

# GREENERGY EXCELLENCE 2008



**ANNUAL REPORT 2008**

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED





## Financial Highlights



	2008	2007	2006 <sup>1/</sup>
<b>Statement of Income (Million Baht)</b>			
Sales and service income	129,042	94,979	94,270
Gross profit (loss)	3,701	6,093	2,122
EBITDA	456	4,066	1,566
Adjusted EBITDA <sup>2/</sup>	5,574	2,209	2,276
Foreign Exchange Gain (loss)	(168)	(50)	120
Other items	15	(41)	4
Net profit (loss)	(750)	1,764	196
<b>Balance Sheet (Million Baht)</b>			
Total assets	42,540	44,978	37,586
Total liabilities	22,777	23,753	18,937
Shareholders' equity	19,763	21,225	18,649
Share capital			
• Registered share capital	1,532	1,532	1,532
• Issued & fully paid-up share capital	1,119	1,119	1,119
<b>Financial ratios (%)</b>			
Gross profit ratio	29	6.4	2.2
Net profit ratio	-0.6	1.9	0.2
Return on total assets	-1.7	4.3	0.5
Debt to Equity ratio	0.8	0.5	0.7
<b>Operating outcomes per share (Baht)</b>			
Net earnings per share	(0.67)	1.58	0.20
Book value per share	17.66	18.97	16.66

Notes: Data based on Consolidated Financial Statements

1/ The meeting of the Company's Board of Directors no. 11/2006, dated September 28, 2006, passed a resolution to change the accounting policy for the valuation of cost of oil products and crude oil inventories in 2006 from the criteria of "first in first out" (FIFO) to the weighted average, which is the accounting method generally used. The new accounting policy has been effective from July 1, 2006 (third quarter) onwards.

2/ Adjusted EBITDA - not including profit (loss) from oil inventory

# Greenenergy Excellence









## Message from the Chairman



In 2008 the world confronted the worst economic crisis since the Tom Yum Goong phenomenon in 1997. This time it began in the United States, triggered by large amounts of bad debt in the sub-prime credit market, quickly infecting other credit markets, creating widespread loss of liquidity. Numerous global financial giants became bankrupt or sought governmental intervention from their respective countries. This crisis affected the economy, as well as much of the manufacturing and service industries, cutting sales and incomes, the laying off of workers, and hence became a very severe economic crisis. Thailand not only had to deal with the effects of the crisis, it also had to address the tense political conflicts, undermining confidence in the country's economy even further.

As a result of this crisis, the continual escalation of record-breaking oil prices that had proceeded for many years and reached a record high by mid-2008, came to an end, and quickly dwindled, such that by the end of the year prices were back to 2002 levels. This is due in part to shrinking global energy demands. Also the oil demand in Thailand decreased as a result of the high oil prices in the first half of 2008, the economic crisis, and the use of various alternative fuels, such as biofuels, coal, and natural gas. **The effects price fluctuations and decreased demand prompted the petroleum industry to experience inventory loss and lower domestic sales.**

Initially, the Bangchak Petroleum Public Company Limited was also affected, but through cooperation, dedication, competence, thorough risk management, under the principle of moderation, reason, immunity, on the condition of knowledge and virtue, in accordance with His Majesty's the King's principle of sufficiency economy, **the Company's performance was able to maintain growth in terms of sales and refinery crude run, with EBITDA exceeding the target. The Product Quality Improvement (PQI) has progressed significantly, with successful and safe oil in the production units at the end of last year, expected to be in full operation by early 2009, which will increase the Company's income, strengthening our financial status.**

In addition to increasing our corporate value with the PQI in the long-term, the Company has also, along with its allies, established the Bangchak Biofuel Company Limited to construct the biodiesel plant in the Bang Pa-In Terminal, which is expected to be completed in 2009. The Company has also bought stocks in the ASEAN Potash Mining Public Company Limited to expand our opportunity and share our corporate business risks in the long-term. Additionally, the Company also succeeded in refinancing its loans to increase its liquidity in order to cope with fluctuation external conditions and prepares itself for new business in the future.

In recognition to our management style, which is dedicated to ensuring sustainable organizational growth adhering to the principle of good corporate governance, the Company was awarded three prizes in 2008, namely the Top Corporate Governance report Awards for the third consecutive year, the Corporate Social Responsibility Awards for the second consecutive year and the Investor Relation Excellence Awards from the SET Award 2008, sponsored by the Stock Exchange of Thailand and Money and Banking magazine. This is testament to the dedication and determination of all our employees who have always held at heart the ideals of transparency, justice, and concern for society and the environment.

**Lastly, on behalf of the Company, I would like to express our gratitude for our shareholders, customers, partners, the Ministry of Energy, the community, and all our stakeholders who have helped to support the Company to become a strong and ever growing Thai energy company, able to play a role in stabilizing our country's energy security and the good quality of life of Thai society. Your support and encouragement serves as motivation for Bangchak people to continue to dedicate ourselves for the good of the Thai people.**

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





## Business Description



The Bangchak Petroleum Public Company Limited has operated the oil refinery business with maximum crude processing capacity of 120,000 barrels per day, with the supply of crude oil imported from the Middle East, Far East, as well as the domestic crude oil for oil production. The Company had invested to improve the production process to the level of complex refinery which can produce more high-value, gasoline and diesel, and increase the refinery's capacity for domestic crude oil. The Company is also undertaking the project to use natural gas as fuel in the refining process to replace very-low-sulphur fuel oil, which when completed will reduce production cost and make operations more environmentally friendly. The Company has already awarded the contract to PTT Public Company Limited to establish a power plant to generate electricity and steam to respond to the energy demand from the refinery improvement and to maintain the stability of energy securities for the production process.

The Company is aware of the importance of the alternative energy, especially ethanol and biodiesel which contributes to the country's energy security and reduction of foreign currency losses from oil imports. The promotion of alternative energy also helps to increase the price of agricultural products, create jobs, and generate more incomes for farmers. For this reason, **the Company has promoted the production and use of ethanol and biodiesel in the production the Gasohol 91 and 95 as well as Gasohol E20 and E85 (gasoline blended with ethanol) and PowerD B2 and PowerD B5 (diesel blended with biodiesel).** The Company has established the biodiesel unit in the refinery complex. The unit has a total production capacity of 20,000 liters per day, and utilizes crude palm oil or used cooking oil as raw material for production. Currently the unit utilizes used cooking oil as its main raw material, which also helps to address the health problems caused by the consumption of used cooking oil and tackle environmental issues stemming from the disposal of the used cooking oil in the public sewage system. Additionally, the Company is currently undertaking a Baht 1,000 million biodiesel plant construction near our Bang Pa-in terminal in Ayudhya Province with a daily capacity output of 300,000 litres. This modern European technology plant will use crude palm oil as its major raw material and is estimated to start operations in 2009.


### Refinery Business

Capacity: 120,000 Barrels per day

### Marketing Business

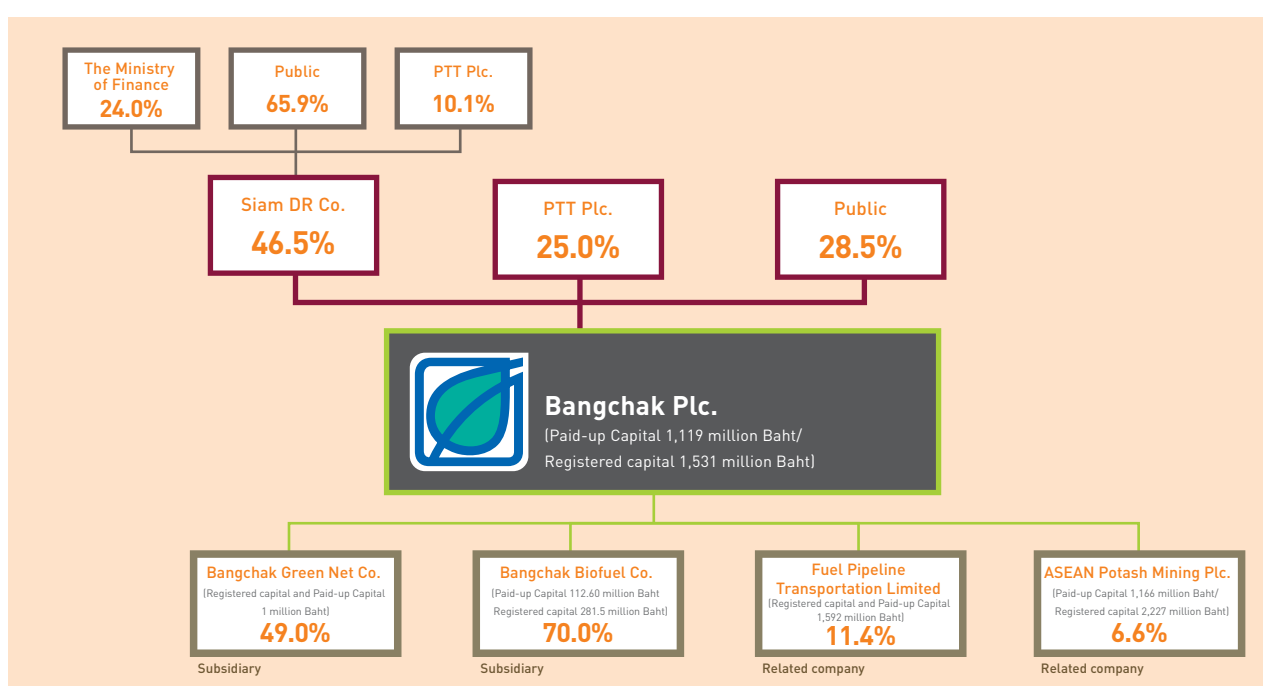
<p>Aviation</p>	<p>Industrial Market</p>	<h4>Non-Oil Group</h4>
<p>515 Service Stations</p>	<p>550 Community Service Stations</p>	
<p>Industrial Marketing and Lubricant Market</p>		

The Company directly markets and distributes oil products to consumers as well as large and medium oil traders by means of oil pipes and water and land transportation, after which the traders sell the products directly to consumers via their distribution and sales channels. The Company also exports products to overseas markets, for example, the Company exports the very-low sulfur fuel oil to Japan and China.

The Company's retail business consists of its network of 515 standard service stations and 550 community service stations (as of the end of 2008) under the trademark logo . It also directly distributes products to users in various sectors, namely the transportation, aviation, shipping, construction, industrial and the agricultural sectors. Apart from the oil business, the Company operates the "Lemongreen" and "Bai Chak" convenient stores, the engine-oil-changing services and car wash service centers or GREEN SERIES including the "Green Auto Serve", "Green Serve" and "Green Wash", as well as the "Inthanin" coffee houses, which are located in the service stations. Presently there are more than fifteen Company's service stations that sell NGV, to offer an alternative for consumers. In addition to the fuel products, the Company also produces and sells the "Bangchak" brand lubricant and special lubricant products (transmission fluid, brake fluid, and grease for lubrication). These products are marketed to the local customers through the network of Bangchak service stations, shops, factories, and the Original Equipment Manufacturer (OEM), as well exported to foreign markets, such as Burma, China, Laos, Cambodia, Taiwan, Fiji, etc.

The Company has two subsidiaries, Bangchak Green Net Co., Ltd and Bangchak Biofuel Co., Ltd, and two related companies, Fuel Pipeline Transportation Limited (FPT) and ASEAN Potash Mining Plc (APMC). The diagram below illustrates the relations between Bangchak and the four companies.

### Shareholding Diagram



Note: Information as of December 31, 2008



### Bangchak Green Net Co., Ltd

The Company holds 49% stake of Bangchak Green Net, which has registered capital of one million Baht. The subsidiary was set up to manage the retail business, including the oil service stations and the sales of the consumer products in Lemon Green and Bai Chak Convenient Stores. Other services include the engine-oil-changing service centers and the restaurants and cafes. Its mission is to serve the Company's continued expansion in the retail business.

### Bangchak Biofuel Co., Ltd

The Company holds a 70% stake of Bangchak Biofuel, which has registered capital of Baht 281.5 million and paid-up capital of Baht 112.6 million. The subsidiary was set up to develop and produce domestic renewable energy. Bangchak Biofuel commenced construction of the biodiesel plant in 2008 with an initial daily capacity of 300,000 litres in Bang Pa-in, Ayudhya Province in Central Thailand. The main raw material for biodiesel plant is crude palm oil. This plant is currently under construction and is expected to be completed in 2009.

### Fuel Pipeline Transportation Limited (FPT)

The Company owns 11.4% shares of FPT, which has registered capital of 1,592 million Baht. FPT is in charge of distributing oil through the underground pipeline system. FPT's Multi-Product Pipeline system can transport various types of oil via a single underground pipeline at the same time. The oil transportation starts at the Bangchak refinery. Its pipeline runs in parallel with the railway and leads to the Chongnonsri and Don Muang depots before reaching the Company's depot and FPT in Bang Pa-in, where the pipeline ends. In 2005, the aviation fuel pipeline operator JP-One Asset Company Limited extended the FPT's pipeline in the Makasan area to the Suvarnabhumi Airport to serve the airport.

### ASEAN Potash Mining Plc. (APMC)

The Company acquired 6.6% stakes in APMC, which has registered capital of 2,227 million Baht and paid-up Capital of 1,166 million Baht, established to explore and produce Potash, a major ingredient in fertilizer, in Bumnegarong, Chaiyaphum province, before it is produced and market as potassium chloride fertilizer. APMC is a joint venture bringing together the governments of the Association of Southeast Asian Nations (ASEAN) to capitalize on the natural resources of member countries.

### Revenue Structure

For 2008, the total revenues of the Company and its subsidiary amounted to Baht 129,293 million consisting of the Company's revenue of Baht 128,321 million and the subsidiary<sup>1/</sup>: the Bangchak Green Net's (which the Company holds a 49% stake) revenue of Baht 18,252 million. The connected transactions worth Baht 17,280 million which its most parts were from the Company's finished oil sales to the Bangchak Green Net. The revenue classified by the product and service of the Company and its subsidiaries from 2006-2008 can be shown in the following table.

Product/service	Company	2008		2007		2006	
		Revenue (million Baht)	%	Revenue (million Baht)	%	Revenue (million Baht)	%
Oil <sup>2/</sup>	the Company and subsidiary	128,491	99.4	94,489	99.0	93,775	98.3
Consumer products	Subsidiary	551	0.4	490	0.5	495	0.5
Other <sup>3/</sup>	the Company and subsidiary	251	0.2	464	0.5	1,107	1.2
	Total	129,293	100.0	95,443	100.0	95,377	100.0

Note : 1/ The Company has another subsidiary, namely the Bangchak Biofuel Limited (holding 70% stocks), whose plant is currently under construction, and thus have no income from product sales, except in terms of interests amounting to 0.22 Baht million, shown with other earnings.

2/ The proportions of earnings from sales of products in the domestic in 2008, 2007 and 2006 is 78.4%, 82.6% and 96.5% respectively.

3/ Other earnings, namely, interest receivable, earnings from hedging gain, profit from exchange rates, loss adjustment from impairment assets, earnings from sales promotions, land lease, service station lease, equipment lease etc.

## Business Overview

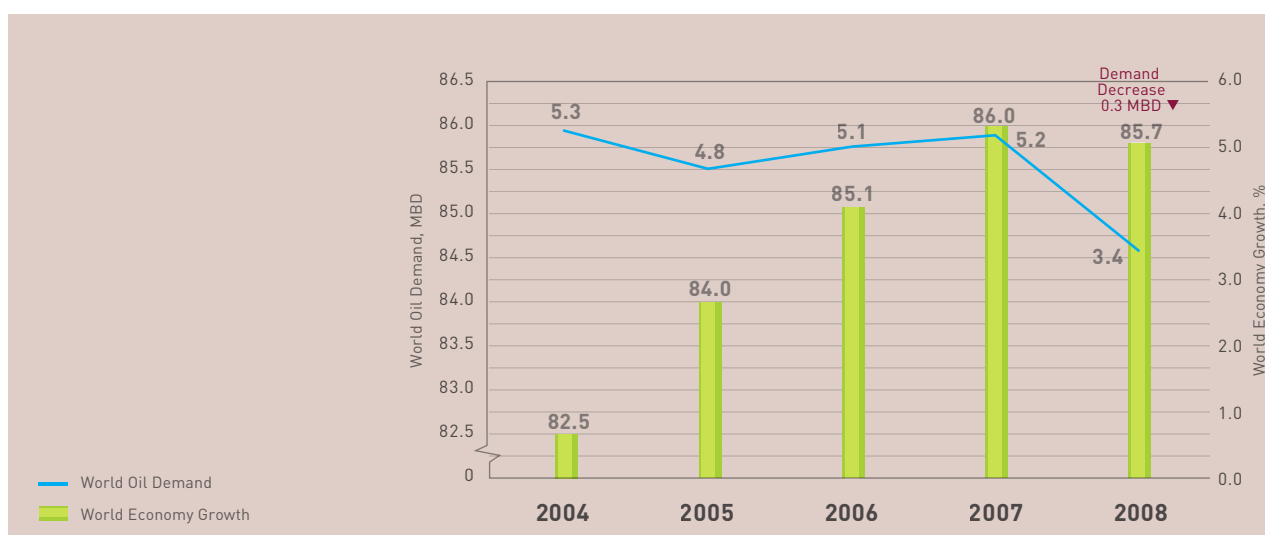


### Refinery Business

The world economy expanded only 3.4%, compared to 5.2% in the previous year as a result of the credit crisis, following the Sub-Prime crisis in the United States, which has spread worldwide, especially, the economies of the Organization of Economic Co-operation and Development (OECD) such as U.S.A, Japan, and EU Countries; consequently affecting developing economies with slow growth due to shrinking exports to those OECD countries.

This economic crisis had resulted in the decline of oil demand by 0.3 Million Barrel per Day (MBD), the first such decline since 1993. The 2008 oil demand was 85.7 MBD and is forecasted to continue decline by another 1.0 MBD in the next year. The decline consequently relieved speculation over oil supply shortages and the sudden unwinding or selling hedged position from hedge funds as oil prices plummeted; despite OPEC's cut of their crude production quota by 2.2 MBD. The Dubai price, after it hit the record high of 140 US\$/Barrel (\$/BBL), ended up this year at 36.40 \$/BBL, a 60% decrease from early in the year. This oil price movement impacted the Refining Business, which reported huge amount of inventory loss (in term of US\$ basis).

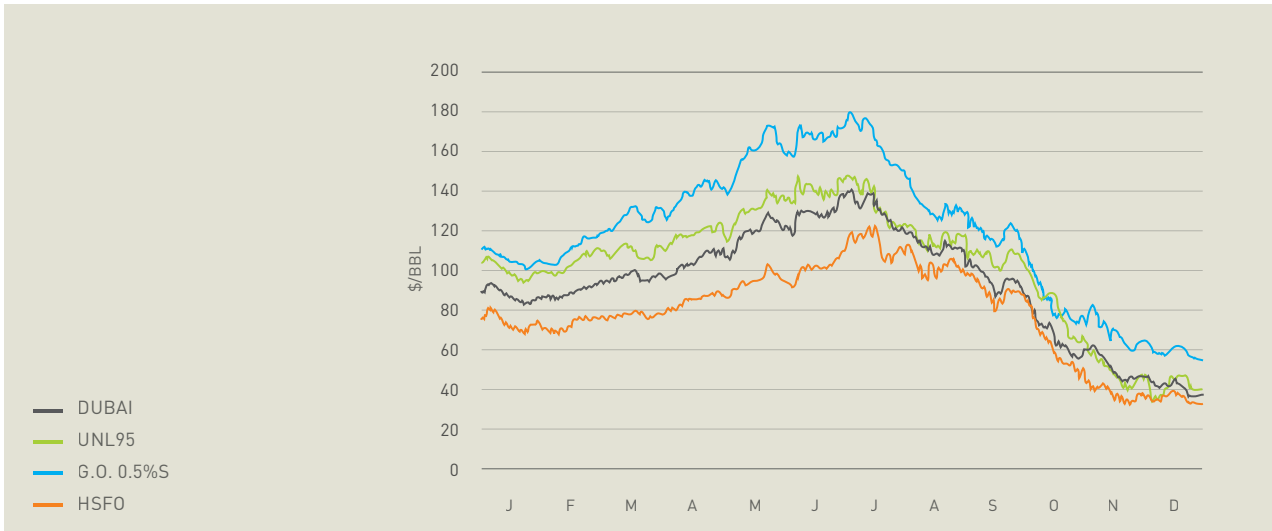
### World Economic Growth and Oil Demand



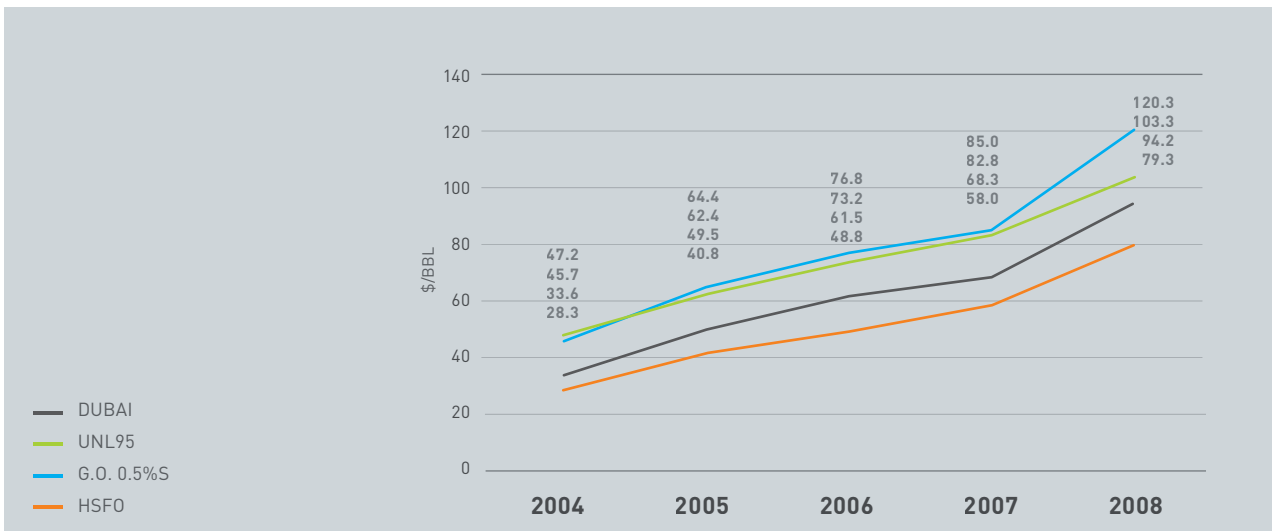
Source: International Energy Agency and International Monetary Fund



### 2008 Oil Price movement



### Average Oil Price 2004-2008



Despite the decreasing oil demand, the Asia Pacific region saw several new refineries start up, which consequently created an oversupply in the region market. This made the spread of finish products and crude oil prices narrower especially gasoline and fuel oil spread; as a result, the Gross Refining Margin (GRM) squeezed down from the previous year; the 2008 average Singapore Dubai Cracking GRM was 3.0 \$/BBL, 0.5 \$/BBL less than the previous year's. Moreover, the GRM of refineries in Thailand was trimmed by the impact of the government controlled Liquefied Petroleum Gas (LPG) price.

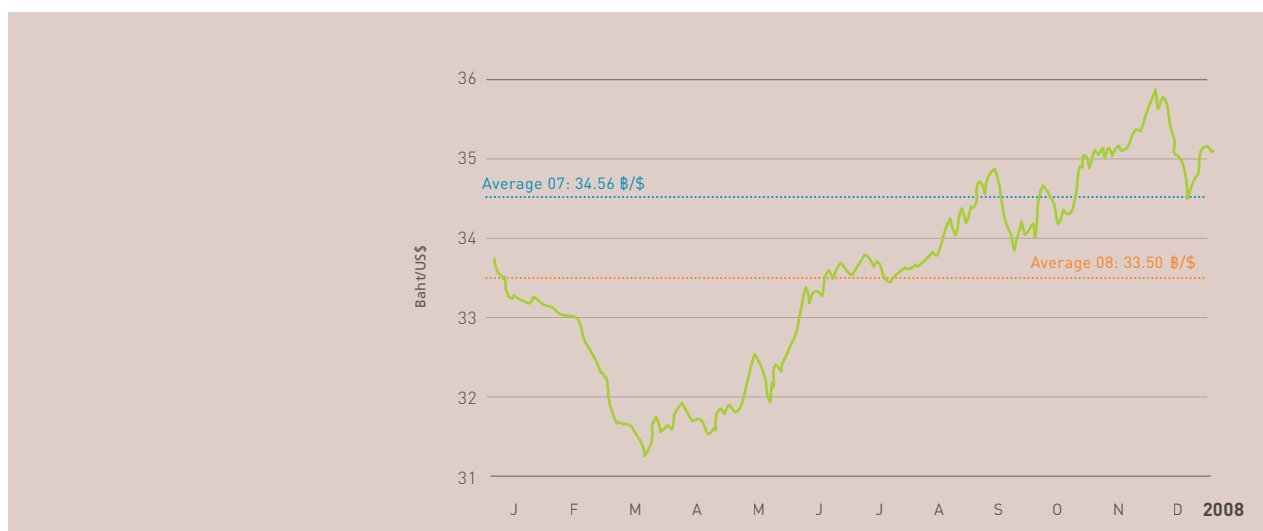
## Singapore Dubai Cracking GRM 2007 and 2008 comparison



Source: International Energy Agency

While the Foreign Exchange - Baht versus US\$ (FX) fluctuated, at the beginning of the year the Baht had appreciated from 33.7 Baht/US\$ to 31.5 Baht/US\$ as a result of the cancellation of the Bank of Thailand 30% reserve requirement on capital inflows. However, after the second quarter, due to the trade and current account deficits and the political conflict in Thailand, the Baht depreciated to 35.1 Baht/US\$ at the end of the year. Yet, **the average 2008 Baht value (33.5 Baht/US\$) was more appreciated than that of year 2007 (34.6 Baht/US\$)**, this resulted in the decrease of revenue in terms of Baht.

## 2008 FX Movement



Source: Bank of Thailand

Regarding domestic refining capacity utilization, the seven major refineries in Thailand – ThaiOil, Esso, PTT Aromatic & Refining, Star Petroleum, IRPC, Bangchak, and Rayong Purifier – had a combined crude run of 926.2 thousand barrels per day, a 0.7% increase. ThaiOil and Bangchak refineries were the only two that had higher crude run than that of the previous year.

**Average Crude Run of Domestic Refineries**

Refinery	Crude Run (Thousand Barrels per Day)		
	Average 2007	Average 2008	%
ThaiOil	209.0	272.6	29%
Esso	148.2	141.1	15%
PTT Aromatic and Refining	146.2	127.5	14%
Star Petroleum	147.7	127.5	14%
IRPC	189.3	171.8	19%
<b>Bangchak</b>	<b>66.3</b>	<b>74.2</b>	<b>8%</b>
Rayong Purifier	13.0	11.5	1%
<b>Total</b>	<b>919.7</b>	<b>926.2</b>	<b>100%</b>
<b>Total Capacity</b>	<b>1,022.0</b>	<b>1,072.0</b>	

Source: Energy Policy and Planning Office

**Marketing Business (Retail)**

Thai economic growth was approximately 2.6%, lower than the 4.9% of last year, which was the result from the financial crisis. However, the 2008 Thailand oil demand was 3,384 million litres per month or 698 thousand barrels per day, decreased by 3.3% from the last year; all product demands decreased except for Liquefied Petroleum Gas (LPG) which saw a demand growth of 17%. This LPG growth was caused by the transportation and industrial Sectors having switched their fuels from diesel fuel oil to LPG due to the lower price as controlled by government. Moreover, the oil demand was suppressed by the high oil price, particularly during the first half of the year, which was substituted by Biofuels-ethanol & biodiesel, natural gas for vehicle (NGV), coal, as well as natural gas for electricity generation and industrial sectors.

Nevertheless, the promotion of Biofuels-ethanol and biodiesel with the oil fund and tax management to address the price volatility of ethanol and biodiesel in order to maintain the price difference of the Gasohol products and Diesel B5 well below the conventional gasoline and diesel, providing additional marketing margins for those Biofuels-blended products, as well as intensive public campaign to build positive perceptions towards these products, **the consumption of Gasohol Products (all types) saw a growth of 92% (from 147 to 283 litres per month this year) and that of Diesel B5 increased six folds from 52 to 315 million litres per month.**

**2008 Demand & Supply of Finished Products**

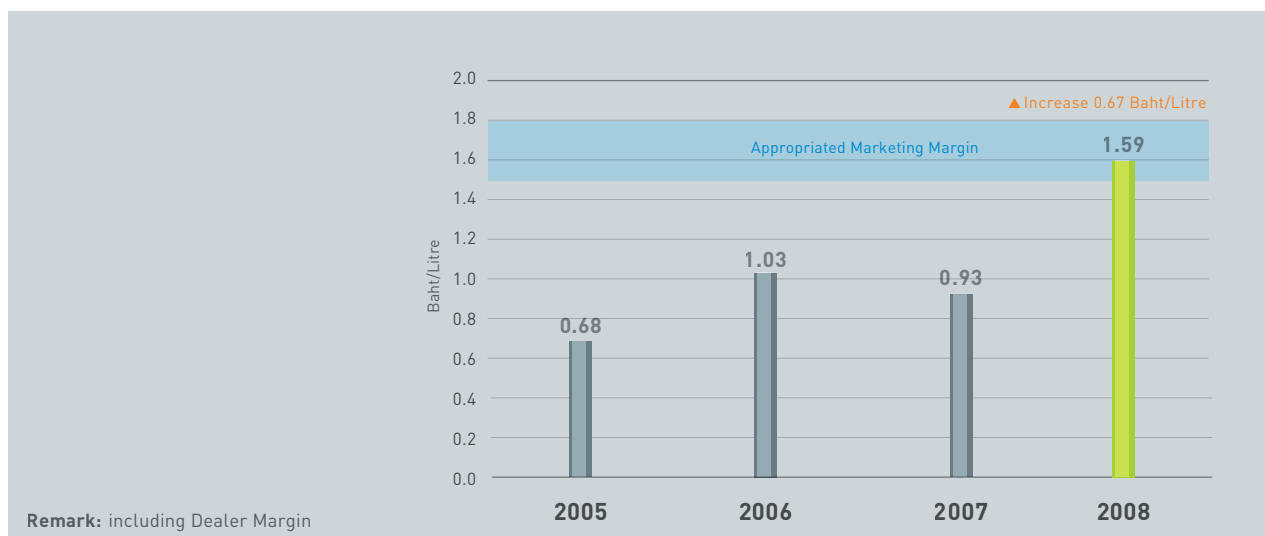
Unit: Million litre per month

Products	Consumption	Production	Import	Export	% Change from last year
Liquefied Petroleum Gas (Excluded Feedstock)	660	713	1	3	16.6
Gasoline RON95	28	90	-	69	(69.2)
Gasoline RON91	282	331	-	54	(24.2)
Gasohol 95	203	203	-	0.1	+60.6
Gasohol 91	77	77	-	-	+278.1
E20	2.4	2.4	-	-	-
Aviation Jet Fuel	386	516	4	121	(6.1)
Diesel (included B5)	1,469	1,731	7	317	(5.7)
Fuel Oil	273	573	21	302	(22.5)
<b>Total</b>	<b>3,384</b>	<b>4,237</b>	<b>34</b>	<b>867</b>	<b>(3.3)</b>

Source: Department of Energy Business

The retail marketing margin for 2008 fluctuated with the oil price volatility. During the period of increasing oil price, oil companies could not align the retail price with the increasing oil costs, so during the first seven months, the marketing margin occasionally moved in negative area, but the price collapse, the margin moved up into the appropriated zone, and as a result the average 2008 marketing margin was 1.59 Baht per litre (0.67 Baht per litre higher than the previous year). The appropriated marketing margin zone of 1.50-1.80 Baht per litre will enable oil companies to be able to maintain and improve their services, product quality, and standards in terms of safety and environmental concern.

### Average Marketing Margin 2005-2008



Source: Energy Policy and Planning Office

### Service Station (Retail) Market

For the Service Station Market, the 2008 average consumption (Gasoline/Gasohol/Diesel/B5) saw a slight decrease (1.2%) from last year, at 1,354 million litres per month, while the Jobber market decreased sharply due to the oil price volatility. At the end of the year, there was no significance change in the total number of service station compared to the beginning of the year. Several major oil companies concentrated on improving their service quality and rebranding their service stations to be more attractive and modern, as well as focused on developing Non-Oil Businesses in the stations, for example, convenient stores, coffee shops, food courts and car-service. Moreover, there were more players entering the biofuel-blended product market i.e. gasohol 91, gasohol E20 and diesel B5, as a result there were 2,662, 194 and 2,989 service stations offering gasohol 91, gasohol E20 and diesel B5 respectively. Also, there were stations three for gasohol E85.

### Industrial Market and Lube Market

In recent years, the price of fuel oil-the main fuel for the industrial sector-had been climbing; forcing many factories to modify their fuel system to be compatible with natural gas or coal, whose prices were much lower than fuel oil. Additionally, some factories even invested in Biogas to be as their fuel. This resulted in the decreased demand for fuel oil. **The 2008 demand for fuel oil was only 273 million litre per month, 22.5% down from last year;** while fuel oil production continued to increase, and therefore there continued to be intensive price competition in the fuel oil market. **For the lube market (including grease), demand was at 45.1 million litre per month, 5.6% down from last year.** 60% of the demand was covered by Matra 7 oil companies, which showed a 1.6% growth from last year, mainly from lube for gasoline engines. In contrast, the market share for other small companies shrank down by 16% , gained major companies, whose consistently offered price discounts and attractive promotional campaigns throughout the year.







# GREAT RECOGNITIONS

Public recognitions and awards in excellent management, safety system, above standard quality, and social responsibility, have guaranteed the efficiency of the Company with the corporate philosophy: “to work towards sustainable business development in harmony with environment and society”.





## Performance Review in 2008



In year 2008, the Company and subsidiaries had total revenue of Baht 129,293 million, Earning Before Interest & Tax & Depreciation and Amortization (EBITDA) of Baht 456 million (Adjusted EBITDA of Baht 5,574 million), Net Interest Expenses of Baht 781 million, Depreciation and Amortization of Baht 843 million, and Tax of Baht 356 million, resulted in Net Loss of Baht 750 million. (The inventory loss of Baht 5,118 million)

### Refinery Business

This year the Company was successfully increased the crude run level to 74.2 thousand barrels per day (8 thousand barrels per day increase from last year) and earned the average Gross Refining Margin-GRM (excluding inventory loss) of 6.79 \$/BBL, compared to last year's GRM of 3.64 \$/BBL, despite declining oil demands, GRM and highly fluctuating price movements; the Company took the following measures and actions to increase refinery capacity and meet financial goals:

- Develop and expand the fuel oil very low sulfur (FOVS) exports to Japan, which has a higher price in order to compensate with decreasing domestic fuel oil demands in both the industrial and electricity sectors. The average FOVS export volume was 130 million litres per month.
- Increase domestic crudes to 90% of the total crude run, suitable for FOVS production, yielding greater GRM and economic value due to their lower price and logistics costs compared to imported crude, by modifying the local-crude-by-truck receiving system and several refining units to enable more local crude feed.
- Closely monitor price movement and continuously hedged GRM with several financial and derivative tools in the future's market, as well as performed FX hedging.
- Control oil inventory levels at the optimum level so as not to interrupt the refinery operation in order to minimize the impact from price volatility.
- Produced diesel, meeting EURO IV fuel standards, which provides more complete combustion, cleaner and more environment friendly, before the government compulsory of 1 January 2011.

Additionally, the Company has been focusing on Social Health Environment and Energy (SHEE) of the refinery and terminals. The Company has been committed to continuously promote employee awareness regarding those aspects via several activities especially



in social activities with the communities around the refinery and terminals to strengthen trust and positive relationships with the Company. Moreover, the Company's commitment to extensive social and environmental responsibilities can be seen in its environmental and waste controls, which are meticulous, transparent and able to be audited, which includes the installation of an "Air quality monitor station" at the neighborhood Somthawin School in order to feedback the air quality of the refinery surrounding area and display the analysis of air quality and waste water on the "Air and water quality monitor board" in front of the refinery, so that the community can jointly inspect and monitor the Company's operation in the environmental aspects.

## Marketing Business

The total sale volume thru every marketing channel was 53.2 thousand barrels per day or 257 million litres per month, which increased 2.9% from last year; while, the net marketing margin (excluding dealers' margin) was 0.60 Baht per litre, 0.26 Baht per litre more than last year. The Company carried out the following measures and actions to address decreasing demand fluctuating marketing margins as well as the risk of default payment and exploit the opportunity of biofuels ethanol and biodiesel promotion by government to increase sales and the cost of goods sold management :

- Promote biofuels blended products sale: Gasohol 91, Gasohol E20 and PowerD B5, which on average has a higher marketing margin than conventional gasoline or diesel by focusing on promotion thru the Customer Relationship Management (CRM) program i.e. the Gasohol Club along with expanding distribution channels nationwide, thus increasing sales volume, as shown in the following

	End of 2008		Change compared to end of 2007	
	Service Station (numbers)	Sale Volume (ml/month)	Service Station (numbers)	Sale Volume (ml/month)
Gasohol 91	785	30.7	+288	+7.1
Gasohol E20	100	2.0	+100	+2.0
PowerD B5	1,009	74.1	+299	+21.7

- Develop and conduct new product promotion campaigns, namely Gasohol E20 and PowerD B5 EURO IV. The Company has launched E20 sale since January 1, 2008 right after the notification of E20 quality was in effect. The Company was the first company to introduce PowerD B5 EURO IV, which meets the EURO IV fuel standard which requires 7 times lower sulfur content, for environmental cleanliness. Additionally, the Company also launched the Gasohol E85 sale at “Ekkamai - Ramintra 2 station”, demonstrates the Company’s capabilities to serve the customer needs to address with the governments biofuel policy and improve the environment.
- Improve service quality and rebrand service stations to meet customers’ needs for example the “Fill up in 3 minutes” program. Consequently, the Company won the second most awards for “Quality, Safe, Service Stations” from the department of Energy Business, the Ministry of Energy.

Therefore, in 2008, the Company’s sales volume via service station increased by 8.4% compared to year 2007 while the sales volume of whole market decreased by 1.2%. The Company earned more market shares in service station segment from 12.7 to 14.0% while the Company focused on providing 7 additional NGV service stations (total of 15 stations) to boost both sales volume and revenue to the Non-Oil business sector, maintain standard and expand other efficient Non-Oil business.





### Service Station Sale Comparison

	2008					
	Sale Volume (ml/month)			Market Share (%)		
	2008	2007	▲	2008	2007	▲
PTT	500.7	446.0	+12.3%	37.0	32.6	+4.4
ESSO	212.1	237.1	-10.5%	15.7	17.3	-1.6
SHELL	194.7	218.8	-11.0%	14.4	16.0	-1.6
<b>Bangchak</b>	<b>189.2</b>	<b>174.5</b>	<b>+8.4%</b>	<b>14.0</b>	<b>12.7</b>	<b>+1.2</b>
Chevron	100.8	115.5	-12.7%	7.4	8.4	-1.0
JET	81.9	91.8	-10.7%	6.1	6.7	-0.6
Petronas	26.1	28.2	-7.6%	1.9	2.1	-0.2
Other	48.1	57.8	-16.8%	3.6	4.2	-0.6
<b>Total</b>	<b>1,353.7</b>	<b>1,369.5</b>	<b>-1.2%</b>	<b>100.0</b>	<b>100.0</b>	

For the highly competitive industrial market, due to significantly lower fuel oil demands, the Company has tried to maintain more profitable segments focusing on product quality and service by introducing the “FOC Plus”, a special grade fuel oil that yields more complete combustion and by offering technical and energy conservation support services, as well as conveying the “Bangchak Privileged Club”, one of the Customer Relation Management (CRM) programs. Moreover, the Company has been developing its export markets especially for the increased diesel oil supply upon the completion of the Product Quality Improvement Project (PQI). The Company has also expand its lubricant market to the industrial sector with growth of up to 14%, compared to the previous year, which prepares the Company for future expansion in addition to maintaining existing retail and export markets.

### Product Quality Improvement Project (PQI)

The 378 million US\$ PQI, consists of a vacuum unit, hydrocracking unit, hydrogen unit, and supporting facilities, which have been under construction since May 2006 by CTCI Overseas Corporation Limited and CTCI (Thailand) Co., Ltd. under a Fixed Price, Date Certain and Performance Guarantee contract. Upon project completion, the Company will be capable of increasing production of more valuable products i.e. gasoline and diesel oil. **At the end of 2008, the project was almost completed, with the Company able to start the oil-in process and is expected to perform the project’s commissioning within the first quarter 2009 before full commercialization.** Additionally, the Company had been well prepared for the project startup covering all aspects such as technical support, operation, feedstock procurement and logistics, products sale distribution, compatibility between the project and existing units, environmental management, as well as community communication in order to ensure that the startup of the PQI project will be trouble free.

**As for the progress of the natural gas for refinery fuel project in place of FOVS, which will reduce costs and make the process more environmentally friendly, and the co-generation Power Plant project with PTT Plc. to produce electricity and stem to cope with the increase demand for energy and steam for the refining in order to increase the efficiency and stability of electricity supplies for the Bangchak refinery, both project are due for completion in mid-2009.** Upon the completion of theses projects and the PQI, the refinery will be elevated to the world class complex refinery utilizing the most advanced hydrocracking technology, with competitive costs and resources consumption, increasing the Company’s competitiveness, revenue and strengthening the Company’s financial status.

## Liquidity Management and Refinancing

In 2008, numerous businesses were affected by the financial crisis. The Company, though not directly affected, was aware of the uncertainty of external factors, and had comprehensive financial management policies, and saw that liquidity management is an important factor in effective financial management. In addition to working capital for routine operation, the Company also needs supplemental working capital to procure crude oil for the PQI commissioning and the future business expansion.

On July 2, 2008 the Company refinanced by entering into a contact with six domestic and foreign banks, namely the Siam Commercial Bank, Krungsri Ayudhya Bank, Nakorn Luang Bank, Thai Military Bank, ABN Ambro Bank, and Mishuho corporate Bank, for a total of Baht 23,734 million, composed of Baht 16,500 million in long term loans to pay off old loans, as well as pay for the cost of construction for the PQI, EURO IV project and other energy projects, and a short term loan of Baht 7,234 million for general working capital, This corresponds with the Company's financial policy, investments, and financial risk management to prepare the Company's liquidity for business expansion, and strengthening future competitiveness. This also includes managing exchange rate risks, the stability of fixed credit payments and investment capital to cope with external volatilities.



This refinance allowed the Company extend to pay off its loans, from the original seven to nine years, as well as a back-ended profile, which will reduce the Company's principle payment in the first five years and receive more favorable conditions in the form of corporate finance increasing operational efficiency and financial liquidity.

Additionally, the Company also sought out new short term loans from various banks with an appropriate portion of committed loans and proposing the sales of bills of exchange initially in December 2008 as authorized by the Securities and Exchange Commission, to be confident that is prepared in terms of liquidity to be able to cope with the aforementioned external volatility.

## New Business Development

Currently, the petroleum business now is facing business risks from the changing business environment, high volatile oil prices, and energy alternatives. Therefore, the Company has been developing new business opportunities both adjacent and non-adjacent businesses for the objective of adding business value, diversifying and dispersing business risks under business policies of that emphasize social and environmental responsibilities, in order to provide sustainable organizational growth. The Company has invested in the following new businesses:





1. **Biodiesel Plant at Bang Pa-in province:** The Company has jointly invested with Universal Absorbent and Chemical Company Limited (UAC) to construct the 1,000 million Baht biodiesel plant in the vicinity of the Bangchak Bang Pa-in Terminal, Bang Pa-in, Ayutthaya. The biodiesel will supply Bangchak and others retail marketer as feedstock for diesel B2 and B5 blending, distributed in the central part of Thailand, which accounted for about 70% of the Domestic demand. The plants major feedstock is crude palm oil, with a production capacity of 300,000 litres per day, and is expected to be completed and operational by 2009.



2. **Acquire stakes in Asean Potash Mining Public Company Limited (APMC):** APMC is a cooperative effort of Asean members to utilize their natural resources for the maximum benefit of its members. APMC is now responsible for an exploration concession in Bamnet Narong District, Chaiyaphum Province in the northeastern Thailand. The Company acquired 765,000 APMC stocks, accounting for 6.56%, from the Thai Military Bank bidding between July 30 - August 8, 2008.

## Organization Development

Effective work processes and high, competent human resources are essential for business development to be more efficient, transparent, and competitive, so, the Company is focusing on extending its employees' competency while improving their satisfaction and engagement toward the organization, as well as introducing effective management tools and information technology that can be adapted to the Company in order to enhance business competitiveness. The Company has set the development strategy to holistically develop in four areas: Human resources, work process, IT application, and the Corporate Image.

- **Effective and Transparency work processes**

The Company has continued to promote the good corporate governance guideline, consisting of Accountability, Responsibility, Transparency, Equitable Treatment, Vision to Create Long Term Value and Ethics (ARTEVE), to be employed and adapted in daily work or operation, as its corporate culture. It also encourages Enterprisewide Risk Management (ERM) tool to be deployed to all division levels by educating employees and managing brainstorming sessions to identify, quantify, and produce appropriate risk mitigation plans that is associated with each level's target, from the organizational to divisional levels. Moreover, the Company has introduced and applied Activity Based Budgeting to monitor and control the Company's expenditure associated with its progress or success level, in order to achieve greater efficiency and effectiveness in financial management and control. In 2008 the Company, also introduced the Thailand Quality Award (TQA) as a guideline or standard to analyze, verify and improve work processes to be more efficient, effective, and compliant with world class standards by initially reemphasizing the PDCA (Plan-Do-Check-Act) in daily work processes.



Additionally, the Company successfully employed several information technologies and applications to increase efficiency and transparency such as e-Payment and e-Benefit for employee reimbursements, Direct Debit for payment received from customers, e-Legal System to manage the legal and lawsuit database and the Radio Frequency Identification (RFID) to control access to the refinery and office.

- **Virtuous and competent employees**

The Company has always been aware that human resource is the most valuable asset, for sustainable organizational development, so it has continuously developed human resource management systematically and effectively. This begins by instilling the Company's core competencies to address the vision and future business expansion consisting of the felling six aspects, consists of 6 aspects:

- 1) Ability for Adaptation and Initiation - open mind to change and creative thinking
- 2) Leadership - a person with a vision and courage to think and act righteously and transparently for the organization.
- 3) Teamwork Spirit - the readiness and service min to work as a team, enthusiastic to help others, and recognize the value of term members.
- 4) Organization Commitment - the dedication to push the organization towards goals in a professional and efficient manner.
- 5) Personal Mastery - the eagerness to learn and acquire new knowledge and the readiness to use this knowledge to boost personal and organization capacity.
- 6) Social and "SHEE" Awareness - the awareness and practices of safety, health and environment in line with international and organizational standards, as well as awareness in public services to benefit the organization, communities and society.

The Company has also been promoting self learning behaviors to cope with the changing business environment and providing the Knowledge Management system that compiles all essential knowledge of the core business and setting as the individual KPI to access the self learning via the e-Learning system, as well as several activities the create a knowledge-exchange atmosphere such as IT Day, CG Day, SHEE (Social, Health, Environment and Energy saving) Day as well as several radio broadcasting programs: Legal Station, IT updates, HR on Air, Account and Tax, and CG updates. These programs are meant to achieve the Company's ultimate objective to have Life Long Learning culture amongst it employees and become a Learning Organization. Additionally, the Company has constructed Individual Development Plans (IDP) made individually each for employee according to their competency gaps: both core and functional.

Moreover the Company has integrated individual career path with rotation plan as well as the talent management program, in order to systematically develop employees for future organizational development. Merit assessment has been developed based on the concept of Performance Based Pay, focusing on inter-communication among management and staff to periodically realign the organization targets and action plans, as well as improve the work environment. In this employees' satisfaction this was year rated at 88%.



## Operation Outcomes on Quality, Safety, Health and Environment



The Company has placed great emphasis on health, safety, the environment and energy. To ensure that operation will not affect employees' safety, health environment, the Company's properties, contractors, the public and the Company's image, the Board of Directors and the management have outlined the following policies on health, safety, the environment and energy as well as the safety management structure.

### **Policies on Health, Safety, Environment and Energy**

The Bangchak Petroleum Public Company Limited is a Thai company with an integrated oil business that covers the procurement of crude oil, refining, marketing, operating under a corporate culture states that the Company will "Develop sustainable business, while safeguarding the environment and society".

The Company has considered that all health, safety and environmental management systems of all activities, products and services are of great importance and is the direct responsibility of the management, all employees and contractors in:

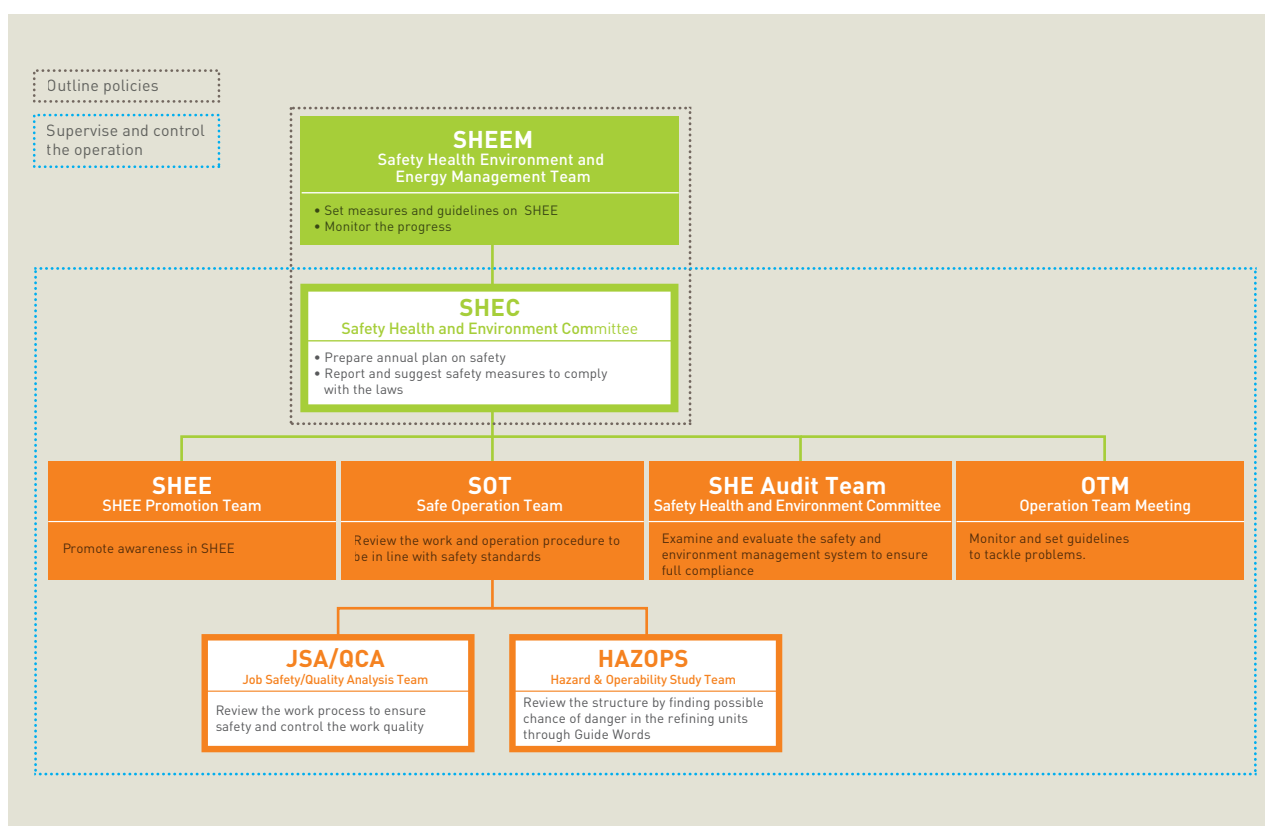
- ensuring safety to themselves, others, communities and the environment
- complying with related laws on health, safety, environment and energy
- preventing pollution, leaks and loss of oil
- preventing accidents in all aspects
- utilizing resources - energy, oil and chemicals - in accordance with goals
- regularly improving the systems

The management must ensure the sufficiency of resources to achieve the set goals and targets, provide training to all employees so that they are able to perform their duties responsibly, encourage employees to express their opinions, and review its policies and the various management systems.

## Health, Safety, Environment and Energy Management Structure

The health, safety, environment and energy management structure consists of the management and all units in the organization. The structure is divided into the policy committee and the operations committee. The executive committee on safety, health, environment and energy (SHEE) set policies and guidelines as well as reviewed the systems on a regular basis. It was also empowered to set up sub-committees to promote and strengthen the efficiency and effectiveness of safety, health, environment and energy measures, including crisis such as fire emergencies, flash floods or earthquake management plan.

### Health, Safety, Environment and Energy Management Structure



As for health and safety, the Company has complied with the OHSAS/TIS 18001 standards. The same standards also covered the refinery as well as the terminals in Bangchak and Bang Pa-In. The Company also hosted safety training, as required by law, such as safety in air-tight areas and basic fire fighting. Moreover, the Company also organized a great deal of activities to promote social, safety, health, environment and energy-saving programs for the employees as follows:



- **Social & SHEE Channel** : The Company has disseminated social, safety, health, environment and energy-saving knowledge to all employees through an internal radio program.
- **SHEE Ambassador** : The Company allowed employees to apply and selected the employees to be the representatives in campaigning, disseminating knowledge and cultivating the awareness of SHEE to all employees. The employees who have been selected to be SHEE Ambassadors were role models for Bangchak employees, transferred knowledge and developed the awareness of SHEE.
- **Energy Saving Day** : The Company hosted activities to promote energy saving within the Company or “Ruam-Duay-Chuai-Pra-Yad” by way of supporting employees in writing their energy saving tips, organizing an exhibition in terms of energy saving as well as performing the energy saving show by Energy Fantasia from the Energy Policy and Planning Office (EPPO). Under these assorted activities, the Company’s employees became more aware of energy saving.
- **Safety Promotion Day** : In order to continuously emphasize the awareness of safety, the Company organized exhibitions to give knowledge in areas of safety and hosted a slogan contest to promote safety and health in the workplace. Various activities to prepare the Company in the case of emergencies case, for example; moving on injured person, first aid and Self-Contained Breathing Apparatus wear.
- **Healthy Day** : The Company organized the “Bangchak loves health” activity where there were workshops, physical efficiency test by experts from the Sports Authority of Thailand (SAT) and a special lecture on “wisely love...safety life” by Mr.Meechai Weerawaitaya.
- **Environment Day** : The Company organized environmental conservation activities or “Bangchak Recycle Heart” in order to manage garbage at its source and solve the problem of garbage management in a big city like Bangkok. From this perspective, the Company has launched the “Green Library” project in cooperation with Tetra Pack (Thailand) Co., Ltd. by collecting used milk or juice carton donations to make educational instruments such as desks, chairs and book shelves to be donated donation to border police school. The Company had also given knowledge in terms of the benefit and methods to make Effective Microorganism by the National Housing Authority. Moreover, the Company organized a talk show on “Is garbage valuable?” by sharing the experience of reducing and recycling garbage of executives from
  - Wongpanit Salaya - Nakornchaisri (Recycling Factory)
  - Tetra Pack (Thailand) Co., Ltd.
  - NOK Precision Component (Thailand) Ltd.
- **Social & SHEE Day** : The Company organized an exhibition to summarize these activities on Social & SHEE in 2008, hosting activities to promote social, safety, health, environment and energy saving with a special lecture on “Happy Work Happy Life” by Mr.Ratchakhet Weesapen from Sapha Joke. “5S Big Cleaning Day” was also hosted in order to stimulate employees to tidy and renovate the office area. Furthermore, there were activities for employees to bring their household items to sale then donate earnings to the Lunch Project which is an ongoing social support project at the same time.

The Company improved the Observe and Control Emergency System, by constructing the Command Center for the system and information connection center so as to efficiently observe, command and stop emergencies.

In terms of environmental preservation, the Company strictly complied to the ISO 14001 standard by operating the following many environment conservation projects,

- **Reduction of Water and Chemical Consumption Project:** with the installation of the Reverse Osmosis System, raw water quality was improved before being transferred to the Demineralization Plant. This reduces chemical consumption in water improvement process. The Company has also installed the Sensor System in the Company's lavatories to decrease consumption of water in Company's buildings.
- **Air and Waste Water Quality Project:** the Company has closely controlled and monitored air and waste water quality yet, transparently and accountably by installing the Air Quality Monitor Station at Somthawin school to monitor and gauge air quality in the community around the refinery, then display the checked and analyzed result of air quality and waste water to community via an online system connected to the Air Quality and Waste Water Quality Display Board in front of the Company. Thus, the community played part in inspecting the Company's environmental operations.

Furthermore, the Company improved its accounting record by connecting environmental expense directly to the Company's accounting to collect information quickly and correctly. This enhanced the efficiency of environmental management. In order to be advantageous to society as "Be virtuous, knowledgeable, and contributive to society" the employee culture, the Company organized training programs to disseminate knowledge in the areas of environmental management accounting (EMA) for outsiders such as the Royal Project Foundation and Chula Open House 2008. Finally, the Company also hosted comprehensive safety training programs such as basic fire fighting, advanced fire fighting, fire extinguishing techniques, emergency handling, annual fire drills for employees and outsiders at the Oil Distribution Center in Bang Pa-In, Ayutthaya. In 2008, the Company organized 59 training programs on safety for 7,985 participants.

Due to the consistent operation of safety and health, the injury rate of employee and contractor and amount of accidents has decreased. In 2008, the Company was awarded a prize for "the Nation Level Outstanding Workplace on Occupational health, Safety and Working Environment" from the Department of Labor Protection and Welfare, the Ministry of Labor in 2008 National Safety Workplace Week.









# GLOWING

# F U T U R E

The Hydrocracking technology has helped generating a greater amount of clean diesel and benzene, upgrading competency, creating higher business returns, and contributing to Thailand's sustainable economy.



**SET AWARDS 2008**  
For Corporate Governance Report Awards - SET  
บริษัท บางจากปิโตรเลียม จำกัด (มหาชน)  
จังหวัด  
กรุงเทพมหานคร

**SET AWARDS 2008**  
Corporate Social Responsibility Awards  
บริษัท บางจากปิโตรเลียม จำกัด (มหาชน)  
จังหวัด  
กรุงเทพมหานคร

**SET AWARDS 2008**  
In Excellence Awards  
บริษัท บางจากปิโตรเลียม จำกัด (มหาชน)  
จังหวัด  
กรุงเทพมหานคร



## Sustainable Development in Harmony with the Environment and Society



The Company has always adhered to the concept of sustainable development in harmony with the environment and society which is more than just compliance to the law but is also the commitment to play a role in the amelioration and development of Thai society. Therefore, the Company sees that it is the employees duty to be realize the importance of and participate in fostering environmental and social development, consistent with employee culture of “Be virtuous, knowledgeable, and contributive to society”

The company realizes that the development of Thai society would be sustainable only if it starts from the smallest and most important social unit - the family, because when the family is strong, it will form the basis of ethics and education, and enhance the capacity of its members, particularly the children who are the future of the nation. Therefore, the Company places importance on the continuous improvement of the quality of life of the family and youth, starting from the surrounding communities which include the following implemented projects in 2008;



### 1. Education

**1.1 The second year of the Bio-Gassy exhibition boards contest** under the theme “Renewable Energy Innovation towards Asia” to search for talented renewable energy youths for the trophy of Her Royal Highness Princess Maha Chakri Sirindhorn and also scholarships worth two million Baht. The objective is to implement His Majesty’s initiatives on renewable energy and expand the concept of Gasohol-Biodiesel so that youths recognize the importance, benefit, innovations of renewable energy for the country’s energy security, following His Majesty’s sufficiency philosophy. The project reached up to 1 million youths from 608 participation schools across the country.

**1.2 Open the World of Learning with Bangchak Project** The Company opened opportunities for primary and secondary schools across the country to come to the Company to learn about the oil production process, safety and the environment visiting the refinery to integrate various fields of study such as science, technology, social study, Thai and foreign languages together.



**1.3 My School project** My School Project is a program that support employee volunteer, using 1-1.5 hours of their office time, for four days a week to assist children with their homework and supplement their knowledge about mathematics, social subjects, the arts, Thai and foreign languages, science and ethics.

**1.4 Bangchak Youth Education Scholarship** To give educational opportunities to youths from 19 schools in the Company's lunch scheme, and students from the surrounding communities in the kindergarten, primary school, secondary school, diploma and undergraduate level. In 2008, the Company awarded 294 scholarships worth Baht 1,081,000.



**1.5 Non-Formal Education for Communities** The Company in cooperation with the Non-Formal Education Center in Phrakanong and Bangna districts allowed knowledgeable, capable and specialized employees to volunteer as teachers at the Boonrod Thammaram and Bangnanok Non-Formal Education Center. The objective is to build and broaden educational opportunities for those who were unable to enter the formal education system, supporting and encouraging employee voluntary consciousness in line with the corporate employee culture.

**1.6 Environmental Management Accounting** After conducting training courses on Environmental Cost Accounting for the public for two consecutive years, this year the Company was invited by the Royal Project Foundation to hold two trainings on such topic to more than 80 staff members. The company also gave a lecture on the same topic to Chulalongkorn University students and interested public at the "Chula Academic Day 2008".



**1.7 Donation of a Kindergarten Classroom** To support schools and children with proper classrooms, Bang Pa-In Oil Distribution Center donated a kindergarten classroom to Wat Poh Daeng Tai School located in the center's premise.

**1.8 Academic Fair** The Company's Bang Pa-In Oil Distribution Center joined hands with governmental and non-governmental agencies in holding an academic fair under the theme "13 Learning Bases towards Sustainable Society". As part of 13 learning bases, the Company had set up an exhibition board featuring information on alternative energy and the purchase of used cooking oils project, as well as distributed company's brochures and journals. More than 1,000 participants joined this activity.



## 2. Safety

### Bangchak's Cares for Community Safety Project

- **Safety training and Fire Extinguisher Donation**

As everyone should have awareness on safety as a fundamental life skill, the Company decided to conduct basic fire fighting courses for communities around the refinery to provide knowledge on fire prevention, checking/caring of electrical systems and appliances, using fire extinguisher, and choosing appropriate fire fighting equipment. The training processes were held in the communities in order to familiarize participants with their own surroundings. The trainings were conducted by the staff of Bangchak's Safety Division, who received license from the Department of Welfare and Labour Protection, Ministry of Labour.



- **Fire Fighting Courses and School Emergency Drills**

It is the Company's responsibility to instill and provide safety trainings to students and staff in schools around the Bangchak Refinery. Regular training courses were conducted by Safety Section's staff. Participants were equipped with knowledge and principles of fire prevention, utilization of fire extinguisher, selection of appropriate fire fighting equipment, and transfer of injured victims. Teachers, students and school staff can put these theories into practices during fire emergency drills and be able to assess their own potentials in fire fighting in preparation for emergency.

- **Provision of fire extinguishers and chemical fillings**

The Company encouraged nearby schools and communities to realize the need of preparation for safety at emergency and non-emergency situations. The Company helped in checking/changing parts of malfunctioning fire extinguishers, filling up the tanks, and providing new fire extinguishers to schools in need.



### 3. Sports Activities

- 3.1 The 5<sup>th</sup> Bangchak Youth Futsal Tournament** The Company has regularly organized “Bangchak Youth Futsal” tournaments, joined by youth from 32 schools from seven districts in Bangkok and Samut Prakan province. Other related activities include cheer leaders contests. This project is aimed to support young people to express their talents in a healthy way, to make most use of their free time, to develop sports skills for healthy bodies and minds, and to work as a team.
- 3.2 The 2<sup>nd</sup> Annual Bangchak Community Futsal Tournament** The Company has joined the leaders from communities around Bangchak Refinery in holding Futsal tournaments for youth for the second year. The tournament is divided into two categories: children under 12 years old and teenagers aged under 20 years old. Aimed to enhance unity and strength of the communities, the tournament was joined by 14 teams from 8 communities.
- 3.3 Bangchak Youth Futsal Camp** Apart from Futsal tournament organized for various groups, Bangchak has also held Futsal training camp during school breaks in October for the past three years. More than 100 boys and girls from communities around Bangchak Refinery were joined in this training camp. The training was conducted by former national soccer player Surasak Tangsurat and a team of professional trainers. Aside from the right futsal techniques, the children learned the team spirit and made friends with others who came from adjacent communities.
- 3.4 Bangchak Youth Soccer Club** Talented and dedicated children aged 7-10 years from nearby communities were recruited to become the members of Bangchak Youth Soccer Club. These children have received training from former national soccer players, and a scientific approach in nurturing their physiques. The Company has also taken care of their schooling by providing special tutors. At present the club comprises 29 members, who have excellent physical and mental development. They have had opportunities to join several soccer matches nationwide.



#### 4. Quality of Life

**4.1 The 15<sup>th</sup> United Family Project** Bangchak realized the significance of “families”, the fundamental units of society. The Company thus encouraged members of families in Bangchak’s neighborhood to spend their free time together, in learning and improving their skills in creative ways. The project also promoted understanding in taking care of family members’ body and mind as well as in environment conservation and energy saving. The project focuses on various creative hands-on activities, including the followings: yoga, health food cooking, activities for the golden aged, Enneagram, stress management, art therapy, film appreciation, Do-It-Yourself projects and flower arrangement .



The staff members have donated things and money through these activities. The Company thus handed over those donations to other agencies. Stationery supplies and sport equipment were given to Baan Tard Rin Thong School in Chaiyaphoom province. Clothes were donated to the Mirror Foundation in Chiangrai province while sandals were transferred to Ramathipbodi Hospital and Tropical Medicine Hospital. Money was donated to the Animal Caring Foundation in Kanchanaburi province.

**4.2 Wan Kaew Project** For four years, Bangchak has collaborated with the Electricity Generating Authority of Thailand in giving free optical check-up to people in nearby communities. The project has now uplifted the quality of life of 1,300 students with eye-sight problems from 10 schools around the refinery.



**4.3 Bangchak Children’s Day** With the belief that children are the country’s future, Bangchak celebrated the Children’s Day at the refinery with the collaboration of Pra Kanong District Office, and at the Bang Pa-In Distribution Center with the collaboration of Bang Krasan sub-district Office in Ayutthaya province. The activities included entertainment and knowledge corners, games, gifts plus food and drinks. This year the celebration at the refinery was joined by 3,000 neighbors while the one at Bang Pa-In Distribution Center was joined by 1,200 neighbors.



## 5. Environment

**5.1 Donation of Seedlings to Phu Long** The Company has given great importance to conservation activities, and hence cooperated with the Lam Patao (Phulong) Water Source Rehabilitation Project of Sukato Temple, Chaiyabhum with the objective of conserving water sources and rehabilitate and expand natural forest area. 5 schools around the refinery and 1 local school helped to cultivate sapling, raising the students' environmental consciousness and playing a role in conservation. This is the third consecutive year with 20,000 saplings a year (about 50 rai of forest areas) reforested in Phulong.



**5.2 Bai Mai Family-Energy Saving Project** Neighboring communities can exchange conventional bulbs for energy saving light bulb which also reduces carbon di oxide emission, countering global warming.

**5.3 Purchase of used cooking oil for biodiesel production** General public was invited to participate in preserving the environment and people's health by selling used cooking oil for biodiesel production. After the launch of this project at Bangchak service stations, the Company has expanded the purchasing units to cover 25 service stations, included a community service station of Sri Prachan Agricultural Cooperative, and has received cooperation from various organizations, including: Bangkok Metropolitan, the Central Department Stores, The Second Regional Army and Suranaree Military Camp Hospital, Phra Khanong Police Station, Queen Sirikit National Convention Center and Aeronautical Radio of Thailand.





## 6. Community Relationship, Culture and Tradition

- 6.1 **Community Visit** : In being a Thai company, it has realized the importance of what it means to Thai, and therefore have activities to strengthen Thai traditions by allowing employees to visit the communities around the refinery on special occasions such as New Year, Songkran and Mother's Day.
- 6.2 **Company Visit** : Conversely, the Company also annually open opportunities for the communities to observe operations, environmental management and safety systems within the refinery, as well as sit a luncheon with executives to exchange opinions and inquire as to the communities needs.
- 6.3 **"Krop Krua Bai Mai" (Family of Leaves) journal and "Rob Rua Bangchak" (Bangchak Know-It-All) newsletter** are channels of communication to share knowledge, information of the Company's activities and various activities, as well as offering communities the opportunity to share their knowledge or opinions via the newsletter, which is published every 2 months.

## 7. Public Services

- 7.1 **Repainting the wall of Boonrod Thammaram Temple** which has deteriorated, to restore its beauty and ready for community activities once again.
- 7.2 **Improving roads and scenery of communities.** The Company, in corporation with PTT Plc improve the conditions of roads for the communities which have suffered extensive usage; Similarly, along with the Phrakhanong District and community, improved the scenery of the community by planting 120 Indian Asoke trees adding to the beauty, order, ease of commute and safety.
- 7.3 **Repainting the bridge over** along with the Phraknanong District, community and the teachers and students at Poonsin (Petch-sook-oop-phatham) organized public service activities to honor his Majesty by painting the bridge over the express on the occasion of his Majesty's Birthday.
- 7.4 **"Flood Victims Relief"** The Company help relieved the suffering of thai people by distributing rescue bag and drinking water to 500 families from the Kog Samrong agricultural cooperative members in Lop Buri.



## 8. Economic Promotion of Community Products

In 2008, Bangchak has used baked salted sunflower seeds and garlic, for its promotional sale activities at service stations. Not only are both products good for health, but also the Company had a chance to help garlic farmers in the Northern part of Thailand during the time when the garlic price was so low due to oversupply. Members of communities around the refinery also had chances to earn extra money from preparing food, desserts and drinks for Company's activities; and from distributing the Krob Krua Bai Mai journals. Those who are qualified for any jobs at the refinery or at Bangchak service stations, were also given special consideration.

In recognition to consistently sustainable development in harmony with the environment and society, the Company was awarded Honorary Award and Certificate for recognizing compliance Corporate Social Responsibility, the Department of Industrial Works: CSR-DIW, as a company complying with the Department of Industrial Works Notification from the International Standards Organization and the Department of Industrial Works.



By operating business on the basis of the organization’s culture to “Develop sustainable business, while safeguarding the environment and society”, the Company has emphasized the improvement of good corporate governance and administration to be an organization of fairness, morality, transparency, accountability, efficiency and international competitiveness. Moreover, the Company has made an impression on clients in terms of products and services, in addition creating positive returns to shareholders. The emphasis is not only on the maximization of profits, but also cares for society and the environment in order for the organization to grow sustainably and along with environment and society”.

In 2008, the Company was recognized as the Company with transparent, efficient and responsible governance and administration, through its continued care for society and the environment with the following awards:



→ SET Awards 2008

- **Top Corporate Governance Report Awards**, honored as the listed company which is outstanding in terms of Good Corporate Governance Report. The Company won this prize for third consecutive year at the SET Awards 2008 held by the Stock Exchange of Thailand and Money & Banking Magazine
- **Corporate Social Responsibilities Awards**, honored as the listed company which is outstanding in terms of operating business, while being responsible to the environment and society. The Company won this prize for second consecutive year at the SET Awards 2008 held by the Stock Exchange of Thailand and Money & Banking Magazine
- **IR Excellence Awards**, honored as the listed company which is outstanding in terms of conducting investors’ activity, emphasizing the entire organization’s part in arranging activities for investors and shareholders, presented at the SET Awards 2008 held by the Stock Exchange of Thailand and Money & banking Magazine



- **Honorary Award and Certificate for recognizing compliance Corporate Social Responsibility, the Department of Industrial Works:** CSR-DIW, as a company complying with the Department of Industrial Works Notification from the International Standards Organization and the Department of Industrial Works
- **“Rak-Mae Rak-Mae-Nam” Project Honorary Award,** as an organization conserving the Chao-Phraya River and realizing its importance in response to the Queen’s concern for the water insufficiency which is the source of life for the country. The project campaigned factories and communities along the river to cooperate in reducing pollution, rehabilitating the environment and following up as well as monitoring river quality to meet standard, organized by Ministry of Industry
- **Honorary Award for being enterprise raising environmental awareness,** presented at World Environment Day 2008, as a corporation with on-going to raise environmental awareness so as to serve as an exemplary organization, stimulating public awareness of the importance sustainable environmental conservation, held by the Office of Environment and Bangkok Metropolitan Administration
- **Award for the Nation Level outstanding Workplace on occupational health, safety and working environment, in the National Safety Workplace Week, 2008** organized by the Department of Labor Protection and Welfare, Ministry of Labor
- **ISO/TS 16949 : 2002 Certificate** for Technical Specification (TS) of International Quality Management System in Vehicle Industry, being the first Thai Company awarded the certificate by the United Registrar of Systems (Thailand) Company Limited
- **Good Lab Practice/the Department of Industrial Work : GLP/DIW) and ISO/IEC 17025”** from the Thailand Industrial Standards Institute (TISI), Ministry of Industry





# GREATFUL

# COMMUNITIES

Bangchak has serviced not only its customers, but also Thai farmers. Wishing to add incomes Thai farmers, the Company has continually been socially responsible by distributing theirs produces, such as garlic, preserved pineapples and bananas, and eggs, at the service stations.



ร่วมบริโภคกระเทียมไทย  
เต็มคอรู 700.-  
**ฟรี**  
กระเทียม  
1 มัด

จากสหกรณ์ผู้ปลูกกระเทียม  
แปดริ้วท่าหลวงจังหวัดสุพรรณบุรี







## Declaration of the Directors' Responsibility for the Financial Statements



The Board of Directors of the Bangchak Petroleum Public Company Limited has arranged the financial statement to be prepared to report the Company's financial status and performance for the year 2008, under the Public Company Limited Act B.E. 2535, the Accounting Act B.E.2543, the Securities and Exchange Act B.E.2535, as well as the Notification of the Securities and Exchange Commission re: Disclosure of Financial Statements and Performance of Listed Companies.

The Board of Directors is aware of its directorial duties and responsibilities of a listed company towards the financial reports of the Company as well as its subsidiaries for the year 2008. The financial statements have been prepared in conformity with the generally accepted accounting principles, using appropriate accounting policies, caution, reasoning, and best projections. For the benefits of the shareholders and investors, the Financial Statements adequately and transparently include important information in their notes.

Furthermore, the Board of Directors has put in place an efficient risk management system and internal control system to reasonably ensure that all accounting records are accurate, complete and sufficient to safeguard the Company's assets, and significantly prevent corruption or irregularities.

In this regard, the Audit Committee, which is composed of independent Directors, has carried out its duties to oversee the quality of financial statements and the internal control system. Relevant opinions of the Audit Committee are provided in the Report of the Audit Committee as contained in this annual report.

The Board of Directors saw that the Company's overall internal control system is satisfactory and provides reasonable assurance that the Company's financial statements and its subsidiaries as of 31 December 2008 are in line with the generally-accepted accounting principles, and are in full compliance with applicable laws and regulations.

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

(Signed) Anusorn Sangnimnuan  
(Mr.Anusorn Sangnimnuan)  
President



## Audit Committee's Report



To the shareholders

The Bangchak Petroleum Public Company Limited's Board of Directors' Meeting No.7/2008 resolved to establish the Audit Committee, with Mr.Anusorn Tamajai as a chairman, Mr.Wirat lam-Ua-Yut, Mr.Nipon Surapongrukchareon and Ms.Pranom Kowinwipat as members.

In 2008, the Audit Committee convened in 12 session, seven sessions with top executives (whereby executives with conflict of interest were absent) to consider different issues. The number of each member present is shown in the following table.

Audit Committee Members		# of Appearance / # of Meeting
Mr.Anusorn	Tamajai	12/12
Mr.Wirat	lam-Ua-Yut	11/12
Mr.Nipon	Surapongrukchareon	12/12
Ms.Pranom	Kowinwipat	12/12

The Audit Committee had considered the following significant issues:

1. Considered and reviewed the quarterly and annual financial statements and related financial reports to ensure sufficient and in time disclosure and compliance to general accounting procedures, accounting standards and major accounting changes in 2008.

Reviewed related party transactions between shareholders and subsidiaries or related companies to ensure that they were normal business transactions, not involving conflicts, for the highest benefits to the company.

Arranged meetings with the Company's legal advisors, for updates on significant lawsuits which could be proceeded in court and result in significant impacts to the Company.

2. Ensured that the Company had an appropriate, transparent and efficient internal control system. Ensured the auditors' independence and raised awareness in efficiency improvement as well as reduce oil loss in the production process.

In 2008, the Audit Committee realized the importance of good corporate governance and had organized a training session regarding to good business governance for the management and staff.

3. Ensured the Company's full compliance with all enforced accounting laws, the Stock Exchange of Thailand's rules and regulations, and related business laws, in line with the principles of good corporate governance, with emphasis on raising the Company's performance to exceed the standard.
4. Selected, proposed the nomination and set the fee for A.M.T Associate, the auditor for 2008.
5. Reviewed the Company's risk management and checked all possible risks, as well as promote the cooperation between the Audit Committee and the Enterprisewide Risk Management Committee.
6. Monitored and emphasized safety standards and ensure that all employees realize the importance of safety, the good environment of the refinery, as well as community responsibilities.
7. Improved the Audit Committee's charter in line with good corporate governance principles, to ensure shareholders, trade partners and clients as well as other stakeholders that the Company's operations are in line with the legal and ethical requirements and that the Company upholds efficient internal control system. The Audit Committee's charter was also improved to be in line with the Audit Committee's scope of responsibilities with emphasis on good corporate governance.
8. Considered and reviewed the Policies and Work Manual under the Internal Control Office to cover roles, responsibilities and accountabilities of the Audit Committee and Internal Control Office as the operational guidance.
9. Coordinated with the State Enterprise Policy Office (SEPO) to assess the Internal Audit and Internal Control's performance against the standard via TRIS Rating Co., Ltd. The assessment feedback from TRIS will then be the guideline for the Internal Audit Office to improve its quality of work up to the standard.

The Audit Committee in 2008 conducted its duties within the scope of responsibilities. The Audit Committee is of the opinion that the Company's financial statements meet significant requirements of the general accounting practices, that the company disclosed sufficient information on related party transactions or transactions which could induce conflicts of interest, that the company's internal control and risk management were appropriate for its business, and that the Company fully complied with the Stock Exchange of Thailand's regulations and related business laws.

(Signed) Anusorn Tamajai  
(Mr. Anusorn Tamajai)  
Chairman of Audit Committee

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## Independent Certified Public Accountants' Report



To the Shareholders of The Bangchak Petroleum Public Company Limited

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

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

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

(Signed) Natsarak Sarochanunjeen  
(Natsarak Sarochanunjeen)  
Certified Public Account  
Registration No. 4563

A.M.T. & ASSOCIATES  
Bangkok, Thailand  
February 16, 2009



# Financial Statements



## Balance Sheets

The Bangkok Petroleum Public Company Limited and Its Subsidiaries

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

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

The Bangchak Petroleum Public Company Limited and Its Subsidiaries

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

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





The Bangchak Petroleum Public Company Limited and Its Subsidiaries

<b>Baht</b>					
		<b>Consolidated Financial Statement</b>		<b>Separate Financial Statement</b>	
	<b>Note</b>	<b>As of 31<sup>st</sup> December 2008</b>	<b>As of 31<sup>st</sup> December 2007</b>	<b>As of 31<sup>st</sup> December 2008</b>	<b>As of 31<sup>st</sup> December 2007</b>
<b>Shareholders' Equity</b>					
Share Capital-Par Value Baht 1.00 per share					
Authorized share capital					
Common share 1,531,643,461 shares		1,531,643,461	1,531,643,461	1,531,643,461	1,531,643,461
Issued and paid-up share capital					
Common share 1,119,132,050 shares	22	1,119,132,050	1,119,132,050	1,119,132,050	1,119,132,050
<b>Capital Surplus</b>					
Premium on share capital		7,505,333,450	7,505,333,450	7,505,333,450	7,505,333,450
Capital surplus on registered and paid-up share reduction	23	189,617,759	189,617,759	189,617,759	189,617,759
Surplus on fixed assets revaluation	13	4,856,479,716	5,289,307,563	4,856,479,716	5,289,307,563
Premium on share capital of subsidiary of the Company	1.2	18,621,225	-	-	-
<b>Retained earning (deficit)</b>					
Appropriated-legal reserve		153,164,346	153,164,346	153,164,346	153,164,346
Unappropriated		5,881,772,402	6,967,603,946	5,917,344,057	6,942,512,418
<b>Total Equity of Parent Company's Shareholders</b>		<b>19,724,120,948</b>	<b>21,224,159,114</b>	<b>19,741,071,378</b>	<b>21,199,067,586</b>
Minority interests		39,144,921	510,000	-	-
<b>Total Shareholders' Equity</b>		<b>19,763,265,869</b>	<b>21,224,669,114</b>	<b>19,741,071,378</b>	<b>21,199,067,586</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>42,539,835,258</b>	<b>44,978,165,727</b>	<b>42,293,182,124</b>	<b>44,839,551,196</b>

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

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

(Signed) Anusorn Sangnimnuan  
(Mr. Anusorn Sangnimnuan)  
President

# Statements of Changes in Shareholders' Equity Consolidated

The Bangkok Petroleum Public Company Limited and Its Subsidiaries  
For the Years Ended December 31, 2008 and 2007

	Baht									
	Note	Issued and paid-up share capital	Premium on Share capital	Capital surplus on registered and paid-up share reduction	Surplus on fixed assets revaluation	Premium on share capital of subsidiary of The Company	Retained earning [Deficit] Appropriated legal reserve Unappropriated	Minority interests	Total	
Beginning balance as at January 1, 2007		1,119,096,351	7,504,729,149	189,617,769	4,283,181,275	-	153,164,346	5,398,384,611	510,000	18,648,683,491
Accumulative effects amount from changing in accounting policy:										
- Investment in subsidiary		-	-	-	-	-	-	(4,289,114)	-	(4,289,114)
Beginning balance after adjustment		1,119,096,351	7,504,729,149	189,617,769	4,283,181,275	-	153,164,346	5,394,095,497	510,000	18,644,394,377
Issued and Paid-up share capital		35,699	-	-	-	-	-	-	-	35,699
Premium on share capital		-	604,301	-	-	-	-	-	-	604,301
Surplus on fixed assets revaluation		-	-	-	1,225,120,984	-	-	-	-	1,225,120,984.00
Transaction not recognised in the income statement										
• Depreciation on the fixed assets revaluation		-	-	-	(218,994,696)	-	-	-	-	(218,994,696)
Dividend paid		-	-	-	-	-	-	(190,248,930)	-	(190,248,930)
Net profit (loss)		-	-	-	-	-	-	1,763,757,379	-	1,763,757,379
<b>Ending balance as at December 31, 2007</b>		<b>1,119,132,050</b>	<b>7,505,333,450</b>	<b>189,617,769</b>	<b>5,289,307,563</b>	<b>-</b>	<b>153,164,346</b>	<b>6,967,603,946</b>	<b>510,000</b>	<b>21,224,669,114</b>
Beginning balance as at January 1, 2008		1,119,132,050	7,505,333,450	189,617,769	5,289,307,563	-	153,164,346	6,967,603,946	510,000	21,224,669,114
MI's share capital in subsidiary		-	-	-	-	-	-	-	41,760,725	41,760,725
Premium on share capital of subsidiary of the Company	1.2	-	-	-	-	18,621,225	-	-	-	18,621,225
Transaction not recognised in the income statement										
• Depreciation on the fixed assets revaluation		-	-	-	(432,827,847)	-	-	-	-	(432,827,847)
Dividend payment for preferred stock		-	-	-	-	-	-	-	(68,140)	(68,140)
Dividend paid	32	-	-	-	-	-	-	(335,739,615)	-	(335,739,615)
Net profit (loss)		-	-	-	-	-	-	(750,091,929)	(3,067,664)	(753,159,593)
<b>Ending balance as at December 31, 2008</b>		<b>1,119,132,050</b>	<b>7,505,333,450</b>	<b>189,617,769</b>	<b>4,856,479,716</b>	<b>18,621,225</b>	<b>153,164,346</b>	<b>5,881,772,402</b>	<b>39,144,921</b>	<b>19,763,265,869</b>

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



# Statements of Changes in Shareholders' Equity The Separate Financial Statement

The Bangchak Petroleum Public Company Limited and Its Subsidiaries  
For the Years Ended December 31, 2008 and 2007

Baht

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

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

# Statement of Income

The Bangchak Petroleum Public Company Limited and Its Subsidiaries

For the Years Ended December 31, 2008 and 2007

Baht					
	Notes	Consolidated Financial Statement		Separate Financial Statement	
		2008	2007	2008	2007
Sales and services	25	129,041,557,121	94,979,389,602	128,053,433,453	94,133,738,943
Cost of sales and services		(125,340,670,804)	(88,885,964,489)	(124,760,296,402)	(88,524,161,416)
Gross Margin		3,700,886,317	6,093,425,113	3,293,137,051	5,609,577,527
Selling and administrative expenses		(2,811,818,224)	(2,525,810,983)	(2,365,205,749)	(2,113,352,999)
Income from Sales		889,068,093	3,567,614,130	927,931,302	3,496,224,528
Interest income		73,450,665	201,442,497	59,822,186	193,080,660
Loss from foreign exchange	26	(168,136,904)	(46,996,035)	(168,136,904)	(46,996,035)
Loss from crude oil and product oil price hedging contract	29.3.1	(249,874,897)	(594,923,245)	(249,874,897)	(594,923,245)
Reversal of loss / (Loss) from Inventory write-down		(948,227,619)	54,510,520	(942,158,173)	54,510,520
Loss from assets disposal		(12,805,999)	(18,734,566)	(10,286,716)	(18,734,564)
Loss adjustment / (Loss) from impairment of assets		15,390,546	(40,527,960)	15,390,546	(40,527,960)
Other income		162,436,342	207,797,176	192,298,730	201,427,424
Directors' remuneration		(16,270,650)	(7,683,785)	(16,225,650)	(7,648,785)
Income before Interests and Taxes		(254,970,423)	3,322,498,732	(191,239,576)	3,236,412,543
Interest expenses	20.1, 27	(854,035,959)	(655,282,570)	(854,035,959)	(655,282,570)
Income taxes	17	355,846,789	(903,458,783)	355,846,789	(890,326,063)
Net income (loss) for the period		(753,159,593)	1,763,757,379	(689,428,746)	1,690,803,910
Attributable to :					
Equity holders of the parent		(750,091,929)	1,763,757,379	(689,428,746)	1,690,803,910
Minority interest		(3,067,664)	-	-	-
		(753,159,593)	1,763,757,379	(689,428,746)	1,690,803,910
Basic Earnings Per Share	28	(0.67)	1.58	(0.62)	1.51
Diluted Earnings Per Share	28	(0.67)	1.38	(0.62)	1.32

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

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

(Signed) Anusorn Sangnimnuan  
(Mr. Anusorn Sangnimnuan)  
President



## Statement of Cashflows

The Bangkok Petroleum Public Company Limited and Its Subsidiaries

For the Years Ended December 31, 2008 and 2007

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

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

## Statement of Cashflows

The Bangchak Petroleum Public Company Limited and Its Subsidiaries

For the Years Ended December 31, 2008 and 2007

	Notes	Baht			
		Consolidated Financial Statement		Separate Financial Statement	
		2008	2007	2008	2007
Cash Flows from Investing Activities :					
Decrease (Increase) in temporary investments		(359,697,766)	3,797,028,172	(358,989,000)	3,804,028,044
Increase in long-term investments		(133,140,278)	(1,286,444)	(133,140,278)	(1,286,444)
Investments in subsidiary		-	99,300	(78,819,800)	-
Dividends received		-	-	20,090,000	-
Acquisition in property, plant and equipments		(7,702,897,609)	(2,282,487,411)	(7,541,422,885)	(2,280,763,513)
Proceeds from sales of property, plant and equipment		10,955,394	18,613,074	58,226,425	18,613,074
Increase in Leasehold right		(10,129,948)	(23,006,274)	(10,129,948)	(23,006,274)
Increase in intangible assets		(28,733,846)	(23,355,314)	(28,426,846)	(23,355,314)
Decrease (Increase) in other non - current assets		488,921,964	(224,968,668)	512,246,619	(224,957,086)
Net Cash Provide by (Used in) Investing Activities		(7,734,722,089)	1,260,636,435	(7,560,365,713)	1,269,272,487
Cash Flows from Financing Activities :					
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions		390,000,000	(320,000,000)	390,000,000	(320,000,000)
Proceeds from long - term loans		14,354,982,165	-	14,221,182,165	-
Payment of long - term loans		(10,108,370,172)	(1,366,535,256)	(10,108,370,172)	(1,366,535,256)
Dividend paid		(335,739,615)	(190,248,930)	(335,739,615)	(190,248,930)
Dividend payment for preferred stock		(58,140)	-	-	-
Issued and Paid-up share capital		-	35,000	-	35,000
Premium on share capital		-	595,000	-	595,000
Issuance of subsidiary's share capital		33,780,200	-	-	-
Premium on share capital of subsidiary		26,601,750	-	-	-
Net Cash Provided by (Used in) Financing Activities		4,361,196,188	(1,876,154,186)	4,167,072,378	(1,876,154,186)
Increase(Decrease) in Cash and Cash Equivalents-net		(4,767,754,132)	3,744,824,561	(4,593,045,369)	3,489,028,616
Cash and Cash Equivalents, Beginning of Period		6,450,064,228	2,705,239,667	6,088,212,621	2,599,184,005
Cash and Cash Equivalents, End of Period	5	1,682,310,096	6,450,064,228	1,495,167,252	6,088,212,621

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



# Notes to Financial Statement

The Bangchak Petroleum Public Company Limited and Its Subsidiaries

For the Years Ended December 31, 2008 and 2007

## 1. GENERAL INFORMATION

### 1.1 General matter

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

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

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

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

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

### 1.2 Related parties

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

Name	Type of business	Relationship	Share holding (%)
<b>Subsidiaries :</b>			
• The Bangchak Green Net Co., Ltd.	Manage BCP service station and consumer goods retailer	Share holding and joint directors	49.00%
• The Bangchak Green Line Co., Ltd.	Fuel transportation. (Company is in self liquidation process)	Indirect holding and joint directors	49.00%
• The Bangchak Biofuel Co., Ltd. *	Biodiesel	Share holding and joint directors	70.00%

Name	Type of business	Relationship	Share holding (%)
<b>Related companies :</b>			
• PTT Public Company Limited.	Petroleum business	Company's share holder and joint directors	-
• Fuel Pipeline Transportation Ltd.	Fuel pipeline transportation	Share holding and joint directors	11.41%
• Thai Oil Public Company Limited.	Oil refinery	Related company of PTT	-
• PTT Aromatics and Refining Public Company Limited	Petrochemicals and Refining	Related company of PTT	-
• Thai Lube Base Public Co., Ltd.	Lubrication base refinery	Related company of PTT	-
• IRPC Public Company Limited.	Petrochemicals	Related company of PTT	-
• IRPC Oil Company Limited.	Refined Petroleum business	Related company of PTT	-
• NPC Safety and Environmental Service Co., Ltd.	Safety and Environmental business	Related company of PTT	-
• Thai Oleochemicals Co., Ltd.	Petrochemicals	Related company of PTT	-
• PTT ICT Solutions Co., Ltd.	Factory maintenance and technology service	Related company of PTT	-
• PTT Utility Co., Ltd.	Generation and supply of electricity steam and water for industry	Related company of PTT	-
• ASEAN Potash Mining Public Company Limited	Potash Mining, Produce and Distribute Potassium Chloride fertilizer	Share holding	6.56%

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

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





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

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

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

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Cash and cash equivalents

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

### 3.2 Allowance for Doubtful Accounts

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

### 3.3 Inventories

Inventories consist of Finished petroleum products, Crude oil, Lubrication oils and Consumer goods. Inventories are stated at the lower of cost determined by weighted average or net realizable value.

### 3.4 Materials and Supplies

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

### 3.5 Investments in Subsidiaries

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

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

### 3.6 Other Long-Term Investments

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

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

### 3.7 Property, Plant and Equipment

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

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

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

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

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

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

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



### 3.8 Borrowing Cost

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

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

### 3.9 Leasehold rights

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

Leasehold rights are presented at cost deducted by accumulated amortization.

### 3.10 Intangible Assets

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

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

### 3.11 Impairment of assets

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

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

### 3.12 Foreign Currencies

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

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

### 3.13 Financial Instruments

#### Forward Foreign Exchange Contracts

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

#### Interest Rate Swap contracts

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

#### Crude and Product Oil Price Hedging Contract

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

### 3.14 Deferred Revenue

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

### 3.15 Pension Fund Reserve

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

### 3.16 Legal Reserve

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

### 3.17 Registered Provident Fund

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

### 3.18 Sales Revenue

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



#### **Income from operating right**

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

#### **Interest income**

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

### **3.19 Income Taxes**

Income taxes consist of Currents taxes and Deferred Income Taxes.

#### **Current Taxes**

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

#### **Deferred Income Tax**

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

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

### **3.20 Earnings per Share**

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

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

## **4. RELATED PARTY TRANSACTIONS**

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

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

## 4.1 Trade accounts receivable-related parties

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

## 4.2 Investments in subsidiary

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

Name	Type of Business	Authorized Share		Investments		
		capital (Million Baht)	Holding %	Cost Method	Net Book Value	Dividend
		Separate Financial Statements December 31, 2008				
<b>Subsidiaries :</b>						
• The Bangchak Green Net Co., Ltd.	Holding and joint directors	1	49.00%	0.49	27.84	-



#### 4.3 Trade accounts payable-related parties

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

#### 4.4 Other payable-related parties

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
<b>Related Companies</b>				
• The Related Companies of PTT	-	0.05	-	0.05
• Fuel Pipeline Transportation Co., Ltd.	12.68	9.20	12.68	9.20
<b>Total accounts receivable-related parties net</b>	<b>12.68</b>	<b>9.25</b>	<b>12.68</b>	<b>9.25</b>

#### 4.5 Transactions with related parties

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

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
Revenue from sales of oil	8,809.75	4,232.60	26,020.64	17,575.79
Revenue from operating right	-	-	83.35	73.83
Other Revenue	83.21	50.35	109.41	65.19
Cost of pipeline transportation	105.25	86.56	105.25	86.56
Crude and Product purchase	102,491.38	72,350.53	102,491.38	72,350.53
Terminal service and others	67.24	56.91	67.24	56.91

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

## 5. CASH AND CASH EQUIVALENTS

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

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
Cash and deposits at Banks *	1,682.31	6,450.06	1,495.17	6,088.21
<b>Cash and cash equivalents</b>	<b>1,682.31</b>	<b>6,450.06</b>	<b>1,495.17</b>	<b>6,088.21</b>

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

## 6. SHORT TERM INVESTMENTS

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

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
Fixed deposit	47.72	288.02	-	241.01
Bills of Exchange	600.00	-	600.00	-
<b>Short term investments</b>	<b>647.72</b>	<b>288.02</b>	<b>600.00</b>	<b>241.01</b>

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

## 7. TRADE ACCOUNTS RECEIVABLE-OTHER PARTIES-NET

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

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
Trade accounts receivable - other parties	3,979.47	5,378.62	3,966.52	5,357.31
<u>Less</u> : Allowance for doubtful accounts	(81.66)	(92.06)	(78.96)	(89.04)
<b>Trade accounts receivable-other parties-net</b>	<b>3,897.81</b>	<b>5,286.56</b>	<b>3,887.56</b>	<b>5,268.27</b>





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

	Million Baht	
	2008	2007
Over 3 months to 6 months	2.19	36.86
Over 3 months to 6 months	0.15	0.41
Over 3 months to 6 months	85.91	55.42
<b>Total</b>	<b>88.25</b>	<b>92.69</b>

## 8. INVENTORIES-NET

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

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
Crude oil	4,023.54	6,783.24	4,023.54	6,783.24
Finished oil products	2,788.69	4,196.74	2,661.93	3,961.16
Consumer products	53.85	51.01	-	-
<u>Less</u> : Inventories write down	(948.22)	-	(942.16)	-
<u>Less</u> : Allowance for devaluation	(1.37)	(1.64)	-	-
<b>Inventories-NET</b>	<b>5,916.49</b>	<b>11,029.35</b>	<b>5,743.31</b>	<b>10,744.40</b>

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

## 9. MATERIALS AND SUPPLIES-NET

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

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
Materials and supplies	320.57	346.66	320.57	346.66
<u>Less</u> : Allowance for obsolescence	(10.30)	(10.33)	(10.30)	(10.33)
<b>Material and supplies-net</b>	<b>310.27</b>	<b>336.33</b>	<b>310.27</b>	<b>336.33</b>

## 10. OTHER CURRENT ASSETS-OTHERS

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

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
Accounts receivable -Hedging contract	27.07	18.31	27.07	18.31
Value added tax	-	69.04	-	69.04
Corporate Income Tax	1,143.15	-	1,126.33	-
Others	163.29	74.73	135.19	60.88
<b>Total</b>	<b>1,333.51</b>	<b>162.08</b>	<b>1,288.59</b>	<b>148.23</b>

### CORPORATE INCOME TAX

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

## 11. OTHER LONG-TERM INVESTMENTS

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

	Million Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	December, 31 2008	December, 31 2007	December, 31 2008	December, 31 2007
<b>Investments in capital paper</b>				
• Fuel Pipeline Transportation Ltd.	181.75	181.75	181.75	181.75
<u>Less</u> : Allowance for impairment	(181.75)	(181.75)	(181.75)	(181.75)
• MFC Energy Fund	73.29	8.49	73.29	8.49
• ASEAN Potash Mining Public Company Limited	80.00	-	80.00	-
<b>Investment in capital paper-NET</b>	<b>153.29</b>	<b>8.49</b>	<b>153.29</b>	<b>8.49</b>
<b>Investments in commercial paper</b>				
• The Express way Authority of Thailand's bond	0.90	0.90	-	-
• The Government bond	3.00	3.00	3.00	3.00
<u>Less</u> Discount on investments	(0.03)	(0.05)	(0.03)	(0.05)
<b>Total Investments in commercial paper-net</b>	<b>3.87</b>	<b>3.85</b>	<b>2.97</b>	<b>2.95</b>
<b>Total other long-term investments</b>	<b>157.16</b>	<b>12.34</b>	<b>156.26</b>	<b>11.44</b>



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

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

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

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

## 12. TARIFF PREPAYMENT-NET

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

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

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

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

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

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




**13. PROPERTY, PLANT AND EQUIPMENT-NET**

Million Baht

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

## Million Baht

Separate Financial Statements								
	Land	Buildings	Machinery, equipment, refinery plants and terminal	Marketing and office equipments	Catalyst	Vehicles	Construction work in progress	Total
<b>Cost/Revaluation</b>								
At January 1, 2008	1,368.64	527.71	24,592.52	3,702.23	273.10	122.84	5,182.97	35,770.01
Additions	-	-	-	-	-	-	7,554.66	7,554.66
Borrowing Cost	-	-	-	-	-	-	270.46	270.46
Disposals	(45.48)	(1.29)	(202.12)	(58.58)	-	(16.97)	(71.40)	(395.84)
Reclassification	-	4.01	260.15	106.98	30.86	14.54	(412.57)	3.97
At December 31, 2008	1,323.16	530.43	24,650.55	3,750.63	303.96	120.41	12,524.12	43,203.26
<b>Accumulated depreciation :</b>								
At January 1, 2008	-	(344.89)	(14,244.09)	(2,042.31)	-	(96.97)	-	(16,728.26)
Additions	-	(16.69)	(799.41)	(225.73)	-	(12.72)	-	(1,054.55)
Disposals	-	1.11	157.86	44.40	-	16.96	-	220.33
Reclassification	-	-	-	(2.48)	-	-	-	(2.48)
At December 31, 2008	-	(360.47)	(14,885.64)	(2,226.12)	-	(92.73)	-	(17,564.96)
<b>Allowance for impairment</b>								
At January 1, 2008	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
Reversal of loss on impairment of assets	28.55	-	-	(11.48)	-	-	-	17.07
At December 31, 2008	(539.95)	-	(0.56)	(76.95)	-	-	-	(617.46)
<b>Property, plant and equipment-net</b>								
At January 1, 2008	800.14	182.82	10,347.87	1,594.45	273.10	25.87	5,182.97	18,407.22
At December 31, 2008	783.21	169.96	9,764.35	1,447.56	303.96	27.68	12,524.12	25,020.84
<b>Depreciation included in income statements for the :</b>								
Year ended December 31, 2007								639.43
Year ended December 31, 2008								657.31
<b>Property, plant and equipment are classified by cost and revaluation</b>								
<b>Cost</b>								
At December 31, 2007	1,368.64	527.71	13,390.18	3,702.23	134.58	122.84	5,182.97	24,429.15
Add (Less) : Reclassification	(45.48)	2.72	146.87	48.40	30.86	(2.43)	7,341.15	7,522.09
Less : Accumulated depreciation	-	(360.47)	(8,490.09)	(2,226.12)	-	(92.73)	-	(11,169.41)
Less : Allowance for impairment	(539.95)	-	(0.56)	(76.95)	-	-	-	(617.46)
At December 31, 2008	783.21	169.96	5,046.40	1,447.56	165.44	27.68	12,524.12	20,164.37
<b>Revaluation</b>								
At December 31, 2007	-	-	11,202.34	-	138.52	-	-	11,340.86
Add(Less) : Changing in appraisal surplus	-	-	(88.83)	-	-	-	-	(88.83)
Less : Accumulated depreciation	-	-	(6,395.56)	-	-	-	-	(6,395.56)
At December 31, 2008	-	-	4,717.95	-	138.52	-	-	4,856.47
<b>Property, plant and equipment-net</b>								
At December 31, 2008	783.21	169.96	9,764.35	1,447.56	303.96	27.68	12,524.12	25,020.84



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

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

#### 14. LEASEHOLD RIGHT

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

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

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

Period	Million Baht	
	Per annum	Total
The year 2007-2009	45.97	137.90
The year 2010-2012	61.29	183.88
The year 2013-2015	76.62	229.85
		<b>551.63</b>

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

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

## 15. INTANGIBLE ASSETS-NET

Intangible assets comprise of the right to use and the cost of development of computer software.

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

	Million Baht	
	Consolidated Financial Statement	Separate Financial Statement
<b>Deferred income tax assets :</b>		
As at December 31, 2007	123.42	121.35
Additions	23.35	23.35
Disposals	(8.63)	(8.63)
<b>As at December 31, 2007</b>	<b>138.14</b>	<b>136.07</b>
Additions	28.85	28.43
Disposals	(3.74)	(3.63)
<b>At December 31, 2008</b>	<b>163.25</b>	<b>160.87</b>

	Million Baht	
	Consolidated Financial Statement	Separate Financial Statement
<b>Accumulated amortization :</b>		
As at December 31, 2007	(23.62)	(23.51)
Additions	(22.72)	(22.21)
Disposals	7.49	7.49
<b>As at December 31, 2007</b>	<b>(38.85)</b>	<b>(38.23)</b>
Additions	(25.58)	(25.13)
Disposals	3.63	3.63
<b>At December 31, 2008</b>	<b>(60.80)</b>	<b>(59.73)</b>
<b>As at December 31, 2007</b>	<b>99.29</b>	<b>97.84</b>
<b>At December 31, 2008</b>	<b>102.45</b>	<b>101.14</b>





## 16. INVESTMENT IN SERVICE STATIONS

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

## 17. INCOME TAX AND DEFERRED INCOME TAX

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

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

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

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

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

## 18. OTHER NON-CURRENT ASSETS-OTHERS

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

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

### 18.1 Fixed deposit for staff welfare

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

### 18.2 Deposit for crude and product oil price hedging contract

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

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

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

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

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

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

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

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

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

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



## 20. LONG-TERM LOANS

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

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

### 20.1 Loans from bank

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

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

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

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

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

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

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

### 20.2 Convertible debentures

On January 29, 2004, the Company issued 400,000 units of unsecured, convertible into common stock, subordinated registered debentures with holders' names. The instruments have a face value of Baht 10,000 per unit, with a 10-year maturing period and with interest of 3% per annum. The convertible value of the debenture is Baht 14.30 per common

stock, subjected to subsequent adjustment of price according to the terms of the exercise of conversion right in the Debentures. The issuance of the convertible debentures form part of the financial restructuring plan, approved by the cabinet on July 8, 2003; in which offerings are made to investing institution in the form of depository receipt against benefits derived from the convertible debentures. The issuance of the depository receipt is made by the Siam DR Co., Ltd. (which is 99% owned by The Stock Exchange of Thailand) on the basis of one depository receipt for one convertible debenture. The Ministry of Finance guarantees the investment and offers to buy back the depository receipts at the initial offered price of Baht 10,000 per unit; as specified under the term, of the depository receipts.

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

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

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

## 21. OTHER CURRENT LIABILITIES-OTHERS

As at December 31, 2008 and December 31, 2007, Other current liabilities-OTHERS consist of:

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

## 22. ISSUED AND PAID – UP SHARE CAPITAL

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

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

On July 6, 2004, the Company has registered with the Ministry of Commerce, the reduction in the Company's registered share capital from Baht 1,032,761,220 to Baht 843,143,461 and the paid-up share capital from Baht 753,040,940 to Baht 563,423,181. These changes were due to the reduction of 189,617,759 shares held by the Siam DR Co., Ltd. so as to be consistent with the number of "Depository Receipts of BCP's Ordinary Shares (DR)" which were issued and offered by the



Siam DR Co., Ltd. The Company received consent from the Siam DR Co., Ltd. for reducing the mentioned number of shares without capital payback. The Company also received approval to transfer the proceeds from the said share reduction of Baht 189,617,759 to the account, Capital Surplus on Registered and Paid-Up Share Reduction.

## 24. WARRANTS

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

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

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

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

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

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

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

## 25. SALES

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

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

## 26. GAIN (LOSS) FROM FOREIGN EXCHANGE

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

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

## 27. INTEREST EXPENSE

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

## 28. EARNINGS PER SHARE

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

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

## 29. CONTINGENT LIABILITIES AND COMMITMENTS

### 29.1 Liabilities on guarantees

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

### 29.2 Litigation

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

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

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



29.2.3 An international crude oil carrier hired by the Company has claimed to the Company for a damage caused by a crude oil lighter hired by the Company amounting to USD. 0.22 million equivalent to Baht 7.57 million. Presently, the dispute is under the consideration of an arbitrator.

### 29.3 Commitments ≈

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

29.3.1 The Company has entered into 14.94 million barrels oil price hedging contracts with foreign oil traders for oil price of period from January 2009 to December 2009.

29.3.2 The Company has foreign currency buying forward contracts cover the period to June 2009 amounting to USD. 69.48 million equivalent to Baht 2,393.78 million and selling forward contracts cover the period to December 2009 amounting to USD. 100.81 million equivalent to Baht 3,538.99 million. The Company has a foreign currency buying and selling forward contract with conditions that the Company buy or sell the currency at the specific rates for the amounts not exceeding USD. 69 million in 2009 and USD. 52 million in 2010 respectively.

29.3.3 The Company applies the financial instrument to manage the risk for PQI Project as buying forward contracts cover the period to April 2009 amounting to USD. 34.09 million which is equivalent to Baht 1,164.48 million.

29.3.4 The Company has entered into an interest rate swap contract for a loan agreement for the Company's operation with a total facility of Baht 3,000 million. The Interest Rate Swap contracts ends on June 30, 2013.

29.3.5 The Company has entered into a cross currency swap contract for part of a loan that exchange Baht for US Dollar amounting to US Dollar 200 million. The contract is effective as from January 5, 2009 to June 30, 2013.

29.3.6 The Company has entered into subscription agreements with PTT as follows:

29.3.6.1 Feedstock Supply Agreement, to enhance the Company's feedstock supply, which PTT will supply crude oil and other feedstocks for the refinery. The agreement has been effective since May 16, 2006 and shall be in effect for an initial period of twelve years after PQI's commercial operation date (COD).

29.3.6.2 Product Offtake Agreement, to accommodate the additional production outputs from the PQI project. PTT will purchase 30% of refined petroleum products (not include aviation fuel and fuel oil) from the refinery. This agreement shall be in effect for an initial period of twelve years after PQI's commercial operation date (COD).

29.3.6.3 On February 25, 2008, the Company has signed a Head of Agreement of "Cogeneration Project" with PTT which PTT invests in the construction of a cogeneration power plant to generate 19.7 MW of electricity and 90 metric tons per hour of steam to sell to the Company. It is anticipated that the completion of the construction of the power plant and the commencement of its commercial operation will be around mid of 2009.

29.3.7 Company has obligations to pay rental charges of service station lease agreements for the periods as follows:

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

29.4 The Company has utilized the tax privilege on the allowance for corporate income tax calculation for its 2006 tax payment which was in accordance with the announcement of the Director General of the Revenue Department regarding the corporate income tax (No. 156) "Criteria, procedures and conditions for the exemption of corporate

income tax for the companies that registered its shares in the Stock Exchange of Thailand according to the Securities and Exchange Acts for payments of investment or extension, modification, addition or improvement of assets but not the repair of assets according to Section 65 Tri (5) of the Revenue Codes” which the Company has paid its 2006 corporate income tax about Baht 40 million less than the case that the Company chose not to utilize the tax privilege. The Revenue Department is examining the Company’s application for 2006 corporate income tax refund. The Company believes that the utilization of such tax privilege is fully in accordance with the announcement mentioned above.

### 30. DISCLOSURE FOR FINANCIAL INSTRUMENTS

#### 30.1 Risk from foreign exchange rate

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

#### 30.2 Risk from interest rate

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

#### 30.3 Risk from product oil price in the global market

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

#### 30.4 Risk from credit term

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

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

#### 30.5 Fair value

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





### 31. FINANCIAL INFORMATION BY SEGMENT OF BUSINESS

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

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

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

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

### 32. Dividends

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

### 33. ACCOUNT RECLASSIFICATION

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

### 34. THE APPROVAL FOR ISSUE OF THE FINANCIAL STATEMENTS

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





## Opinions on the Related-Party Transactions



Board of Directors' opinions on the related – party transactions as of 31 December 2008 were as follows:

Entities	Relation	Nature of transactions	Value (Million Baht)	
			As of 31 December 2008	2007
PTT Plc. (PTT)	Major shareholder	• Sales of oil to PTT	7,764	3,627
		• Other revenue	78	42
		• Trade accounts receivable as of accounting period ended	200	115
		• Purchase of oil from PTT	76,583	50,281
		• Trade accounts payable as of accounting period ended	3,544	6,319
		• Payment of service fee to PTT's Sriracha oil storage depot	56	56
Ministry of Finance	Shareholder	• Guarantor for investment of CD-DR. As		
		◦ of Dec 31, 2008, remaining convertible debentures amounted to 217,595 units with repurchase price of Baht 10,000 per unit	2,175	
		◦ of Dec 31, 2007, remaining convertible debentures amounted to 217,595 units with repurchase price of Baht 10,000 per unit		2,175
		• Guarantor for investment of BCP-DR1 of 520 million shares with repurchase price of Baht 13 per share	6,759	6,759
Bangchak Green Net Co., Ltd. (BGN)	Affiliated company	• Sales of oil to BGN	17,211	13,343
		• Sales of promotional gifts to BGN	8	6
		• Franchise	83	74
		• Operational rights	8	9
		• Trade accounts payable	361	597
		• Trade accounts receivable	2	2
Bangchak Biofuel Co.,Ltd	Affiliated company	• Other revedue	11	-
		• Other accounts receivable	1	-
Fuel Pipeline Transportation Co.,Ltd	Related company	• Transportation fee	105	87
		• Creditor for transportation fee	13	9
		• Land lease, Utilities, Depot passing fee	5	8
		• Trade accounts payable	0.32	0.32
Thai Oil Plc. (TOP)	Related company through PTT	• Sales of oil to TOP	-	605
		• Purchase of oil from TOP	13,345	8,599
		• Training service	6.80	0.67
		• Trade accounts receivable	183	535
		• Merit making for cooperative Pah Pa	-	0.01

Entities	Relation	Nature of transactions	Value (Million Baht)	
			As of 31 December	
			2008	2007
PTT Aromatic & Refinery Plc. (PTTAR)	Related company through PTT	<ul style="list-style-type: none"> <li>• Purchase of oil from PTTAR</li> <li>• Trade accounts receivable</li> <li>• Product inspection</li> </ul>	3,730 - 0.03	2,336 213 -
Thai Lube Base Plc. (Thailube)	Related company through PTT	<ul style="list-style-type: none"> <li>• Purchase of oil from Thailube</li> <li>• Trade accounts receivable</li> </ul>	114 1	362 19
IRPC Plc. (IRPC)	Related company through PTT	<ul style="list-style-type: none"> <li>• Sales of oil product to IRPC</li> <li>• Purchase of oil from IRPC</li> <li>• Trade accounts receivable</li> </ul>	1,046 8,717 114	- 10,772 1,080
IRPC Oil Co.,Ltd. (IRPC Oil)	Related company through PTT	<ul style="list-style-type: none"> <li>• Purchase of oil from IRPC Oil</li> </ul>	-	0.20
NPC Safety and Environmental Service Co., Ltd.	Related company through PTT	<ul style="list-style-type: none"> <li>• Training service fee</li> <li>• Trade accounts receivable</li> </ul>	0.55 -	0.05 0.05
Thai Oleochemicals Co., Ltd. (TOL)	Related company through PTT	<ul style="list-style-type: none"> <li>• Purchase of oil from TOL</li> </ul>	3	-
PTT ICT Solutions Co., Ltd.	Related company through PTT	<ul style="list-style-type: none"> <li>• Microsoft Software License Fee</li> </ul>	4	-
PTT Utility Co., Ltd.	Related company through PTT	<ul style="list-style-type: none"> <li>• Merit making for cooperative Pah Pa</li> </ul>	0.01	-

### 1. Related transactions with the PTT Plc.

PTT procured crude oil and supply to industrial entrepreneurs in compliance with conditions in the Feedstock Supply Agreement enhancing the Company's competence in raw material procurement for manufacturing. As for sales of finished petroleum products, PTT would inform its requirement to the Company six months in advance. However, the two parties would cooperatively hold meetings every month to confirm in advance the supply requirements, prices of sales depending on market prices.

### 2. Related transactions with the Ministry of Finance

The Ministry of Finance provided guarantee for debentures CD-DR and equity securities BCP-DR1 issued by Siam DR Co.,Ltd., for financial restructuring, so that the Company could obtain better credit terms.

### 3. Related transactions with the Bangchak Green Net Co.,Ltd.

The Bangchak Green Net Co.,Ltd. was established to manage service stations and sales of consumer goods in the Lemon Green and Bai Chak convenient stores. The transactions were similar to those in normal business practices and were under the stipulations of contracts between the two parties.



**4. Related transactions with the Bangchak Biofuel Co.,Ltd.**

The Bangchak Biofuel Co.,Ltd., an subsidiary company, was established to produce and market Biodiesel in accordance with normal business conditions, market prices and descriptions stated in the operational agreement.

**5. The Fuel Pipeline Transportation Co.,Ltd. (FPT)**

The FPT provided services of pipeline transportation from the Company's oil storage depot at Don Muang to Bang Pa-in to supply oil to customers in the North and Northeast according to normal trading practices and market prices.

**6. Related transactions with the Thai Oil Co.,Ltd.**

Related transactions with the Thai Oil Co.,Ltd., related company through PTT's share holding, were in accordance to normal trading practices and market prices.

**7. Related transactions with the PTT Aromatic & Refinery Plc.**

Related transactions with the PTT Aromatic & Refinery Plc, related company through PTT's share holding, were in accordance to normal trading practices and market prices.

**8. Related transactions with the Thai Lube Base Plc.**

Related transactions with the Thai Lube Base Plc., related company through PTT's share holding, were in accordance with normal trading practices and market prices.

**9. Related transactions with the IRPC Plc.**

Related transactions with the IRPC Plc., related company through PTT's share holding, were in accordance to normal trading practices and market prices.

**10. Related transactions with the IRPC Oil Co.,Ltd.**

Related transactions with the IRPC Oil Co.,LTD., related company through PTT's share holding, were in accordance to normal trading practices and market prices.

**11. Related transactions with the NPC Safety and Environmental Service Co., Ltd.**

Related transactions with the NPC Safety and Environmental Service Co., Ltd., related company through PTT's share holding, were in accordance to normal trading practices and market prices.

**12. Related transactions with the Thai Oleochemicals Co., Ltd.**

Related transactions with the Thai Oleochemicals Co., Ltd., related company through PTT's share holding, were in accordance to normal trading practices and market prices.

**13. Related transactions with the PTT ICT Solutions Co., Ltd.**

Related transactions with the PTT ICT Solutions Co., Ltd., related company through PTT's share holding, were in accordance to normal trading practices and market prices.

**14. Related transactions with the PTT Utility Co., Ltd.**

Related transactions with the PTT Utility Co., Ltd., related company through PTT's share holding, were the merit making for the Cooperative Pah-Pa.

The aforementioned related party transactions concerned business operations that are normally conducted without any special item or transfer of interests between the Company, subsidiary companies, related companies and Shareholders. All transactions were approved by the President, who has been empowered according to the Company's regulations, with exception to the case of guaranteeing debentures and equity securities provided by the Ministry of Finance, which enabled the Company to get favorable terms and conditions.

Disclosure of related party transactions was in accordance with the regulations of Office of the Securities Exchange Commission as well as accounting standard as stipulated by the Association of Accountants and Auditors of Thailand

### Policy on related party transactions in the future

The Company continues to purchase oil and to use pipeline transportation service with the related companies, as they are normal businesses between entrepreneurs in the same industry. Prices are determined under the market conditions and/or the conditions of commercial contracts. However, the Company places importance on maximizing benefits it could derive from cooperation. The Audit Committee and Internal Audit Department would supervise that operations are in compliance with Securities Exchange Act and SET's regulations, announcements, orders or stipulations. In case any Executive has interests in some transactions, the Executive must abstain from exercising voting rights in the meeting.





# Management's Discussion and Analysis for Business Operations



For the year ended December 31, 2008

## Business Overview

### Oil Price Situation

Starting from early year 2008, oil prices was approximately 90 \$/BBL (Dubai crude price), had continuously increased and reached record-high at 140.77 \$/BBL on July 4, 2008 and then dramatically decreased to 36.40 \$/BBL at the end of the year, which was the lowest level of 2008. This drastic oil price decreasing was the result of declining oil demand, impact of the financial crisis spread out worldwide as well as the relieve of speculation over oil supply shortages and the sudden unwinding or selling hedged position from hedge funds. Moreover, lengthy period of high oil price distressing the demand to significantly drop together with high level of oil inventories were also the factor to slump down the price; despite of OPEC's several attempts cutting off their crude production quota to stabilize the oil prices.

During the time of high oil price, refineries will have positive impact of time lacking between crude prices and product selling prices (in other words: inventory gain); however, the companies have to use significant part of such gain to purchase higher price of crude feedstock. Conversely, the current downward trend in oil prices causes refineries' inventory loss; nonetheless, they recognize the lower working capital required for feedstock procurement. In order to balance the risk and return matters arising from this unexpected movement in oil prices, the company has been managing to maintain the optimum inventory level to minimize the impacts from the inventory value.

### Production and Sales

Looking at the refinery utilization, the Company's crude run in year 2008 was 74.2 KBD in average, higher than 2007 which was 66.3 KBD. This is owing to the increasing in exporting of Fuel Oil Very Low Sulfur (FOVS) which its demand from the captive user is still strong. The company is able to export all of fuel oil production at premium price as its premium quality; this was accounted for 133 million liters per month in the year 2008 increased from 99 million liters per month of last year.

In terms of the Company's sale in year 2008, the sale volume through retail gas station was increased by 8.4% (yoy). Yet, the market share through retail gas station in Jan.-Dec.2008 achieved the 4th rank or 14.0%, increased from 12.7% of 2007.

## 1. Analysis of the Operating Results for 2008

### 1.1 Profit/(Loss) Analysis

- 1) For the whole year of 2008, the consolidated financial statements recorded net loss of Baht 750 million (EPS = -0.67 Baht), which belongs to the part of the Company's net loss of Baht 689 million and the subsidiaries' (Bangchak Green Net Company Limited - BGN and Bangchak Bio Fuel Company Limited - BBF) net loss of Baht 33 million, with the adjustment of connected transactions of Baht 28 million.
- 2) The Company's performance EBITDA for 2008 was Baht 5,610 million. Combining with another Baht -5,080 million inventory effect (Baht 4,138 million for inventory loss and Baht 942 million for inventory mark down by lower of cost or market-LCM), total EBITDA was Baht 530 million. However, breakdown EBITDA by business units were summarized as follows:

<b>Details of breakdown EBITDA</b>			
(Million Baht)	2008 (A)	2007 (B)	Change +/- (A)-(B)
• Performance EBITDA	5,610	2,120	+3,490
◦ Refinery	4,419	1,911	+2,508
◦ Marketing	1,191	209	+982
• Inventory Gain effect	-	1,857	-1,857
Inventory Loss effect	(4,138)	-	-4,138
(less) LCM	(942)	-	-942
• Total EBITDA	530	3,977	-3,447
◦ Refinery	(661)	3,768	-4,429
◦ Marketing	1,191	209	+982

- Focusing to Refinery Business, its performance EBITDA was Baht 4,419 million, increased from last year of Baht 1,911 million. Refining Margin (excluded inventory loss and LCM) for the year of 2008 was 6.54 \$/BBL (equivalent to 1.38 Baht/liter), higher than that of last year which was 3.71 \$/BBL (equivalent to 0.81 Baht/liter). Besides, the Company's crude run was at 74.2 KBD, also higher than the last year's of 66.3 KBD.

\$/BBL			
GRM	2008	2007	Change +/-
Base GRM	6.79	3.64	+3.15
GRM Hedging	(0.25)	0.07	-0.32
Total	6.54	3.71	+2.83





**Base GRM:** The Base GRM of year 2008 was 6.79 \$/BBL, higher than the last year, as a result of the Company's expanding the Fuel Oil very low sulfur (FOVS) export market, which was priced higher than domestic market, as well as the tall spread of product price over Dubai especially Gas oil/Dubai (GO/DB), which climbed up to the peak at 45.66 \$/BBL in the second quarter of the year. Year 2008, GO/DB was 25.98 \$/BBL comparing with that of the 2007 at average of 16.72 \$/BBL, which was the result of its mechanical adjusting along crude oil price and abnormal region Gasoil Demand to serve the Olympic in China. While, the 2008 Gasoline and Dubai Spread was 5 \$/BBL lower than the last year, due to the decreasing gasoline demand as the price increase and the high inventory level among major regional oil Terminals-Singapore, Japan, and The United State.

Nevertheless, the Company realized more positive impact from the higher GO/DB spread rather than injury from the negative impact of the lower 95/DB spread, since in year 2008, the Company production yielded lower gasoline proportion, 14%, compared with Gasoil yield of 35%.

	\$/BBL		
Price Spread	2008	2007	Change +/-
UNL95/DB	9.12	14.55	-5.43
IK/DB	27.90	18.44	+9.46
GO/DB	25.98	16.72	+9.26
FO/DB	-14.93	-10.40	-4.53

**GRM hedging** Since the actual crack spreads were greater than the hedged spreads; therefore, the Company has booked loss on GRM hedging at 0.25 \$/BBL, lower than last year by 0.32 \$/BBL. The hedged position for this year was 23% of average actual production while the period of 2007 was 37%.

- For Marketing Business, its EBITDA was Baht 1,191 million, increased from Baht 209 million of last year. The overall Marketing Margin (exclude lubricant margin) was 0.60 Baht/liter, compared to 0.26 Baht/liter in year 2007; During the period of increasing oil price, oil companies could not adjust the retail price along with the increasing oil costs, so during the first seven months, the marketing margin occasionally moved in negative area, but when the price collapse, the margin was be able to move up into the appropriated zone. As well, the Marketing Business sales volume (retail marketing business, industrial customers business, and aviation fuel business) was rising from 51.7 KBD to 53.2 KBD or 2.9% against the decrease of whole industry demand, which was falling 5.0%(yoy); according to DOEB's report.

- Regarding to the dramatic decreasing of crude oil price in the second half of 2008, it resulted the refinery business to experience inventory loss of Baht 4,138 million (equivalent to GRM -4.54 \$/BBL) compared to last year which was inversely gain of Baht 1,857 million (equivalent to GRM +2.16 \$/BBL). In addition, the Company realized another Baht 942 million (equivalent to GRM -1.03 \$/BBL) for inventory mark down by lower of cost or market-LCM.

## 1.2 Income Analysis

- 1) Revenues from sales and services of the Company as well as its subsidiaries' for the year of 2008 were Baht 129,042 million, comprised of the Company's sales of Baht 128,053 million and its subsidiary's (BGN) of Baht 18,231 million, adjusted by connected transaction of Baht 17,242 million which mostly associated with the sale transactions from the Company to BGN. The major combinations of the changes in the Company's revenues comparing to those of last year were as follows;
  - Revenues from total sales (including refinery business sales and marketing business sales) were higher than last year by Baht 33,920 million or 36.0%. The improvements came from 1) increasing of sale volumes by 12.4% and 2) rising in the average selling price by 21.1% even though the closing oil price for 2008 was end up at 3-year lowest.
  - Interest income reduced by Baht 133 million or 69.0% since the Company had used up cash from PQI fund raising to pay the PQI contractors in accordance with their milestone achievement.

## 1.3 Expense Analysis

- 1) Total expenses of the Company along with its subsidiaries for year 2008 primarily were costs of sales and services of Baht 125,341 million, which involved the Company's costs of Baht 124,760 million and its subsidiary's (BGN) of Baht 17,730 million, adjusted by connected transaction of Baht 17,149 million, which mostly were cost of product sales from the Company to BGN. Major components in changes of the Company's expenses comparing to those of last year were as follows;
  - Cost of sales increased by Baht 36,236 million or 40.9% as of the increase of sales volume and cost of sales price. The cost of sales increased more than the sale revenues shown the inventory loss as a result of the price collapse.
  - Since the Company has entered into FX forward instrument to mitigate the foreign exchange volatility risk, and the Baht had depreciated more than the hedged Baht value, so the Company realized FX hedging loss of Baht 168 million, while physically gaining more GRM in terms of Baht.



- By using lower of cost or market (LCM) to assess inventory value, the Company had realized loss of Baht 942 million from inventory write down caused by oil price's continuous plunge.
- Interest expense was Baht 854 million, increased from last year at Baht 655 million, according to recognizing of refinancing fee which included prepayment and cancellation fee as well as write off accrued financial fees and expenses of the refinanced loan.

#### 1.4 Profitability Analysis

	Consolidated		Company	
	2008	2007	2008	2007
• Sales and Services, Million Baht	129,042	94,979	128,053	94,134
• Net Profit (Loss), Million Baht	(750)	1,764	(689)	1,691
• Gross Profit Margin, %	2.87	6.42	2.57	5.96
• Net Profit Margin, %	-0.58	1.86	-0.54	1.80
• Earning Per Share, Baht/Share	-0.67	1.58	-0.62	1.51

Gross profit margin varies by the world oil price movement for both refining and marketing margin. Gross profit margin for 2008 was 2.57%, decreased from last year which was 5.96%. This result was influenced by the oil price that affected to refining and marketing margin as mentioned in item 1.1 section 2. The net profit margin for 2008 then decreased from 1.80% to -0.54%.



## 2. Analysis of the Financial Position as of December 31, 2008 compared with December 31, 2007

### Assets

- 1) At the end of 2008, total assets of the Company and its subsidiaries were totally Baht 42,540 million, which comprised of the Company's total assets of Baht 42,293 million, Baht 454 million of BGN's total assets and Baht 273 million of BBF's total assets, adjusted by connected transactions of Baht 480 million which was mainly account receivable items of Baht 364 million.
- 2) The Company's total assets decreased by Baht 2,546 million or 5.7%, at the end of 2008, compared to the end of 2007. The major changes of assets were as follows:
  - Cash and cash equivalent items decreased by Baht 4,593 million or 75.4%, mainly caused by PQI project cost payment and some minor amount for working capital. (See details in cash flow statement analysis)
  - Account Receivable value decreased by Baht 1,531 million or 25.6% from the sharp decrease of the oil price, affected from decreasing in the December average selling price from 22.41 Baht per liter in 2007 to 12.67 Baht per liter in 2008.
  - Inventories value decreased by Baht 5,001 million or 46.6%, being written down (LCM) of Baht 942 million or 14.1%, due to falling in oil prices (average Dubai price in December 2008 was 40.05 \$/BBL, decreased by 53.4% while at December last year was 85.98 \$/BBL). Additionally, the Company has been managing to maintain the optimum inventory level to minimize the impact from inventory value, thus involved the Inventory level to be decreased by 0.53 million barrels at the end of the year (3.09 million barrels against 3.62 million barrels at the end of year 2007).
  - To alleviate the impact of high oil price, Energy Policy and Planning Office (EPPO) has promoted more subsidy for gasohol and diesel. Therefore, Oil Fund Subsidies Receivables increased by Baht 480 million. Moreover, the company has been receiving the oil fund subsidy from producing diesel as a EURO IV specification. Thus, at the end of 2008, total oil fund subsidies receivables equal Baht 676 million.
  - Other current assets increased by Baht 1,140 million which mainly was claimed receivable from corporate income tax (equivalent to 1,115 million baht), that the Company paid for mid-year result.
  - Long-term investments increased by Baht 145 million, from purchasing 6.56% common shares of ASEAN Potash Mining Public Company Limited in the amount of Baht 80 million as well as more capital investing of Baht 65 million in MFC Energy Fund.
  - Values of property, plant, and equipment (PPE) increased by Baht 6,614 million or 35.9%, primarily resulted from investment in PQI project.
  - Other non current assets decreased by Baht 418 million or 44.5%. According to the oil prices and the crack spreads descent; the Company was able to repossess the margin call deposit of oil hedging from counterparties. Furthermore, the Company successfully negotiated with the counterparties for relaxing or expanding in threshold amount.



### Liabilities

- 1) At the end of 2008, total liabilities of the Company and its subsidiaries were Baht 22,777 million, which included Baht 22,552 million of the Company's total liabilities and Baht 470 million of BGN's total liabilities as well as Baht 144 million of BBF's total liabilities, adjusted by connected transactions of Baht 389 million most of which arrived from account payable of Baht 364 million.
- 2) Comparing to the end of 2007, the Company's total liabilities decreased by Baht 1,088 million or 4.6% at the end of 2008. The major changes of liabilities were as follow:
  - Trade accounts payable reduced by Baht 4,488 million or 50.1% due to falling in oil prices (average buying price in December 2008 was 44.2 \$/BBL; whereas December 2007 was 90.9 \$/BBL)
  - Long-term loan increased by Baht 4,112 million, mainly for PQI project investment.
  - Liabilities on hedging contracts decreased by Baht 853 million or 98.8% as the payment on the maturity contracts of oil hedging and FX had been settled.
  - Other current liabilities grew by Baht 645 million, mostly were the accounts payable for PQI's contractor and retention for PQI construction project.

### Shareholders' Equity

- 1) At the end of 2008, the consolidated total shareholders' equity of the Company were Baht 19,763 million, which comprised of Baht 19,741 million from the total shareholders' equity of the Company and Baht -16 million from BGN's as well as Baht 129 million from BBF's, adjusted by Baht 91 million connected transactions.
- 2) The Company's total shareholders' equity decreased by Baht 1,458 million comparing to the end of 2007. As the Company generated full year 2008 net loss of Baht 689 million while paid dividend for 2007 operating period was Baht 336 million and amortized of surplus on fixed assets revaluation was the Baht 433 million, this resulted total shareholders' equity at the end of the year to be Baht 19,741 million.
- 3) As of December 31, 2008 the Company had financial instruments (CDDR, subordinated convertible debenture, warrant and ESOP), if these were fully converted or exercised, equivalent to 287 million common shares or approximately 20.4% of total shares in fully dilution.



### 3. Explanation and Analysis of the Cash Flow Statement for the year 2008

3.1 For the year 2008, the Company and its subsidiaries had beginning cash as well as cash equivalent items of total Baht 6,450 million. During the period, net cash was decreased from the utilizing in various activities by Baht 4,768 million, of which Baht 1,394 million were used in operating activities, Baht 7,735 million were used in investing activities, while Baht 4,361 million were received from financing activities. Hence, Cash and cash equivalent at the end of 2008 were Baht 1,682 million, which consisted of Baht 1,495 million of the Company and Baht 143 million of BGN as well as Baht 45 million of BBF.

3.2 The Company's beginning cash of this year itself was Baht 6,088 million, consisted of Baht 2,918 million for PQI project and Baht 3,170 million for normal operation. During this year, the Company had utilized Baht 4,593 million for the following activities;

- 1) Net cash used in operating activities was Baht 1,200 million;
  - Cash received from operation before changes in operating assets and liabilities of Baht 1,574 million
  - Cash increased from operating assets of Baht 5,109 million which came from decreasing in inventories of Baht 4,059 million and accounts receivable of Baht 1,512 million deducted with increasing in other current assets of Baht 462 million.
  - Cash utilized in operating liabilities of Baht 4,952 million, combining with Baht 4,488 million from reducing in trade accounts payable and Baht 464 million from other operating liabilities.
  - Reduced cash by Baht 1,163 million and Baht 1,768 million for interest paid and corporate income tax respectively
- 2) Net cash used for investing activities was Baht 7,560 million;
  - Investment in fixed assets of Baht 7,541 million, of which Baht 6,840 million was PQI's
  - Investment in other assets of Baht 518 million; comprised of Baht 359 million of short term investment (fixed deposit and bill of exchange), Baht 79 million of equity investment in BBF, and Baht 80 million for purchasing common shares of ASEAN Potash Mining Public Company Limited
  - Return from margin called on oil hedging transactions of Baht 396 million and other investments activities of Baht 103 million
- 3) Net cash received from financing activities was Baht 4,167 million;
  - Short term loan drawdown for the Company's working capital of Baht 390 million
  - Net long term loan drawdown of Baht 4,113 million, comprising Baht 4,659 million for the PQI project cost and Baht 546 million for loan repayment
  - Dividend payment of Baht 336 million (total share of common stock 1,119 million at 0.30 Baht per share)

At the end of 2008, cash and cash equivalents items outstanding was Baht 1,495 million which consisted of Baht 187 million appropriated for PQI project and Baht 1,308 million for normal operation.



#### 4. Financial ratios analysis and the explanation for the year 2008 compared with 2007

	Unit	2008	2007
<b>Liquidity Ratios</b>			
Current Ratio	Time	1.8	1.8
Quick Ratio	Time	1.1	1.0
Receivable Turnover	Time	27.2	23.3
Average Collection Period	Day	13.5	15.7
Inventory Turnover	Time	14.8	8.9
Inventory Turnover Period	Day	24.7	40.9
Account Payable Turnover	Time	18.5	13.5
Average Payment Period	Day	19.7	27.1
Cash Cycle	Day	18.5	29.5
<b>Profitability Ratios</b>			
Net Profit Margin	%	-0.6	1.9
Net Profit Margin (excluded inventory effect) <sup>1/</sup>	%	2.2	0.6
Return on Equity	%	-3.7	8.8
Return on Equity (excluded inventory effect) <sup>1/</sup>	%	13.6	2.9
<b>Efficiency Ratios</b>			
Return on Total Assets	%	-1.7	4.3
Return on Total Assets (excluded inventory effect) <sup>1/</sup>	%	6.4	1.4
Assets Turnover	Time	2.9	2.3
<b>Financial Policy Ratios</b>			
Debt <sup>2/</sup> to Equity	Time	0.8	0.5
Debt to Equity (included convertible debenture) <sup>3/</sup>	Time	0.6	0.4

Remark: calculation based on consolidated financial statements

1/ Excluding impact from inventory gain/loss, and apply tax rate at 30%

2/ Interest Bearing Debt

3/ Convertible debenture was included in Equity portion

## 5. Factors and major influences that may affect the Company's performance or financial status in the future

### Product Quality Improvement Project (PQI)

Major factors that affected the performance were the marketing margin and gross refining margin. For the marketing margin, as the oil prices has fluctuated, the retail oil price could be adjusted at a slower rate than its actual cost. For the refining margin, given that a simple refinery having a high proportion of fuel oil production of which the price is always lower than crude price, the Company's gross refining margin was capped to a certain level depending on the fuel oil price. Thus, the Company has to attain the long-term resolution for converting fuel oil production to more value added product to enhance gross refining margin to be at the same level of the industry's. Therefore, the Company has adopted the Product Quality Improvement project (PQI) by installing the hydro-cracking unit as well as other associated units; these will reduce proportion of fuel oil production to the near level of other local and foreign refineries, and hence become a complex refinery. The Company expects that the project will be started up in the first quarter of 2009 and will consequently result increasing in EBITDA from average Baht 2,000-4,000 million per year to approximately Baht 6,000-8,000 million after its completion which is subjected to oil price. The project cost (included contingency reserve) is the total of Baht 15,369 million or equivalent to US\$ 378 million. Concerning to achievement, the Company has appointed CTCL Overseas Corporation Limited and CTCL (Thailand) Co., Ltd. to be contractors of the PQI under fixed price, date certain, and performance guaranteed arrangement. The Company had achieved its financial closure for the project's sources of funds since May 16, 2006. Currently, mechanical works has been completed and the project is under the process of commissioning and testing three major units and equipments - Vacuum Distillation Unit (VDU), Hydrogen Plant Unit (HPU), and Hydro-cracking Unit (HCU). The Company expects the project to finish performing the commissioning and fully commercialized by March 2009.

### Foreign Exchange

Another factor which may have impact on the Company's performance is the foreign exchange volatility (mostly Baht/USD). The Company pays for the feedstock in US dollar term and sells its product on US dollar-linked basis, and subsequently records transactions as trade payable and trade receivable respectively. Since the Company's assets are greater than liabilities, the appreciation of Thai Baht will cause the shrink in net assets, Baht margin, and vice versa. However, being aware of that risk, the Company has been managing to mitigate this kind of risk by utilizing some market financial instrument. In addition, as completion of the loan refinancing on July 2, 2008, the Company has performed Cross Currency Swap (CCS) amounted US\$ 200 million following the policy to level the differences of US dollar assets and liabilities balancing with revenue (natural Hedge). In the mean time, the new loan contract can be attained more financial ability and flexibility to manage the risk from foreign exchange.





### Loan Refinancing.

On July 2, 2008, the Company has successfully reached the refinancing of 23,734 Million Baht with four local and two international banks. The refinancing comprises of the long-term loan of Baht 16,500 Million covering refinancing the previous KTB and PQI loans, funding for EURO IV and other energy related projects, as well as the short-term loan facility of Baht 7,234 Million as a normal working capital.

Following the refinance, the Company has to pay the prepayment and cancellation fee for the total of Baht 174 Million which was realized as an expense in this quarter. In addition, the fee for obtaining refinance of Baht 128 Million was accounted as amortizing expense on the Company's Balance Sheet replacing the existing amortizing fee of Baht 68 million of the refinanced loan. Yet, there are several benefits from the refinancing shown as follows:

1. The increase of the Company's financial capability for future investment on top of raising flexibility for normal operation due to the repayment schedule has been extended from 7 to 9 years with back-ended profile repayment to make lower repayment amount during the next 5 years.
2. The Company's financial risk management capability has been significantly improved in view of the fact that the THBFIX allows the Company to perform both Interest Rate Swap and Cross Currency Swap at appropriated rates.
3. As the basis of unsecured loan along with appropriated terms and conditions, the Company has more financial flexibility to support any future investment or any additional funding to broaden business opportunities.

### Diesel Price Discount

The resolutions of the Board of Directors meeting No.6/2008, held on May 29, 2008, approved the granting the diesel price discount to 3 specific groups: public transportation, fishery, and farmers, to alleviate their suffer from the high oil price and to maintain domestic consumptions, which will benefit the Company's long term production, in the rate of no more than 3 Baht per liter within 6 months (June-November 2008) with the capped amount of Baht 261 million. However, in case that the Company suffers loses or is in default of its debt payment obligation and/or in breach of contract with the creditors under the loan agreements, debentures, or debt instruments at any time within the 6-month period, the Company preserves to discontinue this alleviation program. Though, this subsidy program was expired in November 2008, the Company granted the discount for the total amount of Baht 10 million.







## Opinion on Internal Control



The Board of Directors of the Bangchak Petroleum Public Company Limited believed that the Company's internal control system is sufficient and appropriate as summarized below:

### 1. Environment of the control

The internal audit system proceeded as planned under an accommodating environment and corporate structure. The Company has the business goals, approved by the Board, which can be assessed in a concrete way, so that all employees can carry out their duties accordingly. Employees' appropriate incentives and remunerations were appropriately analyzed. The appropriate corporate structure facilitated the management to proceed with plans efficiently, allowing the management to promote the project, and supported honesty and ethics in business. In 2008, the Company revised the good corporate governance manual to enhance clarity and reflect current situations, providing guidelines for the Directors, executives and employees, as well as encourage the equitable treatment of all shareholders and stakeholders. Additionally, the Company created the channels for reporting non-compliant behavior, complaints of fraudulent and unethical behaviors of all employees and other stakeholders including incorrect financial reports and internal control system.

### 2. Risk Management

The company set up the Enterprisewide Risk Management Committee to set risk management strategies and goals to the ensure continuity of risk management, promote cooperation in all levels in this regards, and to ensure the appropriate and efficient system. In 2008, the Risk Management Monitoring System was developed to be more complete to maximize the benefit of systematic and complete risk management.



### 3. Controlling Activities

The Company has controlling activities, using the Key Performance Indicators (KPI) as the tool to plan and control. There are written job descriptions and manuals, that are enable check and balance verification, as well as clear authorization table for particular management approval process. Documents are prepared to show the scope of responsibility and the individuals held responsible so accountability can be traced if necessary. The Company has measures against theft or inappropriate use of the Company profit, the monitoring system on long-term obligations, the measures against the exploitation of the Company for individual's benefits, a system to monitor its subsidiaries, and the measures to ensure compliance to the laws and related regulations. The computerized system is in place for standard and speedy process towards business goals and the Company promoting better internal control. In 2008, the Company developed the work process in terms of the Network and Computer Security to obtain the ISO 27001 and developed the HR e-Benefit , Budget Control System for service station maintenance and the Legal Management System (e-Legal). There are also strict controls on transactions with major shareholders, directors, and etc. to prevent any transferred benefit. Transactions must be approved by those who have no interest and transactions are disclosed under the requirement of the Securities and Exchange Commission and the Stock Exchange of Thailand. The company also disclosed information on personnel and business under accounting requirements.

### 4. Information and Communication

The Company has continually improved its information technology and data system, with sufficient data for decision making. The Board of Directors received sufficient information ahead of meetings, of which the minutes of each meeting summarizing Directorial opinions are kept. Documents are categorized while accounting records are in line with the general practices and appropriate for the company's business.

### 5. Evaluation

The Company has an evaluation system, to assess the Board of Directors performance against the targets on a regular basis. There is the Internal Control Office which carries out its work as scheduled and reports to the Audit Committee.





# Enterprisewide Risk Management Committee's Report



To the shareholders

The Board of Directors of the Bangchak Petroleum Public Company Limited's Meeting No.7/2008, The resolved to transform the Risk Management Committee.

Chaired by Mr.Nipon Surapongrukchareon, the Committee consisted of Mr.Nares Sattayarak, Mr.Tevan Vichitakul, Mr.Tevin Vongvanich and Dr.Anusorn Sangnimnuan as directors. Mr.Taweesak Vorapivuth and Associated Professor Pradit Wannarat as consultants. During the year, Board of Directors assigned Mr.Twarath Sutabutr as a director in replacement of Mr.Nares Sattayarak who resigned from Board of Directors.

In 2008, the Risk Management Committee held nine meetings to manage and address major corporate risks and carry out the strategic plan to continually develop effective Enterprisewide Risk Management system. In addition, the Committee supported the efforts to create the risk management system at every level of the organization, as highlighted in the following:

## 1. Considered the risk factors and management plan for Enterprisewide Risk Management

The Committee has considered and supervised risks that might obstruct the Company's major objectives by dividing the risks into four categories namely strategic risks, operational risks, financial risks and compliance risks. Moreover, the Committee also took into account the awareness of risk management in Product Quality Improvement (PQI) project's construction. This helped ensure that the project would be complete as schedule and under the allocated budget, including the arrangements for the PQI start-up/ commissioning to assure community confidence in the safety and environmental systems. Additionally, the Committee considered the implementation of risk management in new business investment, for instance the building of the Biodiesel plant or Potash projects. Moreover, the Risk Maps were produced to indicate the relationships between risk factors and impacts between related business units within the organization which is beneficial in an integrated risk management process.

## 2. Monitored the revision and generate a supplementary crisis management plan

The Committee has monitored the revision of the crisis management plan, including additional plans in order to prepare for unanticipated events, especially natural disasters which occurs frequently and cause great damage around the world, to serve as a guideline to alleviate the impact of those crises such as in the case of flooding around the refinery and Bang-pa-in terminal, earthquake around the refinery and leakage of chemicals or gas during PQI start-up/ commissioning.

## 3. Directed community relation operations to ensure that the Company consistently takes care of the environment and safety of the surrounding communities.

The Committee has monitored the implementation of community relation effects to ensure that they are executed according to plan, as well as providing advice on various activities to promote the safety and the well-being in the communities. Furthermore, the Committee emphasized the monitoring measures to prevent any possible effects on the communities.

**4. Supported the development of the Information Technology for data management and risk management monitoring system to ensure the effective execution of the risk management program.**

In 2008, the organization improved existing risk management monitoring system to be able to link risk factors and performance in an integrated manner. Moreover, the Company organized the refreshment training courses for risk coordinators to revise and enhance knowledge of utilizing information technology for the risk management process.

**5. Encouraged the efforts to include the risk management in the corporate culture to make every employees realize the importance of the risk management and apply it in their daily work activities, including to support the efforts to turn the company into a learning organization and knowledge management.**

Since 2005, the Committee has stipulated to organize workshops to compile ideas and opinions from the executives and relevant employees on the risk management plan to ensure that Company's goal would be achieved. The workshop aimed at encouraging the management and employees to participate in the risk management process at all levels which is part of efforts to become a learning organization. The Committee also promoted knowledge management on the risk management to high-level executives and employees through various activities such as training, radio program, intranet and e-Learning. Moreover, the Company also linked risk management with the annual employee performance evaluation to make the employees accountable for risk management in the areas under their responsibilities.

The Company has constantly developed the enterprisewide risk management. Accordingly, it is believed to help the Company achieve its strategic objectives and reduce the impacts as a whole to an acceptable level.

(Signed) Nipon Surapongrukchareon

(Mr.Nipon Surapongrukchareon)

Chairman of the Risk Management Committee



## Risk Management



Since 2004, the Company has implemented the Enterprisewide Risk Management policies to handle the uncertainties which could affect the business goals, to assure goal achievement and enhance the operational success under the good corporate governance practices amid fierce competition and volatile business conditions. The Board of Directors established the Enterprisewide Risk Management Committee (ERMC), having experts in the area as directors to work with the Company's Directors and high-ranking executives. The Committee is tasked to set the administrative direction, develop an efficient enterprisewide risk management system with cooperation from all levels of the organization, keep the overall risk management in an acceptable level, and formulate an appropriate risk management structure. The risk management unit is the central body in coordinating with other units in assessing and compiling all types of risks. There is a risk coordinator at each business unit to continuously push forward the risk management system for the following reasons:

1. Identify the risks which could affect the organization's core targets.
2. Evaluate the level of impacts and chance of damage possibly arising from each type of risk, to prioritize risks.
3. Prepare the appropriate risk management system in accordance with risk priorities, with efficient use of limited resources.
4. Having the information technology-supported risk management monitoring system and submitting periodical reports to the Board of Directors.

Last year, the Company continued with the workshops to brainstorm ideas from all departments, to map of plan to handle risks to the Company's core targets in the organizational and department levels. The Company also initiated the risk management plan for the lower levels as well as organizing activities to create an atmosphere of awareness for employees in the virtues of risk management. Besides, the Company linked risk management with employee performance assessment, the strategy which corresponds with the goal to have employees exercise risk management principles and tools in their daily tasks unit it becomes the corporate culture.

The ERMC convened to improve the Company's risk management monitoring. Additionally, it realizes the significance of business continuity, monitoring the crisis management plan, by revising and updating the plan and requiring periodic exercise to prepare for any severe negative impacts, mitigate the impacts to business, and get the Company back to normal operations as soon as possible.

In doing business, the Company is facing with inevitable change and hence must address the risks which could affect the Company in various areas, most importantly business risks, financial risks, operational risks, and risks from the Product Quality Improvement Project. The Company had addressed the following risks:

## 1. Business risks

### 1.1 Risk from refining technology which could affect competitiveness

With the decline of demand fuel oil demand of domestic power plants and industrial factories, which switched to natural gas and coal, the Company suffered greater impact on its refining capacity than other refiners as the Company's refinery is the Hydro Skimming Refinery which yields high ratio of fuel oil while competitors are Complex Refineries. Fuel oil demand could decrease further and affect company's refining capacity negatively.

As fuel oil is relatively cheap compared to other types of refined oil, the value of the Company's refined oil is thus lower than the value posted by complex refineries. This resulted in a lower refining Gasoline for the Company, and the spread varies, depending on the price spreads of fuel oil and other types of fuel at the time.

In the past, the Company has reduced the impact by focusing on refining crude oil with lower fuel oil yield, such as crude oil from the Far East and condensate, and has expanded export markets for fuel oil very-low sulphur (FOVS) in compensation for decreasing domestic demand, together with improving refining process and efficient control production able to feed new types of crude oil with high gross refinery margins.

To cope with the risk, the company invested in the Product Quality Improvement Project (PQI) to raise the portion of gasoline and diesel from the refining process, through the installation of the hydrocracking unit and other supporting units. The project will lower the portion of fuel oil from over 30% to 10% of refining capacity, which is close to other domestic refineries' figures, and generate the appropriate return on investment as well as increase potential for long term competitiveness.

### 1.2 Risk from absence of government supports following financial restructuring which ended the company's state enterprise status

In the past (prior to 14 August 2003), the Company had been a state enterprise, the Ministry of Finance holding 48% and PTT Public Company Limited holding 24% of the company's total 522.04 million shares. Prior to financial restructuring, the Ministry had extended financial assistance through the loan guarantee and direct lending worth Baht 8,100 million as well as the letter of comfort issued to commercial banks which loaned Baht 4,000 million to the Company. In total, the obligations accounted for 62% of total borrowings of about Baht 19,500 million.

After the financial restructuring, through the issuance of depository receipts on common shares, the government holding dropped below 50% and automatically ended the state enterprise status. The Company may not earn any direct governmental support.





However, the Ministry of Finance maintains the guarantee on the outstanding Baht 7,000 million principal of depository receipts which have not yet been converted to common shares for another 5 years (ending in 2014). Therefore, though no longer a state enterprise, the Company is confident that the government will further support the business for positive returns and satisfactory capital gains, so that the government guarantee would not turn sour and create future burden for the government. If the Company's performance misses the target and results in the sale of all depository receipts to the Ministry of Finance under the provided condition, the Ministry will resume the major shareholder status and the Company will become a state enterprise again.

### 1.3 Risk on refinery location, environment and safety

At present, the Company's refinery is the only one located in the Bangkok metropolitan area. Without proper control, it could hurt the environment and safety of nearby communities which could affect the Company's business as well as lead to the review of the appropriateness of the refinery location. However, the Company is confident that there is no reason for such review as;

- The Company has maintains proper environmental and safety management. The company has operated business with great care for safety and the environment. There are risk management measures for the refinery, for instance, by strictly following safety laws, assessing risks in all work processes, maintaining production equipment in specified periods and organizing drills for related persons so that they are proficient in handling emergencies. The Company has earned various standard certificates, for example, the TIS 18001-OHS00007/007, Thailand's first refinery with a health and safety standard. In 2004, the Company was awarded the OHSAS 18001 and has maintained the ISO 14001 certificate since 1997 in recognition of the entire process of petroleum refining, supervision and environment quality monitoring.
- The government has a clear policy to have the oil depots of Bangchak and PTT Public Company Limited in Bangchak and Phra Khanong serve as the central oil distribution centers in Bangkok and vicinity area. At present, Bangchak and PTT have worked together to turn the depots as the central distribution centers in line with the government policy.
- The Treasury Department has extended its land lease for the area where the refinery is located by another 25 years, ending in 2032.

## 2. Financial risks

### 2.1 Risk from global oil prices

Crude oil represents over 90% of the Company's cost. Crude oil and refined oil prices vary on global market levels. The Company usually purchases crude oil 1-2 months in advance (the normal practice for refineries). Specified in the contracts are the type of crude oil, delivery date and other conditions used in calculating the price of each purchase. In general, the conditions are based on the benchmark crude oil price of the month of delivery. Following delivery, the crude oil is transported to the refinery and the refined oil is stored for future distribution. Refined oil prices are based on the average prices of refined oil in Singapore at the time of delivery. This creates a time discrepancy of 2-3 months, from the order of crude to the distribution of refined oil to consumers. This could incur risks in managing the cost of raw material for the highest gross refining margins.

To mitigate the risk, the Company established the Price Risk Management Committee, to formulate the policies and targets in managing risks for price volatility. The Committee closely monitors global oil markets, to ensure minimum business impact from volatility. The Committee is utilizing risk management tools available on the market such as advance settling of refined oil and benchmark crude oil prices spread and the purchase of futures on crude oil and refined oil inventories.

Since 2002, the Company has joined with business partners in shipping crude oil from the Middle East reducing transportation costs. The Company also entered into a feedstock supply agreement with PTT, a supplier of crude oil to Bangchak. This not only enhances the potential in supplying raw materials but also brings down the volume of each order and oil inventory. Moreover, the Company has struck a long-term contract for the supply of more crude oil from local fields such as Pattani and Jasmine crude. This reduces the cost of crude oil and logistics, compared with imported crude oil. This also helps reduce risk from price volatility, due to shorter transportation periods.

## **2.2 Risk from foreign exchange rate volatility**

The Company's raw material cost and revenue is based on the US\$ the crude oil price is linked with US\$ and the refined oil price is also based on Singapore Market which are quoted in US\$. As a result, foreign exchange rate volatility will affect both the Company's cost and revenue

To minimize risk from volatile foreign exchange rates, the Company engages in forward contracts and/or financial derivative instruments. Moreover, the Company also has the Price Risk Management Committee to consider and set the policy in managing foreign exchange rate risks. In this regard the Company has restructured a loan which quotes some portions of the loan in US dollar which would be balanced with revenue quoted in foreign rates, decreasing the impact from exchange rate volatility more effectively, so called "Natural Hedge"

Moreover, the Company has a policy to manage risk concerning exchange rate volatility which may have an effect on project expenses, for instance, the Product Quality Improvement Project. In case of the project's expenses quoted in US dollar, the Company has entered into forward contracts in line with the allocated budget and time.



### 3. Operational risks

#### 3.1 Risk on transport-related accidents

The Company's business deals largely with transportation which could generate the following risks;

- **Risk from accidents from the shipment of crude oil from the source to the refinery**

The Company procures crude oil from local and overseas sources and it is shipped by large vessels. Accidents during the shipment could affect the company's assets and production as well as the environment, despite the asset and third-party insurance. The Company has always realized the risk and has continually improved the oil shipment standards by joining with PTT Group to enhance vessel standards to be comparable with international standards via PTT Group Vetting System. The vessels are equipped with standard equipment, fire extinguishers and booms (the floating device used to contain oil on a body of water) are always used. Additionally, the Company has entered to an agreement with other local oil companies in cooperating in handling emergencies and in temporarily supplying crude oil in the event that the Company misses a shipment of crude oil. Moreover, the Company has received a collaboration to obtain crude oil and refined oil from other domestic suppliers for temporary use.

- **Risk from accidents during the transportation of refined oil to customers**

Mostly, refined oil, sold to either industrial clients or service stations through wholesale and retail contracts, is delivered by vehicles. At present, the Company has 16 contractors to transport the oil under long-term contracts. In awarding the contracts, the Company considered the contractors' standards in terms of service readiness, quality and experience. Contractors are also required to follow the regulations prescribed by the Company to ensure efficient and safe transportation. Moreover, the Company also arranged emergency drills with all contractors, to handle on-shipment accidents.

Accidents to any shipment could affect the Company's assets and cause damages to the public, community and public assets. The Company is entitled to claim damages from contractors under the contracts. The Company also employs the global positioning system (GPS) to monitor and track shipments. The company could transport oil from the refinery to the oil depot in Bang Pa-In via a pipeline, not vehicles, which is a way to reduce accidents.

#### 3.2 Risk from accidents to the pipeline of Fuel Pipeline Transportation Co., Ltd.

About 30% of the company's oil output is transported through the 69-km pipeline of Fuel Pipeline Transportation Co., Ltd (FPT), which starts from the Company's refinery and runs along the railway to the oil depot at Don Mueang Airport. It continues from there to the oil depot in Bang Pa-In, Ayutthaya. Though the pipeline is designed to be flexible and absorb vibrations, infrastructure construction can cause damage and leaks that could temporarily obstruct oil shipment. This could affect the Company's sale of oil to clients in the Central, North and Northeast regions.

FPT has always maintained the pipeline and installed the system to monitor pipeline conditions. Officers are immediately dispatched to fix any problem found. Moreover, the Company's oil reserves at the Bang Pa-In oil depot are equivalent to 10 days of sale. In the case of insufficient stock and the problem with the transportation of oil to Bang Pa-In through the pipeline, the Company can supply oil from other oil depots. The Company can also seek help from other oil companies in case of emergencies.

In the past year, the Company also arranged a joint emergency drill where staff from Bangchak's oil depots and those of FPT participated, to prepare them for emergencies. This also served as the cooperation between Bangchak and FPT in preparing the necessary equipments.

#### **4. Risk from the Product Quality Improvement (PQI) Project**

At the end of 2008, the construction of the Company's Product Quality Improvement Project is almost complete. The Company expects to perform commissioning of the project and fully commercialize within the first quarter of this year. As a result, the Company's refinery will become a complex refinery which can produce higher volumes of high-value oil products such as diesel and gasoline in accordance with growing domestic demand. This will reduce the volume of fuel oil output, in line with the continued decrease in demand, and improve the Company's performance in the long term after the project has been completed.

Even if the project is nearly complete and ready for commissioning, there are still risks involved in the followings.

##### **4.1 Risk from delays or failure of project**

Project delays or failure may derive for a number reasons such as contractor delays in construction or quit a job, accidents during the construction or exceeding the budget. However, the project is near completion and has not yet found obstacles which will distract the project. In addition, the budget is not expected to be exceeded.

As the refinery is located in Bangkok and could harm the environment and safety of communities during the construction and operation, there could be a risk from community acceptance. However, the Company has periodically updated the communities on the project details and necessity of the operations. There is also a direct communication channel between the communities and the Company.

The Company also carefully prepares preventive environmental measures, with the approval on the Environment Impact Assessment (EIA) from the Office of Natural Resources and Environmental Policy and Planning (ONEP). This warrants that the Company has the measures to handle the possible impacts to the environment during the construction and operation. Moreover, the Company also enters into the third-party liability insurance to cover damages to communities and others.



#### 4.2 Risks of no market for project's extra output

The Product Quality Improvement Project will increase the output of the Company's high-value refined oil products, diesel and gasoline, by about 135 million liters a month given 100,000 barrels per day crude run . (Subject to vary according to demand). Thus, the Company will not receive maximum returns from the project if it is unable to find the market for the extra output.

However, the Company expects that there is a market for the additional production, although the global oil demand decreases from the economic crisis. At present, regional oil demand tends to be stable, no other of local oil companies have announced plans to build a new refinery with significant refining capacity. The Company has also entered a long-term contract to sell some refined oil (30% of Gasoline and diesel production) to PTT, to reduce risks from low demand for the additional output. This is the clear and certain measure planned since the beginning of the project. The Company has also sold refined oil through its own channels via both retail and industrial markets, including selling to medium and large oil companies with no product offtake obligation.

#### 4.3 Risk from future conflict of interests between minor shareholders and PTT-the major shareholder

In investing in the PQI project, the Company raised funds through the offering of new shares and borrowing from local commercial banks. On the public offering, the Company issued common shares and convertible debentures to PTT, which will raise PTT's stake in the Company to about 30% and turn it into the biggest shareholder. At some circumstances, the interests of PTT or PTT-related companies could clash with those of minor shareholders. PTT could abstain from voting or veto at the Company's shareholder meeting which could affect major resolutions. Here are the Company's guidelines in tackling the possible conflict of interests between the Company and PTT;

- The Company and PTT possess transparent management policies and have the Audit Committees to take care of minor shareholders' interests. The management structure also shows the appropriate checks and balances under good corporate governance practices.
- The oil Retail market is free market, where sale prices are determined by market mechanisms. Joint investments with trade partners and dealers under clearly-specified contracts also prohibits intervention.
- The Company is confident that the government as the major shareholder of the company and PTT and the national energy policy maker, would come up with the policy that benefits the entire public, without causing damages to the shareholders of the company and PTT which are Thai oil companies.

Moreover, the Company has also completed the crisis management plan, taking into account the circumstances in the next 2-3 years. It will be used as a guideline to control crises and turn the Company back to normal stage as soon as possible. It contains the plan to mitigate the impacts on assets, individuals and the environment; plans to solve business problems to prevent the operational stoppage; and the plan to deal with the media to reduce and prevent impacts on the company's image. The crisis management plan is prepared to

**reduce the impacts of different events like;**

- Multiple complaints to media on product quality

There are guidelines to tackle complaints, reduce the impacts from the complaints to media on product quality, and correct the information through media to control and rectify impacts on the image and trust. The guidelines cover complaints to all kind of media-radio, newspapers, magazines, television and web sites - which could affect the image and business and lead to direct damage to the company.

- Terrorism threats on refinery or oil depots

There are guidelines to control the terrorism attacks, to prevent staff and others working at the refinery and connected areas from danger and minimize casualty and damage to assets. These are also used in the drills of related persons so that they are capable of handling their duties. The guidelines cover the entire Bangchak refinery area, the operating areas of Bangchak's oil depots nationwide, and/or nearby areas which could start a chain effect to the Company.

- Big fire at head office

There are guidelines to extinguish fires at the office buildings to ensure a speedy, accurate and safe procedure, which will prevent and mitigate the effects and dangers to individuals, assets, the environment and the Company's business.

- Massive sick leaves on widespread epidemics

There are guidelines to handle the situation if employees can not show up for work due to widespread epidemics or when they take sick leaves due to the plagues.

**In 2008, the Company has completed additional crisis management plan, concerning accidents from chemical leakages and natural disasters which will impact the organization:**

- Leakage of chemical substances or gas, including fire at refinery during the start-up of PQI

There are guidelines to hold back an emergency situation in an event of chemical/ gas leakage and fire at refinery during PQI start-up, which will lessen damage or danger to people, environment and business.

- Flash flooding at the refinery and Bang Pa-In terminal

There are guidelines to manage the situation of flooding at the refinery and Bang Pa-In terminal, which will prevent and mitigate the effects of damage or danger to people, the environment and business.

- Earthquake at refinery

There are guidelines to handle an earthquake, which will prevent damage to the refinery such as strength of the structures and equipments, including reducing an effect to resources and people such as fire extinguishers and evacuations.

The Company has monitored and updated the crisis management plan, taking into account various factors like the changing circumstances and the environment, persons in charge and their roles, duties and the procedures. Data is updated and the Company stipulates to arrange emergency drills from time to time.



# Corporate Governance Committee's Report



To the shareholders

The Board of Directors of the Bangchak Petroleum Public Company Limited's meeting resolved to appoint the Corporate Governance Committee, with Mr.Wirat Iam-Ua-Yut as a chairman and Mr.Sayan Satangmongkol, Mr.Nares Sattayarak as well as Mr.Anusorn Sangnimnuan as members. At a later time, the Board of Director's meeting no. 7/2008 resolved to appoint Mr.Apsit Rujikeatkamjorn as a member of Committee and appoint Mr.Twarath Sutabutr as a member replacing Mr.Nares Sattayarak who resigned from the board of directors.

In 2008, the Corporate Governance Committee hosted four meetings with top executives to review the good corporate governance policy and planning and monitoring the progress to ensure best practices and encourage the daily deployment of such practices at the operational level, to engage employees in creating an organizational culture and play a role in distributing the practices to the public. The key elements of the meetings are as follow:

1. **Revised good corporate governance policy (4<sup>th</sup> revision)**, encouraging all stakeholders to take part in the Company's interest in monitoring by setting practices and guidelines for employees to report evidence and complaints. In addition, the information disclosure and transparency policy has been revised in line with the international standards. The Company added policies that the Board of Directors approved, both the nomination and remuneration of Directors policy, the Limitation of the number of listed companies in the Stock Exchange of Thailand's and the period of time that Directors can occupying a post consecutively.
2. **Improvement of shareholders' rights**
  - Procured shareholders' meeting arrangement program (e-voting) of Thailand Securities Depository (TSD) for the 2008 shareholders' meeting in registration and vote counting. Voting cards were provided for and all collected from every shareholders attending the meeting, including votes of agreement, disagreement and abstain to ensure transparency and verifiability in case of opposition afterwards.
  - Set criteria for shareholders' name recording date (record date) for the 2008 Annual General Shareholders Meeting in order for the Company to have more time to arrange the meeting and for the shareholders to have more time to consider the invitation documents ahead of the meeting. Additionally, this method will enable shareholders to register transfer of shares before the book closing in short time.
3. **Improvement of Information Disclosure**
  - In cooperation with the Stock Exchange of Thailand (SET) and the Thai Investors Association (TIA), the Company visit was arranged for shareholders and investors to visit the company's refinery and be informed of the Company's performance from the executives in order to raise the awareness of entrepreneurship and strengthen the relationship between the management and investors.
  - Disseminated the Company's information regarding the Company performance and business progress to investors and security analysts both in domestic and foreign countries by participating in such events as the Money Expo, Opportunity Day and SET in the City which were organized by SET, the Company's quarterly Analyst Meeting, and Road Show in foreign countries. All relevant information are posted on the Company's website in the form of a VDO presentation for interested persons who could not attend the meeting. Moreover, investors had the opportunity to raise questions through investor relation channel which allows direct communication with the executives and all questions were responded by the executives on a quarterly basis.

#### 4. The improvement of Directorial role and duties

- Invited speaker from The Securities and Exchange Commission (SEC) to educate the Board of Directors regarding the new Securities and Exchange Act.
- Organized company visits regarding automobile technology and new renewable energy such as solar energy and hydrogen energy.

#### 5. The Promotion of good corporate governance culture

- Included good corporate governance principles in the new staff orientation
- Raised awareness of good corporate governance and best practices among employees through the Company's communications channels like the internal radio station "what to know about CG" and exhibition boards where good governance awards and best practices were displayed.
- Hosted "CG Day 2008 : careful..someone is watching" that included an exhibition on good corporate governance as well as the show from employees to raise awareness where all employees were acknowledged of the channels for reporting non-compliance behaviors, complaints or behaviors that prone to fraud or unethical behaviors in the company

#### 6. The promotion of Good governance to the public

The directors and executives gave speeches on the Company's good corporate governance policies and experiences to the Company and interested organizations at several events such as:

- Seminar on "Case Study: Bangchak Petroleum and CG Principles" and seminar on "Compass : Integration of 3 dimensions on sustainable sufficiency" organized by the Stock Exchange of Thailand (SET)
- Seminar on "Corporate Governance and Corporate Social Responsibility of Small and Medium Enterprise in Thailand" organized by the Ministry of Foreign Affairs
- Seminar and workshop on "Governance Policy Making" organized by the Office of the Public Sector Development Commission (OPDC).

Throughout 2008, the Company also welcomed various state agencies and private organizations as well as educational institutions to visit the Company and exchange experiences of the Company's good corporate governance.

As the Company has placed an importance to good corporate governance continuously, the Company has been honored by receiving the SET awards in 3 categories this year which are for the Third consecutive year -Top Corporate Governance Report Awards, IR Excellence Award, and for the second consecutive year the Corporate Social Responsibility Awards, awarded by the Stock Exchange of Thailand and Money and Banking Magazine. Additionally, the Company's corporate governance report survey of 2008 was rated by Thai Institute of Directors (IOD) with an the "excellent" score in all categories and the highest average score in every categories compared to 448 companies in survey.

(Signed) Wirat lam-Ua-Yut

(Mr.Wirat lam-Ua-Yut)

Chairman of the Corporate Governance Committee





## Good Corporate Governance



In 2008, the Company improved its vision to “Greenery Excellence” or “the determination to build an energy business that is friendly to the environment for sustainable development” by setting the corporate values for employees to hold and practice to achieve the values, as follows:

- B*eyond Expectation
- C*ontinuing Development
- P*ursuing Sustainability

In pursuing sustainable business development, it is necessary to carry out business justly, transparently in a way that can be audited, looked up to by the general public, emphasizing the highest returns for shareholders, taking into consideration all stakeholders, as well as be conscious of the responsibility towards the environment and society in accordance with good corporate governance principles, which the Company has adhered to as its guiding principle since the Company’s establishment which states that “**The Company shall develop sustainable business, while safeguarding the environment and society**” The Company has continually focused in building the knowledge and understanding of good corporate governance principles among our employees in their daily routines, until it has become part of the corporate culture which corresponds with the employee culture to “**Be virtuous, knowledgeable, and contributive to society**” To this end, the Board of Directors and executives have served as exemplary role models for the employees, in coordination with ongoing public relations activities to promote good corporate governance culture. The Company has stipulated a good corporate governance policy shared by Directors, executives and especially employees who also have opportunities to participate in drafting the actual principles so that they can execute it.

In the past year, the Company had promoted and stressed its employees to consistently abide by the principles of good corporate governance, and made efforts to elevate its corporate governance policies to be comparable to international standards in order to take a step towards sustainable excellence. The Company also has a role in the dissemination of the Company’s corporate governance principles to the general public. The Company was received public recognition and acceptance, receiving SET Awards in three categories, namely the Top Governance Report Award, for the third consecutive year, the Corporate Social Responsibilities Award, for the second consecutive year, and the IR Excellence Award, which is sponsored by the Stock Exchange of Thailand and the Money and Banking Magazine. Additionally, the assessment of the Company’s governance report of listed companies in 2008 by the Thai Institute of Directors (IOD) received scores in the “excellent” criteria, and received average high scores in all criteria compared to 448 other companies.

To this day, the Company has continued its commitment to the development of good corporate governance for the benefit of our shareholders and various groups of stakeholders, with the goal of developing the standard of corporate governance to meet international standards in accordance to the intention of the National Corporate Governance Committee, the Stock Exchange of Thailand, and the Securities and Exchange Commission, which is determined to elevate the credibility of the Thai capital market to be internationally accepted levels and competitiveness, inevitably benefiting the entire country.

### 1. Good Corporate Governance Policy

The Company stipulated the making of the “Good Corporate Governance Policy” as the shared guiding principle of business operations for Directors, executives, and employees to collectively uphold to achieve the set vision. The Board of Directors stipulated in 2003 that the good governance policy be put down in writing, identifying the role of the Directors in regularly reviewing and improving the Good Corporate Governance Policy for clarity, completeness, and appropriateness to current situations.

In 2008, the Company proceeded with the forth revision, amending the clauses pertaining to the roles and duties of the Board of Directors and desirable guidelines for directors, executives and employees, improving the principle to promote stakeholders to share a role in the development of the Company's good corporate governance, as well as ameliorating the disclosure and transparency policy to better meet international standards, communicating the aforementioned policy amendments via various Company communication channels, including the production of manuals, and disseminating information through the Company's intranet and internet system, with the important objective of reaching Company employees through the shareholders, as well as other stakeholders to inform them of the Board of Directors unwavering adherence to the following six principles of good corporate governance:

1. Accountability
2. Responsibility
3. Transparency
4. Equitable Treatment
5. Vision to Create Long Term Value
6. Ethics

In addition to communicating the aforementioned policy, the Company has stipulated that Good Corporate Governance be set as a standard curriculum for new Company employees. In the past year, the Company carried out various activities to educate employees, instilling consciousness, and promoting the integration of good corporate governance as part of the corporate culture such as the "What is CG?" radio program, a board exhibition featuring the Good Corporate Governance Award, and the "CG Day 2008" activities under the theme "Careful...Someone is watching" with board exhibitions and an employee performance called "Behind the house: The Musical", along with a special lecture under the topic of "Famous Exposs! Digging into secrets!" by MPrasong Lerdrattanawisut, to reinforce and promote employee understanding in the notification of leads and complaints of actions that are in opposition to the law, ethics, or behaviors that are considered corrupt or undesirable actions of individuals within the organization. The Company invited a total of six other listed companies to be observers at the Company's CG Day as a way to disseminate the Company's corporate governance, helping to elevate the corporate governance of Thai listed companies.

## 2. The Rights and Equality of Shareholders

The Company is aware of the shareholder right of ownership in the control of the Company via the nomination and appointment of the Board of Directors to act on their behalf and have the authority to make decisions pertaining to significant Company changes. In this light, the Company encouraged shareholders to regularly exercise their basic rights, and abstain from acts that infringe or undermine shareholder rights.

On Friday April 25, 2008 the Company organized the annual general shareholder's meeting at the Company headquarters, which is located at an easily accessible location. In the aforementioned meeting, the Company informed shareholders of the agenda two months in advance, to allow shareholders to plan the meeting into their schedule. The Company also sent out letter of invitations, and also made available on the Company's website the agenda of the meeting so that shareholders have up to 44 days to study the information in order to make their decisions. The aforementioned documents and materials are delivered 15 days before the actual meeting. Each agenda included the opinion of the Board of Directors, along with the annual report, proxy authorization letter, as well as the details of required documents for authorization, in order to facilitate shareholder voting. Contact telephone numbers are also made available in the case that there are additional inquiries. Additionally, the Company also provided the opportunity for shareholders to send in questions pertaining to the agenda for the 2008 shareholders' meeting prior to the meeting by following the criteria and procedure posted on the Company's website, and informing the shareholders via the Stock Exchange of Thailand.



At the shareholder's meeting, the Company facilitated shareholders in the following ways:

- Provided sufficient parking space. For shareholders using other means of transportation, the Company provided shuttle services between the On-Nut BTS Station and Sukhumvit 64.
- Facilitated shareholder attendance and voting using the barcode system in the registration and counting of votes. Stamps were made readily available for shareholders who had proxy authorization letters. Stickers were given to registered shareholders so that they are free from further document processing prior to re-entering the meeting room.
- The e-voting program of the Thailand Securities Depository Co.,Ltd.(TSD) was used in the registration and vote count, increasing efficiency and transparency.
- A refinery tour was organized on the day of the annual general shareholders' meeting for shareholders who are interested, as well as exhibition boards showing the progress and performance of the Company in various aspects, serving as additional channels for shareholders to better know and understand the Company's business.

**For shareholders who were unable to attend the meeting, following the meeting, the Company produced a video of the atmosphere of the shareholders' meeting, disseminated via the Company website so that shareholders can be informed of the details of the meeting. In addition to the minutes of the shareholders' meeting made available via the SET and Company website as well.**

The Board of Directors laid out the policy regarding shareholder rights in accordance with the Good Corporate Governance Manual, as follows.

#### **Shareholder rights**

1. The Board of Directors is aware of its duty to take care and protect basic shareholder rights, including:
  - The right to receive share certificates, the right of ownership transfer, and the right to receive sufficient, timely and appropriate forms of information for decision that affect the Company and the shareholder.
  - The right to take part in meetings, voice opinions, and vote at the shareholders' meeting, to decide important Company policy changes, and the right that the Board must seek shareholder approval at the shareholder meeting.
  - The right to elect and remove directors and approve the appointment of independent auditors.
  - The right to profit.
2. Shareholders will receive letters of invitation, and information regarding the location, time, agenda, as well as all relevant information to be considered. The Company will provide the appropriate location and time, relaying the information to shareholders and registrars no less than 14 day prior to the meeting, and publicizing the invitation of the meeting in newspapers for three consecutive days, and at least three days prior to the meeting, along with the dissemination of the said information on the Company website, before the documents and information are sent out.
3. Regarding the election of directors, shareholders can appoint directors individually, with one share equivalent to one vote.
4. Under legislation and Company regulations, shareholders are able to ask the Board of Directors to include additional agenda items and are able to ask questions, explanations, and express their opinions in an appropriate manner.
5. The Chairman of the Board, relevant Directors and executives are obligated to attend the shareholders' meeting to answer shareholders' questions.
6. Following the shareholders' meeting, shareholders are able to access the information pertaining to the meeting considerations and voting. In terms of shareholder equality, the Company treats all its shareholders equally and fairly, including shareholders who are executives and non-executives, as well as foreign shareholders.

**This year the Company invited shareholders to propose agendas at the annual shareholder's meeting and nominate qualified individuals to be considered for positions in the Board of Directors. The Company had**

set the criteria and procedures and disseminated the information via the Company website, and informing shareholders via the SET between October and December 2007. The Board of Directors has a policy of not unnecessarily including agendas that have not been informed in advance especially important agendas which shareholders need sufficient time to study before formulating their decisions. It also encourages shareholders to use the proxy authorization letter with clear uniformed details (form Khor), as well as nominate names of independent directors as a choice to serve as proxy on the shareholders' behalf, which is transparent and accountable. In the case where there are consequent disputes, the Board of Directors shall require all the vote ballots for all agendas, especially, in the election of directors, which the shareholder individual elect, with votes equaling the number of shares. The Company keeps the vote ballots of all shareholders participating in the shareholders' meeting, for those who agree, disagree or abstain from voting.

The Board of Directors stipulated the policy of equality of all shareholders in the good corporate governance manual as follows.

#### The Equality of Shareholders

1. Shareholders have voting rights corresponding to the number of shares they hold, and have equality in terms of access to Company information.
2. Shareholders shall receive necessary information that is sufficient, just, and timely from the Company, and the Company shall not be biased towards any group of shareholders by revealing yet undisclosed information.
3. In shareholder meetings, shareholders shall be treated justly.
4. Shareholders are able to propose additional agenda items or nominate persons for directorship prior to the shareholder meetings, in accordance with Company regulations.

The Company has provided various communication channels so that all shareholders can equally access the information via websites, press releases, analysis meetings and company visits, so that shareholders, investors, and analysts can visit the Company and meet with the executives. This also includes making the information available at the quarterly Opportunity Day, organized by the SET. Telephone numbers and email addresses of Investor Relations officers are made available in addition to the normal disclosure of information via the SET's system allowing investors to access the information.

### 3. The Company's role with the stakeholders

There are several stakeholders involved in the business operations, the most important of which are customers, employees, partners, shareholders, investors, creditors, as well as the communities surrounding the refinery.

The Company places importance on the rights of all stakeholder groups, with the Board stipulating that there be a process to promote cooperation between the Company and stakeholders in building prosperity, financial stability and operational sustainability, with employees, customers, partners, competitors, shareholders, and especially the communities and environment around the refinery. This is because the Company is aware of the Company's operations as a large scale industry, and therefore has always emphasized the importance of the environmental and safety. To this end, the Company produced the annual Sustainability Report so as to allow shareholders to have an involved role, and relevant parties and interested persons can be informed of the Company's performance in three particular areas namely, the environment, society and economy, which reflects the Company's determination to continually develop and continue business operations justly, taking into consideration the environment and safety, as well as play a role in economic development by improving the quality of life of the general public and a role in the development of rural communities and society as a whole, in accordance with the Corporate Social Responsibility (CSR) principle that the Company adheres to along with the present corporate governance policy.



The Company has set guidelines on the protection of stakeholders in the “Good Governance Policy” manual, taking into consideration the rights of the stakeholders, which goes beyond legal obligations, and also includes the inhibition from acts that are contrary to the rights of these groups, as summarized in the following.

**Employees**

The Company is fully aware that employees are the driving force of the Company’s progress, and therefore supports efforts to improve their competency. Additionally, it consistently takes care of its employees, with appropriate and fair returns and welfare benefits, which includes medical welfare, transportation services, birthday activities, Children’s Day activities for the children of employees, various recreational clubs so that employees can relax after their daily work routines (further details are listed in the 2008 Sustainability Report). Additionally, the Company has also set up the Employee Stock Option Program (ESOP) to reward employees and encourage them to execute their duties effectively, which will serve the Company’s best interests and ensure successful business performance.

**Customers and the Public**

The Company is committed to the development of the quality of its products and services to ensure the maximum customer confidence and satisfaction, with a policy of delivering products according to or exceeding customer expectations, under fair conditions, and providing accurate, sufficient and timely information to customers, without exaggeration which causes misunderstanding as to the quality, volume, or conditions of the products or service. Additionally, employees shall keep customer secrets confidential and not use the said information for personal or other benefits in bad faith.

**Partners**

The Company has outlined the ethical requirements of procurement as well as transactions of petroleum and petroleum products, stipulated in the Company’s code of conduct to ensure that the Company carryout business efficiently and fairly with its trading partners according to good corporate governance principles. Additionally, the Company has also provided the “The Business Contact Manual” and “Guidelines for Bangchak Service Stations’ Agents” to facilitate contact procedure for partners in contacting the Company, so that operators/Company agents operate business with quality in accordance to good corporate governance principles, under the policy of equal and fair treatment of all trading partners, strictly honoring contractual obligations and conditions. Where the Company is unable to honor any terms or conditions, it must without delay, inform its partners in advance, so as to mutually seek alternative solutions.

**Creditors**

The Company shall treat creditors justly, responsibly, and transparently, strictly abiding to the contractual conditions and financial obligations, as well as refrain from acts of bad faith, concealing information or facts from creditors which may cause damage. Where the Company is unable to honor any terms or conditions, it must without delay, inform its creditors in advance, so as to mutually seek alternative solutions.

**Competitors**

The Company is committed to doing business ethically, transparently, and justly with competitors under the rules of decent competition, abstaining from finding the business secrets of competitors through inappropriate acts of bad faith such as bribing competitor employees, and will not defame the competition by making scandalous claims.

**Shareholders**

The Company is committed to carry out business operations according to corporate governance principles, with credibility, and steadfast in building a business that is financially secure, to boost business competitiveness, and increase the value for shareholders.

**Communities around the refinery, Society and the Environment**

The Company considers occupational, safety, and environmental management of the refinery as part of the business, and has therefore stipulated that occupational health, safety, environment and energy efficiency as the guiding principle for the Directors, executives, and all employees as part of the corporate culture to “Develop sustainable business, while safeguarding environment and society”, with the following conditions.

- Operate safely, without having a negative impact on oneself, those involved, the communities, and the environment.
- Observe relevant laws regarding occupational health, safety, the environment, and energy.
- Prevent the causes of pollution, oil leakages and loss.
- Prevent all possible accidents.
- Efficiently use resources according to the plan, namely energy, water, and chemicals.
- Regularly improve the occupational health, safety, and environmental management policy.

Additionally, the Company also publishes the “Green Family” and “Around Bangchak” bi-monthly newsletters distributed to the communities around the refinery to inform residents of the Company’s information, as well as receive useful information such as energy saving methods, safety precautions in daily life, and health tips, as well as participate in environmental conservation activities, which serves as a channel for the Company to communicate and take care of the communities around the refinery.

Moreover, the Board of Directors has developed the mechanism to promote stakeholder participation in supporting the Company’s business operations by disclosing information transparently, listening to their opinions during meetings with executives, submitting information and opinions via the Investor Relations Department and Company website to ensure business sustainability. The Board of Directors has also made available channels to receive reports of wrongdoings and complaints regarding unlawful or unethical acts, fallacious financial reports or defective internal control systems, and mechanisms to protect the informant in order to improve the effectiveness of the stakeholders’ participation in supervising Company interests.

**Tip-off and Complaint Channels**

Electronic Mail

ico@bangchak.co.th

Postal Mail

Internal Audit Office

The Bangchak Petroleum Public Company Limited

210 Moo 1 Soi Sukhumvit 64, Sukhumvit Rd. Bangchak Phrakonong, Bangkok 10260, Thailand

Tel : 0-2335-4566 Fax: 0-2331-6530



#### 4. Shareholder meetings

In the 2008 shareholder meeting, the Company sent out the letter of invitation and annual report to all shareholders listed in the share registrar book as of the closing date of the Company's share registrar book. Twelve Directors who attended the meetings were General Tawat Ked-unkoon, Chairman, Mr.Chai-Anan Samudavanija, Vice chairman and Chairman of the Nomination and Remuneration Committee, Anusorn Tamajai, Director and Chairman of Audit Committee, Mr.Nipon Surapongrukchareon, Director, Audit Committee's member and Chairman of the Enterprisewide Risk Management Committee, Mr.Wirat Iam-Ua-Yut, Director, Audit Committee' member and Chairman of Corporate Governance Committee, Miss Pranom Kowinwipat, Director and Audit Committee' member, Mr.Sayan Satangmongkol, Director, Mr.Apisit Rujikeartkamjorn, Director, Mr.Nares Sattayarak, Director, Mr.Chaivat Churitti, Director, Mr.Tevin Vongvanich, Director, and Dr.Anusorn Sangnimnuan, President and Secretary of the Company's Board of Directors including every Senior Executive Vice President, presided over the Chairman of the Board. **During this general shareholder meeting, the Company invited the AMT Associate Office, which is the Company's auditor, represented by Mr.Chaiyuth Angsuwithaya, serving as mediator to check over the document checking process for the meeting and the voting procedures, as well as the results of the vote and resolutions, to ensure that the shareholder meeting proceeded in a transparent and legal manner in accordance with the Company's Articles of Association.** During the meeting, shareholders were given equal opportunities to express their opinions and pose questions, which were recorded in the minutes of the meeting. Additionally, the Company also made a video-record of the meeting for referencing purposes.

From the continuous improvement of the annual shareholders' meeting, this year the Company was assessed as the Company with the capacity to organize annual shareholders' meeting at an excellent level, receiving a full 100 points and bonus point of 7.5 (a special point of a full 10 points) in the 2008 Annual General Meeting project (AGM) organized by the Securities and Exchange Commission (SEC) with the Thai Listed Companies Association (TLCA) and Thai Investors Association (TIA). Additionally, the Company also produced the evaluation for the 2008 general shareholders' meeting to assess its quality and survey the attending shareholders. The evaluation found that participants rated the shareholders' meeting as "good-verygood".

#### 5. Leadership and Vision

The Board of Directors regularly took a part in setting the vision, mission, strategy, goals, business plan, and budget for each year, to maximize the value of the operations and prosperity for the shareholders. Additionally, the Board of Directors has the duty of approving important strategies and policies, especially in terms of the financial and work plan Key Performance Indicators (KPI), in which the Board set indicators and goals early in the year. The results are regularly monitored, and since 2004 the Company has taken part in the state enterprise assessment program with the State Enterprise Policy Office, the Ministry of Finance.

The Board of Directors established the internal control system, internal inspection, and effective risk management measures and consistently monitoring the effectiveness and regularly reporting to the Board of Directors.

The Board of Directors also monitors the performance of the management, determining that there shall be monthly progress reports of the operation and performance at the Board of Directors' meetings. Additionally, the Board of Directors is also aware of the importance of compliance to the laws and various regulations, and therefore, stipulates that the management report significant Company issues to ensure that operations are carried out correctly and effectively.

## 6. Conflict of Interests

In order to avoid a conflict of interest, the Board of Directors carefully oversaw cases where there may be a conflict of interests by passing a policy and procedure to approve transactions that are related items in writing in the Company's good corporate governance policy, desirable practices for the Directors, executives, and employees, whereby employees shall not act in a manner that is contrary to the Company's business including having activities or acts which may cause the Company to lose benefits or receive less benefits than it should, or dividing benefits from Company. Employees shall not hold shares in competing Companies if such an act shall affect the employees' performance or the exercise of their judgment in the performance of their duties. In the case where an employee already has such a share in their possession prior to becoming an employee or prior to the Company entering that business or receiving an inheritance, the employee must notify their supervisor of the holding(s) or acquisition.

Additionally, Directors and executives must report to the Company of their interests and securities and those related to them, to be used as information and a tool for the Company Secretary to follow up on issues so that Directors and executives carryout their duties honestly, where the Secretary sends copies of the report to the Chairman and Chairman the Audit Committee. This has been the procedure enforced before the SEC announced its regulation criteria.

## 7. Insider Information

The Company has a policy regarding the desirable guidelines for Directors, executives, and employees prohibiting the use of the Company's important insider information which has yet to be disclosed to the public for personal benefit or the benefit of others, as well securities transactions as follows.

1. Notify Directors, executives, as well as spouses and children who have yet to reach legal age, as well as any related individual, according to Article 258 of the Securities and Exchange Act BE 2535. Produce and distribute the report of stock holdings as well as the updated report whenever there have been shares traded within three days from the transaction to the Securities and Exchange Commission pursuant to Article 59 and punitive measures under Article 275 of the Securities and Exchange Act BE 2535 and the Stock Exchange of Thailand's requirements.
2. Send circulating letters to Directors and executives to notify them that they have been informed of the important insider information including the Company's financial statement which affects the value of the Company's share price. Therefore, they shall avoid or cease the transaction of securities at least one month before the financial statement is announced and three days following the announcement thereof. They shall not disclose that important information to others before the financial statement or that insider information is disclosed to the public.

Additionally, In the Board of Director's meeting, reports of securities holdings, changes in securities holding of the Directors, and executives on a monthly basis, and shall be done so without delay, in the following cases.

- Having interests in any contract, direct or indirect, struck by the Company during the fiscal year.
- Holding shares or corporate bonds of the Company or of its subsidiaries.

The Company has also stipulated punitive measures for violation of the Company's regulations, as it pertains to the use of insider information for personal gains, ranging from warnings to dismissal.





## 8. Business Ethics

The Board of Directors established the policy and direction of the Company's operations to correspond with good corporate governance principles by emphasizing the importance of control and internal audit, and risk management systems as well as monitor the management so that they operate the business according to the good corporate governance guidelines in a consistent manner under the legal framework and limitations for the long term benefit of the shareholders and stakeholders. The Company's business ethics are as follows:

1. Transparency and Information Disclosure
  - Management, accounting, financial reporting, are regularly undertaken in compliance with laws and international standards, as well as be accurate, clear, and up-to-date to ensure investor, shareholder, and stakeholder confidence.
2. Equitable Treatment for all
  - Determination to treat all related parties, including shareholders, customers, partners, creditors, employees and society in general, justly, equally, and treating all shareholders, whether large or minor equally.
3. Risk Management
  - Manage risks that are related to the effectiveness, efficiency and accuracy of financial reports and adhere to laws, principles, regulations and orders, which are in accordance with the internal control framework, analyzing risks to the business, risk priorities, control measures with the intent of reducing risks to a minimal.
4. Attainment of Excellence
  - Promote better performance of all parties, by encouraging the departments to improve to attain best practices and excellence.
5. Adherence to Social Responsibility
  - Operate business while taking into account the roles and responsibilities to correspond with the mutual good of the public, the environment, and contributing to the betterment of Thai society.
6. Virtue and Ethics at all Levels of the Organization
  - Virtue and ethics are important concepts the Company's corporate governance, which is a tradition practiced at all levels of the organization, because the Board of Directors is well-aware that without virtue and ethics, the Company cannot realize the sustainability of business.

Moreover, the Company has also devised a written code of ethics for Directors and employees so that all related parties can adhere to the guidelines to exercise their duties with honesty, honor, and righteousness in the treatment of the Company and to all stakeholders.

## 9. The Balance of Non-Executive Directors

The Board of Directors consists of 14 members, composed of the following:

Executive Director	1
Independent Director	6
External Director	7 (6 from major shareholders)

The list of members of the Board of Directors who represent major shareholders appear in the "Board of Directors" section.

## 10. The President and Executives service on the Board of Directors of other companies

The Company has stipulated policy and procedures for Presidents and executives who serve as Board members of other companies as follows:

1. The President and executives may be assigned to directorships in the Company's associates or subsidiaries.
2. The President must seek the approval of the Board of Directors shall the President wish to serve as director in other companies which are not associates or subsidiaries, limited to no more than three other companies.
3. Executives must seek the approval of the President shall the executive wish to serve as director in other companies which are not associates or subsidiaries, limited to no more than three other companies.

### **11. The Board's Term Limit Policy**

The Company has set the policy to limit the number of terms that a director can stay in office as follows.

"A director shall not stay in his office for more than three consecutive terms (from 2008 onwards). Except where it is appropriate to allow Directors to stay in office beyond such a term limit, the Board of Directors shall take the Director's independence and efficiency into consideration and inform the reasons and results of the Director's performance thereof to the shareholders."

This is to ensure that the Company has the opportunity to nominate directors with the required qualifications for the maximum benefit of the Company.

### **12. The determination of the number of Companies a director holds positions in**

The Company stipulates policy to limit the number of listed companies in the Stock Exchange of Thailand that each Director can hold positions in as follows.

"The number of listed companies in the Stock Exchange of Thailand (SET), that is appropriate for each Director to hold positions in, should not exceed five companies, except where a Director already holds more than the said amount, in which case the Board of Directors will consider the efficiency of the Director's performance, and inform the reasons and results of the Director's performance thereof to the shareholders."

At present there is only one Director who holds directorship in more than five listed companies of the Stock Exchange of Thailand. Nevertheless, the said directorship does not affect the directorial roles because the Director has dedicated enough time to fulfill duties for the Company, regularly attending all meetings and contributing beneficial perspectives to the Company as well, and in order to better assess the execution of the roles and duties of Directors, the Company uses attendance at meetings at one of the measuring indicators of a director's performance.

### **13. Position consolidation or separation**

According to the definition stipulated by the Stock Exchange of Thailand, the Chairman is an independent director, and shall not be the same person as the President, nor have any relationship with the management. This is the clear separation of the supervision and management, whereby the Chairman has shown leadership and control over the meetings of the Board to ensure that meetings are conducted in an effective and efficient manner, encouraging all directors to participate in the meetings, aiding, advising, overseeing and supporting the management through the President. Additionally, the Chairman shall not sit in any committee that have been set up, and the all Board members are free to express their opinions regarding the Company's operation to ensure that the management carry out business in an effective, appropriate and transparent manner.



## 14. The Director and Executive Compensation

The Board of Directors set up the Nomination and Compensation Committee to determine in writing the Director and management compensation policy, as follows.

### Director Compensation Policy

“In setting the directorial compensation, the Company shall consider the appropriateness of the sum to the director’s roles, delegated responsibilities and at a level that is competitive with comparable listed companies of the Stock Exchange of Thailand. The directorial compensation shall be sufficient to serve as an incentive to attract qualified Directors to the Board and encourage them to exercise their duties to achieve the Company’s objectives and business directions, through a transparent process to gain shareholder confidence.”

The directorial compensation is in accordance with the resolutions approved at the general shareholders’ meeting. The details of the compensation are disclosed under “Director and Management Compensation” in the Management chapter.

## 15. Account Audit Fee

### 15.1 Audit Fee

The Company and its subsidiaries paid the audit fee as follows:

- The Company auditor (Mrs. Natsarak Sarochanunjeen and/or Mrs. Kesree Narongdej) in the past year for Baht 0.
- The auditing company supervising the auditor (AMT Associate Office), persons or business relating to the auditor, and auditing companies in the past year for a total of Baht 1,720,000 (Baht 1,100,000 for Bangchak Petroleum Public Co., Ltd., Baht 550,000 for Bangchak GreenNet Co., Ltd, and Baht 70,000 for Bangchak Biofuel Public Co., Ltd.).

### 15.2 Other service fees

The Company and its subsidiaries paid for other service fees including collateral-account inspection fee monthly and quarterly cash monitoring service fees, according to the borrowing requirement of the lending bank as follows:

- The Company’s auditor (Mrs. Natsarak Sarochanunjeen and/or Mrs. Kesree Narongdej) in the past year for Baht 0.
- The auditing company supervising the auditor (AMT Associate Office), individual persons or business relating to the auditor, and auditing companies in the past year for a total of Baht 1,000,000.

## 16. The Board of Directors’ Meeting

The Board of Directors scheduled meetings in advance for the entire year. Normally, the meeting is held regularly every month. There may be more meetings as deemed necessary.

During the meeting of the Board of Directors, the Chairman and President will jointly set clear agendas of the meeting, which will include an agenda to monitor operations on a regular basis. The Secretary of the Board will send out letters of invitation, including the agenda items and meeting material at least seven days in advance of meetings to provide sufficient time for Directors to study the information before the meeting. The minutes of the meetings are recorded in writing and certified by the company’s board. They are available for the Board’s or related persons’ inspection. (The details of the Directors’ attendance are available at “The Meeting of the Board of Directors” in the Management Structure chapter.)

## 17. Committee

The Board of Directors has appointed qualified Directors in committees to help study the details and screen the work of the Board of Directors, because they are able to consider and discuss issues in more depth. Nevertheless, the Board is still responsible for all activities accountable to outsiders. (The composition, duties and name list of the sub-committee is stipulated in the “Sub-committee” under the “Management Structure” chapter.)

## 18. The control system and internal inspection process

The Company has placed high priority on the internal control process at the executive and operational levels that are effective, and therefore has set an appropriate corporate structure with clear supervision and relationships between work units within the organization, according the power of approval, have regulations pertaining to budgeting, finance and accounting, personnel management, procurement and distribution of petroleum and petroleum products, the procurement of supplies, so that employees may use it as a operational approach as well as manage risks and the importance of early warning systems and the report of abnormalities.

The Board of Directors established the Internal Control Office to ensure that the Company’s key operations and financial activities are carried out effectively in accordance with procedures, including the Company’s compliance controls. In order to ensure that the Internal Control Office remain independent, efficient and able to perform its inspections and counter-balance the interest of all parties concerned, the Board of Directors stipulated that the Internal Control Office is directly accountable to the Audit Committee.

## 19. Risk Management

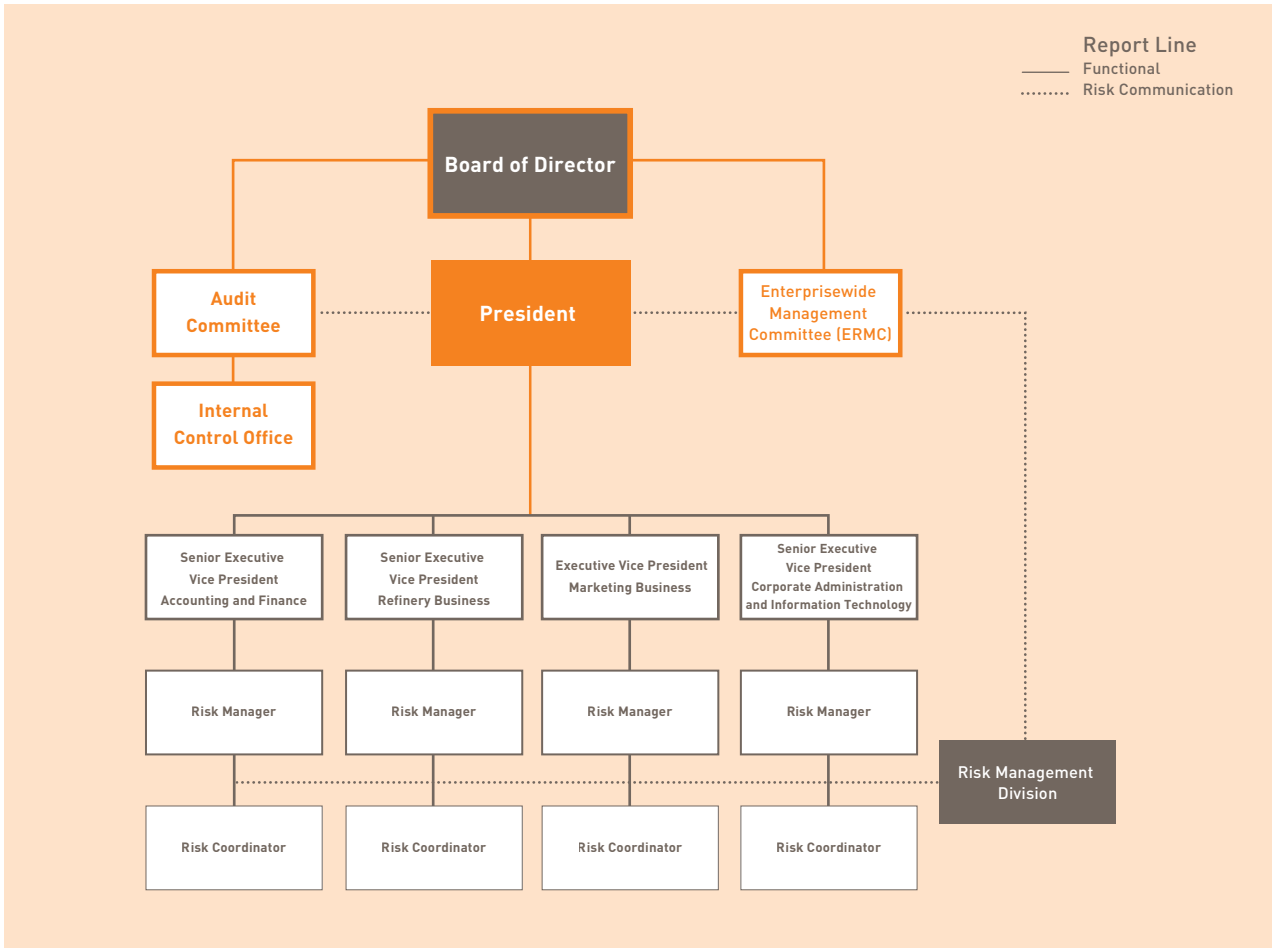
The Company has place a lot of importance on risk management. The Company has established the Enterprisewide Risk Management Committee to identify and assess risks, as well as measures to prevent and address risks, to ensure that the operations are executed in a manner that complies with applicable laws and regulations. The Company produces the risk management report, as well as set the structure of Enterprisewide Risk Management as follows.

### Enterprisewide Risk Management Policy

1. Designate Executive and employees from various units to monitor risks, playing a part and participating in the development of the organization’s risk management, and have an understanding of the responsibilities pertaining to risk management.
2. Ensure that there is an effective risk management process in all level of the work process in accordance with the good corporate governance principles, to endure chances of success and reduce uncertainties of operations.
3. Implement and support the success of risk management throughout the organization, by using the limited resources effectively in indicating, assessing and appropriately managing risks.
4. Promote and stimulate risk management as a corporate culture, raising the awareness of the importance of risk management.

### Structure of Enterprisewide Risk Management

The structure of the enterprisewide risk management consist of the Directors, executives, and all agencies within the organization, headed by the Enterprisewide Risk Management Committee, which was appointed by the Board of Directors, responsible to ensure there is an effective risk management system in the organization, understand the risks that may drastically affect the organization, and building confidence that there are appropriate measure to address the those risks. The central agency, the Risk Management Division facilitates and supports executives and agencies to ensure the effectiveness of risk management as follow



The Company has produced the “Risk Management Manual” to disseminate information on risk management and to inform executives and employees on how to exercise their duties.

## 20. Directorial Reports

The Board of Directors is accountable for the Company’s and its subsidiaries’ financial statements and financial information in the annual report. The said budget has been executed with caution and thorough estimations, as well as discloses important information that is sufficient in the remarks attached to the financial statements.

The Board of Directors has maintained the internal control systems to ensure that it is carried out effectively with correct, complete, and sufficient records of accounting information to maintain the Company’s assets to prevent any wrongdoings or any major mistakes in operations.

The Board of Directors has viewed that the Company’s internal control system is in general satisfactory, and is able to build reasonable credibility for the Company’s financial statements and its subsidiaries as of December 31, 2008.

## 21. Investor Relations

The Board of Directors is aware that the Company's information, both financial and non-financial is important to the decision-making process of shareholders and stakeholders. Executives gives importance to the regular disclosure of information that is complete, accurate, credible, timely and in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, and therefore set up the Investor Relation Division to serve as a center in the disclosure of important information to investors and monitor the quality of the financial report procedures, as well as other important information that may affect the value of the Company such as performance reports, budgets, information send to the Stock Exchange of Thailand, as well as produce annual and quarterly MD & A reports which shows the status of the performance and future trends of the Company to investors equally, regularly, and completely domestically and internationally.

The Company provides performance reports and Company information directly and indirectly, as summarized in the following.

- Directly : The Company presents its performance to the Stock Exchange of Thailand, investors, and employees, regularly in the form of analyst meeting, road shows, e-newsletters, conference calls, participating in conferences organized by different institutions, meeting with investors and the Stock Exchange at Opportunity Day, and Company visits. Interested investors can seek an appointment for company visit to meet with the Executives and pose questions about the progress of the Company's operation apart from the Company Visit program organized by the Stock Exchange of Thailand. For those who were unable to attend the meetings, the company provided the information of the meeting through the Company's website and video available in Thai and English.
- Indirectly : The Company's information about the performance, financial statement as well as the information reported to the Stock Exchange of Thailand in the past and present are available on the website to read and download at [www.bangchak.co.th](http://www.bangchak.co.th). at the investor relations page, available in both Thai an English and kept up-to-date.
- : Investors and related persons can seek additional information from the company by calling telephone no. 02-335-4580-83,87 or the website [www.bangchak.co.th](http://www.bangchak.co.th) or e-mail address [IR@bangchak.co.th](mailto:IR@bangchak.co.th).

The Company also published press releases, business updates, the latest developments of the operation and other projects, an automated answering service, as well as facilitating the press and public throughout 2008 on a regular basis through e-mails, press releases, photo news releases, press conferences as well as press meetings with the Executives.



## Organization Growth and Development



After the completion of the Product Quality Improvement Project (PQI), the Company will become a complex refinery, capable of delivering high value gasoline and diesel yields at greater proportions, and as a result, the Company will perform more effectively and have more solid financial prospects after which the Company will proceed with investment plans to improve the efficiency of the refinery, especially in the area of energy consumption, as well as elevate the standards of environmental management. This improvement in the production process to keep pace with the leading refineries of the world, and study investments in process improvements that will increase the value of fuel products, which meet the new standards, will develop the Company's overall competitiveness.

Additionally, the Company has plans to expand its business towards renewable energy as a result of the high volatile oil prices, the continually declining fossil fuel reserves (petroleum, coal, and natural gas) and the growing awareness of global warming from use of fossil fuels around the world. It is also interested in the development of natural resource management businesses utilizing clean technologies, and other new adjacent and non-adjacent businesses to increase the value of the business and mitigate risks of the Company's performance in the future, all the while maintaining sustainable business, along with playing a role in the development of society and the environment.

To address future business development plans, the Company thus emphasizes organizational development in terms of human resources to be competent, able to handle changes to the business, whilst instilling the values of being just and beneficial to other as well as develop the system and work processes to be efficient, transparent and internationally competitive, as shown in the following.

### Refinery Business

- At the start of the PQI, the Company had plans to develop and improve the refinery's efficiency by benchmarking itself with other refineries, to being the results to improve the management, invest in improvements or change production process, in order to increase the efficiency to be comparable to other international complex refineries.
- The Company also emphasizes sustainable environmental management, with plans to invest and incorporate clean technology to air quality and waste water management, as well as minimize carbon dioxide emissions from the production process, and be as friendly to the environment as possible,
- From the EURO IV standard that the Ministry of Energy will make effective starting in January 1, 2011, the Company has studied the improvement of production units to be sure that it will be able to produce fuels to the specified standard, which will help reduce pollution from the combustion of fuels in the country.

### Marketing Business

- Continually maintaining the status of Biofuel leader from the successes in marketing Gasohol91, Gasohol95 and PowerDB5 via service stations. Following this success, the Company plans to emphasize the expansion of service stations providing and vehicles using Gasohol E20, which will increase in the future, as well as increase the amount of service stations offering E85 according to the number of Flexible Fuel Vehicles to give consumers alternatives, corresponding with the government's policies and measure to promote renewable energy, for the economic and energy security of the country.

- Increase returns from Company-owned service stations by rebranding the service stations, improving services, develop cleaner high quality fuels. Additionally, the Company has plans to increase the number and quality of community service stations to handle the increase demand of consumers and benefit local cooperatives, as well as increase capacity of potential service stations to cope with higher gasoline and diesel yields from the PQI.
- Develop high value non-oil business by improving the image, products, and services of convenient stores to popularize and acquire experience partners in other business such as services stations, restaurants, drink stands, as well as expand NGV service stations in Bangchak service stations, to increase earnings from service networks.
- Expand the export market for products and lubricants to neighboring countries, emphasizing products that are biofuel-blended products, ethanol and biodiesel, corresponding with the Company's capacity and the biofuels demand in the region.

### **New Business**

- In 2009, the Company will hasten the construction of the biodiesel production plant at Bang Pa-In according to plans, within the allocated budget. The produced biodiesel will be blended to produce the Diesel B2 and B5 to be distributed to Company customers.
- Develop new business investments, both adjacent and non-adjacent. The Company is currently studying new business ventures such as investing in the construction of an ethanol plant.

### **Organization Development**

- Push the Company to become a learning organization, whereby following the implementation of competencies and individual development plans, develop employees to be knowledgeable and competent, the Company will establish the Knowledge Management system, incorporating the IT system, such as the e-Library, e-Learning, to promote employees to be strive to learn, self-study, as well as share knowledge and experience with fellow employees.
- Develop more efficient, effective, transparent, and competitive work processes by integrating the development guidelines of the Thailand Quality Award (TQA).
- Continue to give importance to good corporate governance and comply with the guidelines of the Stocks Exchange of Thailand, incorporating its practices, rules and regulations so that the Executives and employees build a consciousness that they will consistently consider in their daily tasks. This also includes the extension of the Enterprisewide Risk Management, which is a tool ensure that the Company's goals and objects are achieved, so that risk management is incorporated into the normal functions and corporate culture.
- In addition to building an environment and atmosphere to consistently build employee satisfaction, the Company has plans to build employee engagement, so that employees are more dedicated and efficient in their roles.





## Capital Structure



### Common shares

As of December 31, 2008, the Company's registered capital stood at Baht 1,531,643,461 with Baht 1,119,132,050 paid-up capital. The number of paid-up common shares was 1,119,132,050 with par value of Baht 1 each.

### Warrants

- As of August 25, 2004, the Company issued new warrants to Directors, Executives and employees of the Company and Bangchak Green Net Co., Ltd. (ESOP), totalling 24,000,000 units with a 5-year maturity. A warrant can be exercised for 1 common share at the price of Baht 5 with the following conditions:
  - After one year, eligible to 45% of rights when common shares are equal to or greater than Baht 21 per share, for the duration of five consecutive days.
  - After two year, eligible to 25% of rights when common shares are equal to or greater than Baht 23 per share, for the duration of five consecutive days.
  - After three year, eligible to 30% of rights when common shares are equal to or greater than Baht 23 per share, for the duration of five consecutive days.

However, since the issuance date, the holders have been barred from exercising the rights under the prescribed conditions. As of 31 December 2008, the Company's warrants (ESOP) still remained at 24,000,000 units.

- As of May 15, 2006, the Company issued 69,092,486 units of 5-year warrants (BCP-W1), distributed to existing shareholders at the ratio of 10 common shares for one warrant. A five-year warrant can be exercised one common share at the price of Baht 18.

Since the issuance date until December 31, 2008, warrant holders exercised 60,000 units of warrants for 60,000 common shares. As of December 31, 2008, outstanding BCP-W1 stood at 69,032,486 units.

### Convertible debentures

As of December 31, 2008, the Company's outstanding convertible debentures, in the form of depository receipts (DR), issued by Siam DR Co., Ltd., totaled 217,595 units, which had the par value of Baht 10,000 totaling Baht 2,175,950,000 due to the conversion of depository receipts (DR) since the issuance date until December 31, 2008 of 182,405 units to convertible debentures which were converted to 127,555,929 common stock (at the conversion price of Baht 14.30 apiece/any odd shares were discarded) Additionally, the Company issued 58,560 units of non-transferable subordinated convertible debentures to PTT Plc, at face value of Baht 10,000 each totaling Baht 585,600,000. The convertible debentures can be converted to common shares at Baht 14 per share, carrying the coupon rate of 3% per annum. The securities were issued as part of fund raising for the Product Improvement Project.

### Borrowing

As of December 31, 2008, the Company's outstanding domestic loans from financial institutions totaled Baht 12,783 million, comprised of short-term of Baht 1,270 million and long-term loans of Baht 11,513 million.

Details of borrowings appear in the notes of financial statements for the period up to December 31, 2008.

## Shareholders

- Common shareholders (BCP)

Top 10 shareholders (As of 4 April 2008)	No. of shares (unit)	shareholding (%)
1. Siam DR Co.,Ltd.	519,906,055	46.46
2. PTT Plc	280,680,000	25.08
3. Thai NVDR Co., Ltd.	109,651,900	9.80
4. Social Security Office	32,738,413	2.93
5. BankThai Plc	30,580,600	2.73
6. Morgan Stanley & Co International Ltd	18,997,500	1.70
7. HSBC (SINGAPORE) Nominees PTE Ltd	18,189,900	1.63
8. Morgan Stanley & Co International Plc	5,031,700	0.45
9. Miss Chanisa Ngamapichon	5,000,000	0.45
10. Mrs. Buppha Ngamapichon	5,000,000	0.45
<b>Top 10 shareholders' holding</b>	<b>1,025,776,068</b>	<b>91.66</b>
<b>Total issued shares</b>	<b>1,119,132,050</b>	<b>100.00</b>

- holders of BCP-DR1, issued by Siam DR Co., Ltd.

Top 10 shareholders (As of 4 April 2008)	No. of shares (unit)	shareholding (%)
1. Ministry of Finance	124,947,970	24.03
2. Morgan Stanley & Co International Ltd	110,619,089	21.28
3. PTT Plc	52,240,000	10.05
4. Morgan Stanley & Co International Plc	25,728,811	4.95
5. The Bank of New York (Nominees) Limited	24,583,700	4.73
6. Somers (U.K.) Limited	11,980,700	2.30
7. Citibank Nominees Singapore PTE Ltd-UBS AG London Branch-NRBS IPB Client SEG	10,530,800	2.03
8. Vayupak Fund 1 by MFC Asset Management Plc	10,415,700	2.00
9. Vayupak Fund 1 by KTB Asset Management Plc	10,415,700	2.00
10. Bangkok Life Assurance Ltd.	5,500,000	1.06
<b>Top 10 shareholders' holding</b>	<b>386,962,470</b>	<b>74.43</b>
<b>Total issued shares</b>	<b>519,906,055</b>	<b>100.00</b>



- Common shareholders through Thai NVDR Co., Ltd.

Major shareholders (As of 4 April 2008)	No. of shares (unit)	shareholding (%)
1. Goldman Sachs & Co	80,000,000	72.96
2. Morgan Stanley & Co International Limited	13,400,000	12.22
3. Caceis Bank Luxembourg	8,084,100	7.37
4. Citibank Nominees Singapore PTE Ltd-UBS AG London Branch-NRB	6,082,300	5.55
<b>Major shareholders' combined holding</b>	<b>107,566,400</b>	<b>98.10</b>
<b>Total shareholding</b>	<b>109,651,900</b>	<b>100.00</b>

Note: Data from <http://www.set.or.th/set/nvdr/nvdrholder.do>

### Dividend policy

The Company has a policy to pay 50% of consolidated net profits as dividend, depending on the economic condition and the Company's future business plans. The payment must not go against the Public Company Act on dividend payment.

### Subsidiary's dividend policy

- **Bangchak Green Net Co., Ltd.**

Any preferred share is entitled to annual dividend, equivalent to the daily average of a one-year fixed deposit rate with Krung Thai Bank Plc in the fiscal year in which the dividend is to be paid plus 3% of the rate. The dividend is paid to all paid-up shares as of the payment announcement date, payable on the day set at the general shareholders' meeting. In the year that the Company's profits are lower than the full amount of dividends for the preferred shares, all the profits will be diverted to preferred share holders and no dividend will be paid to common shareholders. Unpaid dividend to the preferred shares will be accumulated with the dividend in the following year.

For common shareholders, in the year when there are any profits left after dividend payments to preferred shares, the general shareholders' meeting will approve the payment of dividend to common shareholders on a case by case basis.

- **Bangchak Biofuel Co.,Ltd.**

Consideration of dividend payments must first be approved by the resolution of the annual general shareholders' meeting, and will only be binding when at least 5% of the Company's net profits are kept as reserved funds until this reserves reaches 10% of the Company's outstanding registered corporate capital. The Board may consider to announce interim dividend payments to shareholders, however, if it is the case that the Company has accumulated losses, no dividends shall be paid.

## Nomination and Remuneration Committee's Report



To the Shareholders

The Bangchak Petroleum Public Company Limited's Board of Directors' meeting resolved to appoint the current Nomination and Remuneration Committee (NRC), with Mr.Chai-Anan Samudavanija as a Chairman and Mr.Pichai Chunchavajira and Mr.Nipon Surapongrukchareon as members. The Board of Directors meeting No. 7/2008 resolved to appoint Mr.Chaivat Churitti as the other member of the NRC.

In 2008, the NRC organized five meetings to select qualified company directors, to determine the directorial remuneration, and to assess the President's and Senior Executive Vice Presidents' (SEVP) performances as well as set their respective remunerations. The Committee also reviewed the succession plans for the President and SEVP. Due to the employment contract for the president was expired, the NRC had searched for the qualified candidates to succeed as the Company President.

In nominating the Company's Directors, the Company emphasized candidates with knowledge, ability, experience, track records, leadership, vision, moral and ethics. They must also have a positive perspective of the organization and can devote sufficient time to the Company. Additionally, they must possess the right qualities to fit the Boards structure to the Company's business strategies. The selection process is transparent to ensure shareholder confidence. At present, the Company's Board of Directors consists of 14 Directors-composed of 6 independent Directors, 7 non-executive Directors, and the President who acts as the Secretary to Board of Directors. Their biographies appear in "Board of Directors".

In setting the remuneration for the Directors and the top Executives, the Company took into account their responsibilities and comparable rates offered by listed companies in relevant industries and business sizes. The remuneration, set in a transparent manner to ensure shareholder confidence, was sufficient to motivate Directors and Executives to accomplish the Company's mission and direct towards the Company. The remuneration details appear in the "Management Structure".

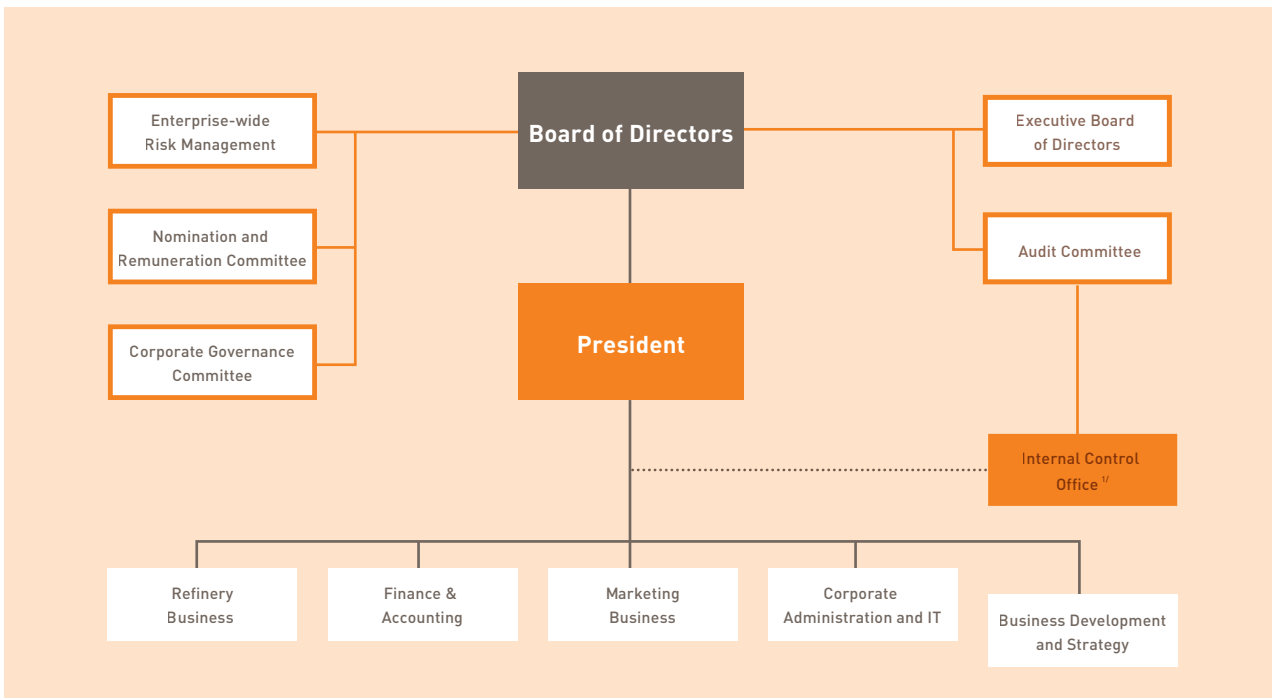
(Signed) Chai-Anan Samudavanija

(Mr.Chai-Anan Samudavanija)

Chairman of the Nomination and Remuneration Committee



### 1. Organization Structure



Note: 1/ The Audit Committee serves to evaluate the Internal Control Office’s annual operations, in order to ensure that the Company has good corporate governance and the independent operations of the Internal Control Office.

### 2. Board of Directors

Company regulations specifies that the Board of Directors must be composed of no fewer than 5 members and no more than 14, with at least half of all members of the Board of Directors residing in the Kingdom. In business operations, the Directors must comply with legal obligations, Company objectives and regulations, as well as shareholders’ resolutions honestly and honorably, upholding Company interests. The Board must delegate respective authority to Company executives i.e. the President and Vice Presidents to allocate and spend annual budgets, approve payments on the Company’s behalf in accordance with any authorized contracts or obligations, as well as the management of human resources, the supply and distribution of petroleum products, etc.

The Board of Directors presently consists of 14 members.

	Name		Title
1.	General Tawat	Ked-Unkoon	Chairman (Independent Director)
2.	Mr.Chai-Anan	Samudavanija	Vice Chairman (Independent Director)
3.	Mr.Anusorn	Tamajai	Independent Director
4.	Mr.Wirat	Iam-Ua-Yut	Independent Director
5.	Mr.Nipon	Surapongrukchareon	Independent Director
6.	Miss Pranom	Kowinwipat	Independent Director
7.	Mr.Pichai	Chunhavajira	Director
8.	Mr.Apsit	Rujikeatkamjorn	Director
9.	Mr.Sayan	Satangmongkol	Director
10.	Mr.Chaivat	Churitti	Director
11.	Mr.Tevin	Vongvanich	Director
12.	Mr.Thevan	Vichitakul	Director
13.	Dr.Twarath	Sutabutr	Director
14.	Dr.Anusorn	Sangnimnuan	President and Secretary to the Board of Directors

Note: The authorized Directors with the authority to sign on behalf of the Company are General Tawat Ked-Unkoon along with Dr.Anusorn Sangnimnuan before stamping the Company's corporate logo and alternatively any one of these two individuals can co-sign with Mr.hai-Anan Samudavanija or Mr.Anusorn Tamajai or Mr.Wirat Iam-Ua-Yut or Mr.Pichai Chunhavajira or Mr.Nipon Surapongrukchareon or Miss Pranom Kowinwipat or Mr.Apsit Rujikeatkamjorn or Mr.haivat Churitti or Mr.Tevin Vongvanich or Dr.Twarath Sutabutr before stamping the Company's corporate logo.

### Independent Directors

The current Board of Directors consists of 6 independents, which is more than one third of the total number. The company policy stipulates that the Chairman of the Board must be an independent who does not hold the title of President. Additionally, the Chairman must not hold any positions in any smaller committees in order to maintain clear operational roles and duties. In respect of good corporate governance, the Board resolution on the definition and qualifications of independent directors are stricter than the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, detailed as follows.

1. Must hold no more than 0.5% of all voting shares in the Company, its subsidiaries, joint ventures, affiliates or others which may cause a conflict of interests.
2. For at least two years, they must have no part in the administration, hold no permanent posts in companies that provide the Company with professional services, such as auditors or legal consultants, and must not have control over the Company, its subsidiaries, joint ventures, affiliates or be able to incite any conflict of interests. They must be able to attend board meeting and express their views in an independent manner.
3. Must have no business relations or conflict of interests, direct or indirect, in financial and administrative areas, which means they must not be clients, trade partners, raw material suppliers, creditors/trade debtors, creditors/borrowers of the Company, subsidiaries, joint ventures, affiliates or be any persons who could incite a conflict of interest that could lead to a lack of independence.
4. Must not be relatives to Executives or major shareholders of the Company, its subsidiaries, joint ventures, affiliates or any persons of possible conflicts and must not be appointed to guard the interests of directors and/or major shareholders.

**Directors nominated by major shareholders are:**

1. Mr.Thevan	Vichitakul	From the Ministry of Finance
2. Dr.Twarath	Sutabutr	From the Ministry of Finance
3. Mr.Pichai	Chunhavajira	From PTT Plc
4. Mr.Apisit	Rujikeatkamjorn	From PTT Plc
5. Mr.Chaivat	Churitti	From PTT Plc
6. Mr.Tevin	Vongvanich	From PTT Plc

**The Appointment of Directors and the End of Directorship**

1. Shareholders at the annual general meeting shall appoint directors by means of majority voting, whereby each shareholder's share is equivalent to one vote, which they are able to vote for directors on an individual basis. In this regard, those with the highest votes are appointed as directors in the allocated quota. In the case where two candidates have the equivalent votes, the Chairman of the meeting shall cast the vote to determine who will assume the post.
2. At the annual general meeting, one third of the directors shall end their term. If the number of directors could not be divided accordingly, the number of directors to end their directorship must be as close to the one third ratio as possible. Directors obliged to leave the company in the first and second year from the establishment shall pick a draw, if no other means have been agreed upon. In the years following, directors holding the longest term shall leave the position, but can be reappointed.
3. In addition to the completion of their term, directorship is terminated under the following circumstances:
  - Death
  - Resignation (effective as of the day the Company receives the resignation letter)
  - Unqualified or banned under the Public Company Act BE2535's Article 68
  - Voted out at the general shareholders' meeting, in accordance with the Public Company Act BE2535's Article 76.
  - Court order termination
4. In the instance where a directorial post is vacant other than the completion of a specified term, the Board shall appoint a qualified individual in accordance with Company regulations who shall attend the next Board meeting, except where the term of the director is to be terminated in less than two months. The resolution of the Board shall consist of at least three fourths votes from the remaining members, whereby the candidate shall hold the post for the remainder of the term.

**Roles and Responsibilities of the Board of Directors**

- 1) New directors must attend the orientation pertaining to the Company's business.
- 2) Directors must comply with legal obligations, Company objective and regulations, as well as shareholders' resolutions honestly and honorably, upholding Company interests, and be accountable to the shareholders.
- 3) Determine and direct Company policies and direction, monitoring and supervising the management to carryout Company policies and regulations efficiently and effectively in accordance with good corporate governance practices, in order to increase and maximize the economic value and shareholders' wealth.
- 4) Constantly monitor the Company's operations and be conscious of compliance towards the laws and contracts of the Company, by designating the management to report updates on the operations and other matters of the Company to the Board of Directors on a monthly basis, to ensure effective operations.
- 5) Regularly report to the shareholders of the status of the organization in full, inclusive of its positive and negative outlooks with sufficient reasoning.

- 6) Ensure that the Company has an effective and reliable system for accounting, financial information disclosure, internal control and internal audit.
- 7) Regularly review the good corporate governance practices.
- 8) Play a key role in risk management operations by setting appropriate and sufficient approaches and measures that is regularly monitored.
- 9) Ensure that management is accountable to the stakeholders, in an ethical and fair manner.
- 10) Independent directors and other external directors shall be ready to express independent views on the formulation of strategy, management, resource utilization, director appointment and setting operational standards, as well as ready to object other directors or management whose actions may be contrary to the equality of all shareholders.
- 11) If necessary, the Board can seek profession consultation on business operations externally, supported by the Company's budget.
- 12) Appoint a Company Secretary to conduct the Board and Company's activities such as organize Board and shareholders' meetings, as well as regularly advising the Board and the Company in terms of compliance with laws and regulations, and to ensure that the Board and the Company disclose information that is accurate, complete and transparent.
- 13) Formulate the Code of Corporate Conduct, Business Ethics, and Code of Ethics for Directors, Executives, and employees.
- 14) Abstain from securities trade at least one month before the release of financial statements and at least three days thereafter.
- 15) Report their securities holdings and those of their husbands, wives, and children at the monthly Board meetings to the Company without delay under the following circumstances:
  - Having interests in any contract, direct or indirect, struck by the Company during the fiscal year.
  - Holding shares or corporate bonds of the Company or of its subsidiaries.
- 16) Attend at least one of the Thai Institute of Directors' (IOD) training courses, either the Director Accreditation Program (DAP) or the director Certification Program (DCP) to increase their operational skills.
- 17) Non-executive Directors are obliged to evaluate annually the performance of the President.
- 18) Non-executive Directors shall convene in meetings as necessary to discuss management issues without the participation from the Management, reporting the resolution to the President.
- 19) Each Director must hold no more than five directorships in SET-listed companies, excepting where a particular person holds more than the set number, the Board shall consider the individual's operational effectiveness of that Director and explain the reasoning and operational results to the shareholders.

### Board of Directors Meetings

The Board of Directors officially set meeting schedules throughout 2008, where the Chairman and President considered the agenda for each meeting, scheduled for every last Friday of each month, with extra meetings to be organized as necessary. The Office of the Secretariat of the Board of Directors sent out invitation letters, agenda, as well as complete accompanying documents and information to each director 7 days in advance, to give sufficient time for the directors to study, ask for clarifications from the Director of the Secretariat, propose amendments to the agenda via the Office of the Secretariat.





The Chairman allocated sufficient time for all meetings for directors to discuss, and freely and openly express their views. Complete minutes are taken, certified by the Board of Directors, which is stored and made available for inspection to Directors and involved parties. The minutes are properly stored and are easy to access, but could not be amended without the consent of the Board. Normally, Board meetings last about three hours.

In order to elevate the standards of good governance, the Board of Directors has determined that there should be no less than three meetings for non-executive Directors and meetings for independent directors starting in 2009, in order to discuss general management or good corporate governance issues.

In 2008, The Board called for 12 meetings, with the addition of one special agenda. The Board also called for a Corporate Strategic Seminar with Executives to set strategic goals and various work plans for 2009. Summary of attendance are detailed as follows:

Name	Attendance/Total Meeting (Times)				Remark
	Regular Agenda	Special Agenda	Seminar	Total	
1. General Tawat Ked-Unkoon	12/12	1/1	1/1	14/14	-
2. Mr.Chai-Anan Samudavanija	11/12	1/1	1/1	13/14	-
3. Mr.Anusorn Tamajai	12/12	0/1	13/14	-	
4. Mr.Wirat lam-Ua-Yut	12/12	1/1	1/1	14/14	-
5. Mr.Nipon Surapongrukchareon	12/12	1/1	1/1	14/14	-
6. Mr.Pichai Chunhavajira	11/12	1/1	1/1	13/14	-
7. Mr.Apsit Rujikeatkamjorn	11/12	1/1	1/1	13/14	-
8. Mr.Sayan Satangmongkol	12/12	1/1	0/1	13/14	-
9. Miss Pranom Kowinwipat	12/12	1/1	1/1	14/14	-
10. Mr.Chaivat Churitti	12/12	0/1	1/1	13/14	-
11. Mr.Tevin Vongvanich	9/12	0/1	1/1	10/14	-
12. Mr.Thevan Vichitakul	8/8	1/1	1/1	10/10	Appointed 25 Apr 08
13. Dr.Twarath Sutabutr	1/1	0/0	1/1	Appointed 28 Nov 08	
14. Dr.Anusorn Sangnimnuan	12/12	1/1	1/1	14/14	-
15. Mr.Sathit Limpongpan	4/4	0/0	0/0	4/4	Term End 25 Apr 08
16. Mr.Nares Sattayarak	6/9	0/1	0/1	6/11	Resigned mid-term on 1 Oct 08

In 2008, the Meeting of the Board of Directors 9/2008 on August 25, 2008, prior to the meeting, non-Executive Directors convened together without management, informing the President of the issues to be discussed pertaining to management, so that Executives can take action on those issues.

Additionally, the Board of Directors also evaluated the support effort of the Office of the Secretariat to the Board of Directors to use the resolution in improving and determining approaches in developing Board meeting with that maximizes effectiveness and benefits.

### Board of Directors' Self-Assessment

In order to adhere to good corporate governance practices, the Board of Directors stipulates that it shall assess its performance at least once a year. In 2008, the Board maintained the three practices of self-assessment, namely individual self-assessments, cross-assessments and group assessments which are based on guidelines set by the Stock Exchange of Thailand and the Thai Institute of Directors as in previous years. Additionally, in order to continuously raise the standard of good corporate governance, **this year the Board included the self-assessments of the various committees as well, namely the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Enterprisewide Risk Management Committee, in order to help the Board of Directors and various committees consider and review their operational duties, problems and obstacles, analyzing the assessments of the directors, offering suggestions on the improvement and development of operations. The cross evaluations randomly selects one Director to evaluate another, with the identity and comments of the appraiser undisclosed.** The self-assessment can be summarized as follows:

- Individual self-assessments averaged 73 out of a full score of 80, in the outstanding range, and individual cross-assessments averaged 74 out of a full score of 80, in the outstanding range. Both assessments utilize the same three topics, namely the setting of corporate strategies and direction, the monitoring and evaluation of management, and directorial responsibilities, detailed as follows:
  1. Setting corporate strategies and direction
 

Most directors saw that the Board had a role in the consideration and revision of the corporate mission and vision, and sufficiently understood the Company's strategies. Additionally, most directors felt that the Board plays a part in discussions and offering suggestion that were specialized knowledge that will be beneficial in setting corporate strategies and direction.
  2. The monitoring and evaluation of the management
 

Most Directors felt that all directors played a role in having the management present action plans to resolve situations where perform fail to meet target/business plans. This also includes their participation in coordinating between the Board and the management, offering explanations and suggestions that are beneficial for Executive in policy implementation and realization.
  3. Directorial responsibilities
 

Most Directors believed that all Directors regularly participated in Board and committee meetings that they are part of. This also pertains to the consideration of important decisions for the Company, where all the Directors thoroughly reviewed the information on the basis of accuracy on behalf of Company and shareholders' interests, as well as the awareness of the importance of the conflict of interests policy, which was strictly adhered to. The Directors also played a role in setting the policy pertaining to the disclosure of complete, accurate and transparent information to the shareholders. The Directors ensured that the Company effectively implemented systems of internal control, risk management, and compliance to various related regulations, as well as arrange for the compilation of accounting-standard and accurate financial reports.
- Group assessment averaged 154 out of a full-score of 160, in the outstanding range, based on eight topics namely the structure and qualities of the Board of Directors, the formulation and monitoring of strategic plans, risk management/internal audit, monitoring to prevent conflict of interests, Board meetings, the readiness and personal development of the director, setting nomination/remuneration and interaction with the management, as detailed in the following:
  1. The structure and qualities of the Board of Directors



The Board felt that the number of directors in the Board is appropriate with the nature of the Company's business operations facilitating the effective fulfillment of the roles and responsibilities of the Board, consisting of individuals with a combination of knowledge, experience and expertise in a variety of fields that is appropriate for the Company. The number of independent Directors is sufficient (6 out of 14) who are able to make decisions that are independent from the management, and the appointment of these independent Directors in the various committees to monitor important issues was done appropriately clearly stipulating the roles, components and work processes of the committees. Additionally, the Board supports the orientation of new Directors, as well as stimulated Directors to regularly participate in training to increase knowledge and skills of directorships.

2. The formulation and monitoring of strategic plans

The Board felt that most of the Board had a part in setting or considering and suggesting their opinions pertaining to the vision, mission, strategy, target, business plan and budget as an approach in operations, whereby the considerations were given importance and sufficient time as it pertains to the business direction of the Company. The Board also monitors progress from the management and determined that regular performance reports include comparisons with targets to be reported to the Board. Executives were designated appropriate operational powers, which is not too much as to cause risk or too little as to hinder the management from fulfilling their duties. Additionally, the Board also clearly determined the flow of operational authority and the authorization process for financial transactions, as well as the communication of corporate strategies to involved parties and throughout the organization.

3. Risk management/internal audit

The Board felt that most Directors regularly monitored risk management such as appointing the management to prepare risk management reports to be presented to the Board on a regular basis, monitoring and reviewing so as to ensure that the Company has a sufficient and appropriate system of internal controls, as well as ensure that there are regular internal audits, determining that audit reports be presented to the Internal Audit Committee or Board regularly.

4. Monitoring to prevent conflict of interests

The Board felt that all Directors were aware of transactions that linked and those that have a conflict of interest, and appropriately and meticulously considered each one with the maximum interest of the Company. The Board abided completely and correctly to the criteria set by the Stock Exchange of Thailand, and made sure that it was being strictly carried out. It also gave importance and sufficient time in monitoring operational compliance to the Board's business ethics.

5. Board Meetings

The Board felt that the number of Board meetings is appropriate, enabling the Board to fulfill its duties effectively and able to monitor the Company, and operate business successfully. The agendas are appropriate for the Board meeting and help the Board to effectively fulfill their duties, with most of the Board having sufficient time ahead of meetings to study the information. In the instances when information is insufficient, the management is contacted to obtain further information prior to the meeting. During the meeting, the Board expressed their opinions creatively, appropriately and independently considering the relevant targets, business policies, and important risks from the management. They are able to discuss important issues at Board meetings and understand which issues important and allocate the appropriate time to consider those issues, without unnecessary tangents to other less important issues, able to accept each other's differences without conflict. Following the meetings, detailed and accurate reports are made, which are able to be revised for correctness and completeness.

6. The readiness and personal development of the Director

The Board felt that most Directors understand the Company's business, able to trust each other, express their opinions and openly work together, without falling under the influence of any particular individual. There are clear roles and responsibilities between the Board, committees and the management, finding information or following developments pertaining to the economy and industry, regulation changes, the state of completion which has helped the Board fulfill their duties effectively. Additionally, Directors are encouraged to enter training so they understand their duties as director.

#### 7. Setting nomination/remuneration

The Board felt that the nomination and remuneration process for Directors and the President has been appropriately chosen, corresponding with the needs of the Company, as well as being clear and transparent, before seeking the approval of the shareholders. In terms of remuneration, the Board proposed the remuneration of the Directors for the consideration and approval by the shareholders which is transparent and in line with the business performance and in an appropriate level compared to the same industry. Additionally, in terms of the remuneration of the upper management, the Board felt that they have clearly and transparently, motivating returns for shareholders. As for the assessment of the President, the Board of Directors has an appropriate process for the annual performance assessment, taking into consideration the target, performance, and target achievements.

#### 8. Interaction with Executives

The Board felt that most Directors can discuss directly with the President, have good relationships with the management, whereby the President can seek advice from the Directors when necessary, the Board abstaining from interfering with the business operations of the management. Additionally, the Board played a role is appropriately considering resolutions in the circumstance where the management is unable to follow business plans and the designated budget.

- The self-assessment of the various committees in 2008, which is the assessment of the roles, responsibilities and meetings, are detailed in as follows:
  - Audit Committee (AUDIT). Averaging 80 points out of a total of 80, excellent criteria.
  - Nomination and Remuneration Committee (NRC). Averaging 42 points out of a total of 48, excellent criteria.
  - Management Committee (MANCOM). Averaging 47 points out of a total of 48, excellent criteria.
  - Enterprisewide Risk Management Committee (ERMIC). Averaging 47 points out of a total of 48, excellent criteria.

#### The Orientation of New Directors

The Company has stipulated that there be an orientation for new Directors, where they will be briefed of the Company's overall picture in the following areas:

- Business limitations (legal limitations, Cabinet resolutions, rules and regulations)
- Significant Company initiatives
- Organizational development
- Good corporate governance policy and direction
- Activities for the community and the environment

Additionally, the Company organizes a corporate tour for new Directors, including the refinery, terminals, and service stations, as well as provides new Directors with the "Manual for Directors of Listed Companies" from the Securities and Exchange Commission, along portfolios pertaining to the Company's Board of Directors and Executives to serve as a manual for the new Director. Additional topics covered include the following:

- Corporate vision and goals
- Brief biographies of other Directors and Executives
- Directorial credentials and remuneration
- Directorial roles, power and responsibilities
- Managerial structure
- Risk management manual
- Information about the Company's establishment
- Memorandum of Association, guarantee letters, and rules and regulations



### Director's Training

The Company encourages Directors to seek additional training in order to enhance their knowledge and understanding of good corporate governance, rules, regulations, as well as directorial roles and responsibilities for more efficient and ethical corporate management. In 2008, Mr.Sayan Satangmongkol received training for the Role of the Compensation Committee (RCC), Mr.Anusorn Tamajai and Mr.Sayan Satangmongkol received training for the DCP Refresher Course (RE DCP), which brings the total number of directors receiving DCP and DAP training to 12 out of a total of 14 directors. Additionally, the Company has applied for the membership status of all Directors at the Thai Institute of Directors, so that they may receive news and information to enhance their knowledge. All notification of training programs or director-related training documents the Company receives will be forwarded to the Directors for consideration.

The Directors' training programs can be summarized as follows

NO.	Name-Surname	Director Certification Program	Director Accreditation Program	Finance for Non-Finance Director
1.	General Tawat	Ked-Unkoon	-	2004
2.	Mr.Chai-Anan	Samudavanija	-	-
3.	Mr.Anusorn	Tamajai	2003	2004
4.	Mr.Wirat	Iam-Ua-Yut	-	2006
5.	Mr.Nipon	Surapongrukchareon	2003	-
6.	Mr.Pichai	Chunhavajira	2008	2005
7.	Mr.Apsit	Rujikeatkamjorn	-	2004
8.	Mr.Sayan	Satangmongkol	2004	2004
9.	Miss Pranom	Kowinwipat	2001	-
10.	Mr.Chaivat	Churitti	-	2007
11.	Mr.Tevin	Vongvanich	2002	-
12.	Mr.Thevan	Vichitakul	2002	-
13.	Dr.Twarath	Sutabutr	-	-
14.	Dr.Anusorn	Sangnimnuan	2005	2005
15.	Mr.Sathit	Limpongpan <sup>1/</sup>	2003	-
16.	Mr.Nares	Sattayarak <sup>2/</sup>	2006	2006

NOTE : 1/ Term completed on April 25, 2008

2/ Resigned October 1, 2008

Furthermore, the Company had invited external and internal lecture to enhance the knowledge and understanding of for the Directors and Executive, whereby in 2008 the Company invited officers from the Securities and Exchange Commission to educate and explain the roles and responsibilities of directors, in accordance to Securities and Exchange Act (No. 4) B.E. 2551 which was amended, so that Directors and Executives have a clearer understanding and able to ensure legal compliance

### 3. Committees

The Board established the following five committees to assist in the good corporate governance of the Company.

#### 1. Audit Committee-AUDIT

The present Audit Committee is composed of four members, all of whom are independent Directors and up to three members who possess financial, accounting or auditing knowledge or experience. They are legally designated there by the Board, with regular meetings at least once every quarter, as detailed in the following.

	Name	Title	
1.	Mr.Anusorn Tamajai	Chairman	Independent Director with financial and accounting knowledge
2.	Miss Pranom Kowinwipat	Director	Independent Director with financial and accounting knowledge
3.	Mr.Wirat lam-Ua-Yut	Director	Independent Director
4.	Mr.Nipon Surapongrukchareon	Director	Independent Director with financial and accounting knowledge

\* If necessary, the Audit Committee can seek external opinion, with the Company bearing the expenses.

#### Roles and Responsibilities of the Audit Committee

- 1) Ensure that the Company's financial disclosures are accurate and sufficient to legal requirements.
- 2) Ensure that the Company has appropriate and effective internal control and audit systems, reviewing the effectiveness and sufficiency of the risk management process.
- 3) Monitor the Company's compliance to the Securities and Exchange Act, the Stock Exchange of Thailand's regulations and related business laws.
- 4) Consider related transactions or transactions that have a conflict of interest so as to meet the Stock Exchange of Thailand's rules and regulations.
- 5) Jointly review and discuss with the management on audited weaknesses and management responses.
- 6) Have the authority examine and interrogate persons under the scope of power of the Audit Committee and to hire external experts in accordance to Company rules and regulations.
- 7) Produce and disclose the Audit Committee's report, with the Chairman's signature, in the Company's annual report.
- 8) Consider, select, and nominate individuals who are independent to serve as auditors for the to review the Company's accounts, and propose remuneration for those individuals, as well as join meeting with auditors at least once a year without the interference of management.
- 9) Review the auditing scope and plan for auditors and the internal control office for consistency and coordination, and reduce financial audit redundancy.
- 10) Approve the charter, plan, budget and manpower of the Internal Audit Office.
- 11) Consider, nominate, and assess the annual performance of the director of the Internal Audit Office, as well as the independence of the Internal Audit Office.
- 12) Review the efficiency and effectiveness of the information technology related to internal audit and risk management.
- 13) In the carrying out of the duties of the Audit Committee, if any transaction or action is found or suspected of significantly affecting the performance and financial status of the Company, including
  1. Transactions with a conflict of interest.
  2. Important corruption, abnormality, or defect to the internal control system.
  3. Violation of Securities and Exchange laws, Stock Exchange regulations, or business-related laws.



The Audit Committee shall report to the Board of Directors to carry out improvements within the appropriate length of time allocated by the Audit Committee. Shall the Board of Directors of the executives fail to oblige in the allocated amount of time, a remuneration auditor may report of transactions, or actions to the NRC or SET.

14) Other actions appointed by the Board of Directors with the consent of the Audit Committee.

### Remuneration

Each member is allocated a monthly allowance of Baht 10,000 and meeting allowances of Baht 5,000 (only for participating directors) and the Chairman earn an additional 25%.

## 2. Nomination And Remuneration Committee (NRC)

In accordance to good corporate governance principles and the desired guidelines for the Board of Directors of listed companies in the Stock Exchange of Thailand, the Board of Directors have established the Nomination and Remuneration Committee (NRC) to search for and consider remuneration for the directors and executives, so as to ensure transparency, justice and in line with the written policies in the Nomination and Remuneration Policy, as follows.

### Director Nomination Policy

“The Company’s Nomination and Remuneration Committee (NRC) will give priority to individuals who are knowledgeable and capable, have experience, a good profession record, and have leadership skills, far-reaching vision, as well as be just, ethical, and have a good perspective of the Company able to dedicate appropriate time to the business operations of the Company. Additionally, the Committee will consider characteristics that are appropriate and in line with the components and structure of the Company’s corporate strategy, which shall be carried out in a transparent manner to ensure shareholders’ confidence.

### Compensation Policy

“Determining the Directors’ compensation, the Company will consider the roles, responsibilities and comparable remuneration rates of Stock Exchange of Thailand listed-companies. The compensation shall be sufficient to motivate Directors perform their duties to the utmost quality in order to achieve targets and business directions. This process shall be transparent to ensure shareholder confidence.

Additionally, the Board designed the following official and transparent director nomination process.

1. Minor shareholders are invited to nominate candidates for the Company’s directorial posts.
2. The Nomination and Remuneration Committee considers and reviews the Board of Directors to align it with the Company’s strategy.
3. The Board based the competency and experience of new directors on the Director Qualification and Skill Matrix tool.
4. The Nomination and Remuneration Committee nominates qualified candidates for the directorial posts, to replaced retired Directors whose terms are completed or appoint additional directors to the Committee’s Secretary.
5. The Nomination and Remuneration Committee selects appropriate candidates for the directorial posts and propose an appropriate compensation to the Board for approval.
6. The Board approves the list of Directors for approval at the annual general meeting.

The Nomination and Remuneration Committee determined that there shall be one meeting each quarter. Presently the Committee is composed of 5 directors, with at least one Director who is competent in terms of human resource management. The current as listed in the following.

	Name	Title	
1.	Mr.Chai-Anan Samudavanija	Chairman	Non-executive and independent director
2.	Mr.Pichai Chunhavajira	Director	Non-executive director
3.	Mr.Sayan Satangmongkol	Director	Non-executive director
4.	Mr.Chaivat Churitti	Director	Non-executive director
5.	Mr.Nipon Surapongrukchareon	Director and Secretary	Non-executive and independent director

#### The Nomination and Remuneration Committee's limitations, roles and responsibilities

1. Determine the qualities, and the means to search for candidates to assume the vice and presidential positions.
2. Select and nominate qualified candidate for the directorial, vice and presidential positions to the Company's Board of Directors.
3. Determine the criteria or methodology to determine the remuneration for the directors, president, and vice-presidents.
4. Propose directorial compensations to the Board of Directors for endorsement and presented to the shareholders for approval.
5. Propose compensations for the President and vice-presidents to the Board of Directors for approval.
6. Annually review and finalize presidential succession plan, and reporting to the Board of Directors.
7. Perform any other duties delegated by the Board of Directors.

#### Compensation

The meeting allowance is set at Baht 10,000 (only for attending Directors) and the Chairman of the Nomination and Remuneration Committee receives an additional 25%.

### 3. Management Committee (MANCOM)

To ensure the highest efficiency of the Company's management aligned to the direction, policies and goals of the Board of Directors, building the prosperity and sustainability of the business, the Board of Directors established the Management Committee, entrusted with the scope and responsibilities authorized in writing by the Board. The present MANCOM is composed of directors, who are knowledgeable and competent in management, consists of the following individuals.

	Name	Title
1.	Mr.Pichai Chunhavajira	Chairman
2.	The President	Director
3.	Senior Executive Vice President	Director
4.	Corporate Planning and Investor Relations Office	Secretary

#### The Management Committee's limitations, roles and responsibilities

1. Manage and supervise the Company's operations to ensure it effective alignment to the Company's direction/goals and build business strength in accordance to the Board of Director's policies. MANCOM shall screen various agendas that will be presented for the Board of Directors' consideration and execute plans appointed therein by the Board of Directors, reporting results back to the Board.





2. Plan and screen short and long-term plans to achieve Company objectives and goals.
3. Plan and screen financial management to reduce financial burden and strengthen the financial structure.
4. Plan and screen proactive public relations to build and sustain a positive corporate image.
5. Perform any other duties delegated by the Board of Directors.
6. Strict adherence to the law, Company objectives, requirements, and regulations.

#### Compensation

- None -

#### 4. Enterprisewide Risk Management Committee (ERMC)

The Enterprisewide Risk Management Committee is responsible for the management of the Company's risks within the scope stipulated in writing by the Board of Directors in accordance with the terms and conditions. The ERMC is composed of directors and consultants totaling seven individuals, with at least one director who is knowledgeable and experienced in risk management, as listed in the following.

	Name	Title
1.	Mr.Nipon Surapongrukchareon (Board representative)	Chairman
2.	Mr.Thevan Vichitakul	Director
3.	Mr.Tevin Vongvanich	Director
4.	Dr.Twarath Sutabutr	Director
5.	Mr.Taweesak Vorapivuth (Risk Management specialist)	Consultant
6.	Assoc. Prof. Pradit Wannarat (Risk Management specialist)	Consultant
7.	The President	Director and Secretary

#### The Enterprisewide Risk Management Committee's limitations, roles and responsibility

1. Set policy, strategy and goals of enterprisewide risk management.
2. Develop the continua effectiveness of enterprisewide risk management.
3. Support and promote cooperation for risk management at every level of the Company.
4. Ensure that the Company has appropriate and effective risk management.
5. The Chairman of the ERMC shall report the results of meetings at the next Board meeting.
6. Perform any other duties delegated by the Board of Directors.

#### Compensation

The Board representative, specialist of risk management experts shall receive a meeting allowance of Baht 10,000 for each meeting (only for participating directors) and the ERMC Chairman as additional 25%.

#### 5. Corporate Governance Committee (CGC)

The Corporate Governance Committee is responsible for the observation of good corporate governance of every part of the organization in accordance with the Company's Good Corporate Governance guidelines stipulated in writing by the Board. The CGC also has to consider and continuously improve the Company's corporate governance so as to meet international standards. The present CGC is composed of five directors, with at least one being knowledgeable and competent in the understanding of various international good corporate governance standards. Members are listed in the following.

	Name	Title	
1.	Mr.Wirat lam-Ua-Yut	Chairman	Non-executive and independent director
2.	Mr.Sayan Satangmongkol	Director	Non-executive director
3.	Mr.Apsit Rujikeatkamjorn	Director	Non-executive director
4.	Dr.Twarath Sutabutr	Director	Non-executive director
5.	Mr.Anusorn Sangnimnuan	Director and Secretary	Executive director

### The Corporate Governance Committee's limitations, roles and responsibilities

1. Propose good corporate governance guidelines to the Company's Board.
2. Monitor the Board and management's operations for adherence to good corporate governance principles.
3. Review the good corporate governance guidelines compared to international standards, and continuously propose improvements to the guidelines to the Board.
4. Delegate the good corporate governance policy to the Company's good corporate governance taskforce.
5. Authorized to invite external parties who are knowledgeable and have the expertise to serve as consultants and sit in meetings at the Company's expense.
6. Perform any other duties delegated by the Board of Directors.

### Compensation

The meeting allowance for Committee members is Baht 10,000 for each round of meetings (only for participating directors) and the Chairman receives an additional 25%.

### The Sub-Committee meetings

In 2008, the sub-committees held meetings as shown in the following:

2008 <sup>1/</sup>	Sub-Committees					Note
	AUDIT	NRC	MANCOM	ERMC	CGC	
1. General Tawat Ked-Unkoon	-	5/5	-	-	-	-
2. Mr.Anusorn Tamajai <sup>12/12</sup>	-	-	-	-	-	-
3. Mr.Wirat lam-Ua-Yut	11/12	-	-	-	4/4	-
4. Mr.Nipon Surapongrukchareon	12/12	5/5	-	9/9	-	-
5. Mr.Pichai Chuhavajira	-	2/5	6/6	-	-	-
6. Mr.Sayan Satangmongkol	-	5/5	-	-	4/4	-
7. Miss Pranom Kowinwipat	12/12	-	-	-	-	-
8. Mr.Apsit Rujikeatkamjorn	-	-	-	-	2/2	-
9. Mr.Chaivat Churitti	-	1/2	-	-	-	-
10. Mr.Tevin Vongvanich	-	-	-	5/6	-	-
11. Mr.Thevan Vichitakul	-	-	-	6/6	-	-
12. Dr.Anusorn Sangnimnuan	-	-	6/6	-	4/4	-
13. Dr.Twarath Sutabutr <sup>2/</sup>	-	-	-	-	-	- -
14. Mr.Nares Sattayarak	-	-	-	6/6	1/3	Resigned

October 1, 2008

note: 1/ One Director did not sit as Chairman to any committee, namely General Tawat Ked-Unkoon

2/ Appointed as director in the ERMC and CGC on December 19, 2008



#### 4. The Company's Office of Secretary to the Board of Directors

The Board of Directors appointed Mr.Chokchai Assavarangsarit, Vice President of the Office of Secretary to the Board of Directors, to be the Company's secretary to advise the Directors and Executives on relevant regulations and legal affairs, and facilitate the Board's activities and coordination actions to ensure the Board's and shareholders' resolutions are executed in line the Company's good corporate governance principles.

The Secretary to the Board of Directors main roles and responsibilities include the following:

- Organize the annual general meeting and Board of Directors' meeting in according with the law and Company regulations, and various guidelines.
- Record the annual general meeting and Board of Directors' meeting as well as monitor that shareholder's and Board of Directors' resolutions are executed accordingly.
- Monitor that the information and reports of related units are disclosed Executive units are in accordance to official rules and obligations.
- Contact and communicate the various shareholder rights and Company update to the general shareholders.
- Perform any other duties delegated by the Board of Directors.

#### 5. Management

There are 8 executives in the Company (as of December 31, 2008) as follows.

	Name	Title
1.	Mr.Anusorn Sangnimnuan	President
2.	Mr.Vichien Usanachote	Senior Executive Vice President Refinery Business
3.	Mr.Patiparn Sukorndhaman	Senior Executive Vice President Accounting and Finance
4.	Mr.Wattana Opanon-amata	Senior Executive Vice President Corporate Administration and Information Technology
5.	Mr.Yodphot Wongrukmit	Executive Vice President/Retail Marketing
6.	Mr.Bundit Sapianchai	Executive Vice President Business Development and Strategy
7.	Miss Revadee Pornpatkul	Vice President Accounting and Tax, Accounting and Finance
8.	Miss Nintira Abhisinha	Vice President Finance and Credit, Accounting and Finance

##### Board requirements on the limitations, roles and responsibilities of the management

The Board has stipulated the roles, duties and responsibilities of the management as follows:

1. Carry out the activities and/or manage the daily operations of the Company in line with the Company's policies, work plans, goals, regulations, and requirements set forth by the Board.
2. Manage in strict accordance to Board resolutions within the allocated budget with honesty and caution to protect Company and shareholders' interests.
3. Regularly and continuously reporting the performance, development of resolution executions, and Company performance that are important to the Board at least once a month.
4. Carry out various Company activities in accordance with good corporate governance principles that have been stipulated by the Board.
5. Shall not engage or participate in any business of a similar nature which may be in competition with the Company, albeit personal or for another, except where the circumstance has been informed to the superior and the internal audit office and received an approval to proceed.

6. The President shall receive the approval from the Company's Board of Directors before serving as director in another Company, and executives require the approval from the President.
7. High ranking executives, including senior executive Vice-Presidents, Vice-President of Accounting and Taxation, and the Vice-President of Finance and Credit, shall refrain from securities trading one month the financial statement is released and at least three days following the release thereof. They must report their securities holding, and those of their spouses and children to the Board's monthly meetings. They must inform the Company without delay in the following cases:
  - There is a conflict of interest, albeit direct or indirect, in any contract the Company has entered into during the fiscal year.
  - Hold shares or corporate bonds of the Company or its subsidiaries.
8. Must train in courses which are beneficial to the Companies daily operations and management, the expense of which will be carried by the Company, so as to enhance their performance knowledge and skills. Additionally, the Board encourages that Senior Executive Vice Presidents attend the Director Certification Program (DCP) of the IOD in order to enhance their understanding of the roles, and duties of the Board, which leads to the effective management of the organization.

#### **Board resolution pertaining to the succession and development of management**

The Board has set the policy for the nomination of the President/Executive Vice-Presidents that stipulates that if endowed with the appropriate qualities, internal or external candidates are eligible to be considered for the position, so as to be appropriate to the Company's situation at that moment in time. The selection process will prepare personnel within the organization to temporarily perform duties on behalf of the President or high-level Executives in the case where the former are unable to perform their duties or with the completion of their term, reducing risks or effects of the lack of continuity in the management. For this reason the succession plan was drafted, where qualified candidates will be chosen by the NRC, which stipulated the following succession plan for the President and Vice-President as follows:

1. Designate the positions that require a succession plan, which consists of the President and Senior Executive Vice Presidents for all business and supporting units.
2. The NRC shall consider the desired level of competency and experience for the succession plan of each position.
3. The NRC shall consider the qualified management for the succession plan for each position.
4. Appoint the President to assess the work performance and knowledge qualified management, compared to the desired level of competency, in order to play personal development plans to reduce the competency gap.
5. Appoint the Human Resources Management and Management Committee to oversee the training and development of qualified executives.
6. The President shall provide responsibility rotation for the qualified executives as well as arrange for Senior Executive Vice-President attend Board meetings so that they understand, have the experience and readiness in the organization's administration.
7. The President shall regularly report the progress and result of the individual development plan of qualified executive candidates to the NRC.
8. The NRC shall review and summarize the succession plan of the President, and Senior Executive Vice President annually, and report to the Board of Directors.



### The Appointment of Management

According to Company terms and regulations, the Board of Directors shall consider the appointment of the positions from the level of Vice President. The Board has delegated the NRC to nominate Senior Executive Vice Presidents and present candidates for the consideration of the Board of Directors.

### The Assessment of the President's Performance

Non-executive Directors are responsible for the regular assessment of the President's performance, at least once a year. Each year, the Board of Directors shall assess the President's annual performance through the Key Performance Index (KPI) compared to the KPIs stipulated in the hiring contract and the work plan proposed to the Board of Directors. The President shall present the performance results in various fields such as the approach to refinery business management, marketing, and organizational development, at the same time briefing the current state of management in terms of successes, obstacles as well as the capacity to expand, compete and respond to governmental policies, etc.

The President was to complete his term of office in 2008, prompting the NRC to compare individuals who will succeed as President by comparing internal and external candidates, as well as received the opinions of involved parties with the Company over the last four years under the leadership of the present President, inviting employees and executive representatives from various levels to feedback information pertaining to the management of the President. This information and the identities of these representatives are kept confidential from the President.

## 6. Directorial Compensation

The NRC had considered and determined directorial remuneration that is fair and appropriate, corresponding with their responsibilities, the Company's financial status, and comparing the amount to Stock Exchange of Thailand listed companies that are of the same industry and size range, as well as the average value of listed companies from the survey of directorial remuneration of listed companies of the Thai Institute of Directors Association. The remuneration shall be in the form of meeting allowances and bonus. Additionally, directors chosen to be Directors in various committees will also receive additional remuneration, corresponding to their increased responsibilities. The Company has received shareholders' approval at the shareholders meeting for the following remuneration:

### 1. Monthly remuneration and meeting allowances

The 2008 shareholders' meeting on April 25, 2008 had a resolution approving the following 2008 directorial remuneration:

#### Board of Directors

- Monthly remuneration 10,000 Baht/person
- Meeting allowances 20,000 Baht/person (Only for attending directors)

#### Committees

##### 1. Audit Committee

- Monthly remuneration 10,000 Baht/person
- Meeting allowances 5,000 Baht/person (Only for attending directors)

##### 2. Nomination and Remuneration Committee

- Monthly remuneration none
- Meeting allowances 10,000 Baht/person (Only for attending directors)

3. The Board of Directors shall justify and determine the remuneration of other committees if has established considering its appropriateness to the responsibilities of those committees.

The President and Chairmen of the committees shall receive monthly remuneration and meeting allowance that are 25% more than directors. The Vice-Chairman of the Board shall receive monthly remuneration and meeting allowance that are 12.5% more than directors.

## 2. The Board of Directors' bonus

At a rate of 1.5% of net profits, but no more than Baht 9,000,000 per year is to be allocated, with the Chairman and Vice Chairman receiving remuneration in the form of bonus 25% and 12.5% higher, respectively.

In 2008, the individual directorial remuneration is detailed in the following:

2008	Remuneration (Baht)						
	BOARD	AUDIT	NRC	ERMC	CGC	Bonus	Net
1. Gen Tawat Ked-Unkoon	500,000	0	0	0	0	828,546	1,328,546
2. Mr.Chai-Anan Samudavanija	450,000	0	62,500	0	0	745,691	1,258,191
3. Mr.Anusorn Tamajai	380,000	225,000	0	0	0	662,837	1,267,837
4. Mr.Wirat lam-Ua-Yut	420,000	175,000	0	0	50,000	662,837	1,307,837
5. Mr.Nipon Surapongrukchareon	420,000	180,000	50,000	112,500	0	662,837	1,425,337
6. Miss Pranom Kowinwipat	420,000	180,000	0	0	0	662,837	1,262,837
7. Mr.Sayan Satangmongkol	400,000	0	50,000	0	40,000	662,837	1,152,837
8. Mr.Pichai Chunhavajira	380,000	0	20,000	0	0	662,837	1,062,837
9. Mr.Apsit Rujikeatkamjorn	400,000	0	0	0	20,000	662,837	1,082,837
10. Mr.Chaivat Churitti	400,000	0	10,000	0	0	452,055	862,055
11. Mr.Tevin Vongvanich	320,000	0	0	50,000	0	452,055	822,055
12. Mr.Thevan Vichitakul	300,000	0	0	60,000	0	0	360,000
13. Dr.Twarath Sutabutr	30,000	0	0	0	0	0	30,000
14. Dr.Anusorn Sangnimnuan	420,000	0	0	0	40,000	662,837	1,122,837

### Directors whose terms have ended or have resigned prior to the completion of their terms

2008	Remuneration (Baht)						
	BOARD	AUDIT	NRC	ERMC	CGC	Bonus	Net
15. Miss Chutharat Sutteethorn	0	0	0	0	0	218,073	218,073
16. Mr.Sathit Limpongpan	120,000	0	0	0	0	338,047	458,047
17. Mr.Nares Sattayarak	210,000	0	0	60,000	10,000	662,837	942,837
<b>Total</b>	<b>5,570,000</b>	<b>760,000</b>	<b>192,500</b>	<b>282,500</b>	<b>160,000</b>	<b>9,000,000</b>	<b>15,965,000</b>

Note :   
 • Bonus: calculated from the performance in 2007 and paid in 2008   
 • The independent Directors (number 1-6) do not hold directorships in committees or subsidiaries and hence have no remuneration for the said positions

### Directorial remuneration summary for 2007 and 2008

Remuneration	2007		2008	
	Total	Baht	Total	Baht
Meeting allowances	15	6,135,000	16	6,965,000
Net bonus	13	1,373,785	15	9,000,000
<b>Total</b>		<b>7,508,785</b>		<b>15,965,000</b>



## 7. Management Compensation

The Company annually assesses the management through the use of the Key Performance Index (KPI), by comparing KPIs stipulated in the hiring contract and/or operation plan proposed to the President and/or Board of Directors, which is linked to remuneration rate received according to the criteria stipulated by the Board of Directors. The President's performance is also assessed annually by non-executive Directors, as aforementioned, in which case the NRC will consider and determine the compensation that reflects the performance, and meets the standards of various companies in the same industry, proposing the appropriate remuneration rates to the Board of Director for consideration approval.

The President and Executives, totaling six members received remunerations in the 2008 fiscal year totaled Baht 33,808,122, as detailed in the following.

### Total remunerations of upper management

Remuneration	2007		2008	
	Total	Baht	Total	Baht
Salary including bonus and disciplinary bonus	6	31,947,392	6	33,808,122

### Provident fund for the Company's upper management

Remuneration	2007		2008	
	Total	Baht	Total	Baht
Provident funds	6	2,566,625	6	2,694,315

### Management and persons with control power as of December 31, 2008

No.	Name	Position in Company	Position in subsidiaries		Position in associated companies Fuel Pipeline Transportation Co., Ltd.
			Bangchak Greenet Co., Ltd.	Bangchak Biofuel co., Ltd.	
1.	Dr.Anusorn Sangnimnuan	President	-	Chairman	-
2.	Mr.Vichien Usanachote	Senior Executive Vice President/Refinery Business	-	-	Director
3.	Mr.Patiparn Sukorndhaman	Senior Executive Vice President/Accounting & Finance	Director	Director	Director
4.	Mr.Wattana Opanon-amata	Senior Executive Vice President /Corporate Administration and Information Technology	-	Director	Director
5.	Mr.Yodphot Wongrakmit	Executive Vice President Retail Marketing	Director	-	-
6.	Mr.Bundit Sapianchai	Executive Vice-President Business Development and Strategy	-	-	-

#### Management remunerations for the services in subsidiaries and associated companies

- None -

### 8. Personnel

As of December 31, 2008, the Company has a total staff of 898 persons, composed of

- Supporting staff (accounting and finance, administration and Information technology, the Internal Control Office, and Refining Projects) Total 297 persons
- Staff-Refinery Business Total 334 persons
- Staff-Marketing Business Total 267 persons

#### Personnel Remuneration

Employees shall be remunerated in the form of monthly salaries, work-shift fees, night-shift fees, overtime fees, provincial assignment fees, refinery on-standby payment, and disciplinary performance money. Employees are entitled to apply for the Provident Funds of Bangchak Petroleum Public Company Limited, choose a contribution of either 5% or 10% of their monthly salaries, which the Company will make the same contribution to the fund. In 2008, the Company compensated employees for a total of Bt745 million which in addition to monthly salaries, work-shift fees, night-shift fees, overtime fees, provincial assignment fees, refinery on-standby payment, and disciplinary performance money included additional rewards and welfare payment.

#### Significant change in the number of staff during the past 3 years

Over the last three years, the Company increased its staff size from 757 individuals (as of December 31, 2005) to 898 individuals (as of December 31, 2008), in order to facilitate the operations of the PQI which will begin production in 2009.

### 9. Human Resource Development Policy

The Company has the intention to develop its personnel towards excellence, to have high knowledge and competency to perform their duties within corporate governance principles, and have the potential to create fair and sustainable business returns by supporting employees to take on regular training within and outside the organization along with self-centered learning and lifelong learning in order to steer and realize Bangchak's culture of becoming a learning organization because the Company believes that having competent employees will help move the Company towards success. The has initiated the talent management project, which selects employees who have the qualities and behaviors that lead to professional success to develop this group of employees to step forward and grow with the organization.

In the past year, the Company has maintained its emphasis on knowledge management project which has been continued for many years in order to promote the creation of a learning organization culture by organizing various knowledge sharing activities for employees to take part in such as the Show & Share Public, which invites employees to submit useful topics that they have personally carried out and presented, shared and exchange knowledge within their divisions, and compete at the Company level and following the submission, fellow employees give points to topics which are the most beneficial. Additionally, the Company also organized activities to promote employees to brainstorm new ways of works, to reduce procedures, capital, as well as figure new ways to resolve problems that occur, which will be made into Best Practices. The Company compiles the knowledge submitted by employees and stored in the system, to allow fellow employees to be able to access and learn continuously and adapt and incorporate the knowledge into their daily operations.





Additionally, the Company has determined the qualities of knowledge, skills and behavior of the Executives and employees (Core competency) to support the direction of future operations, as well as assess the competency gap the Company desires. In 2008, the Company maintained the importance of the individual development plan, through the various internal and external training programs to ensure that all employees possess the qualifications as required by the Company's core competency. This includes the following six characteristics.

1. **“Ability for adaptation and initiation”** is the ability to understand the organization and environment by opening the mind to change, learning new things, thinking outside the box and initiating new projects to create the opportunities, leading the organization to ultimate success.
2. **“Leadership”** is the quality of being a visionary leader, with the courage to think and act on things that are beneficial to the Company with transparency, fairness as well as ready to exchange opinions, be accountable for the consequences, as well as advise and inspire other to cooperate and be accepted at all levels.
3. **“Teamwork”** is the ability to work as a team with a service mind, the willingness to work with other and enthusiasm to assist other, accept the value of others, and promote good relationships with both internal and external parties in order to create cooperation and service at work to ensure that all objectives are achieved.
4. **“Organization Commitment”** is the determination and dedication to realize the goals of the organization using methods that are appropriate, profession, and effective, ready to develop the work process in order to elevate the general performance to be widely accepted and ensure business success and growth in a sustainable manner.
5. **“Personal Mastery”** is drive to learn, enthusiasm and determination to strive for new knowledge, ready to that knowledge to continually develop personal and organizational potential.
6. **“Social and SHE awareness”** is the awareness and observation of safety, occupational health and environmental principles, corresponding with international standards and the organization's operations, as well as the consciousness for the public and participation in the activities that are beneficial to the organization, community and society.

The management and employees attended a total of 4,431 days (manday) of in-house training programs. The courses promoted by the Human Resource Development division to enhance the skills and knowledge in 2008 totaled 27 courses, emphasizing the enhancement of planning skills, operational problem solving skills, risk management, environmental and energy conservation, as well as necessary laws, general knowledge and various techniques for the performance of all work units.



# Board of Directors



- 1. General Tawat Ked-Unkoon
- 2. Professor Dr.Chai-Anan Samudavanija
- 3. Dr.Anusorn Tamajai
- 4. Mr.Pichai Chuhavajira





- 5. Mr.Sayan Satangmongkol
- 6. Mr.Thevan Vichitakul
- 7. Associate Professor Pranom Kowinwipat
- 8. Dr.Nipon Surapongrukchareon
- 9. Mr.Wirat lam-Ua-Yut





- 10. Mr.Apsit Rujikeatkamjorn
- 11. Dr.Twarath Sutabutr
- 12. Mr.Chaivat Churitti
- 13. Mr.Tevin Vongvanich
- 14. Dr.Anusorn Sangnimnuan







## Board of Directors



### General Tawat Ked-Unkoon

#### Chairman (Independent Director)

Age: 69

#### Education

- Chulachomklao Royal Military Academy (Bachelor of Science)
- Army Command & General Staff College
- National Defence College

#### Training on director's role and skills

- Director's role, the Securities and Exchange Act. B.E. 2535 (Amended B.E. 2551)
- The Role of the Chairman Program (RCP) from IOD
- Director Accredited Program (DAP) from IOD
- Finance for Non-Finance Director (FND) from IOD

#### Experience

- 1998 : Chairman of the Advisory Board, Supreme Command Headquarters, Ministry of Defence
- 2000 : Permanent Secretary for Defence

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**
  - None -
- **Other listed companies**
  - None -
- **Non-listed businesses**
  - Retired military officer

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### Mr.Chai-Anan Samudavanija

#### Vice Chairman (Independent Director) Chairman of the Nomination and Remuneration Committee

Age: 65

#### Education

- Ph.D., The University of Wisconsin (Madison)
- Master Degree, The University of Wisconsin (Madison)
- Bachelor's Degree, The Victoria University of Wellington, New Zealand
- Certificate in Social Planning, United Nations Asian Institute
- Honorary Doctorate (Development Administration), National Institute of Development Administration
- Honorary Doctorate, Edgewood College
- Honorary Doctorate and Outstanding Alumnus, the University of Wisconsin (Madison)
- Honorary degree, National Defence College

#### Experience

- 1996-June 2007 : Director, Vajiravudh College
- 1998-2000 : Judge, the Constitutional Court
- 2003 : Member, the Academy of Moral and Political Sciences  
Vice President, the Royal Institute  
: Vice President, the Royal Institute

- 1998 : Chairman, the Electricity Generating Authority of Thailand
- 1998 : Chairman, Electricity Generating Plc
- 1998 : Chairman, Krung Thai Bank Plc's Audit Committee
- 1998 : Director, Public Sector Development Committee
- 1998 : Executive Director, National Research Council of Thailand
- 1998 : Director, State Enterprise Policy Committee
- 2006-2008 : Member, National Legislative Assembly

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**
  - None -
- **Other listed companies**
  - None -
- **Non-listed businesses**
  - Chairman, House Committee on Education and Sports
  - Chairman, the Education Policy Institute
  - President, the Royal Institute
  - Chairman, the Basic Education Commission
  - Director, College of Management Mahidol University

## Dr. Anusorn Tamajai

### Independent Director, Chairman of the Audit Committee

Age: 43

#### Education

- Ph.D. (Economics), Fordham University New York, U.S.A
- Master (Business Administration), Southeastern University
- Master (Economics), Fordham University, New York, U.S.A
- Bachelor's Degree (Political Science) with honors, Chulalongkorn University

#### Training on director's role and skills

- Director Certification Program (DCP) from IOD
- Strategy and Policy Development from IOD
- Audit Committee Program (ACP) from IOD
- Role of the Chairman Program (RCP) from IOD
- Role of the Compensation Committee (RCC) from IOD
- Financial Statement for Directors (FSD) from IOD

#### Experience

- 2000 : Vice President, Country Regulatory, Research and Public Affairs, Citibank, Thailand

2002-2005

- : Senior Vice President, Fund Management and Research Planning Office, BankThai Plc.

2005-2006

- : Managing Director, BT Asset Management Co., Ltd.

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank** - None -
- **Other listed companies**
  - Director and Chairman of the Audit Committee, MCOT Public Company Limited
- **Non-listed businesses**
  - Dean, Rangsit University's Faculty of Economics
  - Executive director, Telecommunications Development for Public Benefit Fund (NTC)
  - Director, Center for the Promotion of National Strength on Moral Ethics and Values-PM's Office
  - Director, Pridi Banomyong Institute
  - Chairman, Free Press for Reform Co., Ltd.

## Dr. Nipon Surapongrukchareon

### Independent Director, Chairman of the Enterprisewide Risk Management Committee

Age: 48

#### Education

- Honorary Doctorate (Industrial Management), King Mongkut's Institute of Technology North Bangkok
- MBA, National Institute of Development Administration (NIDA)
- Bachelor's Degree (Political Sciences), Ramkhamhaeng University

#### Training on director's role and skills

- Director Certification Program (DCP) from IOD
- DCP Refresher from IOD
- Role of the Compensation Committee (RCC) from IOD
- Strategy and Policy Development from IOD
- Thai Directors' Compensation Survey from IOD
- Accounting Amendments that Directors Should Know from IOD

#### Experience

- Vice CEO, Thai Tabuchi Electric Co., Ltd.
- Director, the Moral Center, Office of Knowledge Management and Development (Public Organization)
- Director, Vocational Education Commission, Ministry of Education
- Specialist council member, King Mongkut's Institute of Technology Ladkrabang
- Chief Executive Officer, Sun Global Network Co., Ltd.
- Chairman, HMC Corporation Co., Ltd.
- Director, City Planning Committee, Department of Town and Country Planning
- Director, trade unit of Office of the Welfare Promotion Commission for Teachers and Education Personnel, Ministry of Education

- Specialist council member, Northeast, Khon Kaen
- Audit director, North Eastern University
- Specialist council member, Nakhon Phanom University

#### Present Position

- Vice Chairman, the Federation of Thai Industries
- **Subsidiary/Affiliated Company which is in the same rank** - None -
- **Other listed companies** - None -
- **Non-listed businesses**
  - Director, the Education Council, Ministry of Education
  - Director, Institute for the Promotion of Teaching Science and Technology
  - Specialist council member, King Mongkut's Institute of Technology North Bangkok
  - Specialist council member, Mae Jo University
  - Director, Universities' business incubation project, Higher Education Commission
  - Specialist council member, Siam University
  - Advisory Director, Market for Alternative Investment, Stock Exchange of Thailand
  - Specialist council member, Rajamangala University of Technology Thanyaburi
  - Specialist council member, Rajamangala University of Technology Krungthep
  - Specialist council member, Rajamangala University of Technology Suvarnabhumi



## Mr. Wirat Iam-Ua-Yut

### Independent Director Chairman of the Corporate Governance Committee

Age: 65

#### Education

- Honorary Master Degree in Science (Cooperatives Economics), Mae Jo University

#### Training on director's role and skills

- Director Accredited Program (DAP) from IOD
- Finance for Non-Finance Director (FND) from IOD

#### Experience

- 1997-2001  
: Chairman, Ka-Mung Tambon Administrative Authority, Nakhon Sawan
- 1992-2005  
: Chairman, Cooperatives League of Thailand, the Board of National Cooperatives Development

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**
  - None -
- **Other listed companies**
  - None -
- **Non-listed businesses**
  - Chairman, Chumsaeng Agricultural Cooperatives Co., Ltd.
  - Member, National Economic and Social Advisory Council
  - Chairman, Nakhon Sawan Cooperatives Club
  - Member, the Agricultural Board, Nakhon Sawan
  - Member, Cooperatives League of Thailand
  - Member, National Rice Policy Board

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## Miss Pranom Kowinwipat

### Independent Director

Age: 66

#### Education

- Master of Science (Accounting), Georgia State University, U.S.A
- Bachelor of Accounting, Thammasat University

#### Training on director's role and skills

- Audit Committee in a New Era of Governance, Harvard Business School (U.S.A.)
- Director Certification Program (DCP) from IOD
- The Role of the Chairman Program (RCP) from IOD
- Director's role, the Securities and Exchange Act. B.E. 2535 (Amended B.E. 2551)
- Corporate Fraud Detection and Prevention from IOD

#### Experience

- Director and Chairman of Audit Committee, Metropolitan Electricity Authority
- Director, Tax Auditor Examination Committee, Revenue Department, Ministry of Finance
- Director, Tax Auditor Compliance Committee, Revenue Department, Ministry of Finance
- Director, Office of the Civil Service Commission (OCSC)'s committee to interview applicants for Ph.D./Master Degree scholarships in Accounting
- Deputy Dean, Faculty of Commerce and Accountancy, Thammasat University
- Head of Accounting/Director, Faculty of Commerce and Accountancy, Thammasat University

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**
  - None -
- **Other listed companies**
  - Director and Chairman of Audit Committee, Thai Coating Industrial Plc.
  - Director and Member of Audit Committee, Bangkok Union Insurance Plc.
- **Non-listed businesses**
  - Director, the Office of National Education Standard and Quality Assessment (Private Organization) ONESQA
  - Advisor to the Rector, Thammasat University
  - Qualified Director, Faculty of Commerce and Accountancy, Thammasat University
  - Lecturer, Faculty of Accounting and Management, Maharakham University

## Mr.Pichai Chunhavajira

### Director

Age: 60

#### Education

- Honorary Doctoral Degree (Accounting), Thammasat University
- MBA (Finance), Indiana University of Pennsylvania, U.S.A
- Bachelor's Degree (Accounting), Thammasat University
- Capital Market Academy, Class 5
- National Defence College of Thailand's Public Private Joint Program Class 4313
- Certified Auditor No. 2918

#### Training on director's role and skills

- Director Accredited Program (DAP) from IOD
- Director Certification Program (DCP) from IOD

#### Experience

- 1999-2007  
: Director, Aromatics (Thailand) Plc
- 2000-2001  
: President, PTT Oil  
: Acting Deputy Governor for finance & accounting, Petroleum Authority of Thailand  
: Acting President, PTT International Co., Ltd.
- 2001  
: Deputy Governor for finance & accounting, Petroleum Authority of Thailand
- 2002-2003  
: Director, Eastern Water Resources Development and Management Co., Ltd.
- Sept 2003-Dec 2004  
: Acting President, The Bangchak Petroleum Plc.
- 2003-2008  
: Director, Member of Audit Committee, Siam Commercial Bank Plc.
- 2004-2006  
: Director, Metropolitan Electricity Authority  
: Director, Electricity Generating Authority of Thailand
- 2001-Dec 2007  
: Senior Executive Vice President, finance & accounting, PTT Plc.
- Jan 2008-present  
: Chief Financial Officer, PTT Plc (change of title)

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**  
- None -
- **Other listed companies**
  - Chief Financial Office, PTT Plc.
  - Director, PTT Aromatics & Refining Plc.
  - Director, Thai Oil Plc.
  - Director, PTT Chemical Plc.
  - Director & Executive Director, Thai Airways International Plc.
  - Director, Dhipaya Insurance Plc.
  - Director, PTT Exploration and Production Plc.
- **Non-listed businesses**
  - Chairman, PTT Green Energy Co., Ltd.
  - Member of Audit Committee, Mahidol University
  - Chairman, Board of Accounting Profession for accounting management, Federation of Accounting Profession
  - Director, Thai Lube Base Plc.
  - Chairman, Investment Sub-Committee, Social Security Fund
  - Director, Thai Petroleum Pipeline Co., Ltd.
  - Director, Thai Oil Power Co., Ltd.



## Mr.Sayan Satangmongkol

### Director

Age: 61

#### Education

- MBA (Commerce), Thammasat University
- Bachelor's Degree of Science (Agricultural Economics), Kasersart University

#### Training on director's role and skills

- Director Certification Program (DCP) from IOD
- Director Accredited Program (DAP) from IOD
- Finance for Non-Finance Director (FND) from IOD
- Developing CG Policy Statement from IOD
- Role of the Compensation Committee (RCC) from IOD
- DCP Refresher Course (RE DCP) from IOD

#### Experience

- 1998  
: Manager, Loan Department, Krung Thai Bank Plc.
- 2000  
: Manager, Business Relations Department, Krung Thai Bank Plc.
- 2001  
: Manager, Supervision Department, Krung Thai Bank Plc.

- 2002  
: Executive Vice President for internal audit, Krung Thai Bank Plc.
- 2005  
: Senior Executive Vice President, risk management, Krung Thai Bank Plc.
- 2006-2008  
: Senior Executive Vice President, asset management, Krung Thai Bank Plc.

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**  
- None -
- **Other listed companies**  
- None -
- **Non-listed businesses**
  - Director, Thanathep Printing Co.,Ltd.
  - Director, Krungthai Legal Services Co.,Ltd.
  - Director, Islamic Bank of Thailand

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## Mr.Apsit Rujikeatkamjorn

### Director

Age: 63

#### Education

- Master of Engineering, Lamar University of Texas, U.S.A
- Bachelor of Engineering, Khon Kaen University

#### Training on director's role and skills

- Director Accredited Program (DAP) from IOD
- Finance for Non-Finance Director (FND) from IOD
- Understanding the Fundamental of Financial Statement (UFS) from IOD
- Raising the Awareness of Corporate Fraud in Thailand from IOD

#### Experience

- 1997-1999  
: Senior Executive Vice President, Star Petroleum Refining Co., Ltd.
- 2000  
: Chief Executive Officer, Trans Thai-Malaysia (Thailand) Co., Ltd.
- 2001-Retirement  
: Senior Executive Vice President, oil business, PTT Plc.

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**  
- None -
- **Other listed companies**
  - Chief Executive Officer, PAE (Thailand) Plc.
- **Non-listed businesses**
  - Director, Thai Lube Base Plc.
  - Chairman, the Operation Promotion Committee, Khon Kaen University
  - Member, Khon Kaen University Council
  - Director, Fortune Parts Industry Plc.
  - Chairman, Siam Global House Plc.
  - Director, Thai Rotary Engineering Plc.
  - Chairman, PAE Technical Service Co., Ltd.
  - Chairman, PAE Construction Resources Co., Ltd.
  - Chairman, Teledata Informatics (Bangkok) Co., Ltd.
  - Chairman, Namera International Co., Ltd.
  - Chairman, To-Be-One Technology Co., Ltd.
  - Chairman, Net Entel Co., Ltd.
  - Chairman, Net Sole Technology Co., Ltd.

## Mr. Chaivat Churitti

### Director

Age: 61

#### Education

- B.Sc. Economics, Nathaniel Hawthorne College, U.S.A.

#### Training on director's role and skills

- Director Accredited Program (DAP) from IOD

#### Experience

- 2001-2002  
: Vice President, Commercial Marketing, PTT Plc.
- 2002-2003  
: Vice President, Retailing Business, PTT Plc.
- 2003-2005  
: Vice President, Planning, PTT Plc.
- Oct 2005-Sep 2008  
: Senior Executive Vice President, Oil Business, PTT Plc.
- Sep 2008-Present  
: Consultant, PTT Retail Management Co., Ltd.

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**  
- None -
- **Other listed companies**
  - Director, IRPC Plc.
- **Non-listed businesses**
  - Director, Thai Lube Blending Co., Ltd.
  - Director, Fuel Pipeline Transportation Co., Ltd.
  - Director, Retail Business Alliance Co., Ltd.
  - Director, Energy Complex Co., Ltd.
  - Director, PetroAsia (Thailand) Co., Ltd.
  - Thai Petroleum Pipeline Co., Ltd.
  - Chairman, PTT Retail Management Co., Ltd.
  - Chairman, PTT Retail Business Co., Ltd.
  - Chairman, Conoco (Thailand) Co., Ltd.

## Mr. Tevin Vongvanich

### Director

Age: 50

#### Education

- Master of Chemical Engineering, Rice University, U.S.A.
- Master of Petroleum Engineering, University of Houston, U.S.A.
- Bachelor of Engineering (Chemical Engineering) with first class honors, Chulalongkorn University
- Senior Executive Program (S.E.P. Class 7), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Program for Global Leadership (PGL), Harvard Business School
- Senior Executive's Course in Democratic Politics (PPR Class 10), King Prajadhipok's Institute

#### Training on director's role and skills

- Director Certification Program(DCP) from IOD
- Fellow Member of IOD

#### Experience

- Nov 1999-Jul 2002  
: Senior Vice President, Business Development, PTT Exploration and Production Plc.
- Jul 2002-Dec 2003  
: Senior Vice President, Operations, PTT Exploration and Production Plc.
- Dec 2003-May 2004  
: Senior Executive Vice President, Regional Investment, PTT Exploration and Production Plc.

- Jun 2004-Jan 2008  
: Doubling as executive vice president, Business Development, PTT Plc.
- Feb 2008-Present  
: Executive Vice President, Business Development, PTT Plc.

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**  
- None -
- **Other listed companies**
  - Executive Vice President, Business Development, PTT Plc.
  - Senior Vice President, Office of Chief Executive Officer & President
- **Non-listed businesses**
  - Director and Acting Executive President, PTT International Co., Ltd.



## Mr.Thevan Vichitakul

### Director

Age: 58

#### Education

- Master of Economics, Thammasat University
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University
- Senior Executive Program-SEP 18, Sasin Graduate Institute of Chulalongkorn University
- Diploma from the National Defence College of Thailand (Class 43)
- Certificate of Senior Executive Development Program (Class 27), Office of the Civil Service Commission

#### Training on director's role and skills

- Director Certification Program (DCP) from IOD
- Role of the Compensation Committee (RCC) from IOD

#### Experience

- 1990-1995  
: Mint Director, The Treasury Department
- 1995-1996  
: Coin Specialist, The Treasury Department
- 1996-2006  
: Deputy Director General, The Treasury Department
- 1998-2000  
: Director, Fish Marketing Organization

- 2000-2002  
: Director, National Housing Authority
- 2002-2003  
: Director, The Bangkokdock Company Limited
- 2003-2007  
: Director, N.C.C. Management and Development Company Limited
- 1997-2008  
: Director, The Dhipaya Insurance Public Company Limited
- 2006- 2008  
: Inspector General, Office of Permanent Secretary
- 2008-Present  
: Director General, The Treasury Department

#### Present Position

- **Subsidiary/Affiliated Company which is in the same rank**  
- None -
- **Other listed companies**
  - Director, Erawan Hotel Public Company Limited
- **Non-listed businesses**
  - Director General, The Treasury Department
  - Chairman, Dhanarak Asset Development Co., Ltd.

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## Dr.Twarath Sutabutr

### Director

Age: 39

#### Education

- Doctor of Science in Civil and Environmental Engineering, Massachusetts Institute of Technology, U.S.A
- Master of Geotechnical Engineering, Asian Institute of Technology
- Bachelor of Engineering (Civil Engineering), Chulalongkorn University

#### Experience

- 1999-2001  
: Petroleum Engineer, Energy Resources Policy and Planning Unit, Department of Mineral Resources, Ministry of Industry
- 2001  
: Member of Petroleum Authority of Thailand (PTT) privatization working Group
- 2002  
: Assistant Secretary to the Establishment of Ministry of Energy Committee

- 2002-2005  
: Head of the Strategic Unit on Electricity, Petroleum and Coal Subsections, Policy and Strategy Coordination Office, Ministry of Energy
- 2005-2007  
: Director, Joint Project with the Danish Government
- 2005-2008  
: Acting Director, Public Relations and Corporate Communication Office, Ministry of Energy
- 2006-2007  
: Vice-Spokesperson, Ministry of Energy
- 2006-Present  
: Director, Policy and Strategy Coordination Office, Ministry of Energy
- 2007-Present  
: Director, Office of Communications and Public Acceptance, Office of Nuclear Power Plant Project Development
- 2008- Present  
: Spokesperson, Ministry of Energy

**Present Position**

- **Subsidiary/Affiliated Company which is in the same rank**
  - None -
- **Other listed companies**
  - None -
- **Non-listed businesses**
  - Director, Policy and Strategy Coordination Office, Ministry of Energy

- Director, Office of Communications and Public Acceptance, Office of Nuclear Power Plant Project Development
- Spokesperson, Ministry of Energy
- Director, Energy Research Institute, Chulalong University
- Director, Foundation of Engineering Innovative Promotion Program, Chulalong University
- Energy committee, Thai Engineering Institute of Thailand (EIT), UNDER The Patronage of H.M.The King.

**Dr.Anusorn Sangnimnuan****President, Secretary to Board of Directors****Age: 55****Education**

- Ph.D. in Chemical Engineering, Monash University, Melbourne, Australia
- Master of Environment Engineering, Asian Institute of Technology
- Bachelor's Degree in Chemical Engineering, Chulalongkorn University
- Diploma in the Joint State-Private Sectors Course Class 20, National Defense College (NDC 2008)
- Advanced Diploma in Public Administration and Public Law, King Prajadhipok's Institute

**Training on director's role and skills**

- Director Certification Program (DCP) from IOD
- Director Accredited Program (DAP) from IOD
- Finance for Non-Finance Director (FND) from IOD
- DCP Refresher Course (RE DCP) from IOD

**Experience****The Bangchak Petroleum Public Company Limited**

- 2000-2001
  - : Senior Executive Vice President, Planning and Supply/ Industrial-Lubricant marketing
- 2001-2004
  - : Senior Advisor and Acting Senior Executive Vice President, Refinery Business
- 2005-present: President and Secretary to Board of Directors

**Others**

- 1997-2003
  - : Expert Director on industrial projects' environmental analysis
- 2000-2005
  - : Boards member of National Research Center for Environmental and Hazardous Waste Management, Chulalongkorn University

- 2000-2008
  - : Boards member of the Petroleum and Petrochemical College, Chulalongkorn University
- 2001-2005
  - : Director, National Ethanol Committee
  - : Member, House sub-committee on ethanol-biodiesel
- 2002-2004
  - : Vice Chairman, Petroleum Refining Industry Club, Federation of Thai Industries
- 2006-2008
  - : Member of the National Legislative Assembly
- 2006-2008
  - : Member and secretary to the Committee on Energy, National Legislative Assembly

**Present Position**

- **Subsidiary/Affiliated Company which is in the same rank**
  - Chairman of Bangchak Biofuel Co., Ltd.
- **Other listed companies**
  - None -
- **Non-listed businesses**
  - Chairman of Thailand Business Council for Sustainable Development
  - Director of Thai Listed Companies Association
  - Boards member of the National Excellence Center for Petroleum, Petrochemicals, and Advanced Materials, Chulalongkorn University
  - Boards member of the School of Environment, Resources, and Development, Asian Institute of Technology
  - Director of Federation of Thai Capital Market Organizations



# Executive Management



- 1. Dr.Anusorn Sangnimnuan
- 2. Mr.Vichien Usanachote
- 3. Mr.Patiparn Sukorndhaman
- 4. Mr.Wattana Opanon-amata





- 5. Mr.Yodphot Wongrukmit
- 6. Mr.Bundit Sapianchai
- 7. Mr.Pongchai Chaichirawiwat
- 8. Mr.Somchai Techavanich
- 9. Mr.Kiatchai Maitriwong





- 10. Mr.Watcharapong Saisuk
- 11. Miss Revadee Pornpatkul
- 12. Mr.Chalermchai Udomrenu
- 13. Mr.Pichet Aimwatana
- 14. Mr.Prawit Sunthornsithipong





- 15. Mr.Thanachit Makaranond
- 16. Dr.Kitti Niwatwong
- 17. Mr.Chokchai Assavarangsarit
- 18. Miss Nintira Abhisinha
- 19. Mr.Pichit Wongrujiravanich







# Executive Management



## Dr. Anusorn Sangnimnuan

President, Secretary to Board of Directors

Age: 55

### Education

- Ph.D. in Chemical Engineering, Monash University, Melbourne, Australia
- Master of Environment Engineering, Asian Institute of Technology
- Bachelor's Degree in Chemical Engineering, Chulalongkorn University
- Diploma in the Joint State-Private Sectors Course Class 20, National Defense College (NDC 2008)
- Advanced Diploma in Public Administration and Public Law, King Prajadhipok's Institute

### Training on director's role and skills

- Director Certification Program (DCP) from IOD
- Director Accredited Program (DAP) from IOD
- Finance for Non-Finance Director (FND) from IOD
- DCP Refresher Course (RE DCP) from IOD

### Experience

#### The Bangchak Petroleum Public Company Limited

- 2000-2001  
: Senior Executive Vice President, Planning and Supply/Industrial-Lubricant marketing
- 2001-2004  
: Senior Advisor and Acting Senior Executive Vice President, Refinery Business
- 2005-present  
: President and Secretary to Board of Directors

### Others

- 1997-2003  
: Expert Director on industrial projects' environmental analysis
- 2000-2005

- : Boards member of National Research Center for Environmental and Hazardous Waste Management, Chulalongkorn University
- 2000-2008  
: Boards member of the Petroleum and Petrochemical College, Chulalongkorn University
- 2001-2005  
: Director, National Ethanol Committee  
: Member, House sub-committee on ethanol-biodiesel
- 2002-2004  
: Vice Chairman, Petroleum Refining Industry Club, Federation of Thai Industries
- 2006-2008  
: Member of the National Legislative Assembly
- 2006-2008  
: Member and secretary to the Committee on Energy, National Legislative Assembly

### Present Position

#### • Other listed companies

- None -

#### • Non-listed businesses

- Chairman of Bangchak Biofuel Co., Ltd.
- Chairman of Thailand Business Council for Sustainable Development
- Director of Thai Listed Companies Association
- Boards member of the National Excellence Center for Petroleum, Petrochemicals, and Advanced Materials, Chulalongkorn University
- Boards member of the School of Environment, Resources, and Development, Asian Institute of Technology
- Director of Federation of Thai Capital Market Organizations

## Mr. Vichien Usanachote

### Senior Executive Vice President, Refinery Business

Age: 54

#### Education

- Master of Engineering, Ohio State University, U.S.A.
- Bachelor of Engineering, Chulalongkorn University

#### Training

- Director Certification Program (DCP) from IOD

#### Experience

##### Bangchak Petroleum Public Company Limited

- 1993  
: Senior Executive Vice President, Marketing/Manufacturing
- 2000  
: Senior Executive Vice President, Marketing Business
- 2001  
: Senior advisor

- 2002  
: Senior Executive Vice President, Planning and Supply
- 2003-2004  
: Senior advisor and Acting Senior Executive Vice President
- 2005-Present  
: Senior Executive Vice President, Refinery Business

#### Present Position

##### • Other listed companies

- None -

##### • Non-listed businesses

- Director, Fuel Pipeline Transportation Co., Ltd.

## Mr. Patiparn Sukorndhaman

### Senior Executive Vice President, Accounting and Finance

Age: 47

#### Education

- MBA (Finance), The American University, U.S.A.
- Bachelor Degree in Political Sciences, Chulalongkorn University

#### Training

- Director Certification Program (DCP) from IOD

#### Experience

##### Bangchak Petroleum Public Company Limited

- Oct 2003-Present  
: Senior Executive Vice President Accounting and Finance

#### Others

- 1998  
: Deputy Director-Finance and Accounting, National Petrochemical Plc
- 2000-2001  
: Group CFO, COCO Group of Companies
- 2001-2003  
: Chief Financial Officer, Banpu Power Co., Ltd.

#### Present Position

##### • Other listed companies

- None -

##### • Non-listed businesses

- Director, Bangchak Biofuel Co., Ltd.
- Director, Bangchak Green Net Co., Ltd.
- Director, Fuel Pipeline Transportation Co., Ltd.



## Mr. Wattana Opanon-amata

Senior Executive Vice President, Corporate Administration and Information Technology

Age: 53

### Education

- Master Degree in Chemical Engineering, Chulalongkorn University
- Bachelor Degree in Chemical Engineering, Chulalongkorn University
- Mini MBA, Chulalongkorn University
- Diploma of Director Certification Program from IOD
- Advanced Diploma in Public Administration and Public Law, King Prajadhipok's Institute

### Training

- Diploma in Enterprisewide Risk Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Director Certification Program (DCP), Audit Committee Program (ACP) and Finance for Non-Finance Director (FND), DCP Refresher Course (RE DCP) from Thai Institute of Directors (IOD)
- Certificate on Management of Thinking and Cultural Conflicts Class 2, National Defence College Think Tank for Society

### Experience

#### Bangchak Petroleum Public Company Limited

- 1994-2000 : Senior Vice President, Marketing and Engineering Service
- 2000-2001 : Senior Vice President, Planning and Logistics
- 2001-2004 : Executive Vice President
- 2004-2005 : Senior advisor and acting Senior Executive Vice President
- 2006-Present : Senior Executive Vice President Corporate Administration and Information Technology

### Present Position

#### • Other listed companies

- None -

#### • Non-listed businesses

- Director, Bangchak Biofuel Co., Ltd.
- Director, Fuel Pipeline Transportation Co., Ltd.

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## Mr. Yodphot Wongrukmit

Executive Vice President, Marketing Business

Age: 49

### Education

- Master Degree in Business Administration (MBA), MTSU, U.S.A.
- Bachelor of Economics (2nd Honor), Faculty of Economics, University of Thai Chamber of Commerce

### Training

- Director Certification Program (DCP) from IOD
- Logistics Economic
- Economic for Decision Making
- JCCP "Advance Marketing" (Japan)
- Marketing Outlook
- Sales Management
- Effective Negotiation Skills
- PR Strategies of SET-Listed Companies
- Strategic Leadership
- The Leadership Grid

### Experience

#### Bangchak Petroleum Public Company Limited

- 1994 : Manager, North and Central District Division
- 1998 : Senior Manager, Central District Division
- 2001 : Vice President, Retail Marketing
- 2004 : Senior Vice President, Retail Marketing
- 2007-2008 : Executive Vice President, Retail Marketing
- 2008-Present : Executive Vice President, Marketing Business

### Present Position

#### • Other listed companies

- None -

#### • Non-listed businesses

- Director, Bangkok Green Net Co., Ltd.

## Mr. Bundit Sapianchai

### Executive Vice President Business Development and Strategy

Age: 44

#### Education

- Master of Engineering, Asian Institute of Technology (AIT)
- Bachelor of Engineering, King Mongkut's Institute of Technology Ladkrabang

#### Training

- Directors Accreditation Program (DAP) from IOD
- Directors Certification Program (DCP) from IOD
- Finance for Non-Finance Director (FND) from IOD
- Successful Formulation & Execution the Strategy (SFE) from IOD

#### Experience

##### Bangchak Petroleum Public Company Limited

- 2008-Present  
: Executive Vice President, Business Development and Strategy

#### Others

- 1988-1994  
: Commercial Manager, National Petrochemical Public Co., Ltd.
- 1994-1997  
: Marketing Director, PTT Petrochemical Co., Ltd.
- 1997-2004  
: Business Director, Air Liquid (Thailand) Co., Ltd.
- 2004-2008  
: Executive Vice President (Finance and Strategy) NFC Fertilizer Public Co., Ltd.

#### Present Position

- **Other listed companies**  
- None -
- **Non-listed businesses**  
- None -

## Mr. Kiatchai Maitriwong

### Consultant

Age: 49

#### Education

- Master Degree (MBA), Thammasat University
- Bachelor Degree in Chemical Engineering, Chulalongkorn University

#### Training

- LPG recovery Technology by JCCP (Japan)
- Essential Petroleum Refining for Process Engineer by JCCP (Japan)
- Engineering Design by UOP (U.S.A.)
- Distribution Control System by Honeywell (U.S.A.)
- Oil Price Risk Management by Morgan Stanley (U.S.A.)
- The managerial Grid by AIM
- Fire & Business Interruption by CII
- Advanced Energy Executive Class 4 by Ministry of Energy

#### Experience

##### Bangchak Petroleum Public Company Limited

- 1997  
: Senior Manager, Supply Logistics Division
- 2001  
: Senior Manager, Planning and Marketing Administration Division
- 2002  
: Assistant Director, Corporate Planning
- 2004  
: Planning Director, Planning and Logistics

- 2006  
: Acting Senior Vice President, Planning and Logistics
- 2007  
: Senior Vice President, Planning and Logistics
- 2008-Present  
: Consultant

#### Others

- Team Leader of OIM Risk Management, PTT Group
- Vice chairman and director, Federation of Thai Industries' Petroleum Refining Industry Club
- Special expert on oil refining and logistics, Petroleum Institute of Thailand
- Advisor to Ministry of Energy on curriculum development, special expert for advanced/intermediate/primary executives
- Director on Logistics Economic & workshop curriculum Management
- Advisor on energy to PM's Office Minister
- Special expert on oil price mechanism and oil price risk management

#### Present Position

- **Other listed companies**  
- None -
- **Non-listed businesses**  
- None -



## Mr.Pongchai Chaichirawiwat

### Senior Vice President

Age: 48

#### Education

- MBA, Thammasat University
- Master of Engineering, Asian Institute of Technology
- Bachelor of Engineering, Chulalongkorn University

#### Experience

- 1998  
: Manager, Marketing Engineering
- 2001  
: Senior Manager, Marketing Engineering
- 2004  
: Vice President, Retail Marketing Development

- 2006  
: Vice President, Business
- 2007  
: Acting Senior Vice President
- 2008-Present  
: Senior Vice President (General Manager, Bangchak Biofuel Co., Ltd.)

#### Present Position

- Other listed companies  
- None -
- Non-listed businesses
  - General Manager, Bangchak Biofuel Co., Ltd.
  - Director, Bangchak Green Net Co., Ltd.

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## Mr.Somchai Techavanich

### Senior Vice President, Retail Marketing, Marketing Business

Age: 46

#### Education

- MBA, Thammasat University
- Bachelor of Engineering, Kasetsart University
- Advanced Energy Executive Class 4 by Ministry of Energy

#### Experience

- 1996  
: Business Manager, Metropolitan District Division
- 2000  
: Senior Manager, Metropolitan District Division
- 2002  
: Assistant Vice President, Metropolitan District Division

- 2003  
: Vice President, coordinating with Associated Companies
- 2006  
: Vice President, Retail Marketing Development
- 2008-Present  
: Vice President, Retail Business Development

#### Present Position

- Other listed companies  
- None -
- Non-listed businesses  
- None -

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## Dr.Kitti Niwatwong

### Vice President, Refining Technology, Refinery Business

Age: 55

#### Education

- Doctoral Degree in engineering, Northwestern University
- Master of Engineering, Mississippi State University
- Bachelor of Engineering, Chulalongkorn University

#### Experience

- 1999  
: Manager, Refining Technology and Environment Division
- 2000  
: Senior Manager (Engineering)
- 2005-Present  
: Vice President, Refining Technology

## Mr.Thanachit Makaranond

### Vice President, Operations, Refinery Business

Age: 49

#### Education

- Master of Engineering (Chemical Engineering),  
University of Southwestern Louisiana, USA
- Bachelor of Science (Chemical Technique),  
Chulalongkorn University
- Advanced Energy Executive Class 4 by Ministry of Energy

#### Experience

- 1997  
: Senior Manager (Operations)
- 2000  
: Senior Manager (Technique and Environment)
- 2001  
: Senior Manager, Process Division
- 2004-Present  
: Vice President Operations

## Miss Revadee Pornpatkul

### Vice President, Accounting and Tax, Accounting and Finance

Age: 48

#### Education

- MBA, Thammasat University
- Bachelor of Accounting, Ramkhamhaeng University
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Bachelor of Science, Chulalongkorn University

#### Experience

- 2000  
: Manager, Revenue Accounting Division
- 2002  
: Manager, Accounting Division
- 2004  
: Senior Manager, Accounting Division,  
and Acting Vice president for Accounting and Taxation
- 2007-Present  
: Vice President, Accounting and Taxation

## Mr.Chalermchai Udomrenu

### Vice President, Refining Project

Age: 47

#### Education

- MBA, Thammasat University
- Bachelor of Engineering, Chulalongkorn University

#### Experience

- 1997  
: Manager, Maintenance and Service Division
- 2000  
: Senior Manager, Maintenance and Service Division
- 2001  
: Senior Manager, Technical Service Division
- 2003  
: Senior Manager, Refining Project
- 2005-Present  
: Vice President, Refining Project



## Mr.Pichet Aimwatana

### Acting Senior Vice President, Planning and Logistics

Age: 41

#### Education

- Bachelor of Engineering, Chulalongkorn University

#### Experience

- 2000 : Manager, Logistics and Wholesale Business
- 2004 : Senior Manager, Logistics and Wholesale Business
- 2006 : Senior Manager, Corporate Strategy Business and Risk Management Office
- 2007-2008 : Vice President, Corporate Business Development Office
- 2008-Present : Acting Senior Vice President, Planning and Logistics

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## Mr.Watcharapong Saisuk

### Vice President, Corporate Planning and IR Office, Accounting and Finance

Age: 43

#### Education

- Bachelor of Engineering, Chulalongkorn University

#### Experience

- 1994 : Manager, Terminal and Transportation Division
- 2000 : Senior manager, Terminal and Transportation Division
- 2003 : Assistant Vice President, Corporate Planning Office
- 2004-Present : Vice President, Corporate Planning and IR Office

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## Mr.Chokchai Assavarangsarit

### Vice President, Office of Secretary to Board of Directors And Company Secretary, Corporate Administration and Information Technology

Age: 40

#### Education

- MBA, Kasetsart University
- Bachelor of Engineering, Chulalongkorn University
- Director Certification Program (DCP) from IOD
- TCLA Executive Development Program (EDP) from Thai Listed Company Association
- Advanced Energy Executive Class 6 by Ministry of Energy

#### Experience

- 2000 : Manager, Supply and Logistics Division
- 2002 : Manager, Business Planning and Analysis Division
- 2003 : Manager, Planning of Marketing Business Division
- 2004 : Senior Manager, Corporate Strategy Business and Risk Management Office
- 2005 : Senior Manager, Office of Secretary to Board of Directors
- 2007 : Vice President, Office of Secretary to Board of Directors
- 2008-Present : Vice President, Office of Secretary to Board of Directors and Company Secretary

## Mr.Pichit Wongrujiravanich

### Vice President, Internal Control Office

Age: 48

#### Education

- Master of Accounting, Thammasat University
- Bachelor of Accounting, Thammasat University
- Certified Public account Registration No.3766

#### Experience

- 1992-2005  
: Assistant Executive Director, Yontrakit Group
- Oct 2005-Present  
: Vice President, Internal Control Office

## Mr.Prawit Sunthornsithipong

### Vice President, Marketing Business

Age: 48

#### Education

- MBA, Chulalongkorn University
- Bachelor Degree, Faculty of Dentistry, Mahidol University

#### Experience

- 2001  
: Manager, Membership and Business cards
- 2002  
: Manager, Business Development Division

- 2003  
: Manager, Metropolitan District Division
- 2004  
: Senior Manager, Metropolitan District Division
- 2006-2008  
: Acting Vice President
- 2008-Present  
: Vice President

## Miss Nintira Abhisintha

### Vice President, Finance and Credit, Accounting and Finance

Age: 42

#### Education

- MBA, Case Western Reserve University, Ohio, USA  
(Thai Farmers Bank Scholarship Program)
- Bachelor of Commerce (2nd Class Honors),  
Chulalongkorn University
- Advanced Energy Executive Class 6 by Ministry of Energy

#### Experience

#### The Bangchak Petroleum Public Company Limited

- 2008-Present:  
: Manager- Business Development Department  
Thai Farmers Bank

#### Others

- 1993  
: Manager- Business Development Department  
Thai Farmers Bank

- 1994-1999  
: Director of Investment,  
Capital Management Company Limited
- 1999-2001  
: Deputy Managing Director,  
Capital Telecom Company Limited
- 2001-2004  
: Director - Corporate Development Department,  
Samart Corporation Public Company Limited
- 2004-2007  
: Vice President, Samart Comtech Co., Ltd
- 2005-2007  
: Sub- Committee of National Occupational Skill Standards:  
Skilled Worker in Telecom Mechanics





## Changing in Bangchak's stocks holdings of Board and Executives Report



The Company's Board of Directors, Executives, their spouses and children are required to report their shareholdings in the Company to the Securities and Exchange Commission (SEC) within 30 working days from the date of their appointment as Directors or Executives of the Company. In case of shareholding changes, they are required to report to the SEC within 3 working days from the date of purchase, sale, transfer or acceptance of transferred securities.

The shareholding changes of the Company's Directors and Executives must also be reported to the Board meetings on a monthly basis. As of 31 December 2008, shareholding in the Company by the Company's Directors and Executives were as follows:

Name	Types of Securities <sup>1/</sup>	Shares held as of 31 Dec 2007	Shares held as of 31 Dec 2008	Increase (Decrease)
<b>Board of Directors</b>				
1. General Tawat Ked-Unkoon	BCP-DR1	250,000	250,000	-
	Warrant (ESOP)	230,000	230,000	-
2. Mr.Chai-Anan Samudavanija	Warrant (ESOP)	190,000	190,000	-
3. Mr.Anusorn Tamajai	Warrant (ESOP)	190,000	190,000	-
4. Mr.Wirat lam-Ua-Yut	BCP-DR1	100,650	100,650	-
	Warrant (ESOP)	170,000	170,000	-
	Warrant (BCP-W1)	65	65	-
5. Mr.Nipon Surapongrukchareon	BCP-DR1	110,000	0	(110,000)
	Warrant (ESOP)	170,000	170,000	-
	Warrant (BCP-W1)	9,000	9,000	-
6. Mr.Pichai Chunhavajira	BCP-DR1	500,000	500,000	-
	Warrant (ESOP)	170,000	170,000	-
	Warrant (BCP-W1)	50,000	50,000	-
7. Mr.Sayan Satangmongkol	Warrant (ESOP)	170,000	170,000	-
8. Mr.Apsit Rujikeatkamjorn	BCP-DR1	2,600	2,600	-
	Warrant (ESOP)	170,000	170,000	-
	Warrant (BCP-W1)	260	260	-
9. Miss Pranom Kowinwipat	BCP-DR1	5,000	10,000	5,000
	BCP	0	20,000	20,000
10. Mr.Chaivat Churitti	BCP	1,500	1,500	-
11. Mr.Tevin Vongvanich	-	-	-	-
12. Mr.Thevan Vichitakul <sup>2/</sup>	-	-	-	-
13. Mr.Twarath Sutabutr <sup>3/</sup>	-	-	-	-

Name	Types of Securities <sup>1/</sup>	Shares held as of 31 Dec 2007	Shares held as of 31 Dec 2008	Increase (Decrease)
14. Mr.Anusorn Sangnimnuan	BCP-DR1	135,460	175,460	40,000
	Warrant (ESOP)	213,800	213,800	-
	Warrant (BCP-W1)	10,546	10,546	-
15. Dr.Sathit Limpongpan <sup>4/</sup>	-	-	-	-
16. Mr.Nares Sattayarak <sup>5/</sup>	-	-	-	-

Name	Types of Securities <sup>1/</sup>	Shares held as of 31 Dec 2007	Shares held as of 31 Dec 2008	Increase (Decrease)
<b>Executive Management</b>				
1. Mr.Vichien Usanachote	Warrant (ESOP)	47,900	47,900	-
2. Mr.Patiparn Sukorndhaman	Warrant (ESOP)	44,500	44,500	-
	BCP-DR1	24,000	24,000	-
3. Mr.Wattana Opanon-amata	BCP-DR1	2,860	2,860	-
	Warrant (ESOP)	79,300	79,300	-
	Warrant (BCP-W1)	286	286	-
4. Miss Revadee Pornpatkul	BCP	100	100	-
	BCP-DR1	6,000	6,000	-
	Warrant (ESOP)	42,100	42,100	-
	Warrant (BCP-W1)	610	610	-
5. Miss Nintira Abhisinha	-	-	-	-

Notes: 1/ Types of Securities

- BCP – Ordinary shares in The Bangchak Petroleum Plc.
- BCP-DR1 - warrants for The Bangchak Petroleum Plc's ordinary shares
- Warrant (ESOP) - warrants for new ordinary shares issued by The Bangchak Petroleum Plc.
- Warrant (BCP-W1) warrants for new ordinary shares issued by The Bangchak Petroleum Plc. 1/2006 issuance.

2/ Appointment as the Company's Director based on the resolution passed by the 2008 Annual General Meeting of Shareholders on 25 April 2008

3/ Appointment as the Company's Director based on the resolution of the Board of Directors meeting No.12/2008, held on 28 December 2008

4/ Directorship expired on 25 April 2008

5/ Resigned from the post of director of the Company on 1 October 2008



## Reference



### Securities Registrar

Thailand Securities Depository Ltd

- Common shares (BCP)
- Depositary receipts on common shares (BCP-DR 1)
- Convertible debentures (BCP@A)
- Depositary receipts on convertible debentures (BCP141A)
- Warrants for new shares (BCP-W1)

2/7 Moo 4 (North Park) Vibhavadi-Rangsit Road,  
Thungsonghong, Laksi, Bangkok 10210  
Tel: 0-2596-9302-10  
Fax: 0-2832-4994-6

### Auditor

A.M.T Associate

491/27 Silom Plaza, Silom Road, Bang Rak, Bangkok 10500  
Tel: 0-2234-1676, 0-2234-1678, 0-2237-2132  
Fax: 0-2237-2133

### Others

Contact:

- Investor supports
- Report losses of share certificates
- Shareholders' information change

Issuer Service Unit  
Thailand Securities Depository Ltd  
2/7 Moo 4 (North Park) Vibhavadi-Rangsit Road, Thungsonghong,  
Laksi, Bangkok 10210  
Tel: 0-2596-9302-10  
Fax: 0-2832-4994-6

## Company's General Information



### Company Established

April, 1985

### Shareholders (%) as of 31 December, 2008

#### Holder of Ordinary shares (BCP)

- Siam DR Co., Ltd. (BCP-DR1) 47
- PTT Plc. 25
- Minor Shareholders 28

#### Holder of BCP-DR1

- Ministry of Finance 24
- PTT Plc. 10
- Minor Shareholders 66

### Registered Capital as of 31 December 2008

- 1,531 Million Baht

### Paid-Up Capital as of 31 December 2008

- 1,119 Million Baht

### Business

Operating businesses in retail and wholesale sales of refined petroleum products and operates refinery with capacity of 120,000 barrels per day together with providing sales of consumer products.

### Customer

- General Public via the nationwide Bangchak Service Stations
- Industrial sectors: Factories, Industrial Plants
- Transport and Service sectors: Airlines, Ocean liners, Hotels, Trucks and Constructions
- Agricultural sector via the Bangchak Cooperative Own Service Stations

### Office & Distribution Center

- **Head Office and Bangchak Oil Distribution Center:** 210 Sukhumvit 64, Bangchak, Phrakonong, Bangkok 10260  
Tel: 0-2335-4999, 0-2331-0047 Fax: 0-2335-4009
- **Central District Office and Bang Pa-in Oil Distribution Center:** 99 Moo 9, Bangkason, Bang Pa-in, Ayutthaya 13160  
Tel: 0-3535-0260, 0-3527-6999 Fax (Central District Office): 0-3535-0290 Fax (Bang Pa-in Oil Distribution Center): 0-3527-6920
- **North District Office (Chiang Mai):** 483/9 Chareonmuang Road, Watkate, Muang District, Chiang Mai 50000  
Tel: 0-5330-4611 Fax: 0-5330-4822
- **North-East District Office (Khon Kaen):** 499 Moo 3, Friendship Highway, Muang Kao, Muang District, Khon Kaen 40000  
Tel: 0-4326-1789-92, 0-4326-1751-3 Fax: 0-4326-1750
- **South District Office:** CP Tower, Room 402, 4<sup>th</sup> Floor, 91/1 Moo 1, Karnjanavidhi Road, Bangkok, Muang District, Surat thani 84000  
Tel: 0-7722-4790-2 Fax: 0-7722-4793
- **Surat Thani Oil Distribution Center:** 104/1 Moo 2, Surat Thani-Paknam Road, Bangkoong, Muang District, Surat Thani 84000  
Tel: 0-7727-5056-7 Fax: 0-7728-2943
- **Sriracha Oil Distribution Center:** 191/26 Moo 8, Thoongsookala, Sriracha, Chonburi 20230  
Tel: 0-3835-2254 Fax: 0-3835-2253
- **Rayong Oil Distribution Center:** 1 | - 3B Road, Mabtapood, Muang Rayongt, Rayong 21150  
Tel: 0-3868-4834 Fax: 0-3868-4833
- **Samutsakorn Oil Distribution Center:** 100/149 Moo 1, Thacheen, Muang District, Samutsakorn 74000  
Tel: 0-3482-0974 Fax: 0-3482-0974
- **Suksawasdee Lubricant Distribution Center:** 196 Moo 1, Suksawasdee Road, Pak Klong Bang Pla Kod, Prasamut Chedi, Samutprakarn  
Tel: 0-2815-6997-8 Fax: 0-2815-6996



## Awards and Certificates



→ SET Awards 2008

- Top Corporate Governance Report Awards, honored as the listed company which is outstanding in terms of its Good Corporate Governance Report. This is the third consecutive year the Company has been awarded this prize at the SET Awards 2008 held by the Stock Exchange of Thailand and Money & Banking Magazine
- Corporate Social Responsibilities Awards, honored as the listed company which is outstanding in terms of operating business, while being responsible for environment and society. This is the second consecutive year the Company has been awarded this prize at the SET Awards 2008 held by the Stock Exchange of Thailand and Money & Banking Magazine
- IR Excellence Awards, honored as the listed company which is outstanding in terms of conducting investors' activity, emphasizing on whole organization's taking part in arrangement the activity for investors and shareholders, presented at the SET Awards 2008 held by the Stock Exchange of Thailand and Money & Banking Magazine
- Honorary Award and Certificate for recognizing compliance to Corporate Social Responsibility, by the Department of Industrial Works: CSR-DIW, as a company complying with Department of Industrial Works Notification of the International Standards Organization and Department of Industrial Works.

- “Rak-Mae Rak-Mae-Nam” Project Honorary Award, as an organization realizing the importance of and conserving the Chao-Phraya River in response to the Her Majesty the Queen intention to address the problem of insufficient water sources which is the foundation of the country. Moreover, the project encourages river neighborhood factories and community to cooperate in reducing pollution, rehabilitating the environment and following up on river quality to meet standards, organized by the Ministry of Industry.
- Honorary Award for being enterprise join in environmental campaign, presented in World Environment Day 2008, as a corporate with a continuous environmental campaign, to be a role model organization, to stimulate public awareness of sustainable environmental conservation, held by the Office of Environment and the Bangkok Metropolitan Administration.
- Award for the Nation Level outstanding Workplace on occupational health, safety and working environment, in 2008 National Safety Workplace Week, organized by Department of Labor Protection and Welfare, Ministry of Labor.
- ISO/TS 16949 : 2002 Certificate for Technical Specification (TS) of International Quality Management System in Vehicle Industry, being the first Thai Company awarded the certificate by United Registrar of Systems (Thailand) Company Limited
- Good Lab Practice/Department of Industrial Work: GLP/DIW and ISO/IEC 17025 from the Thailand Industrial Standards Institute (TISI), the Ministry of Industry.
- CNBC’s Corporate Social responsibility Award 2008 announced in CNBC’s 2008 Asia Business Leader Award (ABLA) presentation hosted by CNBC (Consumer News and Business Channel) and NBC Universal. The award was granted to Mr.Anusorn Sangnimnuan, President for Bangchak’s leading role of CSR.
- Board of the Year for Exemplary Practices Award for 2006/2007 from the Thai Institute of Directors (IOD).
- First runner-up in the 2007 contest on projects on sufficiency economy philosophy (large-sized enterprise category), hosted by the Office of The Royal Development Projects Board (RDPB).
- ISO 17025 Certificate for laboratory operations on diesel product testing from Thailand Industrial Standard Institute (TISI), Ministry of Industry.



- Commitment to Social and/or Environment Issues Certificate, jointly awarded by Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University at the 6<sup>th</sup> “Thailand Corporate Excellence Award” in 2007
- Commitment to Energy Saving Certificate, jointly awarded by Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University at the 6<sup>th</sup> “Thailand Corporate Excellence Award” in 2007
- One of nine companies with highest combined scores in good governance from the 2006 survey jointly hosted by Thai Institute of Directors (IOD), the Securities and Exchange Commission and the Stock Exchange of Thailand
- Certificate on Distinction in Maintaining Excellent Corporate Governance Report from Money & Banking Magazine and the Stock Exchange of Thailand, presented in the SET Awards 2006
- Best Corporate Social Responsibilities (CSR) Award from Money & Banking Magazine and the Stock Exchange of Thailand, presented at SET Awards 2006
- Certificate on Commitment to Social and/or Environment Issues by the Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University, presented at “The 5<sup>th</sup> Thailand Corporate Excellence Awards” in 2006
- Certificate on Commitment to Energy Saving from Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University, presented at “The 5<sup>th</sup> Thailand Corporate Excellence Awards” in 2006
- Best Toilet on Major Roads Award 2006, at “World Toilet Expo and Forum 2006”, for Phaholyothin and Rama II Roads under the Thai public toilet improvement program, the Public Health Ministry’s Health Department
- Excellent Board of Directors Awards 2004-2005 from the Thai Institute of Directors (IOD)
- OHSAS 18001 certificate for occupational health and safety at the Bang Pa-In Oil Distribution Center in Bang Pa-In, Ayutthaya, granted in 2005

- Best Corporate Governance Report from Money & Banking Magazine and the Stock Exchange of Thailand at SET Awards 2005
- Selected as one of companies in the Top Quartile Company Group for 2005, the third straight year, under the Corporate Governance of Thai Listed Companies 2005 program by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand and the Securities and Exchange Commission
- Most Creative Issue Award from the Thai Bond Dealing Center at Best Bond Awards 2004
- Prueksanakara Prize for excellent greenery among large buildings, Front of the House Category during 2002-2004 from Bangkok Metropolitan Administration's Phra Khanong District Office
- TIS 18001-1999 and OHSAS 18001-1999 certificates for occupational health and safety management system in all operating processes in 2004
- OHSAS 18001 Certificate for 2003
- ISO 9001:2000 for lubricant oil business' product development, procurement and distribution; as well as for car care services in 2002
- EIA Award for standard environment management from the Office of Natural Resources and Environmental Policy and Planning (ONEP) in 2001
- TSI 18001 certificate for occupational and safety in 2000, being the first Thai refinery awarded the certificate by the International Organization for Standardization
- EIA Award for standard environment management from the Office of Natural Resources and Environmental Policy and Planning (ONEP) in 1998
- Award for the outstanding committee on occupational health, safety and working environment in 1998
- ISO 14001-Petroleum Refining Certificate for environment management at all production systems in 1997 and renewed certificate awarded in 2003
- Honored as an enterprise that followed environmental standards and closely monitored environment quality in 1995
- Outstanding Workplace on safety in 1995
- Outstanding Enterprise on safety management in 1994
- Outstanding Enterprise on Environmental Conservation in 1991
- Outstanding Energy Saving Enterprise in 1990









**THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED**

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