

Annual Report 2009

Ascending to Asian Excellence

Soaring High

Spreading Wings



Annual

Report

2009

IRPCO

Pubblico

Company

Limited



VISION

“Top Quartile Integrated Petrochemical
Complex in Asia by 2014”





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Good corporate governance is also the crest our agenda as we see that we can only arrive at sustainable development through being ethical, transparent and auditable by the general public.

”



Message from the Chairman

Message from the Chairman

IRPC Public Company Limited

Amid waves of challenges in 2009, the continuing success of IRPC Public Company Limited is a solid proof of our strength for not only being able to withstand but also to prosper in unfavorable conditions; from fluctuating product costs to declining economic confidence. IRPC never ceases to drive towards achieving the operational excellence by revisiting our strategies and restructuring the organization to increase efficiency during times of constant transformations, as well as to flourish as a leader in an international arena.

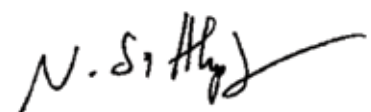
IRPC is committed to constantly developing its business by enhancing the standards of our products and production processes as to become recognized internationally. The company is extensively exploring the opportunities of expanding its investment, increasing our production capacity, improving our resources to maximize benefits and keeping our eyes open for new prospects and innovations to stabilize the company's growth.

With great focus and dedication at the heart of our operation, the management and personnel of IRPC have collaborated to the best of their capability to ensure that we will survive impending factors and become "the Top Quartile Integrated Petrochemical Complex in Asia by 2014" per our vision statement.

Operating in a highly competitive market environment, IRPC strongly believes that developing our human capital lies at the foundation of our business. People are our asset and IRPC sees the value of knowledge and skills embedded in each and everyone of our recruits. It is notable that we regard this as one of our principal goals to develop, support and coach our personnel so that they adapt to become proactive and flexible to changes and at the same time comply with our code of conduct and ethics.

Good corporate governance is also the crest our agenda as we see that we can only arrive at sustainable development through being ethical, transparent and auditable by the general public. Responsibilities to our shareholders are taken to great consideration. We deploy a variety Corporate Social Responsibility programs to develop the environment, social and people lifestyle for the betterment of community in the area.

IRPC is proud to be trusted by our shareholders and is more than ready to cultivate the business sustainably and confidently, committing to the maintenance of social and environmental balance for our Thai society.



(Norkun Sitthiphong)

Chairman

IRPC Public Company Limited



“IRPC” will strive towards business excellence without neglecting our environment, society and community to become “the Top Quartile Integrated Petrochemical Complex in Asia by 2014.”



Message from the President

Message from the President

IRPC Public Company Limited

In the wake of wavering global and local economic situations in 2009, IRPC Public Company Limited has carefully revised and devised our business operation approaches to focus on building a solid foundation from within to benefit our organization in a long run and to add value to our business.

Among these developments, IRPC has seen a new vision and corporate structure to prepare our organization for taking the leadership as the fully-integrated petrochemical player. IRPC also has operated proactively to better respond to the needs of our customers, increased our competitive advantages, created more value to our business, expanded our range of products to be more advanced and varied, and invested in product innovations.

To support our continued growth and expansion, a number of projects have been undertaken, for example, Refinery Performance Improvement Project, ABS Production Expansion Project, Propylene Booster Project and green product development research to reduce emission. Our projects also include the property development and deep-sea port project aiming at making the best use of our existing resources.

IRPC believes that having personnel with high potential is a vital factor to our accomplishment and we are committed to develop our personnel aligning with the line of relevant international standard to better equip them for the future of IRPC.

Along with our operation, IRPC considers it of great importance to grow sustainably and continuously but at the same time being responsible for the environment, society and community. IRPC has initiated a number of Corporate Social Responsibility projects to benefit the environment, education, religion, culture and public health. One of our newly initiated projects is "Community Center" in Rayong Province which aims at bettering the livelihood of the community through the use of knowledge and promotes collaboration between the business and public sector for long-term sustainability.

On behalf of all management and personnel of IRPC, I would like to graciously thank all of our shareholders and supporters for the trust in and support of IRPC along the way. Rest assured that IRPC will continue to work with all our effort and strength, keeping in mind good corporate governance, for the benefit of all stakeholders.

"IRPC" will strive towards business excellence without neglecting our environment, society and community to become "the Top Quartile Integrated Petrochemical Complex in Asia by 2014."



(Pailin Chuchottaworn)

President

IRPC Public Company Limited



Phoenix Project

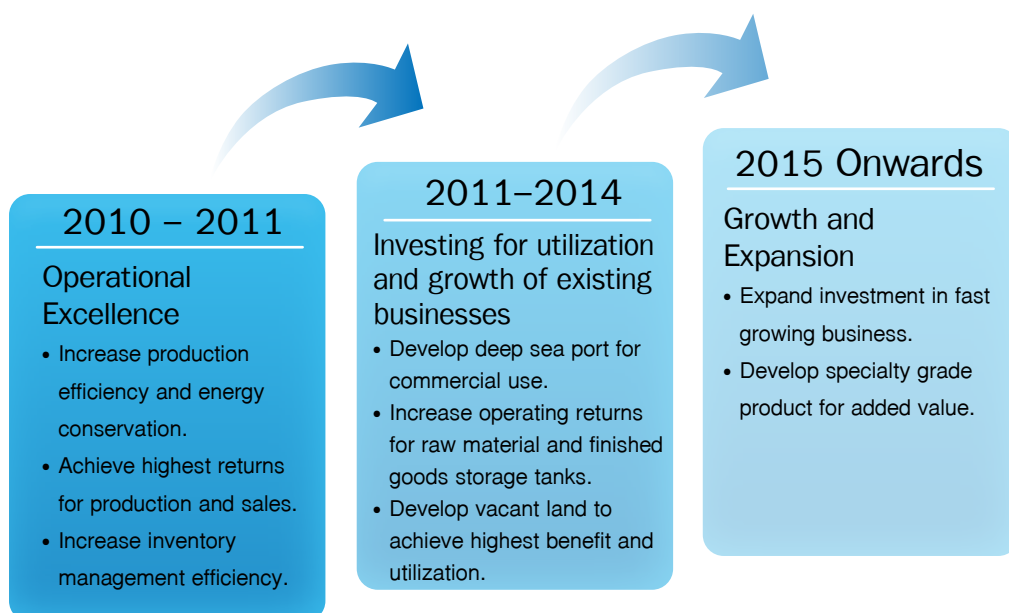
Phoenix Project : The Forthcoming Step for IRPC to Become the Leading Petrochemical Complex

The current economic fluctuation has simultaneously affected the global market leading to increasing aggressive competition. For IRPC to grow and develop steadily amidst the rapid economic changes and strive to become the leading petrochemical complex, the Company has initiated the Phoenix Project with the objective to increase competitiveness and monetize existing assets. The project is carried out by ascertained increasing returns on investment including defining the direction taken for the growth of the Company by increasing production in business lines that provide the highest returns. The Phoenix Project will enhance the economic value of the Company and further increase returns on investment.

The Phoenix Project consisted of several sub-projects covering every business segment enhancing the Company to achieve the vision “To be Top Quartile Integrated Petrochemical Complex in Asia by 2014”.

“**Phoenix - a symbol of resurrection and immortality**” Phoenix is a mythical bird which has its counterpart in many folklore and legend around the world. Its special attribute is immortality; the Phoenix is consumed by flames at the end of its life, only to immediately rise again from the ashes to anew its life as the dignified Phoenix. Akin to IRPC, even though the Company has been through numerous crisis but we are able to resurrect with strength to again become the dignified IRPC.

Top Quartile Integrated Petrochemical Complex in Asia by 2014



¹Top Quartile in petrochemical company is determined by *Return On Invested Capital (ROIC)* of more than 20% per year.



General Information

IRPC Information

| | |
|----------------------|--|
| Company Name | : IRPC Public Company Limited |
| Symbol | : IRPC |
| Company Registration | : 0107537002567 |
| Type of Business | : Petroleum and Petrochemical |
| Industry | : Resources |
| Sector | : Energy & Utilities |
| Registered Capital | : Baht 20,475,000,000 including 20,475,000,000 common shares, Baht 1 per share (as of 8 January, 2010) |
| Paid-up Capital | : Baht 19,900,262,400 including 19,900,262,400 common shares, Baht 1 per share (as of 8 January, 2010) |
| Location | : Headquarters and Plant 299 Moo 5 Sukhumvit Road, Choengnoen, Rayong, Thailand Tel. (038) 611-333 Fax. (038) 612-813 Bangkok Office 123 Suntowers B, 12 th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok 10900, Thailand Tel. (662) 649-7000 Fax. (662) 649-7001 |
| Web Site | : www.irpc.co.th |

References

| | |
|---------------------|--|
| Share Registrar | : Thailand Securities Depository Company Limited 62 Stock Exchange of Thailand Building Ratchadapisek Road, Klong Toey, Bangkok 10110, Thailand 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 Road, Thungmahamake, Sathorn, Bangkok 10120, Thailand Tel. (662) 344-1000 Fax. (662) 286-5050 |
| Baht Bond Registrar | : TMB Bank Public Company Limited 3000 Phaholyothin Road, Chompol, Chatuchak, Bangkok 10900, Thailand Tel. (662) 299-1111 |

Juristic person that the Company has 10% or more shareholding

| Company | % of Share Holding | Paid up Capital |
|--|--------------------|--------------------|
| <p>1. Company : Thai Petrochemical Industry (Cayman Island) Co., Ltd. Address : Caledonian House P.O.Box 1043, Geogotown Grand Cayman KY1-1102, Cayman Island</p> <p>Type of Business : Investing in other business</p> | 100.00% | 352 Million Baht |
| <p>2. Company : Thai ABS Co., Ltd. Address : 333 Lao Peng Nguan Tower 1, 18th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok Tel. 02-646-6700</p> <p>Type of Business : Manufacturing and sales of plastic resin</p> | 99.99% | 2,500 Million Baht |
| <p>3. Company : IRPC Oil Co., Ltd. Address : 333 Lao Peng Nguan Tower 1, 18th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok Tel. 02-646-6666</p> <p>Type of Business : Sales of refined products</p> | 99.99% | 2,000 Million Baht |
| <p>4. Company : TPI Oil (2001) Co., Ltd. Address : 333 Lao Peng Nguan Tower 1, 18th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok Tel. 02-646-6666</p> <p>Type of Business : Marine transportation services</p> | 99.99% | 110 Million Baht |
| <p>5. Company : IRPC Polyol Co., Ltd. Address : 333 Lao Peng Nguan Tower 1, 18th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok Tel. 02-646-6700</p> <p>Type of Business : Manufacturing and sales of polyol</p> | 99.99% | 300 Million Baht |
| <p>6. Company : Thai Polyurethane Industry Co., Ltd. Address : 123 Suntowers B, 12th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok</p> <p>Type of Business : Manufacturing and sales of polyurethane</p> | 99.99% | 37 Million Baht |
| <p>7. Company : IRPC Technology Co., Ltd. Address : 309 Moo 5 Sukhumvit Road, Choengnoen, Rayong Tel. 038-899-130-2</p> <p>Type of Business : Vocational school</p> | 99.99% | 750 Million Baht |
| <p>8. Company : IRPC Energy Co., Ltd. Address : 123 Suntowers B, 12th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok</p> <p>Type of Business : Power plant and distributor</p> | 99.99% | 3,342 Million Baht |
| <p>9. Company : Rayong Tank Terminal Co., Ltd. Address : 123 Suntowers A, 31th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok</p> <p>Type of Business : Rental service for chemical tank</p> | 99.99% | 1,000 Million Baht |
| <p>10. Company : TPI Aromatics Plc. Address : 26/56 Chantadmai Road, Thungmahamek, Sathorn, Bangkok</p> <p>Type of Business : Manufacturing and sales of petrochemical products</p> | 99.99% | 4,100 Million Baht |
| <p>11. Company : TPI Philippines Vinyl Co., Ltd. Address : 2 Floor Room 200, Dona Guadalupe Bldg., 7462 Bagtikan St.San Antonio Village, Makati City, Philippines</p> <p>Type of Business : Sales of PVC plastic</p> | 99.99% | 17 Million Peso |

| Company | % of Share Holding | Paid up Capital |
|---|--------------------|-------------------|
| <p>12. Company : Asia Dragon Oil Refinery Corporation Address : Unit 6, Ground Floor, San Antonio Bldg., 7464 Bagtikan St.San Antonio Village, Makati City, Philippines Type of Business : Joint venture to establish refinery in Philippines</p> | 99.99% | 0.2 Millon Baht |
| <p>13. Company : TPI Internet Portal Co., Ltd. Address : 333 Lao Peng Nguan Tower 1, 18th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok Type of Business : Sales of refined products</p> | 99.89% | 0.1 Millon Baht |
| <p>14. Company : IRPC Service Co., Ltd. Address : 299 Moo 5 Sukhumvit Raod, Choengnoen, Rayong Type of Business : Service for security</p> | 99.50% | 0.2 Millon Baht |
| <p>15. Company : IRPC A&L Co., Ltd. Address : Suntowers B, 14th Floor, Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok Tel. 02-649-7508 Type of Business : Sales of plastic resin</p> | 59.94% | 10 Millon Baht |
| <p>16. Company : Thai International Tanker Co., Ltd. Address : 610/5-6, Song Wat Road, Chakkawat, Samphanthawong Tel. 02-622-6375 Type of Business : Marine transportation services</p> | 49.99% | 281 Millon Baht |
| <p>17. Company : Kapuluan Holding Corporation Address : Unit 6, Ground Floor, San Antonio Bldg., 7464 Bagtikan St.San Antonio Village, Makati City, Philippines Type of Business : Investing in other business</p> | 39.99% | 0.5 Millon Peso |
| <p>18. Company : Phil Thai Holdings Corporation Address : Unit 6, Ground Floor, San Antonio Bldg., 7464 Bagtikan St.San Antonio Village, Makati City, Philippines Type of Business : Investing in other business</p> | 39.99% | 0.1 Millon Peso |
| <p>19. Company : PTT Polymer Marketing Co., Ltd Address : 555 Ardnarong Road., Klongtoey, Bangkok Tel. 02-348-6399 Type of Business : Sales of plastic resins</p> | 25.00% | 40 Millon Baht |
| <p>20. Company : Pornchai Enterprises Co., Ltd. Address : 26/56 Chantadmai Road, Tungmahamek, Sathorn, Bangkok Tel. 02-678-6790-3 Type of Business : Real estate</p> | 25.00% | 180 Millon Baht |
| <p>21. Company : TPI EOEG Co., Ltd. Address : 26/56 Chantadmai Road, Tungmahamek, Sathorn, Bangkok Type of Business : Manufacturing and sales of petrochemical products</p> | 25.00% | 1 Millon Baht |
| <p>22. Company : United Grain Industry Co., Ltd. Address : 26/56 Chantadmai Road, Tungmahamek, Sathorn, Bangkok Tel. 02-678-6988 Type of Business : Manufacturing and sales of packaging products</p> | 18.05% | 550 Millon Baht |
| <p>23. Company : Thai Special Steel Industries Plc. Address : 26/56 Chantadmai Road, Tungmahamek, Sathorn, Bangkok Tel. 02-678-6500-10 Type of Business : Manufacturing and sales of steel</p> | 16.24% | 4,220 Millon Baht |
| <p>24. Company : Rayong Acetylene Co., Ltd. Address : 2/3 Moo 14, Bangna-Trad Road, Km.6.5, Bangkaew, Bangplee, Samutprakarn Tel. 02-338-6100 Type of Business : Manufacturing and sales of acetylene gases</p> | 13.04% | 115 Millon Baht |



Board of Directors

1. Mr.Norkun Sittiphong

Chairman/Chairman of the Executive Committee

Education

- > B.Eng. (Mechanical Engineering), Chulalongkorn University
- > M.Sc. (Mechanical Engineering), Oregon State University, USA
- > Ph.D. (Mechanical Engineering), Oregon State University, USA
- > Diploma, The National Defence College (Class 47)
- > Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 4

Director Training

- > Role of the Chairman Program (RCP), Class 21/2009
Thai Institute of Directors (IOD)

Experience

Present

Chairman, PTT Public Company Limited

Chairman, PTT Aromatics and Refining Public Company Limited

2003 - Present

Deputy Permanent Secretary

Ministry of Energy

2001 - 2003

Vice President, Academic Affairs

Chiang Mai University

1998 - 2000

Vice President, Research and Assets Affairs

Chiang Mai University



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Board of Directors

1. Mr. Prasert Bunsumpun

Vice Chairman No.1/Chairman of Nomination and Remuneration Committee

Education

- > Bachelor of Engineering (Civil), Chulalongkorn University
- > Master of Business Administration (MBA), Utah State University, USA
- > Honorary Doctor of Engineering, Chulalongkorn University
- > Honorary Doctor of Management, National Institute of Development Administration (NIDA)
- > Honorary Doctor of Management Science, Petchaburi Rajabhat University
- > The Joint State-Private Sector Regular Course, The National Defence College (Class 10)
- > Certificate in Advanced Management Program Harvard Business School, USA
- > Politics and Governance in Development Systems or Executive Course, King Prajadhipok's Institutes
- > Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 3/2006

Director Training

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

Experience

- 2003 - Present
President and Chief Executive Officer
PTT Public Company Limited
- Present
Chairman, PTT Exploration and Production Public Company Limited
Director, Thai Oil Public Company Limited
Chairman, PTT Chemical Public Company Limited
Director, PTT Aromatics and Refining Public Company Limited
- 2001 - 2003
Senior Executive Vice President, Gas Business Group,
PTT Public Company Limited

2. Mr. Aree Wongsearay

Vice Chairman No.2/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
- > The National Defence College of Thailand Programme (Class 27)

Experience

- 2006 - 2007
Minister, Ministry of Interior
- 2006
Director, Thai Petrochemical Industry Public Company Limited
- 2005 - 2006
Advisor to the Plan Administrators,
Thai Petrochemical Industry Public Company Limited
Advisory, Political and Governmental
Advisory, Ministry of Public Health
Advisory, Minister of Agriculture and Cooperatives



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Board of Directors

1. Mr.Pala Sookawesh

Independent Director/Nomination and Remuneration Director

Education

- > B.Eng (Hon) in Electrical Engineering (Power),
Chulalongkorn University
- > M.S. in Industrial Engineering (Operation Research)
Oregon State University, USA
- > The National Defence College (Class 333)
- > Cert. in System Analysis in Water Resource Planning, USA
Army.Corp. of Engineers, USA
- > Cert. in Advanced Management Program,
Harvard Business School, Harvard University, USA
- > Honorary Doctorate Degree in Engineering from
Chulalongkorn University

Director Training

- > Role of the Chairman Program (RCP), Class 2/2001
- > Director Accreditation Program (DAP), Class 14/2004
- > Role of the Compensation Committee (RCC), Class 3/2007
Thai Institute of Directors (IOD)

Experience

- 2005 - Present
Director, PTT Chemical Public Company Limited
- 2004 - Present
Chairman, Ratchaburi Power Company Limited
Chairman, Bangkok Polyethylene Public Company Limited
Director, Thai Oil Power Company Limited.
- 2001 - Present
Chairman, Thai Resources And Environmental Management
Foundation
- 2000 - Present
Director, PTT Exploration and Production Public Company Limited
- 1985 - Present
Director, Petroleum Institute of Thailand Foundation

2. Mr.Woothisarn Tanchai

Independent Director/Nomination and Remuneration Director

Education

- > Bachelor of Science, Khon Kaen University
- > Master of Public Administration,
National Institute of Development Administration
- > Master of Policy Science (M.P.S.) International Programme,
Saitame University, Japan
- > Public Law Certificate from Faculty of Law, Thammasat University

Experience

- Present
Deputy Secretary
General of King Prajadhipok's Institute
Associate Professor at the Faculty of Social Administration
Thammasat University
Member, Education Council
Advisor, Labour and Social Welfare



Board of Directors

1. Mr.Prajya Phinyawat

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

- 2008 - Present
Chief Operating Officer
Downstream Petroleum Business Group and
Senior Executive Vice President, Oil Business Unit
PTT Public Company Limited
- 2007- Present
Board, PTT Aromatics and Refining Public Company Limited
- 2006-Present
Chairman, HMC Polymers Company Limited
- 2005 - Present
Board, PTT Chemical Public Company Limited
- 2004 - Present
Board, Thai Oil Public Company Limited

2. Mrs.Jantima Sirisaengtaksin

Charman of Corporate Governance Committee / Independent Director

Education

- > The Degree of Bachelor of Accountancy, Chulalongkorn University
- > Bachelor of Accountancy, Ramkhamhaeng University
- > The Degree of Master of Accountancy, Chulalongkorn University
- > The Management Development Programs, Sasin Graduate Institute
of Business Administration of Chulalongkorn University
- > Advanced Management Program, Harvard Business School, USA
- > Senior Executive Training Course 1 Class 29,
- > Chief information officer Course Class 19,
The Civil Service Training Institution,
The office of The Civil Service Commission.
- > The National Defence College (Class 43)
- > Leading High-Impact Team, Kellogg School of Management, USA
- > Advance Management Program, INSEAD, Fontainebleau, France
- > King Prajadhipok's Institute Course "Governance for Directors and
Senior Executive of State Enterprises and Public Organization" Class 2
- > Capital Market Academy Leadership Program,
Capital market Academy (CMA) Class 8

Director Training

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

Experience

- 2009 - Present
Vice President, International Academy of CIO (IAC)
- 2008 - Present
Director, Thailand Privilege Card Company Limited
Chairman, Thailand Tobacco Monopoly
Principle Advisor, Information and Communication Technology
2007 - 2008
Deputy Permanent Secretary, Ministry of Finance
- 2005 - 2008
Director, Thailand Tobacco Monopoly

3. Mr.Sommai Khowkachaporn

Executive Director/Corporate Governance 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 4/2005
- > Director Certification Program (DCP), Class 27/2003
- > Finance for Non-Finance Directors (FND), Class 5/2003
Thai Institute of Directors (IOD)

Experience

- 2008 - Present
Director, PTT Exploration and Production Public Company Limited
- 2004 - Present
Director, Thai Lube Base Public Company Limited
- 2004 - Present
Director, Wangthong Group Public Company Limited
- 2008
Director, PTT Aromatics and Refining Public Company Limited



Board of Directors

1. M.R.Pongsvas Svasti

Independent Director/Audit Committee Director

Education

- > B.S. (Computer Science) Southeast Missouri University, USA
- > M.S. (Industrial Management) University of Central Missouri, USA
- > M.P.A. (Public Policy and Management)
Harvard University, USA
- > Chief Information Officer Programme Class of 9 arranged by
Office of the Civil Service Commission and NECTEC

Director Training

- > Audit Committee Program (ACP) Class 5/2005
- > Director Accreditation Program (DAP) Class 15/2004
- > Director Certification Program (DCP) Class 44/2004
Thai Institute of Directors (IOD)

Experience

Present

Audit Committee and Independent Director, MFEC Public Company Limited
Dean of the College of Innovation (CITU) and Associate Professor of
Industrial and Operations Management at the Faculty of
Commerce and Accountancy, Thammasat University
2000-2004
Vice Rector of Planning and Technology Department, Thammasat University

2. Mrs.Puntip Surathin

Independent Director/Audit Committee Director

Education

- > M.A. (Business Administration), Fort Hays Kansas
State College, USA
- > B.A. (Accountancy) 2nd Class Honors,
Chulalongkorn University
- > Diploma, The National Defence College (Class 40)

Director Training

- > Audit Committee Program (ACP) Class 27/2009
- > Director Certification Program (DCP), Class 5/2001
Thai Institute of Directors (IOD)

Experience

2007 - 2008
Director - General, The Treasury Department
Board, Dhanarak Asset Development Company Limited
2004 - 2008
Board, Siam Commercial Bank Public Company Limited
2006 - 2007
Board/Nomination Director, PTT Public Company Limited
2005 - 2007
Deputy Permanent Secretary
Office of the Permanent Secretary for Finance

3. Mr.Cherdpong Siriwit

Independent Director/Chairman of Audit Committee

Education

- > M.A. Economics Georgetown University, USA
- > B.A. Economics, (Honor), Thammasat University
- > Diploma, The National Defence College, (Class 40)
- > Politics and Governance in Democratic System for Executives
Class of 5, King Prajadhipok's Institute
- > The Civil Service Executive Development Program I (Class 13),
The Civil Service Training Institute
- > Capital Market Academy Leadership Program,
Capital market Academy (CMA) Class 5

Director Training

- > Audit Committee Program (ACP) Class 27/2009
- > Director Certification Program (DCP), Class 104/2008
- > Finance for Non-Finance Directors (FND), Class 13/2004
- > Role of the Chairman Program (RCP), Class 10/2004
- > Director Accreditation Program (DAP), Class 8/2004
Thai Institute of Directors (IOD)

Experience

2009 - Present
Director/Audit Committee, Advance Finance Public Company Limited
2006 - 2009
Independent Director/Audit Committee/Nomination Committee
PTT Chemical Public Company Limited



Board of Directors

1. Mr. Virabongsa Ramangkura

Independent Director

Education

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

Director Training

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

Experience

- 2005 - Present
Chairman, Finansia Public Company Limited.
- 2004 - Present
Chairman, Thai-Lao Association for Friendship.
- 1995 - Present
Chairman of The Executive Board
Advance Agro Public Company Limited.
- 1994 - Present
Chairman, Bangkok Expressway Public Company Limited

2. 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
- > Financial Executive Development Program FINEX 4, The Thai Institute of Banking and Finance Association
- > Certificate, The National Defence College
- > Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 9

Director Training

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

Experience

- Present
President and CEO, The Government Savings Bank
- 2009 - Present
Director, MFC Asset Management Public Company Limited
- 2008 - Present
Advisor to the Board of Directors, Advance Agro Public Company Limited
Advisor to the Board of Directors, Siam City Insurance Company Limited

3. Mr. Chitrapongse Kwangsukstith

Director

Education

- > Bachelor of Mechanical Engineering, Chulalongkorn University
- > Master of Industrial Engineering, Lamar University, Texas, USA
- > Dr.Eng. (Industrial Engineering), Lamar University, Texas, USA
- > Stanford Executive Program, Stanford University, USA
- > Diploma, The Joint State-Private Sector Course, The National Defence College (Class 12)

Director Training

- > Director Certification Program (DCP), Class 42/2004
- > Finance for Non-Finance Directors (FND), Class 9/2004 Thai Institute of Directors (IOD)

Experience

- Present
Director, PTT Exploration and Production Public Company Limited
- 2008 - 2009
Director, PTT Aromatics and Refining Public Company Limited
- 2003 - 2009
Chief Operations Officer, Upstream Petroleum and Gas Business Group PTT Public Company Limited



Board of Directors

1. Mr.Pichai Chunhavajira

Director

Education

- > Doctor of Philosophy (Honorable Financial Management)
Mahasarakham University
- > Honorary Degree Doctor of Philosophy (Accounting),
Thammasat University
- > M.Sc.in Business Administration, Indiana University of
Pennsylvania, USA
- > Bachelor of Accounting, Thammasat University
- > Joint Public-Private Sector, The National Defence College (Class 13)
- > Capital Market Academy Leadership Program,
Capital market Academy (CMA) Class 5

Director Training

- > Director Accreditation Program (DAP), Class 49/2006
- > Director Certification Program (DCP), Class 110/2008
Thai Institute of Directors (IOD)

Experience

- 2009 - Present
Director, PTT Public Company Limited
- 2005 - Present
Director, Thailoil Public Company Limited
- 2005 - Present
Director, Thai Airways International Public Company Limited
- 2004 - Present
Director, Thai Lube Base Public Company Limited
- 2001 - Present
Director, PTT Exploration and Production Public Company Limited
- 1998 - Present
Director, Bangchak Petroleum Public Company Limited

2. Ms.Variya Wongprecha

Director

Education

- > Indiana University (Bloomington), Indiana, USA
MBA (Finance) : Graduate School of Business
One Semester of Public Administration
- > Chulalongkorn University
B.A.(Honors) : Faculty of Arts (English Major)

Director Training

- > Director Certification Program (DCP), Class 101/2008
- > Role of the Chairman Program (RCP), Class 21/2009
Thai Institute of Directors (IOD)

Experience

- Present
Deputy Secretary General Member Service Acting
Secretary General, Government Pension Fund
- 2009 - Present
Director, Royal Porcelain Public Company Limited
- Director, Nok Airlines Company Limited
- 2008 - Present
Chairman, Thai Administration Services Company Limited

3. Mr.Pailin Chuchottaworn

Executive Director/President

Education

- > Bachelor of Engineering in Chemical Engineering
with 1st Class Honor, 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), Class 51/2004
- > Director Accreditation Program (DAP), Class 24/2004
- > Finance for Non-Finance Directors (FND), Class 14/2004
Thai Institute of Directors (IOD)

Experience

- 2009 - Present
Director, PTT Polymer Marketing Company Limited
- 2008 - Present
Director, PTT Maintenance and Engineering Company Limited
- 2006 - Present
Director, PTT Asahi Chemical Company Limited
- 2006 - Present
Director, Bangkok Polyethylene Public Company Limited



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Management Team

1. Mr. Banlue Chantadisai

Senior Executive Vice President, Corporate Accounting & Finance

Education

- > B.Sc., Massachusetts Institute of Technology
- > M.B.A., University of Chicago Business School
- > The National Defence College (Class 4515)
- > Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 5

Director Training

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

Experience

- 2006 - Present
Director, IRPC A&L Company Limited
- 1998 - 2006
Executive Vice President, Investment Banking Group
Bangkok Bank Public Company Limited

2. Mr. Atikom Terbsiri

Senior Executive Vice President, Corporate Strategy & Planning / Acting Senior Executive Vice President, Port & Asset Management Business Unit

Education

- > Executive Education Program, Harvard Business School, Harvard University, USA
- > Doctoral Course in Human Resources Management and Managerial Economics, Golden Gate University, USA
- > M.B.A. (Finance & International Business), High Distinction, Armstrong University, USA
- > B.B.A., Assumption University

Director Training

- > Director Certification Program (DCP), Class 125/2009
Thai Institute of Directors (IOD)

Experience

- 2007 - 2009
Executive Vice President, Corporate Strategy & Commercial
PTT Aromatics and Refining Public Company Limited
- 2008 - 2009
Director, PTT ICT Solutions Company Limited
- 2004 - 2009
Director, PTT Phenol Company Limited
- 2002 - 2007
Executive Vice President, Business & Finance
The Aromatics (Thailand) Public Company Limited

3. Mr. Sahaschai Panichapong

Senior Executive Vice President Petrochemical and Refinery Business Unit

Education

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

Director Training

- > Director Accreditation Program (DAP), Class 56/2006
- > Finance for Non-Finance Directors (FND), Class 14/2004
Thai Institute of Directors (IOD)

Experience

- 2009
Senior Executive Vice President, Operation
IRPC Public Company Limited
- 2006 - 2008
Senior Executive Vice President, Operation
PTT Chemical Public Company Limited
- 2004 - 2006
Senior Vice President, Operation
Thai Olefins Public Company Limited



Management Team

1. Mr.Nuntachai Prapawatwech

Senior Executive Vice President, Commercial & Marketing

Education

- > Bachelor Degree of Engineering, Kasetsart University
- > Management of Public Economy for Executives
King Prajadhipok's Institute
- > Public Law and Management for Executives
King Prajadhipok's Institute
- > Senior Executive Program, Sasin Graduate Institute of Business
Administration of Chulalongkorn University

Director Training

- > Director Certification Program (DCP), Class 125/2009
Thai Institute of Directors (IOD)

Experience

- 2008 - 2009
Executive Vice President, Terminal Operation
PTT Public Company Limited
- 2006 - 2008
Executive Vice President, Supply & Logistics
PTT Public Company Limited
- 2005 - 2006
Executive Vice President, Terminal Operation
PTT Public Company Limited
- 2001 - 2004
Vice President, Supply & Logistics Planning
PTT Public Company Limited

2. Mr.Manit Suthaporn

*Advisor, Acting Senior Executive Vice President, Human Resources & Administration /
Advisor, Officiate as Senior Executive Vice President, Corporate Legal*

Education

- > LL.M. Chulalongkorn University

Experience

- 2009 - Present
Advisor, Acting Senior Executive Vice President
Human Resources & Administration
IRPC Public Company Limited
- 2008 - Present
Advisor, Officiate as Senior Executive Vice President
Corporate Legal
IRPC Public Company Limited



Management Team

1. Miss Trithip Sivakriskul

Executive Vice President, Corporate Finance

Education

- > BBA (Finance Banking), Chulalongkorn University
- > MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- > Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 9/2009

Director Training

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

Experience

- 2007 - 2009
Senior Vice President
Corporate Planning and Business Development
IRPC Public Company Limited
- 2006 - 2007
Senior Vice President,
Accounting and Finance
IRPC Public Company Limited
- 2003 - 2006
Working Team of The Plan Administrator
Thai Petrochemical Industry Public Company Limited

2. Miss Oravan Leelarasamee

Executive Vice President, Corporate Accounting

Education

- > Bachelor of Accountance, Chulalongkorn University
- > Master of Commerce, Chulalongkorn University

Experience

- 2003 - 2008
Vice President, Accounting
PTT Public Company Limited

3. Mrs.Srisuda Suralertrungsun^{/1}

Executive Vice President, Administration & Procurement

Education

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

Experience

- 2008 - Present
Director, Technology IRPC Company Limited
- 2007 - 2009
Senior Vice President, Human Resource and Administration
IRPC Public Company Limited
- 2006 - 2007
Senior Vice President, Planning and Administration
IRPC Public Company Limited
- 1992 - 2006
Vice President, Procurement
Thai Petrochemical Industry Public Company Limited



Management Team

1. Mrs.Chitra Thavara^{/1}

Acting Executive Vice President, Planning Supply Feedstock & Trading

Education

> Bachelor Degree in Commerce Thammasart University

Director Training

> Director Accreditation Program (DAP), Class 56/2006
Thai Institute of Directors (IOD)

Experience

2010 - Present

President, Thai ABS Company Limited

2006 - Present

Director, IRPC Energy Company Limited

Director, Thai Polyurethane Industry Company Limited

Director, IRPC A&L Company Limited

Director, IRPC Services Company Limited

Director, TPI Oil (2001) Company Limited

Director, TPI Internet Portal Company Limited

Director, IRPC Technology Company Limited

2003 - 2006

Working Team to The Plan Administrator

Thai Petrochemical Industry Public Company Limited

2. Mr.Kraisit Anukoolutaiwong^{/1}

Executive Vice President, Corporate Human Resources

Education

> B.A. (Political Science), Thammasat University

> Mini MBA, Thammasat University

Experience

2009

Acting Executive Vice President, Corporate Human Resources
IRPC Public Company Limited

2007 - 2009

Division Manager, General Administration

IRPC Public Company Limited

2006 - 2007

Division Manager, Human Resources Management

IRPC Public Company Limited

2003 - 2005

Assistant Division Manager, Administration

Thai Petrochemical Industry Public Company Limited

3. Mrs.Sumon Rungkasiri^{/1}

Acting Executive Vice President, Corporate Affairs

Education

> Master of Public Administration

Public Policy and Project Management, NIDA

> Political Science - Public Administration, Thammasat University

Experience

2006 - 2009

Vice President, Office of the President

IRPC Public Company Limited

2005 - 2006

Division Manager, Office of SEVP,

Petrochemicals and Refining Business Unit

PTT Public Company Limited



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Management Team

1. Mr.Gong Rungswang^{/1}

Executive Vice President, Marketing

Education

- > Master of Economics : University of Hawaii (UH), USA (MA-Econ)
- > Master of Management : Sasin Graduate Institute of Business Administration of Chulalongkorn University (MM (Exec-MBA))
- > Master of Engineering (M.Eng) : Asian Institute of Technology
- > Bachelor of Engineering : Chulalongkorn University (B.Eng, Honors)
- > Modern Marketing Management (MMM) Program Chulalongkorn University (CU)
- > Advance Senior Executive Program (ASEP) Kellogg School of Business
- > TrailBrazier (Leadership) Program London Business School (LBS)
- > Washington Campus Program (Government Training) Georgetown, Washington DC

Director Training

- > Director Certification Program (DCP), Class 30/2003 Thai Institute of Directors (IOD)

Experience

- 2009
Acting Executive Vice President, Marketing
IRPC Public Company Limited
- 1998 - 2008
Executive Director, Conoco Phillips (Thailand) Company Limited
Executive Director, PTT Retail Management Company Limited

2. Mr.Chansin Treenuchagron^{/1}

Executive Vice President, Corporate Planning

Education

- > Master Degree of Economic, Chulalongkorn University
- > Air War College, Class 35/2006
- > Senior Executive Program, Class 20
Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director Training

- > Director Certification Program (DCP), Class 85/2007 Thai Institute of Directors (IOD)

Experience

- 2009
Executive Vice President, PTT Public Company Limited
2008 - 2009
Director, Acting Managing Director
PTT GE (Singapore) Public Company Limited
2002 - 2006
Vice President, PTT Public Company Limited

3. Mr.Pravet Assavadakorn^{/1}

Executive Vice President, Corporate Business Development

Education

- > Bachelor Degree of Chemical Engineering University of Tokyo
- > Master Degree of Chemical Energy Engineering University of Tokyo

Experience

- 2009
Acting Executive Vice President, Corporate Business Development, IRPC Public Company Limited
- 2004 - 2007
General Manager, TPI Polyol Company Limited
1999 - 2007
General Manager/Director, TPI Polyol Company Limited



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Management Team

1. Mr.Chalor Panutrakul^{/1}

Executive Vice President, Port Business

Education

- > Master of Management (MM),
Sasin Graduate Institute of Business Administration of
Chulalongkorn University

Director Training

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

Experience

- 2008 - Present
Director
PTT Polymer Marketing Company Limited
- 1996 - 2008
Business Operation Manager
HMC Polymers Company Limited

2. Mr.Natapong Pornprayuth^{/1}

Acting Executive Vice President, Asset Management

Education

- > Bachelor Degree in Accounting from Chulalongkorn University
- > Master Degree in Public Administration from NIDA
(The National Institute of Development Administration)
- > Senior Executive Program, Sasin Graduate Institute of
Business Administration of Chulalongkorn University

Experience

- 2009
Vice President, General Administration Department
IRPC Public Company Limited
- 2007
Vice President, Procurement Department
IRPC Public Company Limited



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Management Team

1. Vadm.Sanchai Panyam Rtn. /¹

Advisor to President, Operation 2

Education

- > Bachelor Degree of Science in Chemical Technology Department
Chulalongkorn University

Experience

- 2009 - Present
Acting to President, IRPC Oil Company Limited
- 2005 - 2006
Advisor to Plan Administrator
Thai Petrochemical Industry Public Company Limited

2. Mr.Prateep Wattanasriroj /¹

Executive Vice President, Operation 3

Education

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

Experience

- 1981 - 2006
Complex 1 Manager
Thai Petrochemical Industry Public Company Limited

3. Mr.Pongpraphan Titathavewatana /¹

Executive Vice President, Operation 1

Education

- > Bsc. (Chem.) Khonkaen University
- > Mini MBA Thammasart University
- > Certificate of Executive Education Program
for Senior Management 2009,
Fiscal Policy Research Institute Foundation

Experience

- 2009
Acting Executive Vice President, Operation 4
IRPC Public Company Limited
- 2007
Complex 4 Manager
IRPC Public Company Limited
- 1999
Complex 3 Manager
Thai Petrochemical Industry Public Company Limited



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Management Team

1. Mr. Trisdee Watanangkur^{/1}

Acting Executive Vice President, Office of President

Education

- > Bachelor of Science (Chemical Technology)
Chulalongkorn University

Experience

- 2010 - Present
President, IRPC Polyol Company Limited
2009
Acting President, IRPC Polyol Company Limited
2000
Complex 2 Manager
Thai Petrochemical Industry Public Company Limited

2. Mr. Vasan Sereesongsaeng^{/1}

Acting Executive Vice President Operation 4

Education

- > BSE. Mechanical Engineering
The National ChengKung University, Taiwan
- > Master Degree, Public Administration, NIDA

Experience

- 1999
Power Plant Complex Manager
Thai Petrochemical Industry Public Company Limited

Note ^{/1}The following names are the Company's management which are not considered as the stipulated management by definition of SEC.

- | | |
|--------------------------------|-----------------------------------|
| 1) Mrs.Srisuda Suralertrungsun | 8) Mr.Chalor Panutrakul |
| 2) Mrs.Chitra Thavara | 9) Mr.Natapong Pornprayuth |
| 3) Mr.Kraisit Anukoolutaiwong | 10) Vadm.Sanchai Panyam Rtn. |
| 4) Mrs.Sumon Rungkasiri | 11) Mr.Prateep Wattanasiroaj |
| 5) Mr.Gong Rungswang | 12) Mr.Pongraphan Titathavewatana |
| 6) Mr.Chansin Treenuchagron | 13) Mr. Trisdee Watanangkur |
| 7) Mr.Pravet Assavadakorn | 14) Mr.Vasan Sereesongsaeng |



Milestones in 2009

On January 2, 2009, Dr. Pailin Chuchottaworn assumed the position of President succeeding Dr. Piti Yimprasert whose term ended.



On January 7, 2009, the Company entered into a Baht 10 billion loan agreement with five domestic financial institutions to finance five expansion projects as follows:

1. ABS specialties (CCM) Expansion Project
2. HDPE Pipe Grade Expansion Project
3. Combined Heat and Power Project
4. Propylene Expansion Project
5. ABS/SAN Expansion Project

February 2009, the Company carried out its planned annual plant maintenance for 3 weeks whereby February refining capacity was at 29%.

April 2009, completion of HDPE Pipe Grade and ABS specialties (CCM) Expansion Project; whereby capacity for HDPE Pipe Grade and ABS specialties (CCM) increased to 40,000 MT per annum and 21,000 MT per annum respectively.

On April 3, 2009, Combined Heat and Power Project received EIA approval with a power capacity of 216 megawatt and stream capacity of 420 tons/hour. Natural Gas is used as fuel to reduce environmental pollution and the project is expected to be completed in 2011.

On July 21, 2009, the Company's Board of Directors resolved to approve the vision of the Company "To be Top Quartile Integrated Petrochemical Complex in Asia by 2014" and approved new strategy to carry out the Phoenix Project with the objective to increase competitive capability whereby the Board of Directors approved budget for the Phoenix Project as follows:



- Approved the framework for 2010-2014 budget amounting USD 1,412 million (equivalent to Baht 48,008 million at the exchange rate of Baht 34 per dollar)
- Approved utilization of budget amounting USD 135.2 million (equivalent to Baht 4,597 million at the exchange rate of Baht 34 per dollar) for the following 4 projects:



1. Project to increase production efficiency in petrochemical products and energy conservation.
2. Project to increase production efficiency in petroleum products and energy conservation.
3. Project to increase storage efficiency for raw material and finished products.
4. Project to improve efficiency and increase production capacity of EBSM for the production of ABS Specialties



On September 23, 2009 Dr. Pailin Chuchottaworn launched IRPC Digital E-Commerce Account and Logistic ideal solution program by developing its export system using Pro-Export System in alliance with KBank to enhance efficiency in export documentation for the Company's petrochemical business.



On October 9, 2009, the Company entered into an agreement with two consulting firms namely GE Energy and General Carbon to propose its cogeneration power plant to the United Nations for the granting of Certified Emissions Reductions or carbon credit. The said project will reduce carbon emissions by 400,000 tonnes per year as a result of the shifting from fuel oil to natural gas which provide cleaner combustion.



During October 19-22, 2009, the Company was host in organizing the 14th Regional Olefins Producers Technical Committee: ROPTC. The purpose of the event was to provide exchanges of experience in the area of production in conjunction with environmental conservation and operation safety. Participants included 8 companies from 4 countries such as Malaysia, Singapore, Indonesia and Thailand under the topic "Best Efficiency & Optimization Key to Success"



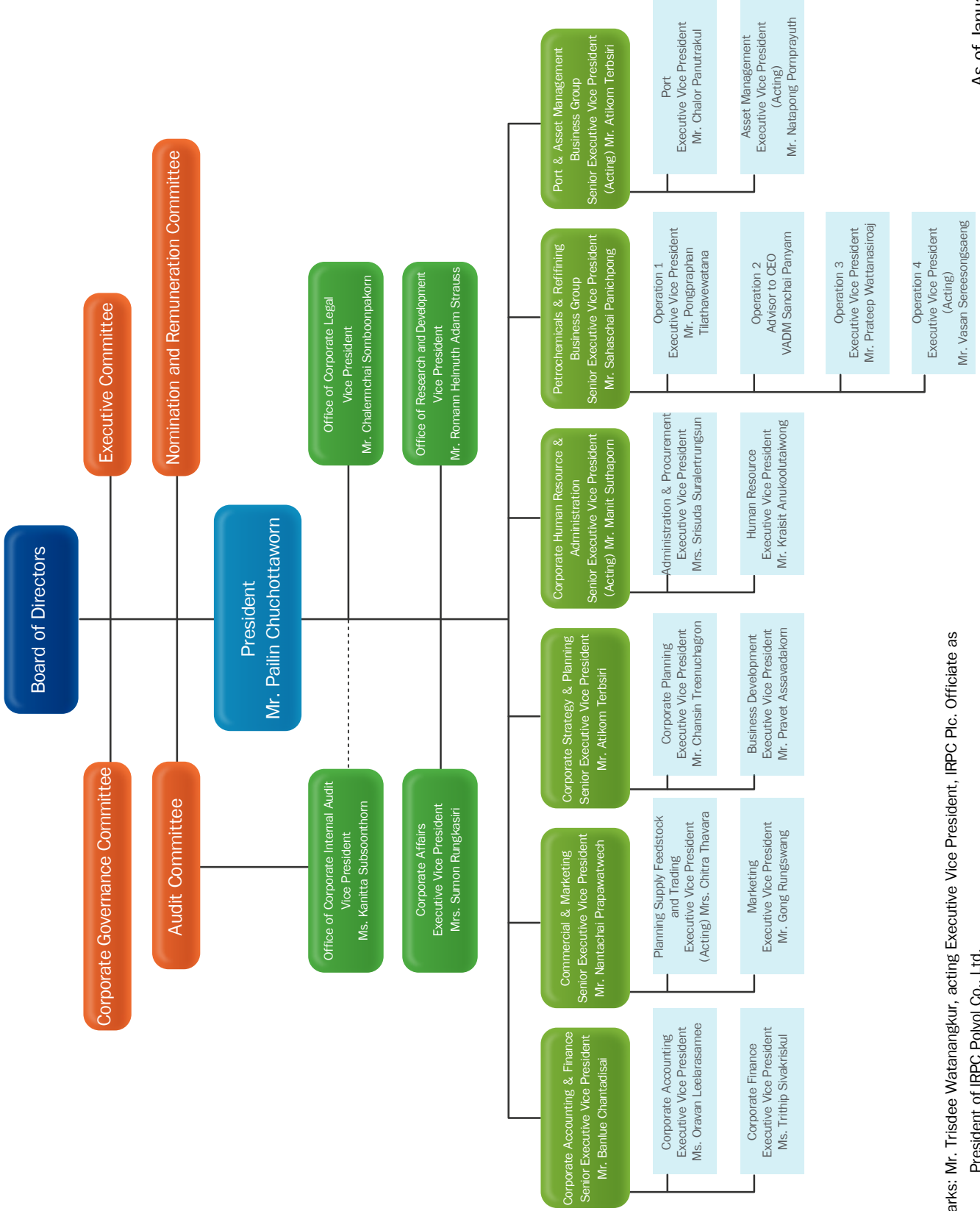
On January 8, 2010, Dr. Pailin Chuchottaworn inaugurated "IRON" (IRPC Oil On Net) which is an online system for petroleum trading by incorporating the potential of supply chain into Total Business Solution which the Company developed to fulfill the needs of customers in enhancing transaction and business operation efficiency.



On January 24, 2010, the Company launched the Community Center to serve as education hub, agricultural promotion and environmental conservation center for the residents of Rayong. In addition, it will function as social meeting place to enhance rapport between the Company and the community.

On February 3, 2010, Dr. Pailin Chuchottaworn announced "IRPC Styrenic Imagination World" project to launch new styrenic products successfully developed by the Company's Research and Development. The special grade ABS or Green ABS uses natural rubber as raw material in replacement of synthetic rubber which enhance environmental conservation. The product also uses nano size additive which is the world's pioneer.

Organization Chart



As of January 19, 2010

Remarks: Mr. Trisdee Watanangkur, acting Executive Vice President, IRPC Plc. Officiate as President of IRPC Polyl Co., Ltd.



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

Structure and qualification of the Board of Directors

1. The Board of Directors consists of not less than 5 but not more than 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 Limited Company Act.
2. Professional independent directors must not be less than one-third of the entire Board of Directors and there must not be less than 3 independent directors.
3. Director must not be over 70 years of age except for existing director who will remain in office till the end of the term.
4. The Board of Directors must consist of professional who possess knowledge, skills with well-versed experiences and expertise in various areas beneficial to the Company with at least 3 experts in petroleum and petrochemical business, 1 legal expert and 1 expert in accounting and finance.
5. Directors must possess suitable qualifications stipulated by the Public Limited Company Act and Securities and Exchange Commission's regulations. Additionally, there must not be any inappropriate characteristics as deemed unbefitting as a management.

Authorized Directors

Authorized directors pursuant to the Affidavit of the Company as of January 8, 2010 are Mr.Pala Sookawesh, Mr.Prasert Bunsumpun, Mr.Prajya Phinyawat, Mr.Virabongsa Ramangkura, Mr.Pailin Chuchottaworn, Mr.Norkun Sittiphong, Mr.Aree Wongsearay, Associate Professor Woothisarn Tanchai, Mrs.Jantima Sirisaengtaksin, Mr.Chitrapongse Kwangsukstith, Mr.Sommai Khowkachaporn, Mr.Pichai Chunhavajira. Any two of these twelve directors are authorized to sign together with Company seal affixed.

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' Nomination, Dismissal or Retirement

Provisions stipulated in the Company's Articles of Association in relation to nomination, dismissal or retirement of the Board of Directors are defined as follows:

Nomination of Director

1. The Shareholders' Meeting elects the directors according to the following rules:
 - (1) Each shareholder has one vote per one share.
 - (2) Voting can be done individually or for the entire number of directors needed to be elected as the Shareholders' Meeting sees fit. Voting individually or as a group, each shareholder shall exercise all votes applicable under (1) to elect one or more persons as directors. Shareholder cannot allocate only part of his or her votes to any nominee.
 - (3) The nominees shall be ranked according to the total numbers of votes received and top nominees in terms of the total numbers of votes cast shall be elected directors, but the numbers shall be equal to that of directors required. If the nominees received equal votes such that their election would result in a greater number of directors than required, the chairman of the meeting shall cast a vote to decide which one(s) is appointed.

2. The Board of Directors shall appoint any one of the directors as Chairman. The Chairman shall make a final decision in case there is the equality number of the Board's voting. The Board shall appoint another director as Vice-Chairman who shall act as assigned by the Chairman, or on behalf of in case the Chairman is not able to perform the duty, or the Chairman's position is vacant.
3. If any vacancies on the Board of Directors exist on other reasons except for the term expiration, the Board shall select a qualified person with no legal accuses for consideration in the following Board of Directors' meeting. If the term of directorship remains less than two months, the newly elected director replacing the former shall stay in the office for the remaining term of the former. The resolution of the Board on this matter shall consist of not less than three-quarters votes of the numbers of the remaining directors.
4. If any vacancies on the Board of Directors are less than the number in the Board of Directors are less than the number in the Board's quorum, the existing Board shall only call, on behalf of the Board, for the shareholders' meeting to elect all the vacancies. The shareholders' meeting shall be held within one month since the date of vacancy. The newly director replacing the former shall stay in office for the remaining term of the former.

Directors' Dismissal or Retirement

1. In every Annual General Meeting, one-third of the directors shall retire from office. The director whose term in the office expires may be re-elected.
2. Apart from the term expiration, terms of directorship shall be considered terminated on the reasons of death, resignation, disqualification, shareholders' resolution to remove a director or court order to remove a director.
3. Any director may resign, but shall submit a resignation letter to the Company. The resignation will be in effect on the date the Company receives the letter. The director who may resign shall also inform the resignation to the registrar.
4. In the shareholders' meeting, the shareholders may vote for the dismissal of any director from the office before his or her term of directorship expires, a three-quarters (3/4) vote of eligible shareholders present at the meeting shall be required, provided that the number of shares represented by the three-quarters vote is not less than half of the total number of shares represented by the total number of eligible shareholders present at the meeting.

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

Independent Director

Independent director refers to directors that are independent from major shareholder or group of major shareholders and management of the Company with the authority to provide independent opinion on any given duties by taking into account equitable benefits of all minor shareholders and all stakeholders. The Company has 8 directors with qualifications stipulated by SEC and good corporate governance which is more than one-third of the Board of Directors.

Qualifications stipulated by the Company in relation to independent directors are more stringent than that of the SET and SEC as follows:

1. Hold not more than 0.5% of the voting shares in the Company, its subsidiaries, associates, or related companies, major shareholder or person with controlling power over the Company, whilst the number of shares held by any related person of such an independent director must also be counted.
2. Have not been or are not involved in the management, employees, wage earners, advisors on the payroll of the Company, its subsidiaries, associates, or equivalent companies, major shareholder or person with controlling power over the Company except when such qualifications have ended for more than two years, provided that such restriction or prohibition shall not apply to an independent director who has been a government authority, which is the major shareholder of the Company or the person having controlling power over the Company.
3. Are not related by blood or registration as parents, spouses, siblings, or children, spouses of any of the children to members of the management, major shareholders, those exercising control, or those about to be nominated as members of the management or those exercising control over the Company or subsidiaries.
4. Do not have and have not any business relationship with the Company, subsidiaries, associated companies, major shareholders or those exercising control over the Company in the manner in which independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the Company, subsidiaries, associated companies, major shareholders or those exercising control over the Company unless such an independent director has not been a person referred to above for at least two years.

Business referred to in the first paragraph above shall mean to include any ordinary course of business or trade for business engagement purpose, any lease taking or lease out of any property, any transaction relating to asset or service, any financial support or acceptance of financial support by way of either borrowing, lending, guaranteeing or collateral providing or any other manner similar thereto that could result to an obligation required to be performed by the applicant or the party thereto in an amount of three percent or more of the net tangible asset value of the applicant or twenty million baht or more, whichever is lesser. In light of this, the method for calculating the value of connected transaction pursuant to the Capital Market Supervising Committee's Notification, Re: Regulations in respect of an Entering into a Connected Transaction shall be applied mutatis mutandis for the purpose of calculation of such amount of debt of the applicant, provided that the amount of the debt incurred during the past one year prior to the date on which such a business relationship with such person exists;

5. Is not and has not been an auditor of the Company, subsidiary, associated company, major shareholder or those with controlling power over the Company and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any auditing firm or office in which the auditor of the Company, subsidiary, associated company, major shareholder or those with controlling power over the Company unless such an independent director has not been a person referred to above for at least two years.

6. Is not and has not been a professional advisor, including legal or financial advisor who obtains fee more than two million baht a year from the Company, subsidiary, associated company, major shareholder or those with controlling power over the company and is not and have not been a substantial shareholder of, a person having controlling power over , or a partner of any of such professional service provider firm or office, unless such an independent director has not been a person referred to above for at least two years.
7. Is not a director appointed as a representative of a director of the Company, a representative of a major shareholder of the Company, or a representative of a shareholder of the Company which is a related person of the major shareholder of the Company.
8. Does not engage in any business with similar nature as that of the Company and is competitive with the business of the Company, subsidiary or is not a substantial partner in a partnership, a director participating in any management role, an employee or officer, an advisor obtaining regular salary from, or a shareholder holding more than one percent of the voting shares of accompany engaging in any business with similar nature to the Company or subsidiary.
9. Does not have any characteristics which will inept the ability to provide independent comment or opinion on the operation of the Company.

In the case where there is a dismissal or retirement of independent director, the Company will foremost locate individual with suitable qualification to be an independent director for replacement including maintaining the aggregate number of independent directors in accordance with the regulations stipulated in the Capital Market Supervising Committee and Good Corporate Governance. However, in the event that other directors possess the stipulated qualification to be an independent director, the said director will automatically become an independent director of the Company.

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 and 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:

- | | |
|---|----------|
| 1. Mr.Norkun Sittiphong | Chairman |
| 2. Mr.Prajya Phinyawat | Director |
| 3. Mr.Somma Khowkachaporn | Director |
| 4. Associate Professor Woothisarn Tanchai | Director |
| 5. Mr.Pailin Chuchottaworn | Director |

Mr. Pailin Chuchottaworn, President, serves as Secretary of the Executive Committee.

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 for 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

| | |
|-------------------------|----------|
| 1. Mr.Cherdpong Siriwit | Chairman |
| 2. M.R.Pongsvas Svasti | Director |
| 3. Mrs.Puntip Surathin | Director |

Chairman and members of the committee possess knowledge, skills with well-versed experiences and expertise in the area of accounting or finance. Miss Kanitta Subsoonthorn, Office of Corporate Internal Audit, serves as Secretary of the Audit Committee.

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, 2008" 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 proper and effective internal control and internal audit system and review the objectivity of the Internal Audit Committee.
3. To verify that the Company has duly complied with the Securities and Exchange Act, the Stock Exchange of Thailand (SET)'s regulations and other laws relating to the Company's business.
4. To review, select and nominate Company's external and independent auditor and recommend its remunerations including participating in meeting with the auditor without the presence of management at least once a year.
5. To review the disclosure of the Company's connected transaction or any transaction with the possibility of conflict of interest to ensure the disclosure are in compliance with the rules and regulations prescribed by the Stock Exchange of Thailand and ascertain that the transactions are feasible and for the utmost benefit of the Company.
6. Prepare Audit Committee Activities Report signed by the Chairman of the Audit Committee to be disclosed in the Company's Annual Report consisting of no less than the following information:
 - 6.1 Comment on the accuracy, comprehensiveness and credibility of the Company's financial reports.
 - 6.2 Comment on the adequacy of the internal control system.
 - 6.3 Comment on compliance with the rules and regulations prescribed by the Securities and Exchange Commission, the Stock Exchange of Thailand or any regulations in relation to the operation of the Company.
 - 6.4 Comment on the compatibility of Internal Audit.
 - 6.5 Comment on possible conflict of interest transaction.
 - 6.6 The number of meetings held by Internal Audit Committee and participation of individual committee member.
 - 6.7 Overall comment or observation on the charter performance complied by the Audit Committee.
 - 6.8 Other information which shareholders or investors should be aware of under the duties and responsibilities assigned by the Board of Directors.
7. Perform any other duties assigned by the Board of Directors with approval of the Audit Committee.

3. The Nomination and Remuneration Committee

- | | |
|---|----------|
| 1. Mr.Prasert Bunsumpun | Chairman |
| 2. Mr.Pala Sookawesh | Director |
| 3. Associate Professor Woothisarn Tanchai | Director |

Ms. Trithip Sivakriskul, Executive Vice President Corporate Finance, serves as Secretary of the Committee.

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 President 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 President.
- 3) To consider the director remunerations to be proposed for approval at the shareholders' annual general meeting.
- 4) To access and review President's remunerations.

4. The Corporate Governance Committee

- | | |
|--------------------------------|----------|
| 1. Mrs.Jantima Sirisaengtaksin | Chairman |
| 2. Mr.Prajya Phinyawat | Director |
| 3. Mr.Somma Khowkachaporn | Director |

Mrs. Sumon Rungkasiri, acting Executive Vice President Corporate Affairs, serves as Secretary of the Committee.

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 good corporate governance practice 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.
- 5) To propose and review good corporate governance framework against international standard to the Company's Board of Directors.

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.

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 and Advisor to the Board of Directors. The qualified candidates shall hold the following qualifications:

1. Suitable qualifications stipulated by the Public Limited Company 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 corporate governance 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.

Meeting Attendance of the Board of Directors and Sub-committees in 2009

(Unit : Time)

| Name | Board of Directors | The Executive Committee | Audit Committee | Corporate Governance Committee | Nomination and Remuneration Committee |
|--|---|--|--|--|---|
| | (Total 17 directors) Total 13 times/year | (Total 5 directors) Total 12 times/year | (Total 3 directors) Total 11 times/year | (Total 3 directors) Total 11 times/year | (Total 3 directors) Total 4 times/year |
| 1 Mr.Norkun Sittiphong | 9/9 | 8/8 | | | |
| 2 Mr.Prasert Bunsumpun | 11/13 | | | | 4/4 |
| 3 Mr.Aree Wongsearay | 12/13 | | | | |
| 4 Mr.Pala Sookawesh | 12/13 | 4/4 | | | 2/2 |
| 5 Mr.Prajya Phinyawat | 13/13 | 12/12 | | 4/4 | |
| 6 Mr.Virabongsa Ramangkura | 13/13 | | | | |
| 7 Mrs.Jantima Sirisaengtaksin | 13/13 | | | 4/4 | |
| 8 Mrs.Puntip Surathin | 13/13 | | 9/9 | | |
| 9 Mr.Sommai Khowkachaporn | 13/13 | 7/7 | | 3/3 | |
| 10 Mr.Lersuk Chuladesa | 11/13 | | | | |
| 11 M.R.Pongsvas Svasti | 9/9 | | 9/9 | | |
| 12 Mr.Cherdpong Siriwit | 9/9 | | 9/9 | | |
| 13 Associate Professor Woothisam Tanchai | 9/9 | 7/8 | | | 2/2 |
| 14 Mr.Chitrapongse Kwangsukstith | 8/9 | | | | |
| 15 Mr.Pichai Chunhavajira | 5/6 | | | | |
| 16 Ms.Variya Wongprecha | 5/6 | | | | |
| 17 Mr.Pailin Chuchottaworn | 13/13 | 12/12 | | | |
| 18 Gen. Mongkon Ampornpisit ¹ | 5/5 | 4/4 | | | |
| 19 Mr.Visit Tantisunthorn ² | 4/6 | 3/4 | | | |
| 20 Pol.Gen.Sereepisut Taameeyaves ³ | 4/4 | | 2/2 | | |
| 21 Mr. Sangiam Santad ³ | 4/4 | | 2/2 | | |
| 22 Mr. Rutt Phanijphand ³ | 4/4 | | 2/2 | | |
| 23 Mr.Chaivat Churitti ³ | 4/4 | | | 2/2 | |
| 24 Mr.Tienchai Chongpeerapieng ³ | 4/4 | | | 1/1 | |

Note 1. Gen.Mongkon Ampornpisit tendered his resignation as directorship of the Company effectively May 12, 2009

2. Mr.Visit Tantisunthorn tendered his resignation as directorship of the Company effectively June 2, 2009

3. Pol.Gen.Sereepisut Taameeyaves, Mr.Sangiam Santad, Mr.Rutt Phanijphand, Mr.Chaivat Churitti, Mr.Tienchai Chongpeerapieng retired from directorship due to ending of term of office according to resolution of 2009 Annual General Meeting of Shareholders on 8 April 2009.

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. 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 and the performance of the director as well as the Company's operating performance and it should be 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 those of members.
4. Sub-committee, namely Executive Committee, Audit Committee, Nomination and Remuneration Committee and Good 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 2009 Annual General Meeting held on 8 April 2009 approved the remuneration of Board of Directors and sub-committees at the same rate of those of 2008 as following details:

1. Board of Directors and Sub-Committees Remuneration in 2009:

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

(1) Board of Directors

| | | |
|----------|-------------|-------------|
| Chairman | 60,000 Baht | 60,000 Baht |
| Director | 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 |
| Director | - | 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.

Affected by the fluctuated crude oil price and global economic crisis, the Company's 2008 performance did not achieve its target and suffered a loss. Accordingly, the Company's Board of Directors resolved to withhold payment of bonus to Directors for the year 2008 and proposed to the 2009 Annual General Meeting held on 8 April 2009 which also resolved to the same resolution.

The remuneration received by each director in 2009:

(Unit: Baht)

| No. | Name | Remuneration | Meeting Allowances for Board of Directors | Meeting Allowances for Sub-Committee Meeting | Total Remuneration |
|-----|--------------------------|--------------|---|--|--------------------|
| 1 | Mr.Norkun Sittiphong | 509,177 | 540,000 | 480,000 | 1,529,177 |
| 2 | Mr.Prasert Bunsumpun | 540,000 | 495,000 | 240,000 | 1,275,000 |
| 3 | Mr.Aree Wongsearayaya | 540,000 | 540,000 | - | 1,080,000 |
| 4 | Mr.Pala Sookawesh | 540,000 | 540,000 | 270,000 | 1,350,000 |
| 5 | Mr.Prajya Phinyawat | 540,000 | 585,000 | 720,000 | 1,845,000 |
| 6 | Mr.Virabongsa Ramangkura | 540,000 | 585,000 | - | 1,125,000 |

| No. | Name | Remuneration | Meeting Allowances for Board of Directors | Meeting Allowances for Sub-Committee Meeting | Total Remuneration |
|-----|--|--------------|---|--|--------------------|
| 7 | Mrs.Jantima Sirisaengtaksin | 540,000 | 585,000 | 240,000 | 1,365,000 |
| 8 | Mrs.Puntip Surathin | 540,000 | 585,000 | 405,000 | 1,530,000 |
| 9 | Mr.Sommai Khowkachaporn | 540,000 | 585,000 | 450,000 | 1,575,000 |
| 10 | Mr.Lersuk Chuladesa | 540,000 | 495,000 | - | 1,035,000 |
| 11 | M.R.Pongsvas Svasti | 394,500 | 405,000 | 405,000 | 1,204,500 |
| 12 | Mr.Cherdpong Siriwit | 394,500 | 405,000 | 540,000 | 1,339,500 |
| 13 | Associate Professor Woothisarn Tanchai | 394,500 | 405,000 | 405,000 | 1,204,500 |
| 14 | Mr.Chitrapongse Kwangsukstith | 394,500 | 360,000 | - | 754,500 |
| 15 | Mr.Pichai Chunhavajira | 279,000 | 225,000 | - | 504,000 |
| 16 | Ms.Variya Wongprecha | 279,000 | 225,000 | - | 504,000 |
| 17 | Mr.Pailin Chuchottaworn | 540,000 | 585,000 | 540,000 | 1,665,000 |

Ex-Directors in 2009

| | | | | | |
|----|--------------------------------|-----------|-----------|-----------|------------|
| 18 | Gen. Mongkon Ampornpisit | 263,226 | 300,000 | 240,000 | 803,226 |
| 19 | Mr.Visit Tantisunthorn | 226,500 | 180,000 | 135,000 | 541,500 |
| 20 | Pol.Gen.Sereepisut Taameeyaves | 145,500 | 180,000 | 120,000 | 445,500 |
| 21 | Mr. Sangiam Santad | 145,500 | 180,000 | 90,000 | 415,500 |
| 22 | Mr. Rutt Phanijphand | 145,500 | 180,000 | 90,000 | 415,500 |
| 23 | Mr.Chaivat Churitti | 145,500 | 180,000 | 90,000 | 415,500 |
| 24 | Mr.Tienchai Chongpeerapieng | 145,500 | 180,000 | 45,000 | 370,500 |
| | Total | 9,262,403 | 9,525,000 | 5,505,000 | 24,292,403 |

Directors retired or resigned during the year ending 2009

1. Gen.Mongkon Ampornpisit tendered his resignation as directorship of the Company effectively May 12, 2009
2. Mr.Visit Tantisunthorn tendered his resignation as directorship of the Company effectively June 2, 2009
3. Pol.Gen.Sereepisut Taameeyaves, Mr.Sangiam Santad, Mr.Rutt Phanijphand, Mr.Chaivat Churitti, Mr.Tienchai Chongpeerapieng retired from directorship due to ending of term of office according to resolution of 2009 annual general meeting of shareholders on 8 April 2009.

Management Remuneration

Six managements received remuneration in the year 2009 in terms of salary, bonus and contribution for provident fund totaling Baht 59,263,552 with details as follows:

| Remuneration | 2008 | | 2009 | |
|---------------------------------|---------|---------------------|---------|---------------------|
| | Persons | Total Amount (Baht) | Persons | Total Amount (Baht) |
| Salary | 12 | 73,024,536 | 6 | 43,993,519 |
| Bonus | 12 | 17,085,662 | 6 | 14,275,024 |
| Contribution for provident fund | 8 | 3,123,984 | 2 | 995,009 |
| Total | | 93,234,182 | | 59,263,552 |

Number of Shares and Warrants held by the Directors

| No. | Name | As of 31 December 2008 | As of 31 December 2009 | Number of shares change during the year (+/-) |
|-----|--|--|--|---|
| | | Paid-up Capital Baht 19,705,570,300 | Paid-up Capital Baht 19,829,150,400 | |
| | | % Shareholding/ Number of shares | % Shareholding/ Number of shares | |
| 1 | Mr.Norkun Sittiphong | - | - | - |
| 2 | Mr.Prasert Bunsumpun | - | - | - |
| 3 | Mr.Aree Wongsearay | - | - | - |
| 4 | Mr.Pala Sookawesh | - | - | - |
| 5 | Mr.Prajya Phinyawat | 0.000041 8,000 | 0.000040 8,000 | - |
| 6 | Mr.Virabongsa Ramangkura | - | - | - |
| 7 | Mrs.Jantima Sirisaengtaksin | 0.000806 158,742 | 0.000801 158,742 | - |
| 8 | Mrs.Puntip Surathin | - | - | - |
| 9 | Mr.Somma Khowkachaporn | - | - | - |
| 10 | Mr.Lersuk Chuladesa | 0.000002 375 | 0.000002 375 | - |
| 11 | Mr.Pongvas Svasti | - | - | - |
| 12 | Mr.Cherdpong Siriwit | - | - | - |
| 13 | Associate Professor Woothisarn Tanchai | - | - | - |
| 14 | Mr.Chitrapongse Kwangsukstith | - | - | - |
| 15 | Mr.Pichai Chunhavajira | 0.000001 100 | - | (100) |
| 16 | Ms.Variya Wongprecha | - | - | - |
| 17 | Mr.Pailin Chuchottaworn | 0.000507 100,000 | 0.000504 100,000 | - |

Number of Shares and Warrants held by the Management

| No. | Name | As of 31 December 2008 | As of 31 December 2009 | Number of shares change during the year (+/-) |
|-----|--------------------------------|---|---|---|
| | | Paid-up Capital Baht 19,705,570,300 | Paid-up Capital Baht 19,829,150,400 | |
| | | % Shareholding/ Number of shares | % Shareholding/ Number of shares | |
| 1 | Mr. Banlue Chantadisai | - | - | - |
| 2 | Mr. Atikom Terbsiri | - | - | - |
| 3 | Mr. Sahaschai Panichapong | - | - | - |
| 4 | Mr. Manit Suthaporn | 0.000000 50 | 0.000000 50 | - |
| 5 | Mr. Nuntachai Prapawatwech* | - | 0.000756 150,000 | - |
| 6 | Miss Oravan Leelarasamee | - | - | - |
| 7 | Miss Trithip Sivakriskul | - | - | - |

*Mr. Nuntachai Prapawatwech was appointed as director of the Company as of July 1, 2009.



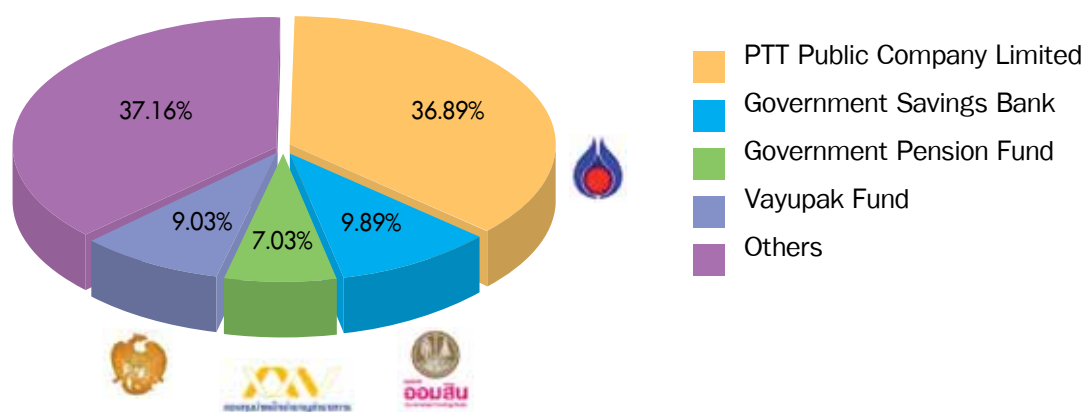
Shareholding Structure

Shareholding Structure

IRPC Public Company Limited

IRPC's top 10 shareholders at latest share registration book closing date for dividend payment on 8 September 2009 are as follows:

| Name | Number of shares | % Shareholding |
|--|------------------|----------------|
| 1. PTT Public Company Limited | 7,273,466,200 | 36.89% |
| 2. Government Savings Bank | 1,950,000,000 | 9.89% |
| 3. Government Pension Fund | 1,386,289,170 | 7.03% |
| 4. Vayupak Fund 1 by MFC Asset Management | 890,204,100 | 4.51% |
| 5. Vayupak Fund 1 by Krung Thai Asset Management | 890,204,100 | 4.51% |
| 6. Bangkok Bank Public Company Limited | 504,906,708 | 2.56% |
| 7. Thai NVDR Company Limited | 280,709,524 | 1.42% |
| 8. STATE STREET BANK AND TRUST COMPANY | 271,173,524 | 1.38% |
| 9. HSBC (SINGAPORE) NOMINEES PTE LTD | 258,951,008 | 1.31% |
| 10. Thailand Prosperity Fund | 243,000,000 | 1.23% |



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 petrochemical industry in the South East Asia. Its refinery and petrochemical complexes are situated on its own industrial estate on the Eastern coast of Thailand in Cheong Nern district, Rayong Province. Besides basic utilities, there are supporting facilities such as deep-sea port, tank farm and power plant.

The refinery capacity of the Company's refinery is 215,000 bbl per day which is the third in term of local capacity. Petroleum products from the refinery consisted of various kinds of refined oil, lube base oil, asphalt and other by-products. In addition, naphtha which is part of the refining product can be used as raw material for olefins and aromatic products. These in turn become the raw material for downstream petrochemical products and sell to plastic converters.

Revenue Structure

| Business Segment | Operated by | 2007 | | 2008 | | 2009 | |
|---|--|----------------|-------------|----------------|-------------|----------------|-------------|
| | | Million Baht | % | Million Baht | % | Million Baht | % |
| 1. Petroleum | IRPC Plc., IRPC Oil Co., Ltd. | 162,702 | 72% | 180,294 | 74% | 118,819 | 71% |
| 2. Petrochemical | IRPC Plc., Thai ABS Co., Ltd., IRPC Polyol Co., Ltd. | 61,968 | 27% | 61,488 | 25% | 44,511 | 27% |
| 3. Sales of Electricity and others | IRPC Plc. | 2,848 | 1% | 2,912 | 1% | 2,706 | 2% |
| Total Sales | | 227,518 | 100% | 244,694 | 100% | 166,036 | 100% |
| 4. Share of profit (loss) of investment in associates | | - | | (31) | | 17 | |
| 5. Other revenue ⁽¹⁾ | | 4,292 | | 954 | | 165 | |
| Total Revenue | | 231,810 | | 245,617 | | 166,218 | |
| Sales ratio between local : export | | 69 : 31 | | 62 : 38 | | 67 : 33 | |

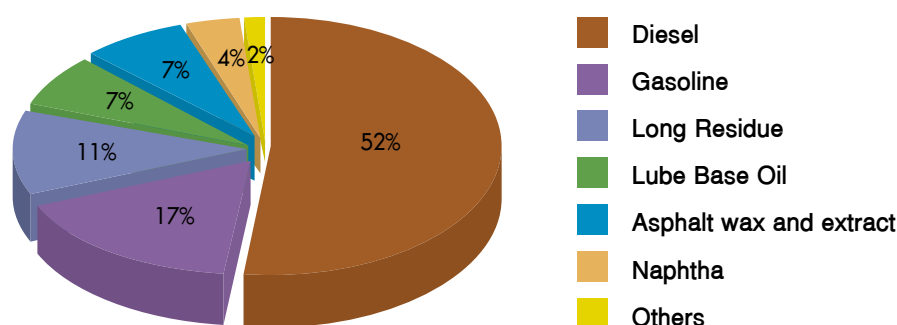
Note : ⁽¹⁾ Other revenue including Gains (losses) on disposals of property, plant and equipment, Gains (losses) on disposals of investments in trading securities, Gains (losses) from change in fair value of investments in trading securities, Gains (losses) on exchange rate, Gains (losses) from crack spread swap and time spread swap contracts, Impairment loss of fixed assets, Interest income, Dividend income

Petroleum Business

Petroleum products of the Company consist of following;

1. Refined oil is comprised of gasoline, high-speed diesel, LPG
2. Lube base oil used as a main raw material in the production of various grades of lubricant.
3. Naphtha is the light petroleum products, used as feedstock for petrochemical plants.
4. Long residue or ATB is the heavy oil, used as a main raw material in the production of lube base oil.
5. Asphalt is the heaviest petroleum products; it is used for road construction.

Revenue Structure of Petroleum Business in 2009

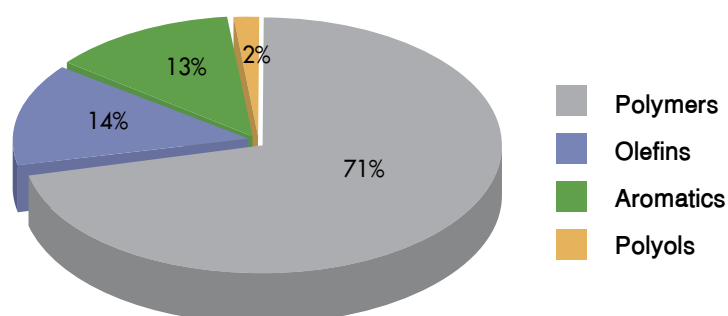


Petrochemical Business

Petrochemical products of the Company consist of following;

1. Olefins, comprising ethylene, propylene and butadiene, are major raw materials for the Company's petrochemical plants with partial sales to external customers.
2. Aromatics, consisted of benzene, toluene and xylene whereby benzene is the raw material for intermediate petrochemical plants and toluene and xylene are sold externally.
3. Polymers, comprising HDPE, PP, ABS/SAN, PS, EPS, are sold as raw materials to plastic converters.
4. Polyols, comprising polyester and polyether polyols, which are used as raw materials for manufacturing polyurethane, which is then processed to become such products as foam used for furniture and for heat transfer insulation in the construction industry.

Revenue Structure of Petrochemical Business in 2009



IRPC Port

IRPC's port is located in the same area as its refinery, in the province of Rayong whereby it provides a number of facilities and dock services for clients, including tug-boats, piloting services, lighters, fresh water and fuel, weigh scales, container yards, warehouses, and machines and equipment for transshipment of goods.

The main port area comprises of the followings;

- Liquid & Chemical Terminal: This terminal offers services for petrochemicals, liquid petroleum, and gas. The port is 1,623 metres long, and is divided into 8 sub-wharfs. With a channel depth of 6-19 metres, it can handle vessels of 1,000-250,000 DWT. (deadweight tonnage)
- Bulk & Container Terminal: This terminal offers services for bulk shipments and container goods. The port is 900 metres long, 48 metres wide, and is divided into 8 sub-wharfs. With a channel depth of 5-17 metres, it can handle vessels 800-150,000 DWT. (deadweight tonnage)

IRPC Asset Management Business

IRPC has recently established a new business unit to provide asset management services, based on empty plots of land in the province of Rayong and other provinces. With a total area of about 10,000 rai, these plots are to be developed as integrated industrial estates or industrially zoned lands that could support the main operations of the IRPC and PTT Groups as well as outside industries. Their purpose is to facilitate sustainable business growth for stakeholders while conducting operations that are responsible for society, community-friendly, and conducive to the quality, safety, and health of the environment.

Industry Outlook and Competition

Petroleum Industry

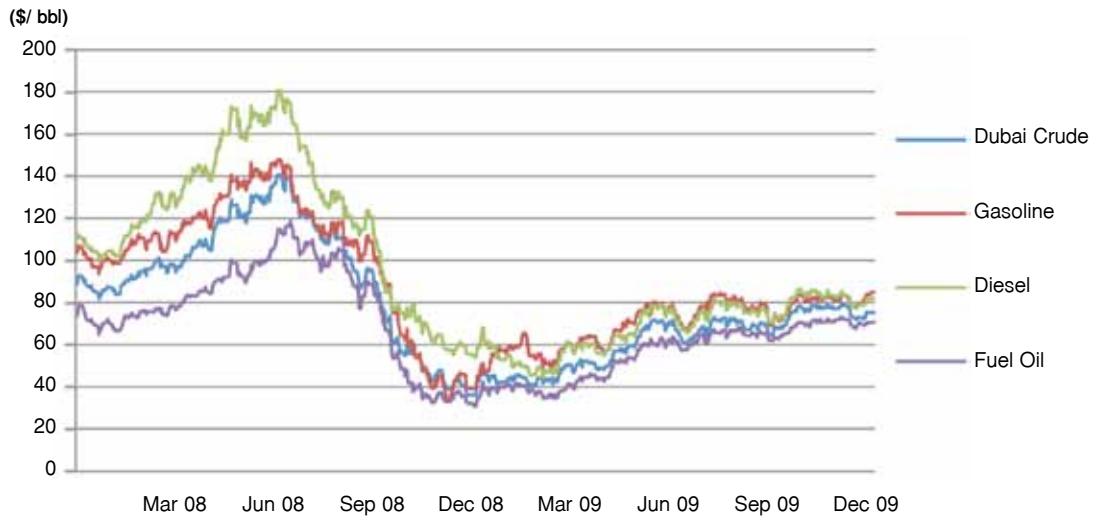
In 2009, global oil consumption average at 84.08 million bbl/day which is lower than crude oil production at 84.3 million bbl/day. Crude oil price increased continuously from the beginning of the year whereby the average price of Dubai crude oil in 2009 was 61.7 \$/bbl with product spread as shown in the table below:

unit : \$/bbl

| Product Spread | 2008 | 2009 | % Change |
|------------------------------|--------|-------|----------|
| Average Dubai Crude | 93.57 | 61.69 | -34.1 |
| Gasoline Ron95 - Dubai Crude | 9.07 | 8.52 | -6.1 |
| Diesel - Dubai Crude | 25.96 | 7.22 | -72.2 |
| Fuel Oil - Dubai Crude | -16.39 | -5.7 | 65.2 |

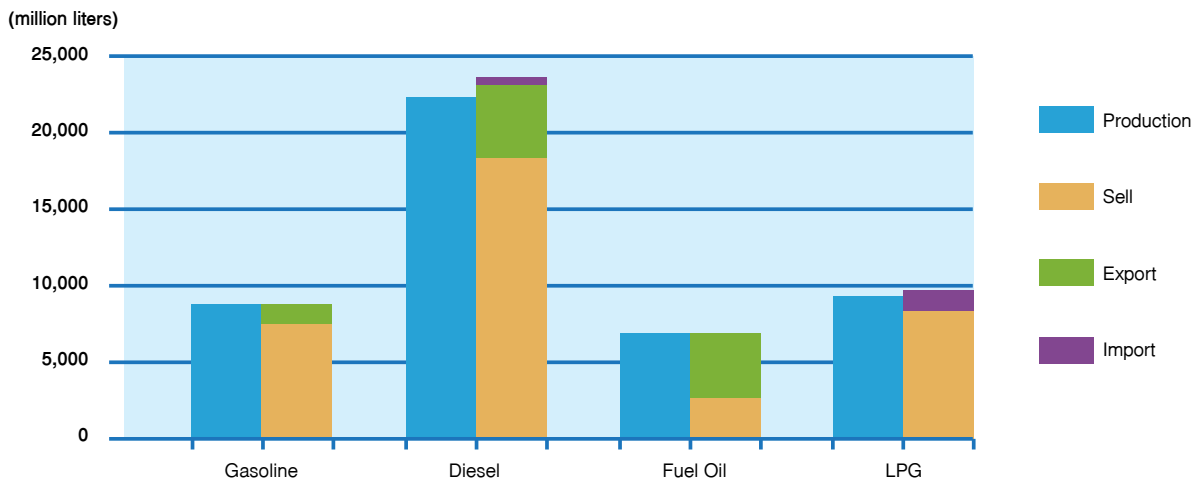
Price disparity between gasoline 95 and diesel declined continuously, averaged at 8.52 \$/bbl and 7.22 \$/bbl respectively while price disparity of fuel oil increased to -5.7 \$/bbl level whereby Baht appreciated in comparison to the previous year at 34.47 baht/\$.

Crude Oil and Refined Oil Product Price



Local petroleum consumption in 2009 increased 1% from 2008 due to the decrease in average retail price from the previous year. In addition, consumers began to opt for alternative fuel whereby average monthly gasoline consumption is rather stable at 20.8 million liter/day or an increase of 6.4% as average retail price this year is lower than that of 2008. Consumption of gasohol increase from 9.2 million liter/day in 2008 to 12.2 million liter/day in 2009 or an increase of 32.2%, with the use of gasohol 95 at 8.1 million liter/day or an increase of 25.5% and huge increase in the use of gasohol 91, resulted from the government’s promotional policy by reinforcing assurance to motorist whereby the government endorsed the use of alternative energy policy to reduce importing by reducing the levied amount to the Oil Fund for gasohol of 4-6 baht/liter to allow gasohol retail price to be lower than gasoline. Consumption of LPG in automobile decreased 14.1% with the governmental policy to promote the replacement use of NGV coupled with the reason that oil price in 2009 is lower than that of the previous year and natural gas for automobile increased 4.0% at 3,579 million cubic foot/day.

Domestic Demand and Supply of Refined Oil Products in 2009



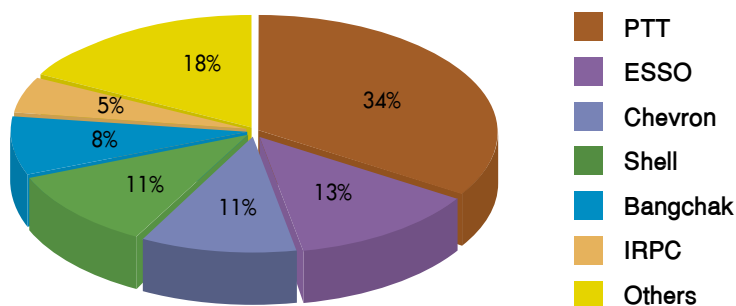
Source: Department of Energy Business, Ministry of Energy

Economic and Petroleum Outlook for 2010

Oil products : It is anticipated that demand for gasoline and diesel will increase slightly as crude oil price is expected to be stabilized at 75-85 \$/bbl in 2010. Consumption of gasoline and diesel will increase 0.6% and 3.0% respectively while jet oil is expected to increase 7.7% from the global economic recovery which will be beneficial for export and tourism. Consumption of LPG is anticipated to be lower 2.1% and fuel oil is also expected to be lower 5.4% partly due to Electricity Generating Authority of Thailand's new Power Development Plan (PDP) or PDP 2010 whereby it is expected that annual oil consumption will increase 1.7%

LPG : Consumption of LPG in 2010 is expected at 5,976 thousands tons, an increase of 15% as there is a 57.6% increase in use of LPG as raw material in the petrochemical industry from the level of 1,211 thousands tons in 2009 to 2,066 thousands tons in 2010 while there is also increasing use in the household sector and as fuel in the industrial sector. However, consumption in transportation will decrease 14.9% due to the government policy in promoting the use of NGV in 30,000 taxis in replacement of LPG whereby this program will commence in the beginning of 2010 which will lower the demand of LPG in taxis of approximately 15-20 thousands tons per month. Nevertheless, due to the increase in local demand resulting in insufficient supply of LPG (in the event that PTT's gas separation plant 6 at Map Ta Phut is unable to operate), it is expected that import of LPG will be approximately 120-140 thousands tons per month.

Domestic Market Share of Refined Oil Products in 2009



Source : Department of Energy Business, Ministry of Energy

Petrochemical Industry

Petrochemical industry in 2009 improved continuously from that of the end of 2008 whereby ethylene price, feedstock for polymer, increased from 626 \$/MT in the first quarter to 1,056 \$/MT in the fourth quarter which was an increase of 69%. Propylene price increased from 672 \$/MT in the first quarter to 1,018 \$/MT in the fourth quarter, an increase of 51% which was in line with crude oil price and the effect of economic stimulus plan of various countries especially China. In addition, supply decreased from the decline in production capacity at the end of 2008 and delay commencement of new plants due to global economic crisis. Nonetheless, Thai's petrochemical industry has added pressure from the fluctuation of crude oil price and new production capacity from the Middle East, China, India including Thailand of almost 10 million MT whereby the new capacity had partly entered the Asian market since the end of 2009.

For olefins petrochemical product prices, average South East Asian ethylene price (ICIS SEA) in 2009 was at 864 \$/MT, a decrease of 24% in comparison to 2008. Average South East Asian propylene price (ICIS SEA) in 2009 was at 883 \$/MT, a decrease of 30% in comparison to 2008. Product prices adjusted in accordance with world crude oil price. Moreover, production capacity of many producers in the area was at 80-85% as final consumers were still faced with effect from the economic crisis which spanned from end of 2008 to the second quarter of 2009.

As for average price of HDPE Film (ICIS SEA) in 2009 was 1,113 \$/MT, a decrease of 23% in comparison to 2008 while average price of PP Film (ICIS SEA) in 2009 was 1,081 \$/MT, a decrease of 26% in comparison to 2008.

Price of aromatic products, such as benzene, adjusted in accordance with crude oil price and market demand whereby average benzene price (FOB Korea) in 2009 was at 684 \$/MT, a decrease of 30% from 2008 and average price of styrene monomer in 2009 declined 25% from 2008 at 979 \$/MT.

Economic and Petrochemical Outlook in 2010

Analysts anticipated that global economy will improve in 2010 whereby the International Monetary Fund (IMF) forecasted that global economy will grow 3.9% with China, Japan and India at 10%, 1.7% and 7.7% respectively and ASEAN at 4.7%. With the growth rates and zero import tax for majority petrochemical products, it is expected that there will be massive supplies and trade value in petrochemical and plastic industries. Even though global economy began to recover since the third quarter of 2009 but there are still some risk factors that might have adverse effect such as the announcement of China to increase cash reserve ratio or the additional increase in reserve requirement of Chinese commercial banks of 0.5% to the rate of 16% effectively January 18, 2010 which caused the appreciation of RMB. Countries in EU such as Spain and Portugal are faced with higher public debt; in addition, high unemployment rate in large industrial country such as the United States, crude oil price and depreciation of United States Dollars all have negative effect on the growth of global economy.

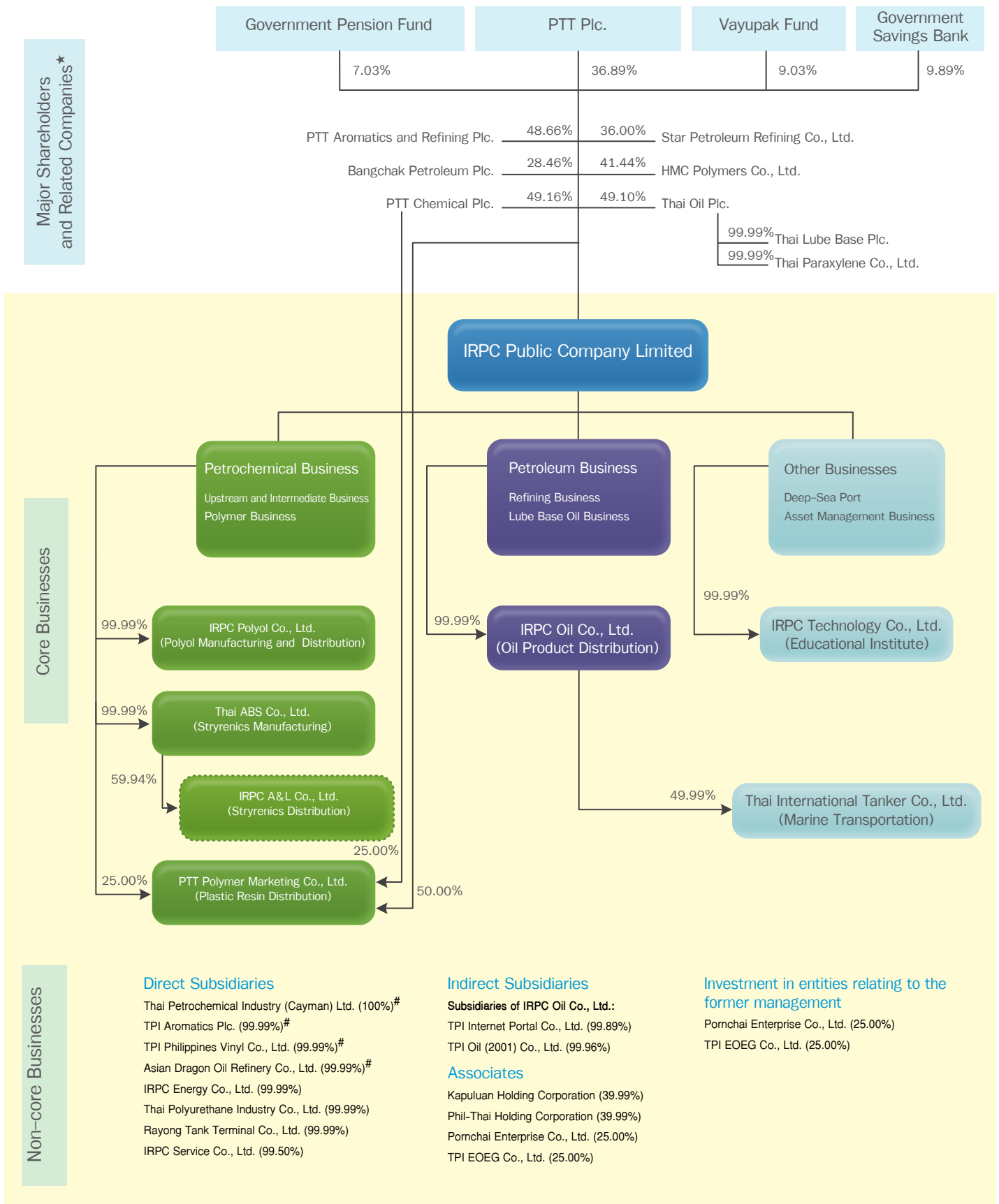
As for the economy outlook for Thailand in 2010, Office of the National Economic and Social Development Board (NESDB) forecasted that economy will grow 3.5-4.5% which took into effect the problem concerning investment suspension at Map Ta Phut industrial area. Thai economy may be adjusted higher to 4% pending on the ability of the government to promptly resolve the Map Ta Phut problem, the ability to disburse investments under the government's Thai Khemkhaeng (TKK) campaign of not less than 80% of the approved facility and the ability to improve political stability.

List of local producers and capacity of plastic resins

(thousand tons per year)

| Product | Company | Capacity | Percentage |
|---------|-------------------------------|--------------|-------------|
| HDPE | IRPC Plc. | 140 | 9% |
| | Thai Polyethylene Co. Ltd | 580 | 38% |
| | Bangkok Polyethylene Plc. | 500 | 33% |
| | PTT Chemical Plc. | 300 | 20% |
| | Total | 1,520 | 100% |
| PP | PTT Chemical Plc. | 475 | 24% |
| | HMC Polymers Co., Ltd. | 755 | 39% |
| | Thai Polyethylene Co. Ltd. | 720 | 37% |
| | Total | 1,950 | 100% |
| PS | Thai ABS Co.,Ltd | 100 | 29% |
| | Siam Polystyrene Co, Ltd | 150 | 44% |
| | Thai Styrenics Co., Ltd. | 90 | 26% |
| | Total | 340 | 100% |
| ABS/SAN | Thai ABS Co.,Ltd | 117 | 55% |
| | Ineos ABS (Thailand) Co., Ltd | 95 | 45% |
| | Total | 212 | 100% |
| EPS | Thai ABS Co.,Ltd. | 30 | 68% |
| | Ming Thi Chemical Co.,Ltd. | 14 | 32% |
| | Total | 44 | 100% |

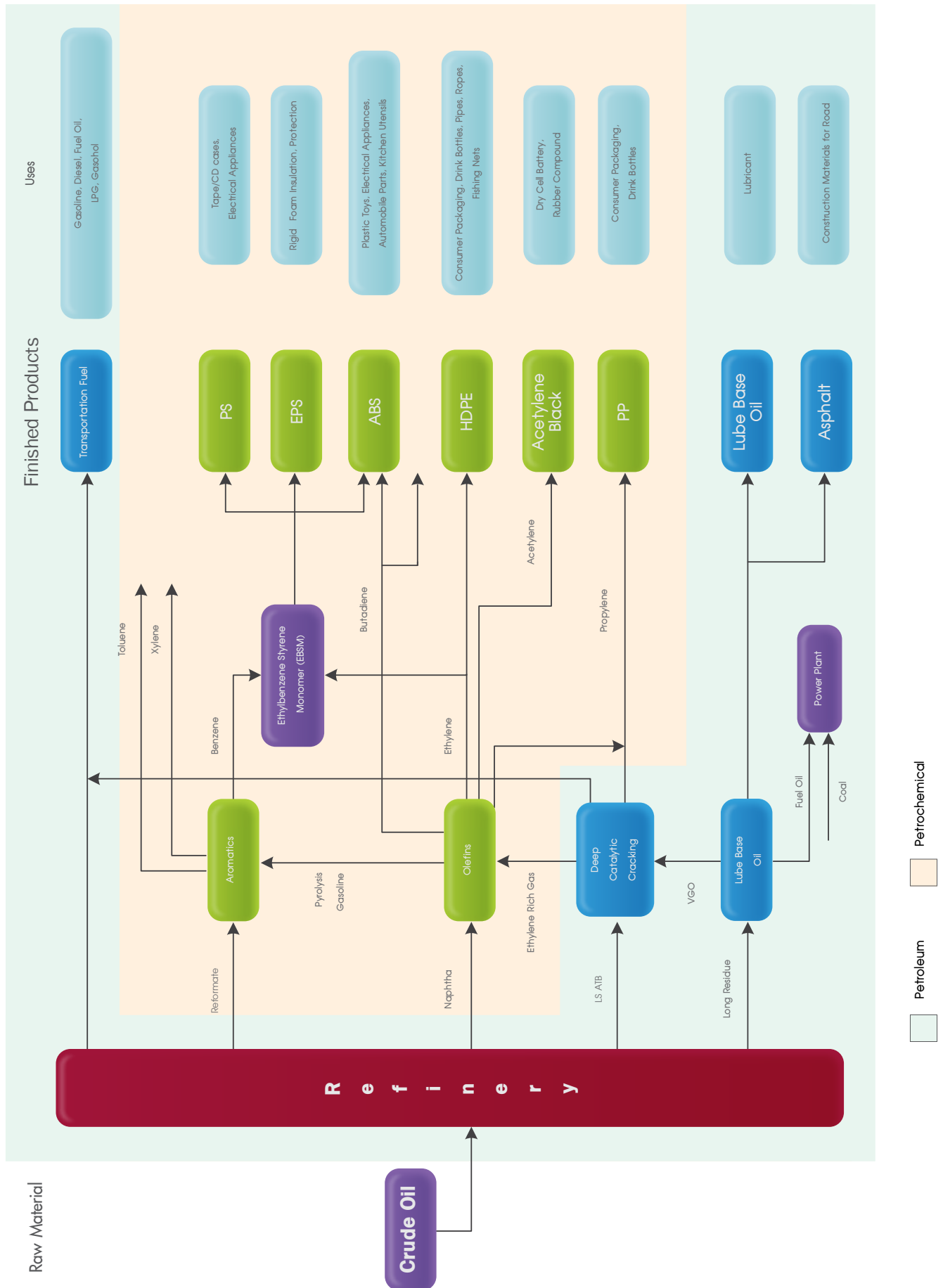
Business and Shareholding Structure



Note : #Subsidiary that does not operate the business and IRPC has no power to control

*Related Company that operates business similar to or related to the Company. (shareholding as of September 2009)

Integrated Refinery and Petrochemical Complex Flow Chart





Management Discussion and Analysis

1. Operating Performance

Global economy was in full recession in 2008 and was still in the downturn during the first half of 2009. However, economic indications showed that the economy started to improve during the second half of 2009 resulted from global economic recovery and the governmental economic stimulus whereby average dubai crude oil price in 2008 and 2009 decreased from USD 93/bbl and USD 62/bbl respectively or a decrease of 34% resulted in 32% decrease in Petroleum and Petrochemical sales revenue. Operating results of the Company for the year 2009, net profit was at Baht 5,415 million equivalent to Baht 0.27 per share, an increase of 130% in comparison to the previous year which resulted in net loss of Baht 18,262 million. Administrative expenses and financial cost decrease of 20% and 29% respectively.

In 2009, average product prices adjusted downwards in the same direction as crude oil price. Sales volume also decreased as the economy had yet to reach its full recovery whereby the Company adjusted its production strategy to achieve the optimum level under the then fluctuated raw material and product prices situation whereby the Company's revenue for 2009 was at Baht 166,036 million, a decline of 32% which consisted of the followings:

Petroleum Products : Sales revenue for petroleum products was Baht 118,819 million, a decrease of 34% resulted from 24% decrease in average sales prices and a decline of sales quantity of 14%. Diesel, with the highest sales volume, had a decrease in sales revenue of 42%, resulted from 31% decline in sales price and 16% decrease in sales volume. Whereas sales of gasoline increased 10% due to the increase in sales volume of 16% whereby sales prices decreased 6% resulted from the adjustment of production to yield more gasoline as profit disparity of gasoline exceeded other petroleum products.

Petrochemical Products : Sales revenue for petrochemical products was Baht 44,511 million, a decrease of 28%. Sales of polymer were Baht 31,916 million, a decline of 22% due to the downward adjustment of prices whereby sales volume stabilized at the same level as the previous year. Sales of olefin products were Baht 6,109 million, a decrease of 37% due to the decline of sales price in accordance with crude oil price; whilst sales quantity increased due to limited supply from maintenance shutdown of various petrochemical plants in the country and delayed commencing operation of new plants in the Middle East and China.

The Company's gross profit was at Baht 10,016 million, an increase of 177% with gross profit at 6%. There was a reverse loss from the adjustment of inventory value by LCM (lower of cost or market) amounting Baht 5,045 million in accordance with the then market crude oil price which adjusted higher, crude oil price was USD 36/bbl at the end of 2008 whereby it adjusted higher at the end of 2009 to USD 76/bbl.

Other revenues were at Baht 165 million, a decline of 83%, mainly consisted of gain from marked to market investment in trading securities at Baht 361 million, realized gain from foreign exchange of Baht 265 million with realized and unrealized loss from crack spread hedging contracts and time spread swap contracts of Baht 231 million and Baht 339 million respectively. Loss from devaluation of idle land of Baht 255 million.

Selling expenses amounted to Baht 1,068 million, a decline of 15% due to the decrease in sales volume. Administrative expenses were Baht 2,571 million, a drop of 20% due to a decline in the number of staff resulted in a decrease in staff related expenses. Directors' remuneration was Baht 32 million, a decrease of 67% resulted from non-payment of directors' bonus due to operating loss in 2008. Management's remuneration was Baht 60 million, a decline of 35% caused by reorganization structure which reduced the stipulated number of management from the previous year according to definition of SEC.

Financial costs were Baht 991 million, a decrease of 29%, mainly consisted of interest expense of Baht

1,306 million, unrealized loss from foreign currency forwarding contract of Baht 224 million. On the other hand, there was realized gain from foreign currency forwarding contract of Baht 113 million, gain from repurchase of debentures of Baht 86 million and unrealized gain from foreign exchange rate of debenture of Baht 373 million.

Share of profit of investments in associates amounting Baht 17 million was investment in PTT Polymer Marketing Co., Ltd.

As the Company had loss carried forward which is usable for tax benefit resulted in the income tax by consolidated financial statements for the year 2009 amounting to only Baht 51 million which was income tax of subsidiaries.

Utilization Rate

| | Unit | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 2009 |
|-------------------------|------|------|------|------|------|------|
| Crude intake | KBD | 111 | 151 | 153 | 151 | 142 |
| Utilization Rate | | | | | | |
| Refinery | % | 52 | 70 | 71 | 70 | 66 |
| Olefins | % | 88 | 102 | 105 | 99 | 99 |
| Polymers | % | 81 | 99 | 104 | 97 | 95 |

Average refinery capacity for the year 2009 was at 66%, a decline from the previous year which was at 80% resulted from the Company had planned maintenance shutdown for approximately three weeks in first quarter of 2009 whereby production capacity for olefins plant was at 99% and production capacity of polymers was at 95%.

2. Financial Position

Assets

Total assets as of the end of 2009 amounted to Baht 114,194 million, an increase of 10% from the previous year with major reasons as follows:

- Inventory increased Baht 10,904 million or 55% resulted mainly from the prices increase in raw materials and products in accordance with the upward adjustment of the global market prices and the increase in crude oil quantity in comparison to the end of 2008 as the Company reduced procurement of crude oil in preparation of the planned maintenance shutdown in February 2009.
- Account receivables increased Baht 1,990 million or 33% due to the increase in product value.
- Short term investment increased Baht 332 million or 76% due to the increase in investment which improved in accordance with the capital market situation.
- Land, building and equipment increased Baht 4 million whereby majority of the increased assets of Baht 3,485 million incurred during the construction of various investments. Depreciation was Baht 3,160 million with impairment loss of fixed assets at Baht 255 million and sales of assets totaling Baht 66 million.

Liabilities

Total liabilities as of the end of 2009 were Baht 42,294 million, an increase of 21% from the previous year with major reasons as follows:

- Trade payable increased Baht 4,562 million or 103% due to the upward adjustment of crude oil price

in accordance with global market price.

- Long term loan increased Baht 4,007 million or 22% due to the withdrawal of long-term loan for the investment projects.
- Other payables include an increase in excise tax of Baht 703 million due to the increase of excise tax rate by the government at approximately 3.6-6.8 baht/litre.

Net long term loan as at the end of 2009 amounted to Baht 22,371 million consisted of debentures and long term loan for the investment of various projects as follows:

(unit : million baht)

| | 2009 | 2008 | Interest Rate |
|----------------------------|---------------|---------------|------------------------|
| USD Denominated Debentures | 7,939 | 8,724 | 6.375% |
| Thai Baht Denominated | 9,640 | 9,640 | 5.05% - 5.29% |
| Long-term loan (*) | 4,792 | - | Floating interest rate |
| Total | 22,371 | 18,364 | |

Note : (*) Long term loan contract of Baht 10,000 million for capital expenditure projects with Interest rate not exceeding the maximum of 6 months fixed deposit market rate plus a certain margin and THBFX 6 months plus a certain margin. Accounts are withdrawn in accordance with the progress of the projects.

In 2007, the Company issued United States Dollars debenture in the amount of USD 250 million, redeemable in 2017. During 2009, the Company redeemed USD 12 million of the said amount resulting in the remaining amount of USD 238 million at the end of 2009.

Shareholders' Equity

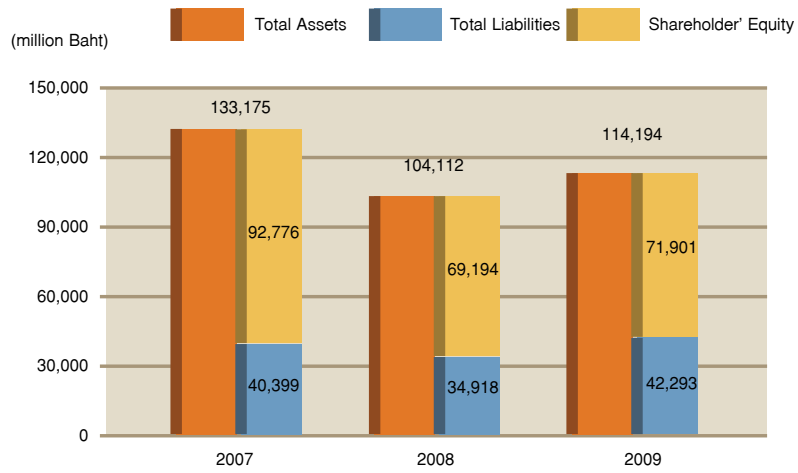
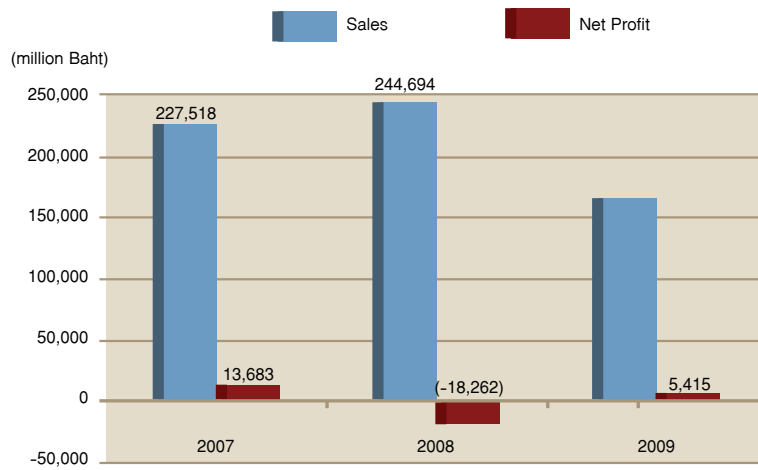
Shareholders' equity as of the end of 2009 amounting to Baht 71,853 million, an increase of 4% due to the followings:

- The Company incurred net profit for 2009 of Baht 5,415 million
- Shares issued and paid-up increased amounting Baht 124 million with premium on share capital of Baht 232 million due to the exercise of warrant by the employees under ESOP program in 2009.
- Gain from change in fair values of investment in marketable securities available for sale of Baht 82 million.
- The Company paid dividend for the operation of the second half of 2008 at 0.08 baht/share and paid interim dividend for the operation of the first half of 2009 at 0.08 baht/share totaling Baht 3,147 million.

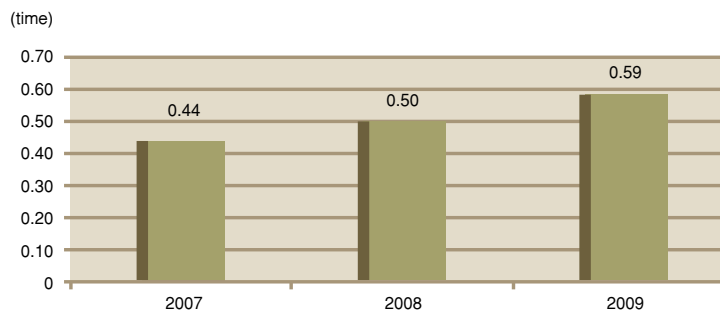
3. Liquidity

The Company carried Baht 8,550 million as at the end of 2008. During 2009, there was a cash outflow amounting Baht 3,387 million consisting of cash inflow from operating activities of Baht 2,025 million while cash outflow for investment activities was Baht 3,055 million including cash outflow for purchases of property, plant and equipment of Baht 3,084 million with major cash outflow in various investment projects such as Combined Heat and Power Plant Project, ABS specialties grade Capacity Expansion Project, Rapid Business Improvement Program, Safety and Environment Improvement Project while there was other net cash provided by investing activities amounting Baht 29 million.

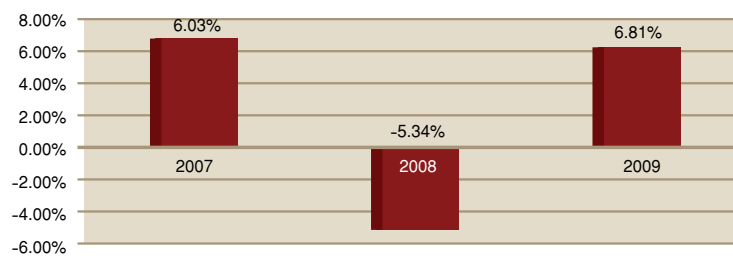
Net cash outflow for financing activities amounting Baht 2,357 million included dividend payment of Baht 3,147 million, repayment of short term loan of Baht 2,750 million, interest payment of Baht 1,378 million while there was withdrawal of long term loan for project investment amounting Baht 4,792 million; hence, the Company had ending cash at the end of 2009 of Baht 5,163 million.



Debt to Equity Ratio



Gross Profit Margin



Financial Highlights

IRPC Public Company Limited

(unit: million Baht)

| | 2007 | 2008 | 2009 |
|-----------------------------|---------|---------|---------|
| Current Assets | 68,331 | 37,919 | 48,155 |
| Total Assets | 133,175 | 104,112 | 114,194 |
| Current Liabilities | 21,776 | 16,370 | 19,813 |
| Total Liabilities | 40,399 | 34,918 | 42,294 |
| Shareholder's Equity | 92,777 | 69,195 | 71,901 |
| Registered Capital | 20,475 | 20,475 | 20,475 |
| Paid-up Capital | 19,500 | 19,706 | 19,829 |
| Sales | 227,518 | 244,694 | 166,036 |
| Cost of Goods Sold | 212,013 | 257,766 | 156,021 |
| Gross Profit (Loss) | 15,505 | -13,072 | 10,016 |
| EBITDA | 14,132 | -13,234 | 9,728 |
| Net Profit (Loss) | 13,683 | -18,262 | 5,415 |
| Net Profit Margin (%) | 5.90% | -7.43% | 3.26% |
| Return on Assets (%) | 10.49% | N.A. | 4.96% |
| Return on Equity (%) | 15.57% | N.A. | 7.68% |
| Dividend Payout Ratio (%) | 42.75% | N.A. | 67.17% |
| Dividend per share (Baht) | 0.30 | 0.18 | 0.18 |
| Debt to Equity Ratio (time) | 0.44 | 0.50 | 0.59 |
| Book Value per share (Baht) | 4.76 | 3.51 | 3.63 |
| Earning per share (Baht) | 0.70 | -0.93 | 0.27 |



Risk Factors

Continuous development of Risk Management system is of importance to the Company. From Corporate Risk Management to Functional Risk Management, the objective is to provide a systematic and comprehensive risk management for the entire corporation.

The management recognizes the importance of evaluating and managing possible risk and set up risk management division to ensure that risk management policy is accurately disseminated from management to functional level. Unit responsible for each type of risk management is clearly identified and risk analysis from every division is complied. In addition, corporate risk mitigation plan is follow-up, reviewed and analyzed whereby the quarterly operating result will be presented to the Risk Management Committee and Internal Audit Committee.

In 2009, the Company improved its risk management system to be more comprehensive by appointing Risk Agent in each division with the role to analyze, evaluate, follow-up on functional risk and report to the relevant divisional management. In order to manage risk efficiently, each division is responsible for managing and regulate at its acceptable risk appetite.

Nevertheless, investing in the Company's ordinary shares still poses some risk at present and there might be other unidentified risks or risks that the Company does not purport as significant but may become potential critical operating risk in the future whereby investors should conduct prudent evaluation on the information presented in this Annual Report.

Important Risk Factors;

1. Risk from Price of Raw Material and Sales Products

Crude oil is the main raw material in the refinery process and it is also feedstocks in the production of petrochemical products whereby crude oil price moves in accordance to world market price. During the first half of 2009, Dubai crude oil price increased continuously from 40 USD/bbl at the end of 2008 to 70 USD/bbl in mid 2009. Crude oil price remained rather stable during the third and fourth quarter of 2009 at 75 USD/bbl resulted from the economical stability in the United States and European Union. Moreover, there were additional players from the Middle East competing in the market which were major producers and exporters. All these factors were beyond the control of the Company causing risk in relation to assessment of prices of raw material and sales product including managing inventory which in turn had critical impact on the financial and operating results of the Company.

Risk Reducing Measures : The Company's cost reduction policy in the procurement of crude oil is by cooperating with the PTT Group in joint procurement in order to reduce transportation cost, enhance bargaining power and increase petrochemical product sales channel. Nevertheless, due to the high volatility of crude oil and petroleum prices, there is a need to take preventative measure to alleviate any unforeseen consequences. Subsequently, for the mutual benefit of the entire group, a working group for managing risk in relation to raw material and product prices is set up for the entire group of companies under the program Oil Supply Chain Integration Management (OIM) and Petrochemical Integration Management (PIM). The role of the program is to keep close monitor on the market situation and conduct price analysis in order to minimize any adverse impact caused by the volatility.

2. Risk from intense competition

In 2009, major manufacturers from the Middle East with production and cost advantages commence to enter the market with their petroleum and petrochemical products. In addition, there was a decline in demand for petroleum and petrochemical products caused by the economic slow down resulting in severe competition in the industry whereby these factors were beyond the control of the Company.

Risk Reducing Measures : In order to ensure stable growth of the Company amidst the increasing severe competition, the Company initiated the Phoenix Project which was set up with the purpose to increase the competitive capability by maximizing existing assets. The project is carried out by ascertained increasing returns on investment including defining the direction taken for the growth of the Company by increasing production in business lines that provide the highest returns including product quality development to effectively satisfy market demand i.e. develop more specialty grade and hi-end product.

3. Risks from Exchange Rates

As the Company operates internationally with exposure primarily in the United States Dollars whereby majority of the raw materials are imported with some revenues from exports; subsequently, the Company might be faced with foreign exchange risk caused by the conversion of sales revenue from United States Dollars to Thai Baht. Risk incurs in the event that the United States Dollars depreciates against the Thai Baht which will lessen the revenue in the form of Thai Baht. On the contrary, the Company might need to pay more for the imported raw material if the United States Dollars appreciates.

As for the risk from the long term loan of USD 250 million due in 2017, the Company might be affected by the fluctuation of foreign exchange prior to the repayment date which will be accounted as gain or loss from the translation cost which does not have any effect on the cash flow of the Company.

Risk Reducing Measures : The Company administer foreign exchange risk by natural hedging on normal business activities between foreign sales revenue and imported raw material payment which are primarily in the United States Dollars. In addition, the Company also entered into foreign currency forward and other financial instruments to mitigate risk from exchange rate.

4. Regulatory Risks

The Company understands the importance of the natural environment and concerns on the well being of the surrounding community. Hence, industrial development and implementation of projects must be proceeded in accordance to the official rules and regulations by emphasizing on the environment, health and sanitation. However, the Map Ta Phut incident has caused major adverse impact in various areas of the society whereby the Government has put forth stringent measures and regulations to prevent any possible reoccurrence. Preventive measures include performing Environmental Impact Assessment (EIA) and Health Impact Assessment (HIA) prior to the implementation of projects that might have environmental and health impact.

Risk Reducing Measures : In order to insure against risk in relation to new investments which require the implementation of EIA and HIA to assess the environmental and health impact and legal compliances, the Company prepared information on EIA and HIA and maintained continual coordination with surrounding community. The Company also takes a pro-active role in communicating and educating on forthcoming projects with the objective to ensure that each and every process of the projects are proceeded in accordance with the Company's policy which concerns about the well being of the community and environment including legal compliances.

In 2009, the Company implemented human resources management and development system to support strategy and goals of the Company for compatibility and sustainable growth. The Company proceeded with the reorganization of job position and manning appropriately, in accordance to business condition, vision, and management by reviewing and improving job responsibility, job analysis and manning to be in line with strategy and corporate structure as a foundation for managing and developing staffs, including job evaluation by setting up Job Evaluation Committee to set job level with the appropriate duties and responsibility to successfully achieve the objective of the Company and define clear and fair remuneration.

The Company provides systematic and consistent support and development for employee in terms of self learning and development, job development and reinforce employee to be valuable asset for the Company to support the policy to be Learning Organization and High Performance Organization whereby the Company had set up annual Training Road Map with basic training program in line with business operation strategy in order to develop the capability of the employees to be prepared for relevant position. In addition, employees are constantly provided the opportunity to attend training with local and foreign institutions.

In 2009, the Company set up Scholarship Committee to support education fund for employees to continue their studies in Master and Doctoral level both locally and abroad. In addition, scholarship is also provided for general public who are interested in further their education in areas relating to the Company's business in order to lay foundation for the selection of knowledgeable and capable individual to join the Company after graduation.

In addition, the Company employed the use of Performance Management System "PMS" in planning, monitoring, evaluation and development of employees' performance and systematically aligned with corporate KPI so that performance of the employees is in line with the Company's objective and remuneration management is carried out fairly in consideration of efficiency and success of work. In addition, the Company reviewed and adjusted starting rate to be compatible with top corporations of similar industry and enhanced fringe benefits with the improvement of OPD benefits by increasing disbursement limits and enhancing their quality of life by emphasizing on work safety, environmental conservation and social work.

The Company put emphasis on internal communication and core value with the appointment of Corporate Culture and Values Working Group to promote knowledge and understanding on vision and core value of the organization and enhance love and dedication towards the Company whereby employees at all levels are consistently provided the opportunity to meet with top management. Advance facilities and communicating system such as intranet is used for internal communication linking every workforce in the country together with the use of System Application and Product in Data Processing (SAP) and Employee Self Services (ESS) to administer human resources information for the entire organization with efficiency, speed, prudence and with the ability to verify the source of information with efficient and accurate information linkage.

The Company promotes good labor relation within the organization with frequent bilateral consultation between union employees of IRPC and union management of IRPC, set up meetings between employer representative committee and employee representative committee to discuss employees' benefits with mutual understanding resulted in non labor dispute. With excellent labor promotion, the Company received Excellent Labor Relation and Welfare Award 2009 from the Department of Labor Protection and Welfare, Ministry of Labor consecutively for the third year.



Corporate Social Responsibilities and Environmental Care

Corporate Social Responsibilities and Environmental Care

IRPC Public Company Limited

Quality, Safety, Health and Environment Performance

Environmental Policy and Sustainable Growth

IRPC recognizes the importance of integrated environmental management to create a well balanced environmental and business development with sustainable growth. The Company also put emphasis on preserving and maintaining the necessary environmental standard surrounding the complex and the communities. In addition, the Company is in compliance with governmental and international rules and regulations regarding environmental management to create equilibrium Eco Industrial Complex and become a 'Zero Emission' by 2012.

Environmental Management

IRPC lays emphasis on environmental management as Rayong is our residence where we develop and grow and we wanted to create a society with excellent quality of life and environment and we recognize that environmental development is our top priority. The Company laid down the necessary foundation in relation to environmental development from feasibility study to budget setting for pollution prevention and reduction system to ensure that pollutant is controllable by existing best available technology.

As an integrated petroleum and petrochemical producer which commences its operation from refinery to the production of upstream and downstream petrochemical products with crude oil as its main raw material. While crude oil undergo refining process, it will yield petroleum and its by product including upstream petrochemical products which in turn become the necessary raw material for intermediate and downstream petrochemical products yielding a variety of petrochemical products and utilizing the utmost from crude oil resources.

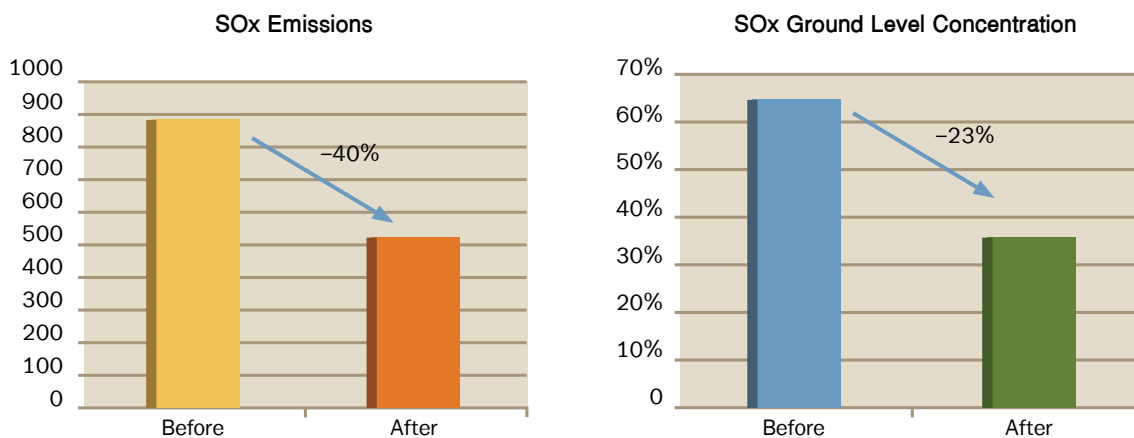
The Company implemented various Quality, Safety and Environment System such as ISO9001, ISO14001, OHSAS18001, ISO/TS16949, ISO/IEC17025 and other international standard measures. Environmental quality monitoring system has been developed to ensure that operation of the Company would not have any adverse effect on the environment. With over 30 years of experience in environmental conservation in the Rayong area, the Company has continuously developed its environmental management system. During the initial two decades, the Company started developing pollution prevention and reduction system together with projects expansion. Subsequently, pollutant control at its source and integrated petrochemical development measures were utilized. Presently, the Company has supplemented the development of zero emission policy to create a balance between the industry and society including development of system which promotes the participation of surrounding communities

Air Quality Control

The Company operates air quality control for the organization both in its entirety and by each plant through monitoring the emission rate of the complexes to be in compliance with the environmental standards and various regulations. In 2009, the Company set up air quality monitoring system in the vicinity areas with approximately 82 air quality check points and developed 24 hour continuous air quality monitoring system with real time reporting to call center to efficiently identify the root cause of the impact which may have adverse effect on the community. There are three permanent air quality assessment centers at Wat Pluakket, Ban Reang Village and IRPC institute of technology. In addition, the Company has set up one mobile air quality monitoring unit equipped with modern devices and 2 portable air quality monitoring equipments. In 2010, the Company has plan to set up 2 permanent air monitoring stations together with display board to enhance air quality monitoring efficiency.

The Company's Combined Heat and Power Plant 216 Megawatt use natural gas which is considered to be a clean source of power fuel and does not cause environmental pollution. This is to replace the current power plant which uses fuel oil. Besides reducing risk in relation to sourcing and type of usable power fuel, the use of natural gas will also reduce the release of sulfur dioxide (SO_x) of more than 40% and lessen the effect on the area's air quality of about 23%.

Chart Illustrating the Sox Emissions and Sox Ground level concentration of sulfur dioxide



before and after the completion of Combined Heat and Power Plant

As it is essential for petrochemical plant to use volatile organic compounds (VOCs) in its production whereby it is a controlled substance which is prohibited from dispersing into the atmosphere or evaporation must be minimized at a minimal; hence, in order to control and reduce the release of VOCs, the Company has implemented VOCs inventory for various plants at the end of 2009. This resulted in the availability of basic information to be used in air quality management and guidelines for monitoring and future reduction of the release VOCs.

Water Quality Management

The Company put emphasis on efficient water management whereby the quality of water released from the Company's waste water treatment system has always been within the necessary criterion. Hence, the Company currently underlines the importance of emergency prevention system to prevent any adverse effect that may have on the waste water treatment system. The Company set up waste pipe improvement committee to inhibit any emergency including improvement of septic tank and drainage system within the complex. In addition, the Company implemented septic tank odor control system for the waste water treatment which was put into operation at the end of 2009.

Waste Management

The Company managed waste from the complexes by implementing reuse and recycle and was able to produce by-products from the wastes. In 2009, the quantity of beneficial wastes was 5,800 MT which incurred Baht 40 million of revenue for the Company.

Safety and Occupational Health Mangement

IRPC emphasizes the importance of environmental conservation and health condition of the employees whereby assessment on industrial hygiene or workplace environmental condition in accordance with applicable rules and regulations are implemented together with the execution of Environmental Impact Assessment (EIA) subject to risk factor in each area such as assessment of noise, brightness, chemical, particle, radiation and heat. The Company also arranges for yearly health check up for employees which include general health check up and applicable risk factor such as functional test on hearing, vision, lung and biological surveillance or body chemical observation by diagnostic of occupational medicine physician. Moreover, the Company carried out safety and occupational health activities as follows:

- **Globally Harmonized System of Classification and Labeling of Chemicals**

In order to comply with regulations stipulated by the United Nations and Thai Law which stated that Globally Harmonized System of Classification and Labeling of Chemicals must be implemented within

2010 for single substance and within 2012 for mixture substance, the Company has put in order supporting system by carrying out operational training for related management and employees to enhance understanding in the system and prepare to steer our products towards the global market under the stipulated rules which will come into effect in the near future.

- **BBS : Behavior Based Safety**

Besides investing in engineering safety in the production line, the Company also put emphasis on developing safety behavior for all employees by implementing Behavior Based Safety program to create ongoing behavior based safety. In 2009, the Company set up training to build safety behavior for employees of all level.

- **Safety and Occupational Health, Environment and Energy Conservation Exhibition: (SHEe DAY)**

In order to promote conscious and endorse activities in relation to safety, environmental and energy conservation for the employees, the Company has set up consecutive annual exhibition on safety, environmental and energy conservation. In 2009, the event took place on December 4 whereby activities include exhibition, workshop, safety and environmental tools and equipment displays from the Company and stores and activity to promote awareness on safety, environment and energy conservation.

Quality System

IRPC recognizes the importance of quality system management. In order to provide contentment to stakeholders including shareholders, customers, government, civil offices, communities and employees, the Company implemented ISO Management System and management tools including productivity improvement activities such as 5S and QCC; activity encouraging participation and input by integrating management system into management tools to support learning. This is to promote extensive and sustainable learning development. In 2009, the Company continuously carried out activities in relation to quality system resulting in various awards as follows;

- Received quality management system ISO9001 certificate for products such as Benzene, Toluene, Mix Xylene, Ethylbenzene, Styrene, C9 Aromatic and Ethylbenzene Rich Mixed Xylene
- Received Certificate of Green Activity for environmental management in the production of ABS plastic resin pursuant to Canon INC. green procurement standards.
- Operate in accordance to REACH: Registration Evaluation Authorization & Restriction of Chemicals.
- Dr. Pailin Chuchottawon, President endorsed by signing the Responsible Care Charter with the objective to ensure responsibility towards society and environment.
- Promote quality control activity (QCC) and obtained international recognition by receiving Team Excellence Awards at the IETEX 2009 in Singapore and Silver Prize in Junior QC Prize production category from Technology Promotion Association (Thailand-Japan). In addition, QCC is implemented throughout the organization resulting in cost reduction of Baht 243 million in 2009.

Cooperation with external institutions

The Company cooperates with various governmental and private institutions involving environmental management whereby the Company's personnel has been appointed committee, sub-committee and working group as follows:

- Committee, "Responsible Care", responsible for chemical industry, The Federation of Thai Industries.
- Committee, Oil Industry Environmental Safety Group Association
- Working group, Feasibility Study on environmental quality monitoring development system for the outside Rayong industrial estate
- Working group, Emissions Standard Development for Gas Separation and Refinery Industry, The Petroleum Institute of Thailand (PTIT)
- Committee, Rayong Environment and Safety Management Association.
- Academic committee, Environmental Engineering Association of Thailand (EEAT)

Corporate Social Responsibility

With its commitment to operate its business together with developing economy, society and environment, IRPC not only places great emphasis on creating new innovations to increase its competitiveness for both its oil refining and petrochemical businesses, but also realizes the importance of Corporate Social Responsibilities (CSR).

The Company's continuous commitment is clearly reflected by its attainment of ISO 14001 and TIS/OHSAS 18001 certifications. In addition, in 2009, the Company's polypropylene plastic resin manufacturing factory also received CSR-DIW award from the Department of Industrial Works and ISO certifying body for its CSR.

Social Care

The Company's CSR activities in 2009 can be divided into four main parts, comprising:

Education

Realizing that children are an integral part of the country's economic and social development, IRPC has consistently supported activities for children. In 2009, the Company, together with Ban Lang Sub-district Administration Organization, organized activity for the national children's day which not only provided children with knowledge and enjoyment but also helped strengthen the relationship between the Company and its community.

In line with the 'White Elephant Project,' the Company provided scholarships to economically challenged students who demonstrated excellent scholastic results and behavior. In 2009, the Company offered 189 scholarships of 2.1 million baht. The Company also provided funding for the removal of Wat Bung School's building in Tha Ruea district, Phra Nakhon Si Ayutthaya province. Last but not least, the Company provided scholarships, lunch, stationery and sports equipment to Wat Pluak Ket School, Choeng Nern district, Rayong province.





Religion and Culture

Religion and culture represent the country's identity. Realizing this, IRPC together with people in its community and government offices, have annually participated in Kathin ceremony and Red Cross fair. In 2009, the Company also participated in groundbreaking ceremony of the new sermon hall at Pluak Ket temple, Ta Pong sub-district, Muang district, Rayong province. The Company also participated in the renovation of Wat Krua Ta Petch (Wat Hua Puan) which is located in Tha Rua district, Phra Nakhon Si Ayutthaya province. The temple is a historical site that the Company has been committed to developing in order to revive it to be the centre of the community.

In terms of the culture related activities, the Company has joined forces with culture office, cultural center, artist club, cultural assembly and Thai teachers in Rayong province to organize "Little Poets Following Sunthorn Phu" to encourage students to remember Sunthorn Phu, Thai's greatest poet, as well as to learn about Thai culture, the proper use of Thai language and Thai poetry writing.

At the same time, the Company has supported occupational group in Ta Kwan sub-district in order to enable people in the community to have occupation, gain more income and have better living condition.

Public Health

People's good health is the first step to build strong community which is ready to serve the future development. Therefore, IRPC has joined forces with Queen Sirikit Hospital to provide mobile services to offer dental and optical check up, as well as hair cut for people in Ta Pong sub-district, Muang district, Rayong province, twice a month, in line with "mobile medical unit" project.

In addition, the Company donated spray injecting equipment for eliminating common house mosquitoes to public health office of Muang district, Rayong province, to decrease the spread of dengue fever.



Environment

"Every development in efficiency of manufacturing process must come together with good environment in the community" is the concept that IRPC believes in. On the auspicious occasion of H.M. the King's 84th Birthday Anniversary, IRPC has joined forces with Rayong Municipality to organize "Forest in the City Plantation Project to honor H.M. the King". This project will continue until 2011.

In 2009, the Company also provided confirmation to support Responsible Care charter from Responsible Care committee of chemical industry group, The Federation of Thai Industries.



Getting Close to the Community

In addition to projects in four main areas, the Company has also been engaged in other projects, all of which have reduced the gap between the Company and its community, such as

Community Center

This project is operated to provide a center of learning as well as to promote agriculture and environment, while, at the same time, helping people in the community to increase their income. People in all ages in the community will benefit from this center. Sport venue has been provided to promote good health among children and to be used for organizing sport events to tighten the relationship between people in the community.

At the same time, working people in the community can use this center to gain knowledge for developing their working skills to increase their income for their family.

Simultaneously, elderly people can use this center as a recreational area to meet other people to exchange their stories and experiences.



Volunteer Spirit Project

In addition to providing financial support to the community as a part of its CSR project, IRPC's employees have also dedicated their time and energy to develop the community in many areas, including cooperating with people in Baan Kai district in the "Blooming Sunflowers in Baan Kai" project to build new tourist



attraction in Rayong province. The Company has donated 500-rai plot of land to plant sunflowers as well as a sum of 568,500 baht for the management of the project. This activity is another way to increase the income of agriculturists in the area, as well as to bring more tourists to Rayong province.

The Company also used leftover woods from the factory to build walking bridge for people to observe nature around the Company's factory in line with mangrove forest plantation project. In 2009, the Company planted 190,000 mangroves bringing abundance back to mangrove forest, as well as many endangered water animals.

IRPC Technology School

IRPC Technology School is another pride of the Company in providing development in education to Rayong, one of the most productive provinces in Thailand. The Company has tried to upgrade IRPC Technology School which is a vocational school to become the first university of the province.

Currently, IRPC Technology School provides education in vocational and high vocational studies, in the areas of commerce and factory mechanical study. With the close cooperation between the school and the factory, students get the knowledge in both theory and practice. Graduates from the school will have sufficient skills to have stable occupation. This not only helps improve the province's industrial sector, but also solves the problem of labor relocation.

All of these are IRPC's tireless commitment to combine three important elements - economy, society and environment - together.

"Every development in efficiency of manufacturing process must come together with good environment in the community"

Awards and Recognition



- **The Company achieved the ISO 9001 certification** for the scope of manufacturing Benzene, Toluene, Mixed Xylene, Ethylbenzene, Styrene, C9 Aromatic and Ethylbenzene Rich Mixed Xylene.



- **The Company attained the 'Certificate of Green Activity'** for satisfying the environmental management conditions of its ABS plastic resins product required by Canon Green Procurement Standards, enabling it to become Canon Group's business partner.



- **IRPC received the CSR-DIW award** and certificate as its polypropylene manufacturing plant complied with standards for cooperative social responsibility, as set by the ISO certifying body and Department of Industrial Works.



- **The Company signed the 'Responsible Care (RC) Charter'** pertaining to the safety management of chemicals.



Corporate Governance

IRPC's business philosophy to conduct the business with responsibility and fairness has been instilled as corporate culture with development framework that aligns with economic and social revolution. The Company aims to attain sustainable growth and balance benefits of all stakeholders. Therefore, the Company is committed to its integrity, transparency with check-and-balance system as well as social and environment responsibility according to the best corporate governance principles in six main categories as follows:

1. Accountability to any decision making with sound business rationale
2. Responsibility to perform assigned duties at full potential and efficiency
3. Equitable treatment to all stakeholders
4. Transparency information disclosure
5. Vision to create long term value
6. Business Ethics

In 2009, the Company announced the Vision to become "Top Quartile Integrated Petrochemical Complex in Asia by 2014" and regarded Corporate Governance as a key element of Business Policy. The Company put in place the Plans for Corporate Culture and positive attitude on Corporate Governance Promoting to enhance awareness of all level of employees to bring about the fulfillment of Corporate Governance Policy and Guideline. The examples of activities are as follows:

1. Reviewed of the 2009 Corporate Governance Handbook's content to be more comprehensive and comparable to universal standards by adding responsibilities and best practices of Board of Directors, Management and employees. The Company delivered printed handbooks of "Good Corporate Governance Handbook of IRPC Public Company Limited, revised 1 (November 2009)" to all directors and employees to sign and acknowledge for compliance, and also disclosed on Company's internet and intranet for accessibility to all employees, shareholders, and other stakeholders.
2. Organized seminars for managements in the topic of "Management Ethics" to strengthen management's understanding on Roles and Responsibilities according to Corporate governance so they can act as a role model for the organization.
3. Prescribed Corporate Governance for the new staff orientation.
4. Organized "CG Day" to strengthen employees' understanding of Corporate Governance Policy and Guideline and joined "PTT Group CG Day" to publicize PTT Group's Good Corporate Governance Activities.
5. Published monthly newsletter "Harmony (Duay Mit Maitree)" as a communicating channel to plant's surrounding community for the company information as well as useful bit of knowledge e.g. healthcare, safety tips, energy saving or environment conservation, etc.

The Company is determined to continually develop Corporate Governance activities for benefits of all stakeholders with the utmost aim to reach Universal Corporate governance Standard according to the intention of National Corporate Governance Committee, The Stock Exchange of Thailand and Security Exchange Commission that aim to promote creditability of Thailand's capital markets to international standard.

Throughout the year 2009, Board of Directors monitored the Company's Corporate Governance Observance in following 5 key areas:

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, the Company has issued policies and guidelines to maintain the equal basic rights to every shareholder in compliance with related laws and the company's Articles of Association. 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, the Company has 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. Open an opportunity for shareholders to propose Agendas of Annual General Meeting in advance during specified period, and announced to the shareholders via SET's ELCID together with criteria to propose the agenda on corporate website. However, no shareholder proposed agenda in 2009.
2. 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.
3. On the day of the meeting, the company holds a pre-registration session at least two hours before the meeting. The Company prepares a convenient meeting room, adequate registration staff and a barcode system for registration in order to facilitate our shareholders. At the same time, the Company prints out a separate ballot paper for each item on the agenda. The Company also holds a late registration session for shareholders who have the right to attend the meeting in order to uphold their rights.
4. The Chairman of the Board, President 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.

5. 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. The Company also provides independent legal advisor to be the witness of vote count. Each topic is separately voted in order to protect the right of shareholders.
6. During the meeting, the Chairman will allow sufficient time for each issue 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.
7. The company discloses information regularly via the Stock Exchange of Thailand (SET) and the company's website in both Thai and English. Moreover, the Company has set up an Investor Relations Office to communicate, and answer questions about the information that has been changed or issues that are important to shareholders.
8. The Company openly discloses our shareholding structure in the company's subsidiaries and associate companies to ensure transparency and accountability of the company's structure to shareholders.
9. The Company has effectively managed to create sustainable growth for its organization in order to deliver attractive return 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 the Company's 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, President 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. Providing separate ballot paper for each item and encouraging shareholders to use a separated ballot paper for every voted item. 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 after 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. Board of Directors, management and all employees perform their duties with integrity, transparency, at their full capability and do not involve in any business with conflict of interest to the Company as well as not to disclose confidential business information to outsider.

Customers: The Company is determined to create outstanding customer satisfaction and confidence in receiving the best quality products and services at reasonable prices as well as keep customers' information with strict confidentiality to maintain mutually beneficial long-term relationships with its customers.

Trading Partners: The Company has code of conduct and business ethics for procurement system to uphold equality and mutual benefit with its trading partners. Therefore, trading partners must strictly comply with all rules and regulations.

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 that adversely affect competitors' reputations.

Creditors: The Company treats its creditors with transparency, fairness and responsibility by strictly comply with the rules of payment, covenants, collateral protection, and other conditions including not using the loan in ways that 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 considers its employees as a key factor in its success. Therefore, the Company strives to build up good corporate culture, comfortable working atmosphere and good teamwork. To enhance professionalism, the Company provides innovative technology to support operation 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.

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', the Company has tried hard to conserve the environment and the quality of life of local people by monitoring the environment according to government regulations. Moreover, the Company has continually surveyed local people's opinions towards the company's business. Above all, the Company has identified best practice on safety, health and the environment for our employees to practice on a daily basis. The Company also promotes various social activities related to protecting the environment and improving the quality of life based on the concept of sustainable development. In 2009, the Company has established "Community Learning Network Center" to be a focal point for information dissemination and other activities to build relationship with Rayong community and public.

Reporting of Misconduct or Complaint

To equitably treat all stakeholders with fairness and transparency according to the good corporate governance, IRPC provides a channel for all stakeholders to report misconduct or complaint over illegal acts, fraud, negligence or inequitable treatment that affected or caused potential risk to stakeholder by directly inform the Company or mail to:

The Chairman of Audit Committee or Internal Audit Manager
IRPC Public Company Limited
21st floor, Sun Towers B
123 Vibhavadi Rangsit Rd.,
Chompol, Chatuchak, Bangkok, 10900
Tel: 02 649-7000 Fax: 02 649-7654.

The Company will relocate Bangkok Office from 1 April 2010. Therefore, after 31 March 2010, please contact the Company by mail to:

The Chairman of Audit Committee or Internal Audit Manager
IRPC Public Company Limited
6th floor, Energy Complex Center, Tower B,
555/2 Vibhavadi Rangsit Rd.,
Chatuchak, Bangkok, 10900
Tel: 02 649-7000 Fax: 02 649-7654.

After the Company receives the report of misconduct or complaints, Internal Audit Department will register, consider and scrutinize the complaint. In case the Company found any, the Investigation Committee will be formed with representatives from related departments. In case the Committee found no guilty, the Committee will close the complaint according to the procedure. If found any illegal act or fraud, the Committee will take disciplinary or legal action as the case may be. Subsequently, the issue will be reported to President and seek approval to take legal action as well as compensate the sufferer. However, there was no complaint from any stakeholder in 2009.

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 2009, the Company managed the disclosure of information, so as to boost stakeholders' confidence, as follows:

The Accuracy and Completeness of Information

- The Company precisely, completely and transparently disclosed corporate and financial performance information, as well as non-financial information, as required by the Securities and Exchange Commission (SEC) and continually improve the efficiency of disclosure procedure, for example, the annual and quarterly financial statements of the Company was compiled and reviewed or audited 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 reviewed or audited by the Audit Committee and an independent auditor. Moreover, to assure all stakeholders, the Company directors submitted the Report of Board of Directors' Responsibility for Financial Reporting 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 the Company consistently 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 regarding the Company's business direction and strategies as a clear guidance to perform their duties and add more value to the organization and 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 reflect corporate 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 (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: 02 649-7384

(2) E-mail: ir@irpc.co.th

(3) Fax: 02 649-7379

- The main activities of Investor Relations Office in 2009 can be summarized as follows:
 - 8 overseas roadshow in Hong Kong, Singapore, Japan, Europe, the United Kingdom and the United States of America.
 - 1 local roadshow with retail and institutional investors.
 - 4 quarterly meetings with analysts to present the Company's operating performance after submitting financial report to the Stock Exchange of Thailand.
 - 39 company visit of analysts and investors.
 - 1 plant visit for 216 shareholders to give them greater understanding of the Company's business and to inform them of business progress.
 - 1 analysts conference to give them greater understanding of the Company's business and to inform them of business progress.
 - 2 activities held by the Stock Exchange of Thailand (SET) to publicize the Company's information 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 Compliance Unit is responsible for monitoring and ensuring that the Company will comply with the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Compliance Unit distributed IRPC Compliance Handbook as well as organized training sessions for managements in the level of Section Manager and above to get a better understanding regards SET and SEC compliance in order that they can properly instruct staff under their supervision throughout the organization.
- The Company set up the Corporate Communication 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.
- Organized community relations project by taking community leaders, housewife group, government officers and stakeholders to visit IRPC refinery, power plant, deep-sea port and industrial estate twice, total 579 people visited.

Throughout 2009, IRPC regularly communicated information and activities that related to the Company's strategies and business direction by considering quality of disclosed information.

Responsibilities of the Board of Directors

The Company's Board of Directors is the key factor of good corporate governance. The Board of Directors is comprised of qualified people who possess knowledge, expertise and experience that vital for the Company. Moreover, they must be able to fully dedicate 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 non-executive directors who do not hold management position in company and one director who holds management position. As a result, stakeholders can be assured that the directors are able to perform their roles in representing the shareholders independently with proper check-and-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 benefits 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 President for segregation of role and responsibility and independence to express his or her opinions. The Chairman is empowered to make a final decision and cast vote when a meeting vote is tied according to the Articles of Association.

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 or when the position of the Chairman is vacant.

President

The President 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.

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 appointed by Board of Directors or Shareholders' Meeting Resolution and comprised of at least three Independent Directors and at least one of them must be knowledgeable and experienced in accounting and finance. The Audit Committee must be independent according to the qualifications defined 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 interest 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 nominating qualified persons to be directors and the President according to reasonable and transparent selection criteria. Furthermore, it also considers the compensation schemes of directors and the President 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 giving necessary suggestions on related corporate governance issues, to the Company's Board of Directors.

Directors' term of office

The Board of Directors and Sub-committees' 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 benefits 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 and giving priority to formulate corporate vision, business plans and strategies through comprehensive discussion and gathering of necessary information. The Board of Directors must also estimate potential risks to ensure that vision, business plans and strategies can be effectively executed.
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 set up a guideline for comprehensive risk control. The Board of Directors also supervises Managements to implement effective risk management procedures and seek business opportunities should the risk occur.
5. Monitoring and solving problems related to conflicts of interest and connected party transactions. The Board of Directors will give priority to key business matters by considering utmost benefits of 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 President on a regular basis as well as set up his or her remuneration commensurate 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 the 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 President 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 independent 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 properly 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, mission, 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 audit 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 benefits to shareholders.

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

- When examining cases of conflicts of interest, all related parties are not allowed to participate in the decision making process. Therefore, at every the 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 (SEC) in performing any connected parties transaction and 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, the vote shall not be less than $\frac{3}{4}$ of the total vote of shareholders or their proxies attending the meeting, excluding the portion of shareholders who are involved in the conflicts 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 benefits or for the benefits 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 at all levels 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 (SEC).
- Circulate a memorandum to the directors, managements to act in compliance with good practice of securities buying and selling and equitable access to information. Therefore, the Company seeks cooperation from the directors, managements and insiders (spouse, and underage children) to refrain

from buying and selling of shares in the period of 45 days before the disclosure of significant information or the date that the Company already notified information to SET as well as holding shares for at least 3 months after the last acquired date.

- 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 the excellent organization.

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 during the past year. The self-evaluation procedure also gives them the opportunity to consider the time they dedicated to perform 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 1. Group Evaluation and 2. Individual Evaluation.

1. The group evaluation consists of four main topics:

- 1) Board Policy
- 2) Board Composition
- 3) Board Practices
- 4) Board Meetings

The overall group evaluation for above 4 main topics was "very good"

2. The individual evaluation consists of six main topics:

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

The overall individual evaluation for above 6 main topics for majority of directors were "excellent"

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 (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 major shareholders, shareholding structure, operating performance, 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 encourages 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, 15 out of 17 directors have attended the Director Certification Program (DCP) and Director Accreditation Program (DAP).

Participation of Directors in Thai Institute of Directors' (IOD) Courses

| Name-Surname | Director Certification Program (DCP) | Director Accreditation Program (DAP) | Finance for Non-Finance Directors (FND) | Role of the Chairman Program (RCP) | Audit Committee Program (ACP) | Role of the Compensation Committee (RCC) |
|------------------------------------|--------------------------------------|--------------------------------------|---|------------------------------------|-------------------------------|--|
| 1. Mr. Norkun Sittiphong | - | - | - | Class 21/2009 | - | - |
| 2. Mr. Prasert Bunsumpun | - | Class 26/2004 | - | - | - | - |
| 3. Mr. Aree Wongsearay | - | - | - | - | - | - |
| 4. Mr. Pala Sookawesh | - | Class 14/2004 | - | Class 2/2001 | - | Class 3/2007 |
| 5. Mr. Prajya Phinyawat | Class 14/2002 | - | - | - | - | - |
| 6. Mr. Virabongsa Ramangkura | Class 43/2004 | - | - | - | - | - |
| 7. Mrs. Jantima Sirisaengtaksin | Class 22/2004 | - | - | - | - | - |
| 8. Mrs. Puntip Surathin | Class 5/2001 | - | - | - | Class 27/2009 | - |
| 9. Mr. Sommai Khowkachaporn | Class 27/2003 | - | Class 5/2003 | - | Class 4/2005 | - |
| 10. Mr. Lersuk Chuladesa | - | Class 63/2007 | - | - | - | - |
| 11. M.R. Pongsvas Svasti | Class 44/2004 | Class 15/2004 | - | - | Class 5/2005 | - |
| 12. Mr. Cherdpong Siriwit | Class 104/2008 | Class 8/2004 | Class 13/2004 | Class 10/2004 | Class 27/2009 | - |
| 13. Mr. Woothisarn Tanchai | - | - | - | - | - | - |
| 14. Mr. Chitrapongse Kwangsukstith | Class 42/2004 | - | Class 9/2004 | - | - | - |
| 15. Mr. Pichai Chunhavajira | Class 110/2008 | Class 49/2005 | - | - | - | - |
| 16. Ms. Variya Wongprecha | Class 101/2008 | - | - | Class 21/2552 | - | - |
| 17. Mr. Pailin Chuchottaworn | Class 51/2004 | Class 24/2004 | Class 14/2004 | - | - | - |

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 put in place a guideline to act on behalf of the President or executives when necessary. Furthermore, the Board of Directors has also support many training courses for person related with good corporate governance system to continually improve their working performance.

Company Secretary

In order to comply with the Securities and Exchange Act B.E. 2535 (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, effective from 15 July 2008 to be responsible for organizing Board of Directors' and Shareholders' Meetings, monitor and coordinate to ensure the Board of Directors' resolution is properly implemented, provide advice on any laws, procedures that the Board of Directors must follow, keeping Company's important documents, as well as performing other activities stated by the Capital Market Supervisory Board.

In 2009, the company participated in a good corporate governance survey with the Thai Institute of Directors (IOD) and was evaluated as having excellent standards. The prominent achievement, for example, quality of Annual General Meeting of Shareholders' minute and the Company's environmental responsibility that the Company received ISO 14001, the Environmental Management System certificate. The Company has clear social responsibility and organized various social activities. The Company's AGM was also evaluated "excellent" by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). 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.

Internal control

IRPC recognized the importance of internal control with adequate and applicable risk management for the Company's operation and for effective corporate management with the ability to reduce or prevent possible risks that might cause damages to the Company's assets. In 2009, the Company's Board of Directors reviewed and evaluated the sufficiency of internal control system which comprises various aspects as follows:

1) Organization and the environment

The Company's Board of Directors encouraged the management and employees to recognize the importance of internal control by emphasizing honesty and ethics in business operation whereby systematic compliant system had been set up to assist the management to execute and support business objective effectively including developing good environment which will assist in creating effective and adequate internal control.

2) Risk Management

The Company set up Risk Management Committee to administer risk management of the Company. Evaluation is made regularly to assess any form of risk that the Company might encounter with analysis on the effect of risk and the possibility of occurrence in order to set up measures in minimizing risk at an acceptable level including monitoring on various units to ensure consistent adherence to the measures.

3) Management's Operational Control

The Company's Board of Directors supervises the operation of the management to ensure that operation is in accordance to the Company's business policy by designating clear power and authority for each level of management with stringent measures in assessing that business transactions are executed according to the law and put emphasis on abiding by safety, health sanitation and environmental law to minimize business risk and preserving reputation of the Company.

4) Information system and data communication

The Company oversees information system to ensure that it provide quality, sufficient and timely information to the Board of Directors, management, shareholders or related person in decision making. SAP program is used to jointly connect the Company's business information with real time processing and set up Disaster Recovery Center to protect information system in the event of disaster. In addition, Information Safety Committee has been set up to oversee and administer information safety policy which every employee has to abide by stringently.

5) Monitoring System

The Company's monitoring and auditing system consistently oversee if all units are performing in accordance to its set target. Internal control system still operates continually with regular revision and improvement to correspond with varying circumstances and ensure that deficiencies are rectified in a timely manner.

In conclusion, by evaluating the sufficiency of the Company's internal control system for the year 2009, no significant problem or deficiency has been found.

Report of the Corporate Governance Committee (Translation)

Dear Shareholders,

IRPC gives priority to operating business with accountability, transparency and under the principle of good corporate governance to enhance the Company “to be Top Quartile Integrated Petrochemical Complex in Asia” with efficient and effective business management and jointly creating added value for the organization for the benefit of shareholders by considering all stakeholders for developing sustainable growth.

The Company had set forth its Good Corporate Governance Policy since 2007 as a guideline for directors, management and all employees of the Company to abide by and perform with utmost effort, transparency and accountability, its good corporate culture, virtue and for the maximum benefit of the Company.

The Board of Directors emphasized the importance of consistent follow up and evaluating the governance of the Company by assigning Good Corporate Governance Committee to designate policy and promote the adherence of the good corporate governance policy in accordance to the regulations stipulated by the Stock Exchange of Thailand and policy adopted by leading international corporation.

In 2009, the Good Corporate Governance Committee held 3 meetings to oversee the progress on corporate governance of the Company and can be summarized as follows:

1. Improve and amend the Good Corporate Governance Handbook to be accurate, updated and in accordance to the Securities and Exchange Act B.E. 2551 by revising the vision of the Company, appending directors' qualification, amending specific content concerning nomination of directors in relation to information disclosure and transparency and adding more channels for notification and complaints.
2. Set up public relations activities to promote good corporate governance culture.
 - Lecture on “Management’s code of ethics” for high level management to set as good role model and to provide advice to subordinate by abiding the code of ethics and morality in accordance to good corporate governance.
 - Participated in PTT Group CG Day 2009 with exhibition and performance by fellow employees to emphasize and reinforce the understanding of good corporate governance to the employees.
 - Raise awareness on good corporate governance through various communication channels of the Company.
3. Information disclosure with transparency
 - Provide information on the operation and performance of the Company to investors, local and foreign securities analysts with the participation in events such as Money Expo, SET in City and quarterly Analyst Meeting by our Investor Relations Department. In addition, information is also presented via the Company’s website.
4. Support for Stakeholders
 - Shareholder: the Company represented by Investor Relations Department organized plant visit for 216 shareholders with the opportunity to meet and understand the progress and operation of the Company to enhance the sense of ownership and develop mutual amiable relationship.
 - **Employees:** The Company recognized the importance of human resource management and development and set up policy which commenced in October 2009 for the advancement and

placement of employees to enhance sustainable growth and development hand in hand with the growth of the Company.

- **Business Partners:** The Company's procurement department set up Business Partners Code of Ethics in relation to procurement and implemented since August 2009 to be used as a guideline for procurement to perform work with honesty and transparency.
- **Environment:** The Company understands the importance of natural resources management and supports that protection and preservation of environment should consistently be carried out hand in hand with business operation. The Company set up environmental management policy for the Company and subsidiaries to use as a guideline in business operation which was implemented since July 2009.
- **Communities and Society:** Corporate Communication and Social Responsibility Division organized community relations by arranging 2 visits for local leader, communities, civil servants and stakeholders to visit the refinery, power plant, port, and operating area totaling 576 people.

5. Development of roles and duties of director

- Promote and arrange for directors to attend training courses for directors organized by Thai Institute of Directors and other related institutions.
- Reviewed evaluation form on the performance of the Company's Board of Directors for the year 2009, both individually and for the entire board of directors to be in accordance to good governance with the emphasis to utilize the evaluation result for the improvement of the Company's Board of Directors' performance and to be compatible with international standard.

With our relentless effort and continuous development on Good Corporate Governance, the Company has been evaluated by good corporate governance of listed company assessment organized by Thai Institute of Directors (IOD) whereby the Company achieved the overall score of "excellent". This clearly reflected IRPC's determination in fostering good corporate governance.

Jantima Sirisaengtaksin

(Mrs. Jantima Sirisaengtaksin)

Chairman of Corporate Governance Committee

Connected Transactions

Details of connected transactions between IRPC and its subsidiaries with connected parties occurred during 2008 and 2009 are as follows:

(Unit : Million Baht)

| Connected Parties | Relationship Type | Transactions | 2008 | 2009 | Nature and Condition of transaction |
|---|--|---|--|--|---|
| PTT Plc. | - Major shareholder of IRPC, shareholding at 36.89% - Three common director: Mr.Norkun Sittiphong Mr.Prasert Bunsumpun Mr.Pichai Chunhavajira - PTT management on IRPC Board Mr.Prajya Phinyawat | - Sales of goods - Purchase of goods - Account receivable - Account payable - Administrative expenses - Other revenues (expenses) - Other receivable - Other payable | 18,185 149,849 307 1,777 24 671 134 - | 7,451 98,468 993 5,407 49 -566 324 12 | The Company sold petroleum products to PTT at market prices. The Company purchased crude oil and benzene from PTT at market prices. The Company paid personnel expenses and other administrative expenses to PTT Gain (Loss) from crack spread hedging contracts of crude oil and petroleum products |
| PTT Chemical Plc. (PTTCH) | - 49.16% of shares held by PTT - Two common director: Mr.Prasert Bunsumpun Mr.Prajya Phinyawat | - Sales of goods - Purchase of goods - Account payable - Administrative expenses - Account receivable | 657 4,640 - - 2 | 563 3,011 365 6 10 | The Company sold aromatic to PTTCH at market prices. The Company purchased propylene from PTTCH at market prices. |
| Thai Oil Plc. (TOP) | - 49.10% of shares held by PTT - Three common director: Mr.Prasert Bunsumpun Mr.Prajya Phinyawat Mr.Pichai Chunhavajira | - Sales of goods - Purchase of goods - Account payable - Account receivable - Administrative expenses - Other revenues | 242 329 48 36 - - | 272 455 - - 1 1 | The Company sold refined oil products to TOP at market prices. The Company purchased crude oil from TOP at market prices. |
| Thai Lube Base Plc. | 99.99% of shares held by Thai Oil Plc. - Four Common directors: Mr.Prasert Bunsumpun Mr.Prajya Phinyawat Mr.Pichai Chunhavajira Mr.Sommai Khowkachaporn | - Sales of goods - Purchase of goods - Account payable - Account receivable | 729 1,313 - 4 | 349 791 99 - | The Company sold long residue to Thai Lube Base Plc. at market prices. The Company purchased lube base oil from Thai Lube Base Plc. at market price. |
| Thai Para-xylene Co., Ltd. | 99.99% of shares held by Thai Oil Plc. - One common directors: Mr.Prajya Phinyawat | - Sales of goods - Purchase of goods | - 1,042 | 24 912 | The Company sold mixed xylene to Thai Para-xylene Co.,Ltd. at market prices. The Company purchase Benzene from Thai Para-xylene at market prices. |
| PTT Aromatic and Refining Plc. (PTTAR) | 48.66%of shares held by PTT - Three common directors: Mr.Norkun Sittiphong Mr.Prasert Bunsumpun Mr.Prajya Phinyawat | - Sales of goods - Purchase of goods - Purchase of goods with no physical delivery | 1,009 - 598 | 317 104 - | The Company sold Toluene to PTTAR at market prices. The Company purchased crude oil from PTTAR at market prices. Crude oil trading with no physical delivery for the purposes of maintaining crude Oil reserves in compliance with the law. The aforementioned transaction is not included in the income statement. |
| Bangchak Petroleum Plc. (BCP) | 28.46% of shares held by PTT - One common directors: Mr.Pichai Chunhavajira | - Sales of goods - Purchase of goods - Purchase of goods with no physical delivery - Account receivable | 7,674 73 1,046 114 | 3,051 230 - 353 | The Company sold refined products to BCP at market prices. The Company purchased crude oil from BCP 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. |
| Star Petroleum Refining Co., Ltd. (SPRC) | 36.00% of shares held by PTT | - Purchase of goods - Purchase of goods with no physical delivery | - 598 | 566 - | The Company purchased crude oil and light naphtha from SPRC 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. |

| Connected Parties | Relationship Type | Transactions | 2008 | 2009 | Nature and Condition of transaction |
|---|---|---|------------------------|------------------------------|---|
| PTT ICT Solutions Co., Ltd. (PTT ICT) | 20.00% of shares held by PTT | - Consulting expenses - Other account payable | 58 18 | 4 2 | The Company paid consulting expenses to PTT ICT. |
| PTT Polymer Marketing Co., Ltd. (PTTPM) | 50.00% of shares held by PTT 25.00% of shares held by IRPC - PTT management on IRPC Board : Mr.Prajya Phinyawat - IRPC management on PTTP Board : Mr.Pailin chuchottaworn Mr.Nuntachai Prapawatwech | - Sales of goods - Purchase of goods - Account receivable - Account payable - Administrative expenses | 55 - - - - | 821 127 118 23 1 | The Company sold plastic resins to PTTPM at market prices. The Company purchased plastic resins from PTTPM at market prices. |
| Retail Business Alliance Co., Ltd. (RBA) | 49.00% of shares held by PTT | - Security service | - | 58 | The Company paid for security services to RBA. |
| PTT Retail Management Co.,Ltd. (PTTRM) | 99.99% of shares held by PTT Retail Business Co., Ltd. | - Personnel expenses | - | 3 | The Company paid personnel expenses to PTTRM |
| PTT Polyethylene Co., Ltd. | 99.99% of shares held by PTTH - One common directors: Mr.Prajya Phinyawat | - Sales of goods - Account receivable | - - | 1 1 | The Company sold solvent to PTT Polyethylene Co., Ltd. at market prices. |
| Plastic Transport Co.,Ltd * | IRPC employees on Plastic Transport Co.,Ltd. Board: Mr. Krisit Anukuluthaiwong Mr. Chalermcha Somboonpakorn Mrs.Chitra Thawara Mr. Verachai Ariyaphonphiroon | - Revenue from vehicle repair - Vehicle rental - Transportation expenses - Other receivable | 0.5 3 17 63 | - - - 63 | The Company provide vehicle repair and maintenance service to Plastic Transport Co., Ltd. The Company receive vehicle rental from Plastic Transport Co., Ltd. The Company paid transportation expenses to Plastic Transport Co., Ltd. |

Note: * The Company engaged Plastic Transport Co., Ltd. to provide transportation services whereby the Company provided vehicle for rental with rental rate charged in accordance to the contract which was not above the market rate. Currently, the Company does not have any such transaction as Plastic Transport Co., Ltd. is undergoing business dissolution.

Policy and necessity of Connected Transactions

As IRPC and its subsidiaries operate refinery and fully integrated petrochemical complex which is similar to the operation of PTT Group of companies; hence, connected transaction between the Company and PTT's subsidiaries are inevitable and deem to be normal business operation. Connected transactions included buying and selling of raw material, petroleum products as well as other normal business transactions. Sales and purchase prices are determined at normal business value or at market reference price. The Company has made prudent, rational and independent evaluation on the connected transactions for the highest benefits 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 Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and 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 of year 2009 that "The connected transactions were conducted on normal course of business at an arm's length basis, based on appropriate referred market price and complied with the regulations regarding connected transaction stipulated by Securities Exchange Commission and the Stock Exchange of Thailand"

Report of the Audit Committee

(Translation) IRPC Public Company Limited

Dear Shareholders,

IRPC's Audit Committee, consisting of 3 independent directors 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 rules and regulations stipulated by the Stock Exchange of Thailand and Audit Committee Charter. There were 11 audit committee meetings (2 meetings held by previous audit committee and 9 meetings held by current audit committee) held in 2009 with complete participation of every audit director. All concerned management, Company's independent and internal auditor participated in meetings of related agenda. In addition, meetings had been set up with the Company's independent auditor without the presence of management to discuss various matters concerning auditing. 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 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 or transactions with possible conflict of interest 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. Reviewed risk management in relation to its policy, process, work plan and managing risk at acceptable level whereby the Company's Risk Management Committee which consisted of high level management will present its progress quarterly.
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 2009 to be proposed to the Board of Director for approval from the shareholders meeting.

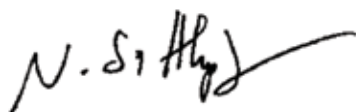
The Audit Committee has meticulously performed its duty cautiously, thoroughly and independently which enabled the Company to appropriately, adequately and efficiently manage risk continually with accurate and reliable financial reports to the utmost benefits of shareholders, investors and all stakeholders.

Cherdpong Siriwit
(Mr.Cherdpong Siriwit)
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 2009. 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.



(Mr.Norkun Sittiphong)
Chairman



(Mr.Pailin Chuchottaworn)
President

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 2009 and 2008, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended 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 audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide 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 positions as at 31 December 2009 and 2008, and the results of its operations, and cash flows for the years 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 2009 were prepared by using the financial information of a subsidiary for the year ended 31 December 2009 of which was prepared by the Company's management and such information has not been audited or reviewed by its auditor.



Nangnoi Charoenthaveesub

Certified Public Accountant (Thailand) No. 3044

PricewaterhouseCoopers ABAS Limited

Bangkok

16 February 2010

IRPC Public Company Limited
Balance Sheets

As at 31 December 2009 and 2008

| | Notes | Consolidated | | Company | |
|--|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2009 Baht | 2008 Baht | 2009 Baht | 2008 Baht |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 5,162,813,655 | 8,550,094,770 | 4,396,584,010 | 7,996,742,673 |
| Short-term investments | 8 | 769,500,000 | 437,710,277 | 769,500,000 | 437,710,277 |
| Trade accounts receivable - net | 9, 32 | 8,027,648,632 | 6,037,937,936 | 9,408,281,870 | 6,688,013,232 |
| Short-term loans to related parties and accounts receivable from related parties - net | 32 | 328,383,110 | 139,282,872 | 560,163,658 | 360,174,043 |
| Inventories - net | 10 | 30,634,794,003 | 19,731,093,916 | 29,582,376,263 | 18,088,828,801 |
| Other receivables | 11 | 311,892,998 | 678,799,547 | 263,407,083 | 575,093,771 |
| Refundable value added tax | | 1,776,419,183 | 1,749,838,038 | 1,770,826,775 | 1,749,331,448 |
| Prepaid excise tax | | 477,157,473 | 73,821,186 | 477,157,473 | 73,821,186 |
| Other current assets | | 666,120,126 | 520,813,515 | 579,802,193 | 417,288,913 |
| Total current assets | | 48,154,729,180 | 37,919,392,057 | 47,808,099,325 | 36,387,004,344 |
| Non-current assets | | | | | |
| Investments in subsidiaries and associates - net | 12 | 44,320,822 | 27,691,278 | 4,537,189,058 | 4,537,189,058 |
| Other long-term investments - net | 13 | 34,839,456 | 52,764,868 | 33,588,027 | 26,318,027 |
| Long-term loans to related parties - net | 32 | - | - | 3,839,794,137 | 5,317,082,165 |
| Transactions with the former company's management and entities relating to the former management - net | 33 | 71,844,304 | 71,694,264 | 37,566,792 | 37,536,552 |
| Property, plant and equipment - net | 14 | 64,279,963,438 | 64,275,935,131 | 57,010,265,826 | 57,468,060,203 |
| Intangible assets - net | 15 | 1,564,986,986 | 1,721,504,257 | 1,564,986,986 | 1,721,504,257 |
| Other non-current assets - net | 16 | 43,622,568 | 43,184,197 | 42,888,250 | 39,171,659 |
| Total non-current assets | | 66,039,577,574 | 66,192,773,995 | 67,066,279,076 | 69,146,861,921 |
| Total assets | | 114,194,306,754 | 104,112,166,052 | 114,874,378,401 | 105,533,866,265 |

The notes to the consolidated and company financial statements from pages 124 to 177 are an integral part of these financial statements.

IRPC Public Company Limited
Balance Sheets

As at 31 December 2009 and 2008

| | Notes | Consolidated | | Company | |
|---|--------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2009 Baht | 2008 Baht | 2009 Baht | 2008 Baht |
| Liabilities and shareholder's equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 17 | 5,500,000,000 | 8,250,000,000 | 5,500,000,000 | 8,250,000,000 |
| Trade accounts payable | 19, 32 | 9,010,567,175 | 4,448,187,248 | 10,509,429,598 | 5,521,525,211 |
| Amount due to related parties | 32 | 16,380,917 | 21,065,705 | 797,368,978 | 805,905,042 |
| Short-term loans from related parties | 17, 32 | - | - | 1,541,340,000 | 1,541,340,000 |
| Current portion of finance lease liabilities | 18 | 25,457,761 | 27,031,563 | 25,297,254 | 24,892,202 |
| Advance received from exercising warrants under the Employee Stock Option Program in the process for registration | 37 | 110,375,173 | - | 110,375,173 | - |
| Other payables | | 2,637,921,580 | 1,047,324,139 | 2,599,159,169 | 948,788,574 |
| Accrued interest expenses | | 306,957,586 | 337,667,697 | 306,957,586 | 337,667,697 |
| Accrued bonus expenses | | 944,898,918 | 580,370,715 | 891,530,270 | 532,370,433 |
| Advance receipts for goods | | 803,856,026 | 787,852,763 | 697,875,192 | 656,181,192 |
| Other current liabilities | | 456,094,529 | 870,574,697 | 353,214,026 | 759,718,752 |
| Total current liabilities | | 19,812,509,665 | 16,370,074,527 | 23,332,547,246 | 19,378,389,103 |
| Non-current liabilities | | | | | |
| Long-term borrowings - net | 17 | 22,371,167,133 | 18,363,909,420 | 22,371,167,133 | 18,363,909,420 |
| Financial lease liabilities | 18 | 85,120,722 | 87,208,385 | 84,518,387 | 86,445,871 |
| Transactions with the former company's management and entities relating to the former management | 33 | 24,853,579 | 82,909,970 | 11,708,394 | 11,708,394 |
| Other non-current liabilities | | - | 13,562,317 | - | 13,562,317 |
| Total non-current liabilities | | 22,481,141,434 | 18,547,590,092 | 22,467,393,914 | 18,475,626,002 |
| Total liabilities | | 42,293,651,099 | 34,917,664,619 | 45,799,941,160 | 37,854,015,105 |

The notes to the consolidated and company financial statements from pages 124 to 177 are an integral part of these financial statements.

IRPC Public Company Limited
Balance Sheets

As at 31 December 2009 and 2008

| | Notes | Consolidated | | Company | |
|---|-------|------------------------|------------------------|------------------------|------------------------|
| | | 2009 Baht | 2008 Baht | 2009 Baht | 2008 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 | | 19,829,150,400 | 19,705,570,300 | 19,829,150,400 | 19,705,570,300 |
| Share premium | 20 | 27,416,306,967 | 27,183,976,379 | 27,416,306,967 | 27,183,976,379 |
| Changes in fair value of marketable securities - available-for-sale | 13 | (9,605,174) | (91,679,763) | (5,839,275) | (13,109,275) |
| Retained earnings | | | | | |
| Appropriated for legal reserve | 21 | 2,047,500,000 | 2,047,500,000 | 2,047,500,000 | 2,047,500,000 |
| Unappropriated | | 22,796,148,250 | 20,527,261,505 | 19,787,319,149 | 18,755,913,756 |
| Own shares held by the subsidiaries | 22 | (226,501,324) | (226,501,324) | - | - |
| Total equity attributable to the parent company | | 71,852,999,119 | 69,146,127,097 | 69,074,437,241 | 67,679,851,160 |
| Minority interests | 23 | 47,656,536 | 48,374,336 | - | - |
| Total shareholders' equity | | 71,900,655,655 | 69,194,501,433 | 69,074,437,241 | 67,679,851,160 |
| Total liabilities and shareholders' equity | | 114,194,306,754 | 104,112,166,052 | 114,874,378,401 | 105,533,866,265 |

The notes to the consolidated and company financial statements from pages 124 to 177 are an integral part of these financial statements.

IRPC Public Company Limited
Statements of Income

For the years ended 31 December 2009 and 2008

| | Notes | Consolidated | | Company | |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| | | 2009 Baht | 2008 Baht | 2009 Baht | 2008 Baht |
| Revenues | | | | | |
| Sales | 32 | 166,036,379,530 | 244,693,867,652 | 172,564,279,658 | 254,453,589,979 |
| Cost of sales | | (156,020,771,235) | (257,765,851,601) | (163,656,530,426) | (269,529,312,750) |
| Gross profit/(loss) | | 10,015,608,295 | (13,071,983,949) | 8,907,749,232 | (15,075,722,771) |
| Other income/(other expenses) | 24 | 165,276,310 | 954,185,335 | (82,213,803) | 946,399,575 |
| Selling expenses | | (1,068,257,715) | (1,250,945,906) | (1,193,022,061) | (1,389,491,959) |
| Administrative expenses | 25 | (2,570,636,144) | (3,224,324,068) | (2,373,014,828) | (2,466,071,585) |
| Directors' and management's remuneration | 32 | (92,167,534) | (189,058,791) | (83,594,824) | (178,694,291) |
| Profit/(loss) before finance costs and tax | | 6,449,823,212 | (16,782,127,379) | 5,175,903,716 | (18,163,581,031) |
| Finances costs | 27 | (990,849,497) | (1,396,276,099) | (990,740,527) | (1,394,819,296) |
| Share of profit/(loss) of investments in associates | | 16,629,543 | (30,627,160) | - | - |
| Profit/(loss) before income tax | | 5,475,603,258 | (18,209,030,638) | 4,185,163,189 | (19,558,400,327) |
| Income tax | 28 | (51,014,114) | (41,292,695) | - | - |
| Net Profit/(loss) | | 5,424,589,144 | (18,250,323,333) | 4,185,163,189 | (19,558,400,327) |
| Profit/(loss) attributable to: | | | | | |
| Equity holders of the parent | | 5,415,496,380 | (18,261,866,226) | 4,185,163,189 | (19,558,400,327) |
| Minority interests | | 9,092,764 | 11,542,893 | - | - |
| Net Profit/(loss) for the year | | 5,424,589,144 | (18,250,323,333) | 4,185,163,189 | (19,558,400,327) |
| Earnings/(losses) per share for profit attributable to the equity holders of the parent (Baht) | 29 | | | | |
| Basic | | 0.27 | (0.93) | 0.21 | (1.00) |
| Diluted | | 0.27 | (0.92) | 0.21 | (0.98) |

The notes to the consolidated and company financial statements from pages 124 to 177 are an integral part of these financial statements.

IRPC Public Company Limited
 Statements of Changes in shareholders' Equity
 For the years ended 31 December 2009 and 2008

Consolidated

| | Notes | Attributable to equity holders of the parent | | | | | | | | | |
|--|-------|--|----------------------------------|--|-----------------------|------------------------|---|------------------|----------------------------|------------------|--|
| | | Issued and paid-up share capital Baht | Premium on share capital Baht | Changes in fair value of investments Baht | Retained earnings | | Shares held by the subsidiaries Baht | Total Baht | Minority interests Baht | Total Baht | |
| | | | | | Legal reserve Baht | Unappropriated Baht | | | | | |
| 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 | |
| - Balance after restatement | | 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 | |
| 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) | |
| Ordinary shares | 20 | 205,570,300 | 386,472,164 | - | - | - | - | 592,042,464 | - | 592,042,464 | |
| Dividends | 30 | - | - | - | - | (5,850,477,816) | - | (5,850,477,816) | (11,675,493) | (5,862,153,309) | |
| 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 | |
| Balance at 1 January 2009 | | 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 | |
| Change in fair values of investments in marketable securities - available-for-sale | | - | - | 82,074,589 | - | - | - | 82,074,589 | - | 82,074,589 | |
| Net profit for the year | | - | - | - | - | 5,415,496,380 | - | 5,415,496,380 | 9,092,764 | 5,424,589,144 | |
| Ordinary shares | 20 | 123,580,100 | 232,330,588 | - | - | - | - | 355,910,688 | - | 355,910,688 | |
| Dividends | 30 | - | - | - | - | (3,146,609,635) | - | (3,146,609,635) | (9,810,564) | (3,156,420,199) | |
| Balance at 31 December 2009 | | 19,829,150,400 | 27,416,306,967 | (9,605,174) | 2,047,500,000 | 22,796,148,250 | (226,501,324) | 71,852,999,119 | 47,656,536 | 71,900,655,655 | |

The notes to the consolidated and company financial statements from pages 124 to 177 are an integral part of these financial statement.

IRPC Public Company Limited
 Statements of Changes in shareholders' Equity
 For the years ended 31 December 2009 and 2008

| | Company | | | | | Total Baht | |
|--|---------|--|-------------------------------------|--|-----------------------|------------------|------------------------|
| | Notes | Issued and paid-up share capital Baht | Premium on share capital Baht | Changes in fair value of investments Baht | Retained earnings | | |
| | | | | | Legal reserve Baht | | Unappropriated Baht |
| 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 | |
| - Change in accounting policy relating to inventories | | - | - | - | - | 2,330,546,760 | |
| Balance after restatement | | 19,500,000,000 | 26,797,504,215 | (3,370,775) | 2,047,500,000 | 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 year | | - | - | - | - | (19,558,400,327) | |
| Ordinary shares | 20 | 205,570,300 | 386,472,164 | - | - | 592,042,464 | |
| Dividends | 30 | - | - | - | - | (5,863,880,616) | |
| Balance at 31 December 2008 | | 19,705,570,300 | 27,183,976,379 | (13,109,275) | 2,047,500,000 | 67,679,851,160 | |
| Balance at 1 January 2009 | | 19,705,570,300 | 27,183,976,379 | (13,109,275) | 2,047,500,000 | 67,679,851,160 | |
| Change in fair values of investments in marketable securities - available-for-sale | 13 | - | - | 7,270,000 | - | 7,270,000 | |
| Net profit for the year | | - | - | - | - | 4,185,163,189 | |
| Ordinary shares | 20 | 123,580,100 | 232,330,588 | - | - | 355,910,688 | |
| Dividends | 30 | - | - | - | - | (3,153,757,796) | |
| Balance at 31 December 2008 | | 19,829,150,400 | 27,416,306,967 | (5,839,275) | 2,047,500,000 | 69,074,437,241 | |

The notes to the consolidated and company financial statements from pages 124 to 177 are an integral part of these financial statements.

IRPC Public Company Limited
Statements of Cash Flows

For the years ended 31 December 2009 and 2008

| | Consolidated | | Company | |
|---|-----------------|------------------|-----------------|------------------|
| | 2009 Baht | 2008 Baht | 2009 Baht | 2008 Baht |
| Cash flows from operating activities | | | | |
| Profit/(loss) attributable to equity holders of the parent | 5,415,496,380 | (18,261,866,226) | 4,185,163,189 | (19,558,400,327) |
| Adjustments to reconcile net profit/(loss) to net cash provided by/(used in) operating activities | | | | |
| - Depreciation | 3,159,597,380 | 3,071,482,305 | 2,911,805,380 | 2,726,168,707 |
| - Amortisation | 176,550,691 | 152,666,788 | 176,550,692 | 152,666,788 |
| - Interest income | (65,418,162) | (163,312,759) | (90,337,305) | (256,063,987) |
| - Dividends income | (41,198,860) | (105,124,943) | (39,198,860) | (105,124,943) |
| - Bad debts and doubtful accounts | 248,368 | 24,859,058 | (1,187,608) | (179,568,866) |
| - Allowance for declining in value of inventory | (4,975,216,345) | 4,902,652,422 | (4,953,617,233) | 4,911,911,522 |
| - Unrealised (gains)/ losses on exchange rate | 17,818,698 | (3,265,320) | 17,677,516 | (3,000,304) |
| - Unrealised (gains)/ losses from financial instruments | 338,931,901 | (102,640,240) | 338,931,901 | (102,640,240) |
| - (Gains)/ losses from sales and revaluation of investments | (298,710,160) | 1,228,361,235 | (356,710,540) | 1,215,424,815 |
| - (Gains)/ losses from sales of fixed assets | 5,873,787 | (95,320,631) | (16,314,417) | (45,896,481) |
| - Allowance for impairment of long-term investments | - | (44,283,915) | - | - |
| - Allowance/(reversal of) for impairment of fixed assets | 250,082,307 | (8,849,250) | 578,371,771 | (8,849,250) |
| - Share of (profit)/loss of investments - equity method | (16,629,543) | 30,627,160 | - | - |
| - Profit attributable to minorities | 9,092,764 | 11,542,893 | - | - |
| - Income tax | 51,014,114 | 41,292,695 | - | - |
| - Finance costs | 990,849,497 | 1,396,276,099 | 990,740,527 | 1,394,819,296 |
| | 5,018,382,817 | (7,924,902,629) | 3,741,875,013 | (9,858,553,270) |
| Changes in operating assets and liabilities | | | | |
| - Trade accounts receivable | (1,989,711,630) | 7,270,857,480 | (2,720,961,950) | 8,146,712,278 |
| - Inventories | (5,928,483,742) | 13,730,190,841 | (6,539,930,228) | 14,032,217,099 |
| - Other receivables | 48,816,771 | 148,743,632 | (5,929,606) | 136,795,822 |
| - Refundable value added tax | (26,581,146) | 939,823,272 | (21,495,327) | 834,258,734 |
| - Prepaid excise tax | (403,336,287) | 119,635,742 | (403,336,287) | 119,635,742 |
| - Other current assets | (159,965,131) | (5,947,452) | (178,561,632) | 12,568,542 |
| - Trade accounts payable | 4,539,012,444 | (12,611,301,274) | 4,964,749,964 | (13,123,868,927) |
| - Other payables | 1,003,088,376 | (425,009,173) | 1,026,271,400 | (370,013,343) |
| - Accrued bonus expenses | 364,528,203 | (563,436,854) | 359,159,837 | (501,613,331) |
| - Advance receipts for goods | 16,003,263 | (171,153,772) | 41,694,000 | (291,031,455) |
| - Other current liabilities | (414,480,168) | 142,577,146 | (406,504,727) | 163,922,489 |
| - Proceeds from withholding tax refund | 51,558,705 | 136,898,966 | 45,394,948 | 122,045,470 |
| Net cash provided by/ (used in) operating activities | 2,118,832,475 | 786,975,925 | (97,574,595) | (576,924,150) |
| - Income tax paid | (94,202,835) | (130,162,499) | (35,635,131) | (58,580,462) |
| Cash inflows/ (outflows) from operating activities | 2,024,629,640 | 656,813,426 | (133,209,726) | (635,504,612) |

The notes to the consolidated and company financial statements from pages 124 to 177 are an integral part of these financial statements.

IRPC Public Company Limited
Statements of Cash Flows

For the years ended 31 December 2009 and 2008

| | Consolidated | | Company | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2009 Baht | 2008 Baht | 2009 Baht | 2008 Baht |
| Cash flows from investing activities | | | | |
| Interest received | 71,706,697 | 160,485,795 | 95,754,276 | 350,647,412 |
| Dividends received | 41,198,860 | 105,124,943 | 39,198,860 | 105,124,943 |
| Net cash received/(paid) for purchases of short-term investments | 24,920,437 | (126,020,739) | 24,920,437 | (126,020,739) |
| Short-term loans and interest receivables from related parties | (190,833,271) | (132,194,348) | (191,860,263) | (185,280,570) |
| Long-term loans and interest receivables from related parties | - | - | 1,470,000,000 | 785,750,898 |
| Purchases of investments in an associate and other long-term investments | - | (57,737,664) | - | (58,393,356) |
| Proceeds from sales of long-term investments | 42,000,000 | 2,304,655 | 380 | 228,104 |
| Purchases of property, plant and equipment | (3,083,614,686) | (5,048,109,795) | (2,635,771,723) | (4,520,802,665) |
| Proceeds from sales of property, plant and equipment | 60,309,961 | 121,035,833 | 52,570,551 | 58,592,220 |
| Increase in intangible assets | (27,237,521) | (323,189,042) | (27,237,521) | (323,189,042) |
| Increase/(decrease) in other non-current assets | 6,765,731 | 780,450,354 | 3,487,510 | 750,803,492 |
| Net cash used in investing activities | (3,054,783,792) | (4,517,850,008) | (1,168,937,493) | (3,162,539,303) |
| Cash flows from financing activities | | | | |
| Interest paid | (1,378,173,180) | (1,372,937,749) | (1,378,127,848) | (1,369,300,645) |
| Dividends payments | (3,146,609,635) | (5,850,477,816) | (3,153,757,796) | (5,863,880,616) |
| Proceeds from termination of swap contracts | 113,112,613 | 76,819,982 | 113,112,614 | 76,819,982 |
| Proceeds/(payments) on short-term loans from financial institutions | (2,750,000,000) | 8,215,300,000 | (2,750,000,000) | 8,250,000,000 |
| Proceeds/(payments) on short-term loans from related parties | (62,741,178) | (10,734,629) | (8,472,428) | 34,252,038 |
| Proceeds from long-term loans from financial institutions | 4,792,000,000 | - | 4,792,000,000 | - |
| Repayment of debentures | (339,881,236) | (349,544,167) | (339,881,236) | (349,544,167) |
| Financial lease payments | (27,747,327) | (21,587,015) | (25,608,294) | (19,113,502) |
| Other non-current liabilities | (13,562,318) | - | (13,562,317) | - |
| Proceeds from issuance of common stocks | 355,910,688 | 592,042,464 | 355,910,688 | 592,042,464 |
| Net cash received in advance from exercising warrants under ESOP | 110,375,173 | - | 110,375,173 | - |
| Dividends paid - minority interests | (9,810,563) | (11,675,493) | - | - |
| Net cash provided by/ (used in) financing activities | (2,357,126,963) | 1,267,205,577 | (2,298,011,444) | 1,351,275,554 |
| Net decrease in cash and cash equivalents | (3,387,281,115) | (2,593,831,005) | (3,600,158,663) | (2,446,768,361) |
| Cash and cash equivalents at beginning of the year | 8,550,094,770 | 11,143,925,775 | 7,996,742,673 | 10,443,511,034 |
| Cash and cash equivalents at end of the year | 5,162,813,655 | 8,550,094,770 | 4,396,584,010 | 7,996,742,673 |
| Non-cash transactions | | | | |
| Purchase of vehicles under the financial lease | 24,085,861 | 5,457,343 | 24,085,861 | 5,457,343 |
| Purchase of fixed assets through debt settlement with Rayong Tank Terminal Company Limited | - | - | - | 3,700,000,000 |
| Accounts payable - purchase of fixed assets | 460,787,903 | 111,084,032 | 457,026,077 | 70,732,075 |

The notes to the consolidated and company financial statements from pages 124 to 177 are an integral part of these 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, Choengnuen District, Aumphur Muang, Rayong Province. The Company’s and subsidiaries’ offices are located at Sun Towers and Lao Peng Nguan Building.

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

The Group is engaged Petrochemical and Petroleum which 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 16 February 2010.

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 have 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.

An English version of the consolidated and company financial statements has 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.

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

- The statements of income for the year ended 31 December 2009 have been presented by function-multiple steps. In addition, the changes also include the presentation of directors and managements’ remuneration and finance costs. The changes are made to conform with the announcement of the Department of Business Development Regulation dated 30 January 2009 in relation to the format of financial statements B.E. 2552. It affects from 1 January 2009.
- The presentation of segment information regarding finance costs. Finance costs previously classified under unallocated other income/expenses have been reclassified to conform with the presentation in the income statements.

2 Accounting policies (continued)

2.2 New accounting standards, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered with effect from 26 June 2009 following an announcement by the Federation of Accounting Professions in order to conform with the numbers used in the International Financial Reporting Standards.

Revised accounting and financial reporting standards that are effective for the period beginning on or after 1 January 2009 and revised accounting framework are as follows:

TAS 36 (revised 2007) Impairment of Assets
TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)
Accounting Framework (revised 2007) (effective 26 June 2009)

These two standards and accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which are effective for the period beginning on or after 1 January 2011 and 1 January 2012 and which were not early adopted by the Company are as follows:

Effective on or after 1 January 2011

TAS 24 (revised 2007) Related Party Disclosure (formerly TAS 47)
TAS 40 Investment Property

Effective on or after 1 January 2012

TAS 20 Accounting for Government Grants and Disclosure for Government Assistance

The Company's management has assessed and determined that the revised standard and the new standards will not significantly impact the financial statements being presented, except for TAS 40: Investment Property. As mentioned in Note 14, the Group holds the land for future projects in which it has not yet determined for future use. Such land is currently recorded in property, plants and equipment. In applying TAS 40, the land held for a currently undetermined future use should be recorded as investment property.

2.3 Financial statements of subsidiaries in the consolidated financial statements

The consolidated balance sheet as at 31 December 2009 and the consolidated statements of income for the year then ended include the financial information of a subsidiary namely TPI Aromatics Public Company Limited which was prepared by the management of the Company and has not yet been audited or reviewed by its auditor. This subsidiary has ceased its operations and the Company as the major shareholder is under the process of dissolution of such subsidiary.

Commencing from the second quarter of 2009, the financial information of the two subsidiaries, being TPI Refinery (1997) Company Limited and TPI Tank Terminal Company Limited, have been excluded from the consolidated financial statements as the Company has noted in the current period that both were transferred to a company under the former company's management for debt settlement. However, the financial information of the two subsidiaries is not material to the consolidated financial statements being presented. It represents net assets of Baht 1.3 million as at 31 December 2009. Therefore, the Company has not adjusted the comparative figures.

2 Accounting policies (continued)

2.3 Financial statements of subsidiaries in the consolidated financial statements (continued)

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 included 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 which was prepared by the Company's management. The financial information has not yet been audited or reviewed by their auditors.

In May 2008, the Group and Rayong Tank Terminal Company Limited had settled its outstanding debts (see Note 32 (g)) and the rehabilitation of Rayong Tank Terminal Company Limited was completed in August 2008. Therefore, the Plan Administrator filed to the Central Bankruptcy Court to terminate the rehabilitation. The court ordered the termination of the rehabilitation on 10 November 2008. The subsidiary has completed the filing with the Ministry of Commerce for an appointment of additional directors, who are the Company's management, in January 2010.

Summaries of the balance sheets of the aforesaid subsidiaries, which have been prepared by the management of the Company and have not yet been audited or reviewed by their auditors, are as follows:

| As at 31 December | Unaudited/ Unreviewed | |
|---|-----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million |
| Consolidated balance sheets (before elimination) | | |
| Current assets | 2,255 | 2,374 |
| Non-current assets | 925 | 925 |
| Total assets | 3,180 | 3,299 |
| Current liabilities | 1,320 | 1,318 |
| Non-current liabilities | 5,415 | 5,486 |
| Total liabilities | 6,735 | 6,804 |
| Net liabilities | 3,555 | 3,505 |

Summaries of the statements of income of the aforesaid subsidiaries, which have been prepared by the management of the Company and have not yet been audited or reviewed by their auditors, are as follows:

| For the years ended 31 December | 2009 | 2008 |
|---|--------------|--------------|
| | Baht million | Baht million |
| Consolidated statements of income (before elimination) | | |
| Total revenues | - | 1,203 |
| Total expenses | (16) | (161) |
| Interest expenses | - | (7) |
| Net profit/(loss) | (16) | 1,035 |

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 2009 and 2008.

2 Accounting policies (continued)

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. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether the Group controls another entity. 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 subsidiaries acquired, the cost is 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. The effect from the acquisition and disposal of subsidiaries have been disclosed in Note 12.

(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 initially recognised at cost and are accounted for using the equity method. The Group's investment in associates includes goodwill identified on acquisition, net of cumulative amortisation.

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.

A list of Group's principal associated companies have been disclosed in Note 12. The effect from the acquisition and disposal of associates have been disclosed in Note 12.

2 Accounting policies (continued)

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 currencies are translated into 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.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency which is Baht at the weighted average exchange rates for the year. The balance sheet items 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 within current liabilities on the balance sheet.

2.7 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequent measured 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 according to term of payment ('rebates'). The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads which are allocated following the ordinary course of business.

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 necessary costs of completion and selling expenses.

The Group recognises allowances for obsolete, slow moving and defective inventories (which are spare parts and repair materials, and chemicals and fuel oil). Allowances will be provided by considering the future use of those inventories and at the certain rates (percentage) of total inventory balances at the year end.

2 Accounting policies (continued)

2.9 Investments

The Group classifies investments other than investments in subsidiaries and associates into the following three categories which are (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. The 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 and available-for-sale 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.

Realised and 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 gains 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 weighted average carrying amount of the total holding of the investment.

2.10 Property, plant and equipment

Land and land improvement is stated at cost less allowance for impairment. Plant and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation. Costs include directly attributable expenses in acquiring such asset.

2 Accounting policies (continued)

2.10 Property, plant and equipment (continued)

Depreciation is recorded as expense in the income statement and calculated on the straight-line method or units of production to write-off the costs of each asset, except for land and land improvement which is considered to have an indefinite life.

| | 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. 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.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interests on borrowings.

2.11 Intangible assets

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

Dredging expenses are expenditure paid to prepare the undersea area around the jetty.

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 intangible assets, which are amortised, 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. The Group will review for possible reversal of the impairment when the estimation of the recoverable amounts have changed in subsequent period after the Group's recognition of impairment.

2 Accounting policies (continued)

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 net 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.

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.

2.15 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 Accounting policies (continued)

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.

Benefits from early termination

The Group provides for benefits from early termination, payable to employees under the Thai Labour Law. The amounts payable 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. The 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.

2.18 Revenue recognition

Sale of goods and services rendered

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service including excise tax, municipal tax and oil fund, net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. 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 on an accrual basis.

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 of the Company and the related companies.

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 (See more information in the Note 6).

3 Financial risk and pricing risk regarding raw materials and products

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 and interest rates. 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, if possible. The Group uses derivative financial instruments which are forward foreign exchange contracts and interest rate swap contracts to protect certain exposures. In execution of the afore mentioned derivative transactions, it should be in line with the policies determined by the Board of Directors. The management is approved to execute the transactions according to the table of authority of the Group and has to report the results to the Board of Directors.

3.1.1 Foreign exchange rate 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 contracts 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 contracts 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.

3.1.3 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.

3.1.4 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 Pricing risk factors regarding raw materials and products

The Group has managed the pricing risks by setting up the Risk Management Committee focusing on product risks so as to manage risk exposures following to the policies approved by the Board of Directors. The Risk Management Committee for products identifies, evaluates and hedges product risks by working closely with the Group's operating units under the approved framework. The Group uses crack spread swap contracts and time spread swap contracts to minimise its exposure on fluctuation of oil price and products. In execution of the aforementioned derivative transactions, it should be in line with the policies determined by the Board of Directors. The Risk Management Committee for products is approved to execute the transactions according to the specified policies.

3 Financial risk and pricing risk regarding raw materials and products management (continued)

3.2 Pricing risk factors regarding raw materials and products (continued)

3.2.1 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 and time spread swap contracts to minimise its exposure on fluctuation of oil price in its business operations.

3.3 Accounting for derivative financial instruments

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts, interest rate swap agreements, crack spread swap contracts and time 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 3.4). 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 which relate to borrowings are offset for financial reporting purposes and are recognised as finance costs in the statement of income, whereas the gains and losses on the derivative instruments which relate to trading business are offset for financial reporting purposes and are recognised as other income/(other expenses) in the statement of income.

Interest rate swap agreements protect the Group from movements in interest rates. Any difference 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 swap contracts or on repayment of the borrowings are presented as part of finance costs in the statement of income.

Crack spread swap contracts and time spread swap contracts protect the Group from movements in crude oil price by establishing the agreed price. 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.

3.4 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 the interest rate swap contracts is determined by market rate of each agreement which is calculated by financial institutions dealt with the Group at the balance sheet date. The fair value of crack spread swap contracts and time spread swap contracts are calculated by the offering selling and buying price at the balance sheet date quoted by the financial institutions of the Group at the balance sheet date.

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The result of accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 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.

4.2 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.

4.3 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 non-used assets by sales or abandon.

5 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.

6 Segment information

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

The Group's main business segments are:

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

Other income, other expenses, income tax which were allocated to each business segment basing on sales amounts, the management has reviewed and considered that to present other income, other expenses and income tax as an unallocated group would better represent. As a result, the comparative figures have been reclassified to conform with the current year.

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6 Segment information (continued)

| | Consolidated | | | | |
|--|------------------------|--------------------|------------------------|---------------------|-----------------|
| | Petrochemical products | Petroleum products | Other business segment | Elimination entries | Total |
| | Baht million | Baht million | Baht million | Baht million | Baht million |
| For the year ended 31 December 2009 | | | | | |
| Sales | 63,193 | 127,102 | 3,383 | (27,641) | 166,037 |
| Operating profit/(loss) | 5,082 | 750 | (151) | 360 | 6,041 |
| Unallocated other income | | | | | 408 |
| Unallocated other expenses | | | | | (9) |
| Finance costs | | | | | (991) |
| Share of profit of investments in an associate | | | | | 17 |
| Income tax | | | | | (51) |
| Net profit for the year | | | | | <u>5,415</u> |
| Segment fixed assets | 19,871 | 23,935 | 13,395 | (974) | 56,227 |
| Unallocated fixed assets | | | | | 8,053 |
| Segment other assets | 8,440 | 32,145 | 6,565 | (6,705) | 40,445 |
| Unallocated other assets | | | | | 9,469 |
| Consolidated total assets | | | | | <u>114,194</u> |
| | | | | | |
| | Petrochemical products | Petroleum products | Other business segment | Elimination entries | Total |
| | Baht million | Baht million | Baht million | Baht million | Baht million |
| For the year ended 31 December 2008 | | | | | |
| Sales | 88,735 | 190,370 | 4,230 | (38,641) | 244,694 |
| Operating loss | (2,900) | (13,653) | (259) | 431 | (16,381) |
| Unallocated other income/ (other expenses) | | | | | (412) |
| Finance costs | | | | | (1,396) |
| Share of loss of investments in an associate | | | | | (31) |
| Income tax | | | | | (41) |
| Net loss for the year | | | | | <u>(18,261)</u> |
| Segment fixed assets | 20,377 | 24,050 | 12,496 | (1,032) | 55,891 |
| Unallocated fixed assets | | | | | 8,385 |
| Segment other assets | 6,753 | 18,747 | 7,139 | (5,457) | 27,182 |
| Unallocated other assets | | | | | 12,654 |
| Consolidated total assets | | | | | <u>104,112</u> |

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| | Consolidated | | Company | |
|------------------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Cash on hand | 1 | 1 | 1 | 1 |
| Current Accounts | 3,731 | 3,450 | 3,699 | 3,424 |
| Saving accounts | 1,411 | 4,099 | 697 | 3,572 |
| Short term investments | 20 | 1,000 | - | 1,000 |
| Total | 5,163 | 8,550 | 4,397 | 7,997 |

As at 31 December 2009, saving accounts and short-term investments bear interest at the average rate at 0.125%-1.15% per annum and 1.15% per annum, respectively (2008: 0.5%-2.55% per annum and 2.55% per annum, respectively).

Cash and cash equivalents as at 31 December 2009 and 2008 have been categorised in currencies as below:

| | Consolidated | | Company | |
|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Thai Baht | 5,071 | 7,248 | 4,305 | 6,695 |
| US Dollars | 92 | 1,302 | 92 | 1,302 |
| Total | 5,163 | 8,550 | 4,397 | 7,997 |

| | Consolidated | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Short-term deposits at financial institutions | - | 3 | - | 3 |
| Equity securities held for trading | 1,534 | 1,560 | 1,534 | 1,560 |
| Less Allowance for revaluation of investments | (764) | (1,125) | (764) | (1,125) |
| | 770 | 435 | 770 | 435 |
| Net | 770 | 438 | 770 | 438 |

Movements of equity securities held for trading during the years ended 31 December 2009 and 2008 are as follows:

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Opening net book value | 435 | 1,526 | 435 | 1,526 |
| Acquisitions | - | 697 | - | 697 |
| Disposals | (26) | (700) | (26) | (700) |
| Changes in fair value of investments (Note 24) | 361 | (1,088) | 361 | (1,088) |
| Closing net book value | 770 | 435 | 770 | 435 |

9 Trade accounts receivable – net

| | Note | Cosolidated | | Company | |
|-----------------------------------|------|--------------|--------------|--------------|--------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | Baht million | Baht million | Baht million | Baht million |
| Trade accounts receivable | | | | | |
| - Other parties | | 6,796 | 5,811 | 6,501 | 5,535 |
| - Related parties | 32 | 1,474 | 463 | 3,050 | 1,288 |
| Total | | 8,270 | 6,274 | 9,551 | 6,823 |
| Less Allowance for doubtful debts | | (242) | (236) | (143) | (135) |
| Net | | 8,028 | 6,038 | 9,408 | 6,688 |

Accounts receivable, net of allowance for doubtful debts as at 31 December 2009 and 2008 have been categorised in currencies as below:

| | Cosolidated | | Company | |
|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Thai Baht | 5,992 | 3,504 | 7,443 | 4,231 |
| US Dollars | 2,013 | 2,534 | 1,942 | 2,457 |
| Euro | 23 | - | 23 | - |
| Total | 8,028 | 6,038 | 9,408 | 6,688 |

Aging analysis of trade accounts receivable as at 31 December is as follows:

| | Cosolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Other parties | | | | |
| Current | 6,407 | 5,415 | 6,228 | 5,258 |
| Overdue | | | | |
| - less than 3 months | 152 | 110 | 139 | 97 |
| - 3-12 months | 13 | 45 | 13 | 45 |
| - over 12 months | 224 | 241 | 121 | 135 |
| | 389 | 396 | 273 | 277 |
| | 6,796 | 5,811 | 6,501 | 5,535 |
| Less Allowance for doubtful debts | (242) | (236) | (138) | (130) |
| Net | 6,554 | 5,575 | 6,363 | 5,405 |
| Related parties | | | | |
| Current | 1,474 | 463 | 3,045 | 1,200 |
| Overdue | | | | |
| - less than 3 months | - | - | - | 84 |
| - 3-12 months | - | - | - | 1 |
| - over 12 months | - | - | 5 | 3 |
| | - | - | 5 | 88 |
| | 1,474 | 463 | 3,050 | 1,288 |
| Less Allowance for doubtful debts | - | - | (5) | (5) |
| Net | 1,474 | 463 | 3,045 | 1,283 |
| Total trade accounts receivable - net | 8,028 | 6,038 | 9,408 | 6,688 |

10 Inventories – net

| | Cosolidated | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Finished goods | 15,082 | 15,779 | 14,788 | 15,222 |
| Work in process | 114 | 111 | - | - |
| Raw materials | 4,755 | 4,542 | 4,453 | 4,005 |
| Chemicals and fuel oil | 626 | 1,078 | 525 | 928 |
| Spare parts and repair materials | 2,452 | 2,672 | 2,217 | 2,402 |
| Goods in transit | 7,824 | 739 | 7,795 | 681 |
| | 30,853 | 24,921 | 29,778 | 23,238 |
| <u>Less</u> Allowance for net realisable value and slow-moving and obsolescence | (218) | (5,190) | (196) | (5,149) |
| Net | 30,635 | 19,731 | 29,582 | 18,089 |

The Group has recognised losses from damaged, slow-moving and obsolete stocks as 'costs of sales' in the consolidated and company statements of income for the year ended 31 December 2009 at Baht 218 million and Baht 196 million, respectively (2008: Baht 5,190 million and Baht 5,149 million were recognised as costs of sales in the consolidated and company financial statements, respectively, of which were included allowance for net realisable value of Baht 4,902 million and Baht 4,912 million, respectively).

Market prices of petroleum and petrochemical inventories are significantly fluctuated. The Group states the net realisable value of those inventories (which are finished goods, work in process and raw materials) of petroleum and petrochemical products 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 2009, the inventories included minimum mandatory reserve on crude oil, liquid petroleum gas, and petroleum product amounting to Baht 5,672 million, and Baht 5,635 million in the consolidated and company financial statements, respectively (2008: Baht 3,981 million and Baht 3,945 million in the consolidated and company financial statements, respectively). These amounts were net of allowance for net realisable value.

11 Other receivables

| | Cosolidated | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Receivables from Excise Department and Oil Fund | 218 | 176 | 218 | 176 |
| Receivables from derivatives financial instruments being interest rate swap contracts and crack spread swap and time spread swap contracts | | | | |
| (Note 35 (e)) | 13 | 340 | 13 | 340 |
| Others | 81 | 162 | 32 | 59 |
| Total | 312 | 678 | 263 | 575 |

1.2 Investments in subsidiaries and associates – net

Details of investments in subsidiaries and associates as at 31 December 2009 and 2008 are as follows:

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

Subsidiaries

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

Associate

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

During the year ended 31 December 2009, the following subsidiaries have registered for dissolution and have substantially completed the liquidation process.

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 dissolution

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. Dissolved on 19 September 2008 and liquidated on 27 March 2009

1.2 Investments in subsidiaries and associates – net (continued)

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

| Associates | Business | Incorporated countries | Assets (Baht million) | Liabilities (Baht million) | Revenue (Baht million) | Share of profit/ (loss) | |
|---------------------------------|-----------------------------|------------------------|-----------------------|----------------------------|------------------------|-------------------------|----------------|
| | | | | | | (Baht million) | (Baht million) |
| 2009 | | | | | | | |
| PTT Polymer Marketing Co., Ltd. | Sales of plastic resin | Thailand | 732 | 686 | 6,472 | 67 | 25 |
| Kapuluan Holding Corp. | Investing in other business | Philippines | - | - | - | - | 39.99 |
| Phil Thai Holding Corp. | Investing in other business | Thailand | - | - | - | - | 39.99 |
| 2008 | | | | | | | |
| PTT Polymer Marketing Co., Ltd. | Sales of plastic resin | Thailand | 469 | 440 | 1,961 | (123) | 25 |
| Kapuluan 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 2009 and 2008 are as follows:

| Associates | Consolidated | | | | | | | | | | | |
|---------------------------------|-----------------|--------|-------------|------|---------------|------|------------|------|------|------|------------------|------|
| | Paid-up capital | | Cost method | | Equity method | | Impairment | | Net | | Dividends income | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Active associates | | | | | | | | | | | | |
| PTT Polymer Marketing Co., Ltd. | 40 | 40 | 58 | 58 | 44 | 28 | - | - | 44 | 28 | - | - |
| Non-active associates | | | | | | | | | | | | |
| Kapuluan Holding Corp. | Peso 1 | Peso 1 | - | - | - | - | - | - | - | - | - | - |
| Phil Thai Holding Corp. | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | | | 58 | 58 | 44 | 28 | - | - | 44 | 28 | - | - |

12 Investments in subsidiaries and associates – net (continued)

Details of investments in subsidiaries and associates as at 31 December 2009 and 2008 are as follows: (continued)

| Subsidiaries | Business | Company | | | | | | | | | | | |
|--|--|--------------------|----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | Ownership interest | | Paid-up capital | | Cost method | | Impairment | | Net | | Dividend income | |
| | | 2009 (%) | 2008 (%) | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Active subsidiaries | | | | | | | | | | | | | |
| Thai ABS Co., Ltd. and a subsidiary | Manufacturing and sales of plastic resin | 99.99 | 99.99 | 2,500 | 2,500 | 2,500 | 2,500 | - | - | 2,500 | 2,500 | - | - |
| - IRPC A&L Co., Ltd. | Manufacturing and distributing petrochemical product | 59.94 | 59.94 | | | | | | | | | | |
| IRPC Oil Co., Ltd. and subsidiaries | Sales of oil products and gas | 99.99 | 99.99 | 2,000 | 2,000 | 2,000 | 2,000 | (718) | (718) | 1,282 | 1,282 | - | - |
| - TPI Internet Portal Co., Ltd. | Sales of oil products | 99.89 | 99.89 | | | | | | | | | | |
| - TPI Oil (2001) Co., Ltd. | Oil vessel renting | 99.99 | 99.99 | | | | | | | | | | |
| IRPC Polyl 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 | 37 | 37 | 37 | - | - | 37 | 37 | - | - |
| IRPC Energy Co., Ltd. | Manufacturing and sales of electricity | 99.99 | 99.99 | 3,342 | 3,342 | 3,342 | 3,342 | (3,257) | (3,257) | 85 | 85 | - | - |
| IRPC Technology Co., Ltd | Vocational school | 99.99 | 99.99 | 750 | 750 | 750 | 750 | (476) | (476) | 274 | 274 | - | - |
| IRPC Service Co., Ltd. | Service for security | 99.50 | 99.50 | - | - | - | - | - | - | - | - | - | - |
| International Plastic Trading Co., Ltd. | Trading | 99.01 | 99.01 | 4 | 4 | 4 | 4 | (3) | (3) | 1 | 1 | - | - |
| Non-active subsidiaries | | | | | | | | | | | | | |
| 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 and subsidiaries | Manufacturing and sales of petrochemical products | 99.99 | 99.99 | 4,100 | 4,100 | 4,100 | 4,100 | (4,100) | (4,100) | - | - | - | - |
| - TPI Tank Terminal Co., Ltd. | Tank rental and construction | - | 99.99 | | | | | | | | | | |
| - TPI Refinery (1997) Co., Ltd. | Refinery | - | 99.99 | | | | | | | | | | |
| Thai Petrochemical Industry (Cayman Island) Ltd. | Investing in other businesses | 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 | - | - | - | - | - | - | - | - | - | - |
| Total | | | | 14,402 | 14,402 | 14,402 | 14,402 | (9,923) | (9,923) | 4,479 | 4,479 | - | - |

12 Investments in subsidiaries and associates – net (continued)

Details of investments in subsidiaries and associates as at 31 December 2009 and 2008 are as follows: (continued)

| Company | Ownership interest | | Paid-up capital | | Cost method | | Impairment | | Net | | Dividend income | |
|--|--------------------|-------|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|--------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | % | % | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million |
| Active associates | | | | | | | | | | | | |
| PTT Polymer Marketing Co., Ltd. | 25.00 | 25.00 | 40 | 40 | 58 | 58 | - | - | 58 | 58 | - | - |
| | | | Sales of plastic resin | | | | | | | | | |
| Non-active associates | | | | | | | | | | | | |
| Kapuluan Holding Corp. | 39.99 | 39.99 | Peso 1 | Peso 1 | - | - | - | - | - | - | - | - |
| | | | Investing in other businesses | | | | | | | | | |
| Phil Thai Holding Corp. | 39.99 | 39.99 | - | - | - | - | - | - | - | - | - | - |
| | | | Investing in other businesses | | | | | | | | | |
| Total associates | | | 58 | 58 | 58 | 58 | - | - | 58 | 58 | - | - |
| Total subsidiaries and associates | | | 14,460 | 14,460 | (9,923) | (9,923) | 4,537 | 4,537 | 4,537 | 4,537 | - | - |

TPI Aromatics Public Company Limited has transferred its investment in TPI Tank Terminal Company Limited and TPI Refinery (1997) Company Limited to a company under the former Company's management for debt settlement.

12 Investments in subsidiaries and associates – net (continued)

Movement of investments in subsidiaries and associates for the years ended 31 December 2009 and 2008 are as follows:

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Opening net book amount | 28 | - | 4,537 | 4,572 |
| Reversal of impairment loss | - | - | - | 20 |
| Acquisition of an associate | - | 58 | - | 58 |
| Share of profit/(loss) of an associate - equity method | 16 | (30) | - | - |
| Capital reduction in a subsidiary | - | - | - | (113) |
| Closing net book amount | 44 | 28 | 4,537 | 4,537 |

13 Other long-term investments – net

| | Consolidated | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Marketable equity securities - available-for sales | 539 | 639 | 534 | 534 |
| Less Allowances for revaluation of investments | (523) | (605) | (519) | (527) |
| | 16 | 34 | 15 | 7 |
| General equity securities - cost method | 1,252 | 1,252 | 1,053 | 1,053 |
| Less Allowances for impairment | (1,233) | (1,233) | (1,034) | (1,034) |
| | 19 | 19 | 19 | 19 |
| Net | 35 | 53 | 34 | 26 |

13 Other long-term investments – net (continued)

Movement of other long-term investments for the year ended 31 December 2009 are as follows:

| | Consolidated | | |
|-------------------------|---|---|-------------------------------|
| | General equity securities - cost method Baht million | Available-for-sale securities Baht million | Total Baht million |
| Opening net book amount | 19 | 34 | 53 |
| Additions | - | - | - |
| Disposals | - | (100) | (100) |
| Changes in fair value | - | 82 | 82 |
| Closing net book amount | 19 | 16 | 35 |

| | Company | | |
|-------------------------|---|---|-------------------------------|
| | General equity securities - cost method Baht million | Available-for-sale securities Baht million | Total Baht million |
| Opening net book amount | 19 | 7 | 26 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Changes in fair value | - | 8 | 8 |
| Closing net book amount | 19 | 15 | 34 |

14 Property, plant and equipment, net

| | | Consolidated | | | | | | | | | |
|--|--|--------------|------------------|-------------------------------------|---------------------|-----------------------------|--|--------------|---------------------------|--------------|--------------|
| | | Land | Land improvement | Buildings and building improvements | Machinery and pipes | Tools and factory equipment | Furniture, fixtures and office equipment | Vehicles | Assets under construction | Total | |
| | | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million |
| As at 31 December 2007 | | | | | | | | | | | |
| Cost | | 7,623 | 183 | 21,450 | 63,818 | 2,609 | 555 | 887 | 608 | 97,733 | |
| Less Accumulated depreciation | | - | - | (6,714) | (24,749) | (1,813) | (359) | (622) | - | (34,257) | |
| — Allowance for impairment | | (931) | (2) | (231) | (1) | - | - | - | - | (1,165) | |
| Net book amount | | 6,692 | 181 | 14,505 | 39,068 | 796 | 196 | 265 | 608 | 62,311 | |
| For the year ended 31 December 2008 | | | | | | | | | | | |
| Opening net book amount | | 6,692 | 181 | 14,505 | 39,068 | 796 | 196 | 265 | 608 | 62,311 | |
| Additions | | 9 | 1 | - | 12 | 157 | 27 | 10 | 4,847 | 5,063 | |
| Disposals - net book value | | - | - | (7) | - | (5) | - | (14) | - | (26) | |
| Reclassification, net | | - | - | 728 | (354) | (234) | 104 | 44 | (288) | - | |
| Depreciation charge | | - | - | (734) | (2,114) | (126) | (56) | (42) | - | (3,072) | |
| Closing net book amount | | 6,701 | 182 | 14,492 | 36,612 | 588 | 271 | 263 | 5,167 | 64,276 | |
| As at 31 December 2008 | | | | | | | | | | | |
| Cost | | 7,632 | 184 | 22,717 | 62,953 | 2,027 | 670 | 904 | 5,167 | 102,254 | |
| Less Accumulated depreciation | | - | - | (8,012) | (26,340) | (1,439) | (399) | (641) | - | (36,831) | |
| — Allowance for impairment | | (931) | (2) | (213) | (1) | - | - | - | - | (1,147) | |
| Net book amount | | 6,701 | 182 | 14,492 | 36,612 | 588 | 271 | 263 | 5,167 | 64,276 | |

14 Property, plant and equipment, net (continued)

| | | Consolidated | | | | | | | | | |
|--|--|------------------|-------------------|-------------------------------------|---------------------|-----------------------------|--|--------------|---------------------------|--------------|--------------|
| | | Land improvement | Land and building | Buildings and building improvements | Machinery and pipes | Tools and factory equipment | Furniture, fixtures and office equipment | Vehicles | Assets under construction | Total | |
| | | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million | Baht million |
| As at 31 December 2008 | | | | | | | | | | | |
| Cost | | 7,632 | 184 | 22,717 | 62,953 | 2,027 | 670 | 904 | 5,167 | 102,254 | |
| Less Accumulated depreciation | | - | - | (8,012) | (26,340) | (1,439) | (399) | (641) | - | (36,831) | |
| — Allowance for impairment | | (931) | (2) | (213) | (1) | - | - | - | - | (1,147) | |
| Net book amount | | 6,701 | 182 | 14,492 | 36,612 | 588 | 271 | 263 | 5,167 | 64,276 | |
| For the year ended 31 December 2009 | | | | | | | | | | | |
| Opening net book amount | | 6,701 | 182 | 14,492 | 36,612 | 588 | 271 | 263 | 5,167 | 64,276 | |
| Additions | | 5 | - | 1 | 419 | 90 | 30 | 29 | 2,911 | 3,485 | |
| Disposals - net book value | | (14) | - | (22) | (3) | (4) | (3) | (20) | - | (66) | |
| Reclassification, net | | - | - | 206 | 1,258 | 22 | 18 | - | (1,504) | - | |
| Depreciation charge | | - | - | (758) | (2,196) | (97) | (70) | (39) | - | (3,160) | |
| Impairment charge/Reversal of impairment (Note 24) | | (253) | - | 10 | (12) | - | - | - | - | (255) | |
| Closing net book amount | | 6,439 | 182 | 13,929 | 36,078 | 599 | 246 | 233 | 6,574 | 64,280 | |
| As at 31 December 2009 | | | | | | | | | | | |
| Cost | | 7,623 | 184 | 22,892 | 64,623 | 2,061 | 713 | 838 | 6,574 | 105,508 | |
| Less Accumulated depreciation | | - | - | (8,760) | (28,532) | (1,462) | (467) | (605) | - | (39,826) | |
| — Allowance for impairment | | (1,184) | (2) | (203) | (13) | - | - | - | - | (1,402) | |
| Net book amount | | 6,439 | 182 | 13,929 | 36,078 | 599 | 246 | 233 | 6,574 | 64,280 | |

14 Property, plant and equipment, net (continued)

| | Company | | | | | | | | | | Total Baht million | |
|--|-------------------------------------|-------------------------------------|---|--|---|---|--------------------------|---|---|---|-----------------------|--|
| | Land improvement 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 | Assets under construction 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 | 516 | 80,647 | | |
| Less Accumulated depreciation | - | - | (5,340) | (21,873) | (913) | (308) | (241) | - | - | (28,675) | | |
| <u>Net book amount</u> | 4,293 | 168 | 10,960 | 35,273 | 443 | 175 | 144 | 516 | 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 | 516 | 51,972 | | |
| Additions | 9 | - | 3,643 | 1 | 145 | 23 | 66 | 4,349 | 4,349 | 8,236 | | |
| Disposals - net book value | - | - | - | - | (1) | - | (12) | - | - | (13) | | |
| Reclassification, net | - | - | (10) | 78 | 44 | 102 | 43 | (257) | (257) | - | | |
| Depreciation charge | - | - | (656) | (1,901) | (87) | (52) | (31) | - | - | (2,727) | | |
| <u>Closing net book amount</u> | 4,302 | 168 | 13,937 | 33,451 | 544 | 248 | 210 | 4,608 | 4,608 | 57,468 | | |
| As at 31 December 2008 | | | | | | | | | | | | |
| Cost | 4,302 | 168 | 19,933 | 56,829 | 1,540 | 603 | 688 | 4,608 | 4,608 | 88,671 | | |
| Less Accumulated depreciation | - | - | (5,996) | (23,378) | (996) | (355) | (478) | - | - | (31,203) | | |
| <u>Net book amount</u> | 4,302 | 168 | 13,937 | 33,451 | 544 | 248 | 210 | 4,608 | 4,608 | 57,468 | | |

14 Property, plant and equipment, net (continued)

| | Company | | | | | | | | | | Total Baht million | |
|--|-------------------------------------|--|--|---|---|--------------------------|------------------------------|---|---------------|--|-----------------------|--|
| | Land improvement Baht million | Land 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 | construction Baht million | Assets under construction Baht million | | | | |
| 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) | | | |
| <u>Net book amount</u> | <u>4,302</u> | <u>168</u> | <u>13,937</u> | <u>33,451</u> | <u>544</u> | <u>248</u> | <u>210</u> | <u>4,608</u> | <u>57,468</u> | | | |
| For the year ended 31 December 2009 | | | | | | | | | | | | |
| Opening net book amount | 4,302 | 168 | 13,937 | 33,451 | 544 | 248 | 210 | 4,608 | 57,468 | | | |
| Additions | 5 | - | - | 418 | 83 | 26 | 29 | 2,513 | 3,074 | | | |
| Disposals - net book value | (14) | - | - | - | - | (3) | (19) | - | (36) | | | |
| Reclassification, net | - | - | 130 | 604 | 7 | 11 | - | (752) | - | | | |
| Depreciation charge | - | - | (740) | (1,986) | (89) | (65) | (32) | - | (2,912) | | | |
| Impairment charge (Note 24) | (584) | - | - | - | - | - | - | - | (584) | | | |
| <u>Closing net book amount</u> | <u>3,709</u> | <u>168</u> | <u>13,327</u> | <u>32,487</u> | <u>545</u> | <u>217</u> | <u>188</u> | <u>6,369</u> | <u>57,010</u> | | | |
| As at 31 December 2009 | | | | | | | | | | | | |
| Cost | 4,293 | 168 | 20,066 | 57,851 | 1,590 | 638 | 636 | 6,369 | 91,611 | | | |
| Less Accumulated depreciation | - | - | (6,739) | (25,364) | (1,045) | (421) | (448) | - | (34,017) | | | |
| — Allowance for Impairment | (584) | - | - | - | - | - | - | - | (584) | | | |
| <u>Net book amount</u> | <u>3,709</u> | <u>168</u> | <u>13,327</u> | <u>32,487</u> | <u>545</u> | <u>217</u> | <u>188</u> | <u>6,369</u> | <u>57,010</u> | | | |

Additions include assets under finance leases (where the Group is the lessee) of Baht 24 million in the consolidated and company financial statements (2008: Baht 5 million). During the year ended 31 December 2009, the Group has not disposed of assets under finance leases.

14 Property, plant and equipment, net (continued)

As at 31 December 2009, the gross carrying amounts of fully depreciated fixed assets that is still be in use are amounting to Baht 1,930 million and Baht 1,352 million in the consolidated and company financial statements, respectively (2008: Baht 1,930 million and Baht 1,383 million in the consolidated and company financial statements, respectively).

Depreciation charge for the years ended 31 December 2009 and 2008 is as follows:

| | Note | Consolidated | | Company | |
|-------------------------|------|--------------|--------------|--------------|--------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | Baht million | Baht million | Baht million | Baht million |
| Costs of sales | | 2,992 | 2,925 | 2,789 | 2,627 |
| Administrative expenses | 25 | 168 | 147 | 123 | 100 |
| Total | | 3,160 | 3,072 | 2,912 | 2,727 |

As at 31 December 2009, the Group has the land held for future projects, which has not yet determined the purpose of use in the consolidated and company financial statements as follows:

| | Consolidated | | Company | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Land held for future projects | 4,125 | 4,128 | 1,848 | 1,849 |
| <u>Less</u> Allowance for impairment | (912) | (580) | (584) | - |
| Total | 3,213 | 3,548 | 1,264 | 1,849 |

The impairment charge in the consolidated and company financial statements amounted of Baht 912 million and Baht 584 million, respectively. The Group has assessed the recoverable amounts of those assets by considering the market prices for assets.

The Company has deposited catalyst (being platinum and palladium) which has been fully depreciated with a foreign bank with interest rates between 0.15% and 0.75% per annum for platinum and 0.75% per annum for palladium. The deposits due for redemption on 2 February 2010 and 3 March 2010 for platinum and on 2 February 2010 for palladium. During the year 2009, the Company recognised such catalyst as part of machinery and equipment with the latest deposit price with the bank at Baht 191 million. The corresponding entry was a reduction from the costs of sales in the consolidated and company financial statements for the year ended 31 December 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 |
| Less 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 |
| Less Accumulated amortisation | (1,218) | (31) | (1,249) |
| Net book amount | 1,294 | 428 | 1,722 |
| For the year ended 31 December 2009 | | | |
| Opening net book amount | 1,294 | 428 | 1,722 |
| Additions | - | 19 | 19 |
| Amortisation | (126) | (50) | (176) |
| Closing net book amount | 1,168 | 397 | 1,565 |
| As at 31 December 2009 | | | |
| Cost | 2,512 | 478 | 2,990 |
| Less Accumulated amortisation | (1,344) | (81) | (1,425) |
| Net book amount | 1,168 | 397 | 1,565 |

Total amortisation of Baht 176 million has been included in the costs of sales and administrative expenses at Baht 128 million and Baht 48 million, respectively in the consolidated and company statements of income for the year ended 31 December 2009 (2008: Baht 128 million and Baht 24 million has been included in the costs of sales and administrative expenses, respectively).

16 Other non-current assets, net

| | Consolidated | | Company | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Deposit for land | 253 | 258 | 253 | 258 |
| Less Allowance for impairment | (253) | (258) | (253) | (258) |
| | - | - | - | - |
| Deposit for machinery | - | - | - | - |
| Others | 44 | 43 | 43 | 39 |
| Net | 44 | 43 | 43 | 39 |

17 Borrowings

| | Note | Consolidated | | Company | |
|-----------------------------------|------|----------------------|----------------------|----------------------|----------------------|
| | | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Current | | | | | |
| Unsecured short-term loans from | | | | | |
| - Financial institutions | | 5,500 | 8,250 | 5,500 | 8,250 |
| - Related parties | 32 | - | - | 1,541 | 1,541 |
| Total current borrowings | | 5,500 | 8,250 | 7,041 | 9,791 |
| Non-current | | | | | |
| Unsecured debentures | | | | | |
| - US Dollar | | 7,977 | 8,771 | 7,977 | 8,771 |
| Less Discount on debentures | | (38) | (47) | (38) | (47) |
| Net | | 7,939 | 8,724 | 7,939 | 8,724 |
| - Thai Baht | | 9,640 | 9,640 | 9,640 | 9,640 |
| Total debentures | | 17,579 | 18,364 | 17,579 | 18,364 |
| Loans from financial institutions | | 4,792 | - | 4,792 | - |
| Total non-current borrowings | | 22,371 | 18,364 | 22,371 | 18,364 |
| Total | | 27,871 | 26,614 | 29,412 | 28,155 |

Short-term loans

As at 31 December 2009, unsecured short-term loans from financial institutions amounting to Baht 5,500 million are promissory notes at interest rates between 1.50%-1.55% per annum with the maturities of 1-3 months (2008: Baht 8,250 million at interest rates between 3.55%-5.15% per annum with the maturities of 2-5 months).

Long-term loans

On 7 January 2009, the Company entered into a long-term loan contract at the amount of Baht 10,000 million with five local financial institutions for capital expenditure projects. Accounts are withdrawn according to the progress of the projects. The unsecured long-term loans are for a period of eight years with an interest rate not exceeding the maximum of a six-month fixed deposit market rate plus a certain margin for the facility of Baht 5,400 million (Facility A) and at the rate of THBFIX six-month plus a certain margin for the facility of Baht 4,600 million (Facility B). The interest will be paid every month whereas the principal repayment is separated into 10 instalments by semi-annually, starting from 30 June 2012 (the last business day of the 42nd month from the signing of the loan agreement date). As at 31 December 2009, the loans of Baht 4,792 million has already been drawdown.

Debentures

Debentures as at 31 December 2009 and 2008 are categorised according to the currency as follows:

- (1) The Company has issued USD unsecured and non-subordinated debentures with total face value of US Dollars 250 million at the discount price of 99.323% of face value, for the net amount of US Dollars 248.31 million. The debentures bear interest at the fixed rate of 6.375% per annum, payable semi-annually commencing 25 November 2007. The debentures will mature on 25 May 2017.
- (2) The Company has 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 presented in the next page.

17 Borrowings (continued)

| | 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 PTT Public Company Limited.

The interest rates on the borrowings and debentures of the Group and the Company are as follows:

| | Consolidated | | Company | |
|---------------------------|---------------|---------------|---------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Borrowings and debentures | | | | |
| - at fixed rates | 23,079 | 26,614 | 24,620 | 28,155 |
| - at floating rates | 4,792 | - | 4,792 | - |
| Total | 27,871 | 26,614 | 29,412 | 28,155 |

| | Consolidated | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Weighted effective interest rate (%) | | | | |
| - Short-term loans from financial institutions (promissory notes) | 1.50 - 1.55 | 3.55 - 5.15 | 1.50 - 1.55 | 3.55 - 5.15 |
| - 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 |
| - Long-term loans from financial institutions | 2.48 - 3.22 | - | 2.48 - 3.22 | - |

Maturity of long-term loans from financial institutions and debentures is as follows:

| | Consolidated | | Company | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Within 1 year | - | - | - | - |
| Over 1 year to 5 years | 9,875 | - | 9,875 | - |
| Over 5 years | 12,496 | 18,364 | 12,496 | 18,364 |
| Total | 22,371 | 18,364 | 22,371 | 18,364 |

17 Borrowings (continued)

The movement of long-term loans from financial institutions and debentures for the year ended 31 December 2009 can be analysed as follows:

| | Consolidated Baht million | Company Baht million |
|---|------------------------------|-------------------------|
| Opening net book amount | 18,364 | 18,364 |
| Increase of long-term loans | 4,792 | 4,792 |
| Repurchase of debentures | (421) | (421) |
| Recognition of discount on debentures | 9 | 9 |
| Unrealised gains on exchange rate (Note 27) | (373) | (373) |
| Closing net book amount | 22,371 | 22,371 |

Fair value

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

| | Carrying amount | | Fair value | |
|--------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| US Dollars | 7,939 | 8,724 | 7,848 | 6,545 |
| Thai Baht | 9,640 | 9,640 | 9,550 | 9,989 |
| Total | 17,579 | 18,364 | 17,398 | 16,534 |

The fair values of debentures of Thai Baht is calculated by the latest reference yield rate from the Thai Bond Dealers Club and discounted the cash flows. For US Dollar debentures are calculated by the latest closing bid price from International Bond Market.

The carrying amounts of short-term borrowings with fixed interest rate approximate their fair values because of their short-term maturities. The long-term loans from financial institutions have the floating interest rates; thus, the fair value approximates the carrying amounts

Credit facilities

The Group has undrawn committed borrowing facilities from the commercial banks totalling Baht 25,000 million for working capital with the money market interest rate.

18 Finance lease liabilities

| | Consolidated | | Company | |
|---------------------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Finance lease liabilities | | | | |
| - Current portion | 26 | 27 | 25 | 25 |
| - Non-current portion | 85 | 87 | 85 | 86 |
| Total | 111 | 114 | 110 | 111 |

Collateral of finance 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 | | | | | |
|---|---------------------------|--------------------------|-------------------------|---------------------------|--------------------------|-------------------------|
| | 2009 | | | 2008 | | |
| | Principal Baht million | Interest Baht million | Payment Baht million | Principal Baht million | Interest Baht million | Payment Baht million |
| Not later than 1 year | 26 | 6 | 32 | 27 | 6 | 33 |
| Later than 1 year but not later than 5 years | 85 | 6 | 91 | 87 | 10 | 97 |
| Total | 111 | 12 | 123 | 114 | 16 | 130 |

| | Company | | | | | |
|---|---------------------------|--------------------------|-------------------------|---------------------------|--------------------------|-------------------------|
| | 2009 | | | 2008 | | |
| | Principal Baht million | Interest Baht million | Payment Baht million | Principal Baht million | Interest Baht million | Payment Baht million |
| Not later than 1 year | 25 | 6 | 31 | 25 | 6 | 31 |
| Later than 1 year but not later than 5 years | 85 | 6 | 91 | 86 | 10 | 96 |
| Total | 110 | 12 | 122 | 111 | 16 | 127 |

Fair value of finance lease liabilities approximate its carrying value.

19 Trade accounts payable

| | Note | Consolidated | | Company | |
|-------------------|------|----------------------|----------------------|----------------------|----------------------|
| | | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| - Related parties | 32 | 5,897 | 1,833 | 7,540 | 3,058 |
| - Other parties | | 3,114 | 2,615 | 2,969 | 2,464 |
| Total | | 9,011 | 4,448 | 10,509 | 5,522 |

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

| | Consolidated | | Company | |
|--------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Thai Baht | 6,483 | 2,287 | 7,984 | 3,364 |
| US Dollar | 2,520 | 1,800 | 2,520 | 1,800 |
| Euro | 4 | 355 | 4 | 355 |
| Others | 4 | 6 | 1 | 3 |
| Total | 9,011 | 4,448 | 10,509 | 5,522 |

20 Share capital and premium on share capital

| | Number of share | Ordinary shares | Premium on on share capital | Total |
|--------------------------------|--------------------|--------------------|--------------------------------|--------------|
| | Million shares | Baht million | Baht million | Baht million |
| Balance as at 31 December 2007 | 19,500 | 19,500 | 26,797 | 46,297 |
| Issued shares | 206 | 206 | 387 | 593 |
| Balance as at 31 December 2008 | 19,706 | 19,706 | 27,184 | 46,890 |
| Issued shares | 123 | 123 | 232 | 355 |
| Balance as at 31 December 2009 | 19,829 | 19,829 | 27,416 | 47,245 |

As at 31 December 2009, the total authorised number of shares was 20,475 million shares with a par value of Baht 1 per share (2008: 20,475 million shares with a par value of Baht 1 per share). The shares of 19,829 million shares were issued and fully paid-up.

20 Share capital and premium on share capital (continued)

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 years, 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 of every year. Exercisable warrants not exercised in the second and third years 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.

The movement of warrants that are registered and are non-transferable for the year ended 31 December 2009 are as follows:

| | Beginning Balance | Issue during the year | Exercise during the year | Closing Balance |
|----------------------------|----------------------|--------------------------|--------------------------------|--------------------|
| Warrants 907,868,559 units | 705,624,559 | - | (119,459,200) | 586,165,359 |
| Warrants 38,102,741 units | 34,776,441 | - | (4,120,900) | 30,655,541 |
| Total | 740,401,000 | - | (123,580,100) | 616,820,900 |

In July and October 2009, the Company registered the total paid-up ordinary shares for the warrants under the Employee Stock Option Plan ('ESOP') of 123 million shares at the exercise price of Baht 2.88 per share with a par value of Baht 1 per share.

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

21 Legal reserve

| | Consolidated | | Company | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Balance as at 31 December 2007 | 2,048 | 2,048 | 2,048 | 2,048 |
| Appropriation during the year | - | - | - | - |
| Balance as at 31 December 2008 | 2,048 | 2,048 | 2,048 | 2,048 |
| Appropriation during the year | - | - | - | - |
| Balance as at 31 December 2009 | 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.

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For the years ended 31 December 2009 and 2008

22 Company's shares held by subsidiaries

| | Consolidated | |
|--------------------------|--------------|--------------|
| | 2009 | 2008 |
| | Baht million | Baht million |
| Thai ABS Company Limited | 26 | 26 |
| IRPC Oil Company Limited | 201 | 201 |
| Total | 227 | 227 |

As at 31 December 2009 and 2008, the two subsidiaries, being Thai ABS Company Limited and IRPC Oil Company Limited, have hold the Company's ordinary shares of 6,190,800 shares and 38,485,200 shares, respectively. The investments held by the two subsidiaries are stated at costs and presented in the balance sheets as a deduction within total shareholders' equity.

23 Minority interests

| | Consolidated | |
|-------------------------------------|--------------|--------------|
| | 2009 | 2008 |
| | Baht million | Baht million |
| Beginning balance | 48 | 49 |
| Share of net profit of subsidiaries | 9 | 11 |
| Dividends paid | (9) | (12) |
| Ending balance | 48 | 48 |

24 Other income/(Other expenses)

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Interest income | 65 | 163 | 90 | 256 |
| Dividend income | 41 | 105 | 39 | 105 |
| Gains/(losses) on disposals of property, plant and equipment | (6) | 95 | 16 | 46 |
| Losses on disposals of investments in trading securities | (62) | (140) | (4) | (129) |
| Unrealised gains/(losses) from change in fair value of investments in trading securities | 361 | (1,088) | 361 | (1,088) |
| Realised gains on exchange rate | 265 | 406 | 255 | 412 |
| Unrealised gains/(losses) on exchange rate | (18) | 3 | (18) | 3 |
| Derivative financial instruments recognised through the statements of income | | | | |
| - Realised and unrealised gains/(losses) from crack spread swap and time spread swap contracts | (231) | 567 | (231) | 567 |
| - Unrealised gains/(losses) from crack spread swap and time spread swap contracts | (339) | 103 | (339) | 103 |
| Tax refund from custom duty | 191 | 378 | 191 | 378 |
| Impairment loss of fixed assets | (255) | - | (584) | - |
| Reversal of impairment loss of investments | - | 53 | - | 11 |
| Others | 153 | 309 | 142 | 282 |
| Total | 165 | 954 | (82) | 946 |

25 Administrative expenses

| | Notes | Consolidated | | Company | |
|-------------------|-------|----------------------|----------------------|----------------------|----------------------|
| | | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Staff costs | 26 | 1,412 | 1,921 | 1,279 | 1,517 |
| Consultant fee | | 229 | 270 | 228 | 269 |
| Depreciation | 14 | 168 | 147 | 123 | 100 |
| Rental | | 121 | 128 | 104 | 90 |
| Advertising | | 36 | 62 | 36 | 62 |
| Doubtful accounts | | - | 24 | (1) | (180) |
| Others | | 605 | 672 | 604 | 608 |
| Total | | 2,571 | 3,224 | 2,373 | 2,466 |

26 Staff costs

| | Consolidated | | Company | |
|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Salary and wages | 2,386 | 2,855 | 2,068 | 2,451 |
| Bonus | 945 | 549 | 853 | 499 |
| Provident fund | 226 | 218 | 208 | 199 |
| Severance payment | 5 | 851 | 5 | 563 |
| Others | 1,047 | 654 | 1,021 | 620 |
| Total | 4,609 | 5,127 | 4,155 | 4,332 |

Staff costs of Baht 3,197 million and Baht 2,876 million have been included in costs of sales in the consolidated and company statements of income for the year ended 31 December 2009, respectively (2008: Baht 3,206 million and Baht 2,815 million in the consolidated and company statements of income, respectively). Whereas the staff costs of Baht 1,412 million and Baht 1,279 million have been included in administrative expenses in the consolidated and company statements of income for the year ended 31 December 2009, respectively (2008: Baht 1,921 million and Baht 1,517 million in the consolidated and company statements of income, respectively).

Commencing 2009, the Group has reclassified employee expenses of Baht 92 million and Baht 84 million, which were previously presented in the consolidated and company statements of income for the year ended 31 December 2009, respectively, to present as 'directors and management's remuneration' following to the announcement of the Department of Business Development Regulation as mentioned in Note 2.1.

27 Finance costs

| | Consolidated | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Interest expenses | 1,306 | 1,398 | 1,306 | 1,397 |
| Realised gains from exchange rate from debentures | (7) | (2) | (7) | (2) |
| Unrealised (gains)/losses from exchange rate from debentures | (373) | 299 | (373) | 299 |
| Realised gains from foreign currency forward contracts and interest rate swap contracts | (113) | (77) | (113) | (77) |
| Unrealised (gains)/losses from foreign currency forward contracts and interest rate swap contracts (Note 35 (e)) | 224 | (212) | 224 | (212) |
| Financing fees | 40 | - | 40 | - |
| Gains on repurchase of debentures | (86) | (10) | (86) | (10) |
| Total | 991 | 1,396 | 991 | 1,395 |

27 Finance Costs (continued)

Commencing 2009, the Group has presented gains/losses from exchange rate relating to borrowings and gains/losses from foreign currency forward contracts and interest rate swap contracts relating to borrowings as part of 'finance costs'. As a result, the comparative figures have been reclassified accordingly.

28 Income tax

| | Consolidated | | Company | |
|---------------------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Current tax | | | | |
| - Income tax for the year | 51 | 41 | - | - |

Income tax expense is calculated from the taxable net profit at 30% per annum of subsidiaries. As at 31 December 2009, the Company has loss carried forward which can be utilised as tax benefit.

29 Earnings/(loss) per share

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

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Net profit/(loss) attributable to ordinary shareholders of the parent (Baht million) | 5,416 | (18,262) | 4,185 | (19,558) |
| Weighted average number of ordinary shares in issue during the year (Million shares) | 19,737 | 19,584 | 19,737 | 19,584 |
| Basic earnings/(loss) per share of shareholders of the parent (Baht) | 0.27 | (0.93) | 0.21 | (1.00) |

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 ordinary shares assuming conversion of warrants to ordinary shares for the years ended 31 December 2009 and 2008 are 81 million shares and 285 million shares, respectively.

Weighted average number of ordinary shares (diluted)

| | Consolidated | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Million shares | Million shares | Million shares | Million shares |
| Weighted average number of ordinary shares (basic) | 19,737 | 19,584 | 19,737 | 19,584 |
| Effect of conversion of warrants | 81 | 285 | 81 | 285 |
| Weighted average number of ordinary shares (diluted) | 19,818 | 19,869 | 19,818 | 19,869 |

29 Earnings/(loss) per share (continued)

| | Consolidated | | Company | |
|--|--------------|----------|---------|----------|
| | 2009 | 2008 | 2009 | 2008 |
| Net profit/(loss) attributable to ordinary shareholders of parent (Baht million) | 5,416 | (18,262) | 4,185 | (19,558) |
| Weighted average number of ordinary shares for diluted earnings per share (Million shares) | 19,818 | 19,869 | 19,818 | 19,869 |
| Diluted earnings/(loss) per share of shareholders of the parent (Baht) | 0.27 | (0.92) | 0.21 | (0.98) |

30 Dividends

At the Annual General shareholders' meeting on 8 April 2009, the shareholders approved a dividend payment of 2008 at Baht 0.18 per share for 19,706 million shares, totalling Baht 3,540 million. The Company already paid interim dividends during the year 2008 at Baht 0.10 per share, totalling Baht 1,964 million. The remaining dividends of Baht 0.08 per share, totalling Baht 1,576 million were paid to the shareholders in May 2009. (2008: Dividend payment from net profit of 2007 at Baht 0.20 per share for 19,500 million shares totalling Baht 3,900 million and at Baht 0.10 per share for 19,640 million shares totalling Baht 1,964 million, in total were Baht 5,864 million).

At the Board of Directors of the Company's meeting on 21 August 2009, it approved an interim dividend payment at Baht 0.08 per share for 19,719 million shares, totalling Baht 1,578 million. The Company already paid the interim dividends during 2009.

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 including the cogeneration and steam power plant project ('CHP'). The privileges granted include:

- (a) exemption from payment of import duty and tax on materials and necessary parts including machinery as approved by the Board;
- (b) exemption from payment of income tax on the net profit derived from 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.
- (c) the double deduction of logistics, electricity and water expenses for a period of ten years since the first derive of income from such operations.

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

31 Promotional privileges (continued)

Revenues from sales are classified into the promoted business and the non-promoted business and presented in the financial statements for the years ended 31 December 2009 and 2008 as follows:

| | Consolidated/Company | | |
|------------------------------|-----------------------------|------------------------------------|-----------------------|
| | BOI granted Baht million | Non-BOI granted Baht million | Total Baht million |
| 2009 | | | |
| Revenues from sales - Export | 9,292 | 36,054 | 45,346 |
| - Domestic | 32,737 | 94,481 | 127,218 |
| Total | 42,029 | 130,535 | 172,564 |
| 2008 | | | |
| Revenues from sales - Export | 13,469 | 40,424 | 53,893 |
| - Domestic | 44,237 | 156,324 | 200,561 |
| Total | 57,706 | 196,748 | 254,454 |

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 shareholder of the Company as at 31 December 2009 and 2008 is PTT Public Company Limited which holds at 36.68% and 36.77% of the Company's shares, respectively. The other major shareholders are Government Saving Bank, Vayupak Fund 1 and Government Pension Fund.

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

| Transactions | Pricing policies |
|---|--|
| Sale and purchase of goods | Market price |
| Selling and administrative expenses which mainly are throughput fee and tank farms rental | Contractually agreed prices |
| Interest income and interest expenses | Interest rates as specified in the agreements, which are 5.29%, MLR rate, MLR+2% and the weighted average interest rates of fixed deposits for four domestic commercial banks and 7.5% |
| Tank storage and service | Contractually agreed prices |
| Directors' remunerations (meeting, bonus) | The rate approved by Board of Directors and shareholders |

32 Related party transactions (continued)

Purchases of goods from a major shareholder - the major shareholder has provided services relating to purchasing and payment process of goods. The purchase price includes service fee charged by the major shareholder and approximates the price of which the Group has procured by its own. In addition, the Company has also entered into derivative instruments with the major shareholder to protect the pricing risk regarding raw materials and products (See the additional information of each contract in the Note 35 (e)).

Significant transactions with related parties are summarised as follows:

(a) Sales and purchases of goods, services rendered and received

Transactions during the years ended 31 December 2009 and 2008 are as follows:

| | Consolidated | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Revenue from sales of goods | | | | |
| - Major shareholder | 7,451 | 18,185 | 7,447 | 18,185 |
| - Subsidiaries | - | - | 16,438 | 21,463 |
| - Other related parties | 5,397 | 10,366 | 5,397 | 10,366 |
| Purchase of goods | | | | |
| - Major shareholder | 98,468 | 149,849 | 98,468 | 149,849 |
| - Subsidiaries | - | - | 11,194 | 15,881 |
| - Other related parties | 6,194 | 7,398 | 6,194 | 7,398 |
| Tank storage and service | | | | |
| - Subsidiaries | - | - | - | 167 |
| Selling and administrative expenses | | | | |
| - Major shareholder | 49 | 24 | 49 | 24 |
| - Subsidiaries | - | - | 367 | 534 |
| - Other related parties | 74 | 75 | 74 | 71 |
| Interest income, dividend received and other income/(other expenses) | | | | |
| - Major shareholder | (229) | 671 | (229) | 671 |
| - Subsidiaries | - | - | 55 | 127 |
| - Other related parties | 38 | 107 | 38 | 106 |
| Interest expenses | | | | |
| - Subsidiaries | - | - | - | 1 |
| Directors' and management's remuneration | | | | |
| - Other related parties | 92 | 189 | 84 | 179 |

32 Related party transactions (continued)

(b) Trade accounts receivable from related parties - net

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Major shareholder | 993 | 307 | 989 | 307 |
| Subsidiaries | - | - | 1,580 | 825 |
| Other related parties | 481 | 156 | 481 | 156 |
| | 1,474 | 463 | 3,050 | 1,288 |
| <u>Less</u> Allowance for doubtful debts | - | - | (5) | (5) |
| Net | 1,474 | 463 | 3,045 | 1,283 |

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

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Short-term loans | | | | |
| Subsidiaries | - | - | 212 | 211 |
| Interest receivables | | | | |
| Subsidiaries | - | - | 451 | 443 |
| Total | - | - | 663 | 654 |
| <u>Less</u> Allowance for doubtful debts | - | - | (495) | (495) |
| Net | - | - | 168 | 159 |
| Other receivables and reimbursement | | | | |
| Major shareholder | 324 | 134 | 324 | 134 |
| Subsidiaries | - | - | 147 | 146 |
| Other related parties | 64 | 64 | 46 | 46 |
| | 388 | 198 | 517 | 326 |
| <u>Less</u> Allowance for doubtful debts | (60) | (59) | (125) | (125) |
| Net | 328 | 139 | 392 | 201 |
| Total, Net | 328 | 139 | 560 | 360 |

Average interest rate of short-term loans to related parties is 5.29% per annum (2008: 5.29% per annum). There is no significant movement of short-term loans to related parties for the year ended 31 December 2009.

32 Related party transactions (continued)

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

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Long-term loans | | | | |
| Subsidiaries | - | - | 6,602 | 8,072 |
| Interest receivables | | | | |
| Subsidiaries | - | - | 255 | 262 |
| | - | - | 6,857 | 8,334 |
| <u>Less</u> Allowance for doubtful debts | - | - | (3,017) | (3,017) |
| Net | - | - | 3,840 | 5,317 |

Average interest rate of long-term loans to related parties is 0.70% to 1.69% per annum (2008: 2.31% to 3.00% per annum) of which were incurred from IRPC Polyol Company Limited and IRPC Oil Company Limited.

The movement of long-term loans to related parties for the year ended 31 December 2009 are as follows:

| | Consolidated | Company |
|-------------------------|--------------|--------------|
| | Baht million | Baht million |
| Opening net book amount | - | 8,072 |
| Increase | - | - |
| Decrease | - | (1,470) |
| Closing net book amount | - | 6,602 |

(e) Trade accounts payable to related parties

| | Consolidated | | Company | |
|-----------------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Major Shareholder | 5,407 | 1,777 | 5,407 | 1,777 |
| Subsidiaries | - | - | 1,646 | 1,232 |
| Other related parties | 490 | 56 | 487 | 49 |
| Total | 5,897 | 1,833 | 7,540 | 3,058 |

32 Related party transactions (continued)

(f) Short-term loans from and other payables to related parties

| | Consolidated | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Short-term loans | | | | |
| Subsidiaries | - | - | 1,541 | 1,541 |
| Interest payables | | | | |
| Subsidiaries | - | - | 751 | 751 |
| Other payables and reimbursement | | | | |
| Major shareholder | 12 | - | 12 | - |
| Subsidiaries | - | - | 33 | 37 |
| Other related parties | 4 | 21 | 1 | 18 |
| | 16 | 21 | 46 | 55 |
| Total | 16 | 21 | 2,338 | 2,347 |

Average interest rate of short-term loans from related parties is 5.29% per annum (2008: 5.29% per annum).

The movement of short-term loans from related parties for the year ended 31 December 2009 are as follows:

| | Consolidated | Company |
|---------------------|--------------|--------------|
| | Baht million | Baht million |
| Opening book amount | - | 1,541 |
| Increase | - | - |
| Decrease | - | - |
| Closing book amount | - | 1,541 |

(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:

| | Baht million |
|---|--------------|
| 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 has been fully provided allowance for doubtful debts by the Group. The fair value of Rayong Tank Terminal Company Limited’s fixed assets, which were used for debt settlement, is based on replacement cost basis.

32 Related party transactions (continued)

(h) Directors' and management's remuneration

| | Consolidated | | Company | |
|---------------------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Directors' remuneration | 32 | 96 | 24 | 86 |
| Management's remuneration | 60 | 93 | 60 | 93 |
| Total | 92 | 189 | 84 | 179 |

According to the re-organisational structure of the management of the Group in 2009, the number of the management of which their compensations and benefits are required to be disclosed has been reduced from last year.

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

The Group had transactions with the former management which are Mr. Prachai Liaopairattana 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 that incurred in the past between the Group and the former management and the entities relating to the former management have already been set up the allowance in the full amounts.

Transactions with the former management and the entities relating to the former management as at 31 December 2009 and 2008 can be summarised as follows:

| | Consolidated | | Company | |
|---------------------------------------|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | 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 |

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

Transactions with the former management and the entities relating to the former management as at 31 December 2009 and 2008 can be summarised as follows: (continued)

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Other receivables and reimbursements | | | | |
| Pornchai Enterprise Company Limited | 893 | 893 | 801 | 801 |
| Reimbursements for the former management | 394 | 394 | 26 | 26 |
| Others | 4 | 4 | 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 | 12,142 | 11,673 | 11,673 |
| <u>Less</u> Allowance for doubtful debts | (12,070) | (12,070) | (11,635) | (11,635) |
| Net | 72 | 72 | 38 | 38 |
| Other accounts payable and reimbursements | | | | |
| Pornchai Enterprise Company Limited | 12 | 12 | 12 | 12 |
| Payables to former management | 13 | 71 | - | - |
| Total | 25 | 83 | 12 | 12 |

| | % of investment | Consolidated | | Company | |
|--------------------------------------|-----------------|--------------|--------------|--------------|--------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | Baht million | Baht million | Baht million | 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 had 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 had 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 2009 and 2008, the Group has financial assets and liabilities in foreign currencies as follows:

| | Consolidated | | Company | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Assets | | | | |
| US Dollar | 2,105 | 3,836 | 2,034 | 3,759 |
| Euro | 23 | - | 23 | - |
| Total | 2,128 | 3,836 | 2,057 | 3,759 |
| Liabilities | | | | |
| US Dollar - Debentures | 7,939 | 8,724 | 7,939 | 8,724 |
| US Dollar | 2,699 | 1,800 | 2,699 | 1,800 |
| Euro | 40 | 355 | 40 | 355 |
| Others | 4 | 6 | 2 | 3 |
| Total | 10,682 | 10,885 | 10,680 | 10,882 |

Fair values

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.

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

Fair value of long-term loans from financial institutions and debentures has been disclosed in Note 17.

35 Commitments, contingent liabilities, and significant agreements

(a) Capital commitments

| As at 31 December | Consolidated | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Baht million | Baht million | Baht million | Baht million |
| Contracted but not recognised in the financial statements | | | | |
| - Purchase agreements for machinery and construction | 5,611 | 1,969 | 5,611 | 1,917 |
| - Consultation agreements | 94 | 128 | 94 | 128 |
| Total | 5,705 | 2,097 | 5,705 | 2,045 |

35 Commitments, contingent liabilities, and significant agreements (continued)

(b) Non-cancellable operating lease commitments

| As at 31 December | Consolidated | | Company | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Office building rental agreements: | | | | |
| - within 1 year | 22 | 17 | 22 | 12 |
| Land lease agreements: | | | | |
| - within 1 year | 4 | 6 | 1 | - |
| - over 1 to 5 years | 4 | 11 | 1 | - |
| - more than 5 years | 6 | - | 6 | - |
| Total | 36 | 34 | 30 | 12 |
| Other commitments: | | | | |
| Outstanding letters of credits | 231 | 438 | 9 | 344 |

(c) Contingent liabilities

| As at 31 December | Consolidated | | Company | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 Baht million | 2008 Baht million | 2009 Baht million | 2008 Baht million |
| Contingent liabilities: | | | | |
| - Bank guarantees | 352 | 416 | 351 | 415 |
| - Others | 55 | 57 | 55 | 57 |
| Total | 407 | 473 | 406 | 472 |

(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 farms 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. Rayong Map Planning Bureau has agreed to consider this case in the budget meeting during the year 2010.

35 Commitments, contingent liabilities, and significant agreements (continued)

(e) Significant agreements

The Company has significant contracts related to financial instruments as follows:

Interest rate swap contracts

The Company has entered into two interest rate swap agreements on debentures with two financial institutions. Each contract has notional amount of US Dollars 50 million, totalling of US Dollars 100 million. The contracts are to swap from fixed rate at 6.375% per annum to floating rates by which the first to the fourth years are fixed at the rates of 5.485% and 5.5%, respectively and in the fifth to the tenth years are at the floating rates of 6-month LIBOR plus margin. The contracts shall be effective for a period of 10 years commencing 25 May 2007. However, after the end of the fourth year, the financial institutions have an option to cancel these agreements.

Foreign currency forward contracts

The Company has entered into the foreign currency forward contracts as follows:

Short-term

- The foreign currency sale agreements of US Dollars 40 million in an exchange for Baht currency with maturity date within one year.

Long-term

- The currency swap agreements on principal of debentures of US Dollars 75 million for the exchange of 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.

Crack spread swap contracts and time spread swap contracts

The Company has entered into crack spread swap 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 price at each settlement period to the fixed price. The contracts are effective from January to December 2010. As at 31 December 2009, the outstanding balance under such contracts is at 0.44 million barrels (2008: 0.30 million barrels).

The Company has entered into time spread swap contracts with PTT Public Company Limited in order to swap the average floating price of crude oil during December 2009 to February 2010 with the average floating price of crude of the following months. As at 31 December 2009, the outstanding balance under such contracts is at 8.55 million barrels (2008: Nil).

35 Commitments, contingent liabilities, and significant agreements (continued)

(e) Significant agreements (continued)

Other 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 Public Company Limited. 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 has entered into Purchase of Crude and Feedstock Supply Agreements with PTT Public Company Limited. The contracts shall be effective for a period of 1 year with maturity date on 31 December 2009. 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 2010 with the terms and conditions as specified in the renewal agreement.

36 Significant claims and legal proceedings

As at 31 December 2009, 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 or cancellation of the sales agreements of the old capital, Case No. For. 8/2548 Section 28, is being considered by the Supreme Court. In regards to the petition for termination or cancellation of the sales agreements of the new capital, 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, regarding the point that the Plan Administrator legally supplied for co-investors and made the equity sales agreement according to the plan, 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 2009, 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 being 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 Industry Company Limited, Thai ABS Company Limited and IRPC Energy Company Limited and claimed damages from the Board of Directors amounting to Baht 80 million for each company, totalling Baht 400 million. At present, the case is under the consideration of Central Bankruptcy Court according to the Supreme Court's order on 24 November 2008. The number of the case was changed to Black Case No. Sor For 65-69/2551.

Court ruling:

On 25 December 2009, the Central Bankruptcy Court arranged to hear the Court's order by which the Court consulted with Director General of the Central Bankruptcy Court and resolved that the fact has not yet been finalised; thus the Court could not make any statement. The Court, therefore, appointed for further order on 16 March 2010.

(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 to 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 present, the case is under the consideration of Supreme Court.

36 Significant claims and legal proceedings (continued)

As at 31 December 2009, 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 Liaopairattana family

During the years 1997 to 2000, the Company, by the management at that time, provided loans without collateral amounting to Baht 8,000 million inclusive of interest to the three related companies (during the period when the Asset Protector requested), being Pornchai Enterprise Company Limited, TPI EOEG Company Limited, and TPI Holding Company Limited, which were managed by Mr. Prachai Liaopairattana and family, directors and shareholders and the Company was 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 the Company had almost completed the rehabilitation plan. Then, the Company requested for the repayment of the loans again, but the three debtors did not have sufficient assets to repay the loans; therefore, the Company, subsequently, claimed against those companies for bankruptcy.

Those three companies purchased additional shares issued by Liaopairattana Enterprise Company Limited which is managed and owned by the Liaopairattana family of 3 million shares at Baht 5,500 per share while the par value and net book value were Baht 100 per share and Baht 121 per share, respectively. Liaopairattana 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, Liaopairattana Enterprise Company Limited demanded repayment at the Southern Bangkok Civil Court and then compromised within two days. Liaopairattana 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 had to be authorised by law and the premium had to be paid at the same time as subscribing for the shares. Furthermore, the two managements, which are deemed as one single entity, would reach a compromise in such case. At the Plan Administrator's consideration stage, Liaopairattana Enterprise Company Limited opposed the appointment of Advance Planner Company Limited to be the Plan Administrator as proposed by IRPC Public Company Limited. Subsequently, the Court has ordered to arrange a second meeting with their creditors regarding the voting over Plan Administrator's selection. However, the Asset Protector insisted the previous order from the first creditors' meeting. In addition, the Court has cancelled the order to restructure the three companies at the Plan Administrator's consideration stage.

Subsequently, on 18 August 2008, 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 did not exist.

Court ruling:

1. The Company appealed to the Southern Bangkok Civil Court regarding the cancellation of compromising contracts. However, this was suspended for consideration, the Company has further appealed to the Supreme Court and it is currently being considered under the Supreme 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 under the Supreme Court.
3. The Central Bankruptcy Court dismissed the rehabilitation plan of the three companies requested by Liaopairattana Enterprise Company Limited on 7 July 2008.
4. The 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 2009, 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 Liaopairattana and 20 associates filed a lawsuit against the Company for libel in an advertisement according to the Criminal Law and Publishing Act B.E. 2484.

Court ruling:

The Appeal Court has appointed on 20 January 2010 and 2 plaintiffs have withdrawn the case. The Court has not yet arranged the next appointment.

Civil libel petition - Black Case No. 3595/2550

Mr. Prachai Liaopairattana and 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 that 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 EOEK Company Limited, and TPI Holding Company Limited. As such claims were presented in Siamrath Weekly, 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.

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

Mr. Prachai Liaopairattana 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.

36 Significant claims and legal proceedings (continued)

As at 31 December 2009, the Company has significant cases for which the results have not yet been finalised as follows: (continued)

(8) Labor case - Black Case No. Ror Yor. 258-259/2550

Mr. Prachai Liaopairattana and Mrs. Orapin Liaopairattana 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 Rayong Provincial 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 Baht 7.6 million to both plaintiffs on 1 September 2008. At present, the case has been appealed by the plaintiffs.

(9) Intellectual property and international commerce case - Black Case No. Gor Kor. 238/2546

International Finance Corporation has filed a claim against Mr. Prachai Liaopairattana and Liaopairattana Enterprise Company Limited. On 25 October 2006, the Court summoned 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 based on the rehabilitation plan. 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 of compromising agreement and the withdrawal of the case from the three parties.

(10) Land case

Lieutenant Nakorn Sakornsathien filed a claim that the Company barred a public road and trespassed on his land which prevented him from improving the 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:

The Court has arranged the investigation with debtor on 22 February 2010.

36 Significant claims and legal proceedings (continued)

As at 31 December 2009, the Company has significant cases for which the results have not yet been finalised as follows: (continued)

(11) Claim for cancellation of Olefins sales agreement to Thai Olefins Public Company Limited (At present, Thai Olefin Public Company limited has been under PTT Chemical Public Company Limited)

The case regarding the default of the Olefin sales agreement with Thai Olefins Public Company Limited (Thai Olefins) was finished in 1994. However, Thai Olefins further filed a claim against the cancellation of the Olefins sales agreement. Thai Olefins filed to 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 ruled for 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 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 rate 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.

(12) Labor case - Black Case No. 3851-61/2548, 5804/2548 and Red Case No. 7129-39/2548

Mr. Chaiyuth Limlaval and associates have filed a claim for salary and compensation for alleged unfair termination and others of approximately Baht 122 million.

Court ruling:

On 31 January 2006, the Court ordered the defendant to pay indemnity, early notification and annual vacation payment to the plaintiffs approximately Baht 3 million with an interest rate of 7.5 % per annum. At present, the case has been appealed by plaintiffs.

37 Post balance sheet events

(1) As at 4 January 2010, staff exercised the warrants under the Employee Stock Option Plan (ESOP) for 71 million shares with the exercised price of Baht 2.88 per share, totalling Baht 204.48 million. However, the shares of 38 million shares were paid at the total amount of Baht 110 million and presented as the advance received from exercising warrants under current liabilities as at 31 December 2009. The Company registered the increase in total paid-up common shares from Baht 19,829 million (19,829 million shares at par value of Baht 1 per share) to Baht 19,900 million (19,900 million shares at par value of Baht 1 per share) with the Ministry of Commerce on 8 January 2010.

(2) At the Board of Directors of the Company's meeting on 16 February 2010, it approved a dividend payment for the operating results of 2009 at Baht 0.18 per share. During 2009, the Company already paid the interim dividends at Baht 0.08 per share, totalling Baht 1,578 million. Therefore, there are the remaining dividends to be paid at Baht 0.10 per share. The approval for dividend payment will be further proposed at the Annual Shareholders' Meeting for the year 2010 for the consideration and approval.