

(UNAUDITED BUT REVIEWED)

RAYONG PURIFIER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2005 AND 2004

1. GENERAL INFORMATION

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of earnings, changes in shareholders’ equity and cash flows as in the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.2 Basis of consolidation

The consolidated financial statements included the financial statements of Rayong Purifier Public Company Limited and its subsidiaries, and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2004. There have been no changes in the composition of the subsidiaries during the current period, except for the Company’s acquisition of an additional 70 percent of the issued and paid-up capital of SCT Petroleum Co., Ltd. (“SCT”) in January 2005. SCT has seven, 100-percent held subsidiaries, and as a result of this investment the status of these companies changed from associated companies to that of subsidiaries. The financial statements of SCT and its subsidiaries therefore have been included in the consolidated financial statements since the first quarter of 2005.

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The net asset value of SCT and its subsidiaries at the acquisition date (the date of their changes in status from associated companies to subsidiaries) consisted of the following: -

(Unit: Thousand Baht)

Cash and cash equivalents	12,183
Trade accounts receivable - net	84,212
Inventories	1,352
Other current assets	6,202
Pledged deposits at financial institution	1,801
Equipment - net	76,673
Other non-current assets	654
Trade accounts payable	(127,084)
Short-term loans	(10,590)
Liabilities under financial leases	(19,299)
Other current liabilities	(12,794)
Net asset value	<u>13,310</u>
Net asset value in proportion to the Company's equity interest (70 percent)	9,317
Excess of the net asset value over cost	<u>2,317</u>
Cash paid for acquisition of investment in subsidiary	7,000
Less: Cash and cash equivalents of subsidiary	<u>(12,183)</u>
Cash receipt from acquisition of investment in subsidiary	<u><u>(5,183)</u></u>

The excess of the net asset value of the subsidiary over cost of the investment at the acquisition date was recognised as income in full in the statement of earnings because the amount is immaterial.

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2004.

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2. TRADE ACCOUNTS AND NOTES RECEIVABLE

Trade accounts and notes receivable as at 30 June 2005 and 31 December 2004 are classified by aging as follows: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
<u>Trade accounts and notes receivable - others</u>				
Not over 3 months	273,120	169,703	186,057	164,572
Over 3 months to 6 months	3,235	-	-	-
Over 6 months to 12 months	2,104	-	-	-
Over 12 months	13,791	6,750	651	1,415
Total	292,250	176,453	186,708	165,987
Less: Allowance for doubtful accounts	(7,967)	(4,082)	(617)	(617)
Trade accounts and notes receivable - others, net	284,283	172,371	186,091	165,370
<u>Trade accounts and notes receivable - related parties</u>				
Not over 3 months	-	104,777	225,431	130,060
Trade accounts and notes receivable - related parties	-	104,777	225,431	130,060

3. PLEDGED DEPOSITS AT FINANCIAL INSTITUTIONS

As at 30 June 2005 and 31 December 2004, the Company and a subsidiary have pledged these fixed deposits to secure credit facilities granted by several financial institutions.

4. RELATED PARTY TRANSACTIONS

The relationship between the Company and related parties can be summarised below: -

<u>Name</u>	<u>Relationship</u>
Yothin Petroleum Co., Ltd.	Subsidiary
RPC Asia Co., Ltd.	Subsidiary
VTN-P Petrochemical Joint Venture Co., Ltd. (“VTN-P”)	Subsidiary
SCT Petroleum Co., Ltd.	Subsidiary
Isan Rungreang Petroleum Co., Ltd.	Subsidiary
Mitsumphan Petroleum Co., Ltd.	Subsidiary
Metro Petroleum Co., Ltd.	Subsidiary

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<u>Name</u>	<u>Relationship</u>
Jatuchak Oil Co., Ltd.	Subsidiary
Benja Petroleum Co., Ltd.	Subsidiary
Burapha Rungroch Petroleum Co., Ltd.	Subsidiary
Jaturatis Transport Co., Ltd.	Subsidiary
SCT Sahaphan Co., Ltd.	Common directors
Jazzy Creation Co., Ltd.	Common directors
Petro-Instruments Co., Ltd.	Common directors
Machine Automation Joint Stock Company	14 percent of shares held in VTN-P
Mr. Sumit Chanmatee	The Company's director

During the periods, the Company had significant business transactions with related parties. Such transactions are summarised below: -

(Unit: Thousand Baht)

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>		<u>Pricing policy</u>
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales	-	-	1,295,950	126,156	Note 1
Other income - other services	-	-	4,819	1,830	Contract price
Advertising and promotion expenses	-	-	-	4	Contract price
Transportation expense	-	-	32,379	-	Contract price
Other expenses	-	-	439	58	Actual cost
<u>Transactions with related parties</u>					
Sales	-	1,323,524	-	1,320,237	Note 1
Other income - other services	-	1,338	-	1,325	Contract price
Interest income	-	17	-	15	0.5 - 5.0 percent per annum
Advertising and promotion expenses	68	-	68	-	Contract price
Transportation expense	-	30,112	-	28,663	Contract price
Consulting fee	-	115	-	-	Contract price
Other expenses	705	799	496	523	Actual cost

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY		Pricing policy
	For the six-month periods ended 30 June		For the six-month periods ended 30 June		
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Sales	-	-	2,493,341	259,745	Note 1
Other income - other services	-	-	8,832	2,493	Contract price
Advertising and promotion expenses	-	-	-	739	Contract price
Transportation expense	-	-	63,614	-	Contract price
Other expenses	-	-	728	113	Actual cost
Purchase of assets	-	-	3,338	-	Net book value
Transactions with related parties					
Sales	-	2,279,231	-	2,274,503	Note 1
Other income - other services	-	5,395	-	5,346	Contract price
Interest income	-	40	-	37	0.5 - 5.0 percent per annum
Advertising and promotion expenses	258	-	258	-	Contract price
Purchase of goods	-	15,524	-	15,524	Market price
Transportation expense	-	48,352	-	45,189	Contract price
Consulting fee	-	115	-	-	Contract price
Other expenses	705	1,554	496	691	Actual cost
Purchase of assets	10,878	-	429	-	Contract price
Purchase of investment	6,898	-	6,898	-	Baht 5 per share
Interest expense	42	-	42	-	2.61 - 2.72 percent per annum

Note 1 - The selling price is set out based on the market price with discount for oil wholesale business, provided according to the volumes of order.

The selling price is set out based on the market price with the fixed rate marketing margin discount for oil retail business.

The selling price is set out based on the market price for overseas sales business and oil transportation business.

In addition, the Company purchased machines and refinery processing equipment from local suppliers on behalf of VTN-P Petrochemical Joint Venture Co., Ltd., reimbursing all expenses it incurred from that subsidiary at actual cost. The value of the associated transactions for the three-month and six-month periods ended 30 June 2004 amounted to Baht 3.9 million and Baht 9.8 million, respectively.

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The outstanding balances of related party transactions have been separately shown in the balance sheets as follows: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 June	31 December	30 June	31 December
	2005	2004	2005	2004
<u>Trade accounts and notes receivable - related parties</u>				
Yothin Petroleum Co., Ltd.	-	-	45,437	26,823
SCT Petroleum Co., Ltd.	-	-	24,366	-
Isan Rungreang Petroleum Co., Ltd.	-	25,749	46,942	25,749
Mitsumphan Petroleum Co., Ltd.	-	39,688	25,162	39,688
Metro Petroleum Co., Ltd.	-	36,235	5,909	36,235
Jatuchak Oil Co., Ltd.	-	-	6,048	-
Benja Petroleum Co., Ltd.	-	1,361	19,778	1,361
Burapha Rungroch Petroleum Co., Ltd.	-	-	12,101	-
Jaturatis Transport Co., Ltd.	-	1,744	-	204
RPC Asia Co., Ltd.	-	-	39,688	-
Total	-	104,777	225,431	130,060
<u>Amounts due from related parties</u>				
Yothin Petroleum Co., Ltd.	-	-	2,398	3,343
RPC Asia Co., Ltd.	-	-	448	57
SCT Petroleum Co., Ltd.	-	1,625	-	1,625
Isan Rungreang Petroleum Co., Ltd.	-	19	64	19
Mitsumphan Petroleum Co., Ltd.	-	55	17	55
Jaturatis Transport Co., Ltd.	-	71	45	67
VTN-P Petrochemical Joint Venture Co., Ltd.	-	-	34	29
Total	-	1,770	3,006	5,195
<u>Advances for purchase of assets - related party</u>				
Machine Automation Joint Stock Company	3,188	3,734	-	-
Total	3,188	3,734	-	-

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(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	30 June	31 December	30 June	31 December
	2005	2004	2005	2004
<u>Amounts due to related parties</u>				
Yothin Petroleum Co., Ltd.	-	-	298	6,238
SCT Petroleum Co., Ltd.	-	59	-	-
Jaturatis Transport Co., Ltd.	-	17,082	17,380	17,082
Jazzy Creation Co., Ltd.	352	520	352	520
Machine Automation Joint Stock Company	4,926	-	-	-
SCT Sahaphan Co., Ltd.	145	-	-	-
RPC Asia Co., Ltd.	-	-	8,623	-
Petro-Instruments Co., Ltd.	145	-	145	-
Total	<u>5,568</u>	<u>17,661</u>	<u>26,798</u>	<u>23,840</u>

During the period, movement of short-term loans from related party was as follows:

(Unit: Million Baht)

	Balance as at	During the period		Balance as at	Interest rate
	1 January	Increase	Decrease	30 June	
	2005			2005	
<u>Consolidated/The Company Only</u>					
Short-term loans from related party					
Mr. Sumit Chanmatee	-	50.0	(50.0)	-	2.61% - 2.72 % p.a.
	<u>-</u>	<u>50.0</u>	<u>(50.0)</u>	<u>-</u>	

5. INVENTORIES

Inventories in the Company's financial statements as at 30 June 2005 included oil of Baht 611.3 million (31 December 2004: Baht 501.4 million) reserved in accordance with the Ministry of Commerce regulations. Baht 109.4 million (31 December 2004: Baht 168.3 million) of this amount represents stocks covered by agreements for the sale and purchase of oil to maintain stipulated legal reserves, which the Company is committed to sell back to the sellers upon the expiry of the agreements.

The Company entered into an agreement with a financial institution to pledge all the Company's raw materials and finished goods as security for the credit facilities obtained from that financial institution, as referred to in Notes 9 and 11.

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6. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

Investments accounted for under equity method comprise investments in ordinary shares of the following companies: -

(Unit: Thousand Baht)

Company's name	Nature of business	Place of incorporation	Paid-up capital		Investment proportion		Investment			
			30 June 2005	31 December 2004	30 June 2005	31 December 2004	Cost method		Equity method	
					Percent	Percent	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Consolidated										
<u>Associated company</u>										
SCT Petroleum Co., Ltd. and its subsidiaries	Trading of fuel oil	Thailand	-	Baht 10 million	-	30	-	3,000	-	3,993
Total investment accounted for under equity method							-	3,000	-	3,993
The Company Only										
<u>Subsidiaries held by the Company</u>										
Yothin Petroleum Co., Ltd.	Trading of fuel oil	Thailand	Baht 50 million	Baht 50 million	100	100	49,999	49,999	35,549	33,587
RPC Asia Co., Ltd.	Manufacture & trading of petroleum and petrochemical products	Thailand	Baht 10 million	Baht 2.5 million	100	100	10,000	2,500	10,836	2,412
SCT Petroleum Co., Ltd. and its subsidiaries	Trading of fuel oil	Thailand	Baht 10 million	-	100	-	10,000	-	33,012	-
VTN-P Petrochemical Joint Venture Co., Ltd.	Manufacture & trading of petrochemical products	Vietnam	USD 3.5 million	USD 3.5 million	60	60	86,589	86,589	76,156	75,309
							156,588	139,088	155,553	111,308
<u>Associated company</u>										
SCT Petroleum Co., Ltd. and its subsidiaries	Trading of fuel oil	Thailand	-	Baht 10 million	-	30	-	3,000	-	3,993
Total investments accounted for under equity method							-	3,000	-	3,993
							156,588	142,088	155,553	115,301

RPC Asia Co., Ltd.

On 14 June 2005, a meeting of the Board of Directors of the subsidiary approved the calling up of share capital amounting to Baht 7.5 million, and as a result this subsidiary's paid-up capital increased from Baht 2.5 million to Baht 10.0 million. The subsidiary received payment for the shares in July 2005.

VTN-P Petrochemical Joint Venture Co., Ltd.

As at 30 June 2005, VTN-P Petrochemical Joint Venture Co., Ltd. has not commenced its operations since it is in the process of constructing its plant. Management expects that production will be able to start in the third quarter of 2005.

SCT Petroleum Co., Ltd. and its subsidiaries

On 17 December 2004, a meeting of the Company's Board of Directors approved the Company's purchase of 1.4 million shares of SCT Petroleum Co., Ltd. from existing shareholders of this company, at par value of Baht 5 per share, a total of Baht 7.0 million. The payment of the share prices and the transfer of the shares were made in January 2005. The share acquisition increased the Company's equity interest from 30 percent to 100 percent.

SCT Petroleum Co., Ltd. has seven, 100-percent held subsidiaries, which are the following: -

- Mitsumphan Petroleum Co., Ltd.
- Metro Petroleum Co., Ltd.
- Isan Rungreang Petroleum Co., Ltd.
- Burapha Rungroach Petroleum Co., Ltd.
- Benja Petroleum Co., Ltd.
- Jatuchak Oil Co., Ltd.
- Jaturatis Transport Co., Ltd.

7. LONG-TERM INVESTMENT - OTHER

On 13 May 2004, a meeting of the Board of Directors of the Company approved the sale of the investment in 1.4 million ordinary shares of Siam Gulf Petrochemical Co., Ltd. to a group of unrelated individuals, at a price of Baht 90 million with the buyers pay a first installment of Baht 27 million within 10 June 2004 and a second installment of Baht 63 million within 10 June 2005. The Company entered into an agreement to sell/purchase the investment on 27 May 2004 and transferred all ordinary shares to the buyers on 10 June 2004.

On 6 June 2005, the buyers submitted a letter requesting the Company to relax the conditions of the second installment payment, and the Company approved an extension of the repayment period until 9 August 2005, on the condition that Baht 0.6 million of additional interest would be payable within 15 July 2005 for defaulting on the share payment for the period as from 10 June 2005 to 8 August 2005.

The above agreement stipulates certain conditions, such as that the buyers must guarantee the company's repayment of the loans obtained from the Company, the pledge of share certificates in proportion to the payment as collateral for the second share payment installment, the Company's right to purchase the shares back from the buyers for a certain period at the price stipulated in the agreement, the Company's right to purchase raw materials from that company in the quantity and at the price specified in the agreement, and that the Company is to provide technical support in relation to the project of the company.

8. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2005, certain motor vehicles, with a net book value of Baht 23.8 million (31 December 2004: Baht 4.7 million) in the consolidated financial statements, and Baht 0.7 million (31 December 2004: Baht 2.2 million) in the Company's financial statements, have been placed as collateral under financial leases with repayment periods of 36 - 48 months.

9. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

The Company

The Company has overdraft and revolving loan facilities from various financial institutions. These facilities are secured by the pledge of fixed deposits, raw materials and finished goods, and the transfer of the rights over collection of revenues under agreements for the sale/purchase and consignment of crude oil between the Company and another company.

The loan agreement contains certain covenants pertaining to, among other things, the maintenance of a certain long-term debt to equity ratio, restrictions on capital expenditure, restrictions on the payment of dividends, restrictions on incurring obligations over the Company's assets, and not using the loans for other than the approved purposes.

Subsidiaries

VTN-P Petrochemical Joint Venture Co., Ltd. and RPC Asia Co., Ltd. have overdraft and revolving loan facilities from various financial institutions. These facilities are guaranteed by the Company.

10. SHORT-TERM LOANS - OTHERS

These represent promissory notes which the Company and subsidiaries issued to another individual. The loans carry interest at the rates of 5.0 - 5.5 percent per annum (31 December 2004: 5.5 - 6.0 percent per annum) and are repayable within one year.

11. LONG-TERM LOANS

The Company

On 14 March 2002, the Company entered into a loan agreement with a financial institution for a credit facility of Baht 841 million. This consists of long-term Baht loans amounting to Baht 565 million for use for specific purposes, Baht 176 million in revolving loans for bank guarantees, packing credit, and discounted export bill facilities, and credit facilities amounting to Baht 100 million for hedging risk with forward foreign currency contracts.

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As at 30 June 2005 and 31 December 2004, details of long-term baht loans are as follows: -

- a) Tranche A of Baht 225 million, to be used for payment of long-term loans from another financial institution. The loan has a grace period for principal repayment of 6 months from the date of the first draw down and is repayable in equal semi-annual installments of 11.111 percent of the amount of the first draw down of principal. As at 30 June 2005, the outstanding balance of the loan amounted to Baht 74.9 million (31 December 2004: Baht 99.9 million).
- b) Tranche B of Baht 140 million, to be used to fund the expansion of production capacity. The loan has a grace period for principal repayment of 12 months from the date of the first draw down and is repayable in equal semi-annual installments of 12.5 percent of the amount of the first draw down of principal. As at 30 June 2005, the outstanding balance of the loan amounted to Baht 38.2 million (31 December 2004: Baht 51.0 million).
- c) Tranche C of Baht 200 million, to be used to source and set aside reserves of oil in accordance with legal requirements. The loan has a grace period for principal repayment of 12 months from the date of the first draw down and is repayable in equal semi-annual installments of 12.5 percent of the amount of the first draw down of principal. As at 30 June 2005, the outstanding balance of the loan amounted to Baht 75.0 million (31 December 2004: Baht 100.0 million).

The loans carry interest at the rates of 5.5 - 5.75 percent per annum for a period of 2 years from the date of the first draw down, and subsequently at the Minimum Loan Rate (MLR) minus 1.5 percent per annum. Interest is payable on a monthly basis.

The facilities are secured by the pledge of raw materials and finished goods and the transfer of the rights over collection of revenues under agreements for the sale/purchase and consignment of crude oil between the Company and another company. In addition, the loan agreement contains certain covenants pertaining to, among other things, the maintenance of a certain long-term debt to equity ratio, restrictions on capital expenditure, restrictions on the payment of dividends, restrictions on incurring obligations over the Company's assets and not using the loans for other than the approved purposes.

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VTN-P Petrochemical Joint Venture Co., Ltd.

On 3 September 2004, VTN-P Petrochemical Joint Venture Co., Ltd. entered into a loan agreement with the Export and Import Bank of Thailand, obtaining a credit facility of USD 3.5 million for use in the construction of its refinery. Under the loan agreement, the draw down period is from October 2004 to April 2005, and there is a grace period for principal repayment of 12 months from the date of the first draw down or 6 months from commencement of operations, whichever is earlier. The loan is repayable in semi-annual installments of USD 0.35 million, between April 2006 and October 2010, and carries interest at LIBOR plus 1.875 percent per annum, payable on 30 April and 31 October of each year.

On 26 April 2005, the subsidiary was granted approval by the Export and Import Bank of Thailand to extend the end of the draw down period from April 2005 to June 2005. Subsequently, on 27 June 2005, the subsidiary was granted another extension of the end of the draw down period, to the end of July 2005.

The above loan agreement stipulates certain conditions, such as that the Company's equity interest in the subsidiary must be not less than 50 percent, and restrictions on the payment of dividends, and incurring obligations.

The loan is guaranteed by the Company, and secured by the shareholders' support agreement, and the assignment of the beneficial rights under the insurance policies covering the assets of the subsidiary to the lender.

As at 30 June 2005 and 31 December 2004, the outstanding balance of the loan amounted to Baht 135.5 million (USD 3.3 million) and Baht 51.1 million (USD 1.3 million), respectively.

12. SHARE CAPITAL

On 8 April 2005, the Annual General Meeting of the Company's shareholders approved an increase in the registered share capital from Baht 415.55 million to Baht 424.04 million through the issue of 8,490,000 ordinary shares with a par value of Baht 1 each to support the offer and issue of the warrants to directors, advisors, management and employees and custodians of the Company, as discussed in Note 13. The Company registered its increase in share capital with the Ministry of Commerce on 18 April 2005.

13. WARRANT

On 8 April 2005, the Annual General Meeting of the Company's shareholders approved the offer and issue of a total of 8,490,000 warrants (ESOP No. 1) to directors, advisors, management and employees and custodians of the Company, detailed as follows: -

Name of warrant	:	Warrants to purchase ordinary shares of Rayong Purifier Public Company Limited No. 1 (RPC - W1)
Type	:	Registered, non-transferable, except to the custodian or legal heir or beneficiary of the warrant holder
Life of warrant	:	Not more than 36 months from the issue date
Quantity	:	8,490,000 units
Offer method	:	Allotted to a) the Company's directors and advisors - 933,900 shares, b) executives from department manager level up - 2,377,200 shares, c) staff below department manager level - 5,178,900 shares, and d) custodians
Offering price	:	Baht 0 each
Exercise ratio	:	1 warrant to 1 new ordinary shares (unless there is any adjustment of the exercise price or exercise ratio)
Exercise price	:	Baht 1 per share (unless there is any adjustment of the exercise price or exercise ratio)
Exercise date	:	The warrants are divided into three issues, of roughly equal amounts, and must be exercised at a single time. The periods to exercise each issue end as follow: - No. 1 30 November 2005 No. 2 30 November 2006 No. 3 30 November 2007
No. of ordinary shares reserved for warrant exercise	:	8,490,000 shares
Secondary market	:	None

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The above mentioned ESOP No. 1 was approved by the Office of the Securities and Exchange Commission on 29 July 2005.

14. DIVIDEND PAID

On 8 April 2005, the Annual General Meeting of the Company's shareholders approved a dividend payment of Baht 0.40 per share, a total of Baht 166.22 million. The dividend was paid on 29 April 2005.

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15. FINANCIAL INFORMATION BY SEGMENT

Information of the Company and its subsidiaries by segment for the three-month and six-month periods ended 30 June 2005 and 2004, is as follows: -

(Unit: Million Baht)

	For the three-month periods ended 30 June									
	Manufacture & trading of petroleum and petrochemical products		Oil transportation		Total		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Sales and services										
Domestic	4,198	2,586	53	-	4,251	2,586	(1,339)	(126)	2,912	2,460
Overseas	470	297	-	-	470	297	-	-	470	297
Total sales and services	4,668	2,883	53	-	4,721	2,883	(1,339)	(126)	3,382	2,757
Cost of sales and services	(4,356)	(2,615)	(41)	-	(4,397)	(2,615)	1,308	126	(3,089)	(2,489)
Gross profit margin	312	268	12	-	324	268	(31)	-	293	268
Other income	10	3	-	-	10	3	(8)	(3)	2	-
Selling and administrative expenses	(115)	(96)	(5)	-	(120)	(96)	38	2	(82)	(94)
Directors' remuneration	(9)	(11)	-	-	(9)	(11)	-	-	(9)	(11)
Share of profit (loss) from investments accounted for under equity method	11	(5)	-	-	11	(5)	(11)	2	-	(3)
Earnings before interest expense and income tax	209	159	7	-	216	159	(12)	1	204	160
Interest expense	(4)	(5)	(1)	-	(5)	(5)	1	-	(4)	(5)
Corporate income tax	(49)	(39)	(2)	-	(51)	(39)	-	-	(51)	(39)
Earnings before minority interest	156	115	4	-	160	115	(11)	1	149	116
Net loss of minority interest	-	-	-	-	-	-	-	-	-	-
Net earnings for the period	156	115	4	-	160	115	(11)	1	149	116

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Manufacture & trading of petroleum and petrochemical products		Oil transportation		Total		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Sales and services									
Domestic	7,949	4,511	101	-	8,050	4,511	(2,574)	(260)	5,476	4,251
Overseas	687	477	-	-	687	477	-	-	687	477
Total sales and services	8,636	4,988	101	-	8,737	4,988	(2,574)	(260)	6,163	4,728
Cost of sales and services	(8,064)	(4,521)	(81)	-	(8,145)	(4,521)	2,511	260	(5,634)	(4,261)
Gross profit margin	572	467	20	-	592	467	(63)	-	529	467
Other income	20	10	2	-	22	10	(10)	(3)	12	7
Selling and administrative expenses	(225)	(181)	(9)	-	(234)	(181)	73	3	(161)	(178)
Directors' remuneration	(10)	(12)	-	-	(10)	(12)	-	-	(10)	(12)
Share of profit (loss) from investments accounted for under equity method	23	(10)	-	-	23	(10)	(23)	3	-	(7)
Earnings before interest expense and income tax	380	274	13	-	393	274	(23)	3	370	277
Interest expense	(8)	(11)	(2)	-	(10)	(11)	1	-	(9)	(11)
Corporate income tax	(87)	(68)	(3)	-	(90)	(68)	-	-	(90)	(68)
Earnings before minority interest	285	195	8	-	293	195	(22)	3	271	198
Net loss of minority interest	-	-	-	-	-	-	1	-	1	-
Net earnings for the period	285	195	8	-	293	195	(21)	3	272	198

(Unit: Million Baht)

	Manufacture & trading of petroleum and petrochemical products		Oil transportation		Total		Elimination		Total	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004
	Inventories	1,123	798	-	-	1,123	798	-	-	1,123
Property, plant and equipment - net	824	782	58	-	882	782	-	-	882	782
Other assets	1,647	1,356	44	-	1,691	1,356	(543)	(148)	1,148	1,208
Total assets	3,594	2,936	102	-	3,696	2,936	(543)	(148)	3,153	2,788

16. LETTERS OF GUARANTEE

- a) As at 30 June 2005, there were outstanding bank guarantees of Baht 121.4 million (31 December 2004: Baht 133.6 million) issued by banks on behalf of the Company and the subsidiaries in respect of certain performance bonds required in the normal course of the Company and the subsidiaries' business.
- b) As at 30 June 2005, the Company issued letters of guarantee amounting to USD 7.0 million (31 December 2004: USD 4.5 million) to the Export and Import Bank of Thailand to secure the credit facilities of its overseas subsidiary. The guarantees are effective for as long as the underlying obligations have not been discharged by that subsidiary. No guarantee fee has been charged by the Company. In addition, all shareholders of that subsidiary entered into a Shareholder Guarantee Agreement to secure its credit facilities in proportion to their shareholdings.
- c) As at 30 June 2005, SCT Petroleum Co., Ltd. ("SCT") issued letters of guarantee to a leasing company to secure the liabilities of Jaturatis Transport Co., Ltd. ("subsidiary") under financial leases. The guarantees are effective for as long as the underlying obligations have not been discharged by that subsidiary. The balance of the related liabilities under financial leases as at 30 June 2005 amounted to Baht 12.8 million.
- d) On 7 April 2005, a meeting of the Board of Directors of the Company approved the Company's provision of a guarantee for overdraft and revolving loan facilities of RPC Asia Co., Ltd. amounting to Baht 120.0 million which are to be obtained from a financial institution. The subsidiary is in the process of preparing documents to apply for approval of the credit facilities. In addition, the Company issued a letter of guarantee amounting to USD 3.5 million to the Export and Import Bank of Thailand to secure the credit facilities of this subsidiary.

17. COMMITMENTS

As at 30 June 2005, the Company and the subsidiaries have the following commitments: -

- a) Capital commitments of Baht 1 million, USD 1 million and VND 1,568 million (31 December 2004: Baht 2 million, USD 2 million and VND 476 million) in respect of construction of their plants, and oil depots and the purchase of machinery.
- b) Commitments totalling Baht 61 million (31 December 2004: Baht 64 million) under long-term rental and service agreements relating to the lease of office space, equipment, motor vehicles and part of an oil depot from the years 2005 to 2027.
- c) Commitments totalling Baht 38 million (31 December 2004: Baht 38 million) under long-term rental and service agreements relating to the lease of oil stations from the years 2005 to 2016.
- d) Commitments in respect of the payment of commission fees to individuals. Commission fees are charged based on the volume sold, at rates stipulated in the agreement, which has a term of 5 years from October 2000 onwards.
- e) Under a shareholders' support agreement, the Company and shareholders of a subsidiary (VTN-P Petrochemical Joint Venture Co., Ltd.) have commitments to provide adequate financial support to that subsidiary, including the provision of working capital, in proportion to their shareholdings, if the cost of a project exceeds USD 7.0 million. This complies with a condition stipulated in the loan agreement between the subsidiary and the Export and Import Bank of Thailand.
- f) In 1995, the Company entered into an agreement with PTT Public Company Limited to purchase raw materials in a quantity and at a price stipulated in the agreement, which is for a period of 15 years and may be extended. The agreement stipulated that the Company had to provide a bank guarantee of a certain amount as security against payment for goods purchased. The security will be returned to the Company upon expiry of the agreement.

(UNAUDITED BUT REVIEWED)

18. FOREIGN CURRENCY RISK

The Company and subsidiaries' exposure to foreign currency risk relates principally to their assets and liabilities which are denominated in foreign currencies. The Company and subsidiaries have entered into forward foreign currency contracts with maturities of less than one year to hedge foreign currency risk, in which the remaining balance amounted to USD 2.6 million as at 30 June 2005. Applicable forward selling rates are Baht 40.17 - 41.30 per USD 1.

The following is a summary of significant unhedged foreign currency-denominated assets and liabilities as at 30 June 2005: -

(Unit: Thousand)

Foreign currency	CONSOLIDATED		THE COMPANY ONLY	
	Assets	Liabilities	Assets	Liabilities
USD	3,764	3,300	1,299	-

19. RECLASSIFICATION

Certain amounts in the financial statements for the year ended 31 December 2004 and for the three-month and six-month periods ended 30 June 2004 have been reclassified to conform to the current period's classification, with no effect on previously reported net earnings or shareholders' equity.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved by the Company's directors.