
3.1.3 Shareholders Meeting

Minutes of 2005 Annual General Meeting of Shareholders Thai Oil Public Company Limited

The Meeting was held on April 28, 2005 at 10 a.m. in the Auditorium, 2nd Floor, PTT Head Office Building, PTT Public Company Limited, 555 Vibhavadi Rangsit Road, Chatuchak Sub-District, Chatuchak District, Bangkok, Thailand.

The Meeting was preceded by video presentations on meeting room safety procedures and the operations of Thai Oil Public Company Limited (“Thaioil” and “the Company”).

Attending Directors

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| (1) Mr. Manu Leopairote | Chairman of the Board, and
Chairman of the Audit Committee |
| (2) Mr. Piti Yimprasert | Director, and
Managing Director |
| (3) Mr. Prasert Bunsumpun | Director |
| (4) Mr. Somchai Wongsawat | Independent Director, and
Audit Committee Member |
| (5) Mr. Olarn Chaipravat | Independent Director |
| (6) Mr. Prapun Naigowit | Independent Director |
| (7) Mr. Nibhat Bhukkanasut | Independent Director |
| (8) Mr. Prajya Phinyawat | Director |
| (9) Mr. Nit Chantramonklasri | Independent Director |

and Company Executive

- | | |
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| (1) Mr. Chainoi Puankosoom | Deputy Managing Director - Finance |
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The Meeting convened at 10.10 a.m.

Mr. Manu Leopairote, Chairman of the Board, chaired the Meeting (“the Chairman”). The Board members and Company executive present were introduced. The Chairman then reported that Mr. Cherdpong Siriwit, independent director and a member of the Audit Committee, was on official business in Oman, while Mr. Pala Sookawesh and Mr.

Chakramon Phasukavanich were both unable to attend due to other pressing engagements and had sent their apologies.

The Chairman stated that the Company's paid-up registered capital totaled 20,400,278,730.00 baht, which comprised 2,040,027,873 common shares at the par value of 10 baht per share. There were 715 shareholders and 1,748 proxies present, totaling 2,463 attendants and representing 1,321,431,289 shares or 64.78 percent of the total issued share capital. This constituted a quorum according to Section 103 of the Public Company Limited Act of B.E. 2535 (1992), and Article 35 of the Articles of Association of the Company. The Chairman therefore declared the 2005 Annual General Meeting of Shareholders open to consider matters under the agenda which had been notified to shareholders in the notice calling this Meeting.

The Chairman outlined the following voting procedure provided in the Articles of Association:

- One share was entitled to one vote. Shareholders who had a conflict of interest on any issue to be voted were disqualified from casting a vote except in voting for a director nomination.
- In voting for a resolution, the chairman of the meeting would ask for votes and count only the abstentions or votes against any proposal. These votes would then be deducted from all the qualified votes at the meeting, the remainder of which would constitute the votes in favor of that item of business.

The Chairman then proceeded with the items of business according to the agenda.

AGENDA ITEM 1 TO CERTIFY THE MINUTES OF EXTRAORDINARY MEETING OF SHAREHOLDERS NO. 2/2547 HELD ON OCTOBER 15, 2004

The Chairman asked the Meeting to review the minutes of Extraordinary General Meeting of Shareholders No. 2/2004, which had been distributed to shareholders together with the notice calling the Meeting. Additional explanatory information on the Extraordinary Meeting of Shareholders was provided at the Meeting.

The Meeting resolved to unanimously certify the minutes of the Extraordinary Meeting of Shareholders No. 2/2004 held on October 15, 2004.

AGENDA ITEM 2 TO CERTIFY THE OPERATING RESULTS OF THAI OIL FOR THE YEAR 2004 AND TO CONSIDER AND APPROVE THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

The Chairman reported that the operating results of the Company for 2004 and the audited financial statements for the year ended December 31, 2004 were reproduced on pages 85-154 of the 2004 Annual Report, which had been distributed to shareholders together with the notice calling the Meeting. Dr. Piti Yimprasert, Managing Director, was asked to present the operating results of the preceding year, which can be summarized as follows:

- The Company posted improved results in 2004, netting a profit of 15,073 million baht.
- Key performance in oil refining operation:
 - Production increased to 104 percent.
 - Improved efficiencies in refining, procurement and distribution enhanced profits by about 1,200 million baht.
 - Inviting insurance bids for the first time contributed to a reduction of 160 million baht in interests.
- Results in financial restructuring:
 - Repaid loans reduced total borrowings from US\$ 1,000 million to US\$ 730 million.
 - Interests reduced by 26 percent to US\$ 33 million in early 2005.
 - Long-term debt to capital ratio reduced from 1.3:1 to only 0.58:1.
- 2004 results of the Company and subsidiaries improved. The combined revenue totaled 184,801 million baht, an improvement of 27 percent against 2003. EBITDA amounted to 25,494 million baht, an improvement of 101 percent from 2003. Net profit was 15,073 million baht or 7.82 baht per share, an increase of 120 percent over 2003. Average Gross Refinery Margin ("GRM") in 2004 was US\$ 7.50 against US\$ 3.38 in 2003.
- The balance sheet as at December 31, 2004 showed the combined assets of Thai oil and subsidiaries at 115,427 million baht, an increase of 13,492 million baht from December 31, 2003. Liabilities totaled 61,852 million baht, a reduction of 3,806 million baht. Shareholders' equity amounted to 53,575 million baht, an increase of 17,298 million baht.

The Chairman then provided shareholders with the opportunity to discuss and ask questions. The points covered were as follows:

Shareholders : Asked how many liters of oil products did a barrel of crude oil produce, and how were excise and other taxes calculated.

Managing Director : Answered that one barrel was equivalent to about 159 liters. On average, one barrel of crude oil will yield more than 10 percent of cooking gas and 91-octane and 95-octane gasoline, 30-50 percent of diesel fuel, and more than 10 percent of fuel oil. As for taxation, the Excise Department imposed an average of 4 baht per liter of excise tax. The exception was fuel oil which was taxed according to its value; the higher the value, the higher the tax.

The Chairman : Added that GRM was calculated from the averaged price of all the refined products, including fuel oil which has a lower value than crude oil. However, given that Thairoil is a high-efficiency refinery, we can process crude oil into less fuel oil and more high-value products to the benefit of shareholders.

Shareholders : Asked what was the GRM in 2005 compared to 2004. Also, what was the forecast for overall operational results of Thairoil and subsidiaries, and would the Company be able to maintain 2004 growth in 2005.

Managing Director : Explained that the Company was prohibited by regulations of the Securities Exchange Commission ("SEC") from forecasting the GRM. But current actual data could be provided for consideration, which was that global refining capacity had increased only slightly while the utilization rate, including that of Thailand, was at 90 percent of total capacity. This had shrunk the excess distillation capacity while a new refinery or expansion of a similar capacity to

Thaioil would require an investment of about 170,000 million baht.

Mr. Prasert Bunsumpum : Added that though the Company could not provide a forecast at this time, shareholders could check news and information with organizations providing oil market analyses and forecasts, which included refining margin forecasts. These data were quite reliable. In addition, there was no indication at this time of the refining industry was slowing down whether at the global, regional, or national level. On the contrary, the refining business was on the upswing.

The Meeting resolved by majority vote to adopt the 2004 operating results and approve the audited financial results for the year ended December 31, 2004.

AGENDA ITEM 3 TO CONSIDER AND APPROVE THE APPROPRIATION OF PROFITS AND THE DIVIDEND PAYMENT

The Chairman stated that Article 44 of the Articles of Association provided that the Company must appropriate at least five percent of the annual profit after deducting the deficit brought forward (if any) as legal reserve until the reserve reached not less than ten percent of the authorized share capital. Since the Company had announced the policy to pay dividend to shareholders at a minimum rate of 25 percent of the net profit after deducting the deficit, the Board therefore proposed that the Meeting consider appropriating a legal reserve of 345 million baht, which was five percent of the net profit after deducting the deficit. The Board further proposed that 1.80 baht of dividend per share be paid to shareholders on May 20, 2005.

The Chairman then gave shareholders the opportunity to discuss and ask questions. The points covered were as follows:

Shareholders : Noted that approval of dividend payment was too late. Payment should be made prior to the end of the school term to help parents with expenses.

Managing Director : Explained that the Company did not overlook this point. However, due to there being a large number of shareholders and the Company's registrar, Thailand Securities Depository Company Limited, requiring a fair amount of time after the general meeting to begin proceedings and prepare documentation for the dividend payment, the Company could pay the dividend at the earliest on May 20, 2005.

The Chairman : Added that the 2004 dividend must be paid on the date which had been formally announced. However, the Board would take the suggestion into consideration for dividend payments in following years.

The Meeting resolved by majority vote to approve:

- (1) the appropriation of 345 million baht as legal reserve; and**
- (2) the payment of 1.80 baht per share of dividend to shareholders on May 20, 2005.**

AGENDA ITEM 4 TO CONSIDER THE ELECTION OF DIRECTORS TO REPLACE THE RETIRING DIRECTORS
AND TO CONSIDER THE REMUNERATION OF COMPANY DIRECTORS FOR 2005

1. The Chairman reported that, according to Section 71 of the Public Company Limited Act of B.E. 2535 (1992), and Article 18 of the Articles of Association, one-third of the Board must retire at each annual general meeting. The retiring directors were eligible for re-election. At this Meeting, the four directors due to retire were:
 - i. Mr. Manu Leopairote;
 - ii. Mr. Cherdpong Siriwit;
 - iii. Mr. Pala Sookawesh; and
 - iv. Mr. Piti Yimprasert.

The Board therefore proposed that shareholders consider re-electing these four directors for another term. The brief bio-data of each director had been distributed to shareholders together with the notice calling this Meeting.

2. The Board further proposed that the Meeting consider the 2005 remuneration of and bonus for directors as follows:

i. Remuneration: To maintain the 2004 rates, which were:

- Director remuneration at 60,000 baht per month; and
- Audit Committee member remuneration at 25,000 baht per month.

Note: The remuneration of chairman of the Board, and chairman of the Audit Committee would be 25 percent higher.

ii. Bonus:

Fifty million baht (0.33 percent of 2004 net profit) to be paid to directors serving in 2004 as bonus for achieving the 2004 operational results.

The Chairman then provided shareholders with the opportunity to discuss and ask questions. The points covered were as follows:

Shareholders : Asked whether a 50 million baht bonus for directors was too high. The opinion was that the Company should consider paying a director bonus proportionate to the declared dividend, a practice which had been adopted by several banks.

Managing Director : Explained that this was the first year since the Company was established over 40 years ago that bonus payment to directors was being considered. The Board was crucial to formulating and driving policies, and directors made valuable contributions in terms of providing guidance and support that helped the Company perform successfully and achieve excellent results in the preceding year. This ultimately enabled the Company to declare a dividend of 1.80 baht per share, or equivalent to 25 percent of the 2004 net profit. Were the dividend to be calculated from the net profit of the fourth quarter according to the policy notified to the Stock Exchange of Thailand ("SET") upon listing, dividend paid to shareholders would be three times higher.

Shareholders : Held the opinion that the principle for considering future payment of director bonus should be proportionate to the amount of the declared dividend.

Mr. Prasert Bunsumpun : Added that PTT, as a shareholder of Thairoil, had carefully and justly considered the matter. After investigating the practices of other leading companies, it was found that director bonus at most firms was set at 0.3-0.5 percent of the net profit. Some companies even paid as much as one percent. This was subject to the logic and requisite of each organization. Therefore, Thairoil's proposal to pay a director bonus of 50 million baht, which is 0.33 percent of the 2004 net profit, was appropriate and reasonable. However, the suggestion of shareholders would be taken into consideration for the following years.

Shareholders : Asked how the director bonus of 50 million baht would be appropriated.

Managing Director : Explained that the bonus of 50 million baht would be appropriated to each director in the same proportion and according to the time served on the Board. This included directors serving in 2004 but have since retired.

The Meeting resolved by majority vote to:

(1) Approve the re-election of the four following retiring directors:

- (i) Mr. Manu Leopairote;**
- (ii) Mr. Cherdpong Siriwit;**
- (iii) Mr. Pala Sookawesh; and**
- (iv) Mr. Piti Yimprasert.**

(2) Approve the 2005 remuneration of and bonus for directors as follows:

(i) Remuneration: To maintain the 2004 rates, which are:

Director remuneration at 60,000 baht per month

Audit Committee member remuneration at 25,000 baht per month.

The remuneration for chairman of the Board, and chairman of the Audit Committee shall be 25 percent higher.

(ii) Bonus:

The bonus for the 2004 performance to directors serving in 2004 shall be 50 million baht.

AGENDA ITEM 5 TO CONSIDER AND APPROVE THE APPOINTMENT OF AUDITORS AND DETERMINATION OF THEIR REMUNERATION FOR THE YEAR 2005

The Chairman stated that Section 120 of the Public Company Limited Act of B.E. 2535 (1992) specified that each annual general meeting shall appoint auditors and determine their remuneration. The auditors were eligible for re-appointment. The Board therefore proposed that KPMG Phoomchai Audit Limited be appointed as the Company's auditors for 2005 with a remuneration of 1,900,000 baht. This was considered to be a reasonable amount in light of the increase in workload.

The Chairman then gave shareholders the opportunity to discuss and ask questions. None of the shareholders wished to ask any questions or make remarks.

The Meeting resolved by majority vote to appoint KPMB Phoomchai Audit Limited with

- (1) Mr. Winid Silamongkol, Certified Public Accountant Registration No. 3378
or**
- (2) Ms. Nittaya Chetchotiros, Certified Public Accountant Registration No. 4439 or**
- (3) Mr. Narong Luktharn, Certified Public Accountant Registration No. 4700
as the Company's auditors for 2005 with a remuneration of 1,900,000 baht.**

AGENDA ITEM 6 TO CONSIDER AND APPROVE THE COMPANY'S ISSUANCE AND OFFERING OF DEBENTURES

The Chairman stated that listing on SET provided the Company with the option of raising additional capital. With our good financial performance, we could do so by issuing debentures for sale inside and outside Thailand. This would benefit our capital management in the long run, particularly at times of excess fluidity. Funds raised from the capital market would be utilized in business expansion and debt repayment. The issued debentures would be wholly or partly offered to public, institutional and/or specific

investors. The Board therefore proposed that the Meeting consider approving the issuance and offering of debentures with a credit term of not more than 10 years in the total amount not exceeding US\$ 500 million or equivalent.

The Chairman then gave shareholders the opportunity to discuss and ask questions. The points covered are as follows:

Shareholders : Asked whether existing shareholders would be given the right to buy the debentures to be issued.

Mr. Chainoi Puankosoom : Explained that, due to the majority of the Company's revenues and expenses being based on US dollars, the debentures would be offered in US dollars and sold outside Thailand to avoid foreign exchange risks.

Shareholders : Noted that the Company should also issue and offer debentures to the general public or investors in Thailand to help out domestic investors faced with low interest rates on local deposits.

Managing Director : Explained that this debenture issuance was restricted by the nature of our business as explained by Mr. Chainoi Puankosoom. However, the suggestion of shareholders would be taken into consideration for the next debenture issuance.

Mr. Prasert Bunsumpun : Added that the reason for issuing debentures in US dollars was to align Thairoil's financial structure with its business operation, which did not require any baht currency. However, issuing debentures in the baht currency would provide another alternative for Thairoil. Meanwhile, PTT had already issued baht debentures for sale to institutions and minor investors in Thailand in the past year, thus providing minor investors with another option.

Shareholders : Asked what would be the Company's debt to equity ratio after the debenture issuance.

Managing Director : Replied that the debt to equity ratio would remain unchanged at approximately 0.6:1. This was because the purpose of this debenture issuance was to refinance current debts. As a result, the Company would have greater flexibility and efficiency in managing the Company's finances while interest payments would be reduced by about US\$ 7-8 million per year.

The Meeting resolved by three-thirds of the issued share capital represented to approve the Company's issuance and offering of debentures with a credit term of not more than 10 years in the total amount not exceeding US\$ 500 million or equivalent.

AGENDA ITEM 7 TO CONSIDER AND APPROVE THE AMENDMENT TO THE COMPANY'S MEMORANDUM OF ASSOCIATION IN ORDER FOR THE COMPANY TO PROVIDE LOANS WITH/WITHOUT GUARANTEES AND/OR GRANTING FACILITY CREDIT TO SUBSIDIARIES

The Chairman reported that presently Thairoil was the sole shareholder in Thairoil Marine Company Limited, Thai Paraxylene Company Limited, and Thai Lube Base Public Company Limited. All three subsidiaries had incurred high interests with lending terms that restrict operations. Thairoil was of the opinion that these loans should be restructured with the Company providing the loans and guarantees to the three subsidiaries. This would provide an alternative option in managing the Company's surplus fluidity while reducing the interest obligations of the three subsidiaries. The Board therefore proposed that the Meeting approve the Company to amend the objectives set out in the Memorandum of Association to enable Thairoil to proceed as outlined above.

The Chairman provided shareholders with the opportunity to discuss and ask questions. None of the shareholders wished to ask any questions or make remarks.

The Meeting resolved by three-thirds of the issued share capital represented to approve the amendment of the Company's Memorandum of Association by adding Clause 14 as follows:

"14. To provide loans and/or guarantees and/or granting facility credits by any other methods to private or public company in which the Company holds

shares for benefit with or without collateral except in banking business, financing business and credit foncier business.”

AGENDA ITEM 8 OTHER BUSINESS

The Chairman reported that consideration of the agenda as proposed by the Board had been completed, and asked whether there were any other business shareholders wished to discuss. Additional questions and remarks raised were as follows:

Shareholders : (1) Asked about the appointment of independent directors of the Company, the names of whom were not listed in the annual report distributed to shareholders.

(2) Requested explanation on the allowance for doubtful accounts for debts older than 12 months amounting to 870 million baht as to whether a reserve had been established.

Managing Director : Explained that the Company via the shareholders meeting had appointed several independent directors. They were not listed in the annual report because this was the first year of operation after listing on SET and some information were missing. However, it was confirmed that the Company has qualified independent directors who had been formally appointed according to the rules of SEC and SET. Apologies were made to shareholders for the omission and would be corrected in the next annual report.

Mr. Nibhat Bhukkanasut : Added that he was an independent director of the Company who held no shares and had no interests in Thaioil. He therefore had complete freedom to represent the minor shareholders in reviewing or making proposals regarding the Company's business, which included dividend payment.

The Chairman : Further reported that the Company has a total of eight independent directors. They are Mr. Manu Leopairote, Mr. Cherdpong Siriwit, Mr. Somchai Wongsawat, Mr. Chakramon Phasukavanich, Mr. Olarn Chaipravat, Mr. Prapun Naigowit, Mr. Nibhat Bhukkanasut, and Mr. Nit Chantramonklasri.

Managing Director : Explained that no reserve had been established for the allowance for doubtful accounts because the debt had been incurred by Thai Lube Base Public Company Limited. Thairoil had acquired this subsidiary in October 2004, and the combined debt was therefore reported in the Company's consolidated financial statements as at December 31, 2004. This liability would be settled by Thai Lube Base in due course.

The Chairman : Since none of the shareholders wished to ask any questions or make any remarks, the Chairman thanked all for attending and closed the Meeting.

The Meeting adjourned at 11.30 a.m.

(Mr. Manu Leopairote)
Chairman of the Meeting

(Mr. Piti Yimprasert)
Director and Managing Director