



( TRANSLATION )

**AUDITOR'S REVIEW REPORT**

**TO : THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED**

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated balance sheet of PTT Public Company Limited and its subsidiaries and the balance sheet of PTT Public Company Limited as at June 30, 2005, and the related consolidated and the Company's statements of income for the three-month and six-month periods ended June 30, 2005 and 2004, changes in shareholders' equity, and cash flows for the six-month periods ended June 30, 2005 and 2004. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to issue a report on these financial statements based on the reviews.

The Office of the Auditor General of Thailand conducted the reviews in accordance with generally accepted auditing standards applicable to review engagements. Those standards require that the Office of the Auditor General of Thailand plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards, and accordingly, the Office of the Auditor General of Thailand does not express an audit opinion.

Based on the reviews, nothing has come to attention that causes the Office of the Auditor General of Thailand to believe that the consolidated and the Company's financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

สำนักงานการตรวจเงินแผ่นดิน  
*Office of the Auditor General*

The Office of the Auditor General of Thailand previously audited the consolidated and the Company's financial statements for the year ended December 31, 2004 of PTT Public Company Limited and its subsidiaries and of PTT Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in report dated February 16, 2005. The consolidated and the Company's balance sheets as at December 31, 2004, presented for comparative purposes, are part of the financial statements which the Office of the Auditor General of Thailand has audited and issued a report thereon as stated above. The Office of the Auditor General of Thailand has not performed any other auditing procedures subsequent to the date of that report.

*(Signed) Satja Sasanavin*

(Satja Sasanavin)

Deputy Auditor General  
for Auditor General

*(Signed) Suchitra Sommanus*

(Suchitra Sommanus)

Director of Audit Office

สำนักงานการตรวจเงินแผ่นดิน  
*Office of the Auditor General*

May 6, 2005

TRANSLATION)

NY LIMITED AND SUBSIDIARIES

FINANCIAL STATEMENTS

2005 AND DECEMBER 31, 2004

Unit : Baht

	Notes	Consolidated		The Company	
		June 30, 2005 (Unaudited Reviewed)	December 31, 2004 (Audited)	June 30, 2005 (Unaudited Reviewed)	December 31, 2004 (Audited)
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	3	44,507,964,011	51,237,268,294	6,390,554,018	12,621,621,594
Current investments		3,621,313,331	51,914,264,243	120,671,636	46,652,712,981
Trade accounts and notes receivable - others, net	4	57,587,161,275	45,329,269,869	50,016,456,995	38,594,240,286
Trade accounts receivable - related parties, net	5.1	18,950,269,312	12,085,764,652	29,981,375,429	18,784,297,134
Other accounts receivable, advances and short-term loans - related parties, net	5.2	5,782,566,957	1,268,437,136	33,908,839,625	3,122,996,981
Inventories		17,360,782,895	11,144,338,142	6,658,956,615	4,548,656,167
Materials and supplies - net		3,331,332,865	2,663,175,058	1,377,783,612	1,155,603,181
Other current assets		20,411,805,244	19,981,663,016	16,583,802,978	14,432,464,446
<b>Total Current Assets</b>		<b>171,553,195,890</b>	<b>195,624,180,410</b>	<b>145,038,440,908</b>	<b>139,912,592,770</b>
<b>Non-current Assets</b>					
Investments accounted for under equity method	6.2	50,936,526,084	54,910,078,246	118,110,467,589	97,161,761,442
Other long-term investments	7.2	1,864,750,010	1,737,458,010	1,854,750,000	1,737,458,000
Advances and long-term loans - related parties, net	5.3	5,899,482,796	7,429,027,767	5,899,482,796	7,429,027,767
Property, plant and equipment, net	8	208,953,477,765	190,187,203,814	89,297,693,033	75,278,966,808
Intangible assets	9	4,295,796,621	3,410,752,158	3,102,584,164	3,120,029,443
Deferred tax assets		1,768,801,842	1,655,646,464	1,420,371,161	1,597,180,069
Advance payment for gas purchased	10	20,934,970,139	22,745,521,554	26,074,278,212	28,276,775,987
Other non-current assets		14,038,041,868	9,526,366,454	8,531,312,841	5,447,669,470
<b>Total Non-current Assets</b>		<b>308,691,847,125</b>	<b>291,602,054,467</b>	<b>254,290,939,796</b>	<b>220,048,868,986</b>
<b>Total Assets</b>		<b>480,245,043,015</b>	<b>487,226,234,877</b>	<b>399,329,380,704</b>	<b>359,961,461,756</b>

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

## (TRANSLATION)

## PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

AS AT JUNE 30, 2005 AND DECEMBER 31, 2004

		Unit : Baht			
		Consolidated		The Company	
Notes	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004	
	(Unaudited Reviewed)	(Audited)	(Unaudited Reviewed)	(Audited)	
<b><u>Liabilities and Shareholders' Equity</u></b>					
<b>Current Liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	414,279,211	11,760,750,000	-	11,760,750,000	
Trade accounts payable - others	38,461,750,627	24,175,153,957	35,319,255,894	22,608,672,717	
Trade accounts payable - related parties	5.4 18,143,537,667	12,216,383,280	25,572,180,096	18,068,479,516	
Other accounts payable - related parties	5.5 281,903,208	182,983,719	200,759,336	144,219,010	
Current portion of long-term loans	11 10,433,084,146	60,688,648,039	10,196,135,831	7,959,441,241	
Other short-term loans	-	868,436,250	-	-	
Income tax payable	11,685,465,956	12,318,193,491	3,176,848,671	2,675,905,439	
Accrued expenses	11,025,032,010	10,316,842,313	4,790,741,743	4,984,311,092	
Other current liabilities	8,312,413,848	6,384,745,097	4,848,832,604	3,379,700,814	
<b>Total Current Liabilities</b>	<b>98,757,466,673</b>	<b>138,912,136,146</b>	<b>84,104,754,175</b>	<b>71,581,479,829</b>	
<b>Non-current Liabilities</b>					
Other long-term accounts payable - related parties	5.6 -	-	427,045,220	14,565,509	
Long-term loans	11 147,465,446,321	140,904,310,498	116,940,469,257	115,925,102,343	
Allowance for share of net loss over investments	6.2 -	-	1,489,083,171	1,597,942,764	
Deferred tax liabilities	10,374,436,437	10,257,015,755	285,914,795	-	
Provision for decommissioning costs	12 5,534,387,595	5,229,671,609	-	-	
Deposits on LPG cylinders	3,830,202,357	3,711,089,732	3,830,202,357	3,711,089,732	
Other non-current liabilities	2,586,682,793	3,297,047,976	2,155,171,074	2,757,094,602	
<b>Total Non-current Liabilities</b>	<b>169,791,155,503</b>	<b>163,399,135,570</b>	<b>125,127,885,874</b>	<b>124,005,794,950</b>	
<b>Total Liabilities</b>	<b>268,548,622,176</b>	<b>302,311,271,716</b>	<b>209,232,640,049</b>	<b>195,587,274,779</b>	

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

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT JUNE 30, 2005 AND DECEMBER 31, 2004

Unit : Baht

	Notes	Consolidated		The Company	
		June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
		(Unaudited Reviewed)	(Audited)	(Unaudited Reviewed)	(Audited)
<b><u>Liabilities and Shareholders' Equity (Continued)</u></b>					
<b>Shareholders' Equity</b>					
Share capital	13				
Authorized share capital					
2,850,000,000 ordinary shares of Baht 10 each		-	28,500,000,000	-	28,500,000,000
2,837,245,725 ordinary shares of Baht 10 each		28,372,457,250	-	28,372,457,250	-
Issued and paid-up share capital					
2,797,245,725 ordinary shares of Baht 10 each		27,972,457,250	27,972,457,250	27,972,457,250	27,972,457,250
Premium on share capital					
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		2,094,926,604	2,089,284,252	2,094,926,604	2,089,284,252
Unrealized gain on available-for-sale securities	7.2	1,143,659,181	1,046,367,181	1,143,659,181	1,046,367,181
Currency translation differences		(615,263,914)	(765,711,742)	(615,263,914)	(765,711,742)
Retained earnings					
Appropriated					
Legal reserve		2,850,000,000	2,850,000,000	2,850,000,000	2,850,000,000
Reserve for Self-Insurance Fund		811,830,329	811,830,329	811,830,329	811,830,329
Unappropriated		137,846,300,539	112,377,129,041	137,846,300,539	112,377,129,041
Total parent's shareholders' equity		190,096,740,655	164,374,186,977	190,096,740,655	164,374,186,977
Minority interests		21,599,680,184	20,540,776,184	-	-
<b>Total Shareholders' Equity</b>		<b>211,696,420,839</b>	<b>184,914,963,161</b>	<b>190,096,740,655</b>	<b>164,374,186,977</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>480,245,043,015</b>	<b>487,226,234,877</b>	<b>399,329,380,704</b>	<b>359,961,461,756</b>

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

(Signed) Prasert Bunsumpun  
(Prasert Bunsumpun)  
President

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

## (TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF INCOMEUnaudited  
Reviewed

FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

Unit : Baht

	Notes	Consolidated		The Company	
		2005	2004	2005	2004
Sales		226,291,417,653	150,673,372,061	241,010,205,879	148,410,219,047
Cost of sales		197,514,960,524	131,734,409,099	227,553,446,010	136,893,389,156
<b>Gross Margin</b>		<b>28,776,457,129</b>	<b>18,938,962,962</b>	<b>13,456,759,869</b>	<b>11,516,829,891</b>
Selling and administrative expenses		6,784,612,976	4,169,496,158	4,703,178,476	3,291,664,983
Exploration expenses		298,877,705	131,028,209	-	-
<b>Income from Sales</b>		<b>21,692,966,448</b>	<b>14,638,438,595</b>	<b>8,753,581,393</b>	<b>8,225,164,908</b>
Other incomes	15	2,686,220,305	1,647,916,919	3,186,630,372	1,830,675,273
Directors' remuneration		11,665,173	9,289,146	7,309,863	5,575,000
<b>Income from Operations</b>		<b>24,367,521,580</b>	<b>16,277,066,368</b>	<b>11,932,901,902</b>	<b>10,050,265,181</b>
Share of net income from investments under equity method	16	4,509,071,173	5,811,736,682	10,399,251,801	7,839,368,261
<b>Income before Interests and Taxes</b>		<b>28,876,592,753</b>	<b>22,088,803,050</b>	<b>22,332,153,703</b>	<b>17,889,633,442</b>
Interest expenses		2,065,141,737	1,882,006,746	1,676,959,686	1,530,158,655
Income taxes		6,524,159,942	4,921,126,565	2,300,517,583	2,276,576,662
<b>Income after Taxes</b>		<b>20,287,291,074</b>	<b>15,285,669,739</b>	<b>18,354,676,434</b>	<b>14,082,898,125</b>
Income of minority interests		1,932,614,640	1,202,771,614	-	-
<b>Net Income</b>		<b>18,354,676,434</b>	<b>14,082,898,125</b>	<b>18,354,676,434</b>	<b>14,082,898,125</b>
<b>Basic earnings per share</b>	14				
Net income		6.56	5.03	6.56	5.03
<b>Diluted earnings per share</b>	14				
Net income		6.56	5.03	6.56	5.03

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

## (TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF INCOME  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

Unaudited  
Reviewed

Unit : Baht

	Notes	Consolidated		The Company	
		2005	2004	2005	2004
Sales		417,452,681,652	287,816,240,296	443,616,013,501	283,630,646,150
Cost of sales		363,351,736,282	251,391,920,724	417,743,543,383	261,124,614,629
<b>Gross Margin</b>		<b>54,100,945,370</b>	<b>36,424,319,572</b>	<b>25,872,470,118</b>	<b>22,506,031,521</b>
Selling and administrative expenses		11,457,818,125	7,637,088,458	8,253,775,575	6,339,318,400
Exploration expenses		472,746,228	171,064,482	-	-
<b>Income from Sales</b>		<b>42,170,381,017</b>	<b>28,616,166,632</b>	<b>17,618,694,543</b>	<b>16,166,713,121</b>
Other incomes	15	4,731,280,548	3,339,731,039	6,370,608,594	3,594,743,843
Directors' remuneration		22,378,881	16,649,134	14,188,613	11,326,250
<b>Income from Operations</b>		<b>46,879,282,684</b>	<b>31,939,248,537</b>	<b>23,975,114,524</b>	<b>19,750,130,714</b>
Share of net income from investments under equity method	16	10,274,628,158	9,564,169,143	28,154,582,353	13,846,215,614
<b>Income before Interests and Taxes</b>		<b>57,153,910,842</b>	<b>41,503,417,680</b>	<b>52,129,696,877</b>	<b>33,596,346,328</b>
Interest expenses		4,316,387,644	3,784,131,345	3,436,835,289	3,097,704,223
Income taxes		12,820,947,387	8,945,657,763	4,342,281,446	4,141,338,905
<b>Income after Taxes</b>		<b>40,016,575,811</b>	<b>28,773,628,572</b>	<b>44,350,580,142</b>	<b>26,357,303,200</b>
Income of minority interests		3,404,276,444	2,416,325,372	-	-
<b>Income from ordinary activities</b>		<b>36,612,299,367</b>	<b>26,357,303,200</b>	<b>44,350,580,142</b>	<b>26,357,303,200</b>
Extraordinary items	17	7,738,280,775	-	-	-
<b>Net Income</b>		<b>44,350,580,142</b>	<b>26,357,303,200</b>	<b>44,350,580,142</b>	<b>26,357,303,200</b>
<b>Basic earnings per share</b>	14				
Net income		15.86	9.42	15.86	9.42
<b>Diluted earnings per share</b>	14				
Net income		15.85	9.42	15.85	9.42

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

## (TRANSLATION)

Unaudited  
Reviewed

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004  
CONSOLIDATED

Unit : Baht

Notes	Issued and paid-up share capital	Premium on share capital	Surplus on dilution of investments	Unrealized gain(loss) on available-for-sale securities	Currency translation differences	Legal reserve	Reserve for Self-Insurance Fund	Retained earnings	Minority interests	Total
<b>Balance as at January 1, 2004</b>	27,972,457,250	17,992,830,666	-	550,400,000	(721,543,059)	2,850,000,000	776,993,833	62,888,774,224	16,619,274,744	128,929,187,658
Cumulative effect of the changes in accounting policies	2	-	-	1,966,620,101	-	-	-	(1,954,294,958)	-	12,325,143
<b>Balance after adjustment</b>	27,972,457,250	17,992,830,666	1,966,620,101	550,400,000	(721,543,059)	2,850,000,000	776,993,833	60,934,479,266	16,619,274,744	128,941,512,801
Currency translation differences	-	-	-	-	26,562,841	-	-	-	-	26,562,841
Unrealized gain on available-for-sale securities	-	-	-	668,543,181	-	-	-	-	-	668,543,181
Minority interests	-	-	-	-	-	-	-	-	1,313,389,583	1,313,389,583
Surplus on dilution of investments in subsidiaries and associates	-	-	135,680,138	-	-	-	-	-	-	135,680,138
Dividend paid	-	-	-	-	-	-	-	(11,188,982,900)	-	(11,188,982,900)
Net income	-	-	-	-	-	-	-	26,357,303,200	-	26,357,303,200
<b>Balance as at June 30, 2004</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	<b>2,102,300,239</b>	<b>1,218,943,181</b>	<b>(694,980,218)</b>	<b>2,850,000,000</b>	<b>776,993,833</b>	<b>76,102,799,566</b>	<b>17,932,664,327</b>	<b>146,254,008,844</b>
<b>Balance as at January 1, 2005</b>	27,972,457,250	17,992,830,666	2,089,284,252	1,046,367,181	(765,711,742)	2,850,000,000	811,830,329	112,377,129,041	20,540,776,184	184,914,963,161
Currency translation differences	-	-	-	-	150,447,828	-	-	-	-	150,447,828
Unrealized gain on available-for-sale securities	-	-	-	97,292,000	-	-	-	-	-	97,292,000
Minority interests	-	-	-	-	-	-	-	-	1,058,904,000	1,058,904,000
Surplus on dilution of investments in subsidiaries and associates	-	-	5,642,352	-	-	-	-	-	-	5,642,352
Dividend paid	-	-	-	-	-	-	-	(18,881,408,644)	-	(18,881,408,644)
Net income	-	-	-	-	-	-	-	44,350,580,142	-	44,350,580,142
<b>Balance as at June 30, 2005</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	<b>2,094,926,604</b>	<b>1,143,659,181</b>	<b>(615,263,914)</b>	<b>2,850,000,000</b>	<b>811,830,329</b>	<b>137,846,300,539</b>	<b>21,599,680,184</b>	<b>211,696,420,839</b>

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



## (TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004**  
**THE COMPANY**

**Unaudited**  
**Reviewed**

Unit : Baht

Notes	Issued and paid-up share capital	Premium on share capital	Surplus on dilution of investments	Unrealized gain(loss) on available-for-sale securities	Currency translation differences	Legal reserve	Reserve for Self-Insurance Fund	Retained earnings	Total
<b>Balance as at January 1, 2004</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	-	<b>550,400,000</b>	<b>(721,543,059)</b>	<b>2,850,000,000</b>	<b>776,993,833</b>	<b>62,888,774,224</b>	<b>112,309,912,914</b>
Cumulative effect of changes in accounting policies	-	-	1,966,620,101	-	-	-	-	(1,954,294,958)	12,325,143
<b>Balance after adjustment</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	<b>1,966,620,101</b>	<b>550,400,000</b>	<b>(721,543,059)</b>	<b>2,850,000,000</b>	<b>776,993,833</b>	<b>60,934,479,266</b>	<b>112,322,238,057</b>
Currency translation differences	-	-	-	-	26,562,841	-	-	-	26,562,841
Unrealized gain on available-for-sale securities	-	-	-	668,543,181	-	-	-	-	668,543,181
Surplus on dilution of investments in subsidiaries and associates	-	-	135,680,138	-	-	-	-	-	135,680,138
Dividend paid	-	-	-	-	-	-	-	(11,188,982,900)	(11,188,982,900)
Net income	-	-	-	-	-	-	-	26,357,303,200	26,357,303,200
<b>Balance as at June 30, 2004</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	<b>2,102,300,239</b>	<b>1,218,943,181</b>	<b>(694,980,218)</b>	<b>2,850,000,000</b>	<b>776,993,833</b>	<b>76,102,799,566</b>	<b>128,321,344,517</b>
<b>Balance as at January 1, 2005</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	<b>2,089,284,252</b>	<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>
Currency translation differences	-	-	-	-	150,447,828	-	-	-	150,447,828
Unrealized gain on available-for-sale securities	-	-	-	97,292,000	-	-	-	-	97,292,000
Surplus on dilution of investments in subsidiaries and associates	-	-	5,642,352	-	-	-	-	-	5,642,352
Dividend paid	-	-	-	-	-	-	-	(18,881,408,644)	(18,881,408,644)
Net income	-	-	-	-	-	-	-	44,350,580,142	44,350,580,142
<b>Balance as at June 30, 2005</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	<b>2,094,926,604</b>	<b>1,143,659,181</b>	<b>(615,263,914)</b>	<b>2,850,000,000</b>	<b>811,830,329</b>	<b>137,846,300,539</b>	<b>190,096,740,655</b>

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

## (TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004**

**Unaudited**  
**Reviewed**

	Unit : Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
<b>Cash Flows from Operating Activities</b>				
Net income	44,350,580,142	26,357,303,200	44,350,580,142	26,357,303,200
Adjustment of net income to net cash provided by (used in) operating activities :				
Depreciation, depletion and amortization	7,836,510,264	7,179,944,529	3,240,239,178	2,936,685,720
Reversal of impairment loss	(43,763,572)	-	-	-
Impairment loss	12,816,206	10,640,210	12,816,206	10,640,210
(Gain) loss on disposal of assets	(22,613,057)	(3,298,173)	(20,652,342)	6,521,648
(Gain) loss on disposal of investments	577,873,705	-	-	-
Write-off assets adjustment	(2,601,627)	15,678,583	(2,601,627)	12,484,055
Share of net income from investments under equity method	(10,274,628,158)	(9,564,169,142)	(28,154,582,353)	(13,846,215,614)
Income of minority interests	3,404,276,444	2,416,325,372	-	-
(Gain) loss on foreign exchange	1,791,298,597	103,439,796	857,318,856	(205,255,273)
Doubtful accounts	(25,280,431)	110,226,104	(29,250,952)	96,510,811
Amortization of exploration costs	196,387,175	135,717	-	-
Amortization of bond issuing expenses	4,787,761	4,787,761	-	-
Amortization of bond discounts	7,721,453	554,425	7,167,028	-
Deferred income taxes	(73,917,374)	700,290,464	462,723,703	(37,241,762)
Amortization of deferred interest from finance leases	2,625,143	2,748,574	2,625,143	2,748,574
Provision for net realizable value	153,915,251	-	153,915,251	-
Dividend income	(32,800,000)	(36,480,000)	(32,800,000)	(36,480,000)
Extraordinary items	(7,738,280,775)	-	-	-
Others	(856,643)	(481,831,169)	-	(481,831,169)
Net income from operating activities before changes in operating assets and liabilities	40,124,050,504	26,816,296,251	20,847,498,233	14,815,870,400

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

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

Unaudited  
Reviewed

	Consolidated		The Company	
	2005	2004	2005	2004
Changes in operating assets (increase) decrease				
Trade accounts and notes receivable - others	(11,904,519,131)	(7,776,641,407)	(11,127,196,900)	(7,276,432,023)
Trade accounts receivable - related parties	(6,641,315,665)	(2,086,291,575)	(11,029,951,065)	(6,512,963,968)
Other accounts receivable, advances and short-term loans - related parties	(194,097,879)	775,957,589	(350,840,318)	203,321,383
Inventories	(6,370,360,004)	(3,782,873,257)	(2,264,215,700)	(3,121,051,668)
Materials and supplies	(708,717,391)	(411,721,520)	(256,446,519)	(56,760,666)
Other current assets	1,361,099,078	(2,334,678,433)	(394,103,371)	(1,555,683,754)
Advance payment for gas purchased	1,810,551,415	1,284,931,746	2,202,497,775	1,515,788,002
Long-term advances - related parties	215,469	-	215,469	-
Other non-current assets	(4,033,677,058)	(381,617,429)	(3,083,397,306)	(398,510,158)
Changes in operating liabilities increase (decrease)				
Trade accounts payable - others	13,585,865,222	6,173,435,123	12,375,836,447	5,515,860,282
Trade accounts payable - related parties	6,259,815,532	(192,474,295)	7,550,152,174	3,162,823,908
Other accounts payable - related parties	(97,831,417)	(285,821,744)	56,520,302	(309,651,931)
Income tax payable	(640,877,857)	(95,073,067)	500,943,232	1,285,565,606
Accrued expenses	999,008,970	460,731,860	220,618,395	(255,273,463)
Other current liabilities	(262,864,286)	(944,289,923)	(380,659,259)	(114,677,310)
Deposits on LPG cylinders	119,112,626	184,920,226	119,112,626	184,920,226
Other long-term accounts payable - related parties	-	-	412,479,711	-
Other non-current liabilities	(942,596,969)	978,966,417	(820,296,345)	721,654,793
	<u>(7,661,189,345)</u>	<u>(8,432,539,689)</u>	<u>(6,268,730,652)</u>	<u>(7,011,070,741)</u>
Net cash provided by operating activities	<u>32,462,861,159</u>	<u>18,383,756,562</u>	<u>14,578,767,581</u>	<u>7,804,799,659</u>

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

## (TRANSLATION)

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004**

**Unaudited**  
**Reviewed**

Unit : Baht

	Consolidated		The Company	
	2005	2004	2005	2004
<b>Cash Flows from Investing Activities</b>				
Proceeds from disposal of property, plant and equipment	9,981,848	5,073,166	7,138,670	2,515,157
Payment of property, plant and equipment	(26,403,329,234)	(24,506,846,095)	(17,285,915,818)	(8,273,309,673)
Payment of intangible assets	(244,506,681)	(148,194,155)	(122,750,292)	(87,810,315)
Long-term loans to related parties	(50,540,186)	(10,449,862)	(50,540,186)	(10,449,862)
Short-term loans to related parties	(3,212,559,000)	(1,313,007,210)	(47,467,809,000)	(2,101,042,865)
Payment of investments in subsidiaries	(1,022,451,236)	(2,521,499,545)	(1,421,951,236)	(2,551,800,412)
Payment of investments in joint ventures	-	-	(148,995,000)	(1,713,701,106)
Payment of investments in associates	(687,457,310)	(487,358,800)	(677,457,310)	(487,358,800)
Payment of investments in other companies	-	(249,750,000)	-	(249,750,000)
Cash received from disposal of long-term investments	8,909,861,560	-	784,050	-
Cash received from short-term loans	599,901,700	-	599,901,700	-
Cash received from short-term loans to related parties	45,000,000	826,080,000	17,999,901,700	826,080,000
Cash received from cancellation of leasehold in gas stations	24,937,500	10,867,500	24,937,500	10,867,500
Current investments (increase) decrease	48,488,234,053	(3,403,483,377)	46,515,360,520	(2,491,395,359)
Dividends received	5,522,850,889	953,876,700	9,679,260,689	3,654,801,874
Net cash provided by (used in) investing activities	31,979,923,903	(30,844,691,678)	7,651,865,987	(13,472,353,861)
<b>Cash Flows from Financing Activities</b>				
Cash received from issuing ordinary shares	6,885,600	4,519,860	-	-
Proceeds from long-term loans	8,848,258,437	-	4,040,000,000	-
Cash received from issuing bonds	-	19,000,000,000	-	19,000,000,000
Proceeds from short-term loans	-	783,292,197	-	-
Cash received from notes payable	6,180,000,000	-	6,180,000,000	-
Repayment of long-term loans	(45,159,662,393)	(10,991,378,097)	(203,086,094)	(10,974,308,685)
Repayment of notes payable	(6,180,000,000)	-	(6,180,000,000)	-
Redemption of bonds	(1,800,000,000)	(600,000,000)	(1,800,000,000)	(600,000,000)
Repayment of short-term loans	(12,470,855,218)	-	(11,602,418,968)	-
Payment of liabilities from finance leases	(15,760,567)	(29,400,979)	(15,668,067)	(29,308,479)
Increase in bank overdrafts and short-term loans				
from financial institutions	414,279,210	406,367,726	-	-
Dividend paid	(21,091,781,045)	(12,909,690,040)	(18,881,408,644)	(11,188,982,900)
Net cash used in financing activities	(71,268,635,976)	(4,336,289,333)	(28,462,581,773)	(3,792,600,064)

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

(TRANSLATION)

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

Unaudited  
Reviewed

	Unit : Baht				
	Consolidated		The Company		
Notes	2005	2004	2005	2004	
Effects of exchange rates on cash and cash equivalents	74,915,029	107,423,511	880,629	(1,041,409)	
Currency translation differences	21,631,603	76,732,460	-	-	
Net increase (decrease) in cash and cash equivalents	(6,729,304,282)	(16,613,068,478)	(6,231,067,576)	(9,461,195,675)	
Cash and cash equivalents at beginning of periods	51,237,268,293	57,050,541,717	12,621,621,594	36,967,351,408	
<b>Cash and cash equivalents at end of periods</b>	<b>3</b>	<b>44,507,964,011</b>	<b>40,437,473,239</b>	<b>6,390,554,018</b>	<b>27,506,155,733</b>

**Supplemental disclosures of cash flow information**

**Cash paid during the periods for**

Interest expenses	5,147,870,623	3,918,525,389	3,748,354,058	3,220,036,499
Income taxes	13,023,000,280	10,511,197,463	2,909,860,765	2,479,316,204

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

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

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 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.

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 six-month periods ended June 30, 2004 and as at December 31, 2004 to be in accordance with the presentation in the financial statements for the three-month and six-month periods ended June 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 June 30, 2005 and December 31, 2004 are as follows:

	Unit: Million Baht			
	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Cash on hand	184.91	222.06	161.35	161.71
Deposits held at call with banks	10,780.37	15,262.53	5,404.75	3,997.49
Fixed deposits	19,918.59	5,503.37	-	-
Treasury bills	12,196.87	24,922.58	197.23	4,133.75
Promissory notes	1,427.22	4,259.41	627.22	3,539.41
Bank of Thailand bonds	-	1,067.32	-	789.26
Total	<u>44,507.96</u>	<u>51,237.27</u>	<u>6,390.55</u>	<u>12,621.62</u>

Cash and cash equivalents as at June 30, 2005 bear interest at the rates ranging from 0.25%-3.00% per annum, except for deposits held at call with banks of a subsidiary in the Philippines amounting to Baht 787.88 million with the interest rate of 2.84%-4.80% 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 June 30, 2005 and December 31, 2004 are as follows:

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Trade accounts receivable	57,236.83	45,419.58	48,793.79	37,868.25
Notes receivable	3,151.30	2,709.28	3,151.30	2,705.42
Total	60,388.13	48,128.86	51,945.09	40,573.67
<u>Less</u> Allowance for doubtful accounts	2,800.97	2,799.59	1,928.63	1,979.43
Trade accounts and notes receivable – others, net	<u>57,587.16</u>	<u>45,329.27</u>	<u>50,016.46</u>	<u>38,594.24</u>

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

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Current	49,438.20	37,704.55	42,200.42	31,179.25
Overdue				
- Up to 3 months	2,574.50	3,387.48	2,384.65	3,224.54
- Over 3 – 6 months	861.07	860.10	856.52	791.13
- Over 6 – 12 months	1,600.07	1,358.39	1,524.05	1,268.38
- Over 12 months	5,914.29	4,818.34	4,979.45	4,110.37
Total	60,388.13	48,128.86	51,945.09	40,573.67
<u>Less</u> Allowance for doubtful accounts	2,800.97	2,799.59	1,928.63	1,979.43
Trade accounts and notes receivable - others, net	<u>57,587.16</u>	<u>45,329.27</u>	<u>50,016.46</u>	<u>38,594.24</u>

Trade accounts and notes receivable - others, net as at June 30, 2005 included receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 20,978.61 million (December 31, 2004: Baht 13,006.47 million), and in the Company's financial statements amounting to Baht 20,809.73 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 June 30, 2005 and December 31, 2004

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Subsidiaries	-	-	11,650.48	7,097.60
<u>Less</u> Allowance for doubtful accounts	-	-	0.61	13.81
	<u>-</u>	<u>-</u>	<u>11,649.87</u>	<u>7,083.79</u>
Associates	16,481.90	10,517.05	15,863.13	10,129.92
<u>Less</u> Allowance for doubtful accounts	269.98	269.93	269.98	269.93
	<u>16,211.92</u>	<u>10,247.12</u>	<u>15,593.15</u>	<u>9,859.99</u>
Other related parties	<u>2,738.35</u>	<u>1,838.64</u>	<u>2,738.35</u>	<u>1,838.64</u>
Joint ventures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.88</u>
Trade accounts receivable - related parties, net	<u>18,950.27</u>	<u>12,085.76</u>	<u>29,981.37</u>	<u>18,784.30</u>

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

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Current	18,892.48	10,789.20	25,787.16	13,329.26
Overdue				
- Up to 3 months	228.94	1,338.37	373.71	1,970.74
- Over 3 – 6 months	34.24	81.55	30.51	672.78
- Over 6 – 12 months	50.18	133.44	1,164.02	652.61
- Over 12 months	14.41	13.13	2,896.56	2,442.65
Total	<u>19,220.25</u>	<u>12,355.69</u>	<u>30,251.96</u>	<u>19,068.04</u>
<u>Less</u> Allowance for doubtful accounts	269.98	269.93	270.59	283.74
Trade accounts receivable - related parties, net	<u>18,950.27</u>	<u>12,085.76</u>	<u>29,981.37</u>	<u>18,784.30</u>

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

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Other accounts receivable				
Subsidiaries	-	-	859.59	305.75
<u>Less</u> Allowance for doubtful accounts	-	-	0.18	0.06
	-	-	859.41	305.69
Associates	1,412.24	1,382.62	1,293.54	1,371.29
<u>Less</u> Allowance for doubtful accounts	664.23	664.23	664.23	664.23
	748.01	718.39	629.31	707.06
Other related parties	12.57	8.78	12.57	8.78
<u>Less</u> Allowance for doubtful accounts	5.85	5.85	5.85	5.85
	6.72	2.93	6.72	2.93
Joint ventures	-	-	592.66	596.72
	754.73	721.32	2,088.10	1,612.40
Advances				
Subsidiaries	-	-	8.00	10.00
Associates	70.23	246.75	0.43	0.43
Other related parties	126.47	240.27	80.92	240.27
	196.70	487.02	89.35	250.70
Short-term loans				
Subsidiaries	-	-	26,900.25	-
Associates	4,831.14	60.10	4,831.14	60.10
Joint ventures	-	-	-	1,199.80
	4,831.14	60.10	31,731.39	1,259.90
Total	5,782.57	1,268.44	33,908.84	3,123.00

Changes in short-term loans – related parties for the six-month period ended June 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	(45.00)	(18,599.80)
- Reclassification	1,603.48	1,603.48
Balance as at June 30, 2005	<u>4,831.14</u>	<u>31,731.39</u>

Short-term loans to related parties are unsecured with the interest rates ranging from 2.86%-5.69% per annum.

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

	Unit: Million Baht			
	<u>Consolidated</u>		<u>The Company</u>	
	<u>June 30, 2005</u>	<u>December 31, 2004</u>	<u>June 30, 2005</u>	<u>December 31, 2004</u>
Advances				
Associates	1,062.25	1,049.66	1,062.25	1,049.66
<u>Less</u> Allowance for doubtful accounts	<u>1,060.53</u>	<u>1,047.72</u>	<u>1,060.53</u>	<u>1,047.72</u>
	1.72	1.94	1.72	1.94
Long-term loans				
Associates	5,807.69	7,387.56	5,807.69	7,387.56
Other related parties	90.07	39.53	90.07	39.53
	<u>5,897.76</u>	<u>7,427.09</u>	<u>5,897.76</u>	<u>7,427.09</u>
Total	<u>5,899.48</u>	<u>7,429.03</u>	<u>5,899.48</u>	<u>7,429.03</u>

Changes in long-term loans – related parties for the six-month period ended June 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	50.54	50.54
- Transfer of interest to principal	23.61	23.61
- Reclassification	(1,603.48)	(1,603.48)
Balance as at June 30, 2005	<u>5,897.76</u>	<u>5,897.76</u>

Long-term loans to associates bear interest at the rates ranging from 1%-3.125% per annum.

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

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Subsidiaries	-	-	8,299.50	6,385.23
Associates	17,473.35	11,749.55	16,602.49	11,216.42
Other related parties	670.19	466.83	670.19	466.83
Total	<u>18,143.54</u>	<u>12,216.38</u>	<u>25,572.18</u>	<u>18,068.48</u>

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

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Subsidiaries	-	-	27.69	92.32
Associates	258.10	149.77	143.76	18.69
Other related parties	23.80	33.21	23.80	33.21
Joint ventures	-	-	5.51	-
Total	<u>281.90</u>	<u>182.98</u>	<u>200.76</u>	<u>144.22</u>

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

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Subsidiaries	-	-	427.05	14.57
Total	<u>-</u>	<u>-</u>	<u>427.05</u>	<u>14.57</u>

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

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

Unit: Million Baht

	Consolidated		The Company	
	2005	2004	2005	2004
<u>Revenues</u>				
Sales:				
Subsidiaries	-	-	32,174.19	1,644.17
Associates	63,314.45	42,707.40	62,117.65	42,707.40
Other related parties	7,101.56	6,412.43	7,101.56	6,412.43
Joint ventures	-	-	2.40	-
Interest income:				
Subsidiaries	-	-	388.60	-
Associates	95.24	59.46	92.24	59.46
Other related parties	0.62	0.04	0.62	0.04
Joint ventures	-	-	-	7.91
Other income:				
Subsidiaries	-	-	508.66	86.03
Associates	332.50	398.43	332.50	398.93
Other related parties	67.74	96.38	67.74	96.38
Joint ventures	-	-	14.98	12.37
<u>Expenses</u>				
Purchases:				
Subsidiaries	-	-	42,552.42	10,485.04
Associates	59,793.88	46,727.32	57,931.57	46,727.32
Other related parties	2,727.33	3,213.72	2,727.33	3,213.72
Other expenses:				
Subsidiaries	-	-	60.93	46.58
Associates	4.64	4.82	4.64	4.82
Other related parties	134.80	97.20	134.80	97.20
Joint ventures	-	-	-	7.47

For the six-month periods ended June 30, 2005 and 2004

Unit: Million Baht

	Consolidated		The Company	
	2005	2004	2005	2004
<u>Revenues</u>				
Sales:				
Subsidiaries	-	-	59,061.41	2,754.68
Associates	115,792.60	83,058.03	113,644.62	83,058.03
Other related parties	14,443.06	10,525.18	14,443.06	10,525.18
Joint ventures	-	-	11.43	0.01
Interest income:				
Subsidiaries	-	-	748.08	-
Associates	150.33	121.95	150.33	121.95
Other related parties	8.66	0.04	8.66	0.04
Joint ventures	-	-	1.35	7.91
Other income:				
Subsidiaries	-	-	1,580.43	106.36
Associates	866.09	487.40	866.09	487.40
Other related parties	87.90	108.81	87.90	108.81
Joint ventures	-	-	35.00	38.06
<u>Expenses</u>				
Purchases:				
Subsidiaries	-	-	78,620.48	20,066.16
Associates	104,871.21	89,645.77	101,560.22	89,645.77
Other related parties	4,796.46	5,738.47	4,796.46	5,738.47
Other expenses:				
Subsidiaries	-	-	112.06	100.00
Associates	12.35	14.28	12.35	14.28
Other related parties	285.56	155.04	285.56	155.04
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 the Equity Method

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

Company	Country of Incorporation	Business	Shareholding Percentage	
			June 30, 2005	December 31, 2004
<u>Subsidiaries</u>				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	66.48	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
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	
			June 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	45.94	46.12
National Petrochemical Public Co., Ltd. (NPC)	Thailand	Petrochemical	37.99	37.99
Thai Olefins Public Co., Ltd. (TOC)	Thailand	Petrochemical	48.97	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 June 30, 2005 and December 31, 2004 are as follows:

Consolidated

Unit: Million Baht

Company	Shareholding Percentage		June 30, 2005			December 31, 2004			Dividends for the six-month periods ended June 30	
	June 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
<b>Associates:</b>										
Refining Business Group										
1 TOP	49.54	49.54	11,483.09	17,868.12	-	11,483.09	16,080.59	-	1,819.17	-
2 SPRC	36.00	36.00	14,770.48	11,029.42	-	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	86.50	-	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	97.70	-	87.35	89.10	-	-	9.54
8 KPL	40.00	40.00	21.49	8.53	-	21.49	9.93	-	-	-
9 FST	25.00	25.00	1.13	0.95	-	1.13	0.86	-	-	-
Petrochemical Business Group										
10 ATC	45.94	46.12	2,888.84	1,795.44	-	2,888.84	1,447.50	-	1,331.54	-
11 NPC	37.99	37.99	1,185.14	5,553.53	-	1,185.14	5,928.90	-	1,060.02	588.90
12 TOC	48.97	48.97	8,906.35	11,448.12	-	8,906.35	10,557.58	-	1,206.26	-
13 PPCL	40.00	40.00	320.00	313.84	-	200.00	198.96	-	-	-
Natural Gas Business Group										
14 PTTUT	40.00	40.00	563.00	561.42	-	240.00	239.77	-	-	-
15 IPT	20.00	-	400.19	380.03	-	-	-	-	-	-
16 AMATA NGD	50.00	50.00	80.00	136.89	-	80.00	109.08	-	-	-
17 TP	26.00	26.00	1,450.06	1,649.97	-	1,450.06	1,723.84	-	73.06	73.06
18 New Links	-	40.00	-	-	-	9,898.26	9,643.36	-	-	245.89
Total			43,803.41	50,936.53	-	52,858.48	54,910.08	-	5,490.05	917.39

The Company

Unit : Million Baht

Company	Shareholding Percentage		June 30, 2005			December 31, 2004			Dividends for the six-month periods ended June 30	
	June 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
<b>Subsidiaries:</b>										
1 PTTEP	66.48	65.98	9,483.34	45,309.27	-	8,526.69	41,815.95	-	3,904.67	2,823.26
2 PTTT	100.00	100.00	2.50	31.22	-	2.50	13.11	-	-	-
3 PTTCL	100.00	100.00	0.23	-	(72.55)	0.23	-	(75.95)	-	-
4 SBECL	100.00	100.00	0.41	-	(1,416.53)	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	600.84	-	418.14	747.70	-	324.80	196.62
8 PTTLNG	100.00	100.00	1.00	0.93	-	1.00	0.94	-	-	-
9 BPE	50.00	50.00	1,694.06	1,577.00	-	1,694.06	1,570.94	-	-	-
10 PTTPE	50.00	50.00	187.50	182.87	-	187.50	187.28	-	-	-
11 RRC	100.00	100.00	13,862.35	16,418.69	-	13,862.35	4,509.56	-	-	-
12 EnCo	50.00	50.00	400.00	399.48	-	0.50	0.45	-	-	-
13 RBA	49.00	49.00	0.49	15.96	-	0.49	14.34	-	-	-
<b>Associates:</b>										
Refining Business Group										
14 TOP	49.54	49.54	11,483.09	17,868.13	-	11,483.09	16,080.59	-	1,819.17	-
15 SPRC	36.00	36.00	14,770.48	11,029.42	-	14,770.48	8,800.09	-	-	-
Oil Business Group										
16 THAPPLINE	30.60	30.60	1,367.87	-	-	1,367.87	-	-	-	-
17 TLBC	48.95	48.95	140.00	86.50	-	140.00	74.38	-	-	-
18 PA (Thailand)	35.00	35.00	131.25	-	-	131.25	-	-	-	-
19 PA (Sanshui)	25.00	25.00	7.17	6.06	-	7.17	6.14	-	-	-
20 V LPG	45.00	45.00	87.35	97.70	-	87.35	89.10	-	-	9.54
21 KPL	40.00	40.00	21.49	8.53	-	21.49	9.93	-	-	-
Petrochemical Business Group										
22 ATC	45.94	46.12	2,888.84	1,795.44	-	2,888.84	1,447.50	-	1,331.54	-
23 NPC	37.99	37.99	1,185.14	5,623.01	-	1,185.14	6,000.06	-	1,060.02	588.90
24 TOC	48.97	48.97	8,906.35	11,876.45	-	8,906.35	11,048.54	-	1,206.26	-
25 PPCL	40.00	40.00	320.00	313.84	-	200.00	198.96	-	-	-
Natural Gas Business Group										
26 PTTUT	40.00	40.00	563.00	561.42	-	240.00	239.77	-	-	-
27 IPT	20.00	-	400.19	380.03	-	-	-	-	-	-
<b>Joint Ventures:</b>										
Natural Gas Business Group										
28 TTM (T)	50.00	50.00	4,240.00	3,356.04	-	4,240.00	3,892.48	-	-	-
29 TTM (M)	50.00	50.00	281.32	236.97	-	281.32	223.80	-	-	-
30 DCAP	35.00	35.00	350.00	334.67	-	201.00	190.15	-	-	-
Total			73,193.56	118,110.47	(1,489.08)	71,208.09	97,161.76	(1,597.94)	9,646.46	3,618.32

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

Balance Sheets:

As at June 30, 2005 and December 31, 2004

	Unit: Million Baht					
	June 30, 2005			December 31, 2004		
	TTM(T)	TTM(M)	DCAP	TTM(T)	TTM(M)	DCAP
Current assets	1,594.84	266.68	27.69	646.79	148.65	152.37
Non-current assets	11,475.30	739.01	709.85	10,538.48	465.52	322.10
Current liabilities	(524.11)	(132.73)	(37.11)	(2,363.43)	(54.29)	(175.82)
Non-current liabilities	(9,189.99)	(635.99)	(365.75)	(4,929.36)	(336.08)	(108.50)
Net assets	<u>3,356.04</u>	<u>236.97</u>	<u>334.68</u>	<u>3,892.48</u>	<u>223.80</u>	<u>190.15</u>

Statements of Income:

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

	Unit: Million Baht					
	2005			2004		
	TTM(T)	TTM(M)	DCAP	TTM(T)	TTM(M)	DCAP
Revenues	3.90	1.43	0.05	0.27	0.11	0.04
Expenses	(436.85)	(0.98)	(2.80)	(97.62)	(0.55)	(1.17)
Income(loss) before income taxes	(432.95)	0.45	(2.75)	(97.35)	(0.44)	(1.13)
Income taxes	-	(0.40)	-	-	(0.02)	-
Net income(loss)	<u>(432.95)</u>	<u>0.05</u>	<u>(2.75)</u>	<u>(97.35)</u>	<u>(0.46)</u>	<u>(1.13)</u>

For the six-month periods ended June 30, 2005 and 2004

	Unit: Million Baht					
	2005			2004		
	TTM(T)	TTM(M)	DCAP	TTM(T)	TTM(M)	DCAP
Revenues	2.67	2.00	0.23	0.51	0.30	0.11
Expenses	(539.11)	(0.96)	(4.37)	(97.80)	(1.34)	(4.58)
Income(loss) before income taxes	(536.44)	1.04	(4.14)	(97.29)	(1.04)	(4.47)
Income taxes	-	(0.55)	-	-	(0.07)	-
Net income(loss)	<u>(536.44)</u>	<u>0.49</u>	<u>(4.14)</u>	<u>(97.29)</u>	<u>(1.11)</u>	<u>(4.47)</u>

#### 6.4 Significant events occurred during the six-month period ended June 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 June 30, 2005, warrants were exercised for 8,193,100 units. Therefore, the remaining unexercised warrants were 6,406,900 units. Hence, it affected a decrease in the percentage of the Company's shareholding in ATC from 46.12% to 45.94%. The gain on dilution amounting to Baht 9.03 million was recorded as surplus on dilution of investments in subsidiaries and associates in shareholders' equity.

##### **IPT**

The board of directors' meeting no. 4/2004 dated April 22, 2004 approved the Company's purchase of 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 will pay 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 an 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 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 shareholding according to the Joint Venture Agreement.

During the second quarter of 2005, PTTUT called for payment for the additional share capital from shareholders for the second and third times, in which the Company's proportion amounts to 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 are fully paid-up. The Company acquired 39.95 million shares in order to maintain its 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 limited public company and to change its name from Rayong Refinery Co., Ltd. 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 to reduce its deficit retained earnings 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.

### **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 warranty claims. 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 the par value of USD 1 per share. All shares are wholly owned by PTTEP Middle East 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	
			June 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	7.88	7.91
PTT Polymer Marketing Co.,Ltd. (PTTPM)	Thailand	Marketing for polymer product	50.00	-

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

Unit: Million Baht

Company	Shareholding Percentage		Consolidated		The Company		Dividends for the six-month periods ended June 30		
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004	2005	2004	
<b><u>Investments Accounted for under Cost Method</u></b>									
<b>Associates:</b>									
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	-	-
<b>Joint Ventures:</b>									
Exploration and Production and Gas Business Group									
3	CPOC	50.00	50.00	Baht 9.90	Baht 9.90	-	-	-	-
<b>Other Related Parties:</b>									
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	-	-
8	PTTPM	50.00	-	30.00	-	20.00	-	-	-
Total investments accounted for under cost method				478.17	448.17	468.17	448.17		
<u>Less</u> Allowance for impairment of investment				198.40	198.40	198.40	198.40		
Total investments accounted for under cost method, net				279.77	249.77	269.77	249.77		
<b><u>Investments Accounted for Fair Value</u></b>									
Other Companies - Available-For-Sale Securities:									
9	TIP	13.33	13.33	312.00	312.00	312.00	312.00	30.40	28.80
10	BAFS	7.06	7.06	24.00	24.00	24.00	24.00	2.40	14.88
11	BCP	7.88	7.91	105.32	105.32	105.32	105.32	-	-
Total investments – available-for-sale securities				441.32	441.32	441.32	441.32		
<u>Add</u> Allowance for increase in fair value of investments				1,143.66	1,046.37	1,143.66	1,046.37		
Total investments accounted for fair value				1,584.98	1,487.69	1,584.98	1,487.69		
Total other long-term investments				1,864.75	1,737.46	1,854.75	1,737.46	32.80	43.68

## 7.3 Significant events during the six-month period ended June 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 April 4, 2005, BCP registered an increase in its paid up share capital by Baht 2,600,000 with the Ministry of Commerce from Baht 660,559,535 to Baht 663,159,535. This was according to an exercise of 3,718 warrants at the par value of Baht 10,000 per share to convertible bonds, which were converted to 2,600,000 ordinary shares at the exercise price of Baht 14.30 per share. After this conversion, there were 257,377 convertible bonds outstanding and the Company's interest in BCP decreased from 7.91% to 7.88%.



## **TIP**

On April 18, 2005, the General Shareholders' meeting of TIP approved the payment of dividends amounting to 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 payment of stock dividends. Therefore, the Company's interest in TIP still remains 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 payment of stock dividends. Therefore, the Company's interest in BAFS still remains at 7.06 %.

## **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 markets 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 is Baht 20 million and PTTPM was transformed to a subsidiary. However, the Company does not consolidate PTTPM in the consolidated financial statements as it has not commenced the operation.

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 June 30, 2005 and December 31, 2004 are 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>							
As at December 31, 2004	3,106.08	15,841.29	150,530.03	107,894.59	7,601.06	31,597.56	316,570.61
- Additions	220.96	203.15	589.98	6,754.91	313.62	17,743.68	25,826.30
- Borrowing costs	-	-	-	-	-	382.65	382.65
- Reclassification	-	518.58	12,366.13	-	(77.20)	(12,819.18)	(11.67)
- Disposals	-	(2.98)	(97.16)	(133.47)	(66.27)	(46.30)	(346.18)
- Currency translation differences	-	(0.26)	0.57	452.04	0.69	27.48	480.52
As at June 30, 2005	3,327.04	16,559.78	163,389.55	114,968.07	7,771.90	36,885.89	342,902.23
<b>Accumulated Depreciation</b>							
As at December 31, 2004	-	(7,687.14)	(66,907.54)	(46,156.31)	(4,927.70)	-	(125,678.69)
- Depreciation for the period	-	(342.01)	(3,142.15)	(3,902.76)	(352.55)	-	(7,739.47)
- Reclassification	-	4.22	5.28	0.03	(9.53)	-	-
- Disposals	-	23.00	269.86	(81.54)	4.53	-	215.85
- Currency translation differences	-	(0.37)	6.04	(89.77)	(1.38)	-	(85.48)
As at June 30, 2005	-	(8,002.30)	(69,768.51)	(50,230.35)	(5,286.63)	-	(133,287.79)
<b>Allowance for Impairment Loss</b>							
As at December 31, 2004	(42.87)	(373.13)	(288.72)	-	-	-	(704.72)
Reversal of impairment loss	-	-	43.76	-	-	-	43.76
As at June 30, 2005	(42.87)	(373.13)	(244.96)	-	-	-	(660.96)
<b>Net Book Value</b>							
As at December 31, 2004	3,063.21	7,781.02	83,333.77	61,738.28	2,673.36	31,597.56	190,187.20
As at June 30, 2005	3,284.17	8,184.35	93,376.08	64,737.72	2,485.27	36,885.89	208,953.48

Unit: Million Baht

	The Company					Total
	Land	Buildings and buildings improvement	Machinery and equipment	Other assets	Construction in progress	
<b>Cost</b>						
As at December 31, 2004	2,659.86	11,462.45	94,240.51	7,148.38	20,606.70	136,117.90
- Additions	-	45.31	679.35	151.02	15,871.02	16,746.70
- Borrowing costs	-	-	-	-	377.84	377.84
- Reclassification	-	529.05	12,357.88	137.78	(13,033.74)	(9.03)
- Disposals	-	(2.91)	(41.96)	(57.53)	-	(102.40)
As at June 30, 2005	2,659.86	12,033.90	107,235.78	7,379.65	23,821.82	153,131.01
<b>Accumulated Depreciation</b>						
As at December 31, 2004	-	(6,190.20)	(49,203.74)	(4,784.03)	-	(60,177.97)
- Depreciation for the period	-	(257.05)	(2,503.39)	(332.47)	-	(3,092.91)
- Disposals	-	1.98	39.90	56.64	-	98.52
As at June 30, 2005	-	(6,445.27)	(51,667.23)	(5,059.86)	-	(63,172.36)
<b>Allowance for Impairment Loss</b>						
As at December 31, 2004	(42.87)	(373.13)	(244.96)	-	-	(660.96)
As at June 30, 2005	(42.87)	(373.13)	(244.96)	-	-	(660.96)
<b>Net Book Value</b>						
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 June 30, 2005	2,616.99	5,215.50	55,323.59	2,319.79	23,821.82	89,297.69

Borrowing costs amounting to Baht 377.84 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 5.96% (December 31, 2004: 6.11%)

As at June 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 94.19 million (December 31, 2004: Baht 56.91 million) and in the Company's financial statements amounting to Baht 93.65 million (December 31, 2004: Baht 56.27 million) as follows:

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Cost	137.79	83.98	136.80	82.99
Less: Accumulated depreciation	43.60	27.07	43.15	26.72
Net Book Value	94.19	56.91	93.65	56.27

## 9. Intangible Assets

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

	Unit: Million Baht	
	<u>Consolidated</u>	<u>The Company</u>
<b>Net book value as at December 31, 2004</b>	<b>3,410.75</b>	<b>3,120.03</b>
- Additions	862.94	128.75
- Disposals	(21.96)	(8.23)
- Amortization	(57.80)	(147.34)
- Currency translation differences	92.50	-
- Other changes	9.37	9.37
<b>Net book value as at June 30, 2005</b>	<b><u>4,295.80</u></b>	<b><u>3,102.58</u></b>

## 10. Advance Payment for Gas Purchased

Advance payments for gas purchased as at June 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 Make-up during the period</u>	<u>1,810.55</u>	<u>2,202.50</u>
Balance as at June 30, 2005	<u>20,934.97</u>	<u>26,074.28</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, with no expiration.

## 11. Long-Term Loans

Long-term loans as at June 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>June 30, 2005</u>	<u>December 31, 2004</u>	<u>June 30, 2005</u>	<u>December 31, 2004</u>
Local loans	9,846.27	7,598.28	9,730.00	7,530.00
Foreign loans	548.05	53,059.72	427.58	399.00
Liabilities from finance leases	38.76	30.65	38.55	30.44
<b>Total</b>	<b><u>10,433.08</u></b>	<b><u>60,688.65</u></b>	<b><u>10,196.13</u></b>	<b><u>7,959.44</u></b>

## Long-term loans

Unit: Million Baht

	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Local loans	60,125.87	64,828.02	59,400.00	63,400.00
Foreign loans	18,050.87	8,579.94	7,035.75	2,944.47
Local bonds	36,500.00	36,500.00	34,000.00	34,000.00
Foreign bonds	32,717.31	30,959.14	16,433.44	15,543.63
Liabilities from finance leases	71.39	37.21	71.28	37.00
<b>Total</b>	<b>147,465.44</b>	<b>140,904.31</b>	<b>116,940.47</b>	<b>115,925.10</b>

As at June 30, 2005, long-term loans amounting to Baht 61,452.43 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 June 30, 2005 and December 31, 2004 are as follows:

Unit: Million

	Consolidated		
	Currency		Total Baht equivalent
	Baht	US Dollars	
Balance as at December 31, 2004	71,549.02	1,594.77	134,065.96
- Additions	257.25	202.80	8,322.34
- Repayments	(1,834.14)	(1,348.36)	(54,692.94)
- Loss on foreign exchange	-	-	875.70
- Current portion	(9,846.27)	(13.24)	(10,394.32)
<b>Balance as at June 30, 2005</b>	<b>60,125.86</b>	<b>435.97</b>	<b>78,176.74</b>

Unit: Million

	The Company		
	Currency		Total Baht equivalent
	Baht	US Dollars	
Balance as at December 31, 2004	70,930.00	85.29	74,273.47
- Additions	-	100.00	4,040.00
- Repayments	(1,800.00)	(5.06)	(1,998.08)
- Loss on foreign exchange	-	-	277.94
- Current portion	(9,730.00)	(10.33)	(10,157.58)
<b>Balance as at June 30, 2005</b>	<b>59,400.00</b>	<b>169.90</b>	<b>66,435.75</b>

## 11.2 Bonds

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

	Consolidated			
	June 30, 2005		December 31, 2004	
	Million USD	Million Baht	Million USD	Million Baht
Unsecured unsubordinated bonds				
- USD currency	790.14	32,717.31	789.78	30,959.14
- Baht currency	-	36,500.00	-	36,500.00
Total	<u>790.14</u>	<u>69,217.31</u>	<u>789.78</u>	<u>67,459.14</u>

  

	The Company			
	June 30, 2005		December 31, 2004	
	Million USD	Million Baht	Million USD	Million Baht
Unsecured unsubordinated bonds				
- USD currency	396.86	16,433.44	396.50	15,543.63
- Baht currency	-	34,000.00	-	34,000.00
Total	<u>396.86</u>	<u>50,433.44</u>	<u>396.50</u>	<u>49,543.63</u>

In May 2004, the Company issued three lots of 19 million unsecured unsubordinated bonds with a face value of Baht 1,000 each, totaling 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 unsecured unsubordinated bonds with a face value of USD 1,000 each, sold at a discounted price of 99.12% of the face value totaling USD 396.48 million at the 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 to the financial institution investors with the credit line of Baht 4,040 million and a redemption period of 10 years at the 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 the fixed interest rate of 4.55% per annum.

PTTEP issued 2,500,000 unsecured unsubordinated bonds with a face value of Baht 1,000 each, totaling 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.

PTTEP issued 230 unsecured unsubordinated bonds with a face value of Yen 100 million each, totaling 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 the bond issuance, PTTEP 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, payable every six months.

PTTEP guaranteed 200,000 unsubordinated bonds, which were issued by PTTEP International Limited (a subsidiary of PTTEP) with a face value of USD 1,000 each, totaling USD 200 million. The bonds bear interest at a rate of 7.625% per annum, payable every six months, 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 June 30, 2005 and December 31, 2004 are as follows:

	Unit: Million Baht			
	Consolidated		The Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Liabilities from finance leases				
- Not later than 1 year	44.56	34.23	44.35	34.02
- Later than 1 year and not later than 5 years	76.25	38.40	76.09	38.13
Future finance charges on finance leases	(10.66)	(4.77)	(10.61)	(4.71)
Present value of liabilities from finance leases	<u>110.15</u>	<u>67.86</u>	<u>109.83</u>	<u>67.44</u>
Present value of liabilities from finance leases				
- Current (Not later than 1 year)	38.76	30.65	38.55	30.44
- Non-current (Later than 1 year and not later than 5 years)	71.39	37.21	71.28	37.00
Total	<u>110.15</u>	<u>67.86</u>	<u>109.83</u>	<u>67.44</u>

### 12. Provision for Decommissioning Costs

The Group recognized provision for liabilities as at June 30, 2005 and December 31, 2004 for decommissioning costs expected to be incurred in the future amounting to Baht 5,534.39 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 June 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.

The increase is to support the rights to exercise 40,000,000 warrants (PTT W-1) allocated to managing director, management, employees of the Company and employees of the affiliates who work for the Company under the ESOP scheme. As at June 30, 2005, the Company is in the process of submission for the approval of warrant issuance to the Securities and Exchange Commission of Thailand (SEC).

#### 14. 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 during the period.

Basic earnings per share in the consolidated financial statements for the three-month and six-month periods ended June 30, 2005 and 2004 are as follows:

	<b>For the three-month periods ended 30 June</b>		<b>For the six-month periods ended 30 June</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Income before extraordinary items (Baht)	18,354,676,434	14,082,898,125	36,612,299,367	26,357,303,200
Extraordinary items (Baht)	-	-	7,738,280,775	-
Net income attributable to ordinary shareholders (Baht)	18,354,676,434	14,082,898,125	44,350,580,142	26,357,303,200
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)	6.56	5.03	13.09	9.42
Extraordinary items (Baht/share)	-	-	2.77	-
Basic earnings per share (Baht/share)	6.56	5.03	15.86	9.42

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.



Diluted earnings per share in the consolidated financial statements for the three-month and six-month periods ended June 30, 2005 and 2004 are as follows:

	<b>For the three-month periods ended 30 June</b>		<b>For the six-month periods ended 30 June</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Net income attributable to ordinary shareholders before extraordinary items (Baht)	18,354,676,434	14,082,898,125	36,612,299,367	26,357,303,200
Adjustment of net income (Baht)	<u>(12,989,166)</u>	<u>(1,291,495)</u>	<u>(27,656,964)</u>	<u>(5,922,872)</u>
Income before extraordinary items for the calculation of diluted earnings per share (Baht)	18,341,687,268	14,081,606,630	36,584,642,403	26,351,380,328
Extraordinary items (Baht)	<u>-</u>	<u>-</u>	<u>7,738,280,775</u>	<u>-</u>
Net income for the calculation of diluted earnings per share (Baht)	<u>18,341,687,268</u>	<u>14,081,606,630</u>	<u>44,322,923,178</u>	<u>26,351,380,328</u>
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)	6.56	5.03	13.08	9.42
Extraordinary items (Baht/share)	-	-	2.77	-
Diluted earnings per share (Baht/share)	6.56	5.03	15.85	9.42

As at June 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 June 30, 2005, employees had exercised warrants to purchase 1.39 million ordinary shares (2003: 0.40 million shares, 2004: 0.93 million shares and 2005: 0.06 million shares). Therefore, there is a remaining outstanding balance of 8.61 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. The warrants are exercisable on the last working day of every third month starting from the first exercise date of July 31, 2003. As at June 30, 2005, 0.93 million warrants had been exercised by 1,194 employees. Therefore, the remaining outstanding balance of warrants is 1.07 million units and the remaining balance of reserved shares is 1.07 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. The warrants are exercisable on the last working day of every third month starting from the first exercise date of July 31, 2004. As at June 30, 2005, 0.46 million warrants had been exercised by 658 employees. Therefore, the remaining outstanding balance of warrants is 1.54 million units and the remaining balance of reserved shares is 1.54 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. The warrants are exercisable on the last working day of every third month starting from the first exercise date of July 31, 2005.
- As of June 30, 2005, 3.20 million ordinary shares were reserved for the issuance of warrants. On April 5, 2005, the general meeting of shareholders had approved to issue 2.80 million warrants (one warrant provides the right to purchase one ordinary share) to its directors, management and employees with the exercise price of Baht 278 per share. In addition, the general meeting of shareholders had approved to reserve 2.80 million ordinary shares to support the exercise of these warrants.

## 15. Other Income

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

	Unit: Million Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
Interest income	312.46	176.91	485.20	139.62
Penalty income	319.44	59.26	316.48	58.83
Transportation income	661.98	721.73	940.81	723.05
Dividend income	32.80	36.48	32.80	36.48
Compensation for loan interest of advance payment for gas purchased	338.51	435.83	338.52	435.83
Gain on foreign exchange	-	-	-	248.25
Others	1,021.03	217.71	1,072.82	188.62
<b>Total</b>	<b>2,686.22</b>	<b>1,647.92</b>	<b>3,186.63</b>	<b>1,830.68</b>

In the consolidated financial statements for the three-month periods ended June 30, 2005 and 2004, loss on foreign exchange amounting to Baht 1,732.29 million and Baht 318.55 million, respectively were included in selling and administrative expenses.

In the Company financial statements for the three-month period ended June 30, 2005, loss on foreign exchange amounting to Baht 880.97 million was included in selling and administrative expenses.

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

	Unit: Million Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
Interest income	722.83	374.41	1,056.31	292.24
Penalty income	411.65	120.95	408.25	120.51
Transportation income	1,494.60	1,021.01	2,287.75	1,022.33
Dividend income	32.80	36.48	32.80	36.48
Compensation for loan interest of advance payment for gas purchased	840.59	866.81	840.59	866.81
Gain on foreign exchange	-	-	-	377.00
Others	1,228.81	920.07	1,744.91	879.37
<b>Total</b>	<b>4,731.28</b>	<b>3,339.73</b>	<b>6,370.61</b>	<b>3,594.74</b>

In the consolidated financial statements for the six-month periods ended June 30, 2005 and 2004, loss on foreign exchange amounting to Baht 948.24 million and Baht 82.01 million, respectively were included in selling and administrative expenses.

In the Company financial statements for the six-month period ended June 30, 2005, loss on foreign exchange amounting to Baht 564.82 million was included in selling and administrative expenses.

Other income for the three-month and six-month periods ended June 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. The contractor had waived the claims for damages amounting to Baht 826 million.

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 Plant (IPP) to absorb interest on loans obtained by the Company for advance payment for gas purchased.

#### **16. Share of Net Income from Investments under the Equity Method**

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

	Unit: Million Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
Share of loss on foreign exchange	1,480.52	1,220.50	2,034.64	1,530.85

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

	Unit: Million Baht			
	Consolidated		The Company	
	2005	2004	2005	2004
Share of loss on foreign exchange	1,357.28	999.88	1,481.33	1,240.60

## 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 allowed decreases in their loans to RRC amounting to USD 200.25 million (Baht 7,738.28 million) or 15% of the previous loans of USD 1,335 million. As a result, the loans were reduced to USD 1,134.75 million (Baht 44,255.25 million).

The 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 six-month period ended June 30, 2005.

## 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 six-month periods ended June 30, 2005 and 2004 are as follows:

Consolidated  
For the three-month period ended June 30, 2005

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Refining	Petrochemical	Others	Elimination	Total
Sales - others	172,096.56	45,627.19	1,655.23	6,549.45	2,061.48	-	-	227,989.91
- related parties	27,572.99	6,138.91	12,908.70	27,311.56	-	-	(73,932.16)	-
Petroleum royalties	-	-	(1,698.49)	-	-	-	-	(1,698.49)
Net sales	199,669.55	51,766.10	12,865.44	33,861.01	2,061.48	-	(73,932.16)	226,291.42
Gross margin	2,867.35	10,921.93	9,852.90	4,401.84	179.21	-	553.23	28,776.46
<b>EBITDA</b>	<b>1,444.33</b>	<b>11,262.68</b>	<b>10,932.36</b>	<b>4,328.35</b>	<b>195.13</b>	<b>(63.30)</b>	<b>234.91</b>	<b>28,334.46</b>
Depreciation and amortization	522.08	1,195.38	2,032.10	434.79	70.31	3.81	(96.58)	4,161.89
<b>EBIT</b>	<b>922.25</b>	<b>10,067.30</b>	<b>8,900.26</b>	<b>3,893.56</b>	<b>124.82</b>	<b>(67.11)</b>	<b>331.49</b>	<b>24,172.57</b>
Share of net income in associates	0.01	17.66	8.09	-	-	4,483.31	-	4,509.07
Interest-net								(1,725.03)
Other income								1,587.13
Loss on foreign exchange								(1,732.29)
Income taxes								(6,524.16)
Minority interests								(1,932.61)
<b>Net Income</b>								<b>18,354.68</b>

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

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Others	Elimination	Total
Sales - others	112,570.60	38,379.83	1,122.10	-	-	152,072.53
- related parties	59.55	4,681.98	10,378.49	-	(15,120.02)	-
Petroleum royalties	-	-	(1,399.16)	-	-	(1,399.16)
Net sales	112,630.15	43,061.81	10,101.43	-	(15,120.02)	150,673.37
Gross margin	2,879.24	8,821.52	7,204.97	-	33.23	18,938.96
<b>EBITDA</b>	<b>1,766.52</b>	<b>8,953.90</b>	<b>8,754.92</b>	<b>(47.75)</b>	<b>42.04</b>	<b>19,469.63</b>
Depreciation and amortization	480.56	982.12	2,080.14	0.94	46.99	3,590.75
<b>EBIT</b>	<b>1,285.96</b>	<b>7,971.78</b>	<b>6,674.78</b>	<b>(48.69)</b>	<b>(4.95)</b>	<b>15,878.88</b>
Share of net income in associates	0.03	4.17	48.92	5,758.62	-	5,811.74
Interest-net						(1,720.30)
Other income						555.03
Loss on foreign exchange						(318.55)
Income taxes						(4,921.13)
Minority interests						(1,202.77)
<b>Net Income</b>						<b>14,082.90</b>

For the six-month period ended June 30, 2005

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Refining	Petrochemical	Others	Elimination	Total
Sales - others	312,830.67	86,947.62	3,012.38	14,138.33	3,772.96	-	-	420,701.96
- related parties	50,989.01	11,733.69	24,673.94	51,788.40	-	-	(139,185.04)	-
Petroleum royalties	-	-	(3,249.28)	-	-	-	-	(3,249.28)
<b>Net sales</b>	<b>363,819.68</b>	<b>98,681.31</b>	<b>24,437.04</b>	<b>65,926.73</b>	<b>3,772.96</b>	<b>-</b>	<b>(139,185.04)</b>	<b>417,452.68</b>
Gross margin	5,940.47	20,557.90	18,590.13	8,056.91	250.87	-	704.66	54,100.94
<b>EBITDA</b>	<b>3,532.53</b>	<b>21,141.93</b>	<b>20,964.72</b>	<b>7,674.49</b>	<b>215.69</b>	<b>(174.31)</b>	<b>(127.07)</b>	<b>53,227.98</b>
Depreciation and amortization	1,028.91	2,356.48	4,060.11	442.77	132.99	7.38	(192.13)	7,836.51
<b>EBIT</b>	<b>2,503.62</b>	<b>18,785.45</b>	<b>16,904.61</b>	<b>7,231.72</b>	<b>82.70</b>	<b>(181.69)</b>	<b>65.06</b>	<b>45,391.47</b>
Share of net income in associates	0.04	27.81	38.93	-	-	10,207.85	-	10,274.63
Interest-net								(3,540.89)
Other income								1,660.56
Loss on foreign exchange								(948.24)
Income taxes								(12,820.95)
Extraordinary items								7,738.28
Minority interests								(3,404.28)
<b>Net Income</b>								<b>44,350.58</b>

For the six-month period ended June 30, 2004

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Others	Elimination	Total
Sales - others	214,897.69	73,490.80	2,082.27	-	-	290,470.76
- related parties	62.97	8,865.16	19,914.69	-	(28,842.82)	-
Petroleum royalties	-	-	(2,654.52)	-	-	(2,654.52)
<b>Net sales</b>	<b>214,960.66</b>	<b>82,355.96</b>	<b>19,342.44</b>	<b>-</b>	<b>(28,842.82)</b>	<b>287,816.24</b>
Gross margin	5,592.71	17,182.04	13,647.55	-	2.02	36,424.32
<b>EBITDA</b>	<b>3,250.16</b>	<b>17,485.42</b>	<b>16,626.39</b>	<b>(106.41)</b>	<b>21.06</b>	<b>37,276.62</b>
Depreciation and amortization	1,012.60	1,962.57	4,124.16	1.98	78.39	7,179.70
<b>EBIT</b>	<b>2,237.56</b>	<b>15,522.85</b>	<b>12,502.23</b>	<b>(108.39)</b>	<b>(57.33)</b>	<b>30,096.92</b>
Share of net income (loss) in associates	0.09	4.17	(61.01)	9,620.92	-	9,564.17
Interest-net						(3,425.32)
Other income						1,565.53
Loss on foreign exchange						(82.01)
Income taxes						(8,945.66)
Minority interests						(2,416.33)
<b>Net Income</b>						<b>26,357.30</b>

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 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 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 conducts a 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 conducts 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 conducts 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 conducts refining business including processing and distribution of finished oil products in both domestic and overseas customers.

Other operations of the Group mainly comprise 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, totaling Baht 18,881.41 million. The Company paid these dividends on April 22, 2005.

### **20. Acquisitions**

During the six-month period ended June 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 66.48%. 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 June 30, 2005, employees had exercised warrants to purchase 1.39 million shares. Therefore, the remaining balance is 8.61 million reserved shares. This resulted in gain on dilution of investments amounting to Baht 34.55 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 damages of approximately Baht 4,274 million. On May 27, 2005, the Company and the contractor compromised on and settled both cases, in which the Company will pay the contractor for damages amounting to USD 16 million or equivalent to Baht 662.55 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 June 30, 2005, the commercial credit lines had not been used.

The Company has 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 June 30, 2005, USD 65.15 million had been used, and the remaining commercial trade credit was USD 4.85 million.

As at June 30, 2005, the Company had obligations concerning Shareholder Agreements to pay for ordinary shares in accordance with the Company's interest amounting to Baht 3,173.75 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 31.5% of authorized and paid-up shares of TPI after the completion of share transactions through the purchase of 6,142.50 million shares, amounting to Baht 20,270 million. According to the Rehabilitation Plan of TPI Group, the share transactions must be completed no later than November 4, 2005.

- 22.4 As at June 30, 2005, the Company had contingent liabilities in the form of Letters of Guarantee amounting to Baht 1,420.72 million in the consolidated financial statements and Baht 44.09 million in the Company's financial statements.

### **23. Subsequent Events**

- 23.1 On July 19, 2005, the Company acquired all ordinary shares of TOC held by NPC of 8,483,000 shares, which represent 1.03% of the issued and paid-up shares of TOC at Baht 58 per share, totaling Baht 492.01 million. Therefore, the Company's interest in TOC has increased from 48.97% to 49.99%.
- 23.2 On August 3, 2005, the Company raised additional funds by issuing unsecured and unsubordinated foreign bonds for selling to institution investors amounting to USD 350 million. The bonds bear interest at the rate of 5.875% per annum with a redemption period of 30 years, to be redeemed on August 3, 2035.
- 23.3 On July 18, 2005, PTTEP Offshore Investment Company Limited (PTTEPO), a subsidiary of PTTEP, signed a Farm-in / Farm-out Agreement with PT Medco E&P Merangin to acquire an interest in the Merangin I Production Sharing Contract. The participating interests are 61% for PT Medco E&P Merangin (the Operator) and 39% for PTTEPO. The participation will be valid after obtaining approval on the Farm-in / Farm-out Agreement from the BPMIGAS, an Indonesian government agency.
- 23.4 On July 25, 2005, PTTEP International Company Limited (PTTEPI), a subsidiary of PTTEP, signed the Production Sharing Contract to become the Operator with a 100% interest in the petroleum exploration project for Block M-11, Union of Myanmar.
- 23.5 The Audit Committee of the Company approved the financial statements for public issuance on August 9, 2005.