

Press Release - 8 June 2012

The Petroleum Pricing Committee met on Friday 8 June 2012.

After verifying the computation of retail prices of Mogas (Super Unleaded Gasoline) and Gas Oil (Diesel 50S), as provided for under Section 8 of the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011, it approved that the retail prices be maintained at their current levels as below:

| Product | Retail Price (Rs/Litre) |
|---------|-------------------------|
| Mogas | 49.30 |
| Gas Oil | 41.20 |

According to the Regulations the Reference Prices utilized in fixing the Retail prices of Mogas and Gas Oil are based on the average monthly Platts prices covering the previous 6 months and the forward prices for the ensuing 6 months plus a margin as provided in the Regulations.

The forward prices utilized are those published for:

- (i) **Mogas** - as Platts Premium Unleaded Gasoline FOB ARA Barge & Brent Crack Swaps - London (Platts) of 7 June 2012 at 17.25 GMT; and
- (ii) **Gas Oil** - Platts Gasoil FOB Singapore Swaps – Singapore (Platts) of 7 June 2012 at 11.29 GMT.

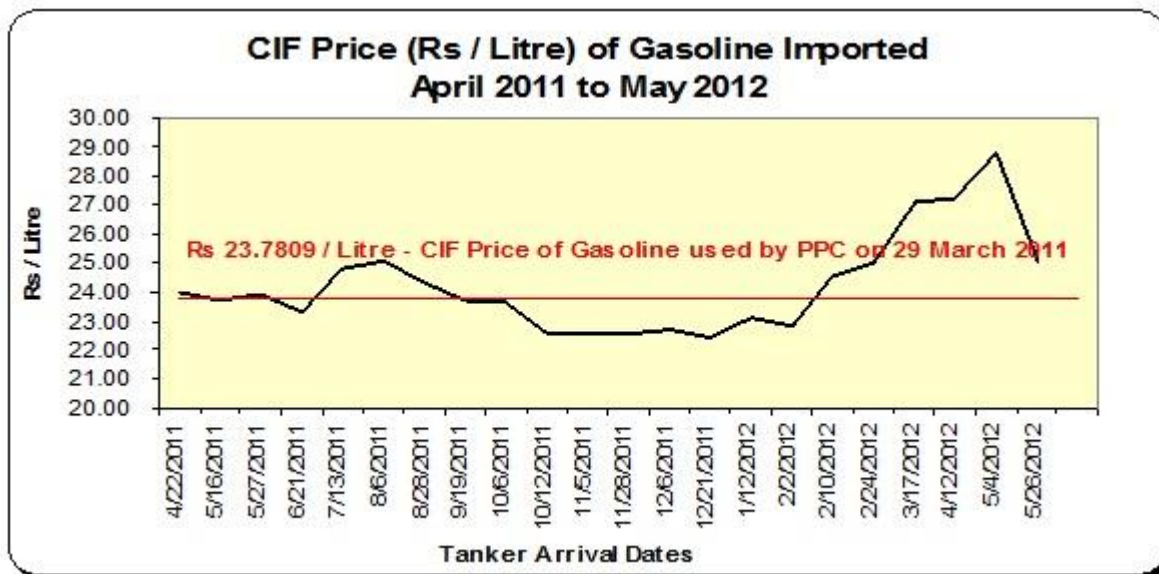
Since the percentage increase in the retail prices of both Mogas and Gas Oil is below 5%, the prices are maintained in compliance with Section 5(1) (b) of the Regulations.

The retail prices of both Gasoline and Gasoil ought to have been raised on several occasions as can be shown in the two graphs below but the Price Stabilization Account set up by STC had been used to absorb the losses incurred by the Corporation as a result of price increases on the world market.

This has served to stabilize the retail prices of both Gasoline and Gas Oil since March 2011 and also protected the market against rising inflation. It is a fact that when the retail prices of Gasoline and Gas Oil increase on the local market, the prices of other goods increase

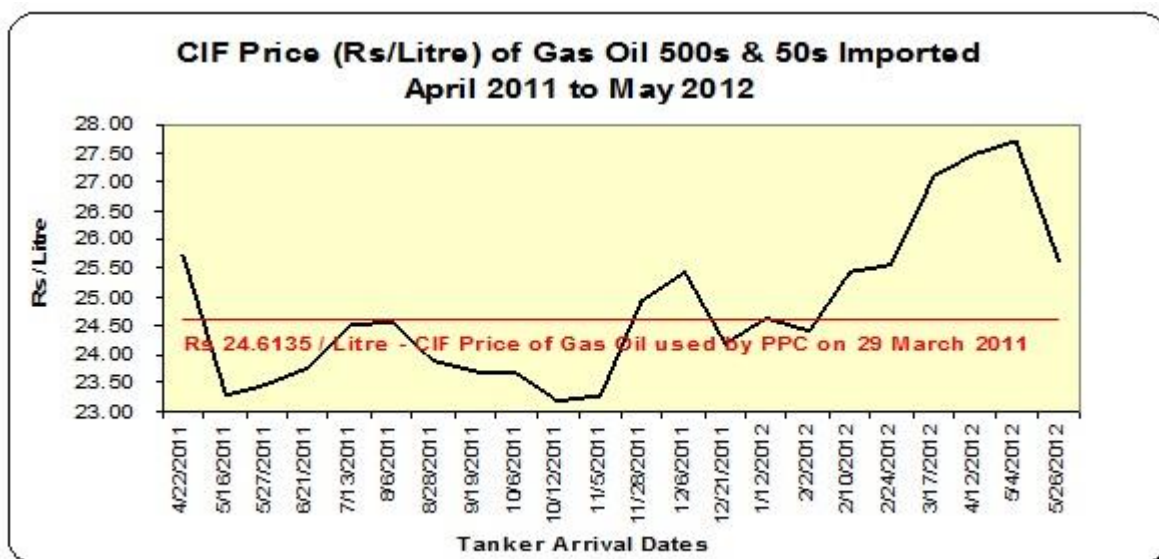
accordingly. However, it is very rare to see a decrease in the price of those products whenever there is a decrease in the retail prices of Gasoline and Gas Oil.

Mogas (Super Unleaded Ron 95)



Despite the recent price decline observed as indicated above and as per Regulations, the percentage increase of Mogas amounts to 3.05%, i.e. below the 5% ceiling. The retail price of Mogas remains unchanged under Section 5(1) (b) of the Regulations.

Gas Oil (Diesel)



Despite the recent price decline observed as indicated above and as per Regulations, the percentage increase in the retail price of Gas Oil works out to 4.64%, i.e below the 5%

ceiling. The retail price of Gas Oil remains unchanged under Section 5(1) (b) of the Regulations.

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