

TOTAL ASSETS ROSE TO 296,592 MILLION BAHT. RATION OF DEBT TO EQUITY WAS DOWN FROM 3.10 TO 2.05 : 1. CONSOLIDATED DEBT PREPAYMENT AND REPAYMENT AMOUNTED TO 24,068 MILLION BAHT. TOTAL EMPLOYEES OF 4,342 WITH STRONG DEDICATION TO HIGH EFFICIENCY, GOOD GOVERNANCE, ACCOUNTABILITY, TRANSPARENCY, FLEXIBILITY. STRATEGIC COST LEADERSHIP TO CUT PRODUCTION COST AND INCREASE EFFICIENCY. A LEADER IN E-BUSINESS. REVERSE AUCTION WITH COST-SAVING OF 46 MILLION BAHT. NO. 1 MARKET LEADER FOR 10 CONSECUTIVE YEARS WITH 29.0 % MARKET SHARE. LAUNCHED "7-ELEVEN" CONVENIENT STORES IN PTT SERVICE STATIONS. PTT RESEARCH AND TECHNOLOGY INSTITUTE INTRODUCED LATEST FORMULA GASOLINE PTT ALPHA-X PROVIDING HIGHER PERFORMANCE AND LOWER ENGINE FRICTION, TOGETHER WITH A NEW CLEANING FORMULA FOR DIESEL FUEL INJECTION REDUCING UP TO 54% POLLUTION EMISSION. SALES OF NATURAL GAS ROSE BY 8% TO 2,585 CUBIC FEET PER DAY. INVESTMENT IN HIGH PROFIT RETURN PROJECTS I.E.. 3RD OFFSHORE GAS PIPELINE TO INCREASE GAS TRANSMISSION CAPACITY BY 1,750 MILLION CUBIC FEET PER DAY. STRONG COMMITMENT TO SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES. PTT SERVICE STATIONS AND PRODUCTS WERE AUTHORIZED TO CARRY A GREEN LABEL FROM THAI INDUSTRIAL STANDARD INSTITUTE. PTT HAS SUCCESSFULLY COMPLETED THE REFORESTATION PROJECT OF 1 MILLION RAI (400,000 ACRES) IN HONOR OF HIS MAJESTY THE KING. PTT IS DETERMINED TO MAINTAIN AND PROTECT THESE NEWLY FORESTED AREAS FOR THE INDEFINITE FUTURE THROUGH VARIOUS SUPPLEMENTARY PROGRAMS.

GOOD GOVERNANCE, ACCOUNTABILITY, TRANSPARENCY AND INCREASE EFFICIENCY. A LEADER IN E-BUSINESS. MARKET LEADER FOR 10 CONSECUTIVE YEARS WITH 29.0 % MARKET SHARE. LAUNCHED "7-ELEVEN" CONVENIENT STORES IN PTT SERVICE STATIONS. PTT RESEARCH AND TECHNOLOGY INSTITUTE INTRODUCED LATEST FORMULA GASOLINE PTT ALPHA-X PROVIDING HIGHER PERFORMANCE AND LOWER ENGINE FRICTION, TOGETHER WITH A NEW CLEANING FORMULA FOR DIESEL FUEL INJECTION REDUCING UP TO 54% POLLUTION EMISSION. SALES OF NATURAL GAS ROSE BY 8% TO 2,585 CUBIC FEET PER DAY. INVESTMENT IN HIGH PROFIT RETURN PROJECTS I.E.. 3RD OFFSHORE GAS PIPELINE TO INCREASE GAS TRANSMISSION CAPACITY BY 1,750 MILLION CUBIC FEET PER DAY. STRONG COMMITMENT TO SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES. PTT SERVICE STATIONS AND PRODUCTS WERE AUTHORIZED TO CARRY A GREEN LABEL FROM THAI INDUSTRIAL STANDARD INSTITUTE. PTT HAS SUCCESSFULLY COMPLETED THE REFORESTATION PROJECT OF 1 MILLION RAI (400,000 ACRES) IN HONOR OF HIS MAJESTY THE KING. PTT IS DETERMINED TO MAINTAIN AND PROTECT THESE NEWLY FORESTED AREAS FOR THE INDEFINITE FUTURE THROUGH VARIOUS SUPPLEMENTARY PROGRAMS.

[ Professionalism ]

Annual Report 2002  
**PTT Public Company Limited**



## Contents

1	Financial Highlight
2	Message from the Chairman
4	PTT Information
5	The First Full Year of PTT's Operation as a Public Company... A Proof of Professionalism
14	Report of the Audit Committee
17	World Petroleum Overview 2002
21	Operational Results for 2002
31	PTT and Its Affiliates
38	Quality, Health, Safety and Environment Review
40	Contributions to Society and the Environment
42	Risk Factors
43	Connected Transaction
46	Management's Discussion and Analysis (MD&A) and Operating Results
48	Organization Chart
49	PTT's Board of Directors
56	PTT's Executive
62	Management
77	Financial Statements
140	Glossary of Technical Terms

# FINANCIAL HIGHLIGHT

2002

Financial Ratio	2000	2001	2002
Total assets (million baht)	229,854	287,226	296,592
Total liabilities (million baht)	199,776	217,108	199,296
Total shareholder's equity (million baht)	30,078	70,119	97,296
Sales revenues (million baht)	371,455	377,902	399,752
Total revenues (million baht)	375,527	386,376	409,335
Net income (loss) (million baht)	12,280	21,565	24,507
Net profit on revenues (%)	3.29	5.58	5.98
Return to shareholders (%)	47.90	43.04	29.28
Return to total assets (%)	5.72	8.28	8.40
Net income (loss) per share (baht)	-	7.71	8.76
Book value per share (baht)	-	25.07	34.78

N.B. :

- In the Financial Statements of 2002, structures of subsidiaries were changed. PTT bought common shares to increase capital in TOC, thereby increasing its shareholding structure from 49% to 63.03% and changing TOC's status from an associate to a subsidiary. In addition, PTT started the investment in PTCL, and bought ordinary shares of PTTEP from outsiders, raising its shareholding structure from 60.97% to 62.84%.
- The Financial Statements of 2001 used in comparison were prepared by PTT, utilizing information from the 9-month Financial Statements of PTT (The Petroleum Authority of Thailand) (January 1, 2001 - September 30, 2001) and 3-month Financial Statements of PTT Plc. (October 1, 2001 - December 31, 2001), all audited by the State Audit Office.

TOTAL ASSETS

TOTAL REVENUES

NET INCOME (LOSS)



Unit (million baht)

# MESSAGE FROM THE CHAIRMAN



The year 2002 was the first full year of PTT's operation as a public company and one in which we achieved considerable success. The financial standing of the Company has obviously been strengthened with the proceedings from the Initial Public Offering of shares in 2001 as well as the increase of operating revenue in 2002. This funding was partially utilized for pre-scheduled payment of long-term liabilities to minimize the company's interest burden which resulted in a decrease of debt to equity ratio from 3.10:1 to 2.05:1, with a further expected reduction to 1:1 by the end of 2003.

The economic recovery in the past year was a significant factor contributing to the expansion of domestic petroleum consumption by 5%. This left the PTT and its subsidiaries with total income of Baht 409,355 million in 2002, rising by 5.9%. The profit totalled Baht 24,507 million, increasing by 13.6%. The 9% rise in gas supply was in response to demand from power plants, enabling PTT receive make-up gas this year worth Baht 1,505 million.

As for the oil business, PTT's sale volume of oil products grew by 9.4%. This ensured that the PTT could once again secure the largest market share for oil products in the country, now for the tenth consecutive year. Moreover, with the determination to offer excellent products and services to consumers, the PTT at the end of 2002 launched a new gasoline formula, PTT Alpha-X, the first of its kind in Thailand with friction reduction abilities. The significant advances made by the company can also be perceived in the new look of the convenience stores in PTT's gas stations in cooperation with 7-Eleven, acknowledged experts in the retail business.

To accommodate long-term achievements, the PTT has formulated the vision of being the preeminent Thai energy corporation, operating a fully integrated oil and gas business, confident of being a regional leader and a high-performance organization. PTT has accordingly accelerated the improvement of corporate efficiency and implemented major corporate development projects like its Human Resources Mechanisms Project (HRM) and Enterprise Resource Planning Project (ERP), which integrates major work systems into the same database for optimum efficiency. A Risk Management Committee has also been appointed. Another project of substantial accomplishment was in E-business, through which a reverse auction reduced procurement expenses by Baht 46 million in 2002.

In addition, it is delightful that PTT's good corporate governance is acceptable to and praised by the Securities and Exchange Commission (SEC), which named the PTT as one of the leading companies with quality information disclosure. A disclosure report on additional information (form 56-1) and financial statements of 2001 was noted as having good quality information disclosure, while the quality of disclosure regarding risk factors and connected transactions was rated as setting a precedent for other firms.

MR. MANU LEOPAIROTE

CHAIRMAN OF THE BOARD OF DIRECTORS



Good quality, health, safety and environment, other prime focuses of the PTT, made considerable progress as anticipated. Outstanding in 2002 were the Prime Minister's Award won for productivity at our Gas Separation Plant and winning the EIA Award for the Yadana Gas Pipeline Project. The PTT's Gas Transmission system was also certified as meeting the TIS 18001 standard, while the PTT Gas Station on Sukhapiban 3 Road was the first in the industry to be awarded the Green Label emblem as environmentally friendly.

The most auspicious and memorable event for the PTT in 2002 was when His Majesty the King and HRH Princess Maha Chakri Sirindhorn graciously presided over the humble offer of about 400,000 acres (1.6 billion m<sup>2</sup>) of land as part of the PTT's Reforestation Project at mangrove forest FPTs 29 and 29/3 in Pran Buri District of Prachuap Khiri Khan Province. The company regarded this as part of the achievement of all Thais and the PTT who have contributed to this national program. A further commitment has been made to carry on with this mission of forest rehabilitation for the benefit of future generations.

Short-term future projects, requiring around Baht 107,985 million of investment over the next 5 years, include the 3<sup>rd</sup> Offshore Gas Pipeline Project, the Gas Separation Plant Unit 5 Project in Rayong Province and the Sai Noi-North/South Bangkok Power Plant Gas Pipeline Project, etc. PTT is fully aware that these projects are dependent on expertise and commitment, which will be the professional basis for further entry into business competition. As a Chairman of the Board, I would like to express my appreciation for all the support of related parties, i.e. customers, partners, joint ventures, shareholders, financial institutions, personnel, public and private sector agencies, the media, and the people of Thailand, who have entrusted PTT with their continual support and confidence.

## PTT INFORMATION

**Name** PTT Public Company Limited

**Initial** PTT

**Registered Number** Bor Mor Jor 671

**Type of Business** Engage in integrated gas and petroleum business, other support activities including with a dominant position in oil and investment in related business.

**Number of Employees** As of December 31, 2002 employees of PTT, its Subsidiaries and Joint-Ventures numbered 4,342

- PTT : 3,054
- PTT Exploration and Production Plc (PTTEP) : 657
- PTT Philippines (PTTPI) : 14
- PTT International Trading Pte.Ltd. (PTTIT) : 3
- PTT Cambodia Co.,Ltd. : 53
- Thai Olefins Company Limited (TOC) : 480
- Trans Thai-Malaysia (Thailand) Co.,Ltd. (TTM (T)) : 68
- Trans Thai-Malaysia (Malaysia) Co.,Ltd. (TTM (M)) : 13

**Location** 555 Vibhavadi-Rangsit Road, Ladyao, Chatuchak, Bangkok 10900, Thailand

**Telephone** 0-2537-2000

**Telefax** 0-2537-3498-9

**Web Site** <http://www.pttplc.com>

**Registered Capital** Baht 28,500 million,  
including 2,850 million common shares, Baht 10 per share  
(as of December 31, 2001)

**Paid-up Capital** Baht 27,972,457,250,  
including 2,797,245,725 common shares, Baht 10 per share  
(as of December 31, 2001)

### References

**Share Registrar** Thailand Securities Depository Company Limited,  
4 th floor, SET Building, 62 Ratchadapisek Road,  
Klongtoey, Bangkok 10500  
Telephone : 0 - 2359-1200-1 Telefax : 0 - 2359-1259

**Auditor** Office of the Auditor General,  
Rama VI Road, Phayathai, Bangkok 10400, Thailand  
Telephone : 0 - 2618-5803 Telefax : 0 - 2618-5807

# 2002

the first full year of PTT's operation as a public company....  
A proof of professionalism

PTT's professionalism together with business acumen and experience prepared to cope with all kinds of circumstances were attested by the successful operation in the year 2002. They also reflected the strong determination of the firm to improve efficiency at international standard, a key mechanism in building competitiveness and effectiveness. Whilst, PTT has been strongly committed to taking part in social and environmental contribution programs. In addition, we have realized the importance of fairness, taken into considerations interests of stakeholders, a vital foundation of stability. Above all, we are striving toward business excellence to pursue leadership position in energy business at regional level with a sustainable growth in the years to come.



At PTT, our

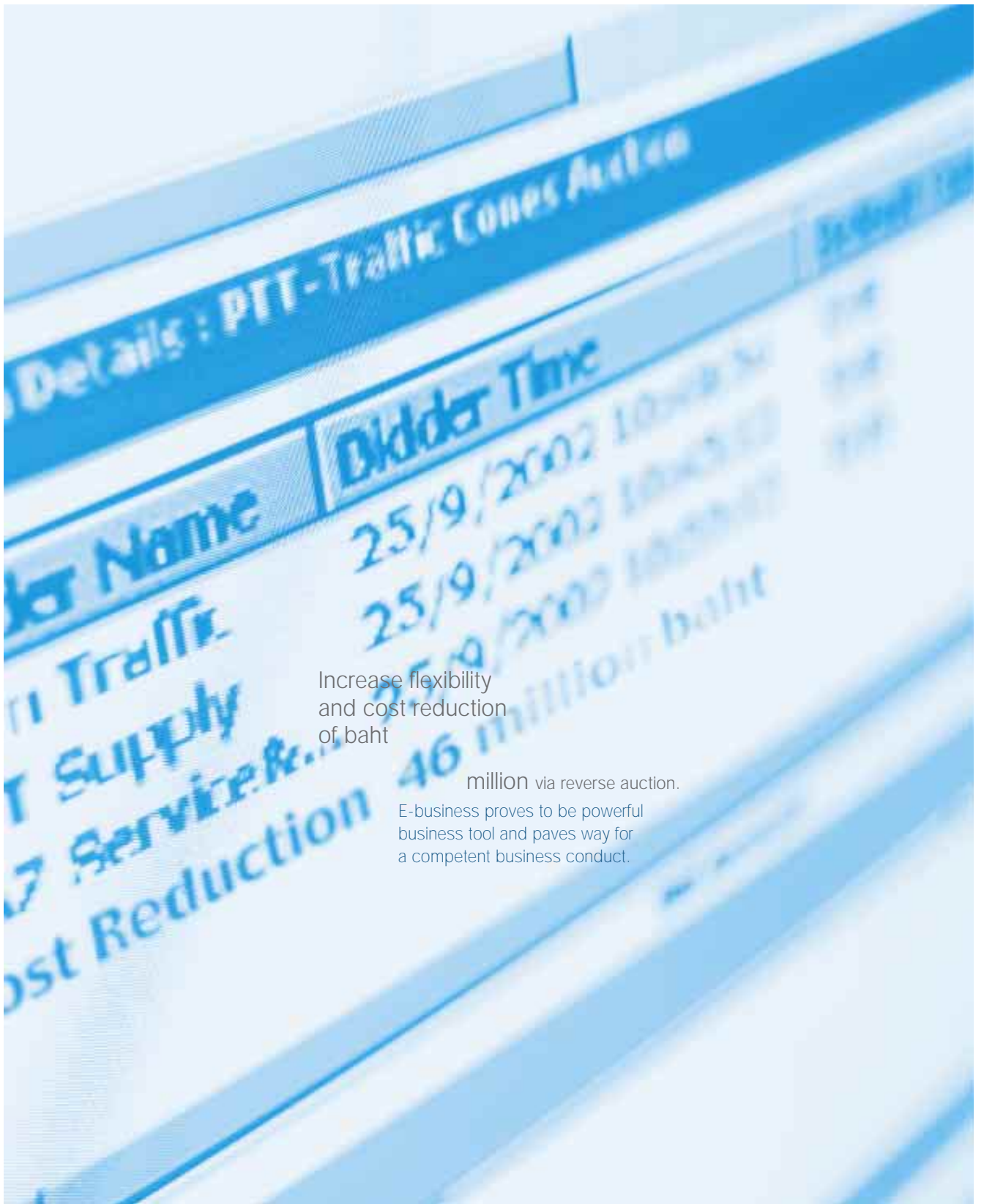
4,342

professional and high  
calibre employees

are always determined to improve expertise  
in order to keep the company at the forefront  
in addition to gain greater competitiveness.

**Efficiency boost to achieve excellence** Constant development is a vital key to enhancing the company's competitiveness. Our strong determination to improve efficiency has always resulted in a capability to overcome all obstacles in all circumstances. Such development projects cover a wide range of programs namely, business structure and system development, continuous human resources development for professionalism and flexibility. ►





Increase flexibility and cost reduction of baht million via reverse auction. E-business proves to be powerful business tool and paves way for a competent business conduct.

Technology has also been adopted to support work with an aim to cut cost and reduce time and procedure. Trainings have been designed for employees to prepare for changing environment. PTT has also recognized the importance of good corporate governance which promotes transparency, fair treatments and rationale believed to increase effectiveness and enable PTT to compete in a free market as well as become a leader of energy business in the region.



Sustaining leadership with largest market share of

29.0000 %

To strengthen business potential, PTT forms a key strategic partnership with 7-Eleven to open convenient stores in PTT service stations. The company also introduced the latest formula of premium gasoline, "PTT Alpha-X".

**Capability increase together with accelerate market expansion** Due to an intensified competition in the market, PTT has therefore continued to move forward and aimed at offering only superb products and services at highest standards to best serve the customers. As a result, PTT was able to stay at the top of the oil market afresh, acquiring the largest market share for ten consecutive years. As for the natural gas business, sale has significantly ►

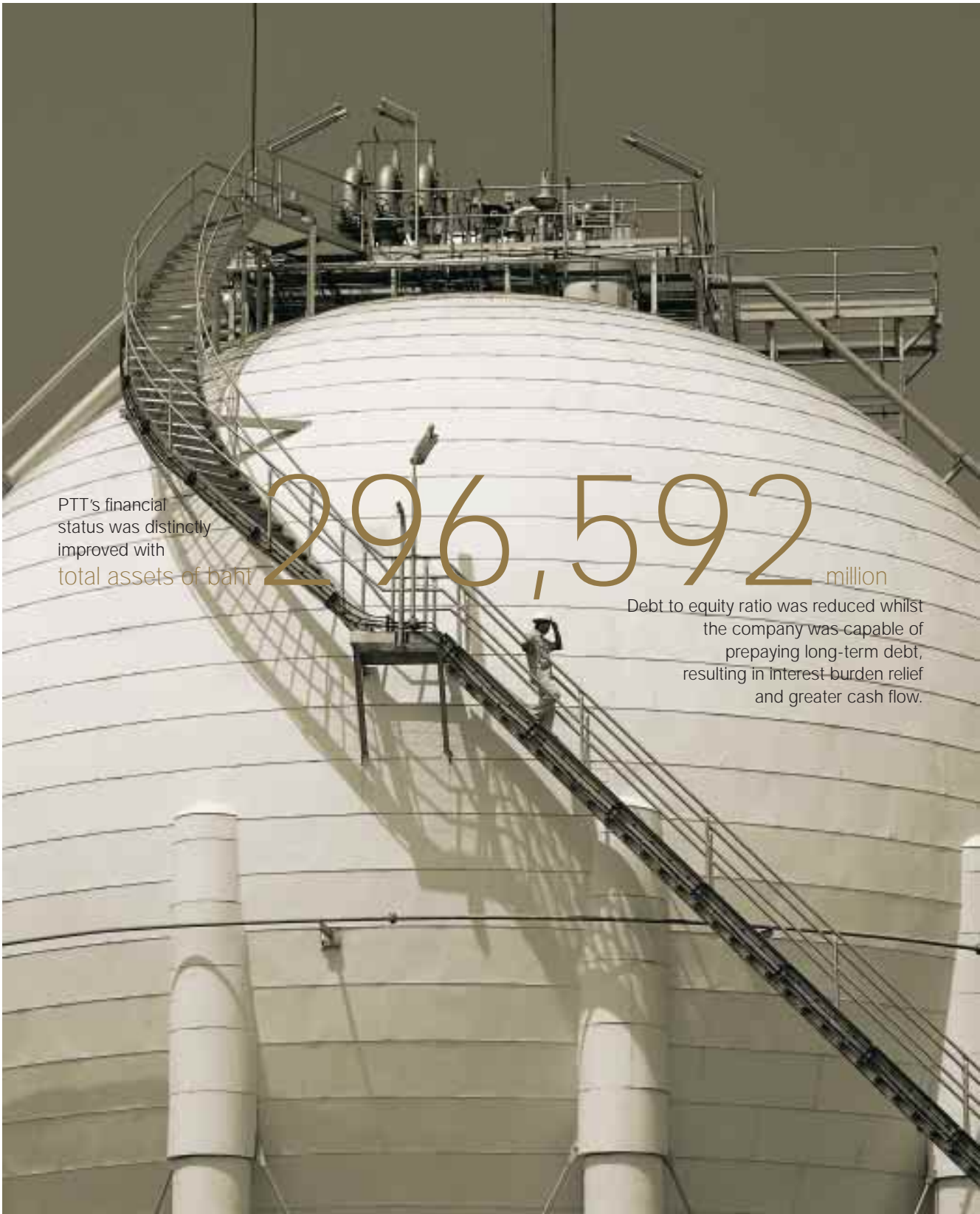


Total natural gas sales rose to

# 2,475

MMSCFD,  
with constant promotion of  
usage in industry.

grown to respond to the higher demand from both power and industrial sectors. Particularly, gas usage for cogeneration system to generate electricity and steam, a technology enabling to use gas at its highest efficiency and minimize harm to environment, has gained more popularity in the industry. Consequently, there are 12 industrial plants using gas for cogeneration system. In 2002, the total sales of gas stood at 2,475 MMSCFD, a rise of 8% over the previous year.



PTT's financial status was distinctly improved with total assets of baht

296,592 million

Debt to equity ratio was reduced whilst the company was capable of prepaying long-term debt, resulting in interest burden relief and greater cash flow.

**Strong financial performance** PTT has realized that growth with stability is based on prudent and rigorous financial management that ensures satisfactory return to shareholders, customers and stakeholders. After one year of corporatization, PTT's financial standings have been distinctly improved as shown by the total assets of Baht 296, 592 million and debt to equity ratio which was down from 3.10 to 2.05: 1 at the end of 2002. Besides, an amount of repayment and prepayment of long-term debt stood at Baht 24,068 million. Concurrently, PTT plans to invest in various projects to accommodate ►



PTT invests in high return projects with strategic economic potential as well as value-added projects.

Major projects include the

3<sup>rd</sup>


offshore natural gas pipeline having transmission capacity of 1,750 MMSCFD, the fifth natural gas separation plant with processing capacity of 530 MMSCFD and the gas pipeline from Sainoi-North/South Bangkok Power Plant with transmission capacity of 400 MMSCFD.

with a rising energy demand in the future. Major projects encompass the investment in natural gas business to serve the requirement of all sectors including the usage in both industrial and transportation sectors as well as new gas applications. With regard to oil business, PTT is committed to developing the quality of products, service stations as well as supplementary services for maximum satisfactions of consumers.



Undertaking research and development of high quality and environment friendly products e.g Autofresh, another proud product at world-class standard, which helps reduce pollution problem by

**Technology in harmony with environment** PTT takes pride in its distinguished R & D for high quality and environment friendly products, an unwavering priority for business undertaking. The research has been undertaken by PTT Research and Technology Institute having full command of works at international standard. Up until present, the institute has offered notable products to the society e.g. PTT Alpha-X, unleaded gasoline, high performance lubricants, NGV, gasohol and others. Meanwhile, PTT has a firm policy to promote continuous improvement of ►



Rendering richness to the motherland, beginning in 1994, PTT has now completed reforestation of

**1,012,551** rai in 410 FPT

under the Reforestation Project in honor of His Majesty the King, the project that creates love of forest among Thais.

living standard of communities as well as giving back to the public. We are fully aware that healthy communities and environment are truly a foundation of business success. Various programs in response to social policy have thus been organized i.e. the Reforestation Project to honor of His Majesty the King, Community Enterprise Institute, Youth Camp and Educational support programs, etc.

# REPORT OF THE AUDIT COMMITTEE

The Board of Directors of PTT formally appointed the Audit Committee on October 1, 2001, comprising Mr. Chaiwat Wongwattanasan as Chairman and Mr. Chongrak Rarueysong and Mr. Olarn Chaipravat as members.

In 2002, the Audit Committee of PTT Public Company Limited organized 9 meetings, 2 of which with high-level management, and invited the management to attend the meetings as required by related agendas. The Audit Committee reviewed the quarterly and annual financial statements of 2002 with the participation of the Office of the Auditor General, PTT's auditor and the management, to ensure the proper formulation, adequacy of information disclosure, and compliance with the accounting standards. In addition, the focus was placed on the review of connected transactions among PTT and its subsidiaries and associates, i.e. Gas Business Group, Oil Business Group, Petrochemical and Refining Business Group, Head Office, that had businesses with subsidiaries and associates to ensure PTT's compliance with normal business conditions.

The Audit Committee reviewed the audit report of 2002 of the Office of Corporate Audit to capacitate the efficient and effective operations, with good internal control system and in compliance with the laws governing securities and stock exchange or those related with PTT's business. Concurrently, the Committee saw to it that corrections were made in significant issues according to the audit report for good corporate governance. The Audit Committee considered the annual audit plan of 2003 and the long-term audit plan (2003-2005), formulated based on corporate internal control and risk evaluation by planning the audit of information technology, finance and accounting and operations, safety, health and environment, as well as subsidiaries and associates. This is to ensure the audit plan has extensive framework covering all significant issues, with risk prevention to create good corporate governance for the maximum benefits of the Company and shareholders.

The Audit Committee reviewed the internal control system to abide by the regulations of the Office of the Auditor General on the specifications of the internal control standards B.E. 2544 and the Company's risk management system. The Audit Committee proposed PTT to appoint the Risk Management Committee to manage and control corporate business risks to minimize the Company's risks for its maximum benefits.



MR. OLARN CHAIPRAVAT

AUDIT COMMITTEE MEMBER,  
ACTING FOR CHAIRMAN OF THE AUDIT COMMITTEE



In the meeting with the Office of the Auditor General, considerations were made on the evaluation and effectiveness of internal control system, data processing and safety of computer system, appropriateness of accounting principles, cause of significant accounting changes and their effects on financial statements, limitations of burdens, significant requests or significant evaluations that may have impact on financial statements, the review of independence of the Office of the Auditor General and the Office of Corporate Audit to ensure the appropriate level.

The Audit Committee considered the appropriateness of the Audit Committee Charter of the year 2001, which were appropriate and extensive as generally practiced; the Committee, therefore, issued the resolution to continue using the regulations. In addition, the Audit Committee self assessment on the component of the Audit Committee, training and resources, meetings, activities, relation with Executive Vice President, Office of Corporate Audit, external auditors and the management, roles of the Audit Committee in the future and additional policies, of which results were in the range of good to very good.

The Audit Committee nominated the Office of Auditor General as PTT's auditor in 2003 and recommended the remuneration of the Office of Auditor General, which is subject to the approval of the General Meeting of Shareholders of 2003.



# WORLD PETROLEUM OVERVIEW

2002

In 2002, the world economy recovered from recession. The International Monetary Fund (IMF) estimated the world economy in 2002 would grow by 2.8% from 2.2% in 2001 but would encounter even more fluctuations, resulting from the fragility of the major economies like the USA, European Union and Japan. Terrorism in Indonesia and the Philippines, and the fear for looming war in the Middle East raised world oil consumption to 76.3 million barrels per day (mbd), up by only 0.3 mbd. or 0.35%. Crude oil prices also increased due to political unrest in the Middle East between Israel and Palestine, the USA and Iraq, as well as lowered oil production of OPEC<sup>1</sup>, strikes in Venezuela and natural disasters temporarily halting crude production. The Dubai<sup>2</sup> price, therefore, was forced to rise to US\$ 23.8 a barrel (bbl).

## **Domestic Petroleum Overview**

Thailand's economy was expected to grow by 4.9% in 2002, up from 1.9% in 2001, with clear signs of recovery. The year 2002 was also the first year following the economic crisis when real GDP was higher than the pre crisis period. Significant factors driving this were the recovery of domestic and foreign demand, consistently low interest rates, accelerated credit extension by financial institutions, and the evident consequences of the government's economic stimulus package from the grassroots level.

Domestic petroleum consumption comprising oil and natural gas (excluding the petrochemical industry) totaled 993,000 barrels per day (b/d), up by 6.5%. This consisted of 619,000 b/d of finished products and 374,000 b/d of natural gas. Indigenous petroleum procurement and imports amounted to 1,312,000 b/d, a rise of 5.9%. Petroleum imports accounted for 65% of total consumption while exports equalled 172,000 b/d, increasing by 10.4%.

## **Domestic Oil Situation**

The country's finished product consumption in 2002 totalled 619,000 b/d, rising by 5.1% over 2001, the highest growth ever since the economic crisis. This was due to the economic recovery and the decrease of retail oil prices (except LPG), resulting from the strengthening baht against the US dollar, though crude and oil product prices on the world market were on the rise.

The procurement of oil products to 753,000 b/d reflected an increase of 3.0%. Domestic production from oil refineries, gas separation plants and petrochemical plants totalled 736,000 b/d, up by 1.8% while imports grew to 17,000 b/d, a rise of 109.1%. Excessive oil procurement over domestic consumption led to the export of 118,000 b/d, a decline of 1.1%.

Crude oil and condensate procurement totalled 856,000 b/d, up by 3.5%. 85% of total procurement was imported crude, accounting for 729 b/d, a rise of 2.2%. 15% was crude and condensate from indigenous sources, equal to 127 b/d, up by 11.9%. Thailand exported 84,000 b/d of crude and condensate, an increase of 48.2%.

### **Thailand's Natural Gas Situation**

The use of natural gas in 2002 of 2,545 million cubic feet per day (MMSCFD) was an increase of 7.6%. Natural gas used as fuel for power generation totalled 1,977 MMSCFD, rising by 8.5% and corresponding to a 7% rise in the power supply. Ratchaburi Power Plant was completed and able to run at full capacity in April 2002. Natural gas for industrial applications amounted to 199 MMSCFD, increasing by 12.3% while the amount used as feedstock for gas separation plants equalled 369 MMSCFD, a rise of 0.6% only due to the slower growth of LPG consumption.

Of the total amount of 2,551 MMSCFD of natural gas procured by the country, 1,933 MMSCFD was local, up by 4.3% and 618 MMSCFD was imported from Myanmar, a rise of 24.1%.

### **Trend and Outlook of 2003**

The International Monetary Fund (IMF) predicts that the growth of the world economy in 2003 will be 3.7%, which will result in the rise of world oil demand by 1.9% or 1.5 mbd. World oil production will increase by at least 2.3 mbd. It is, therefore, expected that crude oil prices will weaken to US\$ 20-22/bbl. However, risk factors from the looming war between the USA and Iraq might raise crude oil price to US\$ 25-30/bbl in the short term if Iraq is attacked. Thailand's economy is expected to grow continuously at 3.5-4.5% while consumption expenditure and private investment will be the major driving forces, reinforced by the government's economic stimulus measures. Overseas' demand, on the other hand, will enhance export growth. However, forebodings of war in the first half of the year as well as non-performing loans from the government's economic stimulus measures may result in a rise of the country's oil product consumption by 4 -5% and natural gas use by 5-6% in response to an expected rise of 6-7% electricity use.

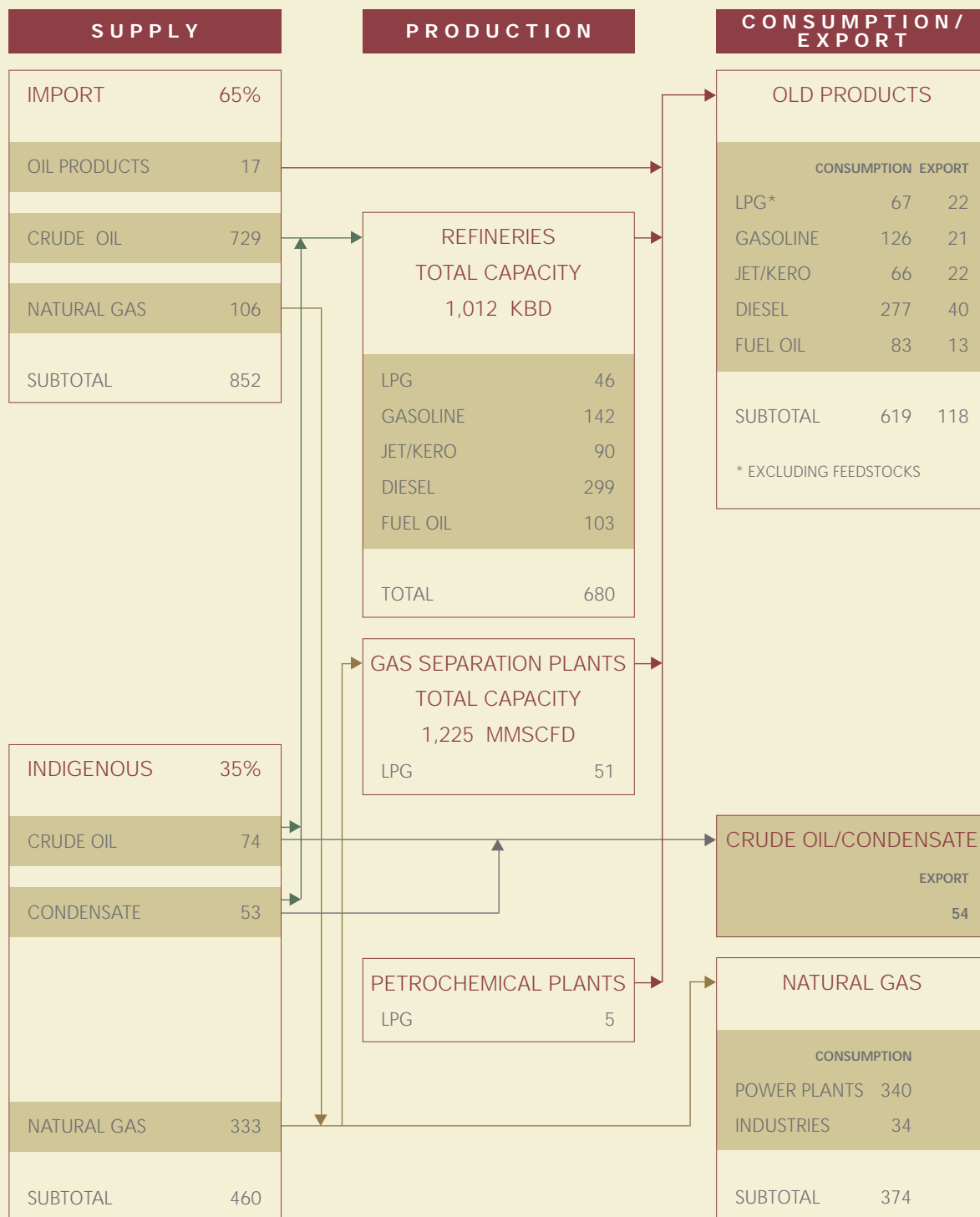
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1) **Organization of Petroleum Exporting Countries (OPEC)** consists of 11 member countries : Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

2) **Dubai crude** Crude oil produced from Dubai, United Arab Emirates, is OPEC's basket crude, used as a reference price and market crude in Asia, including Thailand.

# THAILAND'S PETROLEUM

BALANCE : 2002



• **TOTAL SUPPLY** 1,312

UNIT : KBD

• **TOTAL**

**CONSUMPTION** 993

• **TOTAL EXPORT** 172



# OPERATIONAL RESULTS

FOR 2002

Performance in 2002 was a critical success for the first full year of PTT's operation as a public company. From the foundation of the Petroleum Authority of Thailand, PTT Public Company Limited still carries forward the mission of a Thai energy corporation, operating a fully integrated oil and gas business, confident of being a regional leader and a high performance organization with the intent of delivering good products and services for customers' satisfaction and mindful of social and community contributions.

## Gas Business Group

In 2002, gas supply increased to 2,475 million standard cubic feet per day (MMSCFD)<sup>1)</sup>, or up by 8%. This was resulted from the economic recovery which stimulated higher energy use, in particular, the power sector, and principal customers of the Gas Business Group. The power sector accounted for 78.2% of gas usage, industry and transportation and gas separation plants were 8% and 13.8% respectively.

In 2002, PTT as the key player in the natural gas business could obtain 2,494 MMSCFD of natural gas from both indigenous and overseas sources, up by 9%. The share of imported gas from the Union of Myanmar rose from 498 MMSCFD in 2001 to 618 MMSCFD, thereby changing the share of imported gas to domestic gas from 22:78 in 2001 to 25:75.

## Gas Transmission Pipeline

	2000	2001	2002
total length (kilometers)	2,495	2,657	2,700
maximum transmission capacity (MMSCFD)	3,170	3,170	3,170

In 2002, PTT received gas according to gas sales agreements, resulting in no Take-or-Pay burden. Concurrently, PTT could accelerate receipt of pre paid gas to minimize this cost burden by cooperating with Ratchaburi Power Plant for gas needed for power generation. This resulted in the receipt of make-up gas, accounting for Baht 1,505 million. The Company expects that in future the make-up gas volume will steadily increase.

<sup>1)</sup> million cubic feet per day, calculated at the heating value of 1,000 BTU per standard cubic foot (BTU/SCF)

## Gas Procurement

field <sup>1)</sup> year	2000		2001		2002	
	MMSCFD	%	MMSCFD	%	MMSCFD	%
<b>Domestic</b>						
Unocal <sup>2)</sup>	910	46.1	853	37.2	830	33.3
Bongkot	515	26.1	549	23.9	530	21.3
Pailin	169	8.6	149	6.5	235	9.4
Tantawan/Benchamas	163	8.3	187	8.2	225	9.0
Nam Phong	69	3.5	58	2.5	56	2.2
<b>Total</b>	<b>1,826</b>	<b>92.6</b>	<b>1,796</b>	<b>78.3</b>	<b>1,876</b>	<b>75.2</b>
<b>Overseas</b>						
Yadana	110	5.6	379	16.5	418	16.8
Yetagun	36	1.8	119	5.2	200	8.0
<b>Total</b>	<b>146</b>	<b>7.4</b>	<b>498</b>	<b>21.7</b>	<b>618</b>	<b>24.8</b>
<b>Grand Total</b>	<b>1,972</b>	<b>100</b>	<b>2,294</b>	<b>100</b>	<b>2,494</b>	<b>100</b>

N.B. : calculated at the heating value of 1,000 BTU per one standard cubic foot

1) Not including gas from JDA as the production hasn't started.

2) Including fields/concessions under Unocal 1 and Unocal 2-3 Gas Sales Agreements

## Gas Distribution

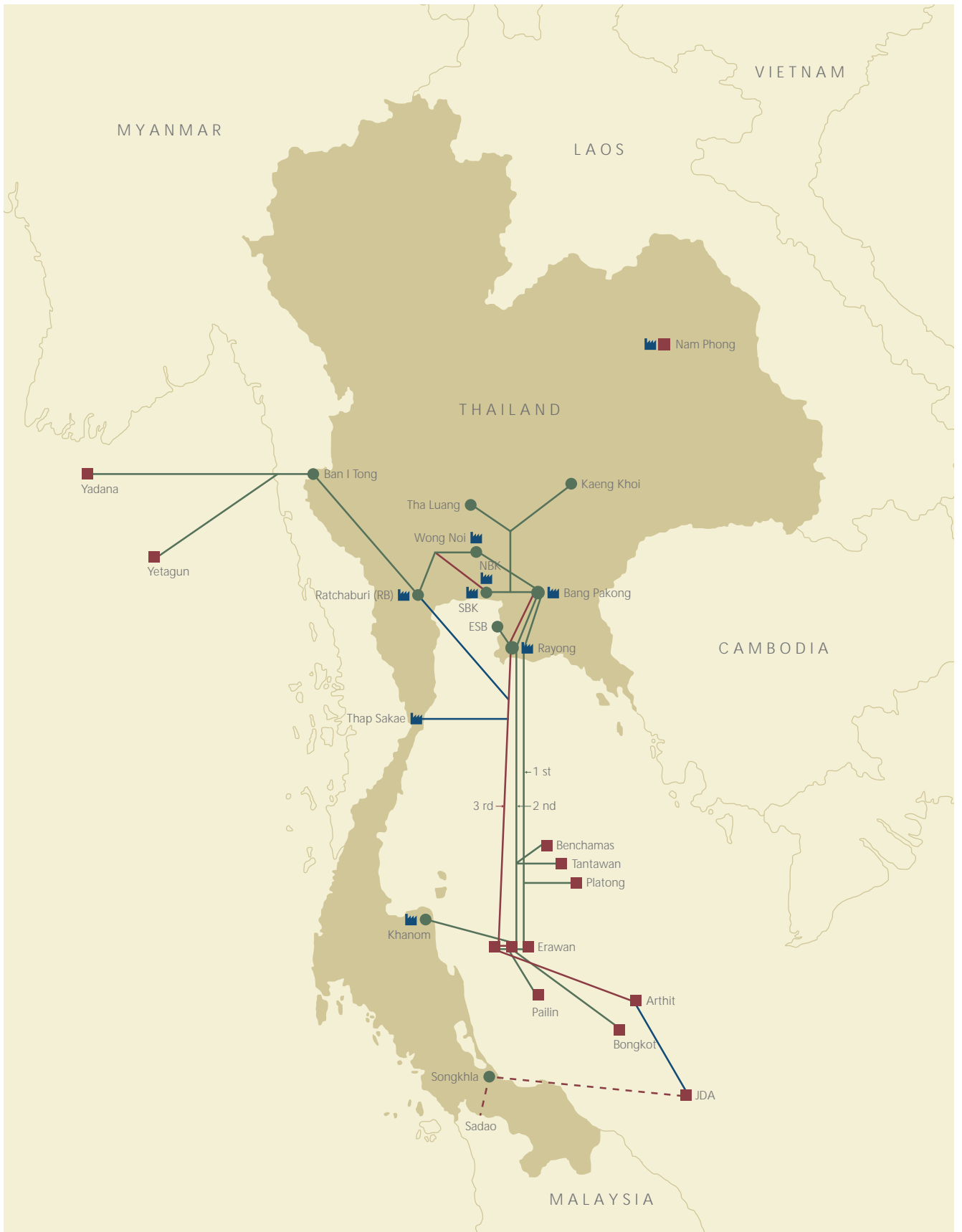
Customers/year	2000		2001		2002	
	MMSCFD	%	MMSCFD	%	MMSCFD	%
1. EGAT	1,099	56.3	1,069	46.7	1,074	43.4
2. Independent Power Producers (IPP)	105	5.4	360	15.7	486	19.6
3. Small Power Producer (SPP)	305	15.6	349	15.2	375	15.2
4. Industry and Bangkok Mass Transit Authority	153	7.8	177	7.7	198	8.0
5. Gas Separation Plants	292	14.9	336	14.7	342	13.8
<b>Total</b>	<b>1,954</b>	<b>100</b>	<b>2,291</b>	<b>100</b>	<b>2,475</b>	<b>100</b>

N.B. : calculated at the heating value of 1,000 BTU per one standard cubic foot







In addition, PTT promoted the use of natural gas in the transportation sector according to the government policy. The natural gas for vehicles (NGV) project for volunteer taxis has been under continual progress from 2000-2001. In 2002, 732 additional volunteer taxis were installed with NGV kits free of charge. Total NGV use rose from 428,203 kilograms (equal to 15.57 million cubic feet) in 2001 to 4,118,745 kilograms (equal to 149.77 million cubic feet), an almost tenfold rise over 2001.

In 2002, sales of LPG and NGL rose by 5.7% and 7.2%. On the contrary, ethane and propane decline due to the shut down of petrochemical customers at the beginning of the year. In addition, selling prices of all products from gas separation weakened. Price of LPG was around US\$ 260 per ton, compared to US\$ 209 per ton in the first half of the year.





**Natural Gas Transmission Pipeline System and Future Projects**

	Natural Gas Fields		Existing Pipeline
	Power Plant		Pipeline Master Plan 3, Phase 1
	TTM Pipeline		Pipeline Master Plan 3, Phase 2

Later through the end of the year, the price soared especially the fourth quarter when price rose to US\$ 316 per ton. As a result, the average price for the whole year stood at US\$ 243 per ton.

#### Sales Volume of Products from Gas Separation Plants

Products/year	2000	2001	2002	change (%) from 2001
1. Ethane (tons)	487,402	542,549	491,413	(9.4%)
2. Propane (tons)	185,292	206,489	177,887	(13.9%)
3. LPG (tons)	1,281,277	1,396,144	1,475,410	5.7%
4. NGL (barrels) <sup>1)</sup>	3,164,963	3,678,372	3,942,281	7.2%

N.B. : 1) not including NGL from the Dew Point Control Unit

Regarding the petroleum exploration and production business undertaken by PTT's subsidiary company i.e. PTT Exploration and Production Public Company Limited, the sale volume of natural gas, crude and condensate averaged 101,736 barrels of oil equivalent, up by 11% over 2001. Petroleum proved reserves of all projects according to US Financial Accounting Standards no. 69 (FAS 69) totalled 826 million barrels of oil equivalent (inclusive of MEDCO's reserve in which PTTEP has invested).

#### Important Future Projects of the Gas Business Group

To accommodate the rising demand for natural gas of at least 5-6% per year, PTT decided to invest in the third Offshore Gas Pipeline. This will increase the potential for offshore gas transmission off the eastern coast from various fields in the Gulf of Thailand and surrounding areas to the shores of Rayong Province. With a maximum transmission capacity of 1,750 MMSCFD, the project is split into two phases. In addition, the Company has invested in Gas Separation Plant Unit V Project. This has a processing capacity of 530 MMSCFD, and will produce feedstock for the expansion of Thai Olefins Company Limited facility and produce more LPG and NGL.

To the west of the country, PTT also had a capacity upgrade project for gas delivery from the Union of Myanmar by installing a compressor at Block Valve West No. 7 in Kanchanaburi Province. The Sai Noi-North and South Bangkok Power Plants Gas Pipeline Project (Bangkok Gas Ring Project) is planned to expand the gas pipeline network in Bangkok and its environs to cover areas with gas as a fuel for power generation, especially North and South Bangkok Power Plants, the industrial sector in communities and NGV vehicles.

PTT also entered into a joint venture project with EGAT in District Cooling System and Power Plant (DCS PP) to create added value to natural gas and opportunities in expanding into other related businesses. The Company plans to expand the use of natural gas to such large complexes as Thammasat University, Rangsit Campus and Asian Institute of Technology, including the use of gas in co-generation system of industrial factories.

## Oil Business Group

The Oil Business Group is engaged in two main types of businesses:

- 1) Oil marketing i.e. marketing of fuels and lubricants in Thailand (comprising retail and commercial markets) and abroad,
- 2) Oil trading i.e. import and export of crude oil, condensate, finished oil products, petrochemical feedstock and products.

## Oil Marketing

In 2002, with 29.0% market share (excluding fuel oil sold to EGAT), PTT still maintained its leadership position in the retail oil sector for the 10<sup>th</sup> consecutive year. Sales of all products increased except aviation oil which was adversely effected from airline business. Regarding cooking gas, PTT still gained largest share of LPG market. In addition, PTT's lubricants had a rising market share from 12.3 % in 2001 to 15.0 % in 2002 while the country's total consumption declined.

The year 2002 witnessed PTT's accelerated development, improvement and turn-around of product quality and service model to satisfy basic needs, increasing convenience and choice for consumers. PTT cooperated with CP 7-11 Public Company Limited to provide "7-eleven" convenience stores in PTT's service stations nationwide in April 2002 and 140 branches were opened in 2002. PTT also built a model of a fully integrated service station to provide one-stop service. The service station is equipped with quality oil products, standardized lubricant exchange service center i.e. ProCheck, and other supplementary services e.g. clean toilets, coffee shop, One Tambon One Product distribution shop. In addition, 1,193 quality service stations of PTT have been officially approved to be affixed with the oil quality system certification symbol since April 29, 2002. PTT was the country's first oil firm to distribute diesel for fishermen through the cooperation of both public and private sector agencies. The project of diesel distribution to fishermen is continuing around the Andaman using PTT's Oil Terminal in Phuket Province as the distribution center.

As for research and development, the Research and Technology Institute of PTT has pursued continuing development. The laboratory of PTT was the country's first to be certified by the latest international standard of ISO/IEC 17025: 1999 from Thailand Standards Institute (TSI) and is the country's central laboratory for examining the quality of various petroleum products. This is proof of the efficiency of our standardized laboratory, and has led to quality products for the maximum benefit of consumers, at reasonable prices. More importantly, the PTT Research and Technology Institute developed a new product, PTT Alpha-X, which was launched on December 22, 2002. This new formula of gasoline with friction modifier has a double action. It increases the efficiency of the engine, minimizes engine friction, and reduces energy loss. This enables car users to save fuel cost by 1.5%, extend engine life and reduce air pollution.

## Sale Volume of Oil Products

Products/Distribution	2000	2001	2002	change (%) over 2001
<b>Distribution/Marketing</b>				
Sale volume (million liters) <sup>1)</sup>				
- excluding fuel oil sold to EGAT	12,044 <sup>4)</sup>	11,820 <sup>4)</sup>	12,642	9.4
- including fuel oil sold to EGAT	14,448	12,466 <sup>4)</sup>	13,221	8.3

## Sale Volume of Oil Products

Products/Distribution	2000	2001	2002	change (%) over 2001
Market share (%) <sup>2)</sup>				
- excluding fuel oil sold to EGAT	29.3	29.1	29.0	(0.1)
- including fuel oil sold to EGAT	34.1	30.4	30.1	(0.3)
Classified by types of products				
- gasoline and diesel	6,700	6,184 <sup>4)</sup>	6,790	9.0
- fuel oil	3,623	1,928	2,159	12.0
- LPG	2,241	2,417	2,724	12.7
- aviation fuel	1,722	1,453	1,327	(8.7)
- others	162	180	221	22.7
<b>Service Station</b> at year end <sup>3)</sup> (No.)	1,519	1,422	1,403	(1.3)
<b>LPG Retail Outlet</b> <sup>3)</sup> (No.)	1,045	922	1,015	10.1
<b>LPG Bottling Plant</b> <sup>3)</sup> (No.)	110	105	113	7.6

Source : PTT, except the market share information from the Ministry of Commerce

- 1) including sale volume of fuel oil, diesel, gasoline, kerosene, aviation fuel, LPG, lubricants, asphalt and sale volume of PTT Philippines Inc. and PTT (Cambodia) Co.,Ltd. but not LPG used as petrochemical feedstock
- 2) including LPG used as petrochemical feedstock but not lubricants and asphalt
- 3) of PTT and its dealers
- 4) restatement

## International Trading

As for international trading, PTT still continually undertakes the purchase, sale, and transport of finished oil products, crude and condensate from both domestic and overseas sources for refineries and export the surplus finished oil and petrochemical products.

With rising domestic consumption of finished oil products in 2002, the highest since the economic crisis, the PTT procured a total of 12,031 million liters of crude from overseas and domestic sources, rising by 11.3%, compared with 2001. The volume of import and trade of condensate amounted to 2,390 million liters, up by 4.1%, compared to last year. The trading of finished oil products and petrochemical, on the other hand, dropped by 8.8% and 2.5%, respectively.

### International Trading

Products/Distribution	2000	2001	2002	change (%) from 2001
- crude <sup>1)</sup>	9,376	11,080 <sup>3)</sup>	12,031	11.3
- condensate	2,053	2,297	2,390	4.1
- finished oil products	5,911	4,397	4,356	(8.8)

## International Trading

Products/Distribution	2000	2001	2002	change (%) from 2001
- petrochemical products	1,205	1,396	1,361	(2.5)
<b>Total<sup>2)</sup></b>	<b>18,545</b>	<b>19,170<sup>3)</sup></b>	<b>20,318</b>	<b>4.4</b>

1) Crude oil including international trading, Naphtha and Natural Gasoline

2) Excluding sales volume between business group and volume supplied to Thai Oil for which we paid Thai Oil processing fee only

3) Restatement

## Petrochemicals and Refining Group

### Petrochemical business

In 2002, prices of petrochemical products in the world market were on the rise as the petrochemical business passed the lowest cycle, supplemented by a continuous rise of world oil prices. It is expected that the petrochemical business will be on the upward trend to peak in 2004-2005. Therefore, to accommodate the situation and to create added value, in 2002, PTT raised its shareholding structure in Thai Olefins Company Limited (TOC) by increasing capital by Baht 3,220 million and changing the shareholding structure from 49.00% to 63.03%. This will support the TOC's capacity expansion project, and which will raise TOC's products from 385,000 tons per year to 700,000 tons per year, using a significant volume of feedstock from PTT's gas separation plants. This project is due for completion by the end of 2004.

Furthermore, in 2002, The Aromatics (Thailand) Public Company Limited (ATC) completed the De-bottlenecking Project Stage I as scheduled and started production in June. Its production capacity was expanded by 28%, compared with the original one i.e. 394,000 tons per year of paraxylene, 333,000 tons per year of benzene, and 140,000 tons per year of toluene.

### Refining business

The operational results of the refining industry in 2002 were stabilized compared to previous years as over-capacity still overwhelmed the business both at regional and national levels. Oil refineries in the region, therefore, had quite low utilization rate with mediocre operational results during the past several years. Nevertheless, the gross refinery margin of oil refining companies in the PTT's network fared better than in 2001 due to signs of economic recovery, resulting in higher domestic oil consumption than previous years.

Several domestic refineries were faced with a lack of liquidity and inability to pay back debts due to over-capacity during the past few years. In 2002, refineries in PTT's network solved that problem to a certain extent. Star Petroleum Refining Company Limited achieved its debt restructuring program for liabilities worth US\$ 600 million, which would extend its debt payment period from 2007 as originally planned to 2009. PTT as a shareholder financially supported it to the amount of US\$ 36.02 million (about Baht 1,553.16 million). PTT also supported Rayong Refinery Company Limited in its debt-restructuring program with US\$ 28.28 million (around Baht 1,092.61 million), a consequence of debt restructuring since 1997. In early 2003, Rayong Refinery is due for negotiations as part of another debt restructuring plan. If successful, the financial standing of the company will be directly improved.

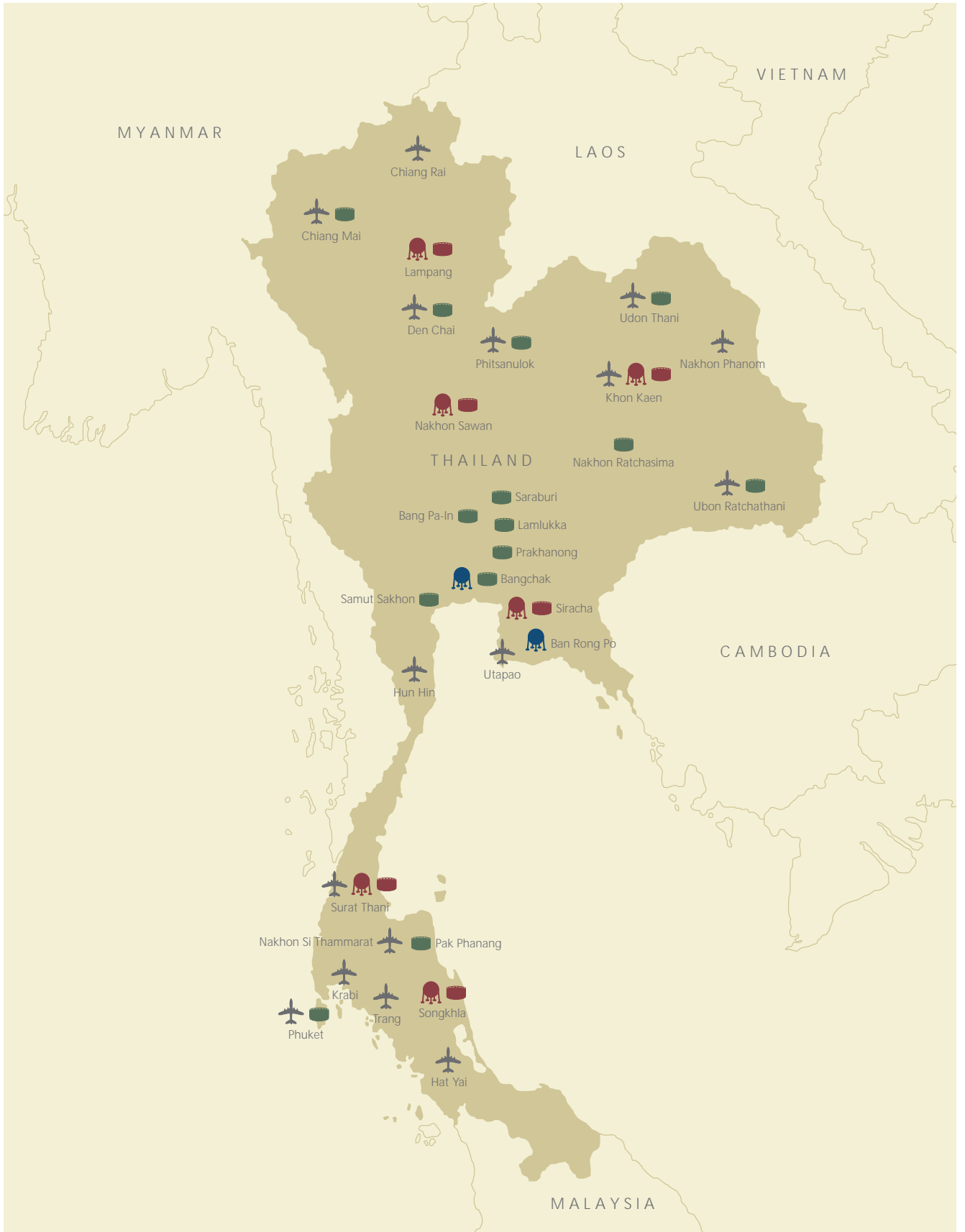
## Refining Volume of Refineries in PTT Network

Refineries	2000			2001			2002		
	Refining capacity	Crude oil throughput	Capacity utilized (%)	Refining capacity	Crude oil throughput	Capacity utilized (%)	Refining capacity	Crude oil throughput	Capacity utilized (%)
Thai Oil	220	171	77.6	220	195	88.7	220	208	94.5
Rayong	145	145	100.3	145	140	96.2	145	144	99.2
Star	150	144	96.1	150	140	93.0	150	144	95.9
Bangchak	120	88	73.0	120	75	62.9	120	74	61.3





Source : Department of Commercial Registration, Ministry of Commerce

### Conclusion

The performance of 2002 was satisfyingly successful. Whilst being aware of enhancing its capabilities in business competition, PTT has taken into account good corporate governance, transparent management and information disclosure to create confidence for shareholders and investors. In 2002, PTT was selected by the Office of Securities Exchange Commission (SEC) to be granted its Disclosure Award 2002 as a company with quality information disclosure worth commending as a good precedent to other firms. Prices of PTT's shares traded in the Stock Exchange of Thailand are another illustration of PTT's potential. The market capitalization of Baht 120,000 million was regarded one of the top 3 largest market shares on the SET. In addition, PTT was selected to join a new list of securities to be used in the calculation of the SET 50 Index.



**PTT Petroleum Terminal, Oil Depot, LPG Storage and Aviation Fuel Depot**

	Petroleum Terminal		LPG Storage
	Oil Depot		Aviation Fuel Depot





# PTT AND ITS AFFILIATES

Company	Nature of Business	Shareholding percentage
<b>Subsidiaries : Natural Gas Business Group</b>		
<b>1. PTT Exploration and Production Plc. (PTTEP)</b>  Office : PTTEP Office Bldg. 555 Vibhavadi-Rangsit Rd., Chatuchak, Bangkok 10900, Thailand Tel : (662) 537-4000 Fax : (662) 537-4444 Website : www.pttep.com	Participate in petroleum exploration and production projects both in Thailand and overseas. Currently, PTTEP and its subsidiaries have invested in altogether 17 projects	62.84
<b>Oil Business Group</b>		
<b>2. PTT Philippines Inc. (PTTPI)</b>  Office : 19th Fl., Tower One Bldg., Unit B Ayala Triangle, Ayala Avenue, Makati City, Metro Manila, Philippines Tel: (632) 8486273-6 Fax : (632) 8486271	Engage in wholesale and retail petroleum marketing through PTT Service Stations and other non-oil business in the Philippines.	100.00
<b>3. PTT International Trading Pte., Ltd. (PTTT)</b>  Office : 391 B Orchard Road, #93 - 10A, Ngee-Anh City, Tower B, Singapore Tel : (656) 734-6540 Fax : (656) 734-3397	Involve in international oil trading, sell oil to offshore facilities and participate in the bidding for oil sale to international industrial market and duty free market.	100.00
<b>4. PTT (Cambodia) Company Limited (PTTCL)</b>  Office : 182 Norodom Boulevard, Sangkat Tunlebasac, Khan Chamkamorn, Phnom Penh, Cambodia Tel : 855-23-362819, 362821, 362822 Fax : 855-23-213987 E-mail : pttcambodia@bigpond.com.kh	Market and distribute PTT products, provide refueling service and asset management	100.00
<b>Petrochemical Business Group</b>		
<b>5. Thai Olefins Company Limited (TOC)</b>  Office : 2nd Fl., PTTEP Office Bldg. 555 Vibhavadi-Rangsit Rd., Chatuchak, Bangkok 10900, Thailand Tel : (662) 537-5615 Fax : (662) 537-5648 Website : www.toc.co.th	Manufacture and distribute olefins to intermediate petrochemical plants in Mab Ta Phut Industrial Estate	63.03

Company	Nature of Business	Shareholding percentage
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**Associated : Natural Gas Business Group**

<b>6. PTT Natural Gas Distribution Co., Ltd. (PTT NGD)</b>  Office : 23rd Fl. RasaTower Bldg. 555 Phaholyothin Rd., Ladyao, Chatuchak, Bangkok 10900, Thailand Tel : (662) 937-0620-4 Fax : (662) 937-0627 Website : www.pttngd.co.th	Operate pipeline distribution network to supply natural gas to potential customers located in industrial areas around Bangkok Metropolitan and nearby through its pipeline distribution network	49.00
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**Oil Business Group**

<b>7. PTT Mart Co., Ltd. (PTT Mart)</b>  Office : 2 Moo 15 Phra khanong, Khlongtoey, Bangkok 10250, Thailand Tel : (662) 239-7888 Fax : (662) 239-7855, 7877	Operate convenience store under am/pm brand name at service station (business closed)	49.00
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<b>8. Thai Lube Blending Co., Ltd. (TLBC)</b>  Office : 8th Fl., PTT. Phra khanong Tower 2 Arjnarong Rd., Phra khanong, Khlongtoey, Bangkok 10250, Thailand Tel : (662) 712-2000 Ext 7838 Fax : (662) 712-2000 Ext 7822	Blend and bottle the lube oil under the trademark of PTT and TOTAL and provide the lube oil blending services for other companies	48.95
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<b>9. Vietnam LPG Co., Ltd. (VLPg)</b>  Office : Dongnai Port, Long Binh Tan Ward, Bien Hoa City, Donghai Province, S.R.Vietnam Tel : (8461) 831578, 831-988-9 Fax : (8461) 832008	Operate an LPG Depot and bottling plant, and provide other services related to LPG in Vietnam	45.00
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<b>10. Keloil-PTT LPG Sdn.Bhd. (KELOIL)</b>  Office : Lot 1663, Mukim Senak, 16020 Tawang, Bachok Kelantan Darulnaim, Malaysia Tel : (609) 7769061, 3 Fax : (609) 7769064	Operate LPG bottling and wholesale to serve industrial customers in Malaysia	40.00
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<b>11. PetroAsia (Thailand) Co., Ltd. (PA (Thailand))</b>  Office : 27th Fl., Fortune-House Tower 1 Ratchadapisek Road, Dindaeng, Bangkok 10320, Thailand Tel : (662) 641-1616, 1629 Fax : (662) 641-1666	Operate oil service stations and retail petroleum products received from PTT	35.00
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Company	Nature of Business	Shareholding percentage
<p><b>12. Thai Petroleum Pipeline Co., Ltd. (Thappline)</b></p> <p>Office : 2/8 Moo 11 Lumlukka Rd., Tambol Ladsawai Lumlukka, Patumthani 12150, Thailand Tel : (662) 991-9130-59 Fax : (662) 991-9162 Website : www.thappline.co.th</p>	<p>Provide oil transportation service through pipeline system from Sriracha to Lamlukka Depot, Don Muang International Airport and Saraburi Depot</p>	30.60
<p><b>13. PetroAsia (Sanshui) Co., Ltd. (PA (Sanshui))</b></p> <p>Office : He Kou Cargo Railway Station West Side, Sanshui, Guangdong 528100, P.R.C. Tel : (86-757) 767-2328 Fax : (86-757) 767-2338</p>	<p>Operate oil depots, LPG storage and petroleum retail and wholesale in China</p>	25.00
<p><b>14. PetroAsia (Huizhou) Co., Ltd. (PA (Huizhou))</b></p> <p>Office : 50 E-Ling Nari Rd., Huizhou, Guangdong, P.R.C. Tel : (86-752) 227-1386</p>	<p>Operate oil depots, LPG storage and petroleum retail and wholesale in China</p>	25.00
<b>Petrochemical Business Group</b>		
<p><b>15. Aromatics (Thailand) Public Company Limited (ATC)</b></p> <p>Office : 2nd Fl., PTTEP Office Bldg. 555 Vibhavadi-Rangsit Rd., Chatuchak, Bangkok 10900, Thailand Tel : (662) 537-5710-1 Fax : (662) 936-3097 Website : www.aromatics.co.th</p>	<p>Manufacture and distribute aromatics used in petrochemical industry</p>	46.33
<p><b>16. National Petrochemical Public Company Limited (NPC)</b></p> <p>Office : 30-35th Fl., Sun Tower B Bldg. 123 Vibhavadi-Rangsit Rd., Chatuchak, Bangkok 10900, Thailand Tel : (662) 617-7800 Fax : (662) 617-7888 Website : www.npc.co.th</p>	<p>Manufacture olefins (ethylene and propylene) and by-products to intermediate petrochemical plants in Mab Ta Phut Industrial Estate</p>	37.94
<p><b>17. Thai Paraxylene Company Limited (TPX)</b></p> <p>Office : 105/12 Moo 2, Tambol Tungsukkala, Sriracha, Chonburi 20230, Thailand Tel : (6638) 351317-9 Fax : (6638) 351320</p>	<p>Manufacture and distribute aromatics products, e.g. paraxylene</p>	23.48

Company	Nature of Business	Shareholding percentage
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<b>18. National Fertilizer Public Company Limited (NFC)</b>	Manufacture and distribute fertilizer	20.44
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**Company Limited (NFC)**

Office : 17-19th Fl., Laopengnguan Tower 1,  
333 Vibhavadi-Rangsit Rd., Chatuchak, Bangkok  
10900, Thailand  
Tel : (662) 618-8100  
Fax : (662) 618-8295  
Website : www.nfc.co.th

**Refinery Business Group**

<b>19. Thai Oil Company Limited (TOCL)</b>	Operate an oil refinery for domestic use and export, invest in petrochemical, power generation and chartering businesses.	49.99
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Office : 12th Fl., Sun Tower B Bldg.  
123 Vibhavadi-Rangsit Rd., Chatuchak,  
Bangkok 10900, Thailand  
Tel : (662) 617-8300 Fax : (662) 617-8299  
Website : www.thaioil.co.th

<b>20. Rayong Refinery Company Limited (RRC)</b>	Operate an oil refinery for domestic use and export	36.00
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Office : 1 I-3B Road, Mab Ta Phut Industrial  
Estate PO.Box 100, Mab Ta Phut, Rayong  
21150, Thailand  
Tel : (6638) 699000, 201  
Fax : (6638) 699999

<b>21. Star Petroleum Refining Company Limited (SPRC)</b>	Operate an oil refinery for domestic and export	36.00
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Office : 1 I-3B Road, Mab Ta Phut  
Industrial Estate PO.Box 100,  
Mab Ta Phut, Rayong 21150, Thailand  
Tel : (6638) 699000, 201  
Fax : (6638) 699999

<b>22. Thai Lube Base Public Company Limited (TLB)</b>	Manufacture lube base oil and bitumen	30.00
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Office : 2nd Fl., PTTEP Office Bldg.  
555 Vibhavadi-Rangsit Rd., Chatuchak,  
Bangkok 10900, Thailand  
Tel : (662) 537-3377, 5713  
Fax : (662) 537-5714  
Website : www.thailube.co.th

<b>23. Bangchak Petroleum Public Company Limited (BCP)</b>	Operate an oil refinery and distribute oil products and consumer products	24.29
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Office : 210 Sukhumvit Road Soi 64,  
Bangchak, Phra Khanong,  
Bangkok 10260, Thailand  
Tel : (662) 335-4999  
Fax : (662) 335-4009  
Website : www.bangchak.co.th

Company	Nature of Business	Shareholding percentage
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**Joint Venture : Natural Gas Business Group**

<p><b>24. Trans Thai-Malaysia (Thailand) Limited (TTM (T))</b></p> <p>Office : 2nd Fl., PTTEP Office Bldg. 555 Vibhavadi-Rangsit Rd., Chatuchak, Bangkok 10900, Thailand Tel : (662) 537-3737, 5760 Fax : (662) 537-5761-6 Website : www.ttm-jda.com</p>	<p>Provide pipeline transportation service of natural gas from JDA to use in Thailand and Thai-Malaysia border, service of separation of natural gas and transportation of LPG to Thai-Malaysia border</p>	<p>50.00</p>
<p><b>25. Trans Thai-Malaysia (Malaysia) Sdn. Bhd. (TTM (M))</b></p> <p>Office : level 49, Tower 1, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia Tel : (663) 207-5000 Fax : (663)207-6654, 381-3563</p>	<p>Provide pipeline transportation service of natural gas and LPG to use in Malaysia</p>	<p>50.00</p>

**Oil Business Group**

<p><b>26. Subic Bay JV (Philippines)</b></p> <p>Office : Bldg.8344, Sulu Rd., Upper Cubi Point, Subic Bay Freeport Zone 2222 ,Philippines Tel : (6347) 2528888, 2528800 Fax : (6347) 2528880, 2528856</p>	<p>Engage in international petroleum trading in Southeast Asia and rent, lease and sell vehicles e.g. ship and pipeline, etc., for the transportation of petroleum product to customers.</p>	<p>50.00</p>
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**Others : Oil Business Group**

<p><b>27. Intoplane Services Company Limited (IPS)</b></p> <p>Office : 171/2 Moo 10 Vibhavadi-Rangsit Rd., Si Kan, Donmuang, Bangkok 10210, Thailand Tel : (662) 565-3811 Ext. 251 Fax : (662) 565-3823</p>	<p>Provide aircraft refueling services</p>	<p>16.67</p>
<p><b>28. PetroAsia (Shantou) Co., Ltd (PA (Shantou))</b></p> <p>Office : 23rd Fl., Evergreen Commercial Center, Unit A, Jin Sha East Rd., Shantou, Guangdong, P.R.C. Tel : (86-754) 816-6799 Fax : (86-754) 816-6806</p>	<p>Operate oil depots, LPG storage and petroleum retail and wholesale in China</p>	<p>15.00</p>
<p><b>29. Bangkok Aviation Fuel Services Plc. (BAFS)</b></p> <p>Office : 171/2 Moo 10 Vibhavadi-Rangsit Rd., Si Kan, Donmuang, Bangkok 10210, Thailand Tel : (662) 565-3811-8 Fax : (662) 565-3825 Website : www.bafsthai.com</p>	<p>Operate fuel depots and aircraft refueling services</p>	<p>7.06</p>

Company	Nature of Business	Shareholding percentage
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<b>30. Fuel Pipeline Transportation Company Limited (FPT)</b>  Office : 424 Moo 11 Vibhavadi-Rangsit Rd., Si Kan, Donmuang, Bangkok 10210, Thailand Tel : (662) 574-6180 Ext. 217 Fax : (662) 565-3656	Provide oil transportation services from Bangchak Refinery to Don Maung Airport and Bang Pa-In Depot	2.76
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Other Businesses:

<b>31. Dhipaya Insurance Public Company Limited (TIP)</b>  Office : 63/2 Rama 9 Road, Huay Khwang, Bangkok 10320, Thailand Tel : (662) 248-0059 Fax : (662) 248-7850, 73 Website : www.dhipaya.co.th	Operate non-life insurance and invest under the insurance law	13.33
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# REVENUES STRUCTURE OF PTT AND ITS SUBSIDIARIES

Products/Services	Operated by	%	2000		2001		2002		
			Shareholding	million baht	%	million baht	%	million baht	%
1. Natural Gas Products	PTT (Natural Gas Business Group)			83,786.86	22.73	119,538.04	31.13	119,334.79	29.20
	PTT (Oil Business Group) *			21,668.46	5.88	22,152.41	5.77	21,310.38	5.21
	PTTEP	60.97		15,151.22	4.11	21,674.98	5.64	23,341.74	5.71
		(yr 02 : 62.84)							
	Less Revenues from								
	PTTEP Natural Gas sales to PTT			(14,490.68)	(3.93)	(20,682.17)	(5.39)	(21,662.14)	(5.30)
	Less Petroleum Royalties		(2,606.75)	(0.71)	(3,199.08)	(0.83)	(3,423.65)	(0.84)	
Total Revenues from Natural Gas Products				103,509.11	28.08	139,484.18	36.33	138,901.12	33.98
2. Oil Products	PTT (Oil Business Group)			252,792.70	68.59	220,561.82	57.44	224,535.52	54.93
	PTTEP	60.97		6,543.60	1.78	6,506.11	1.69	6,890.68	1.69
		(yr 02 : 62.84)							
	Less Revenues from								
	PTTEP Crude sales to PTT			(5,346.25)	(1.45)	(5,569.55)	(1.45)	(6,532.17)	(1.60)
	PTT Philippines, Inc.	100.00		395.85	0.11	546.55	0.14	424.34	0.10
	PTT International Trading Pte., Ltd.	100.00				2,029.38	0.53	7,003.04	1.71
	PTT (Cambodia) Co., Ltd.	100.00					381.23	0.09	
Total Revenues from Oil Products				254,385.90	69.02	224,074.31	58.36	232,702.64	56.93
3. Petrochemical Products	PTT (Oil Business Group)			13,559.78	3.68	14,343.35	3.74	14,906.20	3.65
	Thai Olefins Co., Ltd.	63.03						13,242.26	3.24
Total Revenues from Petrochemical Products				13,559.78	3.68	14,343.35	3.74	28,148.46	6.89
4. Others									
4.1 Other Income				4,072.15	1.10	5,460.10	1.42	6,348.41	1.55
4.2 Gain (Loss) on Exchange Rate				(2,434.10)	(0.66)	3,013.62	0.78	468.22	0.11
Total Revenues from Other Income				1,638.5	0.44	8,473.72	2.21	6,816.63	1.67
5. Share of Net Income (loss) of Associated Company				(4,512.49)	(1.22)	(2,399.25)	(0.62)	2,162.76	0.53
<b>Grand Total</b>				<b>368,580.35</b>	<b>100.00</b>	<b>383,976.31</b>	<b>100.00</b>	<b>408,731.61</b>	<b>100.00</b>

\* Revenues from LPG sales

# QUALITY, HEALTH, SAFETY AND ENVIRONMENT REVIEW

In term of quality management, the PTT has focused on the participation of personnel in improving and developing their work to achieve a quicker and more flexible work system that could directly benefit customers and other stakeholders in an efficient manner. At present, the PTT is developing an ISO 9000 quality management system to correspond with changing international standards and cover all areas of the workplace in the oil and natural gas businesses. In addition, PTT's gas stations were certified in oil quality control from the Department of Commercial Registration, the Ministry of Commerce this year.

As health and safety management is of critical importance, PTT has introduced the International Safety Rating System (ISRS) to prevent and control losses, which is the foundation of good safety management. The TIS 18001 health and safety management system has also been implemented, with an audit of the work environment, annual general health check-ups for personnel and occupational health examinations, particularly for personnel in positions with hazards. Additionally, campaigns have been arranged for personnel to submit accident and incident reports through a web-based system to analyze real causes and prevent repeated occurrences.

PTT has scheduled fire drills and emergency exercises in case of oil/chemical spills at least once a year. Personnel have been trained to develop their capacity in preventing and restricting emergencies in areas under PTT's responsibility, including surrounding communities. For example, they are trained to provide assistance in emergency rescue in case of an accident during product transportation. Moreover, focus has been placed on peak safety of natural gas transmission pipelines by implementing international standard safety measures to all procedures.

PTT announced in 2002 procedures for corporate crisis management, realizing that a crisis, once it has happened, can create severe loss over a widespread area and take some time for recovery, which makes compensation difficult. Memos were issued to prepare for sabotage. The ASEAN Council on Petroleum (ASCOPE), apart from exchanging experience among members, also formulated a mutual cooperation framework with both short and long-term plans.

As for environmental management, PTT adheres to the concept of sustainable development. The company is determined to control, prevent and mitigate any environmental impact that may occur from work-related activities. In 2002, the international ISO 14001 standard for environmental management systems was expanded to cover major operational areas. A fully integrated focus was put on the control of environmental impact of related products and services by introducing the Green Label regulations of the Thai Industrial Standards Institute to oil products and gas stations, the first contact point with the public.



### **QSHE Achievement in 2002**

1. Rayong Gas Separation Plant: Prime Minister's Award for Productivity
2. Phra Khanong Oil Terminal, Lam Lukka Oil Terminal, Denchai Oil Terminal, Phitsanulok Oil Terminal, Chiang Mai Oil Terminal, Ubon Ratchathani Oil Terminal, Pak Phanang Oil Terminal, Phuket Oil Terminal, Nakhon Sawan Petroleum Terminal, Lampang Petroleum Terminal, Songkhla Petroleum Terminal, Surat Thani Petroleum Terminal, Chon Buri Operations Center, Natural Gas Transmission: Outstanding Workplaces in Safety, Occupational Health and the Environment from the Ministry of Labor and Social Welfare
3. Region 5 Pipeline Operations Center and Yadana Gas Pipeline Project, Khanom Gas Separation Plant, Rayong Gas Separation Plant: EIA Awards
4. Region 4 Pipeline Operations Division in Nam Phong, Khon Kaen Province: Gold Certificate as a clean, livable, non-polluted and lively workplace from the Department of Health, Ministry of Public Health
5. PTT Gas Station on Sukhapiban 3 Road: The first gas station in Thailand to be approved as the Green Label Emblem for gas stations
6. Testing Laboratory of the Quality Control Division, Oil Business Group: ISO/IEC 17025
7. Khon Kaen Petroleum Terminal, Nakhon Ratchasima Oil Terminal: ISO 14001
8. Natural Gas Transmission: TIS 18001
9. Rayong Gas Separation Plant: The first area in PTT to pass the system audit for ISO 9001, ISO 14001, TIS 18001 at the same time
10. PTT gas stations: 1,193 gas stations were certified oil quality control system by the Department of Commercial Registration, Ministry of Commerce

# CONTRIBUTIONS TO SOCIETY AND THE ENVIRONMENT



PTT's continuous and serious commitment to society and the environment has been demonstrated by diverse activities as described below:

## **The Environment**

The year 2002 was very auspicious for the PTT and all Thais in the Kingdom, marked by a ceremony to present approximately 400,000 acres (1.6 bn. m<sup>2</sup>) of replanted forest as part of the PTT's voluntary effort nationwide. From the beginning when the first sapling was planted in the ground in 1997 until 2002, a total of 1,012,551 rais (or approximately 400,000 acres) of forest was replanted in 410 Forest Plantation Target (FPTs). In the royal presence of His Majesty the King and Her Royal Highness Princess Maha Chakri Sirindhorn, the PTT made a vow to take care of this forest and to sustain it for future generations. In order for the forest to survive and people to derive sustenance from it, the PTT has undertaken a project entitled the PTT Development Village to support local occupations and enhance the quality of life for communities around FPTs, of which there are 188 villages in 35 provinces.

In 2002, 6 Bhumiraksa Parks were completed. The Parks were implemented by the PTT together with the Thailand Environment Institute to plant forested parks in cities as a tribute to His Majesty the King on His 6th Cycle Birthday (72 years of age). In addition, the PTT, the Village Foundation, the Bank of Agriculture and Agricultural Cooperatives, and the National Science and Technology Development Agency (NSTDA) established the Community Enterprise Institute to come up with a community master plan to support the learning process of fully integrated community enterprise development. This would be the basis for mutually solving the economic problems of communities all over the country so they can attain self-sufficiency. An inaugurating fund of Baht 10 million has been provided for immediate operation of the institute.

## **Society**

Several activities around the operational areas have been continuously organized by the PTT's offices nationwide, focusing on the promotion of the quality of life, the environment, educational support, culture and tradition, apart from assistance provided for communities during several emergencies e.g. floods and storms.

Another social mission with obvious progress in 2002 was the installation of NGV conversion kits to another 1,000 taxis free of charge, which is the cooperation between the PTT and the Energy Policy and Planning Office (EPPO). NGV is 50% cheaper than diesel at retail prices, enabling project participants to save fuel costs by 60-70 satang/kilometer or around 300-400 baht per day. The Project for Safe and Disciplined Driving done with the PTT was also very successful. People in Bangkok and its environs as well as the provinces joined the training program in its 6th year of project implementation. The PTT, in cooperation with public sector agencies and other oil firms, organized safe driving campaigns during Songkran festival, using various media as motivation and warning drivers to follow traffic rules for safety under the Project "Drive Safely, Arrive Home Happily."

The PTT has cooperated with Silpakorn University to co-organize the PTT Art Contest for 17 consecutive years. The contest topic in 2002 was Reforestation...Beyond Trees to commemorate the completion of the Reforestation Project. The contest expanded to the provinces with the cooperation of the Chiangmai University in organizing the art contest for northern youths for the 2nd year. An exhibition of artwork from the contest in Bangkok was also organized in Chiang Mai.

## **Education**

Well aware of the significance of youths as the nation's future strength, the PTT's diverse activities have aimed at education, whether buildings, libraries, equipment, books or teaching media. Scholarships have also been offered to excellent but impoverished students at all levels from schools to higher education institutions around PTT's oil depots countrywide. The 3-year scholarships have been continuously offered according to specified criteria.

Furthermore, to promote and broaden knowledge about petroleum, the PTT cooperated with the NSTDA to produce a knowledge activity series on Material Technology for science teachers throughout the country as a handbook under the newly reformed education curriculum. Additionally, a mobile exhibition bus The World of Natural Gas, mobile exhibitions and training programs about natural gas have been extended to community leaders and the mass media. These include Tambon Administration Organizations (TAO), local media and teachers. The PTT also organized youth camps such as the PTT Science and Energy Loving Youth Camp, the Energy Preservation Youth Camp, Generation P, and the Thai Energy Loving Environment Youth Camp. PTT also enhanced good habits, discipline and environmental care in schools by introducing 5S activities to schools around PTT's offices nationwide.

# RISK FACTORS

In addition to the usual risks in operating a business, some other risk factors need to be considered in the petroleum and petroleum-related industry.

## **1. Every Natural Gas Sales Contract Has a Take-or-Pay Condition.**

In every natural gas sales contract, there is a minimum quantity that PTT needs to purchase annually. In the event that the PTT cannot take the full amount of the minimum quantity stipulated, the PTT is required to pay for the natural gas not taken for that contracted year. However, PTT is entitled to take the pre-paid gas in subsequent years as a make-up. Consequently, the problems resulting from the requirement may affect the financial situation and the operation of the PTT.

## **2. Dependence on Primary Customer.**

Another risk factor lies in the fact that the PTT distributes most of its natural gas to EGAT, its primary customer. Although the quantity to be purchased and the fine penalties are stated in the contract, problems could occur should the customer was be unable to abide by the contract for any reason.

## **3. Financial Support for Companies in the Group.**

The domestic economic recession since 1997 has adversely affected the finance and the business operation of several companies in the group. The PTT has had to provide some financial support as obligated in accordance with their agreement. The risk then rises if associated companies fail to repay their debt obligation or have further financial difficulties which may require further assistance.

## **4. Product Price Fluctuation.**

The sale price for the products of PTT and its affiliates in both domestic and foreign markets reflect prices in the international market. High fluctuations in the world market certainly effect the PTT's business operations.

## **5. Currency Exchange Fluctuations.**

Most of PTT's income is tied to currency exchange rates and is thus affected by the fluctuations in these rates both directly and indirectly. This is because the natural gas and crude oil prices are pegged to the world market price, quoted in US dollars.

## **6. Natural Gas Pipelines System Development.**

The success of business expansion relies heavily on the expansion of the natural gas pipeline system in order to meet increasing demand. However, certain factors in development projects are not under PTT's control. These include government approval, the study of a project's impact on the environment, the public hearing expense in order to meet the law and more stringent standards as well as relating to environment and safety. All these factors pose a considerable risk that projects may not be implemented as planned.

# CONNECTED TRANSACTION

## Transactions from Sale and Purchase agreements

### 1. Connected transaction between PTT and State-Owned Enterprises

#### Type of Transaction

According to the government policy, a resolution of the Cabinet on June 15, 1999 designated that for all government agencies and state enterprises wishing to purchase more than 10,000 litres of fuel or more, must purchase fuel from PTT alone. PTT has, accordingly, sold fuel to the state enterprises e.g. Electricity Generating Authority of Thailand, the Bangkok Mass Transit Authority, and the State Railways of Thailand. Should any agency fail to make payment for fuel, PTT shall be liable to charge interest on the sum unpaid.

### 2. Connected transaction between PTT and PTT Exploration and Production Public Co.,Ltd. (PTTEP), a subsidiary of PTT

#### Type of Transaction

PTT has entered into a long term agreement to sell and purchase crude oil, natural gas, liquefied petroleum gas (cooking gas), condensate, and other petroleum products from PTTEP. The agreements take effect immediately upon PTTEP's production of any of these. This contract has been in effect to date, and will continue to cover any quantity of products delivered until the expiry of conditions for production. PTTEP presently sells about 95% of its output to PTT.

### 3. Transactions between PTT and associated refineries

#### Type of Transaction

PTT has entered into feedstock supply and product offtake agreements with associated refineries, usually for an amount of the production capacity proportionate to our shares ownership in each refinery. The nature of each agreement may be summarized as follows:

#### Summary of Agreement with TOCL

PTT agrees to supply TOCL with crude oil and feedstock and purchase finished oil products from TOCL for 49.99% of the refinery's production capacity. Either party may terminate the agreement after its 13th year after completion date of debt restructuring, upon one year's prior written notice or by revocation of agreement in the event of a violation by the other party. PTT has also the right to offtake the product more than the allotted 49.99% of output at market prices.

#### Summary of Agreement with RRC

The shareholders of RRC are required to purchase a minimum of 70% of refinery's production. Pricing is domestic market based. The 12-year agreement commenced from the production start-up, after which the contract remains in effect unless prior notice is given.

#### Summary of Agreement with SPRC

The shareholders of SPRC are required to supply crude oil and purchase products from the refinery not less than 70% of refinery's production of 126,000 barrels per day or 88,2000 barrels per day at domestic market prices. PTT and Caltex Trading and Transport Corporation, the refinery's shareholders, have first rights of purchase of any output in excess of the above-mentioned amount, at domestic market prices, prior to offering to third parties.

### 4. Transactions between PTT and associated petrochemical companies

#### Type of Transaction and Summary of Agreement with Thai Olefins Co.,Ltd.(TOC)

PTT has entered into an agreement to supply feedstock to TOC i.e. natural gasoline for a period of 15 years, from 1995 to 2010; liquefied petroleum gas for a period of 15 years, from 1995 to 2010; and ethane for a period of 4 years from 2000 to 2004, with extensions allowed. A supply of ethane for the extension plant is for 15 years from 2001-2016. Pricing is calculated on profit and loss sharing mechanism. PTT also serves as a clearing house. Under the agreement, should any customer fail to fulfil its commitments with TOC, PTT is obliged to take that amount, after which the customers must compensate costs and damages to PTT. The customer must also place a stand-by letter of credit with PTT as a guarantee and PTT receives a marketing fee from TOC for the service.

#### Type of Transaction and Summary of Agreement with Aromatics (Thailand) Public Co.,Ltd.(ATC)

PTT has entered into a long-term agreement to supply feedstock to ATC; namely condensate and naphtha. The 15 - year agreement takes effect from 1993 to 2008.

Another agreement with ATC is to purchase all its output, stipulating that ATC is to deliver its products directly to customers. With a take-or-pay obligation, PTT guarantees its purchase of a minimum volume of products and as a result, PTT has received a marketing fee from ATC.

#### Type of Transaction and Summary of Agreement with National Petrochemical Public Co.,Ltd.(NPC)

PTT has entered into an agreement to supply ethane, propane, and liquefied petroleum gas, to NPC for a period of 12 years, beginning in 1999, the agreement is renewable for up to five years. The price for these feedstock products which reflects sale price of NPC, is calculated on the basis of profit and loss sharing mechanism.

NPC has, moreover, agreed to purchase fuel gas from PTT for electricity generation. The contract, which commenced in 1999, stipulated a delivery volume of 22 MMscfd for the first year, and 33 MMscfd for every year therefore. The contract has a 20- year duration, and may be extended by another 4 years.

### **Policy Regarding Future Transactions between Related Companies**

Future connected transactions between PTT and related companies will remain normal, unexceptional, and give no undue advantage to either PTT or its subsidiaries, joint ventures, related companies, or shareholders. Pricing between PTT and related companies will also be determined by the same factors that govern pricing between them and related companies. Market rates will likewise determine the prices paid by PTT to its subsidiaries.

Disclosure of transactions between related companies will strictly be in compliance with the rules and regulations of the Office of the Securities Exchange Commission and the Stock Exchange of Thailand and the standards for disclosure of information on transactions between related persons or businesses as specified by the Institute of Certified Accountant and Auditors of Thailand.

Note : For details see page 99-102 of the Financial Statements.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) AND OPERATING RESULTS

For the year 2002, PTT and its subsidiaries' sales revenue was Baht 399,752 million, increased 5.8%, EBITDA was Baht 54,098 million, increased 5.8%, EBIT was Baht 42,644 million, increased 0.7% and net income was Baht 24,507 million, increased 13.6% from the year 2001.

## **Oil Business Unit**

Sales revenue increased Baht 8,924 million or 3.4% due to higher crude oil prices in the world market and the increase in sales volume. The Dubai crude oil prices increased from US\$ 22.8 per barrel in 2001 to US\$ 23.8 per barrel in 2002, while the total sales volume of the Oil business unit increased by 726 million liters from 31,678 million liters or equivalent to 545,898 barrels per day in 2001 to 32,404 million liters or equivalent to 558,416 barrels per day in 2002, mainly from the domestic sales volume.

## **Gas Business Unit**

Sales revenue increased by Baht 6,951 million or 5.3% due to the increase in average natural gas sales volume (include natural gasoline derived from Dew Point Control Units) by 187 million cubic feet per day (MMCFD) (calculated at heat value 1,000 BTU per cubic feet) or 8.1% from 2,307 MMCFD to 2,494 MMCFD. Gas separation plants' products sales volume, comprising of liquefied petroleum gas (LPG), ethane, propane and natural gas liquids, increased from 2,531,160 tons in 2001 to 2,558,381 tons in 2002. Sales volume of LPG, which is the main product of gas separation plants, increased from 1,396,144 tons in 2001 to 1,475,410 tons in 2002 while average LPG price decreased by US\$ 17 per ton from US\$ 260 per ton to US\$ 243. Sales volume of ethane and propane decreased from 542,549 tons and 206,489 tons in 2001 to 491,413 and 177,887 tons in 2002 respectively, while Ethylene price (South-East Asia Spot) decreased from US\$ 451 per ton to US\$ 426 per ton and propylene price increased from US\$ 402 per ton to US\$ 473 per ton.

## **PTT Exploration and Production Public Company Limited**

Sales revenue of PTT Exploration and Production Public Company Limited (PTTEP), PTT's subsidiary, increased by Baht 1,827 million or 7.3% due to the higher sales volume from 91,623 BOE per day to 101,736 BOE per day, the increase volume of which mainly came from the Pailin, Yadana and Yetagun fields.

## **Thai Olefins Company Limited**

In 2002, the status of the Thai Olefins Company Limited (TOC) has changed from an associate of PTT to a subsidiary, therefore, TOC's sales revenue of Baht 13,242 million, EBITDA of Baht 1,965 million and EBIT of Baht 1,047 million were consolidated into PTT's consolidated financial statements.



**Net Income : Net income in the year 2002 increased by Baht 2,942 million or 13.6%**

For the year 2002, PTT and its subsidiaries' net income was Baht 24,507 million, increased by Baht 2,942 million or 13.6%. The increase in net income was due primarily to the followings :

- Decrease in interest expense by Baht 1,003 million resulted from repayment and prepayment of short-term and long-term debt in an amount of Baht 24,068 million.

- Increase in share of net income from investment in associates by Baht 2,344 million as a result of their better financial performance in the year 2002, mainly due to higher products prices and foreign exchange gain

In 2002 the earnings per share was Baht 8.76, increased by 1.05 Baht/share or 13.6%.

**The Analysis of PTT and its subsidiaries' Financial Status**

**Assets**

Total assets were Baht 296,592 million, increased by Baht 9,366 million or 3.3% mainly due to the consolidation of TOC's assets into PTT's 2002 consolidated financial statements.

**Liabilities**

Total liabilities were Baht 199,296 million, decreased by Baht 17,812 million or 8.2%, despite the consolidation of TOC's debt. This was mainly due to the repayment and prepayment of short-term and long-term debt in an amount of Baht 24,068 million payment of Baht 5,112 million accrued appropriation to the Ministry of Finance in March 2002 and also the payment of Baht 5,594 million accrued dividend in May 2002.

**Shareholders' Equity**

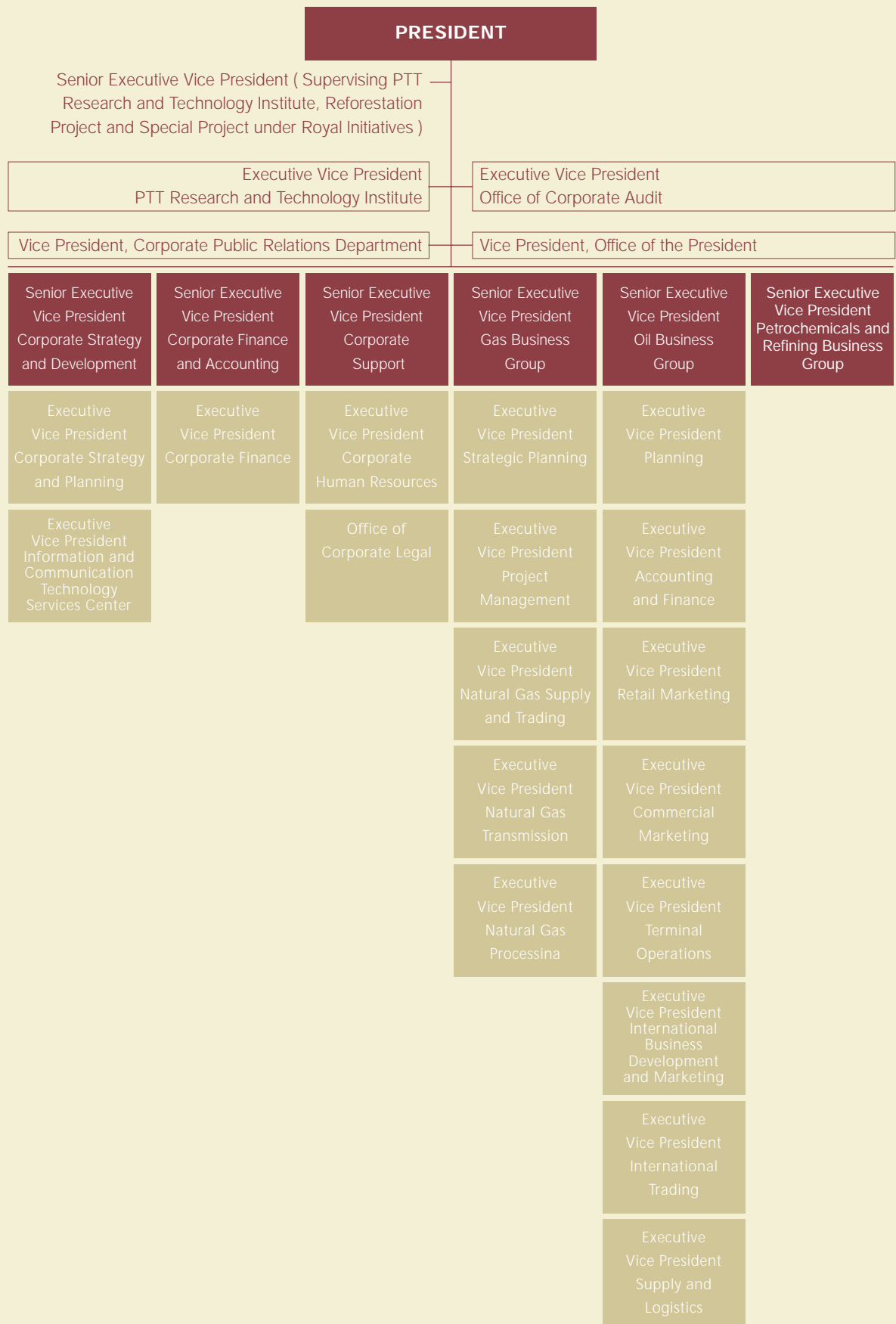
Total shareholders' equity as of December 31, 2002 was Baht 97,296 million, increased by Baht 27,177 million or 38.8%, mainly due to the increase in Baht 24,507 million net income for the 2002 performance.

**Liquidity**

PTT and its subsidiaries had net cash provided from operating activities of Baht 30,035 million which was derived from Baht 24,507 million net income and adjusted with non-cash expenses of Baht 15,308 million and the increased in working capital of Baht 9,782 million. Which was mainly caused by the higher trade accounts receivable.

In sum, the financial standing of PTT and its subsidiaries has been substantially strengthened as witnessed by a decrease of debt/equity ratio from 3.10:1 in 2001 to 2.05:1 in 2002.

# ORGANIZATION CHART



# PTT'S BOARD OF DIRECTORS

(JANUARY 2002)



## **Mr. Manu Leopaibote**

Chairman

(%) Holding 0.010724

Qualifications/Training

- B.Sc. Economics (Honour), Thammasat University
- M.Sc. Economics, University of Kentucky, U.S.A.
- National Defense College (Class No.34)

Work Experiences

- 1994-1999 • Director - General, Department of Industrial Promotion, Ministry of Industry
- 1999 - Present • Permanent Secretary, Ministry of Industry
- Present • Chairman of the Board, PTT Public Company Limited
- Chairman of the Board, PTT Exploration and Production Plc.
- Chairman of the Board, Small Industry Finance Corporation



## **Gen. Akaradej Sasiprapha**

Director

(%) Holding No

Qualifications/Training

- B.Sc., (Royal Thai Army)

Work Experiences

- 1997-1998 • Inspector General, Ministry of Defense
- 1998-2000 • Deputy Permanent Secretary, Ministry of Defense
- 2000 • Deputy Supreme Commander, Ministry of Defense
- 2000-2001 • Director of the Board, Petroleum Authority of Thailand
- Present • Director of the Board, PTT Plc.
- Chairman of the Board, NEP Realty and Industry Plc.
- Chairman of the Board, Navanakorn Co., Ltd.
- Director of the Board, Mass Rapid Transit Authority of Thailand



**Pol.Gen. Sant Sarutanond**

Director

(%) Holding No

Qualifications/Training

- Police Cadet Academy (Class No.20)

Work Experiences

- 1996 • Assistant Director-General, Royal Thai Police, Ministry of Interior
- 1997 • Deputy Director-General, Royal Thai Police, Ministry of Interior
- 1998 • Deputy Commissioner-General
- 2000-2001 • Director of the Board, Petroleum Authority of Thailand
- 2001-Present • Commissioner-General
- Present • Director of the Board, PTT Plc.
- Director of the Board, Thai Airways International Plc.
- Director of the Board, Airports Authority of Thailand



**Mr. Chaiwat Wongwattanasan**

Director and Chairman Audit Committee

(%) Holding No

Qualifications/Training

- LL.B. (Hons.), Thammasat University
- Master of Civil Law, Tulane University, U.S.A.
- Master of Law, University of Michigan, U.S.A.

Work Experiences

- 1994-2000 • Deputy Secretary General, Office of The Council of State
- 2000-Present • Secretary General, Office of The Council of State
- 2000-2001 • Director of the Board, Petroleum Authority of Thailand
- Present • Director and Chairman Audit Committee, PTT Plc.
- Director of the Board, Petchburi Assets Management Co., Ltd.
- Director of the Board, National Bank of Thailand
- Director of the Board, Government Pension Fund



### **Mr. Cherdpong Siriwit**

Director

(%) Holding No

Qualifications/Training

- B.A. Economics (Honour), Thammasat University
- M.A. Economics, Georgetown University, U.S.A.

Work Experiences

- |           |  |
|-----------|--|
| 1996-1999 | • Director-General, The Office of Industrial Economics, Ministry of Industry   |
| 2000-2001 | • Director-General, Department of Mineral Resources, Ministry of Industry      |
| 2001-2002 | • Director of the Board, Petroleum Authority of Thailand                       |
|           | • Secretary General, Thai Industrial Standards Institute, Ministry of Industry |
|           | • Deputy Permanent Secretary, Ministry of Industry                             |
| Present   | • Permanent Secretary, Ministry of Energy                                      |
|           | • Director of the Board, PTT Plc.  |
|           | • Director of the Board PTT Exploration and Production Plc.                    |
|           | • Chairman of the Board, National Fertilizer Plc.                              |



### **Mr. Wisudhi Srisuphan**

Director

(%) Holding No

Qualifications/Training

- B.Eng. in Civil Engineering, Chulalongkorn University
- LL.B. (Second Class Honour), Ramkhamhaeng University
- M.E. (C.E.) Lamar University, U.S.A.
- M.A.A. Business Economics, Thammasat University
- National Defense College (Class No.38)

Work Experiences

- |            |  |
|------------|--|
| 1996-1997  | • Deputy Comptrollers -General, The Comptroller General's Department |
| 1997-1999  | • Inspector - General, The Ministry of Finance                       |
| 1999- 2002 | • Comptroller General, The Ministry of Finance                       |
| 2000-2001  | • Director of the Board Petroleum Authority of Thailand              |
| Present    | • Director - General, The Fiscal Policy Office                       |
|            | • Director of the Board, PTT Plc.                                    |
|            | • Director of the Board, PTT Exploration and Production Plc.         |
|            | • Chairman of the Board, The Government Housing Bank                 |



### **Mr. Sunthad Somchevita**

Director

(%) Holding No

Qualifications/Training

- B.Arch. Architecture, Chulalongkorn University
- M.S. Tropical Architecture, Pratt Institute, Brooklyn, New York, U.S.A.
- Certificate, Environmental Administration, EA, Japan
- National Defense College (Class No. 35)

Work Experiences

- |           |  |
|-----------|--|
| 1996-1998 | • Deputy Permanent Secretary,<br>Ministry of Science, Technology and Environment   |
| 1998-2002 | • Permanent Secretary,<br>Ministry of Science, Technology and Environment  |
| 1998-2001 | • Director of the Board, Petroleum Authority of Thailand   |
| Present   | • Director of the Board, PTT Plc.<br>• Civil Service Sub-Commission,<br>Office of the Civil Service Commission<br>• Honorary Director, Council of Chulabhorn Research Institute<br>• Honorary Director, Council of Suranaree University of Technology<br>• Committee Member, Office of the Council of State<br>• Director of the Board, Thai Academy of Science and Technology<br>Foundation |



### **Mr. Pala Sookawesh**

Director

(%) Holding No

Qualifications/Training

- B.Eng. Electrical Engineering (Hons.), Chulalongkorn University
- M.S. Industrial Engineering (Operation Research), Oregon State University, U.S.A.
- National Defense College (Class No. 333)
- Certificate in Advanced Management Program, Harvard Business School,  
Harvard University U.S.A.

Work Experiences

- |           |  |
|-----------|--|
| 1995-1999 | • Governor, Petroleum Authority of Thailand  |
| 1999-2001 | • Director of the Board, Petroleum Authority of Thailand   |
| Present   | • Director of the Board, PTT Plc.<br>• Chairman of the Board, ATC<br>• Director of the Board, PTT Exploration and Production Plc.<br>• Director of the Board, EGAT<br>• Director of the Board, TOC<br>• Director and Audit Committee Member, Vinythai Plc. |



**Dr. Olarn Chaipravat**

Director and Audit Committee Member

(%) Holding No

Qualifications/Training

- B.S. (Magna Cum Laude), Economics, Wharton School, University of Pennsylvania, U.S.A.
- Ph.D. Economics, Massachusetts Institute of Technology (M.I.T.), U.S.A.

Work Experiences

- 1970 - 1981 • Director, Financial Institution Supervision & Examination Department, Bank Of Thailand
- 1982- 2001 • Advisor to Management Board, The Siam Commercial Bank Plc.
- 2001 • Council Chairman, Shinawatra University
- Present • Director and Audit Committee Member, PTT Plc.
- Director of The Thai Airways International Plc.
  - Chairman of Shin Corporation Plc.
  - Director of Stock Exchange of Thailand
  - Advisor to Finance Minister



**Dr. Pisanu Suntharaks**

Independent Director

(%) Holding No

Qualifications/Training

- B.A. (History & Political Science), University of Kansas, U.S.A.
- M.A. (Political Science), University of Wisconsin at Madison, U.S.A
- M.A. (Ibero - American Studies), University of Wisconsin at Madison, U.S.A
- Ph.D. Political Science, University of Wisconsin at Madison, U.S.A

Work Experiences

- 1997-1998 • Advisor to the Minister of Industry, Ministry of Industry
- 1997-Present • Consultant, Investor Relations Service Co. (Singapore)
- 2001 • Director of the Board, Petroleum Authority of Thailand
- Present • Independent Director, PTT Plc.
- Member, National Food Industry, Ministry of Industry
  - Member, Thailand Productivity Institute, Ministry of Industry



**Mr. Chakrawut Salayabongs**

Independent Director

(%) Holding No

Qualifications/Training

- B.Eng., Kasetsart University
- B.B.A. Construction Management, Sukhothai Thammathirat University

Work Experiences

- 1994-1997 • Senior Engineer, Keen Consultant Co., Ltd.
- 1997-2001 • Senior Engineer & Management Consultant, Inter Engineering Management Co., Ltd.
- 2001 • Director of the Board, Petroleum Authority of Thailand
- Present • Independent Director, PTT Plc.
- Director of the Board, PTTEP
  - Director of the Board, ATC
  - Director of the Board, Mass Rapid Transit Authority of Thailand



**Dr. Chongrak Rarueysoong**

Independent Director and Audit Committee Member

(%) Holding No

Qualifications/Training

- B.Sc. Economics (Hons.), Thammasat University
- Ph.D. Economics, University of Illinois at Urbana-Champaign, U.S.A.

Work Experiences

- 1995-1996 • President, Vajira Dhanadhun Securities Co., Ltd.
- 1996-Present • President, Association of Securities Companies (ASCO)
- 1998-Present • Director of the Board, Thai Rating and Information Services Co., Ltd.
- Executive Director, TSFC Securities, Ltd.
- 2001 • Director of the Board, Petroleum Authority of Thailand
- Present • Independent Director and Audit Committee Member of the Board, PTT Plc.
- Director and Audit Committee Member of the Board, Krungthai Computer Services Co., Ltd.





**Mr. Somchai Wongsawat**

Director of the Board

(%) Holding No

Qualifications/Training

- LL.B., Thammasat University
- Barrister at law, Thai Bar Association
- National Defense College (Class No. 38)
- Master Program of Public and Private Management, National Institute of Development Administration

Work Experiences

- 1993 - 1997 • Judge of the Appeal Court Region 3
- 1997 • Senior Judge of the Appeal Court Region 2
- 1998 • Deputy Permanent Secretary for Justice
- 1999- Present • Permanent Secretary for Justice
- Director of the Board, PTT Plc.
- Director of the Board, Airports of Thailand Plc.



**Mr. Viset Choopiban**

Director and Secretary

(%) Holding 0.005766

Qualifications/Training

- B.Eng. Electrical Engineering, Chulalongkorn University
- M.Eng. Electrical Engineering, Chulalongkorn University
- Petroleum Management Course, ADL, U.S.A
- Petroleum Management Workshop, College of Petroleum Studies, Oxford, UK
- National Defense College (Class No. 388)
- Chairman 2000, Thai Institute of Directors

Work Experiences

- 1996-1999 • Executive Director, Downstream Oil Sector Group and President, PTT International, Petroleum Authority of Thailand
- 1999-2001 • Governor, Petroleum Authority of Thailand
- Present • Director and President, PTT Plc.
- Chairman of the Board of Directors, Thai Petroleum Pipeline Co., Ltd.
- Chairman of the Board of Directors, Independent Power (Thailand) Co., Ltd.
- First Vice Chairman, National Petrochemical Plc. (NPC)
- Vice Chairman Board of Directors, Bank Thai Plc.
- Chairman of the Board of Directors, PTT Natural Gas Distribution Co., Ltd.
- Member of Council of Trustees, The Petroleum Institute of Thailand

# PTT'S EXECUTIVE



## **Mr. Viset Choopiban**

President

(%) Holding 0.005766

Qualifications/Training

- B.Eng., Electrical Engineering, Chulalongkorn University
- M.Eng., Electrical Engineering, Chulalongkorn University
- Petroleum Management Course, ADL, U.S.A
- Petroleum Management Workshop, College of Petroleum Studies, Oxford, UK
- National Defense College (Class No. 388)
- Chairman 2000, Thai Institute of Directors

Work Experiences

- 1996-1999 • Executive Director, Downstream Oil Sector Group and President, PTT International, Petroleum Authority of Thailand
- 1999-2001 • Governor, Petroleum Authority of Thailand
- Present • Director and President, PTT Plc.
- Chairman of the Board of Directors, Thai Petroleum Pipeline Co., Ltd.
- Chairman of the Board of Directors, Independent Power (Thailand) Co., Ltd.
- First Vice Chairman, National Petrochemical Plc. (NPC)
- Vice Chairman Board of Directors, Bank Thai Plc.
- Chairman of the Board of Directors, PTT Natural Gas Distribution Co., Ltd.
- Member of Council of Trustees, The Petroleum Institute of Thailand



## **Mr. Sawaeng Boonyasuwat**

Senior Executive Vice President, Acting Executive President,  
PTT Research & Technology Institute

(%) Holding 0.003586

Qualifications/Training

- B.Sc., Chemistry (2nd. Class Honour), Chulalongkorn University

Work Experiences

- 1993-1997 • Executive Director, PTT Research & Development Center (Equivalent to Assistant Governor), Petroleum Authority of Thailand
- 1998 -2001 • Executive Director, PTT Research & Technology Institute (Equivalent to Senior Assistant Governor), Petroleum Authority of Thailand
- 2001-2002 • Executive Vice President, PTT Research & Technology Institute
- Present • Member of The Governing Board, The Petroleum and Petrochemical College, Chulalongkorn University
- Advisor to The Royal Chitralada Projects : Gasohol, Diesohol and Palm-Diesel Projects
- Advisory Committee on Engineering 2, Office of The Civil Service Commission
- Advisory Committee on Petroleum and Petrochemical Fields, promoting positioning levels for Assistant Professors to Professors, appointed by Ministry of University Affairs



**Mr. Anon Sirisaengtaksin**

Senior Executive Vice President, Corporate Strategy & Development  
(%) Holding 0.003039

Qualifications/Training

- B.Sc., GEOLOGY, Chulalongkorn University
- MBA, Thammasat University
- Certificate "Project Investment Appraisal and Management"  
Harvard University, U.S.A.
- Certificate "Program For Global Leadership", Harvard University, U.S.A.

Work Experiences

- 1994 - 1996 • Deputy President, Natural Gas Marketing & Transmission,  
PTT Gas, Petroleum Authority of Thailand
- 2001 -2002 • Executive Vice President, Natural Gas Supply & Trading,  
Gas Business Group, PTT Plc.
- 2002- present • Senior Executive Vice President, Corporate Strategy  
& Development, PTT Plc.  
• Director of the Board, PTT Natural Gas Distribution Co., Ltd.  
(PTT NGD)  
• Director of the Board,  
Trans Thai - Malaysia (Thailand) Co., Ltd.



**Dr. Prajya Phinyawat**

Senior Executive Vice President, Corporate Support  
(%) Holding 0.003645

Qualifications/Training

- B.Eng., Civil Engineering, Chulalongkorn University
- M.Eng., Civil Engineering, Stanford University, U.S.A
- Ph. D, Civil Engineering, University of Texas at Austin, U.S.A.

Work Experiences

- 1996-1999 • President, PTT Exploration and Production Plc. (PTTEP)
- 1999-2001 • Deputy Governor, Corporate Plan and Development,  
Petroleum Authority of Thailand
- 2001 • Deputy Governor, Corporate Strategy & Development,  
Petroleum Authority of Thailand
- 2001-2002 • Senior Executive Vice President,  
Corporate Strategy and Development, PTT Plc.
- Present • Senior Executive Vice President, Corporate Support  
• Director of the Board, Rayong Refinery Co., Ltd. (RRC)  
• Director of the Board, National Fertilizer Co., Ltd. (NFC)  
• Director of the Board, Star Petroleum Refining Co., Ltd. (SPRC)



**Mr. Pichai Chunhavajira**

Senior Executive Vice President, Corporate Finance and Accounting (%) Holding 0.000964

Qualifications/Training

- B.A., Accounting, Thammasat University
- M.B.A., Business Administration, Indiana University of Pennsylvania, U.S.A.
- National Defense College (Class No. 13)

Work Experiences

- 1996-1999 • Deputy Governor, Finance, Petroleum Authority of Thailand
- 1999-2001 • President, Oil Business Group, Petroleum Authority of Thailand
- Acting President, PTT International, Petroleum Authority of Thailand
- Acting Deputy Governor, Finance, Petroleum Authority of Thailand
- 2001 • Deputy Governor, Corporate Finance & Accounting, Petroleum Authority of Thailand
- Present • Senior Executive Vice President, Corporate Finance and Accounting, PTT Plc.
- Director of the Board, Dhipaya Insurance Plc.
- Director of the Board, Bangchak Petroleum Plc.
- Director of the Board, ATC
- Director of the Board, Thai Oil Co., Ltd.
- Director of the Board, Thai Oil Power Co., Ltd.
- Director of the Board, PTTEP
- Director of the Board, Thai Petroleum Pipeline Co.,Ltd.



**Mr. Prasert Bunsumpun**

Senior Executive Vice President, Gas Business Group (%) Holding 0.003532

Qualifications/Training

- B.Eng., Civil Engineering, Chulalongkorn University
- M.B.A., Utah State University, U.S.A.
- National Defense College (Class No. 4010)
- Certificate in Advanced Management Program, Harvard Business School, Harvard University, U.S.A.

Work Experiences

- 1996-1999 • President, Oil Business Group, Petroleum Authority of Thailand
- 1999-2001 • President, Gas Business Group, Petroleum Authority of Thailand
- Present • Senior Executive Vice President, Gas Business Group, PTT Plc.
- Director of the Board, Bangchak Petroleum Plc.
- Director of the Board, PTT Natural Gas Distribution Co., Ltd.
- Director of the Board, PTTEP
- Director of the Board, Trans Thai- Malaysia (Thailand ) Co., Ltd.



**Mr. Apisit Rujikeatkamjorn**

Senior Executive Vice President, Oil Business Group  
(%) Holding 0.002795

Qualifications/Training

- B.Eng., Civil Engineering, Khonkaen University
- M.Eng., Civil Engineering, Lamar University, U.S.A.

Work Experience

- 1997-1999 • Senior Assistant Governor, Office of the Governor, Appointed as Senior Vice President, Star Petroleum Refining Co., Ltd.
- 1999-2000 • Senior Assistant Governor, Petroleum Authority of Thailand
- 2001 • President, Oil Business Group, Petroleum Authority of Thailand
- Present • Senior Executive Vice President, Oil Business Group, PTT Plc.
- Chairman of the Board, PTT Philippines, Inc.
  - Director of the Board, Fuel Pipeline Transportation Co., Ltd.
  - Director of the Board, Group of Subic Bay JV (Philippines)
  - Director of the Board, Independent Power (Thailand) Co.,Ltd.
  - Director of the Board, Thai Lube Blending Co.,Ltd.
  - Director of the Board, Thai Maritime Navigator Co.,Ltd. (Thai National Line)



**Dr. Piti Yimprasert**

Senior Executive Vice President,  
Petrochemicals and Refining Business Group  
(%) Holding 0.003532

Qualifications/Training

- B.Eng., Civil Engineering, Chulalongkorn University
- M. Eng., Civil Engineering, University of Texas at Austin, U.S.A.
- Ph.D., (Civil Engineering), University of Texas at Austin, U.S.A.
- National Defense College (Class No. 399)

Work Experiences

- 1996-2000 • President, Gas Business Group, Petroleum Authority of Thailand
- 2000-2001 • Executive Director, Petrochemicals Sector Group, Petroleum Authority of Thailand
- 2001 • President, Petrochemical & Refinery Business Group, Petroleum Authority of Thailand
- Present • Senior Executive Vice President, Petrochemicals and Refining Business Group, PTT Plc.
- Director of the Board, Thai Paraxylene Co., Ltd.
  - Director of the Board, NPC
  - Director of the Board, ATC



**Dr. Chitrapongse Kwangsukstith**

Senior Executive Vice President  
Appointed as President of PTTEP  
(%) Holding 0.004205

Qualifications/Training

- B.Eng., Mechanical Engineering, Chulalongkorn University
- M.Eng., Industrial Engineering, Lamar University, U.S.A.
- Ph.D., (Industrial Engineering), Lamar University, U.S.A.
- Stanford Executive Program, Stanford University, U.S.A.
- National Defense College (Class No.12)

Work Experiences

- 1996-2001 • Deputy Governor, Corporate Plan and Development, Petroleum Authority of Thailand
- 1996-2001 • Senior Executive Vice President, PTT Plc.
- Present • Director and President, PTTEP Plc.
- Director of the Board, Thai Oil Power Co., Ltd.
- Director of the Board, Medco Energy International Tbk.



**Dr. Viroj Mavichak**

Senior Executive Vice President  
Appointed as President, NPC  
(%) Holding 0.003645

Qualification/Training

- B.Eng., Civil Engineering, Chulalongkorn University
- M.Eng., Civil Engineering, University of Texas, U.S.A.
- Ph.D., Civil Engineering, University of Texas, U.S.A.

Work Experiences

- 1996-1998 • Executive Director, Petrochemical Sector Group, Petroleum Authority of Thailand
- 1998-2001 • Deputy Governor, Petroleum Authority of Thailand
- 1998 - Present • Director and President, NPC
- 2001 - Present • Senior Executive Vice President, PTT Plc.
- Director of the Board, TOC
- Director of the Board, Thai Tank Terminal Limited
- Member of Council of Trustees, The Petroleum Institute of Thailand
- Director, Thailand Business Council for Sustainable Development

Details of the Board of Directors and Management of PTT, Subsidiaries, Associates and Related Companies as of December 31/2002

Name	PTT Plc.	Subsidiaries										Associates and related Companies																			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	
1. Mr. Manu Leopalrot	X	X																													
2. Gen. Akaradej Sasiprapha	/																														
3. Pol. Gen. Sant Sarutanond	/																														
4. Mr. Chaiwat Wongwaitanasan	/																														
5. Mr. Cherdpong Siriwit	/	/																													
6. Mr. Wisudhi Srisuphan	/	/																													
7. Mr. Sunthad Somchevita	/																														
8. Mr. Pala Sookawesh	/	/	/																												
9. Dr. Olarn Chaipravat	/																														
10. Dr. Pisanu Sunthiraks	/																														
11. Mr. Chakrawut Salayabongs	/	/																													
12. Dr. Chongrak Rarueysong	/																														
13. Mr. Somchai Wongsawat	/																														
14. Mr. Viset Chooibpan	/XX	/	/																												
15. Mr. Sweang Boonyasuwat																															
16. Mr. Anon Sirisaengtaksin	//																														
17. Dr. Praiya Phinyawat	//																														
18. Mr. Pichai Chunhavajra	//	/																													
19. Mr. Prasert Bunsumpun	//	/																													
20. Mr. Apisit Rujikeatkamjorn	//	X																													
21. Dr. Piti Yimprasert	//																														
22. Dr. Chitrapongse Kwangsuksith	//	/XX																													
23. Dr. Viroj Mavichak	//	/																													

**Note 1 :** X = Chairman

XX = President

/ = Director

// = Executive

1. PTT Exploration and Production Plc.
2. PTT Philippines, Inc.
3. Thai Olefins Co.,Ltd.
4. PTT International Trading Pte Ltd.
5. PTT Cambodia Co.,Ltd.
6. Thai Oil Co.,Ltd.
7. Bangchak Petroleum Plc.
8. Rayong Refinery Co.,Ltd.

9. Star Petroleum Refining Co.,Ltd.
10. Thai Lube Base Co.,Ltd.
11. Thai Petroleum Pipeline Co.,Ltd.
12. Aromatics (Thailand) Plc.
13. National Petrochemical Plc.
14. National Fertilizer Plc.
15. PTT Natural Gas Distribution Co.,Ltd.
16. Trans Thai-Malaysia (Thailand) Co.,Ltd.

17. Trans Thai- Malaysia (Malaysia) Co.,Ltd.
18. Thai Lube Blending Co.,Ltd.
19. PetroAsia (Thailand) Co.,Ltd.
20. Vietnam LPG Co., Ltd.
21. Three Companies Under PetroAsia
22. Four Companies under Subic Bay
23. PTT Mart Co.,Ltd
24. KELOIL-PTT LPG Sdn. Bhd.

25. Thai Paraxylene Co.,Ltd.
26. Bangkok Aviation Fuel Services Plc.
27. Fuel Pipeline Transportation Co.,Ltd.
28. Intoplane Services Co.,Ltd
29. Dhipaya Insurance Plc.

**Note 2 :** No. 21 Three Companies under Petro Asia are Petro Asia Sanshui, Huizhou and Shantou

**Note 3 :** No. 22 Four Companies under Subic Bay are Subic Bay Energy Co.,Ltd., Subic Bay Fuels Company Inc., Subic Bay Distribution, Inc., Clark Pipeline and Depot Company, Inc.

**Note 4 :** This table excludes Thai Oil Power Co., Ltd, (New Links) (TOP) which is the subsidiary of PTTEP

# MANAGEMENT

## Top 10 shareholders

Following is the list of top 10 shareholders of PTT as of April 10, 2002 (the closing date of shareholders' roster for the General Shareholders' Meeting No. 1/2545 on April 29, 2002).

Paid-up capital of PTT was equal to Baht 27,972,457,250.

Rank	List of Shareholders	No. of Shares	% of Total Shares
1.	Ministry of Finance	1,937,793,600	69.27
2.	Morgan Stanley & Co International Limited	66,008,500	2.36
3.	State Street Bank and Trust Company	36,159,678	1.29
4.	Chase Nominees Limited 1	26,312,391	0.94
5.	HSBC (Singapore) Nominees Pte., Ltd.	21,575,500	0.77
6.	The Bank of New York (Nominees) Limited	18,271,700	0.65
7.	Social Security Office	17,140,000	0.61
8.	Government Pension Fund	12,000,000	0.42
9.	Bankers Trust Company	9,236,300	0.33
10.	Littledown Nominees Limited 5	9,118,000	0.32

## Board of Directors

As of December 31, 2002, PTT's Board of Directors consisted of 14 directors as follows:

Name	Position
1. Mr. Manu Leoparote	Chairman
2. General Akaradej Sasiprapha	Director
3. Police General Sant Sarutanond	Director
4. Mr. Chaiwat Wongwattanasan	Director
5. Mr. Cherdpong Siriwit	Director
6. Mr. Wisudhi Srisuphan	Director
7. Mr. Sunthad Somchevita	Director
8. Mr. Pala Sookawesh	Director
9. Mr. Olarn Chaipravat	Director
10. Mr. Somchai Wongsawat	Director



Name	Position
11. Mr. Pisanu Suntharaks	Independent Director
12. Mr. Chakrawut Salayabongs	Independent Director
13. Mr. Chongrak Rarueysong	Independent Director
14. Mr. Viset Choopiban	Director and Secretary

- N.B. 1. Mr. Chulchit Bunyaketu's directorship expired on April 29, 2002 and Mr. Somchai Wongsawat was appointed by the Shareholders' Meeting as his replacement.
2. Mr. Wissanu Krea-Ngam resigned on October 1, 2002.

### Directors authorized to sign on behalf of the Company

The directors whose signatures are recognized as binding on the Company are: (1) Mr. Viset Choopiban authorized to sign and affix the Company's seal, or (2) any other two directors, authorized to sign and affix the Company's seal.

### Composition and Appointment of the Board of Directors

The composition, selection, appointment, removal, and expiration of the Company's directors have been defined in the regulations, which can be summarized as follows:

- The Company's Board of Directors consists of at least five (5) persons but not more than fifteen (15) persons elected by a meeting of shareholders of the Company. The Board shall be comprised of at least three (3) independent directors, provided that at least half of the directors reside within the Kingdom of Thailand. The directors shall have qualifications as specified by law and the Company's regulations. At least one (1) of the directors shall be an expert in the field of accounting and finance.
- The Shareholders' meeting shall elect directors who were previously selected and nominated by the Nomination Committee, under the following criteria and procedures:
  - Each shareholder shall have one vote per share held.
  - Each shareholder shall exercise all votes applicable under (1) in electing one or more persons to be a director, provided that no vote shall be divisible.
  - Any candidate who has the most votes shall be elected as director up to the number of directors required. If two candidates have equal votes, the Meeting Chairman shall have a casting vote.
- At every Annual General Meeting, one-third of the directors, or if their number is not divided by three, then the number nearest to one-third (1/3) shall retire from office in the first year. In the second year following the establishment of the Company, the retiring directors shall be drawn by lots. In the third year and subsequent years, the directors who have been longest in office shall retire.
- Any director who wishes to resign from office shall submit a resignation letter to the Company. The resignation shall be effective on the date the notice reaches the Company.
- In voting for the removal of any director from office prior to retirement as a result of the expiration of the directorship term, a three-quarter (3/4) vote of shareholders with an aggregate number of up to half (1/2) of all shares held by the shareholders present in the meeting and eligible to vote shall be required.

### Duties and Responsibilities of the Board of Directors

According to the Articles of the Association of the Company, the Board has the power and duty to manage the Company in compliance with laws, objectives, regulations, and resolutions of Shareholders' Meetings with honesty, morals, and business ethics. The Board shall also carefully preserve the best interests of the Company and its shareholders.

The Board may assign one (1) director to be the Chairman and one (1) or several directors to be vice chairman as deemed appropriate, and assign one (1) director to be President and Secretary to the Board.

### Duties and Responsibilities of the President

According to the Articles of the Association of the Company, the President shall have the full power and authority to administer the Company's business strictly in accordance with the Company's plan or budget approved by the Board in good faith with the utmost care to preserve the interests of the Company and shareholders. The President also has full power and authority in the following:

1. Manage and/or operate the day-to-day business of the Company.
2. Hire, appoint, remove, transfer, promote, demote, reduce the salary or wages of, take disciplinary action against, and dismiss any staff or employees as specified by the Board's regulations, except the dismissal of any department heads or other higher positions that shall be required prior to the approval of the Board.
3. Prepare and submit the Company's business plan, policy, and budget to the Board for its approval, and report the progress of the approved plan and budget to the Board every three months.
4. Manage or operate the business according to the approved policy, plan, and budget.

In addition, the Company's Board of Directors has conferred the following powers upon the President as a representative of the Company with the following conditions and scopes:

1. To administer the affairs of the Company according to the objectives and the regulations, policies, specifications, directives, orders, and resolutions of the Board of Directors and/or meetings of shareholders of the Company.
2. To order, contact, command, administer, and to sign legal instruments, contracts, documents, directives, announcements, and other documents required for dealing with government bodies, state enterprises, and other juristic persons, and to do whatever else is necessary or appropriate to ensure the performance of clause 1.
3. To command, recruit, appoint, dismiss, promote, demote, reduce the salary or wages of, or impose disciplinary punishment upon, employees including the dismissal of employees in accordance with the regulations or directives, or order laid down by the Board of Directors, except where the employee concerned holds the rank of an advisor, expert, vice president, or other person holding equal rank or higher, for which prior approval of the Board of Directors shall be required for said purpose. The President is also authorized to determine conditions of employment and to issue rules for corporate work procedures insofar as these do not conflict with the rules, regulations, or directives of the Board of Directors.
4. To appoint a subordinate attorney and/or delegate specific powers to other persons insofar as such appointment and/or powers fall within the scope of what has been described in this summary and/or are in accordance with the rules, regulations, and directives of the Board of Directors and/or the Company.

The aforementioned authority of the President shall be invalid if the President has wasted the interests of, or has any conflict of interest in any form with the Company.

### Connected Transactions or Acquisitions or Disposal of Assets

If the Company or any of its subsidiary companies (that is over 50 percent of its paid-up capital is directly or indirectly held by the Company) enters into any connected transaction or acquisition or disposal of the substantial assets of the Company subject to the rules of the Stock Exchange of Thailand, the Company shall comply with the relevant rules. If the Company is obliged to request of the shareholders in relation to the entry into any connected transactions or any acquisition or disposal of the Company's substantial assets, a shareholders' resolution shall be approved by a three-quarter (3/4) vote of all shareholders present in person or by proxy and eligible to vote, provided that no votes given by any interested person shall be counted.

### Policies and Methods of Supervising the Management in the Use of Internal Information for Personal Benefits

Directive No. 1/2544 of the Board of Directors of PTT mentions the use of internal information for personal interest, as follows, To prevent the pursuit of personal interest from the use of internal information that has not been publicly disclosed by PTT Public Company Limited, which may mislead investors and cause unjustified movements in the price and trading volume of the firm's securities, the Board of Directors of PTT Public Company Limited, has therefore passed a resolution in the Meeting No. 1/2544 on October 1, 2001 prohibiting directors, managers, employees, and contracted workers, as well as their spouses and under-age children from using such information which has not yet been publicly disclosed for the purpose of buying, selling, transferring, or accepting the transfer of the Company's securities prior to such information being publicly disclosed. Violators shall be penalized according to the rules and regulations of the Company. This directive became effective on October 1, 2001.

### The Audit Committee

In the Meeting No. 1/2001 on October 1, 2001 of the Board of Directors, the qualifications for the Audit Committee were determined. Members of the Audit Committee must be Directors of the Company, appointed by the Board of Directors, and in compliance with laws of the Stock Exchange of Thailand. The Committee shall have not fewer than three (3) members and comprise at least one (1) individual with knowledge of accounting and finance. In this same meeting, a resolution was passed to appoint three (3) individuals to the Audit Committee, namely:

Name	Position
1. Mr. Chaiwat Wongwattanasan	Chairman
2. Mr. Olarn Chaipravat	Auditor
3. Mr. Chongrak Rarueysong	Auditor

In the same meeting, Mr. Trakul Chatdarong, Executive Vice President, the Office of Corporate Audit, was unanimously appointed as the Secretary to the Audit Committee.

### The Scope of Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure accuracy and adequacy.
2. To ensure the Company has a suitable and efficient internal control system and internal audit system.
3. To review the performance of the Company to ensure compliance with the securities and exchange laws, regulations of the Exchange or laws relating to business of the Company.
4. To consider, select, nominate, and recommend remuneration of the Company's external auditor.
5. To review the disclosure of information of the Company in case that there is a connected transaction or transaction that may lead to conflict of interest so as to ensure the accurateness and completeness.
6. To prepare a report on monitoring activities of the Audit Committee and disclose it in an annual report of the Company, and have such a report signed by the Chairman of the Audit Committee.
7. To perform any other act as assigned by the Board of Directors with approval of the Audit Committee.
8. To perform any other act as designated according to the regulations of the Company.

### The Nominating Committee

In the Meeting No. 1/2544 of the Board of Directors of PTT on October 1, 2001, the qualifications of the Nomination Committee were determined. The Committee must consist of not fewer than three (3) members, and at least one (1) independent director. In the same Meeting, a resolution was passed to appoint three (3) individuals to the Nomination Committee, namely:

Name	Position
1. Police General Sant Sarutanond	Chairman
2. Mr. Cherdpong Siriwit	Director
3. Mr. Chakrawut Salayabongs	Director

### The Scope of Duties and Responsibilities of the Nominating Committee

1. To select appropriate individuals to fill the position of new director(s) or President of the Company.
2. To determine the method and criteria of nomination of the Company's director(s) or President, for the sake of transparency.

### The Remuneration Committee

In the Meeting No. 1/2544 of the Board of Directors of PTT on October 1, 2001, the qualifications of the Remuneration Committee were determined. Committee members must be directors of the Company, appointed by the Board of Directors, and consist of at least three (3) persons, and comprise at least one (1) independent director. As a director, Mr.Chulchit Bunyaketu resigned on April 29, 2002. The Board of Directors, in Meeting No. 6/2002 on June 27, 2002, passed a resolution to appoint Mr. Wisudhi Srisuphan as a member of the Remuneration Committee. The Remuneration Committee, therefore, consists of three members, namely:

Name	Position
1. General Akaradej Sasiprapha	Chairman
2. Mr. Wisudhi Srisuphan	Director
3. Mr. Pisanu Sunthraraks	Director

### The Scope of Duties and Responsibilities of the Remuneration Committee

1. To consider directions in determining remuneration for directors and the President.
2. To determine methods and criteria of specifying fair and reasonable remuneration for directors and the President, and to submit proposals to a meeting of shareholders for approval.

### Management

The management of PTT shall follow the guidelines currently imposed through the following 11 committees:

1. PTT Management Committee (PTTMC)
2. Oil Business Group Management Committee (OBMC)
3. Gas Business Group Management Committee (GBMC)
4. Petrochemicals and Refining Business Group Management Committee (PRMC)
5. Corporate Plan Committee (CPC)
6. Corporate Finance & Accounting Committee (FAC)
7. Corporate Human Resources Committee (HRC)
8. PTT Credit Committee
9. Supply Chain Management Committee (SCMC)
10. Research and Technology Institute Board of Management Committee (RTBM)
11. Risk Management Committee

### Names of Management as of December 31, 2002

(See page 49-61)

Additional Information related to directors and management of the Company:

Records of law breaking in the past 10 years concerning 1) Sentenced with criminal charges or under criminal lawsuits, except those charges due to the violations of traffic rules, minor charges or others of the same sort, 2) Sentenced to bankruptcy or have assets controlled, and 3) Being the management of, or a person with authority and control of, a company or partnership sentenced to bankruptcy or having assets controlled.

### Corporate Governance

#### Corporate Governance Policies

PTT Public Company Limited is aware of the significance, and has the intention in running its business operations, of following a policy of good corporate governance as a major factor in enhancing the Company's efficiency and foundation of sustainable growth, as well as transparency. For the maximum benefit of all stakeholders, the PTT has formulated a

business operation philosophy, including expected standards of morals/ethics, of the Board of Directors, management and all personnel by issuing regulations on Good Corporate Governance Principles in B.E. 2544. PTT's corporate governance principles embrace 6 key philosophies:

- (1) Accountability: Responsibility for own decision making and actions, ability to explain and clarify rationale
- (2) Responsibility: Being responsible, performing duties to fullest capacity
- (3) Equitable Treatment: Being fair to all shareholders and able to provide clear and accurate information
- (4) Transparency: Transparent systems in operations that can be examined, providing information to stakeholders
- (5) Vision to create long term value: Optimization of shareholders' value for long-term and sustainable growth
- (6) Ethics : Having clear business ethics

### Rights of Shareholders

In 2002, PTT organized one Shareholders' Meeting (The Petroleum Authority of Thailand was corporatized and established as the PTT Public Company Limited on October 1, 2001) to allow shareholders to consider and vote for various businesses of PTT as legally required. Invitation letters together with annual report/financial statements, and 3 types of proxy for shareholders to select as appropriate were sent 10 working days before the meeting date to all shareholders whose names appeared in shareholders' roster on the shareholders' roster closing date.

In 2003, PTT will add more choice for shareholders by allowing independent directors to be shareholders' proxy in the case shareholders cannot attend the meeting. PTT also has a policy to improve the information for shareholders' meetings to be more detailed as PTT realizes the significance of shareholders' rights in having access to PTT's information. Further details will thus be added for shareholders' consideration in terms of rationale, necessity, positive and negative impact of each agenda.

PTT has disclosed information to the Stock Exchange of Thailand with transparency. The Capital Market & Investor Relations Division is assigned to provide information and improve PTT's web site as a channel for investors to have equitable rights to get to the information.

### Rights of Stakeholders

PTT has taken into account all stakeholders by clearly specifying directions in fulfilling the demand of each group of stakeholders in the handbook of Good Corporate Governance Principles of PTT Public Company Limited for the Board of Directors, the management and the personnel to abide by as practices in operation, regarded as important duties of all.

- Personnel : PTT considers personnel as a success factor. PTT will support and develop the capacity of professionalism, provide confidence in quality of working environment, with fair and appropriate returns.
- Business Partners : PTT will build up good relationships for mutual benefit and strictly abide by obligations to business partners.
- Competitors : PTT will abide by the framework of decent competition and not damage competitor's reputation through unfounded allegations.
- Creditors : PTT will preserve and strictly abide by conditions with creditors.
- Customers and the Public : PTT is determined to create satisfaction and confidence among customers and the public in receiving good and qualitative products and services at reasonable prices.

- Shareholders : PTT is determined to being a good representative of shareholders in transparent business operations by taking into consideration long-term growth of the company's value with good returns.
- Community, Society and Environment : PTT realizes and cares for the safety of society, environment and quality of life of people. PTT also constantly places priority on activities of communities and society by strictly abiding by the intention of laws and regulations.

### Shareholders' Meeting

In organizing the Shareholders' Meeting in 2002, PTT sent invitation letters together with annual report/financial statements, and three types of proxy for shareholders for their selection were sent 10 working days before the meeting date to all shareholders whose names appeared in shareholders' roster on the shareholders' roster closing date. PTT also be publicized in newspapers informing of the meeting date and meeting agenda in both Thai and English for 3 days consecutively before the meeting date. In the meeting, six directors attended the meeting, including the Chairman of the Audit Committee. The Board of Directors allowed meeting participants to express their opinions and asked questions in each agenda, as well as expressing their ideas and suggestions, and allowing for discussion time as requested. The meeting was concluded with voting and vote counting. The Chairman of the Board of Directors had explained all rules before the meeting started.

### Leadership and Vision

The Board of Directors shall review plan, vision, strategies and policies every year and approve significant strategies and policies. The Key Performance Index (KPI) of finance and plans had been approved early in the year, with periodic follow-up and monitoring. At year-end, the Board of Directors would present operating results under the supervision of the Board according to the Performance Agreement (PA). The Board would also acknowledge the operating results of the management and also specify the quarterly operating results for follow-up and consideration for further improvement of the management. The Audit Committee has been set up to closely watch over the operation.

### Conflict of Interest

The Board of Directors has specified a policy on conflict of interest based on the principle that any decision of personnel at all levels in business operation must be based on maximum benefit to the PTT. It is the duty of all to avoid financial transactions and/or relations with outsiders that may make PTT lose benefit. The Office of Corporate Audit and the Audit Committee of PTT are entrusted to watch over, take care of and solve such conflict of interest. However, such problems have never occurred.

As for internal information, it is specified that the management is to report changes in their shareholding to the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act B.E. 2535. The management or any office that has acknowledged inside information is prohibited from disclosing inside information to outsiders or any other person who is not related and from buying/selling shares of the Company one month before the financial statements are released to the public.

## Business Ethics

PTT formulated the Good Corporate Governance Principles to enable the operation of the Company to have a good management system with transparency and acceptance from all related parties. The principles, policies, morals, and ethics have been made into a handbook for the Board of Directors, the management, personnel and related parties to follow as directions in practices with highest standards. The Board of Directors, the management, personnel and all related parties signed their names in acknowledgment and agreed to put them into practice, regarded as significant duties of all. PTT shall monitor the compliance with such directions, and review and improve this handbook every year to be appropriate and up-to-date.

## Balance of Power for Non-Executive Directors

The 14-member Board of Directors consists of 13 non-executive directors, and 3 independent directors, accounting for 20% of the Board. The Audit Committee, the Nomination Committee, and the Remuneration Committee were appointed to ensure higher efficiency of the Board of Directors.

## Aggregation or Segregation of Positions

The Chairman of the Board of Directors is not the same person as the President. The power and authority are separated to segregate the duties in formulating supervision policies and day-to-day management.

## Remuneration of the Board of Directors and the Management

- **Remuneration of the Board of Directors:** PTT clearly and transparently specifies a policy on the remuneration of the Board of Directors. The remuneration of the Board of Directors is classified into two parts. The first one is the meeting fee, which is a fixed rate, and the second one is regarded as a bonus, which is related to the operating results of the PTT. The Board of Directors shall conduct annual self-evaluation. The remuneration was approved by the Shareholders' Meeting and the information was disclosed, as appeared in 9.9.
- **Remuneration of the Management:** The Board of Directors shall specify the principles and policies that are related to operating results of the Company. The evaluation of the President shall be undertaken by the Board of Directors to approve appropriate remuneration.
- Remuneration in 2002 is illustrated in 9.9.

## Meetings of the Board of Directors

PTT specifies the schedule for the monthly meetings of the Board of Directors in advance for the whole year on the 3rd Thursday of the month. Each meeting lasts about 3-4 hours. The Office of the President is to send an invitation letter together with meeting agenda and documents to each director 5-7 days before the meeting to allow sufficient time to study. In the meeting, directors can openly and freely express their opinions. Meetings are recorded in writing and meeting reports certified by the Board of Directors are kept for further verification of the Board and related persons.



The meeting attendance of the Board of Directors in 2002 is as follows:

Name	Attendance	All meetings (times)
1. Mr. Manu Leoparote	12	12
2. General Akaradej Sasiprapha	12	12
3. Police General Sant Sarutanond	7	12
4. Mr. Chaiwat Wongwattanasan	9	12
5. Mr. Cherdpong Siriwit	10	12
6. Mr. Wisudhi Srisuphan	10	12
7. Mr. Sunthad Somchevita	12	12
8. Mr. Pala Sookawesh	11	12
9. Mr. Olarn Chaipravat	9	12
10. Mr. Pisanu Sunthraraks	10	12
11. Mr. Chakrawut Salayabongs	12	12
12. Mr. Chongrak Rarueysong	10	12
13. Mr. Somchai Wongsawat (Appointed on April 29, 2002)	7	8
14. Mr. Viset Choopiban	12	12

### Committees

The Board of Directors appointed three committees who are appropriately specialized and knowledgeable to help with the study and screening of certain work of the Company as follows: The Audit Committee, The Nomination Committee and The Remuneration Committee. Each is composed of non-executive directors, of which composition, duties and responsibilities appear in 9.3, 9.4 and 9.5.

### Internal Control System and Internal Audit

The Board of Directors has measures in watching over management by approving plans, budgets and operational objectives. The management shall submit quarterly operational reports so that the Board can monitor and acknowledge their efficiency and effectiveness. In addition, the Board also monitors the operation of the management through the Audit Committee that is tasked with the review of the Company's financial reporting process to be accurate and adequate, as well as the Company's internal control system and internal audit to be appropriate and effective, and the Company's compliance with laws or other regulations concerning business operation.

- Internal Control : PTT has engaged a consulting company to evaluate the internal control of the whole company by considering 5 components i.e. environment of the control, risk evaluation, control activities, information and communication, and evaluation. These components help strengthen the internal control structure.
- Internal Audit : The Office of Corporate Audit performed its work regarding internal audit and according to the annual audit plan to a very high standard, which corresponded with the result of risk evaluation of the Company. The quarterly report was submitted to the Audit Committee.

The PTT appointed a Risk Management Committee to manage overall corporate risks, evaluate risks, and design the structure of corporate risk management to manage risks at an acceptable level.

**Reports of the Audit Committee**

The Audit Committee is to review financial reports on a quarterly basis. The Corporate Accounting Department and the Office of Auditor General joined the meetings and submitted financial reports to the Board of Directors on a quarterly basis. The Board of Directors is in charge of the consolidated financial statements of the PTT and its subsidiaries and associates and the financial information appearing in the Annual Report. Such financial statements are formulated according to generally accepted accounting standards, certified and examined by the Office of the Auditor General. Significant information, financial and non-financial information based on fact are also presented constantly and extensively.

**Investor Relations**

PTT places significance on the disclosure of correct, extensive, transparent and thorough information, as well as presentation and information disclosure of the Company to investors, shareholders, and related persons both directly and indirectly. This can be concluded as follows:

- Direct Method : PTT constantly and periodically presents work to analysts, investors, and personnel in the form of Analyst Meetings, Road Shows, Conference Calls, etc.
  - : Analysts, investors, and related persons can make company visits to meet with PTT's management to make any inquiry on operational progress.
- Indirect Method : PTT provides information about the Company, operational results, financial statements, and information reports submitted to the Stock Exchange of Thailand. Interested persons can read the information on PTT's web site at [www.pttplc.com](http://www.pttplc.com).
  - : In case of any inquiry, investors and related persons can also contact PTT through PTT's web site.

PTT set up the Capital Market & Investor Relations Division as a center in supervising the quality of the financial reporting process, as well as significant information with impact on PTT's share price.

The Board of Directors is specified to conduct self-evaluation in 2002 to correspond with the principles defined in the regulations of PTT Public Company on Good Corporate Governance Principles 2001. The evaluation embraces 6 items as follows:

Evaluation Items	Conclusion of the Board
1. Composition of the Board, Election, and Qualifications of the Board of Directors	- The criteria as already specified were considered appropriate. The nomination method of the Board of Directors was transparent and standardized. The appointment of directors was according to a specified agenda, and clear, with sufficient curriculum vitae for the decision of the Shareholders' Meeting. Directors were independent in working and expressing opinions in the meetings. During the year, directors did not perform any act with conflict of interest with the PTT.

Evaluation Items	Conclusion of the Board
2. Duties and Responsibilities of the Board of Directors	<ul style="list-style-type: none"> <li>- Performed all duties to satisfy the demands/objectives of shareholders well, supervised safe investment with appropriate returns.</li> <li>- Specified good corporate governance by pushing/promoting and supervising the performance of management and personnel to be thorough and complete.</li> <li>- Was responsible, honest, fair, transparent, and created long-term value.</li> <li>- Disclosed information to investors, supervising agencies and the public with completeness, accuracy, adequacy and swiftness.</li> <li>- Acted as a leader in specifying strategic plans, significant policies, financial objectives and plans.</li> <li>- Confident of reliably using the accounting, financial reporting and accounting audit systems, including internal control, internal audit and risk management.</li> <li>- Watched over, supervised and solved any conflicts of interest that may have arisen.</li> <li>- Proper evaluation and remuneration specification of the President.</li> </ul>
3. Meetings of the Board of Directors	<ul style="list-style-type: none"> <li>- Overall meetings were efficient. Chairman of the Board of Directors supervised meetings efficiently, appropriate with time and directed everyone to participate in expressing their opinions freely.</li> <li>- Additional comment: meeting agenda should be sent 8 days before the meeting so that the Board of Directors has time to thoroughly read and understand significant issues.</li> </ul>
4. Remuneration	<ul style="list-style-type: none"> <li>- The Remuneration Committee provided good consultation in specifying remuneration for the Board of Directors and the President. Remuneration should be related to performance of the PTT and the work of each director.</li> <li>- Additional comment: present remuneration was quite low.</li> </ul>
5. The receiving of significant information, necessary for the operation of the Board of Directors	<ul style="list-style-type: none"> <li>- Most thought that the handbook of the Board of Directors had complete information and was useful. The Board of Directors thoroughly followed the handbook.</li> <li>- There should be lectures on issues necessary for first-time directors.</li> <li>- Directors were allowed to join seminars/lectures on company directorship on a regular basis.</li> <li>- Additional comment: some directors have limited time; therefore, seminar papers should be sent for study instead. In addition, significant issues of monthly operation/ important news/information informed to SEC/Executive Summary of executive meetings should be summarized for directors to understand the overall picture of movements in subsidiary management.</li> </ul>
6. Additional Suggestions or What the Board wishes to implement in 2003	<ul style="list-style-type: none"> <li>- More information on PTT's management structure</li> <li>- More information on subsidiaries</li> <li>- Executive enterprise - wide risk management system</li> </ul>

The Board of Directors and the Audit Committee performed their duties in supervising PTT Public Company Limited according to the Code of Best Practice for the Boards of Directors of Listed Companies in accordance with the directions of the Stock Exchange of Thailand and regulations of the Company.

## Remuneration of Management

### (1) Total Remuneration of the Board of Directors

Unit: Baht

Remuneration	2001		2002	
	No.	Remuneration	No. <sup>1)</sup>	Remuneration
Bonus	15	3,404,687.52	14	9,000,000.00
Meeting Fee	15	2,060,000.00	14	5,160,000.00
<b>Total</b>		<b>5,464,687.52</b>		<b>14,160,000.00</b>

1) One committee resigned on September 30, 2002

### (2) Total Remuneration of Management (excluding secondment)

Unit: Baht

Remuneration	2001		2002	
	No.	Remuneration <sup>1)</sup>	No. <sup>2)</sup>	Remuneration
Total Salary	7	27,714,932.00	8	36,978,110.00
Total Bonus	7	11,547,888.33	8	13,866,791.25
<b>Grand total</b>		<b>39,262,820.33</b>		<b>50,844,901.25</b>

1) Remuneration amount shown in real paid

2) Including a management promoted on December 1, 2002

### (3) Provident Fund for the Board of Directors and the Management (excluding secondment)

Unit: Baht

Type of Remuneration	2001		2002	
	No.	Remuneration	No.	Remuneration
Provident Fund	7	2,771,493.20	8	3,697,811.00
<b>Total</b>		<b>2,771,493.20</b>		<b>3,697,811.00</b>

## Personnel

All employees, employees on probation, temporary employees and the Management of the Petroleum Authority of Thailand transferred to PTT Public Company Limited on the Company's registered date would receive salaries, wages, and fringe benefits to an amount that is not less than they previously received. Their tenure with the Petroleum Authority of Thailand shall be deemed their tenure with PTT Plc. with continuous effect and it shall not be considered that the transformation of the Petroleum Authority of Thailand into PTT Plc. resulted in the termination of their employment. In addition, the existing provident fund and pension fund for the Petroleum Authority of Thailand's employees transferred to PTT Plc. shall continue with PTT Plc., considered as the employer in lieu of the Petroleum Authority of Thailand.

(1) The number of personnel classified by major operations functions as of December 31, 2001 and December 30, 2002

Unit: person

Major Operations Functions	As of December 31, 2001	As of December 31, 2002
1. Gas Business	784	765
2. Oil Business	1,529	1,458
3. Support Function	844	831
4. Subsidiaries and Joint Ventures	711	1,288
<b>Total</b>	<b>3,868</b>	<b>4,342</b>

(2) Remuneration for Personnel (not including the Management)

Unit: Baht

Remuneration	2001 <sup>1)</sup>	2002
Salaries	1,590,700,462.95	1,795,467,849.31
Bonuses	669,062,226.78	663,316,454.81
Provident Fund	156,765,105.93	177,749,067.40
Others (if any)	500,627,899.10	664,347,807.30
<b>Total</b>	<b>2,917,155,694.76</b>	<b>3,300,881,178.82</b>

1) Remuneration amount show in real paid

(3) Other remuneration

PTT allocated 47,245,725 new common shares from an increase in capital for all employees, employees on probation, and top management, as well as personnel who resigned from PTT as part of the second Mutual Separation Plan for 2001 and retired personnel from PTT in 2001, with a value of 10 baht per share. The purpose of this program was to give employees a sense of ownership and foster a commitment to mutually developing the organization. If any shares are left over from the aforementioned allotment, PTT would allocate the remaining to the Provident Fund of PTT Plc.'s employees and listed subsidiaries/associate companies. A condition of this share allocation is that recipients are prohibited from selling their shares for three years. They may sell one-third (1/3) of their shares each year after the first year of ownership.

# REPORT OF THE AUDITOR

TO : THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED

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

Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that Office of the Auditor General of Thailand plans and performs the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Office of the Auditor General of Thailand believes that the audits and the other auditors' reports as stated in the above paragraph provide a reasonable basis for the opinion.

In the opinion of Office of the Auditor General of Thailand, based on its audits and the other auditors' reports, the consolidated and the Company financial statements referred to above present fairly, in all material respects, the consolidated and the Company financial position of PTT Public Company Limited and its subsidiaries as at December 31, 2002 and 2001, the results of the consolidated and the Company operations, changes in the consolidated and the Company shareholders' equity and the consolidated and the Company cash flows for the year ended December 31, 2002 and for the three-month period ended December 31, 2001 of PTT Public Company Limited and its subsidiaries, in conformity with generally accepted accounting principles.

Without qualifying opinion on the financial statements, Office of the Auditor General of Thailand draws attention to Notes 2.1 and 33.3 with regard to basis for financial statement preparation and trading operation of Phet Crude, respectively.

(Signed) Jaruvan Maintaka  
(Jaruvan Maintaka)  
Auditor General

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

Office of the Auditor General  
February 24, 2003

## BALANCE SHEETS

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2002 AND 2001

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

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

## BALANCE SHEETS

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2002 AND 2001

Unit : Baht

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

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



## BALANCE SHEETS

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2002 AND 2001

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

(Signed) Viset Choopiban  
(Viset Choopiban)  
President

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

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

## STATEMENTS OF INCOME

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

Unit : Baht

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

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

# STATEMENTS OF CHANGES IN

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

### CONSOLIDATED

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

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

## SHAREHOLDERS' EQUITY

Unit : Baht

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

# STATEMENTS OF CHANGES IN

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

### THE COMPANY

	Issued and fully paid-up share capital	Premium on share capital	Unrealized gain (loss) on available-for-sale securities
Balance at October 1, 2001	20,000,000,000	-	(115,200,000)
Cumulative effect of the change in accounting policy of subsidiary	-	-	-
Deferred income taxes adjustment	-	-	-
Balance after adjustment	20,000,000,000	-	(115,200,000)
Currency translation differences	-	-	-
Unrealized gain on available-for-sale securities	-	-	24,000,000
Minority interests	-	-	-
Unrealized transactions in statement of income	-	-	24,000,000
Share capital	7,972,457,250	-	-
Premium on share capital	-	17,992,830,666	-
Legal reserve	-	-	-
Reserve for Self-Insurance Fund	-	-	-
Declared dividend	-	-	-
Net income	-	-	-
<b>Balance at December 31, 2001</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	<b>(91,200,000)</b>
Currency translation differences	-	-	-
Unrealized gain on available-for-sale securities	-	-	300,800,000
Minority interests	-	-	-
Unrealized transactions in statement of income	-	-	300,800,000
Reserve for Self-Insurance Fund	-	-	-
Dividend paid	-	-	-
Net income	-	-	-
<b>Balance at December 31, 2002</b>	<b>27,972,457,250</b>	<b>17,992,830,666</b>	<b>209,600,000</b>

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

## SHAREHOLDERS' EQUITY

Unit : Baht

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

## STATEMENTS OF CASH FLOWS

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

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

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

## STATEMENTS OF CASH FLOWS

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

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

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



## STATEMENTS OF CASH FLOWS

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

Unit : Baht

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

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

## STATEMENTS OF CASH FLOWS

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

Unit : Baht

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

## Supplemental disclosures of cash flows Information

## Cash paid during the period for

Interest expenses	9,912,122,119	7,407,766,931	2,343,318,286	2,004,852,161
Income taxes	7,257,418,197	2,819,793,896	176,833,134	-

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

# NOTES TO FINANCIAL STATEMENTS

## PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

### 1 General Information

PTT Public Company Limited ("the Company") was incorporated as a public company on October 1, 2001 on corporatization from the Petroleum Authority of Thailand ("PTT") under the Corporatization Act of B.E. 2542 (1999), that's assumed transfer of all business, rights, debts, liabilities, assets and equity, as well as all staffs from PTT, with exception to comply with instructions, rules, regulations and the Cabinet Resolution as applicable to State Enterprise.

The Company was subsequently listed on the Stock Exchange of Thailand on December 6, 2001.

Its principal activity is to operate the petroleum business. The Company has investments in subsidiaries, associates, and joint ventures ("the Group") that operate in petroleum exploration and production activities, natural gas operations, refining, oil marketing and international trading and petrochemical businesses.

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

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

### 2 Accounting Policies

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

#### 2.1 Basis of preparation

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

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

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

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

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

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

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

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

## 2.2 Use of Estimates

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

## 2.3 Investments in subsidiaries

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

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

## 2.4 Investments in associates

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

## 2.5 Interests in joint ventures

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

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

## 2.6 Other long-term investments

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

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

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

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

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

## 2.7 Foreign currency translations

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

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

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

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

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

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

## 2.8 Financial instruments

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

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

### Forward foreign exchange contracts

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

### Cross-currency and interest rate swap contracts

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

### Futures oil contracts

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

## 2.9 Cash and cash equivalents

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

## 2.10 Trade accounts receivable

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

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

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

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

## 2.11 Advance under Take-or-Pay-Agreement

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

## 2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. The subsidiaries and most associates apply the weighted average cost method to determine the inventory costs which effect of difference accounting policy for inventory are not substantial. The cost of imported petroleum products comprises various import expenses and levies, surveyors' fees and contributions to or compensation from the Oil Stabilization Fund as the case may be. Net realizable value is the estimated selling price in the ordinary business, less the costs of completion and related selling expenses.

## 2.13 Material and supplies

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

## 2.14 Intangible assets

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

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

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

## 2.15 Property, plant and equipment

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

### General properties

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

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

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

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

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

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

### Oil and gas properties

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

#### Capitalization policies

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

- Acquisition costs of concession rights are capitalized.
- Exploratory costs, comprising geological and geophysical costs as well as area reservation fees during the exploration stage, are charged to expenses as incurred.
- Exploratory drilling costs (both tangible and intangible) are initially capitalized. If exploratory wells do not establish proved reserves, are determined to be economically unsuccessful, or are not included in the plan to develop in the near future, the related costs are charged as expenses.



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

### Depreciation policies

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

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

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

Leases of property, plant and equipment, where the Group assumed substantially all the risks and rewards of ownership are classified as finance leases. At the inception, these leased assets are capitalized at the estimate present value of the underlying lease payments. Each lease payment is allocated between liability and finance charges in order to calculate at a constant rate on the remaining balance of the liabilities. The finance leases less finance charges are recognized as long-term liabilities. Finance cost is charged as expenses in the statement of income over the lease period. Depreciation is charged on the straight-line method over the useful life of the relevant category of asset.

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

#### 2.17 Employee benefit

The Company contributes monthly to the Pension Fund at the rate of 10% of its staff's salaries and also contributes additional amount to provide an adequate reserve at the rate of 100% of the obligation which due at the end of accounting period. Interests earned from the assets of Pension Fund are recognized as income, while contributions are recognized as expenses in the statement of income.

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

PTTEP, a subsidiary in Thailand, was established a provident fund under the name of "Staff of PTTEP Registered Provident Fund" and contributes monthly to the fund at the rate of 15% of their basis salaries.

#### 2.18 Income taxes

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

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

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

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

## 2.19 Revenue recognition

Sales are recognized upon delivery of products.

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

Interest income - on an effective yield basis.

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

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

## 2.20 Related parties

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

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

## 2.21 Comparatives

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

## 3 Cash and cash equivalents

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

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

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

#### 4 Current investments

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

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

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

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

#### 5 Trade accounts and notes receivable - others, net

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

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

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

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

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

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

## 6 Related party transactions

The following transactions were carried out with related parties:

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

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

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

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

(translation)

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

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

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

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

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

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

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

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

According to Note 33.4, the Company has commitments to provide financial support to an associate, by means of subordinated loans, equity or other support. As at December 31, 2002 and 2001, the Company has granted subordinated loan, denominated in Baht, to that associate amounting to Baht 5,754.06 million (equivalent to USD 148.05 million). Since the Company has recognized share of loss over investments amounting to Baht 5,212.75 million (2001: Baht 4,736.74 million) according to Note 10, therefore, outstanding balance of long-term loans to related parties is stated above at the balance net of share of net loss over investments. The Company has change accrued interest of this associate amounting to Baht 53.63 million to long-term loans at January 2002.

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

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

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

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

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

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

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

(translation)

Unit : Million Baht

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

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

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

## 7 Inventories

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

Unit : Million Baht

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

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

(translation)

**8 Materials and supplies, net**

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

Unit : Million Baht

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

**9 Other current assets**

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

Unit : Million Baht

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

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

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

**10 Investments accounted for under equity method**

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

Consolidated

Unit: Million Baht

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



(translation)

Unit: Million Baht

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

(translation)

## The Company

Unit: Million Baht

Company	% shareholding		2002			2001		
	2002	2001	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments
<b>Subsidiaries :</b>								
1 PTT Exploration and Production Public Co., Ltd. (PTTEP)	62.84	60.97	3,530.90	25,337.95	-	1,987.48	18,966.80	-
2 PTT Philippines, Inc. (PTTPI)	100.00	100.00	349.21	256.76	-	349.21	270.84	-
3 PTT International Trading Pte. Ltd. (PTTT)	100.00	100.00	2.50	11.31	-	2.50	7.37	-
4 Thai Olefins Co., Ltd. (TOC)	63.03	-	7,376.67	3,741.82	-	-	-	-
5 PTT (Cambodia) Co., Ltd. (PTTCL)	100.00	-	0.23	6.42	-	-	-	-
<b>Associates:</b>								
<b>Refining Sector Group</b>								
6 Thai Oil Co., Ltd. (TOCL)	49.99	49.99	9,480.74	1,568.25	-	9,480.74	395.51	-
7 Bangchak Petroleum Public Co., Ltd. (BCP)	24.29	24.29	1,268.10	-	-	1,268.10	-	-
8 Rayong Refinery Co., Ltd. (RRC)	36.00	36.00	13,649.94	-	-	12,591.24	-	(1,075.04)
9 Star Petroleum Refining Co., Ltd. (SPRC)	36.00	36.00	14,770.48	2,244.71	-	14,378.41	1,325.58	-
10 Thai Lube Base Co., Ltd. (TLB)	30.00	30.00	1,500.00	-	(1,238.46)	1,500.00	-	(1,095.10)
<b>Downstream Oil Sector Group</b>								
11 Thai Petroleum Pipeline Co., Ltd. (THAPLINE)	30.60	30.60	880.52	-	-	880.52	-	-
<b>Petrochemical Sector Group</b>								
12 Aromatics (Thailand) Public Co., Ltd. (ATC)	46.33	50.00	2,888.83	-	(5,212.75)	3,117.68	-	(4,736.74)
13 Thai Olefins Co., Ltd. (TOC)	-	49.00	-	-	-	4,156.67	542.00	-
14 National Petrochemical Public Co., Ltd. (NPC)	37.94	37.94	1,176.00	3,730.38	-	1,176.00	3,324.42	-
15 National Fertilizer Public Co., Ltd. (NFC)	20.44	20.44	1,792.91	-	-	1,792.91	-	-
16 Thai Paraxylene Co., Ltd. (TPX)	23.48	23.48	1,743.81	1,229.28	-	1,743.81	1,688.57	-
<b>Natural Gas Sector Group</b>								
17 PTT Natural Gas Distribution Co., Ltd. (PTT NGD)	49.00	49.00	245.00	375.57	-	245.00	394.85	-

(translation)

## The Company

Unit: Million Baht

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

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

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

Unit : Million Baht

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

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

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

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

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

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

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

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

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

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

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

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

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

Balance Sheet:

As at December 31, 2002 and December 31, 2001

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

Statement of Income:

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

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

## 11. Other long-term investments

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

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

(translation)

Unit : Million Baht

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

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

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

Unit : Million Baht

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

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

1. Subic Bay (the Philippines) Group
2. Petro Asia (Thailand) Co., Ltd.
3. Petro Asia (Sanshui) Co., Ltd.
4. Petro Asia (Huizhou) Co., Ltd.
5. Vietnam LPG Co., Ltd.
6. Thai Lube Blending Co., Ltd.
7. KELOIL-PTT LPG Sdn. Bhd.
8. PTT Mart Co., Ltd.

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

## 12 Property, Plant and Equipment, Net

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

Unit : Million Baht

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

(translation)

Unit : Million Baht

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

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

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

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

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

Unit : Million Baht

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



### 13 Intangible Assets

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

Unit : Million Baht

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

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

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

## 14 Income Taxes and Deferred Income Taxes

Applicable tax rates for the Group are as follows:

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

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

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

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

(translation)

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

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

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

(translation)

**15 Advance Payment for Gas Purchased**

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

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

The Company has paid in advance for the committed gas volume from Yadana and Yetagun gas fields in the Union of Myanmar, irrespective of take-up in 1998-2001, according to established conditions in the Export Gas Sales Agreements (Take-or-Pay). The Company has right to take certain volumes of prepaid gas (Make-up) in subsequent years, with no maturity period.

**16 Other Non-Current Assets**

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

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

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

(translation)

## 17 Other Current Liabilities

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

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

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

## 18 Long-Term Loans

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

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

(translation)

Unit : Million

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

Unit : Million

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

(translation)

Unit : Million

**The Company**

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

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

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

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

Unit : Million Baht

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

**Consolidated****Maturity of long-term loans**

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

Unit : Million Baht

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

(translation)

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

Unit : Million Baht

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

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

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

## 19 Bonds

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

### Consolidated

	2002		2001	
	Million	Million	Million	Million
	USD	Baht	USD	Baht
Unsecured unsubordinated bonds				
- USD currency	393.28	17,026.28	393.28	17,440.40
- Baht currency	-	-	-	4,000.00
Less Current portion of bonds	-	-	-	4,000.00
Total	393.28	17,026.28	393.28	17,440.40

PTTEP issued 230 unsecured unsubordinated bonds with a face value of Yen 100 million each, totaling Yen 23 billion. The bonds bear interest at the rate of 3.35% per annum and have a redemption period of 10 years, to be redeemed on September 19, 2007. On the date of the bond issuance, PTTEP has entered into cross-currency and interest rate swap agreement with a financial institution in Japan to swap Yen for USD 193.28 million. Under this agreement, interest is charged at the rate of 7.86% p.a. and payable every 6 months (Note 30.2).

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



## 20 Liabilities from Finance Leases

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

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

## 21 Other Non-current Liabilities

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

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

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

## 22 Share Capital

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

## 23 Reserves

### 23.1 Legal Reserve

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

(translation)

### 23.2 Reserve for Self-Insurance Fund

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

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

### 24 Earnings Per Share

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

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

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

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

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

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

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

## 25 Other Income

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

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

## 26 Operating Income

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

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

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

## 27 Mutual Separation Plan

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

## 28 Reforestation

Under the Board of Directors' approval on February 23, 1994, the Company has participated in the Reforestation Campaign in Commemoration of the Royal Jubilee of His Majesty the King's Ascension to the Throne. The project is estimated to call for not more than Baht 3 billion of forestation covering an area of 1 million rai. An annual budget of Baht 600 million has been allocated for 5 years commencing from 1994. The Company has its own administration committee to manage the project both the reforestation and maintenance for a period of at least 5 years.

On September 16, 1998, the Board of Directors approved the extension of the project's period to a second stage for 6 years (1999-2004) using the budget as approved at the first stage of Baht 3 billion. The budget covers expenses for the principal project (reforestation and maintenance) and the support project (forest survival). The objective is to establish the long-term commitment among local people and youths who protect and concern about forest resources.

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

## 29 Segmented Financial Information

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

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

### Consolidated

For the year ended December 31, 2002

Unit : Million Baht

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

(translation)

Unit : Million Baht

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

## Consolidated

For the three-month period ended December 31, 2001

Unit : Million Baht

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

(translation)

Unit : Million Baht

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

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

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

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

### 30 Disclosure of Financial Instruments

#### 30.1 Forward foreign exchange contract

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

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

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

(translation)

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

Unit : Million Baht

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

### 30.2 Cross-currency and interest rate swap contract

On September 28, 1994, the Company entered into the loan agreement with The Meiji Mutual Life Insurance Company / The Industrial Bank of Japan Limited totalling Yen 6,913.80 million bears interest at fixed rate of 4.70% per annum. On August 15, 1994, the Company has also made cross-currency and interest rate swap to hedge risk exposure from Yen fluctuation by entering into ISDA : Interest Rate and Currency Exchange Agreement in USD equivalent to USD 69 million bears interest at the fixed rate of 7.50% per annum. The effective date of this loan was the withdrawal date which was on October 12, 1994.

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

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

Unit : Million Baht

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

The maturity of contracts can be analyzed as follows :

Unit : Million Baht

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

### 30.3 Futures oil contract

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

### 30.4 Fair value of financial instrument

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

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

Unit : Million Baht

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

### 31 Dividend Payment

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

### 32 Acquisition

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

Details of net assets acquired and goodwill are as follows:

Unit : Million Baht

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

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

Unit : Million Baht

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



(translation)

Unit : Million Baht

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

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

Details of net assets acquired and goodwill are as follows:

Unit : Million Baht

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

### 33 Commitments and Contingent Liabilities

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

33.2 A foreign contractor has a dispute with the Company and has filed a complaint with the arbitrator of the International Chamber of Commerce (ICC) with regard to a construction contract of onshore parallel pipeline laying from Rayong-Bangpakong-Wang Noi. Damage and legal costs approximately to USD 61 million have been claimed. On February 4, 2002, the arbitrator made the decision that the Company shall pay for damage and expenses incurred in the administration of the case amounting to USD

28.43 million with interest charge and fees for letter of guarantee. However, the Company has always contended with and retained rights concerning the arbitration and the judicial process on this dispute. The Company will contend with the enforcement according to arbitrator decision. As at December 31, 2002, the Company has recorded the damage including interest and expenses incurred totalling Baht 1,345.70 million (2001: Baht 998.35 million) as presented under other non-current liabilities according to Note 21. Nevertheless, the Company as the plaintiff has filed against the same foreign contractor as a defendant in the civil court for the delay of work submission which caused the Company damages amounting to Baht 4,274 million. The case is in the process of taking evidence and has no progress.

33.3 The Cabinet meeting as at February 16, 1988 approved Petroleum Authority of Thailand (PTT) to purchase and sell of crude on behalf of the Government with permission to deduct operating expenses from the margin before appropriation to the Ministry of Finance (MOF). Most purchase and sale of local crude came from Sirikit oil field (Phet Crude).

On October 1, 2001, PTT was corporatized to PTT Public Company Limited, the Company entered into income tax system as general private company. The purchase and sale of Phet Crude for the year ended December 31, 2002 amounting to Baht 7,168.96 million and Baht 7,441.57 million, respectively. The margin from Phet Crude amounting to Baht 272.61 was included in net income from normal operation. If the Company deducted the operating expenses from the margin before remitting to MOF, the portion of gain from Phet Crude before deducting of corporate income tax to the Government is Baht 188.66 million. (For the three-month period ended December 31, 2001, the purchase and sale of Phet Crude amounting to Baht 1,361.02 million and Baht 1,413.56 million, respectively. The margin from Phet Crude is Baht 52.54 million after deducting the operating expenses, and before deducting corporate income tax is the portion of gain from Phet Crude to the MOF amounting to Baht 21.14 million) At present, there is still no clarification for this remittance.

33.4 Commitments to subsidiaries and associates are as follows:

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

The Company has commitments to provide an adequate financial support to an associate including working capital based on Shareholders' Support Agreement amounting to USD 148.05 million (Baht 5,754.06 million). As at December 31, 2002, the Company supports the whole amount to the associate by means of subordinated loan which includes accrued interest receivable amounting to Baht 53.63 million totalling Baht 5,807.69 million. The Company recognized share of loss in investments amounting to 5,212.75. In addition, the Company has commitments to provide a commercial credit line by extending the terms of payment with respect to supply of raw materials and/or making advance payment for finished products purchased, and including provide contingency support amounting to USD 90 million. As at December 31, 2002, the commercial credit line has been used amounting to USD 45.06 million. The Company still has commitments to the associate at the balance of USD 44.94 million.

The Company was approved to increase its share capital in an associate, together with other shareholders, in accordance with the cabinet resolution on October 12, 2000 which the Company's interest is approximately USD 32.42 million (Baht 1,403.91 million). As at December 31, 2002, the Company recognized share of loss in investments amounting to Baht 1,095.11 million. The Company, shareholders and creditors have agreement on November 28, 2002 that the Company will pay amounting to USD 10.73 million (Baht 461.24 million) as part of the Company's compensation in quantity and prices according to Supplemental Supply and

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

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

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

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

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

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

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

### 34 Promotional Privileges

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

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

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

### 35 Subsequent Events

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

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

### 36 Subsidiaries, Associates and Joint Ventures

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

Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
<b>Subsidiaries :</b>				
PTTEP International Company Limited (PTTEPI)	Thailand	Petroleum Exploration and Production	62.84	60.97
PTT Philippines, Inc. (PTTPI)	Philippines	Oil Marketing	100.00	100.00
PTT International Trading Pte., Ltd.(PTTT)	Singapore	Oil International Trading	100.00	100.00
Thai Olefins Co., Ltd (TOC)	Thailand	Petrochemical	63.03	49.00
PTT (Cambodia) Co., Ltd. (PTTCL)	Cambodia	Oil Marketing	100.00	-
<b>Associates :</b>				
Thai Oil Co., Ltd. (TOCL)	Thailand	Refining	49.99	49.99
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	24.29	24.29
Rayong Refinery Co., Ltd. (RRC)	Thailand	Refining	36.00	36.00
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
Thai Lube Base Co., Ltd. (TLB)	Thailand	Refining	30.00	30.00
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil Pipeline	30.60	30.60
Aromatics (Thailand) Public Co., Ltd. (ATC)	Thailand	Petrochemical	46.33	50.00
National Petrochemical Public Co., Ltd. (NPC)	Thailand	Petrochemical	37.94	37.94
National Fertilizer Public Co., Ltd. (NFC)	Thailand	Petrochemical	20.44	20.44
Thai Paraxylene Co., Ltd. (TPX)	Thailand	Petrochemical	23.48	23.48
PTT Natural Gas Distribution Co., Ltd. (PTT NGD)	Thailand	Natural Gas	49.00	49.00
Joint ventures: Jointly controlled entities				
Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T))	Thailand	Natural Gas	50.00	50.00
Trans Thai-Malaysia (Malaysia) Co., Ltd. (TTM (M))	Malaysia	Natural Gas	50.00	50.00
PTT PUBLIC COMPANY LIMITED				131

36.2 The principal subsidiaries, associates and joint ventures of subsidiaries are as follows:

Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
			<b>Subsidiaries :</b>	
PTTEP International Company Limited (PTTEPI)	Thailand	Petroleum Exploration and Production	100.00	100.00
PTB Partner Co., Ltd. (PTB)*	Thailand	Petroleum Exploration and Production	100.00	100.00
PTTEP Offshore Investment Company Limited (PTTEPO)	Cayman Islands	General Investment Operation	100.00	100.00
PTTEP Kim Long Vietnam Company Limited (PTTEPKV)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
PTTEP Southwest Vietnam Company Limited (PTTEPSV)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
PTTEP Middle East Company Limited (PTTEP ME)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
PTTEP Hoan - Vu Company Limited (PTTEPHV)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
PTTEP Hoang - Long Company Limited (PTTEPHL)	Cayman Islands	Petroleum Exploration and Production	100.00	100.00
Continental Indochine Imp/Exp Co., Ltd (CIL)	Cambodia	Aircraft Refuelling Service	100.00	100.00
<b>Associates :</b>				
Thai Oil Power Company Limited (TOP)	Thailand	Power Producer	26.00	26.00
New Links Energy Resources Limited (New Links)	Indonesia	General Investment Operation	40.00	40.00
PTT International Trading Co., Ltd. (PTTT(Cayman))	Cayman Islands	Oil International Trading	100.00	100.00
FST Aviation Services Limited (FST)	Hong Kong	Aircraft Refuelling Service	25.00	25.00

Joint ventures:

Jointly controlled entities

Company	Country of Incorporation	Business	% Ownership Interest	
			2002	2001
			<b>Joint ventures:</b>	
Carigali-PTTEPI Operating Company Sdn. Bhd. (CPOC)**	Malaysia	Petroleum Exploration and Production	50.00	50.00
Moattama Gas Transportation Company (MGTC)	Myanmar	Natural Gas Pipeline-Overseas	25.50	25.50
Taninthayi Pipeline LLC. (TPC)	Myanmar	Natural Gas Pipeline-Overseas	14.1667	14.1667

\* PTB is in the liquidation process.

\*\* CPOC does not operate because of slow moving in JDA project (Block B-17 and C-19)

Jointly controlled assets entities

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

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

**Joint Ventures of PTTEP International Limited**

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

**Joint Ventures of PTTEP Kim Long Vietnam**

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

**Joint Ventures of PTTEP Southwest Vietnam**

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

**Joint Ventures of PTTEP Hoan-Vu**

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

### Joint Ventures of PTTEP Hoang Long

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

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

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

#### The change of joint venture interest during 2002

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

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

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

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

## Supplemental Information

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

# STATEMENTS OF INCOME

For the years ended December 31, 2002 and 2001

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



## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002 and 2001

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

# STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2002 and 2001

Unit : Million Baht

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

# STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2002 and 2001

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

# STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2002 and 2001

Unit : Million Baht

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

## Supplemental disclosures of cash flows information

### Cash paid during the year for

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

# GLOSSARY OF TECHNICAL TERMS

BBL or Bbls	Barrel
Bcf	Billion cubic feet
BOE	Barrels of oil equivalent
BOED	Barrels of oil equivalent per day
btu	British Thermal Units, a universal measurement of energy.
btu : scf	British Thermal Units : standard cubic feet
B/MMbtu	Baht / Million British thermal units
DCSPP	District Cooling System Power Plant
EPPO	Energy Policy Office
IPP	Independent Power Producer
JDA	Joint Development Area (Malaysia - Thailand); Block A-18, B-17 and C-19
Kboe/d	Thousand of barrels of oil equivalent per day
Kbd or KBbl/d	Thousand barrels per day
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MMBOE	Million barrels of oil equivalent
MMSCF	Million standard cubic feet
MMbtu	Million British thermal units
MMcf	Million cubic feet
MMcf/d	Million cubic feet per day
NGL	Natural Gas Liquids
NGV	Natural Gas for Vehicles
SPP	Small Power Producers
tonnes	Metric tonnes. A metric ton is equal to 1,000 kilograms, or approximately 2,204.6 pounds
Vd	Volume per day