

## BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2004 AND 2003

Unit : Baht

	Notes	Consolidated		The Company	
		2004	2003	2004	2003
<b>Assets</b>			(Restated)		(Restated)
<b>Current Assets</b>					
Cash and cash equivalents	4	46,791,836,710	56,452,009,550	12,621,621,594	36,967,351,408
Current investments	5	56,359,695,827	6,343,944,148	46,652,712,981	3,947,814,595
Trade accounts and notes receivable					
- others, net	6	45,329,269,869	31,603,420,672	38,594,240,286	30,661,944,565
Trade accounts receivable					
- related parties, net	7.1	12,085,764,652	12,448,681,275	18,784,297,134	12,431,341,766
Other accounts receivable, advances and short-term loans					
- related parties, net	7.2	1,268,447,816	1,299,840,948	3,122,996,981	1,730,784,943
Inventories	8	11,144,338,142	3,766,593,380	4,548,656,167	3,701,322,749
Materials and supplies - net	9	2,663,175,058	1,844,623,839	1,155,603,181	1,007,744,490
Other current assets	10	19,939,150,168	11,306,667,935	14,389,962,278	10,205,275,329
<b>Total Current Assets</b>		<b>195,581,678,242</b>	<b>125,065,781,747</b>	<b>139,870,090,602</b>	<b>100,653,579,845</b>
<b>Non-current Assets</b>					
Investments accounted for under equity method	11.3,11.4	54,910,078,246	33,923,959,237	97,161,761,442	55,520,606,230
Other long-term investments	12.2,12.3	1,737,458,010	1,008,140,127	1,737,458,000	1,008,140,117
Advances and long-term loans					
- related parties, net	7.3	7,429,027,767	4,096,099,907	7,429,027,767	4,096,099,907
Property, plant and equipment - net	13	190,187,203,814	122,249,885,129	75,278,966,808	65,602,062,768
Intangible assets	14	3,410,752,158	4,724,482,670	3,120,029,443	3,107,296,272
Deferred tax assets	15	1,655,646,464	1,639,371,718	1,597,180,069	1,583,686,286
Advance payment for gas purchased	16	22,745,521,554	26,352,053,274	28,276,775,987	32,678,290,625
Other non-current assets	17	9,568,868,622	5,271,009,281	5,490,171,638	4,542,813,536
<b>Total Non-current Assets</b>		<b>291,644,556,635</b>	<b>199,265,001,343</b>	<b>220,091,371,154</b>	<b>168,138,995,741</b>
<b>Total Assets</b>		<b>487,226,234,877</b>	<b>324,330,783,090</b>	<b>359,961,461,756</b>	<b>268,792,575,586</b>

## BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2004 AND 2003

Unit : Baht

Notes	Consolidated		The Company		
	2004	2003	2004	2003	
		(Restated)		(Restated)	
<b>Liabilities and Shareholders' Equity</b>					
<b>Current Liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	18	11,760,750,000	181,974,620	11,760,750,000	-
Trade accounts payable - others		24,175,153,957	20,837,934,397	22,608,672,717	20,383,028,672
Trade accounts payable - related parties	7.4	12,216,383,280	9,977,029,021	18,068,479,516	13,244,213,482
Other accounts payable - related parties	7.5	182,983,719	484,235,020	144,219,010	641,550,242
Current portion of long-term loans	20	60,688,648,039	17,764,279,503	7,959,441,241	17,764,068,603
Short-term loans		868,436,250	-	-	-
Income tax payable		12,314,158,164	8,217,192,631	2,675,905,439	2,428,350,890
Accrued expenses		10,317,852,006	6,852,050,855	4,984,311,092	3,453,650,470
Other current liabilities	19	6,387,770,731	5,028,470,734	3,379,700,814	3,837,373,937
<b>Total Current Liabilities</b>		<b>138,912,136,146</b>	<b>69,343,166,781</b>	<b>71,581,479,829</b>	<b>61,752,236,296</b>
<b>Non-current Liabilities</b>					
Other accounts payable - related parties	7.6	-	15,531,185	14,565,509	15,531,185
Long-term loans	20	140,904,310,498	107,460,872,933	115,925,102,343	89,335,556,793
Allowance for share of net loss over investments	11.3,11.5	-	-	1,597,942,764	-
Deferred tax liabilities	15	10,257,015,755	9,173,587,580	-	-
Provision for decommissioning costs	21	5,229,671,609	3,910,318,062	-	-
Deposits on LPG cylinders		3,711,089,732	3,456,994,768	3,711,089,732	3,456,994,768
Other non-current liabilities	22	3,297,047,976	2,028,798,980	2,757,094,602	1,910,018,487
<b>Total Non-current Liabilities</b>		<b>163,399,135,570</b>	<b>126,046,103,508</b>	<b>124,005,794,950</b>	<b>94,718,101,233</b>
<b>Total Liabilities</b>		<b>302,311,271,716</b>	<b>195,389,270,289</b>	<b>195,587,274,779</b>	<b>156,470,337,529</b>

Notes to financial statements form an integral part of these financial statements.

## BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2004 AND 2003

Unit : Baht

Notes	Consolidated		The Company	
	2004	2003	2004	2003
<b>Liabilities and Shareholders' Equity</b> (Continued)		(Restated)		(Restated)
<b>Shareholders' Equity</b>				
Share capital				
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 paid-up share capital				
2,797,245,725 ordinary shares of				
Baht 10 each	23 27,972,457,250	27,972,457,250	27,972,457,250	27,972,457,250
Premium on share capital				
Premium on ordinary shares	17,992,830,666	17,992,830,666	17,992,830,666	17,992,830,666
Surplus on dilution of investments				
in subsidiaries and associates	2,089,284,252	1,966,620,101	2,089,284,252	1,966,620,101
Unrealized gain on available-for-sale securities	1,046,367,181	550,400,000	1,046,367,181	550,400,000
Currency translation differences	(765,711,742)	(721,543,059)	(765,711,742)	(721,543,059)
Retained earnings				
Appropriated				
Legal reserve	24.1 2,850,000,000	2,850,000,000	2,850,000,000	2,850,000,000
Reserve for Self-Insurance Fund	24.2 811,830,329	776,993,833	811,830,329	776,993,833
Unappropriated	112,377,129,041	60,934,479,266	112,377,129,041	60,934,479,266
Total parent's shareholders' equity	164,374,186,977	112,322,238,057	164,374,186,977	112,322,238,057
Minority interests	20,540,776,184	16,619,274,744	-	-
<b>Total Shareholders' Equity</b>	<b>184,914,963,161</b>	<b>128,941,512,801</b>	<b>164,374,186,977</b>	<b>112,322,238,057</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>487,226,234,877</b>	<b>324,330,783,090</b>	<b>359,961,461,756</b>	<b>268,792,575,586</b>

(Signed) Prasert Bunsumpun  
(Prasert Bunsumpun)  
President

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

## STATEMENTS OF INCOME

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

	Notes	Consolidated		The Company	
		2004	2003	2004	2003
			(Restated)		(Restated)
Sales	26	644,673,052,334	489,713,413,115	614,258,390,407	474,626,467,278
Cost of sales		565,826,824,588	425,666,104,715	567,781,890,755	436,482,335,268
<b>Gross Margin</b>		<b>78,846,227,746</b>	<b>64,047,308,400</b>	<b>46,476,499,652</b>	<b>38,144,132,010</b>
Selling and administrative expenses		18,617,581,968	13,832,822,948	15,411,488,181	11,395,999,879
Exploration expenses		401,041,926	2,311,755,940	–	–
<b>Income from Sales</b>		<b>59,827,603,852</b>	<b>47,902,729,512</b>	<b>31,065,011,471</b>	<b>26,748,132,131</b>
Other income	27	9,235,008,617	6,679,054,779	8,598,533,315	5,591,780,362
Directors' remuneration		55,363,666	48,405,770	22,932,500	19,805,070
<b>Income from Operations</b>		<b>69,007,248,803</b>	<b>54,533,378,521</b>	<b>39,640,612,286</b>	<b>32,320,107,423</b>
Share of net income from investments under equity method	28	26,741,966,641	10,342,213,493	37,240,047,238	17,776,989,907
<b>Income before Interest and Taxes</b>		<b>95,749,215,444</b>	<b>64,875,592,014</b>	<b>76,880,659,524</b>	<b>50,097,097,330</b>
Interest expenses	31	8,465,019,526	8,070,040,812	6,885,397,229	6,084,819,443
Income taxes	15	18,676,570,512	14,413,925,589	7,328,793,124	6,432,696,357
<b>Income after Taxes</b>		<b>68,607,625,406</b>	<b>42,391,625,613</b>	<b>62,666,469,171</b>	<b>37,579,581,530</b>
Income of minority interests		5,941,156,235	4,812,044,083	–	–
<b>Net Income</b>		<b>62,666,469,171</b>	<b>37,579,581,530</b>	<b>62,666,469,171</b>	<b>37,579,581,530</b>
<b>Earnings per share</b>					
Basic earnings per share	25	22.40	13.43	22.40	13.43
Diluted earnings per share	25	22.39	13.43	22.39	13.43

Notes to financial statements form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Consolidated					
	Notes	Issued and paid-up share capital	Premium on share capital	Surplus on dilution of investments	Unrealized gain on available-for-sale securities
<b>Balance as at January 1, 2003</b>		27,972,457,250	17,992,830,666	-	209,600,000
Cumulative effect of change in accounting policies	3.1	-	-	-	-
<b>Balance after adjustments</b>		27,972,457,250	17,992,830,666	-	209,600,000
Currency translation differences		-	-	-	-
Unrealized gain on available-for-sale securities		-	-	-	340,800,000
Minority interests		-	-	-	-
Surplus on dilution of investments in subsidiaries and associates	3.2	-	-	1,966,620,101	-
Reserve for Self-Insurance Fund		-	-	-	-
Dividend paid		-	-	-	-
Net income		-	-	-	-
<b>Balance as at December 31, 2003</b>		27,972,457,250	17,992,830,666	1,966,620,101	550,400,000
Currency translation differences		-	-	-	-
Unrealized gain on available-for-sale securities		-	-	-	495,967,181
Minority interests		-	-	-	-
Surplus on dilution of investments in subsidiaries and associates	11.4	-	-	122,664,151	-
Reserve for Self-Insurance Fund	24.2	-	-	-	-
Dividend paid		-	-	-	-
Net income		-	-	-	-
<b>Balance as at December 31, 2004</b>		27,972,457,250	17,992,830,666	2,089,284,252	1,046,367,181

(Restated)  
Unit : Baht

Currency translation differences	Legal reserve	Reserve for Self-Insurance Fund	Retained earnings	Minority interests	Total
(403,354,164)	2,850,000,000	723,873,357	31,513,067,548	15,939,583,071	<b>96,798,057,728</b>
-	-	-	(132,899,020)	-	(132,899,020)
(403,354,164)	2,850,000,000	723,873,357	31,380,168,528	15,939,583,071	<b>96,665,158,708</b>
(318,188,895)	-	-	-	-	(318,188,895)
-	-	-	-	-	340,800,000
-	-	-	-	679,691,673	679,691,673
-	-	-	-	-	1,966,620,101
-	-	53,120,476	(53,120,476)	-	-
-	-	-	(7,972,150,316)	-	(7,972,150,316)
-	-	-	37,579,581,530	-	37,579,581,530
(721,543,059)	2,850,000,000	776,993,833	60,934,479,266	16,619,274,744	<b>128,941,512,801</b>
(44,168,683)	-	-	-	-	(44,168,683)
-	-	-	-	-	495,967,181
-	-	-	-	3,921,501,440	3,921,501,440
-	-	-	-	-	122,664,151
-	-	34,836,496	(34,836,496)	-	-
-	-	-	(11,188,982,900)	-	(11,188,982,900)
-	-	-	62,666,469,171	-	62,666,469,171
(765,711,742)	2,850,000,000	811,830,329	112,377,129,041	20,540,776,184	<b>184,914,963,161</b>

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

The Company				
	Notes	Issued and paid-up share capital	Premium on share capital	Surplus on dilution of investments
<b>Balance as at January 1, 2003</b>		27,972,457,250	17,992,830,666	-
Cumulative effect of change in accounting policies	3.1	-	-	-
<b>Balance after adjustments</b>		27,972,457,250	17,992,830,666	-
Currency translation differences		-	-	-
Unrealized gain on available-for-sale securities		-	-	-
Surplus on dilution of investments in subsidiaries and associates	3.2	-	-	1,966,620,101
Reserve for Self-Insurance Fund		-	-	-
Dividend paid		-	-	-
Net income		-	-	-
<b>Balance as at December 31, 2003</b>		27,972,457,250	17,992,830,666	1,966,620,101
Currency translation differences		-	-	-
Unrealized gain on available-for-sale securities		-	-	-
Surplus on dilution of investments in subsidiaries and associates	11.4	-	-	122,664,151
Reserve for Self-Insurance Fund	24.2	-	-	-
Dividend paid		-	-	-
Net income		-	-	-
<b>Balance as at December 31, 2004</b>		27,972,457,250	17,992,830,666	2,089,284,252

(Restated)

Unit : Baht

Unrealized gain on available-for-sale securities	Currency translation differences	Legal reserve	Reserve for Self-Insurance Fund	Retained earnings	Total
209,600,000	(403,354,164)	2,850,000,000	723,873,357	31,513,067,548	<b>80,858,474,657</b>
-	-	-	-	(132,899,020)	(132,899,020)
209,600,000	(403,354,164)	2,850,000,000	723,873,357	31,380,168,528	<b>80,725,575,637</b>
-	(318,188,895)	-	-	-	(318,188,895)
340,800,000	-	-	-	-	340,800,000
-	-	-	-	-	1,966,620,101
-	-	-	53,120,476	(53,120,476)	-
-	-	-	-	(7,972,150,316)	(7,972,150,316)
-	-	-	-	37,579,581,530	37,579,581,530
550,400,000	(721,543,059)	2,850,000,000	776,993,833	60,934,479,266	<b>112,322,238,057</b>
-	(44,168,683)	-	-	-	(44,168,683)
495,967,181	-	-	-	-	495,967,181
-	-	-	-	-	122,664,151
-	-	-	34,836,496	(34,836,496)	-
-	-	-	-	(11,188,982,900)	(11,188,982,900)
-	-	-	-	62,666,469,171	62,666,469,171
<b>1,046,367,181</b>	<b>(765,711,742)</b>	<b>2,850,000,000</b>	<b>811,830,329</b>	<b>112,377,129,041</b>	<b>164,374,186,977</b>

## STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

Note	Consolidated		The Company	
	2004	2003	2004	2003
		(Restated)		(Restated)
<b>Cash Flows from Operating Activities</b>				
Net income	62,666,469,171	37,579,581,530	62,666,469,171	37,579,581,530
Adjustment net income to net cash provided by (used in) operating activities :				
Depreciation, depletion and amortization	14,222,054,231	11,259,257,142	5,898,115,880	5,723,595,879
Impairment loss	72,427,586	82,005,640	28,664,014	82,005,640
Loss on disposal of assets	37,924,494	5,100,606	9,467,101	(6,401,082)
Gain on disposal of investments	(338,242,703)	(166,177,019)	(15,205,972)	(166,177,019)
Write-off assets adjustment	22,312,028	(40,576,373)	22,868,710	(40,417,190)
Allowance for obsolescence of materials and supplies	2,607,290	6,555,081	2,607,290	6,555,081
Share of net income from investments under equity method	(26,741,966,641)	(10,987,836,873)	(37,240,047,238)	(17,776,989,907)
Income of minority interests	5,941,156,235	4,386,763,887	-	-
(Gain) loss on foreign exchange	(587,581,618)	(2,181,164,972)	314,286,645	(501,497,738)
Doubtful accounts	944,269,966	111,913,885	232,102,195	100,672,345
Amortization of exploration cost	24,175,401	2,031,986,659	-	-
Amortization of bond issue expenses	9,575,521	9,575,521	-	-
Amortization of bond discounts	1,108,849	1,108,849	-	-
Deferred income taxes	1,088,646,917	1,539,814,995	(13,493,783)	24,890,126
Amortization of deferred interest from finance leases	4,359,816	15,011,627	4,333,916	14,992,202
Dividend income	(43,680,000)	(36,720,000)	(43,680,000)	(36,720,000)
Loss on withdrawal from joint ventures	(481,831,169)	-	(481,831,169)	-
Write off withholding tax	139,924,607	-	-	-
Net income from operating activities before changes in operating assets and liabilities	56,983,709,981	43,616,200,185	31,384,656,760	25,004,089,867

## STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

Note	Consolidated		The Company	
	2004	2003	2004	2003
		(Restated)		(Restated)
Changes in operating assets (increase) decrease				
Trade accounts and notes receivable - others	(6,966,942,277)	4,398,782,740	(7,973,594,849)	4,799,589,230
Trade accounts receivable - related parties	3,977,518,369	20,850,624	(4,884,202,147)	820,142,985
Other accounts receivable, advances and short-term loan - related parties	144,198,741	(873,056,301)	(837,799,155)	155,986,922
Inventories	(125,276,366)	(1,765,571,731)	(847,333,418)	(1,752,911,077)
Materials and supplies	(569,192,280)	(3,931,400)	(110,875,046)	(13,916,773)
Other current assets	(83,403,313)	(246,447,537)	(15,385,731)	72,504,444
Prepaid expenses	(1,345,112,360)	25,796,060	(1,313,915,075)	25,791,390
Advance payment for gas purchased	3,606,531,721	1,760,002,258	4,401,514,639	1,890,215,111
Accrued income	976,584,992	(4,006,269,662)	1,132,078,294	(4,191,065,352)
Other accounts receivable	(6,360,443,953)	6,232,969,062	(6,075,602,293)	6,486,642,502
Long-term advances to related parties	430,939	-	430,939	-
Other non-current assets	(970,936,000)	(666,966,257)	(947,416,637)	(558,921,917)
Changes in operating liabilities increase (decrease)				
Income tax payable	4,101,598,245	1,534,244,818	247,554,548	(551,476,959)
Trade accounts payable - others	3,005,122,830	(3,503,952,147)	2,287,050,721	(3,063,043,728)
Trade accounts payable - related parties	(3,716,179,634)	3,034,919,279	4,813,988,750	2,314,202,411
Other accounts payable - related parties	(422,600,592)	859,898,816	(498,512,292)	(76,026,712)
Accrued expenses	2,968,932,075	(369,897,418)	1,086,262,964	(308,202,005)
Other current liabilities	378,707,734	(192,119,380)	350,379,527	(260,472,532)
Deposits on LPG cylinders	254,094,964	307,887,326	254,094,964	307,887,326
Pension fund	4,170,055	7,838,755	4,170,055	7,838,755
Other accounts payable	690,155,545	2,141,135,498	1,127,564,889	1,884,507,888
Other long-term payable - related parties	-	(965,676)	(965,676)	(965,676)
Other non-current liabilities	1,303,645,121	585,087,595	875,784,867	530,444,287
	851,604,556	9,280,235,322	(6,924,727,162)	8,518,750,520
Net cash provided by operating activities	57,835,314,537	52,896,435,507	24,459,929,598	33,522,840,387

Notes to financial statements form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

Notes	Consolidated		The Company	
	2004	2003	2004	2003
		(Restated)		(Restated)
<b>Cash Flows from Investing Activities</b>				
Proceeds from disposal of property, plant and equipment	9,516,565	16,721,427	6,031,189	16,721,427
Payment of property, plant and equipment	(39,667,260,887)	(19,801,683,207)	(15,032,109,624)	(7,249,593,326)
Payment of intangible assets	(588,364,559)	(251,361,432)	(300,103,695)	(219,313,702)
Long-term loans to related parties	(39,528,229)	(135,100,000)	(39,528,229)	(135,100,000)
Short-term loans to other companies	(2,903,764,720)	-	-	-
Short-term loans to related parties	(1,235,000,000)	(653,580,000)	(7,935,387,040)	(653,580,000)
Payment of investments in subsidiaries	(6,365,296,772)	(664,302,014)	(6,554,296,772)	(664,792,014)
Payment of investments in joint ventures	-	-	(1,818,456,107)	(2,368,913,429)
Payment of investments in associates	(2,929,701,200)	(1,739,570,033)	(4,459,382,440)	(1,739,570,033)
Payment of investments in other related companies	(250,458,240)	-	(250,458,240)	-
Proceeds from disposal of long-term investments	3,550,456,833	158,208,679	2,094,351,078	158,110,520
Cash received from long-term loans to related parties	-	45,000,000	-	45,000,000
Cash received from short-term loans to other companies	2,296,494,020	-	-	-
Cash received from short-term loans to related parties	1,911,080,000	7,500,000	7,404,294,640	7,500,000
Cash refund from investments in other companies	19,037,780	3,600,815	19,037,780	3,600,815
Increase in current investments	(52,714,275,359)	(5,198,311,174)	(45,258,512,639)	(2,802,181,622)
Dividends received	951,533,200	1,174,990,035	3,652,458,375	3,271,407,300
Net cash used in investing activities	(97,955,531,568)	(27,037,886,904)	(68,472,061,724)	(12,330,704,064)
<b>Cash Flows from Financing Activities</b>				
Cash received from issuing ordinary shares	293,790,000	44,178,000	-	-
Cash received from issuing preferred stock	-	510,000	-	-
Proceeds from long-term loans	5,339,360,913	-	-	-
Cash received from issuing bonds	35,210,631,955	17,500,000,000	35,210,631,955	15,000,000,000
Proceeds from short-term loans	27,578,280,921	-	24,781,980,000	-
Proceeds from notes payable issuing	-	220,000,000	-	220,000,000
Repayment of long-term loans	(16,707,341,965)	(4,560,444,720)	(14,074,949,818)	(2,395,249,720)
Redemption of bonds	(3,300,000,000)	(5,919,480,000)	(3,300,000,000)	(5,919,480,000)
Repayment of short-term loans	(13,609,872,611)	-	(11,712,150,000)	-
Repayment of notes payable	-	(220,000,000)	-	(220,000,000)
Payment of liabilities from finance leases	(49,189,991)	(102,306,219)	(48,979,091)	(102,095,319)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(181,974,620)	162,563,738	-	(19,410,882)
Dividend paid	(12,911,654,610)	(9,589,708,846)	(11,188,982,900)	(7,972,150,316)
Net cash provided by (used in) financing activities	21,662,029,992	(2,464,688,047)	19,667,550,146	(1,408,386,237)

Notes to financial statements form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

Notes	Consolidated		The Company	
	2004	2003	2004	2003
Effects of exchange rates on cash and cash equivalents	(153,615,894)	(264,969,464)	(1,147,834)	(3,212,460)
Currency translation differences	(162,694,583)	(295,877,641)	-	-
Net increase (decrease) in cash and cash equivalents	(18,774,497,516)	22,833,013,451	(24,345,729,814)	19,780,537,626
Cash and cash equivalents at beginning of period	56,452,009,550	33,618,996,099	36,967,351,408	17,186,813,782
Cash at beginning of period of associates transformed to subsidiaries and cash from acquisitions	9,114,324,676	-	-	-
<b>Cash and cash equivalents at end of period</b>	<b>46,791,836,710</b>	<b>56,452,009,550</b>	<b>12,621,621,594</b>	<b>36,967,351,408</b>
<b>Supplemental disclosures of cash flows information</b>				
<b>Cash paid during the period for</b>				
Interest expenses	8,536,322,532	8,106,945,451	7,003,017,312	6,232,989,862
Income taxes	15,000,775,324	10,237,318,669	6,206,911,996	5,697,526,213

Notes to financial statements form an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENT

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

### 1. General Information

PTT Public Company Limited (“the Company”) is incorporated as a public limited company, and is listed on the Stock Exchange of Thailand. The address of its registered office is as follows:

The Head Office of the Company is 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok, Thailand.

Its principal activity is to operate the petroleum business. The Company has invested in subsidiaries, associates and joint ventures (“the Group”) that are engaged in petroleum exploration and production activities, natural gas operations, refining, oil marketing and international trading, petrochemical business and other related businesses as discusses in Note 32 “Segmented Financial Information.”

As at December 31, 2004 and 2003, the Group was operating in 12 countries and in 2004 employed over 5,698 people (2003: 4,262 people). Staff costs of the Group for the year ended December 31, 2004 are Baht 5,668.79 million (2003: Baht 5,067.43 million).

### 2. Accounting Policies

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

#### 2.1 Basis for Preparation of Financial Statements

The consolidated and the Company’s 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 under the Accounting Profession Act B.E. 2547 (2004), and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535 (1992).

The Company presents its financial statements in compliance with the notification of the Department of Commercial Registration, dated September 14, B.E. 2544 (2001), “Define the abbreviation component required in the financial statements, B.E. 2544 (2001)” under the third paragraph of section 11 of the 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 the Company’s 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 the Company’s financial statements are prepared based on the assumption that users of the financial statements have an understanding of Thai generally accepted accounting principles and practices.

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

For convenience of the users, an English translation of the consolidated and the Company’s financial statements has been prepared from the statutory financial statements that are issued in Thai language.

During 2004, the Group’s accounting structure for preparing consolidated and the Company’s financial statements had been changed as follows:

The Group acquired additional ordinary shares of PTT Natural Gas Distribution Co., Ltd. (PTTNGD), the Subic Bay Group (comprises Subic Bay Energy Co., Ltd, Subic Bay Fuels Co., Inc. and Subic Bay Distribution, Inc.), Thai Lube Base Public Co., Ltd., Bangkok Polyethylene Public Co., Ltd. and Rayong Refinery Co., Ltd. From the additional investments, these companies have become subsidiaries of the Group during the year.

The Group acquired ordinary shares of the companies incorporated during the year 2004, which are PTT LNG Company Limited, PTT Polyethylene Co., Ltd. and Energy Complex Company Limited. These companies have status as subsidiaries of the Group. Moreover, the Group had incorporated PTT Phenol Company Limited and PTT Utility Company Limited, which have status as associates of the Group.

The above companies were included in the consolidated and the Company's financial statements for the year ended December 31, 2004 as discussed in Note 11.

## **2.2 Use of Estimate**

The preparation of the financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities together with the 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**

Subsidiaries, which are those entities in which the Group has power to exercise control over the financial policies and operations, are consolidated. Attention is directed to the substance of the control, and not merely the legal form.

Subsidiaries are consolidated from the date on which the control is transferred to the parent company, and are no longer consolidated from the date that the control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the compensations from the Group plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill according to Note 2.15 for the accounting policy on goodwill. Intercompany transactions, balances and unrealized gains or losses on transactions among companies in the Group are fully eliminated except for unrealized losses which are not recoverable by the Group in the future. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Group. Separate disclosure is made for minority interests in the consolidated balance sheet and the consolidated statement of income.

Investments in subsidiaries have been presented in the Company's financial statements under the equity method.

A list of subsidiaries of the Group is set out in Note 11.

## **2.4 Investments in Associates**

Investments in associates are accounted for under the equity method in the consolidated and the Company's financial statements. Under this method, the Group's share of the post-acquisition gains or losses of associates is recognized in the statement of income. The cumulative post-acquisition movements in the shareholders' equity of associates are adjusted against the cost of investments. Associates are entities over which the Group generally has significant influence, but it does not control. Unrealized gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates unless the transaction provides an evidence of an impairment of the transferred asset. The Group's investments in associates include goodwill (net of accumulated amortization) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group has incurred obligations in liabilities or has to make payments on behalf of the associates. If necessary, accounting policies of associates have been changed in accordance with accounting policies of the Group.

A list of associates of the Group is set out in Note 11.

## **2.5 Investments in Joint Ventures**

Investments in jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. Under this method, the Group combines its share of the joint ventures' individual revenues, expenses, assets, liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognizes the portion of gains or losses on the sales of assets by the Group to the joint venture that is attributable to other ventures. The Group does not recognize its share of gains or losses from the joint venture that results from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides an evidence of a reduction in the net realizable value or an impairment loss, the loss is recognized immediately. When necessary, accounting policies for the joint ventures have been changed to ensure consistency with the accounting policies adopted by the Group. Interests in joint ventures are presented in the Company's financial statements under the equity method.

Investments in jointly controlled assets are accounted for by proportionate consolidation in the consolidated financial statements. Under this method, the Group includes its share of the joint ventures' individual expenses, assets and liabilities in the relevant components of the financial statements based on the Joint Operating Agreement.

A list of joint ventures of the Group is set out in Note 11.

## **2.6 Other Investments**

Investments other than investments in subsidiaries, associates and joint ventures are classified as available-for-sale, held-to-maturity 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 is credited/charged against unrealized gains/losses on investment in available-for-sale securities in shareholders' equity. Fair value is calculated by reference to the current bid prices of the Stock Exchange of Thailand at the balance sheet date.

Investments in non-marketable equity securities which are classified as general investments are carried at cost in the balance sheet and adjusted for impairment to recognize the unrealized losses on investments if the value of the investments decreases substantially. 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. Impairment loss is recognized in the statement of income immediately.

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 a part of the Group's 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 Related Parties**

Enterprises that, directly or indirectly, control or are controlled by or are under common control with the Company, including holding companies, subsidiaries and follow subsidiaries are related parties of the Company. Associates owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the company, key management personnel, directors or employees of the Company are also included as related parties.

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

## **2.8 Foreign Currency Translations**

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

The monetary assets and liabilities of foreign operation are translated into Baht by using closing rate at the balance sheet date. The non-monetary assets and liabilities are translated into Baht by using historical rates. The statement of income is translated into Baht using the average exchange rates during the period. Differences from such translation are recognized as revenues or expenses in the statement of income.

The Group translated assets and liabilities of overseas jointly controlled entities into Baht by using closing rate at the balance sheet date, whereas the income statement is translated using average exchange rates during the period. Differences from such translation have been shown under the caption of “currency translation differences” in shareholders’ equity.

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

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

## **2.9 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments which have original maturity not later than 3 months. In the balance sheet, bank overdrafts and short-term loans from financial institutions are shown as current liabilities.

## **2.10 Trade Accounts and Notes Receivable**

Trade accounts receivable are carried at net realizable value. The doubtful accounts receivable is estimated as a percentage of all outstanding receivables at the balance sheet date according to the expected non-collectible amounts based on a review of receivables’ repayment history and current financial status.

## **2.11 Advance Payment for Gas Purchased under Take-or-Pay-Agreement**

The Company has entered into a gas purchase agreement with natural gas producers, under which the Company is required to take delivery of natural gas at an annual minimum quantity and is also required to pay for the certain minimum quantities of natural gas which the Company cannot actually accept during each contract year (Take-or-Pay). Thus, at the end of each contract year, the Company and the natural gas producers have to agree to and accept in certain volume of gas that should be taken into the calculation for Take-or-Pay prepayment, subject to certain basis and conditions in the agreement. Under this agreement, the Company can take certain volumes of prepaid gas (Make-up) in subsequent years, which the Company 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 advance payment for gas purchased.

## **2.12 Inventories**

Inventories are stated at the lower of cost of acquisition or net realizable value. Cost is determined by the weighted average cost method. The subsidiaries and some associates apply the first-in, first-out (FIFO) or last-in, first-out (LIFO) methods to determine the inventory costs on which the effect of different accounting policies for inventories is not substantial. The costs of imported petroleum products comprise various importing 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. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

### 2.13 Materials 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 Property, Plant and Equipment

Property, plant and equipment is initially recognized at cost and further stated at historical cost less accumulated depreciation and allowance for impairment.

Repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits exceed the originally assessed standard of performance of the existing asset. Major renovations are depreciated over the remaining useful life of the related asset.

#### General Properties

Depreciation is calculated on the straight-line method over its estimated useful life as follows:

	<u>Depreciation percentage rates per annum</u>
Buildings and improvement	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 greater than net realizable value, which is the higher of the anticipated discounted cash flows from the continuing use of the asset or the obtainable amount from the sale of the asset less any costs of disposal, it is written-down immediately to its net realizable value. The decreasing amount is included in statement of income.

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

The capitalization rate used to determine the amount of borrowing costs to be capitalized 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 amounts of borrowing costs for capitalization are determined from the actual borrowing costs during the period less any income on the temporary investments of those borrowings.

#### Oil and Gas Exploration and Production Properties

The Company's subsidiary accounts for its oil and gas exploration and production properties in accordance with the successful efforts method, which has the accounting policies as follows:

##### **Cost of Properties**

Cost of properties comprises total acquisition costs of concession right or the portion of costs applicable of properties, drilling, development, equipment and operating costs of support equipment as well as the decommissioning costs. If exploratory wells establish proved reserves, and are included in the plan to develop in the near future, exploratory drilling costs (both tangible and intangible) are initially capitalized otherwise the related costs are charged as expenses.

Exploratory costs, comprising geological and geophysical costs as well as area reservation fees during the exploration stage, are charged to expenses as incurred.

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

### **Depreciation, Depletion and Amortization**

Capitalization of acquisition costs of concession right is depleted and amortized on the unit of production method, which is based on estimated proved recoverable reserves. Depreciation, depletion and amortization of exploratory wells, development equipment and operating costs of support equipment as well as the decommissioning costs, except unsuccessful projects are calculated on the unit of production method, which is based on estimated proved recoverable reserves and proved development reserves. Changes in reserve estimates are recognized prospectively.

Proved recoverable reserves and proved development reserves are calculated by the Group's own engineers based on information from the joint ventures.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, and is charged to the statement of income.

### **2.15 Intangible Assets**

Intangible assets include expenditures on leasehold rights of land and/or buildings, land rights, other operation right, patents and goodwill. Amortization is calculated on the straight-line method over the contract period ranging from 5-30 years.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiaries, associates or joint ventures at the date of acquisition. Goodwill on acquisitions of subsidiaries and joint ventures is reported in the balance sheet as an intangible asset, and is amortized using the straight-line method over a maximum economic useful life of 20 years.

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

### **2.16 Leases of Property, Plant and Equipment - The Group is the Lessee**

Leases of property, plant and equipment, where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. At the inception, these leased assets are capitalized at the lower of estimated present value of the underlying lease payments or fair value. Each minimum lease payment is allocated between liabilities and financial charges in order to calculate at a constant rate on the remaining balance of the liabilities. The finance leases' liabilities less financial charges are presented as long-term loans. Financial cost is charged as expenses in the statement of income over the lease period. Depreciation is charged on the shorter of the straight-line method over the estimated useful life of the relevant asset or lease period. However, if there is a certainty that the ownership of the assets will be transferred to the lessee at the end of lease period, depreciation is charged over the estimated useful lives of those assets.

Leases of property, plant and equipment, where the lessor assumes a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line method over the lease period.

The expenses to terminate the operating lease agreement before maturity, for example, the compensation paid to the lessor for such termination are charged as expenses in the statement of income for the period in which the termination takes place.

### **2.17 Provision for Decommissioning Costs**

The Group records provision for decommissioning costs whenever it is probable that there is an obligation as a result of the past event and the amount of obligation is reliably estimated.

The Group recognizes provision for decommissioning costs, which are provided at the inception of the production of the project, for the estimate of the eventual costs related to the removal of the production facilities. These costs were included as part of the oil and gas properties and were amortized based on proved reserves on a unit of production basis. The estimates of decommissioning costs have been determined based on reviews and estimates made by the Group's own engineers and management's judgment.

### 2.18 Pension Fund and Provident Fund

The Company contributes employee benefit under the Pension Fund scheme on a monthly basis at a rate of 10% of its employees' salaries, and also contributes additional amount to provide an adequate reserve at a rate of 100% of the obligation which has maturity at the end of period. Contributions are included in other non-current liabilities in the balance sheet. Interest earned from the assets of Pension Fund is recognized as income, while contributions to the fund are recognized as expenses in the statement of income.

The Company established a provident fund under the name of "The Registered Provident Fund of PTT Public Company Limited and Affiliates". 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 either the Pension Fund or the provident fund. The Company contributes to the Provident Fund on a monthly basis at a rate of 10% of the basis salaries and recognizes as expenses in the statement of income.

The Group operates a provident fund that is funded by payments from employees and by the relevant Group companies. The assets of the fund are held in a separate trust fund and managed by an independent fund manager. Contributions to the provident fund are charged to the statement of income for the period in which the contributions incur.

### 2.19 Income Taxes

The Group is taxed pursuant to the Revenue Code of Thailand, the Petroleum Income Tax Act B.E. 2514 (1971) and Amendment B.E. 2532 (1989) and the Corporate Income Taxes of Southeast Asian countries in which the Company has invested for the non-promotional businesses.

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 allowance for doubtful accounts, accumulated depreciation on property, plant and equipment, including the previous loss carried forward taxes and the difference between fair value of derived assets and their tax bases.

Tax rates enacted at 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.

### 2.20 Revenue Recognition

Sales are recognized upon delivery of products.

Other revenues are recognized on the following bases:

- Interest income - on a time proportion basis by using the effective yield of an interest bearing asset.
- Royalty income - on an accrual basis in accordance with the substance of the underlying agreement.
- Dividend income - when the shareholders' rights to receive payment are established.

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

## 2.21 Earnings Per Share

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

For the diluted earnings per share, the Group adjusts net income attributable to ordinary shares. The weighted average number of ordinary shares held by third parties in issue is adjusted by the Group to assume conversion of all potential diluted ordinary shares.

## 2.22 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, short-term loans to related parties and long-term loans to related parties. Financial liabilities carried on the balance sheet include bank overdrafts and short-term loans from financial institutions, trade accounts payable-others, trade accounts payable - related parties, other accounts payable - related parties and long-term loans. 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 risk exposure arising from fluctuations in foreign currency exchange rates, interest rates and oil market prices. These instruments mainly comprise:

### 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 realized or a foreign currency liability settled. Forward foreign exchange contracts are recognized in the financial statements at inception. The premium or discount incurred in establishing each agreement is amortized 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 statements at inception. Foreign monetary assets and liabilities transactions protected by these contracts as at the balance sheet date are translated by the rates determined in the contracts. Gains or losses on early termination of contracts or on repayment of the borrowings before maturity are taken to the statement of income.

### Futures Oil Contracts

The Company has entered into futures oil contracts to hedge risk exposure from fluctuations in oil prices related to oil business under the oil purchase and sale agreements by determining the future prices and recognized gains or losses in the statement of income at the end of contracts.

Risk management's policy is described in Note 33 : Disclosure of Financial Instruments.

## 2.23 Reclassification

For the comparative purposes, the Group has reclassified certain items in the consolidated and the Company's financial statements for the year ended December 31, 2003 to be in accordance with the presentation in the consolidated and the Company's financial statements for the year ended December 31, 2004. The reclassifications do not effect to the reported net income.

### 3. Changes in Accounting Policy

#### 3.1 Determination of Cost of Inventories and Provision for Decommissioning Costs

In 2004, the Company changed its policy for the determination of cost of inventories from the first-in, first-out method to the weighted average cost method. The consolidated and the Company's financial statements for the year ended December 31, 2003, were restated according to this change for comparative purpose. This effected inventories and retained earnings as at January 1, 2003 to decrease by the same amount of Baht 132.90 million. It also effected an increase in inventories and retained earnings as at January 1, 2004 by the same amount of Baht 12.33 million. The inventories and net income during 2003 increased by the same amount of Baht 145.23 million.

During 2003, the Group recorded a provision for decommissioning costs. A provision is recognized and is provided at the inception of the production of the project, for the estimate of the eventual costs that relate to the removal of the production facilities. These costs were included as part of the oil and gas properties and were amortized based on proved reserves on a unit of production basis. The estimates of decommissioning costs have been determined based on reviews and estimates by the Group's own engineers and management's judgment. The Group restated the prior year financial statements according to the above change.

#### 3.2 The Recognition of the Incremental Value of Subsidiaries and Associates which Offer Their Securities to the Public at Higher Prices than the Par Value as Surplus on Share Capital.

During 2004, the Company accounted for the increase in shareholders' equity of subsidiaries and associates arising from offering their securities to the public at higher prices than par value as surplus on share capital in shareholders' equity of the Company. The Company has restated the financial statements for the year ended December 31, 2003, the first year that the transactions occurred.

This change resulted in the Company presenting surplus on dilution of investments in subsidiaries and associates in shareholders' equity as at December 31, 2003 amounting to Baht 1,966.62 million and a decrease in retained earnings at the same amount.

### 4. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Cash on hand	222.06	175.62	161.71	171.03
Deposits held at calls with banks	15,262.53	8,617.86	3,997.49	3,481.26
Fixed deposits	5,503.37	6,090.72	–	2,600.00
Treasury bills	20,477.15	23,383.75	4,133.75	12,531.00
Promissory notes	4,259.41	13,000.00	3,539.41	13,000.00
Bank of Thailand bonds	1,067.32	5,184.06	789.26	5,184.06
Total	46,791.84	56,452.01	12,621.62	36,967.35

Cash and cash equivalents as at December 31, 2004 mainly bear the interest rates ranging from 0.12% - 1.40% per annum, except for the deposit held at calls with banks of subsidiaries in the Philippines amounting to Baht 231.81 million with an interest rate of 5.208% per annum (2003: the interest rates ranging from 0.0125% - 2.70% per annum, except for the fixed deposit of a subsidiary in the Philippines amounting to Baht 60.29 million with an interest rate of 6.46% per annum).

## 5. Current Investments

Current investments as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Fixed deposits	113.19	749.49	113.19	749.49
Treasury bills	10,036.49	5,396.13	549.50	3,000.00
Promissory notes	938.30	183.49	718.30	183.49
Bonds	992.44	–	992.44	–
Credit linked deposits	44,271.93	–	44,271.93	–
General investments	7.35	14.83	7.35	14.83
<b>Total</b>	<b>56,359.70</b>	<b>6,343.94</b>	<b>46,652.71</b>	<b>3,947.81</b>

Cash at banks and promissory notes of the Group are the fixed deposits and promissory notes issued by financial institutes in Thailand as at December 31, 2004 bearing interest at the rates ranging from 1.50% - 2.00% per annum (2003: 0.02% - 2.00% per annum).

As at December 31, 2004, treasury bills of the Group bear interest at the rates ranging from 1.17% - 2.10% per annum (2003: 0.50% - 1.64% per annum).

As at December 31, 2004, the general investment of Baht 7.35 million (2003 : Baht 14.83 million) was the investment in the share capital of PetroAsia (Maoming) Co., Ltd. net of allowance for impairment of investments, which is in the process of disposal.

## 6. Trade Accounts and Notes Receivable - Others, Net

Trade accounts and notes receivable - others as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Trade accounts receivable	45,419.58	30,743.79	37,868.25	29,752.19
Notes receivable	2,709.28	2,837.25	2,705.42	2,837.25
<b>Total</b>	<b>48,128.86</b>	<b>33,581.04</b>	<b>40,573.67</b>	<b>32,589.44</b>
<u>Less</u> Allowance for doubtful accounts	<u>2,799.59</u>	<u>1,977.62</u>	<u>1,979.43</u>	<u>1,927.50</u>
<b>Trade accounts and notes receivable - others, net</b>	<b>45,329.27</b>	<b>31,603.42</b>	<b>38,594.24</b>	<b>30,661.94</b>

Outstanding balances of trade accounts and notes receivable - others as at December 31, 2004 and 2003 can be analyzed as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Current	37,704.55	28,329.07	31,179.25	27,493.70
Overdue				
– Up to 3 months	3,387.48	1,312.68	3,224.54	1,231.79
– Over 3 - 6 months	860.10	625.38	791.13	607.73
– Over 6 - 12 months	1,358.39	1,311.41	1,268.38	1,297.69
– Over 12 months	4,818.34	2,002.50	4,110.37	1,958.53
Total	48,128.86	33,581.04	40,573.67	32,589.44
<u>Less</u> Allowance for doubtful accounts	2,799.59	1,977.62	1,979.43	1,927.50
Trade accounts and notes receivable - others, net	45,329.27	31,603.42	38,594.24	30,661.94

Trade accounts and notes receivable-others, net as at December 31, 2004 included receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 13,006.47 million (2003: Baht 11,039.15 million), and in the Company's financial statements amounting to Baht 12,824.93 million (2003: Baht 10,996.81 million).

## 7. Related Party Transactions

The followings are significant transactions carried out with related parties:

### 7.1 Trade Accounts Receivable - Related Parties as at December 31, 2004 and 2003

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Subsidiaries	–	–	7,097.60	188.98
<u>Less</u> Allowance for doubtful accounts	–	–	13.81	–
	–	–	7,083.79	188.98
Associates	10,517.05	12,712.62	10,129.92	12,506.30
<u>Less</u> Allowance for doubtful accounts	269.93	264.64	269.93	264.64
	10,247.12	12,447.98	9,859.99	12,241.66
Other related parties	1,838.64	0.70	1,838.64	0.70
Joint ventures	–	–	1.88	–
Trade accounts receivable - related parties, net	12,085.76	12,448.68	18,784.30	12,431.34

Outstanding trade accounts receivable - related parties as at December 31, 2004 and 2003 can be analyzed as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Current	10,789.20	9,486.16	13,329.26	9,365.87
Overdue				
– Up to 3 months	1,338.37	1,898.87	1,970.74	1,980.96
– Over 3 - 6 months	81.55	44.15	672.78	62.69
– Over 6 - 12 months	133.44	1,273.88	652.61	1,276.20
– Over 12 months	13.13	10.26	2,442.65	10.26
Total	12,355.69	12,713.32	19,068.04	12,695.98
<u>Less</u> Allowance for doubtful accounts	269.93	264.64	283.74	264.64
Trade accounts receivable - related parties, net	12,085.76	12,448.68	18,784.30	12,431.34

## 7.2 Other Accounts Receivable, Advances and Short-term Loans to Related Parties as at December 31, 2004 and 2003

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Other accounts receivable				
Subsidiaries	–	–	305.75	16.67
<u>Less</u> Allowance for doubtful accounts	–	–	0.06	–
	–	–	305.69	16.67
Associates	1,382.62	854.70	1,371.29	854.70
<u>Less</u> Allowance for doubtful accounts	664.23	576.97	664.23	576.97
	718.39	277.73	707.06	277.73
Other related parties	8.78	–	8.78	–
<u>Less</u> Allowance for doubtful accounts	5.85	–	5.85	–
	2.93	–	2.93	–
Joint ventures	–	–	596.72	404.27
	721.32	277.73	1,612.40	698.67
Advances				
Subsidiaries	–	–	10.00	10.00
Associates	246.76	2.80	0.43	2.80
Other related parties	240.27	373.23	240.27	373.23
	487.03	376.03	250.70	386.03
Short-term loans				
Associates	60.10	646.08	60.10	646.08
Joint ventures	–	–	1,199.80	–
	60.10	646.08	1,259.90	646.08
Total	1,268.45	1,299.84	3,123.00	1,730.78

Changes in short-term loans to related parties for the year ended December 31, 2004 are as follows:

Unit : Million Baht

	Consolidated	The Company
Balance as at December 31, 2003	646.08	646.08
– Payment of loans granted	900.00	7,935.38
– Receipt from loan repayment	(1,576.08)	(7,411.66)
– Reclassification	90.10	90.10
Balance as at December 31, 2004	60.10	1,259.90

Short-term loans to related parties are unsecured with the interest rates ranging from 1.81% - 7.75% per annum.

### 7.3 Advances and Long-term Loans to Related Parties as at December 31, 2004 and 2003

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Advances				
Associates	1,049.66	1,013.19	1,049.66	1,013.19
Less Allowance for doubtful accounts	1,047.72	1,013.19	1,047.72	1,013.19
Total	1.94	–	1.94	–
Long-term loans				
Associates	7,387.56	7,453.96	7,387.56	7,453.96
Less Allowance for share of net loss over investments	–	3,357.86	–	3,357.86
	7,387.56	4,096.10	7,387.56	4,096.10
Other related parties	39.53	–	39.53	–
	7,427.09	4,096.10	7,427.09	4,096.10
Total	7,429.03	4,096.10	7,429.03	4,096.10

Changes in long-term loans to related parties for the year ended December 31, 2004 are as follows:

Unit : Million Baht

	Consolidated	The Company
Balance as at December 31, 2003	7,453.95	7,453.95
– Payment of loans granted	39.53	39.53
– Reclassification	(66.39)	(66.39)
Balance as at December 31, 2004	7,427.09	7,427.09

The long-term loans to associates bear interest at the rate ranging from 1% - 3.125% per annum.

#### 7.4 Trade Accounts Payable - Related Parties as at December 31, 2004 and 2003

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Subsidiaries	–	–	6,385.23	3,338.47
Associates	11,749.55	9,968.35	11,216.42	9,897.06
Other related parties	466.83	8.68	466.83	8.68
Total	12,216.38	9,977.03	18,068.48	13,244.21

#### 7.5 Other Accounts Payable - Related Parties as at December 31, 2004 and 2003

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Subsidiaries	–	–	92.32	157.31
Associates	149.77	464.58	18.69	464.58
Other related parties	33.21	19.66	33.21	19.66
Total	182.98	484.24	144.22	641.55

#### 7.6 Other Long-term Payable- Related Parties as at December 31, 2004 and 2003

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Subsidiaries	–	–	14.57	–
Associates	–	15.53	–	15.53
Total	–	15.53	14.57	15.53

### 7.7 Revenue and Expense Transactions Carried Out with Related Parties.

For the years ended December 31, 2004 and 2003

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
<u>Revenue</u>				
Sales :				
Subsidiaries	–	–	11,581.98	8,367.75
Associates	178,445.02	146,491.24	177,734.84	139,039.53
Other related parties	26,290.35	4.12	26,290.35	4.12
Joint ventures	–	–	–	0.15
Interest income :				
Subsidiaries	–	–	20.38	–
Associates	232.60	212.55	232.60	212.55
Other related parties	7.56	–	7.56	–
Joint ventures	–	–	50.04	–
Other income :				
Subsidiaries	–	–	774.73	229.80
Associates	2,156.25	817.40	2,134.23	817.40
Other related parties	269.65	59.58	269.65	59.58
Joint ventures	–	–	92.52	55.62
<u>Expenses</u>				
Purchases :				
Subsidiaries	–	–	46,691.18	32,377.63
Associates	196,063.76	164,082.86	194,678.25	162,685.70
Other related parties	13,946.76	71.85	13,946.76	71.85
Other expenses :				
Subsidiaries	–	–	185.69	31.64
Associates	155.40	42.52	13.90	42.52
Other related parties	310.34	213.49	310.34	213.49

Related party transactions as stated above exclude transactions carried out with government agencies and state enterprises.

Stipulation prices between the Company and its related parties are based on the normal prices used in the same type of businesses in transactions with others except for the selling prices of natural gas between the Company and an associate which have a special discount for 5 years from 2002 to 2007 to support the manufacturing expansion of the associate. However, the purchase volume was not significant to the financial statements.

Goods purchased from a subsidiary are at normal prices determined by the subsidiary with reference to the world market prices.

## 8. Inventories

Inventories as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Oil products	7,578.46	3,413.26	4,029.61	3,191.75
Gas products	264.16	281.58	264.16	281.58
Petrochemical products	2,887.94	–	–	–
Others	413.78	71.75	254.89	227.99
Total	11,144.34	3,766.59	4,548.66	3,701.32

The Company's inventories as stated above do not include legal reserve, which is presented as other non-current assets as discussed in Note 17.

## 9. Materials and Supplies, Net

Materials and supplies as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Spare parts, equipment and others	2,971.60	1,909.24	1,209.71	1,059.24
Less Allowance for obsolescence	308.42	64.62	54.11	51.50
Total	2,663.18	1,844.62	1,155.60	1,007.74

## 10. Other Current Assets, Net

Other current assets as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Other accounts receivable	7,120.08	4,017.22	5,302.89	3,255.79
Less Allowance for doubtful accounts	558.65	443.86	557.09	441.79
Other accounts receivable, net	6,561.43	3,573.36	4,745.80	2,814.00
Accounts receivable - forward foreign exchange contracts, net	–	336.72	–	336.72
Prepaid expenses	1,737.58	124.60	1,395.60	116.58
Refund receivable from Oil Stabilization Fund	7,777.30	3,322.80	5,745.92	3,322.80
Accrued interest income and other accrued income	2,267.44	3,091.70	1,952.76	3,080.91
Deferred input value added tax	891.96	536.44	549.88	501.09
Others	703.44	321.05	–	33.18
Total	19,939.15	11,306.67	14,389.96	10,205.28

Other accounts receivable mainly represent excise tax and value added tax receivables.

Accounts receivable - forward foreign exchange contracts are recognized under forward foreign exchange contracts for hedging the fluctuations of Yen and USD exchange rates associated with the settlement of foreign loan repayment and export of products.

Refund receivable from Oil Stabilization Fund comprises compensation for manufactured or imported oil and subsidy from the Oil Stabilization Fund for exported oil or oil sold to outbound transportation ships. The compensation and refund rates are determined by the Committee on Energy Policy Administration.

## 11. Investments Accounted for under the Equity Method

### 11.1 Information of Subsidiaries, Associates and Joint Ventures of the Company are as follows:

Company	Country of Incorporation	Business	% Shareholding	
			2004	2003
<u>Subsidiaries :</u>				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	65.98	63.61
PTT Philippines, Inc. (PTTPI)	The Philippines	Oil marketing	–	100.00
PTT (Cambodia) Co., Ltd. (PTTCL)	Cambodia	Oil marketing	100.00	100.00
Subic Bay Energy Co., Ltd. (SBECL)	Cayman Islands	Oil marketing	100.00	–
Subic Bay Fuels Co., Inc. (SBFCI)	The Philippines	Oil marketing	100.00	–
Subic Bay Distribution, Inc. (SBDI)	The Philippines	Oil marketing	100.00	–
Retail Business Alliance Co.,Ltd. (RBA)	Thailand	Management service and oil marketing	49.00	49.00
PTT International Trading Pte., Ltd. (PTTT)	Singapore	Oil international trading	100.00	100.00
PTT Natural Gas Distribution Co., Ltd.(PTTNGD)	Thailand	Natural gas	58.00	–
PTT LNG Company Limited (PTTLNG)	Thailand	Natural gas	100.00	–
Bangkok Polyethylene Public Co., Ltd. (BPE)	Thailand	Petrochemical	50.00	–
PTT Polyethylene Co.,Ltd. (PTTPE)	Thailand	Petrochemical	50.00	–
Rayong Refinery Co., Ltd. (RRC)	Thailand	Refining	100.00	–
Energy Complex Company Limited (EnCo)	Thailand	Commercial	50.00	–
<u>Associates :</u>				
Thai Oil Public Co., Ltd. (TOP)	Thailand	Refining	49.54	49.99
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	–	20.01
Rayong Refinery Co., Ltd. (RRC)	Thailand	Refining	–	36.00
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
Thai Lube Base Public Co., Ltd. (TLB)	Thailand	Refining	–	48.38
Thai Lube Blending Co., Ltd. (TLBC)	Thailand	Blending and bottling lube oil	48.95	48.95
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil pipeline	30.60	30.60
PetroAsia (Thailand) Co., Ltd. (PA (Thailand))	Thailand	Oil marketing	35.00	–
Petro Asia (Sanshui) Co.,Ltd. (PA (Sanshui))	China	Bottling and selling LPG	25.00	–
Vietnam LPG Co., Ltd. (VLPG)	Vietnam	Bottling and selling LPG	45.00	–
Keloiil-PTT LPG Sdn. Bhd. (KPL)	Malaysia	Bottling and selling LPG	40.00	–

Company	Country of Incorporation	Business	% Shareholding	
			2004	2003
<u>Associates :</u> (Continued)				
Aromatics (Thailand) Public Co., Ltd. (ATC)	Thailand	Petrochemical	46.12	46.33
National Petrochemical Public Co., Ltd. (NPC)	Thailand	Petrochemical	37.99	37.99
Thai Olefins Public Co., Ltd. (TOC)	Thailand	Petrochemical	48.97	44.92
NFC Fertilizer Public Company Limited (NFC) (Former name : National Fertilizer Public Co., Ltd.)	Thailand	Petrochemical	–	20.44
Thai Paraxylene Co., Ltd. (TPX)	Thailand	Petrochemical	–	23.48
PTT Phenol Company Limited (PPCL)	Thailand	Petrochemical	40.00	–
PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	Thailand	Natural gas	–	49.00
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generate and supply electricity, steam and water	40.00	–
<u>Joint Ventures :</u>				
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
District Cooling System and Power Plant Co.,Ltd. (DCAP)	Thailand	Generate and supply electricity and chilled water	35.00	35.00

### 11.2 The Principal Subsidiaries, Associates and Joint Ventures of Subsidiaries are as follows:

Company	Country of Incorporation	Business	% Shareholding	
			2004	2003
<u>Subsidiaries of PTTEP :</u>				
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
PTTEP Siam Limited (PTTEP Siam)	Thailand	Petroleum exploration and production	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 (PTTEP HV)	Cayman Islands	Petroleum exploration and production	100.00	100.00

\* PTB registered for dissolution with the Ministry of Commerce on August 11, 2000. The dissolution process was completed on November 1, 2004.

Company	Country of Incorporation	Business	% Shareholding	
			2004	2003
<u>Subsidiaries of PTTEP (Cont.) :</u>				
PTTEP Hoang - Long Company Limited (PTTEP HL)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Algeria Company Limited (PTTEP AG)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP (Thailand) Limited (PTTEP TH)	Thailand	Petroleum exploration and Production	100.00	–
PTTEP Services Limited (PTTEP Services)	Thailand	Service operation	100.00	–
<u>Subsidiary of PTTCL :</u>				
Houakhong Trading Company Limited (Houakhong)	Laos	Oil marketing	80.00	–
<u>Associates of PTTEP :</u>				
Thai Oil Power Company Limited (TP)	Thailand	Power producer	26.00	26.00
New Links Energy Resources Company Limited (New Links)	Indonesia	General investment operation	40.00	40.00
<u>Associate of PTTNGD :</u>				
Amata Natural Gas Distribution Co., Ltd. (AMATA NGD)	Thailand	Natural gas	50.00	–
<u>Associate of SBDI :</u>				
FST Aviation Services Limited (FST)	Hong Kong	Aircraft refueling service	25.00	25.00
<u>Jointly Controlled Entities of PTTEP :</u>				
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	19.3178	19.3178
<u>Jointly Controlled Entity of RRC :</u>				
Alliance Refining Co., Ltd. (ARC)	Thailand	Refinery management	50.00	–

\*\* Currently CPOC does not operate because of the slow movement in the Joint Development Area (JDA) Thailand-Malaysia

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

Project	Country	Operator	% Shareholding	
			2004	2003
Unocal 3	Thailand	Unocal Thailand Ltd.	5.00	5.00
E 5	Thailand	Exxon Mobil Exploration and Production Korat Inc.	20.00	20.00
Phu Hom (E 5 North)	Thailand	Amerada Hess (Thailand) Co., Ltd.	20.00	20.00
S 1	Thailand	PTTEP Siam Limited	25.00	25.00
Bongkot	Thailand	PTT Exploration and Production Public Company Limited	44.4445	44.4445
Pailin	Thailand	Unocal Thailand Ltd.	45.00	45.00
Arthit	Thailand	PTT Exploration and Production Public Company Limited	80.00	80.00

**Joint Ventures of PTTEP International Company Limited**

Project	Country	Operator	% Shareholding	
			2004	2003
Yetagan	Myanmar	Petronas Carigali Myanmar (Hong Kong) Ltd.	19.31784	19.31784
W 7/38	Thailand	Kerr-McGee (Thailand) Limited	—	15.00
Yadana	Myanmar	TOTAL E&P Myanmar	25.50	25.50
Bongkot (Block B 13/38)	Thailand	PTTEP International Limited	44.4445	44.4445
JDA (Block B-17 and B-17-01*)	Thailand -Malaysia	Carigali - PTTEPI Operating Company Sendirian Berhad	50.00	50.00
Block L 22/43	Thailand	PTTEP International Company Limited (2003 : Thai Shell Co., Ltd.)	100.00	35.00
Block G 4/43	Thailand	Chevron Offshore (Thailand) Limited	15.00	15.00

**Joint Ventures of PTTEP Kim Long Vietnam Company Limited**

Project	Country	Operator	% Shareholding	
			2004	2003
Vietnam B & 48/95	Vietnam	Unocal Vietnam Exploration, Ltd.	8.50	8.50

\* The Share Service Agreement was signed on September 30, 2004.

#### Joint Ventures of PTTEP Southwest Vietnam Company Limited

Project	Country	Operator	% Shareholding	
			2004	2003
Vietnam 52/97	Vietnam	Unocal Southwest Vietnam Exploration & Production, Ltd.	7.00	7.00

#### Joint Ventures of PTTEP Hoan-Vu Company Limited

Project	Country	Operator	% Shareholding	
			2004	2003
Vietnam 9-2	Vietnam	Hoan-Vu Joint Operating Company	25.00	25.00

#### Joint Ventures of PTTEP Hoang Long Company Limited

Project	Country	Operator	% Shareholding	
			2004	2003
Vietnam 16-1	Vietnam	Hoang Long Joint Operating Company	28.50	28.50

#### Joint Ventures of PTTEP Algeria Company Limited

Project	Country	Operator	% Shareholding	
			2004	2003
Algeria 433a & 416b	Algeria	Petro Vietnam Investment and Development Company	35.00	–

#### Joint Ventures of PTTEP Siam Limited

Project	Country	Operator	% Shareholding	
			2004	2003
Phu Hom (Block EU-1) S1	Thailand	Amerada Hess (Thailand) Limited	20.00	–
	Thailand	PTTEP Siam Limited	75.00	–

### 11.3 Investments Accounted for under the Equity Method as at December 31, 2004 and 2003 are as follows :

Consolidated

Unit : Million Baht

Company	% Shareholding		2004			2003			Dividend	
	2004	2003	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments	2004	2003
<b>Associates:</b>										
<b>Refining Business Group</b>										
1 TOP	49.54	49.99	11,483.09	16,080.59	–	9,480.74	5,862.16	–	–	–
2 BCP	–	20.01	–	–	–	1,044.80	–	–	–	–
3 RRC	–	36.00	–	–	–	13,649.94	–	–	–	–
4 SPRC	36.00	36.00	14,770.48	8,800.09	–	14,770.48	3,624.76	–	–	–
5 TLB	–	48.38	–	–	–	2,263.23	647.13	–	–	–
<b>Oil Business Group</b>										
6 THAPPLINE	30.60	30.60	1,367.87	–	–	880.52	–	–	–	–
7 TLBC	48.95	48.95	140.00	74.38	–	140.00	66.07	–	–	–
8 PA (Thailand)	35.00	–	131.25	–	–	–	–	–	–	–
9 PA (Sanshui)	25.00	–	7.17	6.14	–	–	–	–	–	–
10 V LPG	45.00	–	87.35	89.10	–	–	–	–	19.21	–
11 KPL	40.00	–	21.49	9.93	–	–	–	–	–	–
12 FST	25.00	25.00	1.13	0.86	–	1.13	0.77	–	–	–
<b>Petrochemical Business Group</b>										
13 ATC	46.12	46.33	2,888.84	1,447.50	–	2,888.84	–	(3,357.86)	–	–
14 NPC	37.99	37.99	1,185.14	5,928.90	–	1,185.14	4,661.11	–	588.90	353.34
15 TOC	48.97	44.92	8,906.35	10,557.58	–	7,376.67	6,196.17	–	–	–
16 NFC	–	20.44	–	–	–	1,792.91	–	–	–	–
17 TPX	–	23.48	–	–	–	1,743.81	929.61	–	–	–
18 PPCL	40.00	–	200.00	198.96	–	–	–	–	–	–
<b>Natural Gas Business Group</b>										
19 PTTNGD	–	49.00	–	–	–	245.00	459.10	–	–	101.43
20 AMATA NGD	50.00	–	80.00	109.08	–	–	–	–	–	–
<b>Other Business Group</b>										
21 PTTUT	40.00	–	240.00	239.77	–	–	–	–	–	–
22 TP	26.00	26.00	1,450.06	1,723.84	–	1,450.06	1,741.34	–	73.06	58.45
23 New Links	40.00	40.00	9,898.26	9,643.36	–	9,898.26	9,735.74	–	245.89	625.05
			52,858.48	54,910.08	–	68,811.53	33,923.96	(3,357.86)		
<u>Less</u> Allowance for share of net loss and net of long-term loans to related parties			–	–	–	–	–	3,357.86		
<b>Total</b>			<b>52,858.48</b>	<b>54,910.08</b>	<b>–</b>	<b>68,811.53</b>	<b>33,923.96</b>	<b>–</b>	<b>927.06</b>	<b>1,138.27</b>

## The Company

Unit : Million Baht

Company	% Shareholding		2004			2003			Dividend	
	2004	2003	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments	2004	2003
<b>Subsidiaries :</b>										
1 PTTEP	65.98	63.61	8,526.69	41,815.95	-	4,195.21	30,210.34	-	2,823.26	2,779.92
2 PTTPI	-	100.00	-	-	-	349.21	239.36	-	-	-
3 PTTT	100.00	100.00	2.50	13.11	-	2.50	24.10	-	-	-
4 PTTCL	100.00	100.00	0.23	-	(75.95)	0.23	10.43	-	-	-
5 SBECL	100.00	-	0.41	-	(439.71)	-	-	-	-	-
6 SBFCI	100.00	-	8.45	-	(90.23)	-	-	-	-	-
7 SBDI	100.00	-	354.42	-	(992.05)	-	-	-	-	-
8 PTTNGD	58.00	-	418.14	747.70	-	-	-	-	196.62	-
9 PTTLNG	100.00	-	1.00	0.94	-	-	-	-	-	-
10 BPE	50.00	-	1,663.50	1,570.94	-	-	-	-	-	-
11 PTTPE	50.00	-	187.50	187.28	-	-	-	-	-	-
12 RRC	100.00	-	13,847.11	4,509.56	-	-	-	-	-	-
13 EnCo	50.00	-	0.50	0.45	-	-	-	-	-	-
14 RBA	49.00	49.00	0.49	14.34	-	0.49	7.04	-	-	-
<b>Associates :</b>										
<b>Refining Business Group</b>										
15 TOP	49.54	49.99	11,483.09	16,080.59	-	9,480.74	5,862.16	-	-	-
16 BCP	-	20.01	-	-	-	1,044.80	-	-	-	-
17 RRC	-	36.00	-	-	-	13,649.94	-	-	-	-
18 SPRC	36.00	36.00	14,770.48	8,800.09	-	14,770.48	3,624.76	-	-	-
19 TLB	-	48.38	-	-	-	2,263.23	647.13	-	-	-
<b>Oil Business Group</b>										
20 THAPPLINE	30.60	30.60	1,367.87	-	-	880.52	-	-	-	-
21 TLBC	48.95	48.95	140.00	74.38	-	140.00	66.07	-	-	-
22 PA (Thailand)	35.00	-	131.25	-	-	-	-	-	-	-
23 PA (Sanshui)	25.00	-	7.17	6.14	-	-	-	-	-	-
24 V LPG	45.00	-	87.35	89.10	-	-	-	-	19.21	-
25 KPL	40.00	-	21.49	9.93	-	-	-	-	-	-
<b>Petrochemical Business Group</b>										
26 ATC	46.12	46.33	2,888.84	1,447.50	-	2,888.84	-	(3,357.86)	-	-
27 NPC	37.99	37.99	1,185.14	6,000.06	-	1,185.14	4,661.11	-	588.90	353.34
28 TOC	48.97	44.92	8,906.35	11,048.54	-	7,376.67	6,196.17	-	-	-
29 NFC	-	20.44	-	-	-	1,792.91	-	-	-	-
30 TPX	-	23.48	-	-	-	1,743.81	929.61	-	-	-
31 PPCL	40.00	-	200.00	198.96	-	-	-	-	-	-

## The Company

Unit : Million Baht

Company	% Shareholding		2004			2003			Dividend	
	2004	2003	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments	2004	2003
<b>Associates : (Cont.)</b>										
<b>Natural Gas Business Group</b>										
32 PTTNGD	–	49.00	–	–	–	245.00	459.10	–	–	101.43
<b>Other Business Group</b>										
33 PTTUT	40.00	–	240.00	239.77	–	–	–	–	–	–
<b>Joint Ventures :</b>										
<b>Natural Gas Business Group</b>										
34 TTM (T)	50.00	50.00	4,240.00	3,892.48	–	2,721.08	2,452.23	–	–	–
35 TTM (M)	50.00	50.00	281.32	223.80	–	165.29	114.14	–	–	–
<b>Other Business Group</b>										
36 DCAP	35.00	35.00	201.00	190.15	–	17.50	16.86	–	–	–
			71,162.29	97,161.76	(1,597.94)	64,913.59	55,520.61	(3,357.86)		
<u>Less</u> Allowance for share of net loss and net of long-term loans to related parties			–	–	–	–	–	3,357.86		
Total investments under the equity method, net			71,162.29	97,161.76	(1,597.94)	64,913.59	55,520.61	–	3,627.99	3,234.69

## 11.4 Movements in Investments Accounted for under the Equity Method as at December 31, 2004 are as follows:

Unit : Million Baht

	Consolidated	The Company
Balance as at December 31, 2003	33,923.96	55,520.61
– Share of net income from investments under the equity method	23,384.12	35,821.48
– Dividend received	(933.07)	(3,634.00)
– Reclassification	(5,444.55)	(233.15)
– Additional investments	4,712.99	12,980.77
– Disposal of investments	(826.51)	(2,227.11)
– Reversal of allowance for loss on withdrawal from joint ventures	–	(1,061.93)
– Surplus on dilution of investments	97.16	122.66
– Currency translation difference	(11.19)	(124.31)
– Decrease in allowance for net loss over investments during the year	–	(10.43)
– Others	7.17	7.17
Balance as at December 31, 2004	54,910.08	97,161.76

### 11.5 Movements in Allowance for Share of Net Loss over Investments as at December 31, 2004 are as follows:

Unit : Million Baht

	Consolidated	The Company
Balance as at December 31, 2003	–	–
Add Adjustment in long-term loans to related parties as at December 31, 2003	(3,357.86)	(3,357.86)
	(3,357.86)	(3,357.86)
– Share of net income from investments under equity method	3,357.86	1,418.57
– Reclassification	–	249.55
– Additional investments	–	1.20
– Currency translation differences	–	80.17
– Decrease in allowance for net loss over investments during the year	–	10.43
Balance as at December 31, 2004	–	(1,597.94)

### 11.6 Share of Net Assets and Results of Operation from Joint Ventures Included in the Consolidated Financial Statements as at December 31, 2004 and 2003 is as follows:

#### Balance Sheet:

As at December 31, 2004 and 2003

Unit : Million Baht

	2004			2003		
	TTM (T)	TTM (M)	DCAP	TTM (T)	TTM (M)	DCAP
Current Assets	646.79	148.65	152.37	314.85	67.88	16.65
Non-current Assets	10,538.48	465.52	322.10	3,697.22	61.09	6.30
Current Liabilities	(2,363.43)	(54.29)	(175.82)	(1,559.85)	(14.83)	(6.09)
Non-Current Liabilities	(4,929.36)	(336.08)	(108.50)	–	–	–
Net assets	3,892.48	223.80	190.15	2,452.22	114.14	16.86

#### Statement of income:

For the years end December 31, 2004 and 2003

Unit : Million Baht

	2004			2003		
	TTM (T)	TTM (M)	DCAP	TTM (T)	TTM (M)	DCAP
Income	59.81	0.38	0.19	15.88	0.92	0.03
Expenses	(138.47)	(3.34)	(10.40)	(79.98)	(5.73)	(0.67)
Loss before tax	(78.66)	(2.96)	(10.21)	(64.10)	(4.81)	(0.64)
Income tax	–	(0.09)	–	–	(0.25)	–
Net loss	(78.66)	(3.05)	(10.21)	(64.10)	(5.06)	(0.64)

### 11.7 Significant Events Occurring During 2004

#### **SUBIC BAY GROUP (Comprises SBECL, SBFCI and SBDI)**

On December 18, 2003, the Company's board of directors approved to purchase all shares of Subic Bay Group from El Paso Corporation (El Paso) (formerly, Coastal Aruba Refining Company N.V.). In January 2004, the Company purchased all of those shares amounting to Baht 1.20 million. Accordingly, the Company holds 100% shares of these companies. Goodwill arising from the acquisition is Baht 228.65 million according to Note 35.

#### **TLB**

On January 7, 2004, TLB registered to increase its authorized share capital from Baht 1,756,814,590 to Baht 2,124,719,280. TOP has acquired all those increased share capital. As a result, the Company's both direct and indirect shareholding proportion in TLB increased from 48.38% to 48.66%. The increase is in accordance with TLB's rehabilitation plan approved by the court on December 8, 2003.

On June 16, 2004, the Company acquired the additional shares of TLB for 70.82 million shares. As a result, the Company's shareholding proportion in TLB increased to 55%, and the Company's both direct and indirect interest in TLB increased to 61.50%. TLB is transformed from an associate to a subsidiary. Negative goodwill arising from the acquisition is Baht 259.99 million according to Note 35.

On October 20, 2004, the Company sold all 155.81 million shares of TLB to TOP, an associate of the Group, amounting to Baht 1,250.45 million according to Note 36.

#### **PTTNGD**

On March 31, 2004, the Company acquired 0.45 million shares of PTTNGD amounting to Baht 173.14 million from Suez-Tractebel S.A. (formerly, Tractebel S.A.). Hence, the Company's interest increases from 49% to 58%, and PTTNGD is transformed from an associate to a subsidiary. Goodwill arising from the acquisition is Baht 79.68 million according to Note 35.

#### **PTTPI**

On June 14, 2004, PTTPI merged with SBDI, both of which the Company hold 100% shares. PTTPI transferred all assets, liabilities, rights, privileges, commitments and staff to SBDI and PTTPI was dissolved. This merger does not effect the Company's financial statements.

#### **BPE**

On October 14, 2004, the Company and TOC purchased shares of BPE in the proportion of 50 : 50 from the existing shareholders. The purchase consideration paid by the Company for the 50% shares amounted to Baht 1,663.50 million. From this acquisition, the Company has 74.49% direct and indirect voting rights in BPE, and BPE is transformed to a subsidiary. Goodwill arising from the acquisition is Baht 887.55 million according to Note 35.

#### **RRC**

On November 30, 2004, the Company purchased ordinary shares of RRC from Shell International Holdings Company Limited (Shell) for 242.67 million shares amounting to Baht 197.17 million (USD 5 million). Hence, the Company's interest in RRC increased from 36% to 100%, and RRC is transformed from an associate to a subsidiary. Negative goodwill arising from the acquisition is Baht 6,520.19 million according to Note 35.

#### **TTM(T)**

During the first quarter of 2004, TTM(T), a joint venture of the Group, has increased its share capital. The Company acquired the additional shares of TTM(T) in order to maintain the Company's shareholding proportion according to the Joint Venture Agreement amounting to 151.89 million shares, which represent 50% of total additional shares, amounting to Baht 1,518.92 million.

**TTM(M)**

During the first and the second quarters of 2004, TTM(M), a joint venture of the Group, has increased its share capital. The Company acquired the additional shares of TTM(M) in order to maintain the Company's shareholding proportion according to the Joint Venture Agreement amounting to 11.09 million shares, which represent 50% of total additional shares, amounting to Baht 116.03 million.

**DCAP**

During the first and the fourth quarters of 2004, DCAP, a joint venture of the Group, has increased its share capital. The Company acquired the additional shares of DCAP in order to maintain the Company's shareholding proportion according to the Joint Venture Agreement amounting to 33.25 million shares, which represent 35% of total additional shares, amounting to Baht 183.50 million.

**ATC**

On February 2, 2004, ATC issued registered and non-transferable warrants to purchase ordinary shares to its directors, managements and employees under the Employee Stock Ownership Program (ESOP) amounting to 14.60 million units. The stock had no offering price and had a maturity period of 48 months since the warrant issued date. The exercise ratio was one warrant per one ordinary share with the exercise price of Baht 10 each.

The holders of the warrants received 4 separate warrants, each of which can be exercised for 25% of all allotted warrants. The warrants are exercisable every three months starting from the first exercise date on February 23, 2004 to the last exercise date on November 23, 2007.

As at December 31, 2004, warrants were exercised for 4,370,600 units. Therefore, the remaining unexercised warrants were 10,229,400 units. Consequently, the Company's interest in ATC has decreased from 46.33% to 46.12%. The gain on dilution amounting to Baht 31.03 million was recognized as surplus on dilution of investments in subsidiaries and associates in shareholders' equity.

On June 18, 2004, the Company and ATC entered into the Shareholder Loan Agreement to substitute the Shareholders' Support Agreement (SSA), which was the terminated agreement between the Company and the former lenders. This new agreement terminated the Company's obligations with ATC. Therefore, the existing allowance for share of net loss over investments as at the terminated date amounting to Baht 2,160.44 million was reversed to other income in the statement of income.

**THAPPLINE**

On February 3, 2004, THAPPLINE registered to increase its authorized share capital from Baht 2,877.50 million to Baht 4,177.50 million by issuance of preferred shares of Baht 1,300 million. The preferred shares carried voting rights of two votes per share. The Company had acquired the additional shares of Baht 487.36 million, representing 37.49% of authorized preferred shares. However, the Company's voting rights increased to 33.87%, including existing ordinary shares of 30.60%.

**TOP**

On August 9, 2004, Thai Oil Company Limited was transformed from a limited company to a limited public company and changed the name to Thai Oil Public Company Limited.

On September 22, 2004, TOP increased its authorized paid-up share capital of 40 million shares with a par value of Baht 10 each, totalling Baht 400 million. The increase of share capital was allocated to directors and/or employees of TOP and Thaioil Marine Co., Ltd. (a subsidiary of TOP). This increase effected the Company's interest in TOP to decrease from 49.99% to 48.96%. The loss on dilution amounting to Baht 39.19 million was deducted from surplus on dilution of investments in subsidiaries and associates in shareholders' equity.

On October 26, 2004, TOP registered as a listed company on the Stock Exchange of Thailand and offered 103.50 million ordinary shares for initial public offering at a price of Baht 32 per share. Certain ordinary shares of the existing shareholders were included in the initial public offering. On the same date, the Company acquired additional 62.57 million ordinary shares of TOP from the Stock Exchange of Thailand amounting to Baht 2,002.34 million. This acquisition resulted in an increase in shareholding in TOP from 48.96% to 49.54%. Goodwill arising from the acquisition is Baht 351.50 million.

**PPCL**

On June 4, 2004, the Company, TOC, NPC, and ATC jointly established PPCL with the objectives to produce phenol products. The initial authorized share capital was Baht 800 million, divided into 8,000,000 ordinary shares with a par value of Baht 100 per share. As at December 31, 2004, total issued and paid up share capital amounted to Baht 500 million (62.50% of authorized share capital). The shares held by the Company, TOC, NPC, and ATC represent 40%, 20%, 20% and 20%, respectively. The Company's total interest in PPCL is Baht 200 million and PPCL is transformed to an associate.

**PTTUT**

On July 13, 2004, the Company, TOC, NPC, and ATC jointly established PTTUT with the objectives to produce and distribute stream power electricity and water supplies for using in the industries, commercial businesses and other infrastructures. The initial authorized share capital of PTTUT was Baht 800 million, divided into 8,000,000 ordinary shares with a par value of Baht 100 per share. As at December 31, 2004, total issued and paid up share capital was Baht 600 million (75% of authorized share capital). The shares held by the Company, TOC, NPC, and ATC represent 40%, 20%, 20% and 20%, respectively. The Company's total interest in PTTUT is Baht 240 million and PTTUT is transformed to an associate.

**EnCo**

On August 11, 2004, the Company and PTTEP jointly established EnCo with the objectives to develop and operate certain areas to be the national energy office centre. The initial authorized share capital was Baht 1 million, divided into 100,000 ordinary shares with a par value of Baht 10 per share. The Company and PTTEP jointly hold shares in a proportion of 50:50. As at December 31, 2004, issued and paid up share capital was Baht 1 million. EnCo is transformed to a subsidiary.

**PTTLNG**

On August 30, 2004, the Company established PTTLNG with the objectives to provide services and/or to manage the operations and maintenance of the liquefied natural gas (LNG) terminals, LNG depots and LNG regasification plants. The initial registered capital was Baht 1 million, divided into 100,000 ordinary shares with a par value of Baht 10 per share. The Company's interest in PTTLNG is 100%. As at December 31, 2004, issued and paid up share capital was Baht 1 million.

**TPX**

On October 20, 2004, the Company sold all 103.82 million shares of TPX to TOP for Baht 828.70 million.

**TOC**

On November 10, 2004, the Company acquired 33.25 million shares in TOC from BPE for Baht 1,529.68 million. As a result of this acquisition, the Company's interest in TOC increased from 44.92% to 48.97%. Goodwill arising from the acquisition is Baht 1,157.50 million.

**PTTPE**

On November 18, 2004, the Company and NPC jointly established PTTPE with the objectives to develop and operate the construction project of a factory to produce Ethylene products and to invest in the Ethylene Cracker Project and Low Density Polyethylene Plant Project (LDPE). The authorized share capital of PTTPE was Baht 1,500 million, divided into 15 million ordinary shares with a par value of Baht 100 per share. As at December 31, 2004, total issued and paid up share capital was Baht 375 million (25% of authorized share capital). The Company and NPC jointly hold shares in a proportion of 50:50. The Company's investment in PTTPE amounting to Baht 187.50 million, represents for direct and indirect voting rights of 69% and PTTPE is transformed to a subsidiary.

### Changes in joint venture interests and investments in subsidiaries of PTTEP

On January 19, 2004, PTTEP incorporated PTTEP (Thailand) Limited with the objectives to operate the petroleum business including exploration, development, production, procurement, storage, and sales. The 10,000,000 authorized shares have a par value of Baht 10 per share. 49% of PTTEP (Thailand) Limited's shares are owned by PTTEP Middle East Company Limited and 51% are owned by PTTEP International Company Limited.

On January 28, 2004, PTTEP incorporated PTTEP Services Limited with the objectives to provide business service and management. The 100,000 authorized shares have a par value of Baht 10 per share. 75% of PTTEP Services Limited's shares are owned by PTTEP (Thailand) Limited and 25% are owned by PTTEP.

On January 29, 2004, PTTEP and PTTEP Offshore Investment Company Limited (PTTEPO) acquired all shares of Thai Shell Exploration and Production Company Limited at the proportions of 49% and 51%, respectively with the excess of the cost of an acquisition over the fair value of net identifiable assets by Baht 5,597 million (fair value was Baht 1,987 million) according to the Share Purchase Agreement signed with Shell Petroleum NV on December 30, 2003. Thai Shell Exploration and Production Company Limited is the Operator, which has 75% interest in block S1 and wholly owns block B 6/27.

## 12 Other Long-term Investments

### 12.1 Information of Other Long-term Investments is as follows:

Company	Country of Incorporation	Business	% Shareholding	
			2004	2003
PetroAsia (Thailand) Co., Ltd. (PA (Thailand))	Thailand	Oil marketing	–	35.00
PetroAsia (Sanshui) Co., Ltd. (PA (Sanshui))	China	Oil marketing	–	25.00
PetroAsia (Huizhou) Co., Ltd. (PA (Huizhou))	China	Oil marketing	25.00	25.00
PetroAsia (Shantou) Co., Ltd. (PA (Shantou))	China	Oil marketing	15.00	15.00
Subic Bay Group (the Philippines) (Subic Bay JV)	The Philippines	Oil marketing	–	50.00
Vietnam LPG Co., Ltd. (VLPG)	Vietnam	Bottling and selling LPG	–	45.00
Keloiil-PTT LPG Sdn. Bhd. (KPL)	Malaysia	Bottling and selling LPG	–	40.00
PTT Mart Co., Ltd. (PTT Mart)	Thailand	Management service	49.00	49.00
Fuel Pipeline Transportation Co., Ltd. (FPT)	Thailand	Oil pipeline	2.76	2.76
Intoplane Services Co., Ltd. (IPS)	Thailand	Aircraft refueling service	16.67	16.67
Ratchaburi Power Company Limited (RPCL)	Thailand	Power producer	15.00	–
Dhipaya Insurance Public Co., Ltd. (TIP)	Thailand	Insurance	13.33	13.33
Bangkok Aviation Fuel Service Public Co., Ltd (BAFS)	Thailand	Aircraft refueling service	7.06	7.06
Bangchak Petroleum Public Co.,Ltd. (BCP)	Thailand	Oil refining	7.91	–

## 12.2 Other Long-term Investments as at December 31, 2004 and 2003

Unit : Million Baht

Company	% Shareholding		Consolidate		The Company		Dividend	
	2004	2003	2004	2003	2004	2003	2004	2003
<b>Investments Accounted for under the Cost Method</b>								
<b>Associates:</b>								
Oil Business Group								
1 PA (Thailand)	-	35.00	-	131.25	-	131.25	-	-
2 PA (Sanshui)	-	25.00	-	7.17	-	7.17	-	-
3 PA (Huizhou)	25.00	25.00	15.16	15.16	15.16	15.16	-	-
4 V LPG	-	45.00	-	87.35	-	87.35	-	-
5 PTT Mart	49.00	49.00	78.40	78.40	78.40	78.40	-	-
6 KPL	-	40.00	-	21.49	-	21.49	-	-
<b>Joint Ventures:</b>								
<b>Oil Business Group</b>								
7 Subic Bay JV	-	50.00	-	122.53	-	122.53	-	-
<b>Exploration and Production and Gas Business Group</b>								
8 CPOC	50.00	50.00	9.90 Baht	9.90 Baht	-	-	-	-
<b>Other Related Parties:</b>								
9 FPT	2.76	2.76	44.00	44.00	44.00	44.00	-	-
10 IPS	16.67	16.67	0.02	0.02	0.02	0.02	-	-
11 PA (Shantou)	15.00	15.00	60.84	60.84	60.84	60.84	-	-
12 RPCL	15.00	-	249.75	-	249.75	-	-	-
Total investment accounted for under the cost method			448.17	568.21	448.17	568.21		
Less Allowance for impairment of investment			198.40	446.47	198.40	446.47		
Total investments accounted for under the cost method, net			249.77	121.74	249.77	121.74		
<b>Investments Accounted for Fair Value</b>								
<b>Other Companies - Available-For-Sale Securities:</b>								
13 TIP	13.33	13.33	312.00	312.00	312.00	312.00	28.80	24.00
14 BAFS	7.06	7.06	24.00	24.00	24.00	24.00	14.88	12.72
15 BCP	7.91	-	105.32	-	105.32	-	-	-
Total investments - available-for-sale securities			441.32	336.00	441.32	336.00		
Add Allowance for increase in fair value of investments			1,046.37	550.40	1,046.37	550.40		
Total investments accounted for fair value			1,487.69	886.40	1,487.69	886.40		
Total other long-term investments			1,737.46	1,008.14	1,737.46	1,008.14	43.68	36.72

**12.3 Movements of Other Long-term Investments as at December 31, 2004 are as follows:**

Unit : Million Baht

	Consolidated	The Company
Balance as at December 31, 2003	1,008.14	1,008.14
– Unrealized gain on available-for-sale-securities	495.97	495.97
– Additional investments	249.75	249.75
– Reclassification	(16.40)	(16.40)
Balance as at December 31, 2004	1,737.46	1,737.46

**12.4 Significant Events During the Year Ended December 31, 2004:****BCP**

According to the Cabinet's resolution on December 16, 2003, the Company was approved to swap all 104.48 million ordinary shares of BCP for the depository receipt on common stocks of BCP ("CSDR") at a swap ratio of 10 ordinary shares to 5 CSDR amounting to 52.24 million CSDR. The Company swapped the ordinary shares on January 22, 2004. BCP had increased its paid-up authorized share capital by issuing 231 million CSDR at a par value of Baht 1 each. The Company did not acquire the additional CSDR from the increased share capital and hence, the Company's shareholding in BCP decreased from 20.01% to 6.94%. BCP is transformed from an associate to other related company. The gain on dilution amounting to Baht 105.32 million was recognized as surplus on dilution of investments in subsidiaries and associates in shareholders' equity.

During the third quarter of 2004, BCP decreased its authorized, issued and paid-up share capital with the Ministry of Commerce amounting by 189.62 million ordinary shares. The number of ordinary shares is consistent with the number of issued and offered CSDR. At the same time, BCP increased its authorized share capital of 24.00 million shares to support the warrants granted to directors, management and employees of BCP. During the third and the fourth quarters of 2004, BCP registered its additional paid-up share capital with the Ministry of Commerce for 97.14 million shares to support the convertible debentures that are convertible to ordinary shares. Hence, BCP's authorized share capital as at December 31, 2004 is 867.14 million shares and paid-up share capital is 660.56 million shares. The Company's interest in BCP is 7.91%.

**RPCL**

On February 27, 2004, the Company entered into the Share Purchase Agreement to purchase 2.50 million shares of RPCL from the existing shareholders, totalling Baht 249.75 million, which represented 15% of authorized paid-up share capital.

**NFC**

During the second quarter of 2004, NFC performed its debt and equity restructuring according to the rehabilitation plan that had been approved by the Central Bankruptcy Court by decreasing the authorized fully paid-up share capital from 1,313,946,879 shares to 6,486,197 shares with a par value of Baht 10 per share. This resulted in a decrease in the number of shares held by the Company from 248,661,972 shares to 1,325,805 shares. Later on, NFC increased its authorized and paid-up share capital twice in order to support the conversion from debt to capital of the creditors and for the private placement. As a result, NFC's paid-up share capital increased to Baht 2,486,619,720 or 248,661,972 ordinary shares with a par value of Baht 10 per share. This resulted in a decrease in the Company's interest in NFC from 20.44% to 0.53%. NFC is transformed from an associate to other related company.

On July 22, 2004, the board of directors' meeting approved the Company to sell all of its 1,325,805 shares or a 0.53% interest in NFC under the tender offer with a price of Baht 11.50 per share. The gain on dilution net of related expenses of Baht 15.21 million was accounted for as other income in the statement of income.

The Company accounted for its investments in associates under the cost method and adjusted for allowance for impairment of investments in the event that the Company intended to dispose them. These associates are PTT Mart and PA (Huizhou).

Allowance for impairment of investments in associates and other related companies totalling Baht 198.40 million comprises allowance for impairment of investments in PTT Mart, PA (Huizhou), FPT and PA (Shantou) amounting to Baht 78.40, 15.16, 44.00 and 60.84 million, respectively.

### 13. Property, Plant and Equipment-Net

Property, plant and equipment as at December 31, 2004 and 2003 is as follows:

Unit : Million Baht

	Consolidated						
	Land	Buildings and buildings improvement	Machinery and equipment	Oil and Gas Properties	Other assets	Construction in progress	Total
<b>Cost</b>							
At December 31, 2003	2,828.51	12,516.94	87,196.46	77,233.56	13,644.20	11,160.37	204,580.04
– Business acquisition (Note 35)	185.36	2,625.31	61,321.02	–	300.32	83.10	64,515.11
– Business disposal (Note 36)	–	(186.59)	(7,093.29)	–	(3.13)	(0.30)	(7,283.31)
– Additions	36.75	688.82	1,583.77	31,224.55	479.24	21,169.82	55,182.95
– Borrowing costs	–	–	–	–	–	658.53	658.53
– Reclassification	55.46	230.13	7,609.86	–	(6,535.94)	(1,428.75)	(69.24)
– Disposals	–	(32.63)	(86.96)	(456.64)	(282.51)	(44.30)	(903.04)
– Currency translation differences	–	(0.69)	(0.83)	(106.88)	(1.12)	(0.91)	(110.43)
At December 31, 2004	<b>3,106.08</b>	<b>15,841.29</b>	<b>150,530.03</b>	<b>107,894.59</b>	<b>7,601.06</b>	<b>31,597.56</b>	<b>316,570.61</b>
<b>Accumulated Depreciation</b>							
At December 31, 2003	–	(6,116.83)	(41,169.62)	(25,556.19)	(8,826.56)	–	(81,669.20)
– Business acquisition (Note 35)	–	(894.24)	(18,267.70)	–	(92.45)	–	(19,254.39)
– Business disposal (Note 36)	–	74.77	2,357.96	–	1.31	–	2,434.04
– Additions	–	(164.70)	(513.58)	(12,531.68)	–	–	(13,209.96)
– Depreciation for the year	–	(602.79)	(4,711.55)	(7,830.35)	(856.37)	–	(14,001.06)
– Currency translation differences	–	(0.62)	(0.11)	(256.82)	0.07	–	(257.48)
– Reclassification	–	0.03	(4,669.29)	–	4,669.33	–	0.07
– Disposals	–	17.24	66.35	18.73	176.97	–	279.29
At December 31, 2004	–	<b>(7,687.14)</b>	<b>(66,907.54)</b>	<b>(46,156.31)</b>	<b>(4,927.70)</b>	–	<b>(125,678.69)</b>
<b>Allowance for Impairment of Assets</b>							
At December 31, 2003	(42.87)	(373.13)	(244.96)	–	–	–	(660.96)
– Business acquisition (Note 35)	–	(77.14)	(3,250.31)	–	(0.38)	–	(3,327.83)
– Business disposal	–	77.14	3,250.31	–	0.38	–	3,327.83
– Additions	–	–	(43.76)	–	–	–	(43.76)
At December 31, 2004	<b>(42.87)</b>	<b>(373.13)</b>	<b>(288.72)</b>	–	–	–	<b>(704.72)</b>
<b>Net Book Value</b>							
At December 31, 2003	2,785.64	6,026.98	45,781.88	51,677.37	4,817.64	11,160.37	122,249.88
At December 31, 2004	<b>3,063.21</b>	<b>7,781.02</b>	<b>83,333.77</b>	<b>61,738.28</b>	<b>2,673.36</b>	<b>31,597.56</b>	<b>190,187.20</b>

Unit : Million Baht

	The Company					
	Land	Buildings and buildings improvement	Machinery and equipment	Other assets	Construction in progress	Total
<b>Cost</b>						
At December 31, 2003	2,604.07	11,168.87	86,062.95	13,543.52	7,688.91	121,068.32
– Additions	0.33	95.88	666.80	403.72	13,642.83	14,809.56
– Borrowing costs	–	–	–	–	658.53	658.53
– Reclassification	55.46	230.13	7,570.26	(6,535.94)	(1,371.01)	(51.10)
– Disposals	–	(32.43)	(59.50)	(262.92)	(12.56)	(367.41)
At December 31, 2004	2,659.86	11,462.45	94,240.51	7,148.38	20,606.70	136,117.90
<b>Accumulated Depreciation</b>						
At December 31, 2003	–	(5,688.89)	(40,332.75)	(8,783.66)	–	(54,805.30)
– Depreciation for the year	–	(518.58)	(4,257.15)	(831.97)	–	(5,607.70)
– Reclassification	–	0.03	(4,669.36)	4,669.33	–	–
– Disposals	–	17.24	55.52	162.27	–	235.03
At December 31, 2004	–	(6,190.20)	(49,203.74)	(4,784.03)	–	(60,177.97)
<b>Allowance for Impairment of Assets</b>						
At December 31, 2003	(42.87)	(373.13)	(244.96)	–	–	(660.96)
At December 31, 2004	(42.87)	(373.13)	(244.96)	–	–	(660.96)
<b>Net Book Value</b>						
At December 31, 2003	2,561.20	5,106.85	45,485.24	4,759.86	7,688.91	65,602.06
At December 31, 2004	2,616.99	4,899.12	44,791.81	2,364.35	20,606.70	75,278.97

Borrowing cost amounting to Baht 658.53 million (2003: Baht 244.42 million) is capitalized as part of cost of property, plant and equipment. The Company use capitalization rate of 6.11% (2003: 7.54%).

As at December 31, 2004 and 2003, other assets include vehicles, which are acquired under financial leases in the consolidated financial statements amounting to Baht 56.91 million (2003: Baht 138.10 million) and in the Company's financial statements amounting to Baht 56.27 million (2003 : Baht 137.26 million) as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Cost	83.98	264.08	82.99	263.09
Less Accumulated depreciation	27.07	125.98	26.72	125.83
Net book value	56.91	138.10	56.27	137.26

## 14. Intangible Assets

Intangible assets as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated					The Company			
	Patent	Leasehold rights/other rights	Other operating rights	Goodwill	Total	Patent	Leasehold rights/other rights	Other operating rights	Total
<b>Cost</b>									
At December 31, 2003	996.71	5,886.38	82.85	1,239.29	8,205.23	475.75	5,704.72	51.55	6,232.02
– Business acquisition (Note 35)	1,090.12	215.08	1.23	–	1,306.43	–	–	–	–
– Business disposal (Note 36)	–	(108.79)	–	–	(108.79)	–	–	–	–
– Additions	158.64	438.40	0.06	(2,439.11)	(1,842.01)	54.44	260.43	–	314.87
– Reclassification	0.05	(3.71)	3.88	–	0.22	0.09	(3.71)	–	(3.62)
– Disposals	–	(152.72)	–	–	(152.72)	–	(128.77)	–	(128.77)
– Currency translation differences	–	3.99	(0.46)	–	3.53	–	–	–	–
At December 31, 2004	2,245.52	6,278.63	87.56	(1,199.82)	7,411.89	530.28	5,832.67	51.55	6,414.50
<b>Accumulated Amortization</b>									
At December 31, 2003	(530.48)	(1,736.76)	(27.44)	(83.81)	(2,378.49)	(306.21)	(1,692.73)	(23.52)	(2,022.46)
– Business acquisition (Note 35)	(307.16)	(96.05)	–	–	(403.21)	–	–	–	–
– Business disposal (Note 36)	–	35.57	–	–	35.57	–	–	–	–
– Amortization for the year	(121.06)	(246.28)	(9.16)	106.54	(269.96)	(63.64)	(221.56)	(5.18)	(290.38)
– Reclassification	(0.01)	–	(3.88)	–	(3.89)	(0.01)	–	–	(0.01)
– Disposals	–	114.47	–	–	114.47	–	114.47	–	114.47
– Currency translation differences	(0.08)	0.34	0.20	–	0.46	–	–	–	–
At December 31, 2004	(958.79)	(1,928.71)	(40.28)	22.73	(2,905.05)	(369.86)	(1,799.82)	(28.70)	(2,198.38)
<b>Allowance for Impairment of Assets</b>									
At December 31, 2003	–	(1,102.26)	–	–	(1,102.26)	–	(1,102.26)	–	(1,102.26)
– Business acquisition (Note 35)	–	(49.92)	–	–	(49.92)	–	–	–	–
– Business disposal (Note 36)	–	49.92	–	–	49.92	–	–	–	–
– Reversal of loss on impairment of assets	–	6.17	–	–	6.17	–	6.17	–	6.17
At December 31, 2004	–	(1,096.09)	–	–	(1,096.09)	–	(1,096.09)	–	(1,096.09)
<b>Net Book Value</b>									
At December 31, 2003	466.23	3,047.36	55.41	1,155.48	4,724.48	169.54	2,909.73	28.03	3,107.30
At December 31, 2004	1,286.73	3,253.83	47.28	(1,177.09)	3,410.75	160.42	2,936.76	22.85	3,120.03

## 15. Income Taxes and Deferred Income Taxes

Applicable tax rates for the Group are as follows:

	<u>Tax rates</u>
Petroleum income tax on petroleum business in Thailand pursuant to the Petroleum Income Tax Act, B.E. 2514 (1971)	50%
Income tax under the Revenue Code	30%
– Except for net income of the Company for the period of five years from 2002 to 2006	25%
– Except for net income of PTTEP in portion of the amount not exceeding Baht 300 million for the period of five years from 2002 to 2006	25%
Corporate income tax in the Union of Myanmar	30%
Corporate income taxes of other countries in the South-East Asia region	20-32%

Income taxes recognized in the consolidated and the Company's statements of income for the years ended December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
<b>Petroleum income tax</b>				
Current income tax	9,412.12	5,566.19	40.10	71.08
Deferred income tax	253.98	640.74	–	–
Total petroleum income tax	9,666.10	6,206.93	40.10	71.08
<b>Income tax under the Revenue Code</b>				
Current income tax	7,695.02	6,502.66	7,302.18	6,336.73
Deferred income tax	(16.66)	609.35	(13.49)	24.89
Total income tax under the Revenue Code	7,678.36	7,112.01	7,288.69	6,361.62
<b>Income tax in the Union of Myanmar</b>				
Current income tax	1,109.88	848.78	–	–
Deferred income tax	221.20	230.38	–	–
Total income tax in the Union of Myanmar	1,331.08	1,079.16	–	–
<b>Income taxes in the South-East Asia region</b>				
Current income tax	16.30	10.97	–	–
Deferred income tax	(15.27)	4.86	–	–
Total income taxes in the South-East Asia region	1.03	15.83	–	–
Total income tax expenses	18,676.57	14,413.93	7,328.79	6,432.70

Deferred income taxes presented in the consolidated and the Company's balance sheets as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated	The Company
<b>Deferred tax assets</b>		
<u>Income tax under the Revenue Code</u>		
As at December 31, 2003	1,590.57	1,583.69
Income tax expenses	16.67	13.49
As at December 31, 2004	1,607.24	1,597.18
<u>Petroleum income tax</u>		
As at December 31, 2003	27.77	–
Income tax expenses	(15.54)	–
As at December 31, 2004	12.23	–
<u>Income tax in the Philippines</u>		
As at December 31, 2003	25.32	–
Current income tax - MCIT	2.98	–
Income tax expenses	5.28	–
As at December 31, 2004	33.58	–
<u>Income tax in Singapore</u>		
As at December 31, 2003	–	–
Income tax expenses	2.60	–
As at December 31, 2004	2.60	–
Total deferred tax assets	1,655.65	1,597.18
<b>Deferred tax liabilities</b>		
<u>Petroleum income tax</u>		
As at December 31, 2003	8,724.85	–
Income tax expenses	238.44	–
As at December 31, 2004	8,963.29	–
<u>Income tax in the Union of Myanmar</u>		
As at December 31, 2003	1,078.85	–
Income tax expenses	214.88	–
As at December 31, 2004	1,293.73	–
Total deferred tax liabilities	10,257.02	–

Deferred tax assets mainly comprise allowance for doubtful accounts, accumulated depreciation of property, plant and equipment and amortization of decommissioning costs. Deferred tax liabilities mainly comprise accumulated depreciation of property, plant and equipment.

## 16. Advance Payment for Gas Purchased

Advance payments for gas purchased as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated	The Company
Balance as at December 31, 2003	26,352.05	32,678.29
Less Make-up during the year	3,606.53	4,401.51
Balance as at December 31, 2004	22,745.52	28,276.78

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 the rights to take certain volumes of prepaid gas (Make-up) in subsequent years, with no maturity period. As at December 31, 2004 the Company received all gas for the year 1998 which was fully paid in advance.

## 17. Other Non-Current Assets

Other non-current assets as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Retention and refundable deposits	85.36	86.52	67.92	63.25
Prepaid expenses	472.66	590.09	—	—
Deferred expenses of bond issue	20.27	29.85	—	—
Advance payment	80.76	81.85	—	—
Inventories-legal reserve	8,898.49	4,479.56	5,422.25	4,479.56
Others	11.33	3.14	—	—
Total	9,568.87	5,271.01	5,490.17	4,542.81

The Oil Fuel Trading Act, B.E. 2543 (2000) categorized the Company as an oil trader under section 7 of this Act to protect and prevent the shortage of oil. This Act determined the oil trader under section 7 to reserve oil throughout categories and planned volumes set by the Director General, Department of Energy Business. Currently, the Company reserves 5% of the planned volume as informed to the Director General, Department of Energy Business, the Ministry of Energy.

## 18. Bank Overdrafts and Short-term Loans from Financial Institutions

Bank overdrafts and short-term loans from financial institutions as at December 31, 2004 and 2003 are short-term loans from financial institutions with the interest rates ranging from 2.46% - 2.68% per annum and 2.06% per annum, respectively.

## 19. Other Current Liabilities

Other current liabilities as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Other accounts payable	3,275.31	3,207.16	1,619.15	2,410.23
Accounts payable -				
forward foreign exchange contracts, net	116.36	164.17	116.36	164.16
Advance received	99.60	39.99	52.08	39.99
Unrealized sales tax	1,431.60	1,134.04	1,286.55	1,003.48
Retention (due not later than 1 year)	329.77	13.87	10.84	13.87
Others	1,135.13	469.24	294.72	205.64
<b>Total</b>	<b>6,387.77</b>	<b>5,208.47</b>	<b>3,379.70</b>	<b>3,837.37</b>

Accounts payable - forward foreign exchange contracts are recognized under forward foreign exchange contracts for hedging risk exposure arising from the fluctuations of USD currency associated with the settlement of foreign loan repayment and raw materials imported.

## 20. Long-term Loans

Long-term loans as at December 31, 2004 and 2003 are as follows:

### Current portion of long-term loans

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Local loans	7,598.28	3,300.00	7,530.00	3,300.00
Foreign loans	53,059.72	14,327.80	399.00	14,327.80
Liabilities from finance leases	30.65	136.48	30.44	136.27
<b>Total</b>	<b>60,688.65</b>	<b>17,764.28</b>	<b>7,959.44</b>	<b>17,764.07</b>
Local loans	64,828.02	70,930.00	63,400.00	70,930.00
Foreign loans	8,579.94	3,389.12	2,944.47	3,389.12
Local bonds	36,500.00	17,500.00	34,000.00	15,000.00
Foreign bonds	30,959.14	15,624.92	15,543.63	–
Liabilities from finance leases	37.21	16.83	37.00	16.44
<b>Total</b>	<b>140,904.31</b>	<b>107,460.87</b>	<b>115,925.10</b>	<b>89,335.56</b>

As at December 31, 2004, the balance of long-term loans amounting to Baht 63,273.47 million (2003: Baht 80,446.92 million) are secured by the Ministry of Finance.

As at December 31, 2004 and 2003 long-term loans can be classified by interest rates as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Floating interest rate	62,886.11	3,782.64	3,343.47	3,782.64
Fixed interest rate	138,706.85	121,442.51	120,541.07	103,316.99
Total	201,592.96	125,225.15	123,884.54	107,099.63

Interest rates charged on long-term loans as at December 31, 2004 and 2003 are as follows:

	Consolidated		The Company	
	2004	2003	2004	2003
PTT bonds	3.49%-13.75%	3.49%-13.75%	3.49%-13.75%	3.49%-13.75%
Local loans	3.25%-9.06%	8.83%- 9.06%	8.83%-9.06%	8.83%- 9.06%
Foreign loans				
– US Dollar	2.74%-6.50%	3%-7.50%	2.74%-6.50%	3%-7.50%
– Japanese YEN	–	1.78%	–	1.78%
Local bonds	4.25%-5.90%	4.50%-5.75%	4.25%-5.90%	4.50%-5.75%
Foreign bonds	5.75%-7.86%	7.63%-7.86%	5.75%	–
Liabilities from finance leases	3.50%-9.81%	3.50%-12.46%	5.50%-9.81%	8.65%-12.46%

## 20.1 Loans

Movements in local loans and foreign loans as at December 31, 2004 and 2003 are as follows:

Unit : Million

	Consolidated			
	Currency			Total equivalent to Baht
	Baht	Us Dollar	Japanese Yen	
Balance as at December 31, 2003	74,230.00	164.19	30,000.00	91,946.92
– Additions	477.68	155.98	–	6,610.59
– Repayment	(4,020.39)	(158.99)	(30,000.00)	(21,676.57)
– Loss from exchange rate	–	–	–	(708.16)
– Acquisition of subsidiaries (Note 35)	861.73	1,433.59	–	57,893.18
– Current portion	(7,598.28)	(1,353.48)	–	(60,658.00)
Balance as at December 31, 2004	63,950.74	241.29	–	73,407.96

Unit : Million

	The Company			
	Currency			Total equivalent
	Baht	Us Dollar	Japanese Yen	to Baht
Balance as at December 31, 2003	74,230.00	164.19	30,000.00	91,946.92
– Additions	(3,300.00)	(78.88)	(30,000.00)	(17,627.83)
– Loss from exchange rate	–	–	–	(45.62)
– Current portion	(7,530.00)	(10.18)	–	(7,929.00)
Balance as at December 31, 2004	63,400.00	75.13	–	66,344.47

## 20.2 Bonds

Bonds as at December 31, 2004 and 2003 are as follows:

	Consolidated			
	2004		2003	
	Million USD	Million Baht	Million USD	Million Baht
Unsecured unsubordinated bonds				
– USD currency	789.78	30,959.14	393.28	15,624.92
– Baht currency	–	36,500.00	–	17,500.00
Total	789.78	67,459.14	393.28	33,124.92

	The Company			
	2004		2003	
	Million USD	Million Baht	Million USD	Million Baht
Unsecured unsubordinated bonds				
– USD currency	396.50	15,543.63	–	–
– Baht currency	–	34,000.00	–	15,000.00
Total	396.50	49,543.63	–	15,000.00

In May 2004, the Company issued three lots of 19 million unsecured unsubordinated bonds with a face value of Baht 1,000 each, totalling Baht 19,000 million. The first lot of 15 million units has a redemption period of 8 years, to be redeemed in 2012 with the interest charged for year 1-4 at a fixed rate of 4.25% per annum and year 5-8 at a fixed rate of 5.75% per annum. The second lot of 3 million units has a redemption period of 12 years, to be redeemed in 2016 with the interest charged for year 1-6 at a fixed rate of 5.00% per annum and year 7-12 at a fixed rate of 5.95% per annum. The third lot of 1 million units has a redemption period of 15 years, to be redeemed in 2019 with the interest charged at a fixed rate of 5.90% per annum. The interest of all three lots is payable every 6 months.

In July 2004, The Company issued 400,000 unsecured unsubordinated bonds with a face value of USD 1,000 each, sold at discounted price of 99.12% of the face value totalling USD 396.48 million at the fixed interest rate of 5.75% per annum. The interest is payable every 6 months with a redemption period of 10 years, to be redeemed on August 1, 2014.

PTTEP issued 2,500,000 unsecured unsubordinated bonds with a face value of Baht 1,000 each, totalling Baht 2,500 million. The bonds bear interest at the rate of 4.625 % per annum, payable every 6 months, and have a redemption period of 15 years, to be redeemed on March 27, 2018.

PTTEP issued 230 unsecured unsubordinated bonds with a face value of Yen 100 million each, totalling Yen 23 billion. The bonds bear interest at the rate of 3.35% per annum with a redemption period of 10 years, to be redeemed on September 19, 2007. On the date of the bond issuance, PTTEP has entered into a 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% per annum, and payable every six months.

PTTEP guaranteed 200,000 unsecured unsubordinated bonds, which have been issued by PTTEP International Company Limited (a subsidiary of PTTEP) with a face value of USD 1,000 each, totalling USD 200 million. The bonds bear interest at the rate of 7.625% per annum, payable every 6 months, and have a redemption period of 10 years, to be redeemed on October 1, 2006.

### 20.3 Liabilities from Finance Leases

Liabilities from finance leases as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Liabilities from finance leases				
– Not later than 1 year	34.23	140.33	34.02	140.12
– Later than 1 year and not later than 5 years	38.40	17.48	38.13	17.01
Future finance charges on finance leases	(4.77)	(4.50)	(4.71)	(4.42)
Present value of liabilities from finance leases	67.86	153.31	67.44	152.71
Present value of liabilities from finance leases				
– Current (Not later than 1 year)	30.65	136.48	30.44	136.27
– Non-current (Later than 1 year and not later than 5 years)	37.21	16.83	37.00	16.44
Total	67.86	153.31	67.44	152.71

Maturities of long-term loans as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated									
	2004					2003				
	Foreign currency loans	Local currency loans	Bonds	Liabilities from finance leases	Total	Foreign currency loans	Local currency loans	Bonds	Liabilities from finance leases	Total
Not later than 1 year	53,059.72	7,598.28	–	30.65	60,688.65	14,327.80	3,300.00	–	136.48	17,764.28
Later than 1-2 years	638.98	8,137.06	7,838.56	37.21	16,651.81	404.45	7,530.00	–	11.57	7,946.02
Later than 2-5 years	3,083.54	28,813.70	7,576.95	–	39,474.19	1,290.71	27,000.00	15,624.92	5.26	43,920.89
Later than 5 years	5,734.68	27,000.00	52,043.63	–	84,778.31	1,693.96	36,400.00	17,500.00	–	55,593.96
Total	62,516.92	71,549.04	67,459.14	67.86	201,592.96	17,716.92	74,230.00	33,124.92	153.31	125,225.15

Unit : Million Baht

	The Company									
	2004					2003				
	Foreign currency loans	Local currency loans	Bonds	Liabilities from finance leases	Total	Foreign currency loans	Local currency loans	Bonds	Liabilities from finance leases	Total
Not later than 1 year	399.00	7,530.00	–	30.44	7,959.44	14,327.80	3,300.00	–	136.27	17,764.07
Later than 1-2 years	410.89	8,000.00	–	37.00	8,447.89	404.45	7,530.00	–	11.18	7,945.63
Later than 2-5 years	1,316.81	28,400.00	–	–	29,716.81	1,290.71	27,000.00	–	5.26	28,295.97
Later than 5 years	1,216.77	27,000.00	49,543.63	–	77,760.40	1,693.96	36,400.00	15,000.00	–	53,093.96
Total	3,343.47	70,930.00	49,543.63	67.44	123,884.54	17,716.92	74,230.00	15,000.00	152.71	107,099.63

## 21. Provision for Decommissioning Costs

The Group recognized provision for liabilities as at December 31, 2004 for decommissioning costs expected to incur in the future as follows:

Unit : Million Baht

	Consolidated
Balance as at December 31, 2003	3,910.32
Exchange rate difference	(93.48)
Provision for decommissioning costs during the year	1,412.83
Balance as at December 31, 2004	5,229.67

## 22. Other Non-current Liabilities

Other non-current liabilities as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Retention (due later than 1 year)	1,334.71	537.06	1,304.91	536.76
Provision for loss on lawsuit	1,386.12	1,325.42	1,386.12	1,325.42
Deferred revenue	61.10	43.72	61.10	43.72
Pension fund	3.57	4.12	3.57	4.12
Others	511.55	118.48	1.39	–
Total	3,297.05	2,028.80	2,757.09	1,910.02

## 23. Share Capital

As at December 31, 2004 and 2003, the Company has authorized share capital of 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.

## 24. Reserves

### 24.1 Legal Reserve

Under the Public Limited Companies Act B.E. 2535 (1992), the Company is required to appropriate a certain amount of its annual net income as legal reserve not less than 5% of its annual net income until the reserve fund reaches 10% of the authorized share capital. The reserve is non-distributable.

### 24.2 Reserve for Self-Insurance Fund

Reserve for Self-Insurance Fund as at December 31, 2004 and 2003 is as follows:

	Unit : Million Baht	
	Consolidated	The Company
Balance as at December 31, 2003	776.99	776.99
Appropriated net income for 2004	34.84	34.84
Balance as at December 31, 2004	<b>811.83</b>	<b>811.83</b>

Self-Insurance Fund has been set up to provide insurance coverage for the Company's businesses. The Company appropriated net income from the fund's operation and the fund's interest income each year to the fund.

## 25. Earnings Per Share

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

	Consolidated		The Company	
	2004	2003	2004	2003
Net income attributable to ordinary shareholders (Baht)	62,666,469,171	37,579,581,530	62,666,469,171	37,579,581,530
Weighted average number of ordinary shares held by third parties during the year (shares)	2,797,245,725	2,797,245,725	2,797,245,725	2,797,245,725
Basic earnings per share (Baht/share)	22.40	13.43	22.40	13.43

For the calculation of diluted earnings per share, the Company assumed that warrants of the Group given to directors, management and employees that can be exercised are converted to ordinary shares. Exercising those warrants resulted in net income of the Group, recognized in the Company's financial statements, adjusted by the decrease in shareholding proportion.

	Consolidated		The Company	
	2004	2003	2004	2003
Net income attributable to ordinary shareholders (Baht)	62,666,469,171	37,579,581,530	62,666,469,171	37,579,581,530
Adjustment of net income(Baht)	(37,817,452)	(3,844,160)	(37,817,452)	(3,844,160)
Net income for calculation diluted earnings per share	62,628,651,719	37,575,737,370	62,628,651,719	37,575,737,370
Weighted average number of ordinary shares which held by third parties during the year (shares)	2,797,245,725	2,797,245,725	2,797,245,725	2,797,245,725
Diluted earnings per share (Baht/share)	22.39	13.43	22.39	13.43

As at December 31, 2004, PTTEP issued warrants in Employee Stock Ownership Plan (ESOP) as follows:

The exercise 1.20 million units of warrants to purchase ordinary shares for 2.40 million shares on June 16, 1998 (one warrant provides the right to purchase two ordinary shares) to the directors, managements and employees with the exercised price of Baht 150 per share. The last exercise dated September 14, 2003, no employee exercised the warrants to purchase ordinary shares. However, the annual general meeting of the shareholders has a resolution to reallocate 2.4 million ordinary shares reserved for the exercise of rights under the newly issued warrants by PTTEP in 2004-2006.

The exercise of warrants to purchase ordinary shares by employees (Employee Stock Ownership Plan or ESOP) is for 5 consecutive years, totalling 10 million ordinary shares. As at December 31, 2004, the employees exercised the warrants to purchase 1.33 million shares (2003: 0.40 million shares and 2004: 0.93 million shares). Therefore, the remaining outstanding balance of shares reserve is 8.67 million shares for;

- On August 1, 2002, PTTEP provided warrants to purchase 2 million units of ordinary shares (one warrant provides the right to purchase one ordinary share) to its directors, managements and employees with the exercised price of 111 Baht per share. The warrants are exercisable on the last working day of every three months starting from the first exercise date on July 31, 2003. As at December 31, 2004, 0.90 million warrants have been exercised by 1,150 employees. Therefore, the remaining outstanding balance of warrants is 1.10 million units and the remaining balance of reserved shares is 1.10 million shares.
- On August 1, 2003, PTTEP provides warrants to purchase 2 million units of ordinary shares (one warrant provides the right to purchase one ordinary share) to its directors, managements and employees with the exercised price of 117 Baht per share. The warrants are exercisable on the last working day of every three months starting from the first exercise date on July 31, 2004. As at December 31, 2004, 0.43 million warrants have been exercised by 602 employees. Therefore, the remaining outstanding balance of warrants is 1.57 million units and the remaining balance of reserved shares is 1.57 million shares.
- On August 1, 2004, PTTEP provides warrants to purchase 2.8 million units of ordinary shares (one warrant provides the right to purchase one ordinary share) to its directors, managements and employees with the exercised price of 183 Baht per share. The warrants are exercisable on the last working day of every three months starting from the first exercise date on July 31, 2005.

## 26. Sales

Sales for the years ended December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Oil products	423,698.29	293,997.71	394,318.54	288,063.88
Gas products	183,868.93	161,032.29	178,763.10	162,726.19
Petrochemical products	42,773.81	38,704.48	41,176.75	23,836.40
Less Petroleum royalties	(5,667.98)	(4,021.07)	–	–
Total	644,673.05	489,713.41	614,258.39	474,626.47

Sales for the years ended December 31, 2004 and 2003 include sales to government agencies and state enterprises in the consolidated financial statements amounting to Baht 83,174.44 million (2003: Baht 71,080.25 million), and in the Company's financial statements amounting to Baht 82,247.44 million (2003 : Baht 70,826.21 million).

## 27. Other Income

Other income for the years ended December 31, 2004 and 2003 is as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Bank interest income	1,605.85	623.20	1,417.17	403.44
Penalty income	353.38	220.07	339.05	220.09
Transportation income	3,345.42	1,301.81	3,785.09	1,301.81
Dividend income	37.66	36.72	37.66	36.72
Compensation for loan interest of advance payment for gas purchased	1,676.80	2,014.70	1,676.80	2,014.70
Gain on disposal of investments	338.25	171.38	15.21	171.38
Gain on foreign exchange	425.65	1,334.65	–	474.77
Others	1,452.00	976.52	1,327.55	968.87
Total	9,235.01	6,679.05	8,598.53	5,591.78

Compensation for loan interest of advance payment for gas purchased (Take-or-Pay) represents compensation from the Electricity Generating Authority of Thailand (EGAT) and the Independent Power Plant (IPP) to absorb interest on loans, raised by PTT for advance payment for gas purchased.

## 28. Share of Net Income from Investments under Equity Method

Share of net income from investments under equity method for the years ended December 31, 2004 and 2003 includes share of gain on foreign exchange as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Share of gain on foreign exchange	1,116.50	3,527.11	1,763.66	3,956.31

## 29. Operating Income

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

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Gain (loss) on foreign exchange	425.65	1,334.65	(458.22)	474.77
Depreciation of property, plant and equipment				
– Owned assets	13,960.44	11,484.76	5,567.28	5,381.07
– Leased assets under finance leases	40.62	94.33	40.42	83.31
Amortization of intangible assets				
– Goodwill (negative goodwill)	(106.54)	161.27	–	–
– Other intangible assets	376.50	363.34	290.38	259.22
Staff costs	5,668.79	5,067.43	4,062.93	3,652.25

## 30. 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 to extend the project's period to the second stage of 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 supporting project (forest survival). The objective is to establish the long-term commitments among local people and youth who protect and are concerned about forest resources.

Since the beginning of the project up to December 31, 2004, the last year for reforestation, the Company had reforested and developed deteriorating forests nationwide covering areas in 48 provinces. The Company's expenses for the year 2004 were Baht 85.16 million and the accumulated expenses until December 31, 2004 were Baht 2,945.67 million which were in the budget approved by the board of directors. The expenses for the year are presented as selling and administrative expenses in the statement of income.

### 31. Interest Expenses

Interest expenses for the years ended December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Loans from financial institutions	5,360.61	6,391.56	5,337.85	5,843.92
Bonds	2,725.49	1,449.81	1,368.35	59.98
Liabilities from finance leases	4.13	11.75	4.10	11.73
Others	374.79	216.92	175.10	169.19
<b>Total</b>	<b>8,465.02</b>	<b>8,070.04</b>	<b>6,885.40</b>	<b>6,084.82</b>

### 32. 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 years ended December 31, 2004 and 2003 is as follows:

#### Consolidated

For the year ended December 31, 2004

Unit : Million Baht

	Oil	Natural Gas	Petroleum Exploration & Production	Refining	Petro Chemical	Others	Elimination	Total
Sales – others	466,140.83	155,194.15	4,636.76	22,772.23	1,597.06	–	–	650,341.03
– related parties	2,972.29	19,786.57	43,158.00	3,027.64	–	–	(68,944.50)	–
Petroleum royalties	–	–	(5,667.98)	–	–	–	–	(5,667.98)
<b>Net sales</b>	<b>469,113.12</b>	<b>174,980.72</b>	<b>42,126.78</b>	<b>25,799.87</b>	<b>1,597.06</b>	<b>–</b>	<b>(68,944.50)</b>	<b>644,673.05</b>
Gross margin	10,880.83	36,297.39	30,607.53	626.42	148.90	–	285.15	78,846.22
<b>EBITDA</b>	<b>5,643.35</b>	<b>36,857.33</b>	<b>36,102.08</b>	<b>636.31</b>	<b>99.78</b>	<b>(310.38)</b>	<b>235.28</b>	<b>79,263.75</b>
Depreciation and amortization	2,012.97	3,981.01	8,095.64	194.99	86.88	3.33	(103.52)	14,271.30
<b>EBIT</b>	<b>3,630.38</b>	<b>32,876.32</b>	<b>28,006.44</b>	<b>441.32</b>	<b>12.90</b>	<b>(313.71)</b>	<b>338.80</b>	<b>64,992.45</b>
Share of net income								
in associates	0.08	26.49	209.03	–	–	26,506.37	–	26,741.97
Interest-net								(6,906.15)
Other income								2,455.93
Income taxes								(18,676.57)
Minority interests								(5,941.16)
<b>Net Income</b>								<b>62,666.47</b>

Unit : Million Baht

	Oil	Natural Gas	Petroleum Exploration & Production	Refining	Petro Chemical	Others	Elimination	Total
Segment assets	69,626.22	124,767.95	96,369.41	65,739.93	5,065.86	69,091.13	–	430,660.50
Inter-company assets	8,168.34	14,498.29	4,185.18	2,155.58	–	711.79	(29,719.18)	–
Investments accounted for under equity method	0.86	109.08	11,367.65	–	–	43,432.49	–	54,910.08
Total segment assets	77,795.42	139,375.32	111,922.24	67,895.51	5,065.86	113,235.41	(29,719.18)	485,570.58
Non-allocated assets								1,655.65
<b>Total Assets</b>								<b>487,226.23</b>
Segment liabilities	28,641.41	24,848.74	39,053.15	53,854.23	2,986.05	142,676.67	–	292,060.25
Inter-company liabilities	3,703.31	3,341.06	5,541.42	2,957.51	0.41	14,175.47	(29,719.18)	–
Total segment liabilities	32,344.72	28,189.80	44,594.57	56,811.74	2,986.46	156,852.14	(29,719.18)	292,060.25
Non-allocated liabilities								10,251.02
<b>Total Liabilities</b>								<b>302,311.27</b>
<b>Capital Expenditures</b>	<b>1,561.42</b>	<b>20,740.89</b>	<b>32,715.51</b>	<b>146.09</b>	<b>83.16</b>	<b>532.98</b>	–	<b>55,780.05</b>

**Consolidated**

For the year ended December 31, 2003

Unit : Million Baht

	Oil	Natural Gas	Petroleum Exploration & Production	Petro Chemical	Others	Elimination	Total
Sales – others	338,303.23	137,536.60	3,026.57	14,868.08	–	–	493,734.48
– related parties	3,589.09	21,257.85	32,100.10	–	–	(56,947.04)	–
Petroleum royalties	–	–	(4,021.07)	–	–	–	(4,021.07)
Net sales	341,892.32	158,794.45	31,105.60	14,868.08	–	(56,947.04)	489,713.41
Gross margin	10,187.68	28,119.12	23,447.29	2,369.82	–	(76.60)	64,047.31
<b>EBITDA</b>	<b>5,581.44</b>	<b>29,177.09</b>	<b>24,997.54</b>	<b>2,744.94</b>	<b>(167.08)</b>	<b>21.48</b>	<b>62,355.41</b>
Depreciation and amortization	1,826.69	3,917.83	5,440.49	758.19	3.37	157.14	12,103.71
<b>EBIT</b>	<b>3,754.75</b>	<b>25,259.26</b>	<b>19,557.05</b>	<b>1,986.75</b>	<b>(170.45)</b>	<b>(135.66)</b>	<b>50,251.70</b>
Share of net income in associates	0.03	–	750.14	–	9,592.04	–	10,342.21
Interest-net							(7,849.82)
Other income							4,061.46
Income taxes							(14,413.93)
Minority interests							(4,812.04)
<b>Net Income</b>							<b>37,579.58</b>

Unit : Million Baht

	Oil	Natural Gas	Petroleum Exploration & Production	Petro Chemical	Others	Elimination	Total
Segment assets	55,086.08	105,685.49	77,644.82	–	50,351.06	–	288,767.45
Inter-company assets	1.60	16,024.93	3,419.36	–	18.99	(19,464.88)	–
Investments accounted for under equity method	0.78	–	11,477.07	–	22,446.11	–	33,923.96
Total segment assets	55,088.46	121,710.42	92,541.25	–	72,816.16	(19,464.88)	322,691.41
Non-allocated assets							1,639.37
<b>Total Assets</b>							<b>324,330.78</b>
Segment liabilities	23,545.10	16,759.34	31,400.41	–	114,510.83	–	186,215.68
Inter-company liabilities	1,842.67	2,874.55	6,327.92	–	8,419.74	(19,464.88)	–
Total segment liabilities	25,387.77	19,633.89	37,728.33	–	122,930.57	(19,464.88)	186,215.68
Non-allocated liabilities							9,173.59
<b>Total Liabilities</b>							<b>195,389.27</b>
<b>Capital Expenditures</b>	<b>1,206.38</b>	<b>8,212.63</b>	<b>11,300.51</b>	<b>3,252.14</b>	<b>157.98</b>	–	<b>24,129.64</b>

Pricing among business groups uses normal market prices except for pricing among sectors within the Company using net market prices, net from the management fees of petroleum terminals and operation fees.

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

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

The Group categorizes segments for major businesses as follows:

#### **Oil Business**

The Group conducts oil business in both domestic and overseas which can be categorized into 2 main income generating activities as follows:

1. Oil marketing: marketing of petroleum products, lubricant products through retail marketing, commercial marketing and international marketing.
2. International oil trading: importing and exporting crude oil, petroleum products, raw materials and petrochemical products.

#### **Gas Business**

The Group conducts a fully-integrated gas business including procurement, natural gas pipeline transmission, natural gas separation and distribution in both domestic and overseas.

#### **Exploration and Production Petroleum Business**

The Group conducts exploration and production petroleum business in both domestic and overseas. The Group is the operator and jointly investment with the leading exploration and production companies. Most domestic projects are located in the Gulf of Thailand. Overseas projects cover Asia Pacific and Middle East regions.

#### **Petrochemical Business**

The Group conducts petrochemical business including procurement of petroleum feedstock for petrochemical plants, processing and distribution of main petrochemical products and by products to serve for both domestic and overseas markets.

#### **Refining Business**

The Group conducts refining business including processing and distribution of finished oil products to serve for both domestic and overseas customers.

Others comprise of other business groups, none of these reports separately.

### **33. Disclosure of Financial Instruments**

The principal financial risks faced by the Company are exchange rates, interest rates, oil and gas market prices. Some portions of sales, purchase and borrowing transactions are entered into in foreign currencies. The Company borrows at both fixed and floating rates of interest to finance its operations. The Company's management had made derivative instrument contracts to cover all these risks. The strategies for hedging risks are forward foreign exchange contracts. Risk exposures in oil and gas prices are managed by futures oil and gas contracts.

Speculation of financial instruments is not allowed to implement in the Company. Every derivative transaction has been supported by the contracts.

Responsible department to manage exposures to exchange rate risks, interest rate risks and fluctuations of oil and gas market price has to report to managements details of costs and market value of all financial instruments, including forward foreign exchange contracts and outstanding futures oil and gas contracts. These limits principally cover the risk exposure in respect of:

- foreign exchange transactions
- floating rate borrowings
- fluctuations in oil and gas market prices
- credit risks

#### **33.1 Risks from Foreign Exchange Rates**

The Company entered into the forward bought foreign exchange contracts to settle for procurement of raw materials and foreign loan repayment amounting to USD 155 million or equivalent to approximately Baht 6,163.64 million, matured within January 2005.

RRC entered into the forward bought foreign exchange contracts amounting to USD 41 million or equivalent to Baht 1,622.17 million, matured within January 2005.

Receivable amounts and exchange rates of forward foreign exchange contracts as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
<b>Forward bought foreign exchange contracts</b>				
At the rate Baht 38.9966-44.0560 = 1 USD	7,785.81	7,171.75	6,163.64	7,171.75
At the rate Baht 0.34750-0.35900 = 1 Yen	–	6,652.15	–	6,652.15
Total	7,785.81	13,823.90	6,163.64	13,823.90
<b>Forward sold foreign exchange contracts</b>				
At the rate Baht 42.7960-45.52085 = 1 USD	–	625.38	–	625.38

### 33.2 Risks from Interest Rates

For PTTEP, cross-currency and interest rate swap contracts have been entered in accordance with Note 20.2.

The terms and notional principal amounts of the outstanding cross-currency and interest rate swap contracts as at December 31, 2004 and 2003 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
– USD 69 million /Yen 6,913.8 million	–	2,741.91	–	2,741.91
– USD 193.28 million /Yen 23,000 million	7,576.95	7,680.42	–	–
Total	7,576.95	10,422.33	–	2,741.91

The maturity of contracts can be analyzed as follows:

Unit : Million Baht

	Consolidated		The Company	
	2004	2003	2004	2003
Later than 1 year-5 years	7,576.95	10,422.33	–	2,741.91
Later than 5 years	–	–	–	–
Total	7,576.95	10,422.33	–	2,741.91

### 33.3 Risks from Futures Oil and Gas Contracts

As at December 31, 2004, the outstanding futures oil and gas contracts that the Company entered into have a maturity period within one to six months. The volume of oil according to such contracts is 3.10 million barrels. The outstanding futures gas contracts that the Company entered into have a maturity period within one to twelve months. The volume of gas according to such contracts is 4.25 million barrels.

### 33.4 Credit Risks

The Company has no significant concentrations of credit risks. The customers of the Company comprise oil, gas, and petrochemical customers. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

### 33.5 Fair Value of Financial Instruments

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

The fair values of long-term loans and financial derivatives as at December 31, 2004 are as follows:

Unit : Million Baht

	Consolidated			
	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term loan-domestic	64,828.02	70,025.93	70,930.00	80,261.61
Long-term loan-foreign	8,579.94	8,579.94	3,389.12	3,389.12
Unsecured unsubordinated bonds – Baht currency	36,500.00	35,636.22	17,500.00	17,022.43
Unsecured unsubordinated bonds – Foreign currencies	32,096.76	33,973.60	16,528.38	17,853.09
Forward bought foreign exchange contracts	7,785.81	7,662.28	13,823.90	14,026.88
Forward sold foreign exchange contracts	–	–	625.38	558.42
Cross-currency and interest rate swap contracts	7,576.95	6,572.83	10,422.33	10,328.24
Futures oil and gas contracts	–	333.18	–	(23.82)

Unit : Million Baht

	The Company			
	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term loan-domestic	63,400.00	68,597.91	70,930.00	80,261.61
Long-term loan-foreign	2,944.47	2,944.47	3,389.12	3,389.12
Unsecured unsubordinated bonds – Baht currency	34,000.00	33,376.76	15,000.00	14,887.45
Unsecured unsubordinated bonds – Foreign currencies	15,543.63	16,281.31	–	–
Forward bought foreign exchange contracts	6,163.64	6,054.98	13,823.90	14,026.88
Forward sold foreign exchange contracts	–	–	625.38	558.42
Cross-currency and interest rate swap contracts	–	–	2,741.91	2,971.27
Futures oil and gas contracts	–	333.18	–	(23.82)

The Group calculates the fair values of long-term loans and fixed interest rate bonds by using the discounted cash flows based on the discounted rates with similar borrowing conditions. The forward foreign exchange contracts, the cross-currency and interest rate swap contracts, and the futures oil and gas contracts are presented with fair value based on quoted market prices.

### 34. Dividend payment

On April 9, 2004, the Annual General Shareholders' meeting of the Company approved to pay dividends at Baht 4.00 per share for 2,797,245,725 shares, totalling Baht 11,188.98 million. The Company paid on May 7, 2004.

### 35. Acquisition

During the year ended December 31, 2004, the Company acquired additional ordinary shares of Subic Bay Group (which comprises SBECL, SBFCI and SBDI), PTTNGD, TLB, BPE, RRC and Houakhong as discussed in Note 11.7. Goodwill arising from these acquisitions is Baht 1,195.88 million and negative goodwill is Baht 6,783.90 million, which are amortized on a straight-line basis no later than 20 years.

Details of net assets acquired and goodwill are as follows:

Unit : Million Baht

	Subic Bay Group	PTTNGD	TLB	BPE	RRC	Houakhong	Total
Purchase consideration	1.20	173.14	0.71	1,663.50	197.17	–	<b>2,035.72</b>
Less Fair value of net assets acquired	(227.45)	93.46	260.70	775.95	6,717.36	3.72	<b>7,623.74</b>
Goodwill (negative goodwill)	228.65	79.68	(259.99)	887.55	(6,520.19)	(3.72)	<b>(5,588.02)</b>

Assets and liabilities derived from the acquisitions are as follows:

Unit : Million Baht

	Subic Bay Group	PTTNGD	TLB	BPE	RRC	Houakhong	Total
Cash and cash equivalents	285.43	313.10	29.59	648.51	7,864.76	2.52	<b>9,143.91</b>
Current investments	–	–	–	3,211.99	–	–	<b>3,211.99</b>
Accounts receivable	8,072.75	211.48	436.69	170.16	6,992.03	6.15	<b>15,889.26</b>
Inventories and supplies	392.44	25.77	1,091.69	499.19	9,926.46	–	<b>11,935.55</b>
Other current assets	192.34	15.10	108.47	124.70	3,984.88	0.07	<b>4,425.56</b>
Long-term investments	–	82.58	–	–	–	–	<b>82.58</b>
Property, plant and equipment (Note 13)	56.34	726.95	1,566.90	2,690.27	36,891.14	1.30	<b>41,932.90</b>
Intangible assets (Note 14)	–	1.91	23.83	47.51	778.81	1.23	<b>853.29</b>
Other non-current assets	–	7.23	347.25	2.44	4.56	0.04	<b>361.52</b>
Bank overdrafts and short-term loans from financial institutions	–	–	(540.00)	–	–	–	<b>(540.00)</b>
Accounts payable	(10,218.61)	(127.64)	(639.16)	(879.57)	(2,502.47)	(5.71)	<b>(14,373.16)</b>
Other current liabilities	(57.18)	(25.54)	(90.63)	(163.50)	(502.99)	(0.62)	<b>(840.46)</b>
Loans (Note 20.1)	–	(192.55)	–	(4,765.34)	(52,935.29)	–	<b>(57,893.18)</b>
Other non-current liabilities	–	–	(305.98)	(34.46)	(6.01)	(0.33)	<b>(346.78)</b>
Minority interests	–	(436.12)	(781.06)	(775.95)	–	(0.93)	<b>(1,994.06)</b>

Unit : Million Baht

	Subic Bay Group	PTTNGD	TLB	BPE	RRC	Houakhong	Total
<u>Less</u> (Prior investments undersequity method) Share of net loss over investments	1,049.04	(508.81)	(986.89)	–	(3,778.52)	–	<b>(4,225.18)</b>
Fair value of net assets acquired	(227.45)	93.46	260.70	775.95	6,717.36	3.72	<b>7,623.74</b>
Goodwill (negative goodwill)	228.65	79.68	(259.99)	887.55	(6,520.19)	(3.72)	<b>(5,588.02)</b>
Total purchase consideration	1.20	173.14	0.71	1,663.50	197.17	–	<b>2,035.72</b>
<u>Less</u> Cash and cash equivalents in subsidiaries	285.43	313.10	29.59	648.51	7,864.76	2.52	<b>9,143.91</b>
Cash used for acquisition	(284.23)	(139.96)	(28.88)	1,014.99	(7,667.59)	(2.52)	<b>(7,108.19)</b>

Furthermore, during the year 2004, the Company acquired 16.07 million additional ordinary shares of PTTEP, a subsidiary, from third parties. This results in an increase in proportion of investment in PTTEP's share capital from 63.61% to 65.98%. The purchase consideration was Baht 4,331.48 million. The book value of net assets at the acquisition date was Baht 1,182.55 million, which equals to the fair value of net assets acquired. Goodwill arising from the acquisition amounting to Baht 3,148.93 million is amortized using the straight-line method over the Reserve Life Index of PTTEP.

Details of net assets acquired and goodwill are as follows:

Unit : Million Baht

Purchase consideration	4,331.48
<u>Less</u> Fair value of net assets acquired	1,182.55
Goodwill	<b>3,148.93</b>

PTTEP provides its employees the exercise warrants to purchase ordinary shares according to the Employee Stock Ownership Plan (ESOP) for 5 consecutive years, totalling 10 million ordinary shares. As at December 31, 2004, the employees exercised the warrants to purchase 1.33 million shares. Therefore, the remaining balance is 8.67 million shares reserved. Consequently, it effects gain on dilution of investments amounting to Baht 37.94 million. The gain on dilution was recognized as surplus on dilution of investments in subsidiaries and associates in shareholders' equity.

### 36. Disposal

During the fourth quarter of 2004, the Company sold ordinary shares of TLB to TOP as discussed in Note 11.7

Assets and liabilities derived from disposal are as follows:

	Unit : Million Baht
Cash and cash equivalents	50.15
Accounts receivable	548.78
Inventories and supplies	1,308.79
Other current assets	114.78
Property, plant and equipment (Note 13)	1,521.44
Intangible assets (Note 14)	23.29
Other non-current assets	351.09
Bank overdrafts and short-term loans from financial institutions	(200.00)
Accounts payable	(735.74)
Other current liabilities	(395.57)
Other non-current liabilities	(309.57)
<u>Less</u> Minority interests at disposal date	(876.84)
Investment accounted for under equity method at disposal date	1,400.60
Disposal consideration (Note 11.7)	1,250.45
<u>Less</u> Cash and cash equivalents in a subsidiary	50.15
Net cash received from disposal of a subsidiary	<b>1,200.30</b>

### 37. Promotional Privileges

The Company received promotional privileges from the Board of Investment (BOI) under the Investment Act, B.E. 2520 (1977) for the Gas Separation Plant Unit #5 and the distribution gas pipeline to the Rojana Industrial Park. The promotional privileges include exemption on import duty approved from BOI and corporate income tax for net income from promotional business for 8 years starting from the date of first sales. As the Company received promotional privileges from BOI, the Company has to comply with all conditions and regulations for the promotional operations as stated in the Promotion Certificate.

Sales separated into promotional and non-promotional businesses for the year ended December 31, 2004 are as follows:

	Unit : Million Baht
Promotional businesses	14.96
Non-promotional businesses	615,149.06
Total	<b>615,164.02</b>

### 38. Commitments and Contingent Liabilities

38.1 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 gas pipeline laying from Rayong-Bangpakong-Wang Noi. Damage and legal costs amounting to approximately USD 61 million have been claimed. On February 4, 2002, the arbitrator made the decision that the Company had to pay for damage and expenses incurred in the administration of the case amounting to USD 28.43 million, together with interest charge and fee for letter of guarantee. However, the Company has always contended with and retained rights concerning the arbitration and the judicial process on this dispute. On March 20, 2003, the Company contended with the enforcement according to arbitrator's decision, which such foreign contractor had already filed a complaint to the civil court. The case is under the court consideration. As at December 31, 2004, the Company recorded the damage including interest and expenses incurred, totalling Baht 1,374.03 million as other non-current liabilities. Nevertheless, the Company as the plaintiff has filed against the foreign contractor as a defendant in the civil court for the delay of work submission which caused the Company damages amounting to approximately Baht 4,274 million. The case is in the process of taking evidence and has no progress.

38.2 Commitments to subsidiaries, associates, joint ventures and other related companies are as follows:

The Company entered into the Shareholder's Commercial Support Arrangements with two associates according to a condition with a financial institution. The Company has obligations concerning commercial trade credits in form of extended credit for raw materials and/or advance product payment with credit limits of USD 100 million and USD 90 million, respectively. As at December 31, 2004, the commercial credit lines have not been used.

The Company has an obligation concerning an extended credit for raw materials to a foreign subsidiary with a credit limit of USD 70 million. The commercial credit line had been used amounting to USD 68.70 million. As at December 31, 2004, the remaining commercial trade credit was USD 1.30 million.

As at December 31, 2004, the Company had an obligation concerning a Shareholder Agreement to subsidiaries and joint ventures to purchase ordinary shares in accordance with the Company's interest amounting to Baht 4,400.47 million.

38.3 As at December 31, 2004, the Company had contingent liabilities in form of Letter of Guarantee amounting to Baht 579.12 million in the consolidated financial statements and Baht 27.86 million in the Company's financial statements.

### 39. Subsequent Events

On January 1, 2005, the Company disposed investments in share capital of SBFCI and SBDI totalling 17.01 million shares and 13.06 million shares, respectively amounting to USD 0.2 million (approximately to Baht 0.78 million) to SBECL according to the board of directors of the Company as at December 13, 2004. However, the Company still retained 100% investment in SBECL.

On January 17, 2005, the Company and the Ministry of Finance (MOF), an agent authorized by the Business Reorganization Plan of Thai Petrochemical Industry Public Co., Ltd. (TPI) to select and allocate TPI shares to new qualified investors, have entered into a Memorandum of Understanding (MOU) in order to record mutual understanding, major principles and conditions of the Company's investment in TPI. Later, the Company's board of directors on the meeting No. 1/2005 held on January 27, 2005 approved the Company to enter into MOU with 2 potential strategic investors in order to conduct a detailed study and extensive due diligence of TPI and its subsidiaries.

On January 24, 2005, the Company provided a short-term loan to RRC in the form of promissory notes amounting to Baht 44,255.25 million (USD 1,134.75 million) with the interest rate of LIBOR+2.5% per annum, maturity on December 31, 2005. The loan is provided to refinance the existing loan of RRC. RRC will raise funds through outside loans and the rest is through an investment or a subordinated loan from the Company in order to repay the above short-term loan.

In January 2005, the Company and PTTEP's board of directors approved to increase their investments in EnCo in the proportion of 50 : 50, totalling Baht 799 million. Furthermore, the board of directors approved both companies to provide loans to EnCo amounting to Baht 1,600 million in the same proportion.

On January 29, 2005, PTTEPO entered into the Conditional Share Purchase Agreement to sell its shareholding in New Links to Encore Int'l Limited (Encore). Encore, also an existing shareholder, chose to exercise its pre-emptive right to purchase the aforementioned shares.

The Audit Committee of the Company will review the financial statements for public issuance on February 24, 2005.