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FINANCIAL HIGHLIGHTS

Financial Ratio	2002	2003	2004
Total Assets (million baht)	298,988	324,331	487,226
Total Liabilities (million baht)	202,323	195,389	302,311
Total Shareholder's Equity (million baht)	96,665	128,942	184,915
Sales Revenues (million baht)	396,551	489,713	644,673
Net Income (loss) (million baht)	24,352	37,580	62,666
Net Profit on Revenues (%)	6.00	7.42	9.21
Return to Shareholders (%)	29.20	33.29	39.93
Return to Total Assets (%)	8.31	12.06	15.44
Debt to Equity Ratio (time)	2.09	1.52	1.63
Interest Coverage Ratio (time)	5.21	9.34	10.04
Net Income (loss) Per Share (baht)	8.71	13.43	22.40
Book Value Per Share (baht)	28.86	40.15	58.76

Note : The financial statements of 2004 feature structural changes in accounting concerning significant affiliated companies:

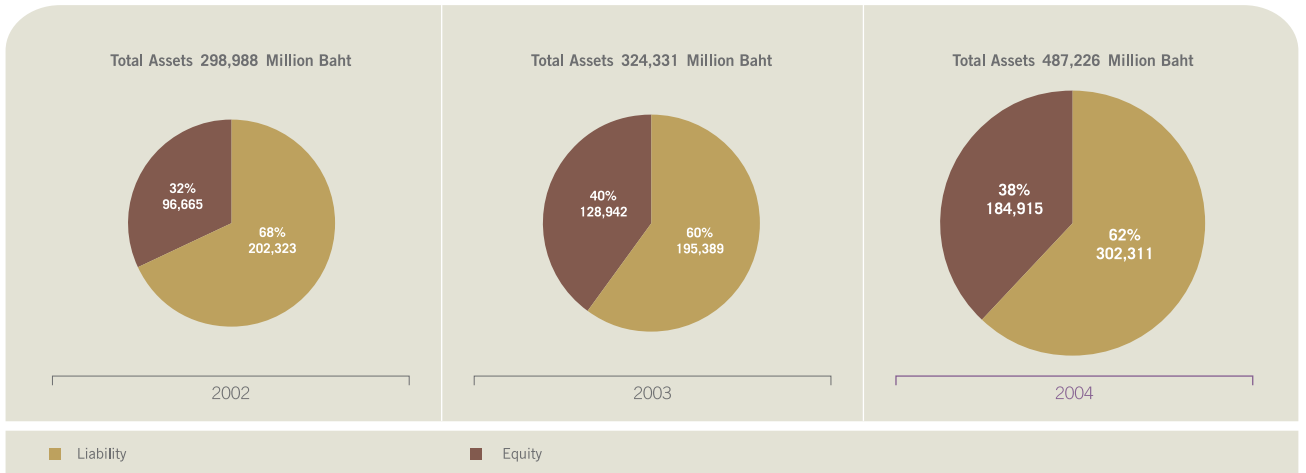
The companies in which PTT invested more during the year consist of PTT Natural Gas Distribution Co., Ltd., Bangkok Polyethylene Plc, Rayong Refinery Co., Ltd., and the Subic Bay group of companies (consisting of Subic Bay Energy Co., Ltd., Subic Bay Fuels Co., Inc., and Subic Bay Distribution, Inc.)

The companies invested in by PTT that were founded during the year were PTT LNG Co., Ltd., PTT Polyethylene Co., Ltd., and Energy Complex Co., Ltd.

Because these companies are subsidiaries, their financial statements are consolidated in PTT's financial statements of 2004.

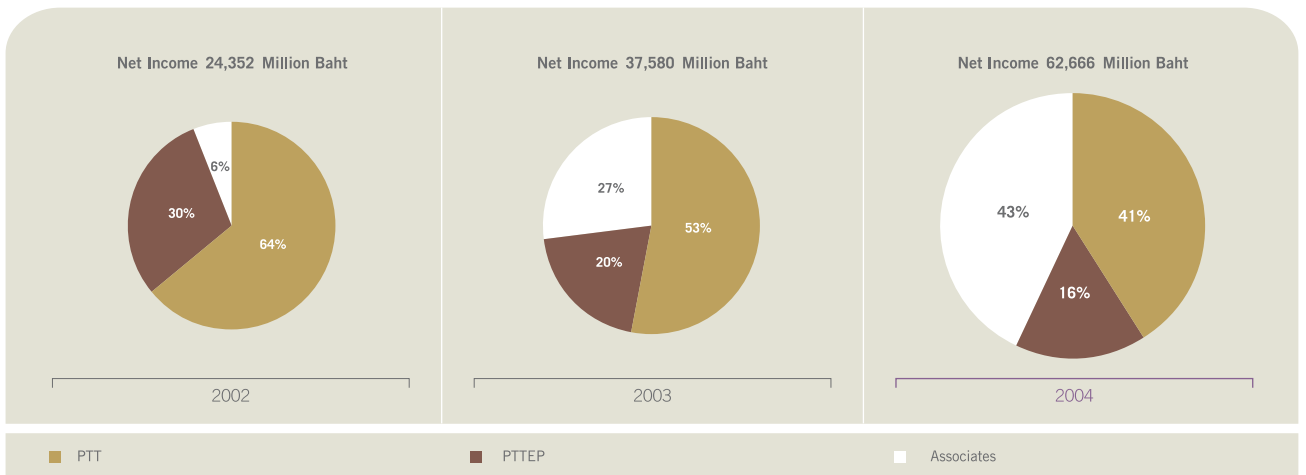
Total Assets

Unit : Million Baht



Net Income

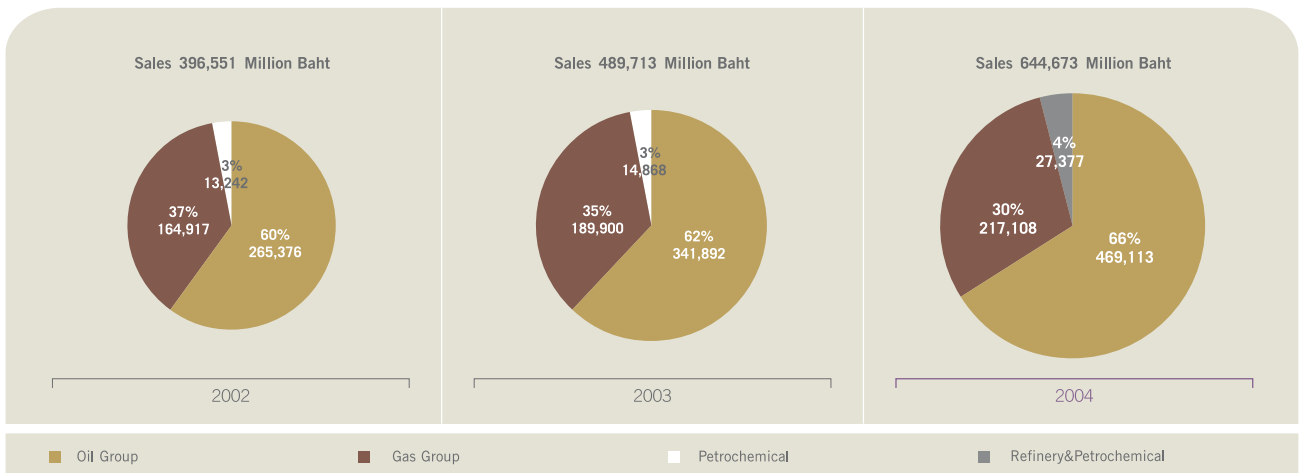
Unit : Million Baht



Sales Revenues

Unit : Million Baht

Note : Portion exclude elimination



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 related businesses or support activities, and investment in related business.

Number of Employees of PTT, its Subsidiaries and Joint-Ventures : 4,807 (As of December 31, 2004)

- PTT : 3,010
- PTT Exploration and Production Plc. (PTTEP) : 806
- Subic Bay Group : 73
- PTT International Trading Pte., Ltd. (PTTT) : 2
- PTT (Cambodia) Co., Ltd. (PTTCL) : 51
- Trans Thai-Malaysia (Thailand) Ltd. (TTM (T)) : 42
- Trans Thai-Malaysia (Malaysia) Ltd. (TTM (M)) : 11
- Retail Business Alliance Co., Ltd. (RBA) : 497
- District Cooling System and Power Plant Co., Ltd. (DCAP) : 10
- Bangkok Polyethylene Public Co., Ltd. (BPE) : 237
- Energy Complex Co., Ltd. (ENERGY COMPLEX) : 2
- PTT Polyethylene Co., Ltd. (PTTPE) : 6
- PTT Natural Gas Distribution Co., Ltd. (PTT NGD) : 55
- Rayong Refinery Co., Ltd. (RRC) : 5

Location 555 Vibhavadi-Rangsit Road, 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, 2004)

Paid-up Capital Baht 27,972,457,250 including 2,797,245,725 common shares, Baht 10 per share (as of December 31, 2004)

References

Share Registra Thailand Securities Depository Company Limited, 4th, 6th - 7th 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

CORPORATE GOVERNANCE BUSINESS EXCELLENCE + PATH TO SUSTAINABLE GROWTH

Sustainable Growth... for the energy security of all Thais

In conducting its business, PTT adheres to corporate governance. Our people recognize their responsibility to promote transparency, create confidence in the minds of the public, and to foster relationships and morality so that the Kingdom can forge ahead together along the path to sustainable growth.



1 Accountability

As the national energy company, our primary mission is to maintain energy security while responding to the domestic demand for energy. With this mission in mind, we do our business prudently in compliance with rules and regulations and stand ready to take full responsibility for our actions.



2

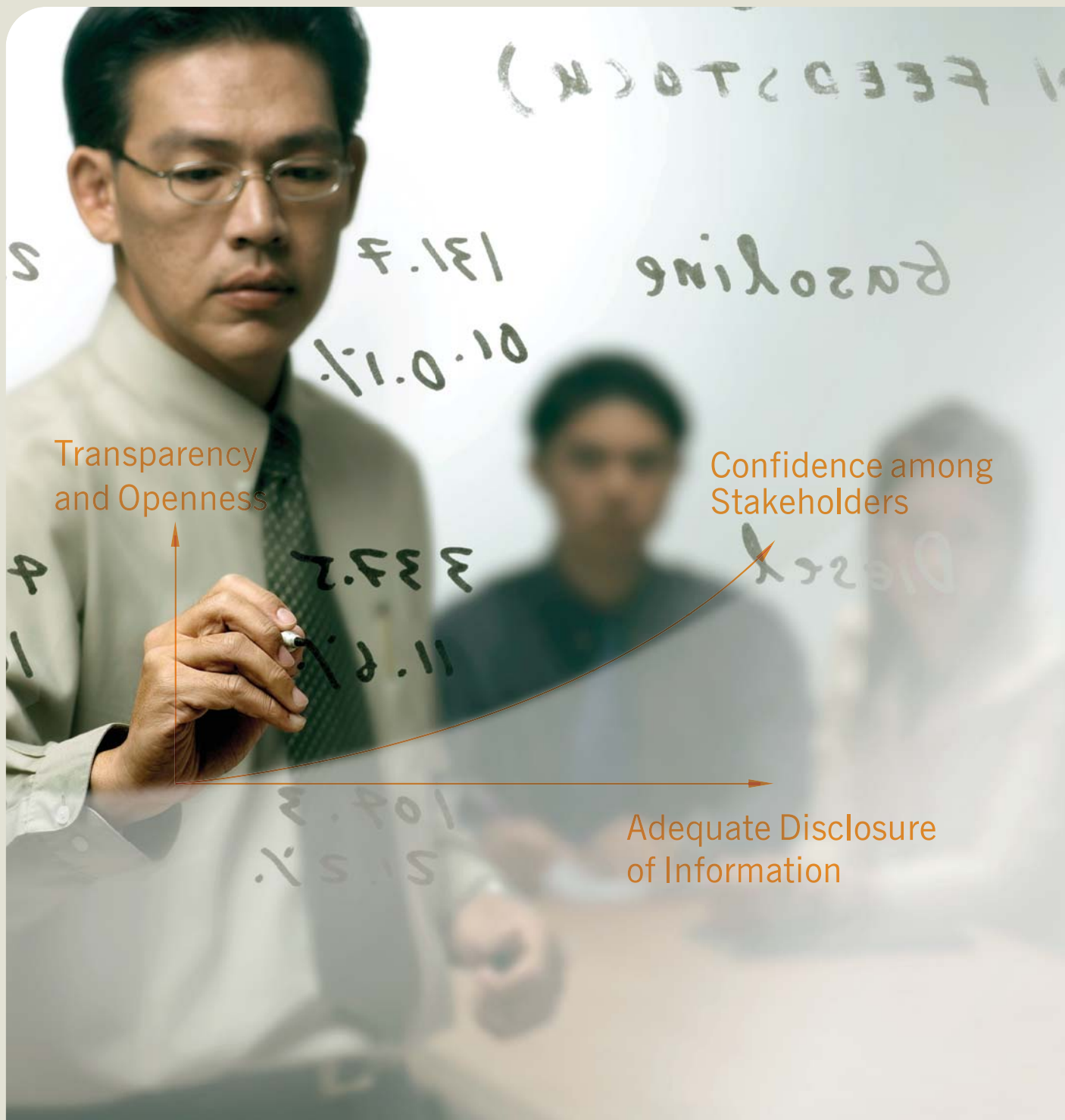
Responsibility

For maximum benefit to our stakeholders, we are determined to do our best in executing every mission. We pay attention to each step along the way, convinced that through our responsibility to our mission and stakeholders, we will raise the standards of our products. We do not limit our performance and satisfaction, and we are committed to creating a culture of robust and sustainable growth.



3 Equitable Treatment

We serve our customers equally, regardless of their origin, rank, or status. Not only do we produce quality fuel and energy, but we recognize that sincere and fair treatment will strengthen bonds between PTT and customers, partners, and shareholders. In other words, we put our hearts into everything we do and everybody we do business with.



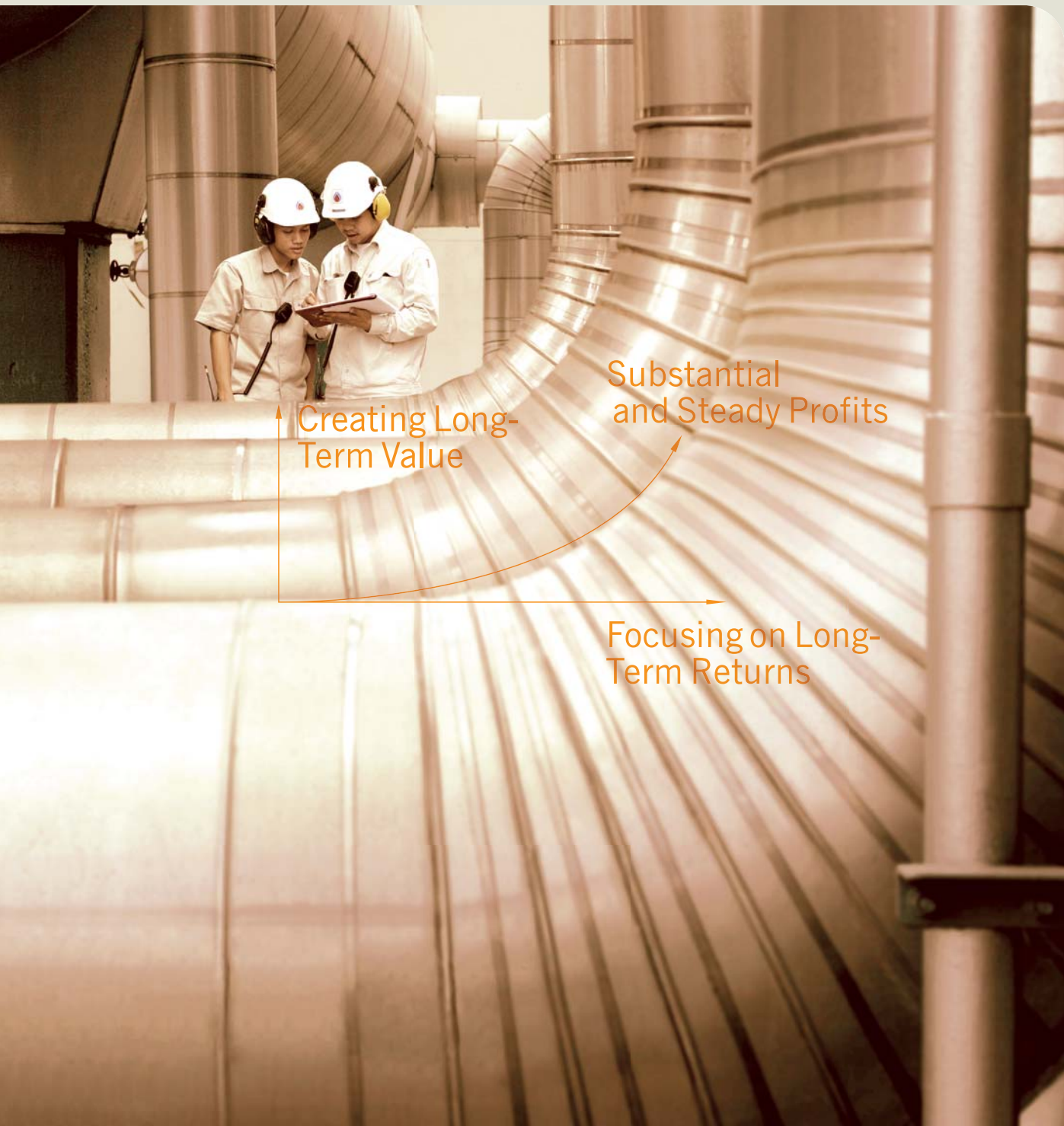
Transparency
and Openness

Confidence among
Stakeholders

Adequate Disclosure
of Information

4 Transparency

As proof of our commitment to transparency, we disclose our work processes, the components of our business, and our successes. PTT ensures complete, timely, regular, and adequate disclosure of information. We believe this is in the best interests of all stakeholders. To this end, we allocate the necessary means and resources, including competent personnel, who can communicate information in a complete, adequate, trustworthy, and timely way.



↑ Creating Long-Term Value

Substantial and Steady Profits

→ Focusing on Long-Term Returns

5

Vision to create long term value

Our primary vision is to create long-term value for our business. All our projects therefore have clear and prudent objectives, ensuring that the returns are appropriate and consistent with the organization's direction and fostering the organization's firm and sustainable progress.



6 Ethics

Despite being in a business filled with fierce competition and profit-driven goals, we realize that the foundation of sustainable business growth is adherence to righteousness. As a result, PTT personnel are committed to performing their duties with integrity and ethics, avoiding unfair and unethical practices. Our personnel also regularly participate in charity and social assistance activities -- so that PTT, the society, and the Kingdom can gain the highest satisfaction.

MESSAGE FROM THE CHAIRMAN

The Thai economy has been steadily strengthening in recent years. In 2004, it saw a 6% expansion in its gross domestic product. A major factor in this expansion was higher domestic consumption and investment - which led to rising domestic consumption of petroleum products. At the same time; the prices of crude oil, oil products, and petrochemical products averaged higher for the year. These trends benefited the Company and in 2004 PTT and its affiliates grossed 644,673 million baht in sales revenue; a rise of 31.6% from last year. Net profit was 62,666 million baht, a rise of 66.8%.

In 2004, PTT and its affiliates achieved a considerable success in their operations and experienced a year of satisfactory growth. For instance, its Gas Business reported natural gas sales of 2,782 million cubic feet a day, an increase of 4.8% over the previous year. PTT's Oil Business still topped the domestic market with the highest market shares for 12 consecutive years and with the 2004's gross sales volume of 14,641 million liters, or 13.9% over the previous year, while its international trading volume totaled 25,528 million liters, or 13.4% over the previous year. Notable activities in support of oil market expansion included the inauguration of Thailand Petroleum Trading Center at Sri Racha ; expansion of gasohol sales to provincial areas; and the launching of novel products such as "PTT Performa Synthetic" gasoline engine lubricant, which saves 5-8% on fuel consumption. As for its petrochemical business, the focus was on value addition to natural gas through its application as feedstock for intermediate petrochemical products, e.g., Ethylene Cracker Project, Low Density Polyethylene (LDPE) Plant, and phenol projects. The Company's refining business witnessed successful debt restructuring of its Rayong Refinery Company Limited (RRC) - PTT bought 64% of the shares from Shell to become the sole owner of RRC. PTT, through the four refineries in which it has a stake, now commands a total refining capacity of 319,574 barrels a day, or 32% of domestic capacity. In a significant move, Thai Oil Company Limited (Thaioil) was listed as a public company limited with its initial public offering of 1,018 million shares. Thaioil has also successfully consolidated the businesses of Thai Paraxylene Company Limited (TPX) and Thai Lube Base Public Company Limited (TLB), providing more synergy and added value to PTT in the long run.

PTT's business direction is clear: strengthening its core businesses; namely natural gas, oil, petrochemicals and refining - both nationally and regionally. To add more value for shareholders, PTT is committed to becoming an integrated energy company. This commitment was illustrated during the past year in PTT's natural gas utilization master plan which focuses on securing new sources of natural gas; construction of the third gas pipeline and the Gas Separation Plant Unit V; establishment of PTT LNG Company Limited to procure liquefied natural gas (LNG) as an additional option of natural gas supply ; acceleration of the use of Natural Gas for Vehicles (NGV) to lessen dependence on energy imports; and recognition of the role of research on renewable energy, e.g., gasohol and biodiesel.

In this globalized business world of increasingly intense competition, PTT aims to strengthen both its personnel and its systems to maintain a high-performance organization, particularly through enterprise resource planning, which is designed to streamline work processes while adding customer satisfaction. The Company also formulated a plan to develop PTT personnel in line with its vision and strategies through competency based human resource management so that individuals may become sharper and more competent in this industry. In addition, PTT has implemented an organization risk management program and sharpened the awareness of productivity and efficiency in its people. The Company continues to maintain its standards of excellence



A handwritten signature in brown ink that reads "Cherdpong Siriwit".

(Mr. Cherdpong Siriwit)

Chairman of the Board of Directors

in the areas of quality, safety, occupational health, and environmental work. This is evidenced by the fact that PTT was awarded the Thailand Quality Class Award for 2004 by the Thailand Productivity Institute.

In addition, the Company was recognized, both nationally and internationally, for its management, market value, and corporate governance. Recognition was received from various leading financial magazines including Fortune, Finance Asia, Forbes, Business Week, Institutional Investor, and AsiaMoney. PTT received a ranking of 8.19 on a scale of 10 (considered “very good”) for corporate governance by Thai Rating and Information Services Company Limited (TRIS) and an AA+ debenture issuance rating from Fitch Ratings (Thailand) Limited and credit rating at the same level of country from Standard & Poors Rating Services. All these reflect PTT’s sound business reputation.

The Company constantly takes part in activities for public well-being and for the improvement of society and the environment. For instance, as 2004 marked the 72nd Birthday Anniversary of HM Queen Sirikit, PTT founded the Sirinath Rajini Center for Mangrove Forest Studies so that the public could learn about, visit, and more effectively use mangrove forests. On December 26, 2004 giant tidal waves devastated many areas on Thailand’s southern coast. The Thai people responded to the suffering with a great outpouring of sympathy and generosity. PTT and its affiliates donated money and provided other forms of assistance worth over 60 million baht. The Company also took part in the “One District, One Lab School Program”, a government initiative, by sponsoring three schools. Each school received a support budget of three-million-baht.

Recognizing our commitment to corporate governance principles while regularly addressing issues raised by stakeholders, the Board of Directors is convinced that such principles and practice pave the way to growth and prosperity. We appreciate the trust and support given by shareholders, customers, partners, the public sector, staff, domestic and international financial institutions, the media, and the Thai public. You can be assured that PTT will perform its work ethically and with transparency in order to bring maximum benefit to its stakeholders and to prove itself worthy of your trust.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors of PTT appointed the Audit Committee which comprise of four experts in law, finance, and organizational management. Mr. Olarn Chairpravat was appointed Chairman of the Audit Committee. The other members are Mr. Prapan Naikovit, Mr. Sunthad Somchevita, and Mr. Chaiwat Wongwattanasan. During 2004, the Committee held 12 meetings with management and various units of PTT, including two meetings with senior management. During these meetings, heads of departments, and executives of subsidiaries and affiliated companies, presented the results of its risk management efforts and explained problems and obstacles. The Committee also met the Office of the Auditor General of Thailand, which serves as the Company's auditor, to review PTT's financial statements, audit plans, and audit autonomy.

In 2004, the Audit Committee performed its duties and responsibilities as assigned by the Board of Directors and in compliance with PTT regulations relating to the Audit Committee and in accordance with the terms of reference of the Stock Exchange of Thailand (SET). Duties performed were, in summary, as follows:

1. The Committee reviewed quarterly and annual financial statements together with PTT management and the Office of the Auditor General to ensure compliance with accounting standards, the accuracy and credibility of PTT's accounting system and financial statements, as well as sufficient and timely disclosure of information contained in financial statements. These measures enable investors or other users of such statements to make informed decisions. In addition, the Committee focused on reviewing connected transactions between PTT and its subsidiary and affiliated companies, in particular those under the Gas Business Group, Oil Business Group, Petrochemicals and Refining Business Group, and Head Office engaging in businesses with such companies. The objective was to ensure that PTT operates in accordance with normal business practice and in compliance with SET rules while also disclosing sufficient information for the benefit of investors. Having reviewed such statements and compliance practices, the Committee views that PTT was in compliance with related laws, and its accounting practices as well as financial statements were both accurate and credible.

2. To perform its duties and responsibilities effectively, the Committee set up risk management units under PTT's structure; arranged meetings of independent Board of directors free of PTT management involvement; and ensured that subsidiaries and affiliated companies adopted the same risk management practices as PTT. These measures, along with related activities, maximize the efficiency of risk management of the entire PTT Group. The Committee also conducted quarterly risk management reviews.

3. The Committee reviewed PTT's internal control system assessment and concluded that the system was adequate for business operations and fulfilled the objectives of Company resource utilization effectiveness and efficiency which includes taking care of properties, preventing or minimizing errors, damage, spillage, wastage, and corruption; and ensuring credibility of financial and operation reports as well as compliance with laws, by-laws, and regulations, including compliance with Cabinet resolutions. It was the consensus of PTT's audit team that there were no significant issues or deficiencies during 2004. Also, PTT conducted an internal assessment under the regulations of the Office of the Auditor General governing internal control standards (AD 2001) and concluded that — in the opinion of the Office of Corporate Audit and management — PTT's internal control system was both adequate and effective.



A handwritten signature in dark ink, appearing to read 'O. Chaipravat', with a small flourish at the end.

(Mr. Olarn Chaipravat)
Chairman, Audit Committee

4. The Committee directed internal audit performance in line with the approved audit plans and focused on reviewing audit reports for 2004 to ensure efficient and effective performance under a sound internal control system. It was also to ensure compliance with laws on securities and the stock exchange, and laws related to PTT's lines of business as well as to ensure corrective actions following significant internal-audit remarks for improved corporate governance. In addition, the Audit Committee reviewed audit plans for 2005 and for 2005-2007. These audit plans were based on internal-control assessment findings and PTT's risk base, which include the audit of information technology; accounting, finance and operation; safety, health and the environment; as well as subsidiary and affiliated companies. The objective was to ensure inspections that covered all significant issues, prevented potential risks, created suitable internal-control mechanisms to deal with organization risks, and benefited PTT and its shareholders to the full extent. As for personnel administration, the Audit Committee encouraged experienced personnel to serve in the Office of Corporate Audit.

5. Having reviewed the suitability of PTT regulations governing the criteria and guidelines of the Audit Committee (Audit Committee Charter of 2001) and reviewed the suitability of PTT's terms of reference governing internal auditing (Internal Audit Charter 2001), which were deemed suitable and thorough for normal business practices, the Committee resolved to continue such regulations and terms of reference. It also reviewed revisions made to internal audit manuals to ensure their conformance to international standards on internal auditor practices as well as to the Ministry of Finance manual for state enterprise internal auditing (AD 2003).

6. The Committee conducted self-assessment; particularly its composition, training and resources, meetings, activities, its relationships with the Executive Vice Presidents, Office of Corporate Audit, the external auditor, and management, the future role, and additional policies. Individual assessments were made on each member of the Committee in the form of cross-assessments. For 2004, the Committee concluded that such self-assessments, for the group and individuals alike, yielded very good results. In addition, the Committee and senior PTT management assessed the performance of the Office of Corporate Audit.

7. The Committee has reviewed PTT's audit plans and auditors' autonomy and has chosen the Office of the Auditor General of Thailand as auditor for the year 2005. The Committee has also determined appropriate remuneration. The Committee's recommendation will be submitted to the Board of Directors, who will in turn request approval from the 2005 Shareholders' Meeting.



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TA-1
.8MML

T-10
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CAP

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WORLD OVERVIEW OUTLOOK

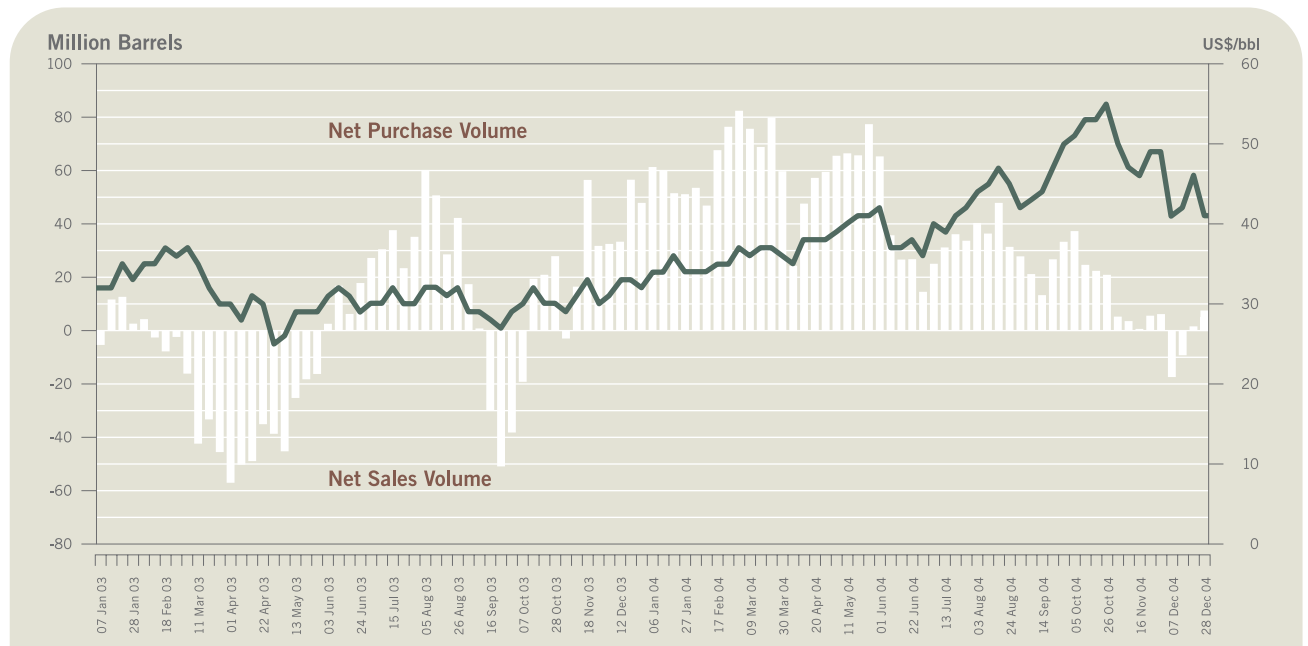
World Overview & Outlook

At the beginning of 2004, the world economy expanded significantly as a result of loosened monetary policies by various governments aimed at stimulating and reviving their economies. However, towards year-end, higher oil prices - coupled with tighter monetary policies in both the US and China aimed at slowing down their economic expansion and inflation - decelerated this global economic expansion. Nevertheless, with extraordinary economic conditions in Japan, Europe e.g. Germany and France and emerging markets; the International Monetary Fund (IMF) predicted an economic expansion of 5.0%. The world bank's forecast was slightly less at 4.0%. These figures are up from 3.9% (IMF) and 2.7% (World Bank) in 2003. These rates of expansion are the highest in 30 years.

As a result of such significant economic expansion, world oil consumption increased to 82.8 million barrels per day (MMBD), an increase of 2.5 MMBD or 3.0% over 2003. This is the highest since 1978. The price hike of Dubai crude was also the highest in 20 years, from US\$ 26.8 per barrel (bbl) to US\$ 33.7/bbl, an increase of 25.7% or US\$ 6.9/bbl. Therefore, 2004 witnessed what can be considered the "third oil crisis"; one which was not triggered by conflicts and wars in the Middle East as were the first two.

This third crisis stemmed from a series of political and operating conflicts in oil-producing countries such as the war in Iraq, terrorist activities in Saudi Arabia, Yukos's backdated tax charges by the Russian government, pay rise protest by Norwegian oil fields, labor strikes by oil workers in Nigeria and anti-government protests, hurricanes in the Gulf of Mexico, and low reserve production rates by OPEC of 0.5 - 1 MMBD. As a result, markets feared that oil supplies would be insufficient to meet demand. In addition, purchases by speculators and hedge funds on the NYMEX futures exchange registered a net volume of 82-85 million barrels. These purchases continued for over one year, from October 2003 to November 2004.

Speculators Activities on NYMEX



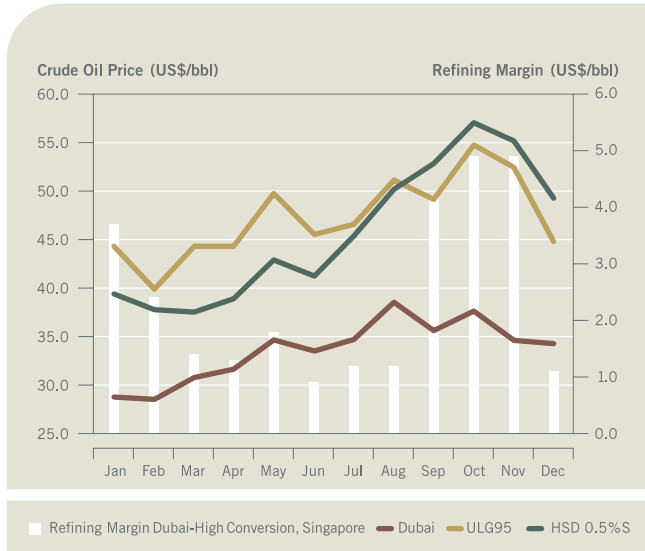
■ Net Non-Commercial (Speculators)

— West Texas Intermediate (WTI)

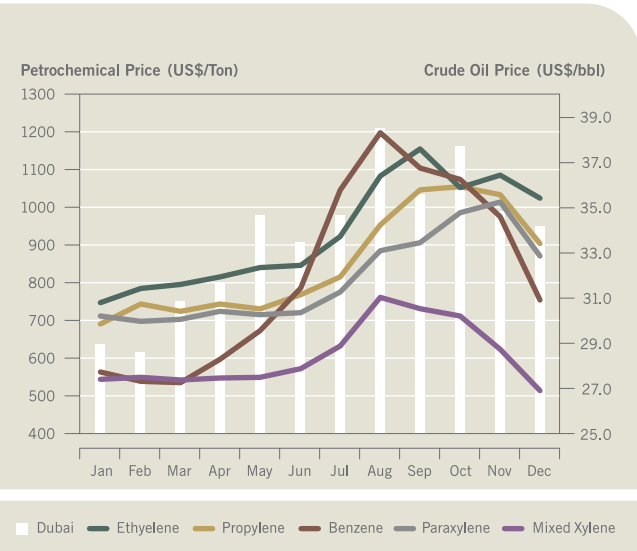
Source : The Commodity Futures Trading Commission (CFTC)

Because of high world oil prices, the rise in consumption of oil and petrochemical products that resulted from economic expansion, and a tight market due to limited refining capacity and maintenance shutdowns of petrochemical plants; the price of oil products, the gross refinery margin (GRM), and prices of olefins and aromatics increased and remained high.

Price of Dubai Crude, Price of Oil Products, GRM in 2004



Price of Dubai Crude and Prices of Petrochemical Products in 2004

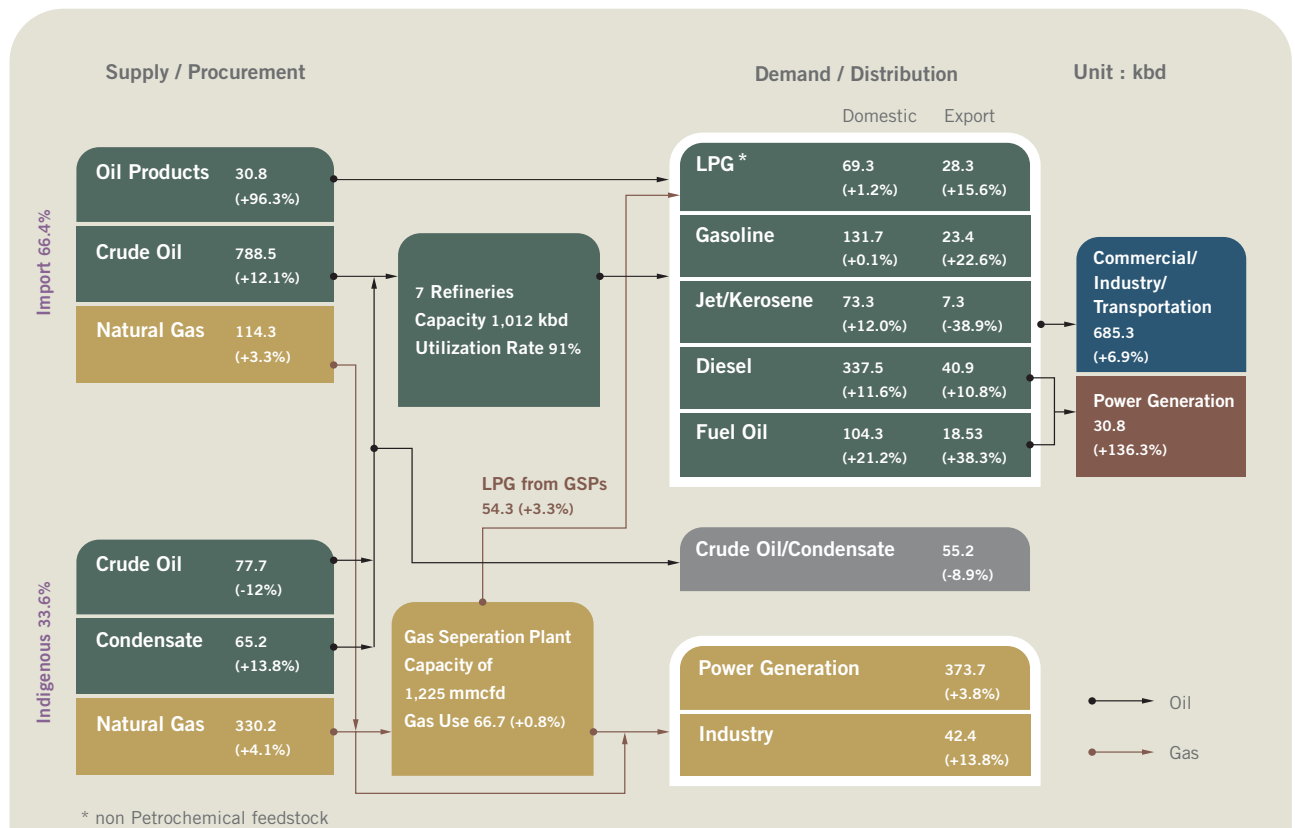


Domestic Overview

Driven mainly by domestic consumption, the Thai economy expanded by 6.2% in 2004, down from 6.9% in 2003. Higher prices of oil and other goods lowered consumer/investor confidence and purchasing power, leading to a drop in household spending and private investment. In addition, consumers became more cautious about their spending because of expectations of higher interest rates. Another factor that slowed down economic expansion was the value of imported goods and services grew much faster than exported ones.

Consumption of petroleum - consisting of oil and natural gas (excluding the amount consumed by the petrochemical industry) - was 1,133 thousand barrels per day (kbd); an increase of 7.7%. This increase was consistent with the expansion of the overall economy. Fuel oil recorded the highest rise in consumption at 21.2%. The demand for fuel oil rose sharply to meet the needs of power generation, which have exceeded the current capacity of gas transmission pipelines. Gasoline consumption increased by 0.1%, the lowest percentage rise among fuels, because prices remained high after the government floated prices in October 2004. However, the government pinned the price of diesel oil, leading to a jump in the consumption of high-speed diesel. The supply of petroleum, from both indigenous sources and imports, was 1,407 kbd, up 8.8%. About 67% was imported, while Exports reached 174 kbd, a climb of 4.4% resulting from higher regional demand. The petrochemical industry expanded in accordance with the economy.

Petroleum Procurement and Distribution in 2004



Summary	Total Supply	1,406.6	Total Demand	1,132.8	Export	173.6
		(+8.8%)		(+7.7%)		(+4.4%)
	Oil Products	716.1	Oil Products	118.4		
		(+9.5%)		(+12.5%)		
	Natural Gas	416.7	Crude/Condensate	55.2		
		(+4.8%)		(-8.9%)		

Outlook for 2005

A world economic slowdown seems very likely in 2005. The IMF and the World Bank expect the global economy to expand at 4.3% and 3.2% respectively. This corresponds to an increase in world oil consumption of 84.3 MMBBD, an increase of only 1.5 MMBBD. Production from OPEC and non-OPEC countries is expected to exceed the projected demand, so the price of crude oil (Dubai) is likely to be US\$ 31.0-33.0/bbl, down by US\$ 1-3/bbl. However, a few primary factors will affect prices in 2005: terrorist activities in Iraq; political conflicts in oil-producing countries, Venezuela and Nigeria in particular; and transactions by speculators and hedge funds in the futures market. These drivers will cause the price of crude oil to fluctuate, resulting in lower but volatile prices of oil products and the GRM. On the contrary, petrochemical products - both olefins and aromatics - are in for a bright future. Various sectors expect prices to be highest in 2005-2006.

A global economic slowdown will have a negative impact on Thai exports. In addition, Thai exports will be restricted by domestic conditions: a higher inflation rate, an interest rate that is likely to rise, and the higher retail price of diesel oil after the government removes its subsidy. The current account surplus will likely be eroded because imports value are increasing at a higher rate than exports, and the price of crude oil will remain high. The National Economic and Social Development Board (NESDB) and the Bank of Thailand predict that, in 2005, the Thai economy will expand at a lower rate than in 2004: 5.5-6.5% and 5.25-6.25% respectively. Domestic consumption of petroleum products is expected to rise by 8-9% (5-6% if excluding consumption by the power sector), consumption of natural gas by 5-6%, and demand for electricity by 7-8%. In addition, consumption of petrochemicals is expected to increase 1.2-1.5 times in response to economic expansion.

2004 PERFORMANCE REVIEW

The operating results of PTT and its affiliates in 2004 continued the remarkable success of the previous year, as shown by higher sales of natural gas, refined products, and petrochemicals. In addition, PTT and its affiliates successfully expanded their businesses and improved efficiency and coordination among the various business units, thereby enabling the PTT Group as a whole to pursue firm and sustainable growth.

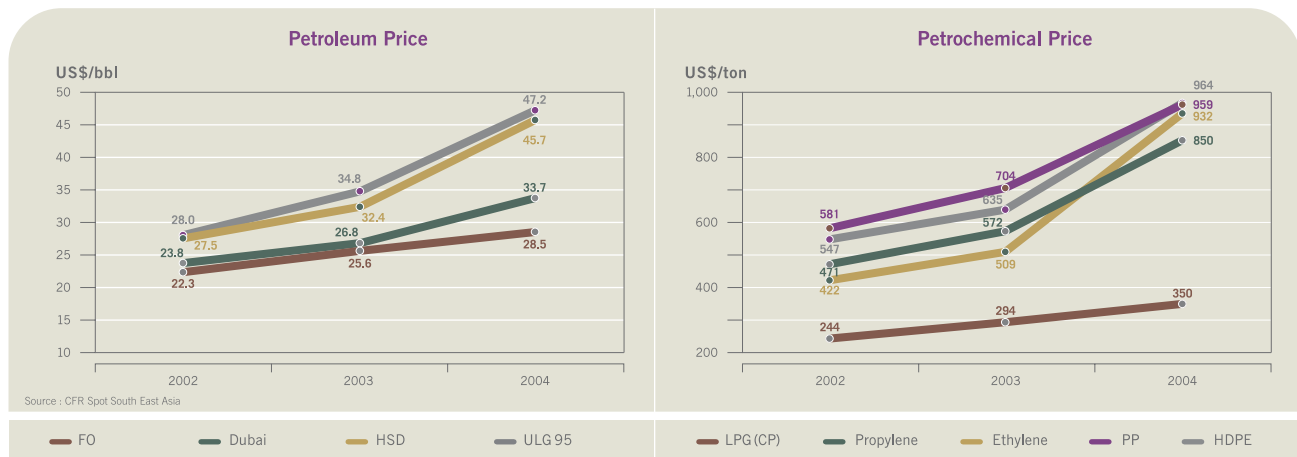
Gas Business Group

Distribution of natural gas and products from gas separation plants kept rising throughout the year, as did the prices of refined products and petrochemicals. The year also saw an expansion of businesses and investments for a stronger business presence.

Prices of Refined Products and Petrochemicals

The prices of refined products and petrochemicals skyrocketed during 2004. The average contracted price for LPG rose from US\$294/ton in 2003 to US\$350/ton in 2004. The price of ethylene in Southeast Asian spot markets went from US\$509 to US\$932/ton, propylene from US\$572 to US\$850/ton, high density polyethylene (HDPE) from US\$635 to US\$964/ton, and polypropylene from US\$581 to US\$959/ton.

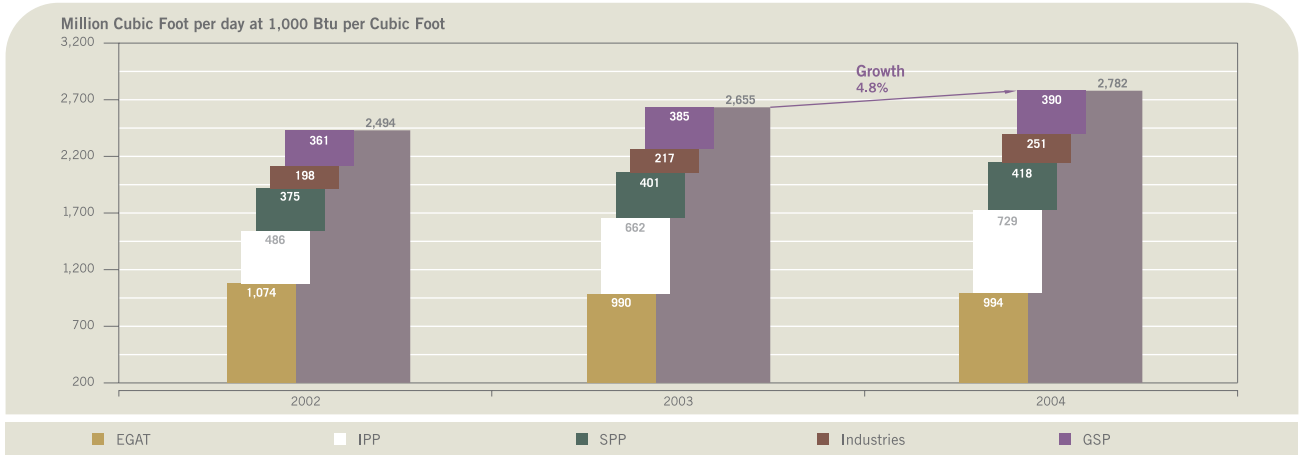
Petroleum and Petrochemical Price



Sales of Natural Gas

Sales amounted to 2,782 million cubic feet per day (MMcf/d), up by 4.8% from 2003, as a result of two factors. First, natural gas consumption by domestic power producers increased by 4.3% because of higher power demand. Second, natural gas consumption by industrial customers increased by 15.7% as a result of continuous economic growth and new industrial gas users. The transmissivity of the entire gas pipeline system also grew, distributing 77% of the gas to power producers, 9% to the industrial and transportation sectors, and 14% to gas separation plants.

Gas Sales



Sales of Products from Gas Separation Plants

Sales amounted to 2,749 thousand tons, a rise of 2.1% over 2003. This was because the Rayong Gas Separation Plant registered 112% of the designed capacity, against the overall capacity of domestic gas separation plants of 102%.

Gas Product Sales



Highlights of Gas Business Group

Expanding the Market

- The Group expanded the market by entering into an agreement with the Electricity Generating Authority of Thailand (EGAT) to deliver 400 MMcf/d of gas as the primary fuel for four new combined-cycle power plants in Songkhla, South Bangkok, North Bangkok, and Bangpakong, beginning in 2008. For Bangpakong and South Bangkok thermal power plants, 215 MMcf/d will be delivered, beginning in 2006.

- Two other agreements were signed with Gulf Power Generation Co., Ltd., to deliver 250 MMcf/d of natural gas to its Kaeng Khoi combined-cycle plant, beginning in 2007, and with Ratchaburi Power Co., Ltd., to deliver 237 MMcf/d of gas to its Ratchaburi combined-cycle plant, beginning in 2008.

Expanding the Business

- To raise the gas consumption in the transportation sector, PTT launched the Taxi NGV (Natural Gas for Vehicles) Project for 3,000 taxis; NGV Card Project, increasing the total number of NGV vehicles to 4,303; and 10 additional NGV stations to take the current domestic total to 28.
- Established PTT Utility Co., Ltd. (PTTUT), in conjunction with National Petrochemical Plc. (NPC), Thai Olefins Plc. (TOC), and Aromatics (Thailand) Plc. (ATC) under a 40:20:20:20 equity structure. PTTUT is constructing a plant to generate power and steam from natural gas for distribution to petrochemical companies.
- Purchased a 20% stake in Independent Power (Thailand) Co., Ltd. (IPT) and a 15% stake in Ratchaburi Power Co., Ltd. (RPC).
- PTT's District Cooling System and Power Plant Co., Ltd. (DCAP) entered into an agreement to build a power plant and install a district cooling system at Suvarnabhumi Airport. Plant start-up is planned for 2005.
- Signed an agreement to conduct a feasibility study on an installation of a gas transmission system in southern Vietnam to meet the industrial demand in that country.

Natural Gas Procurement

- Signed an agreement to purchase 330 MMcf/d of gas from Arthit Field, beginning in 2006, and 400 MMcf/d of gas from JDA A-18, beginning in 2007.
- Signed an agreement on gas supply service amounting to 100-200 MMcf/d of gas with Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM(T)) beginning in 2008.
- In compliance with directions set by the National Energy Policy Council (NEPC) to strengthen national energy security, PTT is to develop a plan for importing liquefied natural gas (LNG). To this end, it has established PTT LNG Co., Ltd. (PTTLNG) to look into an LNG Receiving Terminal Project.

Expansion of Gas Transmission and Gas Separation Plant Network

- Maximized the capacity of submarine gas transmission pipelines from 1,740 MMcf/d in early 2004 to 1,940 MMcf/d by the end of 2004.
- NEPC approved the revision of 11 projects under the Third Master Plan for the Natural Gas Transmission Pipeline System. Costing an estimated total of 157.102 billion baht, the projects consist of three phases:
 - 1) Increasing the capacity of the third gas pipeline system from 1,750 to 1,860 MMcf/d
 - 2) Increasing the capacity of the Rayong-Bangpakong-Wang Noi pipeline to 1,100 MMcf/d
 - 3) Accelerating Phase 2 to meet the increasing gas demand from the power sector.



Sales/Purchase Agreement Between PTT and EGAT



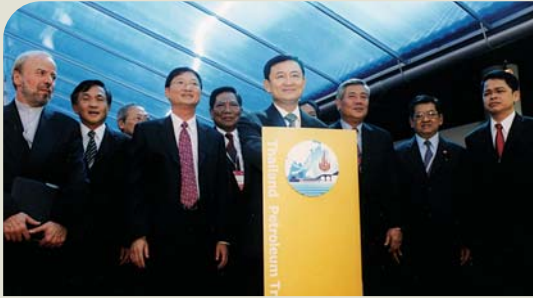
Gas Sales / Purchase Agreement Between PTT and PTTEP

NATURAL GAS TRANSMISSION PIPELINE SYSTEM AND FUTURE PROJECTS



PTTEP PROJECTS





Prime Minister Thaksin chaired the Opening of Sri Racha Hub



PTT Park

- Completed the construction of Unit 5 Gas Separation Plant, which will start up in early 2005; produced ethane for PTT Polyethylene Co., Ltd. (PTTPE) under the Ethane Separation Plant Project.
- Entered into an agreement to procure pipes for on-land and submarine pipelines, to carry out construction for the third gas pipeline project, and construct a gas pipeline from Sai Noi to the North and South Bangkok power plants.

PTT Exploration and Production Plc.

In 2004, PTTEP's sales of natural gas, crude oil, condensate, and liquefied petroleum gas (LPG) amounted to 134,070 barrels of oil per day (bbl/d); a jump of 24.9% over 2003. Accounting for the rise in the Company's income were crude oil sales from the S1 Project (proportionately with its purchase of shares in Thai Shell Co., Ltd.); gas and condensate sales from the Bongkot, Pailin, and Yetagan Projects; and higher oil and gas prices.

Highlights in 2004

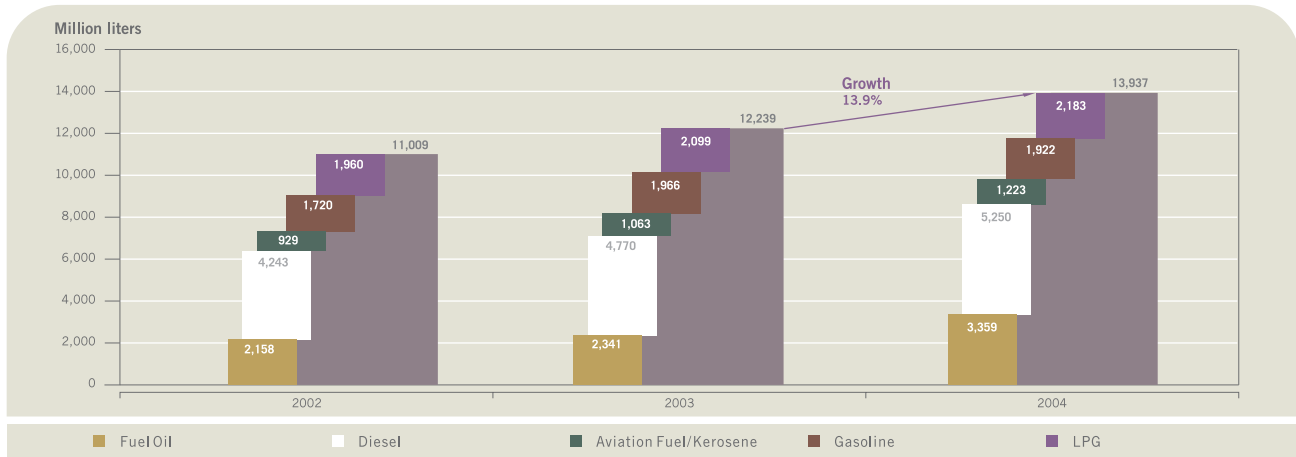
- PTTEP won concession rights to onshore blocks L53/43 and L54/43 in Suphanburi with crude oil potential
- Purchased all the remaining shares of Thai Shell Exploration and Production Co., Ltd., in concession blocks S1, L22/43, and B6/27
- PTTEP International Co., Ltd., an affiliate of PTTEP, and PC JDA Limited, an affiliate of Petronas Carigali, signed a production sharing contract with the Malaysia-Thailand Joint Authority (MTJA) for the rights to explore for and produce petroleum from block B-17-01. Both companies share 50:50 in the rights under the contract.
- Signed a production sharing contract for PTTEP's sole right to conduct exploration projects in blocks M-3 and M-4 in Myanmar's Gulf of Martaban
- Entered into a joint venture to explore for and produce petroleum from block EU-1, which will be developed in conjunction with the E5 North Project in Udon Thani under the name Phu Horm Project.

Oil Business Group

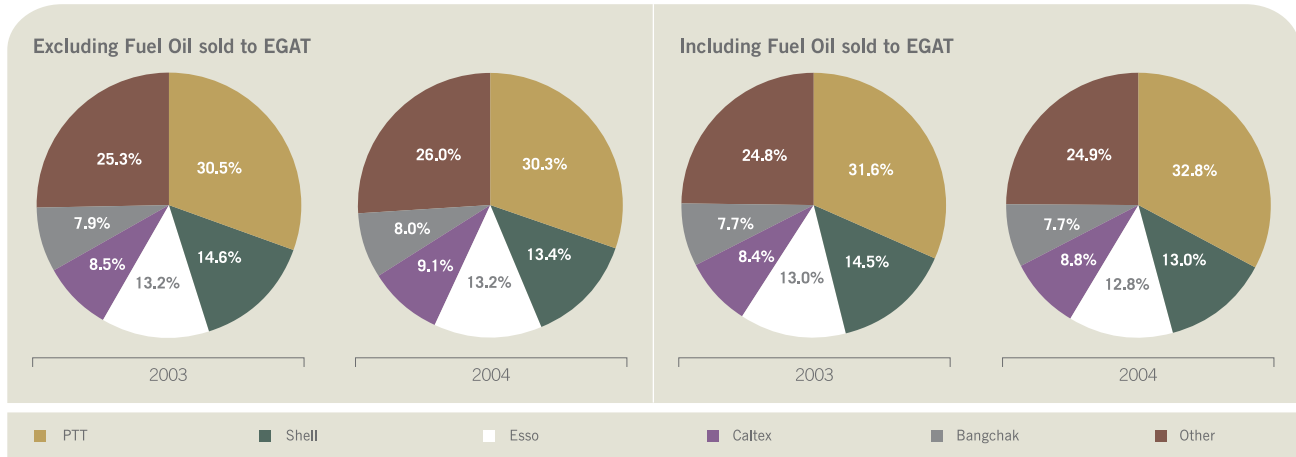
The Oil Business Group is engaged in two primary businesses:

- 1) Oil Marketing: Sales of fuels and lubricating oils in the domestic market (Retail and Commercial Marketing) as well as foreign markets (International Marketing)
- 2) Oil Trading: Importing and exporting crude oil, condensate, refined petroleum products, as well as petrochemical feedstock and products.

Sales Volume For Domestic Oil Markets



Domestic Market Shares : Continuously As Market Leader

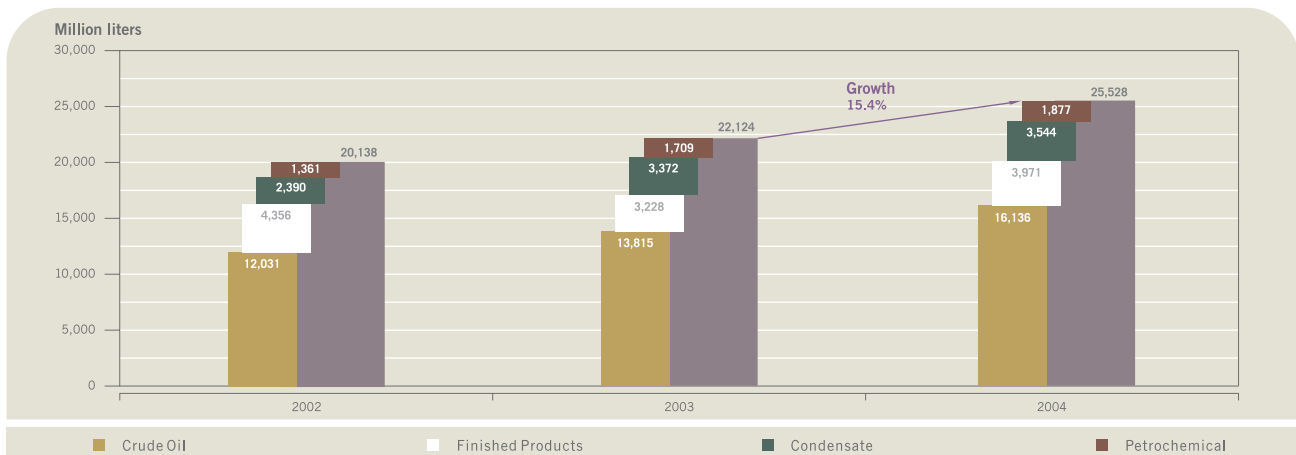


Note : Including LPG supplied as petrochemical feedstocks

Oil Marketing

Sales of products in both domestic and foreign markets totaled 14,641 million liters, an increase of 13.2% over 2003. For the 12th consecutive year, PTT won the largest market share for oil products, with domestic sales of oil products of 13,937 million liters, up by 13.9%. PTT's market share was 32.8% with the inclusion of fuel oil sales to EGAT, and 30.3% otherwise. Foreign sales registered 704 million liters, up by 1.9% from the previous year, mainly due to new customers in the gasoline market along the Cambodian border and the expansion of overseas markets for lubricating oils.

Sales Volume For International Trading



Oil Trading

International oil trading at PTT reported total sales of 25,528 million liters of crude oil, condensate, refined products, and petrochemicals, a rise of 15.4% over the previous year. This was due to a rise in crude oil sales to domestic refineries and the out-out expansion in international trading of crude oil and refined products.

Highlights of Oil Business Group

Oil Market Expansion

- Launched Thailand Petroleum Trading Center at Sri Racha, Chon Buri; the initial and critical strategic step to transform Thailand into a regional energy center (hub)
- Pioneered sales of PTT Gasohol 95 in the regional market; added gasohol point-of-sales to 247 service stations throughout Thailand; pioneered service stations under the concept of “Pump in the Park”; and pioneered drive-through banking services at its branch on Vibhavadi Rangsit Road. In addition, the Company’s service stations became the first in the country to provide “RTT SME Express” service, which was designed to support small and medium-sized enterprises (SME) and OTOP (One Tambon, One Product) operators as a logistical center to effectively distribute their products to consumers.
- Entered into an agreement to sell 3.5 billion liters of fuel oil to EGAT as the fuel for electricity generating at five power plants-namely Bangpakong, Khanom, South Bangkok, Ratchaburi, and Krabi-for two years, beginning in May 2004. Under another agreement, PTT will provide 380 million liters of low-sulfur fuel oil (below 0.5%) to Bangpakong Power Plant, beginning in March 2004.

Product Development

- Developed PTT Lubemarine in collaboration with Total Lubrifiants S.A. as a lubricating product for ocean liners; the product was approved by the Original Equipment Manufacturer (OEM)
- Launched “Performa Synthetic API SM”, a synthetic lubricating oil with international standards that protects auto-parts and, compared with other lubricating oils, saves on fuel consumption by 5-8%.

Business Efficiency Enhancement

- Thai Petroleum Pipeline Plc. (THAPPLINE) signed an agreement to increase its capital to carry out two projects: (1) the installation of a pipeline to connect Lam Lukka Terminal with Suvarnabhumi Airport and (2) the installation of the Map Ta Phut - Sri Racha pipeline. THAPPLINE also successfully completed its financial restructuring.

Petrochemicals and Refining Business Group

Thanks to increased capacity, petrochemical prices that were still in the “up” cycle, and higher gross refining margins (GRM); the Company’s overall operating results showed a sharp rise in 2004.

Highlights of Petrochemicals Business Group

- National Petrochemical Plc. (NPC) completed the construction of its high-density polyethylene (HDPE) project, which will produce 250,000 tons/year, beginning in August 2004.

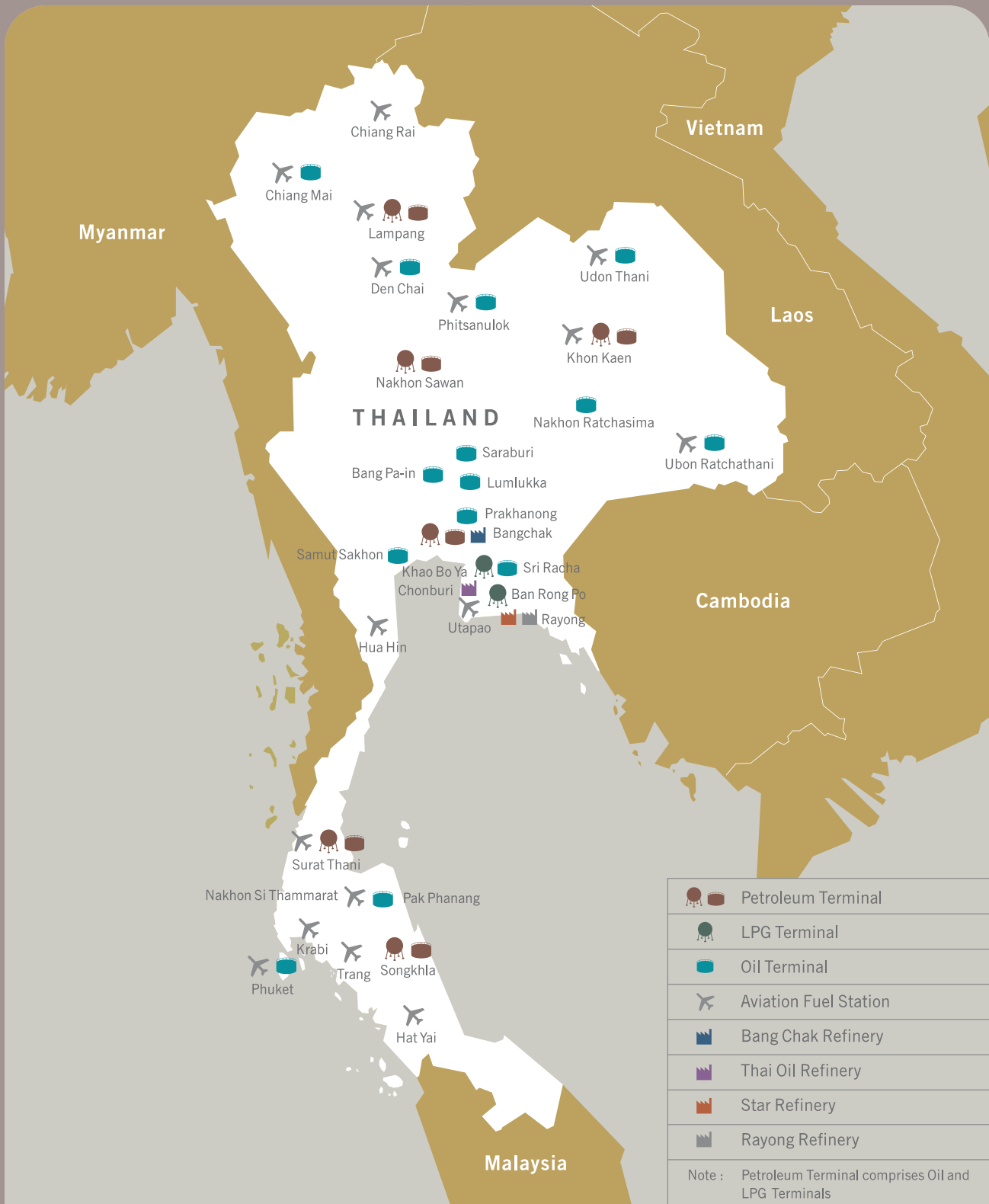


PTT - NPC : Joint Investment Agreement In Petrochemical Business



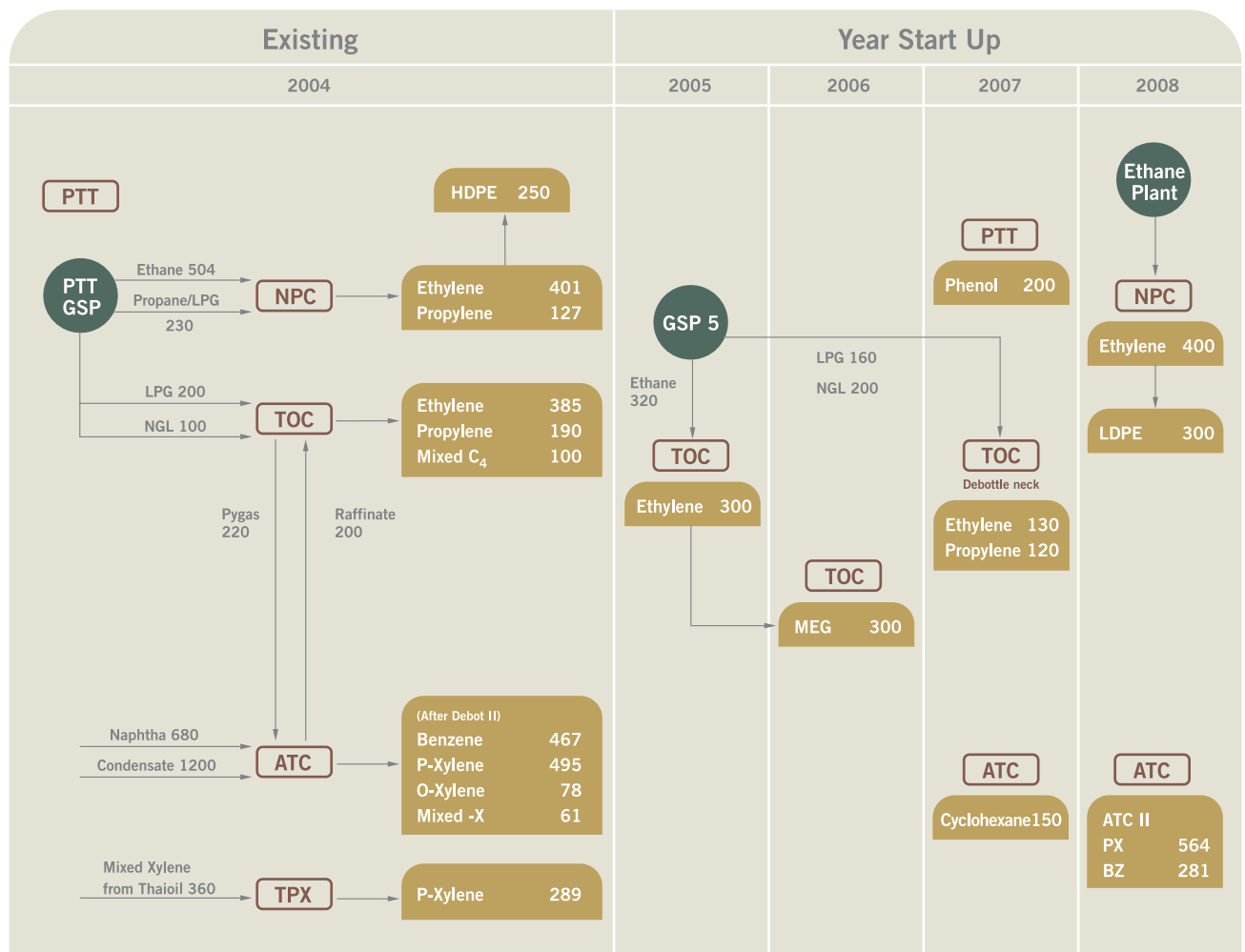
Business Cooperation Between PTT and Affiliates

PTT PETROLEUM, OIL, LPG TERMINALS, AVIATION FUEL STATIONS AND REFINERIES

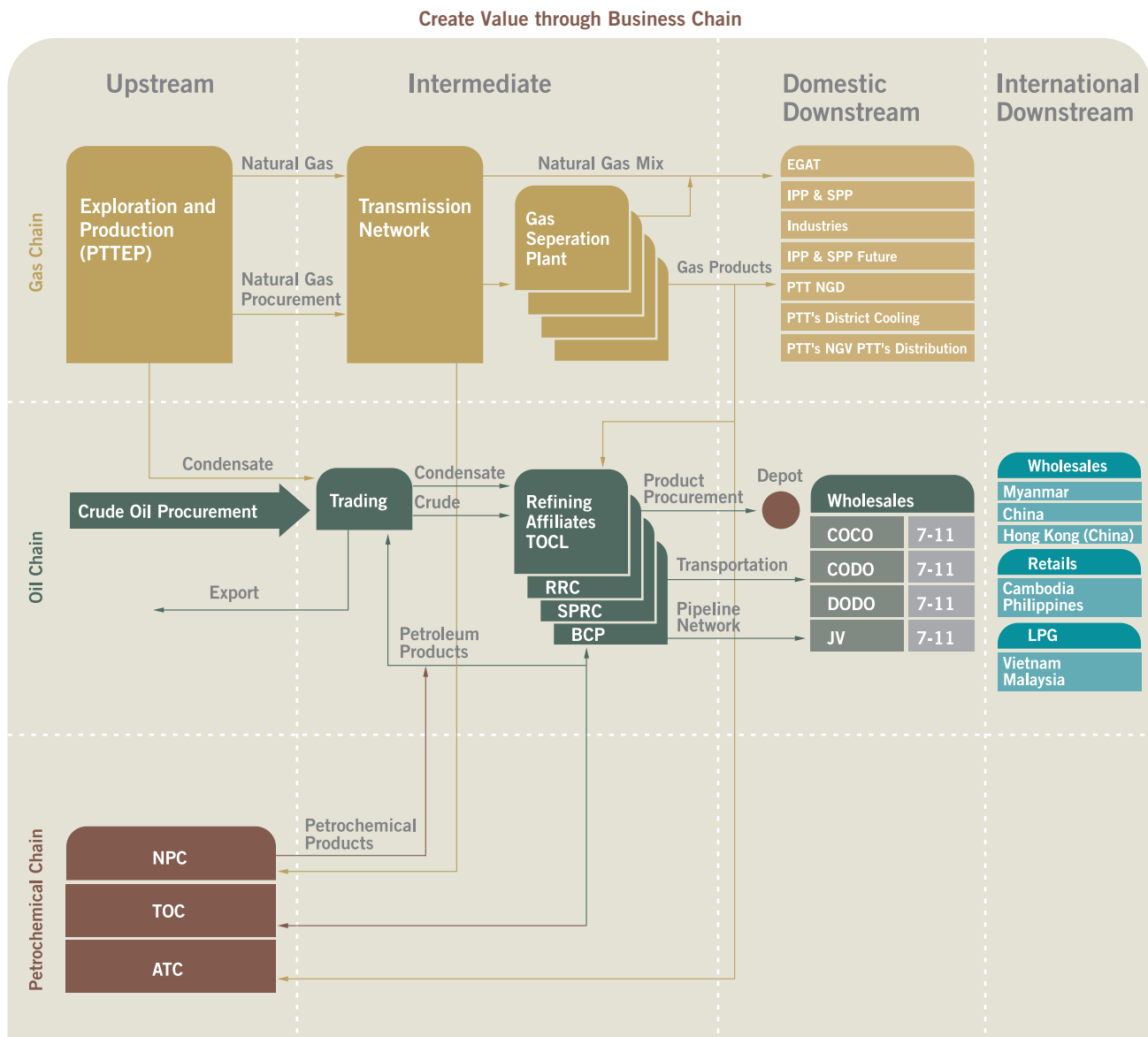


PTT's Petrochemical Investment Plan

Unit : Thousand tons/year



- Thai Olefins Plc. (TOC) completed the expansion of its ethylene production capacity by 315,000 tons/year at the end of 2004. TOC is currently constructing an ethylene oxide/ethylene glycol (EO/EG) plant with a capacity of 300,000 tons/year, scheduled for completion in 2006.
- Aromatics (Thailand) Plc. (ATC) completed Phase 2 expansion in February 2004, adding to its yearly production of 495,000 tons of paraxylene and 467,000 tons of benzene.
- To enhance PTT's downstream petrochemical business, PTT and TOC purchased shares in Bangkok Polyethylene Plc (BPE) to form a 50:50 joint venture in the production of HDPE polymers.
- PTT entered into agreements with TOC to deliver 400,000 tons/year of LPG and 380,000-470,000 tons/year of NGL from Unit 5 Gas Separation Plant. These gas products will serve as raw materials for TOC's expanded capacity when the affiliate's improvement on Production Unit 1 is completed in 2006.
- PTT and NPC formed a 50:50 joint venture called PTT Polyethylene Co., Ltd., to operate an ethylene cracker (410,000 tons/year of capacity) and a low-density polyethylene (LDPE) plant.
- PTT, NPC, TOC, and ATC formed a 40:20:20:20 joint-venture PTT Phenol Co., Ltd., to construct a plant to manufacture 200,000 tons/year of phenol and 125,000 tons/year of acetone. Phenol and acetone are intermediate petrochemical products.



Highlights of Refining Business

– PTT listed Thai Oil Plc. on the Stock Exchange of Thailand (SET) and conducted an initial public offering (IPO) of 1,018 million shares-in addition to 819.9 million existing shares and 90.0 million new shares-at 32 baht per share. The shares began trading on 26 October 2004.

– PTT and other shareholders had sold all of their shares in Thai Paraxylene Co., Ltd. (TPX) and Thai Lube Base Plc. (TLB), to Thai Oil Plc., making TPX and TLB the affiliates of Thaioil. The move was aimed at improving the ownership structure in PTT affiliated companies for synergy and value for the PTT Group.

– Engaged in the debt restructuring of Rayong Refining Co., Ltd. (RRC), and purchased and received all of Shell's (Shell International Holding Limited) 64% stake in RRC, making PTT the sole shareholder. RRC has a refining capacity of 145,000 bbl/d.

PTT Group's Business Strategies and Directions

PTT has categorized its businesses into two strategic groups. The Core Value Creators consist of the Exploration and Production Business Group, which will focus on domestic and foreign expansion, and the Gas Business Group, which will focus on maintaining its strong, continuous growth. The Integrated Value Enhancers consist of the Oil Business Group-whose focus will be on efficiency improvement, value creation, and business expansion-and the Petrochemical and Refining Business Group, which will operate as a gas-based petrochemical complex to reinforce PTT's business strengths and create overall value for the Company.

To sustain the Company's business strategies and directions, the total investment capital in all projects and joint ventures for the Five-Year Plan (2005-2009) is 182.94 billion baht. Of this amount, 85% is allocated to natural gas projects such as the expansion of the gas transmission system under the Third Master Plan and the Natural Gas Transmission Pipeline System; 9% is allocated to oil projects; and 6% goes to petrochemical and refining projects.

Conclusion

PTT's overall operating performance in 2004 was outstanding - with continuous improvements in revenue, sales, and net income. Of all listed companies on SET, PTT achieved the highest market capitalization of 483.924 billion baht as of year-end 2004. With the inclusion of its affiliates, PTT's market capitalization totals 942.053 billion baht, or 20.8% of the entire SET. The key factors for this success are the management structure in the form of PTT Group; the application of information technology to enhance business operations; constant research and innovation; and the development of human resources based on good corporate governance to attain the status of a High Performance Organization with sustainable growth.

PTT AND ITS AFFILIATES

Company	Abbreviation	Shareholding percentage	Status	Nature of Business
Gas Business Group				
1 PTT Exploration and Production Plc.	PTTEP	65.98	Subsidiaries	Petroleum Exploration and Production
555 PTTEP Office Bldg., Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900 Tel. : 0-2537-4000, 0-2936-2626 Fax : 0-2537-4444, 0-2939-2666-7				www.pttep.com
2 PTT Natural Gas Distribution Co., Ltd.	PTT NGD	58	Subsidiaries	Natural Gas
23 rd Floor, Rasa Tower 555 Phaholyothin Road, Ladyao, Chatuchak, Bangkok 10900 Tel. : 0-2937-0620-4 Fax : 0-2937-0627				www.ptngd.co.th
3 PTT LNG Company Limited	PTTLNG	100	Subsidiaries	Natural Gas
555 Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900 Tel. : 0-2537-3073 Fax : 0-2537-3072				
4 Ratchaburi Power Co., Ltd.	RPCL	15	Other Related Parties	Generate and Supply Electricity
1828 Sukhumvit Rd., Bangchak, Phrakanong, Bangkok 10260 Tel. : 0-2311-5111 Fax : 0-2332-3882				
5 PTT Utility Company Limited	PTTUT	40	Associates	Petrochemical
555 Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900 Tel. : 0-2537-3075 Fax : 0-2537-3072				
6 Trans Thai-Malaysia (Thailand) Ltd.	TTM (T)	50	Joint Ventures	Natural Gas
555 2 nd Floor, PTTEP Office Bldg., Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900 Tel. : 0-2537-5760 Fax : 0-2537-5761-6				www.ttm-jda.com
7 Trans Thai-Malaysia (Malaysia) Sdn. Bhd.	TTM (M)	50	Joint Ventures	Natural Gas
Level 49, Tower1, Petronas Twin Towers, Kuala Lumpur City Centre, Kuala Lumpur 50088, Malaysia Tel. : 6631-207-5000 Fax : 6631-207-6654				
8 District Cooling System and Power Plant Co.,Ltd.	DCAP	35	Joint Ventures	Generate and Supply Electricity and Chilled Water
30 Building 171 Soi Shidlom, Lumpini, Patumwan, Bangkok 10330 Tel. : 0-2256-3635 Fax : 0-2332-3882				

Company	Abbreviation	Shareholding percentage	Status	Nature of Business
Oil Business Group				
1 PTT International Trading Pte.,Ltd. Singapore	PTTT	100	Subsidiaries	Oil International Trading
2 PTT (Cambodia) Co., Ltd. Cambodia	PTTCL	100	Subsidiaries	Oil Marketing
3 Subic Bay Energy Co.,Ltd. Cayman Islands	SBECL	100	Subsidiaries	Petroleum Marketing
Subic Bay Fuels Co., Inc. Philippines	SBFCI	100	Subsidiaries	Petroleum Marketing
Subic Bay Distribution, Inc. Philippines	SBDI	100	Subsidiaries	Petroleum Marketing
4 Retail Business Alliance Co., Ltd. 555 PTT Phrakhanong Oil Terminal Building, Phrakhanong, Bangkok 10260 Tel. : 0-2239-7895 Fax : 0-2239-7872	RBA	49	Subsidiaries	Management Service
5 Thai Lube Blending Co., Ltd. 555 PTT Phrakhanong Oil Terminal Building, 8 th Floor, Phrakhanong, Bangkok 10260 Tel. : 0-2712-2000-99 ext. 7825-30 Fax : 0-2712-2000 ext. 7822	TLBC	48.95	Joint Venture	Blending and Bottle Lube Oil
6 Bangkok Aviation Fuel Service Public Co., Ltd. 171/2 Moo 10, Vibhavadi Rangsit Rd., Sikan, Donmuang, Bangkok 10210 Tel. : 0-2565-3811-8 Fax : 0-2565-3825	BAFS	7.06	Other Related Parties	Aircraft Refueling Service www.bafsthai.com
7 Intoplane Services Co., Ltd. 171/2 Moo 10, Vibhavadi Rangsit Rd., Sikan, Donmuang, Bangkok 10210 Tel. : 0-2565-3811-8 Fax : 0-2565-3946	IPS	16.67	Other Related Parties	Aircraft Refueling Service
8 Thai Petroleum Pipeline Co., Ltd. 2/8 Moo 11, Ladsawai, Lumlukka, Pathumthani 12150 Tel. : 0-2533-2190-9, 0-2991-9130 Fax : 0-2533-2240, 0-2533-2186	THAPPLINE	30.60	Associates	Oil Pipeline

Company	Abbreviation	Shareholding percentage	Status	Nature of Business
Oil Business Group				
9 Fuel Pipeline Transportation Co., Ltd. 424 Moo 11, Vibhavadi Rangsit Rd., Donmuang, Bangkok 10210 Tel. : 0-2574-6180-3, 0-2574-6207-8 Fax : 0-2574-6101	FPT	2.76	Other Related Parties	Oil Pipeline www.fpt.co.th
10 Vietnam LPG Co., Ltd. Vietnam Dongnai Port, Long Binh Tan Ward, Bien Hoa City, Dongnai Province, S.R. Vietnam Tel. : (8461) 831-578 Fax : (8461) 832-008	VLPG	45	Associates	Bottling and Selling LPG
11 Keloil-PTT LPG Sdn. Bhd. Malaysia Lot 1663, Mukim Senak, 16020 Tawang, Bachok Kelantan Darulnaim, Malaysia Tel. : (609) 776-9061 Fax : (609) 776-9064	KPL	40	Associates	Bottling and Selling LPG
12 PetroAsia (Thailand) Co., Ltd. 27 th Floor Fortune-House Tower, 1 Ratchadapisek Rd., Dindaeng, Bangkok 10320 Tel. : 0-2641-1616 Fax : 0-2641-1603	PA (Thailand)	35	Associates	Oil Marketing
13 PetroAsia (Sanshui) Co., Ltd. China He Kou Cargo Railway Station West Side, Sanshui, Guangdong 528100 P.R.C. Tel. : (86-725) 227-1386	PA (Sanshui)	25	Associates	Oil Marketing
14 PetroAsia (Shantou) Co., Ltd. China 23 rd Floor, Evergreen Commercial Center, Unit A, Jin Sha East Road, Shantou, Guangdong, P.R.C. Tel. : (86-754) 816-6799 Fax : (86-754) 816-6806	PA (Shantou)	15	Other Related Parties	Oil Marketing
Under the process of Divesting / Shut down / Liquidation				
Petro Asia				
PetroAsia (Huizhou) Co., Ltd. China	PA (Huizhou)	25	Other Related Parties	Oil Marketing
PetroAsia (Maoming) Co., Ltd. China	PA (Maoming)	20	Other Related Parties	Oil Marketing
PTT Mart Co., Ltd. Thailand	PTT Mart	49	Other Related Parties	Management Service

Company	Abbreviation	Shareholding percentage	Status	Nature of Business
Petrochemical Business Group				
1 The Aromatics (Thailand) Public Co., Ltd.	ATC	46.12	Associates	Petrochemical
555 2 nd Floor PTTEP Office Bldg., Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900 Tel. : 0-2537-5700 Fax : 0-2936-3097				www.aromatics.co.th
2 Thai Olefins Public Co., Ltd.	TOC	48.97	Associates	Petrochemical
Sun Tower A Building, 14 th Fl., 123 Vibhavadi Rangsit Rd., Chompol, Chatuchak, Bangkok 10900 Tel. : 0-2265-8100-1 Fax : 0-2265- 8111-2				www.toc.co.th
3 National Petrochemical Public Co., Ltd.	NPC	37.99	Associates	Petrochemical
31-35 th Floor, Sun Towers-B 123 Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900 Tel. : 0-2617-7800 Fax : 0-2617-7888				www.npc.co.th
4 PTT Phenol Co. Ltd.	PPCL	40	Associates	Petrochemical
555 Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900				
5 PTT Polyethylene Co., Ltd.	PTTPE	50	Subsidiaries	Petrochemical
32 th Floor, Sun Towers-B 123, Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900				
6 Bangkok Polyethylene Public Co., Ltd.	BPE	50	Subsidiaries	Petrochemical
175 Sathorn City Tower 21/1 Floor, Sathorn Rd., Tungmahamek, Sathorn, Bangkok 10120 Tel. : 0-2679-6363 Fax : 0-2679-6355-6				www.bpe.co.th

Company	Abbreviation	Shareholding percentage	Status	Nature of Business
Refining Business Group				
1 Rayong Refinery Co., Ltd.	RRC	100	Subsidiaries	Refining
No. 8, I-8 Road, Map Ta Phut Industrial Estate, Muang District, Rayong 21150 Tel. : 0-3868-4290 Fax : 0-3868-4294				
2 Star Petroleum Refining Co., Ltd.	SPRC	36	Associates	Refining
No. 1, I-3 B Road, Map Ta Phut Industrial Estate, Muang District, Rayong 21150 Tel. : 0-3869-9000 Fax : 0-3869-9058				
3 Bangchak Petroleum Public Co., Ltd.	BCP	7.91	Other Related Parties	Refining
210 Sukhumvit Rd. 64 Bangchak, Phrakonong, Bangkok 10260 Tel. : 0-2335-4999 Fax : 0-2335-4009				
www.bangchak.co.th				
4 Thai Oil Public Co., Ltd.	TOP	49.54	Associates	Refining
Sun Towers-B, 12 th Floor 123 Vibhavadi Rangsit Rd., Chompol, Chatuchak, Bangkok 10900 Tel. : 0-2617-8300 Fax : 0-2617-8299				
www.thaioil.co.th				
Others Business				
1 Energy Complex Co., Ltd.	ENERGY COMPLEX	50	Associates	Commercial Business
555 Vibhavadi Rangsit Rd., Chatuchak, Bangkok 10900				
2 Dhipaya Insurance Public Co., Ltd.	TIP	13.33	Other Related Parties	Insurance
63/2 Rama 9 Rd., Huai Khwang, Bangkok 10320 Tel. : 0-2248-0059 Fax : 0-2248-7849, 0-2248-7850				
www.dhipaya.co.th				

REVENUES STRUCTURE OF PTT AND SUBSIDIARIES SEPARATED BY PRODUCTS

Products / Services	Operated by	% Shareholding of the Company	Year 2002 (Restated)		Year 2003 (Restated)		Year 2004 (Audited)	
			Million Baht	%	Million Baht	%	Million Baht	%
1. Natural Gas Products	PTT (Natural Gas Business Group)		121,846.75	30.04	137,536.60	27.14	153,541.61	22.56
	PTT (Oil Business Group)		18,109.07	4.46	20,789.36	4.10	23,884.85	3.51
	PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	58.00	–	–	–	–	1,652.55	0.24
	PTT Exploration and Production Plc. (PTTEP)	/1	23,341.74	5.75	26,653.20	5.26	29,981.49	4.40
	Less Revenues from PTTEP Natural Gas sales to PTT		(21,662.14)	(5.34)	(24,230.16)	(4.78)	(26,314.75)	(3.87)
	Less Petroleum Royalties		(3,423.65)	(0.84)	(4,021.07)	(0.79)	(5,667.98)	(0.83)
Total Revenues from Natural Gas Products			138,211.77	34.07	156,727.93	30.93	177,077.77	26.02
2. Oil Products	PTT (Oil Business Group)		222,023.56	54.74	284,120.37	56.07	383,945.89	56.41
	PTT Exploration and Production Plc.	/1	6,890.68	1.70	8,473.47	1.67	17,813.27	2.62
	Less Revenues from PTTEP crude sales to PTT		(6,532.17)	(1.61)	(7,869.95)	(1.55)	(16,843.25)	(2.47)
	PTT Philippines, Inc.	100.00	424.34	0.10	442.70	0.09	196.01	0.03
	PTT International Trading Pte., Ltd.	100.00	7,003.04	1.73	8,639.63	1.70	6,756.74	0.99
	PTT (Cambodia) Co., Ltd.	100.00	381.23	0.09	474.78	0.09	796.43	0.12
	Retail Business Alliance Co., Ltd.	49.00	–	–	–	–	31.59	0.00
	Subic Bay Group	100.00	–	–	–	–	9,352.57	1.37
	Rayong Refinery Co., Ltd. (RRC)	100.00	–	–	–	–	20,954.55	3.08
Thai Lube Base Public Co., Ltd. (TLB)	55.00	–	–	–	–	1,817.68	0.27	
Total Revenues from Oil Products			230,190.68	56.75	294,281.00	58.07	424,821.48	62.41
3. Petrochemical Products	PTT (Oil Business Group)		14,906.20	3.67	23,836.40	4.70	41,176.74	6.05
	Bangkok Polyethylene Public Co., Ltd. (BPE)	50.00	–	–	–	–	1,597.06	0.23
	Thai Olefins Public Co., Ltd. (TOC)	/2	13,242.26	3.26	14,868.08	2.93	–	–
Total Revenues from Petrochemical Products			28,148.46	6.94	38,704.48	7.64	42,773.80	6.28
Total Revenues			396,550.91	97.77	489,713.41	96.64	644,673.05	94.71
4. Others								
	4.1 Other Revenues		6,348.41	1.57	5,344.40	1.05	8,809.35	1.29
	4.2 Gain (Loss) on foreign exchange		549.62	0.14	1,334.65	0.26	425.66	0.06
Total Other Revenues			6,898.03	1.70	6,679.05	1.32	9,235.01	1.36
5. Share of net income (loss) in associates			2,162.76	0.53	10,342.21	2.04	26,741.97	3.93
Grand Total			405,611.70	100.00	506,734.67	100.00	680,650.03	100.00

/1 PTT's shareholding in PTTEP in 2002, 2003 and 2004 was 62.84%, 63.61% and 65.98%, respectively.

/2 TOC was a subsidiary of PTT since 2002. PTT's shareholding in TOC was 63.03% until October 2003 then TOC was transformed to an associate. At the end of 2004, PTT's shareholding in TOC was 48.97%.

CONNECTED TRANSACTIONS

Connected transactions resulted from contractual agreements of the following types:

(1) Transactions between PTT and state enterprises

Type of Transaction

By resolution of the Cabinet dated 26 November 2002, government agencies and state enterprises buying 10,000 liters of fuel and more must buy from either PTT or Bangchak Petroleum Plc. only. As a result, PTT sold fuel to the following state enterprises: EGAT, Bangkok Mass Transit Authority (BMTA), and State Railway of Thailand (SRT). Should a state enterprise have outstanding debts to PTT, the Company can levy interests on the outstanding debts.

(2) Transactions between PTT and PTTEP, a subsidiary of PTT

Type of Transaction

PTT entered into long-term purchase agreements with PTTEP for crude oil, natural gas, LPG, and condensate, effective each time the latter starts production. The transactions abided by petroleum supply agreements through each project's life. In 2004, PTTEP supplied 95.63% of its production to PTT at the same price sold by other companies under each project.

(3) Transactions between PTT and affiliates in refining Business Group

Type of Transaction

PTT entered into crude oil and refined product supply agreements with its affiliated refining companies at rates corresponding to PTT's equities in such refining companies. The agreements are summarized below.

Agreement with Thai Oil Plc. (TOP)

PTT contractually takes crude oil and products equal to 49.99% of TOP's refining capacity. Through a written notice sent at least 12 months in advance, either party may revoke this agreement from the 13th year from the date of completion of debt restructuring. Alternatively either party may revoke the contract if it deems the contract violated. Under the contract, PTT may buy more than 49.99% at market prices.

Agreement with Rayong Refinery Co., Ltd. (RRC)

An RRC shareholders may buy refined products from RRC upward of 70% of its refined products at domestic market prices under a 12-year agreement, starting from the date of commercial start-up, beyond which the contract is assumed to continue unless notified otherwise in advance.

Agreement with Star Petroleum Refining Co., Ltd. (SPRC)

Shareholders of SPRC must secure crude oil and take refined products from SPRC at no less than 70% of the 126,000 bbl/d capacity - or 88,200 bbl/d - at domestic market prices. For any surplus volume produced by SPRC, PTT and Caltex Oil (Thai) Co., Ltd. - as shareholders - have the first right of refusal to buy at domestic market prices before sale to a third party.

(4) Transactions between PTT and affiliates in its petrochemical Business Group

Agreement with Thai Olefins Plc. (TOC)

PTT supplies feedstock used by TOC in its production processes, notably natural gasoline (NGL) and LPG under a 15-year agreement, effective from 1995; ethane under a four-year agreement, effective from 2000 (renewable); and ethane from TOC's expansion project under a 15-year agreement, effective from 2005. Feedstock prices vary with olefins prices as sold by TOC under a profit-and-loss sharing scheme. In addition, PTT entered into a seven-year ethylene purchase agreement for the portion supplied by TOC's expansion project, effective from the commercial start-up date of the expansion project, and the prices would be tied to world market prices.

Agreement with Aromatics (Thailand) Plc. (ATC)

PTT supplies feedstock used by ATC in its production processes, notably condensate and naphtha under a 15-year agreement, effective from 1998 for condensate, and from 1997 for naphtha.

PTT entered into long-term purchase agreements for all the main products of ATC, which directly supplies such products to customers. These agreements were Take-or-Pay ones, whereby PTT guarantees minimum sales volumes for products and obtains marketing fees from ATC. Note that such agreements specify the volumes guaranteed by PTT to take the products, not to guaranteed distribution for the surplus volumes beyond that specified by Take-or-Pay clauses.

PTT also entered into a natural gas sales agreement with ATC for use in fueling its processes, effective from 1999 for 11 years; a five-year discount is offered under the agreement, from 2002 to 2007, to support ATC's expansion project. Between 2002 and 2004, PTT sold a minimal volume of 0.5-2 MMcf/d of natural gas to ATC.

Agreement with National Petrochemical Plc. (NPC)

PTT supplies feedstock used by NPC in its production processes, namely ethane, propane, and LPG, from gas separation plants under 12-year supply agreements, effective from 1999, with a five-year renewable period. Under the agreement, feedstock prices vary with olefins prices as sold by NP based on the profit-and-loss sharing mechanism. An amendment was made to the long-term feedstock purchase agreement for both ethane and propane to rely on the world market price. The ethane agreement is effective from 1 July 2003 to 2016, and the propane agreement from 1 July 2004 to 2016.

In addition, NPC entered into an agreement with PTT to sell fuel gas, a main power generating fuel, effective for 20 years from 1999, with a four-year extension option.

Policy on future connected transactions

These will be conducted as part of the normal course of business, with no special favors and no transfers of benefits between PTT, its subsidiaries, associates related companies, or shareholders. The pricing policy will continue to be on an arm's length basis, and the prices of products supplied by PTT's subsidiaries will be market-based.

Disclosure of connected transactions will be compliance with the announcement of the Securities and Stock Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as with the accounting standard on disclosure of information on related parties or businesses, announced by the accountant and certified public accountant association of Thailand.

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL STATUS AND OPERATING RESULTS

The world economy generally performed well in 2004, especially with economic recovery in Japan and many other European countries. As for Thailand, the economy also showed steady growth, resulting in higher consumption of petroleum products. The prices of crude oil and oil products took off over the year along with petrochemical prices and gross refining margins. These factors contributed to PTT's and affiliates' record gross revenue of 644,673 million baht, 154,960 million baht (or 31.6%) up from that of 2003. EBITDA for the year also rose to 79,264 million baht, or 16,909 million baht (27.1%) higher than that of 2003, with a net profit of 62,666 million baht, or a jump of 25,086 million baht (66.8%) from that of 2003. (Please see details in the Financial Statements and the Annual Declaration in Form 56-1).

Oil Business Group

Sales revenue in 2004 rose by 127,221 million baht (or 37.2%). This resulted mostly from higher sales of 42,031 million liters (or 724,308 bbl/d), an increase of 4,864 million liters (or 13.1%) from 37,167 million liters (or 640,488 bbl/d) in 2003. These were sale increases in both the domestic sector and international trading, due in part to the higher oil prices during the year. PTT's domestic market share of oil products was about 32.8% in 2004, hence the No. 1 ranking for the twelfth consecutive year.

EBITDA in 2004 rose by 63 million baht (or 1.1%) mainly from such volume and price increases.

Gas Business Group

Sales revenue in 2004 increased by 16,187 million baht (or 10.2%). The volume of gas sold (Excluding natural gasoline liquids (NGL) at dew point control units) increased by 127 million cubic feet per day (MMcf/d), or 4.8% from 2,655 MMcf/d in 2003 to register 2,782 MMcf/d (at the heating value of 1,000 BTU per cubic feet). There was generally higher demand for gas from the power sector. Sales volumes of products from gas separation plants, comprising LPG, ethane, propane, and NGL, increased from 2,693,270 tons in 2003 to 2,748,683 tons in 2004 (excluding resales of 201,046 tons of LPG bought by PTT from petrochemical producers). LPG sales continued to be the principal product from the gas separation plants, recording a rise from 1,535,747 tons in 2003 to 1,576,598 tons in 2004, whereby the average contract price (CP) of the LPG sold for the year climbed by about US\$58/ton, from US\$293/ton in 2003 to US\$351/ton in 2004. Sales of ethane increased from 532,671 to 546,762 tons, and those of propane from 206,382 to 206,802 tons respectively during the same period. The spot ethylene price in Southeast Asia increased from US\$509/ton to US\$932/ton, and the propylene price jumped from US\$572/ton to US\$850/ton, whereas the prices of high-density polyethylene (HDPE) and polypropylene (PP) also rose from US\$635/ton to US\$964/ton, and from US\$704/ton to US\$959/ton respectively.

EBITDA in 2004 rose by 7,680 million baht (or 26.3%) from such increases in gas sales.

PTT Exploration and Production Plc. (PTTEP)

In 2004 PTTEP, an affiliate of PTT, saw its sales revenue growth of 11,021 million baht (or 35.4%) as a result of higher average product prices, from US\$20.62/BOE in 2003 to US\$23.38/BOE in 2004, and a higher sales volume from 107,299 to 134,070 BOE during the same period. Most of the growth in volume was gas sales from the Yetagun project, the Bongkot project, and condensate sales from the Bongkot and Pailin projects.

EBITDA in 2004 rose by 11,104 million baht (or 44.4%) from such sales increases by PTTEP.

Net income for 2004 rose by 25,086 million baht (or 66.8%) from that of 2003

In 2004, PTT and its affiliates registered a total net income of 62,666 million baht, which was 25,086 million baht (or 66.8%) higher than that of 2003, produced mainly by:

- The increase in sales volumes and prices
- The net profit share rise of 16,400 million baht from the profit-and-loss sharing scheme, due to improved operating results of PTT's affiliates in the refining and petrochemical businesses, whose returns had been enhanced by improved efficiency and the record-high refining margins and petrochemical product prices.

Consequently, the net income of PTT and its subsidiaries for 2004 jumped to 22.40 baht per share, or 66.8% higher than the net income of 13.43 baht per share in 2003.

Analysis on Financial Status of PTT and Its Subsidiaries at Year-end 2004 vs. 2003

During 2004, changes were made in the organizational status of PTT's subsidiaries. Hence, the financial status of PTT and its subsidiaries for the period ending on 31 December 2004 also included the 2004 balance sheets of PTT NGD, SBECL, SBFCI, SBDI, RRC, BPE, PTTPE, PTTLNG, and EnCo, a practice different from that of 2003.

Assets

Total assets in 2004 stood at 487,226 million baht, an increase of 162,895 million baht (or 50.2%) from the year before.

Liabilities

Total liabilities stood at 302,311 million baht, an increase of 106,922 million baht (or 54.7%) from the year before. The principal reasons were the short-term loans of US\$300 million by PTT from financial institutions, the issuance and sale of PTT Bonds (unsecured, ordinary) to the public in the amount of 19,000 million baht and US\$400 million, respectively. The consolidated balance sheet from more subsidiaries of PTT also contributed to the higher total liabilities.

Shareholders' Equity

Shareholders' equity stood at 184,915 million baht, an increase of 55,973 million baht (or 43.4%) from the previous year. This was mainly due to the net income of 62,666 million baht in 2004.

Liquidity

In 2004, the net cash balance of PTT and its subsidiaries showed a drop of 18,774 million baht due to the cash inflow from operations of 57,835 million baht, the cash outflow on investment of 97,956 million baht, and the cash inflow from funding activities of 21,662 million baht. PTT and its subsidiaries had cash carry-forward from the previous year of 56,452 million baht, and with the beginning cash balance from the affiliates whose status had changed from associated companies or newly acquired companies in the amount of 9,114 million baht, resulting in the year-end net cash balance of 46,792 million baht.

Overall, PTT and its affiliates showed much stronger financial standings in 2004. The interest coverage ratio of PTT rose from 9.34 in 2003 to 10.04 in 2004, whereas the debt-to-equity ratio climbed from 1.52:1 at year-end 2003 to 1.63:1 as of year-end 2004.

Future Major Projects

PTT's future investment plan concentrates mostly on natural gas businesses which involve large projects in order to add values, and to cope with the growth in gas demand prompted by the expanding economy. Most of the gas would be used for power generation, and it is forecast that electricity demand in the next five years (2005-2009) would increase 10% per year, so PTT needs to procure enough supply of natural gas from both domestic and international sources. The major future investments would also be in the expansion of its gas pipeline network to meet the projected customers' demand growth. This is in line with the 3rd Master Plan of PTT gas pipelines, which is the framework for both offshore and onshore gas pipeline investments totaling 11 projects, e.g., the 3rd offshore gas pipeline and the Sainoi-North & South Bangkok power plants onshore gas pipeline. Such expansion would enable PTT to transport 1,860 and 2,200 MMcf/d more gas per day, offshore and onshore, respectively. Every project under the 3rd Master Plan would yield an internal rate of return on equity (IRROE) at 16% for the total project life.

Besides the above investment, PTT plans to invest in the ethane separation project (with an expected minimum IRROE of 15%) to increase ethane production by 630,000 tons/year from natural gas at the 2nd and the 3rd gas separation plants. This project would increase the gas value and enhance optimization of product chains. The increased ethane production would serve as feedstock for the ethylene cracker project and low density polyethylene (LDPE) production project of PTT Polyethylene Co., Ltd., a joint-venture company between PTT and National Petrochemical Plc (NPC). PTT also plans to participate in joint-venture power projects, e.g., Independent Power (Thailand) Co., Ltd., and to invest in intermediate petrochemical businesses, e.g., PTT Phenol Co., Ltd.

However, note other risk factors that may affect execution of these plans. Please refer to the Risk Factors section.

RISK FACTORS

As a result of PTT's continuous risk management efforts, risk factors in the past year have been reasonably managed. New risk factors, however, have been identified and managed under the current year's risk management plan. Therefore, PTT has improved the Risk Factors section to better reflect risk in the petroleum and petroleum-related industries apart from ordinary business risk factors. These include:

1. Strategic Risk

1.1. Administration of PTT Group of Companies

Because PTT has continually expanded its investment in various business groups, the administration of PTT companies has become more complicated. Without effective and efficient management and administration of all companies within the PTT Group, PTT and its affiliates might have inconsistent strategies and end up competing among themselves, thereby hurting PTT's overall business performance.

As a result, the Company has focused on developing a group structure known as the PTT Group. PTT executives have been appointed presidents or senior executives in PTT affiliates to promote consistency in policies, strategies, and business directions and to closely supervise business expansion of the affiliates. In addition, executives of PTT and its affiliates will create a master strategic plan together which will serve as a guideline for developing business plans for each business group.

1.2. Personnel Management System in Support of Business Expansion

In response to continual business expansion and the policy to create competitiveness in trading, the Company must adequately prepare all of its resources, especially its personnel. If human resource management and business expansion are not carefully planned, PTT's business performance and competitiveness may be eroded.

Therefore, the Company manages its human resources using a group structure (the PTT Group) to maximize the sharing of talent and experience among PTT and all affiliates. Human resource staff work with upper management in developing plans for personnel training and development. Competency-based management and career management serve as vital tools for human resource development.

2. Business Risk

2.1. Natural Gas Sales Contracts and Take-or-Pay Conditions

In each natural gas sales contract, a minimum quantity of chase per year is stipulated. If the Company cannot take the minimum quantity stipulated, it is still required to pay for it. However, it is entitled to deduct unused quantities in one year from required minimum quantities in subsequent years provided the Company has already paid the minimum contracted amount. Problems resulting from the take-or-pay requirement may potentially harm its financial and operation performance.

In 2004, PTT purchased 2,767 million cubic feet per day (MMcf/d) of natural gas, or 112% of the minimum contractual requirement. It also entered into agreements to sell natural gas in the future under take-or-pay conditions consistent with the gas purchase contracts. It constantly monitors the demand for natural gas and the days on which PTT begins receiving contracted natural gas. PTT must ensure that the supply of natural gas corresponds with the customers' ability to receive natural gas and the construction completion date for gas transmission pipelines.

2.2. Adjustment of Fees for Natural Gas Procurement, Distribution, and Pipeline Throughput Tariffs

The tariffs charged for pipeline throughput and fees for the procurement and distribution of natural gas were approved by the National Energy Policy Council (NEPC). The current pipeline tariffs are in effect from 2001 to 2005 and future revisions could result in a higher fee. Depending on economic and social conditions, the government may change the formula for the tariffs, which could affect PTT's business growth, financial standing, and operation performance.

To ensure suitable throughput tariffs, the Company constantly monitors energy situations and natural gas consumption. It also continually revises plans for the expansion of its gas pipeline network so that the demand for gas is efficiently met. On 23 December 2004, NEPC approved the revision of PTT's master plan for the third natural gas pipeline system, (2001-2010), which serves as the framework for construction of future gas pipeline systems.

2.3. Product Price Fluctuation

Sales prices for products from PTT and its affiliates in both domestic and foreign markets reflect prices in the international market. Prices of natural gas, condensate, crude oil, refined petroleum products, and petrochemicals have been highly volatile due to factors beyond the Company's control. Obviously, volatile price fluctuations may affect PTT's business, financial standing, planning, investment, and operation performance.

To mitigate this risk, PTT entered into long-term agreements with its business partners to establish price targets, quantity targets, and risk management periods. All transactions involving derivatives are linked to PTT's oil stocks in order to lock in a definite margin. PTT also closely monitors the world oil market, constantly updates its risk management tools, and regularly provides training for personnel responsible for domestic and foreign trading.

2.4. PTT's Performance Depends Partly on PTTEP

PTTEP's performance is determined by its petroleum reserves, the risk of uncommercialized reserves, and the substantial upward or downward revision of proven petroleum reserves. All these could significantly affect the performance of both PTTEP and PTT. In addition, PTTEP has expanded its investment in overseas petroleum exploration and production projects, which involve potential risk, both economic and political.

Nevertheless, PTTEP's proven reserves will be inspected and assessed annually using a method that is standard among petroleum exploration and production companies around the world. PTTEP also takes into account foreign investment risk in its return-on-investment analysis and works closely with the Ministry of Foreign Affairs to monitor international situations.

2.5. Certain PTT Assets are not Subject to Legal Action

Those assets of the Company acquired through legal expropriation under real estate expropriation laws, whether before or after the privatization into PTT, and PTT's assets within the petroleum transmission pipeline system are not subject to legal action. Note that, under Thai law, government assets cannot be subject to confiscation or legal action, whether before or after a verdict.

3. Project Execution Risk

3.1. Development of Natural Gas Transmission Pipeline Systems and Gas Separation Plants

The primary factors for the Company's successful business expansion are a continuous increase in natural gas consumption, the ability to expand its natural gas transmission pipeline system to increase value, and its gas separation capacity. Projects may experience delays because of various reasons, e.g., delays in awarding construction contractors, procurement of long-lead items, approval from the government, and the preparation of the environmental impact assessment reports. Delays in project completion could hurt PTT's financial and operation performance.

Therefore, the Company places a high priority on the "critical path" of the project, i.e., tasks critical to the project's timing and success. These include accelerating the hiring of construction contractors, closely monitoring the procurement of construction materials, implementing measures to reduce environmental impact, monitoring and analyzing impacts on project management, appointing a community relations task group to develop plans for public participation in the project, and devising plans and measures to minimize the impact of potential project delays.

4. Operation Risk

4.1. Potential Hazards from Operations

Many hazards are inherently associated with the exploration, production, and transportation of natural gas, crude oil, petrochemicals, and refined petroleum products. They include fires, explosions, oil spills, well blowouts, gas pipeline leakages, dispersion of hazardous gases, terrorist activities, natural disasters, actions of external parties, and other unpredictable events. These hazards could seriously damage the personnel, assets, environment, business operations, reputation, financial standing, and business opportunities of the Company.

PTT consequently takes risk management seriously by adopting preventive maintenance measures for all of its production facilities, and by considering emergency and crisis response preparedness a priority. Under conventional practice by other companies in the petroleum and petrochemical industries, the Company has purchased insurance to protect its major operating assets against potential risks, and secured insurance against business interruption.

4.2. Environmental and Safety Regulations

All business operations conducted by the PTT Group must comply with the laws and regulations concerning impacts on the environment and safety. Currently, such laws and regulations in Thailand are more lenient than those in industrialized countries. However, future changes, including changes to the legal enforcement of such laws and regulations, may impose limitations on the Company's operations or significantly increase operating costs. Furthermore, community acceptance, or the lack thereof, of any PTT operation could affect the Company's business and ability to increase revenue in the future.

To address these risks, PTT monitors and analyzes the impact of changes in environmental and safety laws and regulations on its operations. The Company also closely coordinates with government agencies, uses available information to develop work plans and response measures, and ensures continual community relations activities in operating areas.

5. Financial Risk

5.1. Fluctuation of the Thai Baht

Because PTT and its affiliates have outstanding foreign debts, changes in the exchange rate between the Thai baht and the US dollar have both direct and indirect effects on the majority of PTT's income, consequently affecting the Company's bottom line. Therefore, the fluctuation of the Thai baht and the government's economic policies could affect the Company's financial and operation performance.

To mitigate this effect, PTT balances its foreign debts with its revenue from foreign currencies (i.e., natural hedge). It also manages its foreign currency deposits and purchases foreign currency forward to match the quantity of foreign currency required for debt repayment and for imported natural gas and crude oil. Note that PTT is developing a Treasury Policy for use as a common guideline for all companies in its Group.

5.2. Financial Support to Affiliated Companies

In the past, and during the Asian economic crisis, PTT provided financial support to its affiliates under the Shareholder Support Agreement. In addition, it worked with the executives, creditors, and other major shareholders of these affiliates on debt restructuring. Although the performance of most affiliates improved in 2003 and 2004, PTT cannot assure that these companies will be able to repay their debts to PTT, that they would not experience any more financial problems, or that they would not need PTT's financial support in the future. No matter what the case may be, the financial conditions of PTT affiliates will have some impact on PTT's financial and operation performance.

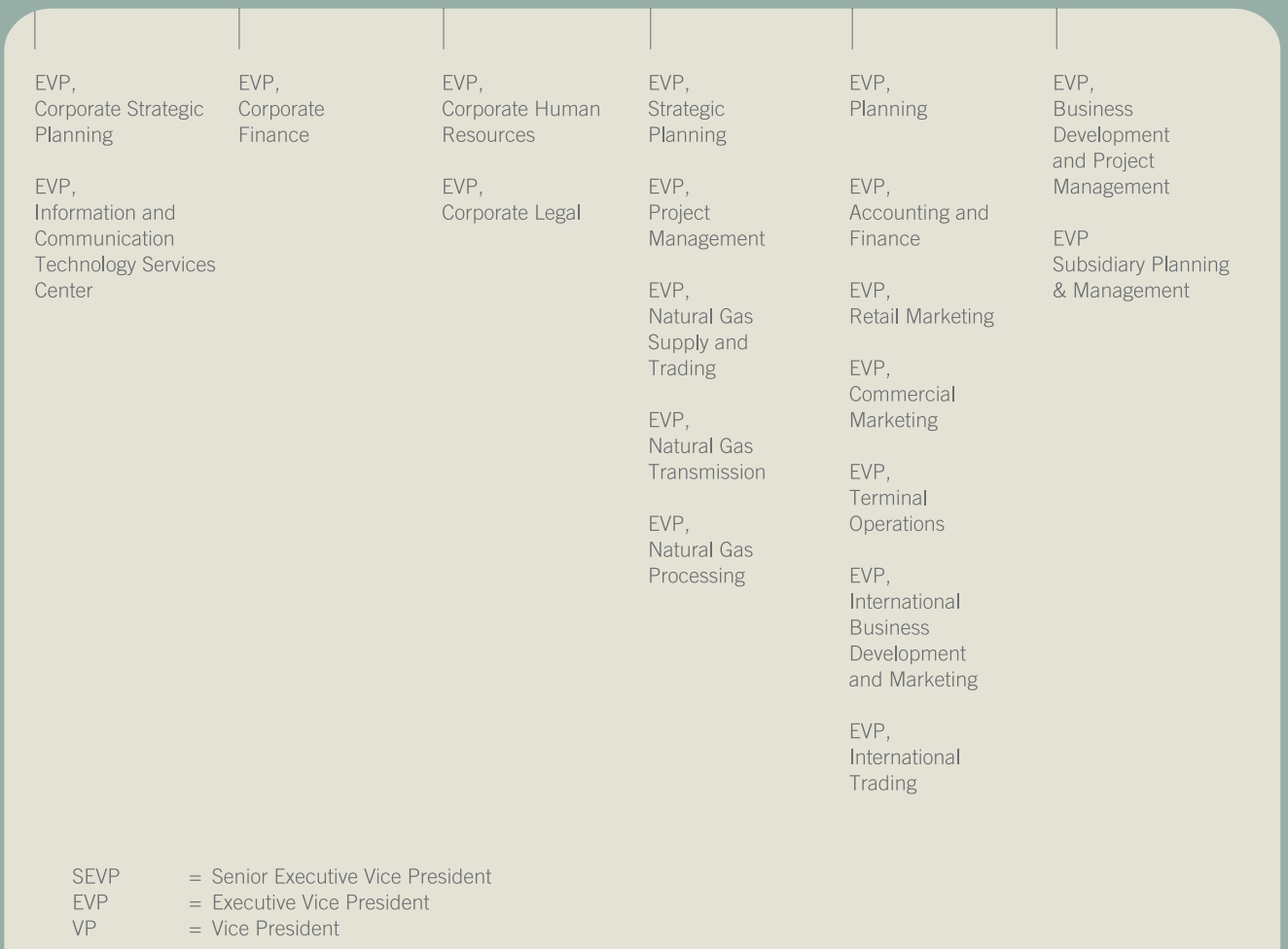
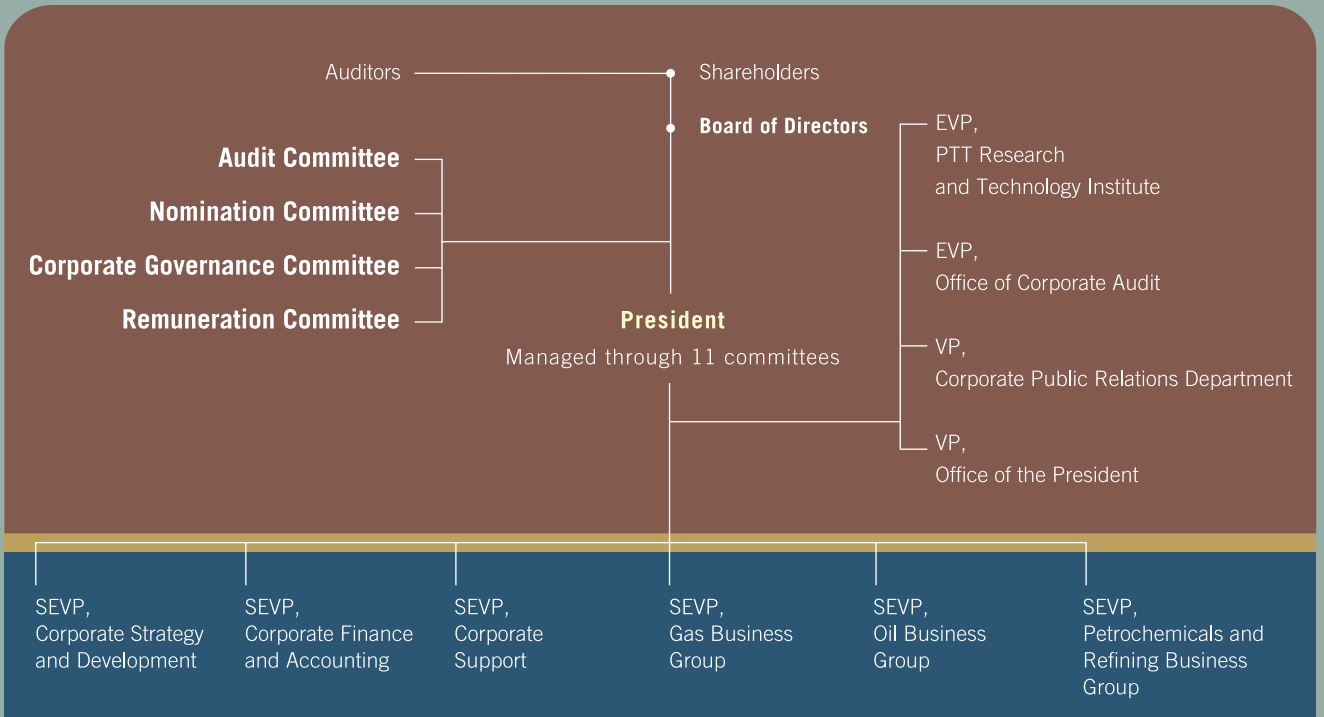
To address this risk, PTT has played a leading role in promoting debt restructuring among its affiliates. It has issued a policy to refrain from providing additional financial support unless it is necessary and beneficial to its long-term success. In such cases, the Company will consider providing short-term loans and/or commercial loans. The Company believes that this policy and implementation will strengthen the financial conditions of companies in the PTT Group.

5.3. Acquisition of Funds for Plan Execution

The businesses of PTT - particularly petroleum exploration and production, natural gas transmission, and the petrochemical business - require massive investments. In practice, although PTT closely monitors and manages risk, the amount of actual investment capital required may deviate from project plans due to factors beyond PTT's control. This deviation could affect the success and capital cost of PTT's projects.

PTT tries to adhere to a 1:1 debt to equity ratio when securing investment capital, and continuously monitors changes in factors that affect the sourcing of investment capital. Therefore, the Company believes it can secure sufficient and appropriate funds for future business expansion.

ORGANIZATION CHART



PTT'S BOARD OF DIRECTORS

Mr. Cherdpong Siriwit
Chairman

Age 58



(%) Holding No

Qualification / Training

- M.A. Economics, Georgetown University, U.S.A.
- National Defence College (Class No. 40)
- King Prajadhipok's Institute "Politics and Governance in Democratic Systems for Executives" 5
- IOD; 2004-DAP No.8 / Chairman 2000 / Finance for Non-Finance Director

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 : Secretary General, Thai Industrial Standards Institute, Ministry of Industry
- 2002 : Deputy Permanent Secretary, Ministry of Industry
- 2002-Present : Permanent Secretary, Ministry of Energy

Important Positions in other companies related to PTT

- Chairman of the Board, Ratchaburi Electricity Generating Holding Plc.
- Director of the Board, PTT Exploration and Production Plc. (PTTEP)
- Director of the Board Thai Oil Plc. (TOP)
- Director of the Board Thai Oil Power Co., Ltd.

Mr. Manu Leoparote

Independent Director and Chairman of the Remuneration Committee

Age 61



(%) Holding 0.013585

Qualification / Training

- M.Sc. (Econ), University of Kentucky, U.S.A.
- Certificate, Industrial Development, Nagoya, Japan
- National Defense College (Class No.34)
- IOD ; 2003-DCP No.30 / Chairman 2000

Work Experiences

- 1999-2004 : Permanent Secretary, Ministry of Industry

Important Positions in other companies related to PTT

- Chairman of the Board, PTT Exploration and Production Plc. (PTTEP)
- Chairman of the Board, Thai Oil Plc. (TOP)
- Chairman of the Board, National Petrochemical Plc. (NPC)
- Chairman of the Board, Thai Olefins Plc. (TOC)

Pol.Gen. Sant Sarutanond

Independent Director and Chairman of the Nominating Committee

Age 60



(% Holding) 0.000093

Qualification / Training

- Police Cadet Academy (Class No. 20)
- The Civil Service Executive Development Program, Class No. 16
- National Defence College (Class No. 34)
- IOD, 2004 - DAP No.26

Work Experiences

- 1998-2001 : Deputy Commissioner-General, Royal Thai Police
- 2001-2004 : Commissioner-General, Royal Thai Police

Important Positions in other companies related to PTT No**Mr. Chaiwat Wongwattanasan**

Independent Director and Audit Committee Member

Age 55



(% Holding) No

Qualification / Training

- Barrister at Law
- 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 of the Council of State
- 2000-2004 : Secretary General of the Council of State
- 2004-Present : Advisor to the Office of the Council of State

Important Positions in other companies related to PTT No

Gen. Chaisuk Ketudat Ph.D.

Age 62

Independent Director and Chairman of the Corporate Governance Committee



(%) Holding No

Qualification / Training

- Instructor Pilot (Class No. 8) - ARMY Aviation Center
- Command and General Staff College (Class No. 56)
- Master of Arts (Military Science)
- Doctorate of Education Philosophy, Chulalongkorn University
- IOD; 2004 - DCP No. 30 / Developing CG / Board Performance Evaluation

Work Experiences

- 1999 : Director General of Military Research and Development Office, Ministry of Defense
- 2001 : Defense Inspector General
- Present : Honourary Advisor to the Prime Minister

Important Positions in other companies related to PTT No

Mr. Wisudhi Srisuphan

Age 55

Director and Remuneration Committee Member



(%) Holding No

Qualification / Training

- M.E. (C.E.) Lamar University, U.S.A.
- M.A.A. Business Economics, Thammasat University
- National Defense College (Class No.38)
- IOD; 2000- DCP No.3

Work Experiences

- 1999-2002 : Comptroller General, The Ministry of Finance
- 2002-2003 : Director - General, Fiscal Policy Office
- 2003-Present : Director - General, The Treasury Department

Important Positions in other companies related to PTT

- Director of the Board, PTT Exploration and Production Plc.

Mr. Sunthad Somchevita

Independent Director and Audit Committee Member

Age 60



(%) Holding No

Qualification / Training

- M.S. Tropical Architecture, Pratt Institute, Brooklyn, New York, U.S.A.
- Certificate, Environmental Administration, EA, Japan
- National Defense College (Class No.35)
- IOD; 2004 - DCP No.49 / Developing CG/ Board's Failure and How to Fix It

Work Experiences

- 1998-2002 : Permanent Secretary, Ministry of Science, Technology and Environment
- 2002-2004 : Permanent Secretary, Ministry of Science and Technology

Important Positions in other companies related to PTT

- Director of the Board, Ratchaburi Electrical Generating Company

Mr. Pala Sookawesh

Independent Director and Nominating Committee Member

Age 64



(%) Holding No

Qualification / Training

- M.S. Industrial Engineering (Operation Research), Oregon State University, U.S.A.
- National Defense College (Class No.3)
- Certificate in Advanced Management Program, Havard Business School, Harvard University, U.S.A.
- Honorary Doctorate Degree in Engineering, Chulalongkorn University
- IOD; Chairman 2000 / DAP No.14

Work Experiences

- 1995-1999 : Director of the Board, Petroleum Authority of Thailand

Important Positions in other companies related to PTT

- Chairman of the Board, Aromatics (Thailand) Public Company Limited
- Chairman of the Board, Ratchaburi Power Ltd.
- Chairman of the Board, Tri Energy Ltd.
- Director of the Board, Electricity Generating Authority of Thailand (EGAT)
- Director of the Board, PTT Exploration and Production Public Company Limited
- Director of the Board, Thai Olefins Public Company Limited
- Director and Audit Committee Member, Vinythai Public Company Limited
- Director of the Board, Ratchaburi Electricity Generating Holding Public Co., Ltd.
- Director of the Board, Thai Oil Public Co., Ltd.
- Council of Trustees, Petroleum Institute of Thailand Foundation (PTIT)
- Plan Administrator, Thai Petrochemical Industry Public Co., Ltd. (TPI)

Dr. Olarn Chaipravat

Age 60

Independent Director and Chairman of the Audit Committee



(%) Holding No

Qualification / Training

- Ph.D. Economics, Massachusetts Institute of Technology (M.I.T.), U.S.A.
- IOD ; 2003 - DAP No.4

Work Experiences

- 1982-2001 : Advisor to Management Board, Council Chairman, The Siam Commercial Bank Plc.

Important Positions in other companies related to PTT

- Director of the Board, Thaioil Plc. (TOP)
- Director of the Board, Thai Olefins Plc. (TOC)

Dr. Pisanu Sunthraraks

Age 50

Independent Director / Remuneration Committee Member and Corporate Governance Committee Member



(%) Holding No

Qualification / Training

- Ph.D. Political Science, University of Wisconsin at Madison, U.S.A
- IOD; 2004 - DAP No. 20 / Developing CG

Work Experiences

- 1997-1998 : Advisor to the Minister of Industry, Ministry of Industry

Important Positions in other companies related to PTT No

Mr. Chakramon Phasukavanich

Age 56

Independent Director and Nominating Committee Member



(%) Holding 0.000357

Qualification / Training

- Master's Degree in Economics, California State University in Northridge, U.S.A.
- Certificate of Senior Executive Development Program, Class 12
- Certificate of National Defense College, Class No. 39
- IOD; 2004-DAP No. 8 / Finance for Non-Finance Director

Work Experiences

- 1995-2001 : Deputy Secretary General Board of Investment
- 2001-2003 : Secretary General Board of Investment
- 2003-Present : Secretary General, National Economic and Social Development Board

Important Positions in other companies related to PTT

- Board of Director Thai Oil Plc. (TOP)

Mr. Prapun Naigowit

Age 57

Independent Director / Audit Committee Member and Corporate Governance Committee



(%) Holding No

Qualification / Training

- LL.B. (Hons.) Thammasat University
- Barrister-at-law (Thai Bar)
- Master of Laws, Tulane University, U.S.A.
- Provincial Chief Public Prosecutor Training, Class 1
- Certificate on Crime Prevention and Treatment of Offenders (UNAFEI, JAPAN)
- Diploma of the Course on Justice Administration for the Executives, Class 1
- National Defense College (Class No. 38)
- Diploma of the King Prajadhipok's Institute, Class 5
- IOD ; 2003 - DCP No. 3; 2004 - Developing CG / Finance for Non - Finance Director

Work Experiences

- 1999 : Director General of the International Affairs Department
- 2000 : Director General of the Department of Litigation of the Attorney General
- 2001-Present : Deputy Attorney General

Important Positions in other companies related to PTT

- Board of Director Thai Oil Plc. (TOP)

Mr. Somchai Wongsawat
Independent Director

Age 57



(%) Holding No

Qualification / 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

- 1998 : Deputy Permanent Secretary for Justice
- 1999-Present : Permanent Secretary for Justice

Important Positions in other companies related to PTT

- Director of the Board, Thai Oil Plc. (TOP)

Mr. Metta Banturngsuk
Director

Age 53



(%) Holding No

Qualification / Training

- B.A., Accounting, Chulalongkorn University
- LL.B. Ramkhamhaeng University

Work Experiences

- 1999 : Deputy Director General, National Energy Policy Office
- 2002-Present : Director General, Energy Policy and Planning Office, Ministry of Energy

Important Positions in other companies related to PTT

- Member and Secretary of National Energy Policy Council

Mr. Prasert Bunsumpun
Director and Secretary

Age 52



(%) Holding 0.012363

Qualification / Training

- M.B.A. Utah State University, U.S.A.
- Advanced Management Program, Harvard University
- The Joint State-Private Sector Regular Course, The National Defense College
- Politics and Governance in Development System for Executive Course, King Prajadhipok's Institutes
- Thai Institute of Directors (IOD 2004-DAP No. 26)

Work Experiences

- 1996-1999 : President, Oil Business Group, Petroleum Authority of Thailand
- 2000-2001 : President, Gas Business Group, Petroleum Authority of Thailand
- 2001-2003 : Senior Executive Vice President, Gas business Group, PTT
- 2003-Present : President, PTT

Important Positions in other companies related to PTT

- Director of the Board, PTT Exploration and Production Plc. (PTTEP)
- Director of the Board, Thai Olefins Plc. (TOC)
- Director of the Board, Aromatics (Thailand) Plc. (ATC)
- Director of the Board, National Petrochemical Plc. (NPC)
- Director of the Board, Thai Oil Plc. (TOP)

PTT'S EXECUTIVE

Mr. Prasert Bunsumpun
President

Age 52



(%) Holding 0.012363

Qualification / Training

- M.B.A. Utah State University, U.S.A.
- Advanced Management Program, Harvard University
- The Joint State-Private Sector Regular Course, The National Defense College
- Politics and Governance in Development System for Executive Course, King Prajadhipok's Institutes
- Thai Institute of Directors (IOD 2004-DAP No. 26)

Work Experiences

- 1996-2000 : President, Oil Business Group, Petroleum Authority of Thailand
- 2000-2001 : President, Gas Business Group, Petroleum Authority of Thailand
- 2001-2003 : Senior Executive Vice President, Gas business Group, PTT
- 2003-Present : President, PTT

Important Positions in other companies related to PTT

- Director of the Board, PTT Exploration and Production Plc. (PTTEP)
- Director of the Board, Thai Olefins Plc. (TOC)
- Director of the Board, Aromatics (Thailand) Plc. (ATC)
- Director of the Board, National Petrochemical Plc. (NPC)
- Director of the Board, Thai Oil Plc. (TOP)

Mr. Anon Sirisaengtaksin
Senior Executive Vice President, Corporate Strategy & Development

Age 52



(%) Holding 0.003397

Qualification / Training

- MBA, Thammasat University
- Certificate, "Project Investment Appraisal and Management" and "Global Leadership", Harvard University, U.S.A.

Work Experiences

- 1996-2001 : Deputy President, Natural Gas Marketing & Transmission, PTT GAS
- 2001-2002 : Executive Vice President, Natural Gas Supply & Trading, Gas Business Group, PTT
- 2002-Present : Senior Executive Vice President Corporate Strategy and Development

Important Positions in other companies related to PTT

- Director of the Board PTT Natural Gas Distribution Co., Ltd. (PTT NGD)
- Director of the Board Rayong Refinery Co., Ltd. (RRC)
- Director of the Board Star Petroleum Refining Co., Ltd. (SPRC)
- Director of the Board Bangkok Polyethylene Plc. (BPE)
- Director of the Board PTT Polyethylene Co., Ltd. (PTTPE)

Dr. Prajya Phinyawat

Senior Executive Vice President, Petrochemicals and Refining Business Group

Age 53



(% Holding 0.003646

Qualification / Training

- Ph.D. (Civil Engineering), University of Texas at Austin, U.S.A.
- National Defense College (Class No. 15)
- Directors Certification Program (IOD 2004-DAP No. 14)

Work Experiences

- 1999-2001 : Deputy Governor, Corporate Plan and Development, Petroleum Authority of Thailand
- 2001-2002 : Deputy Governor Corporate Strategy and Development, Petroleum Authority of Thailand
- 2002-2003 : Senior Executive Vice President, Corporate Strategy and Development, PTT
- 2003-2004 : Senior Executive Vice President, Corporate Support, PTT
- 2004-Present : Senior Executive Vice President, Petrochemicals & Refining Business Group, PTT Plc.

Important Positions in other companies related to PTT

- Director of the Board, National Petrochemical Plc. (NPC)
- Director of the Board, Thai Oil Plc. (TOP)
- Director of the Board, Rayong Refinery Co., Ltd. (RRC)
- Director of the Board, Star Petroleum Refining Co., Ltd. (SCRC)
- Director of the Board, Alliance Refining Co., Ltd.
- Director of the Board, Bangkok Polyethylene Plc.

Mr. Pichai Chunhavajira

Senior Executive Vice President, Corporate Finance and Accounting

Age 55



(% Holding 0.001183

Qualification / Training

- M.B.A. (Finance), Indiana University of Pennsylvania, U.S.A.
- The Joint State- Private Sector Regular Course, The National Defense College (Class 13)

Work Experiences

- 1996-1999 : Deputy Governor, Finance, PTT
- 2000-2001 : President, PTT Oil / Acting President, PTT International / Acting Deputy Governor, Finance
- 2001-Present : Senior Executive Vice President, Corporate Finance & Accounting

Important Positions in other companies related to PTT

- Director of The Electricity Generating Authority of Thailand (EGAT)
- Director of The Metropolitan Electricity Authority
- Director of Thai Olefins Plc. (TOC)
- Director of PTT Exploration and Production Plc. (PTTEP)
- Director of Thai Petroleum Pipeline Co., Ltd.
- Director of Thaioil Power Co., Ltd.
- Director of The Aromatics (Thailand) Plc. (ATC)
- Director of Bangchak Petroleum Plc. (BCP)
- Director of Dhipaya Insurance Company (TIP)

Mr. Apisit Rujikeatkamjorn

Senior Executive Vice President, Oil Business Group

Age 59



(%) Holding 0.002796

Qualification / Training

- M.E. ,Civil Engineering, Lamar University, Beaumont, Texas, U.S.A.

Work Experiences

- 1997-2000 : Senior Assistant Governor, Office of the Governor,
Appointed as Senior Vice President, Star Petroleum Refining Co., Ltd.
- 2000 : Chief Executive Officer, Trans Thai-Malaysia (Thailand) Ltd.
- 2001-Present : Senior Executive Vice President Oil Business Group PTT Plc.

Important Positions in other companies related to PTT

- Chairman of the Board, Thailube Blending Co., Ltd. (TLBC)
- Director of the Board, Fuel Pipeline Transportation Co., Ltd.
- Director of the Board, Thai Maritime Navigation Co., Ltd.
- Director of the Board, Thai Lube Base Plc. (TLB)
- Director of the Board, Trans Thai Malaysia (Thailand) Ltd. (TTMT (T))
- Director of the Board, The Bangchak Petroleum Public Co., Ltd. (BCP)
- Director of the Board, Fortune Parts Industry Co., Ltd.

Dr. Chitrapongse Kwangsukstith

Senior Executive Vice President, Gas Business Group

Age 55



(%) Holding 0.004455

Qualification / Training

- Ph.D. Industrial Engineering, Lamar University, U.S.A.
- Stanford Executive Program, Stanford University, U.S.A.
- National Defence College (Class No.12)

Work Experiences

- 1999 : Deputy Governor, Corporate Plan and Development, Petroleum Authority of Thailand
- 2000-2003 : Director and President, PTT Exploration & Production Plc. (PTTEP)

Important Positions in other companies related to PTT

- Chairman of the Board of Director District Cooling System & Power Plant Company Limited (DCAP)
- Chairman of the Board Energy Complex Co., Ltd.
- Chairman of the Board PTT Utility Co., Ltd.
- Board of Director PTT Exploration & Production Public Company Limited
- Chairman of the Board of Executive Director PTT, Natural Gas Distribution Co., Ltd.
- Board of Director Ratchaburi Power Company Limited
- Board of Director Independent Power (Thailand) Company Limited
- Board of Director Trans Thai-Malaysia (Thailand) Limited
- President Thailand Association for Natural Gas Vehicles

Mr. Songwut Chinnawat

Senior Executive Vice President, Corporate Support

Age 54



(% Holding 0.000603

Qualification / Training

- M.E. Civil Engineering, Lamar University, Beaumont, Texas, U.S.A.
- The National Defence College of Thailand

Work Experiences

- 1998-2003 : Director and General Manager, PTT Natural Gas Distribution Company Limited (PTT NGD)
- 2004-Present : Senior Executive Vice President, Corporate Support, PTT

Important Positions in other companies related to PTT

- Director of the Board Natural Gas Distribution Co., Ltd. (PTTNGD)
- Director of the Board Amata Natural Gas Distribution Co., Ltd.
- Director of the Board Energy Complex Co., Ltd.

Dr. Viroj Mavichak

Senior Executive Vice President, Appointed as President, NPC

Age 56



(% Holding 0.003646

Qualification / Training

- Ph.D. (Civil Engineering), University of Texas, U.S.A.
- Program for Management Development, Harvard University, U.S.A.
- Certificate in Director Accreditation Program, DAP 1/2003 and Directors Certification Program, DCP 38/2003, Thai Institute of Directors (IOD)

Work Experiences

- 1998-2001 : Deputy Governor, Petroleum Authority of Thailand
- 2001-Present : Senior Executive Vice President, PTT Public Co., Ltd.
- 2001-Present : President, NPC National Petrochemical Plc. (NPC)

Important Positions in other companies related to PTT

- Member, Council of Trustees, The Petroleum Institute of Thailand
- Member, Council of Trustees, Thailand Business Council for Sustainable Development
- Director of the Board, Thai Olefins Co., Ltd. (TOC)
- Director of the Board, Thai Tank Terminal Limited
- Director of the Board, PTT Phenol Co., Ltd.
- Director of the Board, PTT Utility Co., Ltd.
- Director of the Board, PTT Polyethylene Co., Ltd.
- Chairman, NPTC Maintenance and Engineering Services Co., Ltd.

Dr. Piti Yimprasert

Senior Executive Vice President, Appointed as Managing Director of Thai Oil Plc.

Age 59

(%) Holding 0.003533

Qualification / Training

- Ph.D. in (Civil Engineering), University of Texas at Austin, U.S.A.

Work Experiences

- 2000 : Executive Director, Petrochemicals Sector Group,
Petroleum Authority of Thailand
- 2001 : Prsident, Petrochemicals & Refining Business Group,
Petroleum Authority of Thailand

Important Positions in other companies related to PTT

- Director of the Board, Thai Oil Marine Co., Ltd.
- Director of the Board, The Aromatics (Thailand) Plc.
- Director of the Board, Thai Paraxylene Co., Ltd.
- Director of the Board, Thai Lube Base Plc.
- Director, Independent Power (Thailand) Co., Ltd.

SHAREHOLDERS AND MANAGEMENT STRUCTURES

PTT's Equity Structure

	Type of Equity	No. of Shares (in millions)	Value (million baht)	% of Total Shares
1.	Registered Capital	2,850	28,500	–
2.	Paid-Up Capital	2,797	27,972	100.00
3.	Unpaid Capital	53	528	–

Top 10 shareholders of PTT as of 3 September 2004 (the closing date of shareholders' roster for the General Shareholders' Meeting No. 1/2004 on 24 September 2004)

No.	Name	No. of Shares	% of Total Shares
1.	Ministry of Finance	1,467,750,743	52.48
2.	Vayupak Mutal Fund 1	435,800,000	15.58
3.	State Street Bank and Trust Company	50,445,459	1.80
4.	HSBC (Singapore) Nominees Pte., Ltd.	36,703,084	1.31
5.	Social Security Office	25,361,200	0.91
6.	Government Pension Fund	23,823,600	0.85
7.	Government of Singapore Investment Corporation C.	23,181,500	0.83
8.	Thai NVDR Co., Ltd.	22,364,071	0.80
9.	HSBC Bank Plc-Clients General A/C	21,172,900	0.76
10.	State Street Bank and Trust Company, for London	18,163,451	0.65

Dividend Policy

The Company's dividend policy is to pay out at least 25% of net profits after specified deductions. Each year's payout depends on the investment plan, necessity, and other considerations. Upon approval by the Board of Directors, the annual dividend payout shall be presented to the shareholders' meeting for approval. However, for an interim dividend, the Board of Directors has the authority to pay the dividend and report the payout in the next shareholders' meeting.

Subsidiaries companies shall determine their dividends by comparing the remaining cash balance with their investment capital. If there is sufficient cash after the company has set aside cash reserves as required by law, it will be able to pay out dividends.

Organizational Structure

At the top of PTT's organizational structure is the Board of Directors, which consists of four committees: Audit Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee. The President, the Company's top executive, manages the organization through 11 committees. Details of the Company's management structure are summarized as follows:

Board of Directors

As reported in the Ministry of Commerce's certification dated 8 July 2004, the Board of Directors of PTT consists of 15 members.

- Non-Management Directors 14 and Independent Directors 11 (More than half of the entire Board)
- Management Director 1

No.	Name	Position	Appointed
1.	Mr. Cherdpong Siriwit	Chairman	9 April 2004
2.	Mr. Manu Leopairote	Director	28 April 2002
3.	Mr. Chakramon Phasukvanich	Director	9 April 2004
4.	General Chaisuk Ketudat	Director	29 April 2003
5.	Police General Sant Sarutanond	Director	29 April 2002
6.	Mr. Metta Bunturingsuk	Director	9 April 2004
7.	Mr. Pala Sookawesh	Director	29 April 2003
8.	Mr. Somchai Wongsawat	Director	29 April 2002
9.	Mr. Olarn Chaipravat	Director	29 April 2003
10.	Mr. Pisanu Suntharak	Director	9 April 2004
11.	Mr. Prapan Naikowit	Director	29 April 2003
12.	Mr. Chaiwat Wongwattanasan	Director	29 April 2002
13.	Mr. Sunthad Somchevita	Director	29 April 2002
14.	Mr. Wisudhi Srisuphan	Director	9 April 2004
15.	Mr. Prasert Bunsumpun	Director and Secretary	10 August 2003

With the approval of the Board of Directors and in accordance with the criteria of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), the Corporate Governance Committee defines an "independent director" as a person who:

- Holds no more than 0.5% of all voting shares in PTT, its affiliates, and joint ventures or is a juristic person that may impose a conflict of interest (implicitly including related persons as stated in Section 258 of the Securities and Exchange Act).
- Does not participate in the management of PTT, its affiliates, or its joint ventures; is not an employee, a regularly paid consultant, an accounting auditor, a legal consultant, or other type of consultant; a person who has control over PTT, its affiliates, or its joint ventures; and has not acted in any of the above-mentioned capacities for at least two years.
- Does not have any business relationship with PTT, its affiliates, or its joint ventures-for example, as a customer, supplier, partner, commercial creditor/debtor, loan creditor/debtor; does not have any loss or gain, directly or indirectly, in the finance or management of PTT, its affiliates, or its joint ventures; does not hold any interest in juristic persons of conflict that will lead to a lack of independence.
- Is not a close relative-or related in a way that may lead to a lack of independence - of management or major shareholders of PTT, its affiliates, or its joint ventures, or of juristic persons of conflict; nor appointed to protect the interest of any director or major shareholder.

Share Ownership of PTT Directors (as of 31 December 2004)

No.	Name	No. of Shares as of 31 December		Increase (Decrease) of Shares in 2004	Note
		2003 (Shares)	2004 (Shares)		
1.	Mr. Cherdpong Siriwit	–	–	–	
2.	Mr. Manu Leopaiprote	380,000	380,000	–	
3.	Mr. Chakramon Phasukvanich	–	10,000	10,000	Appointed on 9 April 2004
4.	General Chaisuk Ketudat	–	–	–	
5.	Police General Sant Sarutanond	2,600	2,600	–	
6.	Mr. Metta Bunturungsuk	–	–	–	
7.	Mr. Pala Sookawesh	–	–	–	
8.	Mr. Somchai Wongsawat	–	–	–	
9.	Mr. Olarn Chaipravat	–	–	–	
10.	Mr. Pisanu Sunthraraks	–	–	–	
11.	Mr. Prapan Naikowit	–	–	–	
12.	Mr. Chaiwat Wongwattanasan	–	–	–	
13.	Mr. Sunthad Somchevita	–	–	–	
14.	Mr. Wisudhi Srisuphan	–	–	–	
15.	Mr. Prasert Bunsumpun	325,820	345,820	20,000	

Directors Whose Terms Expired in 2004

No.	Name	No. of Shares as of 31 December		Increase (Decrease) of Shares in 2004	Note
		2003 (Shares)	2004 (Shares)		
1.	Mr. Chakrawut Salyabongs	–	–	–	

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

Authority of the Board of Directors

1. The Board of Directors ("Board") has the authority to supervise and manage the Company in compliance with laws, objectives, regulations, and resolutions of shareholders' meetings.

2. The Board shall elect one director to serve as Chairman. If deemed by the Board as appropriate, one or more Vice Chairmen can be elected.

3. The Board shall elect one director to serve as President and Secretary to the Board, as deemed appropriate.

Duties and Responsibilities of the Board of Directors

The Board shall:

1. Carry out their duties in accordance with the laws, objectives, regulations, and resolutions of shareholders' meetings.

2. Establish the Company's vision, directions, and strategies.

3. Endorse major Company strategies and policies, including objectives, financial targets, and operating plans; monitor and ensure plan implementation.

4. Ensure systems for corporate accounting, financial reporting, and financial auditing; ensure efficient and effective internal control and internal audit systems.
5. Monitor and remedy problems arising from conflicts of interests and connected transactions
6. Establish prudent risk management guidelines; ensure that management has an efficient risk management system or procedure.
7. Ensure an appropriate remuneration system or mechanism for upper management, which will create short-term and long-term motivation.
8. Assess the performance of the President and determine the President's remuneration accordingly.
9. Ensure appropriate channels for communicating with each group of shareholders and stakeholders.
10. Ensure correct, clear, transparent, reliable, and high quality disclosure of information.
11. Show leadership and lead by example.

Appointment and Dismissal of Directors

1. The Board consists of at least five but no more than 15 persons elected by the Company's shareholders' meeting. It shall consist of at least three independent directors, at least half of the directors shall reside within the Kingdom of Thailand, and at least one director shall possess expertise in finance and accounting. All directors shall have the qualifications specified by the law and by Company's regulations.

In 2004, the Board resolved that independent directors shall make up at least half of the Board.

2. The shareholders' meeting shall elect qualified directors who were previously selected and nominated by the Nomination Committee under the following criteria and procedures:

- (1) Each shareholder shall have one vote per share held.
- (2) Each shareholder shall exercise all votes applicable under (1) in electing one or more persons as directors. A shareholder cannot allocate only part of his or her votes to any nominee.
- (3) Candidates with the most votes shall be appointed directors according to the number of directors required.
- (4) If candidates receive equal votes such that their election would result in a greater number of directors than required, the chairman of the meeting shall cast a vote to decide which one(s) is appointed.

3. At every Annual General Meeting, one-third of the directors-or if the number is not divisible by three, then the number nearest to one-third-shall retire from office. The names of directors to retire during the first and second year after the Company was listed will be drawn by lots. For subsequent years, the directors with the longest terms shall retire.

4. Any director wishing to resign shall submit a resignation letter to the Company. The resignation will be effective on the date that the Company receives the letter.

5. In voting for the dismissal of any director from office before expiration of his or her term of directorship, a three-quarters (3/4) vote of eligible shareholders present at the meeting shall be required, provided that the number of shares represented by the three-quarters vote is at least half of the total number of shares represented by the total number of eligible shareholders present at the meeting.

Duties and Responsibilities of the President

Under the Articles of Association of the Company, the President shall have full authority and duties to administer the Company's business as assigned by the Board. Business is to be administered strictly, prudently, and with integrity in accordance with the plan or budget approved by the Board, and be in the best interest of the Company and its shareholders. The President's authority and duties shall include the following matters and activities:

1. Operate and/or manage day-to-day Company business.
2. Hire, appoint, remove, transfer, promote, demote, reduce the salary or wages of, take disciplinary action against employees and contractors, and dismiss any employee or contractor as specified by the Board's regulations. For department heads or other positions, approval of the Board shall be required.

3. Ensure the preparation and submission of the Company's business policies, including the operating plan and budget, to the Board for approval, and report progress of work according to the approved plan and budget to the Board every three months.

4. Ensure the implementation of the policies, plan, and budget approved by the Board.

Authority Given by the Board of Directors

The Board authorizes the President to act on behalf of the Company in accordance with the following conditions and scope:

1. Manage the Company's business according to all of the objectives, regulations, policies, rules, specifications, directives, and resolutions of the meetings of the Board and/or resolutions of shareholders' meetings.

2. Order, contact, command, implement, and sign legal contracts, documents, orders, announcements, or any correspondence with government agencies, state enterprises, or other parties; and engage in any necessary and appropriate action that would facilitate the duty specified in (1).

3. Command each employee and contractor, as well as hire, appoint, remove, promote, demote, reduce the salary or wages of, take disciplinary action against, and dismiss any employee or contractor in accordance with the rules, regulations, or directives of the Board. For employees or contractors in the positions of advisors, experts, executive vice presidents, or equivalent or higher positions, approval of the Board shall be required. The President shall also be authorized to specify the conditions of employment of employees and contractors, and issue rules governing the Company's operations, provided they do not conflict with rules, regulations, or directives of the Board.

4. Assign the power of attorney and/or delegate specific tasks to other persons, provided that such assignment and/or delegation are in compliance with this document concerning the power of attorney and/or rules, regulations, or directives of the Board and/or the Company.

The above-mentioned authorities and duties of the President shall be invalid, should there be any conflict of interests with the Company in any form resulting from the President's exercising of his powers.

The Audit Committee

The Board approved the appointment of the Audit Committee on 1 October, 2001. The Audit Committee shall consist of Company directors with the qualifications specified by securities and exchange laws and SET. The committee shall consist of at least three members, at least one of whom shall be qualified in accounting and finance. At that meeting, three members of the Audit Committee were appointed. The Audit Committee currently consists of four independent directors.

1. Mr. Olarn Chaipravat	Chairman	Independent director with qualifications in finance and accounting
2. Mr. Prapan Naikowit	Auditor	Independent director
3. Mr. Sunthad Somchevita	Auditor	Independent director
4. Mr. Chaiwat Wongwattanasan	Auditor	Independent director
5. Mr. Trakool Chatdarong	Secretary	

The Committee held 12 meetings in 2004 and reported meeting summaries to the Board. In addition, the Committee participated in quarterly financial audits along with external auditors and the Finance and Accounting Department.

Duties and Responsibilities of the Audit Committee

1. Review the Company's financial reporting process to ensure accuracy and adequacy.

2. Ensure appropriateness and effectiveness of internal control and internal audit systems.

3. Ensure compliance with securities and exchange laws and SET regulations, or laws concerning any aspect of the Company's business.

4. Consider, select, nominate, and recommend remuneration for the external auditor.

5. Consider the accurate and complete disclosure of Company information in case of connected transactions or potential conflicts of interests.
6. Prepare a report on the Audit Committee's supervision of business, to be disclosed in the Company's annual report and signed by the Chairman of the Audit Committee.
7. Perform tasks assigned by the Board and with the approval of the Audit Committee.
8. Perform duties as specified in the Company's regulations.

The Nomination Committee

The Board appointed the Nomination Committee, consisting of three directors-both independent and non-independent — on 1 October 2001. The directors are:

- | | | |
|-----------------------------------|----------|---|
| 1. Police General Sant Sarutanond | Chairman | Non-management and independent director |
| 2. Mr. Pala Sookawesh | Director | Non-management and independent director |
| 3. Mr. Chakramon Phasukvanich | Director | Non-management and independent director |

In 2004, the Committee held one meeting and reported its findings to the Board.

Duties and Responsibilities of the Nomination Committee

1. Select qualified nominees as new directors or President.
2. Determine the procedures and criteria for the nomination of Company directors or President so as to ensure transparency.

The Remuneration Committee

The Board appointed the Remuneration Committee, consisting of three directors — both independent and non-independent - on 1 October 2001. The directors are:

- | | | |
|--------------------------|----------|---|
| 1. Mr. Manu Leoparote | Chairman | Non-management and independent director |
| 2. Mr. Pisanu Suntharaks | Director | Non-management and independent director |
| 3. Mr. Wisudhi Srisuphan | Director | Non-management director |

The Committee held two meetings in 2004 and reported its findings to the Board.

Duties and Responsibilities of the Remuneration Committee

1. Consider remuneration guidelines for directors and the President.
2. Determine the procedures and criteria for fair and reasonable remuneration for directors and the President, for approval of the shareholders' meeting.

Corporate Governance Committee

The Board appointed the Corporate Governance Committee, consisting of four directors-both independent and non-independent, on 24 June 2004. The directors are:

- | | | |
|--|-----------|---|
| 1. General Chaisuk Ketudat | Chairman | Non-management and independent director |
| 2. Mr. Prapan Naikowit | Director | Non-management and independent director |
| 3. Mr. Pisanu Suntharaks | Director | Non-management and independent director |
| 4. Vice President, Office of the President | Secretary | |

The Committee held four meetings in 2004 and reported its findings to the Board.

Duties and Responsibilities of the Corporate Governance Committee

1. Propose corporate governance guidelines to the Board.
2. Advise the Board on matters concerning corporate governance.

3. Ensure that the duties and responsibilities of directors and management comply with corporate governance practices.
4. Revise guidelines for the Company's corporate governance based on practices by international organizations, and present its proposal for revisions to the Board.
5. Convey corporate governance policies to the Corporate Governance Working Committee.

Management

The Management Committee, consisting of seven members, was appointed on 1 October, 2001. Members are:

- | | |
|--|----------------------|
| 1. President | Chairman |
| 2. Senior Executive Vice President, Corporate Support | Member |
| 3. Senior Executive Vice President, Corporate Finance and Accounting | Member |
| 4. Senior Executive Vice President, Oil Business Group | Member |
| 5. Senior Executive Vice President, Gas Business Group | Member |
| 6. Senior Executive Vice President, Petrochemicals and Refining Business Group | Member |
| 7. Senior Executive Vice President, Corporate Strategy and Development | Member and Secretary |
| 8. Vice President, Office of the President | Assistant Secretary |

The Management Committee held 34 meetings in 2004 and reported its findings to the Board.

Duties and Responsibilities of the Management Committee

1. Provide advice and recommendations to the President on decision makings concerning corporate strategy and business direction, investment planning, budgeting, allocation of resources for PTT and its affiliates; ensure that PTT affiliates have work processes that are consistent with PTT.
2. Prioritize decisions made by the Board to ensure effective implementation.
3. Carefully revise meeting agendas before presentation to the Board.
4. Prioritize the allocation of human and financial resources for PTT and its affiliates.
5. Finalize decisions on significant issues concerning PTT affiliates before the meeting of the Board of each affiliated company.
6. Establish standards for business administration, human resources management, information management, and the organizational structure for PTT and its affiliates.
7. Establish a policy for human resources management.

In addition, the Company appointed ten committees to oversee specific areas of work for correct, appropriate, efficient, and effective implementation:

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

Names of Management as of 31 December, 2004

(Background on education and work experience appear on pages 56-60)

1. Mr. Prasert Bunsumpun President
2. Mr. Anon Sirisaengtaksin Senior Executive Vice President, Corporate Strategy & Development
3. Mr. Pichai Chunhavajira Senior Executive Vice President, Corporate Finance and Accounting
4. Mr. Songwut Chinnawat Senior Executive Vice President, Corporate Support (Appointed on 1 July 2004)
5. Mr. Chitrapongse Kwangsukstith Senior Executive Vice President, Gas Business Group
6. Mr. Apisit Rujikeatkamjorn Senior Executive Vice President, Oil Business Group
7. Mr. Prajya Phinyawat Senior Executive Vice President, Petrochemicals and Refining Business Group
8. Mr. Viroj Mavichak Senior Executive Vice President
(President, National Petrochemical Public Company Limited)
9. Mr. Piti Yimprasert Senior Executive Vice President
(Managing Director, Thai Oil Public Company Limited)
10. Ms. Panadda Kanokwat Executive Vice President, Corporate Finance
11. Ms. Prisana Prahankhasuek Vice President, Accounting Department

Management's Ownership of Shares

No.	Name	No. of Share as of 31 December		Increase (Decrease) of Shares in 2004	Note (share)
		2003 (Shares)	2004 (Shares)		
1.	Mr. Anon Sirisaengtaksin	85,030	95,030	10,000	
2.	Mr. Pichai Chunhavajira	78,780	33,080	(45,700)	
3.	Mr. Songwut Chinawat	50,576	16,876	(33,700)	Appointed on 1 July 2004
4.	Mr. Chitrapongse Kwangsukstith	124,630	124,630	–	
5.	Mr. Apisit Rujikeatkamjorn	78,208	78,208	–	
6.	Mr. Prajya Phinyawat	101,980	101,980	–	
7.	Mr. Viroj Mavichak	101,980	101,980	–	
8.	Mr. Piti Yimprasert	98,820	98,820	–	
9.	Ms. Panadda Kanokwat	60,365	60,365	–	
10.	Ms. Prisana Prahankhasuek	29,363	29,363	–	

Additional Information on PTT's Board and Management

Records showed no violation of the law within the past ten years regarding (1) being sentenced with criminal charges except for violation of traffic law, minor charges, or other charges of the like, (2) being sentenced to bankruptcy or having assets controlled, and (3) serving as the management or a person with authority in a company or partnership that has been sentenced to bankruptcy or had assets controlled.

Self-Assessment of the Board of Directors

In 2004, the Company developed a self-assessment form for the Board of Directors that would effectively reflect its own performance under the principles of good corporate governance. There were two forms: one for the entire Board, and the other for individual directors. The self-assessment yielded the following findings:

- **Assessment of the Board** consists of four categories: composition, strategic planning, supervision and assessment of management, and duties and responsibilities. The results were excellent throughout and can be summarized as follows:

- 1) Composition of the Board : 93%

The Board found that its overall composition was excellent. Most directors strongly agreed that the number of directors is appropriate for the size of the business, and that there is a sufficient number of independent directors, who are

knowledgeable, experienced, and qualified. The Board appointed committees-which also consist of independent directors-to oversee specific matters and clearly specified each committee's duties, structure, and work process. The Board was also encouraged to continuously enhance their knowledge on directorship by attending trainings.

2) Strategic Planning : 93%

The Board considered the Company's strategic planning excellent. Most directors strongly agreed that the Board clearly understands the business environment and PTT's strategies and played an important role in the reviewing and revision of the Company's mission and vision. The Board takes part in the planning and approval of corporate strategies, clearly voices opinions that are useful to the Company, and manages risk effectively.

3) Monitoring and Assessment of Management : 95%

The Board found that this task was excellently performed. Most directors strongly agreed that the Board freely expressed its opinions when reviewing business plans, setting goals and work plans, and formally communicated these goals and plans to management and staff. The Board requires that management team members regularly present operating results against goals, and that they develop a contingency plan should business not go as planned. The Board conducts proper assessment of the President and develops policies for the remuneration of management and staff based on clarity, transparency, and fairness.

4) Duties and Responsibilities of the Board : 96%

The Board considered its performance in this aspect excellent. Most directors strongly agreed that the Board had formally developed and communicated the policies on good corporate governance, business ethics, and ethical practices for directors, management, and staff. To this end, the Board adequately supervised and spent time carefully reviewing operating information in the best interests of the Company and shareholders. Furthermore, the Board ensured that financial reports were prepared correctly in consistency with accepted standards; that an internal audit system, risk management, and the management of conflicts of interests were in place, and that these tasks were actually performed. The Board also disclosed information to shareholders in a complete, correct, and transparent manner and appointed a working group to efficiently oversee the task.

• **Assessment of Individual Directors** consists of four categories: competence, independence, dedication to duties and responsibilities, and commitment to improvement of PTT. Overall results were excellent throughout, as shown in the following summary:

1) Competence : 85%

Most directors found that during their meetings, the Board regularly shared knowledge according to their expertise and gave advice that proved beneficial to PTT. The directors presented new ideas on management and problem-solving. The Board regularly supported PTT's social and environmental activities.

2) Independence : 89%

Most directors found that the Board had demonstrated independence and freedom in expressing opinions, were not afraid to propose different ideas, and showed responsibility toward PTT's stakeholders by providing advice based on correctness and fairness.

3) Dedication to Duties and Responsibilities : 94%

Most directors found that the Board had reviewed meeting agendas ahead of time, regularly attended meetings, and were prepared to dedicate their time to PTT in times of crisis as requested by management. The directors attentively followed up on issues discussed in the meetings, searched for further information, and constantly provided useful advice in meetings. Furthermore, directors showed mutual respect.

4) Commitment to Improvement of PTT : 82%

Most directors felt that the Board had promoted and supported the introduction of new management methodologies to improve PTT's competitiveness. Throughout 2004, the Board had provided specific guidelines for organizational development to prepare the Company for potential changes in its business environment.

Remuneration of Directors and Management

Remuneration of Directors : PTT fairly and reasonably specifies the remuneration of directors with the oversight of the Remuneration Committee, taking into account each director's responsibility, the Company's financial performance, and comparability to the rest of the industry. Two portions of the remuneration are currently paid: the per-meeting remuneration and the bonus. The remuneration of those directors appointed to specific committees reflects their additional responsibilities. Directors' remuneration has been approved by the shareholders' meeting.

In 2004, the directors received compensation for attending meetings and for serving on the Audit Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee. Directors also received annual bonuses. The total remuneration to directors amounted to 22,932,500 baht, as detailed below.

No.	Name	Duration of Term	Per-Meeting Compensation	Bonus	Total Remuneration
1.	Mr. Cherdpong Siriwit	1 Jan - 31 Dec 2004	637,500.00	1,125,000.00	1,762,500.00
2.	Mr. Manu Leopairote	1 Jan - 31 Dec 2004	590,000.00	900,000.00	1,490,000.00
3.	Mr. Chakramon Phasukwanich	9 Apr - 31 Dec 2004	396,000.00	656,557.38	1,052,557.38
4.	General Chaisuk Ketudat	1 Jan - 31 Dec 2004	640,000.00	900,000.00	1,540,000.00
5.	Police General Sant Sarutanond	1 Jan - 31 Dec 2004	550,000.00	900,000.00	1,450,000.00
6.	Mr. Metta Banturngsuk	1 Jan - 31 Dec 2004	510,000.00	900,000.00	1,410,000.00
7.	Mr. Pala Sookawesh	1 Jan - 31 Dec 2004	530,000.00	900,000.00	1,430,000.00
8.	Mr. Somchai Wongsawat	1 Jan - 31 Dec 2004	525,000.00	900,000.00	1,425,000.00
9.	Mr. Olarn Chairavat	1 Jan - 31 Dec 2004	840,000.00	900,000.00	1,740,000.00
10.	Mr. Pisanu Suntharakas	1 Jan - 31 Dec 2004	660,000.00	900,000.00	1,560,000.00
11.	Mr. Prapan Naikowit	1 Jan - 31 Dec 2004	825,000.00	900,000.00	1,725,000.00
12.	Mr. Chaiwat Wongwattanasan	1 Jan - 31 Dec 2004	480,000.00	900,000.00	1,380,000.00
13.	Mr. Sunthad Somchevita	1 Jan - 31 Dec 2004	770,000.00	900,000.00	1,670,000.00
14.	Mr. Wisudhi Srisuphan	1 Jan - 31 Dec 2004	550,000.00	900,000.00	1,450,000.00
15.	Mr. Prasert Bunsumpun	1 Jan - 31 Dec 2004	540,000.00	900,000.00	1,440,000.00

Director Whose Term Expired in 2004

No.	Name	Duration of Term	Per-Meeting Compensation	Bonus	Total Remuneration
1.	Mr. Chakrawut Salayabongs	1 Jan - 8 Apr 2004	164,000.00	243,442.62	407,442.62
Total			9,207,500.00	13,725,000.00	22,932,500.00

Remuneration of Management : The remuneration of management team members complies with the policies and principles specified by the Board. The remuneration is tied to PTT's operating results through the use of key performance indices (KPI), determined each year. The Remuneration Committee assesses the performance of the President and all management executives, and determines each person's remuneration against performance with industry standards. The Board reviews and approves the proposed remuneration.

In 2004, the President and eight management executives received a total of 60,284,890 baht in remuneration, excluding one executive seconded to and remunerated by a PTT affiliate. Details are as follows:

Total Remuneration of Senior Management (Excluding executive in PTT Affiliates)

Unit : Baht

Remuneration	2003		2004	
	Persons	Remuneration	Persons	Remuneration
Salary	9	39,548,833.37	8	42,554,040.00
Bonus	9	16,895,347.25	8	17,730,850.00
Total		56,444,180.62		60,284,890.00

Provident Fund for Senior Management (Excluding executive in PTT Affiliates)

Unit : Baht

Remuneration	2003		2004	
	Persons	Remuneration	Persons	Remuneration
Provident Fund	9	5,102,350.00	7	3,008,004.00
Total		5,102,350.00		3,008,004.00

Personnel

PTT believes that its people are not only an important resource for its growth, but the key to becoming a “high-performance organization”. To achieve this goal, PTT has therefore developed and improved its human resource management system to be comparable to the rest of the industry.

The number of PTT employees as of 31 December 2004 was 3,070, a decrease from the year before. Although PTT expanded its investments across various businesses throughout 2004, the employee count remains more or less stable. The number of employees did not increase along with business expansion because its human resource management system focuses on increasing employee competency and improving the efficiency of work processes.

(1) Number of Personnel and Remuneration

The number of personnel classified by major operational functions as of year-end 2003 and 2004, is as follows:

Unit : persons

Major Functions	2003		2004	
	PTT	Consolidated PTT	PTT	Consolidated PTT
1. Natural Gas	765	765	829	829
2. Oil	1,434	1,434	1,394	1,394
3. Support Staff, Secondees to PTT Affiliates	876 ¹⁾	827 ²⁾	847 ¹⁾	787 ²⁾
4. Subsidiaries and Joint Ventures	–	1,099	–	1,797
Total	3,075	4,125	3,070	4,807

¹⁾ Inclusive of secondees to PTT Affiliates

²⁾ Exclusive of secondees to PTT Affiliates

Remuneration of Personnel (excluding President and Senior Management) and personnel in PTT affiliates:

Unit : Baht

Remuneration	2003	2004
Salary	1,811,577,788.89	1,915,748,973.02
Bonus	985,435,604.59	945,871,758.41
Provident Fund	178,515,540.83	189,211,075.66
Others (if any)	426,286,160.51	948,801,075.44
Total	3,401,815,094.82	3,999,632,882.53

(2) Other Remuneration

In addition to other forms of remuneration; such as rent allowance, relocation, and overtime pay; PTT allocated 47,245,725 new common shares at 10 baht per share for employees, employees on probation, the top management team, employees who resigned under the Mutual Separation Plan, employees of the Petroleum Authority of Thailand who retired in 2001, and the “Provident Funds of PTT and Registered Joint Venture Companies”. The purpose of this allocation program was to allow employees to share ownership in PTT and create a sense of involvement in its management and development. The conditions of this share allocation were that no trading of these shares could be carried out for a period of three years, and that no more than one-third of allocated shares can be sold in a single year. These conditions expired at the end of 2004.

(3) Personnel Development

To become a “High-Performance Organization” in the future, PTT recognizes the importance of personnel development. PTT personnel are its key driver towards business excellence, capable of overcoming obstacles, facing changes, and steering the organization to achieve its goals. As a result, the process and mechanism for human resources management were developed to provide a comprehensive human resources management system. The system consists of a Recruitment System, a Manpower Management System that is consistent with business plans, a Career Management System, a Performance-Based Appraisal System, and a Compensation System that provides motivating remuneration. This integrated system will enable PTT personnel to respond to future business competition and technological changes brought about by the implementation of the Enterprise Resource Planning (ERP) System. All of these efforts reflect the commitment to transform PTT into a high performance organization, a commitment clearly stated by the Company.

The President of PTT shared his perspective on this matter:

As the World Turns... the People Must Keep up

“Since they are our precious resource, one of my primary focuses is on our people. We must ensure that our employees understand PTT’s business, vision, mission, and the main direction in which we will be heading. We must accept the fact that the world changes, the business environment changes, and technologies change. Therefore, we must prepare our people for the changing processes, tasks, and environment.

For PTT to become an excellent organization, we must lead our employees forward and work as a team. We must be competent and good, for our organization.”



PTT Presidents and senior executives chaired the Opening Ceremony of Human Resources Management - HRM Project

(4) HRM-the Heart of PTT's Personnel Management

Human Resources Management (HRM) focuses on developing virtuous, competent, professional, and successful employees. PTT employees are rewarded by virtue of their performance, measured by the Company's KPIs. The objective of this compensation system is to enhance the efficiency of HRM work and develop long-term competency.

The project to improve HRM mechanisms consists of four major components:

- **Manpower Planning**

To ensure an appropriate number of employees for its operations, PTT studied and developed a five-year manpower plan that is consistent with the Company's mission and expansion plans. Manpower planning includes the quantity and type of personnel, desired qualifications, job descriptions, and a performance assessment system.

- **Competency-Based Management**

In support of its HRM policy that focuses on developing virtuous, competent, and professional employees, PTT developed the tools and methodology to assess the competency of its personnel that will be used as the standard for HRM. PTT will encourage supervisors to play a significant role in the assessment and development of their staff so that all PTT employees will be able to effectively carry out their mission in the future.

- **Career Management**

PTT has developed different career paths for various groups of employees in consistency with PTT's business direction, providing employees with opportunities to participate in planning the progress and development of their careers. Furthermore, PTT has developed systems for talent management and succession planning to adequately prepare employees for the Company's business expansion.

- **Performance Management**

In support of the HRM policy that focuses on developing virtuous and competent employees, PTT established a system to assess performance and determine the level of compensation that reflects and corresponds to the organization's goals and culture. Key performance indicators will be the primary tool for performance management.

(5) Building a Culture of Self-Development and Self-Learning

PTT supports self-development of its employees by providing various resources, such as interesting training courses, computers, and communicational tools. The key is to promote self-discipline and self-monitoring during self-development efforts. Furthermore, the Company encourages a learner-centred environment, where the employee determines his/her learning needs and interests. In this new learning culture, trainers' role would be changed from ones who impart to facilitators. Besides, trainers are required to have excellent computer skills. Ongoing self-learning projects at PTT include the E-Learning Project and the project to turn PTT into a Learning Organization.

The President would like to share his perspective on this matter with every employee as follows:

Every employee should be thirsty for knowledge... and determined to develop themselves.

"The person who will be able to bring PTT forward must be both virtuous and competent. To be competent, you must work hard. The harder you work, the more you learn, and the further you develop. We will then turn into a Learning Organization. Therefore, we must work harder, learn more, and take care of our organization to the best of our ability."

CORPORATE GOVERNANCE

PTT recognizes the importance of good corporate governance for its business, on the part of the Board of Directors (“the Board”), Management (also “management”), and its staff. Corporate governance practice has been embedded in PTT ever since its inception as Petroleum Authority of Thailand. It has become one of the drivers for improvement and efficiency, and the cultivation of trust in the organization, all of which enable PTT to conduct its business competitively, transparently, and equitably. As a result, the Government named PTT an Outstanding State Enterprise in 2001. Today the Company is determined to use corporate governance as its guiding principle in conducting business for effective management and sustainable growth.

According to PTT regulations, **“The Company must have and use a policy of business ethics, including ethics for Board of Directors, senior management, management, and staff. The policy on ethics must be in compliance with good corporate governance and be used as the code of conduct within the organization”**. PTT subsequently issues rules on good corporate governance, publishes a handbook for the Board of Directors, all executives, and staff, who must agree to comply with its guidelines. These 15 guidelines follow those set by the Stock Exchange of Thailand (SET).

1. Corporate Governance Policy

The Board recognizes the importance of good corporate governance by initially appointing three ad-hoc committees, namely the Audit Committee, the Nomination Committee, and the Remuneration Committee. The Audit Committee also looks after corporate governance affairs. In 2004, the Board set up a Corporate Governance Committee which is responsible for overseeing corporate governance matters and promoting administrative practices that will bring maximum benefit to shareholders, taking into account overall stakeholders’ concerns and interests, business ethics, transparency, and verifiability. Each of the above-mentioned committees consists of qualified Directors in compliance with the rules set by SET, with clearly-defined roles and functions assigned to them in writing.

The Corporate Governance Committee, with approval of the Board, has formulated policies on good corporate governance, to be observed by all in the PTT organization:

1. The Board, Management, and staff are committed to the six concepts of corporate governance, namely: Accountability, Responsibility, Equitable Treatment, Transparency, Vision to Create Long-Term Value, and Ethics in their conduct of business. An organization structure fairly balances the roles of the Board, Management, and Shareholders.
2. Each Director must perform his or her duties independently with full commitment. There is a clear division of responsibilities between the Chairman and the President.
3. The Board has a key role in the formulation of corporate visions, strategies, policies, and plans with due regard to risk factors and appropriate risk management. It must also ensure the credibility of the accounting system, financial statements, and accounting audits.
4. The Board must set a good example on ethics and corporate governance while avoiding or properly managing any conflict of interests or connected transactions.
5. The Board may appoint ad-hoc committees to assist it in scrutinizing critical issues.
6. The Board must undergo an annual self-assessment as a framework for performance evaluation.
7. The Board must establish a PTT Code of Ethics for itself, Management, staff, and all contract employees to observe in addition to the Company’s rules and regulations.
8. Disclosure of financial and non-financial information must be adequate, credible, and prompt so that shareholders and stakeholders receive information equitably. Public Relations and Investor Relations divisions are set up to be responsible for such disclosure to investors and the public.

9. PTT shareholders must receive equitable treatment and have the right to access information through appropriate communication channels.

10. There must be an appropriate selection procedure for the appointment of key management personnel in PTT, with a fair and transparent nomination process.

During 2004, the Corporate Governance Committee reviewed and updated the PTT handbook on corporate governance so that it would better conform to international practices. The revised handbook provides highlights of key topics as listed above with some essential details, including details about ethics and the Directors' code of conduct. All Directors of the Board are encouraged to attend training courses provided by the Thai Institute of Directorship (IOD) and other relevant institutions. The Board has also been asked to undergo self-assessment more thoroughly than before, both individually and as a group, in order to evaluate its own performance and recommend improvements.

Many awareness and promotional campaigns and activities in line with corporate governance were launched for Directors, executives, staff, and related persons. A working group on corporate governance was headed by an Executive Vice President. The group held several meetings with all levels of personnel, ranging from the Directors of the Board, executives, and staff. These meetings focused on issues such as procurement, customer relations, and supplier relations. The Company also organized the Corporate Governance (CG) Day, featuring an exhibition and a seminar with resource persons to disseminate knowledge on corporate governance. Pocket handbooks were distributed along with promotional campaigns through various media within the Company. The exhibition and CG Website are packed with information. Internal public announcements, video shows, a CG column in the "PTT Spirit" in-house newsletter, and the fortnightly CG-Digest email-newsletters are some of publicity and awareness channels. They have received positive responses from all levels of staff.

In 2004, PTT's corporate governance performance was rated for the first time by the Thai Rating and Information Services Co., Ltd. (TRIS). The ratings help in evaluating the annual Performance Agreement (PA) made between PTT and the Ministry of Finance. PTT's rating for 2004 was 8.19, classified as "Very Good". This reflected the efforts and determination of all Directors, Management, and staff to conduct business transparently, verifiably, and equitably to all stakeholders. Corporate Governance will enhance PTT's sustainable growth and benefit the nation as a whole.

2. Shareholders' Rights and Equitability

PTT normally schedules an annual general shareholders' meeting within four months of the annual closing date of its accounting books. However, the Company may call an extraordinary shareholders' meeting to deal with urgent matters relating to shareholders' interests or requiring shareholders' approval as required by rules, conditions, or applicable laws.

The Board is aware of the right of shareholders to receive equal treatment and to voice their opinions at meetings. After explaining the Company's rules on voting, the chairman of the meeting must attend to every opinion, question, or advice of a shareholder, with adequate time for debate on each agenda item. The minutes of the meeting must be complete and accurately recorded, with a written summary of voting results on each matter. Shareholders' meetings usually last two hours.

In addition, PTT's Capital Market & Investor Relations Division serves as a center in disclosing important information to investors, including financial reports such as operating reports, financial statements, and information reported to SET. The Company's report on the current situation and future trends, including the quarterly management discussion and analysis (MD&A) report, are disclosed to both domestic and international shareholders equitably, regularly, and accurately. Investors may contact the division directly or through the PTT website, which is in both English and Thai and regularly updated.

3. Stakeholders' Rights

PTT takes into account all stakeholders' rights and interests by establishing guidelines for addressing the needs of each group inside and outside the company, including its own responsibility to society and the environment, contained in the "PTT Handbook of Good Corporate Governance". The Board, management, and staff of PTT are to observe these guidelines and be committed to performing their duties accordingly.

Shareholders	:	PTT is committed to being a good representative of all shareholders and to operating the business with transparency, taking into account long-term growth in share value and satisfactory returns.
Employees	:	PTT considers its staff a key success factor and supports their professional development, attends to the quality of the working environment, and provides fair and proper remuneration.
Partners / countertraders	:	PTT builds good relationships for mutual benefit and strictly adheres to contractual agreements made with partners.
Competitors	:	PTT abides by the framework of fair competition and will not destroy the reputation of business competitors through false accusations.
Creditors	:	PTT observes all its obligations to creditors.
Customers	:	PTT is committed to providing its customers and the public with satisfaction in its products and services, as well as confidence in its quality at suitable prices.
Community, Society, and the Environment	:	PTT takes the safety of people, the environment, and quality of life seriously. The Company maintains its active interest in community and social development activities while strictly complying with the spirit of laws and regulations.

4. Shareholders' Meetings

On 9 April 2004, PTT organized one Annual General Meeting (AGM) for the shareholders to review and vote on various matters as required by law.

To give ample time and information for prior review, PTT sends out meeting notices 14 days in advance along with relevant information, annual reports and financial statements. It also sends a proxy form to each shareholder whose name appeared on the shareholder roster on its closing date. Should shareholders wish to appoint a proxy to attend the AGM and vote on their behalf, they may do so or, alternatively, delegate one of the independent directors as their proxy. At the most recent AGM, nine Directors of the Board attended, including the Chairman, the Chairman of the Audit Committee, and the President, together with the external auditor.

Besides the AGM, one extraordinary shareholders' meeting took place on 24 September 2004 to consider a request to acquire shares in Rayong Refinery Co., Ltd. The acquisition was lawfully undertaken as required. The agenda was unanimously approved by the shareholders. It was attended by seven Directors, including the Chairman, the Chairman of the Audit Committee, the Chairman of the Corporate Governance Committee, and the President.

5. Leadership and Vision

The Board is comprised of knowledgeable, capable, and experienced professionals from multidisciplinary fields, thereby enabling the Company to perform efficiently. It was honored with the Board of the Year Award for 2003 by the Association for the Promotion of Thai Institute of Directorship (IOD).

Based on integrity, morality, and business ethics; the Board exercises its power over business operations under the laws, regulations, and resolutions of shareholders' meetings. It also ensures strict management performance under the objectives and guidelines for maximum benefit of shareholders.

The Board forms the Company's vision, annually reviews and approves directions, strategies, policies, financial and operating objectives for the management team to use in their preparation of business and support plans as well as budgets. It also follows up on management's implementation of operating plans. It sets evaluation criteria and Key Performance Indices (KPI) early in the year. Toward the end of the year, it evaluates management performance against the Performance Agreement (PA).

6. Conflict of Interests

Under the Board's policy regarding conflict of interests, business decisions made by PTT management and staff must always be in the best interests of the Company. They must avoid financial or other relationships with external parties that would result in a potential loss for PTT, a conflict in loyalty or interest, or compromise the efficiency of business operations. Anyone with an interest in a business requiring PTT's review and decision must report his or her relationship to the Company and must not involve in decisions relating to such interests, including approval of transactions under the disclosure form relating to a possible conflict of interest with PTT's interests. Any such approval must not contain special conditions or specifications which are out of the ordinary. PTT's Office of Corporate Audit and the Audit Committee are required to monitor and resolve issues related to conflicts of interests. To date, however, there have not been any cases.

At every Board meeting, the Chairman reminds the meeting of the policy relating to conflict of interest and asks Directors to declare any such conflict relating to any item on the agenda. He also asks them to refrain from expressing opinions or voting on such items.

The Audit Committee regularly presents to the Board its report on connected transactions and any conflict of interests. This report is carefully prepared and in compliance with the regulations of SET which specifies that these issues must be reported and disclosed quarterly as well as in the annual report and Form 56-1.

All PTT Directors and management, including their spouses and dependent children, must report any changes in their PTT share ownership to the Securities and Exchange Commission of Thailand, under the Securities and Exchange Act B.E. 2535, within three days from the date of sale, purchase, disposal, or receipt of such shares. To prevent abuse of inside information, the executives or agencies with knowledge of PTT's inside information are forbidden to disclose such information to an outsider or unrelated persons, and to buy or sell PTT shares within 30 days ahead of the public dissemination of its financial statements.

7. Business Ethics

To attain the highest standard of operations, management systems, clarity, and transparency acceptable to all relevant parties, PTT has issued guidelines on good corporate governance. The Board, management, and staff as well as other related parties have been asked to acknowledge and comply strictly with these guidelines.

All of the above persons should exercise discretion when making decisions for the Company. They should ask themselves whether such a decision would lead to an action that is improper or socially unacceptable to the public or detrimental to the good reputation of PTT as an ethical organization. PTT continues to monitor the implementation of these guidelines, which are constantly reviewed and updated. In 2004, this handbook was updated once.

8. Balance of Power for Non-Management Directors

The Board consists of 15 members, 14 of whom are non-management Directors (including 11 independent directors). The number of independent Directors exceeds 50% of the entire Board. One Director is the President. This ensures that the balance of power is appropriate and the directors can independently represent the best interests of shareholders.

9. Combining or Segregating Authority

The Chairman of the Board is not the same person as the President and does not have any relationship with Management. His or her authority is separate from that of the President, and there is a clear distinction between the Chairman's supervisory policy-making duties and the President's day-to-day business duties.

10. Board and Management Remuneration

The remuneration of the Directors is in accordance with the shareholders' resolution and approval. The remuneration of the Directors and Management is disclosed in Notes 9 & 10.

11. Board of Directors Meetings

PTT Board of Directors meetings are usually held on the last Thursday of each month, with additional meetings called to discuss special agenda items. The Office of the President issues an invitation along with the meeting agenda and relevant documents to each Director 5-7 days ahead of the meeting to allow time to study the agenda and prepare any relevant information. At each meeting, each Director openly and freely expresses opinions. The minutes of each meeting are properly documented and, after approval from the Board, filed for auditing purposes. Each Board meeting lasts 3-4 hours.

In 2004, the Board held 12 regular meetings along with other ad-hoc meetings of Directors as shown below.

BOARD OF DIRECTORS MEETING 2004

Unit : times

NO.	Name	Meeting				
		Board Meeting (12 times/year)	Audit Committee (12 times/year)	Corporate Governance Committee (4 times/year)	Nomination Committee (1 time/year)	Remuneration Committee (2 time/year)
1.	Mr. Cherdpong Siriwit	10/12				
2.	Mr. Manu Leopairote	12/12				2/2
3.	Mr. Wisudhi Srisuphan	11/12				2/2
4.	Mr. Pisanu Sunthraraks	12/12		4/4		2/2
5.	Police General Sant Sarutanond	11/12			1/1	
6.	Mr. Pala Sookawesh	10/12			1/1	
7.	Mr. Chakramon Phasukwanich	9/9 (since April 2004)			1/1	
8.	Mr. Olarn Chaipravat	12/12	12/12			
9.	Mr. Chaiwat Wongwattanasan	–	–	–	–	–
10.	Mr. Sunthad Somchevita	12/12	11/12			
11.	Mr. Prapun Naikowit	11/12	10/12	4/4		
12.	Mr. Somchai Wongsawat	12/12				
13.	General Chaisuk Ketudat	12/12		4/4		
14.	Mr. Metta Banturngsuk	10/12				
15.	Mr. Prasert Bunsumpun	12/12				

- Note :**
- The four Audit Committee members are numbers 8, 9, 10, and 11.
 - The three Corporate Governance Committee members are numbers 4, 11, and 13.
 - The three Nomination Committee members are numbers 5, 6, and 7.
 - The three Remuneration Committee members are numbers 2, 3, and 4.

12. Subcommittees

To assist in the screening and efficient supervision of PTT's business operations, the Board appointed four subcommittees with special knowledge and expertise, namely the Audit Committee, Nomination Committee, Remuneration Committee, and Corporate Governance Committee. Each consists of non-management Directors. The composition, scope of authority, and responsibilities of each are detailed in Notes 9.3, 9.4, 9.5, and 9.6

13. Internal Control and Audit

The Board monitors performance of the management team through the Company's operating plans, budget, and goals for each year. Management is encouraged to recognize the importance of an internal control system that is efficient, compatible with acceptable risk levels, and suitable for Company situations.

Internal Control

The Board ensures effective internal control to facilitate risk management to acceptable levels and regularly monitors and evaluates its efficiency. The Audit Committee examines compliance with environmental regulations, proper risk assessment, control activities, information and communication systems, and the monitoring and evaluation processes.

Internal control plays a key role in assisting management to reduce business risk, enhance business efficiency through proper allocation of resources, and to attain goals. It also protects PTT's assets from potential losses and corrupt practices, reinforces the credibility of financial statements, ensures compliance of all personnel with laws and regulations, and protects shareholders' capital.

Internal Audit

The Office of Corporate Audit follows the highest standards of internal audit by examining the annual operating plans, which are consistent with the Company's risk assessment, and reporting the results of their examination to the Audit Committee every quarter.

Risk Management

A Risk Management Committee was appointed to manage risk within the entire organization, assess risk, and formulate a structure for PTT's risk management to reduce risk to acceptable levels. Types of risk include financial, operating business or events. The Committee is responsible for preparing an analysis and assessment of potential risk, the potential effects on PTT - both internal and external - and a risk management report for the Board.

14. Reports to the Board

Every quarter, the Audit Committee reviews PTT's financial reports in conjunction with the Accounting Department and the Office of the Auditor General, and presents its findings to the Board. The Board is accountable for PTT's and affiliated companies' consolidated financial statements, as well as other financial information (Report on the Board's Responsibility to Financial Report) presented in the annual report. The financial statements are prepared under generally accepted accounting standards, certified, and examined by the Office of the Auditor General. Significant information, including financial and non-financial information, is completely and consistently disclosed.

15. Investor Relations

PTT recognizes the importance of accurate, complete, and transparent disclosure of information. This also applies to the release of operating results and organizational information to investors, shareholders, and related parties - both directly and indirectly.

Directly : PTT regularly presents information to analysts, investors, and employees at analysts' meetings, road shows, conference calls, and conferences. Analysts, investors, and interested parties can also arrange visits to meet the management of PTT and make inquiries into the Company's progress. In 2004, these activities can be summarized as follows.

– International roadshows	11	times/year
– Domestic roadshows	4	times/year
– Analysts' meetings	4	times/year
– Company visits/conference calls	108	times/year
– E-mails/telephone calls	3-5	times/day
– Participation in SET excursions	4	times /year
– Field trips for minor investors to plants and to meet management	1	time

Indirectly : Information on the Company, its performance, financial statements, and reports filed with SET can be found at www.pttplc.com.

: Investors and interested parties can also make inquiries through www.pttplc.com or through email at ir@pttplc.com.

Press conferences on operational performances are held every quarter (4 times/year).

In October 2001, PTT has established the Capital Market & Investor Relations Division as its center to facilitate the disclosure of significant financial information and reports.

RECOGNITION AWARDS IN 2004



1.1



1.2



1.3



1.4

1. Performance

- | | | |
|---|---|--|
| 1.1 The World's Leading Companies from Forbes Magazine | <ul style="list-style-type: none"> • 2000 of the world's leading corporations reviewed, from 51 countries and 27 industrial sectors • Criteria: sales, net income, assets, market value | <ul style="list-style-type: none"> • Ranked 461st worldwide and 1st in Thailand March 25 |
| 1.2 BusinessWeek Global 1000 from BusinessWeek Magazine | <ul style="list-style-type: none"> • Morgan Stanley Capital International Inc. ranked corporations from 38 countries by market value as of May 31, 2004 | <ul style="list-style-type: none"> • 1st in Thailand • Ranked 498th among 1,000 corporations worldwide |
| 1.3 2004 Fortune Global 500- The World's Largest Corporations from Fortune Magazine | <ul style="list-style-type: none"> • Based on corporate performance in 2003 | <ul style="list-style-type: none"> • Ranked 456th among the 500 largest corporations worldwide |
| 1.4 Prime Minister Export Award: PM Award 2004 from Ministry of Commerce | <ul style="list-style-type: none"> • Based on growth rate of exports, responsibility for the environment, human rights and labor; and social contribution | <ul style="list-style-type: none"> • Has won the Best Exporter Award for 10 consecutive years |



2.2



2.3



2.4

2. Management

2.1 Asia's Best Companies 2004 from Finance Asia Magazine

- Leading corporations in 10 Asian countries ranked by fund managers, portfolio managers, equity investors, and research analysts

- Best Managed Companies: 2nd out of 10
- Best Corporate Governance: 7th out of 10
- Best Investor Relations: 2nd out of 10
- Most Committed to Strong Dividend Policy: 8th out of 10
- Best CFO: 3rd out of 10

2.2 Outstanding Business Operator in Safety, Occupational Health, and Work Environment Award for 2004 from Department of Labour Protection and Welfare, Ministry of Labour

- 20 PTT facilities received the awards.

2.3 The 2004 Asia Equities Market Report - Best CEOs by country from Institutional Investor Journal

- Survey of sell-side analysts nominated CEOs who effectively provided corporate information, and 227 investors from 23 companies

- Among top three best CEOs in Thailand



2.5



3.4

2.4 Best Managed Companies and Corporate Governance Polls from AsiaMoney Magazine

- Survey of 192 major funds, risk management funds, and securities trading companies

- Overall Best-Managed Company
- Best Chief Financial Officer: Pichai Chunhavajira, Senior Executive Vice President, Corporate Finance and Accounting
- Best Investor Relations Officer: Pannalin Mahawongtikul, Manager, Equity Market and Investor Relations Division

2.5 Thailand Quality Class (TQC) Award : 2004 from Quality Award Committee

- Preliminary to Thailand Quality Award 2004 : TQA, won by Rayong Gas Separation Plant

- Among six organizations awarded TQC

PTT's affiliated companies also won the following awards:

- 1. Thai Olefins Plc. (TOC)** won the award for Overall Most Improved Company for Best Management Practices , conferred by Asiamoney Magazine
- 2. Thai Oil Plc. (TOP)** was internationally recognized for its Initial Public Offering (IPO):
 - 2.1. Thai Deal of the Year 2004 from AsiaMoney Magazine
 - 2.2. Best IPO of 2004 from Asset Asian
 - 2.3. Best Equity Deal, Best IPO, Best Privatization, and Best Thailand Deal from Finance Asia
 - 2.4. IFR Asia's Thai Capital Markets Deal of the Year from International Financial Review (IFR)
- 3. Trans Thai-Malaysia (Malaysia) Co. Ltd. (TTM (M))** won the following awards:
 - 3.1. Best Structured Loan within US\$ 524 million. Awarded by Finance Asia
 - 3.2. IFR Asia's Award 2004 for Trans Thai Malaysia's Project Financing: Syndicated Loan from International Financial Review (IFR)

3. Social and Environmental

<p>3.1 Outstanding TV Commercial for promotion of society, arts, culture, and the environment from Office of the Consumer Protection Board and the Advertising Association of Thailand</p>	<ul style="list-style-type: none"> • Chosen from 2,078 TV commercials aired from January to December 2003 	<ul style="list-style-type: none"> • Outstanding Award for TV Commercial “Move Forward”
<p>3.2 Green Label from Thailand Industrial Standards Institute and Thailand Environment Institute</p>	<ul style="list-style-type: none"> • Quality products and services that meet overall environmental and safety standards 	<ul style="list-style-type: none"> • An additional six PTT service stations, making a total of seven stations
<p>3.3 Management System Accreditation from International Standards Organization (ISO)</p>	<ul style="list-style-type: none"> • Sound management systems 	<ul style="list-style-type: none"> • All site of PTT were certified ISO 14001 • Five more site of PTT were certified TIS/OHSAS 18001,resulting in a total of 17 certified sites.
<p>3.4 Outstanding National Program in the Conservation of Natural Resources and the Environment of 2004 from National Identity Promotion Office</p>	<ul style="list-style-type: none"> • A program in search of outstanding national programs (individuals / organizations) 	<ul style="list-style-type: none"> • PTT successfully carried out its reforestation program in honor of HM the King; the key success factor was the ability to gain the enthusiastic cooperation of the people
<p>3.5 Thailand Corporate Excellency Award 2003 from Thailand Management Association and Sasin Graduate Institute of Business Administration</p>	<ul style="list-style-type: none"> • Surveyed 206 upper management executives of the top 500 revenue-earning corporations in Thailand 	<ul style="list-style-type: none"> • Excellence in social and environmental responsibility

QUALITY, SAFETY, HEALTH, AND ENVIRONMENT ACCOMPLISHMENTS



SEVP Chaired the Opening Ceremony On Safety Day



Presentation on Crisis Management.

PTT's business philosophy of "sustainable development" requires a balance between business operations, social responsibility, and environmental protection. Therefore, the Company has made Quality, Safety, Health, and Environment (QSHE) a priority, emphasizing the control, prevention, and mitigation of QSHE risks and impacts for the sustainable benefit of all stakeholders.

The Company's QSHE performance in 2004 reflected its success in using QSHE management tools to improve work effectiveness. **Rayong Gas Separation Plant** won the **Thailand Quality Class (TQC)**, which is a stepping stone toward the prestigious **Thailand Quality Award (TQA)**. Furthermore, **all PTT operating areas located throughout Thailand received ISO 9001 accreditation for quality management and ISO 14001 for environmental management.**

In recognition of the importance of safety and health management - one of the backbones of successful petroleum operations - 20 PTT sites won the "National Outstanding Business Operator in Safety, Occupational Health, and Work Environment Award for 2004". PTT not only focuses on the prevention and control of potential losses from its operations according to standards for safety and occupational health management (TIS/OHSAS 18001), but also believes in the importance of **emergency and crisis management**. Work processes are constantly improved and communicated to upper management and relevant parties to ensure that critical situations are handled in a timely and efficient manner. In 2004, training for fire emergency preparedness and oil spill control was organized at each PTT facility, including gas separation plants, oil and petroleum terminals, the gas transmission pipeline, the office building, and the transportation system.

As for environmental management, PTT has continued the **research and development of environmentally friendly products and services and the promotion of more effective QSHE management to all parties in the supply chain**, all of which will lead to a strong "green network". In 2004, various environmental programs were implemented such as the research and development of alternative fuels e.g. Natural Gas for Vehicles (NGV) and gasohol as well as the expansion of the "Green Label" program to receive more certifications in 6 service stations, which represent PTT sites most closely related to the daily lives of consumers.

With respect to energy conservation, an internal committee was set up to establish measures and continuously promote energy conservation within PTT. In 2004, the office building reduced its use of electricity by 2%. The promotion of alternative fuel e.g. gasohol and NGV is shown as it account 16% of the total benzene consumption. These measures not only help reduce costs for the organization but also lower the use of natural resources and the level of pollution in the long run.



PTT Service Station Won "Green Label Award"

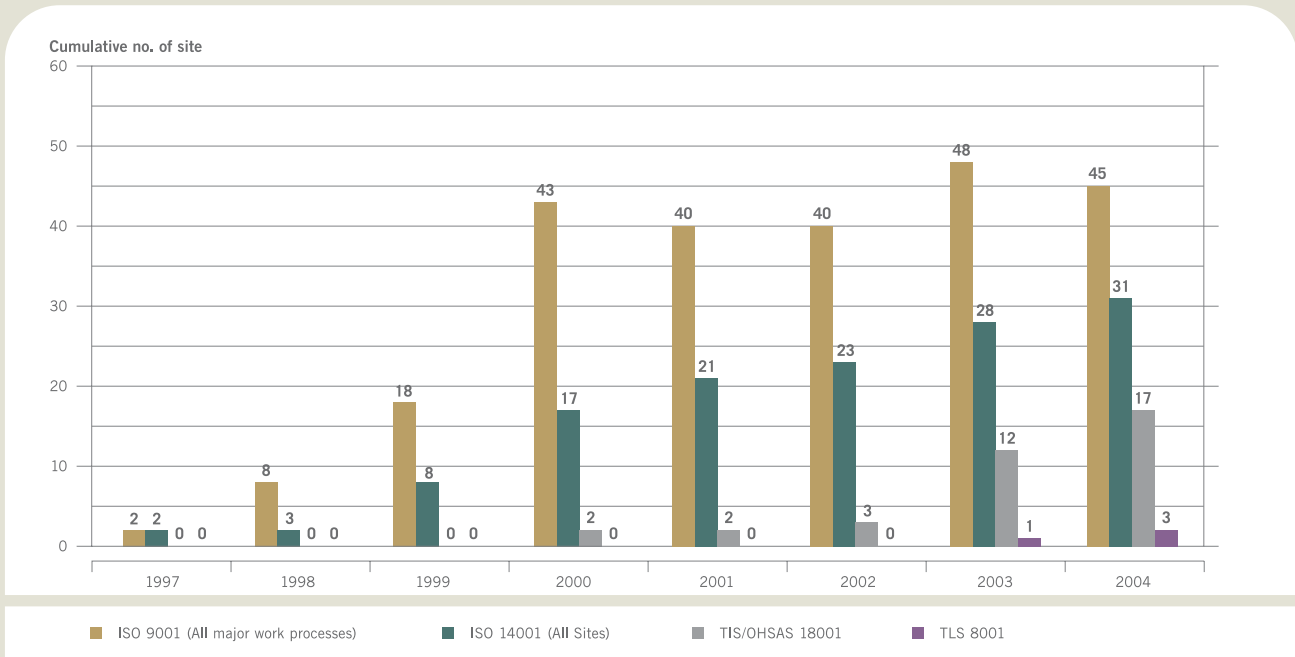


Sri Racha Oil Depot's 2004 Annual Emergency Practice.

QSHE Achievements in 2004

- **Thailand Quality Class (TQC) from Thailand Productivity Institute**
Rayong Gas Separation Plant
- **Honorable-Mention Thailand 5S Award from the Technology Promotion Association (Thailand-Japan) on November 19**
Region 2 Pipeline Operations Division (Phra Nakhon Si Ayutthaya)
- **Twenty PTT sites won the "National Outstanding Business Operator in Safety, Occupational Health, and Work Environment Award" from the Ministry of Labour during the National Safety Week on May 10**
Lampang Petroleum Terminal (five consecutive years from 2000-2004), Surat Thani Petroleum Terminal (five consecutive years from 1997 - 2004), Phra Khanong Oil Terminal, Bangchak Oil Terminal, Chiang Mai Oil Terminal, Pak Phanang Oil Terminal, Sara Buri Oil Terminal, Udon Thani Oil Terminal, Ubon Ratchathani Oil Terminal, Lam Lukka Oil Terminal, Phitsanulok Oil Terminal, Den Chai Oil Terminal, Phuket Oil Terminal, Khon Kaen Petroleum Terminal, Nakhon Sawan Petroleum Terminal, Chon Buri Operations Center, Region 3 Pipeline Operations Division (Rayong), Region 4 Pipeline Operations Division (Khon Kaen), Region 5 Pipeline Operations Division (Ratchaburi), and Khanom Gas Separation Plant.
- **"White Operations" Certification from the Department of Labour Protection and Welfare, Ministry of Labour, on August 9. The program's objective was to promote the prevention of drug abuse problems at working places.**
Rayong Gas Separation Plant, Udon Thani Oil Terminal, Khao Bo Ya LPG Terminal, and Sri Racha Oil Terminal.
- **Certification for the Department of Health's "Clean, Pollution-Free, and Lively Workplace Program"**
Den Chai Oil Terminal, Phitsanulok Oil Terminal, Khon Kaen Petroleum Terminal, Ubon Ratchathani Oil Terminal, and Songkhla Petroleum Terminal.
- **Banner and Certification "Green Factory in Honor of Her Majesty the Queen's 72nd Birthday Anniversary" from the Department of Labour Protection and Welfare, Ministry of Labour. The project aimed at encouraging industry to improve surroundings by planting trees or building small gardens.**
Green Factory Banner : Chiang Mai Oil Terminal
Green Factory Certification : Lam Lukka Oil Terminal, Khao Bo Ya LPG Terminal, Ban Rong Po LPG Terminal, and Sri Racha Oil Terminal.

Sites that Received ISO 9001 / ISO 9002, ISO 14001
TIS / OHSAS 18001 and TLS 8001



Accreditation of QSHE Management Systems in 2004

- ISO 14001 Certification by the Management System Certification Institute (Thailand) (MASC I)**
 Three additional sites : Sara Buri Oil Terminal, Phra Khanong Oil Terminal, and Bangchak Petroleum Terminal.
- TIS/OHSAS 18001 Certification by the Management System Certification Institute (Thailand) (MASC I)**
 Five additional sites : Phra Khanong Oil Terminal, Bangchak Petroleum Terminal, Sara Buri Oil Terminal, Chiang Mai Oil Terminal, and Sri Racha Oil Terminal.
- TLS 8001-2546 Certification by the Ministry of Labour**
 Two additional facilities : Rayong Gas Separation Plant and Phuket Oil Terminal.
- “Green Label” Certification by the Thai Industrial Standards Institute and the Thailand Environment Institute**
 Six additional service stations at the following locations : Welfare of State Railway of Thailand, Rajamangala University of Technology's Bangkok Technical Campus, Prachachuen Road, Pracharat Road, Phattanakan, and Nong Khaem.

Abbreviations

TIS Thai Industrial Standard

TLS Thai Labour Standard

OHSAS Occupational Health and Safety Advisory Services

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN SUPPORT OF SUSTAINABLE DEVELOPMENT



PTT set up “Sirinath Rajini Center for Mangrove Forest Studies”.



PTT and its affiliates presented 50 million baht to a tsunami relief fund.

On the auspicious occasion of Her Majesty Queen Sirikit’s 72nd birthday in 2004, PTT established the **“Sirinath Rajini Center for Mangrove Forest Studies”** at its Forest Plantation Targets (FPT) no. 29 and 29/3 in Pran Buri District, Prachuap Khiri Khan. These were part of a one-million-rai (40,000 acres) reforestation program dedicated to HM the King in 2003.

The Center will inform the general public about the ecology of mangrove forests in a natural setting and serves as a nursery for aquatic animals, such as crabs, prawns, and clams. These provide a source of food for the local community and a well-balanced system of interdependence among humans, animals, and the forest.

Also in honor of HM the Queen, PTT and Silpakorn University organized **the 19th PTT Art Contest** under the theme **“Thais Pay Tribute to Her Majesty the Queen”**. Chiang Mai University and Thaksin University joined the organization of this year’s contest, expanding the event to northern and southern regions. Artists from across the nation participated in the contest.

In the summer of 2004, Thai people everywhere celebrated the successes of Thai athletes who participated in the Summer Olympics in Greece. PTT was proud to support Thai athletes by presenting 6.3 million baht to the Thai Amateur Boxing Association and 3 million baht to the Tae-kwon-do Association of Thailand.

On 26 December 2004, giant “tsunami” destroyed parts of southern Thailand, resulting in innumerable deaths and injuries. PTT and its affiliates donated 50 million baht to a tsunami relief fund, as well as 400,000 baht’s worth of supplies, such as dry foods, survival bags, body bags, dry ice, cooking gas, and fuel. In addition, PTT’s IT Center assisted the Royal Thai Navy, Khunying Dr. Pornthip Rojanasunan’s forensic team, and Vachira Hospital of Phuket in relief efforts - equivalent to about 60 million baht.

PTT is committed to fostering a self-sufficient Thai society. This is evidenced by the Company’s various activities which are aimed at social improvement and sustainable development. The Company is continually initiating activities that benefit society and the environment. These include academic scholarships; programs to help rural, needy communities; programs to help communities become strong and self-sufficient through vocational training; and programs in local communities where the Company operates. The Company’s social and environmental programs include the following.



“Petroleum Knowledge” Posters.



“Teach Your Child How to Make Merit” book.

Youth and Educational Promotion

PTT supported three schools under the **“One District, One Lab School Program”**, which stressed the collaboration of all related parties in developing a dream school. The three schools were Sadet Wana Chayangkun Vitthaya School in Lampang, Ban Bang Node Community School in Nakhon Sri Thammarat, and Bo Rai Witthayakhom in Trat. The Company also built a **school building** for Ban Bang Node School and the eighth **“Phalang Thai Puea Thai”** library for Ban Fon Vitthaya School in Lampang. For the ninth consecutive year, PTT presented scholarships to academically talented but financially needy students living in areas surrounding PTT’s terminals both in Bangkok and the provinces. Over 2,300 students at the elementary, high school, and university levels currently receive scholarships from PTT.

To develop educational materials for energy education, the Company and the National Science and Technology Development Agency held training sessions for 300 elementary-level science teachers and sponsored teaching materials on energy education.

To reinforce technical knowledge as well as moral values among the younger generation, the Company organized the following activities and publications:

- **Petroleum Knowledge Posters**, distributed to 894 public libraries throughout Thailand.
- Books entitled **“Teach Your Child the Value of Energy”** and **“Teach Your Child How to Make Merit”**, in collaboration with the Buddhist Network and aimed at developing ethical and responsible members of society. These books were distributed free of charge at PTT service stations in the Bangkok metropolitan area.
- **“The World of Natural Gas”** mobile exhibition that traveled to various schools and educational institutes to provide natural gas knowledge to youth. Activities included interactive exhibition, lectures, and games. Educational materials were also distributed.
- Annual youth learning camps such as **“Thais Unite to Protect the Environment Camp”**, **“Generation P Youth Camp”**, **“Natural Resources and Environmental Conservation Youth Camp”**, and **“Environmental Conservation Youth Camp”**.
- Activities to promote discipline and healthy living, e.g., **“Improving the Quality of Life Through 5S Schools Program”** and the **“5S Youth Development Program”**.



PTT provided help to relive drought problem.



PTT supported 6.3 million baht to the boxers joining the Olympic.

Community, Quality of Life, and Environmental Development

2004 was a troublesome year for the nation in terms of energy , prompting the government and various agencies to promote energy conservation. The Company launched a 60-million-baht campaign and organized other activities with government agencies in support of the effort. These included “**NGV for Transportation Day**” with the Ministry of Energy, the promotion of NGV consumption with the Energy Policy and Planning Office (EPPO), and “**PTT Engine Tune-Up Program**” to provide free engine check-ups for the general public at PTT service stations.

During the Songkran, Thai New Year Festival, PTT and the Vocational Education Commission (VEC) organized the “**Vocational Education Center Helps the People Program**”, in which VEC vocational students performed check-ups for cars and motorcycles at vocational education institutes around the country and PTT service stations. This program helped motorists with road emergencies during the holidays while providing vocational students with an opportunity to practice their skills. Another program, organized by the Company for eight consecutive years, is the “**Drive Safely with PTT Program**” which has produced 5,000 safe drivers to date.

Through the “**Sharing with Communities Program**”, PTT and its affiliates offered free medical treatment at PTT’s medical center at Rayong Gas Separation Plant and sent out mobile clinics to smaller communities. In addition, PTT joined the Department of Mineral Resources, the Provincial Electricity Authority, the Provincial Waterworks Authority, and the Royal Thai Army in subsidizing the cost of fuels and relief funds to drought victims throughout the country, a project that has continued for four years.

The Company continued to create community awareness in the conservation and revival of forests through the “**30,000-Rai Forest Conservation Program**” along natural gas pipeline routes. In collaboration with the Royal Project Foundation, the Company conducted studies on the cultivation of vetiver, a plant vital to the ecology of the forest. Moreover, PTT’s “**Reforestation Program in Honor of HM the King**”, which involved one million rais of revived forest area, received the **2004 Outstanding Award for the Conservation of Natural Resources and the Environment** from the National Identity Promotion Office.

REPORT OF BOARD OF DIRECTORS' RESPONSIBILITIES

The financial statements of PTT Public Company Limited and its subsidiaries being consolidated have been prepared in compliance with notification of Department of Commercial Registration dated September 14, 2001 issued under the third paragraph of section 11 of Accounting Act. B.E. 2543. The financial statements have been conformed to accounting principles regulated by the Institute of Certified Accountants and Auditors of Thailand.

The Company's Board of Directors are responsible for the integrity and objectivity of the financial statements of PTT Public Company Limited and its subsidiaries in providing reasonable assurance that the financial statements present fairly financial position, results of operation, cash flows, the books and records of the Company accurately reflect all transaction, the Company's assets are properly safeguarded, including the control systems designed to protect against fraud and irregularity transaction. The financial statements have been prepared with the chosen accounting policy deemed appropriate and applied on the consistency basis in accordance with generally accepted accounting principles, and significant information has been adequately disclosed in note to financial statements, in which the independent auditor express an opinion on the financial statements of PTT Public Company Limited and its subsidiaries in the report of the auditor.



(Mr. Cherdpong Siriwit)
Chairman of the Board



(Mr. Prasert Bunsumpun)
President

AUDITOR'S REPORT

TO : THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has audited the accompanying consolidated balance sheets of PTT Public Company Limited and subsidiaries and the balance sheets of PTT Public Company Limited as at December 31, 2004 and 2003, and the related consolidated and the Company's statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits and other auditors' reports. The financial statements of subsidiaries abroad, subsidiaries arising from incremental investments during the year, subsidiaries arising from jointly invested between PTT Public Company Limited and associates or others, joint ventures which are jointly invested between PTT Public Company Limited and others and joint investment between subsidiaries and others were audited by other auditors and included in the consolidated financial statements. The Office of the Auditor General of Thailand received the other auditors' reports and used them as a basis in auditing and expressing an opinion on the consolidated and the Company financial statements. As at December 31, 2004, assets and liabilities of the above subsidiaries and joint ventures included in the consolidated financial statements constitute 34.06% and 22.74% and as at December 31, 2003 constitute 22.38% and 2.47%, respectively.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audit 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. The Office of the Auditor General of Thailand believes that the audits together with the other auditors' reports as above-mentioned provide a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General of Thailand based on audits and other auditors' reports, the consolidated and the Company's financial statements referred to above present fairly, in all material respects, the financial position of PTT Public Company Limited and subsidiaries and of PTT Public Company Limited as at December 31, 2004 and 2003, and the results of operations, the changes in shareholders' equity and the cash flows for the years then in accordance with generally accepted accounting principles.

Without qualifying opinion on the financial statements, the Office of the Auditor General of Thailand draws attention to Note 3 with regard to change in accounting policy.

(Signed) Satja Sasanavin
(Satja Sasanavin)
Deputy Auditor General for Auditor General

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

BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2004 AND 2003

Unit : Baht

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

BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2004 AND 2003

Unit : Baht

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

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

BALANCE SHEETS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2004 AND 2003

Unit : Baht

Notes	Consolidated		The Company	
	2004	2003	2004	2003
		(Restated)		(Restated)
Liabilities and Shareholders' Equity (Continued)				
Shareholders' Equity				
Share capital				
Authorized share capital				
2,850,000,000 ordinary shares of				
Baht 10 each	28,500,000,000	28,500,000,000	28,500,000,000	28,500,000,000
Issued and paid-up share capital				
2,797,245,725 ordinary shares of				
Baht 10 each	23 27,972,457,250	27,972,457,250	27,972,457,250	27,972,457,250
Premium on share capital				
Premium on ordinary shares	17,992,830,666	17,992,830,666	17,992,830,666	17,992,830,666
Surplus on dilution of investments				
in subsidiaries and associates	2,089,284,252	1,966,620,101	2,089,284,252	1,966,620,101
Unrealized gain on available-for-sale securities	1,046,367,181	550,400,000	1,046,367,181	550,400,000
Currency translation differences	(765,711,742)	(721,543,059)	(765,711,742)	(721,543,059)
Retained earnings				
Appropriated				
Legal reserve	24.1 2,850,000,000	2,850,000,000	2,850,000,000	2,850,000,000
Reserve for Self-Insurance Fund	24.2 811,830,329	776,993,833	811,830,329	776,993,833
Unappropriated	112,377,129,041	60,934,479,266	112,377,129,041	60,934,479,266
Total parent's shareholders' equity	164,374,186,977	112,322,238,057	164,374,186,977	112,322,238,057
Minority interests	20,540,776,184	16,619,274,744	-	-
Total Shareholders' Equity	184,914,963,161	128,941,512,801	164,374,186,977	112,322,238,057
Total Liabilities and Shareholders' Equity	487,226,234,877	324,330,783,090	359,961,461,756	268,792,575,586

(Signed) Prasert Bunsumpun
 (Prasert Bunsumpun)
 President

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

STATEMENTS OF INCOME

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

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

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

(Restated)

Unit : Baht

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

(Restated)

Unit : Baht

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

STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

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

STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

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

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

STATEMENTS OF CASH FLOWS

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

Unit : Baht

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

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

STATEMENTS OF CASH FLOWS

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit : Baht

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

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

NOTES TO FINANCIAL STATEMENT

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

1. General Information

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

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

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

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

2. Accounting Policies

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

2.1 Basis for Preparation of Financial Statements

The consolidated and the Company’s financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act, B.E. 2543 (2000) being those Thai Accounting Standards under the Accounting Profession Act B.E. 2547 (2004), and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535 (1992).

The Company presents its financial statements in compliance with the notification of the Department of Commercial Registration, dated September 14, B.E. 2544 (2001), “Define the abbreviation component required in the financial statements, B.E. 2544 (2001)” under the third paragraph of section 11 of the Accounting Act, B.E. 2543 (2000).

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying consolidated and the Company’s financial statements are therefore not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than Thailand. Consequently, these consolidated and the Company’s financial statements are prepared based on the assumption that users of the financial statements have an understanding of Thai generally accepted accounting principles and practices.

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

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

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

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

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

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

2.2 Use of Estimate

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

2.3 Investments in Subsidiaries

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

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

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

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

2.4 Investments in Associates

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

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

2.5 Investments in Joint Ventures

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

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

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

2.6 Other Investments

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

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

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

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

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

2.7 Related Parties

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

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

2.8 Foreign Currency Translations

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

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

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

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

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

2.9 Cash and Cash Equivalents

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

2.10 Trade Accounts and Notes Receivable

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

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

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

2.12 Inventories

Inventories are stated at the lower of cost of acquisition or net realizable value. Cost is determined by the weighted average cost method. The subsidiaries and some associates apply the first-in, first-out (FIFO) or last-in, first-out (LIFO) methods to determine the inventory costs on which the effect of different accounting policies for inventories is not substantial. The costs of imported petroleum products comprise various importing expenses and levies, surveyors’ fees and contributions to or compensation from the Oil Stabilization Fund as the case may be. Net realizable value is the estimated selling price in the ordinary business, less the costs of completion and related selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.13 Materials and Supplies

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

2.14 Property, Plant and Equipment

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

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

General Properties

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

	<u>Depreciation percentage rates per annum</u>
Buildings and improvement	3.33-10.00
Machinery and equipment	3.33-10.00
Other assets	10.00-20.00

Where the carrying amount of an asset is greater than net realizable value, which is the higher of the anticipated discounted cash flows from the continuing use of the asset or the obtainable amount from the sale of the asset less any costs of disposal, it is written-down immediately to its net realizable value. The decreasing amount is included in statement of income.

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

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

Oil and Gas Exploration and Production Properties

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

Cost of Properties

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

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

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

Depreciation, Depletion and Amortization

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

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

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

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

2.15 Intangible Assets

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

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

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

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

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

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

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

2.17 Provision for Decommissioning Costs

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

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

2.18 Pension Fund and Provident Fund

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

The Company established a provident fund under the name of "The Registered Provident Fund of PTT Public Company Limited and Affiliates". All employees joining the Company on or after October 1, 1993 are required to be members of the provident fund. Employees joining prior to October 1, 1993 may elect to be members of either the Pension Fund or the provident fund. The Company contributes to the Provident Fund on a monthly basis at a rate of 10% of the basis salaries and recognizes as expenses in the statement of income.

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

2.19 Income Taxes

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

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

Tax rates enacted at the balance sheet date are used to determine deferred income tax.

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

2.20 Revenue Recognition

Sales are recognized upon delivery of products.

Other revenues are recognized on the following bases:

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

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

2.21 Earnings Per Share

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

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

2.22 Financial Instruments

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

The Group is also party to financial instruments that reduce risk exposure arising from fluctuations in foreign currency exchange rates, interest rates and oil market prices. These instruments mainly comprise:

Forward Foreign Exchange Contracts

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

Cross-currency and Interest Rate Swap Contracts

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

Futures Oil Contracts

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

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

2.23 Reclassification

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

3. Changes in Accounting Policy

3.1 Determination of Cost of Inventories and Provision for Decommissioning Costs

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

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

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

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

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

4. Cash and Cash Equivalents

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

Unit : Million Baht

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

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

5. Current Investments

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

Unit : Million Baht

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

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

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

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

6. Trade Accounts and Notes Receivable - Others, Net

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

7. Related Party Transactions

The followings are significant transactions carried out with related parties:

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

Unit : Million Baht

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

7.7 Revenue and Expense Transactions Carried Out with Related Parties.

For the years ended December 31, 2004 and 2003

Unit : Million Baht

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

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

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

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

8. Inventories

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

Unit : Million Baht

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

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

9. Materials and Supplies, Net

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

Unit : Million Baht

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

10. Other Current Assets, Net

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

Unit : Million Baht

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

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

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

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

11. Investments Accounted for under the Equity Method

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

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

Company	Country of Incorporation	Business	% Shareholding	
			2004	2003
<u>Associates :</u> (Continued)				
Aromatics (Thailand) Public Co., Ltd. (ATC)	Thailand	Petrochemical	46.12	46.33
National Petrochemical Public Co., Ltd. (NPC)	Thailand	Petrochemical	37.99	37.99
Thai Olefins Public Co., Ltd. (TOC)	Thailand	Petrochemical	48.97	44.92
NFC Fertilizer Public Company Limited (NFC) (Former name : National Fertilizer Public Co., Ltd.)	Thailand	Petrochemical	–	20.44
Thai Paraxylene Co., Ltd. (TPX)	Thailand	Petrochemical	–	23.48
PTT Phenol Company Limited (PPCL)	Thailand	Petrochemical	40.00	–
PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	Thailand	Natural gas	–	49.00
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generate and supply electricity, steam and water	40.00	–
<u>Joint Ventures :</u>				
Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T))	Thailand	Natural gas	50.00	50.00
Trans Thai-Malaysia (Malaysia) Co., Ltd. (TTM (M))	Malaysia	Natural gas	50.00	50.00
District Cooling System and Power Plant Co.,Ltd. (DCAP)	Thailand	Generate and supply electricity and chilled water	35.00	35.00

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

Company	Country of Incorporation	Business	% Shareholding	
			2004	2003
<u>Subsidiaries of PTTEP :</u>				
PTTEP International Company Limited (PTTEPI)	Thailand	Petroleum exploration and production	100.00	100.00
PTB Partner Co., Ltd. (PTB)*	Thailand	Petroleum exploration and production	–	100.00
PTTEP Siam Limited (PTTEP Siam)	Thailand	Petroleum exploration and production	100.00	–
PTTEP Kim Long Vietnam Company Limited (PTTEPKV)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Southwest Vietnam Company Limited (PTTEPSV)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Middle East Company Limited (PTTEP ME)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Hoan - Vu Company Limited (PTTEP HV)	Cayman Islands	Petroleum exploration and production	100.00	100.00

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

Company	Country of Incorporation	Business	% Shareholding	
			2004	2003
<u>Subsidiaries of PTTEP (Cont.) :</u>				
PTTEP Hoang - Long Company Limited (PTTEP HL)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Algeria Company Limited (PTTEP AG)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP (Thailand) Limited (PTTEP TH)	Thailand	Petroleum exploration and Production	100.00	–
PTTEP Services Limited (PTTEP Services)	Thailand	Service operation	100.00	–
<u>Subsidiary of PTTCL :</u>				
Houakhong Trading Company Limited (Houakhong)	Laos	Oil marketing	80.00	–
<u>Associates of PTTEP :</u>				
Thai Oil Power Company Limited (TP)	Thailand	Power producer	26.00	26.00
New Links Energy Resources Company Limited (New Links)	Indonesia	General investment operation	40.00	40.00
<u>Associate of PTTNGD :</u>				
Amata Natural Gas Distribution Co., Ltd. (AMATA NGD)	Thailand	Natural gas	50.00	–
<u>Associate of SBDI :</u>				
FST Aviation Services Limited (FST)	Hong Kong	Aircraft refueling service	25.00	25.00
<u>Jointly Controlled Entities of PTTEP :</u>				
Carigali-PTTEPI Operating Company Sdn. Bhd. (CPOC)**	Malaysia	Petroleum exploration and production	50.00	50.00
Moattama Gas Transportation Company (MGTC)	Myanmar	Natural gas pipeline-overseas	25.50	25.50
Taninthayi Pipeline LLC. (TPC)	Myanmar	Natural gas pipeline-overseas	19.3178	19.3178
<u>Jointly Controlled Entity of RRC :</u>				
Alliance Refining Co., Ltd. (ARC)	Thailand	Refinery management	50.00	–

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

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

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

Joint Ventures of PTTEP International Company Limited

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

Joint Ventures of PTTEP Kim Long Vietnam Company Limited

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

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

Joint Ventures of PTTEP Southwest Vietnam Company Limited

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

Joint Ventures of PTTEP Hoan-Vu Company Limited

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

Joint Ventures of PTTEP Hoang Long Company Limited

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

Joint Ventures of PTTEP Algeria Company Limited

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

Joint Ventures of PTTEP Siam Limited

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

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

Consolidated

Unit : Million Baht

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

The Company

Unit : Million Baht

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

The Company

Unit : Million Baht

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

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

Balance Sheet:

As at December 31, 2004 and 2003

Unit : Million Baht

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

Statement of income:

For the years end December 31, 2004 and 2003

Unit : Million Baht

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

11.7 Significant Events Occurring During 2004

SUBIC BAY GROUP (Comprises SBECL, SBFCI and SBDI)

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

TLB

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

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

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

PTTNGD

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

PTTPI

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

BPE

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

RRC

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

TTM(T)

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

TTM(M)

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

DCAP

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

ATC

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

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

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

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

THAPPLINE

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

TOP

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

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

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

PPCL

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

PTTUT

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

EnCo

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

PTTLNG

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

TPX

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

TOC

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

PTTPE

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

Changes in joint venture interests and investments in subsidiaries of PTTEP

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

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

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

12 Other Long-term Investments

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

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

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

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

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

RPCL

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

NFC

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

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

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

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

13. Property, Plant and Equipment-Net

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

Unit : Million Baht

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

Unit : Million Baht

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

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

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

Unit : Million Baht

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

14. Intangible Assets

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

Unit : Million Baht

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

15. Income Taxes and Deferred Income Taxes

Applicable tax rates for the Group are as follows:

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

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

Unit : Million Baht

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

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

Unit : Million Baht

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

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

16. Advance Payment for Gas Purchased

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

Unit : Million Baht

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

The Company has paid in advance for the committed gas volume from Yadana and Yetagun gas fields in the Union of Myanmar, irrespective of take-up in 1998-2001, according to established conditions in the Export Gas Sales Agreements (Take-or-Pay). The Company has the rights to take certain volumes of prepaid gas (Make-up) in subsequent years, with no maturity period. As at December 31, 2004 the Company received all gas for the year 1998 which was fully paid in advance.

17. Other Non-Current Assets

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

Unit : Million Baht

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

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

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

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

19. Other Current Liabilities

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

Unit : Million Baht

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

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

20. Long-term Loans

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

Current portion of long-term loans

Unit : Million Baht

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

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

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

Unit : Million Baht

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

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

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

20.1 Loans

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

Unit : Million

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

Unit : Million

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

20.2 Bonds

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

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

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

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

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

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

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

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

20.3 Liabilities from Finance Leases

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

Unit : Million Baht

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

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

Unit : Million Baht

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

Unit : Million Baht

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

21. Provision for Decommissioning Costs

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

Unit : Million Baht

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

22. Other Non-current Liabilities

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

Unit : Million Baht

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

23. Share Capital

As at December 31, 2004 and 2003, the Company has authorized share capital of 2,850,000,000 shares with a par value of Baht 10 per share. The issued and fully paid-up share capital is 2,797,245,725 shares with a par value of Baht 10 per share.

24. Reserves

24.1 Legal Reserve

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

24.2 Reserve for Self-Insurance Fund

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

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

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

25. Earnings Per Share

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

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

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

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

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

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

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

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

26. Sales

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

Unit : Million Baht

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

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

27. Other Income

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

Unit : Million Baht

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

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

28. Share of Net Income from Investments under Equity Method

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

Unit : Million Baht

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

29. Operating Income

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

Unit : Million Baht

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

30. Reforestation

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

On September 16, 1998, the board of directors approved to extend the project's period to the second stage of 6 years (1999-2004) using the budget as approved at the first stage of Baht 3 billion. The budget covers expenses for the principal project (reforestation and maintenance) and the supporting project (forest survival). The objective is to establish the long-term commitments among local people and youth who protect and are concerned about forest resources.

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

31. Interest Expenses

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

Unit : Million Baht

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

32. Segmented Financial Information

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

Financial information by business segments presented in the consolidated financial statements for the years ended December 31, 2004 and 2003 is as follows:

Consolidated

For the year ended December 31, 2004

Unit : Million Baht

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

Unit : Million Baht

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

Consolidated

For the year ended December 31, 2003

Unit : Million Baht

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

Unit : Million Baht

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

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

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

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

The Group categorizes segments for major businesses as follows:

Oil Business

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

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

Gas Business

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

Exploration and Production Petroleum Business

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

Petrochemical Business

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

Refining Business

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

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

33. Disclosure of Financial Instruments

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

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

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

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

33.1 Risks from Foreign Exchange Rates

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

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

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

Unit : Million Baht

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

33.2 Risks from Interest Rates

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

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

Unit : Million Baht

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

The maturity of contracts can be analyzed as follows:

Unit : Million Baht

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

33.3 Risks from Futures Oil and Gas Contracts

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

33.4 Credit Risks

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

33.5 Fair Value of Financial Instruments

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

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

Unit : Million Baht

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

Unit : Million Baht

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

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

34. Dividend payment

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

35. Acquisition

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

Details of net assets acquired and goodwill are as follows:

Unit : Million Baht

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

Assets and liabilities derived from the acquisitions are as follows:

Unit : Million Baht

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

Unit : Million Baht

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

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

Details of net assets acquired and goodwill are as follows:

Unit : Million Baht

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

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

36. Disposal

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

Assets and liabilities derived from disposal are as follows:

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

37. Promotional Privileges

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

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

	Unit : Million Baht
Promotional businesses	14.96
Non-promotional businesses	615,149.06
Total	615,164.02

38. Commitments and Contingent Liabilities

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

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

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

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

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

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

39. Subsequent Events

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

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

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

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

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

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

AUDIT FEES OF THE AUDITORS

1. Audit fees

The Company and subsidiaries paid for the audit fees to the auditors' companies for the latest accounting period amounting to Baht 11,920,106 (Eleven million, nine hundred and twenty thousand, one hundred and six Baht).

2. Non-audit fees

The Company and subsidiaries paid for non-audit fees such as fees for the Comfort Letter accompany with Offering Circular for issuing bonds of the Company to the auditors' company for the latest accounting period amounting to Baht 7 million (seven million Baht).

GLOSSARY OF TECHNICAL TERMS

bbbl	barrel (s)
bbbl/d	barrel (s) per day
bcf	billion cubic feet
BOE	barrel of oil equivalent
BOED	barrel of oil equivalent per day
Btu	British thermal unit
B/MMBtu	Baht/Million Btu
EPPO	Energy Planning and Policy Office
IPP	Independent Power Producer
JDA	Joint Development Area
Kbd or Kbbbl/d	thousand barrels per day
LPG	Liquefied Petroleum Gas
MMBOE	one million barrels of oil equivalent
MMcf	one million cubic feet
MMcf/d	one million cubic feet per day
NGV	Natural Gas for Vehicles
OPEC	Organization of Petroleum Exporting Countries
SPP	Small Power Producer

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