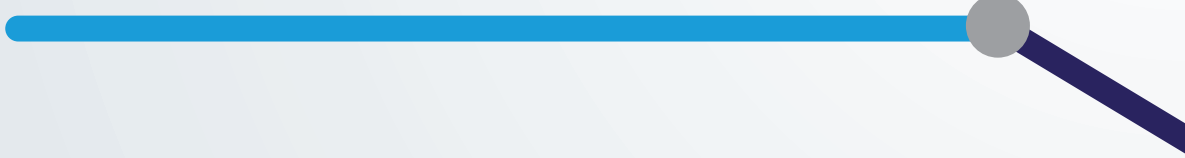




IRPC PUBLIC COMPANY LIMITED



Message from the Chairman

The year 2008 posed a major challenge to all of us at IRPC. The economic and financial crisis in the United States affected the world economic situation and caused widespread difficulties in many countries, including Thailand.

It was therefore inevitable that IRPC, a fully integrated refinery and petrochemical company, would also be affected by this crisis. However, I would like to assure all of you that the company has made preparations and investments to ensure the continuous development of the company in various fields. Nevertheless, in view of the current economic crisis, the company will postpone some projects which are not urgent in order to safeguard the best interests of shareholders. But generally, we will proceed along the same lines as we previously made known to you.

The fact that we successfully implemented our policies, projects and plans in 2008 was in great part due to the outstanding support provided by the Board of Directors, shareholders, business partners, customers and all employees who performed their duties with dedication and diligence. I would therefore like to take this opportunity to thank all of you for your support and assure you that IRPC's strategic plans and every step we make will be prudent, transparent, accountable and in accordance with good corporate governance.

In addition to a business strategy that takes into account opportunities in the market, business partners and customers, we are also well aware of our social responsibilities, since we believe that for a business to survive and prosper, we must grow side by side with the community, society and the country. Therefore in the 2 years since the completion of the business rehabilitation plan, IRPC has not only concentrated on product development and improving production processes so as not to negatively affect surrounding communities, it has also continuously undertaken activities to support and assist society as a whole. These activities can be divided into four main categories, namely, education, culture and religion, public health and environment.

I would like to assure all of you that IRPC will continue to give importance to all activities that benefit society. At the same time, we will develop the business potential of IRPC so that it can not only overcome the present economic crisis, but also become the leading fully integrated petrochemical company in Southeast Asia.



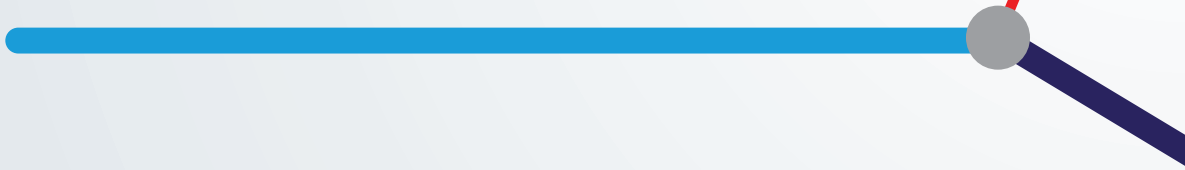
(Mongkon Ampornpisit)

Chairman

IRPC Public Company Limited



IRPC PUBLIC COMPANY LIMITED



Message from Chief Executive Officer



During the year of 2008, business was conducted amid many unexpected crises commencing with the financial crisis in the United States of America which had since spread throughout the world. Not only Thailand was affected by this global crisis but also the political uncertainty which had adversely impacted the overall business community.

IRPC had kept a close watch and analyzed the situation prior to the crisis and prepared various measures to cushion the effect. System Application and Production in Data Processing (SAP) was implemented to better manage and enhance operating performance. Various management systems have been streamlined and improved to enhance efficiency. Plant operations had been reengineered to improve productivity and reduce costs. Non-urgent projects had been rescheduled. Operational expenses had been trimmed whilst maintaining our standards and efficiency.

Nevertheless, even with various measures mentioned above, IRPC could not avoid the effect from the global economic crisis. World oil price plunged more than 50 percent which was beyond expectation. Prices of petrochemical products were on the downward trend and tumbled rapidly. Our core businesses, "oil" and "petrochemical", both local and export markets fell into a worst case scenario. As a result of these simultaneous occurrences, the year's operating results was impaired to the budget forecasted, however, the effect on our financial status and business operation was relatively minute.

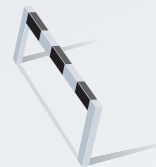
In the year 2009, the first phase of our investment plan has commenced which includes: the 210 Megawatt Combined Heat and Power Plant project, Propylene Booster project, ABS and HDPE (Pipe Grade) Expansion project and Plants' Environmental Improvement projects. Confidently, these projects will enhance our business competency, increase revenues and provide vigorous operating results surpassing the year 2008.

On behalf of the management and staffs at IRPC, I would like to extend the gratitude for your continuous trust and support and would like to affirm that "we" would manage and conduct our business with transparency and adhere to good corporate governance principle. We will regard the ultimate benefit of all shareholders while maintaining fairness with business partners and customers. Most importantly, we will lead the company to continuous growth and prosperity and pursue our goal to become the "leader" in the Asean region as we have pledged.

(Dr. Pailin Chuchottaworn)
Chief Executive Officer

IRPC Public Company Limited

General Information



Name of Company : IRPC Public Company Limited

Symbol : IRPC

Company Registration : 0107537002567

Business : Petroleum and petrochemical

Industry : Resources

Sector : Energy and Utilities

Registered capital : 20,475,000,000 shares at par value of 1 Baht each
(as at 31 December 2008)

Paid-up capital : 19,705,570,300 shares at par value of 1 Baht each
(as at 31 December 2008)

Headquarters and Plant : 299 Moo 5 Sukhumvit Rd., Choengnoen, Rayong,
Thailand Tel. (038) 611-333 Fax: (038) 612-813

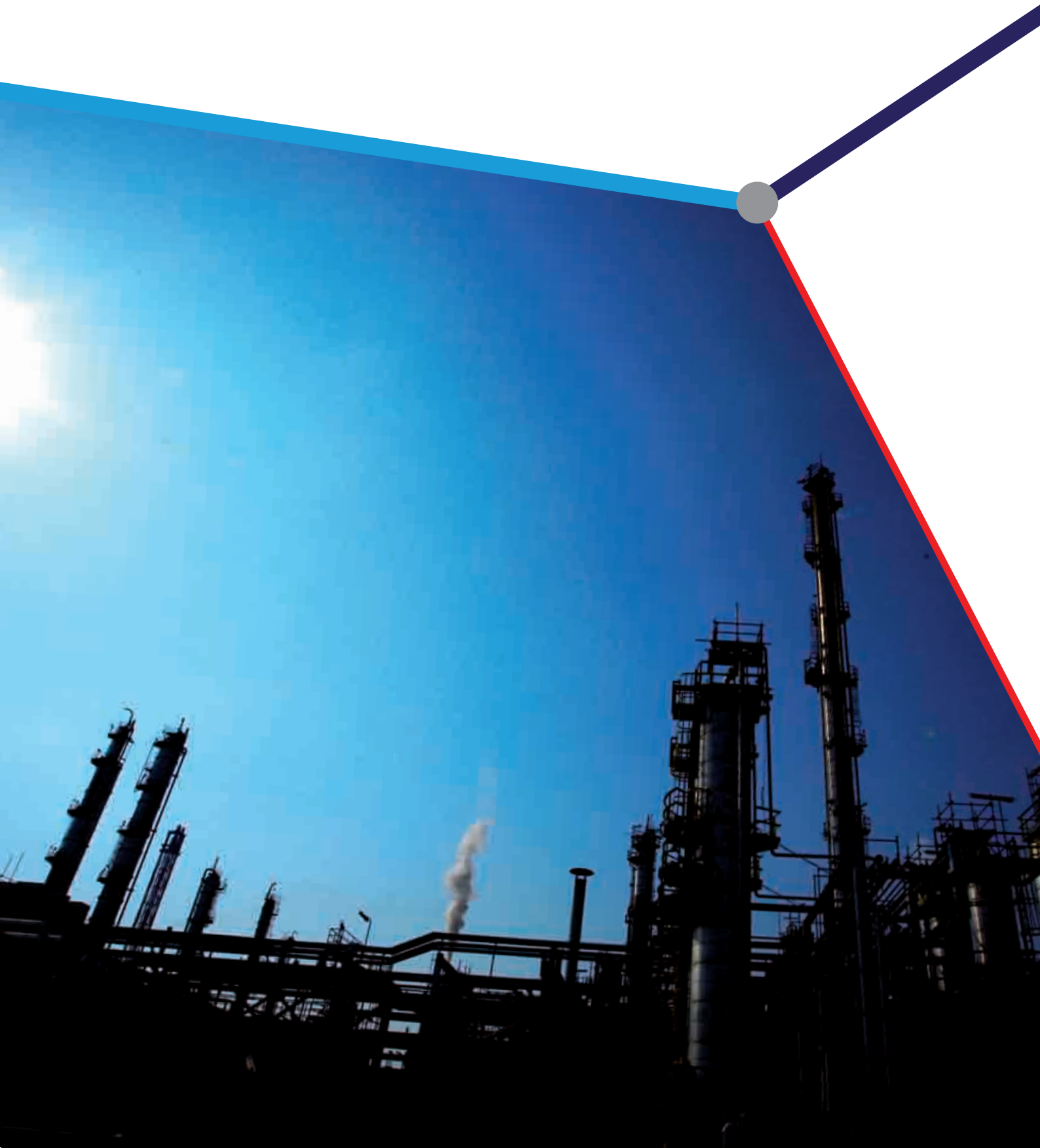
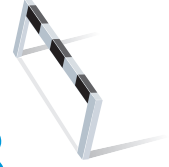
Bangkok Office : 123 Sun Tower B, 12th Floor, Vipavadee Rangsit Rd.,
Jomphol, Jatujak, Bangkok 10900
Tel. (662) 649-7000 Fax: (662) 649-7001

Web Site : www.irpc.co.th

Share registrar : Thailand Securities Depository Company Limited
62 Stock Exchange of Thailand Building Ratchadapisek,
Klong Toey, Bangkok 10110
Tel. (662) 229-2800 Fax: (662) 359-1259

Auditor : Ms. Nangnoi Charoenthaveesub
CPA No. 3044
PricewaterhouseCoopers ABAS Limited,
179/74-80 Bangkok City Tower
15th Floor South Sathorn Rd., Thungmahamake, Sathorn, Bangkok 10120
Tel. (662) 344-1000 Fax: (662) 286-5050

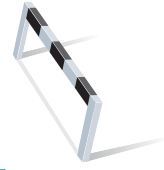
Milestones in 2008



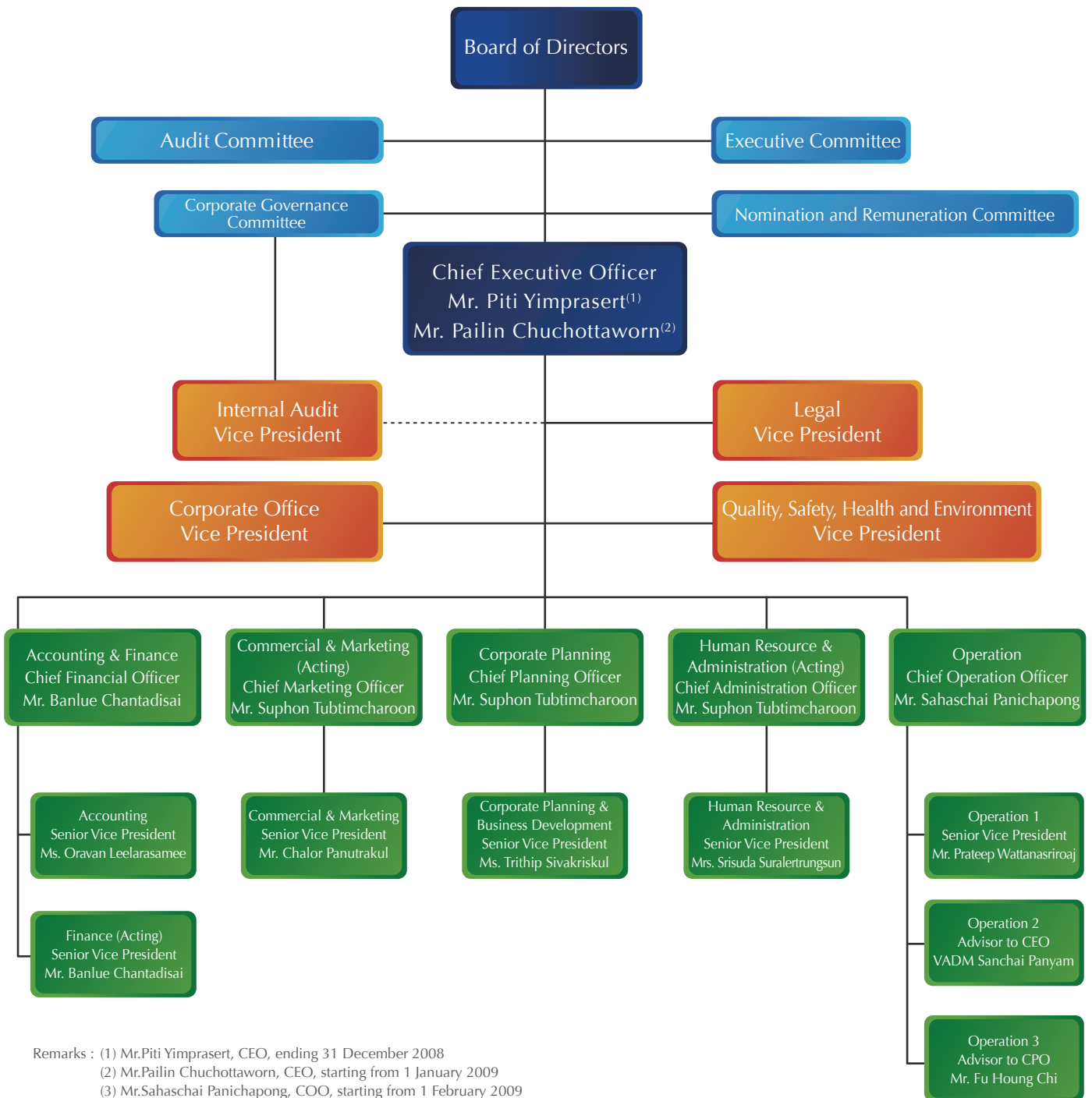
- March 2008** Early redemption of Thai Baht nomination debentures 360,000 units, in total face value of 360 Million Baht for the purpose of cash flow management and cost of capital reduction
- April 2008** Ranked 1,434th among the Top 2000 Public Companies worldwide, recognized by "Forbes" a leading global financial magazine
- June 2008** Affirmed Baa3 credit rating by Moody's
- July 2008** Successfully launched Enterprise Resource Planning System (ERP Go-Live), enhancing enterprise resource and database management competency as well as empower data linkage between all business segments
- August 2008** Acquired stake in PTT Polymer Marketing Co.,Ltd from PTT Plc. for 25% of shareholding or totally 58.32 million baht of investment, enable IRPC to broaden marketing channel for polymer products both domestic and export markets
- October 2008** Ranked 175th among Top 250 Global Energy Companies and 17th among Top 250 Asian Energy Companies, and ranked 42nd in Fastest Growing Top 250 Asian Energy Companies in Refining Segment 2008, categorized by "Platts" a leading energy information firm
- December 2008** Completed ABS and CCM Capacity Expansion Projects. Production capacity increased by 21 KTA, ready for commercial run in the first quarter 2009
Completed HDPE Pipe Grade Capacity Expansion Project. Production capacity increased by 40 KTA, ready for commercial run in the first quarter 2009
- January 2009** Dr. Pailin Chuchottaworn assumed the position of Chief Executive Officer, succeeded Dr. Piti Yimprasert whose term ended on 31 December 2008

Signed Long-term Loan Agreement of 10,000 Million Baht with 5 local financial institutions for the funding of 5 investment projects, namely 1) ABS and CCM Capacity Expansion Project, 2) HDPE Pipe Grade Capacity Expansion Project, 3) Combined Heat and Power Plant Project, 4) Propylene Booster Project and 5) ABS and SAN Expansion Projects

Organization Chart



Organization chart IRPC Public Company Limited



Remarks : (1) Mr.Piti Yimprasert, CEO, ending 31 December 2008
 (2) Mr.Pailin Chuchottaworn, CEO, starting from 1 January 2009
 (3) Mr.Sahaschai Panichapong, COO, starting from 1 February 2009
 (4) Ms.Oravan Leelarasamee, SVP Accounting, starting from 15 January 2009
 (5) Mrs.Chitra Thavara, SVP, Acting Advisor to Human Resources and Administration
 (6) Mr.Manit Suthaporn, Advisor, Acting CLO



Gen. Mongkon Ampornpisit Chairman / Chairman of the Executive Committee / Independent Director

Education

- Bachelor of Science, Chulachomklat Royal Military Academy
- Honorary Doctorate in Political Science, Ramkhamhaeng University
- Certificate, National Defence College, Class 4

Director Training

- Director Accreditation Program (DAP), Class 39/2005
- Director Certification Program (DCP), Class 61/2005
- Role of The Chairman Program (RCP), Class 17/2007
- Finance for Non-Finance Directors (FND), 2002
Thai Institute of Directors (IOD)

Experience

2006 - Present

Chairman / Chairman of the Executive Committee / Independent Director, IRPC Plc.

2003 - 2006

Chairman, Plan Administrators, Thai Petrochemical Industry Plc.

2002 - 2005

Chairman, Krung Thai Bank Plc.

Board of Directors

IRPC Public Company Limited



Mr. Prasert Bunsumpun Vice Chairman / Chairman of Nomination and Remuneration Committee

Education

- Bachelor of Engineering (Civil), Chulalongkorn University
- MBA, Utah State University
- Certificate in Advanced Management Program Harvard Business School, USA
- Capital Market Academy Leadership Program, Capital Market Academy Class 3/2006

Director Training

- Director Accreditation Program (DAP), Class 26/2004 Thai Institute of Directors (IOD)

Experience

2006 - Present

Vice Chairman / Chairman of Nomination and Remuneration Committee, IRPC Plc.

2003 - Present

President, PTT Plc.

Present

Director, PTT Exploration and Production Plc.

Director, Thai Oil Plc.

Director, PTT Chemical Plc.

Director, PTT Aromatics and Refining Plc.



Mr. Aree Wongsearay Vice Chairman / Independent Director

Education

- Bachelor of Political Science (Local Administration), Chulalongkorn University.
- Master of Science (Community Development) University of Philippines.
- Master of Science (Public Administration) University of Missouri, USA
- Certificate, National Defense College, Class 27

Experience

Present

Vice Chairman / Independent Director, IRPC Plc.

2006 - 2007

Minister of Interior

2006

Director, Thai Petrochemical Industry Plc.



Mr. Pala Sookawesh
Director / Executive Director

Education

- Bachelor of Engineering (Honors) in Electrical Engineering (Power), Chulalongkorn University
- M.S. in Industrial Engineering (Operation Research) Oregon State University, USA
- Honorary Doctorate Degree in Engineering, Chulalongkorn University

Director Training

- The Role of Chairman Program (RCP), Class 2/2001
- Director Accreditation Program (DAP), Class 14/2004 Thai Institute of Directors (IOD)

Experience

2006 - Present

Executive Director, IRPC Plc.

2005 - Present

Director, PTT Chemical Plc.

2004 - Present

Chairman, Ratchaburi Power Company Limited

Director, Thai Oil Power Company Limited

2000 - Present

Director, PTT Exploration and Production Plc.



Mr. Virabongsa Ramangkura
Independent Director

Education

- B.A. First Class Honors in Political Science, Chulalongkorn University
- M.A. in Economics, University of Pennsylvania, USA
- Ph.D. in Economics, University of Pennsylvania, USA
- Doctor of Law (Honorary), Webster University, USA

Director Training

- Director Certification Program (DCP), Class 43/2004 Thai Institute of Directors (IOD)

Experience

2006 - Present

Independent Director, IRPC Plc.

2005 - Present

Chairman, Finansia Plc.

2004 - Present

Chairman, Thai -Lao Association for Friendship.

Board of Directors

IRPC Public Company Limited



Pol. Gen. Sereepisut Taameeyaves Independent Director / Chairman of Audit Committee

Education

- Master Degree of Art (Honorary Degree)
Political Science Ramkhamhaeng University
- Doctorate (Honorary Degree) Political Science
Faculty Ramkhamhaeng University
- Doctorate (Honorary Degree) Public Administration
Ubon Ratchathani University

Director Training

- Director Accreditation Program (DAP), Class 60/2006
Thai Institute of Directors (IOD)

Experience

2006 - Present

Independent Director / Chairman of Audit Committee, IRPC Plc.

2007 - 2008

National Commissioner General, The Royal Thai Police

2006

Advisor, The Royal Thai Police

2004

National Police Inspector-General, The Royal Thai Police



Mr. Visit Tantisunthorn Director / Executive Director

Education

- B.Sc. in Statistics Chulalongkorn University
- MBA in Finance University of Wisconsin, Madison, USA
- Advanced Management Program Harvard Business School, USA

Director Training

- Director Certification Program (DCP), Class 17/2002
Thai Institute of Directors (IOD)

Experience

2006 - Present

Director / Executive Director, IRPC Plc.

Director, Dhipaya Insurance Plc.

Secretary General, Government Pension Fund



Mr. Rutt Phanijphand
Independent Director /
Audit Committee Director

Education

- B.Sc., Kasetsart University
- M.S. in Business Ad., Fort Hays Kansas State University, Hays, Kansas, USA

Director Training

- Director Accreditation Program (DAP), Class 4/2003
- Director Certification Program (DCP), Class 61/2005 Thai Institute of Directors (IOD)

Experience

2006 - Present

Independent Director / Audit Committee Director, IRPC Plc.

2007 - Present

Chairman of The Nomination & Remuneration Committee / Executive Director, Home Product Centre Plc.

2005 - Present

Chairman of Executive Director / Director, Land & Houses Retail Bank Plc.

Mr. Prajya Phinyawat
Director / Executive Director /
Corporate Governance Director

Education

- B.E. (Civil Engineering), Chulalongkorn University
- M.S. (Civil Engineering), Stanford University, USA
- Ph.D. (Civil Engineering), University of Texas at Austin, USA

Director Training

- Director Certification Program (DCP), Class 14/2002 Thai Institute of Directors (IOD)

Experience

2006 - Present

Director / Executive Director, IRPC Plc.

2007 - Present

Director, PTT Aromatics and Refining Plc.

2005 - Present

Director, PTT Chemical Plc.

2004 - Present

Director, Thai Oil Plc.

Board of Directors

IRPC Public Company Limited



Mr. Chaivat Churitti Director / Nomination and Remuneration Director

Education

- B.Sc. Economics, Nathaniel Hawthorne College, USA

Director Training

- Director Accreditation Program (DAP), 2007
Thai Institute of Directors (IOD)

Experience

2007 - Present

Director / Nomination and Remuneration Director, IRPC Plc.

2005 - 2008

Senior Executive Vice President, Oil Business Group, PTT Plc.

Present

Chairman, Thai Lube Blending Company Limited

Chairman, Retail Business Alliance Company Limited

Chairman, PTT Retail Management Company Limited

Chairman, PTT Retail Business Company Limited

Director, Fuel Pipeline Transportation Company Limited

Director, Petro Asia (Thailand) Company Limited

Mr. Lersuk Chuladesa Director

Education

- Bachelor of Commerce, Faculty of Commerce and Accountancy, Chulalongkorn University
- M.P.A. Project Management and Policy, National Institute of Development Administration
- Mini MBA II, Thammasat University
- Management Development Program for Middle Managers, Standard Chartered, Singapore

Director Training

- Director Accreditation Program (DAP), Class 63/2007
Thai Institute of Directors (IOD)

Experience

Present

Director, IRPC Plc.

Advisor to the Director, Advance Agro Plc.

Advisor to the Director, Siam City Insurance Company Limited

President / Chief Executive Officer, The Government Savings Bank

2007 - 2008

Chief Corporated Client and Operations Officer,
Siam City Bank Plc.



Mr. Sangiam Santad
Director / Audit Committee Director

Education

- Bachelor Degree in Law, Ramkhamhang University
- M.P.A. National Institute of Development Administration

Director Training

- Director Accreditation Program (DAP), 2004
- Director Certification Program (DCP), 2004
Thai Institute of Directors (IOD)

Experience

2006 - Present

Director / Audit Committee Director, IRPC Plc.

2004 - Present

Independent Director, Tisco Bank Plc.

2005 - 2007

Inspector General, Office of Permanent Secretary for Finance
Independent Director, Tisco Corporation Plc.



Mr. Tienchai Chongpeerapieng
**Independent Director /
Corporate Governance Director**

Education

- B.Ec on Economics, Chulalongkorn University
- M.S Economics, Illinois State University, Illinois
- Ph.D Economics, University of Houston, Texas

Director Training

- Director Accreditation Program (DAP), Class 75/2008
Thai Institute of Directors (IOD)

Experience

2007 - Present

Independent Director / Corporate Governance Director,
IRPC Plc.

1992 - Present

President, Bera Company Limited

Consultant, Management Consultant Company Specializing
in Energy, Transportation, Business and Economic Research

2006 - Present

Board Member, Oil Fund Management Institute,
Ministry of Energy

Board of Directors

IRPC Public Company Limited



Mr. Sommai Khowkachaporn Director

Education

- Bachelor of Business Administration, University of the East, Philippines.
- Master of Business Administration, Long Island University, New York, USA

Director Training

- Audit Committee Program (ACP), Class 62/2007
- Director Certification Program (DCP), Class 27/2003
- Finance for Non-Finance Directors (FND), 2003
Thai Institute of Directors (IOD)

Experience

Present

Director, IRPC Plc.

2008 - Present

Director, PTT Exploration and Production Plc.

Director, Wangthong Group Plc.

2008

Director, PTT Aromatics and Refining Plc.

2004 - Present

Director, Thai Lube Base Plc.

1999 - 2005

Director / Audit Committee, National Petrochemical Plc.

Mrs. Jantima Sirisaengtaksin Independent Director / Chairman of Corporate Governance Committee

Education

- Bachelor of Accountancy, Chulalongkorn University
- Master of Accountancy, Chulalongkorn University
- The Management Development Programs, Sasri Graduate Institute of Business Administration of Chulalongkorn University

Director Training

- Director Certification Program (DCP), Class 22/2002
Thai Institute of Directors (IOD)

Experience

2007 - Present

Independent Director / Chairman of Corporate Governance Committee, IRPC Plc.

2008 - Present

Chairman, Thailand Tobacco Monopoly

Principle Advisor Information and Communication Technology, Revenue Department



Mrs. Puntip Surathin

Director

Education

- M.A. (Business Administration), Fort Hays Kansas State College, USA
- B.A. (Accountancy) 2nd Class Honors, Chulalongkorn University

Director Training

- Director Certification Program (DCP), Class 5/2001
Thai Institute of Directors (IOD)

Experience

Present

Director, IRPC Plc.

2006 - 2007

Director / Nomination Director, PTT Plc.

2004 - 2008

Director, Siam Commercial Bank Plc.

2007 - 2008

Chairman, Dhanarak Asset Development Company Limited

2005

Deputy Permanent Secretary, Ministry of Finance



Mr. Pailin Chuchottaworn

Director / Executive Director / Chief Executive Officer

Education

- Bachelor of Engineering in Chemical Engineering with 1st Class Honors, Chulalongkorn University
- Master of Engineering in Chemical Engineering Tokyo Inst. Of Tech., Japan
- Doctor of Engineering in Chemical Engineering Tokyo Inst. Of Tech., Japan

Director Training

- Director Certification Program (DCP), 2004
- Director Accreditation Program (DAP), 2004
Thai Institute of Directors (IOD)

Experience

Present

Director / Executive Director / Chief Executive Office, IRPC Plc.

2008

Senior Executive Vice President Petrochemicals & Refining Business Unit, PTT Plc.

2008 - Present

Director, Alliance Plant Service Company Limited

Director, PTT Phenol Company Limited

Director, Star Petroleum Refining Company Limited

2006 - Present

Director, Bangkok Polyethylene Plc.

Board of Directors

IRPC Public Company Limited



Mr. Piti Yimprasert Director / Executive Director / Chief Executive officer

Education

- B.Sc. in Civil Engineering, Chulalongkorn University
- M.Sc. in Civil Engineering, University of Texas at Austin, USA
- Ph.D. in Civil Engineering, University of Texas at Austin, USA

Director Training

- Director Accreditation Program (DAP), Class 71/2008
Thai Institute of Directors (IOD)

Experience

2006 - 2008

Director / Executive Director / Chief Executive Officer, IRPC Plc.

Present

Chairman, Thai Paraxylene Company Limited

Chairman, Thai Oil Marine Company Limited

Chairman, IRPC A&L Company Limited

Remark: Term Ended 31 December, 2008



Mr. Banlue Chantadisai Chief Financial Officer

Education

- B.Sc., Massachusetts Institute of Technology
- M.B.A., University of Chicago Business School
- Certificate, National Defense College, Class of 4515

Director Training

- Director Certification Program (DCP), Class 9/2001
Thai Institute of Directors (IOD)

Experience

2006 - Present

Chief Financial Officer, IRPC Plc.

Director, IRPC A&L Company Limited

1998 - 2006

Executive Vice President, Investment Banking Group,
Bangkok Bank Plc.



Mr. Suphon Tubtimcharoon Chief Planning Officer Corporate Planning Acting Chief Administration Officer Human Resource and Administration, Commercial and Marketing

Education

- Diploma in Highway Engineering, King Mongkut's
Institute of Technology
- BS.CE. Mapua Institute of Technology, Philippines
- Certificate of Gas Engineering, Scholarship Under
Colombo Plan
- Advanced Management Program (AMP),
Harvard Business School, USA

Director Training

- Director Certification Program (DCP), Class 61/2005
Thai Institute of Directors (IOD)

Experience

2006 - Present

Chief Planning Officer Corporate Planning,

Acting Chief Administration Officer Human Resource

and Administration, Commercial and Marketing, IRPC Plc.

Managing Director, IRPC A&L Company Limited

2003 - Present

Executive Vice President Gas Business Group, PTT Plc.

Management Team

IRPC Public Company Limited



Mr. Sahaschai Panichapong Chief Operation Officer

Education

- B.Eng. (Mechanical), Chulalongkorn University
- M.Eng. (Mechanical), Lamar University, Texas, USA

Director Training

- Director Accreditation Program (DAP), Class 56/2006
- Finance for Non-Finance Directors (FND), 2004
Thai Institute of Directors (IOD)

Experience

Present

Chief Operation Officer, IRPC Plc.

2006 - 2008

Senior Executive Vice President, PTT Chemical Plc.

2004 - 2006

Senior Vice President, Thai Olefins Plc.

Mr. Manit Suthaporn Advisor Acting Chief Legal Officer

Education

- LL.M. Chulalongkorn University

Experience

Present

Advisor, Acting Chief Legal Officer, IRPC Plc.

1997 - 2006

A deputy of permanent secretary, The Ministry of Justice



Mrs. Chitra Thavara
Senior Vice President
Acting Advisor to Human Resource
and Administration

Education

- Bachelor Degree in Commerce Thammasart University

Experience

2006 - Present

Senior Vice President, Acting Advisor to Human Resource and Administration, IRPC Plc.

Acting to

CEO, IRPC Oil Company Limited

CEO, Thai ABS Company Limited

CEO, IRPC Polyol Company Limited

2003 - 2006

Working Team of The Plan Administrator,
Thai Petrochemical Industry Plc.



Miss Oravan Leelarasamee
Senior Vice President
Accounting

Education

- Bachelor of Accountancy, Chulalongkorn University
- Master of Commerce, Chulalongkorn University

Experience

Present

Senior Vice President Accounting, IRPC Plc.

2003 - 2008

Vice President Accounting, PTT Plc

Management Team

IRPC Public Company Limited



Miss Trithip Sivakriskul
Senior Vice President
Corporate Planning and Business Development

Education

- BBA (Finance Banking), Chulalongkorn University
- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director training

- Director Accreditation Program (DAP), Class 31/2005 Thai Institute of Directors (IOD)
- TLCA Executive Development program (EDP2)

Experience

Present

Senior Vice President Corporate Planning and Business Development, IRPC Plc.

2006 - 2007

Senior Vice President Accounting and Finance, IRPC Plc.

2003 - 2006

Working Team of The Plan Administrator, Thai Petrochemical Industry Plc.



Mr. Chalor Panutrakul
Senior Vice President
Commercial and Marketing

Education

- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director training

- Director Certification Program (DCP), 2005 Thai Institute of Directors (IOD)

Experience

Present

Senior Vice President Commercial and Marketing, IRPC Plc.

2008 - Present

Director, PTT Polymer Marketing Company Limited

1996 - 2008

Business Operation Manager, HMC Polymers Company Limited



Mrs. Srisuda Suralertrungsun
Senior Vice President
Human Resource and Administration

Education

- Faculty of Commerce and Accountancy, Chulalongkorn University
- MM (Executive MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University

Experience

2007 - Present

Senior Vice President Human Resource and Administration, IRPC Plc.

2006 - 2007

Senior Vice President Planning and Administration, IRPC Plc.

1992 - 2006

Vice President Procurement, Thai Petrochemical Industry Plc.



Mr. Prateep Wattanasriroj
Senior Vice President
Operation 1

Education

- B.Sc (Chem.Eng.) Prince of Songkhla University

Experience

Present

Senior Vice President Operation 1, IRPC Plc.

1981 - 2006

Complex 1 Manager, Thai Petrochemical Industry Plc.

Management Team

IRPC Public Company Limited



Vadm. Sanchai Panyam Rtn.
Advisor to Chief Executive Officer
Operation 2

Education

- Bachelor Degree of Science in Chemical Technology
Department Chulalongkorn University

Experience

2006 - Present

Advisor to Chief Executive Officer Operation 2, IRPC Plc.

2005 - 2006

Advisor to Plan Administrator, Thai Petrochemical Industry Plc.



Mr. Fu Houg Chi
Advisor to Chief Planning Officer
Operation 3

Education

- EMBA, Sasin Graduate Institute of Business Administration
of Chulalongkorn University
- Chun-Yuan College of Science & Engineering
Chun-Li Tau Yang Taiwan R.O.C.

Experience

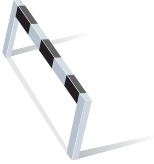
2006 - Present

Advisor to Chief Planning Officer Operation 3, IRPC Plc.

1994 - 2006

Vice President, Petroleum and Lube Base Oil Products
Business Office, Thai Petrochemical Industry Plc.

Management Structure



IRPC's management consists of the Board of Directors and 4 subcommittees namely the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee and the Corporate Governance Committee.

The Board of Directors

The Board of Directors consists of at least 5 and up to 17 directors with at least half of the directors shall be permanent residents of The Kingdom of Thailand and all directors must hold eligible qualifications stipulated by Public Companies Limited Act.

Directors with Authority to Sign on behalf of the Company

The authorized directors according to the Company's of Affidavit dated 7 January 2009 are Gen. Mongkon Ampornpisit, Mr. Pala Sookawesh, Mr. Prasert Bunsumpun, Mr. Prajya Phinyawat, Mr. Virabongsa Ramangkura, Mr. Visit Tantisunthorn and Mr. Pailin Chuchottaworn. Any two of these seven directors are authorized to jointly sign and affix the Company's seal to bind the Company.

Directors' Term and Retirement

In the annual general meeting of shareholders, one-third of the directors shall retire from the office. If the number of directors cannot be divided into 3 equal parts, the number of directors closest to one-third shall retire. In the first and second years after registration as a public company, directors to retire from office shall be selected by drawing lots. In the following years, directors who have served the longest terms shall retire from the office. Retiring directors in this manner are eligible for re-election.

Directors' roles and responsibilities

The Board of Directors has authorities and responsibilities to manage overall operations in compliance with laws and regulations, company's objectives, the Company's Articles of Association as well as shareholders' resolutions.

However, the following matters require approval by a shareholders' meeting with the votes not less than three-fourth (3/4) of the total number of votes cast by the eligible shareholders present:

1. Sale or transfer of the entire or essential part of the Company's business to other parties.
2. Purchase or acquisition of business of other companies or other public companies.
3. Drafting, amending, or terminating contracts for the entire or essential part of the leasing contracts of the Company's business.
4. Assigning other parties to manage the Company's business
5. Merger or amalgamation of the Company's business with other parties for profit/loss sharing.
6. Amendment of the Company's Memorandum of Association or Articles of Association.
7. Increase or decrease of the registered capital and issuance of debenture.
8. Merger or dissolution of the Company

Chief Executive Officer's Authority

The Board of Directors has appointed a Chief Executive Officer (CEO) as an authorized person to manage overall business and affairs of the company in consistent with the Board of Directors' policy whereby delegation of authorities in particular issues have been established in written form of Code of Conducts or Regulations e.g. Finance and Accounting Operations Regulations, Budget Approval Regulations, Credit Approval Regulations, Human Resources Management Code of Conducts and etc.

Sub-Committees

To foster good corporate governance, the board of directors has appointed 4 standing sub-committees. The Sub-committees' term of office are 3 years, each year denotes period of time between annual general meetings of appointed years. Retiring directors are eligible for re-election in the following year's annual general meeting. Each sub-committee has been assigned to consider and oversee specific critical issues, review and propose recommendations to the Board of Directors to ensure various activities are prudently and efficiently managed. The standing sub-committees are as follows:

1. The Executive Committee

The Executive Committee is appointed to facilitate effective management and overall operation of the Company in compliance with the Board of Directors' corporate policies, vision, mission and business ethics, corporate governance principle as well as taking current and future business risk managements into account. The Executive Committee consisted of the following:

Name	Position
1. Gen. Mongkon Ampornpisit	Chairman
2. Mr. Pala Sookawesh	Executive Director
3. Mr. Prajya Phinyawat	Executive Director
4. Mr. Visit Tantisunthorn	Executive Director
5. Mr. Piti Yimprasert*	Executive Director
6. Mr. Pailin Chuchottaworn	Executive Director

* Mr. Piti Yimprasert's term ended 31 December 2008

Duties and Responsibilities of the Executive Committee

1. To review the business plan and annual budget prior to propose to the Board of Directors.
2. To stipulate Company's financial and investment policy and investment direction aligned with the corporate policy as well as to approve investment criteria and investment project proposals in accordance with Company's regulations.
3. To consider and execute on critical matters related to the Company's business.
4. To review and provide recommendations to all matters proposing to the Board of Directors.
5. To consider the appointment of directors both direct and indirect subsidiaries or joint venture according to the Company's shareholding or shareholders agreements.
6. To consider other matters assigned by the Board of Directors.

2. The Audit Committee

The Audit Committee consisted of the following 3 directors:

Name	Position
1. Pol. Gen. Sereepisut Taameeyaves	Chairman
2. Mr. Rutt Phanijphand*	Member
3. Mr. Sangiam Santad	Member

*Mr. Rutt Phanijphand, serves as a committee member having accounting or related financial management expertise.

Duties and Responsibilities of the Audit Committee

The Audit Committee has duties and responsibilities assigned by the Board of Directors in accordance with Notification of the Stock Exchange of Thailand regards "Qualifications and Scope of Duties of the Audit Committee (Issue 1), 1999 and The Best Practices of the Audit Committee" as follows:

- 1) To verify the Company's quarter and annual financial statements to ensure accuracy and adequacy of disclosed information by cooperating with an external auditor and managements responsible for preparing financial reports.
- 2) To verify that the Company has appropriate and effective internal control system and internal audit.
- 3) To verify that the Company has duly complied with the Securities and Exchange Act, the Stock Exchange of Thailand's (SET)'s regulations and other laws relating to the Company's business.
- 4) To review, select and nominate Company's external auditor and recommend its remunerations.
- 5) To review the disclosure of the Company's connected transaction or any transaction with possible conflict of interest so as to ensure the disclosure are in compliance with the rules and regulations legislated by the Stock Exchange of Thailand.
- 6) To perform any other duties assigned by the Board of Directors with approval of the Audit Committee, including but not limited to review of policies on financial and risk management, management's compliance with business ethics, and along with Company's important mandatory reports which must be disclosed to the public according to laws.
- 7) To prepare Audit Committee Activities Reports that signed by the Chairman of the Audit Committee for disclosure in The Annual Report .
- 8) To seek for independent comments from external professional advisors when deem appropriate, at the Company's expenses.

Furthermore, the Board of Directors has designated Risk Management Committee at management level to review and monitor risks e.g. Financial Risk, Operational Risk, Business Risk and Event Risk etc. The Risk Management Committee is responsible to provide risk analysis and assessment report, to identify potential risks exposed to Company's business evaluate their severity and present risk management report to the Audit Committee to consider and review prior to proposing to the Board of Directors.

3. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consisted of the following 3 directors:

Name	Position
1. Mr. Prasert Bunsumpun	Chairman
2. Mr. Goanpot Asvinvichit*	Member
3. Mr. Chaivat Churitti	Member

* Mr. Goanpot Asvinvichit tendered his resignation of directorship on 19 November 2008

Duties and Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has the following duties and responsibilities:

- 1) To select qualified candidates for nomination as new directors or Chief Executive Officer as well as present opinions to the Board of Directors to propose nomination of directors for approval at the shareholders' annual general meeting.
- 2) To establish the procedure and criteria for the nomination of directors and Chief Executive Officer.
- 3) To consider the director remunerations to be proposed for approval at the shareholders' annual general meeting.
- 4) To access and review Chief Executive Officer's remunerations.

4. The Corporate Governance Committee

The Corporate Governance Committee consisted of the following 3 directors:

Name	Position
1. Mrs. Jantima Sirisaengtaksin	Chairman
2. Mr. Prajya Phinyawat	Member
3. Mr. Tienchai Chongpeerapieng	Member

Duties and Responsibilities of the Good Corporate Governance Committee

The Corporate Governance Committee has the following duties and responsibilities:

- 1) To establish Company's corporate governance policy as a framework for good corporate governance system development working group.
- 2) To propose and review good corporate governance framework against international standard to the Company's Board of Directors.
- 3) To monitor and supervise Company's Board of Directors and management team's compliance to the principles of the good corporate governance.
- 4) To provide recommendations regarding the good corporate governance to the Company's Board of Directors.

Meeting Attendance of the Board of Directors and Sub-committees in 2008

(Unit: times)

Member	Board of Directors	Executive Committee	Audit Committee	Corporate Governance Committee	Nomination and Remuneration Committee
	(Total 17 directors) Total 15 times/ year	(Total 5 directors) Total 12 times/ year	(Total 3 directors) Total 12 times/ year	(Total 3 directors) Total 2 times/ year	(Total 3 directors) Total 6 times/ year
1. Gen. Mongkon Ampornpisit	15/15	12/12			
2. Mr. Prasert Bunsumpun	14/15				6/6
3. Mr. Aree Wongsearayaya	14/15				
4. Mr. Pala Sookawesh	14/15	8/12			
5. Mr. Virabongsa Ramangkura	15/15				
6. Mr. Prajya Phinyawat	15/15	11/12		2/2	
7. Mr. Sangiam Santad	15/15		12/12		
8. Mr. Visit Tantisunthorn	15/15	12/12			
9. Pol. General Sereepisut Taameeyaves	14/15		12/12		
10. Mr. Rutt Phanijphand	15/15		12/12		
11. Mrs. Jantima Sirisaengtaksin	13/15			2/2	
12. Mr. Tienchai Chongpeerapieng	14/15			2/2	
13. Mr. Chaivat Churitti	14/15				6/6
14. Mrs. Puntip Surathin	9/10				
15. Mr. Sommai Khowkachaporn	2/2				
16. Mr. Lersuk Chuladesa	1/1				
17. Mr. Piti Yimprasert ¹	15/15	12/12			
18. Mr. Goanpot Asvinvichit ²	13/14				5/5
19. Mr. Somnuk Kyavatanakij ³	7/7				
20. Gen. Voradej Bhumichitra ⁴	4/5				

Note 1. Mr. Piti Yimprasert's term ended 31 December 2008

2. Mr. Goanpot Asvinvichit tendered his resignation of directorship, effective from 19 November 2008

3. Mr. Somnuk Kyavatanakij tendered his resignation of directorship, effective from 9 October 2008

4. Gen. Voradej Bhumichitra retired from directorship due to ending of term of office according to resolution of 2008 annual general meeting of shareholders on 9 April 2008.

Nomination of Directors and Executives

The Company has appointed the Nomination and Remuneration Committee to consider, select and review qualified candidates for nomination as directors, the Chief Executive Officer and Advisor to the Board of Directors. The qualified candidates shall hold the following qualifications:

1. Suitable qualifications stipulated by the Public Company Limited Act, SEC and SET's regulations and the Company's Corporate Governance Policy
2. Possess knowledge, skills with well-versed experiences and expertise in areas beneficial to the Company
3. Possess characteristics complementary to and supporting CG to create value for the Company including ethics, independence, assertiveness, creativity, duty of care and duty of loyalty, dedication, a suitable age, healthiness, good mental spirit, meeting preparation habits, and social acceptance, etc.

The Company has no policy to refrain shareholders from nominating individuals for nomination as directors. The rules and procedure for the nomination of directors are as follows:

1. Each shareholder shall be entitled to one vote for each share.
2. The votes may be cast for each individual director or one-time for a party in total number of directors equal to the number of directors to be elected as determined by shareholders' resolution. Whether casting vote for individual director or a party, the voted individual director or party shall receive number of votes equal to total number of shares that voter holds in accordance with (1) Voters cannot distribute his/her votes among nominees.
3. Nominees who receive the majority vote in descending order shall be elected. In the event of nominees receiving equal votes and exceeding the number of vacancies to be filled, the chairman of the meeting shall cast the deciding vote.๑

Directors' Remuneration

The Board of Directors has appointed a Nomination and Remuneration Committee to consider the guidelines for the remuneration of the Company's directors and members of the sub-committees to propose to the Board of Directors and to propose for approval from the Shareholders' Meeting. The criteria for remuneration are as follows:

1. The Remuneration divided into 2 parts; Monthly Remuneration and Meeting Allowance
2. The Remuneration shall be fair and suitable for the responsibilities, the director and Company's performance as well as comparable to other companies in the same industry with similar size and business risks.
3. Chairman of the Board of Directors and Chairman of Sub-committees shall be entitled to additional 30% remuneration of those paid to other.
4. Sub-committee, namely Executive Committee, Audit Committee, Nomination and Remuneration Committee and Corporate Governance Committee and future sub-committee that might be appointed in the future shall be entitled to only Meeting Allowance for the



meeting attended. The Meeting Allowance Rate shall be fair and suitable for the responsibilities and comparable to other companies in the same industry with similar size and business risks.

The 2008 Annual General Meeting held on 9 April 2008 approved the remuneration of Board of Directors and sub-committees at the same rate of those in 2007 as following details:

1. Board of Directors and Sub-Committees Remuneration in 2008:

Committee	Monthly remuneration/ person	Meeting allowances/ person
-----------	---------------------------------	-------------------------------

1) Board of Directors

Chairman	60,000 Baht	60,000 Baht
Member	45,000 Baht	45,000 Baht

2) Sub-committee, namely Executive Committee, Audit Committee, Nomination and Remuneration Committee and Corporate Governance Committee.

Chairman	-	60,000 Baht
Member	-	45,000 Baht

2. Bonus for Directors: To be determined by taking into account, reference base of other companies in the same industry as well as business expansion and profit growth.

The Company paid bonus for Directors in 2008 based on performance of the year 2007, in total amount of 57.14 million baht, or 0.44% of the Company's net profit. The payment of bonus to each director was allotted based on the number of meeting attended. Chairman of the Board of Directors received bonus approximately 30% more than members.

The remuneration received by each director can be summarized as follows:

(Unit: Baht)

No.	Name	Monthly Remuneration	Meeting Allowances for Board of Director /Sub-committee Meeting	Bonus	Total Remuneration
1	Gen. Mongkon Ampompisit	720,000	1,620,000	4,908,964	7,248,964
2	Mr. Prasert Bunsumpun	540,000	990,000	3,681,723	5,211,723
3	Mr. Aree Wongsearay	540,000	630,000	291,522	1,461,522
4	Mr. Pala Sookawesh	540,000	990,000	3,371,188	4,901,188
5	Mr. Virabongsa Ramangkura	540,000	675,000	3,681,723	4,896,723
6	Mr. Prajya Phinyawat	540,000	1,350,000	3,681,723	5,571,723
7	Mr. Sangiam Santad	540,000	1,215,000	3,681,723	5,436,723
8	Mr. Visit Tantisunthorn	540,000	1,215,000	3,349,523	5,104,523
9	Pol. Gen. Sereepisut Taameeyaves	540,000	1,350,000	3,371,188	5,261,188
10	Mr. Rutt Phanijphand	540,000	1,215,000	3,349,523	5,104,523
11	Mrs. Jantima Sirisaengtaksin	540,000	825,000	2,417,920	3,782,920
12	Mr. Tienchai Chongpeerapieng	540,000	810,000	2,417,920	3,767,920
13	Mr. Chaivat Churitti	540,000	900,000	2,417,920	3,857,920
14	Mrs. Puntip Surathin	393,000	405,000	-	798,000
15	Mr. Sommai Khowkachaporn	105,968	90,000	-	195,968
16	Mr. Lersuk Chuladesa	61,500	45,000	-	106,500
17	Mr. Piti Yimprasert	540,000	1,215,000	3,681,723	5,436,723



Ex-Directors in 2007

(Unit: Baht)

No.	Name	Monthly Remuneration	Meeting Allowances for Board of Director /Sub-committee Meeting	Bonus	Total Remuneration
18	Mr. Goanpot Asvinvichit	477,000	810,000	1,483,663	2,770,663
19	Mr. Somnuk Kyavatanakij	258,000	315,000	-	573,000
20	Gen. Voradej Bhumichitra	147,000	180,000	2,417,920	2,744,920
21	Mr. Pakorn Malakul Na Ayudhya	-	-	2,415,267	2,415,267
22	Gen. Pornchai Kranlert	-	-	1,263,803	1,263,803
23	Ms. Paitoon Pongkesorn	-	-	1,263,803	1,263,803
24	Mr. Pachara Yutidhammadamrong	-	-	2,415,267	2,415,267
25	Mr. Nattachak Pattamasingh Na Ayuthaya	-	-	1,263,803	1,263,803
26	Mr. Wachirapunthu Promprasert	-	-	310,534	310,534
	Total	9,182,468	16,845,000	57,138,343	83,165,811

Directors retired or resigned during the year ending 2007-2008

1. Mr. Goanpot Asvinvichit tendered his resignation of directorship, effective from 19 November 2008
2. Mr. Somnuk Kyavatanakij tendered his resignation of directorship, effective from 9 October 2008
3. Gen. Voradej Bhumichitra retired from directorship due to ending of term of office according to resolution of 2008 annual general meeting of shareholders on 9 April 2008.
4. Mr. Pachara Yutidhammadamrong tendered his resignation of directorship, effective from 3 November 2008
5. Mr. Pakorn Malakul Na Ayudhya tendered his resignation of directorship, effective from 23 August 2008
6. Gen. Pornchai Kranlert, Ms. Paitoon Pongkesorn, Mr. Nattachak Pattamasingh Na Ayuthaya and Mr. Wachirapunthu Promprasert retired from directorship due to ending of term of office according to resolution of 2007 annual general meeting of shareholders on 20 April 2007.

Management Remuneration

Twelve managements received remuneration in the year 2008 in terms of salary, bonus and contribution for provident fund in total of 93,234,182 Baht.

(Unit: Baht)

Remuneration	2007		2008	
	Persons	Total Amount (Baht)	Persons	Total Amount (Baht)
Salary	10	59,406,206	12	73,024,536
Bonus	10	29,703,103	12	17,085,662
Contribution for provident fund	7	2,528,660	8	3,123,984
Total		91,637,969		93,234,182

Number of Shares and Warrants held by the Directors

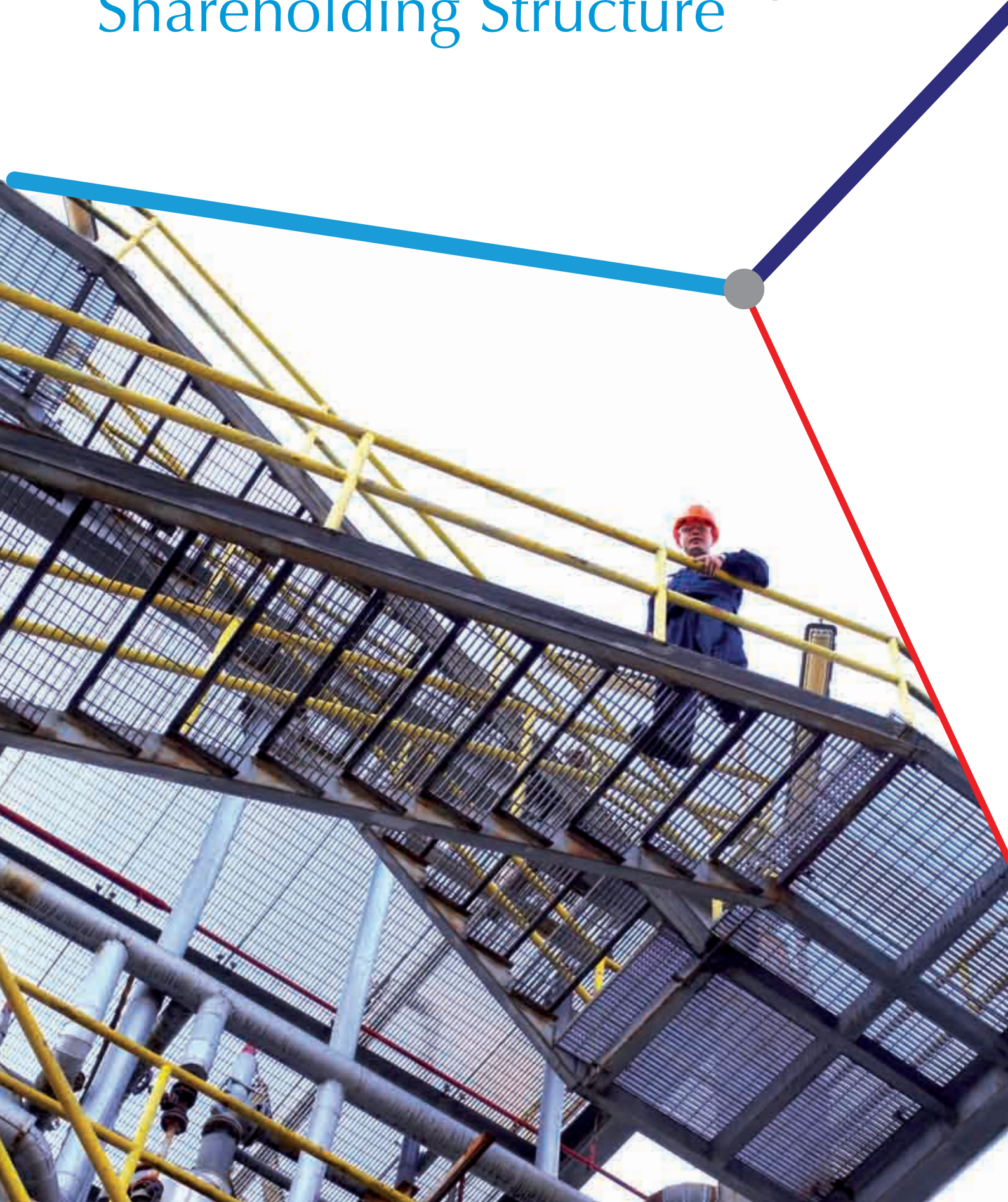
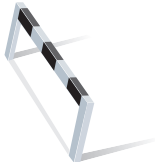
No.	Name	No. of Shares as of 31 December 08	Number of shares change during the year (+/-)
1	Gen. Mongkon Ampornpisit	-	-
2	Mr. Prasert Bunsumpun	-	-
3	Mr. Aree Wongsearayaya	-	-
4	Mr. Pala Sookawesh	-	-
5	Mr. Virabongsa Ramangkura	-	-
6	Mr. Prajya Phinyawat	8,000	-
7	Mr. Sangiam Santad	-	-
8	Mr. Visit Tantisunthorn	-	-
9	Pol. Gen. Sereepisut Taameeyaves	-	-

No.	Name	No.of Shares as of 31 December 08	Number of shares change during the year (+/-)
10	Mr. Rutt Phaniijphand	-	-
11	Mrs. Jantima Sirisaengtaksin	158,742	-
12	Mr. Tienchai Chongpeerapieng	-	-
13	Mr. Chaivat Churitti	-	(50,000)
14	Mrs. Puntip Surathin	-	-
15	Mr. Sommai Khowkachaporn	-	-
16	Mr. Lersuk Chuladesa	375	-
Ex-Directors in 2007			
17	Mr. Piti Yimprasert	300,000	-
18	Mr. Goanpot Asvinvichit	-	-
19	Mr. Somnuk Kyavatanakij	-	-
20	Gen. Voradej Bhumichitra	-	-

Number of Shares and Warrants held by the Management

No	Name	No. of Shares as of 31 December 08	Number of shares change during the year (+/-)
1	Mr. Bunlue Chantadisai	-	-
2	Mr. Suphon Tubtimcharoon	-	-
3	Mrs. Srisuda Suralertrungsun	181,100	-
4	Ms. Trithip Sivakrikul	-	-
5	Mr. Chalor Panutrakul	-	-
6	Mr. Prateep Wattanasiroaj	1,000	-
7	Vadm. Sanchai Panyam Rtn	1,000	-
8	Mr. Fu Houg Chi	177,900	-
9	Mrs. Chitra Thavara	-	-
10	Mr. Manit Suthaporn	50	-
Management with ended term in 2007			
11	Mr. Piti Yimprasert	300,000	-
12	Ms. Nitaya Direksathapon	-	-

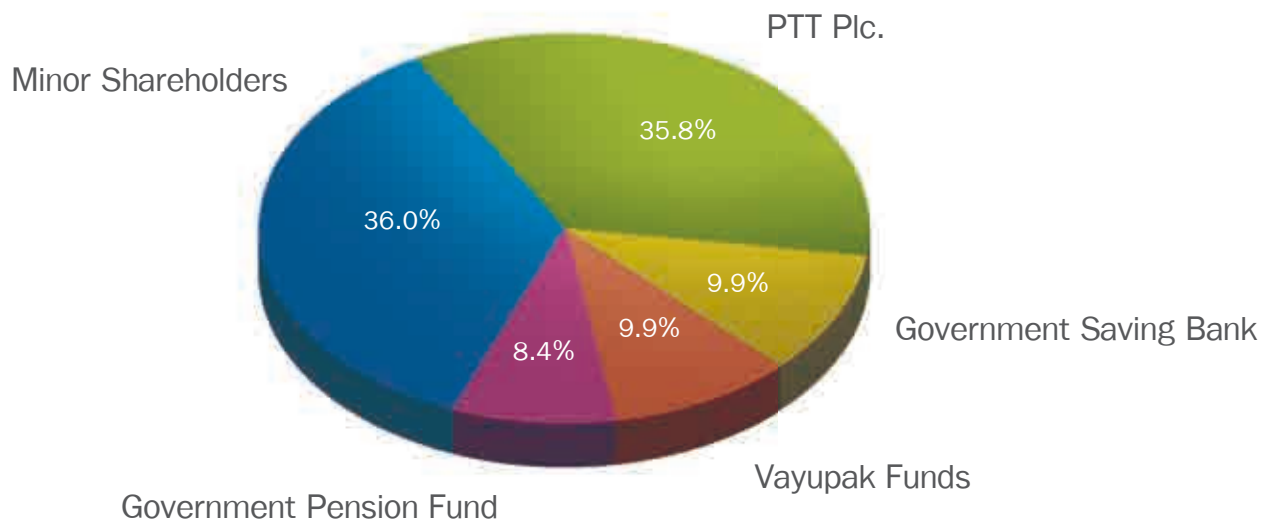
Shareholding Structure



IRPC's top 10 shareholders at latest share registration book closing date for dividend payment on 8 September 2008 are as follows:

No.	Name	Number of shares	Shareholding Percentage
1	PTT Public Company Limited	7,027,863,100	35.78%
2	Government Savings Bank	1,950,000,000	9.93%
3	Government Pension Fund	1,653,467,970	8.42%
4	Vayupak Fund 1 by MFC Asset Management	975,000,000	4.96%
5	Vayupak Fund 1 by Krung Thai Asset Management	975,000,000	4.96%
6	Bangkok Bank Public Company Limited	504,906,708	2.57%
7	Thailand Prosperity Fund	243,000,000	1.24%
8	Thai NVDR Company Limited	242,528,743	1.23%
9	HSBC (SINGAPORE) NOMINEES PTE LTD	209,314,879	1.07%
10	Social Security Fund	130,256,100	0.66%

Shareholding Structure



Dividend Payment Policy

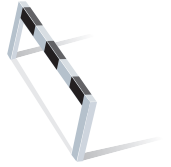
IRPC Public Company Limited

IRPC has established a policy to pay dividend of at least 25 percent of the Company's annual net profit after taxes and all reserves stipulated in the Company's Articles of Association and applicable laws. Payment of such dividend is subject to Company's investment plan and other necessities as the Board of Directors deem appropriate.

Subsidiaries

Dividend payment policy of IRPC's subsidiaries has not been established.

Nature of Business



IRPC is a pioneer in integrated refinery and petrochemical business in South East Asia with refining capacity of 215,000 barrels per day or accounting for 18% of the country’s refining capacity and ranked 3rd largest refinery in Thailand. The Company’s operations cover full range of petroleum and petrochemical supply chain from crude oil refining, refined oil products, upstream petrochemical products e.g. ethylene, propylene and downstream petrochemical products such as various type of plastic resins. Its manufacturing base is located on an industrial estate on Eastern coast of Thailand in Cheong Nern district, Rayong province. The Company owns a power plant and deep-sea port in its own estate which is a great complement to its logistic system.

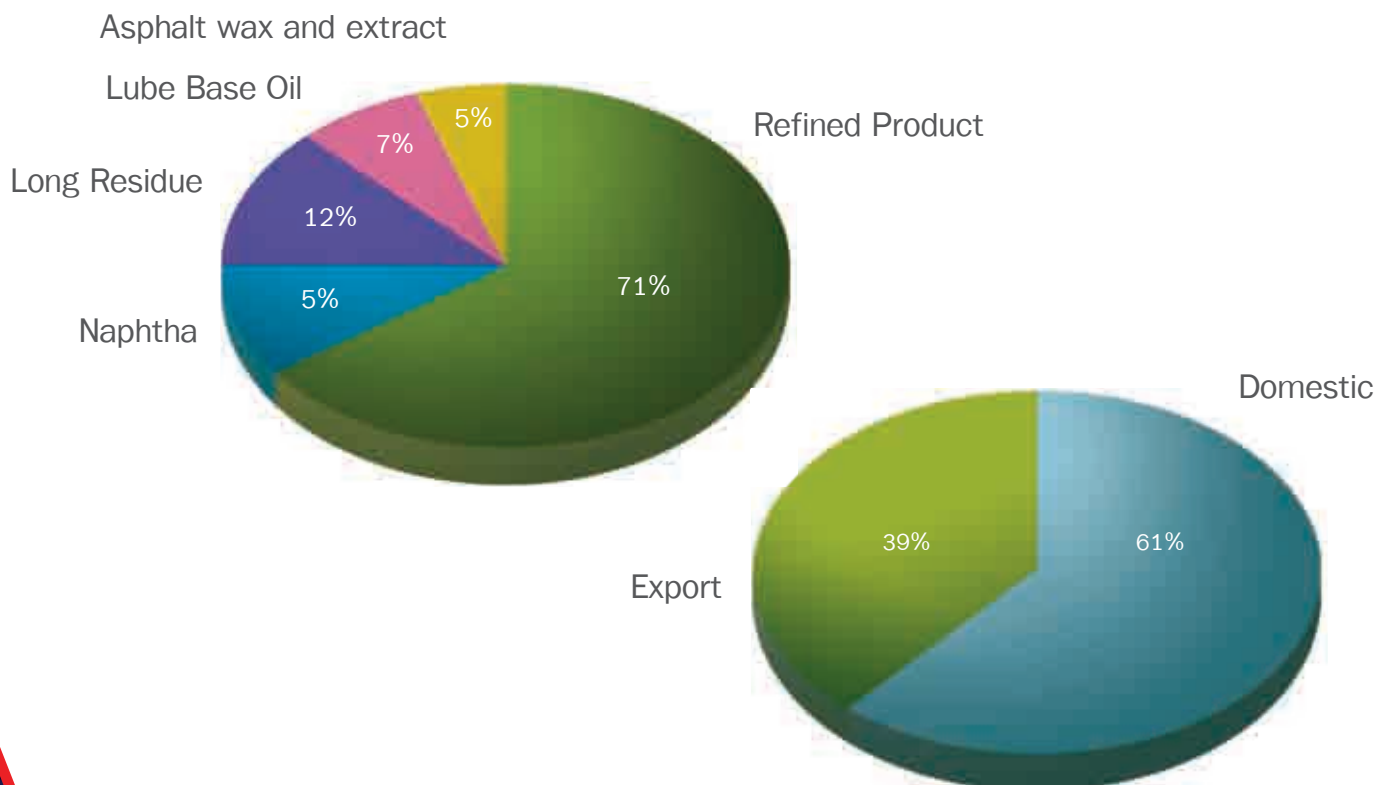
Revenue Structure

Business Segment	Operated by	2006		2007		2008 ⁽¹⁾	
		million baht	%	million baht	%	million baht	%
1. Petroleum	IRPC Plc., IRPC Oil Co.,Ltd	143,006	70%	162,702	72%	180,294	74%
2. Petrochemical	IRPC Plc., Thai ABS Co.,Ltd, IRPC Polyol Co.,Ltd	59,465	29%	61,968	27%	61,488	25%
3. Others ⁽²⁾	IRPC Plc.	2,889	1%	2,848	1%	2,912	1%
Total Sales Revenue		205,360	100%	227,518	100%	244,694	100%

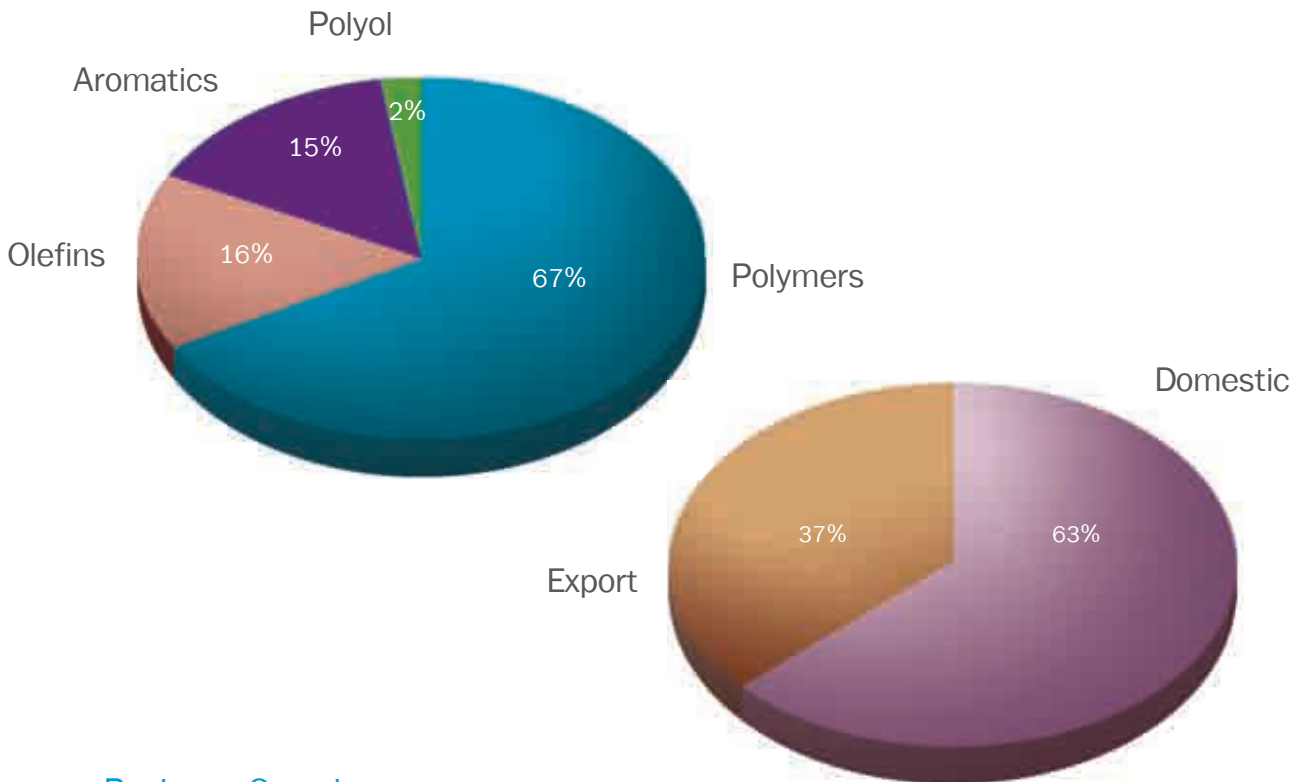
Note : (1) There was a loss from investment based on Equity Method in the amount of 31 million baht

(2) Other revenues including Sales of Electricity, Steam and Rental Fee

Revenue Structure of Petroleum Business in 2008



Revenue Structure of Petrochemical Business in 2008



Business Overview

In the year 2008, our economy was entering into the downturn resulted from global economic crisis especially in our major trade counterpart countries such as USA, European Union, Japan and China which all experiencing recession. This crisis drove down both international and domestic demand since the third quarter, exacerbated by national political conflicts, in particular, the international airports closure in late November 2008. Office of the National Economic and Social Development Board reported Thailand's Gross Domestic Products (GDP) growth rate declined from 4.9% in 2007 to 2.6% in 2008.

Crude oil market in 2008 was in erratic swings, Dubai crude was traded at 90 USD per barrel at beginning of the year before shot up to make historic high at 141 USD per barrel in July, and later plunged to around 36 USD per barrel in December. Thailand is a net importer of crude oil, imported volume in 2008 slightly increased by 2.6% while imported value increase as much as 49.6%

Thailand Crude Oil Import

	2007	2008*	Change
Volume ('000 barrel/day)	804	825	2.6%
Value (billion baht)	716	1,070	49.6%

Source: Energy Policy & Planning Office, Ministry of Energy

* Estimated

Crude Oil and Refined Oil Price

USD per barrel



Petrochemical Business

Petrochemical products of the Company and Subsidiaries' consist of following;

1. **Olefins:** olefin products are major raw materials for company's downstream petrochemical production with partial sales to external customers. The Company's olefin products include Ethylene, Propylene and Butadiene.
2. **Aromatics:** Aromatic products are mainly produced for internal use as raw materials for intermediate petrochemical production. The Company's aromatic products include Benzene, Toluene and Xylene.
3. **Polymers:** Polymer products are the Company's downstream products for sale to external customers as a raw material for the production of various types of consumer plastic products. The company's polymer products consist of High Density Polyethylene (HDPE), Polypropylene (PP), Acrylonitrile Butadiene Styrene (ABS), Acrylonitrile Styrene (SAN), Polystyrene (PS), Expandable Polystyrene (EPS).
4. **Polyol:** Polyol products are the Company's downstream products for sale to external customers as a raw material for Polyurethane which used for producing a number of related products such as foam for furniture production, heat insulation foam for the construction industry, etc. Polyol products include Polyester and Polyether.

The Market Situation and Competition

In the year 2008, petrochemical market was very volatile in company with the swings in crude oil market. Ethylene, the major raw material for polymer, was traded at 1,338 USD per Ton and propylene was traded at 1,295 USD per Ton at the beginning of the year. While the ethylene and propylene prices at year end were 575 and 540 USD per Ton respectively due to weakening demand. Apart from these, the environmental concern issues in trade counterpart countries. For example, in June 2008, Chinese government banned production and use of ultra-thin plastic bags under 0.025 mm thick and prohibited

supermarkets from offering free plastic bags to customers in a bid of resource and environment conservation. This measure caused declining demand in polymer products from China. The Company keeps itself alert to this sluggish situation and fine-tunes its strategy to be more flexible in terms of production and distribution plans as well as retain customer base and penetrate to the new ones.

We anticipate petrochemical industry remains gloomy in 2009 by the reason of influx of supply from Middle East potentially cause oversupply and global crisis seems to prolong and decelerate demand. By these reasons, price war is foreseeable. Apart from these, the competition could be intensified by Free Trade Area Agreement. For example, tariff and import duties reduction according to AFTA, import tariff for plastic resins among member countries is adjusted to 0% in 2009, therefore, plastic products from countries with low labor cost could be more competitive and be able to snatch Thailand's market share. On the optimistic side, the factors supporting economy growth include Government fiscal policy and stimulus package. Deficit budget widen from 250 billion baht to 390 billion baht with acceleration in its spending process. Infrastructure investment and Mega Projects are aimed to boost investment, create jobs.

Petroleum Business

Petroleum products of the Company and Subsidiaries' consist of following:

1. **Refined Oil:** includes gasoline, high-speed diesel, fuel-oil, Kerosene and Liquefied Petroleum Gas (LPG), etc.
2. **Naphtha:** the skimming oil came from the crude oil refining process used as a feedstock for petrochemical products.
3. **Long Residue:** the by-product from oil refining process used as a main raw material in the production of Lube Base Oil.
4. **Lube Base Oil:** the heavy distillate obtaining from crude oil refining process used as a main raw material in the production of Lubricant oil as well as other by-products such as Slack Wax and Extract, etc.
5. **Asphalt:** the product used for road construction.

The Market Situation and Competition

Energy market situation in 2008, gasoline consumption contracted by 4% comparing to last year as a result of soaring energy price during the first half of the year. ULG95 recorded high at 43.89 baht/liter in July 2008, triggered motorists to consider fuel saving and alternative energy e.g. LPG and NGV with evidence of LPG and NGV consumption for transportation purpose increased by 35% and 229% respectively. The Gasohol consumption was also increasing due to its price preference to gasoline as government policy to lower gasohol's rate of contribution to oil funds. High-speed diesel consumption decreased by 6% owing to its rising price as well as government policy to promote alternative energy by enforcing B2; the blended high-speed diesel with 2% of bio-diesel volume, effective from 1 February 2008. The consumption of fuel oil dropped by 21% as a result of industrial consumers turned to cheaper energy sources, for example, reduction in fuel oil consumption from Electricity Generating Authority of Thailand (EGAT) due to soaring fuel price.

Domestic Refined Oil Consumption

(Unit : '000 barrel per day)

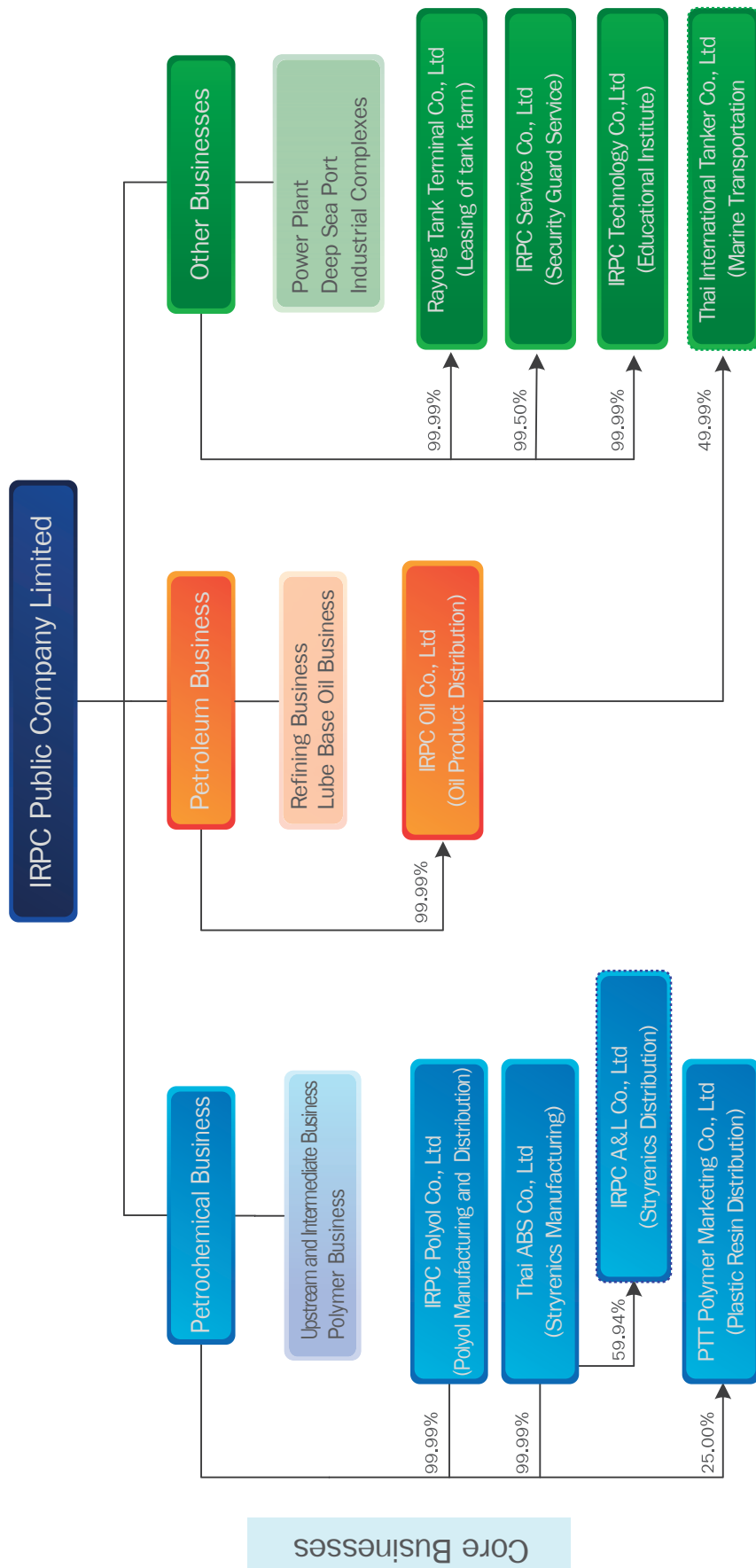
Type	2007	2008*	change
Gasoline	126	121	(4.1%)
Diesel	322	300	(6.3%)
Fuel Oil	73	57	(21.4%)
LPG **	100	119	18.6%

Source: Energy Policy & Planning Office, Ministry of Energy

* Estimated ** Not include LPG consumption as feedstock in petrochemical industry

Energy consumption trend in 2009, as current gasoline and diesel prices are relatively low, therefore, consumption of gasoline and diesel are forecasted to slightly increase by 3.3% and 2.5% respectively. Fuel oil consumption is expected to drop further by 15.4% and LPG consumption for vehicle is expected to grow at lower rate of 6.1% due to low economic advantage of engine modification given current low fuel price.

Business Structure and Shareholding



Non-core Businesses

- Direct Subsidiaries**
- Thai Petrochemical Industry (Cayman) Ltd. (100%)*
 - Thai Polyurethane Industry Co., Ltd. (99.99%)
 - TPI Aromatics Plc. (99.99%)*
 - IRPC Energy Co., Ltd. (99.99%)
 - TPI Philippines Vinyl Co., Ltd. (99.99%)*
 - Asian Dragon Oil Refinery Co., Ltd. (99.99%)*

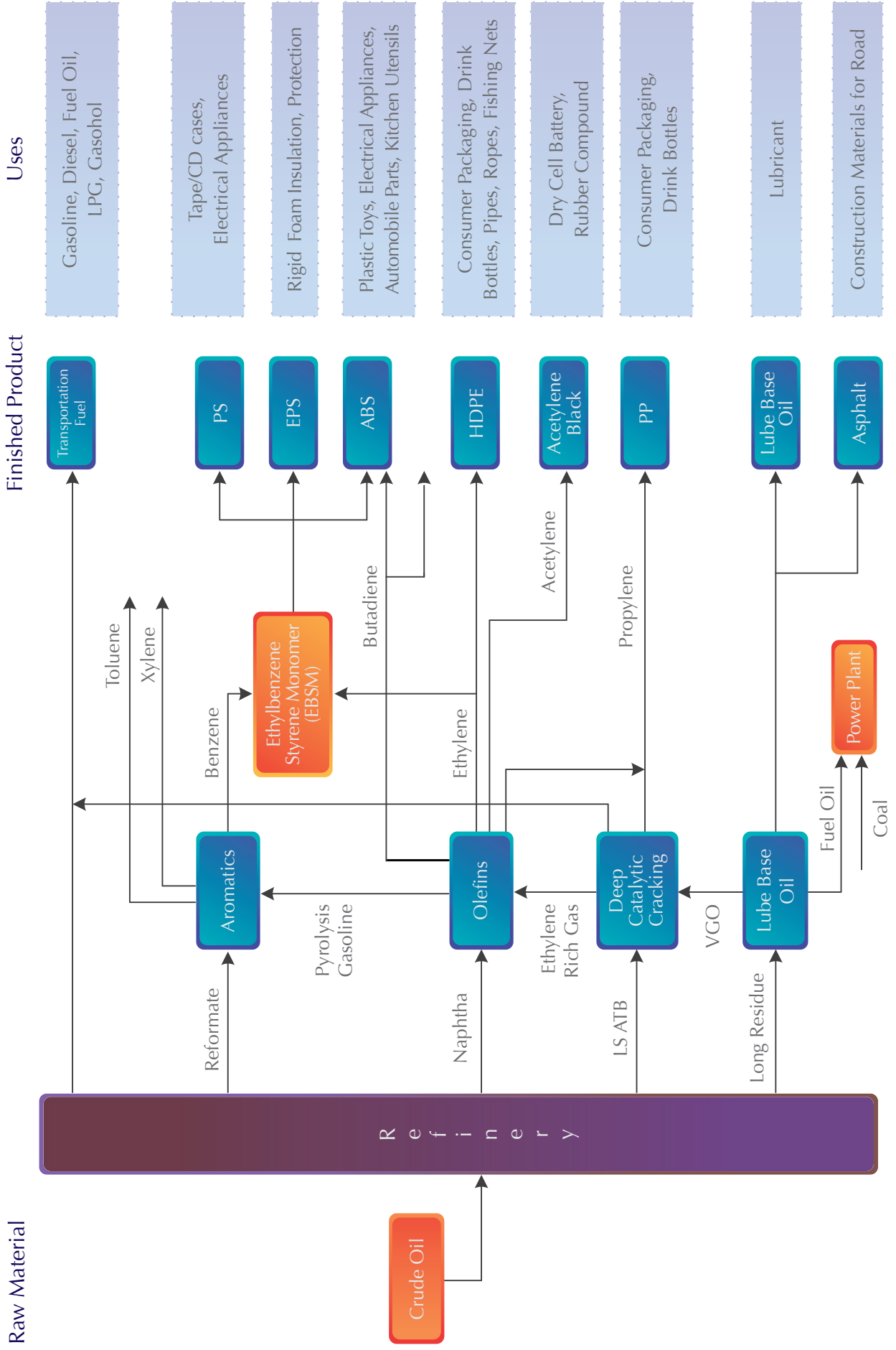
- Indirect Subsidiaries**
- Subsidiaries of IRPC Oil Co., Ltd.
 - TPI Internet Portal Co., Ltd. (99.89%)
 - TPI Oil (2001) Co., Ltd. (99.96%)
 - Subsidiaries of TPI Aromatics Plc.
 - TPI Refinery (1997) Co., Ltd. (99.98%)*
 - TPI Tank Terminal Co., Ltd. (99.98%)*

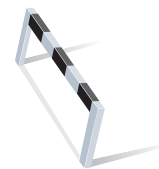
- Associates**
- Kapuluan Holding Corporation (39.99%)
 - Phil-Thai Holding Corporation (39.99%)
 - Pornchai Enterprise Co., Ltd. (25.00%)
 - TPI EOEK Co., Ltd. (25.00%)

Core Businesses

Note: * Non-controlled subsidiaries
As of 31 December 2008

Integrated Refinery and Petrochemical Complex Flow Chart





Management Discussion and Analysis



1. Operating Performance

In the year 2008, our economy was entering into the downturn resulted from global economic crisis. The Company has reduced its average operating rate in the second half of 2008 to 159,670 barrel per day as the demand drastically declined, this made annual operating rate dropped to 170,035 barrel per day or 10% decrease comparing to last year. The high fluctuation of crude and refined oil price, especially the slump of oil prices in the forth quarter caused stock loss and inventory loss (LCM) in the amount of 15,469 million baht. The operating performance for the year 2008, the Company recorded consolidated sales revenue of 244,694 million baht, 8% increased from 2007 while cost of goods sold increased by 22%, resulted in negative gross profit of 13,072 million baht. Other revenues declined from the previous year by 3,335 million baht. Hence, the Company recorded net loss for the year 2008 in the amount of 18,262 million baht.

Petroleum Business

In 2008, sales revenue from petroleum products was 180,294 million baht, an increase of 17,592 million baht from 2007 or 11% as a result of soaring price by 23% whereas sales volume declined by 10%. The high speed diesel sales volume was declined by 296 million liters or 7% and gasoline sales volume slightly declined by 1%. Due to the slump in oil prices that leads to stock loss, petroleum business generated operating loss in 2008 in the amount of 13,653 million baht.

Petrochemical Business

The Company recorded sales revenue from petrochemical products in 2008 in the amount of 61,488 million baht, slightly decreased by 1% from last year. Polymers sales revenue was 41,081 million baht, 2% declined from the same period last year as a result of 3% increase in price and 5% decrease in sales volume. The sales volume declined by 45,716 tons due to sluggish demand derived from economic slowdown. Since the third quarter, crude oil price was on the free-fall therefore downstream operators held back their orders, consequently, petrochemical product prices deeply plunged. In 2008, the Company recorded operating loss from petrochemical business in the amount of 2,900 million baht.

Sales Revenue and Operating Profit by Business Segment

(unit: million baht)

	2008	2007	change	%
Sales Revenue				
Petroleum Products	180,294	162,702	17,592	11%
Petrochemical Products	61,488	61,968	(480)	(1%)
Other Segments	2,912	2,848	64	2%
	244,694	227,518	17,176	8%
Operating Profit (Loss)				
Petroleum Products	(13,653)	4,774	(18,427)	(386%)
Petrochemical Products	(2,900)	5,518	(8,418)	(153%)
Other Segments	(261)	340	(601)	(177%)
Inter-company transactions	432	384	48	13%
Total	(16,382)	11,016	(27,398)	(249%)

The Company has put in place, the expenses control and efficiency improvement measures such as Margin Improvement Review, as well as hiring Shell Global Solution International BV, an expert in petroleum and petrochemical business, to study and advise the company in efficiency and production process improvement. The Company successfully cut cash cost by 0.45 USD per barrel. Selling and administrative expenses were reduced by 326 million baht or 7% due to decrease in employee related expense, consultant fee, advertisement expenses etc.

The Company recorded other revenue in 2008 in the amount of 956 million baht, a decrease of 3,336 million baht from last year due to lower FX gain and lower gain from investment in securities. The Company recorded FX gain in 2008 in the amount of 112 million baht, a decline from last year. The gain from investment in securities was declined by 1,717 million baht. In addition, the Company has unrealized loss from revaluation of investment in the amount of 1,050 million baht and gain from hedging on forward contract of refined and crude oil spread in the amount of 670 million baht.

2. Financial Status

Consolidated total assets at the end of 2008 amounted to 104,112 million baht, a decrease of 29,063 million baht from last year or 22%. The main reason was the decrease in inventory in the amount of 18,633 million baht resulted from lower inventory needs according to reduced operating level as well as revaluation of inventory to net market realizable value. Trade receivable was decrease by 7,277 million baht due to decreasing sales volume and prices in the second half of the year.

Consolidated total liabilities at the end of 2008 amounted to 34,918 million baht, a decrease of 5,481 million baht from 2007, as a result of decrease in account payable 12,614 million baht. The Company also early redeemed Long-term debentures in the amount of 360 million baht for the purpose of cash flow management and financial cost reduction thus net long-term debenture amount at the end of the year recorded at 18,364 million baht. However, short-term loan for working capital increased by 8,215 million baht.

Interest Bearing Debts at the end of year 2008 are as follow:

	Million Baht	Interest Rate
Short-term Debt		
Short-term loan	8,250	3.55% - 5.15%
Long-term Debt		
USD nominated debentures	8,724	6.375%
Thai Baht nominated debentures	9,640	5.05% - 5.29%
Total	26,614	

3. Financial Liquidity

IRPC and subsidiaries recorded cash balance at the end of the year 2008 in the amount of 8,550 million baht, a decrease of 2,594 million baht from last year. The Company had net cash flow categorized by activities in 2008 as follows: the company had net cash flow from operations in the amount of 659 million baht resulted from cash outflow from operating loss before reconciliation of change in operating assets and liabilities 7,923 million baht, reconciled with cash inflow from change in operating assets and liabilities; decrease in inventories and trade account receivables provided cash 21,001 million baht whereby decrease in trade account payables resulted in use of cash 12,611 million baht. The Company had net cash outflow from investments in the amount of 4,518 million baht, mainly due to payment of investment projects such as Combined Heat and Power Plant project, Plastic Resin Capacity Expansion projects. Net cash flow from financing activities was 1,265 million baht, as a result of drawdown of short-term loan from financial institutions in the amount of 8,215 million baht, cash proceeds from exercise of ESOP warrants 592 million baht, cash payment for dividend 5,850 million baht and interest payment 1,375 million baht. Combined the net cash outflow 2,594 million baht with beginning cash balance of 11,144 million baht, the company had ending cash balance at the end of the year 2008 in the amount of 8,550 million baht.

4. Amendment in Accounting Policy

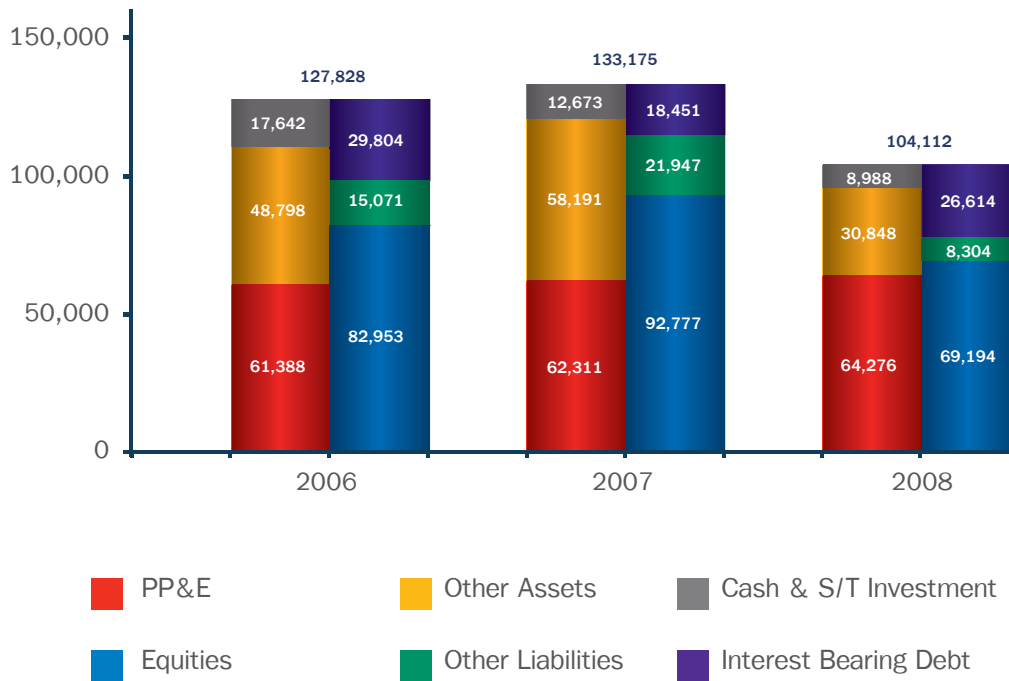
The Company has amended accounting policies to comply to Thai Accounting Standard No. 31 ("TAS 31") Therefore, the company has amended the accounting policy for the valuation of inventories from the last-in, first-out method to weighted average method, effective from 1 January 2008 and apply retrospective adjustment to 2007 financial statements. The effect to 2007 financial statements were increase in retained earnings at beginning of 2007 in the amount of 1,664 million baht, increase in retained earnings at ending of 2007 in the amount of 2,361 million baht as a result of increase in inventories at 2007 ending 2,361 million baht and decrease in cost of goods sold 697 million baht, consequently, 2007 net profit increased by 697 million baht or 0.04 baht per share.

Audit Fee

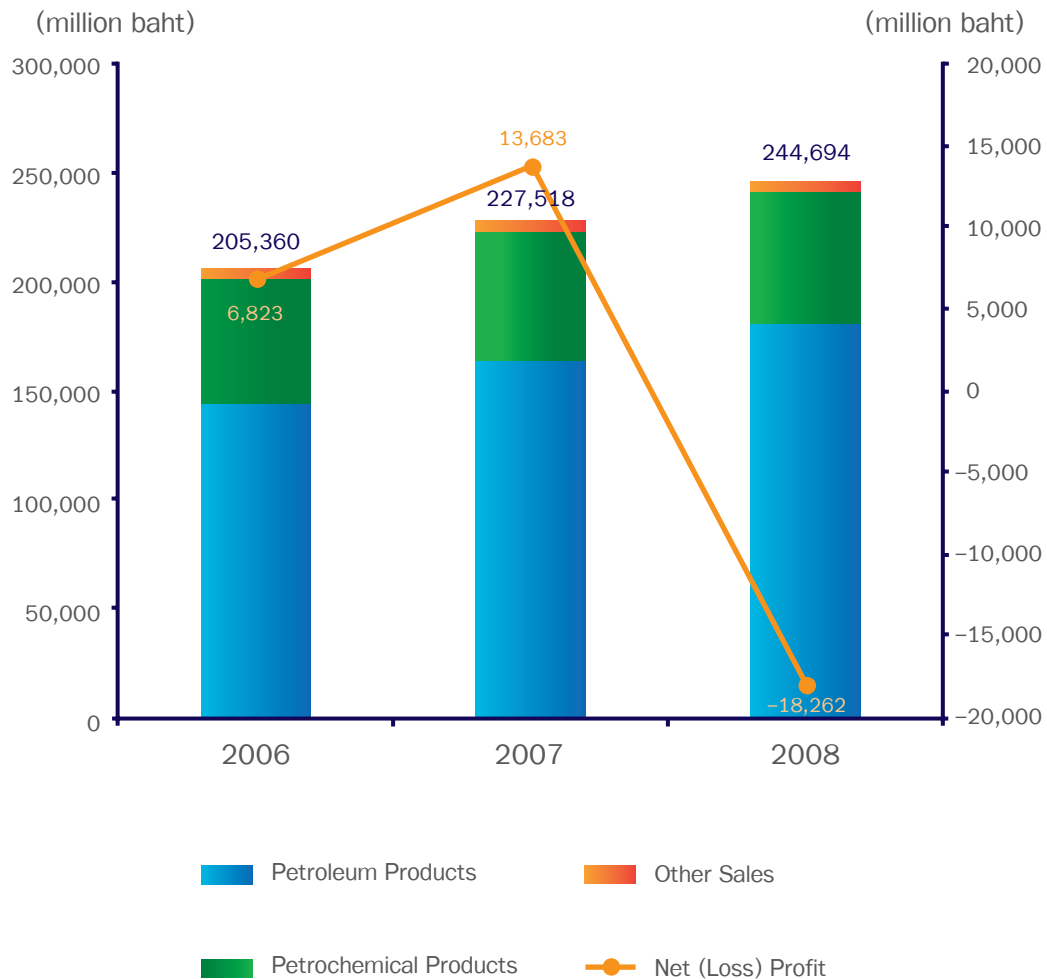
In 2008, IRPC and its subsidiary paid audit fee 6.52 million baht to PricewaterhouseCoopers ABAS Limited and paid 0.47 million baht for non-audit fee.

Balance Sheet

(Unit: million baht)



Sales and Net Profit

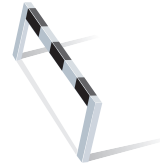


(Unit: million baht)

	2006	2007	2008
Current Assets	63,042	68,331	37,919
Total Assets	127,828	133,175	104,112
Current Liabilities	44,840	21,776	16,370
Total Liabilities	44,875	40,399	34,918
Shareholders' Equity	82,953	92,777	69,195
Registered Capital	20,475	20,475	20,475
Paid-up Capital	19,500	19,500	19,706
Par Value (Baht)	1	1	1
Sales Revenue	205,360	227,518	244,694
Cost of Goods Sold	196,246	212,013	257,766
Gross Profit (Loss)	9,114	15,505	(13,072)
Operating Profit (Loss)	8,945	14,835	(16,780)
Net Profit (Loss)	6,823	13,683	(18,262)
Net Profit Margin (%)	3.26%	5.90%	(7.43%)
Return on Assets (%)	5.33%	10.49%	(15.39%)
Return on Equity (%)	8.57%	15.57%	(22.55%)
Dividend Payout Ratio (%)	34.30%	42.75%	- *
Debt to Equity Ratio (time)	0.54	0.44	0.50
Book Value per share (Baht)	4.25	4.76	3.51
Earning per share (Baht)	0.35	0.70	(0.93)

Note: * The Board of Directors at the meeting held on 17 February 2009 has resolved that the Company to pay dividend for the operation of the year 2008 from retained earning at the rate of 0.18 baht/share and to propose the dividend payment to the Annual General Meeting of Shareholders 2009 on 8 April 2009.

Human Resources Management



At IRPC, we greatly value our employees and see them as an important factor in our growth. The Company constantly trains and reviews its personnel to help them heighten their efficiency and professionalism. The Company has set up policies in human resources management for the regular improvement of employees at every level so they can further support business strategies and targets based on the ethics and culture of IRPC.

In 2008, we implemented a human resources management system. The Performance Management System (PMS) evaluates employees' overall performance in every essential area with fairness based on the 360° Evaluation Analysis for Top Management. The system was designed to be compatible with Corporate KPI concerning business strategies and company goals as well as the career paths of the employees to ensure the company grows strongly.

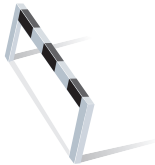
Moreover, IRPC pays attention to internal communications. The Company has appointed a Brand Ambassador team to lead in delivering internal messages, developing organizational culture, reinforcing organizational core values at every level and helping employees to process their own human resources data through an online data management system called Employee Self-Service or ESS.

The manpower needs of IRPC were evaluated and adjusted in accordance with the business climate. The Company therefore created an opportunity for employees who intended to quit by paying them a settlement to resign. In the last year, the company cut employees by approximately 20% and significantly reduced staff expenses.

Additionally, the Company has set up a compensation and wage scheme that compares favorably with top companies within the industry and helps employees to enjoy better quality of life by focusing on operating safety.



Corporate Governance



The Company attaches great importance to conducting business on the basis of good corporate governance. By doing so, we have managed to follow our corporate governance policies conscientiously in accordance with business conditions and with a great awareness of the rights of every stakeholder. We are also committed to improving our corporate governance to international standards. Throughout the 2008 business year, the Board of Directors managed the company to follow the best corporate governance practices in five main categories as follows:

The Rights of Shareholders

The company is highly aware of, and always grants precedence to, the rights of shareholders in order to encourage their trust and confidence in investing with the company. Therefore, we have issued policies and guidelines so as to impartially maintain the basic rights granted equally to every stakeholder in compliance with related laws and the company's regulations. For example, shareholders have the right to receive profits/dividends equally, the right to attend the Annual General Meeting of Shareholders, the right to appoint a proxy to attend and vote on their behalf at the Annual General Meeting of Shareholders, the right to vote for the appointment or withdrawal of individual directors, the right to express their opinions and ask questions to the Board, and the right to receive sufficient and up-to-date information. Besides the above practices, we have also implemented suitable and effective management measures for our shareholders. Based on good corporate governance practices, the company performs the following activities in order to support their rights:

1. Prior to the Annual General Meeting of Shareholders, the company will send an invitation letter together with necessary support documents to shareholders. The invitation letter is normally comprised of the following details: date, time, address, map of the meeting place, meeting agenda and opinions of directors, agenda support documents, a proxy form in the Ministry of Commerce's format, meeting rules, voting regulations and a list of necessary documents shareholders will present in the meeting. Additionally, shareholders are allowed to submit their inquiries in advance to maintain their rights in attending the meeting and the inquiries should be submitted to the directors at least 14 days before the meeting date. Moreover, the company also posts the invitation letter, the necessary documents and related information for the Annual General Meeting of Shareholders in both Thai and English on the company's website for 30 days prior to the meeting date and advertises all details in daily newspapers three days in advance for three consecutive days.
2. On the day of the meeting, the company holds a pre-registration session at least two hours before the meeting. We prepare a convenient meeting room, adequate registration staff and a barcode system for registration in order to facilitate our shareholders. At the same time, we print out a separate ballot paper for each item on the agenda. We also hold a late registration session for shareholders who have the right to attend the meeting in order to uphold their rights.
3. The Chairman of the Board, Chief Executive Officer and Chairman of sub-committees all place great importance on the meeting and, in order to maintain shareholders' rights, they will attend the meeting in order to answer all of the company or agenda-related inquiries made by shareholders.
4. Before the meeting begins, the Chairman of the Board will explain to shareholders about voting and vote-counting methods as stated in the Company's Articles of Association and will explicitly inform them of the results of the vote for each item on the agenda as well as assigning shareholders' representatives to verify the results of each vote.
5. During the meeting, the Chairman will allocate time appropriately and will run the meeting transparently and properly by giving shareholders the chance to express their opinions and ask questions before voting and will summarize the resolution of each item on the agenda.

6. The company discloses information regularly via the Stock Exchange of Thailand (SET) and the company's website. Moreover, we have set up an Investor Relations Office to communicate, and answer questions about, the information that has been changed or issues that are important to our shareholders.
7. We openly disclose our shareholding structure in the company's subsidiaries and associate companies to ensure transparency and accountability of the company's structure to shareholders.
8. We have effectively managed to create sustainable growth for our organization in order to return the highest profits to shareholders.

Equitable Treatment of Shareholders

The company places great importance on its shareholders and manages to treat all with equitability and fairness by:

1. Arranging transparent and efficient Annual General Meetings of Shareholders by running the meeting and holding votes in accordance with the sequence of the meeting agenda as notified in the invitation letter. It is not our policy to add more items to the meeting agenda without giving prior notice to shareholders. This allows them the chance to study related information on each item on the agenda before making a decision.
2. Enabling shareholders who are unable to attend the meeting themselves to appoint one of the Independent Directors, Chairman, Chief Executive Officer or any relevant person to attend the meeting and vote on their behalf by proposing their name in the proxy form that allows the proxy to act according to the shareholder's intentions.
3. Encouraging shareholders to use a separate ballot paper for each item on the agenda. Ballots will be gathered in the meeting room and the votes counted and merged with advance votes made via proxy forms. Then the result of the vote will be announced at the meeting.
4. Recording the minutes of the meeting precisely. This will be comprised of all relevant important issues including the meeting resolutions and voting results which are separated into approved votes, disapproved votes and abstained votes on each agenda item, inquiries, explanations and opinions from the meeting. The minutes will be forwarded to all related parties within 14 days of the meeting. Moreover, the whole session of the meeting will be recorded. The video recording and the minutes of the meeting will be placed on the company's website to provide useful information to shareholders and general investors.
5. Outlining the measures regarding information security and the prevention of insider trading in the company's Good Corporate Governance Handbook that all employees have signed in acknowledgement of the company's measures to create fairness for shareholders. The directors, the management and all related persons, including spouses and children aged under 20, will be informed that they are not allowed to use undisclosed information that affects the company's share price as it violates the Securities and Exchange Act 1992, section 241. Additionally, the directors and the Board of Management must report their shareholdings to the Securities and Exchange Commission (SEC) when they are firstly appointed for the position and they must report to the SEC within three working days every time they change their holdings.

Role of Stakeholders

The company conducts its business by adhering to its responsibility for the rights of both internal and external stakeholders for sustainable benefits. The Board of Directors has supervised and set up management procedures that guarantee that the company acknowledges the rights of all stakeholders as stated by law and the company's Corporate Governance Handbook. The rights of shareholders, staff, trading partners, competitors, debtors, customers, the community, society and the environment are upheld by the guidelines and responsibilities that employees of all levels are expected to act upon as follows:

Shareholders: The company is committed to its responsibility to create the highest levels of satisfaction for all shareholders on the basis of sustainable growth and regular satisfactory returns as well as running the business with management transparency and a reliable accounting system.

Customers: The company is determined to create outstanding customer satisfaction and confidence in receiving the best quality products and services at reasonable prices. In this way, it will maintain mutually beneficial long-term relationships with its customers.

Trading Partners: The company is concerned about equality, honesty and mutual benefit when doing business with its trading partners. Therefore, trading partners must strictly comply with all rules and regulations as well as following the code of conduct and business ethics.

Competitors: The company runs its business strictly on the basis of business ethics and transparency under the rules of fair competition. It avoids dishonest or inappropriate acts and will not adversely affect competitors' reputations.

Creditors: The company treats its creditors with transparency, fairness and responsibility by strictly maintaining and following the rules of payment, collateral keeping, and other conditions including using the loan in ways that do not conflict with the agreement signed with the creditors. In case the company cannot comply with any of these conditions, it will inform the lender in advance in order to consider and develop solutions.

Staff: The company sees its employees as a key factor in its success. It, therefore, seeks to build a good corporate culture and a comfortable working atmosphere. IRPC supports teamwork and gives suitable and satisfactory remuneration and benefits to its staff including medical allowances, annual physical check-ups, transportation and the creation of clubs and associations. Moreover, the company has also created a safe and convenient working atmosphere that helps its people work effectively. It places great importance on the development, knowledge and potential of its entire staff and pays attention to the opinions and suggestions of its employees at every level. Additionally, IRPC has set up an Employee Stock Option Program (ESOP) in order to reward all staff for the enormous contributions they have made to the company. The project also aims at encouraging employees to dedicate themselves to working effectively, leading the company towards its business goals and creating the highest profits.

Society and the Environment: The company operates an integrated refinery and petrochemical complex along with necessary infrastructure, such as a power plant, deep-sea port and oil storage tanks, in Rayong province. Aware that 'Rayong is our home', we have tried hard to maintain the environment and the quality of life of local people by monitoring the environment according to government regulations. Moreover, we have continually surveyed local people's opinions towards the company's business. Above all, we have implemented regulations on safety, health and the environment for our employees to practice on a daily basis. We promote various social activities related to protecting the environment and improving the quality of life based on the concept of sustainable development.

IRPC places the highest priority on the participation of stakeholders and has set up policies and measures to repay stakeholders in case any damage occurs from the violation of their rights. Moreover, the company is open to suggestions or complaints over illegal acts or any opinions that are useful to the company via:

The Company Secretary

IRPC Public Company Limited

31st floor, Sun Tower A

123 Vibhavadi Rangsit Rd., Chompol, Chatuchak, Bangkok, 10900

Tel: (662) 649-7000 Fax: (662) 649-7982

Information Disclosure and Transparency

The Board of Directors of IRPC places great importance on the quality of information and the equal, transparent and fair disclosure of said information via conveniently accessed channels. In 2008, the company managed the disclosure of information, so as to assure all stakeholders, as follows:

The Accuracy and Completeness of Information

- The company precisely and completely disclosed corporate and financial performance information, as well as non-financial information, as stated by the Securities and Exchange Commission of Thailand (SEC) that were verified by the specified authorities. In the previous year, there was no penalty found on fault disclosure. The company also regularly improved the efficiency of the information disclosure procedure. For example, the annual and quarterly financial statements of the company were compiled and verified before being submitted to the SEC, and were disclosed to shareholders and investors before the due date.

- The company compiled its financial statements accurately and completely in accordance with accepted accounting standards and the Audit Committee and an independent auditor verified these. Moreover, to assure all stakeholders, the company directors conducted a report on their responsibilities in preparing financial statements and disclosed it in the company's annual report together with the auditor's report. The details of the report cover the implementation of accounting standards that are consistent with our business and use the suitable policies that we normally apply.

- Additional important company information according to the company's good corporate governance policies is disclosed in the annual report, the Annual Registration Statement (Form 56-1) and the company's website, which is updated regularly.

- The Company continuously arranges meetings and information exchanges between the company's executive and employees in order to inform staff the company's business direction and strategies. These act as guidelines as to how to conduct their work in order to add more value to the organization and give greater returns to shareholders.

Channels and Responsible Persons in Disclosing Information

- The company's important, updated and complete information, based on its good corporate governance policies, has been posted on www.irpc.co.th in both Thai and English. The website allows visitors to download the information and request more details. Moreover, the company will continually improve the website to better show the company's value and satisfy the needs of all stakeholders.

- The company has set up an Investor Relations Office and appointed responsible persons to act as a communications channel with shareholders, retail and institutional investors, analysts, and other related parties such as the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission of Thailand (SEC). The

executives take part in investor relations activities by, for example, meeting with investors and analysts, according to the annual corporate plan, to clearly explain the company's business performance and answer all related questions. The information is also posted on the company's website after the meeting. Moreover, the company regularly surveys analysts' opinions on its investor relations activities for improvement.

- The Company has set up channels for shareholders, investors, analysts and other people to search for additional company information via the company's website at www.irpc.co.th or by directly contacting the Investor Relations Office using three main channels as follows:

1. Telephone: (662) 649-7384
2. E-mail: ir@irpc.co.th
3. Fax: (662) 649-7379

The main activities of Investor Relations Office in 2008 can be summarized as follows:

- Six overseas road shows in Hong Kong, Singapore, Malaysia, the United Kingdom, Europe and the United States of America.
- Two local road shows with retail and institutional investors.
- Four meetings with analysts to present the company's operating performance every quarter after reporting to the Stock Exchange of Thailand.
- 27 company visits of analysts and investors.
- Two plant visits of analysts and retail investors to give them greater understanding of the company's business and to inform them of business progress.
- Two activities held by the Stock Exchange of Thailand (SET) to publicize the company's profile to shareholders and investors.
- Reported information and important news via the reporting system of the Stock Exchange of Thailand (SET) according to the company's good corporate governance policies.
- Answered all inquiries from shareholders, investors, analysts and related persons via telephone and e-mail.
- Publicized the company's information via the company's website under the topic of 'Investor Relations' such as announcements to the Stock Exchange of Thailand, the invitation letter to the Annual General Meeting of Shareholders, the company's share price etc.
- The Company set up the Compliance Unit to monitor the company to ensure it runs its business according to the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission of Thailand (SEC).
- The company set up the Corporate Public Relations Unit to publicize the latest information, news, activities and cooperation with other business units to the media and the public as follows:
 - Issued press releases to announce the company's performance and business plan to the media after having reported all information to the Stock Exchange of Thailand (SET).
 - Invited the media to visit the company to acquaint them with the petroleum and petrochemical industry so they would fully understand the company's business.
 - Publicized all updated information via the company's website to create mass communication as well as the company's intranet in order to inform employees about the company's activities.

Throughout 2008, IRPC regularly publicized information and activities that related to the company's strategies and business activities.

Responsibilities of the Board of Directors

The company's Board of Directors is the key factor in managing the company's good corporate governance policies. The Board of Directors is comprised of qualified people who have knowledge, expertise and experience and are able to generate the greatest benefits for the company. Moreover, they must be entirely dedicated to their duties. The composition of the Board of Directors is as follows:

The Board of Directors

The Board of Directors is comprised of 17 people, including 16 directors who have no role in company management and one director who sits in a management position. As a result, stakeholders can be assured that the directors are able to perform their roles in representing the shareholders independently and with suitable balance. All directors must have the necessary qualifications required by law as well as expertise in various fields so they can combine their knowledge for the good of the company.

Chairman of the Board of Directors

The Chairman of the Board of Directors shall not be the same person as the Company's CEO. The two positions shall have their roles and responsibilities clearly separated so the Chairman can freely express his or her opinions. The Chairman possesses the right to make a final decision when a meeting vote is tied.

Vice Chairman of the Board of Directors

The Vice Chairman performs duties assigned by the Chairman of the Board of Directors and acts on behalf of the Chairman of the Board of Directors on occasions that he or she is temporarily unable to perform the role.

Chief Executive Officer

The CEO is appointed to outline the management framework according to Board resolutions and policies. He or she also serves as the Secretary of the Board of Directors to arrange Board and shareholders' meetings efficiently.

Independent Directors

The company specifies qualifications for Independent Directors that are stricter than the regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission of Thailand (SEC) as follows:

1. Independent Directors must not hold more than 0.5% total shares with voting rights in the company, its subsidiaries, joint ventures or juristic persons which may cause conflict of interests (including persons specified in Section 258 of the Securities and Exchange Act).
2. Independent directors must not be involved in management and shall not be the company's temporary staff, employees, advisors who are granted monthly salaries, consultant auditors, legal consultants or other advisors or persons who have authority in supervising the company, its subsidiaries, and joint ventures where conflicts of interest may arise. They must not have received benefits or advantages from any of the above-mentioned categories for at least two years.

3. Independent Directors must not have any business relationships with the company such as customers, trading partners, trade creditors/debtors, and financial creditors/debtors. They must not receive any direct or indirect benefits from financial and management related functions of the company, its subsidiaries, joint ventures or juristic persons where conflicts of interest may arise that lead to a lack of independence in performing their roles.
4. Independent Directors should not be relatives or have relationships that could possibly create a lack of independence in performing their roles with management and major shareholders of the company, its subsidiaries and joint ventures or juristic persons who may have conflicts of interest with the company. They should not be appointed to represent or protect the interests of any director or shareholder.

The company plans to increase the number of Independent Directors to be 1/3 of the Board of Directors. All Independent Directors have performed their roles well, making great contributions to the company for the highest benefit of all stakeholders.

The Sub-Committees

In order to deliberate important business-related issues cautiously and effectively, the company appoints four main sub-committees as follows:

1. The Executive Committee

The company will appoint at least three directors who are specialized in the petroleum and petrochemical industry as the Executive Committee to have authority and responsibility for considering the company's business plans and annual financial budgets in order to make proposals to the Board of Directors. The Executive Committee will outline the investment and financial policy as well as business plans that comply with the company's policy. Moreover, they also have the authority to approve investment guidelines and proposals following the Company's Articles of Association. They shall also consider and handle important issues related to the company's business operations, as well as examine and make suggestions on all kinds of work projects before submission to the Board of Directors. Furthermore, the Executive Committee has the duty to appoint directors for subsidiaries and joint venture companies, based on the proportion of the Company's shareholdings or agreements signed between shareholders as well as performing other related duties assigned by the Board of Directors.

2. The Audit Committee

The Audit Committee is comprised of at least three Board directors and at least one of them must be an Independent Director with knowledge and expertise in accounting and finance. The Audit Committee shall have independence as required by the Announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand's regulations on the Audit Committee's qualifications and authority. The Audit Committee monitors and supervises the company's operations, financial statements and internal controls. It may appoint an auditor to consider conflicts of interests and manage risks.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is appointed from at least three company directors and at least one of them must be an Independent Director. It is responsible for selecting qualified persons to be nominated as directors and the Chief Executive Officer according to reasonable and transparent selection criteria. Furthermore, it also considers the compensation schemes of directors and the CEO based on fairness and suitability before submission to the Board of Directors and the Shareholder's meeting for approval.

4. The Good Corporate Governance Committee

The Good Corporate Governance Committee is comprised of at least three company directors and at least one of them must be an Independent Director. It is responsible for considering and proposing corporate governance policies, as well as making necessary suggestions on related issues, to the company's Board of Directors.

Directors' term of office

The Board of Directors and Sub-committees's terms of offices are 3 years. Each director is suggested not to hold directorship of other listed companies more than 5 companies as the Company recognizes and requires efficiency and performance of directors. The information of directors' holding positions in other listed companies is disclosed in Annual Report, Form 56-1 and Company's website.

In case of directors' holding directorship positions in other listed companies more than 5 companies, where the concerned listed companies are PTT Plc subsidiaries. The holding of directorship positions shall be considered as PTT management of its investment, there is no concern of directors' performance.

Roles and Responsibilities of the Board of Directors

The company's Board of Directors is responsible for managing the business to create the greatest benefits for the company. The roles, duties and responsibilities of the Board of Directors are to act within the law, the company's Articles of Associations and good corporate governance policies with honesty, integrity, responsibility and transparency. Furthermore, it also oversees the company's management performance to meet corporate goals, create the highest returns for shareholders and uphold the interests and rights of stakeholders. In order to implement the company's good corporate governance policies more effectively, the Board of Directors performs the following roles:

1. Contributing time to planning, and highlighting the importance of, the company's vision, business plans and strategies through debate and the gathering of necessary information. The Board of Directors must also estimate the risks that may occur in order to implement the vision, business plans and strategies effectively.
2. Examining and approving the company's important business strategies and policies, objectives, financial targets and plans. It must regularly follow up to ensure that the company's vision, strategies and plans are being implemented.
3. Setting up a reliable accounting system, financial statements and auditing procedures. It must establish appropriate procedures in order to effectively and efficiently evaluate the company's internal controls and audits.
4. Examining potential risks and issuing policies to minimize them. The Board of Directors also

- supervises the Board of Management in implementing effective risk management procedures and maximizing business opportunities should the risk occur.
5. Investigating and solving problems related to conflicts of interest and associated issues. The Board of Directors will consider important business matters in order to create the greatest benefits for shareholders and stakeholders.
 6. Setting up a suitable remuneration system for the company's executives so as to create both short-term and long-term motivation.
 7. Evaluating the performance of the CEO on a regular basis as well as specifying his or her remuneration in accordance with performance.
 8. Providing convenient communication channels to communicate with shareholders and evaluating information disclosure so as to ensure its accuracy, transparency, completeness and reliability.
 9. Acting as a leader and role model in performing duties to the highest levels and in compliance with the company's good corporate governance policies.

The Board of Directors' Meeting and Information Distribution

The company will set the dates and times for Board of Directors' Meetings for a year in advance and will inform all directors of the meeting agenda beforehand so they can set their schedules. Special meetings may be held outside these times if necessary. Furthermore, the company will send each director an invitation letter in advance. This will also contain the meeting agenda and supporting documentation so they will have enough time to study all the information before the meeting.

During the meeting, the Chairman of the Board of Directors will ensure that enough time is allowed for all directors to make proposals, present information and discuss significant matters with care and caution. Furthermore, the Chairman also encourages directors to cautiously deliberate the issues and freely give their opinions. The Board of Directors encourages the CEO to invite executives who are directly related to the meeting agenda to attend the Board of Directors' Meeting in order to give clearer explanations and provide additional information. The Board of Directors may ask executives to provide documents, information, suggestions and other services related to the company's operation. Additionally, the Board of Directors may seek additional opinions from external consultants if necessary. Directors who may have a conflict of interest on an agenda item must abstain from voting and giving opinions or they should not attend the meeting. After the meeting ends, the minutes will be accurately recorded in writing and should include all resolutions and opinions. Approved minutes are signed by the Chairman and correctly filed so that directors and related persons can review and use them for reference.

Leadership and Vision

The Board of Directors plays an important role in determining the company's vision, obligations, strategy, business plans and annual budget in order to create the highest value for the company and the greatest benefits for shareholders. Additionally, the Board of Directors is responsible for approving proposed strategies and key policies, especially in the field of finance and business plans, which shall be approved at the beginning of the year and followed up regularly.

The Board of Directors has set up effective internal control procedures, internal audits and risk management policies. It follows up the implementation of each area regularly in the Board of Directors' Meeting.

The Board of Directors also supervises the performance of the company's management by requiring them to report on business progress and the company's earnings on a monthly basis at the Board of Directors' Meeting. Furthermore, the Board is fully aware of pertinent laws and regulations and requires management to report every important issue related to the company in order to run the business efficiently and correctly.

Prevention of Conflicts of Interest

The Board of Directors has cautiously managed every issue related to conflicts of interest. Therefore, it has set guidelines in order to examine every issue related to conflicts of interest concerning shareholders, directors, executives and other related parties in the company's Good Corporate Governance Handbook. The company's internal audit procedure has strict examination criteria, and each case must be verified by the company's Audit Committee in order to prevent conflicts of interest and to ensure that the company has audited the issue based on justification, reason and the highest benefit to shareholders.

- The Board of Directors has managed the procedures carefully according to the stated principles, acting with independence, transparency and the highest benefits to the company in mind according to the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission of Thailand (SEC).

- When examining cases of conflict of interest, all parties involved are not allowed to participate in the decision making process. Therefore, at every Board of Directors Meeting, the Chairman will request everyone participating to strictly follow the rules relating to the case. The directors who are involved in the case must report to the meeting and abstain from voting or giving the opinion on the issue.

- The Board of Directors has disclosed all information relating to conflicts of interest in the company's Annual Report and the Annual Registration Statement (Form 56-1).

Moreover, the company strictly follows the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission of Thailand (SEC) in performing any activities related to the acquisition or disposition of the company's assets. In the case that the Company has to ask for shareholders' approval in performing such activities and the vote shall not be less than $\frac{3}{4}$ of the total vote of shareholders or their proxies attending the meeting, but excluding the portion of shareholders who are involved in the conflict of interest issue.

Managing the Use of Insider Information

The company has set up policies for directors, executives and employees that prohibit the use of the company's undisclosed information for their own benefit or for the benefit of related persons, or for the sale or purchase of the company's securities as follows:

- Treat all shareholders equally and fairly. In order to prevent employees of every level who have received undisclosed information, or their families, from performing any action that is against the law, the company prohibits such people from buying, selling, persuading other people to buy or sell, or making tender offers or public offerings of the stocks issued by the company, its subsidiaries and joint ventures listed on the Stock Exchange of Thailand (SET), whether by themselves or via brokers, while they are in possession of said undisclosed information. The

company and the Stock Exchange of Thailand (SET) consider the use of insider information as speculative trading or giving an unfair advantage to a group of people.

- Set up an information security system by specifying a hierarchy for the information according to the level of confidentiality as well as by limiting access so that only necessary and related persons will be allowed to access the information. Therefore, it is considered the responsibility of those in possession of confidential information to strictly comply with the rules of the information security system and instruct all related people to do likewise. Those who make use of insider information will be penalized by law or disciplinary sanctions.

- Inform the directors, executives and all related persons to report the number of shares held by themselves, their spouses, family and underage children when taking a position with the company. According to the Securities and Exchange Act 1992, sections 59 and 275, they also have to report the transference of shares within three working days of the day the shares were bought, sold, transferred or received to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission of Thailand (SEC).

- Set up good corporate governance procedures for directors and staff in order to help them to perform ethically on the basis of responsibility, honesty, determination, and contribution to the company. They also have to follow the company's rules and regulations and corporate culture as well as performing any activities that will help to preserve the working atmosphere in order to drive the company towards greater prosperity.

Internal Control

Recognizing efficient internal control system, the Company provides suitable internal control and risk management system appropriate to the Company's operation. The Internal Audit Department is independent and accountable for monitoring of compliance to internal control system in 5 elements; Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring. The Internal Audit reports audit results to Audit Committee and Board of Directors. In 2008, Audit Committee has reviewed internal control system and found no issues or weaknesses that may have a significant impact on the Company's operations.

Self-Evaluation of Directors

The company's Good Corporate Governance Handbook states that directors should carry out a performance self-evaluation at least once a year so that the Board of Directors can consider their performance and address any problems that occurred previously. The self-evaluation procedure also gives them the opportunity to consider the time they dedicated to performing their roles and helps to improve the relationship between the company's Board of Directors and the management team. The directors' self-evaluation procedure is separated into group evaluation and individual evaluation. The group evaluation consists of four main topics: 1) Board Policy, 2) Board Composition, 3) Board Practices and 4) Board Meetings. The individual evaluation consists of six main topics: 1) Accountability, 2) Responsibility, 3) Equitable Treatment, 4) Transparency, 5) Vision to Create Long Term Value and 6) Ethics. The evaluation form will be submitted to the company's Board of Directors for further consideration and to reach conclusions so as to improve the potential of directors in the following year.

Development of Directors and Executives

The company's Board of Directors helps directors to understand their responsibilities and the nature of the company's business by providing them with useful information as well as by circulating rules and regulations received from the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission of Thailand (SEC) to both current and new directors regularly as follows:

New Directors: Orientation is arranged for newly recruited directors in order to give them an overall picture of the nature of the company's business and its business direction. As well, informing them about important and necessary information such as the company's Articles of Associations, good corporate governance policies, Form 56-1 and the annual report, is provided as guidelines to enable them to perform their roles according to the company's good corporate governance policies.

Current Directors: The company supports current directors with additional courses in order to increase their knowledge and understanding of the concepts of good corporate governance, rules and regulations as well as their roles and responsibility in managing their functions with efficiency and ethics, such as courses arranged by the Thai Institute of Directors (IOD). At the moment, 16 out of 17 directors have attended the Director Certification Program (DCP) and Director Accreditation Program (DAP).

Thai Institute of Directors' (IOD) Courses Directors Have Completed

No.	Name-Surname	Directors Certification Program (DCP)	Director Accreditation Program (DAP)	Finance for Non-Finance Directors	Role of the Chairman Program (RCP)	Audit Committee Program (ACP)
1	Gen. Mongkon Ampornpisit	Yr 2005	Yr 2005	Yr 2002	Yr 2007	-
2	Mr. Prasert Bunsumpun		Yr 2004			
3	Mr. Aree Wongsearay	-	-	-	-	-
4	Mr. Pala Sookawesh	-	Yr 2004	-	Yr 2001	-
5	Mr. Prajya Phinyawat	Yr 2002	-	-	-	-
6	Mr. Visit Tantissunthorn	Yr 2002	-	-	-	-
7	Mr. Virabongsa Ramangkura	Yr 2004	-	-	-	-
8	Mr. Tienchai Chongpeerapieng	-	Yr 2008	-	-	-
9	Mrs. Jantima Sirisaengtaksin	Yr 2002	-	-	-	-
10	Pol. Gen. Sereepisut Taameeyaves	-	Yr 2006	-	-	-
11	Mr. Sangiam Santad	Yr 2004	Yr 2004	-	-	-
12	Mr. Rutt Phanijpand	Yr 2005	Yr 2003	-	-	-
13	Mr. Chaivat Churitti	-	Yr 2007	-	-	-
14	Mrs. Puntip Surathin	Yr 2001	-	-	-	-
15	Mr. Sommai Khowkachaporn	Yr 2003	-	Yr 2003	-	Yr 2007
16	Mr. Lersuk Chuladesa	-	Yr 2007	-	-	-
17	Mr. Pailin Chuchotthaworn	Yr 2004	Yr 2004	-	-	-
18	Mr. Piti Yimprasert*	-	Yr 2008	-	-	-

* Mr. Piti Yimprasert's Management Term ended 31 December 2008.

Succession Plan

The company's Board of Directors has set up a Succession Plan to ensure that the company has recruited suitable personnel for every management position and to act as a guideline when acting on behalf of the Chief Executive Officer or executives is necessary. Moreover, the Board of Directors has also set up many courses for relevant parties to enhance the company's good corporate governance policies as well as to continually improve their working performance.

Company Secretary

In order to comply with the Securities and Exchange Act 1992 (edited version), section 89/15 and the company's good corporate governance policies, the company's Board of Directors agreed to appoint Mr. Chalermchai Somboonpakorn as Company Secretary with effect from 15 July 2008 to be responsible for report consolidation and the filing of important documents such as Directors' Records, Board of Directors' Meeting agenda, minutes of the Board of Directors' Meeting, the company's annual report, invitation letters to the Annual General Meeting of Shareholders, minutes of the Annual General Meeting of Shareholders and conflict of interest reports formulated by the company's directors or executives, as well as performing other activities stated by the Capital Market Supervisory Board.

In 2008, the company participated in a good corporate governance survey with the Thai Institute of Directors (IOD) and was evaluated as having excellent standards. Moreover, the company also was evaluated on how it ran the Annual General Meeting of Shareholders by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission of Thailand (SEC) and was also given excellent results. However, the Board of Directors still has the responsibility to consider and improve the company's good corporate governance policies to be more effective and concordant with changing situations in order to ensure that the company's management is effective, transparent, and accountable as well as able to create the highest benefits for shareholders and stakeholders in the future.

Report of the Corporate Governance Committee

Dear Shareholders,

IRPC aims to enrich Good Corporate Governance to internal best practice standard and foster the good corporate governance principle as IRPC Corporate Culture. The Company encourages all employees pertaining good corporate governance principles to daily tasks. Therefore, the Board of Directors has announced Corporate Governance Policy since 2007 and communicated the policy through various channels such as Corporate Governance Handbook, which is also publicized on both Internet and Intranet.

In 2008, the Board of Directors emphasized on 5 key principles as follows: Shareholders' rights, Equitable Treatment of Shareholders, Roles of Stakeholders, Information Disclosure and Transparency and Roles and Responsibilities of the Board of Directors. The CG activities can be summarized as follows:

1. Governed and amended company's business activities to comply with SEC/SET's good corporate governance principles especially for promoting equitable rights of shareholders. The Company has provided communication channels for shareholders to lodge their inquiries through company's website, as well as invited shareholders to propose AGM agenda. Consequently, IRPC's AGM arrangement was assessed "very good" by The Security Exchange Commission, The Stock Exchange of Thailand, Listed Companies Association and Thai Investors Association.
2. Promoted information disclosure and transparency. Apart from disclosure of information through SET's notifications and other medias, the Company offered opportunities for shareholders to observe Company's operational standards, therefore, the Company organized Plant Visit for shareholders to visit IRPC's facilities in Rayong Province. The Company also regularly organizes quarterly performance briefing for securities analyst.
3. Provided director training courses enrollment for directors at Thai Institute of Directors or relevant institutions.
4. Considered self assessment and Board of Directors assessment for the year 2008 in association with Thai and International Best Practices, and emphasized on applying the assessment results as the guidance for improvement to international standard.
5. Approved and promoted Corporate Governance Activities to encourage CG understanding, principles and business ethic among employees throughout the organization as embedded corporate culture.

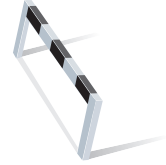
Our unrelenting development on Good Corporate Governance has been recognized by Thai Institute of Directors (IOD). The Company was assessed "very good" in overall listed company assessment by IOD last year. This clearly reflected IRPC determination in fostering good corporate governance.



(Mrs. Jantima Sirisaengtaksin)

Chairman of Corporate Governance Committee

Risk Management



The Company has policy to manage risks systematically and comprehensively. Therefore, the Company has been rigorously developed risk management system with ultimate aim to properly handle risks at all levels from Corporate Risk Management to Functional Risk Management. Designated risk management team has been assigned to communicate risk management policy to the organization at all levels, with assigned person to directly monitor, analyze, evaluate and manage potential risks for each type of risk and routinely present risk management report to the Audit Committee. In 2008, the risk analysis system has been developed to higher multitude from external to internal risks the root-cause analysis.

Risk Factor

1. Risks associated with fluctuation in raw material and product prices

Last year, crude oil as the major raw material in refining process was extremely fluctuating, Dubai crude oil price peaked at 141 USD/barrel in July 2008 and later on nose-dive plunged. Consequently, both petroleum and petrochemical finished product prices tumbled. The high fluctuation in crude oil price certainly generates risks upon cost estimation, product pricing and inventory management which could significantly affected operating results and financial position.

Risk Mitigation Measure: The Company has joined other companies in PTT group to cooperate crude oil purchase in order to lowers freight cost and fortify bargaining power. The Company also assigned Refining Spread Risk Management Committee to closely monitor and analyze crude oil market and manage risk through available risk management tools such as product spread hedging, inventory management, forward contract for crude oil and refined products.

2. Risks associated with potential conflicts of interest of major shareholder

PTT Plc. is the major shareholder in IRPC, with 36.77% shareholding. PTT and its subsidiaries is a refining and petrochemical conglomeration, the identical to IRPC's business. Thus conflicts of interest probable arise from their operations and concern utmost benefit to IRPC.

Risk Mitigation Measure: The Company considers the utmost benefit of all stakeholders with transparency and opens itself to scrutiny. The Company inhibits occurrence of conflict of interest and set measure for connected transactions to be executed with fairness, integrity, independence and prudence. Connected transactions must be strictly comply to regulations of the SET/SEC and in case approval needed from shareholders, a resolution of the Shareholder's Meeting to approve the decision must consist of at least three-fourth (3/4) of the total votes of shareholders/proxies attending the meeting and having voting rights, excluding interested shareholder's equity.

3. Foreign Exchange Risk

USD is the main medium for import of raw materials, hence, the Company is exposed to F/X risk. The fluctuation in exchange rate affects revenue conversion, for example, depreciation of USD against Thai Baht induced lower converted Thai Baht revenue. On the other hand, appreciation of USD against Thai Baht caused higher payment for imported raw materials than expected.

The Company has USD 250 million long term loans, maturing in 2017. During its duration, the Company is exposed to exchange rate risk which is gain/loss arising from foreign currency translation, however, such gain/loss has no effect to cash flow of the Company.

Risk Mitigation Measure: The Company manages exchange rate risk by balancing its cash inflow and outflow in foreign currency. Most of its business transactions both revenue and raw material purchase are based on USD, hence, naturally reduce exposure to exchange rate risk. Moreover, the Company has entered into forward contracts and hedging instruments to appropriately handle the exposure.

4. Risks associated with water resources management

The water resource used in manufacturing process of the Company relies on 3 sources of water in Rayong province; Nong Pla Lai reservoir, Dog Krai reservoir and Klong Yai reservoir. Upon completion of Company's future investment projects, the water consumption requirement for manufacturing process will increase. Coupled with higher water consumption from household sector due to the increasing in populations, the Company could experience water shortage for manufacturing process as water resource is limited.

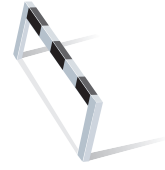
Risk Mitigation Measure: The Company secures its water requirement from Royal Irrigation Department from 52,000 cubic meter/day to 70,000 cubic meter/day. Moreover, the Company is in the process of acquiring one more additional water source to reduce the risk of water shortage in the future.

5. Risks associated with regulations

The Company seriously operates its business in compliance with related laws and regulations regard environment conservation, both nationally and internationally. However, the European Union Commissioner enforcement on Registration Evaluation and Authorization of Chemical (REACH) to control chemical content and use of chemical products with the purpose of health, sanitation and environmental protection, has affected chemical exporters to European Union as they must comply to REACH. Therefore, the Company is exposed to risk of increased cost or expenses, or ban on certain petrochemical products containing controlled chemical.

Risk Mitigation Measure: The Company has advanced registration for major chemical products sold through European representatives which has registered according to REACH, therefore, enable the Company to export controlled chemical to European Union.

Investment Projects

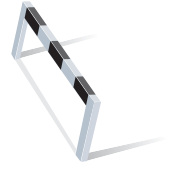


Investment projects phase 1 is aimed to increase production capacity as well as enhance business competitiveness. In the year 2008, 2 investment projects were completed; ABS/CCM capacity expansion projects which enable the Company to increase ABS production capacity by 21 KTA and HDPE (Pipe Grade) Capacity Expansion project which enable the Company to increase HDPE (Pipe Grade) production Capacity by 40 KTA. For, the 210 Megawatt Combined Heat and Power Plant project which will generate electricity and steam for internal use, reduce cost of steam and increase power stability, the project is in the process of obtaining EIA approval.

The Investment Project Phase 2 is planned to execute during 2009—2011 with the preliminary investment budget of USD 1,200 million. With current sluggish economic situation that caused shrinkage in demand, the Company has reviewed economic returns on every project. The Company believes it is appropriate to reschedule non-urgent projects including 1) Euro IV Standard Compliance Project, 2) Refinery Improvement and Capacity Expansion Project which will increase refining capacity from 215 kbpd to 258 kbpd, 3) ABS/SAN Expansion and 4) Port Dredging Project. The project that proceeding according to original plan is Propylene Booster Project which will increase capacity of propylene production by 100 KTA for internal use as raw materials for PP production. The estimated investment budget for Propylene Booster Project is USD 88 million, whereby the project is set to commence in 2009 and planned for completion in 2011.



Corporate Social and Environment Responsibility



Quality, Safety, Health and Environment (QSHE) Performance

IRPC put emphasis on the integrated environmental management to create the well balanced operation that beneficial to all stakeholders which helps IRPC to achieve sustainable growth in the long run. The Company, therefore, established policies for Quality, Safety, Health and Environment. The Company has not only strictly managed environmental quality in compliance with the law and government regulations but has also set up measures to continually improve environmental preservation. The Environmental Quality Monitoring System has been implemented in cooperation with the Industrial Works Department at the Company's industrial zone for the period of 2008 to 2011. Later on, this system has been integrated with Rayong province's Pollution Reduction and Eradication action plan for Rayong's environmental management at large.

In 2008, the Company invested 276 million baht for environmental conservation by establishing pollution prevention and reduction system. The Company also monitored environmental quality within the industrial zone and its vicinity areas which included 143 air quality monitoring points, 104 water quality monitoring points and 57 noise monitoring points. The overall measurements results meet accepted standard levels. Moreover, the Company has also encouraged employees to establish Quality Control Circle (QCC) to promote energy-saving and waste minimization activities. In the past year, 171 groups of employees participated and the Company was able to save its expenses by 250 million baht.

QCC's Awards

In 2008, 6 QCC's groups from 4 plants have won 6 national awards as follows:

1. Ethylene plant won the Diamond Prize for Junior QCC (1st prize)
2. Refinery plant won three prizes:
 - Golden Prize for QC Prize Award (1st runners-up prize)
 - Silver Prize for QC Prize Award (2nd runners-up prize)
 - Silver Prize for Junior QCC Award (2nd runners-up prize)
3. Lube Base Oil plant won the Golden Prize of the QC Prize (1st runners-up prize)
4. Power plant won the Silver Prize for Best Service Award (2nd runners-up prize)

Recognizing importance of preventive measures, Safety Department has been assigned to manage and monitor safety activities as well as arrange training sessions on operational safety covering topics such as the hazard from chemicals within industrial zone, safety patrol and safety in transferring dangerous chemical substances etc. Additionally, the Company has regularly arranged emergency plan drills in each operating area and set up annual exhibitions about safety, the environment and energy saving.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is one of IRPC's priorities. We recognize "Rayong is our home and Thailand is our homeland." The company organized various community sharing activities to enhance quality of life for people in four key areas: education, religion and culture, public health, society and community. Projects include:

Education

White Elephant Village Project. The Company believes that education is a foundation for the development of the country. Therefore the Company continually gives its support to children living around specific industrial areas and especially in Rayong province. So far, the Company granted 124 scholarshipsto well-performing but financially challenged students in 62 villages to the amount of over 600,000 baht.



Religion and Culture

Buddhism Succession Project. The stability of the nation, religion and HRH the King are keys to sustainable development. IRPC takes part in social improvement and nurtures kindheartedness and harmony by promoting religion-related activities. We promote good morals and ethics so Thai people find the lasting peace that is the real heart of Buddhism.



Little Poet Project. The Company, in cooperation with the Thailand Cultural Center, Office of Rayong Culture and schools within Rayong province, has arranged workshop activities to promote poetry and essay writing for primary and early high school students. The main objectives of this project are to build up children's pride in Thai poetry, celebrate the nation's outstanding literature and commemorate our greatest poet, Soonthorn Poo, who was born in Rayong province.



Baan Don Temple Shadow Puppet Plays. The Baan Don Temple Shadow Puppet Plays have been enjoyed by countless generations and become Rayong province culture heritage. A remarkable example of the nation's cultural heritage, they richly deserve to be preserved for the future. IRPC seeks to keep the tradition alive by promoting the plays at schools throughout Rayong province. The company also holds competitions to encourage both children and adults to learn Thai arts so that the nation's culture can be enjoyed by future generations.

Public Health

Medical Volunteer Project. The Company realizes the importance of healthiness as foundation of human existence. In cooperation with Queen Sirikit Hospital, we have set up a mobile medical service to provide free medical check-ups for people in surrounding communities. The service also carries out free eye checks, haircuts and dental treatment.



Society and the Community

Kon Pueg Natural Observation Center Project. To ensure nearby communities that the Company's business is eco-friendly, IRPC has initiated the Kon Pueg Natural Mangrove Forest Observation Center Project. The project carried out 135,000 mangrove trees planting around the Kon Pueg canal and sea bass krachang-basket farming to restore the ecosystem of the area. Moreover, it will be an educational and tourism spot that will provide a source of additional income for local people.



Village Safety Project. The Company has taken part in Rayong's local community safety enhancement project as well as arranging training and seminars about how to prevent and deal with accidents. The project not only helps to ensure the safety of people within the communities but also provides useful knowledge to society.



Little Sepaktakraw Team. Sport is important in helping young people and adults enjoy good quality of life and to prevent the menace of drugs. IRPC has taken part in promoting teamwork, discipline and sportsmanship via Sepaktakraw (a game like volleyball but using the feet and head). We have set up training, demonstration matches and the provincial Sepaktakraw Games for teenagers aged under 16. We also encourage young people to play at national levels to improve both the sport and their health in order to help Thailand's national development.



Staff Volunteer Project. The Company has supported and encouraged its staff to take part in social development by performing activities that build up good relationship and understanding between the company and society. For example, activities have included the cleaning of local temples and the repair of buildings and playgrounds within schools.

Connected Transactions

Details of connected transactions between IRPC and its subsidiaries with connected parties occurred during 2007 and 2008 are as follows :

(Unit: million baht)

Connected Parties	Type & Relationship	Transactions	2007	2008	Nature and condition of transaction
PTT Plc.	- A major shareholder of IRPC, holding 36.77% shares - One common director: Mr. Prasert Bunsumpun - PTT management on IRPC Board Mr. Prajya Phinyawata	- Sales of goods - Purchase of goods - Account receivable - Account payable - Selling and general administration expenses - Other revenues - Other receivable	8,602 98,779 1,227 11,960 23 - -	18,185 149,849 307 1,777 24 671 134	The Company sold oil products to PTT at market prices The Company purchased feedstock including crude oil and benzene from PTT at market prices. Gain from forward contract of oil purchase.
PTT Chemical Plc.	- 49.30% of shares held by PTT - Three common directors: Mr. Pala Sookawesh Mr. Prasert Bunsumpun Mr. Prajya Phinyawat	- Sales of goods - Purchase of goods - Account payable - Sales of land	226 4,829 335 328	657 4,640 - -	The Company sold aromatic products to PTT Chemical at market prices The Company purchased propylene from PTT Chemical at market price The Company sold a piece of land to PTT Chemical at an agreed price which referred to market price.
PTT Polymer Logistics Co., Ltd	- 100% of shares held by PTT - One common director: Mr. Prajya Phinyawat	- Sales of land	267	-	The Company sold a piece of land to PTT Polymer Logistics at an agreed price which referred to market price.
Thai Oil Plc.	- 49.10% of shares held by PTT - Two common directors: Mr. Prasert Bunsumpun Mr. Prajya Phinyawat	- Sales of goods - Purchase of goods with no physical delivery - Purchase of goods - Account payable - Account receivable	105 2,856 - - -	242 - 329 48 36	The Company sold refined oil products to Thai Oil at market prices. Crude oil trading with no physical delivery for the purpose of maintaining crude oil reserves in compliance with the law. The aforementioned transaction is not included in the income statement. The Company purchased crude oil from Thai Oil at market price.
Thai Lube Base Plc.	99.99% of shares held by Thai Oil - Two common directors: Mr. Prasert Bunsumpun Mr. Prajya Phinyawat	- Sales of goods - Purchase of goods - Account payable - Account receivable	779 1,059 112 89	729 1,313 - 4	The Company sold long residue to Thai Lube Base at market prices The Company purchased lube base oil from Thai Lube Base at market price.
Thai Para-xylene Co., Ltd	99.99% of shares held by Thai Oil - Two common directors: Mr. Piti Yimprasert Mr. Prajya Phinyawat	- Sales of goods - Purchase of goods	273 -	- 1,042	The Company sold aromatic product (mixed xylene) to Thai Para-xylene at market prices The Company purchase Benzene from Thai Para-xylene at market prices
PTT Aromatic and Refining Plc.	- 48.66% of shares held by PTT - Two common directors: Mr. Prasert Bunsumpun Mr. Prajya Phinyawat	- Sales of goods - Purchase of goods with no physical delivery	755 952	1,009 598	The Company sold Toluene to PTT Aromatic and Refining at market prices Crude oil trading with no physical delivery for the purpose maintaining crude oil reserves in compliance with the law. The aforementioned transaction is not included in the income statement.
Bangchak Petroleum Plc.	- 29.75% of shares held by PTT - One common directors Mr. Chaivat Churitti	- Sales of goods - Account receivable - Purchase of goods - Purchase of goods with no physical delivery	10,767 1,079 - -	7,674 114 73 1,046	The Company sold refined oil products to Bangchak Petroleum at market prices The Company purchased crude oil from Bangchak Petroleum at market price Crude oil trading with no physical delivery for the purpose of maintaining crude oil reserves in compliance with the law. The aforementioned transaction is not included in the income statement.
Star Petroleum Refining Co., Ltd.	- 36.00% of shares held by PTT - One common directors: Mr. Prajya Phinyawat	- Purchase of goods with no physical delivery	952	598	Crude oil trading with no physical delivery for the purpose of maintaining crude oil reserves in compliance with the law. The aforementioned transaction is not included in the income statement.
PTT ICT Solutions Co., Ltd.	- 20.00% of shares held by PTT	- Paid Consulting Fees - Other account payable	19 -	58 18	The Company hired PTT ICT Solutions as an IT System Development Project consultant

Connected Parties	Type & Relationship	Transactions	2007	2008	Nature and condition of transaction
PTT Polymer Marketing Co., Ltd.	- 50.00% of shares held by PTT - 25.00% of shares held by IRPC - PTT management on PTT Polymer Board: Mr. Prajya Phinyawat - IRPC management on PTT Polymer Board: Mr. Suphon Tubtimcharoon	- Sales of goods	-	55	The Company sold plastic resins to PTT Polymer at market prices
Plastic Transport Co., Ltd *	- IRPC employees on Plastic Transport Board: Mr. Sompong Wuttitachaphan Mr. Krisit Anukuluthaiwong Mr. Prayut Suphatsophon Mr. Somchai Thanarakpongsakorn Mr. Chatchai Phuttaraksa Mrs. Somsri Rodpraset	- Revenue from vehicle repair and Maintenance - Vehicle rental fee - Plastic resin transportation expenses - Other receivable and petty cash - Other payable and petty cash	7 51 70 63 18	0.5 3 17 63 0.4	The Company provide vehicle repair and maintenance service to Plastic Transport Co.,Ltd. The Company receive vehicle rental fee from Plastic Transport Co.,Ltd. The Company paid transportation expenses to Plastic Transport Co.,Ltd.

Note: * The Company hired Plastic Transport Co.,Ltd to operate transport service while the Company rented trucks to Plastic Transport Co.,Ltd., contractual service rates were set in line with market rates. However, the Company has replaced transport service contracts to external party.

Policy and Necessity on Connected Transactions

IRPC and its subsidiaries conduct a full range of refinery and petrochemical businesses which are parallel to PTT and its subsidiaries' operations. Thus generating connected transactions between the Company and its related parties are on the horizon and conducted on normal course of business. The following connected transactions normally occurred: purchase and sales of feedstock, finished products, etc. The policy on product purchases and sales will be determined on market prices and will be conducted on an arm's length basis. The Company will uphold integrity, fairness and circumspection in doing connected transactions for the utmost benefit of the Company.

Connected Transactions Measures

The Company's Board of Directors considers appropriateness and utmost benefit of each connected transaction to the Company as well as compliance with rules and regulations of the Stock Exchange of Thailand, and Securities Exchange Commission regard connected transactions, the Company's Articles of Association has outlined Connected Transactions Measures as follows:

"In case the Company or subsidiaries decides to enter into a connected transaction, acquisition or disposition of assets which is deemed as a connected transaction as stipulated in the Regulations of the SET, the Company shall comply with what is stated in such terms."

"In case the Company needs to seek approval from shareholders for a decision to enter into a connected transaction concerning the acquisition and disposition of assets, a resolution of the Shareholder's Meeting to approve the decision must consist of at least three quarters (3/4) of the total votes of shareholders/proxies attending the meeting and having voting rights, excluding interested shareholder's equity."

Policy for Future Connected Transactions

The Company's future connected transactions will be conducted on normal course of business where the Company considered reasonable and appropriate. The Company will preserve a principle for product purchases and sales to be determined on market prices and to be conducted on an arm's length basis to uphold fairness to all stakeholders and strictly comply to good corporate governance policy, SET/SEC regulations regard connected transactions. Any directors with possible conflicts of interest are not allowed to present in the meeting nor to vote on related matters.

Comments of the Audit Committee

The Audit Committee had reviewed and opined on the connected transactions that "The connected transactions were conducted on normal course of business at an arm's length based on appropriate referred market price and they were accurately and completely comply to the requirements regard connected transaction of the Stock Exchange of Thailand."

Report of the Audit Committee

Dear Shareholders,

IRPC's Audit Committee has performed its duty and taken responsibility as assigned by the Board of Directors with integrity and independence within the scope of duties pursuant to the regulations of the Audit Committee. There were 12 audit committee meetings held in 2008 with complete participation of every audit director. All concerned management, company's independent and internal auditor participated in meetings of related agenda. The Audit Committee has examined, made observation and recommendation on various matters which can be summarized as follow:

1. Reviewed quarterly and annual financial statements of the year 2008 to ensure that the financial statements are prepared in compliance with GAPP and has adequately disclosed accurate information.
2. Reviewed and addressed opinion on connected transactions to ensure that the disclosure is in compliance with the rules and regulations prescribed by the Stock Exchange of Thailand and related laws whereby the company has acted thoroughly, reasonably and fairly.
3. Monitored the progress of various important policies implemented by the company which include Good Corporate Governance, Risk Management and Enterprise Resource Planning and provided suggestions and recommendations for the improvement of the policies to the management in order to maintain shareholders, investors and all related parties' confidence in the company's operation.
4. Ensured that the Company has duly complied with the Securities and Exchange Act, the Stock Exchange of Thailand's (SET)'s regulations and other laws relating to the Company's business.
5. Reviewed and governed the Internal Audit function whereby the Audit Committee considered and approved the annual internal audit plan, reviewed internal audit reports, provided recommendations for improvement and valued the importance of the audited result monitoring for the utmost efficiency and benefit of Internal Audit function.
6. Considered, selected and nominated Company's external auditor and their remunerations for 2008 to be proposed to the Board of Director for approval from the shareholders meeting.

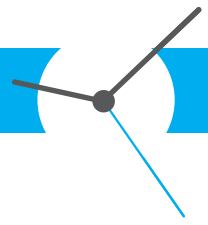
In 2008, the Audit Committee has meticulously performed its duty independently with excellent cooperation from the Board of Directors and all related parties. The overall management of the company has been appropriately and efficiently managed to pave way for future growth.

Pol.Gen



(Sereepisut Taameeyaves)

Chairman of the Audit Committee



Report of Board of Directors' Responsibility for Financial Reporting

The financial statements of IRPC Public Company Limited and its subsidiaries have been prepared and consolidated in compliance with notification of Department of Commercial Registration dated 14 September 2001 issued under the third paragraph of section 11 of Accounting Act. B.E.2543 (2000) and in prepared in accordance with Thai Account Standard (TAS) promulgated by the Institute of Certified Accountant and Auditors of Thailand.

The Board of Directors is responsible for the integrity and objectivity of the financial statements of IRPC Public Company Limited and its subsidiaries, to ensure the financial statements accurately and fairly present financial position, operating performance, and cash flows for the year 2008. The Company appropriately and adequately maintained the books and records of all transactions to properly safeguarded company's assets, including the control systems designed to protect against fraud and irregularity transactions. The financial statements have been prepared with the chosen accounting policy deemed appropriate and applied on the consistency basis in compliance with generally accepted accounting principles. Significant information has been adequately disclosed in note to financial statements, in which the independent auditor expressed an opinion on the financial statements of IRPC Public Company Limited and its subsidiaries in the Audit Report of Certified Public Accountant.

General

(Mongkon Ampornpisit)

Chairman

(Mr. Pailin Chuchottaworn)

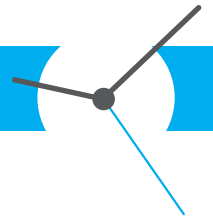
Chief Executive Officer

Auditor's Report

To the shareholders and the Board of Directors of IRPC Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2008, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year ended 31 December 2008 of IRPC Public Company Limited and its subsidiaries and of IRPC Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 31 December 2007 (before restatement) of IRPC Public Company Limited and its subsidiaries and of IRPC Public Company Limited, respectively, were audited by another auditor whose report dated 15 February 2008 expressed an unqualified opinion on those statements with an emphasis paragraph that the consolidated financial statements for the year ended 31 December 2007 were based on the financial information as at 31 December 2007 of the three subsidiaries which was prepared by the Company's management and of subsidiary which was prepared by the Plan Administrator of the subsidiary. Such information has not been audited by auditors.

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



In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2008, and the results of its operations, and cash flows for the year then ended of IRPC Public Company Limited and its subsidiaries and of IRPC Public Company Limited, respectively, in accordance with generally accepted accounting principles.

I draw attention to Note 2.3 to the financial statements, the consolidated financial statements for the year ended 31 December 2008 were prepared by using the financial information of the four subsidiaries prepared the Company's management and such information has not been audited by auditors.

Nangnoi Charoenthavesub

Certified Public Accountant (Thailand) No. 3044

PricewaterhouseCoopers ABAS Limited

Bangkok

17 February 2009

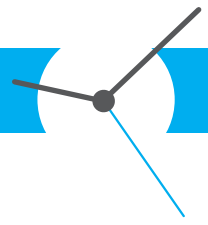
IRPC Public Company Limited

Balance Sheets

As at 31 December 2008 and 2007

	Notes	Consolidated		Company	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
		Baht	(Restated) Baht	Baht	(Restated) Baht
Assets					
Current assets					
Cash and cash equivalents	7	8,550,094,770	11,143,925,775	7,996,742,673	10,443,511,034
Short-term investments	8	437,710,277	1,528,614,788	437,710,277	1,528,614,788
Trade accounts receivable - net	9, 32	6,037,937,936	13,314,643,855	6,688,013,232	15,023,445,821
Short-term loans to related parties and accounts receivable from related parties - net	32	139,282,872	5,314,199	360,174,043	4,348,999,915
Inventories - net	10	19,731,093,916	38,363,937,179	18,088,828,801	37,032,957,423
Other receivables	11	678,799,547	532,714,625	575,093,771	416,200,056
Refundable value added tax		1,749,838,038	2,689,661,310	1,749,331,448	2,583,590,182
Prepaid excise tax		73,821,186	193,456,928	73,821,186	193,456,928
Other current assets		520,813,515	559,021,598	417,288,913	489,448,836
Total current assets		37,919,392,057	68,331,290,257	36,387,004,344	72,060,224,983
Non-current assets					
Investments in subsidiaries and associates - net	12	27,691,278	-	4,537,189,058	4,571,787,195
Other long-term investments - net	13	52,764,868	85,615,158	26,318,027	36,056,527
Long-term loans to related parties - net	32	-	-	5,317,082,165	6,819,621,066
Transactions with the former company's management and entities relating to the former management - net	33	71,694,264	73,146,571	37,536,552	37,536,552
Property, plant and equipment - net	14	64,275,935,131	62,310,716,250	57,468,060,203	51,971,815,391
Intangible assets - net	15	1,721,504,257	1,550,026,104	1,721,504,257	1,550,026,103
Other non-current assets - net	16	43,184,197	824,590,451	39,171,659	790,931,051
Total non-current assets		66,192,773,995	64,844,094,534	69,146,861,921	65,777,773,885
Total assets		104,112,166,052	133,175,384,791	105,533,866,265	137,837,998,868

The notes to the consolidated and company financial statements from pages 98 to 163 are an integral part of these interim financial statements.



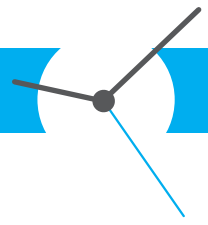
Balance Sheets
As at 31 December 2008 and 2007

	Notes	Consolidated		Company	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
		Baht	(Restated) Baht	Baht	(Restated) Baht
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	8,250,000,000	34,700,000	8,250,000,000	-
Trade accounts payable	19, 32	4,448,187,248	17,062,438,085	5,521,525,211	20,088,284,773
Amount due to related parties	32	21,065,705	31,839,743	805,905,042	881,756,967
Short-term loans from related parties	17, 32	-	-	1,541,340,000	1,563,890,000
Current portion of finance lease liabilities	18	27,031,563	20,910,074	24,892,202	19,722,958
Other payables		1,047,324,139	1,473,138,116	948,788,574	1,319,606,721
Accrued interest expenses		337,667,697	322,035,452	337,667,697	320,259,880
Accrued bonus expenses		580,370,715	1,143,807,569	532,370,433	1,033,983,764
Advance receipts for goods		787,852,763	959,006,535	656,181,192	947,212,647
Other current liabilities		870,574,697	727,997,551	759,718,752	595,796,263
Total current liabilities		16,370,074,527	21,775,873,125	19,378,389,103	26,770,513,973
Non-current liabilities					
Debentures - net	17	18,363,909,420	18,416,651,874	18,363,909,420	18,416,651,874
Financial lease liabilities	18	87,208,385	110,385,338	86,445,871	106,197,067
Transactions with the former company's management and entities relating to the former management	33	82,909,970	82,870,561	11,708,394	11,708,394
Other non-current liabilities		13,562,317	13,099,421	13,562,317	13,099,421
Total non-current liabilities		18,547,590,092	18,623,007,194	18,475,626,002	18,547,656,756
Total liabilities		34,917,664,619	40,398,880,319	37,854,015,105	45,318,170,729

Balance Sheets

As at 31 December 2008 and 2007

	Notes	Consolidated		Company	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
		Baht	(Restated) Baht	Baht	(Restated) Baht
Liabilities and shareholders' equity					
Shareholders' equity					
Share capital	20				
Authorised		20,475,000,000	20,475,000,000	20,475,000,000	20,475,000,000
Issued and paid-up		19,705,570,300	19,500,000,000	19,705,570,300	19,500,000,000
Share premium	20	27,183,976,379	26,797,504,215	27,183,976,379	26,797,504,215
Changes in fair value of marketable securities - available-for-sale	13, 22	(91,679,763)	(30,110,902)	(13,109,275)	(3,370,775)
Retained earnings					
Appropriated for legal reserve	21	2,047,500,000	2,047,500,000	2,047,500,000	2,047,500,000
Unappropriated		20,527,261,505	44,639,605,547	18,755,913,756	44,178,194,699
Own shares held by the subsidiaries	22	(226,501,324)	(226,501,324)	-	-
Total equity attributable to the parent company		69,146,127,097	92,727,997,536	67,679,851,160	92,519,828,139
Minority interests	23	48,374,336	48,506,936	-	-
Total shareholders' equity		69,194,501,433	92,776,504,472	67,679,851,160	92,519,828,139
Total liabilities and shareholders' equity		104,112,166,052	133,175,384,791	105,533,866,265	137,837,998,868



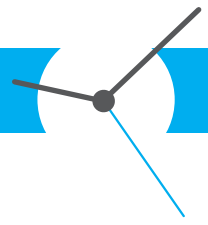
Statements of Income
For the years ended 31 December 2008 and 2007

	Notes	Consolidated		Company	
		2008 Baht	2007 (Restated) Baht	2008 Baht	2007 (Restated) Baht
Revenues					
Sales	32	244,693,867,652	227,518,064,190	254,453,589,979	237,765,379,659
Cost of sales		(257,765,851,601)	(212,013,365,279)	(269,529,312,750)	(224,201,870,662)
Gross profit (Loss)		(13,071,983,949)	15,504,698,911	(15,075,722,771)	13,563,508,997
Other income	24	956,403,043	4,291,598,512	948,617,284	4,573,663,898
Selling expense		(1,250,945,906)	(1,244,680,598)	(1,389,491,959)	(1,365,821,295)
Administrative expenses	25	(3,317,647,550)	(3,650,213,584)	(2,559,395,068)	(2,862,752,202)
Director's remuneration	32	(95,735,309)	(66,042,984)	(85,370,809)	(57,154,984)
Profit (Loss) before finance costs and tax		(16,779,909,671)	14,835,360,257	(18,161,363,323)	13,851,444,414
Finance costs	27	(1,398,493,807)	(1,106,823,837)	(1,397,037,004)	(1,193,001,949)
Share of loss of investments in associates		(30,627,160)	-	-	-
Profit (Loss) before income tax		(18,209,030,638)	13,728,536,420	(19,558,400,327)	12,658,442,465
Income tax	28	(41,292,695)	(31,493,784)	-	-
Net profit/(loss)		(18,250,323,333)	13,697,042,636	(19,558,400,327)	12,658,442,465
Profit/(Loss) attributable to:					
Equity holders of the parent		(18,261,866,226)	13,683,310,599	(19,558,400,327)	12,658,442,465
Minority interests		11,542,893	13,732,037	-	-
Net profit/(loss) for the period		(18,250,323,333)	13,697,042,636	(19,558,400,327)	12,658,442,465
Earnings/(losses) per share for profit attributable to the equity holders of the parent (Baht)	29				
Basic		(0.93)	0.70	(1.00)	0.65
Diluted		(0.92)	0.69	(0.98)	0.64

Statement of Changes in Shareholders' Equity For the years ended 31 December 2008 and 2007

		Consolidated									
		Attributable to equity holders of the parent									
Notes	Issued and paid-up share capital	Premium on share capital	Changes in fair value of investments	Retained earnings		Shares held by the subsidiaries	Total	Minority interests	Total	Baht	
				Legal reserve	Unappropriated						Baht
	19,500,000,000	26,797,504,215	558,230,500	400,000,000	35,884,622,829	(226,501,324)	82,913,856,220	39,581,920	82,953,438,140		
Balance at 1 January 2007											
- Balance before restatement											
Effect from inclusion											
Rayong Tank Terminal Company Limited											
in the consolidated financial statements											
- Change in accounting policy					(664,699,151)		(664,699,151)		(664,699,151)		
relating to inventories					1,664,042,549		1,664,042,549		1,664,042,549		
5											
	19,500,000,000	26,797,504,215	558,230,500	400,000,000	36,883,966,227	(226,501,324)	83,913,199,618	39,581,920	83,952,781,538		
- Balance after restatement											
- Change in fair values of investments											
in marketable securities -											
available-for-sale			(588,341,402)				(588,341,402)		(588,341,402)		
Net profit for the year					13,683,310,599		13,683,310,599	13,732,037	13,697,042,636		
Legal reserve				1,647,500,000	(1,647,500,000)						
Dividends					(4,280,171,280)		(4,280,171,280)	(4,807,021)	(4,284,978,301)		
30											
Balance at 31 December 2007	19,500,000,000	26,797,504,215	(30,110,902)	2,047,500,000	44,639,605,546	(226,501,324)	92,727,997,535	48,506,936	92,776,504,471		
Balance at 1 January 2008											
- Balance before restatement	19,500,000,000	26,797,504,215	(30,110,902)	2,047,500,000	42,278,238,959	(226,501,324)	90,366,630,948	48,506,936	90,415,137,884		
- Change in accounting policy											
relating to inventories					2,361,366,588		2,361,366,588		2,361,366,588		
5											
	19,500,000,000	26,797,504,215	(30,110,902)	2,047,500,000	44,639,605,547	(226,501,324)	92,727,997,536	48,506,936	92,776,504,472		
- Balance after restatement											
- Change in fair values of investments											
in marketable securities -											
available-for-sale			(61,568,861)				(61,568,861)		(61,568,861)		
Net loss for the year					(18,261,866,226)		(18,261,866,226)	11,542,893	(18,250,323,333)		
Common stocks	205,570,300	386,472,164					592,042,464		592,042,464		
Dividends					(5,850,477,816)		(5,850,477,816)	(11,675,493)	(5,862,153,309)		
30											
Balance at 31 December 2008	19,705,570,300	27,183,976,379	(91,679,763)	2,047,500,000	20,527,261,505	(226,501,324)	69,146,127,097	48,374,336	69,194,501,433		

The notes to the consolidated and company financial statements from pages 98 to 163 are an integral part of these interim financial statements.



Statement of Changes in Shareholders' Equity
For the years ended 31 December 2008 and 2007

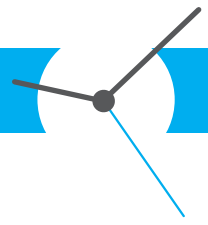
	Notes	Company						Total Baht
		Issued and paid-up share capital Baht	Premium on share capital Baht	Changes in fair value of investments Baht	Retained earnings		Unappropriated Baht	
					Legal reserve Baht			
Balance at 1 January 2007								
- Balance before restatement		19,500,000,000	26,797,504,215	558,230,500	400,000,000	35,563,799,095		82,819,533,810
- Change in accounting policy relating to investments		-	-	21,876,997	-	250,905,417		272,782,414
- Change in accounting policy relating to inventories	5	-	-	-	-	1,642,547,722		1,642,547,722
Balance after restatement		19,500,000,000	26,797,504,215	580,107,497	400,000,000	37,457,252,234		84,734,863,946
- Change in fair values of investments in marketable securities - available-for-sale		-	-	(583,478,272)	-	-		(583,478,272)
Net profit for the year		-	-	-	-	12,658,442,465		12,658,442,465
Legal reserve		-	-	-	1,647,500,000	(1,647,500,000)		0
Dividends	30	-	-	-	-	(4,290,000,000)		(4,290,000,000)
Balance at 31 December 2007		19,500,000,000	26,797,504,215	(3,370,775)	2,047,500,000	44,178,194,699		92,519,828,139
Balance at 1 January 2008								
- Balance before restatement		19,500,000,000	26,797,504,215	(3,370,775)	2,047,500,000	41,847,647,939		90,189,281,379
- Change in accounting policy relating to inventories	5	-	-	-	-	2,330,546,760		2,330,546,760
Balance after restatement		19,500,000,000	26,797,504,215	(3,370,775)	2,047,500,000	44,178,194,699		92,519,828,139
- Change in fair values of investments in marketable securities - available-for-sale	13	-	-	(9,738,500)	-	-		(9,738,500)
Net loss for the period		-	-	-	-	(19,558,400,327)		(19,558,400,327)
Common stocks		205,570,300	386,472,164	-	-	-		592,042,464
Dividends	30	-	-	-	-	(5,863,880,616)		(5,863,880,616)
Balance at 31 December 2008		19,705,570,300	27,183,976,379	(13,109,275)	2,047,500,000	18,755,913,756		67,679,851,160

The notes to the consolidated and company financial statements from pages 98 to 163 are an integral part of these interim financial statements.

Statement of Cash Flows For the years ended 31 December 2008 and 2007

Notes	Consolidated		Company	
	2008 Baht	2007 (Restated) Baht	2008 Baht	2007 (Restated) Baht
Cash flows from operating activities				
Profit attributable to equity holders of the parent	(18,261,866,226)	13,683,310,599	(19,558,400,327)	12,658,442,465
Adjustments to reconcile net profit to net cash provided by/(used in) operation activities				
- Depreciation	3,071,482,305	2,948,286,587	2,726,168,707	2,642,760,398
- Amortisation	152,666,788	129,894,568	152,666,788	129,792,068
- Interest income	(163,312,759)	(673,223,112)	(256,063,987)	(999,809,456)
- Dividends income	(105,124,943)	(65,375,695)	(105,124,943)	(65,329,692)
- Bad debts and doubtful accounts	24,859,058	(28,145,716)	(179,568,866)	66,012,448
- Allowance for declining in value of inventory	4,902,652,422	145,813,439	4,911,911,522	115,772,154
- Unrealised (gains)/ losses on exchange rate	295,997,732	(240,512,550)	296,262,748	(240,837,753)
- Unrealised (gains)/ losses from financial instruments	(391,735,848)	(40,973,786)	(391,735,848)	(40,973,786)
- (Gains)/ losses from sales and revaluation of investments	1,228,361,235	(1,538,418,821)	1,215,424,815	(1,538,418,821)
- (Gains)/ losses from sales of fixed assets	(95,320,631)	(668,192,524)	(45,896,481)	(561,517,263)
- Gains from repurchase of debentures	(10,455,833)	-	(10,455,833)	-
- Impairment of long term investment	(44,283,915)	513,250,000	-	334,452,594
- Reversal of impairment of deposit for land	(8,849,250)	(15,968,925)	(8,849,250)	(15,968,925)
- Share of loss of investment - equity method	30,627,160	-	-	-
- Profit attributable to minorities	11,542,893	13,732,037	-	-
- Income tax	41,292,695	31,493,784	-	-
- Interest expenses	1,398,493,806	1,106,823,837	1,397,037,004	1,193,001,949
	(7,922,973,311)	15,301,793,722	(9,856,623,951)	13,677,378,380
Changes in operating assets and liabilities				
- Trade accounts receivable	7,270,857,480	(6,713,699,576)	8,146,712,278	(6,957,545,067)
- Inventories	13,730,190,841	(6,148,310,606)	14,032,217,099	(7,318,179,921)
- Other receivables	148,743,632	(115,962,346)	136,795,822	(89,180,381)
- Refundable value added tax	939,823,272	(316,852,123)	834,258,734	(523,640,905)
- Prepaid excise tax	119,635,742	70,890,036	119,635,742	70,890,036
- Other current assets	(5,947,452)	101,768,633	12,568,542	87,982,842
- Trade accounts payable	(12,611,301,274)	9,355,699,818	(13,123,868,927)	11,111,689,144
- Other payables	(425,009,173)	(743,940,178)	(370,013,343)	(845,139,642)
- Accrued bonus expenses	(563,436,854)	153,193,329	(501,613,331)	164,696,480
- Advance receipts for goods	(171,153,772)	(290,967,499)	(291,031,455)	(58,678,622)
- Other current liabilities	142,577,146	316,057,616	163,922,489	246,900,890
- Proceeds from withholding tax refund	136,898,966	15,176,147	122,045,470	-
Net cash provided by/ (used in) operating activities	788,905,243	10,984,846,973	(574,994,831)	9,567,173,234
- Income tax paid	(130,162,499)	(97,965,797)	(58,580,462)	(45,436,576)
Cash inflows / (outflows) from operating activities	658,742,744	10,886,881,176	(633,575,293)	9,521,736,658

The notes to the consolidated and company financial statements from pages 98 to 163 are an integral part of these interim financial statements.



Statement of Cash Flows
For the years ended 31 December 2008 and 2007

	Consolidated			Company
	2008	2007	2008	2007
Notes	Baht	(Restated) Baht	Baht	(Restated) Baht
Cash flows from investing activities				
Interest received	160,485,795	567,576,771	350,647,412	655,320,578
Dividends received	105,124,943	65,375,695	105,124,943	65,329,692
Net cash paid for purchase of short-term investments	(126,020,739)	6,227,331,157	(126,020,739)	6,227,331,157
Short-term loans and interest receivable - related parties	(132,194,348)	(419,391,062)	(185,280,570)	(500,882,562)
Long-term loans and interest receivable - related parties	-	-	785,750,898	1,445,019,340
Purchase of investments in an associate and other long-term investments	(57,737,664)	-	(58,393,356)	-
Proceeds from sales of long-term investments	2,304,655	2,066,636,915	228,104	2,066,492,018
Purchase of property, plant and equipment	(5,048,109,795)	(949,628,083)	(4,520,802,665)	(869,134,470)
Proceeds from sales of property, plant and equipment	121,035,833	718,856,349	58,592,220	589,142,582
Increase in intangible assets	(323,189,042)	(120,119,490)	(323,189,042)	(122,078,656)
Increase in other non-current assets	780,450,355	(776,227,040)	750,803,492	(747,624,791)
Net cash provided by/ (used in) investing activities	(4,517,850,007)	7,380,411,212	(3,162,539,303)	8,808,914,888
Cash flows from financing activities				
Interest paid	(1,374,867,068)	(783,517,811)	(1,371,229,964)	(783,398,480)
Dividends payments	(5,850,477,816)	(4,280,171,280)	(5,863,880,616)	(4,290,000,000)
Proceeds from sales of swap contracts	76,819,982	-	76,819,982	-
Short-term loans from financial institutions	8,215,300,000	(29,803,740,185)	8,250,000,000	(29,788,783,053)
Short-term loans from related parties	(10,734,629)	(833,256,809)	34,252,038	(805,144,093)
Proceeds from debentures	-	18,620,739,785	-	18,620,739,785
Repayment of debentures	(349,544,167)	-	(349,544,167)	-
Financial lease payments	(21,587,015)	(12,504,263)	(19,113,502)	(11,955,057)
Proceeds from issued common stocks	592,042,464	-	592,042,464	-
Profit attributable to minority interests	(11,675,494)	(4,807,020)	-	-
Net cash provided by/ (used in) financing activities	1,265,276,257	(17,097,257,583)	1,349,346,235	(17,058,540,898)
Net decrease in cash and cash equivalents	(2,593,831,006)	1,170,034,805	(2,446,768,361)	1,272,110,648
Cash and cash equivalents at beginning of the year	11,143,925,775	9,973,893,969	10,443,511,034	9,171,400,386
Cash and cash equivalents at end of the year	8,550,094,769	11,143,928,774	7,996,742,673	10,443,511,034
Non-cash transactions				
Purchase of vehicles under the financial lease	5,457,343	116,911,001	5,457,343	114,701,607
Purchase of fixed assets through debt settlement with Rayong Tank Terminal Company Limited	32	-	3,700,000,000	-

The notes to the consolidated and company financial statements from pages 98 to 163 are an integral part of these interim financial statements.

1. General information

IRPC Public Company Limited ("the Company") is a public company incorporated and resident in Thailand. The address of the Company's registered office is 299 Moo 5, Sukhumvit Road, Choengnuean District, Aumthur Muang, Rayong Province. The Company's and subsidiaries' offices are located at Sun Tower and Lao Peng Nguan Building.

The Company is listed on the Stock Exchange of Thailand in 1995. For reporting purpose, the Company and its subsidiaries and associates are referred to as 'the Group'.

The Group is engaged Petrochemical and Petroleum. Main products are plastic resins, refinery products, lube base oil and other petrochemical products.

These consolidated and company financial statements were authorised for issue by Board of Directors on 17 February 2009.

2. Accounting policies

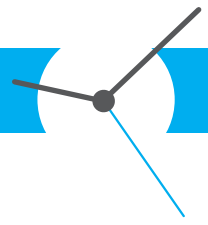
The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention except the measurement of trading investments, available-for-sale investments and derivative instruments of which has been explained in the relevant accounting policies.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.



2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

- The statement of income for the year ended 31 December 2008 has been presented by multiple steps by function. As a result, income and expenses in the last year income statement have been changed.
- Previously, other income, other expenses and income tax was allocated to each business segment by average sales amounts. At present, they have been presented as unallocated items. Please see more information in the Note 6.
- Transactions with the former management, which are receivables/ payables loans to and investments, have been separately presented in the Note 33.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New accounting standard and amendments to accounting standards

During 2007 and 2008, the Federation of Accounting Profession ("FAP") announced new standard and amendments to Thai Accounting Standard ("TAS") as follows:

Revised standards

- TAS 25 Cash Flows Statements
- TAS 29 Leases
- TAS 31 Inventories
- TAS 33 Borrowing Cost
- TAS 35 Presentation of Financial Statements
- TAS 39 Accounting Policies, Changes in Accounting Estimates and Errors
- TAS 41 Interim Financial Reporting
- TAS 43 Business Combination
- TAS 49 Construction Contracts

2. Accounting policies (continued)

2.2 New accounting standard and amendments to accounting standards (continued)

New standard

TAS 51 Intangible Assets

The amendments to accounting standards and the new accounting standard are effective for the period beginning on or after 1 January 2008 except TAS 29 Leases which is effective for the lease contract started on or after 1 January 2009.

The Company's management has determined that the revised standards and new standard will not significantly impact the financial statements being presented except:

- (1) TAS No. 31 "Inventories" (revised 2007) which does not allow an entity to value inventory by last-in, first-out method. The Group; therefore, has changed the accounting policy to determine the valuation of costs of raw materials and finished goods from refinery and upstream petrochemical industry from the last-in, first-out method to weighted average method. The effect from the change in accounting policy has been discussed in Note 5.
- (2) TAS No. 35 "Presentation of Financial Statements" (revised 2007) which has an effect on the presentation of minority interests and other disclosures as mentioned in Note 23.
- (3) TAS No. 51 "Intangible Assets". Intangible assets which have indefinite useful life are not allowed to be amortised but an impairment test is required annually. However, the Group has considered that its intangible assets are determined as limited useful life assets. Therefore, the Group continues to amortise intangible assets according to their expected useful life.

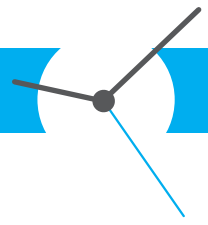
Standards that are not yet effective and have not early adopted by the Group.

TAS 36 Impairment of Assets

TAS 54 Non-current assets held for sale and Discontinued operations

The management has assessed and considered those two standards are not expected to have a material impact on the financial statements being presented because

- The Group does not have indefinite life intangible assets or intangible assets not ready to use and goodwill. As a result, annual testing for impairment of those assets is not required.
- The Group does not have material assets held for sales and planned-discontinuing operation.



2. Accounting policies (continued)

2.3 Consolidated financial statements of four subsidiaries

The consolidated balance sheet as at 31 December 2008, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the year then ended were prepared by using the financial information as at 31 December 2008 and for the year then ended of the four subsidiaries being Rayong Tank Terminal Company Limited, TPI Aromatics Public Company Limited, TPI Refinery (1997) Company Limited and TPI Tank Terminal Company Limited of which prepared by the management of the Company. Those financial information has not yet been audited by their auditors. These companies have ceased their normal operations and are under the process of changing the management from the former group management to be the company's group management. (The consolidated balance sheet as at 31 December 2007 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the year then ended were prepared by using the financial information as at 31 December 2007 and for the year then ended of the four subsidiaries being Rayong Tank Terminal Company Limited (prepared by Plan Administrator), TPI Aromatics Public Company Limited, TPI Refinery (1997) Company Limited and TPI Tank Terminal Company Limited (prepared by the management of the Company). Those financial information has not yet been audited by their auditors).

Rayong Tank Terminal Company Limited

The rehabilitation of Rayong Tank Terminal Company Limited was completed during the year 2008. Therefore, the Plan Administrator has filed to the Central Bankruptcy Court to terminate the rehabilitation. The court order the termination of the rehabilitation on 10 November 2008. The subsidiary has currently filed to the Ministry of Commerce for an appointment of additional directors.

2. Accounting policies (continued)

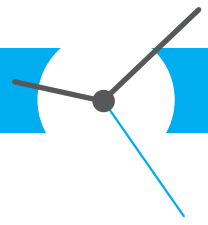
2.3 Consolidated financial statements of four subsidiaries (continued)

Summary of the balance sheets of the four subsidiaries as at 31 December 2008 and 2007 are as follows:

	2008 Baht million	2007 Baht million
Consolidated balance sheets (before elimination)		
Current assets		
- Related parties	2,255	2,255
- Others	119	1,575
Total current assets	2,374	3,830
Non-current assets		
- Others	925	3,764
Total non-current assets	925	3,764
Total assets	3,299	7,594
Current liabilities		
- Related parties	1,308	6,664
- Others	10	119
Total current liabilities	1,318	6,783
Non-current liabilities		
- Related parties	5,416	5,416
- Others	70	-
Total non-current liabilities	5,486	5,416
Total liabilities	6,804	12,199
Net liabilities	3,505	4,605

Summary of the statements of income of the four subsidiaries for the year ended 31 December 2008 and 2007 are as follows:

	2008 Baht million	2007 Baht million
Consolidated statements of income (before elimination)		
Total revenues	1,203	85
Total expenses	(161)	-
Interest expenses	(7)	(263)
Net profit/ (loss)	1,035	(178)



2. Accounting policies (continued)

2.3 Consolidated financial statements of four subsidiaries (continued)

The transactions with the related parties are mainly transacted with IRPC Public Company Limited, a parent company, and are eliminated in the consolidated financial statements. The Company's management has reviewed that the impact of the above transactions is not material to the consolidated and company financial statements for the years ended 31 December 2008 and 2007.

2.4 Group accounting - Investment in subsidiaries and associates

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, subsidiaries recognised immediately in the statements of income.

In the Company's separate financial statements, investments in subsidiaries are reported by using the cost method.

A list of the Group's principal subsidiaries is set out in Note 12.

2. Accounting policies (continued)

2.4 Group accounting - Investment in subsidiaries and associates (continued)

(2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statement, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates will be changed, where necessary, to comply with those of the Group.

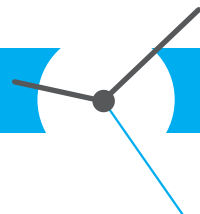
In the Company's separate financial statements, investments in associates are accounted for using the cost method.

List of associated companies have been disclosed in note 12. The effect from the acquisition and disposal of subsidiaries have been disclosed in Note 12.

2.5 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.



2. Accounting policies (continued)

2.5 Foreign currency translation (continued)

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the statement of income as part of the gain or loss on sale.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are part of the Company's cash management. Bank overdrafts are included in within current liabilities on the balance sheet.

2.7 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequent measure at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the income statement within administrative expenses.

2.8 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by as the weighted average method.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads.

Net realisable value of crude oil is calculated by using the market price at the balance sheet date.

Net realisable value of finished goods and intermediate products are the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2. Accounting policies (continued)

2.9 Investments

Investments other than investments in subsidiaries and associates are classified into the following three categories: 1. Trading investments, 2. Available-for-sale investments and 3. general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these financial statements short term is defined as three months.
- (2) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (3) Investments in non-marketable equity securities are classified as general investments.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value.

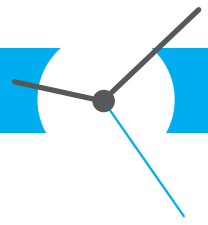
Trading investments are traded in active markets and valued at market value at the close of business on the balance sheet date by reference to the Stock Exchange of Thailand. Unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise.

Unrealised gain and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity.

General investments are carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the statement of income (including gain/ loss from change in fair value which was previously recorded in equity). When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weight average carrying amount of the total holding of the investment.



2. Accounting policies (continued)

2.10 Property, plant and equipment

Lands is stated at cost. Plant and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation.

Depreciation is recorded as expense in the income statement and calculated on the straight-line method or units of production to write off the cost of each asset as follows:

	Depreciation rate
Buildings and structures	20 - 40 years
Machinery and pipe	Unit of production
Machinery (for ABS)	30 years
Other machinery	20 - 30 years
Mechanical equipment	8 - 20 years
Tools and factory equipment	10 years
Furniture, fixtures and office equipment	5 - 10 years
Vehicles	5 - 10 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. Repair and maintenance expense will be expensed in the period in which incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

2. Accounting policies (continued)

2.11 Intangible assets

Intangible assets acquired by the Group are dredging expenses, computer program and computer development expenses which are stated at cost less accumulated amortisation and impairment loss.

Intangible assets of the Group are definite life assets which are amortised by straight line basis over the estimated useful lives of the assets. Amortisation is charged to the statement of income. The estimated useful lives are as follows:

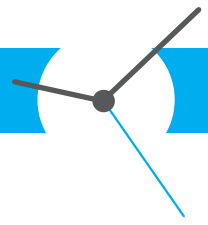
	Amortisation rate
Dredging expenses	20 years
Deferred charges: Computer program and computer development expenses	5 - 10 years

2.12 Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reversed for possible impairment loss of the estimation of the recoverable amounts were changed in subsequent period after the Group's recognition of impairment

2.13 Leases - where a Group company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. Property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.



2. Accounting policies (continued)

2.13 Leases - where a Group company is the lessee (continued)

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Leases - where a Group company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.14 Borrowings and debentures

Borrowings and debentures are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings and debentures are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The fair value information of borrowings and debentures is disclosed in the Note 17.

2. Accounting policies (continued)

2.15 Income tax

The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2.16 Employee benefits

Provident fund

The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees at 5-10% of their base salary every month and by the relevant Group companies at 5-10% of base salary every month. The fund is in compliance with the conditions defined by the Ministry of Finance and managed by designated fund manager.

Post employee benefits

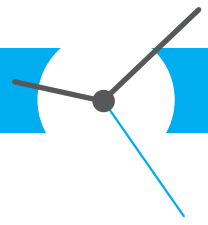
The Group provides for post employment benefits, payable to employees under the Thai Labour Law. The amounts payable in the future depending on the salary and years of service until the last working day of the respective employees plus the certain amount as defined by the Group. Group recognised liability when it incurred.

Employee share options

No compensation cost or obligation is recognised when share options are issued under employee incentive programmes. When options are exercised, equity is increased by the amount of the proceeds received.

2.17 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.



2. Accounting policies (continued)

2.18 Revenue recognition

Sale of goods and services rendered

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

Interest and dividend income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established.

Other income

Other income is recognised in the statement of income as it accrues.

2.19 Dividends

Dividends are recorded in the consolidated and company's financial statements in the period in which they are approved by the shareholders.

2.20 Segmentation

Segment information is presented in respect of the Group's business segments which is based on the Group's management and internal reporting structure (Please see more information in the Note 6).

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rate, interest rates and crude oil price. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts, interest rate swaps and crack spread swap contracts to hedge certain exposures. All derivative transactions are subject to approval by the Board of Directors before execution.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

Risk management is carried out by the central treasury department under policies approved by the Board of Directors. The Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Risk Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk.

3.1.1 Foreign exchange risk

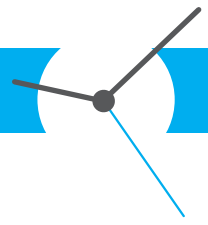
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollars as well as US Dollar bonds which the Group has entered into foreign currency forward to mitigate risk from exchange rate.

3.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has interest rate risk arising from borrowings and debentures with floating and fixed interest rates. The Group uses interest rate swap by agreeing with the counterparties to exchange, at specified interval, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowings are taken to the statement of income.

3.1.3 Crude oil price fluctuation risk

The Group is exposed to oil price risk from substantial fluctuations in oil price which is arisen from the movement of oil price in the world market. The Group uses crack spread swap contracts to minimise its exposure on fluctuation in of oil price in its business operations.



3. Financial risk management (continued)

3.1.4 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

3.1.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to manage market positions. Due to the dynamic nature of the underlying business, the Group's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Accounting for derivative financial instruments and hedging activities

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts, interest rate swap agreements and crack spread swap contracts. Such instruments are recognised in the financial statements on inception. The Group recognises each derivative financial instrument at its fair value (as explained in the Note 3.3). Gains or losses from change in fair value are recognised immediately in the statement of income.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are recognised in the financial statements.

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreements is recognised as a component of interest revenue or expense over the period of the agreements. Gains and losses on early termination of interest rate swaps or on repayment of the borrowings are taken to the statement of income.

Crack spread swap contracts protect the Group from movements in oil price by establishing the agreed price, which is recognised at inception. The difference between the price at contract settlement date and agreed price will be recognised as realised gains and losses in the statement of income under other income or other expenses at settlement date.

3. Financial risk management (continued)

3.3 Fair value estimation of derivatives

The fair value of publicly traded derivatives is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts and of the interest rate swap contracts is determined by market rate of each agreement which is calculated by financial institutions. The fair value of crack spread swap contracts is calculated by the offering selling and buying price at the balance sheet date quoted by the financial institutions of the Group.

4. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

4.1.1 Impairment of short-term loan to related parties, amount due from related parties and investment in subsidiaries and associates

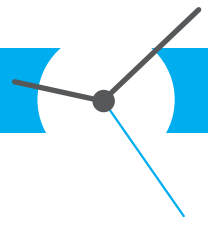
The Group estimates the possibility of the recoverability of loans to and receivables from related parties by considering the ability of settlement. For the investments in subsidiaries and associates, the Group tests whether the investments have suffered any impairment. The recoverable amounts have been determined based on expected cash inflow in the future.

4.1.2 Impairment of balances with former management and entities relating to the former management

The Group has estimated and set up allowance for doubtful debt of the outstanding amounts with the former management and entities relating to the former management. Most of them have been fully provided the allowance for doubtful debt. The Company's management has determined the recoverable amounts by considering the offsetting assets and liabilities, timing, and the possibility to receive those outstanding amounts.

4.1.3 Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets of the Group of which are principally based on technical information. The management will also review to write down technically obsolete or assets that have been sold or abandoned.



4. Critical accounting estimates, assumptions and judgments (continued)

4.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5. Change in accounting policy

According to TAS 31 - Inventories (revised 2007), it does not allow an entity to determine the value of inventory by a last-in, first-out (LIFO) method. This revised standard is mandatory for the Group's accounting periods beginning on or after 1 January 2008. The Group has applied this revised standard to determine the valuation of raw materials and finished goods from refinery and upstream petrochemical industry.

The Group has changed the LIFO method to the weighted average method from 1 January 2008 by applying retrospective adjustment. The effect of the change in accounting policy to the consolidated and company balance sheets as at 31 December 2007 and the related consolidated and company statements of income for the year ended 31 December 2007 are as follows:

	Consolidated Baht million	Company Baht million
Balance sheets as at 31 December 2007		
Increase in retained earnings as at 1 January 2007	1,664	1,643
Increase in retained earnings as at 31 December 2007	2,361	2,331
Increase in inventories as at 31 December 2007	2,361	2,331
Statements of income for the year ended 31 December 2007		
Decrease in costs of sales	(697)	(688)
Increase in net profit	697	688
Increase in basic earnings per share (Baht)	0.04	0.04

6. Segment information

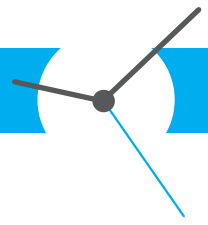
Segment information is presented in respect of the Group's business segments which is based on the Group's management and internal reporting structure.

The Group comprises the following main business segments:

Petrochemical products	Olefin, aromatics which are raw materials used in the production of plastic resin
Petroleum products	Refinery oil, lubricant oil, asphalt
Other business segments	Power plant, other utilities

Previously, other income, other expenses and income tax were allocated to each business segment by average sales amounts. Management has reviewed and considered that it would be more appropriate to present other income, other expenses and income tax as unallocated items. Consequently, the comparative figures of the prior period have been represented to be in conformity with the current year.

	Consolidated				
	Petrochemical products Baht million	Petroleum products Baht million	Other business segment Baht million	Elimination entries Baht million	Total Baht million
For the year ended 31 December 2008					
Sales	88,735	190,370	4,230	(38,641)	244,694
Operating profit/(loss)	(2,900)	(13,653)	(261)	432	(16,382)
Unallocated other income					(373)
Unallocated other expenses					(37)
Finance costs					(1,398)
Share of loss of investments in an associate					(31)
Income tax					(41)
Net loss for the year					(18,262)
Segment fixed assets	20,377	26,749	18,232	(1,082)	64,276
Unallocated assets					39,846
Consolidated total assets					104,122
For the year ended 31 December 2007					
Sales	89,962	173,741	4,716	(40,900)	227,519
Operating profit	5,518	4,774	340	384	11,016
Unallocated other income					3,868
Unallocated other expenses					(63)
Finance costs					(1,107)
Income tax					(31)
Net profit for the year					13,683
Segment fixed assets	21,597	28,427	12,460	(174)	62,310
Unallocated assets					70,865
Consolidated total assets					133,175



Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

7. Cash and cash equivalents

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Cash on hand	1	2	1	1
Current Accounts	3,450	3,478	3,424	3,418
Saving accounts	4,099	1,664	3,572	1,025
Short term investments	1,000	6,000	1,000	6,000
Total	8,550	11,144	7,997	10,444

As at 31 December 2008, saving and current accounts, and short-term investments bear interest at the average rate at 0.5%-2.55% per annum and 2.55% per annum, respectively. (2007: 0.5%-2.25% per annum and 3.15%-3.75% per annum).

Cash and cash equivalents as at 31 December have been categorised in currencies as below:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Thai Baht	7,248	10,662	6,695	9,961
US Dollars	1,302	482	1,302	483
Total	8,550	11,144	7,997	10,444

8. Short term investments, net

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Short-term deposits at financial institutions	3	3	3	3
Equity securities held for trading	1,560	1,563	1,560	1,563
<u>Less</u> Allowance for revaluation of investments	(1,125)	(37)	(1,125)	(37)
	435	1,526	435	1,526
Net	438	1,529	438	1,529

As at 31 December 2007, short-term deposits at financial institutions at Baht 3 million was used as collateral to the Court and it was released in 2008.

Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

8. Short term investments, net (continued)

Movements of equity securities held for trading during the years ended 31 December 2008 and 2007 are as follows:

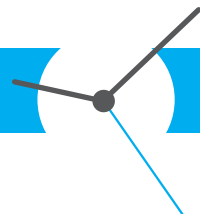
	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Opening net book value	1,526	-	1,526	-
Acquisitions	697	4,580	697	4,580
Disposals	(700)	(3,017)	(700)	(3,017)
Changes in fair value of investments	(1,088)	(37)	(1,088)	(37)
Closing net book value	435	1,526	435	1,526

9. Trade accounts receivable, net

	Note	Consolidated		Company	
		2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Trade accounts receivable					
- Other parties		5,811	11,145	5,535	10,655
- Related parties	32	463	2,404	1,288	4,510
		6,274	13,549	6,823	15,165
<u>Less</u> Allowance for doubtful debts		(236)	(234)	(135)	(142)
Net		6,038	13,315	6,688	15,023

Accounts receivable as at 31 December have been categorised in currencies as below:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Thai Baht	3,504	8,720	4,231	10,633
US Dollars	2,534	4,595	2,457	4,390
Total	6,038	13,315	6,688	15,023



9. Trade accounts receivable, net (continued)

Aging analysis of trade accounts receivable is as follows:

As at 31 December	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Other parties				
Current	5,415	9,203	5,258	8,854
Overdue				
- less than 3 months	110	1,690	97	1,655
- 3-12 months	45	35	45	35
- over 12 months	241	217	135	111
	396	1,942	277	1,801
	5,811	11,145	5,535	10,655
<u>Less</u> Allowance for doubtful debts	(236)	(233)	(130)	(126)
Net	5,575	10,912	5,405	10,529
Related parties				
Current	463	2,403	1,200	4,254
Overdue				
- less than 3 months	-	-	84	143
- 3-12 months	-	1	1	86
- over 12 months	-	-	3	27
	-	1	88	256
	463	2,404	1,288	4,510
<u>Less</u> Allowance for doubtful debts	-	(1)	(5)	(16)
Net	463	2,403	1,283	4,494
Net	6,038	13,315	6,688	15,023

As at 31 December 2008, trade accounts receivable with other parties in the consolidated and company financial statements have been reclassified by including the balances with TPI Polene Public Company Limited and other entities relating to the former management of Baht 370 million (31 December 2007: Baht 1,190 million in the consolidated and company financial statements). Previously, they were presented as related party transactions.

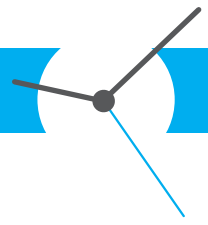
10. Inventories, net

	Consolidated		Company	
	2008 Baht million	2007 (Restated) Baht million	2008 Baht million	2007 (Restated) Baht million
Finished goods	15,779	18,759	15,222	18,423
Work in process	111	285	-	117
Raw materials	4,488	7,380	3,951	7,019
Chemicals and fuel oil	1,132	436	982	291
Spare parts and repair materials	2,672	2,355	2,402	2,013
Goods in transit	739	9,437	681	9,407
	24,921	38,652	23,238	37,270
<u>Less</u> Allowances for net realisable value and slow moving and obsolescence	(5,190)	(288)	(5,149)	(237)
Net	19,731	38,364	18,089	37,033

Losses from damaged, slow-moving and obsolete stock and allowance for net realisable value are recognised as 'costs of sales' in the consolidated and company statements of income for the year ended 31 December 2008 at Baht 4,902 million and Baht 4,912 million, respectively (2007: Baht 145 million and Baht 115 million in the consolidated and company statements of income, respectively).

Subsequent market prices of petroleum and petrochemical inventories after the balance sheets date have continuously decreased according to the world economic situation. However, the outstanding balances of those inventories (which are finished goods, work in process and raw materials) of petroleum and petrochemical as at 31 December 2008 were stated at the net realisable value of which are principally based on their market prices as at the balance sheet date.

According to the Ministry of Energy's regulations, the Company is required to reserve crude oil, liquid petroleum gas, and petroleum products at 5% of the total production output in each period. As at 31 December 2008, the inventories presented in the consolidated and company financial statements included minimum mandatory reserve on crude oil, liquid petroleum gas, and petroleum product amounting to Baht 3,981 million, and Baht 3,945 million, respectively (2007: Baht 7,375 million and Baht 7,205 million in the consolidated and company financial statements, respectively) which were net of allowance for net realisable value.



11. Other receivables

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Receivables from Excise Department and Oil Fund	176	353	176	353
Receivables from derivatives financial instruments being interest rate swap contracts and crack spread swap contracts (Note 35 (e))	340	25	340	25
Others	162	154	59	38
Total	678	532	575	416

12. Investments in subsidiaries and associates, net

Details of investments in subsidiaries and associates as at 31 December 2008 and 2007 are as follows:

All subsidiaries and associates are incorporated and domiciled in Thailand except the following subsidiaries:

Subsidiaries

- | | |
|--|--|
| • Thai Petrochemical Industry (Cayman Island) Ltd. | Incorporated in British Virgin Island and has ceased the operation |
| • TPI Philippines Vinyl Corp. | Incorporated in Philippines and has ceased the operation |
| • Asian Dragon Oil Refinery Corp. | Incorporated in Philippines and has ceased the operation |

Associates

- | | |
|------------------------|--|
| Kapuluan Holding Corp. | Incorporated in Philippines and has ceased the operation |
|------------------------|--|

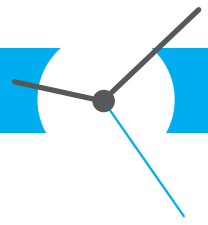
During the year ended 31 December 2008, the following subsidiaries registered for dissolution and completed the liquidation process.

Direct subsidiaries

- | | |
|---|---|
| • TPI Infrastructure Co., Ltd. | Dissolved on 9 July 2008 and liquidated on 1 October 2008 |
| • Rayong Port Service Co., Ltd. | Dissolved on 9 July 2008 and liquidated on 3 October 2008 |
| • Rayong Energy Co., Ltd. | Dissolved on 9 July 2008 and liquidated on 7 October 2008 |
| • International Plastic Trading Co., Ltd. | In the process of finalising the legal solution for dissolution with the Ministry of Commerce |

Indirect subsidiaries

- | | |
|----------------------------|--|
| • TPI Tech Co., Ltd. | Dissolved and liquidated on 12 June 2008 |
| • TPI Oil (1996) Co., Ltd. | Dissolved and liquidated on 10 July 2008 |
| • TPI Oil (1999) Co., Ltd. | Dissolved and liquidated on 10 July 2008 |
| • TPI Oil (1997) Co., Ltd. | In the process of registration for liquidation with the Ministry of Commerce |



Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

12. Investments in subsidiaries and associates, net (continued)

The Group's share of assets, liabilities, income, and profit/(loss) of its associates according to the percentage of shareholding are as follow:

Associates	Business	Incorporated countries	Assets (Baht million)	Liabilities (Baht million)	Revenue (Baht million)	Profit/ (loss) (Baht million)	% Interest held
2008							
PTT Polymer Marketing Co., Ltd.	Sales of Plastic resin	Thailand	469	440	1,961	(30)	25
Kaputuan Holding Corp.	Investing in other business	Philippines	-	-	-	-	39.99
Phil Thai Holding Corp.	Investing in other business	Thailand	-	-	-	-	39.99
2007							
Kaputuan Holding Corp.	Investing in other business	Philippines	-	-	-	-	39.99
Phil Thai Holding Corp.	Investing in other business	Thailand	-	-	-	-	39.99

Details of investments in subsidiaries and associates as at 31 December are as follows:

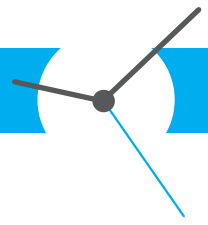
Associates	Consolidated											
	Paid-up capital		Cost method		Equity method		Impairment		Net		Dividends income	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
PTT Polymer Marketing Co., Ltd.	40	-	58	-	28	-	-	-	-	28	-	-
Kaputuan Holding Corp.	Peso 1	Peso 1	*	*	-	-	-	-	-	-	-	-
Phil Thai Holding Corp.	-	-	-	-	-	-	-	-	-	-	-	-
Total			58	-	28	-	-	-	28	-	-	-

* equivalent to Baht at the acquisition date

12. Investments in subsidiaries and associates, net (continued)

Details of investments in subsidiaries and associates as at 31 December are as follows: (continued)

Subsidiaries	Business	Company											
		Ownership interest		Paid-up capital		Cost method		Impairment		Net		Dividend income	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
		(%)	(%)	Baht million	Baht million	Baht million	Baht million	Baht million	Baht million	Baht million	Baht million	Baht million	Baht million
Thai ABS Co., Ltd.	Manufacturing and sales of plastic resin	99.99	99.99	2,500	2,500	2,500	2,500	-	-	2,500	2,500	-	-
IRPC Oil Co., Ltd.	Sales of gasoline, diesel and lubricant	99.99	99.99	2,000	2,000	2,000	2,000	(718)	(718)	1,282	1,282	-	-
IRPC Polyol Co., Ltd.	Manufacturing and sales of polyol	99.99	99.99	300	300	300	300	-	-	300	300	-	-
Thai Polyurethane Industry Co., Ltd.	Manufacturing and sales of polyurethane	99.99	99.99	37	150	37	150	-	(20)	37	130	-	-
IRPC Technology Co., Ltd.	Vocational school	99.99	99.99	750	750	750	750	(476)	(476)	274	274	-	-
IRPC Energy Co., Ltd.	Service for security	99.99	99.99	3,342	3,342	3,342	3,342	(3,257)	(3,257)	85	85	-	-
Rayong Tank Terminal Co., Ltd.	Rental service for chemical tank	99.99	99.99	-	-	1,000	1,000	(1,000)	(1,000)	-	-	-	-
TPI Aromatics PCL	Manufacturing and sales of petrochemical products	99.99	99.99	4,100	4,100	4,100	4,100	(4,100)	(4,100)	-	-	-	-
IRPC Service Co., Ltd.	Service for security	99.50	99.50	-	-	-	-	-	-	-	-	-	-
Thai Petrochemical Industry (Cayman Island) Ltd.	Investing in other business	100.00	100.00	352	352	352	352	(352)	(352)	-	-	-	-
TPI Philippines Vinyl Corp.	Sales of PVC Plastic	99.99	99.99	Peso 17	Peso 17	17	17	(17)	(17)	-	-	-	-
Asian Dragon Oil Refinery Corp	Joint venture to establish refinery in Philippines	99.99	99.99	-	-	-	-	-	-	-	-	-	-
Rayong Port Service Co., Ltd.	Service for port	-	99.89	-	-	-	-	-	-	-	-	-	-
TPI Infrastructure Co., Ltd.	Service for utilities	-	98.90	-	-	-	-	-	-	-	-	-	-
International Plastic Trading Co., Ltd.	Trading	99.01	99.01	4	4	4	4	(3)	(3)	1	1	-	-
Rayong Energy Co., Ltd.	Electricity generation	-	99.99	-	-	-	-	-	-	-	-	-	-
Total				14,402	14,515	14,402	14,515	(9,923)	(9,943)	4,479	4,572	-	-
Associates													
PIT Polymer Marketing Co., Ltd.	Sales of Plastic resin	25.00	-	40	-	58	-	-	-	58	-	-	-
Kapuluan Holding Corp.	Investing in other business	39.99	39.99	Peso 1	Peso 1	-*	-*	-	-	-	-	-	-
Phil Thai Holding Corp.	Investing in other business	39.99	39.99	-	-	-	-	-	-	-	-	-	-
Total				58	-	58	-	-	-	58	-	-	-
Total subsidiaries and associates				14,460	14,515	14,460	14,515	(9,923)	(9,943)	4,537	4,572	-	-



12. Investments in subsidiaries and associates, net (continued)

Movement of investments in subsidiaries and associates for the years ended 31 December 2008 and 2007 are as follows:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Opening net book amount	-	-	4,572	4,393
Reversal of impairment loss	-	-	20	179
Acquisition of an associate	58	-	58	-
Share of loss of an associate - equity method	(30)	-	-	-
Capital reduction in a subsidiary	-	-	(113)	-
Closing net book amount	28	-	4,537	4,572

The movement of subsidiaries and associates during the year ended 2008 is as follows:

Subsidiaries

The rehabilitation of Rayong Tank Terminal Company Limited was completed in August 2008. Therefore, the Plan Administrator has filed to the Central Bankruptcy Court to terminate the rehabilitation. The court order the termination of the rehabilitation on 10 November 2008. The subsidiary has currently filed to the Ministry of Commerce for an appointment of additional directors. The outcome of which has not yet been revealed at the date of the report.

On 17 December 2008, Thai Polyurethane Industry Company Limited ('TPU') decreased its share capital of 1,500,000 common shares with a par value of Baht 100 each to Baht 25 each. The capital reduction amount was used for debt settlement between the Company and TPU.

Associate

On 22 August 2008, the Board of Directors of the Company approved to purchase shares of PTT Polymer Marketing Company Limited (PTTPM) from the major shareholder of 100,000 shares at Baht 580 per share representing 25% interest in PTTPM. The Company signed the contract and paid for the purchased shares of Baht 58 million on 27 August 2008.

	Bath million
Net acquired assets	58
Purchase price	(58)
Goodwill	-

The Company has contemplated that the book value as of the purchase date was close to the fair value.

Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

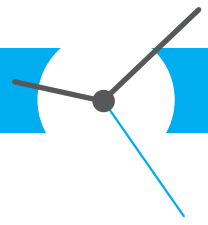
13. Other long-term investments, net

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Marketable equity securities - available-for sales	639	652	534	534
<u>Less</u> Allowance for revaluation of investments	(605)	(587)	(527)	(517)
	34	65	7	17
Non-marketable equity securities	1,252	1,254	1,053	1,053
<u>Less</u> Allowance for revaluation of investments	(1,233)	(1,233)	(1,034)	(1,034)
	19	21	19	19
Net	53	86	26	36

Movement of other long-term investments for the year ended 31 December 2008 are as follows:

For the year ended 31 December 2008	Consolidated		
	General securities - cost method Baht million	Marketable securities - available-for-sale Baht million	Total Baht million
Opening net book amount	21	65	86
Additions	-	-	-
Disposals	(2)	(14)	(16)
Changes in fair value	-	(17)	(17)
Closing net book amount	19	34	53

For the year ended 31 December 2008	Company		
	General securities - cost method Baht million	General securities - cost method Baht million	Total Baht million
Opening net book amount	19	17	36
Additions	-	-	-
Disposals	-	-	-
Changes in fair value	-	(10)	(10)
Closing net book amount	19	7	26



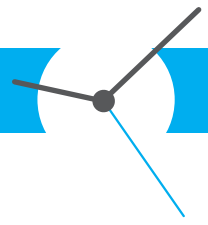
Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

14. Property, plant and equipment, net

	Consolidated							Total Baht million
	Land improvement Baht million	Buildings and building improvements Baht million	Machinery and pipes Baht million	Tools and factory equipment Baht million	Furniture, fixtures and office equipment Baht million	Vehicles Baht million	Assets under construction Baht million	
As at 31 December 2007								
Cost	17,377	21,450	63,818	2,609	555	887	608	107,487
Less Accumulated depreciation	-	(6,714)	(24,749)	(1,813)	(359)	(622)	-	(34,259)
Allowance for impairment	(10,685)	(231)	(1)	-	-	-	-	(10,917)
Net book amount	6,692	14,505	39,068	796	196	265	608	62,311
For the year ended 31 December 2008								
Opening net book amount	6,692	14,505	39,068	796	196	265	608	62,311
Additions	9	-	12	157	27	10	4,847	5,063
Disposals - Net book value	-	(7)	-	(5)	-	(14)	-	(26)
Reclassification	-	728	(354)	(234)	104	44	(288)	-
Depreciation charge	-	(734)	(2,114)	(126)	(56)	(42)	-	(3,072)
Closing net book amount	6,701	14,492	36,612	588	271	263	5,167	64,276
As at 31 December 2008								
Cost	17,386	22,717	62,953	2,027	670	904	5,167	112,008
Less Accumulated depreciation	-	(8,012)	(26,340)	(1,439)	(399)	(641)	-	(36,831)
Allowance for impairment	(10,685)	(213)	(1)	-	-	-	-	(10,901)
Net book amount	6,701	14,492	36,612	588	271	263	5,167	64,276

14. Property, plant and equipment, net (continued)

	Company								Total Baht million
	Land Baht million	Land improvement Baht million	Buildings and building improvements Baht million	Machinery and equipment Baht million	Tools and factory equipment Baht million	Furniture, fixtures and office equipment Baht million	Vehicles Baht million	Assets under construction Baht million	
As at 31 December 2007									
Cost	4,293	168	16,300	57,146	1,356	483	385	516	80,647
Less Accumulated depreciation	-	-	(5,340)	(21,873)	(913)	(308)	(241)	-	(28,675)
Net book amount	4,293	168	10,960	35,273	443	175	144	516	51,972
For the year ended 31 December 2008									
Opening net book amount	4,293	168	10,960	35,273	443	175	144	516	51,972
Additions	9	-	3,643	1	145	23	66	4,349	8,236
Disposals - Net book value	-	-	-	-	(1)	-	(12)	-	(13)
Reclassification	-	-	(10)	78	44	102	43	(257)	-
Depreciation charge	-	-	(656)	(1,901)	(87)	(52)	(31)	-	(2,727)
Closing net book amount	4,302	168	13,937	33,451	544	248	210	4,608	57,468
As at 31 December 2008									
Cost	4,302	168	19,933	56,829	1,540	603	688	4,608	88,671
Less Accumulated depreciation	-	-	(5,996)	(23,378)	(996)	(355)	(478)	-	(31,203)
Net book amount	4,302	168	13,937	33,451	544	248	210	4,608	57,468



14. Property, plant and equipment, net (continued)

Additions include Baht 5 million assets under finance leases (where the Group is the lessee). During the year ended 31 December 2008, the Group did not have disposals of assets under finance leases.

As at 31 December 2008, the gross carrying amounts of fully depreciated fixed assets that is still be in use are amounting to Baht 1,930 million and Baht 1,383 million in the consolidated and company financial statements, respectively (2007: Baht 2,216 million and Baht 1,411 million in the consolidated and company financial statements, respectively).

Depreciation charge for the years ended 31 December is as follows:

	Note	Consolidated		Company	
		2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Costs of sales		2,925	2,823	2,627	2,581
Administrative expenses	25	147	125	100	61
Total		3,072	2,948	2,727	2,642

As at 31 December 2007, the Group had fixed assets pledged under the old loan agreements totalling Baht 2,200 million and Baht 1,157 million in the consolidated and company financial statements, respectively. All pledged fixed assets were released in 2008.

As at 31 December 2008, the Group has the land held for future project presented in the consolidated and company financial statements of Baht 2,157 million and Baht 663 million, respectively (2007: Baht 2,157 million and Baht 663 million in the consolidated and company financial statements, respectively).

As at 31 December 2008, the Company has deposited platinum and palladium that form part of equipment which has been fully depreciated with a foreign bank for a market value of Baht 223 million (calculated from the weight of platinum and palladium and the market price in US Dollars at the date of deposit converted at the exchange rate as at balance sheet date) with interest rates between 1.85% and 2.8% per annum for platinum and 0.2% per annum for palladium. The deposits due for redemption on 2 February 2009.

15. Intangible assets, net

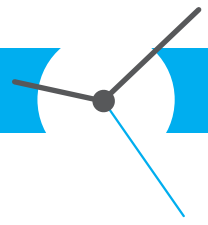
Intangible assets presented in the consolidated and company financial statements are as follows:

	Dredging expenses Baht million	Deferred charges Baht million	Total Baht million
As at 31 December 2007			
Cost	2,512	132	2,644
<u>Less</u> Accumulated amortisation	(1,092)	(5)	(1,097)
Net book amount	1,420	127	1,547
For the year ended 31 December 2008			
Opening net book amount	1,420	127	1,547
Additions	-	327	327
Amortisation	(126)	(26)	(152)
Closing net book amount	1,294	428	1,722
As at 31 December 2008			
Cost	2,512	459	2,971
<u>Less</u> Accumulated amortisation	(1,218)	(31)	(1,249)
Net book amount	1,294	428	1,722

Amortisation of Baht 128 million and Baht 24 million has been included in the costs of sales and administrative expenses, respectively, in the statements of income for the year ended 31 December 2008.

16. Other non-current assets, net

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Deposit for land	258	267	258	267
<u>Less</u> Impairment	(258)	(267)	(258)	(267)
	-	-	-	-
Deposit for machinery	-	790	-	761
Others	43	34	39	30
Net	43	824	39	791



17. Borrowings

	Note	Consolidated		Company	
		2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Current					
Unsecured short-term loans from					
- Financial institutions		8,250	35	8,250	-
- Related parties	32	-	-	1,541	1,564
Total current borrowings		8,250	35	9,791	1,564
Non-current					
Unsecured debentures					
- US Dollar		8,771	8,472	8,771	8,472
<u>Less</u> Discount on debentures		(47)	(55)	(47)	(55)
Net		8,724	8,417	8,724	8,417
- Thai Baht		9,640	10,000	9,640	10,000
Total non-current borrowings		18,364	18,417	18,364	18,417
Total		26,614	18,452	28,155	19,981

As at 31 December 2008, unsecured short-term loans from financial institutions amounted of Baht 8,250 million are promissory notes at interest rates at 3.55% - 5.15% per annum with the maturities of 2 - 5 months (2007: Nil).

On 25 May 2007, the Company issued USD unsecured and non-subordinated debentures with face value of USD 250 million at the discount price of 99.323% of face value, for the net amount of USD 248.31 million. The debentures bear interest at the fixed rate of 6.375% per annum, payable semi-annually in arrears commencing on 25 November 2007. The debentures will mature on 25 May 2017.

17. Borrowings (continued)

On 2 July 2007, the Company issued Thai Baht unsecured and non-subordinated debentures with total face value of Baht 10,000 million. The Company offered these debentures to financial institution investors in two tranches, Baht 7,000 million and Baht 3,000 million as the following details.

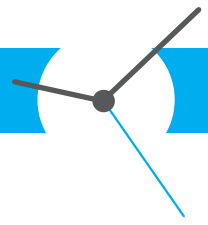
Debentures of	Baht 7,000 million	Baht 3,000 million
Maturity	7 years	10 years
Fixed interest rate (% per annum)	5.05	5.29
Payment of interest	Semi-annually	Semi-annually
Redemption date	2 July 2014	2 July 2017

Under the terms of the debentures, the Company has to comply with certain conditions as stipulated therein such as, not creating any future lien, or other security interest of the Company and its principal subsidiaries, consolidation, amalgamation, merger and sale of assets without the debenture holders' consent; maintaining direct and indirect ownership interest of PTIT Public Company Limited.

The interest rate on the borrowings of the Group and the Company is as follows:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Borrowings				
- at fixed rates	26,614	18,452	28,155	19,981
- at floating rates	-	-	-	-
Total	26,614	18,452	28,155	19,981

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Weighted effective interest rate (%)				
- Short-term loans from banks	3.55 -5.15	8.25	3.55 -5.15	8.25
- Short-term loans from related parties	5.29	5.29	5.29	5.29
- Debentures	5.05-6.375	5.05-6.375	5.05-6.375	5.05-6.375



Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

17. Borrowings (continued)

Maturity of debentures is as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	Baht million	Baht million	Baht million	Baht million
Within 1 year	-	-	-	-
Between 2 years and 5 years	-	-	-	-
Over 5 years	18,364	18,417	18,364	18,417
Total	18,364	18,417	18,364	18,417

The movement of debentures can be analysed as follows:

For the year ended 31 December 2008	Consolidated	Company
	Baht million	Baht million
Opening net book amount	18,417	18,417
Issuance of debentures	-	-
Repurchase of debentures	(360)	(360)
Recognition of discount on debentures	8	8
Unrealised loss on exchange rate	299	299
Closing net book amount	18,364	18,364

The carrying amounts and fair values of debentures in the consolidated and company financial statements are as follows:

	Carrying amount		Fair value	
	2008	2007	2008	2007
	Baht million	Baht million	Baht million	Baht million
Thai Baht	9,640	10,000	9,989	9,933
US Dollar	8,724	8,417	6,545	8,578
Total	18,364	18,417	16,534	18,511

17. Borrowings (continued)

The fair values of debentures with fixed interest are based on the latest average bid price from the Thai Bond Dealers Club at the balance sheet date for Thai Baht debentures and the latest closing bid price from International Bond Market for the US Dollar debentures. The carrying amounts of short-term borrowings with fixed interest rate approximate their fair values because of their short-term maturities.

The Company has undrawn committed borrowing facilities from the commercial banks totalling Baht 23,000 million for working capital with money market interest rate.

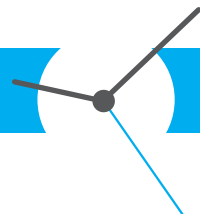
18. Financial lease liabilities

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Financial lease liabilities				
- Current portion	27	21	25	20
- Non-current portion	87	110	86	106
Total	114	131	111	126

Collateral of financial lease liabilities is that the Group has to return the right under the leases to the lessors in case the Group defaults.

Minimum lease payments of finance lease liabilities:

	Consolidated					
	2008			2007		
	Principal Baht million	Interest Baht million	Payment Baht million	Principal Baht million	Interest Baht million	Payment Baht million
Not later than 1 year	27	6	33	21	8	29
Later than 1 year but not later than 5 years	87	10	97	110	16	126
Total	114	16	130	131	24	155



18. Financial lease liabilities (continued)

	2008			2007		
	Principal	Interest	Payment	Principal	Interest	Payment
	Baht million	Baht million	Baht million	Baht million	Baht million	Baht million
Not later than 1 year	25	6	31	20	8	28
Later than 1 year but not later than 5 years	86	10	96	106	15	121
Total	111	16	127	126	23	149

Fair value of financial lease liabilities approximate its carrying value.

19. Trade accounts payable

	Note	Consolidated		Company	
		2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
- Related parties	32	1,833	12,454	3,058	15,709
- Other parties		2,615	4,608	2,464	4,379
Total		4,448	17,062	5,522	20,088

Trade accounts payable as at 31 December have been categorised in currencies as follows:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Thai Baht	2,287	11,511	3,364	14,633
US Dollar	1,800	5,532	1,800	5,439
Euro	355	13	355	13
Yen	1	1	1	1
Others	5	5	2	2
Total	4,448	17,062	5,522	20,088

20. Share capital and premium on share capital

For the year ended 31 December 2008	Number of share	Ordinary shares Baht million	Premium on share capital Baht million	Total Baht million
Beginning balance	19,500	19,500	26,797	46,297
Issued shares	206	206	387	593
Ending balance	19,706	19,706	27,184	46,890

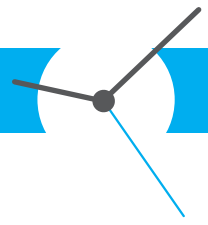
As at 31 December 2008, the total authorised number of shares was 20,475 million shares with a par value of Baht 1 per share (2007: 20,475 million shares with a par value of Baht 1 per share). The shares of 19,706 million shares were issued and fully paid-up.

In July and October 2008, the Company registered the total paid-up common shares for the warrants under the Employee Stock Option Plan (ESOP) of 206 million shares at the exercise price of Baht 2.88 per share with a par value of Baht 1 per share.

On 5 June 2007 and 21 September 2007, the Securities and Exchange Commission (SEC) approved the Company to issue securities in accordance with the Employee Stock Option Program (ESOP) as follows:

- Allocate and offer 907,868,559 units of warrants at the fixed exercise price of Baht 2.88 per share, exercise ratio of 1:1 for a 4-year term expiring on 28 June 2011.
- Allocate and offer 38,102,741 units of warrants to former employees of IRPC group who had been terminated from the Company under the Company's rules and regulations at the fixed exercise price of Baht 2.88 per unit, exercise ratio of 1:1 for a 4-year term expiring on 27 September 2011.
- The first exercise period shall commence one year from the warrant issuing date. Warrants not exceeding 50% and 25% of total warrants shall be exercised in the second and third year, respectively, and the remaining portion shall be exercised in the fourth year. The warrants shall be exercised on the last business day of every March, June, September and December in every year. Exercisable warrants not exercised in the second and third year may be exercised in the following years until the maturity date.

The Company will cancel any remaining warrants that are not allocated to employees and former employees according to the specified maturity date above.



20. Share capital and premium on share capital (continued)

The movement of warrants that are in registered form and are non-transferable for the year ended 31 December 2008 are as follows:

	Beginning balance	Issue during the year	Exercise during the year	Closing balance
• Warrants 907,868,559 units	907,868,559	-	(202,244,000)	705,624,559
• Warrants 38,102,741 units	38,102,741	-	(3,326,300)	34,776,441
Total	945,971,300	-	(205,570,300)	740,401,000

The Group does not recognise fair value of remaining warrants which have not yet been exercised in the financial statements.

21. Legal reserve

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Beginning balance	2,048	400	2,048	400
Appropriation during the year	-	1,648	-	1,648
Ending balance	2,048	2,048	2,048	2,048

Under the Public Company Act, the Company is required to set aside as a statutory reserve of at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve reaches not less than 10% of the registered capital. The legal reserve is non-distributable.

The legal reserve has fully been provided to comply with the law since 2007.

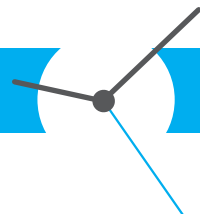
22. Company's shares held by subsidiaries

For the years ended 31 December	Consolidated	
	2008 Baht million	2007 Baht million
Thai ABS Company Limited	26	26
IRPC Oil Company Limited	201	201
Total	227	227

As at 31 December 2008 and 2007, two subsidiaries, Thai ABS Company Limited and IRPC Oil Company Limited, have hold the Company's common shares of 6,190,800 shares and 38,485,200 shares, respectively. The investments held by the two subsidiaries are stated at cost and presented in the balance sheets as a deduction within total shareholders' equity.

23. Minority interests

	Consolidated	
	2008 Baht million	2007 Baht million
Beginning balance	49	40
Share of net profit of subsidiaries	11	13
Dividends paid	(12)	(4)
Ending balance	48	49



24. Other income

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Interest income	163	673	256	1,000
Dividend income	105	65	105	65
Gains on disposals of property, plant and equipment	95	668	46	562
Gains/ (losses) on disposals of investments in securities	(140)	1,576	(129)	1,576
Realised and unrealised gains on exchange rate	112	1,265	118	1,263
Financial assets recognised through the statement of income				
- Unrealised losses from change in fair value of investments in trading securities	(1,088)	(37)	(1,088)	(37)
Derivative financial instruments recognised through the statement of income				
- Realised and unrealised gains from crack spread swap contracts	670	-	670	-
- Gains from foreign currency forward contracts	170	22	170	22
- Gains from interest rate swap contracts	119	19	119	19
Tax refund from custom duty	378	82	378	82
(Loss on impairment) / reversal of impairment loss	53	(497)	11	(318)
Others	319	456	293	340
Total	956	4,292	949	4,574

25. Administrative expenses

	Notes	Consolidated		Company	
		2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Personnel expenses	26	2,014	2,190	1,610	1,672
Consultant fee		270	352	269	352
Depreciation	14	147	125	100	61
Rental		128	122	90	80
Advertising		62	126	62	125
Doubtful accounts		24	-	(180)	66
Others		673	735	609	507
Total		3,318	3,650	2,560	2,863

Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

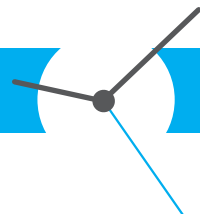
26. Staff cost

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Salary and wages	2,928	3,561	2,524	3,042
Bonus	566	1,135	516	1,013
Provident fund	221	162	202	143
Severance payment	851	898	563	579
Others	654	352	620	298
Total	5,220	6,108	4,425	5,075

Staff costs of Baht 3,206 million and Baht 2,815 million have been included in costs of sales in the consolidated and company statements of income for the year ended 31 December 2008, respectively (2007: Baht 3,918 million and Baht 3,403 million in the consolidated and company statements of income, respectively).

27. Finance costs

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Interest expense				
- Short-term loan from financial institutions	259	456	257	456
- Short-term loan from related parties	-	-	1	87
- Debentures	1,135	645	1,135	645
- Finance lease	4	5	4	5
Total	1,398	1,106	1,397	1,193



28. Income tax

	Consolidated		Company	
	2008	2007	2008	2007
	Baht million	Baht million	Baht million	Baht million
Current tax				
- Income tax for the year	41	32	-	-

Income tax expense is calculated from the taxable net profit at 30% per annum. As at 31 December 2008, the Company has loss carried forward which can be utilised as tax benefit.

29. Earnings/ (loss) per share

Basic earnings/ (loss) per share is calculated by dividing the net profit/ (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Company	
	2008	2007	2008	2007
Net profit/ (loss) attributable to ordinary shareholders of parent (Baht million)	(18,262)	13,683	(19,558)	12,658
Weighted average number of ordinary shares in issue during the year (Million shares)	19,584	19,500	19,584	19,500
Basic earnings / (loss) per share of parent (Baht)	(0.93)	0.70	(1.00)	0.65

Diluted earnings/ (loss) per share is calculated by dividing the net profit/ (loss) attributable to equity holders of the parent by the weighted average number of common shares assuming conversion of warrants to common shares for the years ended 31 December 2008 and 2007 are 285 million shares and 264 million shares, respectively.

29. Earnings/ (loss) per share

Weighted average number of ordinary shares (diluted)

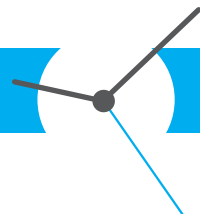
For the years ended 31 December	Consolidated		Company	
	2008 Million shares	2007 Million shares	2008 Million shares	2007 Million shares
Weighted average number of ordinary shares (basic)	19,584	19,500	19,584	19,500
Effect of conversion of warrants	285	264	285	264
Weighted average number of ordinary shares (diluted)	19,869	19,764	19,869	19,764

	Consolidated		Company	
	2008	2007	2008	2007
Net profit/ (loss) attributable to ordinary shareholders of parent (Baht million)	(18,262)	13,683	(19,558)	12,658
Weighted average number of ordinary shares for diluted earnings per share (Million shares)	19,869	19,764	19,869	19,764
Diluted earnings/ (loss) per share of parent (Baht)	(0.92)	0.69	(0.98)	0.64

30. Dividends

At the Annual General shareholders' meeting on 9 April 2008, the shareholders approved a dividend payment of 2007 at Baht 0.30 per share for 19,500 million shares, totalling Baht 5,850 million. The Company already paid dividends during the year 2007 at Baht 0.10 per share, totalling Baht 1,950 million. The remaining dividends of Baht 0.20 per share, totalling Baht 3,900 million were paid to the shareholders in April 2008. (2007: Dividend payment from net profit of 2006 at Baht 0.12 per share for 19,500 million shares, totalling Baht 2,340 million).

At the Board of Directors of the Company's meeting on 22 August 2008, it approved an interim-dividend payment at Baht 0.10 per share for 19,640 million shares, totalling Baht 1,964 million. The Company already paid interim dividends during 2008.



31. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company and a subsidiary have been granted privileges by the Board of Investment relating to manufacture of Acetylene Black, Compounded Plastic and expansion of capacity. The privileges granted include:

- (a) exemption from payment of import duty on machinery as approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of five to eight years from the date on which the income is first derived from such operations; and
- (c) a 50 % reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above.

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

A promotional privileges of a subsidiary regarding the exemption from payment of income tax for certain operations has been expired during 2007.

Revenues from sales are classified into the promoted business and the non-promoted business and presented in the company financial statements for the years ended 31 December 2008 and 2007 as follows:

	Company		
	BOI granted Baht million	Non-BOI granted Baht million	Total Baht million
2008			
Revenue from sales - Export	13,469	40,424	53,893
- Domestic	44,237	156,324	200,561
Total	57,706	196,748	254,454
2007			
Revenue from sales - Export	14,984	8,636	23,620
- Domestic	43,925	170,220	214,145
Total	58,909	178,856	237,765

32. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

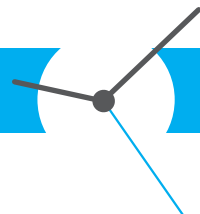
Major shareholders as at 31 December 2008 are as follows:

	% of shares
• PTT Public Company Limited	36.77
• Government Saving Bank	9.90
• Vayupak Fund	9.90
• Government Pension Fund	8.51

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

Transactions	Pricing policies
Sale and purchase of goods	Market price
Interest income	Interest rates as specified in the agreements, which are 5.29% and 7.5%, MLR rate, MLR+2% and the weighted average interest rate of fixed deposits for four domestic commercial banks
Interest expenses	Interest rate as specified at 5.29%
Tank storage and service	Contractually agreed prices
Directors remunerations (meeting, bonus)	The rate approved by Board of Directors and Shareholders

Purchases of goods from a major shareholder - the major shareholder has provided services relating to purchasing and payment process. The purchase price includes service fee charged by the major shareholder and approximates the price of which the Group has procured by its own (See the additional information of each contract in the Note 35 (e)).



32. Related party transactions (continued)

Significant transactions with related parties are summarised as follows:

(a) Sales / purchases, services rendered and received

Transactions during the years ended 31 December are as follows:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Revenue from sales of goods				
- Major shareholder	18,185	8,602	18,185	8,602
- Subsidiaries	-	-	21,463	23,910
- Others related parties	10,366	19,663	10,366	19,653
Purchase of goods				
- Major shareholder	149,849	98,779	149,849	98,779
- Subsidiaries	-	-	15,881	16,971
- Others related parties	7,398	6,225	7,398	6,196
Tank storage and service				
- Subsidiaries	-	-	167	-
- Others related parties	-	312	-	312
Selling and administrative expenses				
- Major shareholder	24	23	24	23
- Subsidiaries	-	-	534	346
- Others related parties	75	330	71	239
Interest income, dividends received and other income				
- Major shareholder	671	-	671	-
- Subsidiaries	-	-	127	398
- Others related parties	107	959	106	864
Interest expenses				
- Subsidiaries	-	-	1	86
Directors' remuneration				
- Others related parties	96	66	85	57

The Company has ceased to recognise interest income and interest expenses with TPI Aromatics Public Company Limited and IRPC Energy Company Limited, subsidiaries, since 1 January 2008 and also ceased to recognise interest income with Rayong Tank Terminal Company Limited, a subsidiary, since 16 January 2008 which is the agreed date according to the rehabilitation plan.

Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

32. Related party transactions (continued)

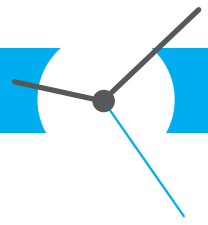
(b) Trade accounts receivables from related parties, net:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
As at 31 December				
Major shareholder	307	1,227	307	1,227
Subsidiaries	-	-	825	2,106
Other related parties	156	1,177	156	1,177
	463	2,404	1,288	4,510
<u>Less</u> Allowance for doubtful debts	-	(1)	(5)	(16)
Net	463	2,403	1,283	4,494

(c) Short-term loans and receivables from related parties, net

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
As at 31 December				
Short-term loans				
Subsidiaries	-	-	211	630
Interest receivables				
Subsidiaries	-	-	443	771
Other receivable and reimbursement				
Major shareholder	134	-	134	-
Subsidiaries	-	-	146	3,790
Other related parties	64	64	46	48
	198	64	326	3,838
	198	64	980	5,239
<u>Less</u> Allowance for doubtful debts	(59)	(59)	(620)	(890)
Net	139	5	360	4,349

Average interest rate of short-term loans from related parties is 5.29% per annum (2007: 5.29% to 8.8% per annum).



32. Related party transactions (continued)

(C) Short-term loans and receivables from related parties, net (continued)

The movement of short-term loans from related parties for the year ended 31 December 2008 is as follows:

	Consolidated		Company	
	Baht million		Baht million	
Opening net book amount	-	-	630	
Increase	-	-	329	
Decrease	-	-	(748)	
Closing net book amount	-	-	211	

(d) Long-term loans to related parties, net

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
As at 31 December				
Long-term loans				
Subsidiaries	-	-	8,072	9,470
Interest receivables				
Subsidiaries	-	-	262	367
	-	-	8,334	9,837
<u>Less</u> Allowance for doubtful debts	-	-	(3,017)	(3,017)
Net	-	-	5,317	6,820

Average interest rate of long-term loans to related parties is 2.31% to 3.00% per annum (2007: 2.31% to 5.29% per annum).

Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

32. Related party transactions (continued)

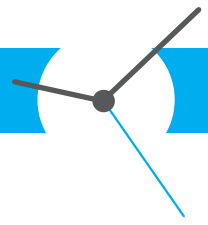
(d) Long-term loans to related parties, net (continued)

The movement of long-term loans to related parties for the year ended 31 December 2008 are as follows:

	Consolidated		Company	
	Baht million		Baht million	
Opening net book amount		-		9,470
Increase		-		-
Decrease		-		(1,398)
Closing net book amount		-		8,072

(e) Trade accounts payable to related parties

As at 31 December	Consolidated				Company	
	2008	2007	2008	2007		
	Baht million	Baht million	Baht million	Baht million	Baht million	
Major Shareholder	1,777	11,960	1,777	11,960		
Subsidiaries	-	-	1,232	3,254		
Other related parties	56	447	49	447		
Total	1,833	12,407	3,058	15,661		



32. Related party transactions (continued)

(f) Short-term loans to related parties

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Short-term loans				
Subsidiaries	-	-	1,541	1,564
Interest payables				
Subsidiaries	-	-	751	823
Other payable and reimbursement				
Major shareholder	-	-	-	-
Subsidiaries	-	-	37	44
Other related parties	21	32	18	15
	21	32	55	59
Total	21	32	2,347	2,446

Average interest rate of short-term loans to related parties is 5.29% per annum (2007: 5.29% per annum).

The movement of short-term loans to related parties for the year ended 31 December 2008 is as follows:

	Consolidated		Company	
	Baht million		Baht million	
Opening net book amount	-	-	1,564	1,564
Increase	-	-	-	-
Decrease	-	-	(23)	(23)
Closing net book amount	-	-	1,541	1,541

32. Related party transactions (continued)

(g) Transactions between the Company and Rayong Tank Terminal Company Limited (“the subsidiary”)

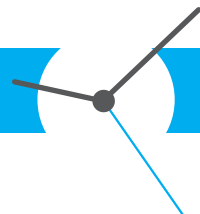
On 13 May 2008, the Executive Board of Directors approved the Company to purchase assets of Rayong Tank Terminal Company Limited in the amount not over Baht 3,700 million by debt settlement between Rayong Tank Terminal Company Limited, the Company and IRPC Oil Company Limited, a subsidiary of the Company. The detail of debt settlement is as follows:

	Million Baht
Fair value of Rayong Tank Terminal Company Limited’s fixed assets according to the independent appraisers’ of Rayong Tank Terminal Company Limited and the Company	3,700
Net assets and liabilities between the Company and Rayong Tank Terminal Company Limited	(3,162)
Net assets and liabilities between the Company and IRPC Oil Company Limited	(630)
Bad debt written off	(92)

Bad debts of Baht 92 million consist of the Company’s bad debt, amounting to Baht 76 million and of IRPC Oil Company limited’s bad debt, amounting to Baht 16 million. The Company has fully provided allowance for doubtful debts. The fair value of Rayong Tank Terminal Company Limited’s fixed assets is based on replacement cost basis.

(h) Directors’ remuneration

Directors’ remuneration including salary and other benefits for the year ended 31 December 2008 was Baht 95 million (2007: Baht 66 million).



33. Transactions with the former management and entities relating to the former management

The Group has transactions with the former management which are Mr. Prachai Liaopairat and his family and the entities relating to the former management which previously were the related parties of the Group. Most of the outstanding balances incurred from the pasts between the Group and the former management and the entities relating to the former management. Outstanding balances have already been provided the allowance in the full amounts.

Transactions with the former management and the entities relating to the former management as at 31 December can be summarised as follows:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Short-term loans				
Pornchai Enterprise Company Limited	3,482	3,482	3,476	3,476
TPI EOEG Company Limited	829	829	829	829
TPI Holding Company Limited	1,685	1,685	1,685	1,685
TPI Automation System Company Limited	1	1	1	1
Accrued interest receivables				
Pornchai Enterprise Company Limited	1,709	1,709	1,705	1,705
TPI EOEG Company Limited	440	440	440	440
TPI Holding Company Limited	965	965	965	965
TPI Automation System Company Limited	1	1	1	1
Other receivables and reimbursements				
Pornchai Enterprise Company Limited	893	893	801	801
Reimbursements for the former management	394	394	26	26
Others	4	5	5	5
Notes receivable for purchase of land				
Thai Special Steel Industry Public Company Limited	1,739	1,739	1,739	1,739
	12,142	12,143	11,673	11,673
<u>Less</u> Allowance for doubtful debts	(12,070)	(12,070)	(11,635)	(11,635)
Net	72	73	38	38

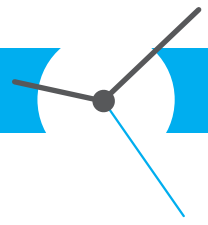
33. Transactions with the former management and entities relating to the former management (continued)

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Other accounts payable and reimbursements				
Pornchai Enterprise Company Limited	12	12	12	12
Payable to former management	71	71	-	-
Total	83	83	12	12

As at 31 December	% of investment	Consolidated		Company	
		2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Investments					
Thai International Tanker Co., Ltd.	49.99	141	141	-	-
Pornchai Enterprise Co., Ltd.	25.00	74	74	74	74
TPI EOEG Co., Ltd.	25.00	-	-	-	-
Thai Special Steel Industry Plc.	16.24	673	673	673	673
United Grain Industry Co., Ltd.	18.05	99	99	41	41
		987	987	788	788
<u>Less</u> Allowance for impairment		(987)	(987)	(788)	(788)
Net		-	-	-	-

The Group has investments in Thai International Tanker Co., Ltd., Pornchai Enterprise Co., Ltd., and TPI EOEG Co., Ltd. which are the companies that incorporated and domiciled in Thailand in the portion of 49.99%, 25%, and 25% of total common shares in each company, respectively. However, the Group has not been able to control, direct or to govern those companies. The remaining investments in the other 2 companies which are related to the former management are investments in common shares. The Group has fully provided the allowance for impairment to those investments.

At present, the Company's management has filed lawsuits to claim from the former management to compensate the loss from business operation. All cases are in the process of related legal courts.



34. Financial assets and liabilities

As at 31 December 2008 and 2007, the Group has financial assets an liabilities in foreign currencies as follows:

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
Assets				
US Dollar	3,836	5,077	3,759	4,873
Liabilities				
US Dollar - Debentures	8,724	8,417	8,724	8,417
US Dollar	1,800	5,532	1,800	5,439
Euro	355	13	355	13
Yen	1	1	1	1
Others	5	5	2	2
Total	10,885	13,968	10,882	13,872

Fair value

The carrying amounts of cash and cash equivalent, short term investments, trade accounts receivable and other short-term receivables, trade accounts payable, other payables, short-term loans from financial institutions, short-term loans to related parties and short-term loans from related parties approximate fair value due to the short maturity period and floating interest rate.

The carrying amounts of long-term loans to related parties approximate their fair value due to floating interest rate.

Fair value of bond has been disclosed in note 17

Notes to the consolidated and company financial statements
For the years ended 31 December 2008 and 2007

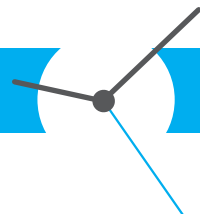
35. Commitments, contingent liabilities, significant agreements, and significant claims and legal proceedings

(a) Capital commitments

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
As at 31 December				
Contracted but not provided for				
- Purchase agreements for machinery and construction	1,969	3,133	1,917	3,116
- Consultation agreements	128	286	128	286
Total	2,097	3,419	2,045	3,402

(b) Non-cancellable operating lease commitments

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
As at 31 December				
Office building rental agreements:				
- within 1 year	17	42	12	30
Land lease agreements:				
- within 1 year	6	-	-	-
- from 1 - 5 years	11	16	-	-
	17	16	-	-
Total	34	58	12	30
Other commitments:				
Outstanding letters of credits	438	2,819	344	2,359



35. Commitments, contingent liabilities, significant agreements, and significant claims and legal proceedings (continued)

(c) Contingent liabilities

	Consolidated		Company	
	2008 Baht million	2007 Baht million	2008 Baht million	2007 Baht million
As at 31 December				
Contingent liabilities:				
- Bank guarantees	416	370	415	368
- Others	57	52	57	52
Total	473	422	472	420

(d) The Company's tank farms and land expropriated for road construction

Some of the Company's tank farms are located in yellow zone (less crowded community zone) and green zone (recreational & environmental reserved zone). According to the Town and Country Planning of Rayong Province, such plots of land were restricted from construction of factory, oil and gas tanks. In addition, other plots of the land are under expropriation for construction of 2 public roads. At the present time, the Company is in the process to file the petition to modify the town plan of Rayong Province in the area of the Company's tank farm from yellow and green zones to be purple zone (industrial zone) and to alter the construction plan of 2 public roads to be away from the area. Failure of the petition may affect the impairment of the operating assets.

(e) Significant agreements

As at 31 December 2008, the Company has commitments under agreements entered into as follows:

- The Company has entered into interest rate swap agreements on debentures with two financial institutions. Each contract has notional amount of USD 50 million, totalling of USD 100 million. The contracts are to swap from fixed rate at 6.375% per annum to floating rates by which the first and second years are fixed at the rates of 5.485% and 5.5%, respectively and in the third to the tenth years are at the floating rates of six-month LIBOR. The contracts shall be effective for a period of 10 years commencing 25 May 2007. However, after the end of the second year the two commercial banks have an option to cancel these agreements.

During 2008, the Company has amended the interest rate swap contracts relating to the two debenture contracts totalling US Dollars 100 million. The fixed interest rates of 5.485% and 5.5% that were agreed to pay in the first and the second years were changed to be paid in the first to the fourth years. The duration of 6-month LIBOR was changed from the third to the tenth years to 6-month LIBOR plus margin from the fifth to the tenth years. However, other conditions and terms remain unchanged. The amendment is effective from February 2008.

35. Commitments, contingent liabilities, significant agreements, and significant claims and legal proceedings (continued)

(e) Significant agreements (continued)

- The Company has entered into currency swap agreement on debentures of USD 30 million in exchange for Baht 1,005 million. The Company will receive interest in USD currency at the fixed rate of 0.66% per annum on a semi-annually basis. The contract shall be effective for a period of 10 years with maturity date on 24 May 2017. The Company has also entered into another currency swap agreement on debentures of USD 10 million in exchange for Baht 309 million, with maturity date on 24 May 2017. In addition, the Company has entered into the other currency swap agreement on debentures of USD 75 million for Baht at the average of each weekly exchange rate less discount rate of Baht 0.87, effective from 23 July 2007 to 24 May 2017.
- The Company has entered into currency and interest rate swap agreement on debentures to exchange Baht 3,000 million with fixed interest at 5.29% per annum to USD 86.78 million with floating interest rate of 6-month LIBOR plus a certain margin. The contract shall be effective for a period of 10 years commencing 3 July 2007. During 2008, The Company terminated such currency and interest rate swap agreement. As a result, the Company had gain on termination of the contract of Baht 59.54 million.
- The Company has entered into an agreement with a company in order to provide advice and service in business planning for efficient utilisation of the Company's existing assets. The fee is determined by not exceeding Euro 6 million in total and at the rate of Euro 65,000 per 200 hours for the amount over than the contract price (excluding value add tax). The term of service is 2 years from the agreement date which is 16 May 2007.

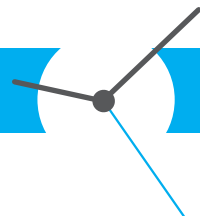
Significant agreements with related parties

Sales / Purchases of Refined Oil Agreement from Depot, Chumporn province

On 1 January 2006, the Company entered into Sales/ Purchases of Refined Oil Agreement with PTT PCL. The Company agrees to sell refined oil from its Depot at Chumporn province at the quantity level, pricing structure rates and other related service charges as defined in the agreement. The agreement was effective for a period of 3 years and expired on 31 December 2008. The Company has extended the contract to another 3 years ending 31 December 2011. The new terms and conditions are stipulated in the new agreement.

Crude and Feedstock Supply Agreements

The Company entered into Crude and Feedstock Supply Agreements with PTT PCL. The contracts shall be effective for a period of 1 year. The purchased quantity and pricing structure of crude and feedstock supply are as stipulated in the contracts. The Company has renewed the agreement to 31 December 2009 with the terms and conditions as specified in the renewal agreement.



35. Commitments, contingent liabilities, significant agreements, and significant claims and legal proceedings (continued)

(e) Significant agreements (continued)

Consulting agreement for improvement of main operation system

On 8 November 2006, the Company entered into an agreement with PTT ICT Solution Co., Ltd. for the hire of a consultant for improvement of main operation system in relation to the development of information technology and communication using an enterprise resource planning system. The term of service is 2 years 5 months from 1 July 2006 to 30 November 2008. The fee is determined at Baht 50 million excluding value add tax and payment term is every 3 months.

Crack spread hedging contracts

The Company has entered into crack spread hedging contracts for the differences of crude oil and petroleum products with PTT Public Company Limited in order to swap the spread of the average floating rate at each settlement period to the fixed rate. The contracts are effective from August 2008 to March 2009 and as at 31 December 2008, the outstanding oil balance under such contracts is at 300,000 barrels.

36. Significant claims and legal proceedings

As at 31 December 2008, the Company has significant cases for which the results have not yet been finalised as follows:

(1) Demand for termination or cancellation of the equity sales agreements for both old and new capital- Red case No. For. 8/2548 Section 10/5, Section 28 and Section 34

The former management filed a petition with the Central Bankruptcy Court to terminate or cancel the equity sales agreements for both old and new capital. In addition, the former management and the other four minority shareholders of the Company have filed a petition with the Court to request the Company to sell its shares under the plan to the former shareholders. The Central Bankruptcy Court subsequently dismissed the petition. The former management further appealed against the Court's ruling on 30 September 2005. The new management team of the Company appealed against the former management on 11 August 2006.

Court ruling:

At present, the petition for termination/ cancellation of the sales agreements of the old capital which is the Case No. For. 8/2548 Section 28 are being considered by the Supreme Court. The petition for termination/ cancellation of the sales agreements of the new capital which is the Case No. For. 8/2548 Section 10/5, the Supreme Court ruled on 10 November 2008 that, according to Central Bankruptcy Court's ruling, the sales agreement of the old capital did not conflict with the plan. The Court deemed that the former management's appeal was not supported by strong evidence and the Court order was in consensus. The demand for termination or cancellation of the equity sales agreement for new capital section 34, the Supreme court ruled on 15 October 2008 by considering that the petition with the Central Bankruptcy Court is the redundant process. Therefore, the Court will not consider other appeals of both parties.

36. Significant claims and legal proceedings (continued)

As at 31 December 2008, the Company has significant cases for which the results have not yet been finalised as follows: (continued)

(2) Demand for objection against the conclusion of the shareholders' meeting - Black case No. Phor Kor. 5/2550

The former management has filed a petition with the Central Bankruptcy Court to cancel the outcome of the shareholders' meeting held on 27 April 2006 by claiming that the meeting was illegal.

Court ruling:

The Central Bankruptcy Court acquitted the case on 27 June 2008. However, the plaintiff appealed the case to the Supreme Court. Thus, the case is currently investigated by the Supreme Court.

(3) Demand for objection against the conclusion of the shareholders' meeting of subsidiaries - Black case No. 6711-15/2549

The former management has filed a petition to cancel the outcomes of the extraordinary shareholders' meetings of 5 subsidiaries which are IRPC oil Company Limited, IRPC Polyol Company Limited, Thai Polyurethane Company Limited, Thai ABS Company Limited and IRPC Energy Company Limited and claimed damages from the Board of Directors amounting to Baht 80 million, totalling Baht 400 million.

Court ruling:

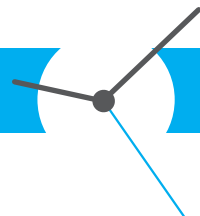
The Supreme Court ruled on 24 November 2008 that this case was under the responsibility of the Central Bankruptcy Court. Therefore, the Southern Bangkok Civil Court dismissed the case.

(4) Demand for the objection to the sales of shares of TPI Polene Public Company Limited - Red Cases No. For. 8/2543 Section 33

The management of the debtor has submitted an appeal to object the sales of 250 million shares of TPI Polene Public Company Limited to the creditor (the Company). However, such action was performed according to the rehabilitation plan approved by the Central Bankruptcy Court. The Central Bankruptcy Court dismissed the debtor's petition. The management of the debtor has appealed to the Supreme Court, which accepted the appeal. However, the plan administrator appealed against such appeal.

Court ruling:

At the present, the case is in the process of the Supreme Court's consideration.



36. Significant claims and legal proceedings (continued)

As at 31 December 2008, the Company has significant cases for which the results have not yet been finalised as follows: (continued)

(5) Petition of loans to entities relating to Leopairattana family

During the years 1997 to 2000, the management at that time provided loans without collateral amounting to Baht 8,000 million inclusive of interest to the three related companies, Pornchai Enterprise Company Limited, TPI EOEG Company Limited, and TPI Holding Company Limited as managed by Mr. Prachai Leopairattana and family, which were under a rehabilitation plan. The Asset Protector asked for the repayment of debts from those three companies and the Plan Administrator subsequently submitted a petition to the Court. However, the petition was dismissed because those companies have almost completed the rehabilitation plan and passed the responsibility to pursue the case to the Company's Board of Directors. The Company, subsequently, claimed against those companies for bankruptcy.

Those three companies purchased the additional shares issued by Leopairattana Enterprise Company Limited which is managed and owned by the Leopairattana family of 3 million shares at Baht 5,500 per share while the par value and net book value were at Baht 100 per share and Baht 121 per share respectively. Leopairattana Enterprise Company Limited subsequently claimed that those companies had debts totalling Baht 12,000 million and claimed as being the major creditor (with the right to appoint the planner) of those companies to the Central Bankruptcy Court. Moreover, Leopairattana Enterprise Company Limited demanded repayment at the Southern Bangkok Civil Court compromised within 2 days. Leopairattana Enterprise Company Limited was appointed as the creditor according to the ruling.

The Central Bankruptcy Court has ordered the three companies to be rehabilitated due to their liabilities exceeding their assets. However, at the Plan Administrator's voting stage, the Asset Protector resolved that the debts did not exist and did not allow voting because the amount of share premium was to be authorised by law and to pay the premium at the same time as subscribing for the shares. Further, the two managements, which are deemed as one single entity, would reach a compromise in such case.

Subsequently, those three companies which are Pornchai Enterprise Company Limited, TPI EOEG Company Limited, and TPI Holding Company Limited claimed to the Central Bankruptcy Court to enter into the restructuring plan and claimed that debts totalling Baht 12,000 million do not exist on 18 August 2008.

Court ruling:

1. The appeal to dismiss the compromising contracts is currently under the consideration of the Southern Bangkok Civil Court.
2. The Company has further appealed the order of Central Bankruptcy Court regarding the rehabilitation to the Supreme Court. The case is being considered.
3. The Central Bankruptcy Court dismissed the rehabilitation plan on 7 July 2008.
4. Case that three companies claimed to enter into the rehabilitation plan is being considered by the Central Bankruptcy Court.

36. Significant claims and legal proceedings (continued)

As at 31 December 2008, the Company has significant cases for which the results have not yet been finalised as follows: (continued)

(6) Libel petition

Criminal libel petition - Black Case No. 2848/2550

Mr. Prachai Leopairattana and 20 associates filed a lawsuit against the Company for libel according to the Criminal Law and Publishing Act B.E. 2484.

Court ruling:

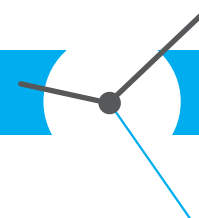
The Criminal Court dismissed the case on 31 July 2008 by considering that it was the news update to the public only which is done honorably and rightfully to protect the Company's benefits. As a result, it is not considered as a libel. Hence, the result of the lawsuit is beneficial to the Civil libel file. The case is under the Appeal Court.

Civil libel petition - Black case No. 3595/2550

Mr. Prachai Leopairattana with 20 associates filed a complaint against the Company for libel in an advertisement. Mr. Prachai claimed that there was a statement that damaged his reputation. Such statement indicated the rental agreement of TPI Tower with the maturity of 90 years involved questionable payments of Baht 956 million while the Company had a liquidity problem and high amounts of debt. Also, the Company had to cease debt repayments in August 1997, including cases with regard to the loans provided to related parties. At that time, the management provided loans to the three related parties which were Pornchai Enterprise Company Limited, TPI EOEG Company Limited, and TPI Holding Company Limited. As such claims were presented in Weekly Siamrath, Mr. Prachai filed the lawsuit for libel and requested Baht 100,000 million damages.

Court ruling:

The case is currently under consideration of both the Civil Court and the Criminal Court. The Court has ruled that this case is a civil case related to a criminal case. As the civil ruling must comply with the criminal ruling, the Court temporarily suspended the case on 5 March 2008. Once the criminal ruling is finalised, the plaintiff must clarify the case within 15 days to further investigate the case.



36. Significant claims and legal proceedings (continued)

As at 31 December 2008, the Company has significant cases for which the results have not yet been finalised as follows: (continued)

(7) Lawsuit on the rental of Sun Tower Building - Black Case No. Or 3544/2550

Mr. Prachai Leopairattana has claimed against 17 directors of the Company as being the directors of a Public Company Limited and having shares listed in the Stock Exchange of Thailand. In addition, these 17 directors were alleged to have received an undue advantage by relocating the Company's office in 2006 from TPI Tower to Sun Towers Building which was against the Security and Stock Exchange Act 1992. Mr. Prachai claimed that there was no requirement to relocate the office. However, the Company's management claimed that it would help improve the efficiency of the management.

Court ruling:

The court acquitted the case on 26 September 2008 and currently is under the appealing process.

(8) Transfer concession rights case - Black Case No. For. 782/2550

TPI Polene Public Company Limited has filed a petition with the Rayong Provincial Court to order the Company to transfer concession rights on limestone and shale mine, to TPI Polene Public Company Limited and to temporarily prohibit the Company from transferring such concession rights to other persons.

Court ruling:

The Court ruled on 30 September 2008 to the Company to transfer all the concession rights on limestone and shale to TPI Polene Public Company Limited.

(9) Labor case - Black Case No. RorYor. 258-259/2550

Mr. Prachai Leopairattana and Mrs. Orapin Leopairattana have filed a claim for salary and compensation for alleged unfair termination and others of Baht 1,344 million and Baht 694 million, respectively.

Court ruling:

On 5 August 2008, the Court ordered the defendant to pay indemnity, early notification and annual vacation payment to the plaintiffs as properly designated by the Company. The Company already paid the amount of Bath 7.6 million to both plaintiffs on 1 September 2008. At present, the case has been appealing by plaintiffs.

36. Significant claims and legal proceedings (continued)

As at 31 December 2008, the Company has significant cases for which the results have not yet been finalised as follows: (continued)

(10) Intellectual property and international commerce case - Black Case No. GorKor. 238/2546

International Finance Corporation has filed a claim against Mr. Prachai Leopairattana and Leopairattana Enterprise Company Limited. On 25 October 2006, the Court summonsed the Company to be a co-defendant as the Company was a guarantor. The Company testified that it had made all debt repayments to the plaintiff. Therefore, there was no debt that either defendant had to pay on behalf of the Company. As a result, both defendants have no right to force the Company to pay.

Court ruling:

The Court has made an appointment for the three parties to compromise. At present, it is in the process of sending the draft compromising agreement and the withdrawal of the case from the three parties.

(11) Land case

Lieutenant Nakorn Sakornsathien filed a claim that the Company barred a public right of way and trespassed on his land which prevented him from improving land. The claim value amounted to approximately Baht 821 million. The Court made an order to temporarily suspend the case according to the Bankruptcy Act Section 90/12(4) and Lieutenant Nakorn made a request to the Rehabilitation Plan Office for debt repayment.

Court ruling:

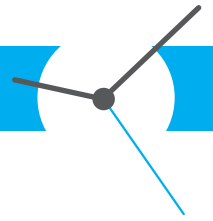
This case is presently under the process of investigation by the Asset Protector.

(12) Claim for cancellation of Olefins sales agreement to Thai Olefins Public Company Limited

The case regarding the default the Olefin sales agreement with Thai Olefins Public Company Limited (Thai Olefins) was finished in 1994. However, Thai Olefins further filed a claim for the cancellation of the Olefins sales agreement. Thai Olefins requested the Asset protector to receive debt payment amounting to Baht 4,461.26 million with the interest rate at MOR+2%. The investigation of the case has finished. The Asset protector ordered Thai Olefins to receive the payment amounting to Baht 347.81 million with the interest rate at MOR+2% of principal amounting to Baht 324.13 million. The Company and the creditor submitted an objection of that order to the Central Bankruptcy Court. The investigation of the case has finished. On 27 December 2004, the Court ordered the creditor to receive additional payment from sales agreement default amounting to Baht 259.82 million with interest at MOR+2% of the principal amount from the cancellation date stated by the Plan Administrator on 14 February 2001 until the entire payment was received. Other requests were dismissed, except for the order from the Asset protector.

Court ruling:

The case is under the process of the Supreme Court's consideration.



37. Post balance sheet event

On 7 January 2009, the Company entered into the long-term loans amounting to Baht 10,000 million with five local financial institutions for investing in projects which is withdrawn according to the progress of identified projects. The long-term loans will be effective for a period of 8-year with interest rate of maximum fixed deposit of 6-month plus a certain margin and THBFIX 6-month plus a certain margin. The principal repayment is separated into 10 instalments by semi-annually, starting from the last business day of the month falling 42nd from the signing date.

