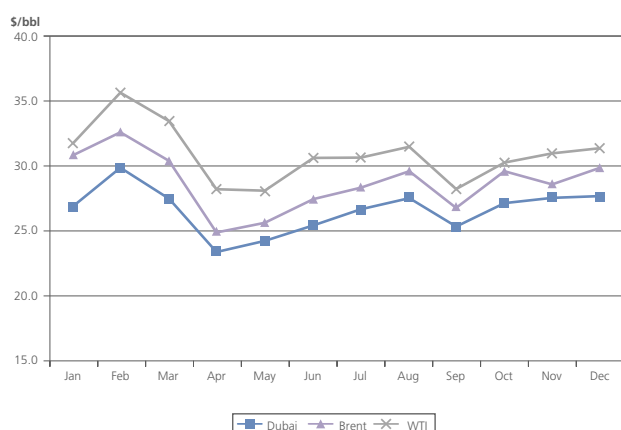




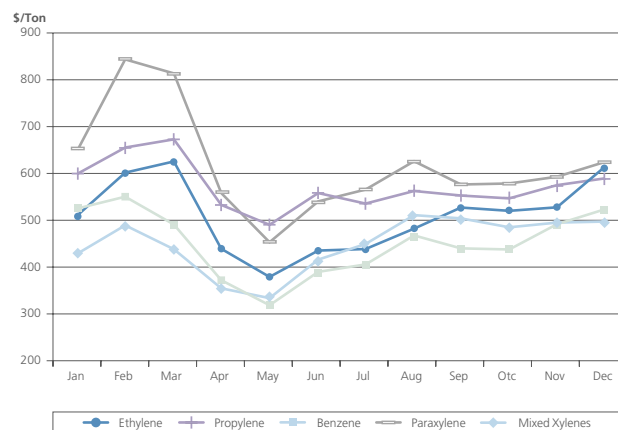
GLOBAL SITUATION

The global economy has shown clear signs of recovery in every economic sector after the end of the war in Iraq and the improvement in the SARS (Severe Acute Respiratory Syndrome) epidemic situation. The impact from these two incidents is less severe than expected, and is limited only to a small number of countries and economic sectors. In addition, the economic recovery has been expedited by a loosened monetary policy aimed at stimulating the economy.

Crude Oil Price in 2003



Petrochemical Products Price in 2003



The International Monetary Fund (IMF) estimated the expansion in the global economy was approximately 3.2% in 2003. In 2002, the increase was 3.0%. This expansion has resulted in an increase in world oil consumption of 1.7% or 1.3 million barrels per day (MMBD). Total consumption was 79.0 MMBD. This is the first time in three years that world oil consumption has increased by over 1% despite the rise in the price of crude oil. Dubai increased the cost of its crude oil by 12.6% (US\$3 per barrel (bbl)) to US\$26.8/bbl. This price hike resulted from the the political unrests and wars in the Middle East, strikes in Venezuela and Nigeria, and natural disasters-all of which contributed to an interruption in the production, export and transportation of oil. In addition, OPEC (Organization of Petroleum Exporting Countries) announced a reduction in their output level for the end of the year by 900,000 barrels per day (b/d), down to 24.5 MMBD. This reduction was contrary to market speculations that output would be increased. Meanwhile, economic growth has boosted the demand for petrochemical products especially from China. This rise in demand, coupled with a lack of new, significant oil production capacity, has led to a rise in prices of petrochemical products.

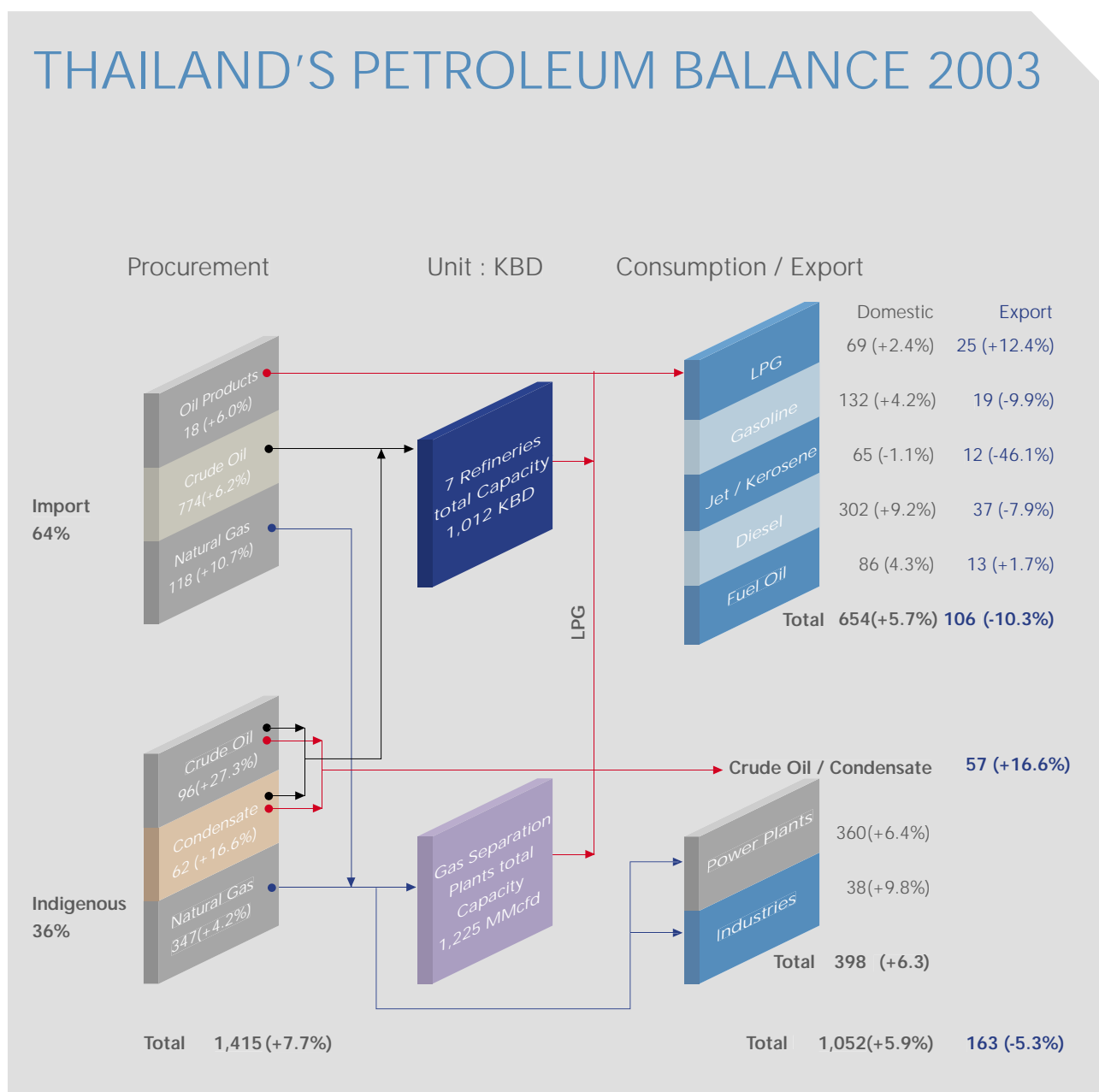


Domestic Situation

The Thai economy expanded by 6.4% in 2003. Major factors influencing this expansion were the government's policy to boost spending, a substantial increase in exports, leading to a steady current account surplus, and the government's policies aimed at maintaining economic stability, such as the Bank of Thailand's policy toward real estate loans.

Consumption of petroleum, consisting of oil and natural gas (excluding the amount consumed by the petrochemical industry) was 1,052 thousand barrels per day (KBD), an increase of 5.9%. This increase matched closely the expansion of the overall economy. However, the consumption of jet fuel decreased due to the impact of the SARS epidemic and the fear of terrorism, which reduced the demand for air travel. The supply of petroleum, both from indigenous sources and imports, was 1,415 KBD, an increase of 7.7%. 64% was imported while 163 KBD were exported, a decrease of 5.3%.

The petrochemical industry experienced a recovery due to the economic expansion which in turn caused, an increase in the demand, consumption, and production of goods relating to petrochemical products.





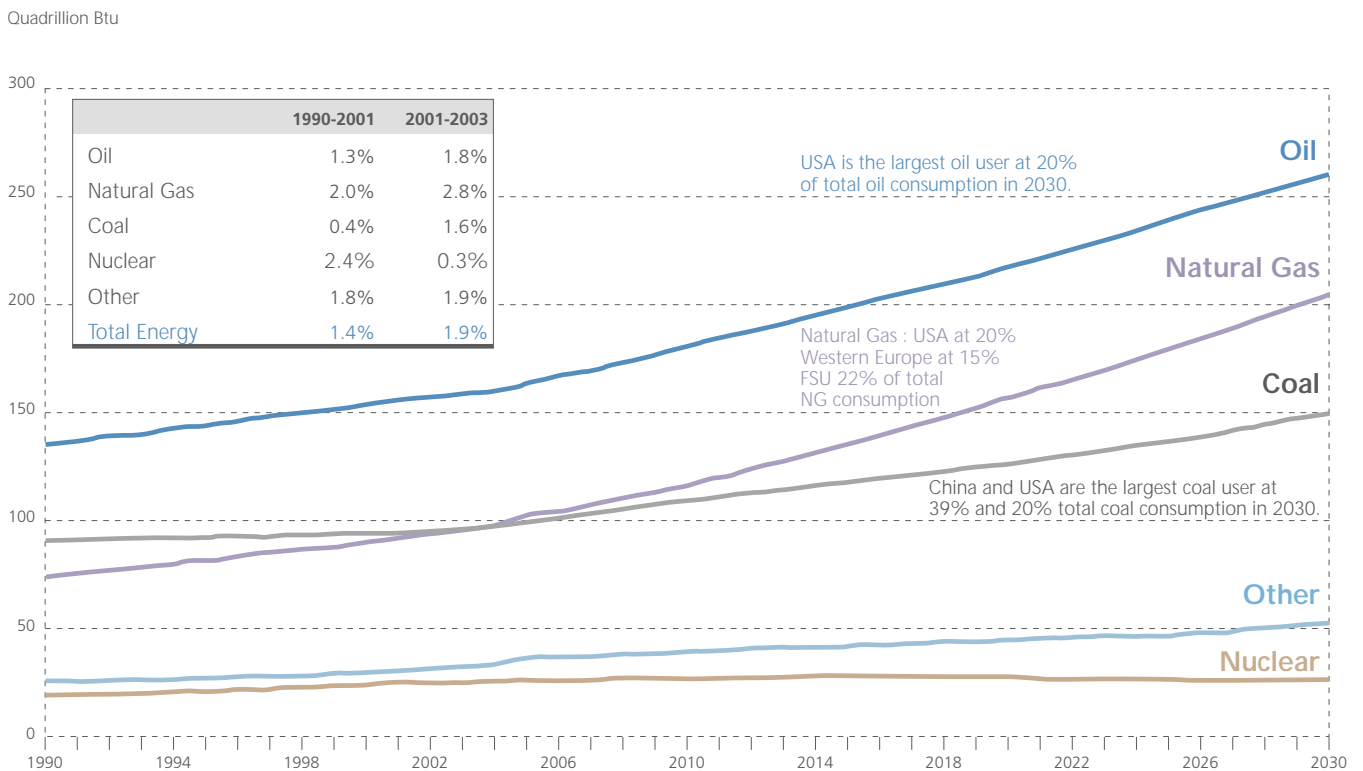
Trends for 2004

In 2004, the global economy trend will probably continue to follow a recovery path. IMF expects a growth of 4.1%. This would result in an increase in world oil consumption of one MMBD, or 1.3%. The supply of oil from OPEC and non-OPEC nations is expected to exceed demand, and terrorism is expected to decrease and be prevalent in limited geographical areas. Therefore, the price of crude oil (Dubai) should fall to US\$23/bbl. Prices of petrochemical products are expected to peak during 2004 to 2006.

The clear recovery of the global economy and the continued growth of the Thai economy- a result of the government policy and investment by the private sector- will support economic expansion in 2004. Expansion is estimated at 7.8%. However, imbalances in global trade and financial systems may lead to trade discrimination and adjustments in foreign exchange rates. In addition, if interest rates rise, the economy in general may slow down due to an increase the seriousness of the debt repayment problems. Domestic consumption of refined petrochemical products is expected to increase by 9-10%, consumption of natural gas by 5-6%, and demand for electricity by 8-9%. In addition, consumption of petrochemicals is expected to increase 1.5-2 times the rate of economic expansion.

WORLD PRIMARY ENERGY DEMAND OUT LOOK BY SOURCE

Natural Gas is expected to have the highest growth at 2.8% p.a. and will outpace coal by 2005.



Source : EIA International Energy Outlook 2003 (May 2003)

