

REPORT OF THE AUDITOR

TO : THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED

Office of the Auditor General of Thailand has audited the accompanying consolidated and the Company balance sheets of PTT Public Company Limited and its subsidiaries as at December 31, 2002 and 2001, the related consolidated and the Company statements of income, changes in shareholders' equity and cash flows for the year ended December 31, 2002 and for the three-month period ended December 31, 2001. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits of Office of the Auditor General of Thailand and other auditors' reports. Other auditors have audited the financial statements of Trans Thai-Malaysia (Thailand) Co., Ltd., Trans Thai-Malaysia (Malaysia) Co., Ltd., the joint venture projects of business group of PTT Exploration and Production Public Company Limited, PTT Philippines, Inc. and PTT International Trading Pte., Ltd. which are joint ventures and subsidiaries that are included in the consolidated financial statements. Office of the Auditor General of Thailand received the 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, 2002 and 2001, assets of the above joint ventures and subsidiaries included in the consolidated financial statements constitute 18.44% and 19.46%, respectively.

Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that Office of the Auditor General of Thailand 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. Office of the Auditor General of Thailand believes that the audits and the other auditors' reports as stated in the above paragraph provide a reasonable basis for the opinion.

In the opinion of Office of the Auditor General of Thailand, 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, 2002 and 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 year ended December 31, 2002 and 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, Office of the Auditor General of Thailand draws attention to Notes 2.1 and 33.3 with regard to basis for financial statement preparation and trading operation of Phet Crude, respectively.

(Signed) Jaruvan Maintaka
(Jaruvan Maintaka)
Auditor General

(Signed) Suchitra Sommanus
(Suchitra Sommanus)
Auditor-in-Charge

Office of the Auditor General
February 24, 2003

BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2002 AND 2001

Unit : Baht					
	Notes	Consolidated		The Company	
		2002	2001	2002	2001
Assets					
Current Assets					
Cash and cash equivalents	3	33,657,521,788	52,598,551,468	17,176,878,782	37,161,155,196
Current investments	4	1,147,151,017	1,381,203,415	1,147,151,017	1,381,203,415
Trade accounts and notes receivable - others, net	5	37,587,962,211	27,994,913,693	35,761,726,264	27,237,962,170
Trade accounts receivable - related parties, net	6.1	12,834,067,681	15,909,710,871	13,357,191,658	16,019,856,512
Other accounts receivable, advances and short-terms loan - related parties, net	6.2	160,482,339	447,192,313	654,413,382	592,825,267
Inventories	7	6,660,601,106	6,077,161,772	6,018,006,348	6,055,509,767
Materials and supplies - net	8	2,284,387,692	1,881,810,424	1,031,498,879	941,424,057
Other current assets	9	14,470,599,812	14,671,690,506	13,384,201,397	14,099,837,245
Total Current Assets		108,802,773,646	120,962,234,462	88,531,067,727	103,489,773,629
Non-Current Assets					
Investments accounted for under equity method	10	20,559,588,726	19,023,129,123	38,807,265,645	27,271,117,075
Other long-term investments	11	832,627,575	530,327,575	831,127,565	530,327,565
Long-term loans - related parties	6.3	2,151,109,378	1,017,322,637	2,151,109,378	1,017,322,637
Property, plant and equipment - net	12	124,737,130,656	109,776,745,972	64,645,355,387	64,852,399,226
Intangible assets	13	5,703,544,024	3,829,485,936	3,275,546,572	3,321,650,332
Deferred tax assets	14	2,230,650,677	2,146,894,303	1,608,576,412	1,515,030,296
Advance payment for gas purchased	15	28,112,055,533	29,257,890,044	34,568,505,737	36,073,955,461
Other non-current assets	16	3,462,787,419	682,413,191	47,281,569	100,977,062
Total Non-Current Assets		187,789,493,988	166,264,208,781	145,934,768,265	134,682,779,654
Total Assets		296,592,267,634	287,226,443,243	234,465,835,992	238,172,553,283

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

BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2002 AND 2001

Unit : Baht

	Notes	Consolidated		The Company	
		2002	2001	2002	2001
Liabilities and Shareholders' Equity					
Current Liabilities					
Bank overdrafts and short-term loans from banks		23,872,932	18,488,533	19,410,882.00	18,488,533
Trade accounts payable - others		24,777,658,956	26,666,440,196	23,495,132,491	24,622,895,108
Trade accounts payable - related parties	6.4	8,246,166,378	4,537,437,174	10,933,284,301	8,588,916,834
Other accounts payable - related parties	6.5	701,565,513	21,954,059	1,699,222,246	141,268,652
Current portion of long-term loans	18	11,652,706,947	9,034,804,254	8,337,511,947	6,816,819,254
Current portion of bonds	19	-	4,000,000,000	-	-
Current portion of liabilities from					
finance leases	20	162,483,911	92,751,711	150,218,691	92,751,711
Short-term loans		-	6,210,358,000	-	6,210,358,000
Income tax payable		6,297,171,570	4,962,493,891	2,594,109,555	1,032,370,229
Accrued appropriation to					
the Ministry of Finance		-	5,111,675,137	-	5,111,675,137
Accrued dividend		-	5,594,491,450	-	5,594,491,450
Accrued expenses		8,030,713,333	7,569,304,623	4,525,046,307	4,113,661,758
Other current liabilities	17	4,416,629,405	4,716,953,827	3,351,953,315	4,347,845,272
Total Current Liabilities		64,308,968,945	78,537,152,855	55,105,889,735	66,691,541,938
Non-Current Liabilities					
Long-term loans	18	102,895,819,613	107,029,265,468	92,203,159,466	107,029,265,468
Bonds	19	17,026,283,159	17,440,396,495	-	-
Liabilities from finance leases	20	197,686,690	300,891,204	152,692,151	300,891,204
Allowance for share of net loss					
over investments	10	1,238,461,291	2,170,142,465	1,257,331,422	2,173,870,350
Deferred tax liabilities	14	8,808,934,670	7,509,293,790	-	-
Deposits on LPG cylinders		3,149,107,442	2,906,875,292	3,149,107,442	2,906,875,292
Other non-current liabilities	21	1,670,630,713	1,213,506,945	1,427,937,536	1,095,181,811
Total Non-Current Liabilities		134,986,923,578	138,570,371,659	98,190,228,017	113,506,084,125
Total Liabilities		199,295,892,523	217,107,524,514	153,296,117,752	180,197,626,063

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

BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2002 AND 2001

	Notes	Unit : Baht			
		Consolidated		The Company	
		2002	2001	2002	2001
Liabilities and Shareholders' Equity (Continued)					
Shareholders' Equity					
Share capital	22				
Authorized share capital					
2,850,000,000 ordinary					
shares of Baht 10 each		28,500,000,000	28,500,000,000	28,500,000,000	28,500,000,000
Issued and fully paid-up share capital					
2,797,245,725 ordinary					
shares of Baht 10 each		27,972,457,250	27,972,457,250	27,972,457,250	27,972,457,250
Premium on share capital		17,992,830,666	17,992,830,666	17,992,830,666	17,992,830,666
Unrealized gain (loss)					
on available-for-sale securities		209,600,000	(91,200,000)	209,600,000	(91,200,000)
Currency translation differences		(403,354,164)	(189,173,305)	(403,354,164)	(189,173,305)
Retained earnings					
Appropriated					
Legal reserve	23.1	2,850,000,000	2,850,000,000	2,850,000,000	2,850,000,000
Reserve for Self-Insurance Fund	23.2	723,873,357	662,597,447	723,873,357	662,597,447
Unappropriated		31,824,311,131	8,777,415,162	31,824,311,131	8,777,415,162
Total parent's shareholders' equity		81,169,718,240	57,974,927,220	81,169,718,240	57,974,927,220
Minority interests		16,126,656,871	12,143,991,509	-	-
Total Shareholders' Equity		97,296,375,111	70,118,918,729	81,169,718,240	57,974,927,220
Total Liabilities and Shareholders' Equity		296,592,267,634	287,226,443,243	234,465,835,992	238,172,553,283

(Signed) Viset Choopiban
(Viset Choopiban)
President

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

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

STATEMENTS OF INCOME

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2001

Unit : Baht

	Notes	For the year		For the three-month period	
		Ended December 31, 2002		Ended December 31, 2001	
		Consolidated	The Company	Consolidated	The Company
Revenues					
Sales		399,752,220,696	387,094,824,267	88,117,826,868	87,571,389,045
Other income	25	6,348,407,668	6,044,060,992	777,906,585	603,398,383
Gain on foreign exchange, net		468,224,604	-	1,377,851,093	1,472,306,541
Share of net income from investments					
under equity method		2,765,777,061	9,425,479,119	-	966,325,952
Total Revenues		409,334,630,029	402,564,364,378	90,273,584,546	90,613,419,921
Expenses					
Cost of sales		345,053,147,308	353,727,980,130	76,681,623,082	80,449,190,964
Selling and administrative expenses		14,114,248,237	11,027,173,074	3,884,409,974	3,352,105,044
Exploration expenses		150,031,223	-	35,030,200	-
Impairment loss		60,521,922	60,521,922	139,721,567	139,721,567
Directors' remuneration		28,942,466	14,160,000	4,642,677	2,185,312
Loss on foreign exchange, net		-	195,279,712.00	-	-
Share of net loss from investments					
under equity method		-	-	223,944,157.00	-
Share of net loss over investments		603,015,839	618,550,680	483,203,259	486,931,144
Total Expenses		360,009,906,995	365,643,665,518	81,452,574,916	84,430,134,031
Income before Interest and Income Taxes		49,324,723,034	36,920,698,860	8,821,009,630	6,183,285,890
Interest expenses		9,623,449,641	7,371,262,841	2,457,349,241	2,025,707,752
Income taxes	14	10,484,782,549	5,042,641,278	2,515,445,519	1,204,140,552
Income before Minority Interests		29,216,490,844	24,506,794,741	3,848,214,870	2,953,437,586
Income of minority interests		4,709,696,103	-	894,777,284	-
Net Income		24,506,794,741	24,506,794,741	2,953,437,586	2,953,437,586
Earnings per share					
	24				
Basic earnings per share		8.76	8.76	1.30	1.30
Diluted earnings per share		8.76	8.76	1.30	1.30

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

STATEMENTS OF CHANGES IN

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31,2001

CONSOLIDATED

	Issued and fully paid-up share capital	Premium on share capital	Unrealized gain (loss) on available-for-sale securities
Balance at October1,2001	20,000,000,000	-	(115,200,000)
Cumulative effect of the change in accounting policy of subsidiary	-	-	-
Deferred income taxes adjustment	-	-	-
Balance after adjustment	20,000,000,000	-	(115,200,000)
Currency translation differences	-	-	-
Unrealized gain on available-for-sale securities	-	-	24,000,000
Minority interests	-	-	-
Unrealized transactions in statement of income	-	-	24,000,000
Share capital	7,972,457,250	-	-
Premium on share capital	-	17,992,830,666	-
Legal reserve	-	-	-
Reserve for Self-Insurance Fund	-	-	-
Declared dividend	-	-	-
Net income	-	-	-
Balance at December 31,2001	27,972,457,250	17,992,830,666	(91,200,000)
Currency translation differences	-	-	-
Unrealized gain on available-for-sale securities	-	-	300,800,000
Minority interests	-	-	-
Unrealized transactions in statement of income	-	-	300,800,000
Reserve for Self-Insurance Fund	-	-	-
Dividend paid	-	-	-
Net income	-	-	-
Balance at December 31,2002	27,972,457,250	17,992,830,666	209,600,000

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

SHAREHOLDERS' EQUITY

Unit : Baht

Currency translation differences	Legal reserve	Reserve for Self-Insurance Fund	Unappropriated retained earnings	Minority interests	Total
(46,903,838)	2,000,000,000	627,698,563	11,164,728,171	11,534,028,235	45,164,351,131
(75,783,873)	-	-	(304,987,827)	(243,799,107)	(624,570,807)
-	-	-	1,443,627,566	-	1,443,627,566
(122,687,711)	2,000,000,000	627,698,563	12,303,367,910	11,290,229,128	45,983,407,890
(66,485,594)	-	-	-	-	(66,485,594)
-	-	-	-	-	24,000,000
-	-	-	-	853,762,381	853,762,381
(66,485,594)	-	-	-	853,762,381	811,276,787
-	-	-	-	-	7,972,457,250
-	-	-	-	-	17,992,830,666
-	850,000,000	-	(850,000,000)	-	-
-	-	34,898,884	(34,898,884)	-	-
-	-	-	(5,594,491,450)	-	(5,594,491,450)
-	-	-	2,953,437,586	-	2,953,437,586
(189,173,305)	2,850,000,000	662,597,447	8,777,415,162	12,143,991,509	70,118,918,729
(214,180,859)	-	-	-	-	(214,180,859)
-	-	-	-	-	300,800,000
-	-	-	-	3,982,665,362	3,982,665,362
(214,180,859)	-	-	-	3,982,665,362	4,069,284,503
-	-	61,275,910	(61,275,910)	-	-
-	-	-	(1,398,622,862)	-	(1,398,622,862)
-	-	-	24,506,794,741	-	24,506,794,741
(403,354,164)	2,850,000,000	723,873,357	31,824,311,131	16,126,656,871	97,296,375,111

STATEMENTS OF CHANGES IN

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31,2001

THE COMPANY

	Issued and fully paid-up share capital	Premium on share capital	Unrealized gain (loss) on available-for-sale securities
Balance at October1,2001	20,000,000,000	-	(115,200,000)
Cumulative effect of the change in accounting policy of subsidiary	-	-	-
Deferred income taxes adjustment	-	-	-
Balance after adjustment	20,000,000,000	-	(115,200,000)
Currency translation differences	-	-	-
Unrealized gain on available-for-sale securities	-	-	24,000,000
Minority interests	-	-	-
Unrealized transactions in statement of income	-	-	24,000,000
Share capital	7,972,457,250	-	-
Premium on share capital	-	17,992,830,666	-
Legal reserve	-	-	-
Reserve for Self-Insurance Fund	-	-	-
Declared dividend	-	-	-
Net income	-	-	-
Balance at December 31,2001	27,972,457,250	17,992,830,666	(91,200,000)
Currency translation differences	-	-	-
Unrealized gain on available-for-sale securities	-	-	300,800,000
Minority interests	-	-	-
Unrealized transactions in statement of income	-	-	300,800,000
Reserve for Self-Insurance Fund	-	-	-
Dividend paid	-	-	-
Net income	-	-	-
Balance at December 31,2002	27,972,457,250	17,992,830,666	209,600,000

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

SHAREHOLDERS' EQUITY

Unit : Baht

Currency translation differences	Legal reserve	Reserve for Self-Insurance Fund	Unappropriated retained earnings	Minority interests	Total
(46,903,838)	2,000,000,000	627,698,563	11,164,728,171	-	33,630,322,896
(75,783,873)	-	-	(304,987,827)	-	(380,771,700)
-	-	-	1,443,627,566	-	1,443,627,566
(122,687,711)	2,000,000,000	627,698,563	12,303,367,910	-	34,693,178,762
(66,485,594)	-	-	-	-	(66,485,594)
-	-	-	-	-	24,000,000
-	-	-	-	-	-
(66,485,594)	-	-	-	-	(42,485,594)
-	-	-	-	-	7,972,457,250
-	-	-	-	-	17,992,830,666
-	850,000,000	-	(850,000,000)	-	-
-	-	34,898,884	(34,898,884)	-	-
-	-	-	(5,594,491,450)	-	(5,594,491,450)
-	-	-	2,953,437,586	-	2,953,437,586
(189,173,305)	2,850,000,000	662,597,447	8,777,415,162	-	57,974,927,220
(214,180,859)	-	-	-	-	(214,180,859)
-	-	-	-	-	300,800,000
-	-	-	-	-	-
(214,180,859)	-	-	-	-	86,619,141
-	-	61,275,910	(61,275,910)	-	-
-	-	-	(1,398,622,862)	-	(1,398,622,862)
-	-	-	24,506,794,741	-	24,506,794,741
(403,354,164)	2,850,000,000	723,873,357	31,824,311,131	-	81,169,718,240

STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31,2001

	Unit : Baht			
	For the year		For the three-month period	
	Ended December 31,2002		Ended December 31,2001	
	Consolidated	The Company	Consolidated	The Company
Cash Flows from Operating Activities				
Net income	24,506,794,741	24,506,794,741	2,953,437,586	2,953,437,586
Adjustment net income to net cash provided by (used in) operating activities :				
Depreciation, depletion and amortization	11,454,718,619	5,777,093,399	2,014,435,633	1,241,937,044
Impairment loss	60,521,922	60,521,922	139,721,567	139,721,567
Loss on disposal of assets	63,738,735	44,721,857	6,811,258	4,512,128
Gain on disposal of investments	(147,976,075)	(147,976,075)	-	-
Write-off assets adjustment	(14,340,940)	(34,907,491)	2,583,828	2,583,828
Share of net (income) loss from investments under equity method	(2,765,777,061)	(9,425,479,119)	223,944,157	(966,325,952)
Share of net loss over investments	603,015,839	618,550,680	483,203,259	486,931,144
Income of minority interests	4,709,696,103	-	894,777,284	-
(Gain) loss on foreign exchange	(480,832,345)	224,682,654	(1,662,279,812)	(1,525,500,219)
Doubtful accounts	570,878,357	557,884,309	66,568,987	54,675,715
Amortization of exploration cost	33,780,561	-	2,115,493	-
Amortization of bond issue expenses	10,144,398	-	4,100,511	-
Amortization of bond discounts	1,108,849	-	277,212	-
Deferred income taxes	1,231,754,303	(93,546,115)	389,222,639	(71,402,731)
Amortization of deferred interest from finance leases	35,724,602	30,092,833	7,522,166	7,522,166
Amortization of deferred income from initial rights fee for using pipe rack	(10,351,446)	-	-	-
Dividend income	(37,696,000)	(37,696,000)	-	-
Income from donated assets	(8,396,700)	(8,396,700)	-	-
Net income from operating activities before changes in operating assets and liabilities	39,816,506,462	22,072,340,895	5,526,441,768	2,328,092,276

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

STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2001

	For the year		For the three-month period	
	Ended December 31, 2002		Ended December 31, 2001	
	Consolidated	The Company	Consolidated	The Company
Unit : Baht				
Changes in operating assets (increase) decrease				
Trade accounts receivable - related parties	3,183,745,970	2,698,293,036	3,387,613,130	2,766,992,537
Trade accounts and notes receivable - others	(9,123,556,102)	(8,911,936,321)	7,450,515,810	7,807,796,206
Other accounts receivable, advances and short-term loans - related parties	1,170,083,489	(144,290,570)	1,067,693,195	922,678,008
Inventories	163,574,431	83,504,827	1,564,398,033	1,550,338,575
Materials and supplies	5,227,311	(62,346,465)	(13,995,649)	(8,227,817)
Other current assets	(397,569,731)	(89,168,950)	71,127,514	218,809,208
Prepaid expenses	(467,555,224)	(449,494,045)	(26,461,280)	(28,091,794)
Advance payment for gas purchased	1,145,834,511	1,505,449,724	(4,519,948,154)	(5,130,581,541)
Accrued income	341,488,488	337,228,265	145,309,183	121,520,013
Other accounts receivable	894,691,732	991,203,440	(351,640,113)	(317,494,768)
Other non-current assets	(685,467,498)	53,703,905	(59,930,360)	11,819,074
Changes in operating liabilities increase (decrease)				
Income tax payable	1,092,384,388	1,318,566,270	1,706,077,682	1,032,370,229
Trade accounts payable - related parties	1,854,006,627	2,362,043,134	(1,204,748,358)	(422,681,592)
Trade accounts payable - others	(2,104,814,702)	(1,105,669,559)	2,046,591,622	584,765,875
Other accounts payable - related parties	(248,106,740)	592,650,212	(26,900,788)	658,166
Accrued expenses	132,228,193	81,313,221	493,417,508	(59,958,325)
Other current liabilities	(744,171,555)	(695,407,730)	474,394,086	491,712,705
Deposits on LPG cylinders	242,232,150	242,232,150	30,969,940	30,969,940
Pension fund	(2,023,330)	(2,023,330)	(64,760)	(64,760)
Other accounts payable	(3,732,996)	(446,486,682)	(121,951,214)	(3,863,169)
Other non-current liabilities	(1,118,497,977)	362,273,768	(397,330,401)	(51,081,294)
Prior year appropriation to the Ministry of Finance	(5,111,675,136)	(5,111,675,136)	-	-
	(9,781,673,701)	(6,390,036,836)	11,715,136,626	9,518,385,476
Net cash provided by operating activities	30,034,832,761	15,682,304,059	17,241,578,394	11,846,477,752

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

STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31,2001

Unit : Baht

	For the year		For the three-month period	
	Ended December 31,2002		Ended December 31,2001	
	Consolidated	The Company	Consolidated	The Company
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	9,355,887	9,286,454	1,975,704	1,984,560
Payment of property, plant and equipment	(13,662,932,283)	(4,951,356,851)	(2,907,647,258)	(556,001,321)
Payment of intangible assets	(331,394,467)	(199,859,217)	(144,777,286)	(8,820,449)
Long-term loans to related parties	(1,609,793,320)	(1,609,793,320)	-	-
Payment of investments in subsidiaries	(1,543,428,038)	(3,797,655,626)	-	(2,500,000)
Payment of investments in joint ventures	-	(39,576,000)	-	(495,381,938)
Payment of investments in associates	(1,459,470,330)	(1,450,765,716)	(12,176,036,812)	(2,286,481,662)
Cash refund from investments in other companies	18,129,412	18,129,412	-	-
Payment of current investments	(3,781,081,870)	(3,781,081,870)	(500,000,000)	(500,000,000)
Proceeds from current investments	4,165,778,607	4,165,778,607	43,000,000	43,000,000
Dividends received	1,125,327,319	2,907,760,000	-	-
Net cash used in investing activities	(17,069,509,083)	(8,729,134,127)	(15,683,485,652)	(3,804,200,810)
Cash Flows from Financing Activities				
Cash received from issuing ordinary shares	-	-	7,972,457,250	7,972,457,250
Cash received from premium on share capital	-	-	17,992,830,666	17,992,830,666
Proceeds from long-term loans	12,092,660,147	-	-	-
Cash received from notes payable	1,900,000,000	1,900,000,000	1,700,000,000	1,700,000,000
Repayment of long-term loans	(23,058,161,058)	(7,655,419,204)	(2,262,803,576)	(2,262,803,576)
Repayment of bonds	(6,000,000,000)	(6,000,000,000)	-	-
Repayment of short-term loans	(6,163,123,800)	(6,163,123,800)	(2,741,594,400)	(2,741,594,400)
Repayment of notes payable	(1,900,000,000)	(1,900,000,000)	(1,700,000,000)	(1,700,000,000)
Payment of liabilities from finance leases	(135,932,910)	(114,147,236)	(21,903,165)	(21,903,165)
Increase in bank overdrafts	1,144,780	922,348	18,488,533	18,488,533
Dividend paid	(8,519,488,405)	(6,993,114,312)	(39,879)	-
Net cash provided by (used in) financing activities	(31,782,901,246)	(26,924,882,204)	20,957,435,429	20,957,475,308

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

STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2001

Unit : Baht

	Notes	For the year		For the three-month period	
		Ended December 31, 2002		Ended December 31, 2001	
		Consolidated	The Company	Consolidated	The Company
Effects of exchange rate on cash					
and cash equivalents		(115,809,837)	(12,564,142)	55,237,881	13,524,914
Currency translation differences		(214,046,183)	-	(66,485,594)	-
Net increase (decrease) in cash					
and cash equivalents		(19,147,433,588)	(19,984,276,414)	22,504,280,458	29,013,277,164
Cash and cash equivalents					
at beginning of period		52,804,955,376	37,161,155,196	30,094,271,010	8,147,878,032
Cash and cash equivalents at end of period 3		33,657,521,788	17,176,878,782	52,598,551,468	37,161,155,196

Supplemental disclosures of cash flows Information

Cash paid during the period for

Interest expenses	9,912,122,119	7,407,766,931	2,343,318,286	2,004,852,161
Income taxes	7,257,418,197	2,819,793,896	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

FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2001

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 ("the Group") that operate in petroleum exploration and production activities, natural gas operations, refining, oil marketing and international trading and petrochemical businesses.

As at December 31, 2002, the Group has operated in 9 countries and employed over 4,342 people (2001:3,869 people) and staff cost of the Group for the year ended December 31, 2002 is Baht 4,588.06 million. (For the three-month period ended December 31, 2001: Baht 1,126.57 million)

The registered office of the Company is 555 Vibhavadi-Rangsit Road, Ladyao, Chatuchak, Bangkok, Thailand.

2 Accounting Policies

The significant accounting policies adopted in the preparation of these consolidated and company financial statements are set out below.

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000) being those Thai Accounting Standards which issued by the Institute of Certified Accountants and Auditors of Thailand and approved under law by the Board of Supervision of Auditing Practice appointed by the Minister of Commerce under the Auditor Act B.E. 2505 (1962), and the financial reporting requirements of the Securities and Exchange Commission.

The Company presents financial statements in compliance with notification of Department of Commercial Registration, dated September 14, "Define the abbreviation component required in the financial statement" under the third paragraph of section 11 of Accounting Act. B.E. 2543 (2000).

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying consolidated and company financial statements are therefore not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than Thailand. Consequently, these consolidated and company financial statements are addressed to those who are informed about Thai generally accepted accounting principles and practices.

The consolidated and company financial statements have been prepared under the historical cost convention except some certain amounts of fair value as disclosed in the accounting policies.

For the convenience of the user, an English translation of the consolidated and company financial statements has been prepared from the statutory financial statements that are issued in Thai language for domestic purposes.

The consolidated financial statements for the year ended December 31, 2002, have been presented by reflecting the change in group structure of subsidiaries. The company acquired additional ordinary share of TOC from the increase in its share capital, resulting in the Company's interest in TOC increasing from 49% to 63.03% and TOC's status changing from associate to subsidiary. The Company also started investment in PTTCL. The financial statements of PTTCL are unaudited and have been included in the consolidated financial statements which the amount of assets, liabilities and net profit represented as 0.05%, 0.08% and 0.03% of the consolidated total, respectively. These amounts are not material to the consolidated financial statement.

The principal subsidiary and joint venture in consolidated financial statement undertakings are:

Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
Subsidiaries :				
PTT Exploration and Production Public Co., Ltd. and subsidiaries (PTTEP)	Thailand	Petroleum Exploration and Production	62.84	60.97
PTT Philippines, Inc. (PTTPI)	Philippines	Oil Marketing	100.00	100.00
PTT International Trading Pte., Ltd. (PTTT)	Singapore	Oil International Trading	100.00	100.00
Thai Olefins Co., Ltd. (TOC)	Thailand	Petrochemical	63.03	49.00
PTT (Cambodia) Co., Ltd. (PTTCL)	Cambodia	Oil Marketing	100.00	-
Joint venture :				
Trans Thai - Malaysia (Thailand) Co., Ltd. (TTM (T))	Thai	Natural Gas	50.00	50.00
Trans Thai - Malaysia (Malaysia) Co., Ltd. (TTM (M))	Malaysia	Natural Gas	50.00	50.00

2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

2.3 Investments in subsidiaries

Investments in subsidiaries, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All inter-company transactions, balances and unrealised gains (losses) on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Company. Separate disclosure is made for minority interests in the consolidated balance sheet and the consolidated statement of income. A list of the principal subsidiaries of the Group is set out in Note 36.

In the Company's separate financial statements, the Company accounts for its interest in subsidiaries on an equity basis.

2.4 Investments in associates

Investments in associates are accounted for using the equity method of accounting. These are companies in which the Group generally has an interest between 20% and 50% of the voting rights, or over which the Group has significant influence but does not control. Unrealized gains and losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Investment in associates includes goodwill on acquisition. Equity accounting is discontinued when the Group's share of the associates' losses are over investments, unless the Group has incurred obligations or guaranteed obligations in respect of the associates. Where necessary, accounting policies for associates have been changed to ensure consistency with the accounting policies adopted by the Company. A list of associates of the Group is set out in Note 36.

2.5 Interests in joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. Under this method the Group includes its share of the joint ventures' individual income and expenses, assets and liabilities in the relevant components of the financial statements. Where necessary, accounting policies for the joint ventures have been changed to ensure consistency with the accounting policies adopted by the Company. A list of the principal subsidiaries of the Group is set out in Note 36.

The Group's interests in jointly controlled assets are accounted for by proportionate in consolidation and the company financial statements. Under this method, the Group includes its share of the joint venture's individual expenses, assets and liabilities in the relevant components of the financial statements based on its agreement (Joint Operating Agreement). A list of joint ventures of the Group is set out in Note 36.

2.6 Other long-term investments

Investments other than investments in subsidiaries, associates and joint ventures are classified as available-for-sale securities and general investments.

Investments in marketable equity securities which are classified as available-for-sale securities are carried at fair value in the balance sheet. Increase/decrease in the carrying amounts are credited/charged against unrealized gains/losses on investment in available-for-sale securities in shareholders' equity. Fair value is calculated by reference to the Stock Exchange of Thailand quoted buying prices at the balance sheet date.

Investments in non-marketable equity securities which are classified as general investments are carried at cost in balance sheet and adjusted by investment impairment to recognize the unrealized losses on investments if the value of investment is substantial decrease. A test for impairment is carried out when there is a factor indicating that an investment might be impaired if the carrying value of the investment is higher than its recoverable amount.

On disposal of investments, the difference between the net disposal proceeds and the carrying amounts is charged or credited immediately to the statement of income.

When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by reference to the weighted average carrying amount of the total holding of the investment.

2.7 Foreign currency translations

Transactions denominated in foreign currencies are translated into Baht at the exchange rates prevailing on the transaction date. Monetary assets and liabilities at the balance date denominated in foreign currencies are translated into Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated and company statements of income in that period.

Monetary assets and liabilities of integrated foreign operation are translated into Baht by the closing rate at the balance sheet date. Non-monetary assets and liabilities are translated by the historical rate. Revenue and expenses are translated by the

average rate of the period. Differences arising on currency translations are recognized as in income or expenses for the period.

Assets and liabilities of self-sustaining foreign entities are translated into Baht by the closing rate at the balance sheet date. Revenue and expenses are translated by the average rate of the period. Differences arising on translations are taken directly to shareholders' equity.

On disposal of foreign entities, accumulated currency translation differences are recognised as gains or losses on disposal in the statement of income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as local currency assets and liabilities of the foreign entities and are translated at the closing rate.

2.8 Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, current investments, trade accounts and notes receivable - others, trade accounts receivable - related parties, other accounts receivable, advances and short-term loans - related parties, and long-term loans - related parties. Financial liabilities carried on the balance sheet include bank overdrafts and short-term loans from banks, trade accounts payable - others, trade accounts payable - related parties, other accounts payable - related parties, short-term loans, liabilities from finance leases, long-term loans, and bonds. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is also party to financial instruments that reduce exposure arising from fluctuations in foreign currency exchange, interest rates and oil market prices. These instruments, which mainly comprise foreign currency forward contracts, cross-currency and interest rate swap, futures oil contracts.

Forward foreign exchange contracts

Forward foreign exchange contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. The forward foreign exchange contracts are recognized in the financial statements on inception. The premium or discount incurred in establishing each agreement is amortised over the contract period.

Cross-currency and interest rate swap contracts

Cross-currency and interest rate swap contracts protect the Group from fluctuations in exchange rates and interest rates. The cross-currency and interest rate swap contracts are not recognized in the financial on inception. Cross-currency contracts protect foreign monetary assets and liabilities transactions as at the balance sheet date are translated by the rate at the inception date. Gains (losses) on early termination of contracts or on repayment of the borrowing before due are taken to the statement of income.

Futures oil contracts

The Company enters into futures oil contracts protect from fluctuations in oil prices which related with oil business under the oil sale/purchase agreement by determining the future price and recognized gain (loss) in statement of income at the end of contracts.

2.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at banks, and other short-term highly liquid investments which original maturity periods within three months.

2.10 Trade accounts receivable

Trade accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful accounts receivable based on a review of all outstanding amounts at the balance sheet date. Bad debts are written-off during the period in which they are identified.

General allowance for doubtful accounts receivable that overdue more than 6 months, excluding receivables from government agencies and stated enterprises, is provided at the following rates:

Aging of overdue balances	Percentage of allowance for doubtful accounts receivable
Over 6 months - 1 year	50
Over 1 year - 2 years	75
Over 2 years	100

For the some of receivables, receivables - related parties, and government agencies and stated enterprises, the Group specified the provisions in accordance with doubtful recovery by approximate outstanding amounts at the balance sheet date, the payment history, and the current financial status of receivables. Bad debts will be written-off for specified items during the year.

2.11 Advance under Take-or-Pay-Agreement

PTT has made gas purchase agreement with natural gas producers, under which the Company is required to take delivery of natural gas at minimum quantity, Annual Minimum Quantity, and also required to pay for the certain minimum quantities of natural gas which PTT cannot actually take during each contract year (Take-or-Pay). Thus, at the end of each contract year, PTT and the natural gas producers have to agree and accept in certain volume of gas that should be taken into calculation for Take-or-Pay prepayment, subject to certain basis and condition in the agreements. Under these agreements, PTT can take certain volumes of prepaid gas (Make-up) in subsequent years, which PTT is required to complete delivery of natural gas at certain minimum quantities of that given contract year. The Company recognizes its obligations under the agreement as advances for prepaid gas.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. The subsidiaries and most associates apply the weighted average cost method to determine the inventory costs which effect of difference accounting policy for inventory are not substantial. The cost of imported petroleum products comprises various import expenses and levies, 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 business, less the costs of completion and related selling expenses.

2.13 Material and supplies

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

2.14 Intangible assets

Intangible assets include goodwill, expenditures on land and/or leasehold rights, license agreements and rights, and exploration and other software. Intangible assets are capitalized and amortized using the straight-line method during 5-30 years.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries or associates at the date of acquisition. Goodwill on acquisitions is reported in the consolidated balance sheet as an intangible asset and is amortised using the straight-line method over a maximum period of 20 years.

The carrying amount of intangible assets included goodwill are reviewed. Where an indication of impairment exists, the carrying amount of intangible assets is assessed and written-down immediately to its recoverable amount.

2.15 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and provision for impairment.

General properties

Depreciation is calculated on the straight-line method to write off the cost of each asset, to their residual values over their estimated useful life as follows:

	% per annum
Buildings	3.33-10.00
Machinery and equipment	3.33-10.00
Other assets	10.00-20.00

Where the carrying amount of an asset is the higher of the anticipated discounted cash flows from the continuing use of the asset or the amount obtainable from the sale of the asset less any costs of disposal, it is written-down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in operating profit.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted-average interest rate applicable to the outstanding borrowings during the year. Where funds are borrowed specifically for the acquisition, the construction, or the production of property, plant or equipment, the amount of borrowing costs for capitalisation are determined from the actual borrowing costs during the period less any investment income on the temporary investment of those borrowings.

Subsequent expenditure on property plant and equipment is only recognized as an asset when the expenditure improve the future economic benefit of the asset beyond its original standard of performance, for example, extend its useful life, an increase in its capacity, and reduction in previously assessed operating costs. Other expenditure is usually recognized as an expense in that period. When it incurred on repairs or maintenance of property, plant and equipment to the original standard of performance of the asset, for example, the overhaul repair and maintenance of property, plant and equipment.

Oil and gas properties

PTTEP account for their oil and gas exploration and production activities in accordance with the successful-efforts method of accounting which has accounting policy as follows:

Capitalization policies

PTTEP follows The Successful Efforts Method to record assets that use in oil and gas exploration and production activities accordance with US Financial Accounting Standard 19 as follows:

- Acquisition costs of concession rights are capitalized.
- 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. If exploratory wells do not establish proved reserves, are determined to be economically unsuccessful, or are not included in the plan to develop in the near future, the related costs are charged as expenses.

- Development costs, irrespective of whether relating to development wells or unsuccessful development wells, are capitalized.

Depreciation policies

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

Depreciation for transportation pipeline of Yadana and Yetagun project is calculated on the straight-line method with an estimated useful life of 30 years.

2.16 Leases of property, plant and equipment - The Group is the lessee

Leases of property, plant and equipment, where the Group 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 in order to calculate at a constant rate on the remaining balance of the liabilities. The finance leases less finance charges are recognized as long-term liabilities. Finance cost is charged as expenses in the statement of income over the lease period. Depreciation is charged on the straight-line method over the useful life of the relevant category of asset.

The expense for terminate the operating lease agreement before maturity, for example, 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.

2.17 Employee benefit

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 which due at the end of accounting period. Interests earned from the assets of Pension Fund are recognized as income, while contributions are recognized as expenses in the statement of income.

The Group operates provident funds, being defined contribution plans. PTT was established a provident fund under the name of "The Registered Provident Fund of the Petroleum Authority of Thailand and Affiliates," that renamed as "The Registered Provident Fund of PTT Public Company Limited and Affiliates" and all employees joining the Company on or after October 1, 1993 are required to be members of the provident fund. Employees joining prior to October 1, 1993 may elect to be members of the provident fund. PTT contributes monthly to the Provident Fund at the rate of 10% of their basis salaries and recognised as expenses in the statement of income.

PTTEP, a subsidiary in Thailand, was 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 their basis salaries.

2.18 Income taxes

The Group are taxed pursuant to the Revenue Code of Thailand and Petroleum Income Tax Act of 1971 (B.E. 2514) and Amendment 1989 (B.E. 2532) and the Corporate Income Tax of Myanmar, the Philippines, Malaysia, Singapore and Cambodia.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements in compliance with International Accounting Standard 12 "Income Taxes". The principal temporary differences arise from provision for doubtful account, depreciation on plant and equipment, including the previous loss carried forward taxes and the difference of fair value and the tax base.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.19 Revenue recognition

Sales are recognized upon delivery of products.

Other revenues earned by the Group are recognized on the following bases:

Interest income - on an effective yield basis.

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

Revenues other than the above mentioned are recognized on an accrual basis.

2.20 Related parties

Enterprises or individuals are related parties of the Company mean that who control, or are controlled direct or indirect or are under common control by the Company, including holding companies, subsidiaries and fellow subsidiaries. Moreover, these include associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.21 Comparatives

Where necessary, some comparative figures in financial statement of year 2001 have been adjusted to conform with changes in financial presentation in the current year in which not significant material to previous income statement.

3 Cash and cash equivalents

Cash and cash equivalents as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Cash on hand and at banks	2,164.68	10,467.95	676.88	7,548.93
Fixed deposits (maturity not later than 3 months)	5,300.42	483.98	1,000.00	481.23
Treasury bills (maturity not later than 3 months)	13,692.42	29,646.62	3,000.00	17,131.00
Promissory notes (maturity not later than 3 months)	11,500.00	12,000.00	11,500.00	12,000.00
Other short-term investments (maturity not later than 3 months)	1,000.00	-	1,000.00	-
Total	33,657.52	52,598.55	17,176.88	37,161.16

Cash and cash equivalents as at December 31, 2002 bear interest rates 0.25-4.50% p.a. (2001: 0.25-5.00% p.a.).

4 Current investments

Current investments as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Fixed Deposits	1,029.40	844.70	1,029.40	844.70
Promissory notes	96.38	500.00	96.38	500.00
General investments	21.37	36.50	21.37	36.50
Total	1,147.15	1,381.20	1,147.15	1,381.20

Cash at bank and promissory notes of the Group are the fixed deposits and promissory notes issued by financial institutes in Thailand. Current investments as at December 31, 2002 bear interest rates 1.00-2.40% p.a. (2001: 2.00-3.00% p.a.).

As at December 31, 2002, general investments comprise investments in share capital of PetroAsia (Maoming) Co., Ltd. and PetroAsia (Huidong-Haibin) Co., Ltd. amounting to Baht 14.83 million and Baht 6.54 million, respectively, which are in the process of disposal and payment receipt. Proceeds from sales of investment in Huidong-Haibin is received on January 2, 2003. During the year, the Company has received proceeds from sales of investment in PetroAsia (Huidong-Jilong) Co., Ltd. and from disposal of investment in Thai LNG Co., Ltd., due to the operation dissolution.

5 Trade accounts and notes receivable - others, net

Trade accounts and notes receivable - others as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Trade accounts receivable	38,121.63	28,381.74	36,248.21	27,585.63
Notes receivable	1,452.20	1,238.97	1,452.20	1,238.97
Total	39,573.83	29,620.71	37,700.41	28,824.60
<u>Less</u> Allowance for doubtful accounts	1,985.87	1,625.80	1,938.68	1,586.64
Trade accounts and notes Receivable - others, net	37,587.96	27,994.91	35,761.73	27,237.96

Outstanding balances of trade accounts and notes receivable - others as at December 31, 2002 and 2001 can be analyzed as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Current	34,362.24	26,732.34	32,606.61	26,011.96
Overdue				
- Up to 3 months	1,720.98	1,076.83	1,680.46	1,055.91
- Over 3 - 6 months	638.72	60.63	613.99	49.33
- Over 6 - 12 months	959.34	108.01	953.79	92.17
- Over 12 months	1,892.55	1,642.90	1,845.56	1,615.23
Total	39,573.83	29,620.71	37,700.41	28,824.60
<u>Less</u> Allowance for doubtful accounts	1,985.87	1,625.80	1,938.68	1,586.64
Trade accounts and notes receivable - others, net	37,587.96	27,994.91	35,761.73	27,237.96

Allowance for doubtful accounts in statements of income for the year ended December 31, 2002 and the three-month period ended December 31, 2001 recognized in the consolidated financial statements amounting to Baht 362.42 million and Baht 15.43 million and in the Company financial statements amounting to Baht 352.11 million and Baht 15.43 million, respectively.

Trade accounts and notes receivable as at December 31, 2002 included receivables from government agencies and state enterprise in the consolidated financial statements amounting to Baht 13,166.46 million (2001: Baht 11,440.10 million), and in the Company financial statements amounting to Baht 13,117.21 million (2001: Baht 11,393.04 million).

6 Related party transactions

The following transactions were carried out with related parties:

6.1 Trade accounts receivable - related parties as at December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Subsidiaries	-	-	1,369.65	110.10
<u>Less</u> Allowance for doubtful accounts	-	-	1.87	-
	-	-	1,367.78	110.10
Associates	13,096.92	16,108.15	12,252.03	16,108.15
<u>Less</u> Allowance for doubtful accounts	263.27	283.11	263.27	283.10
	12,833.65	15,825.04	11,988.76	15,825.05
Other related parties	0.42	84.67	0.42	84.67
Joint ventures	-	-	0.27	0.04
<u>Less</u> Allowance for doubtful accounts	-	-	0.04	-
	-	-	0.23	0.04
Trade accounts receivable - related parties, net	12,834.07	15,909.71	13,357.19	16,019.86

Outstanding trade accounts receivable - related parties as at December 31, 2002 and 2001 can be analysed as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Current	10,888.09	14,031.15	11,287.49	14,139.29
Overdue				
- Up to 3 months	467.83	114.26	525.23	114.26
- Over 3 - 6 months	28.27	69.05	67.51	69.09
- Over 6 - 12 months	61.39	141.51	80.63	141.60
- Over 12 months	1,651.76	1,836.85	1,661.51	1,838.72
Total	13,097.34	16,192.82	13,622.37	16,302.96
<u>Less</u> Allowance for doubtful accounts	263.27	283.11	265.18	283.10
Trade accounts receivable - related parties, net	12,834.07	15,909.71	13,357.19	16,019.86

(translation)

6.2 Other accounts receivable, advances and short-term loans-related parties as at December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Other accounts receivable				
Subsidiaries	-	-	274.63	6.98
Associates	339.32	805.58	339.32	805.58
Less Allowance for doubtful accounts	178.90	459.55	178.90	459.55
	160.42	346.03	160.42	346.03
Other related parties	0.06	-	-	-
Joint ventures	-	-	216.13	138.66
	160.48	346.03	651.18	491.67
Advances				
Subsidiaries	-	-	3.23	-
Associates	-	3.66	-	3.66
	-	3.66	3.23	3.66
Short-term loans				
Associates	-	97.50	-	97.50
Total	160.48	447.19	654.41	592.83

Short-term loans to associate bears interest rate at MOR of Krung Thai Bank Public Company Limited.

6.3 Long-term loans to related parties as at December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Associates	2,151.11	1,017.32	2,151.11	1,017.32
Total	2,151.11	1,017.32	2,151.11	1,017.32

Long-term loan interest rate of two associated companies are the rate that the Company and other ownership approved at 1-2% p.a. according with the Shareholders' Support Agreement.

Long-term loans to related parties as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht	
	Consolidated	The Company
As at December 31, 2001	5,754.06	5,754.06
- Reclassification	53.63	53.63
- Payment to loans	1,556.17	1,556.17
- Loss over investment (Note 10)	(5,212.75)	(5,212.75)
As at December 31, 2002	2,151.11	2,151.11

According to Note 33.4, the Company has commitments to provide financial support to an associate, by means of subordinated loans, equity or other support. As at December 31, 2002 and 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 5,212.75 million (2001: Baht 4,736.74 million) according to Note 10, therefore, outstanding balance of long-term loans to related parties is stated above at the balance net of share of net loss over investments. The Company has change accrued interest of this associate amounting to Baht 53.63 million to long-term loans at January 2002.

As at April 25, 2002, the Board of Director approved the Company to conform with Sponsors' Contingent Support Agreement in term of provide subordinated loan amounting to USD 36.02 million equivalent to Baht 1,556.17 million to another associate.

6.4 Trade accounts payable - related parties as at December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Subsidiaries	-	-	2,868.14	4,051.47
Associates	8,240.72	4,531.24	8,059.69	4,531.25
Other related parties	5.45	6.20	5.45	6.20
Total	8,246.17	4,537.44	10,933.28	8,588.92

6.5 Other accounts payable - related parties as at December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Subsidiaries	-	-	997.65	119.32
Associates	696.45	18.08	696.45	18.08
Other related parties	5.12	3.87	5.12	3.87
Total	701.57	21.95	1,699.22	141.27

6.6 Revenues and expenses - related parties for the year ended December 31, 2002 and for the three-month period ended December 31, 2001

	Unit : Million Baht			
	For the year ended December 31, 2002		For the three-month period ended December 31, 2001	
	Consolidated	The Company	Consolidated	The Company
Revenues				
Sales of goods to:				
Subsidiaries	-	6,920.10	-	1,824.33
Associates	116,097.70	105,701.15	32,903.17	29,487.69
Other related parties	3.60	3.60	0.73	0.73
Joint ventures	-	0.30	-	0.07
Interest income from:				
Subsidiaries	-	44.39	-	4.18
Associates	206.26	206.26	51.82	51.82

(translation)

Unit : Million Baht

	For the year ended		For the three-month period	
	December 31, 2002		ended December 31, 2001	
	Consolidated	The Company	Consolidated	The Company
Other income from:				
Subsidiaries	-	394.76	-	25.14
Associates	280.73	280.73	46.07	46.07
Other related parties	2.19	2.19	0.68	0.68
Joint ventures	-	48.87	-	10.68
Expenses				
Purchase of goods from:				
Subsidiaries	-	8,851.60	-	2,104.50
Associates	90,869.62	88,176.23	31,431.35	30,731.86
Other related parties	57.01	57.01	14.32	14.32
Other expenses to:				
Subsidiaries	-	43.31	-	10.46
Associates	45.94	45.94	27.70	27.70
Other related parties	192.60	192.60	53.81	53.81

Related party transactions as stated above exclude trade accounts receivable and sales to government agencies and state enterprises are recognized as Trade accounts and notes receivables - others in accordance with Note 5.

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

7 Inventories

Inventories as at December 31, 2002 and 2001 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2002	2001	2002	2001
Downstream oil products	6,027.76	5,761.59	5,545.49	5,739.94
Gas products	417.94	269.44	407.06	269.44
Petrochemical products	149.44	-	-	-
Others	65.46	46.13	65.46	46.13
Total	6,660.60	6,077.16	6,018.01	6,055.51

The company's inventories as stated above include legal reserve as at December 31, 2002 amounting to Baht 5,766.36 million (2001: Baht 4,463.45 million).

8 Materials and supplies, net

Materials and supplies as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Spare parts, equipments and others	2,329.63	1,931.64	1,048.04	959.47
<u>Less</u> Provision for obsolescence	45.24	49.83	16.54	18.05
Total	2,284.39	1,881.81	1,031.50	941.42

9 Other current assets

Other current assets as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Other receivables	3,671.11	4,092.63	2,959.67	3,768.85
<u>Less</u> : Allowance for doubtful accounts	400.62	344.83	400.62	344.83
Other receivables, net	3,270.49	3,747.80	2,559.05	3,424.02
Accounts receivable - forward foreign exchange contracts	43.81	-	43.81	-
Prepaid expenses	668.18	195.03	607.02	186.21
Refund from LPG	7,094.46	8,819.33	7,094.36	8,819.33
Interest income and other	2,530.01	1,209.90	2,473.19	1,152.67
Accrued input vat	702.24	533.46	604.30	515.98
Others	161.41	166.17	2.47	1.63
Total	14,470.60	14,671.69	13,384.20	14,099.84

Mainly other current assets are excise tax and recoverable tax receivable.

Receivables from forward contract are incurred to protect the fluctuation of foreign currencies for the export of Benzene and Paraxylene.

10 Investments accounted for under equity method

10.1 Investments accounted for under equity method as at December 31, 2002 and 2001 are as follows :

Consolidated

Company	% shareholding		2002			2001		
	2002	2001	Cost	Equity	Allowance	Cost	Equity	Allowance
			method	method	for share of	method	method	for share of
					net loss over			net loss over
					investments			investments
Associates:								
Refining Sector Group								
1 Thai Oil Co., Ltd. (TOCL)	49.99	49.99	9,480.74	1,568.25	-	9,480.74	395.51	-
2 Bangchak Petroleum Public Co., Ltd. (BCP)	24.29	24.29	1,268.10	-	-	1,268.10	-	-

(translation)

Unit: Million Baht

Company	% shareholding		2002			2001		
	2002	2001	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments
3 Rayong Refinery Co., Ltd. (RRC)	36.00	36.00	13,649.94	-	-	12,591.24	-	(1,075.04)
4 Star Petroleum Refining Co., Ltd. (SPRC)	36.00	36.00	14,770.48	2,244.71	-	14,378.41	1,325.58	-
5 Thai Lube Base Co., Ltd. (TLB)	30.00	30.00	1,500.00	-	(1,238.46)	1,500.00	-	(1,095.10)
Downstream Oil Sector Group								
6 Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	30.60	30.60	880.52	-	-	880.52	-	-
7 PTT International Trading Co., Ltd. (PTTT (Cayman))	100.00	100.00	4,067.50 (Baht)	0.15	-	4,067.50 (Baht)	3.33	-
8 FST Aviation Services Limited (FST)	25.00	25.00	1.13	0.81	-	1.13	0.77	-
Petrochemical Sector Group								
9 Aromatics (Thailand) Public Co., Ltd. (ATC)	46.33	50.00	2,888.83	-	(5,212.75)	3,117.68	-	(4,736.74)
10 Thai Olefins Co., Ltd. (TOC)	-	49.00	-	-	-	4,156.67	542.00	-
11 National Petrochemical Public Co., Ltd. (NPC)	37.94	37.94	1,176.00	3,730.38	-	1,176.00	3,324.42	-
12 National Fertilizer Public Co., Ltd. (NFC)	20.44	20.44	1,792.91	-	-	1,792.91	-	-
13 Thai Paraxylene Co., Ltd. (TPX)	23.48	23.48	1,743.81	1,229.28	-	1,743.81	1,688.57	-
Natural Gas Sector Group								
14 PTT Natural Gas Distribution Co., Ltd. (PTT NGD)	49.00	49.00	245.00	375.57	-	245.00	394.85	-
Other Groups								
15 Thai Oil Power Co., Ltd. (TOP)	26.00	26.00	1,450.06	1,530.06	-	1,450.06	1,458.53	-
16 New Links Energy Resources Co., Ltd. (New Links)	40.00	40.00	9,898.26	9,880.38	-	9,889.56	9,889.56	-
Total investments under the equity method			60,745.78	20,559.59	(6,451.21)	63,671.83	19,023.13	(6,906.88)
<u>Less</u> Allowance for share of net loss, net of Long-term loans - related parties						5,212.75		4,736.74
Total investments under equity method, net			60,745.78	20,559.59	(1,238.46)	63,671.83	19,023.13	(2,170.14)

(translation)

The Company

Unit: Million Baht

Company	% shareholding		2002			2001		
	2002	2001	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments
Subsidiaries :								
1 PTT Exploration and Production Public Co., Ltd. (PTTEP)	62.84	60.97	3,530.90	25,337.95	-	1,987.48	18,966.80	-
2 PTT Philippines, Inc. (PTTPI)	100.00	100.00	349.21	256.76	-	349.21	270.84	-
3 PTT International Trading Pte. Ltd. (PTTT)	100.00	100.00	2.50	11.31	-	2.50	7.37	-
4 Thai Olefins Co., Ltd. (TOC)	63.03	-	7,376.67	3,741.82	-	-	-	-
5 PTT (Cambodia) Co., Ltd. (PTTCL)	100.00	-	0.23	6.42	-	-	-	-
Associates:								
Refining Sector Group								
6 Thai Oil Co., Ltd. (TOCL)	49.99	49.99	9,480.74	1,568.25	-	9,480.74	395.51	-
7 Bangchak Petroleum Public Co., Ltd. (BCP)	24.29	24.29	1,268.10	-	-	1,268.10	-	-
8 Rayong Refinery Co., Ltd. (RRC)	36.00	36.00	13,649.94	-	-	12,591.24	-	(1,075.04)
9 Star Petroleum Refining Co., Ltd. (SPRC)	36.00	36.00	14,770.48	2,244.71	-	14,378.41	1,325.58	-
10 Thai Lube Base Co., Ltd. (TLB)	30.00	30.00	1,500.00	-	(1,238.46)	1,500.00	-	(1,095.10)
Downstream Oil Sector Group								
11 Thai Petroleum Pipeline Co., Ltd. (THAPLINE)	30.60	30.60	880.52	-	-	880.52	-	-
Petrochemical Sector Group								
12 Aromatics (Thailand) Public Co., Ltd. (ATC)	46.33	50.00	2,888.83	-	(5,212.75)	3,117.68	-	(4,736.74)
13 Thai Olefins Co., Ltd. (TOC)	-	49.00	-	-	-	4,156.67	542.00	-
14 National Petrochemical Public Co., Ltd. (NPC)	37.94	37.94	1,176.00	3,730.38	-	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 Paraxylene Co., Ltd. (TPX)	23.48	23.48	1,743.81	1,229.28	-	1,743.81	1,688.57	-
Natural Gas Sector Group								
17 PTT Natural Gas Distribution Co., Ltd. (PTT NGD)	49.00	49.00	245.00	375.57	-	245.00	394.85	-

(translation)

The Company

Unit: Million Baht

Company	% shareholding		2002			2001		
	2002	2001	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments
Joint Ventures :								
Natural Gas Sector Group								
18 Trans Thai - Malaysia (Thailand) Co., Ltd. (TTM (T))	50.00	50.00	509.58	304.82	-	470.00	355.17	-
19 Trans Thai - Malaysia (Malaysia) Co., Ltd. (TTM (M))	50.00	50.00	25.38	-	(18.87)	25.38	-	(3.73)
Total investments under the equity method			61,190.80	38,807.27	(6,470.08)	55,165.65	27,271.12	(6,910.61)
<u>Less</u> Allowance for share of net loss, net of Long-term loans - related parties					5,212.75			4,736.74
Total investments under equity method, net			61,190.80	38,807.27	(1,257.33)	55,165.65	27,271.12	(2,173.87)

During year 2002, the Company are received dividend paid - related parties amounting to Baht 2,870.06 million, come from PTTEP, NPC and PTT NGD amounting to Baht 2,384.96 million, Baht 352.80 million, and Baht 132.30 million, respectively. The received dividend paid from PTTEP's subsidiaries are amounting to Baht 602.53 million, come from TOP and New Links amounting to Baht 54.79 million and Baht 547.74 million, respectively.

10.2 Movements in investments under equity method as at December 31, 2002 are as follows:

Unit : Million Baht

	Consolidated	The Company
As at December 31, 2001	19,023.13	27,271.12
- TOC status changing from associate to subsidiary	(542.00)	-
- Additional investment in subsidiaries	-	4,763.66
- Additional investment in associates and joint ventures	1,459.49	1,490.36
- Share of net profit in subsidiaries	-	7,403.13
- Share of net loss in joint ventures	-	(89.93)
- Adjustment of net loss over investments	(1,058.70)	(1,058.70)
- Share of net profit in associates	2,765.78	2,112.27
- Loss from foreign currency translation	(0.47)	(214.58)
- Dividend received	(1,087.64)	(2,870.06)
As at December 31, 2002	20,559.59	38,807.27

The change in investments under equity method as at December 31, 2002 is made from additional investment in associates and joint ventures totaling Baht 4,763.66 million. These comprises the acquisition of PTTEP's ordinary shares from existing shareholders amounting to Baht 1,543.43 million and the acquisition of TOC's ordinary shares from its increase in authorized share capital amounting to Baht 3,220 million and starting investment in PTCL amounting to Baht 0.23 million. Moreover, the increases in other associated companies and other joint venture are totaling Baht 1,490.36 million which are RRC, SPRC and TTM(T), amounting to Baht 1,058.70 million, Baht 392.08 million, and Baht 39.58 million, respectively. For additional investment in the consolidated financial statement about Baht 8.70 million is the increase in investment of New Links (a subsidiary of PTTEP).

From the acquisition of PTTEP's ordinary shares from existing shareholders as mentioned above, the company's interests in PTTEP has increase from 60.97% to 62.84%.

Since the Company is the only shareholder who acquired TOC's ordinary shares from its increase in authorized share capital, the Company's interest in TOC has increase from 49% to 63.03% and TOC's status has changed from associate to subsidiary. These are accordance with the commitment which is approved by the Board of Director 1/2002 on January 24, 2002 as set out in Note 33.4.

Further information about the acquisition of PTTEP's and TOC's ordinary shares are according to Note 32 "Acquisition".

Additional investment in RRC and SPRC are made to be in accordance with Shareholder Support Agreements. Since the Company has already recognized provision for net loss over investment in RRC in full amount, allowance for net loss over investment will be decreased from such additional investment as set out in Note 10.3.

On September 20, 2000, the Company has paid for the acquisition of TPX with the lower price compare with its fair value of net asset, of company's part, which the difference is amounting to Baht 309.97 million.

On December 11, 2001, PTTEP Offshore Investment Company Limited has paid for the acquisition of New Links with the higher price compare with its fair value, of net assets of company's part, which the difference is amounting to Baht 3,340.94 million.

On August 30, 2000, PTTEPI also invested in TOP with high value of net asset, especially in the company part, which the difference is amounting to Baht 448.55 million.

10.3 Movements in Allowance for share of net loss over investments in associates and joint ventures as at December 31, 2002 are as follows:

	Unit : Million Baht	
	Consolidated	The Company
As at December 31, 2001	6,906.89	6,910.62
- Share of net loss in associates	390.52	406.05
- Share of net profit in associates	(16.34)	(16.34)
- Additional investment in associates	(1,058.70)	(1,058.70)
- Disposal investment in associates	228.84	228.84
- Gain from foreign currency translation	-	(0.39)
	6,451.21	6,470.08
<u>Less</u> : Transfer to be deducted from long-term loans - related parties	5,212.75	5,212.75
As at December 31, 2002, net	1,238.46	1,257.33

Additional investment in RRC amounting to Baht 1,058.70 million is mentioned in Note 10.2.

10.4 The transactions of two joint ventures which are included in consolidated financial statement as at December 31, 2002 and 2001 are as follows:

Balance Sheet:

As at December 31, 2002 and December 31, 2001

	Unit : Million Baht			
	2002		2001	
	TTM (T)	TTM (M)	TTM (T)	TTM (M)
Current Assets	23.25	6.24	103.43	9.09
Non-current Assets	447.80	-	405.68	-
Current Liabilities	(166.23)	(25.11)	(153.93)	(12.81)
Net assets (liabilities)	304.82	(18.87)	355.18	(3.72)

Statement of Income:

For the year end December 31, 2002 and the three-month period ended December 31, 2001

	Unit : Million Baht			
	For the year ended		For the three-month period	
	December 31, 2002		ended December 31, 2001	
	TTM (T)	TTM (M)	TTM (T)	TTM (M)
Income	0.04	0.04	4.42	-
Expenses	(89.97)	(4.24)	(119.25)	(28.76)
Net income (losses)	(89.93)	(4.20)	(114.83)	(28.76)

11. Other long-term investments

11.1 Other long-term investments as at December 31, 2002 and 2001

Company	Unit : Million Baht					
	% Shareholding		Consolidated		The Company	
	Consolidated	Company	2002	2001	2002	2001
Investments accounted for under cost method						
Associates:						
Downstream Oil Sector Group						
1 Thai Lube Blending Co., Ltd. (TLBC)	48.95	48.95	140.00	140.00	140.00	140.00
2 PetroAsia (Thailand) Co., Ltd. (PA (Thailand))	35.00	35.00	131.25	131.25	131.25	131.25
3 PetroAsia (Sanshui) Co., Ltd. (PA (Sanshui))	25.00	25.00	7.17	7.17	7.17	7.17
4 PetroAsia (Huizhou) Co., Ltd. (PA (Huizhou))	25.00	25.00	15.16	15.16	15.16	15.16
5 Vietnam LPG Co., Ltd. (VLPG)	45.00	45.00	87.35	87.35	87.35	87.35
6 PTT Mart Co., Ltd. (PTT Mart)	49.00	49.00	78.40	78.40	78.40	78.40
7 KELOIL-PTT LPG Sdn. Bhd. (KELOIL)	40.00	40.00	21.50	21.50	21.50	21.50
Joint ventures:						
8 Subic Bay (the Philippines) Group (Subic Bay JV)	50.00	50.00	121.32	121.32	121.32	121.32
Exploration and Production and Gas Sector Group						
9 Carigali - PTTEPI Operating Company Sdn. Bhd. (CPOC)	50.00	50.00	9.90 (Baht)	9.90 (Baht)	-	-

(translation)

Unit : Million Baht

Company	% Shareholding		Consolidated		The Company	
	Consolidated	Company	2002	2001	2002	2001
Other Companies :						
10 Fuel Pipeline Transportation Co., Ltd. (FPT)	2.76	2.76	44.00	44.00	44.00	44.00
11 Intoplane Services Co., Ltd. (IPS)	16.67	16.67	0.02	0.02	0.02	0.02
12 PetroAsia (Shantou) Co., Ltd. (PA (Shantou))	15.00	15.00	60.84	60.84	60.84	60.84
13 Eastern Fluid Transport Co., Ltd.	15.00	-	1.50	-	-	-
Total investment accounted for under cost method			708.51	707.01	707.01	707.01
<u>Less</u> Provision for impairment of investment			421.48	421.48	421.48	421.488
Total investment accounted for under cost method, net			287.03	285.53	285.53	285.53
Investments at fair value						
Other Related Parties - Available-for-sale securities :						
14 Dhipaya Insurance Public Co., Ltd. (TIP)	13.33	13.55	312.00	312.00	312.00	312.00
15 Bangkok Aviation Fuel Service Public Co., Ltd (BAFS)	7.06	9.60	24.00	24.00	24.00	24.00
Total investment - Available-for-sale securities			336.00	336.00	336.00	336.00
<u>Add (less)</u> Allowance for decrease in fair value of Investment			209.60	(91.20)	209.60	(91.20)
Total investments at fair value			545.60	244.80	545.60	244.80
Total long-term investments			832.63	530.333	831.13	530.333

Dividend received from related parties for the year 2002 totalling to Baht 37.70 million, comprises of TIP and BAFS amounting to Baht 20.80 million and Baht 16.90 million, respectively.

11.2 Movements of Other long-term investments as at December 31, 2002

Unit : Million Baht

	Consolidated	The Company
As at December 31, 2002	530.33	530.33
Additional investments	1.50	-
Unrealized gains from investment in Available-for-sale securities	300.80	300.80
As at December 31, 2002	832.63	831.13

The Company accounts for its investments in associates and joint ventures under cost method and adjusted by allowance for impairment of investment since the Company intends to dispose, including investments in associates which amounts are immaterial to the financial statements. Those associates are as follows:

1. Subic Bay (the Philippines) Group
2. Petro Asia (Thailand) Co., Ltd.
3. Petro Asia (Sanshui) Co., Ltd.
4. Petro Asia (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.

Provision for impairment of investment totalling Baht 421.48 million (2001: Baht 421.48 million), comprise of reserve on impairment loss in PA(Thailand), PA(Sanshui), PA(Huizhou), PTT Mart, FPT, PA(Shantou), and Subic Bay JV amounting to 131.25, 1.91, 0.24, 78.40, 44.00, 44.36, and Baht 121.32 million, respectively.

12 Property, Plant and Equipment, Net

Property, plant and equipment as at December 31, 2002 and 2001 are as follows:

Unit : Million Baht

	Consolidated						
	Land and land improvement	Buildings	Machinery and equipment	Oil and Gas properties	Construction in progress	Other assets	Total
Cost							
At December 31, 2001	2,516.49	11,921.63	84,940.59	58,235.12	995.42	11,747.20	170,356.45
- Acquisition of subsidiaries (Note 32)	85.84	16,295.56	1,019.30	-	273.74	4.02	17,678.46
- Additions	48.77	268.62	1,080.81	7,419.47	5,122.48	924.68	14,864.83
- Borrowing costs	-	-	-	-	93.37	-	93.37
- Reclassification	0.99	146.26	935.79	-	(1,400.88)	272.98	(44.86)
- Disposals	-	(48.32)	(41.62)	(406.26)	(173.24)	(115.27)	(784.71)
- Gain (loss) from foreign currency translation	-	-	(0.52)	(14.30)	(0.97)	(0.12)	(15.91)
At December 31, 2002	2,652.09	28,583.75	87,934.35	65,234.03	4,909.92	12,833.49	202,147.63
Accumulated Depreciation							
At December 31, 2001	-	(4,972.88)	(33,426.04)	(14,693.81)	-	(6,826.01)	(59,918.74)
- Acquisition of subsidiaries (Note 32)	(16.76)	(5,338.26)	(534.23)	-	-	(3.74)	(5,892.99)
- Depreciation for the year	(2.87)	(1,368.80)	(4,052.38)	(4,421.71)	-	(1,141.55)	(10,987.31)
- Gain (loss) from foreign currency translation	-	-	0.57	(79.44)	-	0.21	(78.66)
- Reclassification	-	39.79	(25.22)	-	-	(33.55)	(18.98)
- Disposals	-	27.19	25.69	24.99	-	69.27	147.14
At December 31, 2002	(19.63)	(11,612.96)	(38,011.61)	(19,169.97)	-	(7,935.37)	(76,749.54)
Allowance for Impairment loss							
At December 31, 2001	(11.12)	(404.88)	(244.96)	-	-	-	(660.96)
- Reclassification	(31.75)	31.75	-	-	-	-	-
At December 31, 2002	(42.87)	(373.13)	(244.96)	-	-	-	(660.96)
Net Book Value							
At December 31, 2001	2,505.37	6,543.87	51,269.59	43,541.31	995.42	4,921.19	109,776.75
At December 31, 2002	2,589.59	16,597.66	49,677.78	46,064.06	4,909.92	4,898.12	124,737.13

(translation)

Unit : Million Baht

	The Company					
	Land	Buildings	Machinery and equipment	Construction in progress	Other assets	Total
Cost						
At December 31, 2001	2,494.00	10,925.72	83,992.68	574.74	11,700.35	109,687.49
- Additions	29.27	60.79	986.53	3,475.47	834.12	5,386.18
- Borrowing costs	-	-	-	47.43	-	47.43
- Reclassification	0.12	(29.59)	875.76	(1,154.01)	272.98	(34.74)
- Disposals	-	(48.32)	(5.67)	-	(115.27)	(169.26)
At December 31, 2002	2,523.39	10,908.60	85,849.30	2,943.63	12,692.18	114,917.10
Accumulated Depreciation						
At December 31, 2001	-	(4,663.35)	(32,704.21)	-	(6,806.57)	(44,174.13)
- Depreciation for the year	-	(490.75)	(3,915.82)	-	(1,112.77)	(5,519.34)
- Reclassification	-	39.79	(25.22)	-	(33.55)	(18.98)
- Disposals	-	27.19	5.67	-	68.81	101.67
At December 31, 2002	-	(5,087.12)	(36,639.58)	-	(7,884.08)	(49,610.78)
Allowance for Impairment loss						
At December 31, 2001	(11.12)	(404.88)	(244.96)	-	-	(660.96)
- Reclassification	(31.75)	31.75	-	-	-	-
At December 31, 2002	(42.87)	(373.13)	(244.96)	-	-	(660.96)
Net Book Value						
At December 31, 2001	2,482.88	5,857.49	51,043.51	574.74	4,893.78	64,852.40
At December 31, 2002	2,480.52	5,448.35	48,964.76	2,943.63	4,808.10	64,645.36

Plant, machinery and equipment amounting to Baht 22,047.60 million is pledged as collateral for long-term loans according to Note 18.

Depreciation expense for the year ended December 31, 2002 in the consolidated and the Company financial statements amounting to Baht 10,987.31 million and Baht 5,519.34 million, respectively, which are cost of sales in the consolidated and the Company financial statements amounting to Baht 8,813.74 million and 3,619.26 million, respectively.

Depreciation expense for the three-month period ended December 31, 2001 in the consolidated and the Company financial statements amounting to Baht 2,073.58 million and Baht 1,308.01 million, respectively, which are cost of sales in the consolidated and the Company financial statements amounting to Baht 1,640.56 million and Baht 894.96 million.

As at December 31, 2002 and 2001, other assets include vehicles, which are acquired under financial lease in the consolidated financial statements amounting to Baht 333.99 million (2001: Baht 375.37 million) and in the Company financial statements amounting to Baht 282.96 million (2001: Baht 375.37 million) as follows:

Unit : Million Baht

	Consolidated		The Company	
	2002	2001	2002	2001
Cost	494.31	444.84	422.57	444.84
Less Accumulated depreciation	160.32	69.47	139.61	69.47
Net book value	333.99	375.37	282.96	375.37

13 Intangible Assets

Intangible assets as at December 31, 2002 and 2001 are as follows:

Unit : Million Baht

	Consolidated					The Company			
	Patent	Leasehold rights/ land rights	Other operating right	Good will	Total	Patent	Leasehold rights/ land rights	Other operating right	Total
Cost									
At December 31, 2001	691.95	5,815.13	54.45	-	6,561.53	297.75	5,600.26	54.42	5,952.43
- Acquisition of subsidiaries (Note 32)	63.33	-	137.77	-	201.10	-	-	-	-
- Additions	228.03	100.87	0.02	1,943.68	2,272.60	131.52	100.50	-	232.02
- Reclassification	(24.62)	-	-	-	(24.62)	(24.90)	-	-	(24.90)
- Disposals	-	(18.13)	-	-	(18.13)	-	(18.13)	-	(18.13)
- Loss from foreign currency translation	-	(10.46)	-	-	(10.46)	-	-	-	-
At December 31, 2002	958.69	5,887.41	192.24	1,943.68	8,982.02	404.37	5,682.63	54.42	6,141.42
Accumulated amortization									
At December 31, 2001	(295.52)	(1,317.41)	(13.16)	-	(1,626.09)	(219.64)	(1,292.03)	(13.16)	(1,524.83)
- Acquisition of subsidiaries (Note 32)	(59.11)	-	(45.41)	-	(104.52)	-	-	-	-
- Amortization for the year	(116.61)	(218.18)	(12.07)	(120.55)	(467.41)	(48.82)	(203.76)	(5.18)	(257.76)
- Reclassification	18.98	-	-	-	18.98	18.98	-	-	18.98
- Gain (loss) from foreign currency translation	-	2.83	-	(0.01)	2.82	-	-	-	-
At December 31, 2002	(452.26)	(1,532.76)	(70.64)	(120.56)	(2,176.22)	(249.48)	(1,495.79)	(18.34)	(1,763.61)
Allowance for impairment loss									
At December 31, 2001	-	(1,105.95)	-	-	(1,105.95)	-	(1,105.95)	-	(1,105.95)
- Reversal of impairment loss for the year	-	3.69	-	-	3.69	-	3.69	-	3.69
At December 31, 2002	-	(1,102.26)	-	-	(1,102.26)	-	(1,102.26)	-	(1,102.26)
Net book value									
At December 31, 2001	396.43	3,391.77	41.29	-	3,829.49	78.11	3,202.28	41.26	3,321.65
At December 31, 2002	506.43	3,252.39	121.60	1,823.12	5,703.54	154.89	3,084.58	36.08	3,275.55

Amortization for the year ended December 31, 2002 in the consolidated and the Company financial statements amounting to Baht 467.41 million and Baht 257.76 million, respectively. The amount of Baht 60.97 million has been included in cost of sales in the consolidated and the Company financial statements.

Amortization for the three-month period ended December 31, 2001 in the consolidated and the Company financial statements amounting to Baht 91.38 million and Baht 84.64 million, respectively. The amount of Baht 12.27 million has been included in cost of sales in the consolidated and the Company financial statements.

14 Income Taxes and Deferred Income Taxes

Applicable tax rates for the Group are as follows:

	Tax rates of net income
Petroleum income tax on petroleum business in Thailand	
Pursuant to Petroleum Income Tax Act B.E.2514 (1971)	50%
Income tax under Revenue Code	
- The Company	25%
- Subsidiaries	30%
Net income in portion of amount not exceeding	
Baht 300 million for the period of five years from 2002 to 2006	25%
Income tax in the Union of Myanmar	30%
Income taxes of other countries in South-East Asia Region	20 - 32 %

The Company was corporatized as PTT Public Company Limited on October 1, 2001 under the Corporatization Act B.E. 2542 (1999). Consequently, the deferred tax assets as at September 30, 2001 amounting to Baht 1,443.63 million was adjusted against retained earnings brought forward.

Income taxes recognized in the consolidated and the Company financial statements of income for the year ended December 31, 2002 and three-month period ended December 31, 2001 are as follows:

	Unit : Million Baht			
	For the year ended		For the three-month period	
	December 31, 2002		ended December 31, 2001	
	Consolidated	The Company	Consolidated	The Company
Petroleum income tax				
Current income tax	3,544.36	-	643.93	-
Deferred income tax	1,111.39	-	479.14	-
Total	4,655.75	-	1,123.07	-
Income tax under Revenue Code				
Current income tax	5,144.49	5,136.19	1,296.81	1,275.54
Deferred income tax	(67.44)	(93.55)	(73.18)	(71.40)
Total	5,077.05	5,042.64	1,223.63	1,204.14
Income tax in the Union of Myanmar				
Current income tax	555.80	-	101.08	-
Deferred income tax	189.52	-	69.80	-
Total	745.32	-	170.88	-
Income taxes in the South-East Asia Region				
Current income tax	8.27	-	1.83	-
Deferred income tax	(1.61)	-	(3.96)	-
Total	6.66	-	(2.13)	-
Total income tax expenses	10,484.78	5,042.64	2,515.45	1,204.14

(translation)

Deferred income taxes presented in the consolidated and the Company balance sheets as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht	
	Consolidated	The Company
Deferred tax assets		
Income tax under Revenue Code		
As at December 31, 2001	2,122.60	1,515.03
Income tax expenses	67.45	93.55
As at December 31, 2002	2,190.05	1,608.58
Petroleum income tax		
As at December 31, 2001	-	-
Income tax expenses	14.72	-
As at December 31, 2002	14.72	-
Income tax in the Philippines		
As at December 31, 2001	24.29	-
Current income tax - MCIT	1.22	-
Income tax expenses	0.37	-
As at December 31, 2002	25.88	-
Total deferred tax assets	2,230.65	1,608.58
Deferred tax liabilities		
Petroleum income tax		
As at December 31, 2001	6,806.45	-
Income tax expenses	1,126.12	-
As at December 31, 2002	7,932.57	-
Income tax in the Union of Myanmar		
As at December 31, 2001	702.67	-
Income tax expenses	173.53	-
As at December 31, 2002	876.20	-
Income tax in Singapore		
As at December 31, 2001	0.18	-
Income tax expenses	(0.02)	-
As at December 31, 2002	0.16	-
Total deferred tax liabilities	8,808.93	-

Deferred tax assets mainly comprises allowance for doubtful accounts, and deferred tax liabilities mainly comprise accumulated depreciation of property, plant and equipments.

(translation)

15 Advance Payment for Gas Purchased

Advance payment for gas purchased as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht	
	Consolidated	The Company
As at December 31, 2001		
- Yadana	21,738.26	27,570.65
- Yetagun	7,519.63	8,503.31
Total	29,257.89	36,073.96
Make-up		
- Yadana	(1,145.83)	(1,505.45)
- Yetagun	-	-
Total	(1,145.83)	(1,505.45)
As at December 31, 2002		
- Yadana	20,592.43	26,065.20
- Yetagun	7,519.63	8,503.31
Total	28,112.06	34,568.51

The Company has paid in advance for the committed gas volume from Yadana and Yetagun gas fields in the Union of Myanmar, irrespective of take-up in 1998-2001, 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, with no maturity period.

16 Other Non-Current Assets

Other non-current assets as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Retention and refundable deposits	83.19	120.91	47.28	100.98
Prepaid expenses	484.36	505.93	-	-
Deferred expenses of bond issue	39.42	49.57	-	-
Cash at bank pledged as collateral	402.20	-	-	-
Promissory notes pledged as collateral	1,583.38	-	-	-
Others	870.24	6.00	-	-
Total	3,462.79	682.41	47.28	100.98

Cash at bank and promissory notes pledged as collateral amounting to Baht 1,985.58 million are wholly TOC's cash at bank and promissory notes which are held as collateral for creditors in compliance with the covenants stated in the long-term loan agreement.

(translation)

17 Other Current Liabilities

Other current liabilities as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Other accounts payable	2,121.76	2,063.05	1,495.64	1,930.82
Accounts payable - forward foreign exchange contracts, net	22.48	6.92	22.48	6.92
Advance received	345.03	1,061.84	345.03	1,061.84
Unrealized sales tax	1,550.41	1,317.74	1,409.54	1,317.74
Retention (due not later than 1 year)	42.27	18.46	42.27	18.46
Others	334.68	248.94	36.99	12.07
Total	4,416.63	4,716.95	3,351.95	4,347.85

Accounts payable - forward foreign exchange contracts are mainly recognized under forward foreign exchange contracts for hedging of risk exposure arising from foreign currency exchange fluctuations associated with the settlement of natural gas purchased from Yadana and Yetagun gas fields.

18 Long-Term Loans

Long-term loans as at December 31, 2002 and 2001 comprise the followings:

	Currency	Unit : Million			
		The Company			2002
		2001	Additions during the year	Repayments during the period	
Local loans guaranteed by the Ministry of Finance					
Loans from Government Savings Bank					
Matured in 2006	BHT	3,000.00	-	-	3,000.00
PTT Bonds					
Matured in 2003 - 2020	BHT	67,677.48	-	5,000.00	62,677.48
Local loans not guaranteed by the Ministry of Finance					
Loans from Government Savings Bank					
Matured in 2003 - 2007	BHT	8,000.00	-	-	8,000.00
PTT Bonds					
Matured in 2003 - 2009	BHT	9,472.00	-	1,000.00	8,472.00
Foreign loans guaranteed by the Ministry of Finance					
Loans					
US Dollars :					
Matured in 2004	USD	130.42	-	61.42	69.00
Matured in 2012	USD	182.31	-	77.47	104.84
Japanese yen	YEN	4,870.85	-	4,870.85	-

(translation)

Unit : Million

The Company					
	Currency	2001	Additions during the year	Repayments during the period	2002
Bonds					
Japanese yen :					
Matured in 2004	YEN	30,000.00	-	-	30,000.00
Long-term loans presented in the Company					
Financial statements					
Baht :	BHT	88,149.48	-	6,000.00	82,149.48
US Dollars:	USD	312.73	-	138.89	173.84
Japanese yen:	YEN	34,870.85	-	4,870.85	30,000.00
Total loan equivalent to Baht		113,846.08	-	13,812.89	100,540.67
Less Current portion of long-term loans		6,816.82			8,337.51
Total long-term loans presented in the Company					
Company financial statements					
equivalent to Baht		107,029.26			92,203.16

Unit : Million

Consolidated					
	Currency	2001	Additions during the year	Repayments during the period	2002
Long-term loans presented in the Company					
Financial statements					
Baht :	BHT	88,149.48	-	6,000.00	82,149.48
US Dollars:	USD	312.73	-	138.89	173.84
Japanese yen:	YEN	34,870.85	-	4,870.85	30,000.00
Long-term loans of subsidiaries					
Local loans pledged by fixed assets as collateral					
Loans from Financial Institutions					
Loans increased due to acquisition of TOC	BHT	N/A	11,152.74	11,152.74	-
Matured in 2003 - 2011	BHT	N/A	12,092.66	250.00	11,842.66
Foreign loans with no collateral					
US Dollars :					
Matured in 2003	USD	50.00	-	-	50.00
Long-term loans presented in the Consolidated					
Financial statements					
Baht :	BHT	88,149.48	23,245.40	17,402.74	93,992.14
US Dollars:	USD	362.73	-	138.89	223.84
Japanese yen:	YEN	34,870.85	-	4,870.85	30,000.00
Total loan equivalent to Baht		116,064.06	23,245.40	25,215.63	114,548.53

(translation)

Unit : Million

The Company

Currency	2001		2002	
	2001	2002	Additions during the year	Repayments during the period
<u>Less</u> Current portion of long-term loan		9,034.80		11,652.71
Total long-term loans presented in the consolidated financial statements equivalent to Baht		107,029.26		102,895.82

On January 25, 2002, Thai Olefins Co., Ltd. (TOC) entered into loan agreement with the group of creditors which are local financial institutions. Proceeds from loans were used for debt settlement with the former group of creditors and for capacity expansion project. Such loans which are classified as long-term loans are pledged over the contract period by Olefins plant, machinery and equipment (matured in 2011) amounting to Baht 22,047.60 million according to Note 12. Under the loan agreement, TOC has an obligation to comply with the covenants stated in the contract.

The Company**Maturity of long-term loans**

Maturity of long-term loans as at December 31, 2002 and 2001 are as follows:

Unit : Million Baht

	2002			2001		
	Foreign	Local	Total	Foreign	Local	Total
	currency	currency		currency	currency	
Not later than 1 year	418.03	7,919.48	8,337.51	816.82	6,000.00	6,816.82
Later than 1 year-2 years	14,279.90	3,300.00	17,579.90	849.18	7,919.48	8,768.66
Later than 2 years-5 years	1,362.97	26,530.00	27,892.97	16,007.18	18,830.00	34,837.18
Later than 5 years	2,330.29	44,400.00	46,730.29	8,023.42	55,400.00	63,423.42
Total	18,391.19	82,149.48	100,540.67	25,696.60	88,149.48	113,846.08

Consolidated**Maturity of long-term loans**

Maturity of long-term loans as at December 31, 2002 and 2001 are as follows:

Unit : Million Baht

	2002			2001		
	Foreign	Local	Total	Foreign	Local	Total
	currency	currency		currency	currency	
Not later than 1 year	2,583.23	9,069.48	11,652.71	3,034.80	6,000.00	9,034.80
Later than 1 year-2 years	14,279.90	4,550.00	18,829.90	849.18	7,919.48	8,768.66
Later than 2 years-5 years	1,362.97	30,550.00	31,912.97	16,007.18	18,830.00	34,837.18
Later than 5 years	2,330.29	49,822.66	52,152.95	8,023.42	55,400.00	63,423.42
Total	20,556.39	93,992.14	114,548.53	27,914.58	88,149.48	116,064.06

(translation)

Long-term loans as at December 31, 2002 and 2001 classified by types of interest rates are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2002	2001	2002	2001
Float interest rate	18,547.99	10,305.44	4,540.13	8,087.46
Fixed interest rate	96,000.54	105,758.62	96,000.54	105,758.62
	114,548.53	116,064.06	100,540.67	113,846.08

Interest rates of long-term loans presented in the consolidated and the Company financial statements as at December 31, 2002 are as follows:

	Consolidated	The Company
PTT Bonds	3.40 - 13.75% p.a.	3.40 - 13.75% p.a.
Local Loans	6.50 - 13.00% p.a.	8.80 - 13.00% p.a.
Foreign Loans	1.40 - 9.50% p.a.	1.40 - 7.50% p.a.

19 Bonds

Bonds as at December 31, 2002 and 2001 are as follows:

Consolidated

	2002		2001	
	Million	Million	Million	Million
	USD	Baht	USD	Baht
Unsecured unsubordinated bonds				
- USD currency	393.28	17,026.28	393.28	17,440.40
- Baht currency	-	-	-	4,000.00
Less Current portion of bonds	-	-	-	4,000.00
Total	393.28	17,026.28	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, to be redeemed on September 19, 2007. On the date of the bond issuance, PTTEP has entered into cross-currency and interest rate swap agreement with a financial institution in Japan to swap Yen for USD 193.28 million. Under this agreement, interest is charged at the rate of 7.86% p.a. and payable every 6 months (Note 30.2).

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

20 Liabilities from Finance Leases

Liabilities from finance leases as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Liabilities from finance leases				
- Not later than 1 year	182.03	122.46	165.03	122.46
- Later than 1 year and not later than 5 years	207.31	319.50	156.68	319.50
Future finance charges on finance leases	(29.17)	(48.32)	(18.80)	(48.32)
Present value of liabilities from finance leases	360.17	393.64	302.91	393.64
Present value of liabilities from finance leases				
- Current (Not later than 1 year)	162.48	92.75	150.22	92.75
- Non-current (Later than 1 year and not later than 5 years)	197.69	300.89	152.69	300.89
Total	360.17	393.64	302.91	393.64

21 Other Non-current Liabilities

Other non-current liabilities as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Accounts payable - forward foreign exchange contracts, net	1.31	-	1.31	-
Retention (due later than 1 year)	66.12	74.62	66.12	74.62
Provision for loss on lawsuit	1,356.79	998.35	1,356.79	998.35
Pension Fund	3.72	5.75	3.72	5.75
Others	242.69	134.78	-	16.46
Total	1,670.63	1,213.50	1,427.94	1,095.18

As at January 1, 2002, the Pension Fund's brought forward balance was Baht 5.75 million. During the year, the Company has contributed to the fund at the rate of 10% of its employees' salaries amounting to Baht 0.50 million, paid to retirement employees amounting to Baht 2.66 million, and made additional contribution, amounting to Baht 0.13 million which was recognized as expenses in the statements of income. Therefore, the carried forward balance was Baht 3.72 million equaling to payment obligation, according to Note 2.17.

22 Share Capital

The authorized share capital is 2,850,000,000 shares with a par value of Baht 10 per share. The issued and fully paid-up share capital is 2,797,245,725 shares with a par value of Baht 10 per share.

23 Reserves

23.1 Legal Reserve

Under the Public Company Limited Act B.E. 2535(1992), the company is required to appropriate as legal reserve at least 5% of annual net income until the reserve reaches 10% of the authorized share capital. The reserve is non-distributable.

(translation)

23.2 Reserve for Self-Insurance Fund

Reserve for Self-Insurance Fund as at December 31, 2002 and 2001 are as follows:

	Unit : Million Baht	
	Consolidated	The Company
As at October 1, 2001	627.70	627.70
Appropriated net income for 2001	34.90	34.90
As at December 31, 2001	662.60	662.60
Appropriated net income for 2002	61.27	61.27
As at December 31, 2002	723.87	723.87

24 Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to shareholders by the weighted-average number of ordinary shares in issue during the year.

	For the year ended		For the three-month period ended	
	December 31, 2002		December 31, 2001	
	Consolidated	The Company	Consolidated	The Company
Net income attributable to shareholders (Baht)	24,506,794,741	24,506,794,741	2,953,437,586	2,953,437,586
Weighted average number of				
ordinary shares during the year (shares)	2,797,245,725	2,797,245,725	2,265,171,311	2,265,171,311
Basic earnings per share (Baht/share)	8.76	8.76	1.30	1.30
Diluted earnings per share (Baht/share)	8.76	8.76	1.30	1.30

As at December 31, 2002, PTTEP issued warrants in Employee Stock Ownership Plan (ESOP) as follows:

PTTEP's Employees Stock Ownership Plan (ESOP) will issue and offer warrants on yearly basis for 5 consecutive years to directors, management and employees of the company. The ordinary shares reserved for the exercise of warrants are 10 million shares. On August 1, 2002, PTTEP issued and allotted the warrants in the amount of 2 million units (exercise ratio : 1 unit of warrant for 1 ordinary share) to its directors, management and employees, and the exercise price is fixed at 111 Baht per share.

The exercise of warrants to purchase ordinary shares by employees for 2.4 million shares. One warrant provides the right to purchase two ordinary shares. The warrants are exercisable in 2001, 2002 and 2003, with employees limited to the exercise of 20%, 30% and 50% of the allocated warrants, respectively. The warrants are exercisable on the last working day of every three months starting from the first exercise date. Since the first exercise date on September 14, 2001, no employees exercised the warrants to purchase ordinary shares. Therefore, there is no change in the outstanding balances of warrants and ordinary shares as at December 31, 2002.

	2002	2001
Number of warrants (units)	1,200,000	1,200,000
Exercised price (Baht)	150	150

For determining of diluted earnings per share, the Company assumed that PTTEP's warrants given to directors, management and employees that can be exercised are converted to ordinary shares. Exercising of those warrants results in net income, recognized in the Company's financial statements, adjusted by decreasing in proportion of shareholders. However, change in net income in this calculation is insignificant and, therefore, has immaterial effect on diluted earnings per share

25 Other Income

Other income for the year ended December 31, 2002 and for the three-month period ended December 31, 2001 are as follows:

	Unit : Million Baht			
	For the year ended		For the three-month period ended	
	December 31, 2002		December 31, 2001	
	Consolidated	The Company	Consolidated	The Company
Bank interest income	843.21	597.07	379.66	196.42
Penalty income	252.93	252.93	56.42	56.42
Transportation income	719.98	707.12	160.72	160.72
Dividend income	37.70	37.70	-	-
Compensation for loan interest of advance payment for gas purchased	2,517.94	2,517.94	(123.58)	(123.58)
Gain on disposal of investments	150.50	150.50	-	-
Special discount received for gas purchased	638.00	638.00	-	-
Compensation received for improvement of equipments	44.35	44.35	-	-
Throughput into plane service	165.41	165.41	49.69	49.69
Income from carry forward right	66.18	142.64	33.23	59.82
Others	912.21	790.40	221.77	203.91
Total	6,348.41	6,044.06	777.91	603.40

26 Operating Income

The following expenditure items, classified by nature, have been charged in arriving at operating income:

	Unit : Million Baht			
	For the year ended		For the three-month period ended	
	December 31, 2002		December 31, 2001	
	Consolidated	The Company	Consolidated	The Company
Gain(loss) from foreign exchange	468.22	(195.28)	1,377.85	1,472.31
Depreciation of property, plant and equipment				
- owned assets	2,084.91	1,811.42	414.50	394.39
- leased assets under finance leases	88.66	88.66	18.66	18.66
Amortization of intangible assets				
- goodwill	120.55	-	-	-
- other intangible assets	291.01	197.67	(71.60)	(78.34)
Impairment loss to property, plant and equipment				
- continuing operation	-	-	43.07	43.07
Staff cost	3,953.97	2,854.69	1,017.78	741.91

Amortization of intangible assets for the three-month period ended December 31, 2001 in the consolidated financial statements amounting to Baht (71.60) million and the Company financial statements amounting to Baht (78.34) million. These amounts comprise the amortization before adjustment in the consolidated financial statements amounting to Baht 79.11 million and the Company financial statements amounting to Baht 72.37 million and the additional adjustment of Baht 150.71 million to decrease the over-recorded amortization since 1999 in the consolidated and the Company financial statements.

27 Mutual Separation Plan

On July 18, 2002 the Board of Directors came to a resolution that the Company should establish the Mutual Separation Plan (MSP) in order to manage suitable manpower for its business operation. This special project has a period of operation from August 2002 to September 2002 which total numbers of employees involved in this project are 86. The early retirement payment are Baht 238.82 million which such expenses were regarded as part of staff cost for year 2002.

28 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 both the reforestation and maintenance for a period of at least 5 years.

On September 16, 1998, the Board of Directors approved the extension of the project's period to a second stage for 6 years (1999-2004) using the budget as approved at 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 establish the long-term commitment among local people and youths who protect and concern about forest resources.

Since the beginning of the project up to December 31, 2002, the Company has completed 1,012,551 rai of the reforestation, covering areas in 48 provinces. For year 2003 and 2004, the Company also has a duty to maintain the completed forest for the amount of 180,726 rai and 91,873 rai, respectively, before transferring all completed forest for the amount of 1,012,551 rai to the Department of Forest. As at December 31, 2002, the Company's total expenses were Baht 2,686.11 million, of which expenses for year 2002 amounting to Baht 240.70 million have been shown in selling and administrative expenses in the statement of income for year 2002.

29 Segmented Financial Information

The Company presented the financial information by business segments and did not present the financial information by geographical segments. The reason is that no other individual country, with the exception of Thailand, reported more than 10% of consolidated revenues, operating results and total assets.

Financial information by business segments presented in the consolidated financial statements for the year ended December 31, 2002 and three-month period ended December 31, 2001 are as follows:

Consolidated

For the year ended December 31, 2002

Unit : Million Baht

	Oil	Natural Gas	Petroleum exploraion and production	Petro- chemical	Head Office expenses and others	Elimination	Total
Net sales - others	268,560.87	119,334.64	2,038.11	13,242.26	-	-	403,175.88
- related parties	16.65	18,773.84	28,194.32	-	-	(46,984.81)	-
Petroleum royalties	-	-	(3,423.65)	-	-	-	(3,423.65)
Net sales	268,577.52	138,108.48	26,808.78	13,242.26	-	(46,984.81)	399,752.23
Gross margin	10,529.16	22,986.09	19,748.97	1,415.20	-	19.66	54,699.08
EBITDA	6,368.75	24,113.37	22,210.92	1,964.84	(630.71)	71.28	54,098.45

(translation)

Unit : Million Baht

	Oil	Natural Gas	Petroleum exploraion and production	Petro- chemical	Head Office expenses and others	Elimination	Total
Depreciation and Amortization	1,851.00	3,945.65	4,619.76	917.71	4.28	116.31	11,454.71
EBIT	4,517.75	20,167.72	17,591.16	1,047.13	(634.99)	(45.03)	42,643.74
Share of net income under equity method							2,765.78
Share of net loss over investment							(603.01)
Interest-net							(9,027.34)
Other income							3,922.10
Income taxes							(10,484.78)
Minority interests							(4,709.70)
Net income							24,506.79
Segment assets	57,655.51	105,000.62	67,489.32	18,431.45	27,455.78		276,032.68
Inter-company assets	1,014.45	6,865.61	2,845.37	-	106,144.33	(116,869.76)	-
Investments accounted For under equity method	0.96	-	11,410.44	-	9,148.19	-	20,559.59
Total Assets	58,670.92	111,866.23	81,745.13	18,431.45	142,748.30	(116,869.76)	296,592.27
Capital expenditure	947.31	1,416.14	7,848.30	1,735.56	213.56		12,160.87
Segment liabilities	25,253.21	16,230.09	36,308.88	11,777.66	109,726.05	-	199,295.89
Inter-company liabilities	20,304.75	75,892.31	6,477.25	2,195.46	-	(104,869.77)	-
Total Liabilities	45,557.96	92,122.40	42,786.13	13,973.12	109,726.05	(104,869.77)	199,295.89

Consolidated

For the three-month period ended December 31, 2001

Unit : Million Baht

	Oil	Natural Gas	Petroleum exploraion and production	Petro- chemical	Head Office expenses and others	Elimination	Total
Net sales - others	59,477.96	29,258.78	100.48	-	-	-	88,837.22
- related parties	15.66	2,413.33	6,270.97	-	-	(8,699.96)	-
Petroleum royalties	-	-	(719.39)	-	-	-	(719.39)
Net sales	59,493.62	31,672.11	5,652.06	-	-	(8,699.96)	88,117.83
Gross margin	2,081.15	5,027.59	4,290.41	-	-	37.07	11,436.22
EBITDA	1,091.14	5,179.82	4,663.39	-	(266.96)	67.66	10,735.05
Depreciation and Amortization	279.69	966.75	766.73	-	1.26	-	2,014.43
EBIT	811.45	4,213.07	3,896.66	-	(268.22)	67.66	8,720.62

(translation)

Unit : Million Baht

	Oil	Natural Gas	Petroleum exploraion and production	Petro- chemical	Head Office expenses and others	Elimination	Total
Share of net loss under equity method							(223.94)
Share of net loss over investment							(483.20)
Interest-net							(2,080.18)
Other income							430.36
Income taxes							(2,515.44)
Minority interests							(894.78)
Net income							2,953.44
Segment assets	55,904.20	105,749.58	62,931.11	-	43,618.42	-	268,203.31
Inter-company assets	566.56	6,869.08	3,450.08	-	124,249.58	(135,135.30)	-
Investments accounted for							
Under equity method	4.10	-	11,348.08	-	7,670.95	-	19,023.13
Total Assets	56,474.86	112,618.66	77,729.27	-	175,538.95	(135,135.30)	287,226.44
Capital expenditure	137.71	417.14	2,379.76	-	168.82	-	3,103.43
Segment liabilities	17,124.52	21,519.19	39,788.91	-	138,674.90	-	217,107.52
Inter-company liabilities	28,991.16	87,314.57	6,829.57	-	-	(123,135.30)	-
Total Liabilities	46,115.68	108,833.76	46,618.48	-	138,674.90	(123,135.30)	217,107.52

Head office expenses, revenue and others comprise general and administrative expenses associated with central operations and share of net income from the operations of associates.

EBITDA means Earnings before interest expenses, finance cost, income taxes, depreciation and amortization including other expenses and income which are not relevant to the operations.

EBIT means Earnings before interest expenses, finance cost, income taxes, including other expenses and income which are not relevant to the operations.

30 Disclosure of Financial Instruments

30.1 Forward foreign exchange contract

The Company entered into the forward bought foreign exchange contracts to pay for purchase of natural gas from Yadana and Yetagun gas fields amounting to USD 131.53 million or equivalent to approximately Baht 5,690.85 million. The Company entered into the forward foreign exchange contracts for repayment of long-term loan amounting to USD 7.00 million or equivalent to Baht approximately 302.98 million, matured in October 2004.

Forward sold foreign exchange contracts to receive from export of Benzene and Paraxylene products are USD 24.75 million or equivalent to Baht 1,115.58 million, matured during January 2003 - July 2004.

TOC entered into the forward foreign exchange contracts with several commercial banks amounting to USD 14.10 million and Yen 1,051.80 million equivalent to Baht 992.40 million, matured within 6 months.

(translation)

Forward foreign exchange contract amounts and exchange rates as at December 31, 2002 and 2001 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2002	2001	2002	2001
Forward bought foreign exchange contracts				
At average rate Baht 43.27 = 1 USD	-	-	5,993.83	-
(2001 : Baht 44.25 = 1 USD)	-	4,014.01	-	4,014.01
At average rate Baht 43.31 = 1 USD	6,610.36	-	-	-
At average rate Baht 0.3574 = 1 Yen	375.87	-	-	-
Total	6,986.23	4,014.01	5,993.83	4,014.01
Forward sold foreign exchange contracts				
At average rate Baht 45.07 = 1 USD	1,115.58	-	1,115.58	-

30.2 Cross-currency and interest rate swap contract

On September 28, 1994, the Company entered into the loan agreement with The Meiji Mutual Life Insurance Company / The Industrial Bank of Japan Limited totalling Yen 6,913.80 million bears interest at fixed rate of 4.70% per annum. On August 15, 1994, the Company has also made cross-currency and interest rate swap to hedge risk exposure from Yen fluctuation by entering into ISDA : 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 which was on October 12, 1994.

For PTTEP, cross-currency and interest rate swap contracts have been entered according to Note 19.

The terms and notional principal amount of the outstanding cross-currency and interest rate swap contracts as at December 31, 2002 and 2001 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2002	2001	2002	2001
USD 69 million / Yen 6,913.80 million	-	-	2,987.97	3,060.82
USD 193.28 million / Yen 23,000 million	8,369.66	8,573.72	-	-
Total	8,369.66	8,573.72	2,987.97	3,060.82

The maturity of contracts can be analyzed as follows :

Unit : Million Baht

	Consolidated		The Company	
	2002	2001	2002	2001
Later than 1 year - 5 years	8,369.66	-	2,987.97	3,060.82
Later than 5 years	-	8,573.72	-	-
Total	8,369.66	8,573.72	2,987.97	3,060.82

30.3 Futures oil contract

As at December 31, 2002, outstanding balance of the futures oil contracts that the Company entered into have a maturity period within one to six months. The volume of oil according to such contract amounting to 1.80 million barrels and the fair value is loss of Baht 10.26 million.

30.4 Fair value of financial instrument

Most carrying value of financial assets and financial liabilities of the Group are mainly classified as short-term category. The fair value of financial assets and financial liabilities approximately to their carrying values.

The Group will calculate the fair value of long-term loans and fixed interest rate bond by using the discounted cash flow based on the discount rate with similar borrowing condition. The forward foreign exchange contracts, the cross-currency and interest rate swap contracts, and the futures oil contracts presented fair value based on quoted market rate as follows:

Unit : Million Baht

	Consolidated		The Company	
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
Long-term loan	92,203.16	104,990.85	92,203.16	104,990.85
Unsecured unsubordinated Yen 23 billion	8,328.37	8,772.90	-	-
Unsecured unsubordinated USD 200 million	8,660.78	9,654.91	-	-
Forward bought foreign exchange contracts	6,986.23	6,978.81	5,993.83	5,987.70
Forward sold foreign exchange contracts	1,115.58	1,072.47	1,115.58	1,072.47
Cross-currency and interest rate swap contracts	11,357.63	12,647.72	2,987.97	3,570.07
Futures oil contracts	-	(10.26)	-	(10.26)

31 Dividend Payment

On April 29, 2002, the shareholders at the annual general shareholders' meeting passed a resolution to pay additional dividend at Baht 0.50 per share from the total 2,797,245,725 shares amounting to Baht 1,398.62 million, this payment is in additional to the declared dividends as notified in the Company Prospectus for Baht 2.0 per share amounting to Baht 5,594.49 million. During year 2002, the Company has already paid dividends to shareholders totalling Baht 6,993.11 million.

32 Acquisition

In the first quarter of 2002, the Company has acquired additional common share capital of TOC amounting to 32.20 million shares which resulted in an increase in proportion of shareholding from 49% to 63.03%. The purchase consideration amounting to Baht 3,220 million and the carrying value of net assets amounting to Baht 2,184.86 million are the fair value of total net assets received on the acquisition date. Goodwill arising from acquisition amounting to Baht 1,035.14 million is amortized within 10 years, using straight-line method.

Details of net assets acquired and goodwill are as follows:

Unit : Million Baht

Purchase consideration	3,220.00
<u>Less</u> Fair value of net assets acquired	2,184.86
Goodwill (Note 13)	1,035.14

The assets and liabilities arising from the acquisition are as follows:

Unit : Million Baht

Cash and cash equivalents	206.40
Accounts receivable	947.80
Inventories	1,090.60
Other current assets	106.94

(translation)

Unit : Million Baht

Investments accounted for under equity method (Note 11)	1.50
Property, plant and equipment (Note 12)	11,785.47
Other non-current assets	492.52
Intangible assets	96.58
Other non-current assets	6.86
Accounts payable	(2,085.45)
Other current liabilities	(252.80)
Loans	(11,152.74)
Other non-current liabilities	(137.55)
Additional asset arising from additional share capital	3,220.00
Minority interests	(1,599.27)
Investments under prior equity method	(542.00)
Fair value of net assets	2,184.86
Goodwill (Note 13)	1,035.14
Total purchase consideration	3,220.00
Cash and cash equivalents in subsidiary acquired	206.40
Cash outflow on acquisition	3,013.60

In the fourth quarter of 2002, the Company acquired 12.20 million additional ordinary shares capital of PTTEP, which is the Company's subsidiary from third parties. This results in an increase in proportion of investment in ordinary shares capital from 60.97% to 62.84%. Purchase consideration was Baht 1,543.43 million. The carrying value of net assets amounting to Baht 673.17 million are net fair value of assets received at the acquisition date. Goodwill arising from acquisition amounting to Baht 870.26 million is amortized over 17 years, using straight-line method.

Details of net assets acquired and goodwill are as follows:

Unit : Million Baht

Purchase consideration	1,543.43
<u>Less</u> Fair value of net assets acquired	673.17
Goodwill (Note 13)	870.26

33 Commitments and Contingent Liabilities

33.1 At the end of year 2000, the contractor for the Ratchaburi-Wang Noi Natural Gas Pipeline construction project has claimed for additional construction cost amounting to approximately USD 26.36 million. The Company and the project consultant have agreed that the additional construction cost should be approximately to Baht 841.92 million, comprises USD portion approximately to USD 12.12 million and Baht portion approximately to Baht 317 million. The Company has already recorded such amount as accrued expenses. However, the exact amount of the additional construction cost is still in the reconsideration process among the Company, the project consultant, and the contractor. At present, the claim still has no progress.

33.2 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 of onshore parallel pipeline laying from Rayong-Bangpakong-Wang Noi. Damage and legal costs approximately to USD 61 million have been claimed. On February 4, 2002, the arbitrator made the decision that the Company shall pay for damage and expenses incurred in the administration of the case amounting to USD

28.43 million with interest charge and fees for letter of guarantee. However, the Company has always contended with and retained rights concerning the arbitration and the judicial process on this dispute. The Company will contend with the enforcement according to arbitrator decision. As at December 31, 2002, the Company has recorded the damage including interest and expenses incurred totalling Baht 1,345.70 million (2001: Baht 998.35 million) as presented under other non-current liabilities according to Note 21. 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 and has no progress.

33.3 The Cabinet meeting as at February 16, 1988 approved Petroleum Authority of Thailand (PTT) to purchase and sell of crude on behalf of the Government with permission to deduct operating expenses from the margin before appropriation to the Ministry of Finance (MOF). Most purchase and sale of local crude came from Sirikit oil field (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. The purchase and sale of Phet Crude for the year ended December 31, 2002 amounting to Baht 7,168.96 million and Baht 7,441.57 million, respectively. The margin from Phet Crude amounting to Baht 272.61 was included in net income from normal operation. If the Company deducted the operating expenses from the margin before remitting to MOF, the portion of gain from Phet Crude before deducting of corporate income tax to the Government is Baht 188.66 million. (For the three-month period ended December 31, 2001, the purchase and sale of Phet Crude amounting to Baht 1,361.02 million and Baht 1,413.56 million, respectively. The margin from Phet Crude is Baht 52.54 million after deducting the operating expenses, and before deducting corporate income tax is the portion of gain from Phet Crude to the MOF amounting to Baht 21.14 million) At present, there is still no clarification for this remittance.

33.4 Commitments to subsidiaries and associates are as follows:

According to the Board of Directors' consensus of 1/2002 on January 24, 2002, the Company has incurred an obligation with a subsidiary concerning a commercial trade credit. The commercial trade credit was given to the subsidiary as an ordinary business transaction with a credit limit of USD 100 million. As at December 31, 2002, the credit limit had been used up to USD 8.20 million, leaving the remaining obligation of USD 91.80 million. In addition, on September 27, 2001, the Board of Directors has approved to increase the share capital of USD 70 million (Baht 3,220 million). The plan was approved by the Board of Directors' consensus of 1/2002 on January 24, 2002. The Company has already increased share capital and paid for Baht 2,254 million with the remaining balance of Baht 966 million. The Company has planned to pay such balance within January 31, 2003 and January 31, 2004 amounting to Baht 805 million and Baht 161 million, respectively.

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 (Baht 5,754.06 million). As at December 31, 2002, the Company supports the whole amount to the associate by means of subordinated loan which includes accrued interest receivable amounting to Baht 53.63 million totalling Baht 5,807.69 million. The Company recognized share of loss in investments amounting to 5,212.75. In addition, the Company has commitments to provide a commercial credit line by extending the terms of payment with respect to supply of raw materials and/or making advance payment for finished products purchased, and including provide contingency support amounting to USD 90 million. As at December 31, 2002, the commercial credit line has been used amounting to USD 45.06 million. The Company still has commitments to the associate at the balance of USD 44.94 million.

The Company was approved to increase its share capital in 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 (Baht 1,403.91 million). As at December 31, 2002, the Company recognized share of loss in investments amounting to Baht 1,095.11 million. The Company, shareholders and creditors have agreement on November 28, 2002 that the Company will pay amounting to USD 10.73 million (Baht 461.24 million) as part of the Company's compensation in quantity and prices according to Supplemental Supply and

Offtake Agreement (SSOA). The Company had paid that certain amount and recognized as expenses in the statement of income for the year ended December 31, 2002. Besides, the Company agrees to pay additional amount of USD 21.69 million to this associate for repayment to creditors and the creditors agree to reduce total amount of loans. Shareholders and creditors are now in the process of preparing contract as settlement. Moreover, the Company considered to provide financial supports to the associate due to the necessity of working capitals for business operation continuation.

The Company has commitments to provide financial support to two associates under Shareholders' Support Agreement as at December 31, 2001, amounting to USD 24.23 million (Baht 1,058.70 million) and amounting to USD 44.92 million (Baht 1,948.24 million), respectively. During year 2002, the Company has already paid all commitments by means of subordinated loans amounting to Baht 1,556.17 million and additional share capital amounting to Baht 1,450.77 million.

33.5 PTTEP is the guarantor of 200,000 guaranteed unsubordinated bonds of USD 1,000 each, totalling USD 200 million issued by PTTEP International Limited (a subsidiary of PTTEP). The bonds bear interest at the rate of 7.625% per annum and have a maturity period of 10 years, to be redeemed on October 1, 2006.

33.6 As at December 31, 2002 PTTEP has contingent liabilities which are letters of guarantee amounting to Baht 43.96 million.

33.7 On December 16, 1992, TOC entered into the Olefins Sales Agreement with five companies. Under the agreement it is agreed that these companies will purchase not lower than the volume specified in the agreement, with product prices base on prices prevailing in the world market.

33.8 As at December 31, 2002, TOC has contingent liabilities which are performance guarantees from bank consisted of :

	Unit : Million Baht
Purchases of raw material	15.00
Land leasehold contract for TOC's plant located in the Map Ta Phut Industrial Estate	25.23
Total	40.23

34 Promotional Privileges

TOC received promotional privileges from the Board of Investment at September 10, 1990 for the Olefins and other by-products. Under these privileges, TOC will be exempted from various taxes and duties including exemption from corporate income tax for a period of eight years, commencing from receiving of income from operating business until December 18, 2002. Also, TOC will pay income tax at a rate of 15% of net income for five years after expiring date of corporate income tax exemption. Since TOC has received promotional privileges for industrials, they have to conform with rules and regulations of promotional privileges.

Local and export revenues according to business segment reporting classified by BOI-promoted activities and non-BOI promoted activities as at December 31, 2002 are set out below :

	Unit : Million Baht		
	Domestic	Foreign	Total
BOI - Promoted activities	11,599.12	1,189.43	12,788.55
Non-BOI - Promoted activities	453.71	-	453.71
Total	12,052.83	1,189.43	13,242.26

35 Subsequent Events

On February 24, 2002, the Board of Directors has approved to pay dividend to the shareholders for year 2002 at Baht 2.85 per share amounting to 2,797,245,725 shares, totalling Baht 7,972.15 million. Dividend will be paid upon approval of the annual general shareholders' meeting.

On February 24, 2002, the Board of Directors has approved to establish a joint venture company between PTT and the Electricity Generating Authority of Thailand (EGAT) with the objective to generate and supply electricity and chilled water to the New Bangkok International Airport Company Limited, shareholders structure of which will be at 50:50 with the registered capital of Baht 1,000 million, consisted of 100 million shares at a Baht 10 per share.

36 Subsidiaries, Associates and Joint Ventures

36.1 The principal subsidiaries, associates and joint ventures of the Company are as follows:

Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
Subsidiaries :				
PTTEP International Company Limited (PTTEPI)	Thailand	Petroleum Exploration and Production	62.84	60.97
PTT Philippines, Inc. (PTTPI)	Philippines	Oil Marketing	100.00	100.00
PTT International Trading Pte., Ltd.(PTTT)	Singapore	Oil International Trading	100.00	100.00
Thai Olefins Co., Ltd (TOC)	Thailand	Petrochemical	63.03	49.00
PTT (Cambodia) Co., Ltd. (PTTCL)	Cambodia	Oil Marketing	100.00	-
Associates :				
Thai Oil Co., Ltd. (TOCL)	Thailand	Refining	49.99	49.99
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	24.29	24.29
Rayong Refinery Co., Ltd. (RRC)	Thailand	Refining	36.00	36.00
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
Thai Lube Base Co., Ltd. (TLB)	Thailand	Refining	30.00	30.00
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil Pipeline	30.60	30.60
Aromatics (Thailand) Public Co., Ltd. (ATC)	Thailand	Petrochemical	46.33	50.00
National Petrochemical Public Co., Ltd. (NPC)	Thailand	Petrochemical	37.94	37.94
National Fertilizer Public Co., Ltd. (NFC)	Thailand	Petrochemical	20.44	20.44
Thai Paraxylene Co., Ltd. (TPX)	Thailand	Petrochemical	23.48	23.48
PTT Natural Gas Distribution Co., Ltd. (PTT NGD)	Thailand	Natural Gas	49.00	49.00
Joint ventures: Jointly controlled entities				
Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T))	Thailand	Natural Gas	50.00	50.00
Trans Thai-Malaysia (Malaysia) Co., Ltd. (TTM (M))	Malaysia	Natural Gas	50.00	50.00
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36.2 The principal subsidiaries, associates and joint ventures of subsidiaries are as follows:

Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
			Subsidiaries :	
PTTEP International Company Limited (PTTEPI)	Thailand	Petroleum Exploration and Production	100.00	100.00
PTB Partner Co., Ltd. (PTB)*	Thailand	Petroleum Exploration and Production	100.00	100.00
PTTEP Offshore Investment Company Limited (PTTEPO)	Cayman Islands	General Investment Operation	100.00	100.00
PTTEP Kim Long Vietnam Company Limited (PTTEPKV)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
PTTEP Southwest Vietnam Company Limited (PTTEPSV)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
PTTEP Middle East Company Limited (PTTEP ME)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
PTTEP Hoan - Vu Company Limited (PTTEPHV)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
PTTEP Hoang - Long Company Limited (PTTEPHL)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
Continental Indochine Imp/Exp Co., Ltd (CIL)	Cambodia	Aircraft Refuelling Service	100.00	100.00
Associates :				
Thai Oil Power Company Limited (TOP)	Thailand	Power Producer	26.00	26.00
New Links Energy Resources Limited (New Links)	Indonesia	General Investment Operation	40.00	40.00
PTT International Trading Co., Ltd. (PTTT(Cayman))	Cayman Islands	Oil International Trading	100.00	100.00
FST Aviation Services Limited (FST)	Hong Kong	Aircraft Refuelling Service	25.00	25.00
Joint ventures:				
Jointly controlled entities				
Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
			Joint ventures:	
Carigali-PTTEPI Operating Company Sdn. Bhd. (CPOC)**	Malaysia	Petroleum Exploration and Production	50.00	50.00
Moattama Gas Transportation Company (MGTC)	Myanmar	Natural Gas Pipeline-Overseas	25.50	25.50
Taninthayi Pipeline LLC. (TPC)	Myanmar	Natural Gas Pipeline-Overseas	14.1667	14.1667
* PTB is in the liquidation process.				
** CPOC does not operate because of slow moving in JDA project (Block B-17 and C-19)				

Jointly controlled assets entities

Joint Ventures of PTT Exploration and Production Public Co., Ltd. (PTTEP)

Project	Country	Operator	Company's interest (%)	
			2002	2001
Unocal 3	Thailand	Unocal Thailand Ltd.	5	5
E 5	Thailand	Exxon Mobil Exploration and Production Korat Inc.	20	20
E 5 North*	Thailand	Amerada Hess (Thailand) Co., Ltd.	20	20
S 1 Thailand	Thailand	Thai Shell Exploration and Production Co., Ltd.	25	25
Bongkot	Thailand	PTT Exploration and Production Public Company Limited	44.4445	44.4445
Pailin (B12/27)	Thailand	Unocal Thailand Ltd.	45	45
Arthit	Thailand	PTT Exploration and Production Public Company Limited	80	80

Joint Ventures of PTTEP International Limited

Project	Country	Operator	Company's interest (%)	
			2002	2001
Yetagun	Myanmar	Premier Petroleum Myanmar Limited	14.1667	14.1667
W 7/38	Thailand	Kerr-McGee (Thailand) Limited	15	15
Yadana	Myanmar	TOTALFINAELF Exploration and Production Myanmar	25.50	25.50
B 13/38**	Thailand	PTTEP International Limited Carigali-PTTEPI Operating Company	44.4445	44.4445
JDA (B-17 and C-19)	Thai-Myanmar	Sendirian Berhad	50	50

Joint Ventures of PTTEP Kim Long Vietnam

Project	Country	Operator	Company's interest (%)	
			2002	2001
B and 48/95	Vietnam	Unocal Vietnam Exploration, Ltd.	8.5	10

Joint Ventures of PTTEP Southwest Vietnam

Project	Country	Operator	Company's interest (%)	
			2002	2001
52/97	Vietnam	Unocal Southwest Vietnam Exploration & Production, Ltd.	7	10

Joint Ventures of PTTEP Hoan-Vu

Project	Country	Operator	Company's interest (%)	
			2002	2001
9-2 Vietnam		Hoan-Vu Joint Operating Company	25	-

Joint Ventures of PTTEP Hoang Long

Project	Country	Operator	Company's interest (%)	
			2002	2001
16-1	Vietnam	Hoang Long Joint Operating Company	28.5	-

* Counted as E5 project but separating of assets due to different operators

** Counted as Bongkot project but separating of assets due to different companies holding the concessions

The change of joint venture interest during 2002

On March 19, 2002, PTTEPI and Partners of W7/38 Project surrendered the Petroleum Concession No.1/2541/55, Block W7/38 to the Department of Mineral Resources.

On August 2, 2002, PTTEP HL has entered into a Sales and Purchase Agreement with Amerada Hess Vietnam Ltd. to acquire 13.50% interest in Block 16-1. The remaining 13.50% interest was acquired by SOCO Vietnam Ltd. After the acquisition, PTTEP HL will increase its participation interest from 15% to 28.50% and will be committed to spend an additional amount of approximately USD 3 million under the work obligation during 2002 - 2003. This agreement was approved by Vietnamese Government that made the acquisition of interest fully effective on February 18, 2003 and at the same date, PTTEP HL paid USD 2.3 million for the additional interest in the project past costs. Therefore, the joint venture partner is comprised of PetroVietnam Exploration and Production Company, PTTEP HL, SOCO Vietnam Ltd., and OPECO Vietnam, Ltd. with interests of 41%, 28.50%, 28.50% and 2%, respectively.

On November 4, 2002, Petrovietnam exercised the right of Petroleum Sharing Contract to participate in Block B&48/95 15% interest. After participation of PetroVietnam, the joint venture partner is consisted of Unocal Vietnam Exploration Ltd., Moeco Vietnam Petroleum Co., Ltd., PetroVietnam Exploration & Production Company and PTTEP Kim Long Vietnam Company Limited with interests of 42.38%, 25.62%, 23.5% and 8.5%, respectively.

On November 4, 2002, Petrovietnam exercised the right of Petroleum Sharing Contract to participate in Block 52/97 30% interest. After participation of PetroVietnam, the joint venture partner is consisted of Unocal Southwest Vietnam Exploration & Production, Ltd. PetroVietnam Exploration & Production Company, Moeco Southwest Vietnam Petroleum Co., Ltd., and PTTEP Southwest Vietnam Company Limited with interests of 43.4%, 30%, 19.6% and 7%, respectively.

Supplemental Information

The Company has presented the consolidated and the Company statements of income and statements of cash flows for the year ended December 31, 2002 with comparative figures with for the three-month period ended December 31, 2001 since it was registered to "PTT Public Company Limited" on October 1, 2001 after corporatization from the "Petroleum Authority of Thailand". The company has presented the consolidated and the Company statements of income and statements of cash flows for the years ended December 31, 2002 and 2001 as supplemental information for the users of these financial statements, as follows:

STATEMENTS OF INCOME

For the years ended December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Revenues				
Sales	399,752.22	377,901.84	387,094.82	377,610.70
Other income	6,348.41	5,460.10	6,044.06	4,805.42
Gain on foreign exchange	468.22	3,013.62	-	3,161.14
Share of net income from investments				
under equity method	2,765.78	-	9,425.48	5,726.69
Total Revenues	409,334.63	386,375.56	402,564.36	391,303.95
Expenses				
Cost of sales	345,053.15	325,891.24	353,727.98	346,852.03
Selling and administrative expenses	14,114.25	13,157.21	11,027.18	9,826.04
Exploration expenses	150.03	232.96	-	-
Impairment loss	60.52	1,311.84	60.52	1,311.84
Directors' remuneration	28.95	10.65	14.16	5.47
Loss on foreign exchange	-	-	195.28	-
Share of net loss from investment under equity method	-	687.31	-	-
Share of net loss over investments	603.01	1,711.94	618.55	1,715.66
Total Expenses	360,009.91	343,003.15	365,643.67	359,711.04
Income Before Interests and Income Taxes	49,324.72	43,372.41	36,920.69	31,592.91
Interest expenses	9,623.45	10,626.00	7,371.26	8,824.12
Income taxes	10,484.78	6,929.01	5,042.64	1,204.14
Income Before Minority Interests	29,216.49	25,817.40	24,506.79	21,564.65
Minority interests	4,709.70	4,252.75	-	-
Net Income	24,506.79	21,564.65	24,506.79	21,564.65
Earnings per share (Baht)	8.76	7.71	8.76	7.71

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Cash Flows from Operating Activities				
Net income	24,506.79	21,564.64	24,506.79	21,564.64
Adjustment net income to net cash provided by(used in) operating activities :				
Depreciation, depletion and amortization	11,454.72	8,793.40	5,777.09	5,432.06
Impairment loss	60.52	1,311.83	60.52	1,311.83
Loss on disposal of assets	63.74	9.09	44.72	12.70
Gain on disposal of investments	(147.98)	-	(147.98)	-
Write-off assets adjustment	(14.34)	26.73	(34.90)	26.56
Provision for obsolescence of materials and supplies	-	9.37	-	9.37
Share of net (income) loss from investments under equity method	(2,765.78)	687.31	(9,425.48)	(5,726.68)
Share of net loss over investments	603.01	1,711.94	618.55	1,715.66
Income of minority interests	4,709.70	4,252.75	-	-
(Gain) loss on foreign exchange	(480.83)	(1,865.81)	224.68	(2,248.37)
Doubtful accounts	570.88	596.18	557.88	556.26
Amortization of exploration cost	33.78	125.47	-	-
Amortization of bond issue expenses	10.14	16.68	-	-
Amortization of bond discounts	1.11	1.11	-	-
Deferred income taxes	1,231.75	1,473.24	(93.54)	(71.40)
Amortization of deferred interest from finance leases	35.73	25.07	30.09	25.07
Amortization of deferred income from initial rights fee for using pipe rack	(10.35)	-	-	-
Dividend income	(37.70)	(30.43)	(37.69)	(30.43)
Income from donated assets	(8.39)	-	(8.39)	-
Net income from operating activities before changes in operating assets and liabilities	39,816.50	38,708.57	22,072.34	22,577.27

STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Changes in operating assets (increase) decrease				
Trade accounts receivable - related parties	3,183.75	(870.42)	2,698.29	(978.61)
Trade accounts and notes receivable - others	(9,123.56)	5,318.64	(8,911.94)	5,611.82
Other accounts receivable, advances and short-term loans - related parties	1,170.08	548.70	(144.29)	403.64
Inventories	163.57	2,192.43	83.51	2,193.14
Materials and supplies	5.23	(411.57)	(62.34)	(39.25)
Other current assets	(397.57)	(129.96)	(89.17)	(19.09)
Prepaid expenses	(467.56)	(141.51)	(449.49)	(142.61)
Advance payment for gas purchased	1,145.83	(18,758.62)	1,505.45	(22,716.86)
Accrued income	341.49	(3,088.48)	337.23	(3,087.50)
Other accounts receivable	894.69	24.64	991.20	110.78
Other non-current assets	(685.47)	(281.61)	53.70	8.17
Changes in operating liabilities increase (decrease)				
Income tax payable	1,092.38	1,339.75	1,318.56	1,032.37
Accrued appropriation to the Ministry of Finance	-	(14.33)	-	(14.33)
Trade accounts payable - related parties	1,854.01	(2,062.03)	2,362.04	(675.28)
Trade accounts payable - others	(2,104.81)	7,525.54	(1,105.67)	6,241.31
Other accounts payable - related parties	(248.11)	(135.15)	592.65	10.06
Accrued expenses	132.23	263.35	81.31	(923.62)
Other current liabilities	(744.17)	947.12	(695.41)	983.25
Deposits on LPG cylinders	242.23	178.64	242.23	178.64
Pension fund	(2.02)	(3.13)	(2.02)	(3.13)
Other accounts payable	(3.73)	820.90	(446.48)	821.77
Other non-current liabilities	(1,118.49)	1,070.88	362.27	966.50
Prior year appropriation to the Ministry of Finance	(5,111.67)	(7,029.00)	(5,111.67)	(7,029.00)
	(9,781.67)	(12,695.22)	(6,390.04)	(17,067.83)
Net cash provided by operating activities	30,034.83	26,013.35	15,682.30	5,509.44

STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2002 and 2001

	Unit : Million Baht			
	Consolidated		The Company	
	2002	2001	2002	2001
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	9.35	4.91	9.29	4.90
Payment of property, plant and equipment	(13,662.93)	(9,589.39)	(4,951.35)	(2,572.99)
Payment of intangible assets	(331.39)	(332.67)	(199.86)	(110.61)
Long-term loans to related parties	(1,609.79)	-	(1,609.79)	-
Payment of investments in subsidiaries	(1,543.43)	-	(3,797.66)	(2.50)
Payment of investments in joint ventures	-	-	(39.58)	(495.38)
Payment of investments in associates	(1,459.47)	(17,099.45)	(1,450.77)	(7,209.89)
Cash fund from investments in other companies	18.13	28.19	18.13	28.19
Payment of current investments	(3,781.08)	(519.55)	(3,781.08)	(519.55)
Proceeds from current investment	4,165.78	201.12	4,165.78	201.12
Dividends received	1,125.32	618.43	2,907.76	1,810.91
Net cash used in investing activities	(17,069.51)	(26,688.41)	(8,729.13)	(8,865.80)
Cash Flows from Financing Activities				
Cash received from issuing ordinary shares	-	7,972.46	-	7,972.46
Cash received from premium on share capital	-	17,992.83	-	17,992.83
Proceeds from long-term loans	12,092.66	-	-	-
Cash received from bond issuance	-	19,000.00	-	19,000.00
Cash received from short-term loans	-	9,181.63	-	9,181.63
Cash received from notes payable	1,900.00	1,700.00	1,900.00	1,700.00
Repayment of long-term loans	(23,058.16)	(15,808.62)	(7,655.42)	(12,993.73)
Repayment of bonds	(6,000.00)	(3,315.00)	(6,000.00)	(3,315.00)
Repayment of short-term loans	(6,163.12)	(2,741.59)	(6,163.12)	(2,741.59)
Repayment of notes payable	(1,900.00)	(1,700.00)	(1,900.00)	(1,700.00)
Payment of liabilities from finance lease	(135.93)	(69.93)	(114.15)	(69.93)
Increase in bank overdrafts	1.14	(347.89)	0.92	(347.89)
Dividend paid	(8,519.49)	(763.08)	(6,993.11)	-
Net cash provided by (used in) financing activities	(31,782.90)	31,100.81	(26,924.88)	34,678.78

STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2002 and 2001

Unit : Million Baht

	Consolidated		The Company	
	2002	2001	2002	2001
Effects of exchange rate on cash and cash equivalents	(115.81)	(167.47)	(12.56)	14.48
Currency translation differences	(214.05)	(77.55)	-	-
Net increase (decrease) in cash and cash equivalents	(19,147.43)	30,180.73	(19,984.28)	31,336.90
Cash and cash equivalents at beginning of year	52,804.96	22,417.82	37,161.16	5,824.26
Cash and cash equivalents at end of year	33,657.52	52,598.55	17,176.88	37,161.16

Supplemental disclosures of cash flows information

Cash paid during the year for

Interest expenses	9,912.12	10,269.27	7,407.77	8,549.74
Income taxes	7,257.42	3,871.64	2,819.79	-