

TRANSLATION

REPORT OF THE AUDITOR

To the shareholders of The Bangchak Petroleum Public Company Limited

The Office of the Auditor General has reviewed the balance sheets as at September 30, 2003, the statements of income for the three months and nine months ended September 30, 2003 and 2002, the statements of changes in shareholders' equity and the statements of cash flows for the nine months ended September 30, 2003 and 2002 of The Bangchak Petroleum Public Company Limited. These financial statements are the responsibility of the Company's management as to their fair presentation and completeness of the information. The responsibility of the Office of the Auditor General is to report on these financial statements based on the results of its review.

The Office of the Auditor General conducted the review in accordance with the auditing standards applicable to review engagements. Those standards require that the Office of the Auditor General plans and performs the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical comparison of financial data. This, therefore, provides less assurance than an audit in accordance with the generally accepted auditing standards. Due to this, the Office of the Auditor General is unable to express an opinion on the financial statements referred to above.

Based on our review, nothing has come to attention that causes the Office of the Auditor General to believe that the financial statements are not presented fairly, in all material respects, in conformity with the generally accepted accounting principles.

The Office of the Auditor General audited the financial statements as at December 31, 2002 of The Bangchak Petroleum Public Company Limited in accordance with the generally accepted auditing standards and expressed an unqualification opinion as per the independent auditor report dated February 24, 2003. The balance sheets as at December 31, 2002 as presented herein for comparison, formed partly the financial statements which the Office of the Auditor General previously audited and reported. The Office of the Auditor General has not performed any other audits since the date of that report.

(Sign) *Jerarat Noppawong Na Ayutthaya*
(Jerarat Noppawong Na Ayutthaya)
Deputy Auditor General
For Auditors General

(Sign) *Prungsri Chobtham*
(Prungsri Chobtham)
Auditor in Charge

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS OF SEPTEMBER 30, 2003 AND DECEMBER 31, 2002

UNIT : BAHT

	<u>NOTE</u>	<u>SEPTEMBER 30, 2003</u> (REVIEWED)	<u>DECEMBER 31, 2002</u> (AUDITED) (REVISED)
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	3.1	1,761,640,329	1,374,422,526
Trade accounts receivable, net	3.2	2,814,607,414	2,724,544,707
Inventories, net	3.3	6,094,111,096	6,088,998,548
Other current assets			
Materials and supplies, net	3.4	350,797,157	364,694,896
Others		225,148,315	371,243,206
Total Current Assets		11,246,304,311	10,923,903,883
Non-Current Assets			
Investments for using the equity method	3.5	-	665,117
Other long-term investments	3.6	4,774,878	4,835,413
Tariff prepayment	3.7	176,980,299	183,258,812
Property, plant and equipment, net	3.8	14,659,398,770	15,637,564,150
Intangible assets	3.9	1,002,411,164	1,056,486,540
Other non-current assets			
Investment - service station		631,004,816	634,137,556
Deferred income tax		63,014,629	59,740,331
Others		428,483,397	400,339,808
Total Non-Current Assets		16,966,067,953	17,977,027,727
TOTAL ASSETS		28,212,372,264	28,900,931,610

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS OF SEPTEMBER 30, 2003 AND DECEMBER 31, 2002

UNIT : BAHT

	<u>NOTE</u>	<u>SEPTEMBER 30, 2003</u> (REVIEWED)	<u>DECEMBER 31, 2002</u> (AUDITED) (REVISED)
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current Liabilities			
Bank overdrafts and short-term loans from financial institution:	3.10	7,609,382,613	1,000,000,000
Trade accounts payable		3,760,090,625	3,136,831,661
Current portion of long-term loans	3.12	2,702,500,000	6,380,000,000
Short-term loans	3.11	1,848,374,000	2,480,636,500
Other current liabilities			
Accrued excise tax and oil stabilization fund		159,633,816	144,186,565
Accrued expenses		417,127,203	501,753,412
Others		259,020,629	289,562,403
Total Current Liabilities		16,756,128,886	13,932,970,541
Non-Current Liabilities			
Long-term loans	3.12	7,270,000,000	9,972,500,000
Other non-current liabilities			
Long term liabilities for service station lease rights		123,082,612	150,930,248
Pension fund reserve		199,836,690	187,918,461
Others		68,518,883	70,506,941
Total Non-Current Liabilities		7,661,438,185	10,381,855,650
Total Liabilities		24,417,567,071	24,314,826,191
Shareholders' Equity			
Share capital	3.15		
Authorized share capital Common stock 772,040,940 shares par value at Baht 10 per share		-	7,720,409,400
Authorized share capital Common stock 522,040,940 shares par value at Baht 10 per share		5,220,409,400	-
Issued and paid-up share capital Common stock 522,040,940 shares par value at Baht 10 per share		5,220,409,400	5,220,409,400
Additional Paid-in capital			
Premium on share capital		-	2,007,950,671
Surplus on fixed assets revaluation		4,758,058,830	5,178,142,754
Retained earnings (Accumulated Deficit)			
Appropriated			
Legal reserve		-	547,594,555
Unappropriated		(6,183,663,037)	(8,367,991,961)
Total Shareholders' Equity		3,794,805,193	4,586,105,419
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,212,372,264	28,900,931,610

The accompanying notes are an integral part of these statements.

(Signed) *General Tawat Ked-Unkoon*
(General Tawat Ked-Unkoon)
Chairman

(Signed) *Pichai Chunhavajira*
(Pichai Chunhavajira)
Acting President

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

	<u>NOTE</u>	<u>FOR THE THREE MONTHS</u>		<u>FOR THE NINE MONTHS</u>	
		<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues					
Sales		14,868,761,361	13,979,823,773	44,093,239,480	38,236,429,311
Other incomes					
Interest income		7,993,385	10,811,239	26,130,506	29,859,767
Gain from foreign exchange fluctuations	3.13	190,530,765	-	269,099,414	-
Gain from crude oil and product oil price hedging contract		20,046,383	-	47,337,031	-
Others		16,125,911	10,699,819	67,780,198	48,402,330
Share of Profits from investments for using the equity method		-	1,017,670	-	-
Total Revenues		15,103,457,805	14,002,352,501	44,503,586,629	38,314,691,408
Expenses					
Cost of sales		14,358,725,941	13,212,762,582	42,924,000,669	35,744,551,356
Selling and administrative expenses		316,400,990	276,917,828	945,428,289	816,942,785
Other Expenses					
Depreciation		70,431,863	71,209,198	214,561,654	212,361,734
Directors' remuneration		210,750	189,750	1,090,134	420,000
Loss from foreign exchange fluctuations		-	166,838,937	-	38,051,846
Loss from crude oil and product oil price hedging contract		-	81,989,648	-	33,886,038
Share of losses from investments for using the equity method	3.5	-	-	665,117	6,385,952
Total Expenses		14,745,769,544	13,809,907,943	44,085,745,863	36,852,599,711
Profit before Interest and Income Tax Expenses		357,688,261	192,444,558	417,840,766	1,462,091,697
Interest expenses	3.14	241,999,291	382,625,669	792,331,366	1,008,946,154
Income tax		(4,017,840)	(3,638,450)	(3,274,298)	(7,602,890)
Net Profit (Loss)		119,706,810	(186,542,661)	(371,216,302)	460,748,433
Earnings Per Share		0.23	(0.36)	(0.71)	0.88

The accompanying notes are an integral part of these statements.

(Signed) *General Tawat Ked-Unkoon*
 (General Tawat Ked-Unkoon)
 Chairman

(Signed) *Pichai Chunhavajira*
 (Pichai Chunhavajira)
 Acting President

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

	UNIT : BAHT					
	Share capital Issued and paid-up	Premium on share capital	Surplus on fixed assets revaluation	Legal reserve	Retained earning (Accumulated deficit)	Total
Balance at December 31, 2001	5,220,409,400	2,007,950,671	3,556,765,260	547,594,555	(8,901,582,987)	2,431,136,899
Items not recognised in the income statement	-	-	(264,089,643)	-	-	(264,089,643)
Net profit (loss) for the period	-	-	-	-	460,748,433	460,748,433
Balance at September 30, 2002	5,220,409,400	2,007,950,671	3,292,675,617	547,594,555	(8,440,834,554)	2,627,795,689
Balance at December 31, 2002	5,220,409,400	2,007,950,671	5,178,142,754	547,594,555	(8,367,991,961)	4,586,105,419
Items not recognised in the income statement	-	-	(420,083,924)	-	-	(420,083,924)
Decrease premium on share capital for reduction of accumulated deficits	-	(2,007,950,671)	-	-	2,007,950,671	-
Decrease legal reserve for reduction of accumulated deficits	-	-	-	(547,594,555)	547,594,555	-
Net profit (loss) for the period	-	-	-	-	(371,216,302)	(371,216,302)
Balance at September 30, 2003	5,220,409,400	-	4,758,058,830	-	(6,183,663,037)	3,794,805,193

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u> (REVISED)
Cash Flows from Operating Activities :		
Net Profit (Loss)	(371,216,302)	460,748,433
Adjustment to reconcile net profit (loss) to net cash provided by (used in) operating activities :		
Depreciation	661,352,999	659,889,586
Bad debts and doubtful debts	8,474,527	3,463,705
Amortization	116,360,263	123,413,290
Unrealized loss (gain) from foreign exchange fluctuations	(141,857,395)	84,114,577
Income tax	(3,274,298)	(7,602,890)
Gain from fixed assets disposal	(16,864,177)	(8,485,103)
Pension fund	11,918,229	13,799,372
Deferred revenue	(3,803,456)	(4,514,776)
Share of loss from investments for using the equity method	665,117	6,385,952
Operating gain before changes in operating assets and liabilities	261,755,507	1,331,212,146
Operating assets (increase), decrease		
Trade accounts receivable	(99,520,774)	(928,372,490)
Inventories	(5,112,548)	(2,335,601,803)
Other current assets	115,869,679	176,189,902
Operating liabilities increase, (decrease)		
Trade accounts payable	654,094,877	1,610,931,112
Other current liabilities	(96,174,755)	(310,712,005)
Other non-current liabilities	(1,988,058)	6,214,646
Net Cash Provided by (Used in) Operating Activities	828,923,928	(450,138,492)
Cash Flows from Investing Activities :		
Current investments increase	-	(10,352,657)
Long term investments decrease	6,278,513	6,494,500
Purchase of property, plant and equipment	(168,889,143)	(167,258,157)
Proceeds from disposal of assets	82,481,778	17,986,134
Intangible assets increase	(7,721,058)	(27,316,967)
Other non-current assets increase	(63,238,828)	(110,639,187)
Net Cash Used in Investing Activities	(151,088,738)	(291,086,334)

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u> (REVISED)
Cash Flows from Financing Activities :		
Bank overdrafts and short-term loans from financial institutions increase,(decrease)	6,609,382,613	(124,895,349)
Short terms loan increase, (decrease)	(520,000,000)	1,522,759,500
Long term loans decrease	(6,380,000,000)	(2,933,835,592)
Net Cash Used in Financing Activities	(290,617,387)	(1,535,971,441)
Increase (Decrease) in Cash and Cash Equivalents	387,217,803	(2,277,196,267)
Cash and Cash Equivalents at Beginning of Period	1,374,422,526	2,749,700,315
Cash and Cash Equivalents at Ending of Period	1,761,640,329	472,504,048
 Supplemental Cash Flow Information :		
Cash paid during this period for :		
Interest expenses	852,093,941	1,098,874,860
Income tax	-	4,387,616

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30,2003 (REVIEWED)
AND FOR THE YEAR ENDED DECEMBER 31,2002 (AUDITED)

1. The Preparation and Presentation of Financial Statements

The financial statements are presented in accordance with the Accounting Standard No.41, the interim financial statements, by indicating the items in the balance sheet, the statements of income, the statements of changes in shareholders' equity and the statements of cash flow, which are the same as the annual financial statements. As for the note of financial statements, only the significant ones are indicated

The interim financial statements are prepared as additional information to financial statements for the year ended December 31, 2002. Therefore, they should be read in conjunction with the annual financial statements.

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with the generally accepted accounting principles. In preparation of the interim financial statements, the Company applies the accounting policies and the calculation methods, which are similar to the annual financial statements ended December 31, 2002.

3. Additional Information

3.1 Cash and cash equivalents

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Cash on hand and at banks	1,761.64	1,374.42

Unit : Million Baht

3.2 Trade accounts receivable - net

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Notes receivable	58.73	12.81
Trade accounts receivable	2,888.76	2,853.80
<u>Less</u> Allowance for doubtful accounts	<u>132.89</u>	<u>142.07</u>
Trade accounts and notes receivable - net	<u>2,814.60</u>	<u>2,724.54</u>

Unit : Million Baht

As of September 30, 2003, the Company has trade accounts receivable with problems in collection. The following is an age analysis of the outstanding amount of such debts.

	Unit : Million Baht
over 3 - 6 months	1.59
over 6 - 12 months	4.29
over 12 months	<u>162.86</u>
Total	<u>168.74</u>

The Company has set up an allowance for doubtful accounts of Baht 132.89 Million.

3.3 Inventories - Net

		Unit : Million Baht	
		<u>September 30, 2003</u>	<u>December 31, 2002</u>
Inventories - Cost		6,123.47	6,089.00
<u>Less</u> Allowance for write-down of inventories		<u>29.36</u>	<u>--</u>
Inventories - Net		<u>6,094.11</u>	<u>6,089.00</u>

3.4 Materials and supplies - net

		Unit : Million Baht	
		<u>September 30, 2003</u>	<u>December 31, 2002</u>
Materials and supplies - Cost		362.93	377.96
<u>Less</u> Allowance for deterioration of materials and supplies		<u>12.13</u>	<u>13.27</u>
Materials and supplies - Net		<u>350.80</u>	<u>364.69</u>

3.5 Investments for using the equity method

Unit : Million Baht

Company	Type of Business	Relationship	Paid - up Share capital	Share Holding Ratio (%)	Investment				Dividend
					Cost Method		Equity Method		
					Sep 30,03	Dec 31,02	Sep 30,03	Dec 31,02	
The Bangchak Green Net Co.,Ltd.	Retail Business and Service	Shareholding	1.00	49.00	0.49	0.49	-	0.67	-
Total					0.49	0.49	-	0.67	-

As of September 30, 2003, the company realized its share of a loss in the operating results of investment in The Bangchak Green Net Co., Ltd. of Baht 0.67 million, which is equivalent to the amount of its remaining investment.

3.6 Long Term Investments

		Unit : Million Baht	
		<u>September 30, 2003</u>	<u>December 31, 2002</u>
3.6.1 General investment in equity securities			
Fuel Pipeline Transportation Ltd.		181.75	181.75
<u>Less</u> Loss from impairment of long term investment		<u>181.75</u>	<u>181.75</u>
Sub Total		-	-
3.6.2 Investment in debt securities held-to-maturity		<u>4.77</u>	<u>4.84</u>
Total		<u>4.77</u>	<u>4.84</u>

3.7 Tariff prepayment

The Company has provided financial support to the Fuel Pipeline Transportation Ltd. (FPT) in the form of advance payment of fuel transportation fee (Tariff Prepayment) as per the written agreement dated June 14, 1996. Subsequently, the Company, together with the other FPT creditors agreed on March 3, 1999 to restructure the FPT loan. Prior to the loan restructure, the amount owed to the Company as Tariff Prepayment was Baht 245.80 million, of this, Baht 48.75 million was converted to

capital stock (preferred stock) on April 30, 1999, leaving the balance of loan as Baht 197.05 million. The loan shall be repaid in accordance with FPT's cash flow while the interest on the tariff prepayment and the custody fee (difference in interest rate MLR-2%) will be paid on a monthly basis. It turned out that FPT was able to repay some part of the loan and due to financial difficulties it could not comply with the agreed terms. Hence, an amendment to the original agreement was made on March 28, 2002. Under the revised agreement, the remaining loan principle of Baht 187.29 million will be repaid on a monthly basis over a total number 153 periods, with the first payment made on April 30, 2002. The interest rate will be based on MLR with relaxation of 1% per annum starting from March 29, 2002. The difference in the interest rates shall be established as a receivable in a suspense account.

The financial statements for the nine months ended September 30, 2003, shows an outstanding prepaid tariff balance of Baht 176.98 million. The difference in the interest rates as calculated in accordance with the loan restructuring agreement, which is pending in the suspense account, shall be written-off if FPT makes full settlement of both the loan principle and the interest, without default, over a three-year period. These terms are specified in the amendment of the loan restructuring agreement. The Company will consider the write-off of interest receivable on an annual basis. For the year 2004, it will write-off the interest receivable, calculated up to December 31, 2001, in the amount of Baht 21.38 million. And in 2005, it will write-off the interest receivable set-up from January 1, 2002 to March 28, 2002 of Baht 2.42 Million. As for the interest from March 29, 2002 to September 30, 2003 of Baht 15.54 million, the Company will consider the write-off on an annual basis. The total interest receivable is Baht 39.34 million, which is reflected in the Balance Sheet under "Other Non-Current Assets".

3.8 Property, Plant and Equipment - Net

Unit : Million Baht

	First Cost As of Dec 31,02	Increase	Decrease	First Cost As of Sep 30,03	Accumulated Depreciation	Net Book Value Sep 30,03	Net Book Value Dec 31,02
Land	1,344.78	-	-	1,344.78	-	1,344.78	1,344.78
Buildings	497.15	0.38	-	497.53	283.73	213.80	232.45
Machinery, equipment and refinery plants	22,691.12	41.17	0.17	22,732.12	12,433.39	10,298.73	11,150.55
Marketing and office equipments	3,388.59	80.51	21.09	3,448.01	1,307.75	2,140.26	2,214.23
Platinum Catalyst	329.71	-	7.01	322.70	-	322.70	329.71
Vehicles	372.79	8.18	187.46	193.51	133.18	60.33	127.60
Construction work in progress	238.24	171.59	131.03	278.80	-	278.80	238.24
Total	28,862.38	301.83	346.76	28,817.45	14,158.05	14,659.40	15,637.56

The total depreciation for this period is Baht 661.35 million, of which Baht 446.79 million is booked as cost of product.

3.9 Intangible Assets

Unit : Million Baht

	First cost		Accumulated Amortization		Net Book Value	
	Sep 30,03	Dec 31,02	Sep 30,03	Dec 31,02	Sep 30,03	Dec 31,02
Leasehold	1,575.36	1,567.05	580.88	522.17	994.48	1,044.88
License and development costs of computer software	70.28	70.88	62.35	59.27	7.93	11.61
Total	1,645.64	1,637.93	643.23	581.44	1,002.41	1,056.49

3.10 Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions are Baht 7,609.38 million, which comprised of short-term loan from the Krungthai Bank of Baht 4,000 million, short-term loan from the Siam City Bank of Baht 3,600 million and bank overdrafts of Baht 9.38 million. The interest rates vary from 1.65 to 5.75 % per annum.

3.11 Short - term loans

Short - term loans are Baht 1,848.37 million, mainly comprised the Baht 1,403.37 million short - term loan arranged by the Ministry of Finance under the Euro Commercial Paper Programme (ECP) as bridge financing of USD 35 million, with maturity on July 31, 2003 and with interest rate of 1.49% per annum. The Ministry of Finance has agreed to allow the Company to extend the said loan under the ECP Programme for another nine months, with maturity on January 30, 2004 and with interest rate of 1.14% per annum.

3.12 Long - Term loans

	Unit : Million Baht	
	<u>September 30,2003</u>	<u>December 31,2002</u>
Government Saving Bank	-	500.00
Debentures	7,657.50	13,537.50
Promissory Note	<u>2,315.00</u>	<u>2,315.00</u>
Total long term loans	9,972.50	16,352.50
<u>Less</u> Current portion of long-term loans	<u>2,702.50</u>	<u>6,380.00</u>
Balance	<u>7,270.00</u>	<u>9,972.50</u>

Debentures

As of September 30, 2003, the Company has the debentures as follow;

Unsecured, unsubordinated registered debentures with the holders' names amounting to 6,140,000 units, totaling Baht 4,657.50 million. The interest rates vary from 3.0625 to 8.25 % per annum.

	<u>Maturity Date</u>	<u>Interest Due</u>
No. 7/2543	Feb. 02, 2005	Feb 02 and Aug 02 of each year
No. 8/2543	Mar. 31, 2004	Mar 31 and Sep 30 of each year
No. 9/2543	Mar. 31, 2004	Mar 31 and Sep 30 of each year
No. 10/2543	Mar. 31, 2006	Mar 31 and Sep 30 of each year
No. 13/2543	May. 03, 2006	May 03 and Nov 03 of each year
No. 18/2543	Nov. 28, 2004	May 28 and Nov 28 of each year
No. 19/2543	Nov. 30, 2004	May 30 and Nov 30 of each year
No. 20/2544	Mar. 29, 2005	Mar 29 and Sep 29 of each year
No. 24/2545	Dec. 02, 2005	Jun 02 and Dec 02 of each year
No. 25/2545	Dec. 02, 2007	Jun 02 and Dec 02 of each year

Guaranteed registered debentures with the holders' names and trustee totaling 3,000,000 units with face value of Baht 1,000 per unit, for a total of Baht 3,000 million. The debenture guaranteed by the Ministry of Finance . The interest rates of 4.80 % per annum.

	<u>Maturity Date</u>	<u>Interest Due</u>
No. 22/2544	Nov. 29, 2006	May 29 and Nov 29 of each year

Promissory Notes

Promissory notes are Baht 2,315 million, with interest rates varying from 5.50 - 6.25% per annum. The repayment of which are Baht 2,000 million in year 2004, Baht 170 million in year 2005 and Baht 145 million in year 2007.

3.13 Gain (Loss) from foreign exchange fluctuations

	<u>September 30, 2003</u>	<u>September 30, 2002</u>
Realized gain from foreign exchange fluctuations	127.24	46.06
Unrealized gain(loss) from foreign exchange fluctuations	<u>141.86</u>	<u>(84.11)</u>
Total	<u>269.10</u>	<u>(38.05)</u>

Unit : Million Baht

3.14 Interest Expense

The total interest for this period is Baht 792.70 million, of which Baht 0.37 million is recorded as cost of work in progress and Baht 792.33 million as expense.

3.15 Shareholders' Equity

According to the extraordinary shareholders' meeting No. 1/2003, held on August 29, 2003, the following resolutions were unanimously passed;

3.15.1 To decrease the Company's registered capital from Baht 7,720,409,400 to Baht 5,220,409,400, by canceling all shares which have been registered but not yet sold. The company has, on September 11, 2003, registered this change with the Ministry of Commerce.

3.15.2 To transfer the Baht 547.59 million legal reserve and the Baht 2,007.95 million premium on share capital to compensate and reduce the Company's accumulated deficit.

3.15.3 To decrease the Company's registered capital from Baht 5,220,409,400 to Baht 522,040,940 by reducing the par value of the shares from Baht 10 to Baht 1 per share. The company has, on August 29, 2003, issued letters informing its creditors of the said shareholders' meeting resolution. The creditors have two months, from the receipt of the letter, to advise of any objections.

3.16 Transactions with related companies

The Company has engaged in significant business transactions with related companies in which it holds shares and, in some of these companies, serve as member of the board. The conditions of the transactions are in accordance with normal business practices. For the nine months ended September 30, 2003 and 2002 and as of December 31, 2002, the following transactions were made;

	Unit : Million Baht	
	<u>September 30, 2003</u>	<u>December 31, 2002</u>
Account receivable with related companies	291.74	139.29
Account payable with related companies	9.43	8.00

	<u>For nine months</u>	
	<u>September 30, 2003</u>	<u>September 30, 2002</u>
Income from sales of oil	3,512.92	1,267.57
Pipeline throughput fee	68.19	67.22
Interest expense	-	1.62
Franchise fee – Lemon Green (Minimart)	2.87	3.97

3.17 Contingent Liabilities

3.17.1 Liabilities on guarantees

As of September 30, 2003, the Company's total liabilities in the form of bank guarantees amounted to Baht 308.12 million. These guarantees are mainly to cover the corporate income tax refunds, electricity usage and the tele-communication contract with the Telephone Organization of Thailand.

3.17.2 Allegation

On April 30, 2003 the civil court dismissed the case lodged against the Ministry of Finance (the first defendant) for alleged land right transgression and demanding Baht 1,055 million in compensation. The land in question is located at the pier of the Refinery. The Company as a leasee of the land was charged as the fifth defendant. The case is being appealed with the appeal court.

3.18 Events after the balance sheets date

On September 24, 2003, The Bangchak Green Net Co., Ltd., which is an affiliated company of the Company, passed a resolution in its extraordinary shareholders' meeting No. 2/2003 in appointing the Company's representative to its board, to replace a board member who resigned. This appointment, which takes effect from October 1, 2003, increases the number of Company's representatives in The Bangchak Green Net Co., Ltd. board to the level that it empowers the Company with authority over that company's policy and in managing its business.

3.19 Account reclassification

The Company has reclassified certain items in the financial statement for the year ended December 31, 2002 by showing the Government Housing Bank fixed deposit, initially shown as "The current investment", to that of "Other Current Assets" in the Balance Sheet and has adjusted the Statements of Cash Flows as of September 30, 2002 in order to correspond with the current year's data. This change does not affect the net profit or the shareholders' equity as previously reported.
