

**IRPC Public Company Limited and its Subsidiaries  
Management Discussion and Analysis (MD&A)  
For Quarter 1/2008**

**1. Operating Performance**

<b>Consolidated F/S and Key Financial Data (Unit : Million Baht)</b>	<b>Q1/2008</b>	<b>Q1/2007*</b>	<b>Change</b>	<b>% Change</b>
Crude Run (KBPD)	181.53	186.11	-4.58	-2%
Dubai Crude Oil Price (USD/bbl)	91.43	55.42	36.01	65%
Integrated GRM (USD/bbl)	9.68	11.13	-1.45	-13%
Exchange Rate (Baht/USD)	32.55	35.71	-3.16	-9%
Sales Revenue	61,258	50,550	10,707	21%
Total Revenue	62,390	51,835	10,554	20%
Cost of Goods Sold	59,246	47,795	11,451	24%
Selling and Administrative Expenses	1,188	1,007	181	18%
Total Expenses	60,434	48,802	11,632	24%
Gross Profit	2,012	2,755	-744	-27%
Net Profit	1,628	2,758	-1,130	-41%
Earning per Share (Baht)	0.08	0.14	-0.06	-41%

Note : \* restated

IRPC Public Company Limited and its subsidiaries had net profit of 1,628 million baht, a decrease of 1,130 million baht or 41% comparing to the same period last year. Due to the loss from sales and revaluation of investment 367 million baht in Q1/2008 while Q1/2007 the company realized a gain from PTT Chemical Plc. shares 450 million baht, and also lower refining margin due to crude oil prices was spiraling from average 55 USD/bbl in Q1/2007 to average 91 USD/bbl in Q1/2008 or 65% increase. Gross profit was 2,012 million baht, a decrease of 744 million baht or 27% Integrated GRM declined from 11.13 USD/bbl in Q1/2007 to 9.68 USD/bbl in Q1/2008. The average crude run was 181,535 barrel per day or 84% utilization, 2% lower than the same period last year. However, the company had F/X gain 744 million baht due to baht appreciation. The company recorded other incomes 326 million baht, mainly by gain from swap contracts 198 million baht.

The consolidated sales revenue was 61,258 million baht, an increase of 10,707 million baht or 21% from Q1/2007. Petroleum products sales was 44,106 million baht, which is 8,613 million baht or 24% higher than those of Q1/2007, mainly resulting from the increase of refined products sales of 7,699 million baht due to the price hike. Petrochemical products sales was 16,457 million baht, an increase of 2,072 million baht or 14% from Q1/2007 resulting from the increase of both price and volume of PP which increased 1,099 million baht or 23% due to increasing demand from export markets.

## Revenue Structure of IRPC and its Subsidiaries

(Million Baht)	Q1/2008				Q1/2007			
	Domestic	Export	Total	%	Domestic	Export	Total	%
<b>1 Petrochemical Products</b>								
1.1 Plastic Resins	6,334	4,707	11,041	18%	5,513	4,156	9,669	19%
1.2 Olefins	2,771	11	2,783	5%	1,934	178	2,112	4%
1.3 Aromatics	1,222	1,077	2,299	4%	1,629	631	2,260	4%
1.4 Polyol	143	192	335	1%	104	240	344	1%
<b>Total</b>	<b>10,470</b>	<b>5,987</b>	<b>16,457</b>	<b>27%</b>	<b>9,181</b>	<b>5,204</b>	<b>14,385</b>	<b>28%</b>
<b>2 Petroleum Products</b>								
2.1 Refined Products	24,494	7,319	31,813	52%	20,664	3,450	24,114	48%
2.2 Naphtha	-	1,747	1,747	3%	-	2,769	2,769	5%
2.3 Lube Base Products	1,832	813	2,645	4%	1,686	1,067	2,753	5%
2.4 Long Residue	4,642	1,150	5,793	9%	3,100	1,230	4,329	9%
2.5 Asphalt wax and extract	644	1,464	2,108	3%	391	1,137	1,527	3%
<b>Total</b>	<b>31,613</b>	<b>12,493</b>	<b>44,106</b>	<b>72%</b>	<b>25,840</b>	<b>9,653</b>	<b>35,493</b>	<b>70%</b>
<b>3 Others</b>	695	-	695	1%	672	-	672	1%
<b>Grand Total</b>	<b>42,778</b>	<b>18,480</b>	<b>61,258</b>	<b>100%</b>	<b>35,693</b>	<b>14,857</b>	<b>50,550</b>	<b>100%</b>

Selling and administrative expenses was 1,188 million baht, increased 181 million baht or 18% due to the loss from sales and revaluation of investment 367 million baht, doubtful accounts decreased by 106 million baht. Nevertheless, selling and administrative expenses exclude the loss from sales and revaluation of investment and doubtful accounts decreased by 79 million baht or 9% as a result of lower employees' expenses.

Interest expenses was 313 million baht, increased by 52 million baht from the same period last year due to higher interest rates of long term debentures that the company replaced its short term bridge loans. Subsidiaries income tax was 9 million baht, while IRPC is still utilize carry forward loss as tax benefits.

## 2. Financial Position

<b>Balance Sheet</b> (Unit : Million Baht)	<b>Ending</b> <b>Q1/2008</b>	<b>Ending</b> <b>Q1/2007</b>	<b>Change</b>	<b>% Change</b>
Cash and cash equivalent	5,925	11,144	-5,219	-47%
Short term investment	1,304	1,529	-224	-15%
Trade accounts receivable	12,146	13,315	-1,168	-9%
Inventories	44,042	38,364	5,678	15%
Property, plant and equipment	61,779	62,311	-532	-1%
Other assets	8,226	6,513	1,712	26%
<b>Total Assets</b>	<b>133,422</b>	<b>133,175</b>	<b>247</b>	<b>0%</b>
Trade accounts payable	18,764	17,062	1,702	10%
Other payables	801	1,199	-398	-33%
Debentures	17,494	18,417	-923	-5%
Other liabilities	1,958	3,720	-1,762	-47%
<b>Total Liabilities</b>	<b>39,017</b>	<b>40,399</b>	<b>-1,382</b>	<b>-3%</b>
<b>Total Shareholders' Equity</b>	<b>94,405</b>	<b>92,777</b>	<b>1,628</b>	<b>2%</b>

At the end of Q1/2008, total assets was 133,422 million baht, slightly increased from that of the end of 2007 by 0.19%. Total liabilities was 39,017 million baht, decreased by 1,382 million baht. Debenture amount decreased by 923 million baht was results of early redemption of Baht Debenture 360 million baht and FX translation for USD Debenture lower by 566 million baht. Total shareholders' equity was 94,405 million baht, increased by 1,628 million baht. The increase was attributable to the net profit of this period. and total shareholders' equity was 94,405 million baht, increased by 1,628 million baht. The increase was attributable to the net profit of this period.

### 3. The Statement of Cash Flow

For Q1/2008, the company had cash outflows from operating activities of 3,363 million baht. As crude oil prices continually surge, the company need more working capital for raw material purchase. The company had cash outflows from investing activities 1,228 million baht, partly due to the advance payment of machinery and equipment for power plant project in the amount of 797 million baht. Cash outflows from financing activities was 628 million baht resulting from redemption of debenture 350 million baht and interest payment 295 million baht. Thus, the company had an decrease of 5,219 million baht, combined with beginning cash balance of 11,144 million baht, the company had ending cash balance of 5,925 million baht.

### 4. Key Financial Ratio

	Q1/2008	Q1/2007
Current Ratio (times)	3.20	3.14
Quick Ratio (times)	0.91	1.19
Debt to Equity Ratio (times)	0.41	0.44
Gross Profit Margin	3.28%	5.45%
Net Profit Margin	2.62%	5.33%
ROE	1.77%	3.14%
ROA	1.24%	2.11%

### 5. Change in accounting policy

The company has changed the accounting policy to comply to Thai Accounting Standards (TAS) No. 31. In this regard, the company changed inventory valuation method from LIFO method to the average method from 1 January 2008 and applying retrospective adjustment. The effect of the change in accounting policy to the consolidated financial statement for the year 2007 were increase of beginning retained earning by 1,664 million baht, ending inventory increase by 2,361 million baht, cost of goods sold increased by 766 million baht, while net profit decreased by 766 million baht or 0.04 baht per share.