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February 26, 2009

Subject: Clarification on Company Performance of 2008

Attention: The President  
The Stock Exchange of Thailand

The world oil price during the first half of 2008 was volatile and continuously increased. Gas Oil price in Singapore market reached as high as 180.57 USD/BBL in July 2008 but rapidly plunged during 3Q08 and 4Q08 to close at 54.32 USD/BBL, 126.25 USD/BBL decreased, at the end of the year. The US Sub-prime and Financial Crisis rapidly created global financial and economic crisis.

The rapid, tremendous and continuous fluctuation of world oil prices in 2008 caused significant, severe and unavoidable Stock Loss in each and every company in Petroleum Industry. The compulsory legal reserve stock of 5% on annual sales became heavier burden when the prices sharply dropped in a short period of time.

Rayong Purifier Public Company Limited (RPC) and its subsidiaries were badly affected by this uncontrollable situation as well. In 2008, RPC generate Net Loss of 504 million Baht, 905 million Baht or 226% decrease from Net Profit of 401 million Baht in 2007.

Total Revenue for the year 2008 was 22,535 million Baht, 1,776 million Baht or 9% increase from 20,759 million Baht in 2007 which partly caused by high oil prices in 1H08. However, the Cost of Sales is also increased 2,855 million Baht or 14% from 2007, for the very same reason. The shrinkage of global oil demand drove Sales Volume down by 9.72%, from 941 million Litre in 2007 to 850 million Litre in 2008.

The main reason for Losses in 2008 was the Stock Loss of 953 million Baht during 3Q08 and 4Q08 due to continuous, significant and rapid sharp decreases in oil prices even though RPC had already engaged Forward Contract on Crack Spread to mitigate oil price risk which generated 15 million Baht gain in 2008. Moreover, in 2008 RPC had recorded 15 million Baht as Allowance for Declines in Value of Inventory in accordance with the Accounting Standards.

Due to high oil prices during 1H08 and Net Operating Loss in 2H08, higher Working Capital is unavoidable. Therefore, Financial and Interest Expenses significantly increased 37 million Baht from 31 million Baht in 2007 to 68 million Baht in 2008 notwithstanding of 31 million Baht Gain on Foreign Exchange in 2008.

However, to reduce impact of Losses, the Company's Management and all Employees has already put full effort to cut down expenses, increase efficiency and reduce Production Costs.

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The oil price and economic crisis in 2008 is an unusual and short term incident that has severe global impact, including Thailand, and evenly hurt performances of all companies in the industry. Since governments around the globe is trying the very best to increase liquidity and to stimulate their economy, since oil prices are already very low and should be increase, since consumptions of oil is still necessary for country's development and since the demand in China is continuously increasing, RPC is positive that the situation will improve in 2H09.

Even though crude oil price is currently as low as 40 USD/BBL but many institutions, if not all, including IMF, Goldman Sachs, Meryll Lynch etc. forecast that after economy crisis reaches its bottom in 1H09, the average WIT crude oil price will be 50 USD/BBL. Analysts of many major oil companies forecast that average crude oil price in 2009 will be at 50-60 USD/BBL. Kasikorn Thai Research Center also forecast that average world crude oil price for 2009 will be 60-70 USD/BBL and since crude oil price during beginning of 2009 is more stable, RPC believe that the risk of Stock Loss this year is substantially reduced.

From the Company's long term policy to diversify into various businesses through subsidiary companies, Pure Bio Diesel Co., Ltd. (RPC's 100% subsidiary) in international standard Bio Diesel business which has long time full support from the Government will have full year operations for the first time. Pure Summakorn Development Co., Ltd. (51% owned by RPC) is launching its new shopping center project in the prime location of Ramkamhang 110 Road. This project was very well accepted during the pre-marketing campaign and the construction will start this year while construction costs are decreasing rapidly. Jaturatis Transportation Co., Ltd. (100% owned by RPC), the long time profitable transportation company, is expanding its business to cover transportation of bio diesel related products as well as other new product. Growth of these subsidiary companies will generate significant income to RPC in 2009.

Please be so informed.

Sincerely Yours,

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