

(Translation)

Minutes of the 2006 Annual General Meeting of Shareholders

PTT PUBLIC COMPANY LIMITED

The meeting was held on 11 April 2006 at 10.00 at the Bangkok Convention Centre, 5th Floor, Central Plaza Department Store Building (Ladprao), Vibhavadee-Rangsit Road, Jatujak, Bangkok (the **Meeting**).

Before the Meeting began, two representatives from the Office of the Auditor General of Thailand (the **OAG**) were introduced to the Meeting, i.e. Mrs. Naengnoi Karnchanphob and Mrs. Nuntima Prasarnthong. PTT presented a video detailing the safety measures for using the equipment in the conference room.

Preliminary Proceedings:

667 shareholders were present in person and another 877 shareholders attended the Meeting by proxy, making a total of 1,544 shareholders present at the Meeting with a total of 1,971,876,215 shares. This is equal to 70.49% and is more than one-third of the total 2,797,245,725 issued and outstanding shares in PTT. A quorum was therefore established in accordance with the Articles of Association.

As Chairman of the PTT Board, Mr. Cherdpong Siriwit presided as chairman of the Meeting (the **Chairman**). After declaring the Meeting open, the Chairman introduced the Board and the executive officers of PTT as follows

Directors present:

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|----|--------------------------------|---|
| 1. | Mr. Cherdpong Siriwit | Chairman of the Board of Directors |
| 2. | Mr. Phadhadej Dhamcharee | Independent Director and Member of the Audit Committee |
| 3. | Mr. Olarn Chaipravat | Director and Chairman of the Audit Committee |
| 4. | General Chaisuk Ketudat | Independent Director and Chairman of the Good Corporate Governance Committee |
| 5. | Mr. Suchart Thada-Thamrongvech | Independent Director and Member of the Audit Committee |
| 6. | Mr. Prapun Naigowit | Independent Director, Member of the Audit Committee and Member of the Good Corporate Governance Committee |
| 7. | Mr. Metta Banturngsuk | Director |
| 8. | Mr. Prasert Bunsumpun | President |

Executive officers present:

- | | | |
|----|--------------------------------|---|
| 1. | Mr. Pichai Chunchavajira | Senior Executive Vice President, Corporate Finance and Accounting |
| 2. | Mr. Anon Sirisaengtaksin | Senior Executive Vice President, Corporate Support |
| 3. | Mr. Chitrapongse Kwangsukstith | Senior Executive Vice President, Gas Business Group |
| 4. | Mr. Prajya Phinyawat | Senior Executive Vice President, Petrochemicals and Refining Business Group |
| 5. | Mr. Chaivat Churitti | Senior Executive Vice President, Oil Business Group |

The Chairman delivered an opening speech to the Meeting that this was the fifth annual general meeting of PTT shareholders since PTT first became present on the stock exchange on 6 December 2001. The Chairman welcomed and thanked all the shareholders present for their confidence in PTT's commitment to becoming a fully integrated power business based on principles of good corporate governance, with an emphasis on improving efficient performance and competitiveness for the paramount benefit of all

concerned and interested parties. Before the Meeting began to consider the agenda, the Chairman explained the voting procedures:

- After considering each matter on the agenda, the shareholders would vote for or against or abstain by marking the ballot cards distributed at the registration desk. The total number of votes by each shareholder must equal the number of shares held by that shareholder.
- Only votes against and abstentions would be counted. The total number of votes against and abstentions would then be deducted from the total number of votes cast by the shareholders present at the Meeting. The balance would be treated as the number of affirmative votes in favour of the relevant matter. The shareholders wishing to vote against or to abstain from voting must show their hands to enable the scrutineers to collect their ballot cards, so that the votes would be recorded and announced.
- The Chairman introduced two legal advisors to PTT: Mr. Arkrapol Pichedvanichok and Ms. Manunya Thitinuntawan, who participated in the Meeting as observers. In the event of inconsistency on the vote count, they would investigate the error.
- Before adopting a resolution regarding each item, the shareholders would have an opportunity to ask questions, express opinions and make suggestions in an appropriate manner. Any shareholder wishing to ask a question should first introduce themselves to the Meeting.

Accordingly, the Chairman declared the Meeting to be duly convened and ready to consider the 13 items on the agenda as follows.

1. To consider and endorse the minutes of the Extraordinary General Meeting of Shareholders No. 1/2005, held on 10 August 2005

The Chairman stated that PTT had distributed the minutes of the Extraordinary General Meeting of Shareholders No. 1/2005, held on 10 August 2005 (the **1/2005 EGM**), to all shareholders, together with the convening notice for this Meeting. Therefore, the Chairman proposed that the Meeting consider and endorse those minutes.

**Shareholder:
(Mr. Pramote
Libratanasakun)**

I would like to ask about the disposal of its interest in Medco Energy by PTTEP (PTT Exploration and Production Public Company Limited):

1. What was the reason for the disposal? (According to PTT, PTTEP's equity in Medco Energy was disposed of because of the loss incurred on foreign exchange.)
2. After that disposal, what was PTTEP's investment plan? (As shown [in the minutes of the 1/2005 EGM], PTTEP would invest directly in other companies' assets.)

**Mr. Chitrapongse
Kwangsukstith,
Senior Executive Vice
President, Gas Business
Group:**

I would like to explain as follows:

1. This was done because PTTEP incurred losses on foreign exchange in respect of book value. In comparing the investment funds used to acquire shares in New Links (a shareholder of Medco) with the returns on the disposal of the interest in Medco, plus interim dividends received, PTT earned a satisfactory profit on those returns.

- PTT has a strong financial structure as follows:
 - The debt : equity ratio was 0.5 : 1, while the projected ratio was 1:1.
 - The debt : EBITDA ratio was 1.3 : 1, while the projected ratio was 2:1.
 - Interest service coverage was 12.9-fold.
- An in-depth report on PTT's performance in 2005 and its financial statements can be found in the previously distributed Annual Report, including the video presentation on the summary of PTT's performance in 2005 followed by an additional explanation from the President which has just been finished. Therefore, the Chairman proposed that the Meeting (i) consider and support PTT's performance in 2005, and (ii) consider and approve the consolidated and separate financial statements comprising the balance sheet, profit and loss account, statement of change in the shareholders' equity and statement of cash flow for the year ended 31 December 2005, as well as the auditor's report which had been certified by the certified public accountant according to generally accepted accounting principles. Details are set out on pages 112–190 of the 2005 Annual Report.

Shareholder:
(Mrs. Preeya
Warnkhorporn)

I would like to know how much PTT earned in net profit per share for the year 2005.

President:

The net profit per share for the year 2005 was Baht 30.57, as set out on page 117 of the 2005 Annual Report (please see the profit and loss account).

Shareholder:
(Mrs. Preeya
Warnkhorporn)

PTT had a net profit per share of Baht 30.57 but declared dividends of only Baht 9.25 per share. That was 30% of the total amount. How large is the government's stake in PTT?

President:

More information on the declared dividends will be given when the Meeting considers the next item on the agenda. Now, I would like to explain PTT's shareholding structure: The Ministry of Finance (**MOF**) holds a direct 52.47% stake in PTT and an indirect 15.56% stake through the Vayupak Fund. Therefore, in total the MOF has a 68% stake in PTT. A further 12% is held by Thai retail shareholders and members of local funds, such as the Pension Fund, Social Security Office and other Thai funds. That means that over 80% of the shares in PTT are held by Thais.

Shareholder:
(Mrs. Preeya
Warnkhorporn)

I acknowledge that Thais now hold over 80% shares in PTT. Regarding the net profit earned by PTT and dividends to be paid to the shareholders, I would like to know whether the rest of the net profit will be distributed to the public. Clarification of this point for the public is urgently needed to alleviate prevailing controversial concerns.

President:

The rest of the profit is expected to go to PTT itself as PTT constitutes property owned by the government and other shareholders. PTT's growth means improved value in the property owned by the Thai government and other Thai individuals as together they hold more than 80% of the shares in PTT. In the future, a higher dividend rate might be declared at the request of the shareholders. Basically, the majority of the dividends go to the MOF (in other words, the government receives significant income from the

3. How is PTT's performance linked to oil prices?

President:

1. Initially, the proposed construction of the ATC factory 2 required a huge amount of investment, i.e. US\$ 900 million. Therefore, it was deemed appropriate for ATC to reduce the cost of construction by seeking a co-investor. That was RRC. RRC agreed to invest in the manufacturing of reformat, a kind of feedstock used to produce aromatics. RRC also agreed to improve various products that it manufactured. Therefore, the projected amount of investment was cut to US\$ 500 million. The co-investment ratio between ATC and RRC is <50%:>50%. Profit will be shared in proportion to the amount of investment contributed by each party. In summary, PTT is taking part in this project only indirectly, as PTT holds 49.99% of the shares in ATC and 100% of the shares in RRC. In any circumstances, this transaction is advantageous to the shareholders of both ATC and RRC. The PTT board, on the advice of its financial adviser, considered it reasonable to proceed with this project with a view to reducing ATC's cost of construction and bringing about great benefits to both ATC and RRC.
2. Basically, PTT operates on the basis of a value chain. It engages in the upstream and downstream business of exploring and producing natural gas. At the gas separation plant which is the terminal of the gas manufacturing process, certain substances are derived for further use as feedstock in the petrochemical plant. In expanding the petrochemical business, PTT therefore emphasises the beneficial use of feedstock from the natural gas factory. PTT is now considering a new project to manufacture crackers for a new ethylene plant producing 1 million tonnes by using feedstock from the gas separation plant. This project is expected to lengthen the value chain by using natural gas to its utmost value.

The petrochemical business remains on an upturn and will downturn in the future. However, the value chain is within the jurisdiction of the PTT group of companies only. In principle, the value of feedstock is to be improved in the best way possible by co-investment by any related units within the PTT group. For instance, the project to manufacture crackers as stated in the above paragraph would be carried out jointly by PTT and PTTCH (PTT Chemical Public Company Limited). That project includes all the upstream, intermediary and downstream processes where the plastic resins are to be ultimately produced. In that manner, the risks associated with the project will be diversified. Other new projects are to be conducted on this same basis. If any business has potential to expand or improve, PTT will design an appropriate programme to satisfy that potential.

In conclusion, PTT established the policy to expand its petrochemical business involving PTTCH, ATC and other companies in the group. The main purpose of those expansion projects is to connect and lengthen the value chain in order to reduce the amounts of investment, manage the risks concerned, make the best use of feedstock and enhance the appropriate management of each company in the PTT group. To ensure the strong financial condition of the PTT group, each member must maintain its debt : equity ratio at 1 : 1 and its debt : EBITDA ratio at 2 : 1. Despite numerous expansions, co-investments and amalgamations are considered an option if the related business shows potential.

**Mr. Prajya Phinyawat:
(Senior Executive Vice
President, Petrochemicals
and Refining Business
Group)**

A diversity of products is an alternative for diversifying related risks, taking into account the volatility of the petrochemical business. However, the upturn and downturn of various petrochemical products varies in their timing. In 2006, new products will be launched: EOEG, cyclohexane and phenols. In producing phenols, benzene produced by PTT's affiliates will be used as feedstock for its best commercial value.

President:

3. As regards the overall review, the rise in oil prices is advantageous to PTT, and in particular to PTTEP, as it is the oil producer. When oil prices rise, PTTEP can sell its products, such as crude oil and condensates, at a higher price. The natural gas price reflects the oil price: 30% of the natural gas price is linked to the oil price. For the refining business, the rise in oil prices might become advantageous or disadvantageous, depending on the difference between the price of crude oil and the price of refined products. For the gas separation plant, if the price of crude oil rises, the price of its products rises. For instance, the selling price of cooking gas for export would be higher due to the government's policy of no price control, whereas the selling price of cooking gas for domestic sale is controlled with a ceiling of US\$ 315 per tonne. In conclusion, the gas separation plant will benefit from the global rise in the price of crude oil because the exported portion of cooking gas can be sold freely at market price. The price of various products from the gas separation plant, such as ethane and propane used for feedstock in the petrochemical plant, will rise following the rise in oil prices. This is because the gas price formula depends on the price of petrochemical products, which is expected to rise in accordance with the rising oil price. In this event, the cost of the gas pipeline was not a factor which caused the gas price to rise. In fact, the cost of the gas pipeline has not changed since PTT was privatised.

In conclusion, a US\$ 1 increase in the oil price was beneficial to PTT. However, PTT did not enjoy that benefit at the expense of the Thai people. To clearly illustrate, I would like to compare the current situation with the past 4-5 years. At that time, the cost of oil in the global market was quite cheap, i.e. US\$ 20 per barrel, and the retail cost of oil in Thailand was Baht 20 per litre. The marketing margin (i.e. the difference between (i) the price at which the oil was sold at the refinery and (ii) the price at which the oil was sold at the petrol station) was Baht 1.20 per litre. Today, the retail price of oil has risen to Baht 27-28 per litre, resulting from the global rise in oil prices to US\$ 60-70 per barrel. The refinery price has risen correspondingly. In that circumstance, the difference between the retail price and the refinery price has narrowed and the marketing margin has been reduced to only 50-60 satang per

litre.

Again, I would like to confirm that PTT has earned its profits from its gas exploration and production activities, the upturn of the petrochemical business and the improved margins generated by the refineries. The rising retail price of oil has not contributed at all to those profits.

Shareholder:
(Mrs. Duangthip
Surinthathip)

I would like to ask about PTT's viability, and how it might be adversely affected in light of the current controversy over the proposed privatisation of EGAT. How has PTT prepared for that contingency? From page 102 of the 2005 Annual Report in the section '*Liabilities to the customers*', PTT was looking for substitute energies to reduce air pollution. In my opinion, that is not the point. What PTT should be doing is seeking new substitutes in preparation for the shortage of gas and oil in the near future. This is for the viability of PTT itself and its shareholders.

President:

The shareholder has questioned the validity and enforceability of the privatisation of PTT and the two royal decrees that apply to the privatisation. The controversy is currently with the administrative court. The shareholder also doubted PTT's policy for overcoming any potential difficulties relating to that controversial.

After discussing the matter with its legal advisors and other relevant consultants, PTT has understood that its privatisation and the promulgation of the two royal decrees on privatisation, including the arrangements by the Privatisation Committee and the Public Hearing Committee, have not resulted in any conflicts of interest. As to the two royal decrees, a petition was previously filed with the constitutional court. That petition asked the court to consider whether the promulgation of the two royal decrees on the basis of the State Enterprise Capital Act (the **Privatisation Act**) was valid. The constitutional court ruled that the issue of those royal decrees was valid and legitimate. In another case, Mr. Manu Leoparote was automatically appointed the chairman of the Privatisation Committee because he was at that time the permanent secretary for finance directly responsible for PTT. No conflict of interests arose from that appointment as alleged. He had the right to acquire shares in PTT after privatisation, as permitted by section 12 of the Privatisation Act. That section grants a waiver to any authorised representatives of the specified government agencies. Under section 18 of the Privatisation Act, Mr. Viset Jupiban had the right to hold a stake in PTT while he was the President. Mr. Olarn Chaipravat was appointed a director of PTT when PTT was initially privatised. At that time, Shin Corp. [of which he was the director] had no relationship with PTT. Mr. Olarn Chaipravat has now resigned as a director of Shin Corp. Again, I would like to confirm that the privatisation of PTT did not bring about any conflict of interests and was not considered the disposal of State property. On the contrary, the privatisation of PTT strengthened the added value and commercial stability of State property. That meant that after privatisation PTT could operate efficiently and independently without imposing a burden on the government. PTT was successful in improving the value of the State property owned by itself from Baht 20 billion to Baht 500 billion, an increase of 68%. The current book value of PTT's business is Baht 700 billion.

As regards the separation of the gas pipeline business into a new company,

the prospectus on the initial public offering of PTT shares indicated that the new gas pipeline company would be established if any of the following events occurred: (i) the government resolved to re-structure the overall energy business, (ii) an Act on undertaking energy business was promulgated, (iii) the electric power supply cables were separated and a new power generating plant was specifically formed and then listed on the Stock Exchange of Thailand, or (iv) a pooled market of electric power was established and controlled by an independent agency. To date, none of the above events has occurred. The Cabinet's resolution on this matter has been amended many times. Finally, the administrative court ruled that EGAT's original status should be re-instated. The EGAT case was different from the privatisation of PTT. PTT was privatised and initially offered its shares to the public four years ago. Ever since, the shareholders have been treated well. PTT's performance has been recognised by various local and international organisations. Its operations have generated significant income and satisfactory returns to the shareholders, i.e. the MOF and other retail shareholders. Over the past five years, PTT has remitted taxes and dividends to the government for a total of Baht 140 billion. Therefore, I would like to ask all of you to represent PTT in disseminating accurate information to the public. Irrespective of whether the natural gas pipeline unit is to be separated from PTT, the shareholders or consumers will not suffer any adverse impact as there have been no adjustments to the cost of the pipeline since the privatisation of PTT.

**Shareholder:
(Mr. Sermkiat
Bumrungpruek)**

Sub-clause 2.1 '*Basis of preparation*' on page 125 of the Annual Report states that PTT began to prepare the consolidated financial statements by combining the financial statements of its subsidiaries: PTT Polymer Marketing Company Limited, PTT Phenol Company Limited, PTT Utilities Company Limited and PTT Chemical Company Limited. Sub-clause 2.2 '*Investments in subsidiaries*' of the Annual Report states that the investments in subsidiaries were recorded by the equity method in the separate financial statements. I would like your confirmation that those financial statements were correctly prepared according to accounting standards and were up-to-date.

**Khun Pichai Chunchavajira:
(Senior Executive Vice
President, Corporate
Finance and Accounting)**

Basically, the consolidated financial statements combine the financial statements of PTT and any affiliates in which PTT owns more than 50% of the shares and controls the company. From page 125 of the Annual Report, it is clear that the financial statements of the subsidiaries you mentioned have been incorporated into the audited consolidated financial statements. Those include the balance sheet, profit and loss statement and statement of cash flow. The balance sheet includes all transactions of assets and liabilities. The profit and loss statement includes all income transactions, except for connected transactions. For any affiliate in which PTT holds less than 50% of the shares without a power of control, e.g. SPRC (Star Petroleum Refining Company Limited), PTT does not combine that affiliate's financial statements with the consolidated financial statements. However, in principle, it is obligatory to record the required transactions by the equity method as follows: The balance sheet of that affiliate would not be incorporated into the consolidated financial statements and only the bottom line of its profit and loss statement would be added to the consolidated financial statements. That is part of generally accepted accounting principles applied by public limited companies and listed companies, locally and internationally.

Shareholder:
(Mr. Piyasak
Tanyongmartkul) I would like the Chairman and the Meeting to proceed with the agenda and resolve on this matter to avoid wasting time.

Shareholder:
(Unnamed) I would like clarification of a news broadcast on TV. The Chairman of the Oil Retail Traders Association of Thailand stated that PTT enhanced its profits by fixing the retail price of oil based on the oil price announced by Singaporean refineries. Therefore, the retail oil price in the country was extraordinarily high.

President: Let me clarify the oil price fixing method: First, the important thing is the feedstock fed to the refinery. Currently, 90% of the required crude oil must be imported from the Middle East. The price of refined petroleum products in the country is fixed on the basis of the oil prices prevailing in a specific region. In Asia, Singapore is the largest market as various multi-national oil companies have established their branch offices there. A reputable central agency is responsible for reporting the selling and purchasing prices of oil by evaluating whether a regional market exists and how many oil sale and purchase transactions are undertaken on that market each day. Every day, after completing the evaluation, the reputable central agency announces the oil selling and purchase prices in the late afternoon (the price announced is not determined by the Singaporean government or any particular corporate body). Then, the refinery applies the announced prices as the basis for selling its refined products to its wholesale customers. As the price of crude oil has now risen, the price of refined petroleum products has risen correspondingly. Finally, the wholesale customer fixes the retail price at which the oil is to be sold at the petrol station. How much the retail price varies from the refinery price is at the discretion of the wholesale customer. I would like to inform you that to date the margin (or the marketing margin) has been negative (that means the retail price is lower than the refinery price).

In conclusion, the information received by the shareholder is untrue.

Shareholder:
(Mr. Supot Ueachailertkul) I would like to ask about the percentage of imported and self-manufactured oil used in the country.

The Chairman: 10% is from self-manufactured products and the remaining 90% is imported.

Shareholder:
(Mr. Supot Ueachailertkul) How much of PTT's outstanding debts are in US dollars? How much are the forward transactions entered into by PTT? What is the scope of those forward transactions? How much would the US\$ transactions be in the future? Given that the US\$ is fairly volatile, what are the potential changes to the US\$ transactions?

Khun Pichai Chuhavajira:
(Senior Executive Vice
President, Corporate
Finance and Accounting) 30% of PTT's outstanding loans are denominated in US dollars. Typically, PTT manages to balance the timing between receiving US\$ income and repaying US\$ loans. If the US dollar strengthens, PTT will incur a loss on foreign exchange and earn a profit from sales. On the other hand, if the US dollar weakens, PTT will incur a loss on sales and earn a profit from foreign exchange.

Shareholder: On page 114 of the Annual Report in the section '*Non-current assets*', the

- (Unnamed)** investment of Baht 66 billion is recorded by the equity method for the year ended 2005. Is the market price or the book value used as the basis for recording in the financial statements listed company transactions undertaken in the ordinary course of business?
- Khun Pichai Chunchavajira:
(Senior Executive Vice
President, Corporate
Finance and Accounting)** The book value was used (and we did not record the share price in the accounts).
- Shareholder:
(Unnamed, the same
person)** From page 148 of the Annual Report in sub-clause 11.3 of the notes to the financial statements, I had some questions relating to Thai Petroleum Pipeline Company Limited (**TPP**): In 2004, PTT invested in TPP for Baht 1.367 billion. The transaction was recorded by the equity method and the amount of investment did not appear in the financial statements. In 2005, PTT's investments doubled to Baht 2.682 billion. The transaction was again recorded by the equity method and the amount of investment did not appear in the financial statements. The questions are as follows: (i) how much did TPP incur in losses? (ii) was the shareholders' equity in TPP's financial statements negative?,(iii) with 35.21% co-investment by PTT, will PTT have to improve its portion of investment in the coming year? and (iv) when will this transaction become positive?
- Khun Pichai Chunchavajira:
(Senior Executive Vice
President, Corporate
Finance and Accounting)** TPP is a joint venture between PTT and other oil trading companies, i.e. Shell, Esso, Caltex and other retail traders. The purpose of this joint venture is to obtain oil from the refineries by a pipeline for retailing on the outskirts and in the northern part of Bangkok. From the beginning, TPP had financial difficulties because of the below-expected demand for oil from its customers. All joint venture partners were jointly liable for that loss in proportion to their shareholding in TPP. The solution found was to pay the pipeline fee to TPP in advance to strengthen its financial structure. TPP's financial position has now improved because of the higher demand for pipeline oil. That is a result of the government's policy of supporting the transport of oil by any means, instead of only by road. TPP was therefore able to pay the interest on its loans. All joint venture partners have converted the advance pipeline fees into capital. In conclusion, TPP's performance has been negative without retained profits.
- Shareholder:
(Unnamed, the same
person)** Can you please evaluate the book value of TPP's business?
- Khun Pichai Chunchavajira:
(Senior Executive Vice
President, Corporate
Finance and Accounting)** In recording this transaction by the equity method, the amount of investment does not appear in the financial statements. That means the book value of TPP's business remains negative. (In the past, the most negative book value was Baht 9 billion. That also reflected the impact of the devaluation of the baht.) PTT's share of liability for the negative results is 35.21%. However, the situation is now improving.
- Shareholder:
(Unnamed, the same
person)** As the explanations in the notes to the financial statements are not clear, can you please explain?
- Khun Pichai Chunchavajira:
(Senior Executive Vice** First, please look at the profit and loss statement, which shows the amount of profit earned by PTT in 2005, i.e. Baht 85.521 billion. The investor's

President, Corporate Finance and Accounting)

question is whether PTT's profit in cash rises to Baht 85.521 billion. Please now look at the cash flow statement. The amount to be added to or deducted from the profit of Baht 85.521 is the non-cash expenses or non-cash income. Clause 30 of the notes to the financial statements on page 178 shows the non-cash transactions, which relate to profit or loss, as the case may be. However, the amount of those transactions does not appear in the financial statements, eg, the depreciation on property of Baht 17.47908 billion. Then, please look back at page 120 of the cash flow statement. When you add the depreciation of Baht 17.47908 billion to the profit of Baht 85.521 billion, that amount of profit will rise. Thus, any financial analyst or shareholder can find the information more easily.

**Shareholder:
(Mr. Wutthicharn Sadaengpataramethee)**

To avoid wasting time on this agenda item, could the shareholders please vote now.

Resolution: The Meeting resolved to endorse and approve the operating results for the financial year ended 2005 and the balance sheet and profit and loss account for the financial year ended 31 December 2005, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,421,125,060	99.0105498
2. Against	-	-
3. Abstention	24,195,226	0.9894502

3. To consider and approve the non-appropriation of the annual net profit and the dividend payment for the year ended 2005

President:

- PTT's operating results in 2005 show that PTT had a net profit of Baht 85.521 billion or a net profit per share of Baht 30.57. Therefore, the Board recommends that PTT pay a dividend of Baht 9.25 per share to the shareholders whose names are in the share register on 20 March 2006 at 12.00 p.m.. The dividends will be paid out of the profit, on which PTT has paid 25% income tax. The total dividends are Baht 25.875 billion, which are due to be paid on 25 April 2006. The dividend payment will be made on the following conditions:
 - Withholding tax will be deducted from the amount of dividends paid to each shareholder according to the regulations of the Revenue Department.
 - No additional amount will be appropriated from the net profit as a legal reserve because the existing reserve is equal to 10% of PTT's registered capital, as required by law.
- The Board therefore recommends that the shareholders approve the dividend payment, as detailed above.

Resolution: The Meeting resolved to approve (i) the dividend payment of Baht 9.25 per share to its shareholders whose names are in the share register on 20 March 2006 at 12.00 p.m., by 25 April 2006, and (ii) the non-appropriation of the annual net profit as a legal reserve because

the existing reserve is equal to 10% of PTT's registered capital as required by law, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,434,661,456	99.5636095
2. Against	-	-
3. Abstentions	10,671,200	0.4363905

4. To consider the appointment of new directors in place of those retiring by rotation

Chairman: I would like the President to explain the appointment of new directors to the Meeting.

- President:**
- As specified in PTT's articles of association, one third of the directors, or the nearest number, must retire from office by rotation at each annual general meeting of shareholders. This year, there are five directors whose term ends by rotation: Gen. Chaisuk Ketudat, Mr. Olarn Chaipravat, Mr. Prapun Naigowit, Mr. Prasert Bunsumpun and Mr. Pala Sukvej. Mr. Pala Sukvej resigned from PTT following his retirement at age 65 on 22 September 2005. Clause 32, Chapter 4 of the articles of association provides that the Board must consist of at least five directors but not more than 15 directors. All of them must be appointed by the general meeting of shareholders.
 - The Nominating Committee consists of Mr. Suparut Kawatkul as the Chairman and Mr. Chakramon Phasukavanich and Mr. Ampon Kittiampon. The Nominating Committee has selected and nominated five qualified persons with valuable knowledge, expertise, competence and suitability to take their seats on the Board. The Board has approved the qualifications of these nominees. The five nominees are:
 1. Mr. Olarn Chaipravat Retiring director who has been re-nominated
 2. Mr. Prapun Naigowit Retiring director who has been re-nominated
 3. Mr. Prasert Bunsumpun Retiring director who has been re-nominated
 4. Gen. Somdhat Attanand Former Commander-in-Chief and Former Supreme Commander (New nominee)
 5. M.L. Panasarn Hasdin Former Deputy Secretary-General to the Prime Minister for Administrative Affairs and Former Deputy Permanent Secretary, the Prime Minister's Office (New nominee)

The nominees' profiles were attached to the convening notice for this Meeting. I would like the Meeting to consider the nominees' profiles and vote now. Could the shareholders please vote on each nominee in the specified order. When the Meeting votes, all three retiring directors who have been re-nominated must temporarily leave the Meeting.

Now, it is time to consider appointing the directors to replace those retiring by rotation. The Meeting must vote on the five nominees in the following order:

First: Mr. Olarn Chaipravat
 Second: Mr. Prapun Naigowit
 Third: Mr. Prasert Bunsumpun
 Fourth: Gen. Somdhat Attanand
 Fifth: M.L. Panasarn Hasdin

Shareholder:
(Mr. Somkiat Bumrungpruek)

PTT has a Nominating Committee responsible for selecting and nominating qualified persons to assume the directorship of PTT. However, based on the information I have obtained, the Chairman of the Nominating Committee is not an independent director. He represents the major shareholder. In those circumstances, a conflict of interests may arise. Therefore, I propose that the Meeting carefully study the profile of each nominee and go to lunch first. After coming back from lunch, we will vote on each of them.

Shareholder:
(Mr. Terd Lumpa)

I propose that the Meeting consider and vote on every proposed matter on the agenda to avoid wasting time. We should have lunch after considering the entire agenda.

Shareholder:
(Acting Second Lieutenant Thawatchai Singha)

I note that there are a lot of discursive discussions, thereby wasting time. With due respect, I ask the shareholders to express their opinions concisely and to vote on this matter now as we have already wasted enough time.

Chairman:

If any shareholders deem it appropriate to take a break for lunch first and then come back to continue, please show your hands. [Pause] I conclude that this proposal is rejected. Therefore, the Meeting will proceed.

Shareholder:
(Mr. Somkiat Bumrungpruek)

In my opinion, Mr. Olarn Chaipravat lacks the necessary qualifications to be a PTT director, given the Supreme Administrative Court's ruling on the privatisation of EGAT, and he may have a conflict of interests.

Shareholder:
(Mr. Methee Poo Sri)

With due respect, I ask the Chairman to be more strict with the shareholders. I would also like the shareholders to act on the Meeting's resolution, that is, to proceed to consider this matter and vote right now. I believe that all shareholders can exercise their own discretion in voting.

Resolution: The Meeting resolved to approve the appointment of the five nominees as the new directors in place of the directors who are retiring by rotation, as detailed in the following table of votes:

	Director	For		Against		Abstentions	
		Number of votes	%	Number of votes	%	Number of votes	%
1.	Mr. Olarn Chaipravat	2,372,637,070	99.5685011	1,629,309	0.0683745	8,652,961	0.3631244
2.	Mr. Prapun Naigowit	2,466,738,811	99.9965905	10,600	0.0004297	73,506	0.0029798
3.	Mr. Prasert Bunsumpun	2,372,933,101	99.6095052	749,200	0.0314495	8,553,305	0.3590453
4.	Gen. Somdhat Attanand	2,372,346,935	99.5846808	775,279	0.0325441	9,118,625	0.3827751

5.	M.L. Panasarn Hasdin	2,372,383,514	99.5862163	748,800	0.0314326	9,108,525	0.3823511
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5. To consider and approve the determination of the directors' remuneration for 2005

Chairman: I would like the President to explain the matter to the Meeting.

President:

- This year, the Board received advice on the directors' remuneration from the Remuneration Committee, which consists of Mr. Somchai Wongsawat as the Chairman and Mr. Pisanu Suntharaks and Mrs. Pannee Sathavarodom as the members of the Remuneration Committee. The Board determined the directors' remuneration by comparing PTT with other listed companies in a similar industry or of the same size as PTT, to ensure that the remuneration reflects the roles and responsibilities of the directors. Finally, the directors' remuneration for 2006 was determined as follows:

1. Meeting allowances (which remain the same as those approved in 2005)

1.1 Meeting allowances for the PTT Board

- Monthly allowance Baht 30,000 per month
- Meeting allowance Baht 20,000 per meeting (payable to those present at each meeting)

1.2 Meeting allowances for PTT's committees

1.2.1 Audit Committee

- Monthly allowance Baht 15,000 per month
- Meeting allowance Baht 15,000 per meeting (payable to those present at each meeting) The secretary is entitled to a monthly meeting allowance of Baht 7,500.

1.2.2 Other committees: Nominating Committee, Remuneration Committee and Corporate Governance Committee

- Meeting allowance Baht 24,000 per meeting (payable to those present at each meeting)

1.2.3 The remuneration payable to the chairman of the Board and the chairman of each committee will be 25% greater than that payable to other directors and committee members.

2. Bonus for PTT's Board in 2006

- The bonus is equal to 0.05% of the annual net profit. That amount reflects and is linked to PTT's operating results or the net profit. However, each director is entitled to a maximum bonus of Baht 2 million for the entire year. Payment is calculated in proportion to how long each director has been in office. The sum payable to the chairman of the Board will be 25% greater than that payable to

other directors.

- Accordingly, I would like the Meeting to consider approving the proposed directors' remuneration.

Resolution: The Meeting resolved to approve the directors' remuneration for 2006, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,395,457,073	99.2237549
2. Against	784,636	0.0325009
3. Abstentions	17,995,450	0.7437441

6. To consider appointing the auditor and determining the auditing fee for 2006

Chairman: I would like the President to explain this matter to the Meeting.

- President:**
- As specified in section 120 of the Public Limited Companies Act B.E. 2535 (1992), the annual general meeting of shareholders must appoint an auditor and determine the auditing fee every year. The existing auditor is eligible for re-appointment.
 - As specified in sub-clause 12.4, Chapter 4 of PTT's work regulations concerning practical guidelines for the Board's performance B.E. 2544 (2001), the Audit Committee must select and nominate the auditor and determine the auditing fee.
 - As specified in the Act supporting the Constitution regarding Auditing B.E. 2542 (1999), the Office of the Auditor-General (the OAG) must be appointed as the auditor of all government agencies, including state enterprises.
 - The OAG has been consistently appointed as PTT's auditor both when PTT was a state enterprise called the Petroleum Authority of Thailand and then when it was privatised and converted into a public limited company called PTT Public Company Limited. The 2005 annual general meeting of shareholders resolved to approve the auditing fee of Baht 1.8 million, exclusive of other related expenses, paid to the AOG.
 - For 2006, the AOG proposed the same auditing fee, i.e. Baht 1.8 million. The Audit Committee, which consists of Mr. Olarn Chaipravat as the chairman and Mr. Prapun Naigowit, Mr. Phadhadej Dhamcharee and Mr. Suchart Thada-Thamrongvech as the members of the Audit Committee, approved the proposed amount and recommended that the Meeting support its approval.
 - Accordingly, I would like the Meeting to consider and approve the appointment of the AOG as PTT's auditor for the financial year ended 31 December 2006 by fixing the auditing fee at Baht 1.8 million, exclusive of other related expenses.

Resolution: The Meeting resolved to approve PTT's 5-year financing scheme of Baht 50 billion, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,379,679,780	99.2033315
2. Against	-	0.0000000
3. Abstentions	19,110,405	0.7966685

8. To consider and approve the issue and offering of the 20 million PTT-W2 warrants under the ESOP

Chairman: I would like the President to explain the matter to the Meeting.

- President:**
- The 2005 Annual General Meeting of Shareholders, held on 12 April 2005 (the **2005 AGM**), adopted various resolutions, including the following:
 - The 2005 AGM acknowledged the issue and offering of 60 million warrants to the President, executives and employees of PTT, including employees of PTT's affiliates who are working as permanent officers of PTT (the ESOP). The offering is divided into two tranches as follows:
 - * 40 million PTT-W1 warrants in 2005.
 - * 20 million PTT-W2 warrants in 2006.
 - The 2005 AGM approved the issue and offering of the 40 million PTT-W1 warrants, and other related matters.
 - The 40 million PTT-W1 warrants were issued and offered on 1 September 2005. The 20 million PTT-W2 warrants will be offered in 2006.
 - Over the past four years, PTT has performed well with a satisfactory annual increase in sales revenue and net profit. As the shareholders are aware, the net profit per share has risen correspondingly.
 - In addition to its successful operating results, PTT has also been widely recognised as a reputable organisation by various credit rating agencies. TRIS, the sole agency designated by the Stock Exchange of Thailand (the SET), assigned a rating of 'excellent' for PTT's corporate governance. Consequently, in consideration of the contribution by the executives and employees to PTT's success, the Board meeting which was held on 23 February 2006 resolved as follows:
 - To approve the issue and offering of the 20 million PTT-W2 warrants to the President, executives and employees of PTT, including employees of PTT's affiliates who are working as permanent officers of PTT.
 - - To approve the increase in PTT's registered capital of Baht 200 million from its existing registered capital of Baht 28,372,457,250

- Certificate II is exercisable on and from the date falling two years after the issuing date of the warrants.
 - Certificate III is exercisable on and from the date falling three years after the issuing date of the warrants.
 - Certificate IV is exercisable on and from the date falling four years after the issuing date of the warrants.
- The exercise price is calculated on the basis of the average closing price of PTT shares in the four months before the date of this Meeting, less the approved amount of dividend per share, paid in one sum. The exercise price must be an integer.
- | | | |
|---|------|--------|
| • Average price of PTT shares
(13 December 2005-10 April 2006) | Baht | 242.78 |
| <u>Less</u> Dividend | Baht | 9.25 |
| Result of calculation | Baht | 233.53 |
| Exercise price | Baht | 234.00 |
- The price dilution and control dilution from this scheme is approximately 0.71%.
 - This scheme requires the supporting votes of three-quarters or more of the total votes cast by the shareholders present and eligible to vote. However, no more than 10% of the total votes of shareholders present and eligible to vote may be against the scheme.

Chairman:

Accordingly, I would like the Meeting to consider the following:

- To approve the issue and offering of the 20 million PTT-W2 warrants to the President, executives and employees of PTT, including employees of PTT's affiliates who are working as permanent officers of PTT.
- To approve (i) the increase in PTT's registered capital of Baht 200 million by issuing 20 million new ordinary shares at a par value of Baht 10 each, making the new registered capital Baht 28,572,457,250, comprising 2,857,245,725 shares, and (ii) the amendment to clause 4 of the memorandum of association to reflect the capital increase.
- To approve the issue of 20 million ordinary shares at a par value of Baht 10 each in reserve for the exercise of the 20 million PTT-W2 warrants.
- To approve the appointment of the President or the President's designee with the power to determine the terms, conditions and details relating to the offering of the PTT-W2 warrants and to take any action or do any thing necessary for applying for official and regulatory permission to offer the PTT-W2 warrants.

Resolution:

The Meeting resolved that PTT could take all proposed action, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,408,624,242	99.1585368

2. Against	3,176,329	0.1307635
3. Abstentions	17,263,349	0.7106997

9. To consider and approve the increase in the registered capital of 20 million shares and the amendment to clause 4 of the articles of association to reflect the capital increase

Chairman: I would like the President to explain the matter to the Meeting.

- President:**
- As approved by Board Meeting No. 2/2006, held on 23 February 2006, PTT's registered capital could be increased by Baht 200 million comprising 20 million shares, from its existing registered capital of Baht 28,372,457,250 to the new registered capital of Baht 28,572,457,250. Board Meeting No. 2/2006 also approved the amendment to clause 4 of the articles of association to reflect the capital increase.
 - Therefore, I propose that the Meeting consider and approve the capital increase of Baht 200 million and the amendment to clause 4 of the articles of association to reflect the capital increase, as detailed in the convening notice for this Meeting which was sent to all shareholders.

Resolution: The Meeting resolved to approve the capital increase of Baht 200 million and the amendment to clause 4 of the articles of association to reflect the capital increase, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
1. For	2,410,591,170	99.2395116
2. Against	1,587,700	0.0653626
3. Abstentions	16,885,050	0.6951258

10. To consider and approve the allotment of newly issued ordinary shares

Chairman: I would like the President to explain the matter to the Meeting.

- President:**
- The Board Meeting No. 2/2006 resolved to approve the allotment of 20 million newly issued ordinary shares at a par value of Baht 10 each. Those shares will be kept in reserve for the exercise of the warrants issued to the President, executives and employees of PTT, including employees of PTT's affiliates who are working as permanent officers of PTT under the ESOP. As the Meeting approved the issue of the warrants and the capital increase under the previous agenda item, I propose that the Meeting consider and approve the allotment of 20 million new ordinary shares at a par value of Baht 10 each in reserve for the exercise of the warrants.

Resolution: The Meeting resolved to approve the proposed allotment of 20 million new shares, as detailed in the following table of votes:

Votes	Number of votes (One share one vote)	Percentage of voting rights exercised by the shareholders present (%)
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1. For	2,410,581,970	99.2392145
2. Against	1,587,400	0.0653503
3. Abstentions	16,892,550	0.6954351

Shareholder:
(Mr. Sanan Plungprayoon)

Regarding the projection of PTT's performance in 2006, can you please assure us that the actual results will not be worse than in the previous year?

President:

PTT is not in a position to provide precise confirmation of this matter. That would be a breach of the SEC regulations. However, taking into account PTT's operating results for the first quarter of the year (January-March 2006), coupled with the current market price of oil, refinery costs, the margin between the price of petroleum products and the price of feedstock and other factors, PTT believes that its operating results this year will be comparable to the previous year's with no significant change. No difficulties are expected to arise from any transactions contemplated in the business plan.

I would like to take this opportunity to explain PTT's plan to procure substitute sources of energy. PTT is focusing on using natural gas as alternative energy in the transport industry. In addition to constructing additional gas stations, PTT is overhauling the engines of taxis, transport trucks and buses which participate in PTT's programme to make them compatible with natural gas propulsion. The engine overhaul programme is expected to reduce the cost of fuel to consumers. That means the price of fuel will fall from Baht 28 per litre to only Baht 10 per litre. All parties will benefit. Furthermore, the reduction in air pollution will be an indirect consequence of the programme. PTT will also be able to directly enhance the potential of natural gas for public use.

Concerning bio-fuels, the government is now coming forward to improve the new sources of fuel: gasohol and bio-diesel. Gasohol originates partly from natural plants and is produced as a substitute for benzene, while bio-diesel is an alternative for diesel. The current supplies of both gasohol and bio-diesel are each 10% of the demand for benzene and diesel in the market. However, we must be aware that Thailand still needs a lot of imported oil. Therefore, the most important thing we can do is to save energy in any manner we can.

I note the shareholder's concern about PTT's preparedness to handle any contingencies which may arise relating to the collapsed privatisation of EGAT due to the Supreme Administrative Court's ruling. I would like to clarify now that PTT has prepared for those contingencies by seeking advice from various advisers and consultants. PTT believes that it is on the right track in creating great benefit for the State, the public and society overall. PTT also assures you that it will carefully maintain and protect the interests of all shareholders and the public. As PTT is the property of the shareholders, the shareholders can exercise their rights according to applicable laws and rules. I reiterate that PTT has over 20,000 direct shareholders. Another 10 million shareholders indirectly hold shares in PTT through numerous mutual funds. Thais hold 80% of the shares in PTT. Therefore, PTT is State property that we must all preserve. PTT's strengths bring benefits to all parties in society. For instance, the reasonable price of PTT's products is favourable to consumers and the large amount of returns in the form of tax payments is favourable to the government. PTT has also

committed itself to always operating under principles of good corporate governance.

**Shareholder:
(Acting Second Lieutenant
Nakorn Saengnin)**

As a shareholder I wish to express my gratitude to the Board, and all executives and employees of PTT for their dedication, which has led to PTT's success. However, there are certain concerns that the non-governmental organisation for consumer protection may use to attack PTT:

1. The prospectus on the initial public offering of PTT shares published in 2001 stated that the gas pipeline business would be separated and formed as a new company within one year after 2001. Apparently, PTT later declared that the establishment of that gas pipeline company will be completed in 2006. I note that the project is overdue. Do you think this may attract the public's attention?
2. I wonder whether there is any conflict of interests in the appointment of Mr. Somchai Wongsawat as a PTT director.

In any event, I greatly appreciate what PTT has done in the past year and am willing to take part in contributing to PTT's future growth. So, let's have a round of applause, please, for the President and all directors, executives and employees of PTT.

Chairman:

I would like to further clarify the separation of the gas pipeline business, in addition to the explanation given by the President. Initially, PTT's policy was to establish a wholly owned gas pipeline company. That policy was typically linked to the structure of the State's electric power business. At that time, the government resolved to separate the EGAT's power supply cabling unit from the power producing unit by enhancing the emergence of various power producers in the market and forming a power pool to centralise the sale and purchase of electric power. The Cabinet later resolved otherwise. The new resolution was to privatise the EGAT and list it on the SET. As a result, no power pool has ever been formed. However, if PTT had established a gas pipeline company at that time, there would have been no adverse effects.

Concerning the appointment of Mr. Somchai Wongsawat as a PTT director, I wish to clarify that he was appointed to the Board while he was the permanent secretary for justice. Usually, a large organisation or company selects qualified individuals for its board, taking into account a wide range of expertise, e.g. finance, law, economics, business administration and engineering. I confirm that no conflict of interests arose from the appointment of Mr. Somchai Wongsawat as a PTT director.

President:

As recently explained, the delay in establishing the gas pipeline company resulted from a change in circumstances. The prospectus for the PTT initial public offering states that the establishment of a separate gas pipeline company may create risks and the shareholders must waive their right of action against PTT relating to those risks. However, the delay in establishing that company has led to the threat of legal action by the shareholders against PTT. In fact, the non-existence of a gas pipeline company does not adversely affect anyone. Therefore, it does not make sense for the shareholders to claim damages by alleging deception on the part of PTT. As for the assertion that PTT failed to accomplish a specified undertaking, I have already explained the reason for that PTT's failure. PTT

is willing to accomplish its undertaking if that would satisfy the shareholders' purpose. PTT believes that the establishment of a wholly owned gas pipeline company would not adversely affect PTT in any respect. Regarding the directorship of Mr. Somchai Wongsawat, I reiterate that he is a legal expert and the former permanent secretary for justice. No conflict of interests arose from his directorship in PTT.

**Shareholder:
(Unnamed)**

Based on the information from PTT, the real obstacle to business separation is the tax liabilities of Baht 10 billion that PTT must pay. We are aware that those tax liabilities may adversely impact PTT's operations. However, we insist that PTT should continue this project for the sake of its legitimacy and for the State's benefit.

President:

PTT needs to discuss this matter with the Ministry of Finance for the benefit of all parties. I would like to explain more about the price of oil as follows: A tax of Baht 8 per litre for benzene and a contribution to the Oil Fund of Baht 6 per litre for diesel must be added to the retail price of those products. Therefore, when comparing the retail price with the refinery price, please take that fact into account.

**Shareholder:
(Mrs. Patarawadee
Weeruttamawong)**

PTT is a large organisation with strong past growth. We should sustain its continued growth to prevent any setback or retrogression. Currently, PTT is a victim of the controversial link to politics. Widespread distorted information has turned PTT into a villain. As a solution, I propose that PTT use all available communication channels to create the correct understanding among the public. That includes providing or distributing as much relevant evidence and documents as possible to interested parties. This is to encourage all those people to disseminate true and accurate information to the public on PTT's behalf. In particular, all shareholders and employees of PTT should be aware that we are all the owner of PTT. Therefore, it is our responsibility to secure PTT's strong and continued growth.

**Shareholder:
(Mr. Thipakorn Boonthong)**

May I ask a question about PTT's 5-year financing plan concerning Agenda 7? An offering of debentures is part of that plan. I know that PTT invested Baht 20 billion in acquiring shares in TPI. That share acquisition currently puts PTT at risk as PTT is unable to have a management role in TPI. Can the President clarify this matter to the Meeting?

President:

On 26 April 2006, PTT will apply to the Central Bankruptcy Court to release TPI from the re-organisation plan. If the court approves that application, a general meeting of TPI shareholders will be held on 27 April 2006 to appoint a new board. Consequently, the TPI executives will be removed or appointed to the extent necessary to ensure the efficient management of TPI's business. If, however, the court rejects the application, the existing plan administrator will continue managing TPI's business. I confirm that the PTT directors and executives are aware of all risks relating to this transaction. They promise the shareholders that they will do their best.

**Shareholder:
(Mr. Thipakorn Boonthong)**

Please explain PTT's policy on the refining business. During the privatisation, PTT announced its policy of reducing its shareholdings in the refineries and abstaining from any additional investment in other refineries, except Thai Oil, which is the largest refinery in Thailand. PTT's policy later changed. PTT has taken over almost all local refineries. PTT has also

designated its executives to fill their seats on the boards of those affiliates. So, how do these executives manage their time so that they are still able to manage PTT's business?

President:

- I wish to explain the policy on the refining business. In 2001, the refineries faced losses. The initial offering price of PTT shares was then fixed at Baht 35 per share. During that time, the SET index was at the level of 200-300. However, the refineries are now recovering from their financial crisis through debt re-organisation and business rehabilitation. Refineries are becoming positive-performing assets. I would like to give you an example: PTT decided to acquire RRC shares from Shell and held them for a short time before reducing its shareholding in RRC. That is a profitable decision. In the future, if the results of study are consistent with PTT's projections, there will be a merger and acquisition among Thai Oil, RRC and ATC. Ultimately, an integrated refining and petrochemical company will be formed. It is not PTT's policy to construct a new refinery. PTT expects only to renovate the existing facilities to the extent necessary with a view to reducing costs and enhancing productivity.
- Let me further explain the appointment of PTT's executives as directors of the affiliates. First, you may know that only 40% of PTT's profit derives from its own operations. The other 60% results from the affiliates' performance. Therefore, PTT applies the principle of value chain to enhance the efficiency of the synergy. That is why PTT places its executives in positions of management in the affiliates; through efficient synergy, the goals set can be met. I wish to assure all shareholders that those appointments are based on suitable time management and monitoring procedures.

Shareholder:
(Miss Kwanrawi
Chandakaew)

I saw a report in the *Bangkok Business Newspaper*. According to that report, PTT is preparing to change its business type to be a holding company. Can you please explain? I am afraid that if PTT becomes a holding company, the existing shareholders will be adversely affected by the new accounting law. The new law requires that only dividends paid by subsidiaries will be recognised by the equity method.

President:

Currently, PTT is operating as an operating holding company. That means it operates all its businesses itself. PTT's businesses include gas separation, gas pipeline, natural gas sales, and domestic and foreign trade in oil. In the future, PTT expects to establish a new wholly owned gas pipeline company, which will be one department of PTT. The current accounting principles require that all income and profits of the affiliate must be consolidated into PTT's financial statements. The shareholders will suffer no adverse effect. Regarding the new accounting law, I prefer that Khun Pichai clarify the issue to the Meeting.

Khun Pichai Chuhavajira:
(Senior Executive Vice
President, Corporate
Finance and Accounting)

Generally, when you read the financial statements of any listed company, you will find that the total of the profits shown in the separate financial statements is equal to the profit shown in the consolidated financial statements. Basically, the consolidated financial statements combine all profits. For the separate financial statements, the profit (as stated on the bottom line) will be combined only if the holding company holds more than 20% of the shares in the affiliate. That is why the profit shown in the separate financial statements is equal to the profit shown in the consolidated

