

Analysis on Operational and Financial Results in 2001

In Comparison With 2000

Operational Result

In 2001, PTT's net profit amounted to Baht 21.565 billion, up Baht 9.285 billion or 76% from 2000's net profit of Baht 12.280 billion.

Revenues

Our sales revenue increased by Baht 6.447 billion or 1.7% from Baht 371.455 billion in 2000 to Baht 377.902 billion in 2001. The increase was attributable primarily to a higher sales of natural gas, particularly to small power producers (SPPs) and independent power producers (IPPs). Other forms of income rose by Baht 1.428 billion or 35% from Baht 4.072 billion in 2000 to Baht 5.500 billion in 2001. The main components of this amount were compensation from loan interest of gas prepayment, interest incomes from loans given to Thai Olefins Co., Ltd. (TOC) and National Fertilizer Public Co., Ltd., (NFC) transportation and service incomes for aircraft refuelling, and unrealized gain from foreign currency translation, a result from a strengthening of Thai Baht against the Japanese yen.

Expenses

Cost of Sales

In 2001 our cost of sales totalled Baht 322.388 billion, down Baht 1.724 billion or 0.5% from Baht 324.112 billion in 2000.

Selling and Administrative Expenses

Selling and administrative expenses rose by Baht 568 million from Baht 10.838 billion in 2000 to Baht 11.406 billion in 2001.

Exploration and Production Expenses

Exploration and production expenses rose by Baht 31 million or 15.4% from Baht 202 million in 2000 to Baht 233 million in 2001.

Depreciation and Amortization Expenses

Depreciation and amortization expenses rose by Baht 58 million or 1% from Baht 5.248 billion in 2000 to Baht 5.306 billion in 2001, due to a rise in depreciation expenses relating to the Ratchaburi-Wang Noi Pipeline and parallel gas pipeline projects.

Impairment Losses

Our impairment losses increased by Baht 1.177 billion or 872% from Baht 135 million in 2000 to Baht 1.312 billion in 2001. This was due to the allowances for impairment of investments, advance payments, and accrued interest from companies in the Group, as well as the allowances for loss on impairment of H₂S Removal Plant in Nam Phong District.

Interest Expenses

PTT's interest expenses increased by Baht 1.113 billion or 12% from Baht 9.513 billion in 2000 to Baht 10.626 billion in 2001. The reason for this was the issuance of Baht 19 billion bonds during 2001 and the record of loan interest of the natural gas pipeline from the Yadana field as well as the Ratchaburi-Wang Noi project. This was recorded as expenses upon the completion of construction.



Income Taxes

Following the registration of PTT as a public company on October 1, 2001, PTT is subject to income tax. The incomes tax for PTT accounted during the period from October 1 - December 31, 2001 amounted to Baht 1.204 billion. When the income tax for PTT's subsidiaries included, the total tax for 2001 amounted to Baht 6.929 billion, a rise of Baht 2.706 billion or 64% from Baht 4.223 billion in 2000.



Share of net gain or loss of companies in the group

In 2001, share of net loss of subsidiaries and associates amounted Baht 2.483 billion. This included share of net income of Baht 150 million from the operation of PTT Natural Gas Distribution Co., Ltd. (NGD), an associated company in the Gas Business Group, which was recognized as income during this fiscal year. Share of net loss from associated companies in the Petrochemical and Refining Business Groups, amounted Baht 650 million and Baht 1.983 billion, respectively. PTT's share of net losses for 2001 declined by Baht 1.958 billion or 44% due to the recognition of net profit of NGD beginning in this fiscal year, and also due to a decrease of net losses of Star Petroleum Co., Ltd. (SPRC) and Aromatics (Thailand) Public Co., Ltd. (ATC). There was also a cessation of recognition of net loss from the operations of National Fertilizer Public Co., Ltd. (NFC) concurrent with the total absence of investment in the company as of the previous fiscal period, and the recognition of net loss of Rayong Refinery Co., Ltd. (RRC) during this period was only Baht 140 million.

With regards to subsidiaries, a recognition of share of net loss in the companies in the group included Baht 82 million from Thai Oil Power Co., Ltd. (TOCL) and Baht 2 million from FST Aviation Services Limited, respectively.

Income of minority interest in subsidiaries

PTT's income of minority interest in subsidiaries increased by Baht 2.222 billion or 109% from Baht 2.030 billion in 2000 to Baht 4.252 billion in 2001, due to an increase in the net income reported by PTT Exploration and Production Public Co., Ltd. (PTTEP).

Financial Result

As of December 31, 2001 the total assets of PTT amounted to Baht 291.216 billion, or Baht 61.362 billion higher than in 2000 as a result of an increase of PTT's own investments both in that of its subsidiaries, and higher pre-paid payments under take or pay obligation for natural gas from the Yadana and Yetagun fields. These latter were recorded as costs for prepayment of natural gas from Myanmar, and increased by Baht 18.759 billion from 2000.

As of December 31, 2001, most of PTT's current assets were in the form of cash on hand and at bank, and short-term investments, namely treasury bills and promissory notes. Fixed assets were mainly in the form of property, plant, and equipment, investments in associated companies, and advance payments for the purchase of gas.

PTT's total liabilities as of December 31, 2001 amounted to Baht 221.090 billion, Baht 21.314 billion higher than in 2000. Most of this increase was due to an increase in trade accounts payable, a result of larger sale of natural gas and an increase in deferred income tax calculated from temporary differences between the carrying amounts of an asset or liability in the balance sheet and its tax base, a result of different depreciations calculations.