

## -Translation-

RPC/HO-SET/ELICID – 019/07

August 10<sup>th</sup> , 2007

Subject : Company Performance for 2nd Quarter 2007 and  
The Impact of change in Accounting Policy

To : President  
The Stock Exchange of Thailand

Rayong Purifier Public Company Limited and its subsidiaries would like to clarify the 20.42 % or 24.82 Million Baht increase in Company's Net Profit after Tax in 2nd Quarter 2007 (2Q07) compared to 2nd Quarter 2006 (2Q06). The key factors that caused the increase of Net Profit from 121.55 Million Baht in 2Q06 to 146.37 Million Baht in 2Q07 can be summarized as follows:-

### **1. Increase in Sales Volume**

The Sales Volume in 2Q07 increased 8% or 17.5 Million Litre, from 226 Million Litre in 2Q06 to 243.5 Million Litre in 2Q07 resulting from the expectations on the world oil prices to increase further while supplies decreased from other refineries' plant shut down for maintenance.

### **2. Increase in Gross Profit**

The Company earned 304 Million Baht in Gross Profit in 2Q07, 27 Million Baht or 10% higher than the 277 Million Baht of 2Q06 due to higher Marketing Margin and the increased Sales Volume.

### **3. Decrease in Selling and Administrative Expenses**

The Selling and Administrative Expenses in 2Q07 was 114 Million Baht, 1 Million Baht or 1 % less than 2Q06. The decrease due to improvements of Company's internal processes and better expenditures control.

### **4. Decrease in Interest Expense**

Interest Expense decreased by 33% or 3 Million Baht from 9 Million Baht in 2Q06 to 6 Million Baht in 2Q07. Such decrease was from the reduction of Short-Term Loan resulting from cash inflow from VAT refund of 109 Million Baht and the 75 Million Baht repayment from VTN-P Petrochemical Joint Venture, Company's subsidiary in Vietnam.

### **5. Impact of the Change in Accounting Policies towards Separated and Consolidated Financial Statements**

To comply with Thailand Accounting Standard (TAS) No.44, for quarter ended 30<sup>th</sup> June 2007, the Company has changed its Accounting Policy on Separated Financial Statements for 'Investments in Subsidiaries' from 'Equity Method' to 'Cost Method' as well as the related comparison figures. The 'Investments in Subsidiaries' recorded in Separated Financial Statements was restated using 'Historical Cost'.

This adjustment causes the Net Income of the Separated Financial Statements to differ from that reported in the Consolidated Financial Statements. The Consolidated Financial Statements shows 146.37 Million Baht Net Profit for the

quarter ended 30<sup>th</sup> June 2007, while the Separated Financial Statements shows Net Profit of 144.27 Million Baht. The Company would like to further clarify the impact as follows:

- 1) After restating, the Net Profit of the Separated Financial Statements for the quarter ended 30<sup>th</sup> June 2007 and 30<sup>th</sup> June 2006 decreased by 2.1 Million Baht and 6.5 Million Baht respectively (decreased 0.01 Baht per share and 0.01 Baht per share respectively). The Separated Financial Statements did not include any 'Share of gain from Investment' which was of the Equity Method.
- 2) The restating effect on other items on the Separated Financial Statements for the quarter ended 30<sup>th</sup> June 2007 are 'Investments in Subsidiaries' and 'Retained Earnings' in the Balance Sheets which were decreased by 32.8 Million Baht. The cumulative effect of the change in Accounting Policy has been presented under the heading of 'Cumulative Effect of the Change in Accounting Policy for Investment in Separated Financial Statements' under the Separated Statements of Changes in Shareholders' Equity.

However, this change in Accounting Policy affects only the Separated Financial Statements. It did not have any effect on the Consolidated Financial Statements or any business fundamentals.

As a result, the company's net profit has increased by 20.42% or 24.82 Million Baht in 2Q07 compared to 2Q06.

Please be so informed.

Sincerely Yours,

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