

# 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 March 31, 2003, the statements of income, the statements of changes in shareholders' equity and the statements of cash flows for the three months ended March 31, 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) *Khum-Ying Jaruvan Maintaka*  
(Khum-Ying Jaruvan Maintaka)  
Auditors General

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

**THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED**  
**BALANCE SHEETS**  
**AS OF MARCH 31, 2003 AND DECEMBER 31, 2002**

UNIT : BAHT

|   | <u>NOTE</u> | <u>MARCH 31, 2003</u><br>(REVIEWED) | <u>DECEMBER 31, 2002</u><br>(AUDITED) |
|---|-------------|-------------------------------------|---------------------------------------|
| <b><u>ASSETS</u></b>                    |             |                                     |                                       |
| <b>Current Assets</b>                   |             |                                     |                                       |
| Cash and cash equivalents               | 3.1         | 2,762,771,310                       | 1,374,422,526                         |
| Current investments                     |             | 152,651,499                         | 152,541,509                           |
| Trade accounts receivable, net          | 3.2         | 3,323,428,413                       | 2,724,544,707                         |
| Inventories                             |             | 5,652,182,787                       | 6,088,998,548                         |
| Other current assets                    |             |                                     |                                       |
| Materials and supplies, net             | 3.3         | 352,278,154                         | 364,694,896                           |
| Others                                  |             | 437,396,742                         | 371,243,206                           |
| <b>Total Current Assets</b>             |             | <b>12,680,708,905</b>               | <b>11,076,445,392</b>                 |
| <b>Non-Current Assets</b>               |             |                                     |                                       |
| Investments for using the equity method | 3.4         | 1,390,317                           | 665,117                               |
| Other long-term investments             | 3.5         | 4,815,235                           | 4,835,413                             |
| Tariff prepayment                       | 3.6         | 181,292,334                         | 183,258,812                           |
| Property, plant and equipment, net      | 3.7         | 15,319,518,713                      | 15,637,564,150                        |
| Intangible assets                       | 3.8         | 1,039,598,806                       | 1,056,486,540                         |
| Other non-current assets                |             |                                     |                                       |
| Investment - service station            |             | 633,285,874                         | 634,137,556                           |
| Deferred income tax                     |             | 61,399,962                          | 59,740,331                            |
| Others                                  |             | 348,369,892                         | 247,798,299                           |
| <b>Total Non-Current Assets</b>         |             | <b>17,589,671,133</b>               | <b>17,824,486,218</b>                 |
| <b>TOTAL ASSETS</b>                     |             | <b>30,270,380,038</b>               | <b>28,900,931,610</b>                 |

The accompanying notes are an integral part of these statements.

**THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED**  
**BALANCE SHEETS**  
**AS OF MARCH 31, 2003 AND DECEMBER 31, 2002**

UNIT : BAHT

|  | <u>NOTE</u> | <u>MARCH 31, 2003</u><br>(REVIEWED) | <u>DECEMBER 31, 2002</u><br>(AUDITED) |
|--|-------------|-------------------------------------|---------------------------------------|
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>               |             |                                     |                                       |
| <b>Current Liabilities</b>                                       |             |                                     |                                       |
| Bank overdrafts and short-term loans from financial institutions | 3.9         | 3,033,648,114                       | 1,000,000,000                         |
| Trade accounts payable   |             | 4,410,048,662                       | 3,136,831,661                         |
| Current portion of long-term loans                               | 3.11        | 6,755,000,000                       | 6,380,000,000                         |
| Short-term loans   | 3.10        | 2,470,350,000                       | 2,480,636,500                         |
| Other current liabilities  |             |                                     |                                       |
| Accrued excise tax and oil stabilization fund                    |             | 205,147,039                         | 144,186,565                           |
| Accrued expenses   |             | 451,716,973                         | 501,753,412                           |
| Others   |             | 266,571,712                         | 289,562,403                           |
| <b>Total Current Liabilities</b>                                 |             | <b>17,592,482,500</b>               | <b>13,932,970,541</b>                 |
| <b>Non-Current Liabilities</b>                                   |             |                                     |                                       |
| Long-term loans  | 3.11        | 7,395,000,000                       | 9,972,500,000                         |
| Other non-current liabilities                                    |             |                                     |                                       |
| Long term liabilities for service station lease rights           |             | 140,647,298                         | 150,930,248                           |
| Pension fund reserve   |             | 183,737,357                         | 187,918,461                           |
| Others   |             | 71,193,914                          | 70,506,941                            |
| <b>Total Non-Current Liabilities</b>                             |             | <b>7,790,578,569</b>                | <b>10,381,855,650</b>                 |
| <b>Total Liabilities</b>   |             | <b>25,383,061,069</b>               | <b>24,314,826,191</b>                 |
| <b>Shareholders' Equity</b>                                      |             |                                     |                                       |
| Share capital  |             |                                     |                                       |
| Authorized share capital Common stock 772,040,940 shares         |             | 7,720,409,400                       | 7,720,409,400                         |
| par value at Baht 10 per share                                   |             |                                     |                                       |
| Issued and paid-up share capital Common stock 522,040,940 shares |             | 5,220,409,400                       | 5,220,409,400                         |
| par value at Baht 10 per share                                   |             |                                     |                                       |
| Additional Paid-in capital                                       |             |                                     |                                       |
| Premium on share capital   |             | 2,007,950,671                       | 2,007,950,671                         |
| Surplus on fixed assets revaluation                              |             | 5,057,137,811                       | 5,178,142,754                         |
| Retained earnings (Accumulated Deficit)                          |             |                                     |                                       |
| Appropriated   |             |                                     |                                       |
| Legal reserve  |             | 547,594,555                         | 547,594,555                           |
| Unappropriated   |             | (7,945,773,468)                     | (8,367,991,961)                       |
| <b>Total Shareholders' Equity</b>                                |             | <b>4,887,318,969</b>                | <b>4,586,105,419</b>                  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                |             | <b>30,270,380,038</b>               | <b>28,900,931,610</b>                 |

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 INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2002**

UNIT : BAHT

|   | <u>NOTE</u> | <u>2003</u>                  | <u>2002</u>                  |
|---|-------------|------------------------------|------------------------------|
| <b>Revenues</b>   |             |                              |                              |
| Sales   |             | 14,397,087,352               | 11,399,262,439               |
| Other incomes   |             |                              |                              |
| Interest income   |             | 10,837,808                   | 6,363,414                    |
| Gain from foreign exchange fluctuations                       | 3.12        | 24,528,467                   | 18,630,300                   |
| Gain from crude oil and product oil price hedging contract    |             | -                            | 41,749,964                   |
| Others  |             | 41,162,218                   | 19,833,912                   |
| Share of profits from investments for using the equity method |             | 725,200                      | 1,363,750                    |
| <b>Total Revenues</b>   |             | <b><u>14,474,341,045</u></b> | <b><u>11,487,203,779</u></b> |
| <b>Expenses</b>   |             |                              |                              |
| Cost of sales   |             | 13,361,388,541               | 10,547,050,880               |
| Selling and administrative expenses                           |             | 301,662,114                  | 242,738,055                  |
| Other Expenses  |             |                              |                              |
| Depreciation  |             | 72,372,033                   | 70,003,038                   |
| Loss from crude oil and product oil price hedging contract    |             | 44,208,067                   | -                            |
| <b>Total Expenses</b>   |             | <b><u>13,779,630,755</u></b> | <b><u>10,859,791,973</u></b> |
| <b>Profit before Interest and Income Tax Expenses</b>         |             | <b><u>694,710,290</u></b>    | <b><u>627,411,806</u></b>    |
| Interest expenses   | 3.13        | 274,151,428                  | 321,231,830                  |
| Income tax  |             | (1,659,631)                  | (405,136)                    |
| <b>Net Profit</b>   |             | <b><u>422,218,493</u></b>    | <b><u>306,585,112</u></b>    |
| Earnings Per Share  |             | 0.81                         | 0.59                         |

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 THREE MONTHS ENDED MARCH 31, 2003 AND 2002**

|  | UNIT : BAHT                            |                             |   |                  |  |               |
|--|--|-----------------------------|---|------------------|--|---------------|
|  | Share capital<br>Issued<br>and paid-up | Premium on<br>share capital | Surplus on<br>fixed assets<br>revaluation | Legal<br>reserve | Retained earning<br>(Accumulated<br>deficit) | Total         |
| <b>Balance at December 31, 2001</b>          | 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 | -                                      | -                           | (87,374,262)                              | -                | -  | (87,374,262)  |
| Net profit for the period                    | -                                      | -                           | -   | -                | 306,585,112                                  | 306,585,112   |
| <b>Balance at March 31, 2002</b>             | 5,220,409,400                          | 2,007,950,671               | 3,469,390,998                             | 547,594,555      | (8,594,997,875)                              | 2,650,347,749 |
| <br>   |  |                             |   |                  |  |               |
| <b>Balance at December 31, 2002</b>          | 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 | -                                      | -                           | (121,004,943)                             | -                | -  | (121,004,943) |
| Net profit for the period                    | -                                      | -                           | -   | -                | 422,218,493                                  | 422,218,493   |
| <b>Balance at March 31, 2003</b>             | 5,220,409,400                          | 2,007,950,671               | 5,057,137,811                             | 547,594,555      | (7,945,773,468)                              | 4,887,318,969 |

The accompanying notes are an integral part of these statements.

**THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2002**

|   | <u>2003</u>          | <u>2002</u>         |
|---|----------------------|---------------------|
| <b>UNIT : BAHT</b>  |                      |                     |
| <b>Cash Flows from Operating Activities :</b>   |                      |                     |
| Net Profit  | 422,218,493          | 306,585,112         |
| Adjustment to reconcile net profit to net cash provided by (used in) operating activities : |                      |                     |
| Depreciation  | 220,355,985          | 219,900,915         |
| Bad debts and doubtful debts  | 5,388,404            | 429,319             |
| Amortization  | 36,448,067           | 46,693,268          |
| Unrealized loss (gain) from foreign exchange fluctuations                                   | 6,220,094            | (10,862,731)        |
| Income tax  | (1,659,631)          | (405,136)           |
| Loss from fixed assets disposal   | 13,091,443           | 1,646,063           |
| Pension fund  | (4,181,104)          | (1,805,008)         |
| Deferred revenue  | (2,005,864)          | (2,139,598)         |
| Share of (profits) from investments for using the equity method                             | (725,200)            | (1,363,750)         |
| Operating gain before changes in operating assets and liabilities                           | 695,150,687          | 558,678,454         |
| Operating assets (increase), decrease   |                      |                     |
| Trade accounts receivable   | (567,854,168)        | (988,654,568)       |
| Inventories   | 436,815,761          | (238,378,116)       |
| Other current assets  | (67,787,097)         | 65,742,202          |
| Operating liabilities increase, (decrease)  |                      |                     |
| Trade accounts payable  | 1,257,906,718        | 1,000,584,903       |
| Other current liabilities   | (47,675,045)         | (103,373,184)       |
| Other non-current liabilities   | 686,973              | -                   |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                  | <b>1,707,243,829</b> | <b>294,599,691</b>  |
| <b>Cash Flows from Investing Activities :</b>   |                      |                     |
| Current investments (increase)  | (109,990)            | (72,396)            |
| Long term investments decrease  | 1,966,478            | 1,421,550           |
| Purchase of property, plant and equipment   | (36,406,934)         | (46,458,806)        |
| Intangible assets (increase)  | (2,350,125)          | (23,820,443)        |
| Other non-current assets (increase)   | (113,142,588)        | (7,408,935)         |
| <b>Net Cash Provided by (Used in) Investing Activities</b>                                  | <b>(150,043,159)</b> | <b>(76,339,030)</b> |

The accompanying notes are an integral part of these statements.

**THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2002**

|   | <u>2003</u>          | <u>2002</u>          |
|---|----------------------|----------------------|
| <b>Cash Flows from Financing Activities :</b>   |                      |                      |
| Bank overdrafts and short-term loans from financial institutions increase, (decrease) | 2,033,648,114        | (215,997,103)        |
| Short terms loan increase   | -                    | 164,550,000          |
| Long term loans (decrease)  | (2,202,500,000)      | (821,801,043)        |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                            | <b>(168,851,886)</b> | <b>(873,248,146)</b> |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                               | <b>1,388,348,784</b> | <b>(654,987,485)</b> |
| <b>Cash and Cash Equivalents at Beginning of Period</b>                               | <b>1,374,422,526</b> | <b>2,749,700,315</b> |
| <b>Cash and Cash Equivalents at Ending of Period</b>                                  | <b>2,762,771,310</b> | <b>2,094,712,830</b> |
| <br><b>Supplemental Cash Flow Information :</b>                                       |                      |                      |
| Cash paid during this period for :  |                      |                      |
| Interest expenses   | 304,886,482          | 398,946,957          |
| Income tax  | -                    | 1,273,935            |

The accompanying notes are an integral part of these statements.

**THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31,2003 (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 shareholder's 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>March 31, 2003</u> | <u>December 31, 2002</u> |
|---------------------------|-----------------------|--------------------------|
|                           |                       | Unit : Million Baht      |
| Cash on hand and at banks | 2,762.77              | 1,374.42                 |
| Short-term investments    | <u>-</u>              | <u>-</u>                 |
| Total                     | <u>2,762.77</u>       | <u>1,374.42</u>          |

**3.2 Trade Accounts receivable - net**

|   | <u>March 31, 2003</u> | <u>December 31, 2002</u> |
|---|-----------------------|--------------------------|
|   |                       | Unit : Million Baht      |
| Notes receivable                            | 22.61                 | 12.81                    |
| Trade accounts receivable                   | 3,448.01              | 2,853.80                 |
| <u>Less</u> Allowance for doubtful accounts | <u>147.19</u>         | <u>142.07</u>            |
| Trade accounts and notes receivable - net   | <u>3,323.43</u>       | <u>2,724.54</u>          |

As of March 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  | 1.48                |
| over 6 - 12 months | 6.04                |
| over 12 months     | <u>182.18</u>       |
| Total              | <u>189.70</u>       |

The Company has set up an allowance for doubtful accounts of Baht 147.19 Million.

### 3.3 Materials and supplies - net

|   |  |
|---|--|
|   | Unit : Million Baht                            |
|   | <u>March 31, 2003</u> <u>December 31, 2002</u> |
| Materials and supplies - Cost                                     | 364.84      377.96                             |
| <u>Less</u> Allowance for deterioration of materials and supplies | <u>12.56</u> <u>13.27</u>                      |
| Materials and supplies - Net                                      | <u>352.28</u> <u>364.69</u>                    |

### 3.4 Investments for Using the equity method

|                                 | Unit : Million Baht            |              |                               |                                  |             |           |               |           |          |
|---------------------------------|--------------------------------|--------------|-------------------------------|----------------------------------|-------------|-----------|---------------|-----------|----------|
| Company                         | Type of Business               | Relationship | Paid - up<br>Share<br>capital | Share<br>Holding<br>Ratio<br>(%) | Investment  |           |               |           | Dividend |
|                                 |                                |              |                               |                                  | Cost Method |           | Equity Method |           |          |
|                                 |                                |              |                               |                                  | Mar 31,03   | Dec 31,02 | Mar 31,03     | Dec 31,02 |          |
| The Bangchak Green Net Co.,Ltd. | Retail Business<br>and Service | Shareholding | 1.00                          | 49.00                            | 0.49        | 0.49      | 1.39          | 0.67      | -        |
| Total                           |                                |              |                               |                                  | 0.49        | 0.49      | 1.39          | 0.67      | -        |

As of March 31, 2003, the company realized its share of a profit in the operating results of investment in The Bangchak Green Net Co., Ltd. of Baht 0.72 million.

### 3.5 Long Term Investments

|  |  |
|--|--|
|  | Unit : Million Baht                            |
|  | <u>March 31, 2003</u> <u>December 31, 2002</u> |
| 3.5.1 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>                    |
|  | -      -                                       |
| 3.5.2 Investment in debt securities held-to-maturity     | <u>4.82</u> <u>4.84</u>                        |
| Total  | <u>4.82</u> <u>4.84</u>                        |

### 3.6 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 three months ended March 31, 2003, shows an outstanding prepaid tariff balance of Baht 181.29 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 March 31, 2003 of Baht 10.93 million, the Company will consider the write-off on an annual basis. The total interest receivable is Baht 34.73 million, which is reflected in the Balance Sheet under "Other Non-Current Assets".

### 3.7 Property, Plant and Equipment - Net

Unit : Million Baht

|   | First Cost<br>As of<br>Dec 31,02 | Increase | Decrease | First Cost<br>As of<br>Mar 31,03 | Accumulated<br>Depreciation | Net Book<br>Value<br>Mar 31,03 | Net Book<br>Value<br>Dec 31,02 |
|---|----------------------------------|----------|----------|----------------------------------|-----------------------------|--------------------------------|--------------------------------|
| Land  | 1,344.78                         | -        | -        | 1,344.78                         | -                           | 1,344.78                       | 1,344.78                       |
| Buildings                                   | 497.15                           | -        | -        | 497.15                           | 271.03                      | 226.12                         | 323.45                         |
| Machinery, equipment and<br>refinery plants | 22,691.12                        | 2.20     | -        | 22,693.32                        | 11,815.27                   | 10,878.05                      | 11,150.55                      |
| Marketing and office<br>equipments          | 3,388.59                         | 10.48    | 4.74     | 3,394.33                         | 1,219.95                    | 2,174.38                       | 2,214.23                       |
| Platinum Catalyst                           | 329.71                           | -        | 7.01     | 322.70                           | -                           | 322.70                         | 329.71                         |
| Vehicles                                    | 372.79                           | 2.53     | 37.95    | 337.37                           | 223.38                      | 113.99                         | 127.60                         |
| Construction work in progress               | 238.24                           | 36.75    | 15.49    | 259.50                           | -                           | 259.50                         | 238.24                         |
| Total                                       | 26,862.38                        | 51.96    | 65.19    | 28,849.15                        | 13,529.63                   | 15,319.52                      | 15,637.56                      |

The total depreciation for this period is Baht 220.35 million, of which Baht 147.98 million is booked as cost of product, and Baht 72.37 million as administrative expenses.

### 3.8 Intangible Assets

Unit : Million Baht

|  | First cost |           | Accumulated Amortization |           | Net Book Value |           |
|--|------------|-----------|--------------------------|-----------|----------------|-----------|
|  | Mar 31,03  | Dec 31,02 | Mar 31,03                | Dec 31,02 | Mar 31,03      | Dec 31,02 |
| Leasehold  | 1,571.54   | 1,567.05  | 541.31                   | 522.17    | 1,030.23       | 1,044.88  |
| License and development costs of computer software | 68.74      | 70.88     | 59.37                    | 59.27     | 9.37           | 11.61     |
| Total  | 1,640.28   | 1,637.93  | 600.68                   | 581.44    | 1,039.60       | 1,056.49  |

### 3.9 Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions are Baht 3,033.65 million, of this, Baht 3,000 million are short-term loan from the Krungthai Bank with interest rate of 7.00% per annum.

### 3.10 Short - term loans

Short - term loans are Baht 2,470.35 million, mainly comprised the Baht 1,505.35 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 January 31, 2003. The Ministry of Finance has agreed to allow the Company to extend the said loan under the ECP Programme for another six months, with maturity on July 31, 2003 and with interest rate of 1.49% per annum.

### 3.11 Long - Term loans

|  | Unit : Million Baht  |                         |
|--|----------------------|-------------------------|
|  | <u>March 31,2003</u> | <u>December 31,2002</u> |
| Domestic loans                                 |                      |                         |
| Government Saving Bank                         | -                    | 500.00                  |
| Debentures                                     | 11,835.00            | 13,537.50               |
| Promissory Note                                | <u>2,315.00</u>      | <u>2,000.00</u>         |
| Total long term loans                          | 14,150.00            | 16,352.50               |
| <u>Less</u> Current portion of long-term loans | <u>6,755.00</u>      | <u>6,380.00</u>         |
| Balance  | <u>7,395.00</u>      | <u>9,972.50</u>         |

### Debentures

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

Unsecured, unsubordinated registered debentures with the holders' names totaling 5,235,000 units with face value of Baht 1,000 per unit, for a total of Baht 5,235 million. The interest rates vary from 3.8125 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 6,600,000 units with face value of Baht 1,000 per unit, for a total of Baht 6,600 million. The debenture guaranteed by the Ministry of Finance . The interest rates vary 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**

Promissory note 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.

### **3.12 Gain (Loss) from foreign exchange fluctuations**

|   | Unit : Million<br>Baht |                       |
|---|------------------------|-----------------------|
|   | <u>March 31, 2003</u>  | <u>March 31, 2002</u> |
| Realized gain from foreign exchange fluctuations          | 30.75                  | 7.77                  |
| Unrealized gain (loss) from foreign exchange fluctuations | <u>(6.22)</u>          | <u>10.86</u>          |
| Total   | <u>24.53</u>           | <u>18.63</u>          |

### **3.13 Interest Expense**

The total interest for this period is Baht 274.24 million, of which Baht 0.09 million is recorded as cost of work in progress and Baht 274.15 million as expense.

### **3.14 Transactions with related companies**

The Company has significant business transactions with related companies for the three months ended March 31, 2003 and 2002 and as of December 31, 2002 (related in terms of shareholding and as member of the board) as follows;

|   | Unit : Million Baht   |                          |
|---|-----------------------|--------------------------|
|   | <u>March 31, 2003</u> | <u>December 31, 2002</u> |
| Account receivable with related companies | 341.56                | 139.29                   |
| Account payable with related companies    | 7.88                  | 8.00                     |

|  | <u>For three months</u> |                       |
|--|-------------------------|-----------------------|
|  | <u>March 31, 2003</u>   | <u>March 31, 2002</u> |
| Income from sales of oil                 | 901.04                  | 390.96                |
| Transportation management fee            | -                       | 17.70                 |
| Pipeline throughput fee                  | 20.21                   | 22.20                 |
| Interest expense                         | -                       | 0.42                  |
| Franchise fee – Lemon Green ( Minimart ) | 1.11                    | 1.52                  |

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

### **3.15 Risk Management**

So as to reduce the risk of changes in the oil price, as of March 31, 2003, the Company has an agreement guaranteeing the future buying and selling price of 0.9 million barrels of oil product, with a net payable value of Baht 4.31 million.

### **3.16 Contingent Liabilities**

Liabilities on guarantees

As of March 31, 2003, the Company's total liabilities in the form of bank guarantees amounted to Baht 309.14 million. These guarantees are mainly to cover the corporate income tax refunds, customs crude oil import regulation, electricity usage and the tele-communication contract with the Telephone Organization of Thailand.

### **3.17 Events after the balance sheets date**

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 Company had previously reported this legal case as a contingent liability.

### **3.18 Rearrangement of the financial statements**

The Company has rearranged the items shown in the statements of income and has changed the format in the statements of changes in shareholders' equity for the three months ended March 31, 2002 to allow for comparison with the statements of income and the statement of changes in shareholders' equity for the three months ended March 31, 2003. The current method in reporting is in line 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 new arrangement of numbers

and format does not change the net profit or the shareholders' equity numbers, which have been reported.

