years ended  
31 December 2009 and 2008

## **Audit report of Certified Public Accountant**

### **To the shareholders of the Bangchak Petroleum Public Company Limited**

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2009, and the related statements of income, changes in equity and cash flows for the year then ended of The Bangchak Petroleum Public Company Limited and its subsidiaries, and of The Bangchak Petroleum Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements and the Company's financial statements of The Bangchak Petroleum Public Company Limited and its subsidiaries and of The Bangchak Petroleum Public Company Limited, respectively, for the year ended 31 December 2008 were audited by another auditor whose report dated 16 February 2009 expressed an unqualified opinion on those statements.

I conducted my audit 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 statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2009 and the results of operations and cash flows for the year then ended of The Bangchak Petroleum Public Company Limited and its subsidiaries, and of The Bangchak Petroleum Public Company Limited, respectively, in accordance with generally accepted accounting principles.

(Vairoj Jindamaneepitak)  
Certified Public Accountant  
Registration No. 3565

KPMG Phoomchai Audit Ltd.  
Bangkok  
19 February 2010

## The Bangchak Petroleum Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2009 and 2008

Assets	Note	Consolidated		Separate	
		2009	2008	2009	2008
				(Baht)	
<i>Current assets</i>					
Cash and cash equivalents	5	2,136,226,731	2,322,310,096	1,710,655,824	2,095,167,252
Current investments	6	8,400,163	7,719,766	-	-
Trade accounts receivable					
Related parties	4,7	764,467,776	200,218,758	1,381,982,395	562,210,499
Other parties	7	4,139,645,931	3,897,814,914	4,119,035,657	3,887,564,282
Inventories	8	14,053,694,650	5,916,487,918	13,624,876,047	5,743,313,340
Material and Supplies		338,122,747	310,268,296	336,957,057	310,268,296
Oil Fuel Fund Subsidies Receivable		485,252,075	676,472,599	485,252,075	676,472,599
Other current assets	4,9	1,172,805,966	1,333,508,260	1,121,366,230	1,288,593,199
<b>Total current assets</b>		<b><u>23,098,616,039</u></b>	<b><u>14,664,800,607</u></b>	<b><u>22,780,125,285</u></b>	<b><u>14,563,589,467</u></b>
<i>Non-current assets</i>					
Investments in subsidiaries	10	-	-	197,539,500	79,309,800
Other long-term investments	6	200,257,215	157,157,448	199,357,215	156,257,448
Tariff prepayment	4	19,901,700	19,901,700	19,901,700	19,901,700
Property, plant and equipment	11	28,570,850,803	25,234,945,752	27,711,312,306	25,020,845,503
Leasehold right	12	1,025,002,923	1,086,737,154	1,025,002,923	1,086,737,154
Intangible assets	13	88,840,795	102,448,871	87,647,920	101,140,034
Investment in service stations	14	238,902,314	269,362,462	238,902,314	269,362,462
Deferred tax assets	15	158,328,410	474,343,226	158,328,410	474,343,225
Other non-current assets	16	490,294,819	530,138,038	482,954,458	521,695,331
<b>Total non-current assets</b>		<b><u>30,792,378,979</u></b>	<b><u>27,875,034,651</u></b>	<b><u>30,120,946,746</u></b>	<b><u>27,729,592,657</u></b>
<b>Total assets</b>		<b><u>53,890,995,018</u></b>	<b><u>42,539,835,258</u></b>	<b><u>52,901,072,031</u></b>	<b><u>42,293,182,124</u></b>

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

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2009 and 2008

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<i>(Baht)</i>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	17	900,000,000	1,270,000,000	800,000,000	1,270,000,000
Trade accounts payable					
Related parties	4,18	5,354,318,449	3,841,667,348	5,438,686,027	3,843,713,700
Other parties	18	714,877,468	672,788,927	584,276,472	618,877,246
Other accounts payable to related parties	4	10,393,170	12,682,546	10,393,170	12,682,546
Current portion of long-term loans from financial institutions	17	922,542,537	603,500,000	887,261,287	603,500,000
Excise tax and Oil Fuel Fund payable		598,358,345	142,707,336	598,358,345	142,707,336
Income tax payable		1,356,306,408	-	1,350,461,634	-
Liabilities on hedging contracts		246,527,725	10,773,805	246,527,725	10,773,805
Other current liabilities	4,19	2,841,208,008	1,536,422,984	2,705,197,701	1,512,512,045
<b>Total current liabilities</b>		<b>12,944,532,110</b>	<b>8,090,542,946</b>	<b>12,621,162,361</b>	<b>8,014,766,678</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	17	12,060,989,628	11,042,832,165	11,531,770,878	10,909,032,165
Convertible debentures	17	2,036,570,000	2,761,550,000	2,036,570,000	2,761,550,000
Deferred tax liabilities	15	16,356,850	19,628,219	16,356,850	19,628,219
Liabilities on long-term lease		352,936,704	414,481,760	352,936,704	414,481,760
Other non-current liabilities	20	526,423,896	447,534,299	509,912,061	432,651,924
<b>Total non-current liabilities</b>		<b>14,993,277,078</b>	<b>14,686,026,443</b>	<b>14,447,546,493</b>	<b>14,537,344,068</b>
<b>Total liabilities</b>		<b>27,937,809,188</b>	<b>22,776,569,389</b>	<b>27,068,708,854</b>	<b>22,552,110,746</b>

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

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2009 and 2008

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<i>(Baht)</i>					
<b>Equity</b>					
Share capital	21				
Authorised share capital		<u>1,531,643,461</u>	<u>1,531,643,461</u>	<u>1,531,643,461</u>	<u>1,531,643,461</u>
Issued and paid-up share capital		1,169,829,952	1,119,132,050	1,169,829,952	1,119,132,050
Additional paid-in capital	22				
Share premium		8,179,615,548	7,505,333,450	8,179,615,548	7,505,333,450
Share premium on subsidiary of the Company		18,621,225	18,621,225	-	-
Unrealised surplus					
Surplus on revaluation of property, plant, and equipment		4,477,247,790	4,856,479,716	4,477,247,790	4,856,479,716
Capital surplus on registered and paid-up share reduction		189,617,759	189,617,759	189,617,759	189,617,759
Retained earnings					
Appropriated					
Legal reserve	22	153,164,346	153,164,346	153,164,346	153,164,346
Unappropriated		<u>11,676,691,109</u>	<u>5,881,772,402</u>	<u>11,662,887,782</u>	<u>5,917,344,057</u>
<b>Total equity attributable to equity holders of the Company</b>		<b>25,864,787,729</b>	<b>19,724,120,948</b>	<b>25,832,363,177</b>	<b>19,741,071,378</b>
Minority interests		<u>88,398,101</u>	<u>39,144,921</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<b>25,953,185,830</b>	<b>19,763,265,869</b>	<b>25,832,363,177</b>	<b>19,741,071,378</b>
<b>Total liabilities and equity</b>		<b>53,890,995,018</b>	<b>42,539,835,258</b>	<b>52,901,072,031</b>	<b>42,293,182,124</b>

(Signed) General Tawat Ked-Unkoon  
(General Tawat Ked-Unkoon)  
Chairman

(Signed) Anusorn Sangnimnuan  
(Anusorn Sangnimnuan)  
President

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

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**

**Statements of income**

**For the years ended 31 December 2009 and 2008**

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<i>(Baht)</i>					
Revenue from sale of goods and rendering of services	4,31	108,681,229,134	129,041,557,121	107,678,233,690	128,053,433,453
Cost of sale of goods and rendering of services	4	<u>(101,009,520,691)</u>	<u>(125,340,670,804)</u>	<u>(100,588,183,031)</u>	<u>(124,760,296,402)</u>
<b>Gross Profit</b>		<b>7,671,708,443</b>	<b>3,700,886,317</b>	<b>7,090,050,659</b>	<b>3,293,137,051</b>
Other income	4,25	<u>224,617,498</u>	<u>235,887,007</u>	<u>229,071,377</u>	<u>252,120,916</u>
<b>Profit before expenses</b>		<b>7,896,325,941</b>	<b>3,936,773,324</b>	<b>7,319,122,036</b>	<b>3,545,257,967</b>
Selling expenses	4,26	(2,077,638,845)	(1,972,918,553)	(1,605,918,650)	(1,633,041,830)
Administrative expenses	4,27	(1,012,838,464)	(811,305,238)	(970,993,825)	(702,050,203)
Management benefit expenses	28	(59,945,193)	(54,081,046)	(59,900,193)	(54,036,046)
Reversal of loss (loss) from inventory write - down		948,227,619	(948,227,619)	942,158,173	(942,158,173)
Gain (loss) from crude and product oil price hedging contract		5,630,745,713	(249,874,897)	5,630,745,713	(249,874,897)
Loss on foreign exchange		(56,822,728)	(168,136,904)	(56,822,728)	(168,136,904)
Reversal of loss (loss) from impairment of asset		(5,004,768)	15,390,546	(5,004,768)	15,390,546
<b>Profit (loss) before finance costs and income tax expense</b>		<b>11,263,049,275</b>	<b>(252,380,387)</b>	<b>11,193,385,758</b>	<b>(188,649,540)</b>
Finance costs	29	(558,067,395)	(856,625,995)	(553,808,565)	(856,625,995)
<b>Profit (loss) before income tax expense</b>		<b>10,704,981,880</b>	<b>(1,109,006,382)</b>	<b>10,639,577,193</b>	<b>(1,045,275,535)</b>
Income tax expense	30	<u>(3,182,135,916)</u>	<u>355,846,789</u>	<u>(3,164,689,091)</u>	<u>355,846,789</u>
<b>Profit (loss) for the year</b>		<b><u>7,522,845,964</u></b>	<b><u>(753,159,593)</u></b>	<b><u>7,474,888,102</u></b>	<b><u>(689,428,746)</u></b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		7,524,263,084	(750,091,929)	7,474,888,102	(689,428,746)
Minority interests		(1,417,120)	(3,067,664)	-	-
<b>Profit (loss) for the year</b>		<b><u>7,522,845,964</u></b>	<b><u>(753,159,593)</u></b>	<b><u>7,474,888,102</u></b>	<b><u>(689,428,746)</u></b>
<b>Earnings (loss) per share (Baht)</b>					
Basic	32	6.57	(0.67)	6.53	(0.62)
Diluted	32	5.75	(0.67)	5.72	(0.62)

(Signed) General Tawat Ked-Unkoon  
(General Tawat Ked-Unkoon)  
Chairman

(Signed) Anusorn Sangnimnuan  
(Anusorn Sangnimnuan)  
President

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

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**

**Statements of changes in equity**

**For the years ended 31 December 2009 and 2008**

Note	Consolidated financial statements									
	Share premium		Unrealised surplus	Retained earnings			Total equity	Minority	Total equity	
	Issued and paid-up share capital	Share premium on subsidiary of the Company	Surplus on revaluation of property, plant, and equipment	Capital surplus on registered and paid-up share reduction	Legal reserve	Unappropriated	attributable to equity holders of the Company	interests		
	<i>(Baht)</i>									
<b>Balance at 1 January 2008</b>	<b>1,119,132,050</b>	<b>7,505,333,450</b>	-	<b>5,289,307,563</b>	<b>189,617,759</b>	<b>153,164,346</b>	<b>6,967,603,946</b>	<b>21,224,159,114</b>	<b>510,000</b>	<b>21,224,669,114</b>
Minority interest's share capital in subsidiary	-	-	-	-	-	-	-	-	41,760,725	41,760,725
Premium on share capital of subsidiary of the Company	-	-	18,621,225	-	-	-	-	18,621,225	-	18,621,225
Transaction not recognised in the income statement										
- Depreciation and write off on the property revaluation	-	-	-	(432,827,847)	-	-	-	(432,827,847)	-	(432,827,847)
Dividend paid to preferred shareholders	-	-	-	-	-	-	-	-	(58,140)	(58,140)
Dividend paid to common shareholders	33	-	-	-	-	-	(335,739,615)	(335,739,615)	-	(335,739,615)
Loss for the year	-	-	-	-	-	-	(750,091,929)	(750,091,929)	(3,067,664)	(753,159,593)
<b>Balance at 31 December 2008 and 1 January 2009</b>	<b>1,119,132,050</b>	<b>7,505,333,450</b>	<b>18,621,225</b>	<b>4,856,479,716</b>	<b>189,617,759</b>	<b>153,164,346</b>	<b>5,881,772,402</b>	<b>19,724,120,948</b>	<b>39,144,921</b>	<b>19,763,265,869</b>
Minority interest's share capital in subsidiary	-	-	-	-	-	-	-	-	50,670,300	50,670,300
Issue of share capital from redemption of convertible debentures	21	50,697,902	674,282,098	-	-	-	-	724,980,000	-	724,980,000
Transaction not recognised in the income statement										
- Depreciation on the property revaluation	-	-	-	(379,231,926)	-	-	-	(379,231,926)	-	(379,231,926)
Dividend paid to common shareholders	33	-	-	-	-	-	(1,729,344,377)	(1,729,344,377)	-	(1,729,344,377)
Profit (loss) for the year	-	-	-	-	-	-	7,524,263,084	7,524,263,084	(1,417,120)	7,522,845,964
<b>Balance at 31 December 2009</b>	<b>1,169,829,952</b>	<b>8,179,615,548</b>	<b>18,621,225</b>	<b>4,477,247,790</b>	<b>189,617,759</b>	<b>153,164,346</b>	<b>11,676,691,109</b>	<b>25,864,787,729</b>	<b>88,398,101</b>	<b>25,953,185,830</b>

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

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Statements of changes in equity**  
**For the years ended 31 December 2009 and 2008**

	Note	Separate financial statements					Total equity attributable to equity holders of the Company	
		Issued and paid-up share capital	Share premium	Unrealised surplus		Retained earnings		
				Surplus on revaluation of property, plant, and equipment	Capital surplus on registered and paid-up share reduction (Baht)	Legal reserve		Unappropriated
<b>Balance at 1 January 2008</b>		<b>1,119,132,050</b>	<b>7,505,333,450</b>	<b>5,289,307,563</b>	<b>189,617,759</b>	<b>153,164,346</b>	<b>6,942,512,418</b>	<b>21,199,067,586</b>
Transaction not recognised in the income statement								
- Depreciation and write off on the property revaluation		-	-	(432,827,847)	-	-	-	(432,827,847)
Dividend paid to common shareholders	33	-	-	-	-	-	(335,739,615)	(335,739,615)
Loss for the year		-	-	-	-	-	(689,428,746)	(689,428,746)
<b>Balance at 31 December 2008 and 1 January 2009</b>		<b>1,119,132,050</b>	<b>7,505,333,450</b>	<b>4,856,479,716</b>	<b>189,617,759</b>	<b>153,164,346</b>	<b>5,917,344,057</b>	<b>19,741,071,378</b>
Issue of share capital from redemption of convertible debentures	21	50,697,902	674,282,098	-	-	-	-	724,980,000
Transaction not recognised in the income statement								
- Depreciation on the property revaluation		-	-	(379,231,926)	-	-	-	(379,231,926)
Dividend paid to common shareholders	33	-	-	-	-	-	(1,729,344,377)	(1,729,344,377)
Profit for the year		-	-	-	-	-	7,474,888,102	7,474,888,102
<b>Balance at 31 December 2009</b>		<b>1,169,829,952</b>	<b>8,179,615,548</b>	<b>4,477,247,790</b>	<b>189,617,759</b>	<b>153,164,346</b>	<b>11,662,887,782</b>	<b>25,832,363,177</b>

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



**The Bangchak Petroleum Public Company Limited and its Subsidiaries**

**Statements of cash flows**

**For the years ended 31 December 2009 and 2008**

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(Baht)			
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) for the year	7,522,845,964	(753,159,593)	7,474,888,102	(689,428,746)
<i>Adjustments for</i>				
Depreciation	837,473,262	659,937,814	828,688,096	657,305,543
Amortisation	172,894,731	183,132,429	172,329,874	182,682,202
Reversal of Bad debt and doubtful debts	(40,797,603)	(22,768,774)	(43,077,801)	(23,360,120)
Unrealised loss (gain) on foreign exchange	241,313,745	(13,075,813)	241,313,745	(13,075,813)
(Reversal of loss) loss from inventory write - down	(948,227,619)	948,227,619	(942,158,173)	942,158,173
(Reversal of loss) loss from impairment of asset	5,004,768	(15,390,546)	5,004,768	(15,390,546)
Loss on disposal of property, plant and equipment	18,078,187	12,097,489	18,002,571	10,286,716
Reserve for pension fund	62,729,959	46,175,547	62,729,959	46,175,547
Deferred revenue	(1,585,709)	(1,585,709)	(1,585,709)	(1,585,709)
Dividend received	-	-	-	(20,090,000)
Finance costs	558,067,395	856,625,995	553,808,565	856,625,995
Income tax expense	3,182,135,916	(355,846,789)	3,164,689,091	(355,846,789)
	<u>11,609,932,996</u>	<u>1,544,369,669</u>	<u>11,534,633,088</u>	<u>1,576,456,453</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(795,810,563)	1,285,260,166	(1,040,848,743)	1,512,103,239
Inventories	(7,188,979,113)	4,164,637,796	(6,939,404,534)	4,058,928,809
Other current assets	398,301,105	(461,660,425)	408,120,724	(461,475,610)
Other non-current assets	19,753,890	488,921,964	19,620,974	512,246,619
Trade accounts payable	1,565,228,815	(4,488,480,733)	1,570,860,726	(4,488,118,673)
Other current liabilities	749,574,020	(437,473,946)	634,237,580	(421,970,131)
Other non-current liabilities	(32,924,523)	(43,440,339)	(27,010,427)	(44,428,724)
Interest paid	(778,639,774)	(1,165,895,862)	(759,598,788)	(1,163,462,796)
Income tax paid	(1,563,083,464)	(1,791,544,557)	(1,551,985,538)	(1,767,784,601)
<b>Net cash provided by (used in) operating activities</b>	<b><u>3,983,353,389</u></b>	<b><u>(905,306,267)</u></b>	<b><u>3,848,625,062</u></b>	<b><u>(687,505,415)</u></b>
<i>Cash flows from investing activities</i>				
Increase in current investments	(680,397)	(708,766)	-	-
Increase in long-term investments	(42,506,896)	(133,140,278)	(42,506,896)	(133,140,278)
Net cash outflow from issue of subsidiary's share capital	-	-	(118,229,700)	(78,819,800)
Dividend received	-	-	-	20,090,000
Purchase of property, plant and equipment	(3,379,738,497)	(7,702,897,609)	(2,744,875,864)	(7,541,422,885)
Sale of property, plant and equipment	5,284,632	10,955,394	5,281,361	58,226,425
Increase in leasehold right	(24,753,513)	(10,129,948)	(24,753,513)	(10,129,948)
Purchase of intangible assets	(15,568,006)	(28,733,846)	(15,207,501)	(28,426,846)
<b>Net cash used in investing activities</b>	<b><u>(3,457,962,677)</u></b>	<b><u>(7,864,655,053)</u></b>	<b><u>(2,940,292,113)</u></b>	<b><u>(7,713,623,332)</u></b>

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

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**

**Statements of cash flows**

**For the years ended 31 December 2009 and 2008**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2009	2008	2009	2008
	<i>(Baht)</i>			
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(370,000,000)	390,000,000	(470,000,000)	390,000,000
Proceeds from long - term loans	1,940,700,000	14,354,982,165	1,510,000,000	14,221,182,165
Repayment of long - term loans	(603,500,000)	(10,108,370,172)	(603,500,000)	(10,108,370,172)
Dividend paid to common shareholders	(1,729,344,377)	(335,739,615)	(1,729,344,377)	(335,739,615)
Dividend paid to preferred shareholders	-	(58,140)	-	-
Proceeds from issue of subsidiary's share capital	50,670,300	33,780,200	-	-
Premium on share capital of subsidiary	-	26,601,750	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(711,474,077)</b>	<b>4,361,196,188</b>	<b>(1,292,844,377)</b>	<b>4,167,072,378</b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	<b>(186,083,365)</b>	<b>(4,408,765,132)</b>	<b>(384,511,428)</b>	<b>(4,234,056,369)</b>
Cash and cash equivalents at beginning of year	2,322,310,096	6,731,075,228	2,095,167,252	6,329,223,621
<b>Cash and cash equivalents at end of year</b>	<b>2,136,226,731</b>	<b>2,322,310,096</b>	<b>1,710,655,824</b>	<b>2,095,167,252</b>

**Non-cash transactions**

On 3 July 2009, the Company issued 50.70 million new ordinary shares at the par value of Baht 1 each, totalling Baht 50.70 million to support the conversion of Convertible Debentures. The convertible value of each debenture is Baht 14.30 per common share, which results in a share premium totalling Baht 674.28 million.

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

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

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# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2009 and 2008

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 19 February 2010.

## 1 General information

The Bangchak Petroleum Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office as follows:

Head office : 555/1, Energy Complex Building A, Floor 10th, Vibhavadi Rangsit Road, Chatuchak, Bangkok.

Refinery plant : 210 Moo 1, Soi Sukhumvit 64, Sukhumvit Road, Bangchak, Phakanong, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 23 April 1993.

The Company is a company in the PTT Public Company Limited (“PTT”) group of companies. PTT is incorporated in Thailand and is the major shareholder of the Company, holding 28.46% of the Company’s issued and paid-up share capital as of 31 December 2009.

The principal businesses of the Company are 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.

Details of the Company’s subsidiaries as at 31 December 2009 and 2008 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2009	2008
<i>Direct subsidiaries</i>				
The Bangchak Green Net Co., Ltd.	Manage BCP service stations and consumer goods retailer	Thailand	49.00	49.00
The Bangchak Biofuel Co., Ltd.	Production and distribution of Biodiesel	Thailand	70.00	70.00
<i>Indirect subsidiary</i>				
The Bangchak Green Line Co., Ltd. (During liquidation process)	Fuel transportation	Thailand	49.00	49.00

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**2 Basis of preparation of the financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Group has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Accounting Guidance about Leasehold Right (effective on 26 June 2009)

The adoption of these revised TAS/TFRS and accounting guidance does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2009 a number of new and revised TAS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 37.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest million. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

**3 Significant accounting policies**

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries and jointly-controlled entities (together referred to as the “Group”).

*Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

**(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

*Hedge of future foreign currency transactions*

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.

*Hedge of interest rates*

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

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
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*Hedge of Crack Spread*

Difference between the fixed prices of contracts and the settlement prices are recognised in the statement of income in the period in which the contracts mature.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(f) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(g) Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(h) Investments**

*Investments in subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

*Investments in other debt and equity securities*

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Equity securities which are not marketable are stated at cost less any impairment losses.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in the statement of income.

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2009 and 2008

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method.

#### (i) *Property, plant and equipment*

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

##### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is credited to equity under the heading 'revaluation surplus' unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in equity in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and credited to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred from equity to retained earnings and is not taken into account in calculating the gain or loss on disposal.

##### *Depreciation*

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	20 years
Machinery, equipment refinery plants and terminal	30 years
Marketing and office equipment	5 – 20 years
Vehicles	5 years

No depreciation is provided on freehold land, platinum and assets under construction.

#### (j) *Leasehold right*

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

Leasehold rights are presented at cost deducted by accumulated amortisation.



**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

**(k) Intangible assets**

*Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

The right to use and the cost of development of computer software	5 years
--	---------

**(l) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost, the reversal is recognised in the statement of income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**(m) *Interest-bearing liabilities***

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

**(n) *Trade and other accounts payable***

Trade and accounts payable are stated at cost.

**(o) *Employee benefits***

*Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

*Employee Joint Investment Program (EJIP)*

Obligations for contributions to Employee Joint Investment Program (EJIP) are recognised as an expense in the statement of income as incurred.

*Pensions*

Pensions are computed on the benefit formula at balance sheet date and are recognised as an expense in the statement of income. Benefits are payable upon retirement, disability, death or resignation.

**(p) *Provisions***

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**(q) *Revenue***

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Income from operating right*

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

*Interest and dividend income*

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

### (r) *Expenses*

#### *Operating leases*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease or lease incentives receive in accordance with lease agreement. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

#### *Finance costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

### (s) *Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax.

#### *Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 4 Related party transactions and balances

Related parties are those parties linked to the Company by directors or related to the major shareholder of the Company. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly-controlled by the Company or have transactions with the Company were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
PTT Public Company Limited	Thailand	Major Shareholder, some common directors
Fuel Pipeline Transportation Limited	Thailand	Shareholding, representative from the Company as director
PTT ICT Solutions Company Limited	Thailand	Major shareholder as the Company's shareholder
PTT International Trading Pte. Limited	Singapore	Major shareholder as the Company's shareholder
PTT Aromatics and Refining Public Company Limited	Thailand	Major shareholder as the Company's shareholder
IRPC Public Company Limited	Thailand	Major shareholder as the Company's shareholder
Thai Oil Public Company Limited	Thailand	Major shareholder as the Company's shareholder
NPC Safety and Environmental Service Company Limited	Thailand	Related Company of Major Shareholder
Thai Lube Base Public Company Limited	Thailand	Related Company of Major Shareholder
Thai Oleochemicals Company Limited	Thailand	Related Company of Major Shareholder
PTTEP Siam Company Limited	Thailand	Related Company of Major Shareholder
Energy Complex Company Limited	Thailand	Related Company of Major Shareholder

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sale of goods	Market price/ Contractually agreed prices
Rendering of service	Contractually agreed prices
Purchase of goods/raw materials	Market price/ Contractually agreed prices
Receiving of services	Contractually agreed prices
Technical assistance fee	Contractually agreed prices
Royalty expense	Contractually agreed prices

Significant transactions for the years ended 31 December 2009 and 2008 with related parties were as follows:

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Major Shareholder</b>				
Sales of goods	10,931.90	7,763.73	10,931.90	7,763.73
Purchases of raw material	68,144.23	76,582.60	68,144.23	76,582.60
Other income	130.59	77.78	130.59	77.78
Service expense	287.51	56.10	287.51	56.10
Loss from crude and product oil price hedging contract	5.46	-	5.46	-
Interest Expense	17.57	17.53	17.57	17.53
<b>Subsidiaries</b>				
Sales of goods	-	-	15,409.93	17,294.24
Purchases of goods	-	-	119.35	2.42
Other income	-	-	14.16	26.20
Interest expenses	-	-	0.83	0.32
<b>Other related parties</b>				
Sale of goods	269.09	1,046.02	269.09	1,046.02
Purchases of raw material and product	12,374.52	25,908.78	12,374.52	25,908.78
Pipeline transportation expenses	115.43	105.25	115.43	105.25
Selling and administration expenses	0.43	11.13	0.43	11.13
Other income	4.37	5.43	4.37	5.43

Balances as at 31 December 2009 and 2008 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<i>(in million Baht)</i>				
<b>Trade accounts receivable - related parties</b>				
<b>Major Shareholder</b>				
PTT Public Company Limited	764.14	199.89	764.14	199.89
<b>Subsidiaries</b>				
The Bangchak Green Net Co., Ltd.	-	-	615.59	361.43
The Bangchak Biofuel Co., Ltd.	-	-	1.92	0.56
<b>Other related party</b>				
Fuel Pipeline Transportation Ltd.	0.33	0.33	0.33	0.33
	764.47	200.22	1,381.98	562.21
Less allowance for doubtful accounts	-	-	-	-
<b>Net</b>	<b>764.47</b>	<b>200.22</b>	<b>1,381.98</b>	<b>562.21</b>
Bad and doubtful debts expense for the year	-	-	-	-

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

<i>Trade accounts payable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Major Shareholder</b>				
PTT Public Company Limited	3,911.21	3,544.33	3,911.21	3,544.33
<b>Subsidiaries</b>				
The Bangchak Green Net Co., Ltd.	-	-	1.83	2.04
The Bangchak Biofuel Co., Ltd.	-	-	82.54	-
<b>Other related parties</b>				
Thai Oil Public Co., Ltd.	549.88	182.73	549.88	182.73
IRPC Public Co., Ltd.	354.71	113.56	354.71	113.56
Thai Lube Base Public Co., Ltd.	0.33	1.05	0.33	1.05
PTT Aromatics and Refining Public Company Limited	538.19	-	538.19	-
<b>Total</b>	<b>5,354.32</b>	<b>3,841.67</b>	<b>5,438.69</b>	<b>3,843.71</b>
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<i>Other accounts payable - related parties</i>				
<b>Other related party</b>				
Fuel Pipeline Transportation Ltd.	10.39	12.68	10.39	12.68
<b>Non-current assets</b>				
<b>Other related party</b>				
Energy Complex Company Limited	4.70	-	4.70	-
<b>Tariff prepayment</b>				
<b>Other related party</b>				
Fuel Pipeline Transportation Ltd.	117.20	127.63	117.20	127.63
Less allowance for doubtful accounts	(97.30)	(107.73)	(97.30)	(107.73)
<b>Net</b>	<b>19.90</b>	<b>19.90</b>	<b>19.90</b>	<b>19.90</b>
<i>Other current liabilities</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Subsidiary</b>				
The Bangchak Green Net Co., Ltd.	-	-	26.15	25.32

# **The Bangchak Petroleum Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the years ended 31 December 2009 and 2008**

### ***Tariff prepayment***

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 14 June 1996. Subsequently, the Company, together with the other FPT creditors agreed on 3 March 1999 to restructure the FPT's loan. Prior to the loan restructure, the amount owed to the Company as Tariff Prepayment was Baht 245.80 million. On 30 April 1999, Baht 48.75 million was converted to capital stock (preferred stock) with remaining loan outstanding totalling 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 of MLR-2%) will be paid on a monthly basis. Subsequently, FPT was able to repay some parts of the loan, however, due to financial difficulties it could not comply with the agreed terms. An amendment to the original agreement was made on 28 March 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 of 153 periods, with the first payment made on 30 April 2002. The interest rate will be based on MLR with relaxation of 1% per annum starting from 29 March 2002. The difference in the interest shall be established as a receivable in a suspense account which will be written-off provided FPT complies with the agreement, without default, over a three-year consecutive period.

On 29 December 2009, the Company and other FPT creditors had additionally amended the restructuring agreement to comply with FPT's ability to pay debt. The Company and other FPT creditors agreed to give up interest receivable and changed repayment schedule as stipulated in the restructuring agreement without additional debt relief.

### ***Significant agreements with related parties***

#### ***Fuel Pipeline Transportation Agreement***

During 1997, the Company entered into a fuel pipeline transportation agreement with a related company. The related company will provide transportation service of fuel products to Don-muang and Suvarnabhumi International Airport and transportation service for petroleum products to fuel depot at Bang-pa-in. The agreement has no specified expiry date and can be terminated by either party by giving at least 60 days written notice for termination to the other party.

#### ***Feedstock Supply Agreement***

During 2006, the Company entered into Feedstock Supply Agreement, to enhance the Company's feedstock supply, whereby the major shareholder will supply crude oil and other feedstocks for the refinery process commencing from 16 May 2006 and shall be in effect for a period of twelve years after PQI's commercial operation date.

#### ***Crude Oil Supply and Oil-Products Sales and Purchase Agreement***

During 2006, the Company entered into Sale and Purchase Agreement with the major shareholder, to accommodate the additional Gasoline production outputs from the PQI project after commercial operation date. The major shareholder will purchase minimum level of 30% of refined petroleum products (not include aviation fuel and fuel oil) from the refinery. This agreement shall be in effect for a period of twelve years after PQI's commercial operation date.

Since 2007, the Company entered into five oil products purchase agreements with related companies. The related companies will provide oil products at quantities and prices as stipulated in the agreement. The agreement has no specified expiry date and can be terminated by either party by giving at least 90 days written notice for termination to the other party.

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
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**For the years ended 31 December 2009 and 2008**

***Bio-diesel Sales and Purchase Agreement***

During 2008, the Company entered into a Bio-diesel Sales and Purchase Agreement with a subsidiary for a period of seven years to start from the commencement of the Bio-diesel Plant's commercial operations. The Company will purchase bio-diesel oil at yearly average volumes not less than 60% of maximum bio-diesel production capacity at the market prices as stipulated in the agreement

***Gas Sales and Purchase Agreement***

During 2008, the Company entered into Gas Sales and Purchase Agreement with the major shareholder for the refinery process for a period of ten years commencing on the first date of Gas delivery by the major shareholder and the Company receive this gas with the service fee as stipulated in the agreement.

***Service Station Operating Right Agreement***

During 2007, the Company entered into Service Station Operating Right Agreement which include the right to operate within service station with a subsidiary for a period of three years. The subsidiary agreed to pay the fee at agreed prices as stipulated in the agreement. For mutual interest under the agreement, the subsidiary agreed to purchase the finish oil products at contractually agreed prices.

***Store Operation Right Agreement***

During 2007, the Company entered into Store Operation Right Agreement with a subsidiary for a period of three years to operate retail stores within service stations under the Company's brand. The subsidiary agreed to pay the fee under agreed prices as stipulated in the agreement.

***Cogeneration Purchase and Sale Agreement***

On 25 February 2008, the Company entered into Cogeneration Project Agreement with the major shareholder under which the major shareholder 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 2010.

***Petroleum and Gas Tank Storage Service Agreement***

The Company entered into Petroleum and Gas Tank Storage Service Agreement with the major shareholder for a period of 15 years from 1 January 2009 to 31 December 2023 with the service fee as stipulated in the agreement.

***Office Rental and Service Agreements***

The Company entered into office rental and service agreements with a related company for a period of 3 years commencing from 1 January 2010 to 31 December 2012 and with a renewable option for another period of 3 years. Office rental fees and conditions are as stipulated in the agreement.



# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Cash on hand	19.55	19.01	1.14	1.05
Cash at banks – current accounts	566.55	990.90	439.56	891.32
Cash at banks – savings accounts	1,550.13	672.40	1,269.96	602.80
Highly liquid short-term investments	-	640.00	-	600.00
<b>Total</b>	<b><u>2,136.23</u></b>	<b><u>2,322.31</u></b>	<b><u>1,710.66</u></b>	<b><u>2,095.17</u></b>

Cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Thai Baht (THB)	2,133.15	2,298.85	1,707.58	2,071.71
United States Dollars (USD)	3.08	23.46	3.08	23.46
<b>Total</b>	<b><u>2,136.23</u></b>	<b><u>2,322.31</u></b>	<b><u>1,710.66</u></b>	<b><u>2,095.17</u></b>

### 6 Investments

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b><i>Current investments</i></b>				
Short-term deposits at financial institutions	8.40	7.72	-	-
	<b><u>8.40</u></b>	<b><u>7.72</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><i>Other long-term investments</i></b>				
Non-marketable equity securities				
Fuel Pipeline Transportation Ltd.	181.75	181.75	181.75	181.75
<i>Less</i> Allowance for impairment	(181.75)	(181.75)	(181.75)	(181.75)
ASEAN Potash Mining Public Company Limited	80.00	80.00	80.00	80.00
MFC Energy Fund	126.22	73.29	126.22	73.29
<i>Less</i> Allowance for impairment	(9.85)	-	(9.85)	-
<b>Non-marketable equity securities - net</b>	<b><u>196.37</u></b>	<b><u>153.29</u></b>	<b><u>196.37</u></b>	<b><u>153.29</u></b>
Debt securities held to maturity				
Special Government bonds	3.00	3.00	3.00	3.00
<i>Less</i> Discount on investments	(0.01)	(0.03)	(0.01)	(0.03)
The Express way Authority of Thailand's bond	0.90	0.90	-	-
<b>Debt securities held to maturity - net</b>	<b><u>3.89</u></b>	<b><u>3.87</u></b>	<b><u>2.99</u></b>	<b><u>2.97</u></b>
<b>Other long-term investments</b>	<b><u>200.26</u></b>	<b><u>157.16</u></b>	<b><u>199.36</u></b>	<b><u>156.26</u></b>
<b>Total</b>	<b><u>208.66</u></b>	<b><u>164.88</u></b>	<b><u>199.36</u></b>	<b><u>156.26</u></b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 7 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		<i>(in million Baht)</i>			
Related parties	4	764.47	200.22	1,381.98	562.21
Other parties		4,213.62	3,979.47	4,190.18	3,966.52
		<u>4,978.09</u>	<u>4,179.69</u>	<u>5,572.16</u>	<u>4,528.73</u>
Less allowance for doubtful accounts		(73.97)	(81.66)	(71.14)	(78.96)
<b>Net</b>		<b><u>4,904.12</u></b>	<b><u>4,098.03</u></b>	<b><u>5,501.02</u></b>	<b><u>4,449.77</u></b>
Reverse of Bad and doubtful debts expense for the year		<u>(7.69)</u>	<u>(0.95)</u>	<u>(7.82)</u>	<u>(0.91)</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Related parties</b>				
Within credit terms	764.47	200.22	1,381.98	562.21
Less allowance for doubtful accounts	-	-	-	-
<b>Net</b>	<b><u>764.47</u></b>	<b><u>200.22</u></b>	<b><u>1,381.98</u></b>	<b><u>562.21</u></b>
<b>Other parties</b>				
Within credit terms	4,104.76	3,332.32	4,086.45	3,323.42
Overdue:				
Less than 3 months	32.03	557.13	28.69	556.26
3-6 months	0.42	4.06	0.51	3.83
6-12 months	0.24	1.11	0.30	0.04
Over 12 months	76.17	84.85	74.23	82.97
	<u>4,213.62</u>	<u>3,979.47</u>	<u>4,190.18</u>	<u>3,966.52</u>
Less allowance for doubtful accounts	(73.97)	(81.66)	(71.14)	(78.96)
<b>Net</b>	<b><u>4,139.65</u></b>	<b><u>3,897.81</u></b>	<b><u>4,119.04</u></b>	<b><u>3,887.56</u></b>
<b>Total</b>	<b><u>4,904.12</u></b>	<b><u>4,098.03</u></b>	<b><u>5,501.02</u></b>	<b><u>4,449.77</u></b>

The normal credit term granted by the Group ranges from 19 days to 60 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Thai Baht (THB)	4,015.01	1,773.25	4,611.91	2,124.99
United States Dollars (USD)	889.11	2,324.78	889.11	2,324.78
<b>Total</b>	<b><u>4,904.12</u></b>	<b><u>4,098.03</u></b>	<b><u>5,501.02</u></b>	<b><u>4,449.77</u></b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Crude oil	8,991.61	4,023.54	8,954.70	4,023.54
Finished oil products	5,001.82	2,788.69	4,670.18	2,661.93
Consumer products	61.50	53.85	-	-
	<u>14,054.93</u>	<u>6,866.08</u>	<u>13,624.88</u>	<u>6,685.47</u>
<i>Less: allowance for decline in value</i>	-	(948.22)	-	(942.16)
<i>Less: allowance for obsolete and slow moving</i>	(1.24)	(1.37)	-	-
<b>Net</b>	<b><u>14,053.69</u></b>	<b><u>5,916.49</u></b>	<b><u>13,624.88</u></b>	<b><u>5,743.31</u></b>

As at 31 December 2009 and 2008, the Company's inventories included petroleum legal reserve of 431.38 million litres with approximated value of Baht 6,903.25 million and 326.51 million litres with approximated value of Baht 4,928.41 million, respectively.

During 2009, The Group reversed allowance for decline in value totalling Baht 948.22 million (2008: The Group recorded allowance for decline in value equally to net realisable value totalling Baht 948.22 million)

### 9 Other current assets

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Receivable from oil hedging contracts	559.35	27.07	559.35	27.07
Value added tax receivable	452.66	-	437.09	-
Prepayment of corporate income tax	66.81	1,143.15	50.50	1,126.33
Others	93.99	163.29	74.43	135.19
<b>Total</b>	<b><u>1,172.81</u></b>	<b><u>1,333.51</u></b>	<b><u>1,121.37</u></b>	<b><u>1,288.59</u></b>

### 10 Investments in subsidiaries

	Separate financial statements	
	2009	2008
	<i>(in million Baht)</i>	
<i>Subsidiaries</i>		
At 1 January	79.31	0.49
Acquisitions	118.23	78.82
<b>At 31 December</b>	<b><u>197.54</u></b>	<b><u>79.31</u></b>

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

Investments in subsidiaries as at 31 December 2009 and 2008, and dividend income for the years ended were as follows:

	<b>Separate financial statements</b>											
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(%)		<i>(in million Baht)</i>									
<b>Subsidiaries</b>												
The Bangchak Green Net Co., Ltd.	49.00	49.00	1.00	1.00	0.49	0.49	-	-	0.49	0.49	-	20.09
The Bangchak Biofuel Co., Ltd.	70.00	70.00	281.50	112.60	197.05	78.82	-	-	197.05	78.82	-	-
<b>Total</b>					<b>197.54</b>	<b>79.31</b>	<b>-</b>	<b>-</b>	<b>197.54</b>	<b>79.31</b>	<b>-</b>	<b>20.09</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 11 Property, plant and equipment

	Consolidated financial statements							Total
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	
	<i>(in million Baht)</i>							
<b>Cost / Revaluation</b>								
At 1 January 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	7,984.12	7,990.92
Transfers	0.40	4.01	260.15	106.98	30.86	14.54	(412.57)	4.37
Disposals	-	(1.29)	(202.12)	(61.05)	-	(17.30)	(71.40)	(353.16)
<b>At 31 December 2008 and 1 January 2009</b>	<b>1,369.04</b>	<b>530.43</b>	<b>24,650.55</b>	<b>3,791.74</b>	<b>303.96</b>	<b>128.42</b>	<b>12,683.12</b>	<b>43,457.26</b>
Additions	-	-	0.22	14.66	-	1.13	4,587.30	4,603.31
Transfers	3.85	279.16	16,095.98	97.09	159.90	33.63	(16,669.61)	-
Disposals	-	-	(30.00)	(79.68)	(17.03)	(0.38)	(21.35)	(148.44)
<b>At 31 December 2009</b>	<b>1,372.89</b>	<b>809.59</b>	<b>40,716.75</b>	<b>3,823.81</b>	<b>446.83</b>	<b>162.80</b>	<b>579.46</b>	<b>47,912.13</b>
<b>Finance cost capitalised</b>								
Finance cost capitalised during 2008 ( <i>note 29</i> )	-	-	-	-	-	-	270.46	270.46
Rates of interest capitalised during 2008 ( <i>% per annum</i> )	-	-	-	-	-	-	4.79 - 7.00	4.79 - 7.00
Finance cost capitalised during 2009 ( <i>note 29</i> )	-	-	-	-	-	-	358.00	358.00
Rates of interest capitalised during 2009 ( <i>% per annum</i> )	-	-	-	-	-	-	3.09 - 6.5	3.09 - 6.5

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

	Consolidated financial statements							
		Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	Total	
	Land	Buildings	terminal	equipments	Catalyst	Vehicles	progress	Total
	(in million Baht)							
<b>Accumulated depreciation :</b>								
At 1 January 2008	-	(344.89)	(14,244.09)	(2,078.82)	-	(100.50)	-	(16,768.30)
Depreciation charge for the year	-	(16.69)	(799.41)	(227.39)	-	(13.69)	-	(1,057.18)
Transfers	-	-	-	(2.48)	-	-	-	(2.48)
Disposals	-	1.11	157.86	46.85	-	17.28	-	223.10
<b>At 31 December 2008 and 1 January 2009</b>	<b>-</b>	<b>(360.47)</b>	<b>(14,885.64)</b>	<b>(2,261.84)</b>	<b>-</b>	<b>(96.91)</b>	<b>-</b>	<b>(17,604.86)</b>
Depreciation charge for the year	-	(19.76)	(926.17)	(239.60)	-	(14.20)	-	(1,199.73)
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	28.28	57.07	-	0.38	-	85.73
<b>At 31 December 2009</b>	<b>-</b>	<b>(380.23)</b>	<b>(15,783.53)</b>	<b>(2,444.37)</b>	<b>-</b>	<b>(110.73)</b>	<b>-</b>	<b>(18,718.86)</b>
<b>Allowance for impairment</b>								
At 1 January 2008	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
Additions	-	-	-	(11.48)	-	-	-	(11.48)
Decrease	28.55	-	-	-	-	-	-	28.55
<b>At 31 December 2008 and 1 January 2009</b>	<b>(539.95)</b>	<b>-</b>	<b>(0.56)</b>	<b>(76.95)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(617.46)</b>
Additions	(14.06)	-	-	-	-	-	-	(14.06)
Decrease	-	-	0.56	8.54	-	-	-	9.10
<b>At 31 December 2009</b>	<b>(554.01)</b>	<b>-</b>	<b>-</b>	<b>(68.41)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(622.42)</b>
<b>Net book value</b>								
At 31 December 2008	<u>829.09</u>	<u>169.96</u>	<u>9,764.35</u>	<u>1,452.95</u>	<u>303.96</u>	<u>31.51</u>	<u>12,683.12</u>	<u>25,234.94</u>
At 31 December 2009	<u>818.88</u>	<u>429.36</u>	<u>24,933.22</u>	<u>1,311.03</u>	<u>446.83</u>	<u>52.07</u>	<u>579.46</u>	<u>28,570.85</u>

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

	Separate financial statements							Total
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	
	<i>(in million Baht)</i>							
<b>Cost / Revaluation</b>								
At 1 January 2008	1,368.64	527.71	24,592.52	3,702.23	273.10	122.84	5,182.97	35,770.01
Additions	-	-	-	-	-	-	7,825.12	7,825.12
Transfers	-	4.01	260.15	106.98	30.86	14.54	(412.57)	3.97
Disposals	(45.48)	(1.29)	(202.12)	(58.58)	-	(16.97)	(71.40)	(395.84)
<b>At 31 December 2008 and 1 January 2009</b>	<b>1,323.16</b>	<b>530.43</b>	<b>24,650.55</b>	<b>3,750.63</b>	<b>303.96</b>	<b>120.41</b>	<b>12,524.12</b>	<b>43,203.26</b>
Additions	-	-	-	-	-	-	3,948.98	3,948.98
Transfers	3.85	19.56	15,567.87	97.09	159.90	33.63	(15,881.90)	-
Disposals	-	-	(30.00)	(68.28)	(17.03)	(0.38)	(21.35)	(137.04)
<b>At 31 December 2009</b>	<b>1,327.01</b>	<b>549.99</b>	<b>40,188.42</b>	<b>3,779.44</b>	<b>446.83</b>	<b>153.66</b>	<b>569.85</b>	<b>47,015.20</b>
<b>Finance cost capitalised</b>								
Finance cost capitalised during 2008 ( <i>note 29</i> )	-	-	-	-	-	-	270.46	270.46
Rates of interest capitalised during 2008 ( <i>% per annum</i> )	-	-	-	-	-	-	4.79 - 5.49	4.79 - 5.49
Finance cost capitalised during 2009 ( <i>note 29</i> )	-	-	-	-	-	-	338.96	338.96
Rates of interest capitalised during 2009 ( <i>% per annum</i> )	-	-	-	-	-	-	3.09 - 4.43	3.09 - 4.43

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	Separate financial statements							Total
	Land	Buildings	Machinery, equipment refinery plants and terminal	Marketing and office equipments	Platinum Catalyst	Vehicles	Construction work in progress	
	<i>(in million Baht)</i>							
<b>Accumulated depreciation</b>								
At 1 January 2008	-	(344.89)	(14,244.09)	(2,042.31)	-	(96.97)	-	(16,728.26)
Depreciation charge for the year	-	(16.69)	(799.41)	(225.73)	-	(12.72)	-	(1,054.55)
Transfers	-	-	-	(2.48)	-	-	-	(2.48)
Disposals	-	1.11	157.86	44.40	-	16.96	-	220.33
<b>At 31 December 2008 and 1 January 2009</b>	-	<b>(360.47)</b>	<b>(14,885.64)</b>	<b>(2,226.12)</b>	-	<b>(92.73)</b>	-	<b>(17,564.96)</b>
Depreciation charge for the year	-	(18.25)	(922.49)	(236.43)	-	(13.78)	-	(1,190.95)
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	28.28	45.78	-	0.38	-	74.44
<b>At 31 December 2009</b>	-	<b>(378.72)</b>	<b>(15,779.85)</b>	<b>(2,416.77)</b>	-	<b>(106.13)</b>	-	<b>(18,681.47)</b>
<b>Allowance for impairment</b>								
At 1 January 2008	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
Additions	-	-	-	(11.48)	-	-	-	(11.48)
Decrease	28.55	-	-	-	-	-	-	28.55
<b>At 31 December 2008 and 1 January 2009</b>	<b>(539.95)</b>	-	<b>(0.56)</b>	<b>(76.95)</b>	-	-	-	<b>(617.46)</b>
Additions	(14.06)	-	-	-	-	-	-	(14.06)
Decrease	-	-	0.56	8.54	-	-	-	9.10
<b>At 31 December 2009</b>	<b>(554.01)</b>	-	-	<b>(68.41)</b>	-	-	-	<b>(622.42)</b>
<b>Net book value</b>								
At 31 December 2008	<b>783.21</b>	<b>169.96</b>	<b>9,764.35</b>	<b>1,447.56</b>	<b>303.96</b>	<b>27.68</b>	<b>12,524.12</b>	<b>25,020.84</b>
At 31 December 2009	<b>773.00</b>	<b>171.27</b>	<b>24,408.57</b>	<b>1,294.26</b>	<b>446.83</b>	<b>47.53</b>	<b>569.85</b>	<b>27,711.31</b>

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2009 amounted to Baht 1,563.14 million (2008: Baht 1,376.12 million).

As at 31 December 2009, a subsidiary has mortgaged its land, buildings and machinery as collateral with financial institutions for credit facilities totalling Baht 831.15 million.



# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 12 Leasehold Rights

	<b>Consolidated and Separate financial statements</b> <i>(in million Baht)</i>
<i>Cost</i>	
At 1 January 2008	2,131.30
Addition	9.88
Disposal	(13.40)
<b>At 31 December 2008 and 1 January 2009</b>	<b>2,127.78</b>
Addition	27.20
<b>At 31 December 2009</b>	<b>2,154.98</b>
<i>Accumulated amortisation</i>	
At 1 January 2008	(950.65)
Amortisation charge for the year	(90.89)
Disposal	11.93
<b>At 31 December 2008 and 1 January 2009</b>	<b>(1,029.61)</b>
Amortisation charge for the year	(89.52)
<b>At 31 December 2009</b>	<b>(1,119.13)</b>
<i>Allowance for impairment</i>	
At 1 January 2008	(12.64)
Reversal of loss on impairment	1.21
<b>At 31 December 2008 and 1 January 2009</b>	<b>11.43</b>
Reversal of loss on impairment	0.58
<b>At 31 December 2009</b>	<b>(10.85)</b>
<i>Net book value</i>	
<b>At 31 December 2008</b>	<b>1,086.74</b>
<b>At 31 December 2009</b>	<b>1,025.00</b>

On 27 February 2004, The Treasury Department permitted the Company to settle by instalments, the leasehold fee of Baht 551.63 million for an extension of the lease agreement of state-owned land on which the Company's refinery is located. The initial lease agreement, which due for expiration on 1 April 2015, will be extended for period of 18 years under the new lease agreement, which will expire on 31 March 2033. The Company has extended the amortisation period of existing leasehold rights to 31 March 2033, which corresponds to the period of the new agreement. The annually instalments of the leasehold fee are as followed;

Period	<i>(in million Baht)</i>
The year 2007 - 2009	137.90
The year 2010 - 2012	183.88
The year 2013 - 2016	229.85
	<b>551.63</b>

As at 31 December 2009, leasehold right liability has remaining balance totalling Baht 414.48 million (2008: Baht 460.70 million).

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 13 Intangible assets

	Right to use and cost of development of computer software	
	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in million Baht)</i>	
<i>Cost</i>		
At 1 January 2008	138.14	136.07
Addition	28.85	28.43
Disposal	(3.74)	(3.63)
<b>At 31 December 2008 and 1 January 2009</b>	<b>163.25</b>	<b>160.87</b>
Addition	15.58	15.21
<b>At 31 December 2009</b>	<b>178.83</b>	<b>176.08</b>
<i>Accumulated amortisation</i>		
At 1 January 2008	(38.85)	(38.23)
Amortisation charge for the year	(25.58)	(25.13)
Disposals	3.63	3.63
<b>At 31 December 2008 and 1 January 2009</b>	<b>(60.80)</b>	<b>(59.73)</b>
Amortisation charge for the year	(29.19)	(28.70)
<b>At 31 December 2009</b>	<b>(89.99)</b>	<b>(88.43)</b>
<i>Net book value</i>		
<b>At 31 December 2008</b>	<b>102.45</b>	<b>101.14</b>
<b>At 31 December 2009</b>	<b>88.84</b>	<b>87.65</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 14 Investment in Oil Service Stations

The investments in oil service stations comprise oil service station expansion with different approaches. The Company invests and grants others to operate or enter into a joint venture agreement, or with investment made by the operator and the Company providing support.

As at 31 December 2009, the balances outstanding in the investment in service stations account total Baht 238.90 million (2008: Baht 269.36 million). The Company amortised the investment in service stations on a straight-line basis over the term of the agreement. Amortisation charge for the year ended 31 December 2009 total Baht 45.04 million (2008: Baht 53.10 million)

### 15 Deferred tax

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Deferred tax assets	158.33	474.34	158.33	474.34
Deferred tax liabilities	(16.36)	(19.63)	(16.36)	(19.63)
<b>Net</b>	<b>141.97</b>	<b>454.71</b>	<b>141.97</b>	<b>454.71</b>

Movements in deferred tax assets and liabilities during the year were as follows:

	Consolidated and Separate financial statements		
	At 1 January 2009	(Charged) / credited to Statement of income (Note 30) <i>(in million Baht)</i>	At 31 December 2009
<b><i>Deferred tax assets</i></b>			
Pension fund reserve	118.17	18.82	136.99
Loss carry forward	332.48	(332.48)	-
Others	23.69	(2.35)	21.34
<b>Total</b>	<b>474.34</b>	<b>(316.01)</b>	<b>158.33</b>
<b><i>Deferred tax liability</i></b>			
Property, plant and equipment	19.63	(3.27)	16.36
<b>Total</b>	<b>19.63</b>	<b>(3.27)</b>	<b>16.36</b>
<b>Net</b>	<b>454.71</b>	<b>(312.74)</b>	<b>141.97</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	<b>Consolidated and Separate financial statements</b>		
	<b>At 1 January 2008</b>	(Charged) / credited to Statement of income (Note 30) <i>(in million Baht)</i>	<b>At 31 December 2008</b>
<i>Deferred tax assets</i>			
Pension fund reserve	104.32	13.85	118.17
Loss carry forward	-	332.48	332.48
Others	26.71	(3.02)	23.69
<b>Total</b>	<b>131.03</b>	<b>343.31</b>	<b>474.34</b>
<i>Deferred tax liability</i>			
Property, plant and equipment	22.90	(3.27)	19.63
<b>Total</b>	<b>22.90</b>	<b>(3.27)</b>	<b>19.63</b>
<b>Net</b>	<b>108.13</b>	<b>346.58</b>	<b>454.71</b>

## 16 Other non-current assets

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Fixed deposit for staff welfare	223.64	222.50	223.64	222.50
Deposit for crude and product oil hedging contracts	-	14.73	-	14.73
Deferred expenses for the issuance of debentures and long-term loans	185.49	210.51	178.90	202.86
Others	81.16	82.40	80.41	81.61
<b>Total</b>	<b>490.29</b>	<b>530.14</b>	<b>482.95</b>	<b>521.70</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 17 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Current</b>				
Short-term loans from financial institutions				
secured	100.00	970.00	-	970.00
unsecured	800.00	300.00	800.00	300.00
	<u>900.00</u>	<u>1,270.00</u>	<u>800.00</u>	<u>1,270.00</u>
Current portion of long-term loans from financial institutions				
secured	35.28	603.50	-	603.50
unsecured	887.26	-	887.26	-
	<u>922.54</u>	<u>603.50</u>	<u>887.26</u>	<u>603.50</u>
<b>Total Current</b>	<u><b>1,822.54</b></u>	<u><b>1,873.50</b></u>	<u><b>1,687.26</b></u>	<u><b>1,873.50</b></u>
<b>Non-current</b>				
Long-term loans from financial institutions				
secured	529.22	11,042.83	-	10,909.03
unsecured	11,531.77	-	11,531.77	-
	<u>12,060.99</u>	<u>11,042.83</u>	<u>11,531.77</u>	<u>10,909.03</u>
Convertible Debenture unsecured	2,036.57	2,761.55	2,036.57	2,761.55
	<u>2,036.57</u>	<u>2,761.55</u>	<u>2,036.57</u>	<u>2,761.55</u>
<b>Total Non-current</b>	<u><b>14,097.56</b></u>	<u><b>13,804.38</b></u>	<u><b>13,568.34</b></u>	<u><b>13,670.58</b></u>
<b>Total</b>	<u><b>15,920.10</b></u>	<u><b>15,677.88</b></u>	<u><b>15,255.60</b></u>	<u><b>15,544.08</b></u>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2009 and 2008

Details of the Group's loans from financial institutions as at 31 December were as follows:

	Facilities		Interest		Repayment Terms	Consolidated financial statements		Separate financial statements	
	Currency	(in million)	Interest Rates (%) p.a.			2009	2008	2009	2008
<i>Short-term loans from financial institutions</i>									
<b>The Company</b>	Baht	14,249	MMR		Payable in accordance with terms in Promissory note	800.00	1,270.00	800.00	1,270.00
<b>Subsidiary</b>	Baht	220	MOR - 1		Payable in accordance with terms in Promissory note	100.00	-	-	-
<b>Total</b>						<b>900.00</b>	<b>1,270.00</b>	<b>800.00</b>	<b>1,270.00</b>
<i>Long-term loans from financial institutions</i>									
<b>The Company</b>	Baht	7,100	THBFIX 6M plus margin		The principle will be repayable in 18 instalments commencing in December 2008	6,212.50	6,816.00	6,212.50	6,816.00
<b>The Company</b>	Baht	8,400	THBFIX 6M plus margin		The principle will be repayable in 15 instalments commencing in December 2010	6,206.53	4,696.53	6,206.53	4,696.53
<b>Subsidiary</b>	Baht	710	Sign agreement – 2 years MLR minus 0.25 After – MLR minus 0.50		The principle will be repayable in 24 instalments commencing in June 2010	564.50	133.80	-	-
<b>Total</b>						<b>12,983.53</b>	<b>11,646.33</b>	<b>12,419.03</b>	<b>11,512.53</b>
<i>Less: Current portion</i>						(922.54)	(603.50)	(887.26)	(603.50)
<b>Net</b>						<b>12,060.99</b>	<b>11,042.83</b>	<b>11,531.77</b>	<b>10,909.03</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2009 and 2008

The loan agreements contain certain conditions and restrictions such as maintaining of certain debt to equity ratio, debt service coverage ratio and current ratio.

As at 31 December 2009 the Group and the Company had unutilised credit facilities totalling Baht 16,815 million and 16,530 million, respectively (2008: Baht 15,018 million and Baht 14,201 million, respectively).

#### **Convertible Debentures**

On 29 January 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 was part of the financial restructuring plan, approved by the cabinet on 8 July 2003; in which offerings were made to investing institution in the form of depository receipt against benefits derived from the convertible debentures. The issuance of the depository receipt was 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 30<sup>th</sup> day of March, June, September and December of each year. The first conversion commenced on 30 September 2004 and will end on 30 September 2013. This is in accordance with the terms and conditions relating to depository receipts and also the convertible debentures.

On 16 May 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 31 December 2009, the remaining balances of Convertible Debentures were 203,657 units.

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Within one year	1,822.54	1,873.50	1,687.26	1,873.50
After one year but within five years	7,860.14	4,634.72	7,491.80	4,565.15
After five years	6,237.42	9,169.66	6,076.54	9,105.43
<b>Total</b>	<b><u>15,920.10</u></b>	<b><u>15,677.88</u></b>	<b><u>15,255.60</u></b>	<b><u>15,544.08</u></b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Property, plant and equipment	831.15	22,247.57	-	22,247.57
<b>Total</b>	<b>831.15</b>	<b>22,247.57</b>	<b>-</b>	<b>22,247.57</b>

Interest-bearing liabilities of the Group and the Company as at 31 December 2009 and 2008 were denominated entirely in Thai Baht.

### 18 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		<i>(in million Baht)</i>			
Related parties	4	5,354.32	3,841.67	5,438.69	3,843.71
Other parties		714.88	672.79	584.27	618.88
<b>Total</b>		<b>6,069.20</b>	<b>4,514.46</b>	<b>6,022.96</b>	<b>4,462.59</b>

Trade accounts payable of the Group and the Company as at 31 December 2009 and 2008 were denominated entirely in Thai Baht.

### 19 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Accrued expenses	645.18	439.85	534.45	411.02
Other accounts payable	1,308.34	222.45	1,294.32	221.86
Retention	659.49	612.03	650.76	612.03
Current portion of non-current liabilities	78.91	60.60	78.91	60.47
Value added tax payable	0.74	82.30	-	82.30
Others	148.55	119.19	146.76	124.83
<b>Total</b>	<b>2,841.21</b>	<b>1,536.42</b>	<b>2,705.20</b>	<b>1,512.51</b>

### 20 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Provision for pension funds	456.62	393.89	456.62	393.89
Others	69.80	53.64	53.29	38.76
<b>Total</b>	<b>526.42</b>	<b>447.53</b>	<b>509.91</b>	<b>432.65</b>



# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 21 Share capital

	Par value per share	2009		2008	
		Number	Baht	Number	Baht
	(in Baht)	(million shares / million Baht)			
<b>Authorised</b>					
At 1 January					
ordinary shares	1	1,531.64	1,531.64	1,531.64	1,531.64
<b>At 31 December</b>					
<b>ordinary shares</b>	<b>1</b>	<b>1,531.64</b>	<b>1,531.64</b>	<b>1,531.64</b>	<b>1,531.64</b>
<b>Issued and paid-up</b>					
At 1 January					
ordinary shares	1	1,119.13	1,119.13	1,119.13	1,119.13
Issue of new shares	1	50.70	50.70	-	-
<b>At 31 December</b>					
<b>ordinary shares</b>	<b>1</b>	<b>1,169.83</b>	<b>1,169.83</b>	<b>1,119.13</b>	<b>1,119.13</b>

On 3 July 2009, the Company issued 50.70 million new ordinary shares with a par value of Baht 1 each, totalling Baht 50.70 million to support the conversion of convertible debentures. The convertible value of each debenture is Baht 14.30 per common share, which results in a share premium totalling Baht 674.28 million.

### 22 Additional paid-in capital and reserves

#### *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

#### *Capital surplus on registered and paid-up share reduction*

On 6 July 2004, the Company 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. 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 proceeded the share reduction to Capital on registered and paid-up share reduction account.

#### *Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 23 Warrants

On 15 May 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 20 April 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 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 on 30 September 2006, and the last exercise date shall be at the end of term of warrants, which is on 14 May 2011.

As of 31 December 2009, the remaining balance of the warrants was 69,032,486 units.

### 24 Segment information

Segment information is presented in respect of the Group's business. The primary format, business segments is based on the Group's management and internal reporting structure.

#### *Business segments*

The Group comprises the following main business segments:

<i>Segment 1</i>	Refinery
<i>Segment 2</i>	Marketing

Profit (loss) results, based on consolidated business segments for the years ended 31 December 2009 and 2008 were as follows:

	2009			Total
	Refinery	Marketing	Elimination	
	<i>(Million Baht)</i>			
Sales	104,137.75	75,190.64	(70,647.16)	108,681.23
Cost of sales	(99,785.23)	(71,871.45)	70,647.16	(101,009.52)
Gross margin	4,352.52	3,319.19	-	7,671.71
Other income	6,655.32	148.27	-	6,803.59
Selling and administrative expenses and Management benefit expenses	(737.48)	(2,412.94)	-	(3,150.42)
Loss on foreign exchange	(56.82)	-	-	(56.82)
Reversal of loss (loss) from impairment of assets	(10.32)	5.31	-	(5.01)
Profit before finance costs and income tax expense	10,203.22	1,059.83	-	11,263.05
Finance costs				(558.07)
Income tax				(3,182.14)
<b>Profit for the year</b>				<b>7,522.84</b>
<b>EBITDA</b>	<b>10,838.61</b>	<b>1,486.14</b>		<b>12,324.75</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	<b>2008</b>			<b>Total</b>
	<b>Refinery</b>	<b>Marketing</b>	<b>Elimination</b>	
	<i>(Million Baht)</i>			
Sales	124,954.29	84,504.19	(80,416.92)	129,041.56
Cost of sales	(124,070.17)	(81,687.42)	80,416.92	(125,340.67)
Gross margin	884.12	2,816.77	-	3,700.89
Other income (expenses)	(1,101.02)	138.81	-	(962.21)
Selling and administrative expenses and Management benefit expenses	(594.44)	(2,243.88)	-	(2,838.32)
Loss on foreign exchange - net	(168.13)	-	-	(168.13)
Reversal of loss from impairment of assets	0.03	15.36	-	15.39
Profit (loss) before finance costs and income tax expense	(979.44)	727.06	-	(252.38)
Finance costs				(856.63)
Income tax				355.85
<b>Profit for the period</b>				<b>(753.16)</b>
<b>EBITDA</b>	<b>(660.70)</b>	<b>1,132.64</b>		<b>471.94</b>

## 25 Other income

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Interest income	41.55	59.82	41.55	59.82
Rental fee for NGV distribution	99.82	73.23	99.82	73.23
Dividend received	-	-	-	20.09
Others	83.25	102.84	87.70	98.98
<b>Total</b>	<b>224.62</b>	<b>235.89</b>	<b>229.07</b>	<b>252.12</b>

## 26 Selling expenses

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Personnel	426.79	394.47	193.16	176.43
Advertising	190.19	118.53	132.22	94.05
Depreciation and amortisation	416.25	420.23	414.86	418.84
Distribution	493.30	598.84	493.30	598.84
Others	551.11	440.85	372.38	344.88
<b>Total</b>	<b>2,077.64</b>	<b>1,972.92</b>	<b>1,605.92</b>	<b>1,633.04</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 27 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Personnel	626.45	470.30	593.38	442.16
Advertising	113.53	81.96	113.53	81.96
Depreciation and amortisation	53.05	40.49	48.86	38.80
Others	219.81	218.56	215.22	139.13
<b>Total</b>	<b>1,012.84</b>	<b>811.31</b>	<b>970.99</b>	<b>702.05</b>

### 28 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Management</b>				
Wages and salaries	38.83	43.21	38.79	43.17
Contribution to defined benefit plans	2.94	2.69	2.94	2.69
Pension	1.84	1.31	1.84	1.31
EJIP	0.47	-	0.47	-
Others	15.86	6.87	15.86	6.87
	<b>59.94</b>	<b>54.08</b>	<b>59.90</b>	<b>54.04</b>
<b>Other employees</b>				
Wages and salaries	775.92	691.71	532.32	470.13
Contribution to defined benefit plans	44.52	40.04	42.83	38.39
Pension	72.61	54.16	72.61	54.16
EJIP	8.11	-	8.11	-
Others	278.78	162.40	261.67	145.77
	<b>1,179.94</b>	<b>948.31</b>	<b>917.54</b>	<b>708.45</b>
<b>Total</b>	<b>1,239.88</b>	<b>1,002.39</b>	<b>977.44</b>	<b>762.49</b>

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 10% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Manager.

On 6 October 2009, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC) in accordance with the notification of the SEC, SorJor 12/2009, dated 10 June 2009. EJIP is an investment program for the periodic accumulative buying of the Company's shares, established to serve as another means of compensating Company employees and executives.

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 29 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		<i>(in million Baht)</i>			
Interest payable to Financial institutions		717.40	741.27	694.10	741.27
Interest payable to Convertible Debentures		16.36	17.62	16.36	17.62
Amortisation of transaction costs capitalised		12.09	9.66	12.09	9.66
Premium on hedging contracts		38.22	2.59	38.22	2.59
Others		132.00	355.95	132.00	355.95
		<b>916.07</b>	<b>1,127.09</b>	<b>892.77</b>	<b>1,127.09</b>
Capitalised as cost of assets under construction	11	(358.00)	(270.46)	(338.96)	(270.46)
<b>Net</b>		<b>558.07</b>	<b>856.63</b>	<b>553.81</b>	<b>856.63</b>

### 30 Income tax expense

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		<i>(in million Baht)</i>			
<b>Current tax expense</b>					
Current year		3,344.40	-	3,326.95	-
Under (over) provided in prior years		-	(9.27)	-	(9.27)
		<b>3,344.40</b>	<b>(9.27)</b>	<b>3,326.95</b>	<b>(9.27)</b>
<b>Deferred tax expense</b>					
Movements in temporary differences	15	312.74	(346.58)	312.74	(346.58)
Benefit of tax losses recognised		(475.00)	-	(475.00)	-
		<b>(162.26)</b>	<b>(346.58)</b>	<b>(162.26)</b>	<b>(346.58)</b>
<b>Total</b>		<b>3,182.14</b>	<b>(355.85)</b>	<b>3,164.69</b>	<b>(355.85)</b>

#### *Reconciliation of effective tax rate*

	Consolidated financial statements			
	2009		2008	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit (Loss) before income tax expense		10,704.98		(1,109.01)
Income tax using the Thai corporation tax rate	30.00	3,211.49	(30.00)	(332.70)
Income not subject to tax / Expenses that are deductible at a greater amount	(0.23)	(24.21)	(3.10)	(34.39)
Expenses not deductible / Other adjustments	1.34	143.33	1.01	11.24
Utilisation of previously unrecognised tax losses	(1.39)	(148.47)	-	-
<b>Total</b>	<b>29.72</b>	<b>3,182.14</b>	<b>(32.09)</b>	<b>(355.85)</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### Reconciliation of effective tax rate

	Separate financial statements			
		2009		2008
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit (Loss) before income tax expense		10,639.58		(1,045.28)
Income tax using the Thai corporation tax rate	30.00	3,191.87	(30.00)	(313.58)
Income not subject to tax / Expenses that are deductible at a greater amount	(0.23)	(24.21)	(3.29)	(34.39)
Expenses not deductible / Other adjustments	1.31	139.54	(0.75)	(7.88)
Utilisation of previously unrecognised tax losses	(1.34)	(142.51)	-	-
<b>Total</b>	<b>29.74</b>	<b>3,164.69</b>	<b>(34.04)</b>	<b>(355.85)</b>

### 31 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to Petroleum Refinery process and production of Biodiesel. The privileges granted include:

- exemption from payment of import duty on machinery approved by the Board;
- exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations.

As promoted companies, the Company and its subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2009			2008		
	Promoted busi-nesses	Non-promoted businesses	Total	Promoted busi-nesses	Non-promoted businesses	Total
	<i>(in million Baht)</i>					
Export sales	-	16,500.44	16,500.44	-	27,543.91	27,543.91
Local sales	52.65	107,589.08	107,641.73	-	118,740.36	118,740.36
Eliminations			(15,460.95)			(17,242.72)
<b>Total Revenue</b>			<b>108,681.22</b>			<b>129,041.55</b>

  

	Separate financial statements					
	2009			2008		
	Promoted busi-nesses	Non-promoted businesses	Total	Promoted busi-nesses	Non-promoted businesses	Total
	<i>(in million Baht)</i>					
Export sales	-	16,500.44	16,500.44	-	27,543.91	27,543.91
Local sales	-	91,177.79	91,177.79	-	100,509.52	100,509.52
<b>Total Revenue</b>	<b>-</b>	<b>107,678.23</b>	<b>107,678.23</b>	<b>-</b>	<b>128,053.43</b>	<b>128,053.43</b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 32 Earnings (loss) per share

#### *Basic earnings (loss) per share*

The calculation of basic earnings (loss) per share for the years ended 31 December 2009 and 2008 were based on the profit (loss) for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht / million shares)</i>			
<b>Profit (loss) attributable to equity holders of the Company (basic)</b>	<b><u>7,524.26</u></b>	<b><u>(750.09)</u></b>	<b><u>7,474.89</u></b>	<b><u>(689.43)</u></b>
Number of ordinary shares outstanding at 1 January	1,119.13	1,119.13	1,119.13	1,119.13
Effect of shares issued on 3 July 2009	25.28	-	25.28	-
<b>Weighted average number of ordinary shares outstanding</b>	<b><u>1,144.41</u></b>	<b><u>1,119.13</u></b>	<b><u>1,144.41</u></b>	<b><u>1,119.13</u></b>
<b>Earnings (loss) per share (basic)</b> <i>(in Baht)</i>	<b><u>6.57</u></b>	<b><u>(0.67)</u></b>	<b><u>6.53</u></b>	<b><u>(0.62)</u></b>

#### *Diluted earnings (loss) per share*

The calculation of diluted earnings (loss) per share for the years ended 31 December 2009 and 2008 were based on the profit (loss) for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht / million shares)</i>			
<b>Profit (loss) attributable to equity holders of the Company (basic)</b>	<b>7,524.26</b>	<b>(750.09)</b>	<b>7,474.89</b>	<b>(689.43)</b>
After-tax effect of interest on convertible debentures	31.64	47.78	31.64	47.78
<b>Profit (loss) attributable to equity holders of the Company (diluted)</b>	<b><u>7,555.90</u></b>	<b><u>(702.31)</u></b>	<b><u>7,506.53</u></b>	<b><u>(641.65)</u></b>
Weighted average number of ordinary shares outstanding (basic)	1,144.41	1,119.13	1,144.41	1,119.13
Effect of conversion of convertible Debentures	168.71	193.99	168.71	193.99
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b><u>1,313.12</u></b>	<b><u>1,313.12</u></b>	<b><u>1,313.12</u></b>	<b><u>1,313.12</u></b>
<b>Earnings (loss) per share (diluted)</b> <i>(in Baht)</i>	<b><u>5.75</u></b>	<b><u>(0.67)</u></b>	<b><u>5.72</u></b>	<b><u>(0.62)</u></b>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2009 and 2008

#### 33 Dividends

At the Board of Directors' meeting of the Company held on 14 August 2009, the Board of Director approved the appropriation of interim dividend from retained earnings as of 30 June 2009 at of Baht 1.00 per share, amounting to Baht 1,169.78 million. The dividend was paid to shareholders on 7 September 2009

At the annual general meeting of the shareholders of the Company held on 9 April 2009, the shareholders approved the appropriation of dividend from retained earnings as of 31 December 2008 at Baht 0.50 per share, amounting to Baht 559.56 million. The dividend was paid to shareholders during 2009.

At the annual general meeting of the shareholders of the Company held on 25 April 2008, the shareholders approved the appropriation of dividend from the profit for the year ended 31 December 2007 at Baht 0.30 per share, amounting to Baht 335.74 million. The dividend was paid to shareholders during 2008.

#### 34 Financial instruments

##### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

##### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly floated. The Group is primarily exposed to interest rate risk from its borrowings. The Group mitigates this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:



# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	Effective interest rate (% per annum)	Consolidated financial statements				Total
		Within 1 year	After 1 year but within 5 years	After 5 years		
(in million Baht)						
<b>2009</b>						
<b>Current</b>						
Loans from Financial institutions	1.5 – 5.1	1,822.54	-	-	1,822.54	
<b>Non-current</b>						
Loans from Financial institutions	3.1 – 3.6	-	6,409.17	5,651.82	12,060.99	
Convertible debentures	3.0	-	1,450.97	585.60	2,036.57	
<b>Total</b>		<b>1,822.54</b>	<b>7,860.14</b>	<b>6,237.42</b>	<b>15,920.10</b>	
<b>2008</b>						
<b>Current</b>						
Loans from Financial institutions	6.1	1,873.50	-	-	1,873.50	
<b>Non-current</b>						
Loans from Financial institutions	5.9	-	4,634.72	6,408.11	11,042.83	
Convertible debentures	3.0	-	-	2,761.55	2,761.55	
<b>Total</b>		<b>1,873.50</b>	<b>4,634.72</b>	<b>9,169.66</b>	<b>15,677.88</b>	
	Effective interest rate (% per annum)	Separate financial statements				Total
		Within 1 year	After 1 year but within 5 years	After 5 years		
(in million Baht)						
<b>2009</b>						
<b>Current</b>						
Loans from Financial institutions	1.5 - 5.1	1,687.26	-	-	1,687.26	
<b>Non-current</b>						
Loans from Financial institutions	3.1 - 3.6	-	6,040.83	5,490.94	11,531.77	
Convertible debentures	3.0	-	1,450.97	585.60	2,036.57	
<b>Total</b>		<b>1,687.26</b>	<b>7,491.80</b>	<b>6,076.54</b>	<b>15,255.60</b>	
<b>2008</b>						
<b>Current</b>						
Loans from Financial institutions	6.1	1,873.50	-	-	1,873.50	
<b>Non-current</b>						
Loans from Financial institutions	5.9	-	4,565.15	6,343.88	10,909.03	
Convertible debentures	3.0	-	-	2,761.55	2,761.55	
<b>Total</b>		<b>1,873.50</b>	<b>4,565.15</b>	<b>9,105.43</b>	<b>15,544.08</b>	

### Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2009 and 2008

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
<i>United States Dollars</i>					
Cash and cash equivalents	5	3.08	23.46	3.08	23.46
Trade accounts receivable	7	889.11	2,324.78	889.11	2,324.78
Receivable from oil hedging contracts	9	559.35	27.07	559.35	27.07
Payable from oil hedging contracts		(1.79)	(10.77)	(1.79)	(10.77)
<b>Gross balance sheet exposure</b>		<b>1,449.75</b>	<b>2,364.54</b>	<b>1,449.75</b>	<b>2,364.54</b>
Other current liabilities		(849.53)	(306.76)	(849.53)	(306.76)
Currency forwards		891.58	-	891.58	-
<b>Gross balance sheet exposure</b>		<b>-</b>	<b>(306.76)</b>	<b>-</b>	<b>(306.76)</b>
<b>Net exposure</b>		<b>1,449.75</b>	<b>2,057.78</b>	<b>1,449.75</b>	<b>2,057.78</b>

Additionally, the Company entered into foreign currency forward exchange contracts, totalling Baht 6,794.59 million net, to hedge future sales and purchases transaction of goods with price denominated in foreign currencies and foreign currency forward contracts totalling Baht 701.23 million to hedge the construction payable for EURO IV project.

#### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

#### *Liquidity risk*

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

#### *Determination of fair values*

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments is taken to approximate the carrying value

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair values of Convertible debentures together with the carrying values shown in the balance sheets at 31 December were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>Financial statements</b>	<b>Financial statements</b>	<b>Financial statements</b>
	Fair value	Carrying value	Fair value	Carrying value
	<i>(in million Baht)</i>			
<b>2009</b>				
<b>Non-current</b>				
Convertible debentures	2,135.10	2,036.57	2,135.10	2,036.57
<b>Total</b>	<u><b>2,135.10</b></u>	<u><b>2,036.57</b></u>	<u><b>2,135.10</b></u>	<u><b>2,036.57</b></u>
<b>2008</b>				
<b>Non-current</b>				
Convertible debentures	2,411.74	2,761.55	2,411.74	2,761.55
<b>Total</b>	<u><b>2,411.74</b></u>	<u><b>2,761.55</b></u>	<u><b>2,411.74</b></u>	<u><b>2,761.55</b></u>

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 35 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Capital commitments</b>				
Construction projects	1,763.83	2,799.54	1,654.08	2,186.37
<b>Total</b>	<b>1,763.83</b>	<b>2,799.54</b>	<b>1,654.08</b>	<b>2,186.37</b>
<b>Non-cancellable operating lease commitments</b>				
Within one year	358.47	65.93	358.47	65.93
After one year but within five years	1,399.61	256.29	1,399.61	256.29
After five years	2,812.05	275.33	2,812.05	275.33
<b>Total</b>	<b>4,570.13</b>	<b>597.55</b>	<b>4,570.13</b>	<b>597.55</b>
<b>Other commitments</b>				
Bank guarantees	71.53	387.40	71.53	387.40
<b>Total</b>	<b>71.53</b>	<b>387.40</b>	<b>71.53</b>	<b>387.40</b>

The Company entered into 1.68 million barrels oil price hedging contracts with foreign oil traders for the periods between January 2010 and December 2010.

The Company entered into foreign currency buying forward contracts cover the period to December 2010 amounting to USD 158.47 million equivalents to Baht 5,277.80 million and selling forward contracts cover the period to December 2010 amounting to USD 341.44 million equivalents to Baht 11,370.51 million. Additionally, 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 65.75 million in 2010.

The Company entered into a foreign currency buying forward contracts until May 2010 to manage the risk for PQI Project amounting to USD 26.67 million or equivalent to Baht 890.85 million.

The Company entered into an interest rate swap contract for a loan agreement with a total facility of Baht 3,000 million by swap from float to fixed rate as stipulated in the agreement. The interest rate swap contract is due on 30 June 2013.

The Company entered into an interest rate swap contract for a loan agreement with a total facility of Baht 1,500 million by swap from float to fixed rate as stipulated in the agreement. The interest rate swap contract is due on 30 December 2011.

The Company entered into an interest rate swap contract for a loan agreement with a total facility of Baht 1,500 million by swap from float to fixed rate as stipulated in the agreement. The interest rate swap contract is due on 30 June 2015.

The Company entered into an interest rate swap contract for a loan agreement with a total facility of Baht 1,500 million by swap from float to fixed rate as stipulated in the agreement. The interest rate swap contract is due on 30 June 2016.

The Company entered into a cross currency swap contract to exchange Baht for USD for partial loan settlement amounting to USD 200 million and interest rate swaps contract from THB float to USD Float totalling USD 170 million. And, interest rate swaps contract from THB float to USD fixed totalling USD 30 million. The contract is due on 30 June 2013.

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2009 and 2008

The Company entered into foreign currency buying forward contracts totalling USD 200 million to deliver under cross currency swap contract which due on 30 June 2013.

#### 36 Contingent liabilities and contingent assets

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. On 3 June 2009, the Appeal court upheld the civil court verdict to dismiss the case. This was being re-appealed with the Supreme Court and currently under petition to Supreme Court.

The Company was accused along with the Government, PTT and other private sector entities and, called upon to pay Baht 210 million in compensation for an infringement of the petty patentee's rights under the Patent Act in case of producing and selling biodiesel. The case is now being appealed with the court of first instance. The Company's Legal Office has its opinion that the Company will win the case.

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" and change in inventory costing method from first in first out to weighted average cost which was approved by The Revenue Department. The Revenue Department has examined and assessed the additional payment totalling Baht 50 million related to these matters in which the Company has already submitted and filed for appeal. The case is still under investigation by the Revenue Department.

#### 37 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following new and revised TAS that have been issued as of the reporting date but are not yet effective. The new and revised TAS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Consolidated	Year effective
TAS 24 (revised 2009)	Related Party Disclosures (formerly TAS 47)	2011
TAS 40 (revised 2009)	Investment Property	2011

Management is presently considering the potential impact of adopting and initial application of these new and revised TAS on the consolidated and Company's financial statements.

# The Bangchak Petroleum Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

### 38 Reclassification of accounts

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

	2008			2008		
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in million Baht)</i>					
<b>Balance sheet</b>						
Cash and cash equivalent	1,682.3	640.00	2,322.31	1,495.17	600.00	2,095.17
Current investments	647.72	<u>(640.00)</u>	7.72	600.00	<u>(600.00)</u>	-
		<u>-</u>			<u>-</u>	
<b>Statement of income</b>						
Interest income	73.45	(73.45)	-	59.82	(59.82)	-
Loss on disposal of property, plant and equipment	12.80	(12.80)	-	10.28	(10.28)	-
Other income	162.44	73.44	235.88	192.30	59.82	252.12
Selling and administrative expenses	2,811.82	(2,811.82)	-	2,365.21	(2,365.21)	-
Selling expenses	-	1,972.92	1,972.92	-	1,633.04	1,633.04
Administrative expenses	-	811.31	811.31	-	702.05	702.05
Directors' remuneration	16.27	(16.27)	-	16.23	(16.23)	-
Management benefit expenses	-	54.08	54.08	-	54.04	54.04
Interest expenses	854.04	(854.04)	-	854.04	(854.04)	-
Finance costs	-	<u>856.63</u>	856.63	-	<u>856.63</u>	856.63
		<u>-</u>			<u>-</u>	

The reclassifications have been made to comply with the classification set out in the Pronouncement of the Department of Business Development Re: Determination of items in the financial statements B.E. 2552 dated 30 January 2009.

**The Bangchak Petroleum Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

**39 Events after the reporting period**

At the Board of Directors' meeting held on 19 February 2010, the Board approved to submit for approval at the Annual General Meeting of the Shareholders, a full year 2009 dividend payment at the rate of Baht 1.80 per share, of which Baht 1 per share was paid as an interim dividend on 7 September 2009 as discussed in note 33. Thus, the remaining dividend will be at the rate of Baht 0.80 per share to the shareholders entitled to receive dividends, totalling approximately Baht 936 million. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 8 April 2010.