

TRANSLATION

REPORT OF THE AUDITOR

To the shareholders of The Bangchak Petroleum Public Company Limited

The Office of the Auditor General has audited the accompanying the Company balance sheets as at December 31, 2003 and 2002, the related Company statements of income, statements of changes in shareholders' equity, and cash flows for the years then ended of The Bangchak Petroleum Public Company Limited and has audited the accompanying consolidated balance sheets as at December 31, 2003, the related consolidated statements of income, statements of changes in shareholders' equity, and cash flows for the years then ended of The Bangchak Petroleum Public Company Limited and its subsidiaries. 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 express an opinion on these financial statements based on the audit and other auditors'. The financial statements of The Bangchak Green Net Company Limited, which is subsidiary company, included in the consolidated financial statements were audited by other auditors. The Office of the Auditor General received the other auditors' report and use them as a basis in auditing and expressing an opinion on the consolidated financial statements as at December 31, 2003. Assets of the subsidiary company included in the consolidated financial statements constitute 1.48%.

The Office of the Auditor General conducted the audit in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General plans and performs 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 applied and the significant estimates made by management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General believes that the audit together with other auditors' report as above-mentioned provide a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General, based on the audit and other auditors' report, the Company financial statements referred to above present fairly, in all material respects, the Company financial position as at December 31, 2003 and 2002, the results of operations, the changes in shareholders' equity and cash flows for the years then ended of The Bangchak Petroleum Public Company Limited in accordance with the generally accepted accounting principles and the consolidated financial position as at December 31, 2003, the results of operations, the changes in shareholders' equity and cash flows for the years then ended of The Bangchak Petroleum Public Company Limited and its subsidiaries in accordance with the generally accepted accounting principles.

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

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

(Sign) *Suchitra Sommanus*
(Suchitra Sommanus)
Director of Audit Office

REPORT OF AUDITOR AND FINANCIAL STATEMENTS
THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS OF DECEMBER 31, 2003 AND 2002

UNIT : BAHT

	NOTE	Consolidated	The Company	
		2003	2003	2002 (Revised)
ASSETS				
Current Assets				
Cash and cash equivalents	4.1	3,522,502,394	3,348,494,142	1,374,422,526
Current investments		206,781	-	-
Trade accounts receivable, net	4.2	2,457,507,939	2,793,963,568	2,724,544,707
Inventories, net	4.3	5,565,162,560	5,396,180,190	6,088,998,548
Other current assets				
Materials and supplies, net	4.4	333,433,065	333,433,065	364,694,896
Others		244,492,952	227,020,696	371,243,206
Total Current Assets		12,123,305,691	12,099,091,661	10,923,903,883
Non-Current Assets				
Investments for using the equity method	4.5	-	-	665,117
Other long-term investments	4.6	5,654,700	4,754,700	4,835,413
Tariff prepayment	4.7	45,489,600	45,489,600	183,258,812
Property, plant and equipment, net	4.8	14,470,719,528	14,459,265,428	15,637,564,150
Intangible assets	4.9	973,113,888	973,113,888	1,056,486,540
Other non-current assets				
Investment - service station		488,181,814	488,181,814	634,137,556
Deferred tax assets	4.10	95,501,800	95,501,800	98,996,770
Others		389,102,079	365,439,937	400,339,808
Total Non-Current Assets		16,467,763,409	16,431,747,167	18,016,284,166
TOTAL ASSETS		28,591,069,100	28,530,838,828	28,940,188,049

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS OF DECEMBER 31, 2003 AND 2002

UNIT : BAHT

	NOTE	Consolidated		The Company	
		2003	2003	2002	(Revised)
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
Current Liabilities					
Bank overdrafts and short-term loans from financial institutions	4.11	8,000,000,000	8,000,000,000	1,000,000,000	
Trade accounts payable		4,473,312,718	4,415,076,278	3,136,831,661	
Current portion of long-term loans	4.13	3,532,500,000	3,532,500,000	6,380,000,000	
Early redemption of long term loans	4.13	3,900,000,000	3,900,000,000	-	
Short-term loans	4.12	1,390,823,000	1,390,823,000	2,480,636,500	
Other current liabilities					
Accrued excise tax and oil stabilization fund		266,067,956	266,067,956	144,186,565	
Accrued expenses		611,965,324	600,646,474	501,753,412	
Others		368,176,546	365,641,665	289,562,403	
Total Current Liabilities		22,542,845,544	22,470,755,373	13,932,970,541	
Non-Current Liabilities					
Long-term loans	4.13	2,540,000,000	2,540,000,000	9,972,500,000	
Other non-current liabilities					
Long term liabilities for service station lease rights		112,039,612	112,039,612	150,930,248	
Pension fund reserve		210,337,306	210,337,306	187,918,461	
Deferred tax liabilities	4.10	35,985,069	35,985,069	39,256,439	
Others		92,557,087	80,939,408	70,506,941	
Total Non-Current Liabilities		2,990,919,074	2,979,301,395	10,421,112,089	
Total Liabilities		25,533,764,618	25,450,056,768	24,354,082,630	
Shareholders' Equity					
Share capital	4.17				
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 1 per share		522,040,940	522,040,940	-	
Issued and paid-up 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 1 per share		522,040,940	522,040,940	-	
Additional Paid-in capital					
Premium on share capital		-	-	2,007,950,671	
Surplus on fixed assets revaluation		4,947,867,230	4,947,867,230	5,178,142,754	
Retained earnings (Accumulated Deficit)					
Appropriated					
Legal reserve		-	-	547,594,555	
Unappropriated		(2,413,141,747)	(2,389,126,110)	(8,367,991,961)	
Total parent's shareholders' equity		3,056,766,423	3,080,782,060	4,586,105,419	
Minority interests		538,059	-	-	
Total Shareholders' Equity		3,057,304,482	3,080,782,060	4,586,105,419	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,591,069,100	28,530,838,828	28,940,188,049	

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 AND ITS SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

		UNIT : BAHT		
		<u>Consolidated</u>	<u>The Company</u>	
	<u>NOTE</u>	<u>2003</u>	<u>2003</u>	<u>2002</u>
Revenues				
Sales	4.14	61,594,710,788	60,814,789,412	51,804,182,782
Other incomes				
Interest income		36,132,565	35,621,885	38,741,121
Gain from foreign exchange fluctuations	4.15	292,808,479	292,808,479	-
Gain from crude oil and product oil price hedging contract		22,316,964	22,316,964	25,513,010
Others		121,453,249	94,380,482	67,897,265
Share of profits from investments for using the equity method	4.5	1,673,144	1,721,044	-
Total Revenues		<u>62,069,095,189</u>	<u>61,261,638,266</u>	<u>51,936,334,178</u>
Expenses				
Cost of sales		59,170,517,451	58,709,336,259	48,652,519,096
Selling and administrative expenses		1,909,981,117	1,541,593,482	1,136,196,037
Other Expenses				
Depreciation		292,221,600	287,992,716	290,128,888
Directors' remuneration		1,430,134	1,375,134	539,250
Loss from foreign exchange fluctuations	4.15	-	-	11,024,948
Loss from impairment of assets		753,787,505	753,787,505	1,351,942
Share of losses from investments for using the equity method	4.5	-	2,386,161	20,815,629
Total Expenses		<u>62,127,937,807</u>	<u>61,296,471,257</u>	<u>50,112,575,790</u>
Profit (loss) before Interest and Income Tax Expenses		(58,842,618)	(34,832,991)	1,823,758,388
Interest expenses	4.16	1,027,652,401	1,027,648,569	1,300,099,516
Redemption premium on debenture		212,342,675	212,342,675	-
Income tax	4.10	223,600	223,600	(9,932,154)
Profit (loss) before Minority Interests		<u>(1,299,061,294)</u>	<u>(1,275,047,835)</u>	<u>533,591,026</u>
Minority interests in net profit of subsidiary companies		2,178	-	-
Net Profit (Loss)		<u>(1,299,063,472)</u>	<u>(1,275,047,835)</u>	<u>533,591,026</u>
Earnings Per Share		(2.49)	(2.44)	1.02

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 AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002
CONSOLIDATED

	Share capital	Premium on	Surplus on	Legal	Retained earning	Minority	UNIT : BAHT
	Issued	share capital	fixed assets	reserve	(Accumulated	interests	Total
	and paid-up		revaluation		deficit)		
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
Minority interest	-	-	-	-	-	535,881	535,881
Items not recognised in the income statement	-	-	(230,275,524)	-	-	-	(230,275,524)
Decrease issued and paid - up share capital for reduction of accumulated deficits	(4,698,368,460)	-	-	-	4,698,368,460	-	-
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	-	-	-	-	(1,299,063,472)	2,178	(1,299,061,294)
Balance at December 31, 2003	522,040,940	-	4,947,867,230	-	(2,413,141,747)	538,059	3,057,304,482

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002
THE COMPANY

	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
Surplus on fixed assets revaluation	-	-	1,972,430,501	-	-	1,972,430,501
Items not recognised in the income statement	-	-	(351,053,007)	-	-	(351,053,007)
Net profit (loss) for the period	-	-	-	-	533,591,026	533,591,026
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
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	-	-	(230,275,524)	-	-	(230,275,524)
Decrease issued and paid - up share capital for reduction of accumulated deficits	(4,698,368,460)	-	-	-	4,698,368,460	-
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	-	-	-	-	(1,275,047,835)	(1,275,047,835)
Balance at December 31, 2003	522,040,940	-	4,947,867,230	-	(2,389,126,110)	3,080,782,060

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	UNIT : BAHT		
	Consolidated	The Company	
	2003	2003	2002 (Revised)
Cash Flows from Operating Activities :			
Net Profit (Loss)	(1,299,063,472)	(1,275,047,835)	533,591,026
Adjustment to reconcile net profit (loss) to net cash provided by (used in) operating activities :			
Depreciation	588,828,819	584,599,935	898,087,581
Bad debts and doubtful debts	183,392,906	183,438,517	2,577,275
Amortization	155,732,689	155,732,689	160,048,539
Unrealized loss (gain) from foreign exchange fluctuations	(124,561,019)	(124,561,019)	46,553,507
Redemption premium on debenture	212,342,675	212,342,675	-
Loss from impairment of assets	753,787,505	753,787,505	1,351,942
Income tax	223,600	223,600	(9,932,154)
Gain from fixed assets disposal	(22,115,554)	(22,115,554)	(11,196,374)
Pension fund	22,418,845	22,418,845	19,723,875
Deferred revenue	(4,125,717)	(4,125,717)	(6,917,539)
Share of loss from investments for using the equity method	665,117	665,117	20,815,629
Minority interests	538,059	-	-
Operating gain before changes in operating assets and liabilities	468,064,453	487,358,758	1,654,703,307
Operating assets (increase), decrease			
Trade accounts receivable	332,113,166	(4,388,074)	(1,016,628,238)
Inventories	523,835,988	692,818,358	(2,077,674,868)
Other current assets	74,616,062	92,088,318	60,930,431
Operating liabilities increase, (decrease)			
Trade accounts payable	1,346,997,426	1,288,760,986	2,006,134,042
Other current liabilities	20,641,918	6,788,187	(313,729,601)
Other non-current liabilities	22,050,145	10,432,466	7,687,999
Net Cash Provided by Operating Activities	2,788,319,158	2,573,858,999	321,423,072
Cash Flows from Investing Activities :			
Current investments increase	(206,781)	-	-
Long term investments decrease	7,344,990	8,244,990	9,005,905
Purchase of property, plant and equipment	(356,443,595)	(340,760,611)	(222,279,139)
Proceeds from disposal of assets	110,969,267	110,969,267	31,498,742
Intangible assets increase	(11,420,444)	(11,420,444)	(27,582,132)
Other non-current assets increase	(45,482,727)	(21,820,585)	(74,751,558)
Net Cash Used in Investing Activities	(295,239,290)	(254,787,383)	(284,108,182)

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	UNIT : BAHT		
	Consolidated	The Company	
	2003	2003	2002 (Revised)
Cash Flows from Financing Activities :			
Bank overdrafts and short-term loans from financial institutions increase	7,000,000,000	7,000,000,000	768,483,413
Short terms loan increase, (decrease)	(965,000,000)	(965,000,000)	1,497,759,500
Long term loans decrease	(6,380,000,000)	(6,380,000,000)	(3,678,835,592)
Net Cash Used in Financing Activities	<u>(345,000,000)</u>	<u>(345,000,000)</u>	<u>(1,412,592,679)</u>
Increase (Decrease) in Cash and Cash Equivalents	2,148,079,868	1,974,071,616	(1,375,277,789)
Cash and Cash Equivalents at Beginning of Period	1,374,422,526	1,374,422,526	2,749,700,315
Cash and Cash Equivalents at Ending of Period	<u>3,522,502,394</u>	<u>3,348,494,142</u>	<u>1,374,422,526</u>
Supplemental Cash Flow Information :			
Cash paid during this period for :			
Interest expenses	1,118,925,069	1,118,925,069	1,393,787,448
Income tax	-	-	6,404,106

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

1. The Preparation and Presentation of the Financial Statements

Both the consolidated and the non-consolidated financial statements are presented in conformity with the announcement of the Department of Commercial Registration dated September 14, 2001, under the paragraph of section 11 of the Accounting Act BE 2543 and are prepared in accordance with the generally accepted accounting principles.

The consolidated financial statements consist of the financial statement for the year ended December 31, 2003 of The Bangchak Petroleum Public Company Limited ("The Company") and The Bangchak Green Net Company Limited ("Subsidiary Company") which the Company holds 49% of share proportion and The Retail Net Company Limited which The Bangchak Green Net Company Limited holds 99.30% of share proportion.

2. Summary of Significant Accounting Policies

2.1 Sales Revenue

Sales are recognized as revenue when delivery of goods has occurred.

Investment Charge

Investment charge is recognized in accordance with the substance of the contract.

Interest income

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

2.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and deposits at banks and financial institutions, which are due within 3 months.

2.3 Allowance for Doubtful Accounts

The allowance for doubtful accounts is set-up based on debts deemed uncollectable from debtors as judged from the current status of each account receivable.

2.4 Inventories

Finished petroleum products and crude oil are stated at the lower of cost determined by the first-in first-out basis or net realizable value.

Lubrication oils are stated at the lower of cost determined by weighted average or net realizable value.

Consumer goods are stated at cost determined by weighted average

2.5 Materials and Supplies

Materials and supplies are stated at cost determined by the weighted average less allowance for deterioration of materials and supplies.

2.6 Investments in Subsidiaries

Investments in subsidiaries, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All inter-company transactions, balances and unrealised gains (losses) on transactions between group companies have been eliminated.

Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Company.

Investments in subsidiaries (in the Company's financial statements) are stated at the equity method.

2.7 Other Long-Term Investments

Investments in non-marketable securities are treated as general investment and presented at cost less allowance for impairment of investment.

Investments in debt securities held-to-maturity are presented at amortized cost. The difference between cost and redemption value of an investment in debt securities is amortized by straight line over the remaining period of the investment, which is credited or charged to interest income and is added to or subtracted from the carrying amount of the securities.

2.8 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation based on rates per the revenue code and with allowance for cost on assets impairment.

The Company revalues assets every five years by an independent appraiser for machinery, equipment and refinery plants and platinum catalyst. The machinery, equipment and refinery plants comprised of boat piers, machinery and equipment in the refinery. Hence the mentioned assets are presented based on their revalued cost, less the accumulated depreciation. The incremental value from the revaluation is shown under Shareholders' Equity as "Surplus on fixed assets revaluation". Should the assets revalued be lower than their initial cost, the reduced value is charged against the surplus on fixed assets revaluation until that amount is fully depleted before booking the rest as expense in the profit and loss for that same accounting period.

Depreciation of buildings, machinery and equipment are computed on a straight-line method based on the estimated useful life of the assets. The details of which are as follows: -

<u>Type of Assets</u>	<u>No. of Year</u>
Building	20
Machinery, equipment and refinery plants	30
Equipment	5-20

Equipment with value of not over Baht 10,000 each and service station asset costing less than Baht 1,000 each are booked as expense in the period of purchase.

Expenditures on repairs or maintenance of buildings, machinery and equipment which extend the useful life of such assets or increase their capacity are recorded as capital expenditure. Whereas the maintenance and repair costs of buildings, machinery and equipment to have them perform to the standard level initially assessed are booked as expense in the period they occurred.

2.9 Borrowing Cost

Interest expenses incurred from loan, especially used for the construction of fixed assets, are booked as cost of assets until the assets are ready for their intended use. Such interest expenses are derived from the total amount of interests paid less the revenue earned from the loan temporary used as short-term investments.

Interest expense on loan for general purposes but partly used for the construction of fixed assets are capitalized. The capitalization of such interest are computed by multiplying the interest rate against the average assets costs during construction. Upon completion of the construction project, the interest cost is booked to expense.

2.10 Intangible Assets

Intangible assets consist of leasehold rights, license and development costs of computer software. They are presented at cost deducted by accumulated amortization.

Leasehold rights are the rights obtained from the land lease contracts, which are amortized on a straight-line method over the contractual period within 30 years

License and development costs of computer software cover expenditures to enhance future economic benefit to the company of more than one year. They are amortized within five years on a straight-line basis.

2.11 Deferred Income Tax

The Company calculates the deferred income tax from the temporary differences between the net book value of the assets and their tax base in accordance with the International Accounting Standards No.12, "Income Taxes" (IAS No.12)

The temporary differences arise from the allowance for doubtful accounts, the pension fund reserve and gain from foreign exchange fluctuations on loan for construction project.

2.12 Impairment of assets

The Company reviews the impairment of assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount. The Company will consider the impairment for each asset item or each asset unit generating cash flows, whichever is practical.

The Company recognises an impairment loss in the income statements whenever the carrying value of an asset exceeds its recoverable amount. The Company will reverse the impairment loss to other income whenever there is any indication that the impairment loss recognised may no longer exist or may have decreased.

2.13 Foreign Currencies

Foreign currency transactions are converted into Baht at the exchange rate on the date the transactions occur. The assets and liabilities in foreign currencies at the ending period is translated into Baht using the exchange rate as announced by the Bank of Thailand. Differences from foreign exchange translations are totally booked as income or expense.

Gains or losses resulting from debt repayment during the year are recorded as income or expense.

In cases where forward exchange contracts are made to minimize the risk exposure on foreign exchange of debts in foreign currency, the Company books the exchange rate based on the contract. The premium associated with this is amortized over the period of the contract.

2.14 Crude and Product Oil Price Hedging Contract

Selling and buying forward crude and product oil contracts are made to reduce the risk of changes in the oil price. The Company records the difference between the oil price in the contract and market price as income or expense when transactions occur.

2.15 Deferred Revenue

Deferred revenue, which represents the advance income from the lease of equipment and others, are amortized over the term of the contract.

2.16 Pension Fund Reserve

A 100% reserve is established at the end of each accounting year on pension amounts payable to all employees with years service of five years and over.

2.17 Legal Reserve

The Company sets up the appropriation for a legal reserve of at least 5% of its net profit, less accumulated deficit brought forward (if any), until the reserve is not less than 10% of the authorized share capital.

2.18 Public Offering Expenses

Public offering expenses which include registered capital fee, underwriting fee and all other expenses incurred in connection with the public offering, are treated as an adjustment against the premium on share capital.

2.19 Registered Provident Fund

The Company established a contributory provident covering substantially all employees. Members are required to make monthly contribution to the fund at either 5% or 10% of the members' salaries depending on their choice and the Company is required to make monthly contribution at the same rate.

2.20 Earnings Per Share

Earnings per share is calculated from the net profit (loss) divided by the weighted average of issued and paid-up share capital.

3. Change in the Accounting Estimation

In the accounting period 2003, the Company has changed the estimated useful - life of the refinery plants and machineries from previously 15 - 20 years to 30 years as deemed more realistic. This change extends the remaining useful - life of the assets hence resulting in the decrease in the depreciation cost by Baht 303.09 million.

4. Additional Information

4.1 Cash and cash equivalents

	Unit : Million Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Cash on hand and at banks	2,122.50	1,948.49	1,374.42
Short-term investments (due in 3 months)	<u>1,400.00</u>	<u>1,400.00</u>	<u>-</u>
Cash on hand and at banks	<u>3,522.50</u>	<u>3,348.49</u>	<u>1,374.42</u>

4.2 Trade accounts receivable - net

	Unit : Million Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Notes receivable	24.69	24.69	12.81
Trade accounts receivable	2,555.38	2,877.27	2,853.80
<u>Less</u> Allowance for doubtful accounts	<u>122.56</u>	<u>108.00</u>	<u>142.07</u>
Trade accounts and notes receivable - net	<u>2,457.51</u>	<u>2,793.96</u>	<u>2,724.54</u>

As of December 31, 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	1.33
over 6 - 12 months	4.80
over 12 months	<u>133.31</u>
Total	<u>139.44</u>

4.3 Inventories - Net

	Unit : Million Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Inventories – Cost	5,566.08	5,397.10	6,089.00
<u>Less</u> Allowance for write-down of inventories	<u>0.92</u>	<u>0.92</u>	<u>-</u>
Inventories – Net	<u>5,565.16</u>	<u>5,396.18</u>	<u>6,089.00</u>

4.4 Materials and supplies - net

	Unit : Million Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Materials and supplies - Cost	363.62	363.62	377.96
<u>Less</u> Allowance for deterioration of materials and supplies	<u>30.19</u>	<u>30.19</u>	<u>13.27</u>
Materials and supplies - Net	<u>333.43</u>	<u>333.43</u>	<u>364.69</u>

4.5 Investments for using the equity method

The Company

Unit : Million Baht

Company	Type of Business	Relationship	Paid - up Share capital	Share Holding Ratio (%)	Investment				Dividend
					Cost Method		Equity Method		
					Dec 31, 03	Dec 31, 02	Dec 31, 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	-

The Company holds 49% of the registered ordinary share in The Bangchak Green Net Company Limited. In the period 2003, The Company has the authority over the control of The Bangchak Green Net Co., Ltd. financial policy and its operation, thus making that company the subsidiary of the Company. The Company has accounted for the loss in its investment in The Bangchak Green Net Co., Ltd. of Baht 25.16 million, which is included in consolidated statement of income of Baht 24.01 million. Besides this, it has in the past accounted for its share of profit from investment in that company at 49%, which is considered low, hence an increase of Baht 1.72 million was reported as income for this period.

The Company has, during this period adjusted its sale of shares in The Bangchak Green Line Co., Ltd. to The Bangchak Green Net Co.,Ltd. in 2002, which initially was booked in other account receivable of Baht 4.42 million to expenses.

4.6 Long Term Investments

	Unit : Million Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
General investment in equity securities			
Fuel Pipeline Transportation Ltd.	181.75	181.75	181.75
<u>Less</u> Allowance for impairment of investment	<u>181.75</u>	<u>181.75</u>	<u>181.75</u>
Sub Total	-	-	-
Investment in debt securities held-to-maturity	<u>5.65</u>	<u>4.75</u>	<u>4.84</u>
Total	<u>5.65</u>	<u>4.75</u>	<u>4.84</u>

4.7 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 year ended December 31, 2003, shows an outstanding prepaid tariff balance of Baht 175.01 million and the Company has set up allowance for doubtful debt of Baht 129.52 million, the remaining amount is Baht 45.49 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 December 31, 2003 of Baht 17.65 million, the Company will consider the write-off on an annual basis. The total interest receivable is Baht 41.45 million and The Company has set up an allowance for doubtful debt of the whole amount.

4.8 Property, Plant and Equipment - Net

Consolidated

Unit : Million Baht

Type	First Cost As of Dec 31, 02	Increase	Decrease	First Cost As of Dec 31, 03	Accumulated Depreciation	Allowance for Impairment	Net Book Value Dec 31, 03
Land	1,344.78	-	-	1,344.78	-	573.58	771.20
Buildings	497.15	13.46	-	510.61	282.73	-	227.88
Machinery, equipment and refinery plants	22,691.12	137.01	29.78	22,798.35	12,112.32	0.56	10,685.47
Marketing and office equipments	3,458.64	138.94	76.89	3,520.69	1,383.51	51.62	2,085.56
Platinum Catalyst	329.71	-	7.01	322.70	-	-	322.70
Vehicles	372.85	31.18	254.38	149.65	85.58	-	64.07
Construction work in progress	238.24	357.90	282.30	313.84	-	-	313.84
Total	28,932.49	678.49	650.36	28,960.62	13,864.14	625.76	14,470.72

The Company

Unit : Million Baht

Type	First Cost As of Dec 31, 02	Increase	Decrease	First Cost As of Dec 31, 03	Accumulated Depreciation	Allowance for Impairment	Net Book Value Dec 31, 03	Net Book Value Dec 31, 02
Land	1,344.78	-	-	1,344.78	-	573.58	771.20	1,344.78
Buildings	497.15	13.46	-	510.61	282.73	-	227.88	232.45
Machinery, equipment and refinery plants	22,691.12	137.01	29.78	22,798.35	12,112.32	0.56	10,685.47	11,150.55
Marketing and office equipments	3,388.59	134.88	50.28	3,473.19	1,344.58	51.62	2,076.99	2,214.23
Platinum Catalyst	329.71	-	7.01	322.70	-	-	322.70	329.71
Vehicles	372.79	27.81	254.32	146.28	85.10	-	61.18	127.60
Construction work in progress	238.24	357.90	282.30	313.84	-	-	313.84	238.24
Total	28,862.38	671.06	623.69	28,909.75	13,824.73	625.76	14,459.26	15,637.56

The total depreciation for this period is Baht 584.60 million, of which Baht 296.61 million is booked as cost of product.

4.9 Intangible Assets

Unit : Million Baht

	First cost		Accumulated Amortization		Allowance for impairment		Net Book Value	
	2003	2002	2003	2002	2003	2002	2003	2002
Leasehold	1,577.15	1,567.05	600.14	522.17	13.16	-	963.85	1,044.88
License and development costs of computer software	72.20	70.88	62.94	59.27	-	-	9.26	11.61
Total	1,649.35	1,637.93	663.08	581.44	13.16	-	973.11	1,056.49

4.10 Income Taxes and Deferred Income Taxes

The Company paid income tax on rates under the Revenue Code as follows:

Tax rates

- The Company 30%
 - Net income for portion not exceeding 25%
 - Baht 300 million for the accounting period
 - of five years from 2002 to 2006
- Subsidiaries 20%

Deferred income taxes presented in the consolidated and the Company balance sheets as at December 31, 2003 and 2002 are as follows:

Unit : Million Baht

Consolidated The Company

Deferred tax assets		
As at December 31, 2002	98.99	98.99
Income tax expenses	<u>(3.49)</u>	<u>(3.49)</u>
As at December 31, 2003	<u>95.50</u>	<u>95.50</u>
Deferred tax liabilities		
As at December 31, 2002	39.26	39.26
Income tax expenses	<u>(3.27)</u>	<u>(3.27)</u>
As at December 31, 2003	<u>35.99</u>	<u>35.99</u>

Deferred tax assets mainly comprised allowance for doubtful accounts and pension fund reserve, and deferred tax liabilities mainly comprised accumulated depreciation of property, plant and equipments.

The Company has an accumulated net loss of Baht 4,363.57 million after having adjusted the income statement in accordance with the Revenue Code.

4.11 Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions are Baht 8,000 million, which comprised of short-term loan from the Krungthai Bank of Baht 4,400 million, short-term loan from the Siam City Bank of Baht 3,600 million. The interest rates vary from 1.65 to 5.75 % per annum.

4.12 Short - term loans

Short - term loans are Baht 1,390.82 million is 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 January 30, 2004 and with interest rate of 1.14% per annum. The Ministry of Finance has agreed to allow the Company to extend the said loan under the ECP Programme for another two months, with maturity on March 30, 2004 and with interest rate of 1.14% per annum.

4.13 Long - Term loans

	Unit : Million Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Government Saving Bank	-	-	500.00
Debentures	7,657.50	7,657.50	13,537.50
Promissory Note	<u>2,315.00</u>	<u>2,315.00</u>	<u>2,315.00</u>
Total long term loans	9,972.50	9,972.50	16,352.50
<u>Less</u> Current portion of long-term loans	3,532.50	3,532.50	6,380.00
Early redemption of long term loans	<u>3,900.00</u>	<u>3,900.00</u>	-
Balance	<u>2,540.00</u>	<u>2,540.00</u>	<u>9,972.50</u>

Debentures

As of December 31, 2003, the Company has the debentures as follow;

- Unsecured, unsubordinated registered debentures with the holders' names amounting to 5,240,000 units, totaling Baht 3,757.50 million. The interest rates vary from 3.0625 to 8.00 % 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. 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

- The Company redeemed debentures before maturity dates according to resolution of the Board's meeting No. 15/2003 as follow;

-Unsecured, unsubordinated registered debentures with the holders' names amounting to 900,000 units, totaling Baht 900 million. The interest rates vary from 7.75 to 8.25 % per annum.

	<u>Maturity Date</u>	<u>Redemption Date</u>
No. 7/2543	Feb. 02, 2005	Feb. 13, 2004
No. 10/2543	Mar. 31, 2006	Feb. 13, 2004
No. 13/2543	May. 03, 2006	Jan. 05, 2004

-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>Redemption Date</u>
No. 22/2544	Nov. 29, 2006	Feb. 27, 2004

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.

4.14 Sale Revenue

	Unit : Million		
	Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Sales - Fuel Products	61,539.97	60,719.96	51,716.18
Investment Charge	<u>54.74</u>	<u>94.83</u>	<u>88.00</u>
Total	<u>61,594.71</u>	<u>60,814.79</u>	<u>51,804.18</u>

4.15 Gain (Loss) from foreign exchange fluctuations

	Unit : Million		
	Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Realized gain from foreign exchange fluctuations	168.25	168.25	35.53
Unrealized gain(loss) from foreign exchange fluctuations	<u>124.56</u>	<u>124.56</u>	<u>(46.55)</u>
Total	<u>292.81</u>	<u>292.81</u>	<u>(11.02)</u>

4.16 Interest Expense

The total interest for this period is Baht 1,028.27 million, of which Baht 0.62 million is recorded as cost of work in progress and Baht 1,027.65 million as expense.

4.17 Shareholders' Equity

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

4.17.1 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.

4.17.2 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.

4.17.3 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 November 17, 2003, registered this change with the Ministry of Commerce.

4.18 Transactions with related companies

The Company has engaged in significant business transactions with related companies in which it hold 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 year ended December 31, 2003 and 2002, the following transactions were made;

	Unit : Million Baht		
	<u>Consolidated</u>	<u>The Company</u>	
	<u>2003</u>	<u>2003</u>	<u>2002</u>
Account receivable with related companies	-	356.62	139.29
Account payable with related companies	10.41	10.41	8.00
Income from sales of oil	-	4,832.99	1,776.04
Pipeline throughput fee	97.92	97.92	91.88
Interest expense	-	-	1.74
Franchise fee – Lemon Green (Minimart)	-	3.63	4.37

4.19 Risk Management

So as to reduce the risk of changes in the oil price, as of December 31, 2003, the Company has an agreement guaranteeing the future buying and selling price of 0.17 million barrels of oil product, with a net payable value of Baht 14.50 million

4.20 Financial Information by Segment of Business

The financial results of the Company segmented by type of business under Refinery and Marketing for the year ended December 31, 2003.

	<u>Refinery</u>	<u>Marketing</u>	<u>Elimination</u>	<u>Total</u>
Sales	58,994.21	35,119.89	(33,299.31)	60,814.79
Cost of Sales	58,417.17	33,591.48	(33,299.31)	58,709.34
Gross Margin	577.04	1,528.41	-	2,105.45
EBITDA	681.56	639.81	-	1,321.37
Depreciation and Amortization	322.67	417.63	-	740.30
EBIT	358.89	222.18	-	581.07
Loss from Impairment of Assets				(753.79)
Interset-net				(992.03)
Redemption Premium on Debenture				(212.34)
Gain from Foreign Exchange Fluctuations of Loan				102.93
Share of Losses from Investments for Using the Equity Method				(0.67)
Income Tax				(0.22)
Net Profit (Loss)				(1,275.05)

4.21 Contingent Liabilities

4.21.1 Liabilities on guarantees

As of December 31, 2003, the Company's total liabilities in the form of bank guarantees amounted to Baht 307.86 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.

4.21.2 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.

4.22 Events after the balance sheets date

In January 2004, the company offered the sale of 231 ordinary shares at par value Baht 1 per share to increase the paid up capital. The Public offering was in the form of Depository Receipts of BCP's Ordinary shares (DR) of 231 million units at Baht 13 per unit, totalling Baht 3,003 million. The Company also offered the rights to the existing shareholders to swap their ordinary shares for 330 million units of DRs at the swap ratio of 10 ordinary shares for 5-9 units of DRs. The total 561 units of DRs has a 10 year maturing date and are redeemable in the year 2014.

The Company has, on January 9, 2004, registered with the Ministry of Commerce the increase of its registered capital from 522,040,940 shares to 1,682,040,940 shares.

4.23 Account reclassification

The Company has reclassified certain items in the financial statements 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 Non-Current Assets" in the Balance Sheet. The Statement of Cash flows as of December 31, 2002 was adjusted to be in line with the current year format and showing the deferred income tax as deferred income tax assets and deferred income tax liabilities. The changes do not affect the net profit or the shareholders equity as previously reported.
