

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 balance sheets as at December 31, 2002 and 2001, the related statements of income, statements of changes in shareholders' equity, retained earnings and cash flows for the years then ended 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 State Audit Office is to express an opinion on these financial statements based on the audit.

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 provides a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General, the financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2002 and 2001, and the results of operations, the changes in shareholders' equity and the cash flows for the years then ended of The Bangchak Petroleum Public Company Limited in accordance with the generally accepted accounting principles.

(Sign) *Jaruvan Maintaka*
(Jaruvan Maintaka)
Auditors General

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

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
BALANCE SHEETS
AS OF DECEMBER 31, 2002 AND 2001

	<u>NOTE</u>	<u>2002</u>	<u>2001</u>
UNIT : BAHT			
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	4.1	1,374,422,526	2,749,700,315
Current investments		152,541,509	130,847,788
Trade accounts receivable, net	4.2	2,724,544,707	1,672,320,655
Inventories		6,088,998,548	4,011,323,681
Other current assets			
Materials and supplies, net	4.3	364,694,896	409,923,479
Others		371,243,206	431,543,813
Total Current Assets		11,076,445,392	9,405,659,731
Non-Current Assets			
Investments for using the equity method	4.4	665,117	25,037,376
Other long-term investments	4.5	4,835,413	4,916,126
Tariff prepayment	4.6	183,258,812	188,708,087
Property, plant and equipment, net	4.7	15,637,564,150	14,720,899,830
Intangible assets	4.8	1,056,486,540	1,117,098,698
Other non-current assets			
Investment - service station		634,137,556	674,047,780
Deferred income tax		59,740,331	49,808,176
Others		247,798,299	206,785,108
Total Non-Current Assets		17,824,486,218	16,987,301,181
TOTAL ASSETS		28,900,931,610	26,392,960,912

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
BALANCE SHEETS
AS OF DECEMBER 31, 2002 AND 2001

	<u>NOTE</u>	<u>2002</u>	<u>2001</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current Liabilities			
Bank overdrafts and short-term loans from financial institutions	4.9	1,000,000,000	231,516,587
Trade accounts payable		3,136,831,661	1,128,970,583
Current portion of long-term loans	4.11	6,380,000,000	3,764,663,976
Short-term loans	4.10	2,480,636,500	938,000,000
Other current liabilities			
Accrued excise tax and oil stabilization fund		144,186,565	278,122,903
Accrued expenses		501,753,412	557,358,437
Others		289,562,403	382,545,620
Total Current Liabilities		13,932,970,541	7,281,178,106
Non-Current Liabilities			
Long-term loans	4.11	9,972,500,000	16,266,671,616
Other non-current liabilities			
Long term liabilities for service station lease rights		150,930,248	182,960,763
Pension fund reserve		187,918,461	168,194,586
Others		70,506,941	62,818,942
Total Non-Current Liabilities		10,381,855,650	16,680,645,907
Total Liabilities		24,314,826,191	23,961,824,013
Shareholders' Equity			
Share capital			
Authorized share capital Common stock 772,040,940 shares par value at Baht 10 per share		7,720,409,400	7,720,409,400
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	2,007,950,671
Surplus on fixed assets revaluation		5,178,142,754	3,556,765,260
Retained earnings (Accumulated Deficit)			
Appropriated			
Legal reserve		547,594,555	547,594,555
Unappropriated		(8,367,991,961)	(8,901,582,987)
Total Shareholders' Equity		4,586,105,419	2,431,136,899
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,900,931,610	26,392,960,912

The accompanying notes are an integral part of these statements.

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

(Signed) *Narong Boonyasquan*
 (Narong Boonyasquan)
 President

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

	<u>NOTE</u>	<u>2002</u>	<u>UNIT : BAHT</u> <u>2001</u>
Revenues			
Sales	4.12	51,804,182,782	48,482,725,255
Other incomes			
Interest income		38,741,121	26,267,359
Gain from crude oil and product oil price hedging contract		25,513,010	22,441,552
Others		67,897,265	64,353,690
Share of profits from investments for using the equity method	4.4	-	585,982
Total Revenues		<u>51,936,334,178</u>	<u>48,596,373,838</u>
Expenses			
Cost of sales		48,652,519,096	48,774,187,116
Selling and administrative expenses		1,138,087,229	1,137,283,496
Other Expenses			
Depreciation		290,128,888	286,374,205
Loss from foreign exchange fluctuations	4.13	11,024,948	37,361,078
Others		-	5,171,980
Share of losses from investments for using the equity method	4.4	20,815,629	-
Total Expenses		<u>50,112,575,790</u>	<u>50,240,377,875</u>
Profit (Loss) before Interest and Income Tax Expenses		1,823,758,388	(1,644,004,037)
Interest expenses	4.14	1,300,099,516	1,301,775,576
Income tax		(9,932,154)	41,406,001
Net Profit (Loss)		<u>533,591,026</u>	<u>(2,987,185,614)</u>
Earnings Per Share		1.02	(5.72)

The accompanying notes are an integral part of these statements.

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

(Signed) *Narong Boonyasaquan*
 (Narong Boonyasaquan)
 President

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

		UNIT : BAHT					
	NOTE	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, 2000		5,220,409,400	2,007,950,671	3,910,712,155	547,594,555	(5,843,061,323)	5,843,605,458
Accumulated adjustment	3	-	-	-	-	(71,336,050)	(71,336,050)
Ending balance after adjustment		5,220,409,400	2,007,950,671	3,910,712,155	547,594,555	(5,914,397,373)	5,772,269,408
Items not recognised in the income statement		-	-	(353,946,895)	-	-	(353,946,895)
Net profit (loss) for the period		-	-	-	-	(2,987,185,614)	(2,987,185,614)
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
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

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF RETAINED EARNING
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

	UNIT : BAHT	
	<u>2002</u>	<u>2001</u>
Unappropriated Retained earnings (Accumulated Deficit)		
At Beginning of Year	(8,901,582,987)	(5,914,397,373)
Net profit (loss) for the year	533,591,026	(2,987,185,614)
Total Unappropriated Retained earnings (Accumulated Deficit)	(8,367,991,961)	(8,901,582,987)
Appropriated Retained earnings		
Legal reserve	547,594,555	547,594,555
Total Retained earnings (Accumulated Deficit)	(7,820,397,406)	(8,353,988,432)

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

	<u>NOTE</u>	<u>2002</u>	<u>UNIT : BAHT</u> <u>2001</u>
Cash Flows from Operating Activities :			
Net Profit (Loss)		533,591,026	(2,987,185,614)
Adjustment to reconcile net profit (loss) to net cash provided by (used in) operating activities :			
Depreciation		898,087,581	883,651,349
Bad debts and doubtful debts		2,577,275	15,693,112
Amortization		160,048,539	186,144,444
Unrealized loss from foreign exchange fluctuations		46,553,507	34,117,773
Income tax		(9,932,154)	41,406,001
Loss from fixed assets disposal		20,302,368	20,411,999
Pension fund		19,723,875	30,933,368
Deferred revenue		(6,917,539)	(9,870,273)
Share of losses (profits) from investments for using the equity method		20,815,629	(585,982)
Operating gain (loss) before changes in operating assets and liabilities		1,684,850,107	(1,785,283,823)
Operating assets (increase), decrease			
Trade accounts receivable		(1,016,628,238)	536,749,392
Inventories		(2,077,674,868)	2,871,267,698
Other current assets		52,641,103	336,935,102
Operating liabilities increase, (decrease)			
Trade accounts payable		2,006,134,042	(1,914,772,274)
Other current liabilities		(313,729,601)	32,304,723
Other non-current liabilities		7,687,999	(4,749,436)
Net Cash Provided by (Used in) Operating Activities		343,280,544	72,451,382
Cash Flows from Investing Activities :			
Current investments decrease, (increase)		(21,693,721)	3,052,196
Long term investments decrease		9,005,905	30,000,000
Purchase of property, plant and equipment		(213,676,775)	(252,814,007)
Intangible assets (increase)		(27,582,132)	(15,657,464)
Other non-current assets (increase)		(52,018,931)	(74,042,212)
Net Cash Provided by (Used in) Investing Activities		(305,965,654)	(309,461,487)

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

	<u>NOTE</u>	<u>2002</u>	<u>UNIT : BAHT</u> <u>2001</u>
Cash Flows from Financing Activities :			
Bank overdrafts and short-term loans from financial institutions increase, (decrease)		768,483,413	(1,095,865,127)
Other short terms loan increase, (decrease)		1,497,759,500	(62,000,000)
Long term loans increase, (decrease)		(3,678,835,592)	3,701,943,232
Net Cash Provided by (Used in) Financing Activities		(1,412,592,679)	2,544,078,105
Increase (Decrease) in Cash and Cash Equivalents		(1,375,277,789)	2,307,068,000
Cash and Cash Equivalents at Beginning of Period		2,749,700,315	442,632,315
Cash and Cash Equivalents at Ending of Period	4.1	1,374,422,526	2,749,700,315
 Supplemental Cash Flow Information :			
Cash paid during this period for :			
Interest expenses		1,393,787,448	1,332,897,195
Income tax		6,404,106	-

The accompanying notes are an integral part of these statements.

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

1. The Preparation and Presentation of Financial Statements

The financial statements are presented in conformity the announcement of the Department of Commercial Registration, dated September 14, 2001, under the third paragraph of section 11 of Accounting Act B.E. 2543 and are prepared in accordance with the Thai accounting standards.

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 .

2.5 Materials and Supplies

Materials and supplies are stated at cost determined by the weighted average method.

2.6 Investments for using the equity method

Investment in associated companies are recorded on equity method, which the company has significant influence but has not the power to control the financial and operating policies of the associated companies.

2.7 Other Long-Term Investments

Investments in non-marketable securities are treated as general investment and presented at cost less 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. 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 and large equipment	15-20
Equipment	5

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 purpose 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 impairment of assets ,the pension fund reserve and gain from foreign exchange fluctuations on loan for construction project.

2.12 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.

2.13 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.

2.14 Deferred Revenue

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

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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 Policy

In the accounting period 2001, the Company revised its accounting policy to more appropriately reflect its pension fund reserve. Previously, a 5% reserve was made on the pension amount, payable at year-end, to all employees whose year service is at least a five years and over. In addition, a 100% reserve was also made on pension amount, payable to all employees who were due to retire in the next five years. Under the new policy, a reserve of 100% is made at each year-end on pension, payable to all employees whose year service is at least five years and over. This change resulted in an increase of Baht 71.34 million in the year-ended December 31, 2001 accumulated deficit.

4. Additional Information**4.1 Cash and cash equivalents**

	Unit : Million Baht	
	<u>2002</u>	<u>2001</u>
Cash on hand and at banks	1,374.42	1,519.70
Short-term investments	-	<u>1,230.00</u>
Total	<u>1,374.42</u>	<u>2,749.70</u>

4.2 Trade accounts receivable - net

Unit : Million Baht

	<u>2002</u>	<u>2001</u>
Notes receivable	12.81	44.32
Trade accounts receivable	2,853.80	1,767.59
<u>Less</u> Allowance for doubtful accounts	<u>142.07</u>	<u>139.59</u>
Trade accounts receivable — net	<u>2,724.54</u>	<u>1,672.32</u>

As of December 31, 2002, 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	1.71
over 6 - 12 months	5.79
over 12 months	<u>183.16</u>
Total	<u>190.66</u>

The Company has set up an allowance for doubtful accounts of Baht 142.07 Million.

4.3 Materials and supplies - net

Unit : Million Baht

	<u>2002</u>	<u>2001</u>
Materials and supplies — cost	377.96	431.97
<u>Less</u> Allowance for deterioration of materials and supplies	<u>13.27</u>	<u>22.05</u>
Materials and supplies — net	<u>364.69</u>	<u>409.92</u>

4.4 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		
					Dec 31,02	Dec 31,01	Dec 31,02	Dec 31,01	
The Bangchak Green Net Co.,Ltd.	Retail Business and Service	Shareholding	1.00	49.00	0.49	0.49	0.67	21.75	-
The Bangchak Green Line Co.,Ltd.	Transportation and Service				-	0.05	-	3.29	-
Total					0.49	0.54	0.67	25.04	-

For the year 2002, the company reported its share in the operating results of investment in associated companies. For The Bangchak Green Net Co., Ltd. it reported a loss of Baht 21.08 million. Whereas for The Bangchak Green Line Co., Ltd. only part of the profit for year 2002 was reported. This was due to the company's sale of all its 490 shares in that company to The Bangchak Green Net Co., Ltd. in the third quarter 2002, in which it realized a gain of Baht 0.86 million.

4.5 Other long term investments

	Unit : Million Baht	
	<u>2002</u>	<u>2001</u>
4.5.1 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>
	-	-
4.5.2 Investment in debt securities held-to-maturity	<u>4.84</u>	<u>4.92</u>
Total	<u>4.84</u>	<u>4.92</u>

4.6 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 statement for the year ended December 31, 2002, shows an outstanding prepaid tariff balance of Baht 183.26 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, 2002 of Baht 8.26 million, the Company will consider the write-off on an annual basis. The total interest receivable is Baht 32.06 million, which is reflected in the Balance Sheet under "Other Non-Current Assets".

4.7 Property, plant and equipment - net

Unit : Million Baht

Type	As of Dec 31, 01	Increase	Decrease	As of Dec 31, 02			At appraised value as of Dec 31, 02		
				First Cost	Accumulated Depreciation	Net Book Value	First Cost	Accumulated Depreciation	Net Book Value
Land	1,344.78	-	-	1,344.78	-	1,344.78	1,344.78	-	1,344.78
Buildings	488.66	8.54	0.05	497.15	264.70	232.45	497.15	264.70	232.45
Machinery, equipment and refinery plants	20,839.18	82.03	24.17	20,897.04	11,602.96	9,294.08	22,691.12	11,540.57	11,150.55
Marketing and office equipments	3,361.07	62.71	35.19	3,388.59	1,174.36	2,214.23	3,388.59	1,174.36	2,214.23
Platinum Catalyst	213.75	-	-	213.75	-	213.75	329.71	-	329.71
Vehicles	364.01	35.18	26.40	372.79	245.19	127.60	372.79	245.19	127.60
Construction work in progress	207.17	225.93	194.86	238.24	-	238.24	238.24	-	238.24
Total	26,818.62	414.39	280.67	26,952.34	13,287.21	13,665.13	28,862.38	13,224.82	15,637.56

. Unit : Million Baht

Revalued Fixed Assets Item	As of Dec 31, 02			At appraised value as of Dec 31, 02			Surplus on Fixed Asset Revaluation
	First Cost	Accumulated Depreciation	Net book Value	First Cost	Accumulated Depreciation	Net book Value	
Boat piers, machinery and equipment	19,830.55	11,060.86	8,769.69	21,624.63	10,998.47	10,626.16	1,856.47
Platinum Catalyst	213.75	-	213.75	329.71	-	329.71	115.96
รวม	20,044.30	11,060.86	8,983.44	21,954.34	10,998.47	10,955.87	1,972.43

On December 31, 2002, the company revalued its assets covering boat piers, machinery and equipment in the refinery and the platinum catalyst which is in line with the accounting policy No.2.8. The revaluation was performed by an independent appraiser, The Nexant (Thailand) Limited, using the Replacement Cost-Depreciation method as per the Final Report Refinery Valuation, dated January 20, 2003. The net total reappraised value of the assets was Baht 10,955.87 million and the surplus on fixed assets revaluation amount increased by Baht 1,972.43 million.

The total depreciation for the year 2002 is Baht 898.09 million, of which Baht 607.96 million is booked as cost of product, and Baht 290.13 million as administrative expenses.

4.8 Intangible assets

Unit : Million Baht

Type	First cost		Accumulated Amortization		Net Book Value	
	Dec 31,02	Dec 31,01	Dec 31,02	Dec31,01	Dec 31,02	Dec31,01
Leasehold	1,567.05	1,542.36	522.17	445.82	1,044.88	1,096.54
License and development costs of computer software	70.88	70.78	59.27	50.22	11.61	20.56
Total	1,637.93	1,613.14	581.44	496.04	1,056.49	1,117.10

4.9 Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions are short-term loan from the Krungthai Bank of Baht 1,000 million with interest rate of 7.00 % per annum.

4.10 Short - term loans

Short - term loans are Baht 2,480.64 million, of this, Baht 1,515.64 million represents loan from the Ministry of Finance under the Euro Commercial Paper Programme (ECP), with repayment due on January 31, 2003 and interest rate of 1.78 % per annum, as referred to in Note 4.11.

4.11 Long - term loans

	Unit : Million Baht	
	<u>2002</u>	<u>2001</u>
Foreign loans		
International Bank for Reconstruction and Development	-	1,636.33
Domestic loans		
Government Saving Bank	500.00	750.00
Debentures	13,537.50	15,645.00
Promissory Note	<u>2,315.00</u>	<u>2,000.00</u>
Total long-term loans	16,352.50	20,031.33
<u>Less</u> Current portion of long-term loans	<u>6,380.00</u>	<u>3,764.66</u>
Balance	<u>9,972.50</u>	<u>16,266.67</u>

Foreign loans

In the year 2002, the Company made on early repayment of its foreign loans from the International Bank for Reconstruction and Development (IBRD), as approved by the Ministry of Finance so as to reduce the interest rate and the risk from foreign exchange fluctuation and that it will seek a long - term Baht loan as replacement. In this, the Ministry of Finance has provided a bridge financing of short - term loan under the Euro Commercial Paper Programme (ECP) in the amount of USD 35 million. This resulted in a lower interest rate of 5.6 % per annum and a payment of premium of Baht 92.23 million to the lender for the early repayment of loan.

Domestic Loans

- Loans from the Government Saving Bank, with repayment period of 5 years and the settlement of both the principal and interest will be semi-annually with interest rates of 6.5 % per annum.

- Debentures as of December 31, 2002, the Company has the debentures as follow;

Unsecured, unsubordinated registered debentures with the holders' names totalling 6,937,500 units with face value of Baht 1,000 per unit, for a total of Baht 6,937.50 million. The interest rates vary from 4.625 to 8.75 % per annum.

	<u>Maturity Date</u>	<u>Interest Due</u>
No. 6/2543	Feb. 02, 2003	Feb 02 and Aug 02 of each year
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 totalling 6,600,000 units, with the face value of Baht 1,000 per unit, and amounting to Baht 6,600 million. The debentures are guaranteed by the Ministry of Finance, with interest rates varying from 4.525 to 4.80 % per annum.

	<u>Maturity Date</u>	<u>Interest Due</u>
No. 15/2543	Jun. 14, 2003	Jun 14 and Dec 14 of each year
No. 22/2544	Nov. 29, 2006	May 29 and Nov 29 of each year

- Promissory note, the Company issued promissory notes in amount of 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.

4.12 Sales Revenue

	Unit : Million	
	Baht	
	<u>2002</u>	<u>2001</u>
Sales - Fuel Products	51,716.18	48,337.66
Investment Charge	<u>88.00</u>	<u>145.07</u>
Total	<u>51,804.18</u>	<u>48,482.73</u>

4.13 Gain (Loss) from foreign exchange fluctuations

	Unit : Million	
	Baht	
	<u>2002</u>	<u>2001</u>
Realized gain (loss) from foreign exchange fluctuations	35.53	(3.24)
Unrealized gain (loss) from foreign exchange fluctuations	<u>(46.55)</u>	<u>(34.12)</u>

Total (11.02) (37.36)

4.14 Interest expense

Total interests for this period is Baht 1,303.08 million, of which Baht 2.98 million is recorded as cost of work in progress and Baht 1,300.10 million as expenses, which includes the Baht 92.23 million premium paid to the International Bank for Reconstruction and Development (IBRD) for the early repayment of loan.

4.15 Transactions with related companies

The Company has significant business transactions with related companies for the year ended December 31, 2002 and 2001 (related in terms of shareholding and as member of the board) as follows;

	Unit : Million Baht	
	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Account receivable with related companies	139.29	137.35
Account payable with related companies	8.00	12.36

	<u>For the year</u>	
	<u>2002</u>	<u>2001</u>
Income from sales of oil	1,776.04	1,440.89
Transportation management fee	-	76.93
Pipeline throughput fee	91.88	86.17
Interest expense	1.74	9.82
Franchise fee — Lemon Green (Minimart)	4.37	5.99

The conditions of the above transactions are similar to those in normal trading transaction.

4.16 Risk Management

So as to reduce the risk of changes in the oil price, as of December 31, 2002, the Company has an agreement guaranteeing the future buying and selling price of 0.25 million barrels of oil product, with a net receivable value of Baht 1.61 million.

4.17 Contingent Liabilities

The Company's contingent liabilities consisted of:

4.17.1 Obligations

Bank guarantees issued by the banks on behalf of the Company as of December 31, 2002 were of Baht 308.79 million, which mainly consisted of guarantees for the refund of the income tax, the import of crude oil to the Customs Department, the payment of electricity and telephone charges.

4.17.2 Allegation

The Ministry of Finance (the first defendant) was alleged in a land right transgression case (The claim for damages, which was filed with the civil court, amounts to Baht 1,055 million). The land in question, which is located at the pier of the Refinery, was leased from the Ministry of Finance. The Company, as the lessee of land owned by the Ministry of Finance, was alleged as the fifth defendant along with the Ministry of Finance. According to the Company's Legal Office opinion, regardless as to the outcome of the case, the Company would not be liable for any losses associated with the above mentioned claim as it is protected under a lease agreement. The case is being appealed with the civil court.

4.18 Rearrangement of financial statements

The Company has rearranged its financial statements for the year ended December 31, 2001 in compliance with the announcement of the Department of Commercial Registration, dated September 14, 2001, under the third paragraph of section 11 of Accounting Act B.E. 2543. The change does not affect the reported net income or shareholders' equity
