

ANNUAL REPORT 2002

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED



 **WE, THAIS**
BUY BANGCHAK



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FINANCIAL HIGHLIGHTS

	2002	2001	2000
Statements of Income : Million Baht			
Total Sales	51,804	48,483	52,118
Total Revenues	51,936	48,596	52,330
Gross Profit (Loss)	3,152	(291)	1,408
Operating Profit (Loss)	627	(1,344)	(644)
Premium Paid to the IBRD for the Early Repayment of Loan	92	-	-
(Loss) from Foreign Exchange Fluctuations	(11)	(37)	(413)
(Loss) from Oil Inventory Write-Down	-	(1,565)	(541)
Net Profit (Loss)	534	(2,987)	(1,582)
EBITDA	2,893	1,028	1,760
Balance Sheets : Million Baht			
Total Assets	28,901	26,393	29,028
Total Liabilities	24,315	23,962	23,256
Total Shareholders' Equity	4,586	2,431	5,772
Share Capital			
Authorized Share Capital (772 Million Shares)	7,720	7,720	7,720
Issued and Paid-up Share Capital (522 Million Shares)	5,220	5,220	5,220
Financial Ratios : Percent			
Gross Profit Margin	6.1	(0.6)	2.7
Net Profit Margin	1.0	(6.1)	(3.0)
Return on Total Assets	1.9	(10.8)	(5.5)
Per Share Data : Baht			
Earning Per Share	1.02	(5.72)	(3.03)
Dividend Per Share	-	-	-
Book Value Per Share	8.79	4.66	11.06

MESSAGE FROM THE CHAIRMAN



After encountering an economic rehabilitation situation throughout the past 3 - 4 years, the Thai economy in 2002 has started to improve. This was due to various factors such as, the positive conditions of the world economy, the Government's economic stimulation policies, and particularly the campaign in promoting Thai products and services which received wide support from the Thai people, in both, the Government and the private sectors which resulted in the growth of the industry and the service markets.

In the oil businesses, oil consumption increased owing to the growth in economy, this is despite of the past years' intense competition.

With the above-mentioned favorable factors, together with the improvement in all aspects of the operation and the Thai people's increased support of Thai products and services, The Bangchak Petroleum Public Company Limited's operating results in 2002 recovered to a satisfactory level. Its total revenues was Baht 51,936 million, which was 7 percent higher than the previous year, and its net profit was Baht 534 million.

In sales, the Company's market share in the year 2002 reported an increase in all sale areas, especially in the retail and industrial markets, a 5.7 percent growth was recorded. This made Bangchak's retail market share increased to 11 percent. Attributed to this was the emphasis on the development of the quality of clean products, the service qualities improvements at service stations and convenience stores, the introduction of new products, namely, the Bangchak Power D high-quality diesel oil and the campaign in promoting Thai products and services.

As for the industrial and lubricant oil markets, the Company received a certification for quality management ISO 9001 : 2000 in lubricant oil business. It is the first Company in Thailand to have received such certification which focused on the development, supply and the sale of lubricant oil and the car care service according to the standard Grena Car Care of Thailand Institute of Scientific and Technological Research.

In production, the special grade diesel oil, namely, the Bangchak Power D was developed with the most modern technology of the Bangchak Refinery. This oil reduces air pollution and responds to the environmental policy of the Government. The Bangchak Refinery had installed a gasohol blending system in preparation for the expansion in the sale of gasohol at the Bangchak service stations in the Bangkok Metropolitan area in early 2003. Besides this, the efficiency of the refinery was upgraded with respect to increasing production and energy saving in the manufacturing processes. The Company also cooperated with the other refineries in reducing the transportation cost of crude oil and in refining on the basis of mutual benefit in terms of value added and cost reduction. Furthermore, the Company was awarded the ISO 14001 - Petroleum Refining for its production standard, environmental management and hygienic standard, as well as, in safety where it



achieved a statistic of 3-million hours/person of continuous safe operation.

On the financial aspect, in 2002, owing to the above-mentioned operating development in various areas, the Company's profit and ratio of debt to equity improved by 5.3 times as compared with the year 2001, where the ratio was 9.8. However, the Company was still in need of financial support from the Government due to the bunching affect in repayment of 70 percent of all its debts in 2003 - 2004. The Committee on State Enterprise Policy had appointed a Sub-Committee to consider directions in solving the Company's business and financial problems. This is, in addition to the study conducted earlier by a consulting firm whose report had already been submitted to the Committee for consideration.

From the study by both the consulting firm and the above-mentioned Sub-Committee, the general status of the Company still holds value and potentiality in continuing its businesses, both in terms of the refinery and in sales. More efficiency would have to be enhanced in preparation for more intense competition in the oil industry, in particular the cooperation with the other oil refineries in order to reduce cost and increase earnings.

During the past year, another positive factor, which would affect the Company's future operations, concerned the approval by the Cabinet to allow the Company to directly sell oil to Government agencies and state enterprises. It is predicted that this would increase the retail sales by Baht 5,000 million per year.

In 2002, the Company proceeded with the development towards a more concrete implementation of the Good Corporate Governance. It was the first year where an assessment was conducted on the performance of the Board of Directors under the directions of the Ministry of Finance, the major Shareholder of the Company. The Board of Directors also established the Good Corporate Governance policies to form the performance framework for the Directors, Executives and all employees. Conducts for Good Corporate Governance were supervised under the stipulations set up by the Stock Exchange of Thailand.

With respect to upgrading the living conditions of the Thai society, the Company continued to provide support in the creation of jobs and incomes to the communities as well as to the Government policy of "One Tambon, One Product", campaign in promoting Thai products. In this, community products were used in sales promotion and for sale at the Lemon Green and the Bai Chak convenience stores. The Company, jointly with the Government and private sectors, helped create trend in the use of Thai goods by organizing contest for products from local communities. It also helped alleviate the problem of declining prices of farm products by purchasing lemons from farmers.

On behalf of the Board of Directors, I wish to thank everyone involved in the Company, starting from the Shareholders, employees, customers and all those throughout the country who used the services of Bangchak and also the communities with whom we worked, for all the support they have given the Company up to this day. I look forward to everyone's confidence and future support to further strengthen the Company so as to bring about benefits to the Thai society and to the country as a whole.

(Signed) General Tawat Ked-Unkoon
(General Tawat Ked-Unkoon)
Chairman

PROGRESS OF THE COMPANY IN 2002

• Business Operation

- The Company's total incomes were Baht 51,936 million, an increase of 7 percent compared with the preceding year. The net profit was Baht 534 million.
- The Cabinet granted approval to the Company to directly sell oil to the Government agencies and state enterprises. It is expected that the retail sales would increase by Baht 5,000 million per year because of this.

• Retail Market

- New product was introduced, i.e. Bangchak Power D, a special grade diesel oil, which contains only 0.02 percent sulfur, 1.5 times lesser than the general standard. It reduces dark smoke, dust, and air stack. The Company sells Power D at the same price as other diesel oils, so as to help alleviate air pollution particularly in the Bangkok Metropolitan area.
- The market share increased in all channels of sale, but especially in the retail and industrial markets, which rose by 5.7 percent. This resulted in an increase in the Company's market share to 11 percent. Attributed to this was the Thai people's using more Thai products coupled with the Company's continued improvement of its products and services.
- Self-service stations were opened with customers receiving 30 satang per litre discount for all kinds of oil, which is a new marketing strategy that provides consumers with another alternative in the situation of rising oil prices and responds to the intense competition in the retail-sales oil business.
- The number of Bai Chak stores was increased to 26 branches. Bai Chak is designed to give a community-type store look, emphasizing on the modernized Thai identity yet maintaining the "Bangchak" image in supporting products from the communities, taking care of the environment and using new technology in its services. Bai Chak stores are, therefore, equipped with all consumer goods and services that caters to the requirements of everyday's lives.

• Industrial and Lubricating Oil Markets

- The Company was awarded with ISO 9001 : 2000 for its lubricating oil trade, which focuses on the development, supply and sales of lubricating oil as well as car care services according to the Grena Car Care Standard of the Office of Certification Body, Thailand Institute of Scientific and Technological Research.
- A new product was developed under the name of GE Gold, which is 100-percent gasoline synthetic oil with the highest standard. It helps maintain the engines clean and durable, as well as helps save energy and reduces pollution from combustion and is, also, usable with all types of gasoline engine.
- The special grade fuel oil was developed, with very low carbon residue, 50 percent lower than the general fuel oil and has low sulfur content. After combustion, it releases low air stack and sulfur dioxide, which reduces air pollution. Bangchak is the only producer in Thailand for this kind of oil.



- Production

- The special grade diesel, namely, the Bangchak Power D was produced by hydroskimming processor through Deep Hydrodesulfurization unit, which is a technology to separate sulfur from oil. Sulfur residue would remain at only 0.02 percent, which is 1.5 times lower than the general standard.
- A gasohol blending system was installed to facilitate the increase in gasohol sales at Bangchak service stations in the Bangkok Metropolitan area, which would total 180 outlets in early 2003.
- The efficiency of the refinery was improved to increase production yield and energy saving in the production process. In addition, the Company cooperated with the other oil refineries in reducing the crude oil transportation and refining costs on the basis of mutual benefit in terms of value added and production cost reduction.
- The Company was awarded the ISO 14001 - Petroleum Refining for the environmental management system in all production systems and Standard for Hygienic System and Safety from the ISO Institute.
- The Company achieved the statistic of 3-million hours/person of continued safe operation.

- Environment

- With the Government's regulations prohibiting the sale of fuel oil with 3-percent sulfur in some areas, illegal smuggling and sale of the product were widespread. The Company, therefore, organized a free-of-charge project of "Inspection service to measure the level of sulfur in fuel oil" for industrial plants, by using its skilled and sophisticated technology.
- The Company received an award for its environmental planning / supervision / management review under the Benchmarking Project of Thailand's Institute of Environment.
- The Company received an award for a "clean, safe, environmental free and active office" under the project to develop and support offices with pleasant environment of the Bangkok Metropolitan Authority.

- Activities to Upgrade the Living Conditions of the Communities

- The Company, jointly with eight agencies in the Government and private sectors, organized a contest for community products in support of the Government policy of "One Tambon, One Product" so as to stimulate the trend to use Thai products. Certain products were selected as gifts and premiums to be given to the customers of the organizing agencies.
- The Company purchased some 2,000,000 lemons from farmers during the period of the declining prices and used them as give-aways item to Bangchak customers.
- The Company also used community products as gifts for service station customers such as Kao Klong Tan, baked banana, etc.

AUDIT COMMITTEE'S REPORT

To the Shareholders,

Following the resignation of the Audit Committee Chairman, Mr. Virach Aphimeteetamrong in April 2002 and Mr. Praphad Phodhivorakhun in January 2003, the Audit Committee has appointed Mr. Anusorn Tamajai as Chairman of the Audit Committee and Mr. Wirat lam-Ua-Yut and Mr. Nipon Surapongrukcharoen as members of the Audit Committee

In the year 2002, the Audit Committee held altogether four meetings to review various issues. The major ones being :

- 1) Review the financial statements for the year 2001
- 2) Propose the appointment of the Company's Auditor for the year 2002
- 3) Review the quarterly financial statements for the year 2002
- 4) Review the results of the internal auditing of the year 2001 and the internal audit plan for the year 2002
- 5) Review the conclusion drawn on the internal control system and the transactions with related companies
- 6) Review the charter of the Audit Committee
- 7) Review and endorse the charter of the Internal Control Office
- 8) Review and endorse the adoption by the Company of the internal control system as per the announcement issued by the Audit Commissioners relating to internal control standards of the year 2001
- 9) Monitor to ensure that the Company's system of internal control is appropriate and efficient
- 10) Monitor to ensure that the Company complies with the corporate regulations and related laws, including Good Corporate Governance principles.

The Audit Committee assisted the Board of Directors in pursuing major policy matters which were initially approved by the Board and in the follow-up of important issues which were crucial to the Company's business, such as,

- 1) A quarterly review and monitoring of the refinery's safety system and related activities.
- 2) A quarterly review and monitoring of losses related to crude and petroleum products.
- 3) A quarterly review and monitoring of the Company's risk management activities.

The Audit Committee has monitored the overall performance of the management in the year 2002 and are of the opinion that it has performed its task in assessment of the business situation and conditions. Business and financial plans for the Company were adequately proposed and implemented, resulting in the increase in market share of retail and industrial sales. Through financial restructuring, the Company's financial position was strengthened to a certain level. Beside these, the financial statements, which have been reviewed, were considered to be in accordance with the generally accepted accounting standards.

With regards to oil loss, management has improved its oil performance in the year 2002 over that of 2001. Despite of this, the Audit Committee was of the opinion that management should establish a target (benchmark) for measuring the year 2003 oil loss results, which should be better than the year 2002.



As for the safety aspects of the refinery, management has adequately monitored the safety operation of the plant, and has developed good relationship with the surrounding communities.

In risk management, measures have been established in the management of risk relating to the fluctuation of oil price and foreign exchange which have a major impact on the Company's profit. This task is closely being monitored by the risk management committee.

Nonetheless, the Audit Committee asked that management put more importance in the handling of foreign exchange risks by setting up appropriate target that would have the least impact on the Company's operation results as compared to the years 2001 and 2002.

(Signed) Anusorn Tamajai
(Anusorn Tamajai)
Chairman of the Audit Committee



STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

To the Shareholders,

The Board of Directors of the Bangchak Petroleum Public Company Limited has arranged for the financial statements to be formulated so as to report the Company's financial status and operating results for the year 2002, under the Public Company Limited Act B.E. 2535.

The Board of Directors realizes its duties and responsibilities as Directors of a listed company towards the financial reports of the Company for the year 2002. The financial statements have been formulated in conformity with the generally accepted accounting principles in Thailand, by selecting the appropriate and generally followed accounting policies. Careful consideration and projection have been utilized and important information has been sufficiently disclosed.

The Board of Directors has put in place an effective internal control system which is to be maintained to reasonably ensure that all accounting transactions are accurate, complete and sufficient for the safeguard of Company's assets, and also to identify any weaknesses in the system so as to protect against irregularities or abnormal business transactions which are material in nature.

Accordingly, the Board of Directors had appointed an Audit Committee, composing of non-executive Directors, with responsibilities to oversee the quality of the financial statements and the system of internal control. Relevant opinions of the Audit Committee are provided in the Report of the Audit Committee as contained in this Annual Report.

In the opinion of the Board of Directors, the Company's internal control system, on the whole, is considered satisfactory and provides reasonable assurance as to accuracy of the Company's financial statements as of December 31, 2002

(Signed) General Tawat Ked-Unkoon
(General Tawat Ked-Unkoon)
Chairman

(Signed) Narong Boonyasaquan
(Narong Boonyasaquan)
President



TRANSLATION REPORT OF THE AUDITOR

To the shareholders of The Bangchak Petroleum Public Company Limited

The Office of the Auditor General has audited the accompanying balance sheets as at December 31, 2002 and 2001, the related statements of income, statements of changes in shareholders' equity, retained earnings and cash flows for the years then ended of The Bangchak Petroleum Public Company Limited. These financial statements are the responsibility of the Company's management as to their fair presentation and completeness of the information. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on the audit.

The Office of the Auditor General conducted the audit in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles applied and the significant estimates made by management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General believes that the audit provides a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General, the financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2002 and 2001, and the results of operations, the changes in shareholders' equity and the cash flows for the years then ended of The Bangchak Petroleum Public Company Limited in accordance with the generally accepted accounting principles.

(Sign) Jaruvan Maintaka
(Jaruvan Maintaka)
Auditors General

(Sign) Suchita Sommanus
(Suchita Sommanus)
Director of Audit Office

Office of the Auditor General
February 24, 2003

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS OF DECEMBER 31, 2002 AND 2001

UNIT : BAHT

	NOTE	2002	2001
ASSETS			
Current Assets			
Cash and cash equivalents	4.1	1,374,422,526	2,749,700,315
Current investments		152,541,509	130,847,788
Trade accounts receivable, net	4.2	2,724,544,707	1,672,320,655
Inventories		6,088,998,548	4,011,323,681
Other current assets			
Materials and supplies, net	4.3	364,694,896	409,923,479
Others		<u>371,243,206</u>	<u>431,543,813</u>
Total Current Assets		<u>11,076,445,392</u>	<u>9,405,659,731</u>
Non-Current Assets			
Investments for using the equity method	4.4	665,117	25,037,376
Other long-term investments	4.5	4,835,413	4,916,126
Tariff prepayment	4.6	183,258,812	188,708,087
Property, plant and equipment, net	4.7	15,637,564,150	14,720,899,830
Intangible assets	4.8	1,056,486,540	1,117,098,698
Other non-current assets			
Investment-service station		634,137,556	674,047,780
Deferred income tax		59,740,331	49,808,176
Others		<u>247,798,299</u>	<u>206,785,108</u>
Total Non-Current Assets		<u>17,824,486,218</u>	<u>16,987,301,181</u>
TOTAL ASSETS		<u>28,900,931,610</u>	<u>26,392,960,912</u>

The accompanying notes are an integral part of these statements.



THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS OF DECEMBER 31, 2002 AND 2001

UNIT : BAHT

	NOTE	2002	2001
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank overdrafts and short-term loans from financial institutions	4.9	1,000,000,000	231,516,587
Trade accounts payable		3,136,831,661	1,128,970,583
Current portion of long-term loans	4.11	6,380,000,000	3,764,663,976
Short-term loans	4.10	2,480,636,500	938,000,000
Other current liabilities			
Accrued excise tax and oil stabilization fund		144,186,565	278,122,903
Accrued expenses		501,753,412	557,358,437
Others		<u>289,562,403</u>	<u>382,545,620</u>
Total Current Liabilities		<u>13,932,970,541</u>	<u>7,281,178,106</u>
Non-Current Liabilities			
Long-term loans	4.11	9,972,500,000	16,266,671,616
Other non-current liabilities			
Long term liabilities for service station lease rights		150,930,248	182,960,763
Pension fund reserve		187,918,461	168,194,586
Others		<u>70,506,941</u>	<u>62,818,942</u>
Total Non-Current Liabilities		<u>10,381,855,650</u>	<u>16,680,645,907</u>
Total Liabilities		<u>24,314,826,191</u>	<u>23,961,824,013</u>
Shareholders' Equity			
Share capital			
Authorized share capital Common stock 772,040,940 shares par value at Baht 10 per share		<u>7,720,409,400</u>	<u>7,720,409,400</u>
Issued and paid-up share capital Common stock 522,040,940 shares par value at Baht 10 per share		5,220,409,400	5,220,409,400
Additional Paid-in capital			
Premium on share capital		2,007,950,671	2,007,950,671
Surplus on fixed assets revaluation		5,178,142,754	3,556,765,260
Retained earnings (Accumulated Deficit)			
Appropriated			
Legal reserve		547,594,555	547,594,555
Unappropriated		<u>(8,367,991,961)</u>	<u>(8,901,582,987)</u>
Total Shareholders' Equity		<u>4,586,105,419</u>	<u>2,431,136,899</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>28,900,931,610</u>	<u>26,392,960,912</u>

The accompanying notes are an integral part of these statements.

(Signed) General Tawat Ked-Unkoon
(General Tawat Ked-Unkoon)
Chairman

(Signed) Narong Boonyasaquan
(Narong Boonyasaquan)
President

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THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

UNIT : BAHT

	NOTE	2002	2001
Revenues			
Sales	4.12	51,804,182,782	48,482,725,255
Other incomes			
Interest income		38,741,121	26,267,359
Gain from crude oil and product oil price hedging contract		25,513,010	22,441,552
Others		67,897,265	64,353,690
Share of profits from investments for using the equity method	4.4	-	585,982
Total Revenues		<u>51,936,334,178</u>	<u>48,596,373,838</u>
Expenses			
Cost of sales		48,652,519,096	48,774,187,116
Selling and administrative expenses		1,138,087,229	1,137,283,496
Other Expenses			
Depreciation		290,128,888	286,374,205
Loss from foreign exchange fluctuations	4.13	11,024,948	37,361,078
Others		-	5,171,980
Share of losses from investments for using the equity method	4.4	20,815,629	-
Total Expenses		<u>50,112,575,790</u>	<u>50,240,377,875</u>
Profit (Loss) before Interest and Income Tax Expenses		1,823,758,388	(1,644,004,037)
Interest expenses	4.14	1,300,099,516	1,301,775,576
Income tax		<u>(9,932,154)</u>	<u>41,406,001</u>
Net Profit (Loss)		<u>533,591,026</u>	<u>(2,987,185,614)</u>
Earnings Per Share		1.02	(5.72)

The accompanying notes are an integral part of these statements.

(Signed) General Tawat Ked-Unkoon
(General Tawat Ked-Unkoon)
Chairman

(Signed) Narong Boonyasaquan
(Narong Boonyasaquan)
President



THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

UNIT : BAHT

NOTE	Share capital issued and paid-up	Premium on share capital	Surplus on fixed assets revaluation	Legal reserve	Retained earning (Accumulated deficit)	Total
Balance at December 31, 2000	5,220,409,400	2,007,950,671	3,910,712,155	547,594,555	(5,843,061,323)	5,843,605,458
Accumulated adjustment 3	-	-	-	-	(71,336,050)	(71,336,050)
Ending balance after adjustment	5,220,409,400	2,007,950,671	3,910,712,155	547,594,555	(5,914,397,373)	5,772,269,408
Items not recognised in the income statement	-	-	(353,946,895)	-	-	(353,946,895)
Net profit (loss) for the period	-	-	-	-	(2,987,185,614)	(2,987,185,614)
Balance at December 31, 2001	<u>5,220,409,400</u>	<u>2,007,950,671</u>	<u>3,556,765,260</u>	<u>547,594,555</u>	<u>(8,901,582,987)</u>	<u>2,431,136,899</u>
Balance at December 31, 2001	5,220,409,400	2,007,950,671	3,556,765,260	547,594,555	(8,901,582,987)	2,431,136,899
Surplus on fixed assets revaluation	-	-	1,972,430,501	-	-	1,972,430,501
Items not recognised in the income statement	-	-	(351,053,007)	-	-	(351,053,007)
Net profit (loss) for the period	-	-	-	-	533,591,026	533,591,026
Balance at December 31, 2002	<u>5,220,409,400</u>	<u>2,007,950,671</u>	<u>5,178,142,754</u>	<u>547,594,555</u>	<u>(8,367,991,961)</u>	<u>4,586,105,419</u>

The accompanying notes are an integral part of these statements.



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THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF RETAINED EARNING

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

UNIT : BAHT

	2002	2001
Unappropriated Retained earnings (Accumulated Deficit)		
At Beginning of Year	(8,901,582,987)	(5,914,397,373)
Net profit (loss) for the year	<u>533,591,026</u>	<u>(2,987,185,614)</u>
Total Unappropriated Retained earnings (Accumulated Deficit)	(8,367,991,961)	(8,901,582,987)
Appropriated Retained earnings		
Legal reserve	<u>547,594,555</u>	<u>547,594,555</u>
Total Retained earnings (Accumulated Deficit)	<u>(7,820,397,406)</u>	<u>(8,353,988,432)</u>

The accompanying notes are an integral part of these statements.



THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

UNIT : BAHT

NOTE	2002	2001
Cash Flows from Operating Activities:		
Net Profit (Loss)	533,591,026	(2,987,185,614)
Adjustment to reconcile net profit (loss) to net cash provided by (used in) operating activities :		
Depreciation	898,087,581	883,651,349
Bad debts and doubtful debts	2,577,275	15,693,112
Amortization	160,048,539	186,144,444
Unrealized loss from foreign exchange fluctuations	46,553,507	34,117,773
Income tax	(9,932,154)	41,406,001
Loss from fixed assets disposal	20,302,368	20,411,999
Pension fund	19,723,875	30,933,368
Deferred revenue	(6,917,539)	(9,870,273)
Share of losses (profits) from investments for using the equity method	20,815,629	(585,982)
Operating gain (loss) before changes in operating assets and liabilities	1,684,850,107	(1,785,283,823)
Operating assets (increase), decrease		
Trade accounts receivable	(1,016,628,238)	536,749,392
Inventories	(2,077,674,868)	2,871,267,698
Other current assets	52,641,103	336,935,102
Operating liabilities increase, (decrease)		
Trade accounts payable	2,006,134,042	(1,914,772,274)
Other current liabilities	(313,729,601)	32,304,723
Other non-current liabilities	7,687,999	(4,749,436)
Net Cash Provided by (Used in) Operating Activities	<u>343,280,544</u>	<u>72,451,382</u>
Cash Flows from Investing Activities :		
Current investments decrease, (increase)	(21,693,721)	3,052,196
Long term investments decrease	9,005,905	30,000,000
Purchase of property, plant and equipment	(213,676,775)	(252,814,007)
Intangible assets (increase)	(27,582,132)	(15,657,464)
Other non-current assets (increase)	(52,018,931)	(74,042,212)
Net Cash Provided by (Used in) Investing Activities	<u>(305,965,654)</u>	<u>(309,461,487)</u>

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

	NOTE	2002	2001
UNIT : BAHT			
Cash Flows from Financing Activities :			
Bank overdrafts and short-term loans from financial institutions increase, (decrease)		768,483,413	(1,095,865,127)
short term loans increase, (decrease)		1,497,759,500	(62,000,000)
Long term loans increase, (decrease)		<u>(3,678,835,592)</u>	<u>3,701,943,232</u>
Net Cash Provided by (Used in) Financing Activities		<u>(1,412,592,679)</u>	<u>2,544,078,105</u>
Increase (Decrease) in Cash and Cash Equivalents		(1,375,277,789)	2,307,068,000
Cash and Cash Equivalents at Beginning of Period		<u>2,749,700,315</u>	<u>442,632,315</u>
Cash and Cash Equivalents at Ending of Period	4.1	<u>1,374,422,526</u>	<u>2,749,700,315</u>
Supplemental Cash Flow Information :			
Cash paid during this period for :			
Interest expenses		1,393,787,448	1,332,897,195
Income tax		6,404,106	-

The accompanying notes are an integral part of these statements.



THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

1. The Preparation and Presentation of Financial Statements

The financial statements are presented in conformity the announcement of the Department of Commercial Registration, dated September 14, 2001, under the third paragraph of section 11 of Accounting Act B.E. 2543 and are prepared in accordance with the Thai accounting standards.

2. Summary of Significant Accounting Policies

2.1 Sales Revenue

Sales are recognized as revenue when delivery of goods has occurred.

Investment Charge

Investment charge is recognized in accordance with the substance of the contract.

Interest income

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

2.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and deposits at banks and financial institutions, which are due within 3 months.

2.3 Allowance for Doubtful Accounts

The allowance for doubtful accounts is set-up based on debts deemed uncollectable from debtors as judged from the current status of each account receivable.

2.4 Inventories

Finished petroleum products and crude oil are stated at the lower of cost determined by the first-in first-out basis or net realizable value.

Lubrication oils are stated at the lower of cost determined by weighted average or net realizable value.

2.5 Materials and Supplies

Materials and supplies are stated at cost determined by the weighted average method.

2.6 Investments for using the equity method

Investment in associated companies are recorded on equity method, which the company has significant influence but has not the power to control the financial and operating policies of the associated companies.

2.7 Other Long-Term Investments

Investments in non-marketable securities are treated as general investment and presented at cost less impairment of investment.

Investments in debt securities held-to-maturity are presented at amortized cost. The difference between cost and redemption value of an investment in debt securities is amortized by straight line over the remaining period of the investment, which is credited or changed to interest income and is added to or subtracted from the carrying amount of the securities.

2.8 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation

based on rates per the revenue code. The company revalues assets every five years by an independent appraiser for machinery, equipment and refinery plants and platinum catalyst. The machinery, equipment and refinery plants comprised of boat piers, machinery and equipment in the refinery. Hence the mentioned assets are presented based on their revalued cost, less the accumulated depreciation. The incremental value from the revaluation is shown under Shareholders' Equity as "Surplus on fixed assets revaluation". Should the assets revalued be lower than their initial cost, the reduced value is charged against the surplus on fixed assets revaluation until that amount is fully depleted before booking the rest as expense in the profit and loss for that same accounting period.

Depreciation of buildings, machinery and equipment are computed on a straight-line method based on the estimated useful life of the assets. The details of which are as follows :-

<u>Type of Assets</u>	<u>No. of Year</u>
Building	20
Machinery and large equipment	15-20
Equipment	5

Equipment with value of not over Baht 10,000 each and service station asset costing less than Baht 1,000 each are booked as expense in the period of purchase.

Expenditures on repairs or maintenance of buildings, machinery and equipment which extend the useful life of such assets or increase their capacity are recorded as capital expenditure. Whereas the maintenance and repair costs of buildings, machinery and equipment to have them perform to the standard level initially assessed are booked as expense in the period they occurred.

2.9 Borrowing Cost

Interest expenses incurred from loan, especially used for the construction of fixed assets, are booked as cost of assets until the assets are ready for their intended use. Such interest expenses are derived from the total amount of interests paid less the revenue earned from the loan temporary used as short term investments.

Interest expense on loan for general purpose but partly used for the construction of fixed assets are capitalized. The capitalization of such interest are computed by multiplying the interest rate against the average assets costs during construction. Upon completion of the construction project, the interest cost is booked to expense.

2.10 Intangible Assets

Intangible assets consist of leasehold rights, license and development costs of computer software. They are presented at cost deducted by accumulated amortization.

Leasehold rights are the rights obtained from the land lease contracts, which are amortized on a straight-line method over the contractual period within 30 years.

License and development costs of computer software cover expenditures to enhance future economic benefit to the company of more than one year. They are amortized within five years on a straight-line basis.

2.11 Deferred Income Tax

The Company calculates the deferred income tax from the temporary differences between the net book value of the assets and their tax base in accordance with the International Accounting Standards No.12 , "Income Taxes" (IAS No.12)

The temporary differences arise from the allowance for doubtful accounts, the



impairment of assets, the pension fund reserve and gain from foreign exchange fluctuations on loan for construction project.

2.12 Foreign Currencies

Foreign currency transactions are converted into Baht at the exchange rate on the date the transactions occur. The assets and liabilities in foreign currencies at the ending period is translated into Baht using the exchange rate as announced by the Bank of Thailand. Differences from foreign exchange translations are totally booked as income or expense.

Gains or losses resulting from debt repayment during the year are recorded as income or expense.

In cases where forward exchange contracts are made to minimize the risk exposure on foreign exchange of debts in foreign currency, the Company books the exchange rate based on the contract. The premium associated with this is amortized over the period of the contract.

2.13 Crude and Product Oil Price Hedging Contract

Selling and buying forward crude and product oil contracts are made to reduce the risk of changes in the oil price. The Company records the difference between the oil price in the contract and market price as income or expense when transactions occur.

2.14 Deferred Revenue

Deferred revenue, which represents the advance income from the lease of equipment and others, are amortized over the term of the contract.

2.15 Pension Fund Reserve

A 100% reserve is established at the end of each accounting year on pension amounts payable to all employees with years service of five years and over.

2.16 Legal Reserve

The Company sets up the appropriation for a legal reserve of at least 5% of its net profit, less accumulated deficit brought forward (if any), until the reserve is not less than 10% of the authorized share capital.

2.17 Public Offering Expenses

Public offering expenses which include registered capital fee, underwriting fee and all other expenses incurred in connection with the public offering, are treated as an adjustment against the premium on share capital.

2.18 Registered Provident Fund

The Company established a contributory provident covering substantially all employees. Members are required to make monthly contribution to the fund at either 5% or 10% of the members' salaries depending on their choice and the Company is required to make monthly contribution at the same rate.

2.19 Earnings Per Share

Earnings per share is calculated from the net profit (loss) divided by the weighted average of issued and paid-up share capital.

3. Change in the Accounting Policy

In the accounting period 2001, the Company revised its accounting policy to more appropriately reflect its pension fund reserve. Previously, a 5% reserve was made on the pension amount, payable at year-end, to all employees whose year service is at least a five years and over.

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In addition, a 100% reserve was also made on pension amount, payable to all employees who were due to retire in the next five years. Under the new policy, a reserve of 100% is made at each year-end on pension, payable to all employees whose year service is at least five years and over. This change resulted in an increase of Baht 71.34 million in the year-ended December 31, 2001 accumulated deficit.

4. Additional Information

4.1 Cash and cash equivalents

	Unit : Million Baht	
	2002	2001
Cash on hand and at banks	1,374.42	1,519.70
Short-term investments	-	1,230.00
Total	<u>1,374.42</u>	<u>2,749.70</u>

4.2 Trade accounts receivable - net

	Unit : Million Baht	
	2002	2001
Notes receivable	12.81	44.32
Trade accounts receivable	2,853.80	1,767.59
Less Allowance for doubtful accounts	<u>142.07</u>	<u>139.59</u>
Trade accounts receivable - net	<u>2,724.54</u>	<u>1,672.32</u>

As of December 31, 2002, the Company has trade accounts receivable with problems in collection. The following is an age analysis of the outstanding amount of such debts.

	Unit : Million Baht
over 3 - 6 months	1.71
over 6 - 12 months	5.79
over 12 months	<u>183.16</u>
Total	<u>190.66</u>

The Company has set up an allowance for doubtful accounts of Baht 142.07 Million.

4.3 Materials and supplies - net

	Unit : Million Baht	
	2002	2001
Materials and supplies - cost	377.96	431.97
Less Allowance for deterioration of materials and supplies	<u>13.27</u>	<u>22.05</u>
Materials and supplies - net	<u>364.69</u>	<u>409.92</u>

4.4 Investments for using the equity method

Company	Type of Business	Relationship	Paid-up Share capital	Share Holding Ratio (%)	Investment				Dividend
					Cost Method		Equity Method		
					Dec 31,02	Dec 31,01	Dec 31,02	Dec 31,01	
The Bangchak Green Net Co.,Ltd.	Retail Business and Service	Shareholding	1.00	49.00	0.49	0.49	0.67	21.75	-
The Bangchak Green Line Co.,Ltd.	Transportation and Service				-	0.05	-	3.29	-
Total					0.49	0.54	0.67	25.04	-



For the year 2002, the company reported its share in the operating results of investment in associated companies. For The Bangchak Green Net Co., Ltd. it reported a loss of Baht 21.08 million. Whereas for The Bangchak Green Line Co., Ltd. only part of the profit for year 2002 was reported. This was due to the company's sale of all its 490 shares in that company to The Bangchak Green Net Co., Ltd. in the third quarter 2002, in which it realized a gain of Baht 0.86 million.

4.5 Other long term investments

	Unit : Million Baht	
	2002	2001
4.5.1 General investment in equity securities		
Fuel Pipeline Transportation Ltd.	181.75	181.75
<u>Less</u> Loss from impairment of long term investment	<u>181.75</u>	<u>181.75</u>
	-	-
4.5.2 Investment in debt securities held-to-maturity	<u>4.84</u>	<u>4.92</u>
Total	<u><u>4.84</u></u>	<u><u>4.92</u></u>

4.6 Tariff prepayment

The Company has provided financial support to the Fuel Pipeline Transportation Ltd. (FPT) in the form of advance payment of fuel transportation fee (Tariff Prepayment) as per the written agreement dated June 14, 1996. Subsequently, the Company, together with the other FPT creditors agreed on March 3, 1999 to restructure the FPT loan. Prior to the loan restructure, the amount owed to the Company as Tariff Prepayment was Baht 245.80 million, of this, Baht 48.75 million was converted to capital stock (preferred stock) on April 30, 1999, leaving the balance of loan as Baht 197.05 million. The loan shall be repaid in accordance with FPT's cash flow while the interest on the tariff prepayment and the custody fee (difference in interest rate MLR-2%) will be paid on a monthly basis. It turned out that FPT was able to repay some part of the loan and due to financial difficulties it could not comply with the agreed terms. Hence, an amendment to the original agreement was made on March 28, 2002. Under the revised agreement, the remaining loan principle of Baht 187.29 million will be repaid on a monthly basis over a total number 153 periods, with the first payment made on April 30, 2002. The interest rate will be based on MLR with relaxation of 1% per annum starting from March 29, 2002. The difference in the interest rates shall be established as a receivable in a suspense account.

The financial statement for the year ended December 31, 2002, shows an outstanding prepaid tariff balance of Baht 183.26 million. The difference in the interest rates as calculated in accordance with the loan restructuring agreement, which is pending in the suspense account, shall be written-off if FPT makes full settlement of both the loan principle and the interest, without default, over a three-year period. These terms are specified in the amendment of the loan restructuring agreement. The Company will consider the write-off of interest receivable on an annual basis. For the year 2004, it will write-off the interest receivable, calculated up to December 31, 2001, in the amount of Baht 21.38 million. And in 2005, it will write-off the interest receivable set-up from January 1, 2002 to March 28, 2002 of Baht 2.42 Million. As for the interest from March 29, 2002 to December 31, 2002 of Baht 8.26 million, the Company will consider the write-off on an annual basis. The total interest receivable is Baht 32.06 million, which is reflected in the Balance Sheet under "Other Non-Current Assets".

4.7 Property, plant and equipment - net

Type	As of Dec 31, 01	Increase	Decrease	As of Dec 31, 02			At appraised value as of Dec 31, 02		
				First Cost	Accumulated Depreciation	Net Book Value	First Cost	Accumulated Depreciation	Net Book Value
Land	1,344.78	-	-	1,344.78	-	1,344.78	1,344.78	-	1,344.78
Buildings	488.66	8.54	0.05	497.15	264.70	232.45	497.15	264.70	232.45
Machinery, equipment and refinery Plants	20,839.18	82.03	24.17	20,897.04	11,602.96	9,294.08	22,691.12	11,540.57	11,150.55
Marketing and office equipment	3,361.07	62.71	35.19	3,388.59	1,174.36	2,214.23	3,388.59	1,174.36	2,214.23
Platinum Catalyst	213.75	-	-	213.75	-	213.75	329.71	-	329.71
Vehicles	364.01	35.18	26.40	372.79	245.19	127.60	372.79	245.19	127.60
Construction work in progress	207.17	225.93	194.86	238.24	-	238.24	238.24	-	238.24
Total	26,818.62	414.39	280.67	26,952.34	13,287.21	13,665.13	28,862.38	13,224.82	15,637.56

Unit : Million Baht

Revalued Fixed Assets Item	As of Dec 31, 02			At appraised value as of Dec 31, 02			Surplus on Fixed Asset Revaluation
	First Cost	Accumulated Depreciation	Net book Value	First Cost	Accumulated Depreciation	Net book Value	
Boat piers, machinery and equipment	19,830.55	11,060.86	8,769.69	21,624.63	10,998.47	10,626.16	1,856.47
Platinum Catalyst	213.75	-	213.75	329.71	-	329.71	115.96
Total	20,044.30	11,060.86	8,983.44	21,954.34	10,998.47	10,955.87	1,972.43

On December 31, 2002, the company revalued its assets covering boat piers, machinery and equipment in the refinery and the platinum catalyst which is in line with the accounting policy No.2.8. The revaluation was performed by an independent appraiser, The Nexant (Thailand) Limited, using the Replacement Cost-Depreciation method as per the Final Report Refinery Valuation, dated January 20, 2003. The net total reappraised value of the assets was Baht 10,955.87 million and the surplus on fixed assets revaluation amount increased by Baht 1,972.43 million.

The total depreciation for the year 2002 is Baht 898.09 million, of which Baht 607.96 million is booked as cost of product, and Baht 290.13 million as administrative expenses.

4.8 Intangible assets

Unit : Million Baht

Type	First cost		Accumulated Amortization		Net Book Value	
	Dec 31, 02	Dec 31, 01	Dec 31, 02	Dec 31, 01	Dec 31, 02	Dec 31, 01
Leasehold	1,567.05	1,542.36	522.17	445.82	1,044.88	1,096.54
License and development costs of computer software	70.88	70.78	59.27	50.22	11.61	20.56
Total	1,637.93	1,613.14	581.44	496.04	1,056.49	1,117.10



4.9 Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions are short-term loan from the Krungthai Bank of Baht 1,000 million with interest rate of 7.00% per annum.

4.10 Short - term loans

Short - term loans are Baht 2,480.64 million, of this, Baht 1,515.64 million represents loan from the Ministry of Finance under the Euro Commercial Paper Programme (ECP), with repayment due on January 31, 2003 and interest rate of 1.78% per annum, as referred to in Note 4.11.

4.11 Long - term loans

	Unit : Million Baht	
	2002	2001
Foreign loans		
International Bank for Reconstruction and Development	-	1,636.33
Domestic loans		
Government Saving Bank	500.00	750.00
Debentures	13,537.50	15,645.00
Promissory Note	<u>2,315.00</u>	<u>2,000.00</u>
Total long-term loans	16,352.50	20,031.33
<u>Less Current portion of long-term loans</u>	<u>6,380.00</u>	<u>3,764.66</u>
Balance	<u>9,972.50</u>	<u>16,266.67</u>

Foreign loans

In the year 2002, the Company made on early repayment of its foreign loans from the International Bank for Reconstruction and Development (IBRD), as approved by the Ministry of Finance so as to reduce the interest rate and the risk from foreign exchange fluctuation and that it will seek a long - term Baht loan as replacement. In this, the Ministry of Finance has provided a bridge financing of short - term loan under the Euro Commercial Paper Programme (ECP) in the amount of USD 35 million. This resulted in a lower interest rate of 5.6% per annum and a payment of premium of Baht 92.23 million to the lender for the early repayment of loan.

Domestic Loans

- Loans from the Government Saving Bank, with repayment period of 5 years and the settlement of both the principal and interest will be semi-annually with interest rates of 6.5% per annum.

- Debentures as of December 31, 2002, the Company has the debentures as follow; Unsecured, unsubordinated registered debentures with the holders' names totalling 6,937,500 units with face value of Baht 1,000 per unit, for a total of Baht 6,937.50 million. The interest rates vary from 4.625 to 8.75% per annum.

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	<u>Maturity Date</u>	<u>Interest Due</u>
No. 6/2543	Feb. 02, 2003	Feb 02 and Aug 02 of each year
No. 7/2543	Feb. 02, 2005	Feb 02 and Aug 02 of each year
No. 8/2543	Mar. 31, 2004	Mar 31 and Sep 30 of each year
No. 9/2543	Mar. 31, 2004	Mar 31 and Sep 30 of each year
No. 10/2543	Mar. 31, 2006	Mar 31 and Sep 30 of each year
No. 13/2543	May. 03, 2006	May 03 and Nov 03 of each year
No. 18/2543	Nov. 28, 2004	May 28 and Nov 28 of each year
No. 19/2543	Nov. 30, 2004	May 30 and Nov 30 of each year
No. 20/2544	Mar. 29, 2005	Mar 29 and Sep 29 of each year
No. 24/2545	Dec. 02, 2005	Jun 02 and Dec 02 of each year
No. 25/2545	Dec. 02, 2007	Jun 02 and Dec 02 of each year

Guaranteed registered debentures with the holders' names and trustee totalling 6,600,000 units, with the face value of Baht 1,000 per unit, and amounting to Baht 6,600 million. The debentures are guaranteed by the Ministry of Finance, with interest rates varying from 4.525 to 4.80% per annum.

	<u>Maturity Date</u>	<u>Interest Due</u>
No. 15/2543	Jun. 14, 2003	Jun 14 and Dec 14 of each year
No. 22/2544	Nov. 29, 2006	May 29 and Nov 29 of each year

- Promissory note, the Company issued promissory notes in amount of Baht 2,315 million, with interest rates varying from 5.50 - 6.25% per annum. The repayment of which are Baht 2,000 million in year 2004, Baht 170 million in year 2005 and Baht 145 million in year 2007.

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4.12 Sales Revenue

	Unit : Million Baht	
	2002	2001
Sales - Fuel Products	51,716.18	48,337.66
Investment Charge	88.00	145.07
Total	<u>51,804.18</u>	<u>48,482.73</u>

4.13 Gain (Loss) from foreign exchange fluctuations

	Unit : Million Baht	
	2002	2001
Realized gain (loss) from foreign exchange fluctuations	35.53	(3.24)
Unrealized gain (loss) from foreign exchange fluctuations	<u>(46.55)</u>	<u>(34.12)</u>
Total	<u>(11.02)</u>	<u>(37.36)</u>

4.14 Interest expense

Total interests for this period is Baht 1,303.08 million, of which Baht 2.98 million is recorded as cost of work in progress and Baht 1,300.10 million as expenses, which includes the Baht 92.23 million premium paid to the International Bank for Reconstruction and Development (IBRD) for the early repayment of loan.

4.15 Transactions with related companies

The Company has significant business transactions with related companies for the year ended December 31, 2002 and 2001 (related in terms of shareholding and as member of the board) as follows;



	Unit : Million Baht	
	December 31, 2002	December 31, 2001
Account receivable with related companies	139.29	137.35
Account payable with related companies	8.00	12.36
	<u>For the year</u>	
	<u>2002</u>	2001
Income from sales of oil	1,776.04	1,440.89
Transportation management fee	-	76.93
Pipeline throughput fee	91.88	86.17
Interest expense	1.74	9.82
Franchise fee - Lemon Green (Minimart)	4.37	5.99

The conditions of the above transactions are similar to those in normal trading transaction.

4.16 Risk Management

So as to reduce the risk of changes in the oil price, as of December 31, 2002, the Company has an agreement guaranteeing the future buying and selling price of 0.25 million barrels of oil product, with a net receivable value of Baht 1.61 million.

4.17 Contingent Liabilities

The Company's contingent liabilities consisted of:

4.17.1 Obligations

Bank guarantees issued by the banks on behalf of the Company as of December 31, 2002 were of Baht 308.79 million, which mainly consisted of guarantees for the refund of the income tax, the import of crude oil to the Customs Department, the payment of electricity and telephone charges.

4.17.2 Allegation

The Ministry of Finance (the first defendant) was alleged in a land right transgression case (The claim for damages, which was filed with the civil court, amounts to Baht 1,055 million). The land in question, which is located at the pier of the Refinery, was leased from the Ministry of Finance. The Company, as the lessee of land owned by the Ministry of Finance, was alleged as the fifth defendant along with the Ministry of Finance. According to the Company's Legal Office opinion, regardless as to the outcome of the case, the Company would not be liable for any losses associated with the above mentioned claim as it is protected under a lease agreement. The case is being appealed with the civil court.

4.18 Rearrangement of financial statements

The Company has rearranged its financial statements for the year ended December 31, 2001 in compliance with the announcement of the Department of Commercial Registration, dated September 14, 2001, under the third paragraph of section 11 of Accounting Act B.E. 2543. The change does not affect the reported net income or shareholders' equity.

NATURE OF BUSINESS OPERATIONS

The Bangchak Petroleum Public Company Limited is a Thai oil company, operating businesses in retail and wholesale sales of refined petroleum products. It also owns and operates a refinery with capacity of 120,000 barrels per day.

The Company sells oil products through service stations under the trademark of Bangchak. Its direct customers include those in the sectors of transport, airlines, ocean liners, construction, industry and agriculture. Sales are also made through large-scale and small-scale oil traders as well as other general retail customers.

The Bangchak Green Net Company Limited

Bangchak has one joint-venture, i.e. the Bangchak Green Net Co., Ltd. of which the registered capital is Baht 1 million. The Company holds 49 percent of its total shares. The Bangchak Green Net was established to manage service stations of Bangchak and sales of consumer goods in the Lemon Green convenience stores and Bai Chak stores. The Bangchak Green Net also provides other services so as to cope with Bangchak's expansion in its future retail business.

Fuel Pipeline Transportation Company Limited

Fuel Pipeline Transportation Company Limited, an affiliated company of Bangchak, has a registered capital of Baht 1,592 million, of which Bangchak holds 11 percent of the total shares. It was established to operate the oil transportation business via multi-purpose pipeline system for various kinds of oil. The pipeline begins at the Bangchak refinery and runs along the railway track to the oil storage depots at Don Muang Airport and Bang Pa-in, Ayutthaya.

Income Structure

In 2002, the Company's total incomes were Baht 51,936 million. and together with an affiliated company, in while it holds more than 20 percents of the shares, the Company has total incomes of Baht 54,277 million. The income of the Company and affiliated company in year 2000 - 2002 are as follows :

Product / Service	Company	Shares Held by The company (Percent)	2000		2001		2002	
			Income (Million Baht)	Percent	Income (Million Baht)	Percent	Income (Million Baht)	Percent
Oil	Bangchak Petroleum	-	52,330	96.9	48,596	96.2	51,936	95.7
Oil / Consumer Product	Bangchak Green Net	49.0	1,598	3.0	1,822	3.6	2,341	4.3
Delivery Service	Bangchak Green Line ^{1/}	49.0	78	0.1	78	0.2	-	-
Total			54,006	100	50,496	100	54,277	100

Note : ^{1/}The Company has currently sold all its shares in the Bangchak Green Line Co.,Ltd.

RISK FACTORS

1. Risk from Oil Price Volatility in International Market

The Company's main revenues are from the sales of refined petroleum products, while the cost is in the procurement of crude oil and the refined petroleum products. Its revenues and cost revolve around the market forces and the pricing of crude oil and refined petroleum products in the Asia region and around the world, which are opened and interconnected to one another. The prices are, therefore, unpredictable. One of the major risk factors in the crude oil procurement is the Company's decision to purchase 1-2 months in advance without knowing what would be the actual cost upon delivery. The condition for the purchase is generally based on the benchmark reference oil price while the actual cost is known only in the month of the title transfer. For example, in the purchase of crude oil from the Middle East, the average benchmark reference price is usually tied to that of Dubai crude or the Tapis crude in the month of delivery. After delivery, the oil goes through the process of transportation, lightering, refining and finally storing it for sale. The finished product sale price is based on the Singapore export price prevalent at the point of sale (determined from the Singapore spot market price). Due to such conditions, the Company's sale revenues of finished products have no correlation with the crude oil cost, thus creating the uncertainty in the Gross Refinery Margin (GRM). In dealing with the above situation, the Company has a Risk Management Team, whose responsibility is to develop a system to minimize risk so that it would not impact on the Company's business. This include the forward buying and selling of oil (Hedging) fixing the differences between the sale price of finished product and the crude oil price and also the forward sale of crude oil and finished product stock.

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2. Exchange Risk

In the oil refining business, incomes and costs are tied to relate the US currency. Fluctuation in the exchange rate directly affect earnings and costs. The Company, therefore, utilized the Value at Risk (VaR) method in managing its exchange risk, so as to increase efficiency in risk assessment for forward purchase of the USD.

In 2003, the Company foreign debt was USD 35 million or Baht 1,516 million, which represents 7.64 percent of the total debts. The loan was arranged by the Ministry of Finance through the issuance of Euro Commercial Paper (ECP).

3. Operational Safety Risk

In the petroleum industry, safety is of utmost importance and attention regarding safety must be given to every aspects of the operations. Any single mistake could cause serious devastation to the refinery and to the community in the vicinity. This is despite of sufficient insurance coverage the Company has over its assets, such as the refinery and the oil storage terminal assets. Consistently over the past, the Company has applied measures in controlling the potential risks of its refinery. This includes strict compliance with the law regarding safety, conducting risk assessment, establishing sequence in work process and in the repair and maintenance of the refinery equipment, in accordance with time schedule. These mentioned control activities are

regularly inspected by the Management System Certification Institute (Thailand) or MASCI which has certified and awarded the Company with the Occupation Health and Safety Management System Certification (TIS18001) Number OHS 00007/ 007 / for Petroleum Refining.

4. Risk in the Delivery of Oil to the Refinery

The Company has to purchase crude oil from, both, within the country and from overseas via large tankers. Should any disaster occur during transportation, the loss to Company's assets and the impact on environment would be great. It may also affect the refinery operation. This is despite of the insurance policy the Company has covering its assets and losses to third party. The Company is always concerned of this risk and has improved its oil transportation standards. For instance, it has installed up-to-standard fire extinguishers in the tankers, deployed boom throughout the period of the ship's docking and have joined with the other oil companies in combating oil spills in the event of emergency.

5. Risks from Accidents during Oil Delivery to Customers

Most of the oil products delivered from the storage terminal to the industrial, retail and wholesale customers are made by tank trucks. Should any accident occur during delivery, not only will it damage Company assets, and losses to the general public, it may also have a direct impact on the Company's business. This is despite the third party insurance coverage the Company has.

The Company is concerned of the above risks and has provided regular training to truck drivers. Trucks are examined to ensure they meet safety standards. Tachometers are used to monitor the travelling speed of the trucks. Safety awards programs are initiated to reward drivers without any accidents and to reprimand those who violate regulations. Furthermore, the Company has joined up with the other oil companies in controlling situations should emergency arise.

6. Risk from Low Demand for Fuel Oil

Due to the decline in the fuel oil demand by the Electricity Generating Authority of Thailand (EGAT) who has switched to using natural gas, a surplus in the fuel oil market was created which caused widespread price cutting and affecting the Company's fuel oil sale. In coping with this, the Company reduced the type of crude used in producing fuel oil and has expanded its fuel oil industrial market to include more SME customers. In addition, sale of fuel oil as raw material was made to various oil refineries with cracking units as substitute for imports.

7. Risk from Non-Payment of Dividend to Shareholders

The Company will not pay out dividend to Shareholders in this period due to the accumulated operating loss results from previous years. Nevertheless, the Company is consistently conscious of its obligation in protecting the interests of the Shareholders. Throughout the past period, with the slow down in economies and the country's surplus supply of oil, the Company has endeavored its utmost to improve the efficiency of its operation. It has entered into a joint logistic cooperation program with the Thai Oil Co., Ltd. in an effort to curtail costs and increase revenues for both parties. This has resulted in the operating net profit of Baht 534 million in the year 2002. Besides this, the Company is in the process of undergoing a study in financial and business reconstructing as directed by the State Enterprise Policy Committee so as to strengthen its operation, increase Shareholders' confidence and be able to pay dividend as soon as possible.



8. Liquidity Risk

During 2003 - 2004, the Company would face the situation of debt bunching as 70 percent of its total debts would reach maturity. In addition, the ratio of debt to equity would be relatively high, which puts it in a disadvantageous position as compared with the other oil refineries that had already undertaken financial restructuring and recapitalization.

However, due to the Company's status as a State Enterprise, the State Enterprise Policy Committee (SEPC) has appointed a Sub-Committee to consider the solution to the Company business problems, to study potential business plan and alternatives for its financial restructuring as well as appropriate forms of the Government support. The study was to be submitted to SEPC for consideration. Meanwhile, the Cabinet assigned the Ministry of Finance to seek for an interim financial source to enable the Company repay its debts.

On January 16, 2003, the SEPC acknowledged the results of the Sub-Committee's study and had assigned it to supervise the formulation of the corporate restructuring plan, and determine the Company's business status in addition to the study earlier made by McKinsey and Company Inc.Thailand. This work was to be completed within 90 days.

9. The Affects from the Fuel Pipeline Transportation Company Limited

The sale of Company's oil partly depends on the transportation by pipeline owned by the Fuel Pipeline Transportation Co., Ltd. This pipeline, which starts at the Bangchak oil refinery, runs parallel along the railway track to the Don Muang Airport oil terminal and from there to the Company's oil terminal in Bang Pa-in where it ends, covering a total distance of 69 kilometers. The pipeline is made of flexible materials and can withstand the force of vibration. Nevertheless, there are risks that the operation of the line could be temporary halted due to damages caused to it by the construction works on the infrastructure. If this occurs, the sale of aviation fuel to the Thai Airways International Plc. would be disrupted and the supply of oil to retail customers in the North and North East would also be affected.

In any event, the Company has sufficient reserve of oil in its Bang Pa-in oil terminal which would be sufficient to cover 10 days sale.

Should there be oil shortages and the pipeline could not be used, the Company is able to transport some products from its other terminals by tank trucks but the cost would be high. Besides this, the Company has a joint operating agreement with the other oil companies for the use of their terminals should any emergency arises.

10. Risk of Potential War between the United State of America and Iraq

Due to the conflict between US and Iraq and the potential war in the Persian Gulf, the Company faces directly the impact on the higher crude oil cost, the difficulty in obtaining source of supply for the refinery and the increase in working capital. All these have direct adverse affect on the Company's profit, notwithstanding the risk from terrorism. The Company has set-up a contingency plan in preparation for the war crisis so as to safeguard and reduce the potential impact, with main consideration given to the benefit of the country and the Company. The plan includes the immediate import of finished products to replace crude oil should the oil wells in the Middle East be destroyed. Divert the purchase of crude oil to the Far East, West Africa and Russia.

SHEREHOLDING AND MANAGEMENT STRUCTURE

1. Shareholders

The Ten Largest Shareholders of the Company as of the date of shareholding registration closing for the 2002 General Shareholders' Meeting April 5, 2002 are as follows :

Names of the Largest Shareholders	Million Shares	Percent
1. The Ministry of Finance	249.90	47.87
2. PTT Public Company Limited	126.81	24.29
3. HSBC (Singapore) Nominees Pte Limited	17.65	3.38
4. Krung Thai Bank Public Company Limited	9.05	1.73
5. Danske Bank A/S	2.55	0.49
6. Miss Nootnapha Wongchareonsin	1.97	0.38
7. Thailand Securities Depository Company Limited for Depositors	1.53	0.29
8. Mrs. Sirinthorn Sriyuksiri	1.50	0.29
9. Thai NVDR Company Limited	1.47	0.28
10. Clearstream Nominees Limited	1.45	0.28

2. Management Structure

2.1 The Board of Directors

The Directors are required, under the Company's Articles of Association, to perform their duties in accordance with the law, the Company's objectives and the Articles of Association, and furthermore, to implement the resolution of the Shareholders' meeting. They are expected to discharge their responsibilities with high degree of honesty and integrity and to protect the interest of the Company. They are to delegate certain authorities to the Company's management staff, such as the President, to approve the payment of Company expenses that are binding under an agreement, to have authority over the administration of Company personnel, and to approve the procurement and sale of petroleum products.

The names of the Board of Directors are as follows :

1. General Tawat	Ked-Unkoon	Chairman
2. Mr. Anusorn	Tamajai	Director
3. Mr. Wirat	Iam-Ua-Yut	Director
4. Mr. Nipon	Surapongrakchareon	Director
5. Mr. Boonsak	Chiempricha	Director
6. Mr. Pichai	Chunhavajira	Director
7. Mr. Prasert	Bunsumpun	Director
8. Mr. Sayan	Satangmongkol	Director
9. Mr. Narong	Boonyasaquan	Director and Secretary to the Board of Directors

In the year 2002, the Board of Directors have, for the first time, implemented the performance appraisal of each its members and the Committees. All of the Directors were interested in self-development in order to improve their knowledge and skill in performing their duties in accordance with the code of ethics; besides this all the Directors were members of the Thai Institute of Directors Association (IOD).

In the year 2002, the Board of Directors held 14 meetings (12 ordinary meetings and 2 extraordinary meetings). The Board meetings were normally held at Bangchak's head office with each meeting taking about three hours. The attendance record of each Board member is summarized as follows :

The Board of Directors		Meetings Participated/ No of Meetings (Times)			Notes
		Ordinary Meeting	Extraordinary Meeting	Total	
1. General Tawat	Ked-Unkoon	8/8	2/2	10/10	Appointed on April 25, 2002
2. Mr. Anusorn	Tamajai	7/8	1/2	8/10	Appointed on April 25, 2002
3. Mr. Wirat	Iam-Ua-Yut	8/8	2/2	10/10	Appointed on April 25, 2002
4. Mr. Nipon	Surapongrukchareon	-/-	-/-	-/-	Appointed on January 28, 2003
5. Mr. Boonsak	Chiempricha	-/-	-/-	-/-	Appointed on December 23, 2002
6. Mr. Pichai	Chunhavajira	3/12	1/2	4/14	
7. Mr. Prasert	Bunsumpun	3/12	2/2	5/14	
8. Mr. Sayan	Satangmongkol	9/12	2/2	11/14	
9. Mr. Narong	Boonyasaquan	12/12	2/2	14/14	
10. Mr. Praphad	Phodhivorakhun	5/8	1/2	6/10	Resignation on January 27, 2003
11. Mr. Somchainuk	Engtrakul	5/7	1/1	6/8	Resignation on December 20, 2002
12. Mr. Sommai	Phasee	4/4	-/-	4/4	Resignation on April 24, 2002
13. Mr. Anan	Nadtasomboon	4/4	-/-	4/4	Resignation on April 24, 2002
14. Mr. Virach	Aphimeteetamrong	4/4	-/-	4/4	Resignation on April 24, 2002
15. Mr. Sutham	Chitranukroh	4/4	-/-	4/4	Resignation on April 24, 2002
16. General Somchai	Somprasong	4/4	-/-	4/4	Resignation on April 24, 2002
17. Mrs. Puntip	Surathin	2/2	-/-	2/2	Resignation on March 21, 2002
18. Mr. Chaiyant	Poshyanonda	0/2	-/-	0/2	Resignation on March 21, 2002

Note : The Directorship tenors have expired for those listed 10-18

2.2 The Sub-Committees

The Board of Directors has appointed the Committees to monitor the overall performance as follows :

1) The Audit Committee

The Audit Committee is composed of three independent Directors with three years membership. Its responsibilities are as assigned by the Board of Directors in the written charter of the Audit Committee. The charter is revised annually by the Audit Committee as to its appropriateness with the changing environment. In summary, the mission of the Audit Committee is to ensure that the Company's financial statements are accurate, complete and reliable; review the efficiency of the system of internal control, oversee the compliance with related laws and regulations, select and propose the appointment of the Company's external auditor and to monitor that the conflict of interest principles are not violated.

The Audit Committee holds regular meetings and reports the results to the Board of Directors. In the year 2002, it held four meetings.

The members of the Audit Committee (as of January 31, 2003) are as follows :

- | | | |
|-----------------|--------------------|-----------|
| 1. Mr. Anusorn | Tamajai | Chairman |
| 2. Mr. Wirat | Iam-Ua-Yut | Member |
| 3. Mr. Nipon | Surapongrukchareon | Member |
| 4. Mrs. Sujitra | Juntasopephant | Secretary |

Note : Mr. Anusorn Tamajai was named the Chairman of the Audit Committee on January 28, 2003 as replacement for Mr. Praphad Phodhivorakhun.

2) The Executive Committee

The Executive Committee was established on May 30, 2002. It has three directors and a three year membership. The Executive Committee has the responsibility to monitor the Company's performance in accordance with the Board of Directors' assignment and the Executive Committee's principles.

In the year 2002, the Executive Committee held two formal meetings and four informal meetings and usually reported them to the Board of Directors.

The members of the Executive Committee (as of January 31, 2003) are as follows :

- | | | |
|------------------|----------------|----------------------|
| 1. General Tawat | Ked-Unkoon | Chairman |
| 2. Mr. Chaicut | Suthithanakorn | Member |
| 3. Mr. Narong | Boonyasaquan | Member and Secretary |

Note : General Tawat Ked-Unkoon became the Chairman of the Executive Committee on January 28, 2003, replacing Mr. Somchainuk Engtrakul.

2.3 The Executive Staff

The Executive Staff (as of January 31, 2003) are as follows :

- | | | |
|------------------|---------------|---|
| 1. Mr. Narong | Boonyasaquan | President |
| 2. Mr. Vudichai | Neeranartvong | Senior Executive Vice President |
| 3. Mr. Vichien | Usanachote | Senior Executive Vice President |
| 4. Mr. Anusorn | Sangnimnuan | Senior Executive Vice President |
| 5. Mr. Wattana | Opanonamata | Executive Vice President |
| 6. Mr. Kiertikul | Komin | Senior Vice President, Retail Marketing |
| 7. Mr. Manoon | Siriwan | Senior Vice President, Industrial Marketing and Lubricant |
| 8. Mrs. Wanapa | Imachai | Senior Vice President, Accounting and Finance |

3. The Appointment of Directors and Management

3.1. Appointment of Directors of the Board

According to the Company's Articles of Associations, the Shareholders appoint Directors by majority vote, with one Shareholder having one vote for one share held. Person in receipt of the highest number of votes and those in order of descent shall be elected as Directors to fill the number prescribed or to be elected.

At every Annual General Shareholders' Meeting, Directors numbering one-third of the total number shall resign. In case the number of Directors cannot be divided into three parts, the number nearest to one-third shall resign and the Director holding the longest period in office will resign first. Outgoing Directors may be re-elected.

In case a directorship fell vacant for reasons other than resignation after completing its term, the Board of Directors shall elect a person possessing the required qualifications and not having characteristics prohibitive to fill the void, at a subsequent meeting of the Directors, excepting in case the term of office remaining unused is less than two months. Resolution passed by Board of Directors shall be composed of voting not less than three-fourths the number of Directors remaining in office.

In maintaining the importance of the minor Shareholders, the Company appointed a Nominating Committee to formulate the nominating method, to elect and propose the appropriate persons to hold in the position of Directors. The minor Shareholders are allowed to nominate their representatives. Accordingly, three persons were proposed to the Nominating Committee for reviews before submitting the names to the Board of Directors and the Shareholders' Meeting.

The Board of Directors reported opinion regarding the Agenda to elect new Directors to replace those who resigned and those who retired upon the expiration of their terms of office in the 2002 Shareholders' Meeting that one Director appointed shall be the Director representing the minor



Shareholders. In this, Mr. Wirat lam-Ua-Yut was appointed as Director representing the minor Shareholders according to the Shareholders' Meeting resolution.

Directors from the major Shareholders

1. Mr. Boonsak Chiempricha The Ministry of Finance
2. Mr. Pichai Chunhavajira PTT
3. Mr. Prasert Bunsumpun PTT

3.2 Appointment of Executives

According to the Company's regulations, the Board of Directors will appointed the Company's executives holding positions of Department Directors and above.

4. Executive Remuneration

4.1 Financial Remuneration

2002	Types of Remuneration	Total Amount (Baht)
- 17 Directors ^{1/}	Meeting allowance	539,250
- 8 Executives ^{2/}	Salaries and others	23,629,927

Notes : ^{1/} Includes 8 Directors who resigned during the year

^{2/} The first 4 Executives from the President
and 3 other Executives of the same level as the 4th Executive

4.2 Other Remuneration, for example Right to Buy Shares

None

5. Corporate Governance

The Board of Directors complies with the Code of Best Practice for Directors of a listed company, in terms of such aspects as the composition of the Board, roles and responsibilities, the appointment of Directors, remuneration, Board and Shareholders' Meetings and submission of necessary reports.

(The compliance with Good Corporate Governance principle of the Stock Exchange of Thailand is mentioned in No.8.)

6. Supervision on the Uses of Internal Data

The Board of Directors have ensured that the Directors and the executives do not disclose Company's confidential information and those of its affiliates for personal gains or for the benefit of others.

The sale and purchase of securities of Directors, executives including their spouses and minor children, according to Clause 258 of the Securities and the Stock Exchange Act B.E. 2535, should be reported on every change of securities holding, occurring as a result of any purchase, sale, transfer or acknowledgement of transfer of securities within three working days from the date of purchase, sale, transfer or acknowledgement of the said securities.

The Board of Directors and executive personnels are aware of the above reporting requirements and are in full compliance.

7. Personnel

7.1 The Number of Company staff

As of December 31, 2002, the total number of staff (including Executives) was 763, which are divided as follows :

Functions of Works	Number of Staff
Marketing	287
Production, planning and provisioning	301
Accounting, finance, personnel and administration	175
Total	763

7.2 Staff Remuneration

1) Financial Remuneration

Payment include monthly salaries, shift pay, pay for night shift, overtime and upcountry allowance, refinery standby pay and disciplinary work pay. Employees have the right to be members of the "Provident Fund for Employees of Bangchak" by selecting the rate of 5 percent or 10 percent of their monthly salaries that the Company would contribute the same rate towards the fund.

In 2002, total remunerations to the Company's staff were Baht 271 million.

2) Other Remuneration, for example the right to buy shares

None

7.3 Significant Change in the Number of Staff during the Past 3 Years

None

7.4 Policy of Personnel Development

The Company has a firm objective to support the development of its personnel to be of value to society, to be proud of the Thai cultures. It promotes its staff to acquire knowledge and skills and be up-to-date and competitive in the international energy industry. Personnel training and development have been organized in an on-going manner.

8. Good Corporate Governance

8.1 Policy Concerning Good Corporate Governance

The Board of Directors mapped out the policy on Good Corporate Governance that is deemed important and essential to the sustainable growth of the Company. It is the firm intention of the Board of Directors to follow the principles of Good Corporate Governance with emphasis on the importance of the systems of internal control and audit as well as the supervision of the management's efficiency in implementing the policy for the long-term benefits of the Shareholders under the framework of legal stipulations and the Business Codes of Conduct.

8.2 Shareholders' Rights

In 2002, the General Shareholders' Meeting was held at the Company's head office. The Meeting invitation with relevant information was delivered 7 days in advance. Each agenda was attached with comments of the Board of Directors and the minutes of Meeting were correctly and completely recorded for inspection by the Shareholders.

8.3 Stakeholders' Rights

The Company realized the importance of the rights of all groups of Stakeholders including customers, trading partners, Shareholders etc., in particular the communities around the refinery as well as employees. In recognizing its status of large-scale industry, the Company has always placed emphasis on the issues of safety and environment preservation by strictly complying with all related laws and regulations. The level of pollution control has been more effective than the legal requirements.



8.4 Shareholders' Meetings

The 2002 Shareholders' Meeting was attended by 6 directors, including the Chairman of the Board of Directors, the Chairman of the Audit Committee and the President. The Chairman of the Meeting opened the floor to the Shareholders to equally exercise their rights in presenting comments and asking questions. Important questions and comments were recorded in the minutes of Meeting.

8.5 Leadership and Vision

The Board of Directors played an important role in designing vision, mission, tactics, business targets and budget in order to enhance highest value to the Company and stability to the Shareholders.

The Board of Directors also initiated systems of effective internal control and audit as well as risk management. Follow-up has been regularly conducted in the meetings of the Board of Directors.

The Board of Directors took into consideration distinct division of roles and responsibilities among the Board of Directors, Sub-Committees and management.

8.6 Conflict of Interests

In order to forestall the conflict of interests, the Board of Directors undertook careful supervision on such cases by setting up written policies and procedures concerning the approval of related-party transactions as well as policies and procedures to prevent executives and other concerned persons to utilize the Company's internal information for their own benefits.

8.7 Business Codes of Conduct

The Company issued its Codes of Conduct for Directors, executives and employees so that they could carry-out their duties with loyalty, honesty and fairness towards the Company and all groups of Stakeholders.

The Company maintained regular communication with its employees and monitors closely their performance to ensure compliance with the mentioned directives.

8.8 The Balancing of Non-Executive Directors

The Board of Directors is composed of 9 members as follows:

Executive Director	1 (President by position)
Independent Directors	4
Outside Directors	4 (3 from major Shareholders)

Directors from major Shareholders are indicated in No. 3.1 Appointment of Directors of the Board.

8.9 Consolidation or Division of Works

Chairman of the Board of Directors is an Independent Director by definition of the Stock Exchange of Thailand and has no relation with the Company's executives. This is to achieve the distinct separation of duties between the setting up of the policy on Good Corporate Governance and in carrying out of routine works. All Directors are independent in delivering their comments on the Company's operations for the purpose of efficient and transparent performance of the management.

8.10 Director and Executive Remuneration

Director remuneration was determined according to the principles approved by the Cabinet for state enterprises and was also approved by the Shareholders' Meeting. Executive remunerations are based on the principles of the Board of Directors, by taking into account the Company's operating results and the performance of each executive and in accordance with industry. (Details of remuneration are included in No. 4 Executive Remuneration.)

8.11 Meetings of the Board of Directors

Meeting appointments were set-up in advance for the whole year. Normal meetings were held monthly, with special meetings called for as necessary. Meeting agenda was clearly announced

and usually included evaluation of operating results of the Company. The Company's secretary delivered meeting notices, agenda and relevant documents beforehand, so that the Board of Directors could have time to study the information before attending the meetings. (Details are provided in No. 2.1 the Board of Directors.)

8.12 The Sub-Committees

The Board of Directors appointed persons with sound knowledge and skill to be members of the Sub-Committees, as they could provide assistance in terms of detailed study and consideration on the issues submitted to the Board of Directors. However, the accountability for all aspects of Company activities with outside parties still rests with the Board of Directors.

The Sub-Committees are as follows :

(1) The Audit Committee

(2) The Executive Committee

The committee's compositions, duties and lists of members are indicated in No. 2.2 The Sub-Committees.

8.13 Systems of Internal Control and Audit

The Company placed importance on the system of internal control, both at the executive and the operational levels, by undertaking appropriate organizational restructuring with clear line of command and relationship among different divisions. Approval authorities were designated according to positions and regulations were formulated for budgeting, finance and accounting, personnel administration, supply and sale of petroleum products and also the procurement of materials. Risk management and early warning of abnormal occurrences were also emphasized.

The Internal Audit Office was established to ensure that the core operations and financial activities have been efficiently carried out under the directions established the Company and in compliance with the relevant laws and regulations. In order that the Internal Audit Office could be completely independent and could perform its check-and-balance task, it has been assigned to directly report to the Audit Committee.

In emphasizing the importance of risk management issues, the Company laid down measures of risk prevention and management, supervision on legal compliance and reports on risk management.

8.14 Report of the Board of Directors

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries as well as financial information as appeared in the Annual Report. The financial statements were prepared in accordance with the generally accepted accounting standards by selecting the appropriate accounting principles and applying them consistently. Careful consideration and best projection were adopted and important information was sufficiently provided in the notes to financial statements.

The Board of Directors took to maintain effective system of internal control to ensure the correct and complete financial records, which would sufficiently safeguard Company's assets and to prevent irregularities or significant improper acts.

8.15 Relationship with Investors

In realizing that the Company's information, both financial and non-financial, would directly affect the decision making of the investors and Stakeholders, the management placed importance on the disclosure of complete, correct, reliable, regular and up-to-date information and assigned the Corporate Planning Office to maintain close contacts with the institutional investors, the Shareholders, the analysts and the general public. Investors can obtain the Company's information at tel. 0-2335-4583-4 or www.bangchak.co.th or E-mail address : IR@bangchak.co.th.



9. The Internal Control

From the Board meeting No 3/2003, held on February 28, 2003, in which all three Audit Committee members attended, the overall opinion was made concerning the level and appropriateness of the Company's internal control system which are summarized as follows :

1) The Company's organization structure was considered adequate and the environment, which was conducive to efficient internal control practice, was in place. The corporate objectives were clearly defined and measurable against actual performance. The Board of Directors have reviewed the objectives and have assessed the appropriateness of the compensation and incentives to employees. The corporate structure was adequately arranged to allow management to perform their duties efficiently. The management stressed the importance of honesty and ethics in conducting business. Written statements to that effect were issued which forbid management and employees from acts that would constitute a violation of the Company's conflict of interest policy.

2) The Company has appropriate risk management program for its business protection, both internally and externally. The Company's management and other employees involved have together developed a system for an ongoing assessment and the analysis of potential risks, its impact on the business and protective measures were taken to monitor incidents that pose a risk. To reduce potential risks to a reasonable level, the risk management plans that have been established are implemented by responsible employees.

3) The Company's control activities included the establishment of different level of approval authorities and monetary limits which were documented and clearly defined. Separation of duties and responsibilities were applied in creating the basis for checks and balances. Control measures were in place to monitor that transactions with related parties must pass proper approval and were conducted with the Company's interest in mind. Commitments binding the Company over a long period were monitored to ensure that implementation were in accordance with the agreed terms. Company's benefit or opportunities were properly protected against exploitation. The business operators of the associated companies were closely monitored. Prescribed measures were implemented to ensure that the Company complied with relevant laws and regulations.

4) The Company have been active in the development and upgrading of its information and communication systems. Various important data were sufficiently available for use in decision making. The Board of Directors was provided with documents for Board Meetings containing sufficient information for use in its review of the minutes of the meeting and also the consensus of the Board Members. Company's vital documents were maintained and stored in an orderly manner. The accounting procedures adopted were in accordance with the generally accepted accounting principles, which were considered appropriate for the Company.

5) The Company maintained a system in monitoring the results of its operations. Review of operating results were made with the Board of Directors on a regular basis. The internal control unit reported the results of its audit activities to the Audit Committee. The reviews conducted by the internal control unit were consistence with the established internal control system.

**The following are Company's executive members who hold executive positions
in subsidiary and affiliated company**

No.	Name	Post in the Company	Post in subsidiary	Post in affiliated company
			Bangchak Greennet	FPT
1.	Mr.Narong Boonyasaquan	President	Director	
2.	Mr.Vudichai Neeranartvong	Senior Executive Vice President		Director
3.	Mr.Vichian Usnachote	Senior Executive Vice President		Director
4.	Mr.Wattana Opanonamata	Executive Vice President	Director	
5.	Mr.Kiertikul Komin	Senior Vice President		Director
6.	Mr.Manoon Siriwan	Senior Vice President	Director	

THE BOARD OF DIRECTORS

General Tawat Ked-Unkoon

Chairman



- Age 63 years
- Chulachomklao Royal Military Academy, Class 12
Army Command & General Staff College, Class 53
National Defence College, Class 34
- 1998 : Chairman of the Advisory Board, Supreme Command Headquarters
- 2000 : Permanent Secretary for Defence
- Present : Retired

Mr. Anusorn Tamajai

Independent Director



- Age 37 years
- Ph.D. in Economics, Fordham University, New York, U.S.A.
- 1996-1997 : Research & MIS manager, Citybank, Thailand
- 1997-2000 : Country Economist and Assistant Vice President, Treasury Department-Corporate Banking, Citybank, Thailand
- 2000 : Vice President, Country Regulatory, Research and Public Affairs
- Present : Senior Vice President, Research and Planning Office, Bankthai Plc.

Mr. Wirat Iam-Ua-Yut

Independent Director



- Age 59 years
- No. of shares holding : 500
- High School, Chumsaeng Chanuthis School, Nakorn Sawan Province
- Present : Director of the Board of National Cooperative Development
: Chairman of the Cooperative League of Thailand

Mr. Nipon Surapongkrachareon

Independent Director



- Age 42 years
- M.B.A., National Institute of Development Administration
- Present : Vice President of Thai Tabuchi Electric Co.,Ltd.
: Vice Chairman, The Federation of Thai Industries

Mr. Boonsak Chiempricha

Director



- Age 54 years
- No. of shares holding : 500
- M.B.A., The University of Santa Clara San Jose, CA., U.S.A.
- 1997 : Director of Audit Bureau, The Revenue Department
- 1999 : Chief of Regional Revenue Office 2, Bangkok
- 2001 : Deputy Director-General, The Revenue Department
- Present : Inspector-General, The Ministry of Finance

Mr. Pichai Chunhavajira

Director



- Age 54 years
- M.B.A. (Finance), Indiana University of Pennsylvania, U.S.A.
- 1996-1999 : Deputy Governor, Finance, PTT
- 2000-2001 : President Oil Business Group, PTT
- Present : Senior Executive Vice President, Corporate Finance & Accounting, PTT Plc.

Mr. Prasert Bunsumpun

Director



- Age 51 years
- M.B.A., Utah State University, U.S.A.
- 1999-2001 : President Gas Business Group, PTT
- Present : Senior Executive Vice President Gas Business Group, PTT Plc.

Mr. Sayan Satangmongkol

Director



- Age 55 years
- M.B.A., Thammasart University
- 1998 : Head of Corporate Credit Manager
- 2000 : Relationship Manager
- 2001 : Senior Vice President
- 2002 : Executive Vice President, Office of Internal Audit
- Present : Senior Executive Vice President, KTB Plc.

Mr. Narong Boonyasaquan

Director and Secretary to the Board of Directors



- Age 54 years
- Bachelor Degree in Engineering Chulalongkorn University
- 1996-2001 : Senior Executive Vice President
- Present : President of BCP Plc.

THE EXECUTIVE STAFF

Mr. Narong Boonyasaquan

President



- Age 54 years
- Bachelor Degree in Engineering, Chulalongkorn University
- 1996-2001 : Senior Executive Vice President
- Present : President of BCP Plc.
: Acting Senior Executive Vice President

Mr. Wattana Opanonamata

Executive Vice President



- Age 47 years
- No. of shares holding : 2,200
- Master Degree in Engineering, Chulalongkorn University
- 1994 : Senior Vice President, Marketing and Engineering Service
- 2000 : Senior Vice President, Planning and Supply
- 2001 : Executive Vice President : Acting Senior Executive Vice President
- Present : Executive Vice President

Mr. Vudichai Neeranartvong

Senior Executive Vice President



- Age 51 years
- No. of shares holding : 19,900
- Ph.D. in Engineering, Institut du Genie Chimique, France
- 1992 : Senior Executive Vice President
- 2002 : Senior Executive Advisor : Senior Executive Vice President
- Present : Senior Executive Vice President

Mr. Kiertikul Komin

Senior Vice President



- Age 46 years
- M.B.A., National Institute of Development Administration
- 1993 : Senior Vice President, Marketing
- 2001 : Senior Vice President, Marketing and Engineering Service
- Present : Senior Vice President, Retail Marketing

Mr. Vichien Usanachote

Senior Executive Vice President



- Age 48 years
- Master Degree in Engineering, Ohio State University, U.S.A.
- 1992 : Senior Executive Vice President
- 2002 : Senior Executive Advisor : Senior Executive Vice President
- Present : Senior Executive Vice President : Acting Senior Vice President, Planning And Supply

Mr. Manoon Siriwan

Senior Vice President



- Age 56 years
- Master Degree in Political Science, Chulalongkorn University
- 1997 : Vice President, Sales
- 2000 : Vice President, Industrial Marketing and Lubricant
- 2002 : Senior Vice President, Industrial Marketing and Lubricant : Acting Senior Vice President, Retail Marketing
- Present : Senior Vice President, Industrial Marketing and Lubricant

Mr. Anusorn Sangnimnuan

Senior Executive Vice President



- Age 49 years
- No. of shares holding : 16,200
- Ph.D. in Engineering, Monash University, Melbourne, Australia
- 1993 : Senior Vice President, Supply and Transport
- 2000 : Senior Vice President, Manufacturing
- 2001 : Senior Executive Vice President : Acting Senior Vice President, Manufacturing : Acting Senior Vice President, Planning and Supply
- Present : Senior Executive Vice President : Acting Senior Vice President, Manufacturing

Mrs. Wanapa Imachai

Senior Vice President



- Age 58 years
- No. of shares holding : 6,200
- Bachelor Degree in Commerce and Accounting, Thammasart University
- 1992 : Senior Manager, Finance
- 2000 : Vice President, Finance and Administration
- 2002 : Senior Vice President, Finance and Administration
- Present : Senior Vice President, Account and Finance

RELATED-PARTY TRANSACTIONS

In The Board of Director's Meeting No. 3/2003, held on February 28, 2003, in which all three Audit Committee members attended, the opinions on the related-party transactions were as follows :

In 2002 the Company's related-party transactions with Shareholders were as follows :

Entities	Relation	Nature of transaction	Value (million Baht)
The Ministry of Finance	Shareholder	• A fund lender under the Euro Commercial Paper (ECP Program)	1,516
		• Guarantor of local debentures - outstanding debt at the end of year	6,600
PTT Plc.	Shareholder	• a customer in oil trade - value of sale	6,605
		- outstanding debt at the end of the year	276
		• supplier of crude oil to the Company - value of purchase	5,554
		- outstanding debt at the end of year	1,164

The crude procurement and product sales between the Company and PTT Plc. were in compliance with normal business conditions. PTT Plc. would inform the Company each time it had adequate crude to supply. Concerning product sales, PTT Plc. shall inform its requirement six months in advance. Nevertheless, the two parties would cooperatively hold meetings every month to confirm in advance the supply requirement.

The mentioned related-party transactions were normal business practices, and nothing in them was unusual, there were no exchange of a favours between the Company and its affiliates with the Shareholders. The business practice was endorsed by the President who had the authority to approve according to the Company regulations. An exception was in the case of loan and debentures which were guaranteed by the Ministry of Finance in order to obtain better credit terms compared with what would happen had the loan not been guaranteed.

The transactions in the future were considered normal business practices, and nothing in them were unusual. There had been no exchange of favours between the Company and its affiliates with the Shareholders.

The business transactions with related companies are disclosed in the note of financial statements for the year ended December 31, 2002.



MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Discussion and Analysis of Operating Results

(for the year ended December 31, 2002, as compared with the year ended December 31, 2001)

The Bangchak Petroleum Public Company Limited was founded in 1985 by the Government of General Prem Tinsulanonda as a Thai oil company which conducts its businesses for the benefits of the Thai people and society. At present, its businesses include retail and wholesale sales of finished oil products and manage an oil refinery with a capacity of 120,000 barrels per day. In 2002, the 18th year of its operation, the Thai economy reported a 5-percent growth, resulting in a rise by 4.8 percent in the domestic demand for oil consumption. Consequently, the operating results of the Company were in a rising trend amid the facilitation of the said factors. Furthermore, the Company has also emphatically cooperated with the other oil companies to enhance more income and cost reduction. Production efficiency was improved causing a decline in expense, and marketing strategy was set up in a proactive manner by continually developing the quality of oil and lubricant product. As a result, the operation in 2002 reported a net profit of Baht 534 million. A detailed analysis of the Statements of Income is as follows :

Analysis of the Statements of Income

1) Net profit (loss)

The Company recorded a net profit of Baht 534 million, an improvement from the previous year's results by Baht 3,521 million, while the EBITDA was Baht +2,893 million. After the payment of interests, net profit in cash still remained and the Earnings Per Share was Baht 1.02, due to the following reasons :

■ The Company's sales, both, in retail and industrial markets was up by 5.7 percent as well as sales in lubricant product market which increased by 29.5 percent compared with last year, due to the following reasons :

- The continuous development and improvement of the images and services of the service stations and convenience stores to maximize consumers' satisfaction under the program "Brighter Bangchak" and the expansion of "Bai Chak" community stores to 26 in number.
- The creation of consumers' confidence in the products and services by participating in the "Project of Control System for Oil Qualities" of the Department of Commercial Registration, the Ministry of Commerce under which certificates were granted to more than 900 service stations.
- The development and introduction of new products, for example :
 - Low carbon residue fuel oil which provides lower carbon residue after combustion that reduces maintenance cost in the production process of the industrial factories and reduces the problem of air pollution.
 - Power D diesel oil of higher quality, compared with the other oil, has sulfur content of only 0.02 percent, 1.5 times lower than the general diesel oil. It reduces dust from exhaust pipe and sulfur dioxide gas. In addition, the oil is added with additives to enhance more efficiency, to reduce dark and white smoke and air stack as well as to save energy.
 - GE Gold lubricant oil, a 100-percent gasoline-synthesis with the highest standard of API SL SAE 5W-40, that is produced for the first time in Thailand.
- Production Efficiency of the refinery was enhanced by increasing the production yield

and in energy saving. The Company has cooperated with the other refineries in minimizing the crude oil transportation costs and in refining arrangements that yields mutual benefits from increased income and cost reduction.

■ Improved refining margin from the rising oil prices in the world markets which continued from early 2002, due to OPEC's production limitation, strikes in Venezuela, tension between US and Iraq and increasing demand for oil consumption, both, in Thailand and in the Asia-Pacific Regions.

2) Analysis of revenues

In year 2002, the Company's revenue were Baht 51,936 million, an increase by Baht 3,340 million or 7 percent from the previous year. This was mainly due to growth in sales of Baht 51,804 million which was higher than year 2001 by Baht 3,321 million or 7 percent. Factors contributing to this being the rise in sales volume by 13 percent, mainly from the fuel oil and gasoline components delivered to the Esso and the Thai Oil refineries for conversion into higher value finished products and also the sale increase in retail and industrial markets despite the decrease in the average sales price by 5.4 percent, compared with the previous year.

3) Total expenses

In 2002, the total expenses were Baht 51,412 million, a decrease from the previous year by Baht 129 million or 0.3 percent, which comprised the followings :

■ Cost of sales accounted for Baht 48,653 million, a decrease from 2001 by Baht 122 million, due to a reduction of unit cost by 11 percent. The Company has continuously strived to reduce production costs, one way was the expansion of cooperation with the other oil companies to reduce cost and increase earnings.

■ In other expenses, the Company incurred a loss in foreign exchange of Baht 11 million, down by Baht 26 million in the previous year as a result of the Baht appreciation by Baht 1.50 per US Dollar from Baht 44.36 per US Dollar at the year end of 2001.

Selling and administrative expenses and interest expenses were at a level close to that of the previous year. Interest expenses of Baht 1,300 million included prepayment fee to the World Bank of Baht 92 million. The objective of the prepayment was to reduce interest burden according to the policy of the Ministry of Finance. The World Bank loan was refinanced with the Euro Commercial Paper (ECP), issued by the Ministry of Finance, which reduced the interest expenses by 5.5 percent per year.

2. Discussion and Analysis of the Financial Status

(as of December 31, 2002 as compared with December 31, 2001)

Analysis of Balance Sheets

1) Assets

Total assets at the end of December 2002, in comparison with the end of 2001, increased by Baht 2,508 million. Significant changes were as follows :

■ Cash and cash equivalents declined by Baht 1,376 million due to the provisioning of cash for the repayment of long-term and short-term loans that were due in early 2002 of Baht 1,398 million. The cash provision was obtained from the issuance of Baht 3,000-million debentures guaranteed by the Ministry of Finance at the end of November 2001.

■ At year end 2002, the trade accounts receivable increased by Baht 1,053 million as the customers' repayment date coincided with the four-day New Year holidays and also because of the higher sale numbers from deliveries of fuel oil and gasoline components to the other oil refineries for processing into finished

products. The accounting system treats such deliveries as sales, hence a higher trade receivable number. The provision for doubtful debts was sufficiently set up, which was close to the previous year's level.

- Inventories increased by Baht 2,078 million at the end of 2002 because the prices of crude oil and finished products in the world markets rose by USD 8 per barrel, as compared with the end of 2001, while the volume of oil in stock included the 1 million barrels of crude oil purchased at the end of the year in preparation for the potential war situation.
- At the end of 2002, the values of property, plant and equipment rose by Baht 917 million in comparison with the end of 2001 due to revaluation by an independent appraiser of assets comprising boat piers, machinery, equipments in the refinery and platinum catalyst. According to the accounting policy, this is performed every five years. This revaluation increased the total assets by Baht 1,972 million.

2) Liabilities

At the end of December 2002, total liabilities, as compared with the end of December 2001, increased by Baht 353 million. Significant changes were as follows :

- Bank overdrafts and short-term loans from financial institutions rose by Baht 768 million. This comprised the loan from Krung Thai Bank of Baht 1,000 million for the repayment of outstanding loans due in November.
- Trade accounts payable rose by Baht 2,008 million, in comparison with the end of 2001, as a result of the rising oil prices in the world markets by USD 8 per barrel and the increase in the purchase of crude oil in response to the potential war in early 2003.
- Short-term loans increased by Baht 1,543 million, the larger part of which from the Euro Commercial Paper (ECP) in the amount of Baht 1,516 million (USD 35 million) issued by the Ministry of Finance to refinance the World Bank loan which resulted in the reduction in the interest rate by 5.5 percent per year.
- Long-term loans declined by Baht 6,294 million, which includes the prepayment of the World Bank loan in August 2001 of Baht 1,516 million (USD 35 million) and the reclassification and transfer of the long-term debts which are due within one year of Baht 6,380 million. Also included is the increase of Baht 1,365 million, covering the issuance of debentures and promissory notes.

3) Shareholders' equity

Total shareholders equity was Baht 4,586 million, which increased from the previous year by Baht 2,155 million, due to the higher retained earnings of Baht 534 million from the increase in net profit. And also from the rise in the surplus from assets revaluation numbers by Baht 1,621 million. The revaluation, which was performed by an independent appraiser once every five years, covered such assets as boat piers, machinery, equipments in the refinery and platinum catalyst.

3. Discussion and Analysis of Statements of Cash Flows

(for the year ended December 31, 2002 as compared with the year ended December 31, 2001)

At the end of 2002, cash and cash equivalents decreased from that at the beginning of the period by Baht 1,375 million due to the following factors :

- 1) Net cash derived from operating activities was Baht 343 million, which comprised cash flows from the net profit of Baht 534 million, and the depreciation and other amortization accounted for Baht 1,143 million. Cash paid for working capital rose by Baht 1,334 million, due to the increase in crude oil prices by USD 8 per barrel.

- 2) Net cash used in investing activities was Baht 306 million, a level close to that of the previous year was due to the increase in the investment in durable assets, equipments and others.
- 3) Net cash used in financing activities amounted to Baht 1,413 million, due to the repayment of long-term loans upon maturity dates.

4. Factors and Major Influences that may Affect the Company's Performance or Financial Status in the Future

Important factor that enhances growth in the oil business concerns the domestic demand for oil, which is in compliance with the economic growth of the country. In 2003, the direction of the world economy would depend on impacts from the conflict in the Middle East, such as US - Iraq and the Israel - Palestine conflicts. And also the problem of terrorism. However, the International Monetary Fund (IMF) predicts an improved conditions in the world economy for the year 2003, or a growth rate of 3.7 percent, while the Bank of Thailand foresees a higher growth for the Thai economy for 2003, as compared with the 2002 performance.

As for the oil situation under normal circumstance, the Energy Information Administration (EIA) anticipates a rise in the world demand for oil by 1.7 percent or 1.3 million barrels per day to the level of 77.6 million barrels per day. According to the Energy Policy and Planning Office (EPPO), prices of crude oil in 2003 would not differ much from 2002, i.e. Dubai crude between USD 20 - 24 per barrel. Prices of finished oil products in Singapore would change according to prices of crude oil and regional demand for oil. In addition, changes in prices of each finished oil products would seasonally change. As for Thailand, retail prices of finished oil products would follow prices of finished oil products in Singapore as well as value of the Baht. In case that the Baht moves between Baht 43 - 44 per 1 US Dollar, retail prices of 95, 91-octane gasoline and diesel would vary between Baht 14 - 16, Baht 13 - 15 and Baht 12 - 14 per litre respectively.

Due to the potential US-Iraq war, the Company directly face the risk of rising oil prices, the scarcity of oil supply for the refinery and for sales as well as the risk of sabotage. The Company has, therefore, set up measures to prepare itself for such potential risk with the main objective of protecting the interest of the country and the Company.

Reference

Ordinary Share Registrar

Thailand Securities Depository Co.,Ltd.
62 Ratchadapisek Road, Klongtoey, Bangkok 10110
Telephone + 66 (0) 2229-2800, + 66 (0) 2654-5599
Facsimile + 66 (0) 2359-1262-63

Debentures Registrars

- Bank of Thailand
273 Samsen Road, Bangkhunphrom, Bangkok 10200
Telephone + 66 (0) 2283-5468 Facsimile + 66 (0) 2280-0449
- Thai Farmers Bank Public Co.,Ltd.
Thai Farmers Lane, Ratburana Road, Bangkok 10140
Telephone + 66 (0) 2470-1122 Facsimile + 66 (0) 2470-1144
- Thai Military Bank Public Co.,Ltd.
3000 Phahonyothin Road, Bangkok 10900
Telephone + 66 (0) 2299-1111 Facsimile + 66 (0) 2273-7121

Auditor

- The Office of the Auditor General
Rama VI Road Payathai Bangkok 10400
Telephone + 66 (0) 2618-5783 Facsimile + 66 (0) 2618-5783

Services to Shareholders

- Shareholder Services Unit Securities Registration Dept.

Loss of Share Certificate

Thailand Securities Depository Co.,Ltd.

Amendment of Shareholder

Telephone + 66 (0) 2229-2822-36

Particulars



The Bangchak Petroleum Public Company Limited

Company Established

- April, 1985

Shareholders (%)

- The Ministry of Finance 48
- PTT Public Company Limited 24
- Public 28

Business

- Petroleum products retailing & wholesaling and crude refining with a capacity of 120,000 barrels/day

Customers

- General public, via the nation-wide Bangchak Service Stations
- Oil traders
- Industrial sector
- Transportation and service sector such as airlines, marine transportations, and other transportation business
- Agricultural sector via the Bangchak Community Own Service Stations

Awards and Certifications

- ISO 9001 : 2000 Lubricant Business for Development and Procurement of Lubricant, Sale of Lubricant and Grena Car Care, 2002
- TIS 18001 Occupational Health & Safety Management System Certification for Petroleum Refining, 2000
- The Honorable Award from Thai Environmental Institute and The Office of National Primary School Committee for its assistance in developing the environmental management system for primary school, 1999
- The Outstanding Award for the Safety, Health and Environmental Committee, 1998
- The Environmental Impact Assessment Awards, 1998
- ISO 14001- Petroleum Refining certification, 1997
- The Environmental Mitigation and Monitor Measure Award, 1995
- The Outstanding Safety Award, 1995
- The Outstanding Industry Award for Safety Management, 1994
- The Outstanding Environment-Friendly Award, 1991
- The Outstanding Energy Conservation Award, 1990

Office

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- District Office and Bang Pa-in Distribution Center : 99 Moo 9 (Highway No. 3442), Bangkason Sub-district, Bang Pa-in District, Phra Nakhon Si Ayutthaya 13160
Tel: 0-2331-0047, 0-3535-0260 Fax: 0-3535-0290
- District Office (Chiang mai) : 483/9 Chareonmuang Road, Wadkate Sub-district, Muang District, Chiang Mai 50300
Tel : 0-5330-4611 Fax : 0-5330-4822
- District Office (Khon Kaen) : 499 Moo 3, Baan Kud Kwang, Friendship Highway, Muang Kao Sub - district, Muang District Khon Kaen 40000
Tel : 0-4326-1789-92 Fax : 0-4326-1750
- District Office (Surat Thani) : 140/17 Sriwichai Road, Makhm Tia Sub-district, Muang District, Surat Thani 84000
Tel : 0-7722-1600-3 Fax : 0-7722-1605
- Samutsakorn Distribution Center : 100/149 Moo 1, Thacheen Sub-district, Muang District, Samutsakorn 74000
Tel : 0-3482-0974 Fax : 0-3482-0978
- Surat Thani Distribution Center : 104/1 Moo 2, Paknam Road Bangkoong Sub-district, Muang District, Surat Thani 84000
Tel : 0-7728-2943-4 Fax : 0-7728-2941
- Songkhla Distribution Center : 49/11 Moo 9, Namnoi Sub-district, Hatyai District, Songkhla 90110
Tel/Fax : 0-7444-8024
- Phrapradaeng Lubricant Distribution Center : 18/154 Moo 2 Soi Suksawad 45, Suksawad Road, Bangkru Sub-district, Phrapradaeng District, Samutprakarn Tel : 0-2462-5255, 0-2462-313 Fax : 0-2463-3248





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