

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Interim Financial Statements

For the period ended June 30, 2005

and

Review Report of Certified Public Accountant



KPMG Phoomchai Audit Ltd.

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REVIEW REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors of Thai Oil Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thai Oil Public Company Limited and subsidiaries as at June 30, 2005, and the related consolidated statements of income for each of the three-month and six-month periods ended June 30, 2005 and 2004 and changes in shareholders' equity and cash flows for each of six-month periods ended June 30, 2005 and 2004. I have also reviewed the balance sheet of Thai Oil Public Company Limited as at June 30, 2005 and the related statements of income for each of the three-month and six-month periods ended June 30, 2005 and 2004 and changes in shareholders' equity and cash flows for each of the six-month periods ended June 30, 2005 and 2004. The management of Thai Oil Public Company Limited is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with auditing standards applicable to review engagements. This standard requires that I plan and perform 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 company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards. Accordingly, I do not express an audit opinion on the reviewed financial statements.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Thai Oil Public Company Limited and its subsidiaries for the year ended December 31, 2004, and the financial statements of Thai Oil Public Company Limited for the same period in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated January 25, 2005. The consolidated balance sheet of Thai Oil Public Company Limited and subsidiaries and the balance sheet of Thai Oil Public Company Limited as at December 31, 2004, which have been presented herein for comparative purposes, are components of those financial statements which I have audited and reported thereon. I have not performed any audit procedures subsequent to the date of that report.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
July 19, 2005

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS
AS AT JUNE 30, 2005 AND DECEMBER 31, 2004
ASSETS

| | | In Thousand Baht | | | |
|--|------|--------------------|--------------------|--------------------|-------------------|
| | | Consolidated | | The Company Only | |
| | | June 30, 2005 | December 31, 2004 | June 30, 2005 | December 31, 2004 |
| | | “Unaudited” | | “Unaudited” | |
| Notes | | “Reviewed” | “Audited” | “Reviewed” | “Audited” |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 9 | 3,588,475 | 6,667,166 | 1,298,704 | 4,170,710 |
| Short-term investments | 9 | 364,555 | 468,479 | - | - |
| Trade account receivables | 5 | | | | |
| - Related companies | 4 | 7,388,091 | 3,946,218 | 10,227,940 | 5,174,352 |
| - Other companies | | 8,125,845 | 5,886,191 | 5,221,742 | 4,167,293 |
| Other receivables from subsidiary and related companies | 4 | - | 100,543 | 55,568 | 61,506 |
| Current portion of long-term receivables from subsidiary companies | 4 | - | - | 48,634 | 132,726 |
| Inventories - net | 6 | 23,254,010 | 17,624,159 | 21,441,452 | 16,102,093 |
| Receivable from Oil Fuel Fund | | 2,624,485 | 4,016,032 | 2,624,485 | 4,016,032 |
| Other current assets | | 714,247 | 1,414,559 | 285,401 | 991,126 |
| Total Current Assets | | <u>46,059,708</u> | <u>40,123,347</u> | <u>41,203,926</u> | <u>34,815,838</u> |
| NON-CURRENT ASSETS | | | | | |
| Deferred tax assets | | 214,251 | 196,041 | 199,410 | 181,200 |
| Loans to savings co-operative of employees - net of current portion shown under other current assets | | 481,331 | 492,977 | 481,331 | 492,977 |
| Long-term receivables from subsidiary companies | | | | | |
| - net of current portion | 4 | - | - | 208,908 | 250,928 |
| Subordinated loan to subsidiary company | 4 | - | - | 132,383 | 120,653 |
| Investments in shares of subsidiary and related companies - net | 7 | 112,945 | 112,945 | 12,137,576 | 8,440,136 |
| Property, plant and equipment - net | 8, 9 | 69,066,430 | 72,525,180 | 47,375,478 | 49,864,663 |
| Intangible assets | 8 | 101,220 | 120,406 | 99,502 | 119,554 |
| Negative goodwill - net | 7 | (575,235) | - | - | - |
| Other non-current assets - net | | 1,753,120 | 1,856,419 | 1,249,605 | 1,329,079 |
| Total Non-Current Assets | | <u>71,154,062</u> | <u>75,303,968</u> | <u>61,884,193</u> | <u>60,799,190</u> |
| TOTAL ASSETS | | <u>117,213,770</u> | <u>115,427,315</u> | <u>103,088,119</u> | <u>95,615,028</u> |

The accompanying notes are an integral part of these financial statements.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS
AS AT JUNE 30, 2005 AND DECEMBER 31, 2004
LIABILITIES AND SHAREHOLDERS' EQUITY

| | | In Thousand Baht | | | |
|--|---|-------------------|-------------------|-------------------|-------------------|
| | | Consolidated | | The Company Only | |
| | | June 30, 2005 | December 31, 2004 | June 30, 2005 | December 31, 2004 |
| | | “Unaudited” | | “Unaudited” | |
| Notes | | “Reviewed” | “Audited” | “Reviewed” | “Audited” |
| CURRENT LIABILITIES | | | | | |
| Bank overdrafts and short-term loans from financial institutions | | 265,000 | 1,156,707 | - | - |
| Trade account payables | | | | | |
| - Related companies | 4 | 7,240,904 | 2,857,773 | 9,565,410 | 2,554,969 |
| - Other companies | | 10,077,023 | 8,374,180 | 9,086,916 | 8,291,830 |
| Other payables to subsidiary and related companies | 4 | 471,722 | 1,895,824 | 6,899 | 26,521 |
| Excise duty payable | | 554,505 | 571,584 | 554,505 | 571,584 |
| Current portion of long-term payable to subsidiary company | 4 | - | - | - | 8,902 |
| Current portion of other long-term debts | 9 | 1,602,236 | 1,578,782 | - | - |
| Income tax payable | | 1,844,101 | 2,725,824 | 1,844,101 | 2,725,824 |
| Accrued interest | | 502,075 | 710,073 | 71,430 | 326,228 |
| Other current liabilities | | 713,344 | 566,152 | 492,496 | 330,595 |
| Total Current Liabilities | | 23,270,910 | 20,436,899 | 21,621,757 | 14,836,453 |
| NON-CURRENT LIABILITIES | | | | | |
| Deferred tax liabilities | | 2,571,113 | 2,263,737 | 2,515,253 | 2,204,684 |
| Pension fund | | 269,661 | 194,850 | 269,661 | 194,850 |
| Long-term payable to subsidiary company - net of current portion | 4 | - | - | - | 258,159 |
| Other long-term debts - net of current portion | 9 | 20,908,408 | 38,705,576 | 11,502,956 | 28,503,617 |
| Notes-net | 9 | 14,476,452 | - | 14,476,452 | - |
| Deposits and rental charges received in advance for land lease - net | | 106,430 | 117,218 | 291,054 | 321,132 |
| Other non-current liabilities | | 75,337 | 133,732 | - | - |
| Total Non-Current Liabilities | | 38,407,401 | 41,415,113 | 29,055,376 | 31,482,442 |
| Total Liabilities | | 61,678,311 | 61,852,012 | 50,677,133 | 46,318,895 |

The accompanying notes are an integral part of these financial statements.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT JUNE 30, 2005 AND DECEMBER 31, 2004

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

| | In Thousand Baht | | | |
|--|--------------------|--------------------|--------------------|-------------------|
| | Consolidated | | The Company Only | |
| | June 30, 2005 | December 31, 2004 | June 30, 2005 | December 31, 2004 |
| | "Unaudited" | | "Unaudited" | |
| Notes | "Reviewed" | "Audited" | "Reviewed" | "Audited" |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital | | | | |
| - Authorized share capital; 2,040,027,873 common shares with a par value of Baht 10 each, totalling Baht 20,400 million | | | | |
| - Issued and paid-up share capital, 2,040,027,873 common shares with a par value of Baht 10 each | 20,400,279 | 20,400,279 | 20,400,279 | 20,400,279 |
| Premium on share capital - net | 2,456,261 | 2,456,261 | 2,456,261 | 2,456,261 |
| Revaluation surplus of property, plant and equipment - net | 16,829,690 | 17,970,644 | 16,829,690 | 17,970,644 |
| Retained earnings | | | | |
| Appropriated for | | | | |
| - Legal reserve | 347,290 | 347,290 | 347,290 | 347,290 |
| - Fixed reserve for capital increment | 244,500 | 244,500 | 244,500 | 244,500 |
| Retained earnings | 12,132,966 | 7,877,159 | 12,132,966 | 7,877,159 |
| Total shareholders' equity of parent company | 52,410,986 | 49,296,133 | 52,410,986 | 49,296,133 |
| Minority interests | 3,124,473 | 4,279,170 | - | - |
| Total Shareholders' Equity | 55,535,459 | 53,575,303 | 52,410,986 | 49,296,133 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| | <u>117,213,770</u> | <u>115,427,315</u> | <u>103,088,119</u> | <u>95,615,028</u> |

The accompanying notes are an integral part of these financial statements.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR EACH OF THE THREE-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

“UNAUDITED”
“REVIEWED”

| | | In Thousand Baht | | | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | Consolidated | | The Company Only | |
| | Notes | 2005 | 2004 | 2005 | 2004 |
| REVENUES | 4 | | | | |
| Net sales and services | | 63,365,616 | 43,663,150 | 63,037,318 | 42,174,907 |
| Share of profits from investments recorded by the equity method | | - | - | 1,550,710 | - |
| Gain from debt repurchase before maturity | | - | 314,903 | - | 314,903 |
| Other income | | 109,616 | 195,895 | 470,650 | 260,089 |
| Total Revenues | | <u>63,475,232</u> | <u>44,173,948</u> | <u>65,058,678</u> | <u>42,749,899</u> |
| EXPENSES | | | | | |
| Cost of sales and services | 4 | 56,648,542 | 39,534,293 | 58,731,470 | 38,400,525 |
| Selling and administrative expenses | 4 | 274,062 | 428,118 | 385,339 | 184,506 |
| Share of losses from investments recorded by the equity method | | - | - | - | 174,977 |
| Loss on foreign exchange | | 1,737,199 | 1,210,552 | 1,340,811 | 983,649 |
| Total Expenses | | <u>58,659,803</u> | <u>41,172,963</u> | <u>60,457,620</u> | <u>39,743,657</u> |
| Profit before Interest Expense, Finance Charges and Income Tax | | 4,815,429 | 3,000,985 | 4,601,058 | 3,006,242 |
| Interest Expense and Finance Charges | 4 | (582,344) | (772,670) | (391,784) | (629,398) |
| Income Tax | | <u>(676,310)</u> | <u>259,084</u> | <u>(677,906)</u> | <u>258,692</u> |
| Profit after Income Tax | | 3,556,775 | 2,487,399 | 3,531,368 | 2,635,536 |
| Net Loss (Profit) of Minority Interests | | <u>(25,407)</u> | <u>148,137</u> | <u>-</u> | <u>-</u> |
| NET PROFIT | | <u>3,531,368</u> | <u>2,635,536</u> | <u>3,531,368</u> | <u>2,635,536</u> |
| Basic Earnings per Share (Baht) | 10 | <u>1.73</u> | <u>1.39</u> | <u>1.73</u> | <u>1.39</u> |

The accompanying notes are an integral part of these financial statements.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR EACH OF THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

“UNAUDITED”
“REVIEWED”

| | | In Thousand Baht | | | |
|---|-------|--------------------|-------------------|--------------------|-------------------|
| | | Consolidated | | The Company Only | |
| | Notes | 2005 | 2004 | 2005 | 2004 |
| REVENUES | 4 | | | | |
| Net sales and services | | 111,307,749 | 84,878,917 | 107,986,075 | 81,627,738 |
| Share of profits from investments recorded by the equity method | | - | - | 2,294,021 | - |
| Gain from debt repurchase before maturity | | - | 314,903 | - | 314,903 |
| Other income | | 226,092 | 354,462 | 720,239 | 521,237 |
| Total Revenues | | <u>111,533,841</u> | <u>85,548,282</u> | <u>111,000,335</u> | <u>82,463,878</u> |
| EXPENSES | | | | | |
| Cost of sales and services | 4 | 99,459,402 | 76,541,328 | 99,776,123 | 74,118,507 |
| Selling and administrative expenses | 4 | 494,472 | 539,417 | 514,166 | 235,500 |
| Share of losses from investments recorded by the equity method | | - | - | - | 115,250 |
| Loss from insurance claims | 13 | 232,053 | - | - | - |
| Loss on foreign exchange | | 1,485,896 | 986,310 | 1,130,727 | 795,012 |
| Total Expenses | | <u>101,671,823</u> | <u>78,067,055</u> | <u>101,421,016</u> | <u>75,264,269</u> |
| Profit before Interest Expense, Finance Charges and Income Tax | | 9,862,018 | 7,481,227 | 9,579,319 | 7,199,609 |
| Interest Expense and Finance Charges | 4 | (1,067,937) | (1,349,242) | (695,277) | (997,113) |
| Income Tax | | <u>(1,658,544)</u> | <u>431,237</u> | <u>(1,661,736)</u> | <u>430,571</u> |
| Profit after Income Tax | | 7,135,537 | 6,563,222 | 7,222,306 | 6,633,067 |
| Net Loss of Minority Interests | | <u>86,769</u> | <u>69,845</u> | <u>-</u> | <u>-</u> |
| NET PROFIT | | <u>7,222,306</u> | <u>6,633,067</u> | <u>7,222,306</u> | <u>6,633,067</u> |
| Basic Earnings per Share (Baht) | 10 | <u>3.54</u> | <u>3.50</u> | <u>3.54</u> | <u>3.50</u> |

The accompanying notes are an integral part of these financial statements.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR EACH OF THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

“UNAUDITED”
“REVIEWED”

| | In Thousand Baht | | | | | | | | | | | | | | | |
|---|--|--------------------------------|--|------------------|---|------------------------------------|-----------------------|-------------|--|--------------------------------|--|------------------|---|------------------------------------|-------------|--|
| | Consolidated | | | | | | | | The Company Only | | | | | | | |
| | Share Capital - issued and paid-up | Premium on share capital | Revaluation surplus in property, plant and equipment | Legal reserve | Fixed reserve for capital increment | Retained earnings/ (deficit) | Minority interests | Net | Share capital - issued and paid-up | Premium on share capital | Revaluation surplus in property, plant and equipment | Legal reserve | Fixed reserve for capital increment | Retained earnings/ (deficit) | Total | |
| BALANCE AS AT JANUARY 1, 2004 | 18,965,279 | 431,749 | 20,418,575 | 2,000 | 244,500 | (8,166,855) | 4,382,287 | 36,277,535 | 18,965,279 | 431,749 | 20,418,575 | 2,000 | 244,500 | (8,166,855) | 31,895,248 | |
| Depreciation of revaluation surplus in property, plant and equipment | - | - | (654,731) | - | - | 654,731 | - | - | - | - | (654,731) | - | - | 654,731 | - | |
| Deferred tax on revaluation of property, plant and equipment | - | - | (612,557) | - | - | - | - | (612,557) | - | - | (612,557) | - | - | - | (612,557) | |
| Net profit | - | - | - | - | - | 6,633,067 | (69,845) | 6,563,222 | - | - | - | - | - | 6,633,067 | 6,633,067 | |
| Dividend payment | - | - | - | - | - | - | (126,450) | (126,450) | - | - | - | - | - | - | - | |
| BALANCE AS AT JUNE 30, 2004 | 18,965,279 | 431,749 | 19,151,287 | 2,000 | 244,500 | (879,057) | 4,185,992 | 42,101,750 | 18,965,279 | 431,749 | 19,151,287 | 2,000 | 244,500 | (879,057) | 37,915,758 | |
| BALANCE AS AT JANUARY 1, 2005 | 20,400,279 | 2,456,261 | 17,970,644 | 347,290 | 244,500 | 7,877,159 | 4,279,170 | 53,575,303 | 20,400,279 | 2,456,261 | 17,970,644 | 347,290 | 244,500 | 7,877,159 | 49,296,133 | |
| Depreciation of revaluation surplus in property, plant and equipment | - | - | (573,246) | - | - | 705,551 | - | 132,305 | - | - | (573,246) | - | - | 705,551 | 132,305 | |
| Deferred tax on revaluation of property, plant and equipment | - | - | (567,708) | - | - | - | - | (567,708) | - | - | (567,708) | - | - | - | (567,708) | |
| Change in portion of minority interests | - | - | - | - | - | - | (941,478) | (941,478) | - | - | - | - | - | - | - | |
| Net profit | - | - | - | - | - | 7,222,306 | (86,769) | 7,135,537 | - | - | - | - | - | 7,222,306 | 7,222,306 | |
| Dividend payment | - | - | - | - | - | (3,672,050) | (126,450) | (3,798,500) | - | - | - | - | - | (3,672,050) | (3,672,050) | |
| BALANCE AS AT JUNE 30, 2005 | 20,400,279 | 2,456,261 | 16,829,690 | 347,290 | 244,500 | 12,132,966 | 3,124,473 | 55,535,459 | 20,400,279 | 2,456,261 | 16,829,690 | 347,290 | 244,500 | 12,132,966 | 52,410,986 | |

The accompanying notes are an integral part of these financial statements.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR EACH OF THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

“UNAUDITED”
“REVIEWED”

| | In Thousand Baht | | | |
|--|------------------|------------------|------------------|------------------|
| | Consolidated | | The Company Only | |
| | 2005 | 2004 | 2005 | 2004 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net profit | 7,222,306 | 6,633,067 | 7,222,306 | 6,633,067 |
| Adjustments to reconcile net profit to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 3,173,538 | 2,984,168 | 2,496,706 | 2,552,105 |
| Increase in provision of decline in value of inventories | 5,249 | - | - | - |
| Unrealized loss on foreign exchange | 873,964 | 1,078,296 | 452,509 | 871,213 |
| Share of losses (profits) from investments recorded by the equity method | - | - | (2,294,021) | 115,250 |
| Loss from insurance claims | 232,053 | - | - | - |
| Loss (gain) on disposal of assets | (29,548) | 149,386 | (143,016) | (9) |
| Gain from debt repurchase before maturity | - | (314,903) | - | (314,903) |
| Realization of deferred land lease and other income | (31,338) | (29,322) | (73,418) | (59,093) |
| Utilization of deferred income tax | (278,542) | (431,237) | (275,350) | (430,571) |
| Net loss of minority interests | (86,769) | (69,845) | - | - |
| Profit from operating activities before changes in operating assets and liabilities | 11,080,913 | 9,999,610 | 7,385,716 | 9,367,059 |
| Decrease (increase) in operating assets: | | | | |
| Trade account receivables | (5,742,727) | (272,560) | (6,084,323) | (291,512) |
| Other receivables from subsidiary and related companies | 100,543 | (9,477) | 5,937 | (14,190) |
| Inventories | (5,635,101) | (2,383,705) | (5,339,359) | (2,379,759) |
| Receivable from Oil Fuel Fund | 1,391,548 | (1,638,012) | 1,391,548 | (1,638,012) |
| Other current assets | 587,695 | (23,328) | 562,192 | (100,438) |
| Other non-current assets | (116) | (55,063) | (10,891) | (10,040) |
| Increase (decrease) in operating liabilities: | | | | |
| Trade account payables | 6,346,288 | 4,501,953 | 7,720,011 | 4,940,227 |
| Other payables to subsidiary and related companies | (475,402) | 71,988 | (286,684) | 24,130 |
| Excise duty payable | (17,079) | (216,986) | (17,079) | (216,986) |
| Income tax payable | (881,723) | - | (881,723) | - |
| Accrued interest | (223,140) | 130,448 | (254,799) | 132,217 |
| Other current liabilities | 146,160 | (313,128) | 165,072 | (244,984) |
| Pension fund | 74,811 | 46,128 | 74,811 | 46,128 |
| Deposit and rental charges received in advance for land lease | 2,228 | 5,836 | 25,018 | 10,463 |
| Net Cash Provided by Operating Activities | 6,754,898 | 9,843,704 | 4,455,447 | 9,624,303 |

The accompanying notes are an integral part of these financial statements.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR EACH OF THE SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004

“UNAUDITED”
“REVIEWED”

| | In Thousand Baht | | | |
|---|--------------------|---------------------|--------------------|---------------------|
| | Consolidated | | The Company Only | |
| | 2005 | 2004 | 2005 | 2004 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Decrease in short-term investments | 103,924 | 811,899 | - | - |
| Decrease in long-term receivables from subsidiary and related companies | - | - | 126,111 | 45,582 |
| Decrease in loans to savings co-operative of employees | 11,646 | 602 | 11,646 | 602 |
| Increase in subordinated loan to related company | - | (118,260) | - | (118,260) |
| Increase in investments in shares of subsidiary and related companies | (487,968) | (112,945) | (1,557,967) | (112,945) |
| Dividend received | - | - | 154,549 | 154,549 |
| Payment of property, plant and equipment | (1,713,141) | (176,621) | (550,459) | (59,121) |
| Proceeds from insurance claims | 899,391 | - | - | - |
| Proceeds from sales of liquid chemical tanker, plant and equipment | 178,623 | 200,009 | 1,071,424 | - |
| Increase in intangible assets | (5,655) | - | (4,157) | - |
| Net Cash Provided by (Used in) Investing Activities | (1,013,180) | 604,684 | (748,853) | (89,593) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Decrease in short-term loans from financial institutions | (947,861) | (13,347) | - | - |
| Debt repurchase | - | (7,558,094) | - | (7,558,094) |
| Proceeds from other long-term debts | 11,351,627 | 71,962 | 11,351,627 | - |
| Repayments of other long-term debts | (29,671,106) | (6,297,246) | (28,503,608) | (5,102,510) |
| Proceeds from notes issuance | 14,245,431 | - | 14,245,431 | - |
| Dividend payment | (3,798,500) | (126,450) | (3,672,050) | - |
| Net Cash Used in Financing Activities | (8,820,409) | (13,923,175) | (6,578,600) | (12,660,604) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (3,078,691) | (3,474,787) | (2,872,006) | (3,125,894) |
| CASH AND CASH EQUIVALENTS - NET, BEGINNING OF PERIOD | 6,667,166 | 7,103,096 | 4,170,710 | 4,387,902 |
| CASH AND CASH EQUIVALENTS - NET, END OF PERIOD | 3,588,475 | 3,628,309 | 1,298,704 | 1,262,008 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | | |
| Cash paid during the period for: | | | | |
| - Interest expense | 1,198,790 | 831,615 | 859,844 | 542,153 |
| - Income tax | 2,823,477 | 28,038 | 2,818,811 | 24,946 |

The accompanying notes are an integral part of these financial statements.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Interim Financial Statements

June 30, 2005 and 2004 (Reviewed)

and December 31, 2004 (Audited)

1. BASIS OF INTERIM FINANCIAL STATEMENT PREPARATION

The interim financial statements have been prepared to provide an update on the financial statements for the year ended December 31, 2004. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2004.

The accompanying interim financial statements have been prepared in Thai Baht and in the Thai language in conformity with generally accepted accounting principles in Thailand. Accordingly, the accompanying interim financial statements are intended solely to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in Thailand.

The accompanying interim financial statements have been prepared under the historical cost convention, except property, plant and equipment.

For the convenience of the readers, an English version translation of the interim financial statements has been prepared from the Thai language interim financial statements which are issued for domestic financial reporting purposes.

2. PRINCIPLES OF CONSOLIDATION

The accompanying interim consolidated financial statements for each of the periods ended June 30, 2005 and 2004 and for the year ended December 31, 2004, include the accounts of Thai Oil Public Company Limited ("the Company") and subsidiary companies which the Company is holding as follows:

| | Percentage of Ownership (%) | | |
|--|-----------------------------|-------|-------------------|
| | June 30, | | December 31, 2004 |
| | 2005 | 2004 | |
| Thaioil Power Co., Ltd. | 54.99 | 54.99 | 54.99 |
| Independent Power (Thailand) Co., Ltd. | | | |
| Indirectly held by Thaioil Power Co., Ltd. | 56.00 | 56.00 | 56.00 |
| Directly held by the Company | 24.00 | - | - |
| Thaioil Marine Co., Ltd. | 99.99 | 99.99 | 99.99 |
| Thai Lube Base Public Co., Ltd. | 99.99 | 13.00 | 99.99 |
| Thai Paraxylene Co., Ltd. | 99.99 | 16.99 | 99.99 |

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Significant intercompany transactions with the subsidiary companies included in the consolidated financial statements have been eliminated.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Interim Financial Statements (Continued)
June 30, 2005 and 2004 (Reviewed)
and December 31, 2004 (Audited)

3. SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim consolidated financial statements and the financial statements have been prepared in accordance with generally accepted accounting principles. Accounting policies that have been applied to the preparation of the interim consolidated financial statements and the financial statements for each of the three-month and six-month periods ended June 30, 2005 and 2004 are significantly similar to those which have been applied to the consolidated financial statements and the financial statements for the year ended December 31, 2004.

4. TRANSACTIONS WITH SUBSIDIARY AND RELATED COMPANIES

The Company and its subsidiary companies have extensive transactions with related companies. A substantial portion of the Company's and its subsidiary companies' assets, revenues, costs and expenses and a portion of liabilities arose from transactions with related companies. These companies are related through common shareholdings and/or directorships. The effects of these transactions, which are in the normal course of business on an arm's-length basis and through negotiated agreements are reflected in the accompanying financial statements.

As at June 30, 2005 and December 31, 2004, amounts of trade account receivables, other receivables, long-term receivables, subordinated loan, trade account payables, other payables and long-term payable to subsidiary company are presented separately in the balance sheets. The details are as follows:

| | | In Thousand Baht | | | |
|---|--|------------------|----------------------|-------------------|----------------------|
| | | Consolidated | | The Company Only | |
| | | June 30, 2005 | December 31, 2004 | June 30, 2005 | December 31, 2004 |
| Relationship | | | | | |
| Trade account receivables | | | | | |
| PTT Public Co., Ltd. | Major shareholder | 7,388,091 | 3,946,218 | 7,259,779 | 3,859,088 |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or directorship | - | - | 2,956,987 | 1,314,814 |
| Thaioil Marine Co., Ltd. | Subsidiary and/or directorship | - | - | - | 450 |
| Independent Power (Thailand) Co., Ltd. | Subsidiary and/or directorship | - | - | 11,174 | - |
| Total | | <u>7,388,091</u> | <u>3,946,218</u> | <u>10,227,940</u> | <u>5,174,352</u> |
| Other receivables | | | | | |
| Thaioil Power Co., Ltd. | Subsidiary and/or directorship | - | - | 20,541 | 25,265 |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or directorship | - | - | 20,617 | 17,616 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | - | 11,717 | 15,322 |
| Independent Power (Thailand) Co., Ltd. | Subsidiary and/or directorship | - | - | 2,693 | 3,303 |
| Siemens Westinghouse Service Co., Ltd. | Related company of subsidiary's shareholder | - | 100,543 | - | - |
| Total | | <u>-</u> | <u>100,543</u> | <u>55,568</u> | <u>61,506</u> |

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Interim Financial Statements (Continued)
June 30, 2005 and 2004 (Reviewed)
and December 31, 2004 (Audited)

| | | In Thousand Baht | | | |
|-----------------------------------|--------------------------------|------------------|--------------|------------------|--------------|
| | | Consolidated | | The Company Only | |
| | | June 30, | December 31, | June 30, | December 31, |
| | | 2005 | 2004 | 2005 | 2004 |
| Relationship | | | | | |
| Long-term receivables | | | | | |
| Thaioil Marine Co., Ltd. | Subsidiary and/or directorship | - | - | 180,638 | 194,948 |
| Thaioil Power Co., Ltd. | Subsidiary and/or directorship | - | - | 76,904 | 153,807 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | - | - | 34,899 |
| Total | | - | - | 257,542 | 383,654 |
| Less: portion due within one year | | (-) | (-) | (48,634) | (132,726) |
| Net | | - | - | 208,908 | 250,928 |

On July 3, 2000, the Company sold 8 oil tankers to Thaioil Marine Co., Ltd. totaling Baht 805.6 million (including 7% value-added tax amounting to Baht 52.7 million). The associated receivable, which is repayable in monthly equal installments within 15 years commencing on August 31, 2000, bears interest at the interest rate of 12 month-fixed deposit of Krung Thai Bank Public Company Limited plus a margin of 2.9375% per annum since November 1, 2004.

Under the Business Reorganization Plan of Thai Lube Base Public Company Limited (TLB) dated October 16, 2003, TLB is scheduled to repay trade debts to the Company and to repay trade debts and under lifting debts to Thaioil Power Co., Ltd. (TP). After the debt restructuring process of TLB in the Business Reorganization Plan, TP recorded a loss from debt restructuring totaling Baht 200.1 million. The repayable conditions are as follows:

| | Interest Rate | Year | Portion Repayable |
|---------------------|---------------|-------------|-------------------|
| Trade debts | MLR - 1.00% | 2004 | 10% |
| | | 2005 | 20% |
| | | 2006 | 70% |
| Under lifting debts | MLR - 1.00% | 2004 | 50% |
| | | 2005 - 2008 | 12.5% |

On May 10, 2005, the Company fully settled the above long-term receivables with TLB amounting to Baht 34.9 million at discount.

| | | In Thousand Baht | | | |
|---------------------------|--------------------------------|------------------|--------------|------------------|--------------|
| | | Consolidated | | The Company Only | |
| | | June 30, | December 31, | June 30, | December 31, |
| | | 2005 | 2004 | 2005 | 2004 |
| Relationship | | | | | |
| Subordinated loan | | | | | |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or Directorship | - | - | 132,383 | 120,653 |

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Interim Financial Statements (Continued)
June 30, 2005 and 2004 (Reviewed)
and December 31, 2004 (Audited)

On March 15, 2004, the Company provided financial support of U.S. Dollars 3 million to Thai Paraxylene Co., Ltd. under the Sponsors Financial Support Agreement dated September 13, 2000. This loan bears interest at a rate not exceeding LIBOR plus 2% per annum. The loan and related interest will be repaid after all loans under “the Master Agreement” and “the Credit Agreements” of the subsidiary company have been fully repaid.

| | | In Thousand Baht | | | |
|--|---|------------------|------------------|------------------|------------------|
| | | Consolidated | | The Company Only | |
| | | June 30, | December 31, | June 30, | December 31, |
| | | 2005 | 2004 | 2005 | 2004 |
| | Relationship | | | | |
| Trade account payables | | | | | |
| PTT Public Co., Ltd. | Major shareholder | 7,240,904 | 2,857,773 | 6,637,552 | 2,094,573 |
| Thaioil Power Co., Ltd. | Subsidiary and/or | | | | |
| | Directorship | - | - | 119,160 | 140,088 |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or | | | | |
| | Directorship | - | - | 2,088,477 | 176,471 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or | | | | |
| | Directorship | - | - | 720,221 | 143,837 |
| Total | | <u>7,240,904</u> | <u>2,857,773</u> | <u>9,565,410</u> | <u>2,554,969</u> |
| Other payables | | | | | |
| PTT Public Co., Ltd. | Major shareholder | - | 319 | - | - |
| Siemens Westinghouse Power Corporation | Related company of subsidiary's shareholder | 467,923 | 1,756,738 | - | - |
| Siemens Westinghouse Service Co., Ltd. | Related company of subsidiary's shareholder | - | 5,700 | - | - |
| Siemens Limited | Related company of subsidiary's shareholder | - | 123,000 | - | - |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or | | | | |
| | Directorship | - | - | - | 13,810 |
| Thai Petroleum Pipeline Co., Ltd. | Related company and/or | | | | |
| | Directorship | 3,799 | 6,412 | 3,799 | 6,412 |
| Thaioil Marine Co., Ltd. | Subsidiary and/or | | | | |
| | Directorship | - | - | 2,521 | 6,299 |
| Thaioil Power Co., Ltd. | Subsidiary and/or | | | | |
| | Directorship | - | - | 579 | - |
| Siemens AG Power Generation | Related company of subsidiary's shareholder | - | 3,655 | - | - |
| Total | | <u>471,722</u> | <u>1,895,824</u> | <u>6,899</u> | <u>26,521</u> |
| Long-term payable | | | | | |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or | | | | |
| | Directorship | - | - | - | 267,061 |
| Less: portion due within one year | | (-) | (-) | (-) | (8,902) |
| Net | | <u>-</u> | <u>-</u> | <u>-</u> | <u>258,159</u> |

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Interim Financial Statements (Continued)
June 30, 2005 and 2004 (Reviewed)
and December 31, 2004 (Audited)

Under the Business Reorganization Plan (BRP) of Thai Lube Base Public Company Limited (TLB) dated October 16, 2003. The Company is required to comply with the conditions outlined in the Claims Settlement Package Agreement (CSP). The Company is liable for compensation under the Supplemental Supply and Offtake Agreement amounting to U.S. Dollars 6.9 million which is payable in thirteen (13) installments of varying amounts between March 31, 2004 and March 31, 2010. The installments are payable twice a year, on March 31 and September 30. On May 10, 2005, the Company fully settled the above long-term payables at a discount with TLB and also paid compensation according to item 3 in the CSP after TLB completed BRP on November 22, 2004, related to the purchase of by product at the premium U.S. Dollars 4 per ton and in the quantities of 15,000 tons/month over a period of 10 years at a discounted amount of U.S. Dollars 5.4 million.

Significant transactions with subsidiary and related companies for each of the six-month periods ended June 30 are as follows:

| | | In Thousand Baht | | | |
|--|---|------------------|------------|------------------|------------|
| | | Consolidated | | The Company Only | |
| | Relationship | 2005 | 2004 | 2005 | 2004 |
| Sales and services | | | | | |
| PTT Public Co., Ltd. | Major shareholder | 51,652,000 | 36,723,698 | 50,273,930 | 36,643,155 |
| Thaioil Marine Co., Ltd. | Subsidiary and/or directorship | - | - | 529 | - |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or directorship | - | 3,146,140 | 9,294,144 | 3,070,213 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | 231,227 | 755,159 | 6,018 |
| Independent Power (Thailand) Co., Ltd. | Subsidiary and/or directorship | - | - | 61,710 | - |
| Purchases | | | | | |
| PTT Public Co., Ltd. | Major shareholder | 46,283,565 | 29,681,589 | 43,129,258 | 27,237,828 |
| Thaioil Power Co., Ltd. | Subsidiary and/or directorship | - | - | 715,328 | 824,792 |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or directorship | - | 314,987 | 5,566,382 | 314,987 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | 852,155 | 1,422,452 | 852,155 |
| Expenses | | | | | |
| PTT Public Co., Ltd. | Major shareholder | 18,986 | 20,674 | 18,511 | 20,674 |
| Thaioil Power Co., Ltd. | Subsidiary and/or directorship | - | - | 3,245 | 10,464 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | 3,528 | 214,739 | 3,528 |
| Thai Petroleum Pipeline Co., Ltd. | Related company and/or directorship | 46,893 | 67,970 | 46,893 | 67,970 |
| Thaioil Marine Co., Ltd. | Subsidiary and/or directorship | - | - | 31,218 | 40,135 |
| Siemens Limited | Related company of subsidiary's shareholder | 35,868 | - | - | - |

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Interim Financial Statements (Continued)
June 30, 2005 and 2004 (Reviewed)
and December 31, 2004 (Audited)

| | | In Thousand Baht | | | |
|--|---|------------------|--------|------------------|---------|
| | | Consolidated | | The Company Only | |
| | Relationship | 2005 | 2004 | 2005 | 2004 |
| Interest expense | | | | | |
| PTT Public Co., Ltd. | Major shareholder | 1,622 | - | 1,622 | - |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | - | 7,544 | - |
| Other income | | | | | |
| PTT Public Co., Ltd. | Major shareholder | 2,101 | 1,521 | 2,101 | 1,307 |
| Thaioil Power Co., Ltd. | Subsidiary and/or directorship | - | - | 159,764 | 168,396 |
| Independent Power (Thailand) Co., Ltd. | Subsidiary and/or directorship | - | - | 32,863 | 32,356 |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or directorship | - | 92,210 | 103,795 | 92,192 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | 52,318 | 51,692 | 52,318 |
| Thaioil Marine Co., Ltd. | Subsidiary and/or directorship | - | - | 4 | - |
| Siemens Limited | Related company of subsidiary's shareholder | - | 2,912 | - | - |
| Interest income | | | | | |
| Thaioil Power Co., Ltd. | Subsidiary and/or directorship | - | - | 1,811 | 3,943 |
| Thaioil Marine Co., Ltd. | Subsidiary and/or directorship | - | - | 3,690 | 6,267 |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or directorship | - | 1,183 | 8,913 | 1,183 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | 10, | 54,449 | 994 |
| Land lease income | | | | | |
| Thaioil Power Co., Ltd. | Subsidiary and/or directorship | - | - | 1,300 | 1,300 |
| Independent Power (Thailand) Co., Ltd. | Subsidiary and/or directorship | - | - | 2,906 | 2,918 |
| Thai Paraxylene Co., Ltd. | Subsidiary and/or directorship | - | 5,020 | 5,020 | 5,020 |
| Thai Lube Base Public Co., Ltd. | Subsidiary and/or directorship | - | 9,647 | 9,647 | 9,647 |

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Interim Financial Statements (Continued)
June 30, 2005 and 2004 (Reviewed)
and December 31, 2004 (Audited)

5. TRADE ACCOUNT RECEIVABLES

As at June 30, 2005 and December 31, 2004, the outstanding balances of trade account receivables (including trade account receivables from related parties) classified by aging were as follows:

| | In Thousand Baht | | | |
|---------------------------------|-------------------|----------------------|-------------------|----------------------|
| | Consolidated | | The Company Only | |
| | June 30, 2005 | December 31, 2004 | June 30, 2005 | December 31, 2004 |
| Current | 15,495,532 | 9,787,811 | 15,266,623 | 9,341,645 |
| Overdue | | | | |
| - Up to 1 month | 11,669 | 36,770 | 183,059 | - |
| - Over 1 month up to 6 months | 4,750 | 6,784 | - | - |
| - Over 6 months up to 12 months | 26 | 174 | - | - |
| - More than 12 months | 1,959 | 870 | - | - |
| Total | <u>15,513,936</u> | <u>9,832,409</u> | <u>15,449,682</u> | <u>9,341,645</u> |

6. INVENTORIES - Net

| | In Thousand Baht | | | |
|---|-------------------|----------------------|-------------------|----------------------|
| | Consolidated | | The Company Only | |
| | June 30, 2005 | December 31, 2004 | June 30, 2005 | December 31, 2004 |
| On hand: | | | | |
| Crude oil and feedstock | 9,015,570 | 6,374,492 | 8,319,258 | 6,068,514 |
| Finished and semi-finished oil products | 4,156,345 | 4,081,328 | 3,304,372 | 3,112,822 |
| Materials, spare parts and supplies | 908,617 | 876,094 | 625,433 | 615,439 |
| Gas oil for power plant | 7,506 | 8,096 | - | - |
| | <u>14,088,038</u> | <u>11,340,010</u> | <u>12,249,063</u> | <u>9,796,775</u> |
| In transit: | | | | |
| Crude oil and feedstock | 9,176,509 | 6,296,690 | 9,176,509 | 6,296,690 |
| Materials, spare parts and supplies | 15,880 | 8,628 | 15,880 | 8,628 |
| | <u>9,192,389</u> | <u>6,305,318</u> | <u>9,192,389</u> | <u>6,305,318</u> |
| Total | 23,280,427 | 17,645,328 | 21,441,452 | 16,102,093 |
| Less Provision of decline on value of inventories | (26,417) | (21,169) | (-) | (-) |
| Net | <u>23,254,010</u> | <u>17,624,159</u> | <u>21,441,452</u> | <u>16,102,093</u> |

As at June 30, 2005 and December 31, 2004, crude oil and feedstock valued using the last-in, first-out method which at the lower of cost or net realizable value, were Baht 1,199 million and Baht 349 million, respectively, lower than cost calculated using the first-in, first-out method.

As at June 30, 2005 and December 31, 2004, the above inventories included inventories held in reserve under regulatory requirements amounting to Baht 8,023 million and Baht 6,029 million, respectively.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Interim Financial Statements (Continued)
June 30, 2005 and 2004 (Reviewed)
and December 31, 2004 (Audited)

**7. INVESTMENTS IN SHARES OF SUBSIDIARY
AND RELATED COMPANIES - Net**

Investments in shares of subsidiary and related companies as at June 30, 2005 and December 31, 2004 were as follows:

| | | Paid-up capital | | Percentage of | | In Thousand Baht | | | | | |
|--|--|-------------------|-------|---------------|-------|------------------|-----------|----------------|----------------|-------------------|------------------|
| | | (In Million Baht) | | Holding | | Cost | | Consolidated | | The Company Only | |
| Type of Business | | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Investments recorded by the equity method: | | | | | | | | | | | |
| - Subsidiary Companies | | | | | | | | | | | |
| Thaioil Power Co., Ltd. | Power generation | 2,810 | 2,810 | 54.99 | 54.99 | 1,545,500 | 1,545,500 | - | - | 2,901,805 | 3,035,719 |
| Independent Power (Thailand) Co., Ltd. | Power generation | 1,771 | 1,771 | | | | | | | | |
| - Indirectly held by Thaioil Power Co., Ltd. and equity included as part of Thaioil Power Co., Ltd. | | | | | | | | | | | |
| | | | | 56.00 | 56.00 | - | - | - | - | - | - |
| - Directly held by the Company | | | | | | | | | | | |
| | | - | - | 24.00 | - | 487,968 | - | - | - | 453,703 | - |
| Thaioil Marine Co., Ltd. | Transportation of oil products and chemical products | 630 | 630 | 99.99 | 99.99 | 630,000 | 630,000 | - | - | 466,763 | 408,567 |
| Thai Paraxylene Co., Ltd. | Paraxylene plant | 5,491 | 4,421 | 99.99 | 99.99 | 3,551,230 | 2,481,230 | - | - | 4,721,116 | 2,257,442 |
| Thai Lube Base Public Co., Ltd. | Lube oil | 2,833 | 2,833 | 99.99 | 99.99 | 1,978,346 | 1,978,346 | - | - | 3,481,244 | 2,625,463 |
| Investments recorded by cost method: | | | | | | | | | | | |
| - Related Companies | | | | | | | | | | | |
| Thai Petroleum Pipeline Co., Ltd. | Transportation by pipeline | 4,177 | 4,177 | 8.69 | 8.69 | 362,945 | 362,945 | <u>362,945</u> | <u>362,945</u> | <u>362,945</u> | <u>362,945</u> |
| Total | | | | | | | | 362,945 | 362,945 | 12,387,576 | 8,690,136 |
| Less: allowance for loss on impairment of investments | | | | | | | | (250,000) | (250,000) | (250,000) | (250,000) |
| Net | | | | | | | | <u>112,945</u> | <u>112,945</u> | <u>12,137,576</u> | <u>8,440,136</u> |

The Company received dividend income from Thaioil Power Co., Ltd. of Baht 154.5 million in 2005 and 2004.

Thai Petroleum Pipeline Co., Ltd.

On January 9, 2004, the Company purchased 1,129,453 preferred shares of Thai Petroleum Pipeline Co., Ltd. with a par value of Baht 100 each, equivalent to Baht 113 million.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Interim Financial Statements (Continued)

June 30, 2005 and 2004 (Reviewed)

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Thai Lube Base Public Co., Ltd

In 1996, the Company recorded an investment of Baht 1,900 million at cost in relation to the acquisition of 38% of Thai Lube Base Public Co., Ltd.'s issued share capital. From this date, Thai Lube Base Public Co., Ltd. was treated as an associate of the Company. In subsequent periods, the Company recorded its share of losses in Thai Lube Base Public Co., Ltd. until the carrying value of the investment had been reduced to Baht Nil.

In December 2003, as part of a Business Reorganization Plan approved by the Central Bankruptcy Court, Thai Lube Base Public Co., Ltd. reduced its registered share capital in proportion to the holding of each existing shareholder from 500,000,000 common shares with a par value of Baht 10 each, equivalent to Baht 5,000 million, to 100,000 common shares with a par value of Baht 10 each, equivalent to Baht 1 million. Thai Lube Base Public Co., Ltd. then increased its registered share capital to be Baht 2,832 million by issuing 283,195,915 common shares of Baht 10 each. Under the terms of the Business Reorganization Plan, Thai Lube Base Public Co., Ltd. offered 175,581,468 of these newly issued common shares at their par value of Baht 10 each to all of its secured and unsecured financial institution creditors in proportion to the amounts outstanding. The above changes resulted in a dilution of the Company's shareholding in Thai Lube Base Public Co., Ltd. from 38% to 0.02%.

On December 29, 2003, the Company paid Baht 367,905 to purchase a further 36,790,469 common shares in Thai Lube Base Public Co., Ltd. with a par value of Baht 10 each as part of the Business Reorganization Plan, which included provisions under a Claims Settlement Package Agreement. Title to these shares was transferred to the Company on January 7, 2004, increasing the Company's shareholding in Thai Lube Base Public Co., Ltd. to 17%. In June 2004, Thai Lube Base Public Co., Ltd. issued further shares to another shareholder as part of the Business Reorganization Plan, reducing the Company's shareholding to 13%.

On September 16, 2004, the Company entered into a share purchase agreement with the other shareholders of Thai Lube Base Public Co., Ltd. to acquire all of their shares in this company for a total purchase price of U.S. Dollars 47.85 million (Baht 1,977.98 million), which was nearly the fair value. On October 20, 2004, the Company completed this acquisition as per the conditions stipulated in the share purchase agreement, increasing the Company's shareholding in Thai Lube Base Public Co., Ltd. to 99.99%. On this date, Thai Lube Base Public Co., Ltd. changed its status from a related company to a subsidiary company.

Thai Paraxylene Co., Ltd.

On September 16, 2004, the Company entered into a share purchase agreement with the other shareholders of Thai Paraxylene Co., Ltd. to acquire all of their shares in this company for a total purchase price of U.S. Dollars 40.39 million (Baht 1,669.49 million), which was nearly the fair value. On October 20, 2004, the Company completed this acquisition as per the conditions stipulated in the share purchase agreement, increasing the Company's shareholding in Thai Paraxylene Co., Ltd. to 99.99%. On this date, Thai Paraxylene Co., Ltd. changed its status from a related company to a subsidiary company.

At the ordinary shareholders' meeting held on March 15, 2005, the shareholders of Thai Paraxylene Co., Ltd. unanimously approved the increase in authorized share capital (common shares) by Baht 1,070 million from Baht 1,502 million to Baht 2,572 million. The increase in authorized share capital was registered with the Ministry of Commerce on April 8, 2005.

At the extraordinary shareholders' meeting of Thai Paraxylene Co., Ltd. held on April 18, 2005, the shareholders unanimously approved the decrease of its preferred shares in the amount of Baht 2,918.44 million. At present, the Company is in the process to decrease such preferred shares.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Interim Financial Statements (Continued)****June 30, 2005 and 2004 (Reviewed)****and December 31, 2004 (Audited)****Independent Power (Thailand) Co., Ltd.**

On December 16, 2004, the Company entered into an agreement to purchase shares in Independent Power (Thailand) Co., Ltd. from Unocal Asia Pacific Ventures Ltd., a former shareholder, in the amount of 42,504,000 shares (equivalent to 24% of total shares of this company) at the price of U.S. Dollars 12.75 million. On March 11, 2005, the Company completed the acquisition as per the conditions stipulated in the above agreement. In relation to this transaction, the Company recorded negative goodwill of Baht 585 million under non-current assets in the consolidated financial statements because the purchase price was lower than the fair value. The negative goodwill is amortized by the straight line method over the estimated useful life of the power plant of 20 years.

8. MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The movements of property, plant and equipment and intangible assets during the six-month period ended June 30, 2005 were as follows:

| | In Thousand Baht | |
|---|-------------------------------------|-------------------|
| | Property, plant and equipment | Intangible assets |
| Consolidated | | |
| Opening net book value at January 1, 2005 | 72,525,180 | 120,406 |
| Additions/transfer in | 911,493 | 5,655 |
| Disposals/transfer out | (1,458,549) | (6) |
| Depreciation/amortization | (2,911,694) | (24,835) |
| Closing net book value at June 30, 2005 | <u>69,066,430</u> | <u>101,220</u> |
| The Company only | | |
| Opening net book value at January 1, 2005 | 49,864,663 | 119,554 |
| Additions/transfer in | 694,291 | 4,157 |
| Disposals/transfer out | (939,866) | - |
| Depreciation/amortization | (2,243,610) | (24,209) |
| Closing net book value at June 30, 2005 | <u>47,375,478</u> | <u>99,502</u> |

On March 16, 2005, the Company entered into an agreement to sell a Mixed-Xylenes Production Unit and Platformer 2 Unit with the attached equipment to Thai Paraxylene Co., Ltd. at an appraised value of Baht 1,070 million. On April 1, 2005, the Company sold the aforesaid units to Thai Paraxylene Co., Ltd. according to the term stipulated in the agreement with gain on disposal of such assets totaling Baht 144.39 million.

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9. OTHER LONG-TERM DEBTS

| | | In Thousand Baht | | | |
|--|-------------------------------------|------------------|-------------------|------------------|-------------------|
| | | Consolidated | | The Company Only | |
| | Notes | June 30, 2005 | December 31, 2004 | June 30, 2005 | December 31, 2004 |
| The Company | 9.1 | | | | |
| 1. Thai Baht repayable in fourteen (14) semi-annual installments commencing on September 30, 2004 to March 31, 2011 (interest at the average Baht 6-month time deposit rate plus a margin of 2.94%) | 9.1.1, 9.1.4, 9.1.5, 9.1.6 | - | 5,842,206 | - | 5,842,206 |
| 2. U.S. Dollars 131.1 million in 2005 and U.S. Dollars 151.9 million in 2004 repayable in fourteen (14) semi-annual installments commencing on September 30, 2004 to March 31, 2011 (interest at LIBOR plus a margin of between 2.50% and 3.25%) | 9.1.1, 9.1.4, 9.1.5, 9.1.6 | - | 5,954,154 | - | 5,954,154 |
| 3. U.S. Dollars 342 million in 2005 and U.S. Dollars 396.3 million in 2004 repayable in twelve (12) semi-annual installments commencing on September 30, 2004 to March 31, 2010 (interest at LIBOR plus a margin of between 1.75% and 2.75%) | 9.1.3, 9.1.4, 9.1.5, 9.1.6 | - | 15,537,357 | - | 15,537,357 |
| 4. Japanese Yen 2,665 million in 2005 and Japanese Yen 3,088.4 million in 2004 repayable in twelve (12) semi-annual installments commencing on September 30, 2004 to March 31, 2010 (interest at TIBM plus a margin of between 1.75% and 2.75%) | 9.1.3, 9.1.4, 9.1.5, 9.1.6 | - | 1,169,900 | - | 1,169,900 |
| 5. U.S. Dollars 65 million in 2005 under U.S. Dollars 65 million and Baht 2,600 million Syndicated Loan Facility agreement repayable in six (6) semi-annual installments commencing in September 2008 (interest at LIBOR plus a margin of 1.18%) | 9.1.6 | 2,691,591 | - | 2,691,591 | - |
| 6. Thai Baht under U.S. Dollars 65 million and Baht 2,600 million Syndicated Loan Facility agreement repayable in six (6) semi-annual installments commencing in September 2008 (interest at the average Baht 6-month time deposit rate plus a margin of 2.75%) | 9.1.6 | 2,600,000 | - | 2,600,000 | - |
| 7. U.S. Dollars 150 million in 2005 under U.S. Dollars 200 million Revolving Credit Facility agreement, principal will be repayable in full at the fifth anniversary of the date of the agreement (interest at LIBOR plus a margin of 0.36%), prior to maturity date, it's company's own discretion whether to make a drawdown or repayment within the availability period as well as a decision to select the interest period of the amount drawdown under the relevant terms and conditions under the loan agreement | 9.1.6 | 6,211,365 | - | 6,211,365 | - |

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| | Notes | Consolidated | | The Company Only | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | June 30, 2005 | December 31, 2004 | June 30, 2005 | December 31, 2004 |
| Subsidiary Companies: | | | | | |
| Thaioil Power Co., Ltd. | 9.2 | | | | |
| Onshore loans | | | | | |
| - Tranche A | | 1,311,868 | 1,761,953 | - | - |
| Independent Power (Thailand) Co., Ltd. | 9.3 | | | | |
| Onshore loans | | | | | |
| - Tranche A1 (U.S. Dollars 30 million in 2005 and U.S. Dollars 31.2 million in 2004) | | 1,242,273 | 1,223,118 | - | - |
| - Tranche A2 | | 767,637 | 798,342 | - | - |
| - Tranche A3 | | 701,787 | 729,859 | - | - |
| - Tranche A5 | | 277,926 | 289,043 | - | - |
| - Tranche E | | 188,382 | 199,147 | - | - |
| Offshore loans | | | | | |
| - Tranche B (U.S. Dollars 91.2 million in 2005 and U.S. Dollars 101.3 million in 2004) | | 3,776,313 | 3,969,292 | - | - |
| Thaioil Marine Co., Ltd. | 9.4 | | | | |
| Onshore loans | | | | | |
| - Loan from a local bank amounting to U.S. Dollars 0.09 million in 2004 repayable in 47 monthly installments of U.S. Dollars 40,000 each and the last installment amounting to U.S. Dollars 32,500, commencing May 2002 (interest at LIBOR plus a margin of 2.5%) | 9.4.1 | - | 3,496 | - | - |
| - Loan from a local bank amounting to U.S. Dollars 1.65 million in 2005 and U.S. Dollars 1.86 million in 2004 repayable in 57 monthly equal installments amounting to U.S. Dollars 35,800 each and the last installment amounting to U.S. Dollars 35,200, commencing August 2004 (interest at LIBOR plus a margin of 2.25%) | 9.4.2 | 68,168 | 72,955 | - | - |
| Thai Paraxylene Co., Ltd. | 9.5 | | | | |
| Onshore loans | | | | | |
| - Tranch A1 (U.S. Dollars 35.9 million in 2005 and U.S. Dollars 39.6 million in 2004) | 9.5.1 | 1,487,198 | 1,554,319 | - | - |
| - Tranch A 2 | 9.5.2 | 357,954 | 395,167 | - | - |
| Offshore loans | | | | | |
| - Tranch J (U.S. Dollars 20 million in 2005 and 2004) | 9.5.3 | <u>828,182</u> | <u>784,050</u> | <u>-</u> | <u>-</u> |
| Total | | 22,510,644 | 40,284,358 | 11,502,956 | 28,503,617 |
| Less : portion due within one year | | (1,602,236) | (1,578,782) | (-) | (-) |
| Net | | <u>20,908,408</u> | <u>38,705,576</u> | <u>11,502,956</u> | <u>28,503,617</u> |

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9.1 The Company

In April 2004, the Company refinanced, repurchased and exchanged long-term loans in Thai Baht, U.S. Dollars and Japanese Yen indebtedness under a Master Restructuring Agreement (MRA) as follows:

- 9.1.1 Refinanced Thai Baht loans amounting to Baht 13,503.2 million (under MRA) into seven-year term loans of Baht 6,654.6 million (loan 1. above) and U.S. Dollars 173 million (loan 2. above), each maturing in 2011 under the Refinance Facility (Baht) and Refinance Facility (Onshore Dollar) Loan Agreements, respectively, dated April 19, 2004.
- 9.1.2 Purchased U.S. Dollars 213.3 million of U.S. Dollar-denominated MRA debt in relation to loan. In this connection, the Company has a gain on this debt repurchase before maturity totaling Baht 314.9 million.
- 9.1.3 Exchanged the remaining U.S. Dollar loan amounting to U.S. Dollars 451.4 million (under MRA) and Japanese Yen loan amounting to Japanese Yen 3,517.8 million (under MRA) for six-year term loans, each maturing in 2010 under the Base Facility (U.S. Dollar) (loan 3. above) and Base Facility (Yen) (loan 4. above) Loan Agreements, respectively, dated April 19, 2004.

Since April 28, 2004, the security and covenants over the loans have been changed from those relating to restructured debts to those relating to normal corporate finance loans. The remaining security over loans includes the conditional novation of the land lease agreement with the Ministry of Finance and the assignment of the all risks and loss of profit insurance policy. In accordance with the terms of the loan agreements, the Company is required to maintain certain financial ratios and a certain shareholders' structure.

- 9.1.4 On June 29, 2004, the Company prepaid some of the outstanding principals on the refinanced loans as follows:

| Facility | Loan No. | Currency | In Millions |
|--|----------|--------------|-------------|
| Refinance Facility (Baht) maturing in 2011 | 1. | Thai Baht | 812 |
| Refinance Facility (Onshore Dollar) maturing in 2011 | 2. | U.S. Dollars | 21 |
| Base Facility (U.S. Dollar) maturing in 2010 | 3. | U.S. Dollars | 55 |
| Base Facility (Yen) maturing in 2010 | 4. | Yen | 429 |

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9.1.5 On March 7, 2005, the Company prepaid some of the outstanding principals on the refinanced loans as follows:

| Facility | Loan No. | Currency | In Millions |
|--|----------|--------------|-------------|
| Refinance Facility (Baht) maturing in 2011 | 1. | Thai Baht | 801 |
| Refinance Facility (Onshore Dollar) maturing in 2011 | 2. | U.S. Dollars | 21 |
| Base Facility (U.S. Dollar) maturing in 2010 | 3. | U.S. Dollars | 54 |
| Base Facility (Yen) maturing in 2010 | 4. | Yen | 423 |

9.1.6 On June 10, 2005, the Company repaid all of remaining principals and cancelled the existing loan agreements together with their related security by entering into U.S. Dollars 65 million and Baht 2,600 million Syndicated Loan Facility agreement and U.S. Dollars 200 million Revolving Credit Facility agreement dated June 3, 2005 (loans 5, 6 and 7 above) and issued ten-year-term notes at pricing rate of 99.884 % of face value of U.S. Dollars 350 million, maturing on June 9, 2015 at the interest rate of 5.10% per annum payable semi-annually in arrears of each year, commencing on December 9, 2005. The loan agreement and the Offering Circular agreement for notes have certain covenants pertaining to maintenance of certain financial ratios in the financial statements and percentage of shares held by the major shareholder.

As at June 30, 2005, the outstanding balances of notes were as follows:

| | In Thousand Baht | | | |
|-------------------------|-------------------|----------|-------------------|----------|
| | Consolidated | | The Company Only | |
| | 2005 | 2004 | 2005 | 2004 |
| Notes | 14,493,185 | - | 14,493,185 | - |
| Less: Discount on notes | (16,733) | (-) | (16,733) | (-) |
| Net | <u>14,476,452</u> | <u>-</u> | <u>14,476,452</u> | <u>-</u> |

Discount on notes is being amortized using effective interest rate over the period on notes.

9.2 Thailoil Power Co., Ltd.

Onshore Loans

On December 25, 2003, Thailoil Power Co., Ltd., a local bank and a local financial institution entered into a new credit facilities agreement to obtain loan and credit facilities to repay its long-term loans and to use it for general business purpose. In January 2004, the Company drew down tranche A from credit facilities to repay the former loans. As at June 30, 2005 and December 31, 2004, the details were as follows:

| Facilities | Interest |
|------------|----------|
|------------|----------|

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| <u>Tranche</u> | <u>Currency</u> | <u>(In Million)</u> | <u>Purposes</u> | <u>Years</u> | <u>Rates (%)</u> | <u>Repayment Terms</u> |
|----------------|-----------------|---------------------|---|----------------|--|---|
| A | Baht | 1,971 | Repay local long-term loan | 1 - 2 3 - 9 | 4.00 6 month-fixed deposit rate plus 2.75 | Semi-annual installments at varying amounts commencing March 30, 2004 |
| B | Baht | 200 | Short-term loan business for general purposes | - | 6 month-fixed deposit rate plus 3.25 | - |
| C | Baht | 75 | Guarantee for cancellation before maturity of the agreement | - | 1.50 | - |

9.3 Independent Power (Thailand) Co., Ltd.

On February 13, 1997 and March 21, 1997, Independent Power (Thailand) Co., Ltd. had entered into a Master Facilities Agreement and other related agreements with a group of banks and financial institutions to obtain the loans and credit facilities to finance the project cost and to use as working capital. As at June 30, 2005 and December 31, 2004, the details were as follows:

Onshore Loans

| <u>Tranche</u> | <u>Currency</u> | <u>Facilities (In Million)</u> | <u>Purposes</u> | <u>Interest</u> | | <u>Repayment Terms</u> |
|----------------|-----------------|------------------------------------|-----------------|-----------------|----------------------------|---|
| | | | | <u>Years</u> | <u>Rates (%)</u> | |
| A1 | U.S. Dollars | 40 | Project cost | 1-7 | SIBOR plus margin of 1.375 | Semi-annual installments at varying amounts commencing March 21, 2000 |
| | | | | 8-12 | SIBOR plus margin of 2.75 | |
| | | | | 13-17 | MLR | |
| A2 | Baht | 1,000 | Project cost | 1-5 | 11.75 | Semi-annual installments at varying amounts commencing March 21, 2000 |
| | | | | 6-7 | 7.00 | |
| | | | | 8-17 | MLR | |
| A3 | Baht | 920 | Project cost | 1-4 | MLR less 0.375 | Semi-annual installments at varying amounts commencing March 21, 2000 |
| | | | | 5-8 | MLR less 0.25 | |
| | | | | 9-13 | MLR less 0.125 | |
| | | | | 14-17 | MLR | |
| A5 | Baht | 371.4 | Project cost | 1-4 | MLR less 0.375 | Semi-annual installments at varying amounts commencing March 21, 2000 |
| | | | | 5-8 | MLR less 0.25 | |
| | | | | 9-13 | MLR less 0.125 | |
| | | | | 14-17 | MLR | |

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| <u>Tranche</u> | <u>Currency</u> | <u>Facilities (In Million)</u> | <u>Purposes</u> | <u>Interest</u> | | <u>Repayment Terms</u> |
|----------------|-----------------|------------------------------------|--|-----------------------------|--|---|
| | | | | <u>Years</u> | <u>Rates (%)</u> | |
| D1 | Baht | 520 | Working capital | - | MOR | - |
| D2 | Baht | 60 | Working capital | - | MOR | - |
| D3 | Baht | 20 | Guarantee of facilities | - | 1.50 | - |
| E | Baht | 308.6 | New transmission facility | 1-4 5-8 9-13 14-17 | MLR less 0.375 MLR less 0.25 MLR less 0.125 MLR | Monthly installments at varying amounts commencing December 1, 1999 |
| F1 | Baht | 620 | Debt service shortfall of Tranche A and/or Tranche E | 1-7 8-17 | MOR less 0.25 MOR | - - |

Offshore loans

| <u>Tranche</u> | <u>Currency</u> | <u>Facilities (In Million)</u> | <u>Purposes</u> | <u>Interest</u> | | <u>Repayment Terms</u> |
|----------------|-----------------|------------------------------------|-------------------------------------|-----------------|------------------------------------|---|
| | | | | <u>Years</u> | <u>Rates</u> | |
| B | U.S. Dollars | 144 | Project cost | 1-3 4-15 | LIBOR plus 0.75 LIBOR plus 0.95 | Semi-annual installments at varying amounts commencing March 21, 2000 |
| F2 | U.S. Dollars | 32 | Debt service shortfall of Tranche B | 1-15 | LIBOR plus 0.95 | - |

- MLR is the average minimum lending rate of 3 Thai banks.
- MOR is the average minimum overdraft rate of 3 Thai banks (in the case of Tranche D1).
- MOR is the average minimum overdraft rate of each lender (in the case of Tranche D2 and Tranche F1).

9.4 Thailoil Marine Co., Ltd. – Onshore loans

- 9.4.1 On March 27, 2002 and November 7, 2002, Thailoil Marine Co., Ltd. entered into loan agreements with a local bank to obtain finance to acquire two chemical tankers. In May 2004, Thailoil Marine Co., Ltd. paid a part of loan principal totaling U.S. Dollars 2.4 million before the maturity of the agreement and during the six-month period ended June 30, 2005, the remaining loan principal was repaid in full.
- 9.4.2 On April 5, 2004, Thailoil Marine Co., Ltd. entered into a loan agreement in the sum of U.S. Dollars 2.04 million with a local bank to acquire a liquid chemical tanker.

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On September 13, 2000, Thai Paraxylene Co., Ltd. entered into the Amendment Agreement relating to the Credit Facilities Agreement with two local financial institutions and the JGC Loan Agreement with a foreign company to obtain the following loans:

Onshore loans

9.5.1 Tranche A1 a U.S. Dollar term loan facility up to the equivalent of U.S. Dollars 54 million and a Baht term loan facility up to Baht 200 million from a local financial institution to finance the costs of constructing plant. The U.S. Dollar term loan bears interest at the rate of 3.25% per annum over LIBOR. These loans are repayable in 20 semi-annual installments at varying amounts commencing in September 2002.

9.5.2 Tranche A2 a loan facility up to Baht 585 million from a local bank to finance the costs of constructing plant. The loan bears interest at the rate of 0.75% per annum over MLR and is repayable in 20 semi-annual installments at varying amounts commencing in September 2002.

Offshore loans

9.5.3 Tranche J a U.S. Dollar term loan facility up to the equivalent of U.S. Dollars 20 million from a foreign company to finance the costs of constructing plant. The loans bear interest at the fixed rate of 8% per annum and are repayable in full within (a) 12 years from the date of the first utilization, or (b) the date following the day the Tranche A loans are repaid in full, whichever occurs later.

9.6 Security of subsidiary companies' loans – Consolidated

As at June 30, 2005 and December 31, 2004, the above loans to Thairoil Power Co., Ltd., Independent Power (Thailand) Co., Ltd., Thairoil Marine Co., Ltd. and Thai Paraxylene Co., Ltd. were secured against the following assets of these subsidiary companies:

| | In Thousand Baht | |
|---|------------------|-------------------|
| | June 30, 2005 | December 31, 2004 |
| Current accounts, savings and fixed deposits at banks | 383,339 | 1,582,000 |
| Promissory notes issued by financial institutions | 621,423 | 1,250,420 |
| Power plant – net book value | 12,082,909 | 12,571,117 |
| Paraxylene plant – net book value | 6,646,962 | 6,719,359 |
| Chemical tankers – net book value | 80,919 | 175,825 |

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10. BASIC EARNINGS PER SHARE

Basic earnings per share are determined by dividing the net profit for each of the periods by the weighted average number of shares outstanding during the periods.

| | 3 Months Ended June 30, | | 6 Months Ended June 30, | |
|---|-------------------------|-----------|-------------------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Net profit (In Thousand Baht) | 3,531,368 | 2,635,536 | 7,222,306 | 6,633,067 |
| Weighted average number of shares (Thousand Shares) | 2,040,028 | 1,896,528 | 2,040,028 | 1,896,528 |
| Basic earnings per share (Baht) | 1.73 | 1.39 | 3.54 | 3.50 |

11. CONTINGENT LIABILITIES AND COMMITMENTS

- a) As at June 30, 2005, the Company and subsidiary companies were contingently liable to certain banks for letters of guarantee issued to the Treasury Department and others totaling Baht 174 million and Baht 135 million, respectively.
- b) As at June 30, 2005, the Company had outstanding contract commitments to purchase crude oil with several foreign suppliers totaling approximately U.S. Dollars 672 million.
- c) The Company had commitments under interest rate knockout cap agreements with 3 foreign banks to hedge interest rate risk in respect of its U.S. Dollars 450 million long-term loans. These loans, which originally had floating interest rates of LIBOR plus margin, are capped under the agreements at maximum interest rates of 6.0% and 6.5% per annum with a knockout rate of 7.5% per annum. Under the terms of the agreements, the Company is entitled to be paid by its hedging counter-parties the excess of LIBOR and the maximum interest rate for periods of 7 to 10 years.
- d) As at June 30, 2005, a subsidiary company had various hedge agreements with foreign banks to reduce risk of movement in interest rates covering U.S. Dollar loans obtained to finance the construction of the plant amounting to U.S. Dollars 94.7 million. For the duration of the agreement, the subsidiary company commits to receiving payments from or making payment to the other party whenever the interest rates vary from the agreed rates based on the terms and conditions stipulated in the agreements.
- e) On March 17, 2005, the Company entered into agreements with a related company in respect of three crack spread swap transactions relating to a crack margin based on the price difference between Crude-Dubai and Jet A-1 (floating price) for 50,000 barrels at the fixed spread of U.S. Dollars 18.72 per barrel (fixed price) for monthly periods ending July 31, 2005, August 31, 2005, and September 30, 2005. Upon settlement, the related company or the Company will make payment if the fixed price exceeds/is lower than the floating price for each period.

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- f) During 2002 and 2001, the Customs Department and Excise Department sent letters to a subsidiary company to claim payment of excise tax including penalty and surcharge for certain shipments of imported reduced crude oil totaling Baht 253.7 million. The subsidiary company's management sent a letter to the Appeal Committee of the Excise Department to appeal this decision. On April 18, 2003, the Appeal Committee of the Excise Department took a decision to dismiss the subsidiary company's appeals and ordered the subsidiary company to pay a penalty. On May 22, 2003, the subsidiary company filed a petition against the Excise Department, the Customs Department and the Revenue Department (the Defendants) to the Central Revenue Court to reclaim excise tax which had been charged and to deny the excise tax assessed by the Excise Department. On July 15, 2004, the Central Tax Court ruled in favor of the subsidiary company and ordered the Defendants to return the tax charged plus interest and bank guarantee and to release machinery belonging to the subsidiary company which was being held in encumbrance. The Defendants requested and were granted permission from the Court to extend the appeal period to September 15, 2004. On September 14, 2004, the Defendants sent an application to the Supreme Court to appeal the Central Tax Court's decision and to suspend the execution of that decision. On October 19, 2004, the subsidiary company's management sent a letter to the Supreme Court to object to these appeal and to ask for suspended execution of the decision to be reversed. As at June 30, 2005, this matter was in the process of consideration by the Supreme Court.

12. SEGMENTED FINANCIAL INFORMATION - CONSOLIDATED

The segmented financial information of the Company and subsidiary companies for the six-month periods ended June 30, 2005 and 2004 are as follows:

| | Six-month period ended June 30, 2005 (In Thousand Baht) | | | | | | |
|--------------------------------------|---|------------------------|-------------------|-------------------|--|---------------------|--------------------|
| | Oil Refining | Lube Base Oil refining | Petro-Chemical * | Power Generation | Oil and Chemical Products Transportation | Elimination | |
| Net sales and services | 107,986,075 | 5,532,344 | 11,652,405 | 4,568,868 | 412,348 | (18,844,291) | 111,307,749 |
| Cost of sales and services | (99,776,123) | (4,806,745) | (9,851,487) | (3,881,478) | (374,566) | 19,230,997 | (99,459,402) |
| Gross profit | 8,209,952 | 725,599 | 1,800,918 | 687,390 | 37,782 | 386,706 | 11,848,347 |
| Other income | 720,239 | 244,231 | 27,551 | 19,697 | 41,621 | (827,247) | 226,092 |
| Selling and administrative expenses | (514,166) | (65,792) | (72,875) | (67,752) | (26,315) | 252,428 | (494,472) |
| Loss from insurance claims | - | - | - | (232,053) | - | - | (232,053) |
| Gain (loss) on foreign exchange | (1,130,727) | 3,874 | (112,016) | (254,078) | 7,051 | - | (1,485,896) |
| Interest expense and finance charges | (695,277) | (57,028) | (124,415) | (264,391) | (5,826) | 79,000 | (1,067,937) |
| Net loss of minority interests | - | - | - | 145,520 | - | (58,751) | 86,769 |
| Income tax | (1,661,736) | - | - | 3,192 | - | - | (1,658,544) |
| Net profit (loss) | <u>4,928,285</u> | <u>850,884</u> | <u>1,519,163</u> | <u>37,525</u> | <u>54,313</u> | <u>(167,864)</u> | <u>7,222,306</u> |
| Property, plant and equipment – net | 47,375,478 | 1,515,566 | 7,707,239 | 12,752,034 | 461,779 | (745,666) | 69,066,430 |
| Other assets | <u>55,712,641</u> | <u>3,390,166</u> | <u>4,238,088</u> | <u>5,925,817</u> | <u>391,956</u> | <u>(21,511,733)</u> | <u>48,147,340</u> |
| Total assets | <u>103,088,119</u> | <u>4,905,732</u> | <u>11,945,327</u> | <u>18,677,851</u> | <u>853,735</u> | <u>(22,257,399)</u> | <u>117,213,770</u> |

* As discussed in Note 8, Thai Paraxylene Co., Ltd. purchased a Mixed-Xylenes Production Unit and Platformer 2 Unit with the attached equipment from Thai Oil Public Company Limited. Since April 2005, the Company has started to run such unit, caused of the increase in by products sold to Thai Oil Public Company Limited.

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| | Six-month period ended June 30, 2004 (In Thousand Baht) | | | | |
|---|---|------------------|--------------------|------------------|------------------|
| | Oil Refining | Power Generation | Oil Transportation | Elimination | Total |
| Net sales and services | 81,627,738 | 3,686,228 | 447,411 | (882,460) | 84,878,917 |
| Cost of sales and services | (74,118,507) | (3,084,937) | (426,818) | 1,088,934 | (76,541,328) |
| Gross profit | 7,509,231 | 601,291 | 20,593 | 206,474 | 8,337,589 |
| Gain from debt repurchase before maturity | 314,903 | - | - | - | 314,903 |
| Other income | 521,237 | 57,016 | 1,864 | (225,655) | 354,462 |
| Selling and administrative expenses | (235,500) | (140,745) | (98,616) | (64,556) | (539,417) |
| Loss on foreign exchange | (795,012) | (186,599) | (4,699) | - | (986,310) |
| Interest expense and financial charges | (997,113) | (352,142) | (10,196) | 10,209 | (1,349,242) |
| Net loss of minority interests | - | 110,207 | - | (40,362) | 69,845 |
| Income tax | 430,571 | 666 | - | - | 431,237 |
| Net profit (loss) | <u>6,748,317</u> | <u>89,694</u> | <u>(91,054)</u> | <u>(113,890)</u> | <u>6,633,067</u> |

| | As at December 31, 2004 (In Thousand Baht) | | | | | | |
|-------------------------------------|--|------------------|------------------|-------------------|------------------|---------------------|--------------------|
| | Oil | Lube Base | Petro- | Power | Oil and Chemical | | |
| | Refining | Oil refining | Chemical | Generation | Products | | |
| | | | | | Transportation | Elimination | Total |
| Property, plant and equipment – net | 49,864,663 | 1,570,308 | 6,719,359 | 14,505,448 | 624,310 | (758,908) | 72,525,180 |
| Other assets | <u>45,750,365</u> | <u>2,033,070</u> | <u>1,500,849</u> | <u>4,926,978</u> | <u>228,860</u> | <u>(11,537,987)</u> | <u>42,902,135</u> |
| Total assets | <u>95,615,028</u> | <u>3,603,378</u> | <u>8,220,208</u> | <u>19,432,426</u> | <u>853,170</u> | <u>(12,296,895)</u> | <u>115,427,315</u> |

Property, plant and equipment of each segment represents the segmented operating assets, while other assets principally represent cash and cash equivalents, short-term investments, trade accounts receivable, other receivables from subsidiary and related companies, inventories, receivable from Oil Fuel Fund, other current assets, deferred tax assets, loans to savings co-operative of employees, long-term receivables from subsidiary and related companies, subordinated loan to related company, investments in shares and other non-current assets.

THAI OIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Interim Financial Statements (Continued)

June 30, 2005 and 2004 (Reviewed)

and December 31, 2004 (Audited)

13. INSURANCE CLAIMS

During 2004, one of the two gas turbines, CT2, of a subsidiary company (Independent Power (Thailand) Co., Ltd.) exploded during normal operation of the generator. The subsidiary company has purchased a new combustion gas turbine amounting to U.S. Dollars 23.5 million to replace its damaged one. The subsidiary company has used insurance proceeds and available cash to pay for the new combustion gas turbine. During the three-month period ended March 31, 2005, the subsidiary company successfully settled the dispute with its insurers and received the claim amount of U.S. Dollars 23.5 million (Baht 899.39 million), comprising U.S. Dollars 13 million (Baht 497.56 million) for business interruption and U.S. Dollars 10.5 million (Baht 401.84 million) for property damage. The subsidiary company wrote-off the damaged turbine and recorded a loss from insurance claims totaling Baht 232 million.

14. RECLASSIFICATION

Certain accounts in the 2004 financial statements and financial statements for the three-month and six-month periods ended June 30, 2004 have been reclassified to conform with the 2005 interim financial statement presentation.

15. OTHERS

- a) On April 12, 2005, the Company and Bangchak Petroleum Public Co., Ltd. signed the Memorandum of Understanding on the joint-cooperation program of the refinery operations. The Company and Bangchak Petroleum Public Co., Ltd. are in the process of detail evaluation of the feasibility of program.
- b) At the ordinary shareholders' meeting held on April 28, 2005, the shareholders unanimously approved the distribution of cash dividends for the year ended December 31, 2004 at Baht 1.80 per share, totaling Baht 3,672 million and the appropriation of Baht 345 million or 5% of net profit after deduction of deficit as legal reserve.