

Report of Independent Auditor.....

To : The Shareholders of PTT Public Company Limited

The State Audit Office has audited the accompanying consolidated and the Company balance sheets of PTT Public Company limited and its subsidiaries as at December 31, 2001, the related consolidated and the Company statements of income, changes in shareholders equity and cash flows for the three-month period ended December 31, 2001. These financial statements are the responsibility of PTT Public Company Limited's management as to their correctness and completeness of the presentation. The responsibility of the State Audit Office is to express an opinion on these financial statements based on the audits of the State Audit Office and other auditors' reports. Other auditors have audited the financial statements of PTT Philippines, Inc., PTT International Trading Pte. Ltd. and the joint venture projects which are jointly invested between PTT Exploration and Production Public Company limited and other companies. These three companies are subsidiaries that are included in the consolidated financial statements. The State Audit Office received audit reports of other auditors and used them as a basis in auditing and expressing an opinion on the consolidated and the Company financial statements. As at December 31, 2001, assets of two subsidiaries and the joint venture projects of the above subsidiary included in the consolidated financial statements constitute 19.46%.

The State Audit Office conducted the audits in accordance with generally accepted auditing standards. Those standards require that the State Audit Office plans and performs the audits 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 used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The State Audit Office believes that the audits and the other auditors' report as stated in the above paragraph concludes the reasonable standard to express the opinion of the State Audit Office.

In the opinion of the State Audit Office, based on its audits and the other auditors' reports, the consolidated and the Company financial statements referred to above present fairly, in all material respects, the consolidated and the Company financial position of PTT Public Company limited and its subsidiaries as at December 31, 2001, the results of the consolidated and the Company operations, changes in the consolidated and the Company shareholders equity and the consolidated and the Company cash flows for the three-month period ended December 31, 2001 of PTT Public Company Limited and its subsidiaries, in conformity with generally accepted accounting principles.

Without qualifying opinion on the financial statements, the State Audit Office draws attention to note 2, 4 and 34 in the financial statements with regard to basis for financial statement presentation, changes in accounting policies of subsidiary and trading operation of Phet Crude.

Jaruvan Maintaka
(Jaruvan Maintaka)
Auditor General

Aunchalee Pongkiew
(Aunchalee Pongkiew)
Auditor-in-Charge

(translation)

As At December 31, 2001

Balance Sheets

PTT Public Company Limited and Its Subsidiaries

Unit : Baht

	Notes	Consolidated	The Company
Assets			
Current Assets			
Cash on hand and at banks		10,863,330,833	8,021,386,006
Short-term investments	6	43,116,424,050	30,520,972,605
Accounts and notes receivable - trade - net	7	27,773,365,047	27,237,962,170
Amounts due from, advances and short-term loans to related parties	8.1	16,353,442,942	16,609,221,537
Inventories	9	6,077,161,772	6,055,509,767
Materials and supplies - net	10	1,881,810,424	941,424,057
Other current assets	11	18,879,697,278	18,109,556,154
Total Current Assets		124,945,232,346	107,496,032,296
Deferred Income Taxes	12	2,146,894,303	1,515,030,296
Advance and Loans to Related Parties	8.2	1,017,322,637	1,017,322,637
Long-Term Investments	13	19,553,456,698	27,805,790,286
Property, Plant and Equipment - Net	14	109,797,886,084	64,852,399,226
Intangible Assets	15	3,815,473,884	3,321,650,332
Advance Payment for Gas Purchased	16	29,257,890,044	36,073,955,461
Other Assets	17	681,842,211	101,808,115
Total Assets		291,215,998,207	242,183,988,649

The accompanying notes are an integral part of these financial statements.

(translation)

As At December 31, 2001

Balance Sheets

PTT Public Company Limited and Its Subsidiaries

		Unit : Baht	
		Consolidated	The Company
Notes			
Liabilities and Shareholders' Equity			
Current Liabilities			
	Bank overdraft and loans from banks	18,488,533	18,488,533
	Accounts payable - trade	26,498,561,306	24,622,895,108
	Amounts due to related parties	8.3 4,556,556,008	8,727,350,261
	Short-term loans	18 6,210,358,000	6,210,358,000
	Current portion of long-term loans	22 9,034,804,254	6,816,819,254
	Current portion of long-term liabilities from finance leases	23 92,751,711	92,751,711
	Current portion of bonds	24 4,000,000,000	-
	Income tax payable	4,962,493,891	1,032,370,229
	Accrued appropriation to the Ministry of Finance	19 5,111,675,137	5,111,675,137
	Accrued dividend	38 5,594,491,450	5,594,491,450
	Accrued expenses	7,569,304,623	4,113,661,758
	Other current liabilities	20 8,870,094,846	8,357,770,217
	Total Current Liabilities	82,519,579,759	70,698,631,658
	Deferred Income Taxes	12 7,509,293,790	-
	Long-Term Loans	22 107,029,265,468	107,029,265,468
	Liabilities from Finance Leases	23 300,891,204	300,891,204
	Bonds	24 17,440,396,495	-
	Share of Net Loss Over Investments	21 2,170,142,465	2,173,870,350
	Deposits on LPG Cylinders	2,906,875,292	2,906,875,292
	Other Liabilities	25 1,207,761,265	1,089,436,131
	Pension Fund	26 5,745,680	5,745,680
	Total Liabilities	221,089,951,418	184,204,715,783

The accompanying notes are an integral part of these financial statements.

(translation)

As At December 31, 2001

Balance Sheets

PTT Public Company Limited and Its Subsidiaries

		Unit : Baht	
		Consolidated	The Company
	Notes		
Liabilities and Shareholders' Equity			
(Continued)			
Shareholders' Equity			
Share capital	27.1		
Registered capital			
2,850,000,000 ordinary			
shares of Baht 10 each		28,500,000,000	28,500,000,000
Issued and fully paid-up capital			
2,797,245,725 ordinary			
shares of Baht 10 each		27,972,457,250	27,972,457,250
Share premium	27.2	17,992,830,666	17,992,830,666
Retained earnings			
Appropriated			
Legal reserve	27.3	2,850,000,000	2,850,000,000
Reserve for Self-Insurance Fund	27.4	662,597,447	662,597,447
Unappropriated		8,777,415,162	8,777,415,162
Unrealized loss from investment in			
available-for-sale securities		(91,200,000)	(91,200,000)
Loss from foreign currency translation		(184,827,659)	(184,827,659)
Equity before minority interests in subsidiaries		57,979,272,866	57,979,272,866
Minority interests in subsidiaries		12,146,773,923	-
Total Shareholders' Equity		70,126,046,789	57,979,272,866
Total Liabilities and Shareholders' Equity		291,215,998,207	242,183,988,649

The accompanying notes are an integral part of these financial statements.

(Signed) Viset Choopiban
(Viset Choopiban)
President

(Signed) Pichai Chunchavajira
(Pichai Chunchavajira)
Senior Executive Vice President,
Corporate Finance & Accounting

(translation)

For The Three-Month Period Ended December 31, 2001

Statements of Income

PTT Public Company Limited and Its Subsidiaries

		Unit : Baht	
		Consolidated	The Company
	Notes		
Revenues			
Sales	29	88,117,826,868	87,571,389,045
Other income	30	1,007,317,457	824,765,842
Gain on exchange rate	31	1,377,851,093	1,472,306,541
Share of net income of subsidiaries		-	1,400,721,087
Total Revenues		90,502,995,418	91,269,182,515
Expenses			
Cost of sales		76,131,709,981	80,644,880,626
Selling and administrative expenses		3,556,396,945	3,042,944,427
Exploration expenses		35,030,200	-
Depreciation and amortization		1,107,337,002	334,838,414
Impairment loss		139,721,567	139,721,567
Director's remuneration		4,642,677	2,185,312
Share of net loss of			
associates and joint ventures		223,944,157	434,395,135
Provision for share of net loss of			
associates and joint ventures		483,203,259	486,931,144
Total Expenses		81,681,985,788	85,085,896,625
Income before Interests and Income Taxes		8,821,009,630	6,183,285,890
Interest expenses		2,457,349,241	2,025,707,752
Income taxes	12	2,515,445,519	1,204,140,552
Income before Minority Interests		3,848,214,870	2,953,437,586
Income of minority interests in subsidiaries		894,777,284	-
Net Income		2,953,437,586	2,953,437,586
Earnings per share		1.30	1.30

The accompanying notes are an integral part of these financial statements.

(translation)

For The Three-Month Period Ended December 31, 2001

Statements of Changes in Shareholders' Equity

PTT Public Company Limited and Its Subsidiaries

Unit : Baht

		Consolidated	The Company
	Notes		
Share Capital	27.1		
Balance-beginning of the period		20,000,000,000	20,000,000,000
Increase during the period		7,972,457,250	7,972,457,250
Balance-ending of the period		27,972,457,250	27,972,457,250
Share Premium	27.2		
Balance-beginning of the period		-	-
Increase during the period		17,992,830,666	17,992,830,666
Balance-ending of the period		17,992,830,666	17,992,830,666
Retained Earnings			
Appropriated			
Legal reserve	27.3		
Balance-beginning of the period		2,000,000,000	2,000,000,000
Increase during the period		850,000,000	850,000,000
Balance-ending of the period		2,850,000,000	2,850,000,000
Reserve for Self-Insurance Fund	27.4		
Balance-beginning of the period		627,698,563	627,698,563
Increase during the period		34,898,884	34,898,884
Balance-ending of the period		662,597,447	662,597,447
Unappropriated			
Balance-beginning of the period before adjustments		11,164,728,171	11,164,728,171
Cumulative effect of the change in accounting policy of subsidiary	4	(304,987,827)	(304,987,827)
Deferred income taxes adjustment	12	1,443,627,566	1,443,627,566

The accompanying notes are an integral part of these financial statements.

(translation)

For The Three-Month Period Ended December 31, 2001

Statements of Changes in Shareholders' Equity

PTT Public Company Limited and Its Subsidiaries

		Unit : Baht	
		Consolidated	The Company
Notes		-	-
	Balance-beginning of the period		
	after adjustments	12,303,367,910	12,303,367,910
	Net income for the period	2,953,437,586	2,953,437,586
	Appropriation to legal reserve	(850,000,000)	(850,000,000)
	Appropriation to reserve for Self-Insurance Fund	(34,898,884)	(34,898,884)
	Declared dividend	(5,594,491,450)	(5,594,491,450)
	Balance-ending of the period	8,777,415,162	8,777,415,162
	Unrealized Loss from Investment in Available-for-Sale Securities		
	Balance-beginning of the period	(115,200,000)	(115,200,000)
	Decrease during the period	24,000,000	24,000,000
	Balance-ending of the period	(91,200,000)	(91,200,000)
	Loss from Foreign Currency Translation		
	Balance-beginning of the period		
	before adjustment	(46,903,838)	(46,903,838)
	Cumulative effect of the change in accounting policy of subsidiary	(75,783,873)	(75,783,873)
	Increase during the period	(62,139,948)	(62,139,948)
	Balance-ending of the period	(184,827,659)	(184,827,659)
	Minority Interests in Subsidiaries		
	Balance-beginning of the period		
	before adjustment	11,534,028,235	-
	Cumulative effect of the change in accounting policy of subsidiary	(243,799,107)	-
	Increase during the period	856,544,795	-
	Balance-ending of the period	12,146,773,923	-
	Total Shareholders' Equity	70,126,046,789	57,979,272,866

The accompanying notes are an integral part of these financial statements.

(translation)

For The Three-Month Period Ended December 31, 2001

Statements of Cash Flows

PTT Public Company Limited and Its Subsidiaries

	Unit : Baht	
	Consolidated	The Company
Cash Flows from Operating Activities		
Net income	2,953,437,586	2,953,437,586
Adjustment to reconcile net income to net cash provided by (used in) operating activities :		
Depreciation, depletion and amortization	2,014,435,632	1,241,937,044
Impairment loss	139,721,567	139,721,567
Loss on disposal of assets	6,811,258	4,512,128
Adjustment to write off assets	484,349	484,349
Share of net income of subsidiaries	-	(1,400,721,087)
Share of net loss of associates and joint ventures	360,073,792	434,395,135
Provision for share of net loss of associates and joint ventures	347,073,624	486,931,144
Income of minority interest in subsidiaries	894,777,284	-
Gain on foreign exchange	(1,659,467,508)	(1,525,470,329)
Bad debt expenses	66,568,987	54,675,715
Amortization of exploration cost	2,115,493	-
Amortization of bond and share issue expenses	4,100,511	-
Amortization of bond discounts	277,212	-
Deferred income taxes	389,222,639	(71,402,731)
Amortization of deferred interests from finance lease	7,522,166	7,522,166
Adjustment to write off leasehold rights	2,099,479	2,099,479
Net income from operating activities before changes in operating assets and liabilities	5,529,254,071	2,328,122,166

The accompanying notes are an integral part of these financial statements.

(translation)

For The Three-Month Period Ended December 31, 2001

Statements of Cash Flows

PTT Public Company Limited and Its Subsidiaries

	Unit : Baht	
	Consolidated	The Company
Changes in operating assets and liabilities :		
Decrease in accounts and notes receivable - trade	7,453,612,928	7,807,796,206
Decrease in amounts due from, advances and short-term loans to related parties	2,961,182,252	3,693,333,525
Decrease in inventories	1,564,398,033	1,550,338,575
Increase in materials and supplies	(13,995,649)	(8,227,817)
Decrease in other current assets	154,737,098	218,809,208
Increase in prepaid expenses	(30,124,260)	(31,754,774)
Increase in advance payment for gas purchased	(3,952,306,968)	(5,130,581,541)
Decrease in accrued income	145,426,586	121,520,013
Increase in other accounts receivable	(871,552,040)	(841,929,955)
(Increase) decrease in other assets	(24,884,774)	11,819,074
Increase in income tax payable	1,706,077,682	1,032,370,229
Increase in accounts payable - trade	1,792,599,501	584,765,875
Increase (decrease) in amounts due to related parties	597,064,800	(424,858,652)
Increase (decrease) in accrued expenses	493,387,618	(59,988,215)
Increase in other current liabilities	269,870,921	494,547,931
Increase in deposits of LPG cylinders	30,969,940	30,969,940
Decrease in pension fund	(64,760)	(64,760)
Increase in other accounts payable	403,679,416	520,572,017
Decrease in other liabilities	(964,971,586)	(51,081,293)
	11,715,106,738	9,518,355,586
Net cash provided by operating activities	17,244,360,809	11,846,477,752

The accompanying notes are an integral part of these financial statements.

(translation)

For The Three-Month Period Ended December 31, 2001

Statements of Cash Flows

PTT Public Company Limited and Its Subsidiaries

	Unit : Baht	
	Consolidated	The Company
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	1,975,704	1,984,560
Payment of property, plant and equipment	(2,914,775,318)	(556,001,321)
Payment of intangible assets	(144,777,286)	(8,820,449)
Payment of long-term investments	(12,673,918,750)	(2,784,363,600)
Payment of short-term investments	(29,631,000,000)	(29,631,000,000)
Cash received from short-term investments	43,000,000	43,000,000
Net cash used in investing activities	(45,319,495,650)	(32,935,200,810)
Cash Flows from Financing Activities		
Cash received from issuing ordinary shares	7,972,457,250	7,972,457,250
Cash received from share premium	17,992,830,666	17,992,830,666
Cash received from notes payable	1,700,000,000	1,700,000,000
Repayment of long-term loans	(2,262,803,576)	(2,262,803,576)
Repayment of short-term loans	(2,741,594,400)	(2,741,594,400)
Repayment of notes payable	(1,700,000,000)	(1,700,000,000)
Payment of liabilities from finance leases	(21,903,165)	(21,903,165)
Increase in bank overdrafts	18,488,533	18,488,533
Dividend paid	(39,879)	-
Net cash provided by financing activities	20,957,435,429	20,957,475,308
Effects from exchange rate in cash and cash equivalents	55,237,881	13,524,914
Increase in loss from foreign currency translation	(62,139,948)	-
Net increase in cash and cash equivalents	(7,124,601,479)	(117,722,836)
Cash and cash equivalents at beginning of the period	30,592,152,948	8,147,878,032
Cash and Cash Equivalents at the end of the Period	5 23,467,551,469	8,030,155,196
Supplemental Cash Flows Information		
Cash Paid During the Period		
Interest expenses	2,343,318,286	2,004,852,161
Income taxes	176,833,134	-

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

PTT Public Company Limited and Its Subsidiaries

1. General Information

PTT Public Company Limited (“The Company”) was incorporated as a public company on October 1, 2001 on corporatization from the Petroleum Authority of Thailand (“PTT”) under the Corporatization Act of B.E. 2542 (1999), that’s assumed transfer of all business, rights, debts, liabilities, assets and equity, as well as all staffs from PTT, with exception to comply with instructions, rules, regulations and the Cabinet Resolution as applicable to State Enterprise. The Company was subsequently listed on the Stock Exchange of Thailand on December 6, 2001. Its principal activity is to operate the petroleum business. The Company has investments in subsidiaries, associates, and joint ventures that operate in petroleum exploration and production activities, natural gas operations, refining, oil marketing and international trading and petrochemical businesses.

The staffs of the Company and its subsidiaries and joint ventures at December 31, 2001 numbered 3,868. The staff cost of the Company and its subsidiaries and joint ventures for the three-month period ended December 31 2001 are Baht 1,126.57 million. The registered office of the Company is 555 Vibhavadi Rangsit Road, Ladyao, Chatuchak, Bangkok, Thailand.

2. Basis for Financial Statement Presentation

The Company was corporatized as PTT Public Company Limited on October 1, 2001. Therefore, in its first accounting period the Company has presented consolidated financial statements together with the separate financial statements of the Company for the three-month period ended December 31, 2001, without comparative figures, since its twelve months accounting period is ended December 31.

In the consolidated financial statements, investments in subsidiaries, associates and joint ventures are accounted for under the equity method. The Company recognized share of net income (loss) of those companies for the three-month period ended December 31, 2001 based on audited financial statements for the year then ended, with the net balance of net income (loss) in the financial statements for the nine-month period ended September 30, 2001 which has already recognized in the PTT’s financial statements.

The financial statements of the Company present the financial position and the results from operations of Head Office, including Petrochemical and Refining Sector Group and the other two business sector groups, which are Natural Gas Sector Group and Downstream Oil Sector Group. The financial statements also include the assets and liabilities of the Pension Fund and the Self-Insurance Fund.

The consolidated financial statements include the financial statements of PTT Public Company Limited, its three subsidiaries and its two joint ventures are accounted for under the equity method together with the financial statements of two joint ventures which are jointly controlled entities by using proportionate consolidation method. The intragroup transactions and balances are eliminated. Where appropriate, the financial statements of subsidiaries, associates and joint ventures should be adjusted to be consistent with the accounting policies of the Company. Minority interests will be separately disclosed under shareholders’s equity.

(translation)

Details of subsidiaries and joint ventures are as follows :

Company	Established In	Business	Relationship	% Shareholding
<u>Subsidiaries :</u>				
PTT Exploration and Production Public Company Limited and its subsidiaries ("PTTEP")	Thailand	Petroleum exploration and production	Shareholder and management	60.97
PTT Philippines, Inc. ("PTTPI")	The Philippines	Oil marketing	Shareholder and management	100.00
PTT International Trading Pte. Ltd. ("PTTT")	Singapore	Oil international trading	Shareholder and management	100.00
<u>Joint ventures :</u>				
Trans Thai-Malaysia (Thailand) Co., Ltd. ("TTM (T)")	Thailand	Natural gas	Shareholder and management	50.00
Trans Thai-Malaysia (Malaysia) Co., Ltd. ("TTM (M)")	Malaysia	Natural gas	Shareholder and management	50.00

3. Summary of Significant Accounting Policies

3.1 Revenue recognition

Sales are recognized upon delivery of products and acceptance by customers.

Other revenues are recognized on the following bases:

Interest income on a time proportion basis by using the effective yield of an interest bearing asset.

Royalty income on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income when the shareholder's entitlement arises.

Revenues other than the above are recognized on the accruals basis.

3.2 Allowance for doubtful accounts

General provisions are recorded for accounts receivable - trade balances, excluding receivable from government agencies and state enterprises, which are over 6 months overdue at the following rates:

<u>Aging of overdue balances</u>	<u>Percentage of allowance for doubtful accounts</u>
Over 6 months - 1 year	50.00
Over 1 year - 2 years	75.00
Over 2 years	100.00

Specific provisions are made for accounts receivable ending balances including amount due from related parties which recovery is doubtful, taking into account past experience of payment history and current financial status of accounts receivable. Bad debts for specified items are recognized for during the year.

(translation)

3.3 Inventories

Inventories are valued at the lower of cost of acquisition and net realizable value. Cost is determined on the first-in, first-out (FIFO) basis. The subsidiaries and most associates use the weighted average cost method to determine the cost of inventories. The cost of imported petroleum products comprises various importing expenses, surveyors' fees, and contributions to or compensation from the Oil Stabilization Fund as the case may be. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and related selling expenses.

3.4 Materials and supplies

Materials and supplies are valued at the weighted average cost. Provision is made in full for obsolete or defective and unserviceable items.

3.5 Deferred income taxes

Deferred income taxes are recorded using the liability method in respect of all temporary differences between the carrying amounts and the tax bases of assets and liabilities that are expected to generate income or increase expenditures in the future. This is in accordance with the International Accounting Standard No.12 "Income Taxes" (revised, year 1996)

3.6 Long-term investments

Investments in subsidiaries, associates and joint ventures which are jointly controlled entities have been accounted for under the equity method. Losses on investments in excess of the carrying value are made through recognizing the company's liabilities not more than obligations. Investments under the equity method are carried after adjustment for impairment of investments in order to recognize loss that may have occurred in the case of a significant decline in the carrying value of those investments.

Investment in others, being general investments are carried at cost. Allowance for impairment of investments is made to recognize losses that may have arisen in the case of a significant decline in the carrying value of those investments.

Investments in available-for-sale securities are carried at fair value. Changes in the carrying value are recognized as separate items in shareholders' equity until those investments are disposed of and then such changes are recorded in determining earnings. Fair values are calculated with reference to bid prices quoted by the Stock Exchange of Thailand on the balance sheet date.

3.7 Borrowing costs

Interest costs, including adjustment of exchange differences arising from foreign currency borrowing and other financial charges incurred on borrowed funds to finance the construction of a qualifying asset are capitalized during the period of time that is required to complete and prepare the property for its intended use. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing cost eligible for capitalization should be determined by applying a capitalization rate to the weighted average

(translation)

cost of expenditures on that asset. The borrowing costs will be recognized as expenses when the construction is substantially completed and ready for its intended use.

3.8 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition, less subsequent accumulated depreciation and allowance for impairment of assets. Depreciation is charged on a straight-line method to expenses over its estimated useful lives as follows:

	<u>Depreciation percentage rates per annum</u>
Buildings	3.33 - 10.00
Machinery and equipment	3.33 - 10.00
Other assets	10.00 - 20.00

Assets acquired from donation are stated at their acquisition costs.

Construction in progress is stated at cost of construction. Interest costs, exchange differences arising from borrowings regarded as an adjustment to the interest costs, and other borrowing costs that are directly attributable to the construction are capitalized as a part of cost of the construction in progress. Once the construction is substantially completed and ready for its intended use, such costs incurred thereafter are recognized as expenses.

Gain or loss on disposal of assets, which is calculated by reference to their costs less subsequent accumulated depreciation and allowance for impairment of assets, is recognized as income or expenses in the statement of income.

Depreciation, depletion and amortization relating to proved oil and gas properties is determined under the unit of production method, based on the estimated proved recoverable reserves. Changes in reserve estimates are recognized prospectively.

3.9 Leases of property, plant and equipment

Leases of property, plant and equipment, where the Company assumed substantially all the risks and rewards of ownership are classified as finance leases. At the inception, these leased assets are capitalized at the estimate present value of the underlying lease payments. Each lease payment is allocated between liability and finance charges. The finance charges are calculated at a constant rate on the remaining balance of the liabilities.

Finance cost is charged as expenses in the statement of income over the lease period. The corresponding obligations are recorded net of finance charges in the balance sheets. Depreciation is charged on the straight-line method over the useful life of the relevant category of asset.

Leases of property, plant and equipment, where the lessor assumed all the risks and rewards of ownership are classified as operating leases. Lease payments made under operating leases are charged to the statement of income over the lease period.

(translation)

If the operating lease agreement is terminated before maturity, the compensation paid to the lessor for such termination is charged as expenses in the statement of income for the period in which the termination takes place.

3.10 Oil and gas properties

The subsidiary follows the successful efforts method in accounting for its oil and gas exploration and production activities, as follows:

- Acquisition costs of concession rights are capitalized as assets.
- Exploratory costs, comprising geological and geophysical costs as well as area reservation fees during the exploration stage, are charged to expenses as incurred.
- Exploratory drilling costs (both tangible and intangible) are initially capitalized as assets. If exploratory wells do not establish proven reserves or are determined to be economically unsuccessful, the related costs are charged as expenses.
- Development costs, irrespective of whether relating to development wells or unsuccessful development wells, are capitalized as assets.

3.11 Intangible assets

Intangible assets including land rights, leasehold rights, other operating rights and patents are stated at acquisition cost less accumulated amortization and allowance for impairment of assets. Amortization is charged on the straight-line method over the contract period, as follows:

	<u>Amortization rates per annum</u>
Land rights/leasehold rights	3.33 - 20.00
Other operating rights	10.00
Patents	10.00 - 20.00

Land rights represent the rights to use the land for laying natural gas pipelines. Leasehold rights represent the lease of land and/or buildings for operations, offices or other purposes. Other operating rights represent the right to operate KFC shops in service stations. Patents represent the rights to use computer software licenses.

3.12 Impairment of assets

The company assesses the impairment of assets on the balance sheet date when there is an event or a change in circumstances indicating that the recoverable amount of the assets is significantly lower than the net book value. Loss on impairment of assets is recognized as expense immediately in the statement of income. In case that the indication of the impairment of assets no longer exists or the amount of the impairment loss decreases, the company will reverse such impairment loss to be recognized as income immediately in the statement of income. However, the reversed amount could not exceed the net book value (cost net of accumulated depreciation or accumulated amortization).

(translation)

3.13 Pre-operating expenses

Pre-operating expenses are charged to the statement of income as incurred.

3.14 Foreign currency transactions

Foreign currency transactions are translated into Baht at the exchange rates prevailing at the transaction date. Gains or losses resulting from the settlement of receipt/payment transactions during the period and from the conversion of foreign currency monetary assets and liabilities at the closing rate on the balance sheet date are wholly recognized as income or expenses in the period incurred.

Gains or losses arising from entering into contracts as hedges of risks are recognized in the period that the contracts are made and are amortized as income or expenses in the statement of income over the contract period.

Gain or loss on the hedging instrument from changes in foreign exchange rates are recognized as income or expenses in the statement of income in the same period as corresponding exchange differences arising on the hedged position.

For foreign subsidiaries and joint ventures, which are self-sustaining foreign entities, monetary and non-monetary assets and liabilities are translated into Baht using the closing rate (the average buying and selling rate determined by the Bank of Thailand at the balance sheet date). Statements of income are translated at the average exchange rates for the period. All exchange differences arising on translation are recognized as gains or losses from foreign currency translation and are taken directly to shareholders' equity.

For integrated foreign operation of PTTEP, monetary assets and liabilities are translated into Baht using the closing rate (the average buying and selling rate determined by the Bank of Thailand at the balance sheet date). Statements of income are translated at the transaction date. All exchange differences arising on translation are recognized as income or expenses for the period.

3.15 Income taxes

Income taxes for the period are calculated pursuant to the Revenue Code and the Petroleum Income Tax Act B.E. 2514 and Amendment B.E. 2532 and the Corporate Income Tax of Myanmar, the Philippines and Singapore. Deferred income taxes are calculated in accordance with Note 3.5.

3.16 Pension fund and provident fund

The Company contributes monthly to the Pension Fund at the rate of 10% of its staff's salaries and also contributes additional amount to provide an adequate reserve at the rate of 100% of the obligation due at the end of accounting period. Interest earned from the assets of Pension Fund are recognized as income, while contributions are recognized as expenses in the statement of income.

(translation)

PTT established a provident fund under the name of “The Registered Provident Fund of Petroleum Authority of Thailand and Affiliates”, that was renamed as “The Registered Provident Fund of PTT Public Company Limited and Affiliates” on October 10, 2001, since PTT was corporatized as PTT Public Company Limited under the Corporatization Act of B.E. 2542 (1999). Staff entering PTT Public Co., Ltd. on or after October 1, 1993, are required to be members of the Provident Fund. Those who entered earlier may apply for membership of either the Pension Fund or the Provident Fund. PTT contributes monthly to the Provident Fund at the rate of 10% of its staff’s salaries, and such contributions are recognized as expenses in the statement of income.

PTTEP, a subsidiary in Thailand, established a provident fund under the name of “Staff of PTTEP Registered Provident Fund” and contributes monthly to the fund at the rate of 15% of its staffs’ salaries.

3.17 Earnings per share

Earnings per share is determined by dividing the net income by the weighted average number of shares outstanding during the period.

3.18 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and at banks with maturity periods within 3 months, and also includes those relating to the Pension Fund and the Self-Insurance Fund.

3.19 Financial instruments

Financial assets carried on the balance sheets date of the Company and its subsidiaries include cash in hand and at banks, short-term investments, accounts receivable - trade, other receivables, subordinated loans to associates and long-term investments. Financial liabilities, which are the contractual obligations of the Company and its subsidiaries, include accounts payable - trade, other payables, liabilities from finance leases, bonds, short-term and long-term loans. Besides, financial instruments are used to reduce risk exposure arising from fluctuations in foreign currency exchange, interest rates and oil market price. These instruments, which mainly comprise forward foreign exchange contracts, currency and interest rate swap agreements and oil price risk contracts.

The Company and its subsidiaries have entered into forward foreign exchange contracts to protect the Group from movements in foreign exchange rates by establishing the exchange rate at which foreign currency assets and liabilities will be settled in the future. Obligations under forward foreign exchange contracts are recognized as assets or liabilities in the balance sheet at the inception. The discount or premium incurred in entering into each agreement is amortized as income or expenses over the contract period.

(translation)

The Company and its subsidiaries have entered into interest rate swap agreements to protect the Group from movements in interest rates. Any differential to be received or paid on an interest rate swap agreement is recognized as a component of interest revenue or expense over the period of the agreement. Gains or losses on early termination of interest rate swaps or on repayment of the borrowings before maturity are taken to the statement of income as income or expenses.

The Company has entered into oil price risk contracts to protect its physical delivery purchase and supply contracts to which it is committed from movement of oil world market prices. Such contracts representing agreements to buy or sell at a specified price in the future. Subsequent differences will be recognized in the statement of income at the date of maturity.

4. Changes in Accounting Policies of Subsidiary

In 2001, PTTEP changed its accounting policies for investments in joint ventures that are jointly controlled entities from the cost method to the equity method in the separate financial statements and using the proportionate consolidation method in the consolidated financial statements. For changes in accounting policies, PTTEP has adjusted the financial statements for the prior period as if it had recorded its investment in the joint ventures and presented consolidated financial statements under the new accounting policy since the beginning. The accumulative effects of the changes in the accounting policies from the past until the beginning of current period, that is adjusted to brought forward retained earnings amounting to Baht 304.98 million.

5. Cash and Cash Equivalents

As at December 31, 2001, cash and cash equivalents in the cash flow statements are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Cash on hand and at banks	10,863.33	8,021.39
Fixed deposits (maturity not later than 3 months)	88.60	8.77
Treasury bills (maturity not later than 3 months)	12,515.62	-
Total	23,467.55	8,030.16

6. Short-Term Investments

As at December 31, 2001, short-term investments are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Fixed deposits	933.29	853.47
Treasury bills	30,146.63	17,631.00
Promissory notes	12,000.00	12,000.00
General investments	36.50	36.50
Total	43,116.42	30,520.97

(translation)

The fixed deposits as stated above included fixed deposits with original maturity periods within 3 months in the consolidated financial statements amounted to Baht 88.60 million, and in the Company financial statements amounted to Baht 8.77 million. Treasury bills in the consolidated financial statements included treasury bills with original maturity periods within 3 months amounted to Baht 12,515.62 million.

General investments comprise investments in PetroAsia (Maoming) Co., Ltd., PetroAsia (Huidong-Jilong) Co., Ltd. and PetroAsia (Kaiping) Co., Ltd. amounting to Baht 29.50 million which is in the selling process, and investment in Thai LNG Co., Ltd. (Thai LNG) amounting to Baht 7.00 million which is transferred from long-term investment as described in note 13.

7. Accounts and Notes Receivable - Trade - Net

As at December 31, 2001, accounts and notes receivable - trade are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Accounts receivable - trade	28,160.20	27,585.63
Notes receivable	1,238.97	1,238.97
Total	29,399.17	28,824.60
<u>Less</u> Allowance for doubtful accounts	1,625.80	1,586.64
Accounts and notes receivable - trade - net	27,773.37	27,237.96

As at December 31, 2001, certain long outstanding accounts receivable of which aging of overdue balances are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Less than 3 months	1,076.83	1,055.91
Over 3 - 6 months	60.63	49.33
Over 6 - 12 months	108.01	92.17
Over 12 months	1,642.90	1,615.23
Total	2,888.37	2,812.64

As at December 31, 2001, the allowance for doubtful accounts in the consolidated financial statements amounted to Baht 1,625.80 million and in the Company financial statements amounted to Baht 1,586.64 million. The provision charged to the statement of income for the period of three months ended December 31, 2001 amounted to Baht 62.34 million and Baht 54.68 million in the consolidated and Company financial statements, respectively.

Accounts and notes receivable - trade as at December 31, 2001 included receivables from Government Agencies and State Enterprise in the consolidated financial statements amounting to Baht 11,440.10 million, and in the Company financial statements amounting to Baht 11,393.04 million.

The Company has received payment from the Bangkok Mass Transit Authority (BMTA) amounting to Baht 3,900 million as at December 13, 2001 with respect to the Cabinet Resolution as at October 16, 2001. The outstanding balance of receivable from BMTA as at December 31, 2001 is amounting to Baht 446.23 million.

(translation)

8. Related Party Transactions

Significant related party transactions are summarized as follows :

8.1 Receivable from, advances to and short-term loans to related parties as at December 31, 2001

Unit : Million Baht

	Consolidated	The Company
<u>Accounts and notes receivable - trade</u>		
Subsidiaries	-	110.10
Associates	16,108.15	16,108.15
<u>Less</u> Allowance for doubtful accounts	283.11	283.11
	15,825.04	15,825.04
Other related parties	84.67	84.67
Joint ventures	-	0.04
	15,909.71	16,019.85
<u>Other accounts receivable and accrued receivable</u>		
Subsidiaries	-	6.98
Associates	491.85	491.85
<u>Less</u> Allowance for doubtful accounts	145.62	145.62
	346.23	346.23
Joint ventures	-	138.66
	346.23	491.87
<u>Loans to related parties (short-term)</u>		
Associates	97.50	97.50
	97.50	97.50
Total	16,353.44	16,609.22

On May 22, 2001, the Cabinet Resolution approved the Company to grant a temporary loan, fully secured on inventory and accounts receivable, to an associate to support its ability to purchase raw materials. The associate can withdraw such loan within Baht 600 million in three specific periods, which are June 2001, August 2001 and the last period if it has to withdraw since sales and production increase is over its forecast in marketing and production plan, with respect to the Company's consideration. This loan to the associate bears interest rate at MOR of Krung Thai Bank Co., Ltd. As of December 31, 2001, the associate withdrew amounting to Baht 350 million and repaid amounting to Baht 252.50 million, therefore, the outstanding balance is Baht 97.50 million. The repayment period of the loan is not later than, which may be extended not later than mid-2002, according to the Company's consideration.

8.2 Advances and loans to related parties as at December 31, 2001

Unit : Million Baht

	Consolidated	The Company
<u>Other account receivable and accrued receivable</u>		
Associates	313.93	313.93
<u>Less</u> Allowance for doubtful accounts	313.93	313.93
	-	-

(translation)

Unit : Million Baht

	Consolidated	The Company
<u>Advances</u>		
Associates	903.64	903.64
<u>Less</u> Allowance for loss on impairment Of assets	903.64	903.64
	-	-
<u>Loans to related parties (long-term)</u>		
Associates	1,017.32	1,017.32
Total	1,017.32	1,017.32

The Company applied MLR + 0.5% p.a. to determine cost of loans to an associate, the MLR is average MLR of three commercial banks comprise Krung Thai Bank Public Co., Ltd., the Siam Commercial Bank Public Co., Ltd. and Thai Farmers Bank Public Co., Ltd.

According to note 39.3, the Company has commitments to provide financial support to an associate by means of subordinated loans, equity or other support. As at December 31, 2001, the Company has granted subordinated loan, denominated in Baht, to that associate amounting to Baht 5,754.06 million (equivalent to USD 148.05 million). Since the Company has recognized share of loss over investments amounting to Baht 4,736.74 million according to note 21, therefore, outstanding balance of long-term loans to related parties is stated above at the balance net of share of net loss over investments.

8.3 Amounts due to related parties as at December 31, 2001

Unit : Million Baht

	Consolidated	The Company
<u>Accounts payable - trade</u>		
Subsidiaries	-	4,051.47
Associates	4,531.25	4,531.25
Other related parties	6.20	6.20
	4,537.45	8,588.92
<u>Accounts payable - others</u>		
Subsidiaries	-	119.32
Associates	15.25	15.25
Other related parties	3.86	3.86
	19.11	138.43
Total	4,556.56	8,727.35

8.4 Revenues and expenses for the three-month period ended December 31, 2001

Unit : Million Baht

	Consolidated	The Company
<u>Revenues</u>		
<u>Sales of goods</u>		
Subsidiaries	-	189.06
Associates	25,347.40	25,347.40
Other related parties	0.67	0.67

(translation)

Unit : Million Baht

	Consolidated	The Company
<u>Interest income</u>		
Associates	148.75	148.75
<u>Other income</u>		
Subsidiaries	-	1.98
Associates	61.79	61.79
Other related parties	1.23	1.23
Joint ventures	-	0.45
<u>Expenses</u>		
<u>Purchase of goods</u>		
Subsidiaries	-	8,146.04
Associates	15,938.22	15,938.22
Other related parties	23.46	23.46
<u>Other expenses</u>		
Subsidiaries	-	3.32
Associates	15.49	15.49
Other related parties	55.72	55.72

Related party transactions as stated above exclude trade accounts receivable and sales to government agencies and state enterprises since the Company has presented these transactions as trade accounts and notes receivable and sales as set out in Notes 7 and 29, respectively.

Policy stipulates that prices between the Company and its related parties be based on the normal prices used in the same type of business in transactions with third parties. Goods purchased from a subsidiary are at prices fixed by the subsidiary with reference to world market prices.

9. Inventories

Inventories as at December 31, 2001 are as follows :

Unit : Million Baht

	Consolidated	The Company
Downstream Oil Products	5,761.59	5,739.94
Gas Products	269.44	269.44
Others	46.13	46.13
Total	6,077.16	6,055.51

PTT's inventories as stated above include legal reserve of Baht 4,463.45 million.

10. Materials and Supplies - Net

Materials and supplies as at December 31, 2001 are as follows :

Unit : Million Baht

	Consolidated	The Company
Spare parts, equipment and others	1,931.64	959.47
<u>Less</u> Allowance for obsolescence	49.83	18.05
Total	1,881.81	941.42

(translation)

11. Other Current Assets

Other current assets as at December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Other receivables	4,352.55	3,768.64
<u>Less</u> Allowance for doubtful accounts	344.83	344.83
Other receivables - net	4,007.72	3,423.81
Accounts receivable - forward foreign Exchange contracts	4,007.09	4,007.09
Prepaid expenses	198.70	189.88
Accrued income	10,039.28	9,972.00
Value added and purchase tax	533.47	515.98
Others	93.44	0.80
Total	18,879.70	18,109.56

Accounts receivable - forward foreign exchange contracts is recognized under forward foreign exchange contracts for hedging of risk exposure arising from foreign currency exchange fluctuations, associates with the settlement of natural gas purchased from Yadana and Yetagun gas fields.

12. Income Taxes and Deferred Income Taxes

The Company, subsidiaries and joint ventures paid the income tax expenses as follows :

	<u>Tax rate of net income</u>
Petroleum income tax on petroleum business in Thailand	
Pursuant to Petroleum Income Tax Act B.E. 2514 (1971)	50%
Income tax under Revenue Code	30%
Income tax in the Union of Myanmar	30%
Income tax in the Philippines	
(2% of gross margin in case of net loss)	32%
Income tax in Singapore	24.50%

Income taxes in the consolidated financial statement and the company financial statement for the three month period ended December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Petroleum income taxes		
Current income taxes	643.93	-
Deferred income taxes	479.14	-
Total petroleum income taxes expenses	1,123.07	-
Income taxes under Revenue Code		
Current income taxes	1,296.81	1,275.54
Deferred income taxes	(73.18)	(71.40)
Total income taxes expenses under Revenue Code	1,223.63	1,204.14

(translation)

Unit : Million Baht

	Consolidated	The Company
Income taxes in the Union of Myanmar		
Current income taxes	101.07	-
Deferred income taxes	69.80	-
Total income taxes expenses in The Union of Myanmar	170.87	-
Income taxes in the Philippines		
Current income taxes	0.40	-
Deferred income taxes	(4.13)	-
Total income taxes expenses in the Philippines	(3.73)	-
Income taxes in Singapore		
Current income taxes	1.42	-
Deferred income taxes	0.18	-
Total Income taxes expenses in Singapore	1.60	-
Total income taxes expenses	2,515.44	1,204.14

Deferred income taxes in the consolidated financial statement and the company financial statement as at December 31, 2001 are as follows :

Unit : Million Baht

	Consolidated	The Company
Deferred tax assets		
Income taxes under Revenue Code		
At October 1, 2001	2,049.42	1,443.63
Income taxes expenses	73.18	71.40
At December 31, 2001	2,122.60	1,515.03
Income taxes in the Philippines		
At October 1, 2001	20.16	-
Current income tax, MCIT	0.40	-
Income taxes expenses	3.73	-
At December 31, 2001	24.29	-
Total deferred tax assets	2,146.89	1,515.03
Deferred tax liabilities		
Income taxes in Myanmar		
At October 1, 2001	633.62	-
Income taxes expenses	69.05	-
At December 31, 2001	702.67	-
Petroleum income taxes		
At October 1, 2001	6,327.32	-
Income taxes expenses	479.13	-
At December 31, 2001	6,806.45	-
Income taxes in Singapore		
At October 1, 2001	-	-
Income taxes expenses	0.18	-
At December 31, 2001	0.18	-
Total deferred tax liabilities	7,509.30	-

(translation)

PTT was corporatized as PTT Public Company Limited on October 1, 2001 under the Corporatization Act B.E. 2542 (1999). The Company has accounted for income taxes and deferred income taxes as described in note 3.5 and 3.15, respectively. As a result, the income tax charges for this period amounting to Baht 1,204.14 million, the current income tax amounting to Baht 1,032.37 million. Deferred income tax assets as of December 31, 2001 amounting to Baht 1,515.03 million, comprise cumulative income tax revenue as at September 30, 2001 amounting to Baht 1,443.63 million which has been adjusted to brought forward retained earnings and income tax revenue for the period amounting to Baht 71.40 million. As at December 31, 2001, the Company has deferred tax asset amounting to Baht 1,515.03 million.

The company is subject to income tax pursuant to the Revenue Code, at the corporate rate of 30% of net income for the period from October 1, 2001 to December 31, 2001, subject to lower income tax rate of 25% of net income pursuant to a royal decree based on the Revenue Code "Deduction of State Revenue rate" (No. 387) B.E. 2544 (2001) for the period from 2002 to 2006 which is totaling five continuous accounting periods from the first accounting period beginning on or after the date that the Company listed on the Stock Exchange of Thailand (December 6, 2001) and will be subject to income tax at the rate of 30% of net income since the accounting period of 2007.

13. Long-Term Investments

Long-term investments as at December 31, 2001 are as follows

Company	Million Baht					
	% Shareholding		Consolidated		The Company	
	Consolidated	The Company	Cost Method	Equity Method	Cost Method	Equity Method
<u>Investments recorded under the equity method</u>						
Subsidiaries :						
1 PTT Exploration and Production Public Co., Ltd. (PTTEP)	-	60.97	-	-	1,987.48	18,971.14
2 PTT Philippines, Inc. (PTTPI)	-	100.00	-	-	349.21	270.84
3 PTT International Trading Pte. Ltd. (PTTT)	-	100.00	-	-	2.50	7.37
Associates :						
Refining Sector Group						
4 Thai Oil Co., Ltd. (TOCL)	49.99	49.99	9,480.74	395.51	9,480.74	395.51
5 Bangchak Petroleum Public Co., Ltd. (BCP)	24.29	24.29	1,268.10	-	1,268.10	-
6 Rayong Refinery Co., Ltd. (RRC)	36.00	36.00	12,591.24	-	12,591.24	-
7 Star Petroleum Refining Co., Ltd. (SPRC)	36.00	36.00	14,378.41	1,325.58	14,378.41	1,325.58
8 Thai Lube Base Co., Ltd. (TLB)	30.00	30.00	1,500.00	-	1,500.00	-
Downstream Oil Sector Group						
9 Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	30.60	30.60	880.52	-	880.52	-
10 PTT International Trading Co., Ltd. (PTTT (Cayman))	100.00	-	4,067.50 baht	0.77	-	-
11 FST Aviation Services Limited (FST)	25.00	-	1.13	3.33	-	-

(translation)

Million Baht

Company	% Shareholding		Consolidated		The Company	
	Consolidated	The Company	Cost Method	Equity Method	Cost Method	Equity Method
Petrochemical Sector Group						
12 Aromatics (Thailand) Public Co., Ltd. (ATC)	50.00	50.00	3,117.68	-	3,117.68	-
13 Thai Olefins Co., Ltd. (TOC)	49.00	49.00	4,156.67	542.01	4,156.67	542.01
14 National Petrochemical Public Co., Ltd. (NPC)	37.94	37.94	1,176.00	3,324.42	1,176.00	3,324.42
15 National Fertilizer Public Co., Ltd. (NFC)	20.44	20.44	1,792.91	-	1,792.91	-
16 Thai Paraxyline Co., Ltd. (TPX)	23.48	23.48	1,743.81	1,688.57	1,743.81	1,688.57
Natural Gas Sector Group						
17 PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	49.00	49.00	245.00	394.85	245.00	394.85
Other Sector Group						
18 Thai Oil Power Co., Ltd. (TOP)	26.00	-	1,450.06	1,458.53	-	-
19 New Links Energy Resources Limited** (New Links)	40.00	-	9,889.56	9,889.56	-	-
Joint Ventures :						
Natural Gas Sector Group						
20 Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T))	-	50.00	-	-	470.00	355.17
21 Trans Thai-Malaysia (Malaysia) Co., Ltd. (TTM (M))	-	50.00	-	-	25.38	-
Total investments under the equity method			63,671.83	19,023.13	55,165.65	27,275.46
Investments recorded under the cost method						
Associates :						
Downstream Oil Sector Group						
22 Thai Lube Blending Co., Ltd. (TLBC)	48.95	48.95	140.00	140.00	140.00	140.00
23 PetroAsia (Thailand) Co., Ltd.* (PA (Thailand))	35.00	35.00	131.25	131.25	131.25	131.25
24 PetroAsia (Sanshui) Co., Ltd.* (PA (Sanshui))	25.00	25.00	7.17	7.17	7.17	7.17
25 PetroAsia (Huizhou) Co., Ltd.* (PA (Huizhou))	25.00	25.00	15.16	15.16	15.16	15.16
26 Vietnam LPG Co., Ltd. (VLPG)	45.00	45.00	87.35	87.35	87.35	87.35
27 PTT Mart Co., Ltd.* (PTT Mart)	49.00	49.00	78.40	78.40	78.40	78.40
28 Subic Bay (the Philippines) Group* (Subic Bay JV)	50.00	50.00	121.32	121.32	121.32	121.32
29 KELOIL-PTT LPG Sdn. Bhd. (KELOIL)	40.00	40.00	21.50	21.50	21.50	21.50
Other Companies :						
30 Bangkok Aviation Fuel services Public Co., Ltd. (BAFS)	9.60	9.60	24.00	24.00	24.00	24.00
31 Fuel Pipeline Transportation Co., Ltd.* (FPT)	2.76	2.76	44.00	44.00	44.00	44.00
32 Intoplane Services Co., Ltd. (IPS)	16.67	16.67	0.02	0.02	0.02	0.02
33 PetroAsia (Shantou) Co., Ltd.* (PA (Shantou))	15.00	15.00	60.84	60.84	60.84	60.84
Total investment recorded under the cost method			731.01	731.01	731.01	731.01

(translation)

Million Baht

Company	% Shareholding		Consolidated		The Company	
	Consolidated	The Company	Cost Method	Equity Method	Cost Method	Equity Method
Investments recorded at fair value						
Other Companies :						
34 Dhipaya Insurance Public Co., Ltd. (THIP)	13.55	13.55	312.00	312.00	312.00	312.00
<u>Less</u> Allowance for decrease in fair value of Investment			91.20	91.20	91.20	91.20
Fair value of investments - net			220.80	220.80	220.80	220.80
Total long-term investment			64,623.64	19,974.94	56,117.46	28,227.27
<u>Less</u> Provision for impairment loss			421.48	421.48	421.48	421.48
Total long-term investments - net			64,202.16	19,553.46	55,695.98	27,805.79

* Provision for impairment loss amounting to Baht 421.48 million comprises provision loss in PTT Mart, FPT, PA (Sanshui), PA (Huizhou), PA (Shantou), Subic Bay JV and PA (Thailand) amounting to Baht 78.40, 44.00, 1.91, 0.24, 44.36, 121.32 and 131.25 million, respectively.

** New Links Energy Resources Limited holds 85.44% in PT. Medco Energi Internasional Tbk which is an Indonesian company engaged in the exploration and production of oil and gas.

Movement transactions of long-term investments are as follows

Unit : Million Baht

	Consolidated	The Company
At October 1, 2001	8,782.44	26,176.83
Increase in investments	12,673.92	2,784.36
Unrealized gain (loss) from investment in available-for-sale securities	24.00	24.00
Share of net income in subsidiaries	-	1,400.72
Share of net loss in associates and joint ventures	(223.95)	(434.40)
Adjusted to share of net loss over investment in associates and joint ventures	(1,617.42)	(1,617.42)
Provision for impairment loss	(78.40)	(78.40)
Adjusted to retained earnings from changes in accounting policies of subsidiary	-	(304.98)
Loss from foreign currency translation	(0.13)	(137.92)
Reclassified to short-term investments	(7.00)	(7.00)
At December 31, 2001	19,553.46	27,805.79

(translation)

The changes in long term investments in the Company financial statement during the three-month period ended December 31, 2001 are made from additional investments in associates totaling Baht 2,784.36 million comprise additional investments in RRC, SPRC, and ATC amounting to Baht 556.91 million, Baht 1,166.95 million and Baht 1,060.50 million respectively. In the consolidated financial statements the investment increase amounting to Baht 9,889.56 million, resulting from PTTEP financial statement.

On October 22, 2001 the cabinet has approved to discontinue the project “development of natural gas for export” and dissolved the operations of Natural Gas Company Limited (Thai LNG), in accordance with the letter from Ministry of Finance No. Kor Ko 0209.2/25959 dated December 27, 2001. The Company, therefore, has transferred the amount of Baht 7.00 million to short-term investment, according to note 6.

The Company records its investments in associates with a shareholding of at least 20% at cost and adjusted for allowance for impairment of investments since that the Company intends to dispose, or decrease its shareholding percentage in the future, including investments in associates which amounts are immaterial to the financial statements. Those associates are as follows :

1. Subic Bay (the Philippines) Group
2. PetroAsia (Thailand) Co., Ltd.
3. PetroAsia (Sanshui) Co., Ltd.
4. PetroAsia (Huizhou) Co., Ltd.
5. Vietnam LPG Co., Ltd.
6. Thai Lube Blending Co., Ltd.
7. KELOIL-PTT LPG Sdn. Bhd.
8. PTT Mart Co., Ltd.

In this period, the consolidated financial statements also include the financial statements of two joint ventures. As of December 31, 2001, transactions of joint ventures included in the consolidated financial statements, according to the Company’s proportion of 50% since the beginning of its investment, are as follows :

	Unit : Milion Baht	
	Trans Thai-Malaysia (Thailand)	Trans Thai-Malaysia (Malaysia)
Balance sheet :		
Current assets	103.43	9.00
Non-current assets	405.68	-
Current Liabilities	(153.93)	(12.81)
Net assets (liabilities)	355.18	(3.81)
Income statement :		
Revenues	4.42	-
Expenses	(119.25)	(28.76)
Net income (loss)	(114.83)	(28.76)

(translation)

14. Property, Plant and Equipment - Net

Property, plant and equipment as at December 31, 2001 are as follows :

Consolidated

Unit : Million Baht

	Land	Building	Machinery And Equipment	Oil and Gas Properties	Construction In progress	Other Assets	Total
Costs:							
At October 1, 2001	2,493.97	11,792.48	85,230.31	55,526.44	581.47	11,508.42	167,133.09
- Additions	15.99	50.33	90.33	2,102.64	928.65	288.99	3,476.93
- Reclassification	0.03	53.54	384.29	-	(514.52)	(35.85)	(112.51)
- Disposals	-	(0.19)	(24.95)	(28.87)	-	(14.20)	(68.21)
- Loss from foreign currency translation	-	-	(0.12)	(30.86)	(0.17)	(0.14)	(31.29)
At December 31, 2001	2,509.99	11,896.16	85,679.86	57,569.35	995.43	11,747.22	170,398.01
Accumulated Depreciation							
At October 1, 2001	-	(4,871.55)	(32,562.43)	(13,807.54)	-	(6,635.33)	(57,876.85)
- Additions	-	-	(6.44)	-	-	(0.11)	(6.55)
- Depreciation for the period	-	(83.85)	(998.78)	(727.89)	-	(263.21)	(2,073.73)
- Gain (loss) from foreign currency translation	-	-	0.09	(74.66)	-	0.03	(74.54)
- Disposals	-	6.55	13.35	-	-	72.60	92.50
At December 31, 2001	-	(4,948.85)	(33,554.21)	(14,610.09)	-	(6,826.02)	(59,939.17)
Allowance for Impairment loss:							
At October 1, 2001	(11.12)	(404.10)	(244.96)	-	-	-	(660.18)
- Additions	-	(0.78)	-	-	-	-	(0.78)
At December 31, 2001	(11.12)	(404.88)	(244.96)	-	-	-	(660.96)
Net Book Value							
At October 1, 2001	2,482.85	6,516.83	52,422.92	41,718.90	581.47	4,873.09	108,596.06
At December 31, 2001	2,498.87	6,542.43	51,880.69	42,959.26	995.43	4,921.20	109,797.88

The Company

Unit : Million Baht

	Land	Building	Machinery And Equipment	Construction In progress	Other Assets	Total
Cost:						
At October 1, 2001	2,493.97	10,855.15	83,584.15	562.57	11,465.96	108,961.80
- Additions	-	17.03	24.24	526.69	284.44	852.40
- Reclassification	0.03	53.54	384.29	(514.52)	(35.85)	(112.51)
- Disposals	-	-	-	-	(14.20)	(14.20)
At December 31, 2001	2,494.00	10,925.72	83,992.68	574.74	11,700.35	109,687.49

(translation)

Unit : Million Baht

	Land	Building	Machinery And Equipment	Construction In progress	Other Assets	Total
Accumulated Depreciation						
At October 1, 2001	-	(4,599.54)	(31,720.39)	-	(6,618.80)	(42,938.73)
- Additions	-	-	(6.44)	-	(0.11)	(6.55)
- Depreciation for the year	-	(70.36)	(977.38)	-	(260.27)	(1,308.01)
- Disposals	-	6.55	-	-	72.61	79.16
At December 31, 2001	-	(4,663.35)	(32,704.21)	-	(6,806.57)	(44,174.13)
Allowance for impairment loss:						
At October 1, 2001	(11.12)	(404.10)	(244.96)	-	-	(660.18)
- Additions	-	(0.78)	-	-	-	(0.78)
At December 31, 2001	(11.12)	(404.88)	(244.96)	-	-	(660.96)
Net Book Value						
At October 1, 2001	2,482.85	5,851.51	51,618.80	562.57	4,847.16	65,362.89
At December 31, 2001	2,482.88	5,857.49	51,043.51	574.74	4,893.78	64,852.40

Depreciation expense for the three-month period ended December 31, 2001 amounting to Baht 2,073.73 million in the consolidated financial statements and Baht 1,308.01 million in the Company financial statements, was recorded as cost of sales in the consolidated and the company financial statements amounting to Baht 894.96 million.

Other assets include vehicles, which are acquired under financial lease amounting to Baht 375.37 million, are as follows :

Unit : Million Baht

	Consolidated	The Company
Cost	444.84	444.84
<u>Less</u> Accumulated Depreciation	69.47	69.47
Net book value	375.37	375.37

15. Intangible Assets

Intangible assets as at December 31, 2001 are as follows :

Unit : Million Baht

	Consolidated				The Company			
	Patent	Leasehold right/ Land rights	Other operating rights	Total	Patent	Leasehold Right/ Land rights	Other operating rights	Total
Costs								
At October 1, 2001	412.42	5,761.21	54.42	6,228.05	195.71	5,545.35	54.42	5,795.48
- Additions	141.83	55.81	-	197.64	5.90	54.91	-	60.81
- Disposals	96.14	-	-	96.14	96.14	-	-	96.14
- Loss from foreign currency translation	-	(1.86)	-	(1.86)	-	-	-	-
At December 31, 2001	650.39	5,815.16	54.42	6,519.97	297.75	5,600.26	54.42	5,952.43

(translation)

Unit : Million Baht

	Consolidated				The Company			
	Patent	Leasehold Right/ Land Rights	Other operating Rights	Total	Patent	Leasehold Right/ Land Rights	Other operating Rights	Total
Accumulated Amortization:								
At October 1, 2001	(187.41)	(1,393.13)	(11.87)	(1,592.41)	(142.16)	(1,370.99)	(11.87)	(1,525.02)
- Amortization for the period	(65.88)	-	-	(65.88)	(65.88)	-	-	(65.88)
- Disposals	(14.69)	75.31	(1.29)	59.33	(11.60)	78.96	(1.29)	66.07
- Gain from foreign currency translation	-	0.41	-	0.41	-	-	-	-
At December 31, 2001	(267.98)	(1,317.41)	(13.16)	(1,598.55)	(219.64)	(1,292.03)	(13.16)	(1,524.83)
Allowance for Impairment loss:								
At October 1, 2001	-	(1,063.66)	-	(1,063.66)	-	(1,063.66)	-	(1,063.66)
- Loss on impairment for the period	-	(42.29)	-	(42.29)	-	(42.29)	-	(42.29)
At December 31, 2001	-	(1,105.95)	-	(1,105.95)	-	(1,105.95)	-	(1,105.95)
Net Book Value								
At October 1, 2001	225.01	3,304.42	42.55	3,571.98	53.55	3,110.70	42.55	3,206.80
At December 31, 2001	382.41	3,391.80	41.26	3,815.47	78.11	3,202.28	41.26	3,321.65

Amortization for the three-month period ended December 31, 2001 in the consolidated financial statements amounted to Baht 91.38 million and amounted to Baht 84.64 million in the Company financial statements, and recorded as cost of sales in the consolidated and the Company financial statements amounting to Baht 12.14 million. The Company had calculated and adjusted the amortization of leasehold for this period, since it was its over charged in prior periods, amounting to Baht 150.71 million in the consolidated and the Company financial statements. This causes the amortization for the period after adjustment in the consolidated and the Company financial statements amounting to Baht (59.33) million and (66.07) million, respectively.

16. Advance Payment for Gas Purchased

Advance payment for gas purchased as at December 31, 2001, are as follows :

Unit : Million Baht

	Consolidated	The Company
Advance payment for gas purchased in the year 1998	1,340.16	1,749.06
Advance payment for gas purchased in the year 1999	9,003.80	11,416.24
Advance payment for gas purchased in the year 2000	14,670.28	18,088.76
Advance payment for gas purchased in the year 2001	4,243.65	4,819.90
Total	29,257.89	36,073.96

The Company has paid in advance for the committed gas volume from the Yadana and the Yetagun gas field in the Union of Myanmar, irrespective of take-up in 1998, 1999, 2000 and 2001, according to established conditions in the Export Gas Sales Agreements (Take-or-Pay). The Company has right to take certain volumes of prepaid gas (Make-up) in subsequent years. Advance payment was only made for the committed gas volume from Yetagun gas field, irrespective of take-up in 2001. The intragroup transactions and balances with PTTEP for three-month period ended December 31, 2001 amounting to Baht 6,816.07 million are eliminated from the consolidated financial statements.

(translation)

For this period, since the Company has already taken all committed gas volume from Yadana gas field, therefore the Company can take certain volume of prepaid gas (Make-up), as a result, the advance payment for gas purchased in the above year 1998 decreased amounting to Baht 191.80 million.

17. Other Assets

Other assets as at December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Retention and refundable deposits	120.91	100.98
Prepaid expenses	505.94	-
Deferred expenses of bond and share issuance	49.57	-
Others	5.42	0.83
Total	681.84	101.81

18. Short-Term Loans

Short-term loans as at December 31, 2001 are as follows :

	Consolidated		The Company	
	Foreign Currency (Unit : Million)	Million Baht	Foreign Currency (Unit : Million)	Million Baht
US Dollars	140.00	6,210.36	140.00	6,210.36

Short-term loans amounting to USD 90 million and USD 50 million, with repayment dated February 28, 2002, bear interest rate at 3.45875% (USD LIBOR 6 months - 0.07%) and at 3.45375% (USD LIBOR 6 months - 0.075%), respectively. The lenders have deducted interest expenses amounting to USD 1.54 million and USD 0.85 million, respectively, The Company which interest was deducted by lenders withdrew such loans on August 31, 2001 and has already withdrawn the balance.

19. Accrued Appropriation to The Ministry Of Finance

Accrued appropriation to the Ministry of Finance as at December 31, 2001 amounting to Baht 5,111.68 million comprises the accrued appropriation from operating results of prior period amounting to Baht 5,000 million and the accrued appropriation from government's portion of gain from sale of Phet Crude of prior period amounting to Baht 111.68 million, as follows :

	Unit : Million Baht	
	Consolidated	The Company
Accrued appropriation from operating results of prior period	5,000.00	5,000.00
Accrued appropriation from government's portion of gain from sale of Phet Crude of prior period	111.68	111.68
Total	5,111.68	5,111.68

(translation)

20. Other Current Liabilities

Other current liabilities as at December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Other payables	2,317.04	1,930.82
Accounts payable - forward foreign exchange contracts	4,014.01	4,014.01
Advance receipt	1,061.84	1,061.84
Unrealized sales tax	1,317.74	1,317.74
Retention (not later than 1 year)	18.46	18.46
Others	141.00	14.90
Total	8,870.09	8,357.77

Accounts payable - forward foreign exchange contracts are recognized under forward foreign exchange contracts. Most of accounts payable are for hedging of risk exposure arising from foreign currency exchange fluctuations, associates with the settlement of natural gas purchased from Yadana and Yetagun gas field.

21. Share of Net Loss over Investments

Share of net loss over investments in associates and joint ventures as at December 31, 2001 are as follows :

Company	Unit : Million Baht					
	% Shareholding		Consolidated		The Company	
	Consolidated	The Company	Cost Method	Equity Method	Cost Method	Equity Method
Associates :						
Refining Sector Group						
1 Rayong Refinery Co., Ltd. (RRC)	36.00	36.00	12,591.24	(1,075.04)	12,591.24	(1,075.04)
2 Thai Lube Base Co., Ltd. (TLB)	30.00	30.00	1,500.00	(1,095.10)	1,500.00	(1,095.10)
Petrochemical Sector Group						
3 Aromatics (Thailand) Public Co., Ltd. (ATC)	50.00	50.00	3,117.68	(4,736.74)	3,117.68	(4,736.74)
Joint venture :						
Natural Gas Sector Group :						
4 Trans Thai-Malaysia (Malaysia) Co., Ltd. (TTM (M))	-	50.00	-	-	25.38	(3.73)
Total			17,208.92	(6,906.88)	17,234.30	(6,910.61)
Less Transfer to long-term loans to associates (according to note 8.2)				4,736.74	-	4,736.74
Total share of net loss over investments - net				2,170.14		2,173.87

Provision for share of net loss over investments in associates and joint ventures for the three-month period ended December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
As at October 1, 2001	8,041.09	8,041.09
- Additional provision	483.21	486.94
- Decrease from investment increased during the period	(1,617.42)	(1,617.42)
- Decrease from transfer to loans to associates (long-term)	(4,736.74)	(4,736.74)
As at December 31, 2001	2,170.14	2,173.87

(translation)

22. Long-Term Loans

Long-term loans as at December 31, 2001 are as follows :

	Consolidated		The Company	
	Foreign Currency (Unit : Million)	Million Baht	Foreign Currency (Unit : Million)	Million Baht
<u>Local loans guaranteed</u>				
<u>by the Ministry of Finance</u>				
Loans from Government				
Savings Bank				
Fixed interest rate, due in 2006		3,000.00		3,000.00
PTT Bonds				
Due in 2002-2020		67,677.48		67,677.48
		70,677.48		70,677.48
<u>Local loans not guaranteed</u>				
<u>by the Ministry of Finance</u>				
Loans from Government				
Savings Bank				
Fixed interest rate, due in 2003-2007		8,000.00		8,000.00
PTT Bonds				
Due in 2002-2009		9,472.00		9,472.00
		17,472.00		17,472.00
<u>Foreign loans guaranteed</u>				
<u>by the Ministry of Finance</u>				
Loans				
US Dollars :				
Fixed interest rate, due in 2004-2015	130.42	5,785.52	130.42	5,785.52
Floating interest rate, due in 2012-2013	182.32	8,087.46	182.32	8,087.46
Japanese yen :				
Loans, fixed interest rate, due in 2013	4,870.85	1,651.55	4,870.85	1,651.55
Bond				
Japanese yen :				
Fixed interest rate, due in 2004	30,000.00	10,172.07	30,000.00	10,172.07
		25,696.60		25,696.60
<u>Foreign loans not guaranteed</u>				
<u>by the Ministry of Finance</u>				
US Dollars :				
Floating interest rate, due in 2002	50.00	2,217.98	-	-
Total		116,064.06		113,846.08
Less Current portion of long-term loans		(9,034.80)		(6,816.82)
Total long-term loans		107,029.26		107,029.26

(translation)

Maturity of long-term loans

Maturity of long-term loans as at December 31, 2001 are as follows :

Unit : Million Baht

	Consolidated			The Company		
	Foreign Currency	Local Currency	Total	Foreign Currency	Local Currency	Total
Not later than 1 year	3,034.80	6,000.00	9,034.80	816.82	6,000.00	6,816.82
Later than 1 year - 2 years	849.18	7,919.48	8,768.66	849.18	7,919.48	8,768.66
Later than 2 years - 5 years	16,007.18	18,830.00	34,837.18	16,007.18	18,830.00	34,837.18
Later than 5 years	8,023.42	55,400.00	63,423.42	8,023.42	55,400.00	63,423.42
Total	27,914.58	88,149.48	116,064.06	25,696.60	88,149.48	113,846.08

23. Liabilities from Finance Leases

Liabilities from finance leases as at December 31, 2001 are as follows :

Unit : Million Baht

	Consolidated	The Company
Liabilities from finance leases		
- Not later than 1 year	122.46	122.46
- Later than 1 year and not later than 5 years	319.50	319.50
Future finance charges on finance leases	(48.32)	(48.32)
Present value of liabilities under finance leases	393.64	393.64
Present value of liabilities from finance leases		
- Current (Not later than 1 year)	92.75	92.75
- Non-current (Later than 1 year and not later than 5 years)	300.89	300.89
Total	393.64	393.64

24. Bonds

Bonds as at December 31, 2001 are as follows :

Consolidated

	Million US Dollars	Million Baht
Unsubordinated bonds	393.28	17,440.40
Unsecured unsubordinated bonds	-	4,000.00
<u>Less</u> Current (Not later than 1 year)	-	(4,000.00)
Total	393.28	17,440.40

PTTEP issued 230 unsecured unsubordinated bonds with a face value of Yen 100 million each, totaling Yen 23 billion. The bonds bear interest at the rate of 3.35% per annum and have a redemption period of 10 years (i.e. to be redeemed on September 19, 2007). On the date of the bond issuance, PTTEP entered into a swap agreement with a foreign bank to swap Yen for U.S. Dollars 193.28 million. Under this agreement, interest is charged at the rate of 7.86% per annum and payable every 6 months on March 19 and September 19 of each year.

PTTEP issued 4,000,000 unsecured unsubordinated debentures with a face value of Baht 1,000 each, totaling Baht 4,000 million. The debentures bear interest at the rate of 6.50% per annum, payable every 6 months on August 1 and February 1 of each year, and mature in 3 years, to be redeemed on February 1, 2002 which PTTEP has already paid.

(translation)

PTTEP guaranteed 200,000 unsubordinated bonds which has issued by PTTEP International Limited with a face value of USD 1,000 each, totaling USD 200 million. The bonds bear interest at a rate of 7.625% per annum, payable every six months on April 1 and October 1 of each year, and have a maturity period of 10 years, to be redeemed on October 1, 2006.

25. Other Liabilities

Other liabilities as at December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Retention (not later than 1 year)	74.62	74.62
Provision for loss on lawsuit	998.35	998.35
Others	134.79	16.46
Total	1,207.76	1,089.43

26. Pension Fund and Provident Fund

As at October 1, 2001, the Pension Fund's brought forward balance was Baht 5.81 million. For the three-month period ended December 31, 2001, the Company has contributed at the rate of 10% of salaries of staffs under the Pension Fund amounting to Baht 0.14 million, pension paid for staff's retirement amounting to Baht 0.66 million and the Company made additional contribution, according to note 3.16, amounting to Baht 0.46 million which was recognized as expenses in the statement of income. Therefore, the ending balance of pension fund was stated at Baht 5.75 million, and presented as non-current liabilities in the balance sheet, according to obligations due on the same date.

For the Provident Fund, the monthly contributions by the Company and its subsidiaries were recognized as expenses in the statement of income at the specified rate as set out in Note 3.16.

27. Share Capital, Share premium, Legal Reserve and Reserve for Self-Insurance Fund

27.1 Share capital

PTT was corporatized as PTT Public Company Limited under the Corporatization Act B.E. 2542 (1999). On Corporatization all businesses, right, debts, liabilities, assets and equity, as well as all staffs were transferred to the Company. The existing owner's equity was partial established as registered capital of Baht 20,000.00 million with 2,000 million ordinary shares of par value Baht 10 fully paid, and the balances would be assigned to other items in shareholders' equity appropriately, with respect to the resolutions of the corporatization committee which was approved by the Cabinet as at September 25, 2001, as well as in accordance with the letter No. Nor Ror 0205/10871 and Section 13(1) and 19(3) of the Corporatization Act B.E. 2542 (1999).

On October 1, 2001, the Company was registered as a public company by transferring owner's equity in the financial statements of PTT as at September 30, 2001 amounting to Baht 33,630.32 million together with unrealized loss from investment in available-for-sale securities amounting to Baht 115.20 million and loss from foreign currency translation amounting to Baht 46.91 million,

(translation)

the total amount of Baht 162.11 million was deducted from such owner's equity of PTT, therefore, total net equity was transferred to the Company amounting to Baht 33,792.43 million, which was appropriated as registered capital of baht 20,000 million as described above, to be wholly owned by the Ministry of Finance ("The MOF"), appropriated as reserve for self-insurance fund of Baht 627.70 million as described in note 27.4 and appropriated as legal reserve at 10% of registered capital as at October 1, 2001 amounting to Baht 2,000 million as described in note 27.3, and the balance from all those above appropriation was recorded as unappropriated retained earnings amounting to Baht 11,164.73 million as at October 1, 2001.

On October 2, 2001, the Company has registered the increased share capital 850 million ordinary shares of par value Baht 10, therefore the total registered capital 2,850 million ordinary shares totaling valued Baht 28,500 million. The Company has sold 47,245,725 ordinary shares of par value Baht 10 to its employees and the Registered Provident Fund of PTT Public Company Limited and Affiliates, which total amount of Baht 472.46 million was paid in full. On November 15, 2001, the Company has sold up to 750 million ordinary shares through an international offering and Thai offering at the offering price of Baht 35 per share, therefore, made of share premium amounting to Baht 18,750 million, which was fully paid together with the registered share capital amounting to Baht 7,500 million. Then the total issue and fully paid-up capital valued Baht 27,972.46 million with 2,797,245,725 ordinary shares.

27.2 Share premium

The company has sold the increased share of 750 million ordinary shares at the offering price of Baht 35 per share as described in note 27.1. Such share premium amounting to Baht 18,750 million that was deducted by share issuance expenses amounting to Baht 757.17 million would make the balance of share premium as of December 31, 2001, amounting to Baht 17,992.83 million.

27.3 Legal reserve

The Company appropriated legal reserve amounting to Baht 2,000 million as described in note 27.1 and also appropriated additional reserve at the rate of 10% of the increase in registered share capital amounting to Baht 850 million, this will make legal reserve as at December 31, 2001, amounting to Baht 2,850 million, which is equal to 10% of registered capital. This is in accordance with the Limited Public Company Act, B.E. 2535 (1992) which determined the Company to appropriate its annual net income to legal reserve not less than 5% of its annual net income until the reserve fund reach 10% of the registered share capital.

27.4 Reserve for self-insurance fund

The company appropriated reserve for self-insurance fund amounting to Baht 627.70 million as described in note 27.1. During the period, the company appropriated net income from the operation results of the self-insurance fund which included in total net income of the Company amounting to Baht 34.90 million the reserve for self-insurance fund, therefore, the balance as at December 31, 2001 was amounting to Baht 662.60 million.

(translation)

28. Earnings Per Share

The Company has earnings per share of Baht 1.30. The basic earnings per share calculated in accordance with note 3.17. The weighted average number of paid-up ordinary shares and held by third party during the period amounting to 2,265,171,311 ordinary shares.

29. Sales

Sales for the three-month period ended December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Oil products	54,289.21	53,081.59
Natural gas products	33,778.17	33,719.96
Compensation for LPG	769.84	769.84
<u>Less</u> Petroleum royalties	(719.39)	-
Total	88,117.83	87,571.39

Sales for the three-month period ended December 31, 2001 included sales to the Government and the State Enterprise in the consolidated and the Company financial statements amounting to Baht 16,699.73 million and Baht 16,627.29 million, respectively.

Sales for natural gas products includes revenue from natural gas pipeline amounting to Baht 3,847.07 million in the consolidated financial statements and amounting to Baht 3,684.61 million in the Company financial statements.

30. Other Income

Other income for the three-month period ended December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Bank interest income	208.44	26.94
Interest income from short-term investment	41.10	41.10
Interest income form loans	128.38	128.38
Interest income from overdue accounts	27.95	26.21
Transportation income	160.72	160.72
Penalty income	30.21	30.21
Gain from insurance claims	1.03	1.03
Compensation for loan interest of advance payment for gas purchased	97.79	97.79
Others	311.70	312.39
Total	1,007.32	824.77

31. Gains on Exchange Rate

Gains on exchange rate for the three-month period ended December 31, 2001 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Gain on exchange rate from loan repayment	258.37	258.37
Gain on exchange rate from loan conversion at the end of period	1,396.43	1,320.63
Loss on exchange rate from other transactions	(276.95)	(106.69)
Total	1,377.85	1,472.31

(translation)

32. Mutual Separation Plan : MSP

On April 26, 2001 the Board of Directors approved the second opening of the Mutual Separation Plan (MSP), under the Ministry of Finance's regulation. The period of operation is September 1, 2001 to February 1, 2002, and the total number of employees joining this project is 65. The estimated early retirement payment and compensation amounting to Baht 108.00 million. The compensation is paid in compliance with the regulations of the State Enterprise Relationship Committee (SERC). Such expenses were regarded as part of staff costs for the year 2001.

33. Reforestation

Under the Board of Directors' approval on February 23, 1994, the Company has participated in the Reforestation Campaign in Commemoration of the Royal Jubilee of His Majesty the King's Ascension to the Throne. The project is estimated to call for not more than Baht 3 billion of forestation covering an area of 1 million rai. An annual budget of Baht 600 million has been allocated for 5 years commencing from 1994. The Company has its own administration committee to manage the project and maintain the areas for a period of not less than 5 years.

On September 16, 1998, the Board of Directors approved the extension of the project's period to a second stage of 6 years (1999-2004) using the budget as approved for the first stage of Baht 3 billion. The budget covers expenses for the principal project (reforestation and maintenance) and the support project (forest survival). The objective is to create public awareness among the regional people and youth so that they help towards the long-term commitments to protect the forest resources.

The Company has completed 920,000 rai of the reforestation, covering areas in 44 provinces. Up to December 31, 2001, PTT Public Co., Ltd.'s total expenses were Baht 2,445.41 million, including expenses for the three-month period ended December 31, 2001 amounting to Baht 52.57 million. These expenses have been shown in selling and administrative expenses in the statement of income.

34. Trading Operation of Phet Crude

The Cabinet meeting as at February 16, 1988 approved Petroleum Authority of Thailand (PTT) to purchase/sell crude in Thailand instead of the Government by deducting operating expense from this sale before appropriation to the Ministry of Finance (MOF). Most purchase/sale crude in Thailand are from Sirikit (Phet Crude).

On October 1, 2001, PTT was corporatized to PTT Public Company Limited, the Company entered into income tax system as general private company. For the three-month period ended December 31, 2001, purchase and sale of Phet Crude amounting to Baht 1,361.02 million and Baht 1,413.56 million, respectively. The portion of gain from Phet Crude amounting to Baht 52.54 million which included in net income from normal operation for tax payment. If the Company calculated the above operation expense, Baht 31.40 million, before remitting to MOF, the portion of gain from Phet Crude to the Government is Baht 21.14 million.

35. Segmented Financial Information

The reporting segments of financial information relating to business sector groups in the consolidated financial statements for the three-month period ended December, 2001, are as follows:

(translation)

Consolidated

Unit : Million Baht

	Oil	Natural Gas	Exploration and Production petroleum	Head Office expenses and others	Elimination	Total
Net sales - third parties	59,478.15	29,258.59	100.48	-	-	88,837.22
- related parties	7,264.78	0.18	6,270.97	-	(13,535.93)	-
Petroleum royalties	-	-	(719.39)	-	-	(719.39)
Net sales	66,742.93	29,258.77	5,652.06	-	(13,535.93)	88,117.83
Segment operation	128.19	1,327.38	3,966.63	4,105.95		9,528.15
Interest expenses	(0.01)	(37.51)	(431.63)	(1,988.20)		(2,457.35)
Tax expense	2.13	-	(1,313.43)	(1,204.14)		(2,515.44)
Share of net income (loss)						
Of associates	(0.10)	-	70.69	(294.53)		(223.94)
Provision for share of net						
Income (loss) of associates	-	-	-	(483.20)		(483.20)
Minority interest	-	-	-	(894.78)		(894.78)
Net income (loss)	130.21	1,289.87	2,292.26	(758.90)		2,953.44
Segment assets	58,031.71	115,753.62	65,756.09	60,474.65	(30,504.29)	269,515.66
Investment in associates	4.10	-	11,348.08	8,201.27		19,553.45
Deferred income taxes	24.29	-	607.57	1,515.03		2,146.89
Segment liabilities	19,847.46	27,632.66	22,935.44	17,424.24	(10,903.51)	77,236.29
Capital expenditure	174.89	897.27	44,813.95	178.52		46,064.63
Depreciation	340.45	906.67	763.64	62.99		2,073.75
Amortization	(79.80)	14.72	3.08	2.67		(59.33)
Loss on impairment of assets	61.32	-	-	78.40		139.72
Non-cash expenses (exclude depreciation, amortization and loss on impairment of assets)	127.56	(2.90)	2,580.08	(1,640.26)		1,064.64

Head Office expenses and others comprise general and administrative expenses associated with central operations and share of net loss from the operations of associates in the Refining and Petrochemical Sector Group.

36. Joint Ventures

Joint Ventures of PTTEP

Project	Operator	Company's interest (%)
Unocal 3	Unocal Thailand Ltd.	5
E 5	Exxon Mobil Exploration and Production Korat Inc.	20
E 5 North	Amerada Hess (Thailand) Co., Ltd.	20
S 1	Thai Shell Exploration and Production Co., Ltd.	25
Bongkot	PTT Exploration and Production Public Company Limited	44.4445
Pailin (B12/27)	Unocal Thailand Ltd.	45
Arthit	PTT Exploration and Production Public Company Limited	80

(translation)

Joint Ventures of PTTEP International Limited

<u>Project</u>	<u>Operator</u>	<u>Company's interest (%)</u>
Yetagun	Premier Petroleum Myanmar Limited	14.1667
W 7/38	Kerr-McGee (Thailand) Limited	15
Yadana	TOTALFINAELF Exploration and Production Myanmar	25.50
B 13/38	PTTEP International Limited	44.4445
JDA (B-17 and C-19)	Carigali - PTTEPI Operating Company Sendirian Berhad	50

Joint Ventures of PTTEP Kim Long Vietnam

<u>Project</u>	<u>Operator</u>	<u>Company's interest (%)</u>
B and 48/95	Unocal Vietnam Exploration, Ltd.	10

Joint Ventures of PTTEP Southwest Vietnam

<u>Project</u>	<u>Operator</u>	<u>Company's interest (%)</u>
52/97	Unocal Southwest Vietnam Exploration & Production, Ltd.	10

The change of joint ventures proportion in 2001

PTTEP has signed the joint ventures contract in E5 North project of Petroleum Concession no. 2/2522/17 with Amerada Hess (Thailand) Co., Ltd., PTTEP holds 20% in this project.

PTTEP International Limited has agreed to transfer the right of the concession in all 46 Block to Lundin Vietnam Limited, Petronas Carigali Overseas Sendirian Berhad and Petro Vietnam Exploration and Production Limited and also return Block 50 and 51 to Petro Vietnam Exploration and Production limited.

PTTEP International Limited has returned Block M 8 to the government of the Union of Myanmar.

37. Disclosure of Financial Instruments

37.1 *Foreign currency risk*

The Company made forward foreign exchange contract to pay for purchase of natural gas from Yadana and Yetagun amounting to USD 74.70 million or equivalent to Baht 3,308.69 million and repaid in January 2002. The forward foreign exchange contract for loan repayment of Euro Commercial Paper (ECP) amounting to USD 16.00 million or equivalent to approximately Baht 705.32 million and repaid in February 2002.

PTTEP made currency swap agreements and forward foreign exchange contract according to note 24.

37.2 *Interest rate risk*

On September 28, 1994 the Company had entered into the loan agreement with The Meiji Mutual Life Insurance Company / The Industrial Bank of Japan Limited totaling Yen 6,913.80 million bears interest at fixed rate of 4.70% per annum. On August 15, 1994 the Company also had made currency and interest rate swap to hedge risk exposure from Yen fluctuation by entering into ISDA:

(translation)

Interest Rate and Currency Exchange Agreement in USD equivalent to USD 69 million bears interest at the fixed rate of 7.50% per annum. The effective date of this loan was the withdrawal date on October 12, 1994.

PTTEP made interest rate swap agreements to hedge this interest rate risk, as discussed in note 24.

37.3 *Oil price risk*

The Company enters into oil price trading contracts ranging in duration from one to six months. As at December 31, 2001, the oil volume of oil price trading contracts amounting to 1.20 million barrels. The fair value is amounting to Baht 19.06 million as described in note 37.4.

37.4 *Fair value of financial instruments*

Most financial assets and financial liabilities of the Company and PTTEP are reclassified in short-term.

The Fair value of financial assets and financial liabilities approximate the carrying amount.

The fair value of long-term loan is calculated using discounted cash flows based on the discount rate with similar borrowing condition to loan outstanding at end of period. Forward foreign exchange contracts, currency and interest swap including forward downstream oil contracts present the fair value as quoted market rate as follows :

	Unit: Million Baht	
	Carrying amount	Fair value
Long-term loan	107,029.26	113,867.70
Forward foreign exchange contract	(6.92)	3.83
Currency and interest exchange contract	(743.09)	(732.34)
Forward downstream oil contract	-	19.06

PTTEP calculated fair value of bond with fixed rate of interest by using the discounted cash flow based on the discount rate with similar borrowing condition. The cross currency interest and principal swaps have been based on quoted market rate as follows :

	Unit: Million Baht	
	Carrying amount	Fair value
Unsecured and Unsubordinated Yen 23 billion	7,873.03	8,478.83
Unsecured and Unsubordinated USD 200 million	9,040.60	9,885.61
Cross currency interest and principal swaps : income (loss)	(870.13)	(892.14)

38. Declared Dividend

The company has estimated dividends to declare to shareholder's equity in 2001 in accordance with the Board of Directors' approval as at October 25, 2001 and has already informed in the Company's prospectus of issued and fully paid-up capital amounting to 2,797,245,725 shares with a par value of Baht 2.00, totaling dividend declared of Baht 5,594.49 million which has already accounted for accrued dividend declared in full.

(translation)

39. Commitments and Contingent Liabilities

39.1 At the end of the year 2000, the contractor of Ratchaburi - Wang Noi Natural Gas Pipeline construction project has claimed for additional construction cost amounting to approximately U.S. Dollars 26.36 million, equivalent to approximately Baht 1,169.32 million (U.S. Dollar 1 equals to Baht 44.3597). The Company and the project consultant have agreed that the additional construction cost should be approximately Baht 832.21 million. The Company has already recorded such amount as accrued expenses. However, the exact amount of additional construction cost is still in the reconsideration process among the Company, the project consultant and the contractor.

39.2 A foreign contractor has a dispute with the Company and has filed a complaint with the arbitrator of the International Chamber of Commerce (ICC) with regard to a construction contract for onshore parallel pipeline laying from Rayong - Bangpakong - Wang Noi. Damage and legal costs amounting to approximately U.S. Dollars 61 million have been claimed. Currently, the Company has filed with the arbitrator to reserve the right relating to the damage costs and has disputed that the damage cost should not exceed U.S. Dollars 22.01 million or equivalent to Baht 976.36 million (U.S. Dollar 1 equals to Baht 44.3597) together with interest should not exceed U.S. Dollars 3,556.75 per day, which equals to Baht 157,776 per day (U.S. Dollar 1 equals to Baht 44.3597) and not more than Baht 24,253 per day. The Company has already recorded provision for such amount damage, cost and interest, totaling Baht 998.35 million which is presented under other liabilities caption as set out in Note 25. However, the final award regarding the amount of damage is still in the arbitrator's consideration process. Nevertheless, the Company as the plaintiff has filed against the same foreign contractor as a defendant in the civil court for the delay of work submission which caused the Company damages amounting to Baht 4,274 million. The case is in the process of taking evidence.

39.3 Commitments to associates are as follows :

The Company has commitments to provide an adequate financial support to an associate including working capital based on Shareholders' Support Agreement amounting to USD 148.05 million as at December 31, 2001. The Company supports the whole amount to the associate by lending subordinated loan in Baht amounting to Baht 5,754.06 million and the Company recognized interest in loss in excess of investments amounting to Baht 4,736.74 million as described in note 8.2 and 21. Moreover, the Company has commitments to provide a commercial line by extending the terms of payment of its purchase of raw materials and/or extending credit for its finished products including contingency support amounting to USD 90 million. As at December 31, 2001, the commercial credit line has been used amounting to USD 14.62 million. The Company still has commitments to the associate at the balance of USD 75.38 million or equivalent to Baht 3,343.83 million. (USD 1 equals to Baht 44.3597)

(translation)

The Company has commitments to provide financial support to two associates under Shareholders' Support Agreement amounting to USD 24.23 million or equivalent to approximately Baht 1,075.04 million (USD 1 equals to Baht 44.3597). The Company recognized interest in loss in excess of investments amounting to Baht 1,075.04 million as described in note 21. For the commitment to an associate amounting to USD 44.92 million or equivalent to approximately Baht 1,992.64 million. (USD 1 equals to 44.3597)

The Company was approved to increase in the share capital of an associate together with other shareholders in accordance with the cabinet resolution on October 12, 2000 which the Company's interest is approximately USD 32.42 million or equivalent to approximately Baht 1,438.14 million (USD 1 equals to Baht 44.3597). The Company recognized interest in loss in excess of investments amounting to Baht 1,095.10 million as described in note 21.

The Company has commitments to an associate to provide a commercial credit line by extending the terms of payment of its purchase of raw materials and /or extending credit for its finished products amounting to USD 50 million and also provide contingency support amounting to USD 50 million. As at December 31, 2001, the commercial credit line has been used amounting to USD 38.40 million. The Company still has commitments to this associate at the balance of USD 61.60 million or equivalent to Baht 2,732.56 million. (USD 1 equals to Baht 44.3597) On September 27, 2001, the Board of Directors concluded to increase the share capital by USD 70 million or equivalent to approximately Baht 3,220 million. The above increased Capital Settlement Plan approved the Board of Directors as at January 24, 2002.

39.4 PTTEP is the guarantor of 200,000 guaranteed unsubordinated bonds of U.S. Dollars 1,000 each, totaling U.S. Dollars 200 million issued by PTTEP International Limited. The bonds bear interest at the rate of 7.625% per annum and have a period to maturity of 10 years, to be redeemed on October 1, 2006.

39.5 As at December 31, 2001, PTTEP has contingent liabilities which are letters of guarantee amounting to Baht 40.86 million.

40. Subsequent Events

On January 29, 2002 PTTEP incorporated 2 subsidiaries, PTTEP Hoan Vu Co., Ltd. (PTTEP HV) and PTTEP Hoang Long Co., Ltd. (PTTEP HL) under Cayman Islands law. Each company is registered with 50,000 shares at 1 USD per share each, totaling USD 50,000. They are wholly owned by PTTEPO.

On February 13, 2002 PTTEP HV and PTTEP HL signed a Farmout Agreement with SOCO Vietnam Ltd. (an affiliate of SOCO International Plc., an upstream oil and gas company listed in London Stock Exchange) to participate in exploration projects Block 9-2 and 16-1, located offshore southeast of Vung Tau City, Vietnam with 25% and 15% interest respectively. The agreement will become fully effective upon receiving approvals from Petrovietnam and the Vietnamese government.

(translation)

41. Additional Information (Unaudited)

The Company has presented consolidated financial statements and Company financial statements for the 3 months period ended December 31, 2001 without comparative financial information because it was the first accounting period for the Company after privatization from the "Petroleum Authority of Thailand" and registered to "PTT Public Company Limited". On October 1, 2001, the Company has presented the Consolidated Financial Statements and the Company Financial Statements for the years ended December 31, 2001 and 2000 for additional information for the users of these financial statements as followings :

Balance Sheet

For the years then ended December 31, 2001 and 2000

Unit : Million Baht

	Consolidated		The Company	
	2001	2000	2001	2000
<u>Assets</u>				
Current Assets				
Cash on hand and at banks	10,863.33	6,318.65	8,021.39	5,824.26
Short-term investments	43,116.42	17,153.62	30,520.97	1,054.45
Accounts and notes receivable- trade-net	27,773.37	32,876.79	27,237.96	32,605.93
Amounts due from, advances and short-term loans to related parties	16,353.44	17,863.53	16,609.22	17,865.89
Inventories	6,077.16	8,269.59	6,055.51	8,248.65
Materials and supplies-net	1,881.81	1,434.30	941.42	867.33
Other current assets	18,879.70	12,829.47	18,109.56	12,271.22
Total Current Assets	124,945.23	96,745.95	107,496.03	78,737.73
Deferred Income Taxes	2,146.89	642.10	1,515.03	-
Advance and Loans to Related Partise	1,017.32	1,082.71	1,017.32	1,082.71
Long-Term Investments	19,553.46	8,437.73	27,805.79	20,933.41
Property, Plant and Equipment-Net	109,797.89	109,077.49	64,852.40	67,969.63
Intangible Assets	3,815.48	2,950.72	3,321.65	2,671.03
Advance Payment for Gas Purchased	29,257.89	10,499.27	36,073.96	13,357.10
Other Assets	681.84	417.88	101.81	110.78
Total Assets	291,216.00	229,853.85	242,183.99	184,862.39
<u>Liabilities and Shareholder's Equity</u>				
Current Liabilities				
Bank overdraft and loans from Banks	18.49	366.38	18.49	366.38
Accounts Payable-trade	26,498.56	19,285.21	24,622.89	18,444.84
Amounts due to related parties	4,556.56	6,664.89	8,727.35	9,333.80
Short-term loans	6,210.36	-	6,210.36	-
Current portion of long-term loans	9,034.80	10,027.63	6,816.82	6,917.36

(translation)

Balance Sheet (Continue)

For the years then ended December 31, 2001 and 2000

Unit : Million Baht

	Consolidated		The Company	
	2001	2000	2001	2000
Current portion of long-term liabilities from finance lease	92.75	35.91	92.75	35.91
Current portion of bond	4,000.00	-	-	-
Income tax payable	4,962.49	3,622.74	1,032.37	-
Accrued appropriation to the Ministry of Finance	5,111.68	4,884.00	5,111.68	4,884.00
Accrued Dividend	5,594.49	-	5,594.49	-
Accrued expenses	7,569.30	7,298.60	4,113.66	5,056.20
Other current liabilities	8,870.10	4,184.33	8,357.77	3,970.36
Total Current Liabilities	82,519.58	56,369.69	70,698.63	49,008.85
Deferred Income Taxes	7,509.29	5,964.69	-	-
Long-Term Loans	107,029.27	108,019.99	107,029.27	106,143.40
Liabilities from Finance Leases	300.89	126.00	300.89	126.00
Bonds	17,440.40	21,077.43	-	-
Share of Net Loss over Investments	2,170.14	5,346.47	2,173.87	5,346.47
Deposits on LPG Cylinders	2,906.87	2,728.24	2,906.87	2,728.23
Other Liabilities	1,207.76	134.13	1,089.44	125.20
Pension Fund	5.75	8.88	5.75	8.88
Total Liabilities	221,089.95	199,775.52	184,204.72	163,487.03
Shareholders' Equity				
Share capital				
Registered capital				
2,850,000,000 ordinary shares of Baht 10 each	28,500.00	-	28,500.00	-
Issued and fully paid-up capital				
2,797,245,725 ordinary shares of Baht 10 each	27,972.46	-	27,972.46	-
Share premium	17,992.83	-	17,992.83	-
Capital contribution from the Government	-	3,291.29	-	3,291.29
Retained earnings				
Appropriated				
General reserve and reserve for expansion	-	29,405.33	-	29,405.33
Legal reserve	2,850.00	-	2,850.00	-
Reserve for self-Insurance Fund	662.60	600.64	662.60	600.64
Unappropriated	8,777.41	(11,671.08)	8,777.41	(11,671.08)
Unrealized loss from investment in available-for-sale securities	(91.20)	(139.20)	(91.20)	(139.20)

(translation)

Balance Sheet (Continue)

For the years then ended December 31, 2001 and 2000

Unit : Million Baht

	Consolidated		The Company	
	2001	2000	2001	2000
Loss form foreign currency translation	(184.83)	(111.62)	(184.83)	(111.62)
Equity before minority interests in subsidiaries	57,979.27	21,375.36	57,979.27	21,375.36
Minority interests in subsidiaries	12,146.78	8,702.97	-	-
Total Shareholder's Equity	70,126.05	30,078.33	57,979.27	21,375.36
Total Liabilities and Shareholders' Equity	291,216.00	229,853.85	242,183.99	184,862.39

Income Statement

For the years then ended December 31, 2001 and 2000

Unit : Million Baht

	Consolidated		The Company	
	2001	2000	2001	2000
Revenues				
Sales	377,901.83	371,454.80	377,610.70	371,813.41
Other income	5,499.86	4,072.15	4,821.20	3,347.09
Gain on exchange rate	3,013.62	(2,434.10)	3,161.14	(1,462.95)
Share of net income of subsidiaries	-	-	6,638.16	3,145.87
Total Revenues	386,415.31	373,092.85	392,231.20	376,843.42
Expenses				
Cost of sales	322,387.96	324,112.06	344,666.02	341,028.58
Selling and administrative expenses	11,394.74	10,830.91	10,083.68	9,315.44
Exploration expenses	232.96	201.79	-	-
Depreciation and Amortization	5,305.51	5,247.94	1,944.16	2,051.67
Impairment loss	1,311.84	134.88	1,311.84	134.88
Director's remuneration	10.65	7.42	5.46	3.47
Share of net loss of associates and joint ventures	687.31	2,184.72	911.47	2,113.42
Provision for share of net loss of associates and joint ventures	1,711.94	2,327.78	1,715.66	2,327.78
Total Expenses	343,042.91	345,047.50	360,638.29	356,975.24
Income Before Interests and Income Taxes	43,372.40	28,045.35	31,592.91	19,868.18
Interest expenses	10,626.00	9,512.76	8,824.13	7,588.66
Income taxes	6,929.01	4,222.77	1,204.14	-
Income Before Minority Interests	25,817.39	14,309.82	21,564.64	12,279.52
Income of minority interests In Subsidiaries	(4,252.75)	(2,030.30)	-	-
NET INCOME	21,564.64	12,279.52	21,564.64	12,279.52
Earnings per share (Baht)	7.71	-	7.71	-

* Assumption : Basic earnings per share is calculated by dividing the annual net income by the weighted average number of paid-up ordinary shares in issue and held by others during the period as at December 31, 2001 (2,797,245,725 shares)

(translation)

Statement of Cash Flows

For the years then ended December 31, 2001 and 2000

Unit : Million Baht

	Consolidated		The Company	
	2001	2000	2001	2000
Cash Flows from Operating Activities				
Net income	21,564.64	12,279.52	21,564.64	12,279.52
Adjustment to reconcile net income to net cash provided by (used in) operating activities :				
Depreciation, depletion and amortization	8,793.41	8,092.40	5,432.05	4,896.13
Impairment loss	1,311.83	134.88	1,311.83	134.88
Loss on disposal of assets	9.09	555.21	12.70	8.84
Adjustment to write off Assets	23.97	12.07	23.81	9.11
Provision for obsolescence of materials and supplies	9.37	8.68	9.37	8.68
Share of net income of subsidiaries	-	-	(6,638.16)	(3,145.87)
Share of net loss of associates and joint ventures	687.31	2,184.71	911.47	2,113.42
Provision for share of net loss of associates and joint ventures	1,711.94	2,327.78	1,715.67	2,327.78
Income of minority interest in subsidiaries	4,252.75	2,030.30	-	-
Losses on disposal of investment	-	1,940.01	-	1,940.01
Loss (Gain) on foreign exchange	(1,863.00)	4,592.87	(2,248.34)	3,022.96
Bad debt expenses	596.17	437.16	556.26	420.47
Recovery from bad debts	-	(265.06)	-	(265.06)
Amortization of exploration cost	125.47	119.76	-	-
Amortization of bond and Share issue expenses	16.68	73.15	-	-
Amortization of bond discounts	1.11	1.11	-	-
Deferred income taxes	1,473.24	507.54	(71.40)	-
Amortization of deferred interests from finance lease	25.07	5.41	25.07	5.41
Dividend income	(30.43)	(33.21)	(30.43)	(33.21)
Adjustment to write off leasehold rights	2.76	(2.40)	2.76	(2.40)
Director's remuneration	-	0.13	-	0.13
Net income from operating activities before changes in operating assets and liabilities	38,711.38	35,002.02	22,577.30	23,720.80

(translation)

Statement of Cash Flows (Continue)

For the years then ended December 31, 2001 and 2000

Unit : Million Baht

	Consolidated		The Company	
	2001	2000	2001	2000
Changes in operating assets And liabilities :				
(Increase) decrease in accounts and notes receivable-trade	5,586.82	(8,544.08)	5,878.78	(8,462.75)
Increase in amounts due from, advances and short-term loans to related parties	(584.85)	(2,447.78)	(838.26)	(2,449.83)
(Increase) decrease in inventories	2,192.43	(309.77)	2,193.14	(317.26)
Increase in materials and supplies	(411.57)	(31.85)	(39.25)	(2.49)
Increase in other current assets	(132.07)	(1,190.69)	(19.09)	(1,169.32)
Increase in prepaid expenses	(145.17)	(7.93)	(146.27)	(6.05)
Increase in advance payment for gas purchased	(18,530.87)	(8,975.07)	(22,716.86)	(11,416.24)
Increase in accrued income	(3,088.48)	(3,963.21)	(3,087.50)	(3,994.48)
(Increase) decrease in other accounts receivable	(3,980.18)	679.22	(3,894.76)	735.61
Increase in advances to related parties	-	(132.33)	-	(132.33)
(Increase) decrease in other assets	(281.61)	(123.01)	8.16	(6.79)
Increase in income tax payable	1,339.75	1,690.43	1,032.37	-
Increase (decrease) in accrued Appropriation to the Ministry of Finance	(14.33)	126.00	(14.33)	126.00
Increase in accounts payable-trade	7,271.55	7,118.94	6,241.31	6,811.44
Increase (decrease) in amounts due to related parties	(1,739.86)	1,914.60	(668.05)	3,344.19
Increase (decrease) in accrued expenses	263.32	1,568.73	(923.65)	896.75
Increase in other current liabilities	743.80	1,672.26	986.08	1,914.37
Increase in deposits of LPG cylinders	178.64	271.91	178.64	271.91
Increase (decrease) in Pension fund	(3.13)	0.53	(3.13)	0.53
Increase (decrease) in other Accounts payable	4,826.44	(1,915.67)	4,827.31	(1,925.35)
Increase in other liabilities	843.13	7.72	966.50	36.29
Prior year appropriation to the Ministry of Finance	(7,029.00)	(3,897.60)	(7,029.00)	(3,897.60)
	(12,695.24)	(16,488.65)	(17,067.86)	(19,643.40)
Net cash provided by (used in) Operating activities	26,016.14	18,513.37	5,509.44	4,077.40

(translation)

Statement of Cash Flows (Continue)

For the years then ended December 31, 2001 and 2000

Unit : Million Baht

	Consolidated		The Company	
	2001	2000	2001	2000
Cash Flows from Investing Activities				
Proceeds from disposal of Property, plant and Equipment	4.91	1.47	4.90	1.47
Payment of property, plant and equipment	(9,596.52)	(9,797.12)	(2,572.98)	(6,642.17)
Payment of intangible assets	(332.67)	(346.65)	(110.62)	(170.97)
Payment of long-term investments	(17,380.20)	(15,951.08)	(7,707.78)	(14,591.06)
Cash refund from investments in other companies	28.19	4.29	28.19	4.29
Increase in short-term investments	(29,650.55)	13.37	(29,650.55)	13.37
Cash received from short-term investments	201.12	-	201.12	-
Dividend received	618.43	180.21	1,810.92	478.34
Net cash used in investing activities	(56,107.29)	(25,895.51)	(37,996.80)	(20,906.73)
Cash Flows from Financing Activities				
Cash received from issuing bond	19,000.00	27,300.00	19,000.00	27,300.00
Cash received from short-term loans	9,181.63	7,192.19	9,181.63	7,192.19
Cash received from issuing ordinary shares	7,972.46	-	7,972.46	-
Cash received from share Premium	17,992.83	-	17,992.83	-
Cash received from note payable	1,700.00	-	1,700.00	-
Repayment of long-term loans	(15,808.62)	(7,593.59)	(12,993.73)	(5,715.64)
Repayment of bond	(3,315.00)	(5,842.00)	(3,315.00)	(5,842.00)
Repayment of short-term loans	(2,741.59)	(9,212.07)	(2,741.59)	(9,212.07)
Repayment of note payable	(1,700.00)	-	(1,700.00)	-
Payment of liabilities from finance leases	(69.93)	(15.37)	(69.93)	(15.37)
Increase (Decrease) in bank overdrafts	(347.89)	325.65	(347.89)	325.65
Dividend paid	(763.08)	(189.84)	-	-
Bond issue expense	-	(0.25)	-	-
Net cash provided by financing activities	31,100.81	11,964.72	34,678.78	14,032.76
Effects from exchange rate in cash and cash equivalents	(167.47)	260.76	14.48	2.88
Increase in loss from foreign currency translation	(73.21)	(79.76)	-	-
Net increase (decrease) in cash and cash equivalents	768.98	4,763.58	2,205.90	(2,793.69)
Cash and cash equivalents at beginning of the period	22,698.57	17,654.24	5,824.26	8,617.95
Cash and Cash Equivalents The End of The Period	23,467.55	22,417.82	8,030.16	5,824.26
Supplemental Cash Flows Information				
Cash Paid During The Period				
Interest expensed	10,269.27	9,794.11	8,549.74	7,974.76
Income taxes	3,871.64	2,038.49	-	-