

AUDITOR'S REVIEW REPORT AND INTERIM FINANCIAL STATEMENTS
PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2005

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2005
(UNAUDITED, REVIEWED)
AND FOR THE YEAR ENDED DECEMBER 31, 2004 (AUDITED)

1. General Information

1.1 Purpose of the Interim Financial Statements

These interim financial statements are prepared in order to provide additional information other than that included in the most recent annual financial statements. Accordingly, these interim financial statements focus on the reporting of new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should, therefore, be read in conjunction with the most recent annual financial statements.

1.2 Preparation of the Interim Financial Statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 41 "Interim Financial Statements". The content of the interim financial statements comprises the balance sheets and statements of income, changes in shareholders' equity and cash flows, as presented in the most recent annual financial statements, together with the selected significant explanatory notes.

1.3 Basis of Preparation

The interim consolidated and Company's financial statements are prepared under the same basis as the consolidated and Company's financial statements for the year ended December 31, 2004.

During the first quarter of 2005, the Company sold its entire investment in the ordinary shares of SBFCI and SBDI, which are wholly owned by the Company, to SBECL, according to Note 6.4.

During the third quarter of 2005, the Company included PTT Polymer Marketing Co., Ltd.(PTTPM) in the consolidated financial statements, according to Note 6.4.

1.4 Summary of Significant Accounting Policies

The Company has prepared these interim financial statements by applying the same accounting policies and methods of computation as applied in the financial statements for the year ended December 31, 2004, which are prepared in accordance with generally accepted accounting principles.

1.5 Reclassification

For comparative purposes, the Group has reclassified certain items in the financial statements for the three-month and nine-month periods ended September 30, 2004 and as at December 31, 2004 to be in accordance with the presentation in the financial statements for the three-month and nine-month periods ended September 30, 2005.

2. Changes in Accounting Policies

2.1 Determination of Cost of Inventories

In 2004, the Company changed its determination of cost of inventories from first-in, first-out method to the weighted average cost method. This effects inventories and retained earnings as at January 1, 2004 to increase amounting to Baht 12.33 million.

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

During the year 2004, the Company accounted for the increment of shareholders' equity of subsidiaries and associates arising from offering their securities to public with higher prices than par value as surplus on share capital in shareholders' equity of the Company.

This change resulted that the Company presented surplus on dilution of investments in subsidiaries and associates in shareholders' equity as at January 1, 2004 amounting to Baht 1,966.62 million and retained earnings decreased amounting to Baht 1,954.29 million, which is the net amount after deduction of the incremental retained earnings derived from the determination of cost of inventories amounting to Baht 12.33 million as stated in Note 2.1.

3. Cash and Cash Equivalents

Cash and cash equivalents as at September 30, 2005 and December 31, 2004 are as follows:

	Unit: Million Baht			
	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Cash on hand	152.17	222.06	139.75	161.71
Deposits held at call with banks	23,472.99	15,262.53	5,472.24	3,997.49
Fixed deposits	7,728.01	5,503.37	-	-
Treasury bills	7,817.97	24,922.58	944.20	4,133.75
Promissory notes	2,286.10	4,259.41	2,086.10	3,539.41
Bank of Thailand bonds	8,116.00	1,067.32	8,116.00	789.26
Total	<u>49,573.24</u>	<u>51,237.27</u>	<u>16,758.29</u>	<u>12,621.62</u>

Cash and cash equivalents as at September 30, 2005 bear interest at the rates ranging from 0.25%-3.92% per annum, (December 31, 2004: interest at rates ranging from 0.25%-3.98% per annum, except for deposits held at call with banks of a subsidiary in the Philippines amounting to Baht 231.81 million with the interest rate of 5.208% per annum).

4. Trade Accounts and Notes Receivable – Others, Net

Trade accounts and notes receivable – others as at September 30, 2005 and December 31, 2004 are as follows:

Unit: Million Baht

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Trade accounts receivable	62,229.44	45,419.58	51,127.29	37,868.25
Notes receivable	3,148.70	2,709.28	3,148.70	2,705.42
Total	65,378.14	48,128.86	54,275.99	40,573.67
<u>Less Allowance for doubtful accounts</u>	<u>2,670.84</u>	<u>2,799.59</u>	<u>1,805.65</u>	<u>1,979.43</u>
Trade accounts and notes receivable – others, net	<u>62,707.30</u>	<u>45,329.27</u>	<u>52,470.34</u>	<u>38,594.24</u>

Outstanding trade accounts and notes receivable – others as at September 30, 2005 and December 31, 2004 can be analyzed as follows:

Unit: Million Baht

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Current	54,296.73	37,704.55	44,774.64	31,179.25
Overdue				
- Up to 3 months	2,640.81	3,387.48	2,122.06	3,224.54
- Over 3 – 6 months	714.08	860.10	642.09	791.13
- Over 6 – 12 months	1,605.39	1,358.39	1,571.20	1,268.38
- Over 12 months	6,121.13	4,818.34	5,166.00	4,110.37
Total	65,378.14	48,128.86	54,275.99	40,573.67
<u>Less Allowance for doubtful accounts</u>	<u>2,670.84</u>	<u>2,799.59</u>	<u>1,805.65</u>	<u>1,979.43</u>
Trade accounts and notes receivable - others, net	<u>62,707.30</u>	<u>45,329.27</u>	<u>52,470.34</u>	<u>38,594.24</u>

Trade accounts and notes receivable - others, net as at September 30, 2005 included receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 20,688.77 million (December 31, 2004: Baht 13,006.47 million), and in the Company's financial statements amounting to Baht 20,504.48 million (December 31, 2004: Baht 12,824.93 million).

5. Related Party Transactions

The followings are significant transactions carried out with related parties:

5.1 Trade accounts receivable – related parties as at September 30, 2005 and December 31, 2004

Unit: Million Baht

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Subsidiaries	-	-	19,118.60	7,097.60
<u>Less</u> Allowance for doubtful accounts	-	-	7.52	13.81
	-	-	19,111.08	7,083.79
Associates	26,445.22	10,517.05	25,888.37	10,129.92
<u>Less</u> Allowance for doubtful accounts	271.11	269.93	271.11	269.93
	26,174.11	10,247.12	25,617.26	9,859.99
Other related parties	4,089.21	1,838.64	4,089.21	1,838.64
Joint ventures	-	-	13.27	1.88
Trade accounts receivable - related parties, net	<u>30,263.32</u>	<u>12,085.76</u>	<u>48,830.82</u>	<u>18,784.30</u>

Outstanding trade accounts receivable – related parties as at September 30, 2005 and December 31, 2004 can be analyzed as follows:

Unit: Million Baht

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Current	30,213.14	10,789.20	44,118.59	13,329.26
Overdue				
- Up to 3 months	203.18	1,338.37	905.84	1,970.74
- Over 3 – 6 months	103.68	81.55	104.27	672.78
- Over 6 – 12 months	0.01	133.44	513.89	652.61
- Over 12 months	14.42	13.13	3,466.86	2,442.65
Total	30,534.43	12,355.69	49,109.45	19,068.04
<u>Less</u> Allowance for doubtful accounts	271.11	269.93	278.63	283.74
Trade accounts receivable - related parties, net	<u>30,263.32</u>	<u>12,085.76</u>	<u>48,830.82</u>	<u>18,784.30</u>

5.2 Other accounts receivable, advances and short-term loans – related parties as at September 30, 2005 and December 31, 2004

Unit: Million Baht

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Other accounts receivable				
Subsidiaries	-	-	510.11	305.75
<u>Less</u> Allowance for doubtful accounts	-	-	0.08	0.06
	-	-	510.03	305.69
Associates	1,363.56	1,382.62	1,362.47	1,371.29
<u>Less</u> Allowance for doubtful accounts	664.23	664.23	664.23	664.23
	699.33	718.39	698.24	707.06
Other related parties	13.56	8.78	13.56	8.78
<u>Less</u> Allowance for doubtful accounts	5.85	5.85	5.85	5.85
	7.71	2.93	7.71	2.93
Joint ventures	-	-	120.10	596.72
	707.04	721.32	1,336.08	1,612.40
Advances				
Subsidiaries	-	-	4.00	10.00
Associates	211.04	246.75	0.43	0.43
Other related parties	19.03	240.27	0.81	240.27
	230.07	487.02	5.24	250.70
Short-term loans				
Subsidiaries	-	-	26,900.25	-
Associates	4,816.03	60.10	4,816.03	60.10
Joint ventures	-	-	-	1,199.80
	4,816.03	60.10	31,716.28	1,259.90
Total	5,753.14	1,268.44	33,057.60	3,123.00

Changes in short-term loans – related parties for the nine-month period ended September 30, 2005 are as follows:

	Unit: Million Baht	
	<u>Consolidated</u>	<u>The Company</u>
Balance as at December 31, 2004	60.10	1,259.90
- Payment of loans granted	3,212.56	47,467.81
- Receipt from loans granted	(60.10)	(18,614.90)
- Reclassification	1,603.47	1,603.47
Balance as at September 30, 2005	<u>4,816.03</u>	<u>31,716.28</u>

Short-term loans to related parties are unsecured with the interest rates ranging from 2.87%-6.14% per annum.

5.3 Advances and long-term loans – related parties as at September 30, 2005 and December 31, 2004

	Unit: Million Baht			
	<u>Consolidated</u>		<u>The Company</u>	
	<u>September 30, 2005</u>	<u>December 31, 2004</u>	<u>September 30, 2005</u>	<u>December 31, 2004</u>
Advances				
Associates	299.70	1,049.66	299.70	1,049.66
<u>Less</u> Allowance for doubtful accounts	298.08	1,047.72	298.08	1,047.72
	<u>1.62</u>	<u>1.94</u>	<u>1.62</u>	<u>1.94</u>
Long-term loans				
Subsidiaries	-	-	25.00	-
Associates	5,807.69	7,387.56	5,807.69	7,387.56
Other related parties	142.81	39.53	142.81	39.53
	<u>5,950.50</u>	<u>7,427.09</u>	<u>5,975.50</u>	<u>7,427.09</u>
Total	<u>5,952.12</u>	<u>7,429.03</u>	<u>5,977.12</u>	<u>7,429.03</u>

Changes in long-term loans – related parties for the nine-month period ended September 30, 2005 are as follows:

	Unit: Million Baht	
	<u>Consolidated</u>	<u>The Company</u>
Balance as at December 31, 2004	7,427.09	7,427.09
- Payment of loans granted	103.28	128.28
- Transfer of interest to principal	23.60	23.60
- Reclassification	(1,603.47)	(1,603.47)
Balance as at September 30, 2005	<u>5,950.50</u>	<u>5,975.50</u>

Long-term loans to related parties bear interest at the rates ranging from 1.00%-6.00% per annum.

5.4 Trade accounts payable – related parties as at September 30, 2005 and December 31, 2004

Unit: Million Baht

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Subsidiaries	-	-	10,829.14	6,385.23
Associates	21,904.15	11,749.55	20,056.34	11,216.42
Other related parties	676.79	466.83	676.79	466.83
Total	<u>22,580.94</u>	<u>12,216.38</u>	<u>31,562.27</u>	<u>18,068.48</u>

5.5 Other accounts payable – related parties as at September 30, 2005 and December 31, 2004

Unit: Million Baht

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Subsidiaries	-	-	22.57	92.32
Associates	231.88	149.77	103.32	18.69
Other related parties	27.53	33.21	22.06	33.21
Joint ventures	-	-	3.02	-
Total	<u>259.41</u>	<u>182.98</u>	<u>150.97</u>	<u>144.22</u>

5.6 Other long-term payables – related parties as at September 30, 2005 and December 31, 2004

Unit: Million Baht

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Subsidiaries	-	-	373.88	14.57
Total	<u>-</u>	<u>-</u>	<u>373.88</u>	<u>14.57</u>

5.7 Transactions of revenues and expenses carried out with related parties.

For the three-month periods ended September 30, 2005 and 2004

Unit: Million Baht

	Consolidated		The Company	
	2005	2004	2005	2004
<u>Revenues</u>				
Sales:				
Subsidiaries	-	-	38,102.98	3,173.43
Associates	74,632.32	51,104.71	73,442.59	50,699.27
Other related parties	11,126.86	8,919.82	11,126.86	8,919.82
Joint ventures	-	-	14.89	-
Interest income:				
Subsidiaries	-	-	466.89	13.20
Associates	126.31	54.80	126.31	54.80
Other related parties	0.97	0.13	0.97	0.13
Joint ventures	-	-	-	22.65
Other income:				
Subsidiaries	-	-	656.68	122.73
Associates	499.65	533.61	496.64	529.23
Other related parties	32.32	89.32	32.32	89.32
Joint ventures	-	-	18.86	11.82
<u>Expenses</u>				
Purchases:				
Subsidiaries	-	-	50,300.68	11,732.52
Associates	75,221.02	51,892.81	72,544.84	51,892.81
Other related parties	3,670.00	4,267.18	3,670.00	4,267.18
Other expenses:				
Subsidiaries	-	-	50.31	44.75
Associates	5.21	151.10	4.09	8.41
Other related parties	144.05	74.70	144.05	74.70

For the nine-month periods ended September 30, 2005 and 2004

Unit: Million Baht

	Consolidated		The Company	
	2005	2004	2005	2004
<u>Revenues</u>				
Sales:				
Subsidiaries	-	-	97,164.38	5,923.22
Associates	190,424.92	134,174.95	187,087.21	133,769.51
Other related parties	25,569.92	19,444.99	25,569.92	19,444.99
Joint ventures	-	-	26.32	0.01
Interest income:				
Subsidiaries	-	-	1,214.96	19.18
Associates	276.64	177.28	276.64	177.28
Other related parties	9.63	0.17	9.63	0.17
Joint ventures	-	-	1.35	30.56
Other income:				
Subsidiaries	-	-	2,237.11	15.56
Associates	1,372.22	989.79	1,362.73	985.41
Other related parties	106.21	190.22	106.21	190.22
Joint ventures	-	-	53.86	-
<u>Expenses</u>				
Purchases:				
Subsidiaries	-	-	128,698.36	31,798.68
Associates	180,092.23	141,538.58	174,105.06	141,538.58
Other related parties	8,466.46	10,054.28	8,466.46	10,054.28
Other expenses:				
Subsidiaries	-	-	162.36	142.88
Associates	17.56	159.51	16.44	16.82
Other related parties	429.62	229.74	429.62	229.74
Joint ventures	-	-	-	24.47

Related party transactions as stated above exclude trade accounts receivable and sales to government agencies and state enterprises.

Price stipulation between the Company and its related parties is based on the normal prices used in the same type of business in transactions with others. However, selling prices of natural gas between the Company and an associate are provided with discounts for five years during 2002-2007 to support the associate's production capacity expansion plan for which procurement volumes were immaterial.

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

6. Investments Accounted for under Equity Method

6.1 Information of subsidiaries, associates and joint ventures of the Company is as follows:

Company	Country of Incorporation	Business	Shareholding Percentage	
			September 30, 2005	December 31, 2004
<u>Subsidiaries</u>				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	66.34	65.98
PTT (Cambodia) Co., Ltd. (PTTCL)	Cambodia	Oil marketing	100.00	100.00
Subic Bay Energy Co., Ltd. (SBECL)	Cayman Islands	Oil marketing	100.00	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	58.00
PTT LNG Company Limited (PTTLNG)	Thailand	Natural gas	100.00	100.00
Bangkok Polyethylene Public Co., Ltd. (BPE)	Thailand	Petrochemical	50.00	50.00
PTT Polyethylene Co., Ltd. (PTTPE)	Thailand	Petrochemical	50.00	50.00
PTT Polymer Marketing Co., Ltd. (PTTPM)	Thailand	Marketing of polymer products	50.00	-
Rayong Refinery Public Co., Ltd. (RRC) (Formerly Rayong Refinery Co., Ltd.)	Thailand	Refining	100.00	100.00
Energy Complex Company Limited (EnCo)	Thailand	Commercial	50.00	50.00

Company	Country of Incorporation	Business	Shareholding Percentage	
			September 30, 2005	December 31, 2004
<u>Associates</u>				
Thai Oil Public Co., Ltd. (TOP)	Thailand	Refining	49.54	49.54
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
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	35.00
PetroAsia (Sanshui) Co., Ltd. (PA (Sanshui))	China	Bottling and selling LPG	25.00	25.00
Vietnam LPG Co., Ltd. (VLPG)	Vietnam	Bottling and selling LPG	45.00	45.00
Keloil-PTT LPG Sdn. Bhd. (KPL)	Malaysia	Oil marketing	40.00	40.00
Aromatics (Thailand) Public Co., Ltd. (ATC)	Thailand	Petrochemical	46.45	46.12
National Petrochemical Public Co., Ltd. (NPC)	Thailand	Petrochemical	38.44	37.99
Thai Olefins Public Co., Ltd. (TOC)	Thailand	Petrochemical	52.75	48.97
PTT Phenol Company Limited (PPCL)	Thailand	Petrochemical	40.00	40.00
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generate and supply electricity, steam and water	40.00	40.00
Independent Power (Thailand) Co., Ltd. (IPT)	Thailand	Power generation	20.00	-
<u>Joint Ventures</u>				
Trans Thai-Malaysia (Thailand) Ltd. (TTM (T))	Thailand	Natural gas	50.00	50.00
Trans Thai-Malaysia (Malaysia) Sdn. Bhd. (TTM (M))	Malaysia	Natural gas	50.00	50.00
District Cooling System and Power Plant Co., Ltd. (DCAP)	Thailand	Generation and supply electricity and chilled water	35.00	35.00

6.2 Investments accounted for under equity method as at September 30, 2005 and December 31, 2004 are as follows:

Consolidated

Unit: Million Baht

Company	Shareholding Percentage		September 30, 2005			December 31, 2004			Dividends for the nine-month periods ended September 30	
	Sep 30, 2005	Dec 31, 2004	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments	2005	2004
Associates:										
Refining Business Group										
1 TOP	49.54	49.54	11,483.09	21,088.20	-	11,483.09	16,080.59	-	1,819.17	-
2 SPRC	36.00	36.00	14,770.48	12,455.86	-	14,770.48	8,800.09	-	-	-
Oil Business Group										
3 THAPPLINE	30.60	30.60	1,367.87	-	-	1,367.87	-	-	-	-
4 TLBC	48.95	48.95	140.00	92.28	-	140.00	74.38	-	-	-
5 PA (Thailand)	35.00	35.00	131.25	-	-	131.25	-	-	-	-
6 PA (Sanshui)	25.00	25.00	7.17	6.06	-	7.17	6.14	-	-	-
7 V LPG	45.00	45.00	87.35	99.82	-	87.35	89.10	-	-	19.21
8 KPL	40.00	40.00	21.49	9.62	-	21.49	9.93	-	-	-
9 FST	25.00	25.00	1.13	0.96	-	1.13	0.86	-	-	-
Petrochemical Business Group										
10 ATC	46.45	46.12	3,074.34	2,401.22	-	2,888.84	1,447.50	-	1,331.54	-
11 NPC	38.44	37.99	1,351.55	6,021.05	-	1,185.14	5,928.90	-	1,060.02	588.90
12 TOC	52.75	48.97	10,764.93	14,192.98	-	8,906.35	10,557.58	-	1,206.26	-
13 PPCL	40.00	40.00	320.00	311.21	-	200.00	198.96	-	-	-
Natural Gas Business Group										
14 PTTUT	40.00	40.00	563.00	559.06	-	240.00	239.77	-	-	-
15 IPT	20.00	-	400.19	490.97	-	-	-	-	-	-
16 AMATA NGD	50.00	50.00	80.00	154.60	-	80.00	109.08	-	-	-
17 TP	26.00	26.00	1,450.06	1,750.88	-	1,450.06	1,723.84	-	73.06	73.06
18 New Links	-	40.00	-	-	-	9,898.26	9,643.36	-	-	245.89
Total			46,013.90	59,634.77	-	52,858.48	54,910.08	-	5,490.05	927.06

The Company

Unit : Million Baht

Company	Shareholding Percentage		September 30, 2005			December 31, 2004			Dividends for the nine-month periods ended September 30	
	Sep 30, 2005	Dec 31, 2004	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments	2005	2004
Subsidiaries:										
1 PTTEP	66.34	65.98	9,483.34	47,627.71	-	8,526.69	41,815.95	-	6,293.59	2,823.26
2 PTTT	100.00	100.00	2.50	40.15	-	2.50	13.11	-	-	-
3 PTTCL	100.00	100.00	0.23	-	(63.82)	0.23	-	(75.95)	-	-
4 SBECL	100.00	100.00	0.41	-	(1,435.23)	0.41	-	(439.71)	-	-
5 SBFCI	-	100.00	-	-	-	8.45	-	(90.23)	-	-
6 SBDI	-	100.00	-	-	-	354.42	-	(992.05)	-	-
7 PTTNGD	58.00	58.00	418.14	708.10	-	418.14	747.70	-	324.80	196.62
8 PTTLNG	100.00	100.00	1.00	0.62	-	1.00	0.94	-	-	-
9 BPE	50.00	50.00	1,694.06	1,580.46	-	1,694.06	1,570.94	-	-	-
10 PTTPE	50.00	50.00	750.00	739.82	-	187.50	187.28	-	-	-
11 PTTPM	50.00	-	20.00	20.72	-	-	-	-	-	-
12 RRC	100.00	100.00	13,862.35	19,974.69	-	13,862.35	4,509.56	-	-	-
13 EnCo	50.00	50.00	400.00	399.42	-	0.50	0.45	-	-	-
14 RBA	49.00	49.00	0.49	15.59	-	0.49	14.34	-	-	-
Associates:										
Refining Business Group										
15 TOP	49.54	49.54	11,483.09	21,088.20	-	11,483.09	16,080.59	-	1,819.17	-
16 SPRC	36.00	36.00	14,770.48	12,455.86	-	14,770.48	8,800.09	-	-	-
Oil Business Group										
17 THAPPLINE	30.60	30.60	1,367.87	-	-	1,367.87	-	-	-	-
18 TLBC	48.95	48.95	140.00	92.28	-	140.00	74.38	-	-	-
19 PA (Thailand)	35.00	35.00	131.25	-	-	131.25	-	-	-	-
20 PA (Sanshui)	25.00	25.00	7.17	6.06	-	7.17	6.14	-	-	-
21 V LPG	45.00	45.00	87.35	99.82	-	87.35	89.10	-	-	19.21
22 KPL	40.00	40.00	21.49	9.62	-	21.49	9.93	-	-	-
Petrochemical Business Group										
23 ATC	46.45	46.12	3,074.34	2,401.22	-	2,888.84	1,447.50	-	1,331.54	-
24 NPC	38.44	37.99	1,351.55	6,309.43	-	1,185.14	6,000.06	-	1,060.02	588.90
25 TOC	52.75	48.97	10,764.93	14,676.28	-	8,906.35	11,048.54	-	1,206.26	-
26 PPCL	40.00	40.00	320.00	311.21	-	200.00	198.96	-	-	-
Natural Gas Business Group										
27 PTTUT	40.00	40.00	563.00	559.06	-	240.00	239.77	-	-	-
28 IPT	20.00	-	400.19	490.97	-	-	-	-	-	-
Joint Ventures:										
Natural Gas Business Group										
29 TTM (T)	50.00	50.00	4,240.00	3,131.66	-	4,240.00	3,892.48	-	-	-
30 TTM (M)	50.00	50.00	281.32	234.53	-	281.32	223.80	-	-	-
31 DCAP	35.00	35.00	350.00	334.13	-	201.00	190.15	-	-	-
Total			75,986.55	133,307.61	(1,499.05)	71,208.09	97,161.76	(1,597.94)	12,035.38	3,627.99

6.3 Share of net assets and results of operation from joint ventures included in the consolidated financial statements as at September 30, 2005 and December 31, 2004 are as follows:

Balance Sheets:

As at September 30, 2005 and December 31, 2004

	September 30, 2005			December 31, 2004		
	TTM(T)	TTM(M)	DCAP	TTM(T)	TTM(M)	DCAP
	Current assets	772.18	202.57	26.68	646.79	148.65
Non-current assets	12,027.78	784.11	802.07	10,538.48	465.52	322.10
Current liabilities	(542.49)	(117.06)	(58.87)	(2,363.43)	(54.29)	(175.82)
Non-current liabilities	(9,125.81)	(635.08)	(435.75)	(4,929.36)	(336.08)	(108.50)
Net assets	<u>3,131.66</u>	<u>234.54</u>	<u>334.13</u>	<u>3,892.48</u>	<u>223.80</u>	<u>190.15</u>

Unit: Million Baht

Statements of Income:

For the three-month periods ended September 30, 2005 and 2004

	2005			2004		
	TTM(T)	TTM(M)	DCAP	TTM(T)	TTM(M)	DCAP
	Revenues	63.33	1.10	1.10	0.14	0.02
Expenses	(287.71)	(2.92)	(1.65)	(69.77)	(1.04)	(5.77)
Loss before income taxes	(224.38)	(1.82)	(0.55)	(69.63)	(1.02)	(5.15)
Income taxes	-	(0.27)	-	-	(0.01)	-
Net income(loss)	<u>(224.38)</u>	<u>(2.09)</u>	<u>(0.55)</u>	<u>(69.63)</u>	<u>(1.03)</u>	<u>(5.15)</u>

Unit: Million Baht

For the nine-month periods ended September 30, 2005 and 2004

	2005			2004		
	TTM(T)	TTM(M)	DCAP	TTM(T)	TTM(M)	DCAP
	Revenues	5.05	3.09	1.00	0.65	0.32
Expenses	(765.87)	(3.88)	(6.02)	(167.57)	(2.39)	(8.29)
Loss before income taxes	(760.82)	(0.79)	(5.02)	(166.92)	(2.07)	(7.64)
Income taxes	-	(0.82)	-	-	(0.07)	-
Net income(loss)	<u>(760.82)</u>	<u>(1.61)</u>	<u>(5.02)</u>	<u>(166.92)</u>	<u>(2.14)</u>	<u>(7.64)</u>

Unit: Million Baht

6.4 Significant events occurred during the nine-month period ended September 30, 2005

SUBIC BAY GROUP (Comprises SBECL, SBFCI and SBDI)

On January 1, 2005, the Company changed the shareholding structure of Subic Bay Group by disposing of all investments in the ordinary shares of SBFCI and SBDI, amounting to 17.01 million shares and 13.06 million shares, respectively, totalling USD 0.02 million (approximately Baht 0.78 million) to SBECL. However, the Company's shareholding in SBECL still remains at 100%.

DCAP

During the first quarter of 2005, DCAP called for additional share capital from shareholders for the full amount of the authorized share capital of Baht 1,000 million. The Company paid the remaining amount of Baht 149 million according to its shareholding.

ATC

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

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

As at September 30, 2005, 8,200,600 units of warrants were exercised and the remaining outstanding warrants were 6,399,400 units. The gain on dilution amounting to Baht 9.05 million was recorded as surplus on dilution of investments in subsidiaries and associates in shareholders' equity.

In addition, on September 22, 2005, the Company acquired 5,000,000 additional shares of ATC from the existing shareholders at Baht 37 per share, totalling Baht 185.48 million. Goodwill arising from the acquisition was Baht 160.52 million.

As a result, the Company's shareholding percentage in ATC increased from 46.12% to 46.45%.

IPT

The Company's board of directors' meeting No. 4/2004 dated April 22, 2004 approved the Company to purchase the ordinary shares of IPT from Siemens AG amounting to 35.42 million shares or equivalent to 20% of total shares at the price of Baht 400.19 million (equivalent to USD 10 million). The Company has paid the purchase consideration by instalment. On March 11, 2005, all ordinary shares of IPT were transferred to the Company from Siemens AG. Therefore, IPT became an associate and negative goodwill arising from the acquisition was Baht 493.94 million.

PTTUT

On January 28, 2005, PTTUT called for payment for the additional 25% of authorized share capital from shareholders to fulfil the whole amount of authorized share capital amounting to Baht 800 million. The Company paid the remaining amount of Baht 80 million according to its percentage of shareholding.

On March 24, 2005, PTTUT registered additional authorized share capital of 8,100,000 shares with a par value of Baht 100 each, totalling Baht 810 million. The authorized share capital after the increase was Baht 1,610 million with the first calling of payment for 25% of the additional share capital. The Company acquired additional 3.24 million shares in PTTUT at Baht 81 million in order to maintain its percentage of shareholding according to the Joint Venture Agreement.

During the second quarter of 2005, PTTUT called for payment for additional share capital from shareholders for the second and third times, in which the Company's proportion was Baht 162 million.

EnCo

On February 24, 2005, EnCo increased its authorized share capital by 79,900,000 million shares with a par value of Baht 10 each, totalling Baht 799 million. The authorized share capital after the increase was Baht 800 million. All additional shares were fully paid-up. The Company acquired 39.95 million shares in order to maintain its percentage of shareholding according to the Joint Venture Agreement, amounting to Baht 399.50 million.

RRC

On April 12, 2005, RRC registered with the Department of Business Development, Ministry of Commerce to change its status from a limited company to a public limited company and to change its name from Rayong Refinery Company Limited to Rayong Refinery Public Company Limited.

On June 28, 2005, RRC registered a decrease in its authorized share capital with the Department of Business Development, Ministry of Commerce from 379,164,867 shares at Baht 100 per share amounting to Baht 37,916,486,700 to 2,274,989,202 shares at Baht 10 per share, amounting to Baht 22,749,892,020. The decrease was offset with its deficit of Baht 15,166,594,680.

PPCL

On May 31, 2005, PPCL called for payment for the remaining 8 million shares at Baht 37.50 per share from shareholders, which represented the Company's portion of Baht 120 million.

PTTPM

On June 24, 2005, the Company, NPC, and BPE jointly established PTT Polymer Marketing Co., Ltd. (PTTPM) with the objectives to operate the domestic and overseas marketing of polymer products for the Group. The initial authorized share capital was Baht 40 million, divided into 400,000 ordinary shares with a par value of Baht 100 per share. The shares held by the Company, NPC, and BPE represent 50%, 25% and 25%, respectively. The Company's total interest in PTTPM was Baht 20 million and PTTPM was transformed to a subsidiary.

PTTPE

During the third quarter of 2005, PTTPE called for payment for all remaining shares from shareholders, which represented the Company's portion of Baht 562.50 million.

Amalgamation between NPC and TOC

On June 30, 2005, the Company's board of directors' meeting No. 6/2005 passed a resolution to support the amalgamation between NPC and TOC with the objectives to use the merged company as a core company to manage and operate petrochemical businesses in the gas-based olefins value chain.

On August 10, 2005, the Company's extraordinary shareholders' meeting No. 1/2005 approved the Company to purchase NPC and TOC shares during the period between August 25 and September 7, 2005 from the existing shareholders who dissented with the amalgamation.

TOC

On July 19, 2005, the Company acquired the entire amount of 8,483,000 ordinary shares of TOC held by NPC, which represented 1.03% of issued and paid-up shares of TOC amounting to Baht 492.01 million.

During the period between August 25, 2005 and September 7, 2005, the Company acquired 17.72 million ordinary shares of TOC from the existing shareholders who dissented with the amalgamation between NPC and TOC, totalling Baht 1,057.44 million.

In September 2005, the Company acquired additional 4.89 million ordinary shares of TOC from third parties in the total amount of Baht 309.13 million.

Consequently, the investment proportion in the ordinary shares of TOC increased from 48.97% to 52.75% with goodwill arising from the acquisition amounting to Baht 1,004.97 million.

However, TOC still remains the Company's associate as there is no change in the board of directors or other management with equivalent authority to the directors'. Additionally, the Company did not have any agreement with other shareholders to incur the Company's control over the financial policies and operations of TOC.

NPC

During the period between August 25, 2005 and September 7, 2005, the Company did not receive any selling offer from NPC's existing shareholders who dissented with the amalgamation between NPC and TOC.

However, during the period between August 2005 and September 2005 the Company acquired additional 1.39 million ordinary shares of NPC from third parties, amounting to Baht 166.41 million. Consequently, the investment proportion in the ordinary shares of NPC increased from 37.99% to 38.44% with goodwill arising from the acquisition amounting to Baht 94.38 million.

New Links (an associate of PTTEPO)

On February 17, 2005, PTTEP Offshore Investment Company Limited (PTTEPO) (a subsidiary of PTTEP) completed the sale of all of its shares in New Links to Encore Int'l Limited (Encore), in the total amount of Baht 9,101.84 million (USD 236.5 million) for shares and compensation. The net book value of the investment was Baht 9,679.71 million and loss from disposal of the investment amounting to Baht 577.87 million was recorded in the statement of income.

PTTEP IR (A subsidiary of PTTEP)

On March 1, 2005, PTTEP established PTTEP Iran Company Limited with the registered paid-up share capital of USD 50,000 which comprised of 50,000 ordinary shares at a par value of USD 1 per share. All shares are wholly owned by PTTEP Middle East Company Limited (a subsidiary of PTTEP).

Orange and B8/32 Partners (Joint venture of PTTEP)

On August 17, 2005, PTTEP Offshore Investment Company Limited (PTTEPO) (a subsidiary of PTTEP) paid for the acquisition of shares of the Pogo Group in Thailand, consisting of 59.94% shares of Thaipho Limited (subsequently changed its name to Orange Energy Limited; Orange) and 27.78% shares of B8/32 Partners Limited in the total amount of Baht 20,262 million.

DPC (a subsidiary of PTTEP)

On September 9, 2005 PTTEP established Diamond Petroleum Company Limited with USD 50,000 registered share capital, consisting of 50,000 ordinary shares at a par value of USD 1 per share. All shares are wholly owned by PTTEP Offshore Investment Company Limited (a subsidiary of PTTEP).

7. Other Long-term Investments

7.1 Information regarding other long-term investments is as follows:

Company	Country of Incorporation	Business	Shareholding Percentage	
			September 30, 2005	December 31, 2004
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
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 refuelling service	16.67	16.67
Ratchaburi Power Company Limited (RPCL)	Thailand	Power producer	15.00	15.00
Dhipaya Insurance Public Co., Ltd. (TIP)	Thailand	Insurance	13.33	13.33
Bangkok Aviation Fuel Service Public Co., Ltd. (BAFS)	Thailand	Aircraft refuelling service	7.06	7.06
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Oil refining	7.71	7.91

7.2 Other long-term investments as at September 30, 2005 and December 31, 2004

Unit: Million Baht

Company	Shareholding Percentage		Consolidated		The Company		Dividends for the nine-month periods ended September 30	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	2005	2004
<u>Investments Accounted for under Cost Method</u>								
Associates:								
Oil Business Group								
1 PA (Huizhou)	25.00	25.00	15.16	15.16	15.16	15.16	-	-
2 PTT Mart	49.00	49.00	78.40	78.40	78.40	78.40	-	-
Joint Ventures:								
Exploration and Production and Gas Business Group								
3 CPOC	50.00	50.00	Baht 9.90	Baht 9.90	-	-	-	-
Other Related Parties:								
4 FPT	2.76	2.76	44.00	44.00	44.00	44.00	-	-
5 IPS	16.67	16.67	0.02	0.02	0.02	0.02	-	-
6 PA (Shantou)	15.00	15.00	60.84	60.84	60.84	60.84	-	-
7 RPCL	15.00	15.00	249.75	249.75	249.75	249.75	-	-
Total investments accounted for under cost method			448.17	448.17	448.17	448.17		
Less Allowance for impairment of investment			198.40	198.40	198.40	198.40		
Total investments accounted for under cost method, net			249.77	249.77	249.77	249.77		
<u>Investments Accounted for Fair Value</u>								
Other Companies - Available-for-sale Securities:								
8 TIP	13.33	13.33	312.00	312.00	312.00	312.00	30.40	28.80
9 BAFS	7.06	7.06	24.00	24.00	24.00	24.00	9.90	14.88
10 BCP	7.71	7.91	105.32	105.32	105.32	105.32	-	-
Total investments – available-for-sale securities			441.32	441.32	441.32	441.32		
Add Allowance for increase in fair value of investments			1,146.78	1,046.37	1,146.78	1,046.37		
Total investments accounted for fair value			1,588.10	1,487.69	1,588.10	1,487.69		
Total other long-term investments			1,837.87	1,737.46	1,837.87	1,737.46	40.30	43.68

7.3 Significant events during the nine-month period ended September 30, 2005

PTT MART

On March 10, 2005, the Company, as an unsecured creditor of PTT MART, had submitted a request to the Custodian for the receipt of repayment amounting to Baht 133.45 million. The Custodian accepted the request.

BCP

On July 5, 2005, BCP registered a change in its paid-up share capital to 677,146,946 shares, amounting to Baht 677.15 million with the Ministry of Commerce. This was attributable to the exercises of 23,720 convertible bonds at a par value of Baht 10,000 per unit to 16,587,411 ordinary shares at the exercise price of Baht 14.30 per share during the second and the third quarters of 2005. After this conversion, there were 237,375 convertible bonds outstanding and the Company's interest in BCP decreased from 7.91% to 7.71%.

On August 29, 2005, the Company's board of directors' meeting No. 8/2005 approved the Company to invest in BCP of approximately USD 100 - 120 million (approximate to Baht 4,100 - 4,920 million) for the Product Quality Improvement Project (PQI Project) of BCP. Consequently, the Company will have an interest in BCP not less than 25% but not more than 30% of all registered and paid-up shares. The Company and BCP will sign an agreement to reserve the rights to purchase ordinary shares and convertible bonds (Share Subscription Agreement : SSA) within December 2005 and the Company expects to pay for this share subscription in approximately April 2006.

TIP

On April 18, 2005, the general shareholders' meeting of TIP approved the payment of dividends of Baht 1.20 per share. The dividends were paid in cash for Baht 0.95 per share and as stock dividends at the ratio of four existing shares per one new ordinary share with a par value of Baht 1 per share, which represented stock dividends of Baht 0.25 per share. According to the Company's shareholding, dividends received were Baht 38.40 million, which comprised of cash dividends amounting to Baht 30.40 million and stock dividends of 8 million ordinary shares amounting to Baht 8 million.

On the same day, the meeting also approved an increase in its authorized share capital from Baht 240 million to Baht 300 million by issuing additional 60 million ordinary shares with a par value of Baht 1 per share, amounting to Baht 60 million, to support the distribution of stock dividends. Therefore, the Company's interest in TIP still remains unchanged at 13.33%.

BAFS

On April 22, 2005, the general shareholders' meeting of BAFS approved the payment of dividends amounting to Baht 0.35 per share. The dividends were paid in cash for Baht 0.10 per share and as stock dividends at the ratio of four existing shares per one new ordinary share with a par value of Baht 1 per share, which represented stock dividends of Baht 0.25 per share. According to the Company's shareholding, dividends received were Baht 8.40 million, which comprised of cash dividends amounting to Baht 2.40 million and stock dividends of 6 million ordinary shares amounting to Baht 6 million.

On the same day, the meeting also approved an increase in its authorized share capital from Baht 340 million to Baht 425 million by issuing additional 85 million ordinary shares with a par value of Baht 1 per share, amounting to Baht 85 million, to support the distribution of

stock dividends. Therefore, the Company's interest in BAFS still remains unchanged at 7.06%.

The Company accounted for its investments in associates under the cost method adjusted by allowance for impairment of investments in the event that the Company intended to dispose them in the near future. 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.

8. Property, Plant and Equipment, Net

Property, plant and equipment as at September 30, 2005 and December 31, 2004 are as follows:

Unit: Million Baht

	Consolidated						Total
	Land	Buildings and buildings improvement	Machinery and equipment	Oil and gas properties	Other assets	Construction in progress	
Cost							
As at December 31, 2004	3,106.08	15,841.29	150,530.03	107,894.59	7,601.06	31,597.57	316,570.62
- Additions	220.95	328.68	944.37	47,900.43	384.82	27,997.70	77,776.95
- Borrowing costs	-	-	-	-	-	760.16	760.16
- Reclassification	-	572.00	19,812.35	-	(88.05)	(20,341.36)	(45.06)
- Disposals	-	(12.11)	(113.37)	(155.84)	(85.80)	(47.83)	(414.95)
- Currency translation differences	-	(0.36)	1.22	363.74	0.67	25.71	390.98
As at September 30, 2005	3,327.03	16,729.50	171,174.60	156,002.92	7,812.70	39,991.95	395,038.70
Accumulated Depreciation							
As at December 31, 2004	-	(7,687.14)	(66,907.57)	(46,156.28)	(4,927.70)	-	(125,678.69)
- Additions	-	(62.03)	(64.17)	(11,510.22)	-	-	(11,636.42)
- Depreciation for the period	-	(528.27)	(5,049.35)	(6,230.71)	(534.39)	-	(12,342.72)
- Reclassification	-	4.22	(4.22)	-	-	-	-
- Disposals	-	33.94	282.27	(123.27)	19.20	-	212.14
- Currency translation differences	-	(0.32)	(1.80)	(77.85)	(21.33)	-	(101.30)
As at September 30, 2005	-	(8,239.60)	(71,744.84)	(64,098.33)	(5,464.22)	-	(149,546.99)
Allowance for Impairment Loss							
As at December 31, 2004	(42.87)	(373.13)	(288.72)	-	-	-	(704.72)
Reversal of impairment loss	-	-	43.76	-	-	-	43.76
As at September 30, 2005	(42.87)	(373.13)	(244.96)	-	-	-	(660.96)
Net Book Value							
As at December 31, 2004	3,063.21	7,781.02	83,333.74	61,738.31	2,673.36	31,597.57	190,187.21
As at September 30, 2005	3,284.16	8,116.77	99,184.80	91,904.59	2,348.48	39,991.95	244,830.75

Unit: Million Baht

	The Company					Total
	Land	Buildings and buildings improvement	Machinery and equipment	Other assets	Construction in progress	
Cost						
As at December 31, 2004	2,659.86	11,462.45	94,240.51	7,148.38	20,606.70	136,117.90
- Additions	-	68.25	890.44	190.75	25,096.72	26,246.16
- Borrowing costs	-	-	-	-	751.39	751.39
- Reclassification	-	582.47	12,820.69	137.99	(13,579.06)	(37.91)
- Disposals	-	(12.04)	(57.77)	(61.76)	-	(131.57)
As at September 30, 2005	2,659.86	12,101.13	107,893.87	7,415.36	32,875.75	162,945.97
Accumulated Depreciation						
As at December 31, 2004	-	(6,190.20)	(49,203.74)	(4,784.03)	-	(60,177.97)
- Depreciation for the period	-	(388.97)	(3,812.60)	(503.18)	-	(4,704.75)
- Disposals	-	9.69	54.74	60.29	-	124.72
As at September 30, 2005	-	(6,569.48)	(52,961.60)	(5,226.92)	-	(64,758.00)
Allowance for Impairment Loss						
As at December 31, 2004	(42.87)	(373.13)	(244.96)	-	-	(660.96)
As at September 30, 2005	(42.87)	(373.13)	(244.96)	-	-	(660.96)
Net Book Value						
As at December 31, 2004	2,616.99	4,899.12	44,791.81	2,364.35	20,606.70	75,278.97
As at September 30, 2005	2,616.99	5,158.52	54,687.31	2,188.44	32,875.75	97,527.01

Borrowing costs amounting to Baht 751.39 million (December 31, 2004: Baht 658.53 million) are capitalized as part of the costs of property, plant and equipment. The Company used a capitalization rate of 5.95% (December 31, 2004: 6.11%)

As at September 30, 2005 and December 31, 2004, the net book value of other assets included vehicle acquired under finance leases in the consolidated financial statements amounting to Baht 89.01 million (December 31, 2004: Baht 56.91 million) and in the Company's financial statements amounting to Baht 88.65 million (December 31, 2004: Baht 56.27 million) as follows:

	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Cost	143.55	83.98	142.55	82.99
<u>Less: Accumulated depreciation</u>	<u>54.54</u>	<u>27.07</u>	<u>53.90</u>	<u>26.72</u>
Net Book Value	<u>89.01</u>	<u>56.91</u>	<u>88.65</u>	<u>56.27</u>

9. Intangible Assets

Intangible assets as at September 30, 2005 and December 31, 2004 are as follows:

	Unit: Million Baht	
	<u>Consolidated</u>	<u>The Company</u>
Net book value as at December 31, 2004	3,410.75	3,120.03
- Additions	1,369.78	268.28
- Disposals	(15.05)	(9.56)
- Amortization	(172.66)	(230.52)
- Reclassification	(37.75)	37.84
- Business acquisition	1.41	-
- Currency translation differences	72.50	-
Net book value as at September 30, 2005	<u>4,628.98</u>	<u>3,186.07</u>

10. Advance Payment for Gas Purchased

Advance payments for gas purchased as at September 30, 2005 and December 31, 2004 are as follows:

	Unit: Million Baht	
	<u>Consolidated</u>	<u>The Company</u>
Balance as at December 31, 2004	22,745.52	28,276.78
<u>Less</u> Make-up during the period	<u>2,531.86</u>	<u>3,095.51</u>
Balance as at September 30, 2005	<u>20,213.66</u>	<u>25,181.27</u>

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 1999-2001, according to established conditions in the Export Gas Sales Agreements (Take-or-Pay). The Company has the right to take certain volumes of prepaid gas (Make-up) in subsequent years without expiration.

11. Long-Term Loans

Long-term loans as at September 30, 2005 and December 31, 2004 are as follows:

Current portion of long-term loans

	Unit: Million Baht			
	<u>Consolidated</u>		<u>The Company</u>	
	<u>September 30, 2005</u>	<u>December 31, 2004</u>	<u>September 30, 2005</u>	<u>December 31, 2004</u>
Local loans	10,028.13	7,598.28	9,930.00	7,530.00
Foreign loans	544.06	53,059.72	424.47	399.00
Liabilities from finance leases	43.63	30.65	43.42	30.44
Total	<u>10,615.82</u>	<u>60,688.65</u>	<u>10,397.89</u>	<u>7,959.44</u>

Long-term loans

	Unit: Million Baht			
	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Local loans	59,196.94	64,828.02	58,400.00	63,400.00
Foreign loans	22,033.87	8,579.94	11,095.26	2,944.47
Local bonds	34,000.00	36,500.00	34,000.00	34,000.00
Foreign bonds	48,975.76	30,959.14	30,309.77	15,543.63
Liabilities from finance leases	64.03	37.21	63.96	37.00
Total	164,270.60	140,904.31	133,868.99	115,925.10

As at September 30, 2005, long-term loans amounting to Baht 60,628.23 million (December 31, 2004: Baht 63,273.47 million) are secured by the Ministry of Finance.

11.1 Loans

Changes in local and foreign loans as at September 30, 2005 and December 31, 2004 are as follows:

	Unit: Million		
	Consolidated		
	Currency		
	Baht	US Dollars	Total Baht equivalent
Balance as at December 31, 2004	71,549.02	1,594.77	134,065.96
- Additions	327.25	206.80	12,522.95
- Repayments	(2,651.21)	(1,348.36)	(55,510.01)
- Loss on foreign exchange	-	-	724.10
- Current portion	(10,028.13)	(13.24)	(10,572.19)
Balance as at September 30, 2005	59,196.93	439.97	81,230.81

	Unit: Million		
	The Company		
	Currency		
	Baht	US Dollars	Total Baht equivalent
Balance as at December 31, 2004	70,930.00	85.29	74,273.47
- Additions	-	200.00	8,158.00
- Repayments	(2,600.00)	(5.06)	(2,798.08)
- Loss on foreign exchange	-	-	216.34
- Current portion	(9,930.00)	(10.33)	(10,354.47)
Balance as at September 30, 2005	58,400.00	269.90	69,495.26

11.2 Bonds

Bonds as at September 30, 2005 and December 31, 2004 are as follows:

	Consolidated			
	September 30, 2005		December 31, 2004	
	Million USD	Million Baht	Million USD	Million Baht
Unsecured unsubordinated bonds				
- USD currency	1,191.43	48,975.76	789.78	30,959.14
- Baht currency	-	34,000.00	-	36,500.00
Total	<u>1,191.43</u>	<u>82,975.76</u>	<u>789.78</u>	<u>67,459.14</u>

	The Company			
	September 30, 2005		December 31, 2004	
	Million USD	Million Baht	Million USD	Million Baht
Unsecured unsubordinated bonds				
- USD currency	737.33	30,309.77	396.50	15,543.63
- Baht currency	-	34,000.00	-	34,000.00
Total	<u>737.33</u>	<u>64,309.77</u>	<u>396.50</u>	<u>49,543.63</u>

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

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

In June 2005, The Company issued unsecured unsubordinated bonds for selling to financial institution investors with the principal amount of Baht 4,040 million and a redemption period of 10 years at a fixed interest rate of 4.75% per annum. However, the Company entered into cross currency swap agreements to swap Thai Baht bonds for USD bonds amounting to USD 100 million at a fixed interest rate of 4.55% per annum.

In August 2005, the Company issued foreign unsecured unsubordinated bonds for selling to financial institution investors amounting to USD 350 million at a fixed rate of 5.875% per annum with a redemption period of 30 years, to be redeemed on August 3, 2035. In the same month, the Company issued Baht denominated unsecured unsubordinated bonds for selling to financial institution investors with the principal amount of Baht 4,118 million and a redemption period of 15 years at a fixed interest rate of 5.95% per annum. However, the Company entered into cross

currency swap agreements to swap Thai Baht bonds for USD bonds amounting to USD 100 million at a fixed interest rate of 5.48% per annum.

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 a rate of 4.625% per annum, payable every six months, and have a maturity period of 15 years, to be redeemed on March 27, 2018. As at September 27, 2005, PTTEP swapped these Thai Baht bonds for USD 60.82 million with a bank at an interest rate of 3.85% per annum over the remaining period of the bonds.

PTTEP issued 230 unsecured unsubordinated bonds with a face value of Yen 100 million each, totalling Yen 23 billion. The bonds bear interest at a rate of 3.35% per annum with a redemption period of 10 years, to be redeemed on September 19, 2007. On the date of bond issuance, PTTEP entered into a cross-currency and interest rate swap agreement with a financial institution in Japan to swap the bonds for USD 193.28 million. Under this agreement, interest is charged at a rate of 7.86% per annum, payable every six months.

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

11.3 Liabilities from Finance Leases

Liabilities from finance leases as at September 30, 2005 and December 31, 2004 are as follows:

	Unit: Million Baht			
	Consolidated		The Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Liabilities from finance leases				
- Not later than 1 year	49.07	34.23	48.86	34.02
- Later than 1 year and not later than 5 years	68.57	38.40	68.50	38.13
Future finance charges on finance leases	(9.98)	(4.77)	(9.98)	(4.71)
Present value of liabilities from finance leases	<u>107.66</u>	<u>67.86</u>	<u>107.38</u>	<u>67.44</u>
Present value of liabilities from finance leases				
- Current (Not later than 1 year)	43.63	30.65	43.42	30.44
- Non-current (Later than 1 year and not later than 5 years)	<u>64.03</u>	<u>37.21</u>	<u>63.96</u>	<u>37.00</u>
Total	<u>107.66</u>	<u>67.86</u>	<u>107.38</u>	<u>67.44</u>

12. Provision for Decommissioning Costs

The Group recognized provision for liabilities as at September 30, 2005 and December 31, 2004 for decommissioning costs expected to be incurred in the future amounting to Baht 6,351.72 and 5,229.67 million, respectively. The provision was estimated using existing technology at current prices by engineers of the Group and managerial judgement.

13. Share Capital

As at December 31, 2004, the Company has authorized share capital of 2,850,000,000 ordinary shares with a par value of Baht 10 per share. The issued and fully paid-up share capital is 2,797,245,725 ordinary shares with a par value of Baht 10 per share.

As at September 30, 2005, the Company has authorized share capital of 2,837,245,725 ordinary shares with a par value of Baht 10 per share. The issued and fully paid-up share capital is 2,797,245,725 ordinary shares with a par value of Baht 10 per share. Details are as follows:

On May 3, 2005, the Company registered a decrease in its authorized share capital with the Ministry of Commerce by reducing 52,754,275 non-issued authorized shares with a par value of Baht 10 per share amounting to Baht 527.54 million. On the same day, the Company registered an increase in its authorized share capital with the Ministry of Commerce by issuing additional 40 million ordinary shares with a par value of Baht 10 per share amounting to Baht 400 million. Consequently, the Company's authorized share capital has increased to Baht 28,372.46 million or 2,837,245,725 shares with a par value of Baht 10 per share.

On September 1, 2005, the Company allocated 40,000,000 warrants of lot No. 1/2005 (PTT W-1) to acquire PTT's shares under the ESOP scheme to managing director, management, employees of the Company and employees of the Company's affiliates who work for the Company. One warrant provides the right to purchase one ordinary share with the exercise price of Baht 183 per share. The warrants are exercisable on the last working day of every three months starting from the first exercise date on August 31, 2006 until the last exercise date on August 31, 2010.

14. Earnings per Share

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

The calculation of basic earnings per share in the consolidated and Company's financial statements for the three-month and nine-month periods ended September 30, 2005 and 2004 is as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2005	2004	2005	2004
Income before extraordinary items (Baht)	24,021,931,135	15,809,733,900	62,955,714,735	42,167,037,100
Extraordinary items (Baht)	-	-	5,416,796,542	-
Net income attributable to ordinary shareholders (Baht)	24,021,931,135	15,809,733,900	68,372,511,277	42,167,037,100
Weighted average number of ordinary shares held by third parties during the period (Shares)	2,797,245,725	2,797,245,725	2,797,245,725	2,797,245,725
Income before extraordinary items (Baht/share)	8.59	5.65	22.50	15.07
Extraordinary items (Baht/share)	-	-	1.94	-
Basic earnings per share (Baht/share)	8.59	5.65	24.44	15.07

For the calculation of diluted earnings per share, the Company assumed that all warrants of the Group given to directors, management and employees are converted into ordinary shares. As a result, net income of the Group recognized in the Company's financial statements is adjusted by the decrease in shareholding proportion from the exercise of all these warrants. The number of dilutive potential ordinary shares was calculated by considering the market price (average price of the Company's ordinary shares during the period) and exercise price of these warrants. This calculation is prepared to determine the number of ordinary shares to be added to ordinary shares held by third parties for the calculation of diluted earnings per share.

The calculation of diluted earnings per share in the consolidated and Company's financial statements for the three-month and nine-month periods ended September 30, 2005 and 2004 is as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2005	2004	2005	2004
Net income attributable to ordinary shareholders before extraordinary items (Baht)	24,021,931,135	15,809,733,900	62,955,714,736	42,167,037,100
Adjustment of net income (Baht)	<u>(3,218,971)</u>	<u>(17,531,100)</u>	<u>(30,875,935)</u>	<u>(23,453,972)</u>
Income before extraordinary items for the calculation of diluted earnings per share (Baht)	24,018,712,164	15,792,202,800	62,924,838,801	42,143,583,128
Extraordinary items (Baht)	<u>-</u>	<u>-</u>	<u>5,416,796,542</u>	<u>-</u>
Net income for the calculation of diluted earnings per share (Baht)	<u>24,018,712,164</u>	<u>15,792,202,800</u>	<u>68,341,635,343</u>	<u>42,143,583,128</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per shares (Shares)	2,800,425,747	2,797,245,725	2,798,317,381	2,797,245,725
Income before extraordinary items (Baht/share)	8.58	5.65	22.48	15.07
Extraordinary items (Baht/share)	-	-	1.94	-
Diluted earnings per share (Baht/share)	8.58	5.65	24.42	15.07

As at September 30, 2005, PTTEP had issued warrants under the Employee Stock Ownership Plan (ESOP) as follows:

1.20 million Warrants to purchase 2.40 million ordinary shares were issued on June 16, 1998 (one warrant provides the right to purchase two ordinary shares) to directors, management and employees with the exercise price of Baht 150 per share. On the last exercise date of September 14, 2003, no warrants had been exercised to purchase ordinary shares. However, the annual general meeting of the shareholders approved the reallocation of 2.4 million ordinary shares to be reserved for the exercise of rights under newly issued warrants in 2004-2006.

Warrants to purchase ordinary shares by employees (Employee Stock Ownership Plan or ESOP) are exercisable for 5 consecutive years, totalling 10 million ordinary shares. As at September 30, 2005, employees had exercised warrants to purchase 2.76 million ordinary shares (2003: 0.40 million shares, 2004: 0.93 million shares and 2005: 1.43 million shares). Therefore, there is a remaining outstanding balance of 7.24 million shares. Details are as follows:

- On August 1, 2002, PTTEP issued 2 million warrants to purchase ordinary shares (one warrant provides the right to purchase one ordinary share) to its directors, management and employees with the exercise price of Baht 111 per share. As at September 30, 2005, 1.37 million warrants had been exercised by 1,721 employees. Therefore, the remaining balance of reserved shares is 0.63 million shares.
- On August 1, 2003, PTTEP issued 2 million warrants to purchase ordinary shares (one warrant provides the right to purchase one ordinary share) to its directors, management and employees with the exercise price of Baht 117 per share. As at September 30, 2005, 0.88 million warrants had been exercised by 1,217 employees. Therefore, the remaining balance of reserved shares is 1.12 million shares.
- On August 1, 2004, PTTEP issued 2.8 million warrants to purchase ordinary shares (one warrant provides the right to purchase one ordinary share) to its directors, management and employees with the exercise price of Baht 183 per share. As at September 30, 2005, 0.51 million warrants had been exercised by 559 employees. Therefore, the remaining balance of reserved shares is 2.29 million shares.
- On August 1, 2005, PTTEP issued 2.8 million warrants to purchase ordinary shares (one warrant provides the right to purchase one ordinary share) to its directors, management and employees with the exercise price of 278 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, 2006.
- The remaining balance of 0.4 million ordinary shares was reserved for the issuance of warrants.

15. Other Income

Other income for the three-month periods ended September 30, 2005 and 2004 are as follows:

	Unit: Million Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
Interest income	353.76	691.84	631.06	631.64
Penalty income	17.73	69.40	17.48	77.44
Transportation income	802.81	882.36	1,330.96	882.36
Dividend income	7.50	7.20	7.50	7.20
Compensation for loan interest of advance payment for gas purchased	348.93	440.63	348.93	440.63
Gain on disposal of investments	-	15.21	-	15.21
Gain on foreign exchange	586.33	-	397.63	-
Others	157.06	198.20	140.54	172.30
Total	<u>2,274.12</u>	<u>2,304.84</u>	<u>2,874.10</u>	<u>2,226.78</u>

In the consolidated and Company's financial statements for the three-month periods ended September 30, 2004, loss on foreign exchange amounting to Baht 332.10 million and Baht 120.58 million, respectively were included in selling and administrative expenses.

Other income for the nine-month periods ended September 30, 2005 and 2004 are as follows:

	Unit: Million Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
Interest income	1,076.74	1,097.34	1,687.37	923.89
Penalty income	317.98	190.45	308.64	197.95
Transportation income	2,297.41	1,904.69	3,618.71	1,904.69
Dividend income	40.30	43.68	40.30	43.68
Compensation for loan interest of advance payment for gas purchased	1,189.52	1,307.44	1,189.52	1,307.44
Gain on disposal of investments	-	15.21	-	15.21
Gain on foreign exchange	-	-	-	256.42
Others	1,496.76	1,068.71	2,002.17	1,051.67
Total	6,418.71	5,627.52	8,846.71	5,700.95

In the consolidated financial statements for the nine-month periods ended September 30, 2005 and 2004, loss on foreign exchange amounting to Baht 361.90 million and Baht 351.11 million, respectively were included in selling and administrative expenses.

In the Company's financial statements for the nine-month period ended September 30, 2005, loss on foreign exchange amounting to Baht 167.19 million was included in selling and administrative expenses.

Other income for the three-month and nine-month periods ended September 30, 2005 included revenue from the settlement of dispute between the Company and a foreign contractor in relation to the breach of a construction contract for the laying of the Rayong - Bangpakong - Wang Noi onshore parallel gas pipeline. From the settlement of dispute, the claims for damages recorded by the Company decreased by Baht 14.41 million and Baht 840.48 million, respectively.

Compensation for loan interest of advance payment for gas purchased (Take-or-Pay) was the Company's compensation from the Electricity Generating Authority of Thailand (EGAT) and the Independent Power Plants (IPPs) to absorb interest on loans obtained by the Company for advance payment for gas purchased.

16. Share of Net Income from Investments under Equity Method

Share of net income from investments under equity method for the three-month periods ended September 30, 2005 and 2004 includes share of gain (loss) on foreign exchange as follows:

	Unit: Million Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
Share of gain (loss) on foreign exchange	229.45	(583.11)	413.80	(679.30)

Share of net income from investments under equity method for the nine-month periods ended September 30, 2005 and 2004 includes share of loss on foreign exchange as follows:

	Unit: Million Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
Share of loss on foreign exchange	(1,127.82)	(1,583.00)	(1,067.52)	(1,919.90)

17. Extraordinary items

In November 2004, the board of directors of the Company approved a short-term loan to RRC amounting to USD 1,134.75 million (Baht 44,255.25 million) with an interest rate of LIBOR + 2.5% per annum for refinancing of RRC's loans. On January 17, 2005, the lenders forgave their loans to RRC amounting to USD 200.25 million (Baht 7,738.28 million) or 15% of the original loans of USD 1,335 million. As a result, the loans were reduced to USD 1,134.75 million (Baht 44,255.25 million).

Gain from loan restructuring of Baht 7,738.28 million (USD 200.25 million) was recorded as an extraordinary item in the consolidated income statement for the nine-month period ended September 30, 2005 for the amount of Baht 5,416.80 million, net of income taxes of Baht 2,321.48 million.

18. Segmented Financial Information

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

The financial information by business segments presented in the consolidated financial statements for the three-month and nine-month periods ended September 30, 2005 and 2004 is as follows:

Consolidated

For the three-month period ended September 30, 2005

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Refining	Petrochemical	Others	Elimination	Total
Sales - others	204,447.17	49,627.01	3,429.37	9,411.51	2,891.35	-	-	269,806.41
- related parties	33,501.11	6,608.41	16,272.06	33,390.07	-	-	(89,771.65)	-
Petroleum royalties	-	-	(2,357.19)	-	-	-	-	(2,357.19)
Net sales	237,948.28	56,235.42	17,344.24	42,801.58	2,891.35	-	(89,771.65)	267,449.22
Gross margin	2,958.75	11,971.85	13,498.36	5,076.10	165.04	-	121.27	33,791.37
EBITDA	1,937.05	12,246.64	14,674.24	5,158.72	104.20	(138.68)	(362.47)	33,619.70
Depreciation and amortization	521.97	1,311.80	2,411.75	454.75	69.87	4.65	(96.58)	4,678.21
EBIT	1,415.08	10,934.84	12,262.49	4,703.97	34.33	(143.33)	(265.89)	28,941.49
Share of net income (loss) in associates	0.02	17.72	100.85	-	(0.56)	6,631.00	-	6,749.03
Interest-net								(1,966.52)
Other income								339.84
Gain on foreign exchange								586.34
Income taxes								(8,122.04)
Minority interests								(2,506.21)
Net Income								24,021.93

Consolidated
For the three-month period ended September 30, 2004

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Refining	Others	Elimination	Total
Sales - others	130,980.31	41,099.74	1,242.28	1,817.68	-	-	175,140.01
- related parties	44.81	5,189.05	11,246.26	319.80	-	(16,799.92)	-
Petroleum royalties	-	-	(1,439.89)	-	-	-	(1,439.89)
Net sales	131,025.12	46,288.79	11,048.65	2,137.48	-	(16,799.92)	173,700.12
Gross margin	2,871.68	10,128.43	8,217.33	278.34	-	(23.79)	21,471.99
EBITDA	1,468.02	10,183.81	9,478.26	291.15	(49.35)	(11.44)	21,360.45
Depreciation and amortization	491.85	1,008.00	1,892.75	48.83	0.65	(211.78)	3,230.30
EBIT	976.17	9,175.81	7,585.51	242.32	(50.00)	200.34	18,130.15
Share of net income in associates	0.04	7.69	176.48	-	5,532.89	-	5,717.10
Interest-net							(1,639.71)
Other income							530.30
Loss on foreign exchange							(332.49)
Income taxes							(4,995.88)
Minority interests							(1,599.74)
Net Income							15,809.73

For the nine-month period ended September 30, 2005

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Refining	Petrochemical	Others	Elimination	Total
Sales - others	517,277.84	136,574.63	6,441.75	23,549.84	6,664.31	-	-	690,508.37
- related parties	84,490.12	18,342.10	40,946.00	85,178.47	-	-	(228,956.69)	-
Petroleum royalties	-	-	(5,606.47)	-	-	-	-	(5,606.47)
Net sales	601,767.96	154,916.73	41,781.28	108,728.31	6,664.31	-	(228,956.69)	684,901.90
Gross margin	8,899.22	32,529.75	32,088.49	13,133.01	415.92	-	825.93	87,892.32
EBITDA	5,469.58	33,388.57	35,638.96	12,833.21	319.89	(312.99)	(489.54)	86,847.68
Depreciation and amortization	1,550.88	3,668.28	6,471.86	897.52	202.86	12.03	(288.71)	12,514.72
EBIT	3,918.70	29,720.29	29,167.10	11,935.69	117.03	(325.02)	(200.83)	74,332.96
Share of net income (loss) in associates	0.06	45.53	139.78	-	(0.56)	16,838.85	-	17,023.66
Interest-net								(5,507.41)
Other income								2,000.40
Loss on foreign exchange								(361.90)
Income taxes								(18,621.51)
Extraordinary items								5,416.80
Minority interests								(5,910.49)
Net Income								68,372.51

For the nine-month period ended September 30, 2004

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Refining	Others	Elimination	Total
Sales - others	345,878.96	114,590.54	3,324.55	1,817.68	-	-	465,611.73
- related parties	107.78	14,054.21	31,160.95	319.80	-	(45,642.74)	-
Petroleum royalties	-	-	(4,094.41)	-	-	-	(4,094.41)
Net sales	345,986.74	128,644.75	30,391.09	2,137.48	-	(45,642.74)	461,517.32
Gross margin	8,464.77	27,310.47	21,864.88	278.34	-	(21.77)	57,896.69
EBITDA	4,718.18	27,669.23	26,104.65	291.15	(155.76)	9.62	58,637.07
Depreciation and amortization	1,504.45	2,970.57	6,016.91	48.83	2.63	(133.39)	10,410.00
EBIT	3,213.73	24,698.66	20,087.74	242.32	(158.39)	143.01	48,227.07
Share of net income in associates	0.13	11.86	115.47	-	15,153.81	-	15,281.27
Interest-net							(5,065.03)
Other income							2,095.83
Loss on foreign exchange							(414.50)
Income taxes							(13,941.54)
Minority interests							(4,016.06)
Net Income							42,167.04

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

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

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

The Group categorizes segments for major businesses as follows:

Oil Business

The Group engages in oil business in both domestic and overseas markets, which can be categorized into two income generating activities as follows:

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

Natural Gas Business

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

Exploration and Production Petroleum Business

The Group engages in exploration and production petroleum business in both domestic and overseas markets. The Group is the operator and joint investor 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 engages in petrochemical business including procurement of petroleum feedstock for petrochemical plants, processing and distribution of main petrochemical products and by-products to serve both domestic and overseas markets.

Refining Business

The Group engages in refining business including processing and distribution of finished oil products in both domestic and overseas customers.

Other operations of the Group mainly comprise of other segments, none of which constitute a separately reportable segment.

19. Dividend Payment

On April 12, 2005, the annual general shareholders' meeting of the Company approved the payment of dividends for the year 2004 at Baht 6.75 per share for 2,797,245,725 shares, totalling Baht 18,881.41 million. The Company paid these dividends on April 22, 2005.

20. Acquisitions

During the nine-month period ended September 30, 2005, the Company acquired 3.26 million additional ordinary shares of PTTEP, a subsidiary, from third parties. This resulted in an increase in its investment in PTTEP's share capital from 65.98% to 66.34%. The purchase consideration was Baht 956.65 million. The book value of net assets on the acquisition date was Baht 285.26 million, which is equal to the fair value of net assets. Goodwill arising from the acquisition amounting to Baht 671.39 million is amortized using the straight-line method over the Reserve Life Index of PTTEP.

PTTEP provided its employees with warrants to purchase 10 million ordinary shares according to the Employee Stock Ownership Plan (ESOP), which are exercisable for 5 consecutive years. As at September 30, 2005, employees had exercised warrants to purchase 2.76 million shares. Therefore, the remaining balance is 7.24 million reserved shares. This resulted in gain on dilution of investments amounting to Baht 76.23 million. The gain on dilution was recognized as surplus on dilution of investments in subsidiaries and associates in shareholders' equity.

21. 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, the third transmission pipeline project, the Sainoi-South Bangkok Power Plant gas pipeline project 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 first date of 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.

22. Commitments and Contingent Liabilities

22.1 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 for the laying of the Rayong-Bangpakong-Wang Noi onshore parallel gas pipeline. Damages and legal costs of approximately USD 61 million have been claimed. On February

4, 2002, the arbitrator made the decision that the Company had to pay for damages and expenses incurred in the administration of the case amounting to USD 28.43 million, together with interest and fees for a letter of guarantee. However, the Company, as the plaintiff, has filed a claim against such foreign contractor as a defendant in the Civil Court for the delay of work submission, which caused the Company's damages of approximately Baht 4,274 million. On May 27, 2005, the Company and the contractor compromised on and settled both cases. On October 20, 2005, the Company and the contractor entered into a compromised agreement, in which the Company will pay the contractor for damages amounting to USD 15.75 million or equivalent to Baht 647.44 million.

- 22.2 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 the 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 September 30, 2005, the commercial credit lines had not been used.

The Company had an obligation in the form of an extended credit for raw materials to a foreign subsidiary with a credit limit of USD 70 million. As at September 30, 2005, the credit line had been used up.

As at September 30, 2005, the Company had obligations concerning Shareholder Agreements to pay for ordinary shares in the proportion of the Company's interest amounting to Baht 2,531.25 million.

- 22.3 On April 28, 2005, the Company's board of directors' meeting No. 4/2005 approved the Company's investment in 31.5% of the total shares of Thai Petrochemical Industry Public Co., Ltd. (TPI).

On June 1, 2005, The Company, three other investors and other institutions agreed upon terms and conditions and mutually signed a Share Purchase Agreement (SPA) with TPI as an issuer, and a financial institution as a custodian with authorization on behalf of existing shareholders, for the purchase of 17,550 million shares of TPI at Baht 3.30 per share. Under the SPA, the Company will acquire 6,142.50 million shares of TPI amounting to Baht 20,270 million representing 31.50% of total authorized and paid-up shares of TPI after the completion of share purchase transactions. According to the Rehabilitation Plan of TPI Group, the share purchase transactions must be completed no later than November 4, 2005. However, on November 2, 2005, the Central Bankruptcy Court issued an order to amend the Rehabilitation Plan by allowing an extension of the plan's execution period to June 30, 2006.

- 22.4 On July 19, 2005, the joint venture partners of the Phu Horm Project signed a Natural Gas Sales Agreement with the Company. Once the sales of natural gas commence, all partners will have an obligation to pay expenses incurred in the past to Amerada Hess (Thailand) Limited, the operator, by instalment payments at 50% of sales revenue according to partners' participating interests until the total commitments are met. PTTEP's commitment portion for Block E5-North was USD 3.20 million. According to the conditions of the Deed of Assignment Agreement for Block EU-1, PTTEP Siam Company Limited (a subsidiary of PTTEP) has a commitment of USD 7.76 million.

- 22.5 As at September 30, 2005, the Company had contingent liabilities in the form of Letters of Guarantee amounting to Baht 731.41 million in the consolidated financial statements and Baht 26.20 million in the Company's financial statements.

23. Subsequent Events

- 23.1 On October 21, 2005, the Company's board of directors' meeting No. 10/2005 passed a resolution for the Company to acquire 73,060,000 ordinary shares of Thai Oil Power Co., Ltd (TP), equivalent to 26% interest in TP from PTTEP International Limited (PTTEPI) (a subsidiary of PTTEP) amounting to Baht 2,300 million.
- 23.2 On October 21, 2005, the Company's board of directors' meeting No. 10/2005 passed a resolution for the Company to bring forward the discounted portion of natural gas prices to receive from natural gas producers in the Gulf of Thailand according to the Natural Gas Sales Agreements with the net present value of Baht 4,500 million, to reduce the prices of natural gas sold to EGAT Public Co., Ltd. (EGAT) and Independent Power Producers (IPPs) during the period of October 2005 to January 2006. In addition, PTTEP has also agreed to bring forward the discounted portion of natural gas prices and pay the Company, as a natural gas purchaser, in advance for a further reduction in natural gas sales prices given to EGAT and IPPs at the net present value of Baht 1,500 million. As a result, the total reduction amount will be Baht 6,000 million, which shall be gradually repaid to the Company and PTTEP within 2009 by selling natural gas to EGAT and IPPs at the prices prior to discounts according to the Natural Gas Sales Agreements.
- 23.3 On October 12, 2005, PTTEP established PTTEP Merangin Company Limited to support petroleum exploration and production business in Indonesia, with the registered paid-up share capital of USD 50,000 which comprised of 50,000 ordinary shares at a par value of USD 1 per share. All shares are wholly owned by PTTEP Offshore Investment Company Limited (a subsidiary of PTTEP).
- 23.4 The Audit Committee of the Company will approve the financial statements for public issuance on November 10, 2005.
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