



(TRANSLATION)
AUDITOR'S REPORT

TO : THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has audited the accompanying consolidated balance sheets of PTT Public Company Limited and its subsidiaries and the balance sheets of PTT Public Company Limited as of December 31, 2006 and 2005, and the related consolidated and the Company's statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits and other auditors' reports. The financial statements of subsidiaries abroad, subsidiaries arising from joint investments between PTT Public Company Limited and subsidiaries or others, joint ventures which are joint investments between PTT Public Company Limited and others and joint investments between subsidiaries and others were audited by other auditors and included in the consolidated financial statements. The Office of the Auditor General of Thailand received the other auditors' reports and used them as a basis in auditing and expressing an opinion on the consolidated financial statements. The assets and liabilities of the above subsidiaries and joint ventures included in the consolidated financial statements as of December 31, 2006 constitute 15.42% and 7.46% and as of December 31, 2005 constitute 17.94% and 10.35%, respectively.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audits include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audits also include assessing the accounting principles used and significant estimates made by the management,

as well as evaluating the overall financial statement presentation. The Office of the Auditor General of Thailand believes that the audits together with the other auditors' reports as mentioned above provide a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General of Thailand based on the audits and the other auditors' reports, the consolidated and the Company's financial statements referred to above present fairly, in all material respects, the financial position of PTT Public Company Limited and its subsidiaries and of PTT Public Company Limited as of December 31, 2006 and 2005, the results of operations, the changes in shareholders' equity and the cash flows for the years then ended in accordance with generally accepted accounting principles.

(Signed) *Khunying Jaruvan Maintaka*

(Khunying Jaruvan Maintaka)

Auditor General

(Signed) *Jintana Vanichkajorn*

(Jintana Vanichkajorn)

Director of Audit Office

สำนักงานการตรวจเงินแผ่นดิน
Office of the Auditor General

February 23, 2007

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS OF DECEMBER 31, 2006 AND 2005

Unit : Baht

	Notes	Consolidated		The Company	
		2006	2005	2006	2005
<u>Assets</u>					
Current Assets					
Cash and cash equivalents	3	86,806,254,165	73,440,815,749	26,509,729,979	20,884,465,980
Current investments	4	1,412,953,182	714,861,036	971,412,527	95,671,636
Trade accounts and notes receivable - others, net	5	83,651,051,094	67,518,695,403	70,714,206,129	55,618,297,002
Trade accounts receivable - related parties, net	6.1	32,233,254,372	21,798,865,096	41,076,883,986	40,199,888,113
Other accounts receivable, advances and short-term loans - related parties, net	6.2	1,485,781,424	5,186,428,630	2,595,264,377	17,510,054,024
Inventories	7	15,117,531,539	23,501,308,669	7,957,413,082	9,176,116,543
Materials and supplies - net	8	7,552,469,189	5,532,864,605	1,683,222,426	1,563,510,309
Other current assets	9	25,170,367,460	24,320,164,659	16,855,527,953	18,385,858,758
Total Current Assets		253,429,662,425	222,014,003,847	168,363,660,459	163,433,862,365
Non-current Assets					
Investments accounted for under the equity method	2.25 , 10.3	100,232,967,812	66,577,148,716	229,929,117,290	170,591,164,633
Other long-term investments	11.3	3,129,323,736	2,089,316,392	1,894,120,000	1,799,078,000
Advances and long-term loans - related parties, net	6.3	5,807,690,627	5,992,867,629	6,048,767,974	6,019,375,915
Property, plant and equipment - net	12	337,131,879,529	305,378,114,996	140,582,771,063	109,948,850,665
Intangible assets	13	22,596,923,648	11,528,865,309	3,665,779,723	3,175,955,018
Deferred tax assets	14	1,251,768,536	1,898,455,921	1,219,733,054	1,184,784,823
Advance payment for gas purchased	15	16,598,177,518	19,746,624,624	20,629,669,029	24,574,666,637
Other non-current assets	16	11,275,075,385	14,581,259,662	9,253,938,789	8,487,176,043
Total Non-current Assets		498,023,806,791	427,792,653,249	413,223,896,922	325,781,051,734
Total Assets		751,453,469,216	649,806,657,096	581,587,557,381	489,214,914,099

Notes to financial statements form an integral part of these financial statements.

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS OF DECEMBER 31, 2006 AND 2005

	Notes	Unit : Baht			
		Consolidated		The Company	
		2006	2005	2006	2005
<u>Liabilities and Shareholders' Equity</u>					
Current Liabilities					
Bank overdrafts and short-term loans from financial institutions	17	1,734,797,602	3,546,735,675	-	998,410,421
Trade accounts payable - others		55,620,487,671	49,488,015,557	52,855,101,757	43,920,826,386
Trade accounts payable - related parties	6.4	29,168,043,894	18,626,632,656	37,504,382,815	31,722,141,934
Other accounts payable - related parties	6.5	513,089,157	334,643,566	372,626,899	158,136,236
Current portion of long-term loans	19	21,612,145,139	21,626,740,361	11,493,033,200	8,484,501,371
Income tax payable		21,161,422,580	20,935,268,286	3,868,862,856	3,997,999,648
Accrued expenses		25,251,959,602	21,437,007,568	10,055,120,041	9,084,274,666
Other current liabilities	18	12,513,974,983	12,016,282,093	6,357,907,951	6,570,473,569
Total Current Liabilities		167,575,920,628	148,011,325,762	122,507,035,519	104,936,764,231
Non-current Liabilities					
Other long-term accounts payable - related parties	6.6	-	-	248,950,289	360,812,624
Long-term loans	19	198,339,307,089	197,983,341,348	165,066,437,701	146,743,072,536
Allowance for share of net loss over investments	2.25, 10.3, 10.5	-	-	22,866,362	1,074,727,910
Deferred tax liabilities	14	13,839,224,531	12,685,241,571	158,750,000	276,996,795
Provision for decommissioning costs	20	10,712,387,696	7,019,362,087	-	-
Deposits on LPG cylinders		4,347,905,533	3,986,404,813	4,347,905,533	3,986,404,813
Other non-current liabilities	21	2,316,360,846	1,688,048,445	1,403,432,022	1,019,332,886
Total Non-current Liabilities		229,555,185,695	223,362,398,264	171,248,341,907	153,461,347,564
Total Liabilities		397,131,106,323	371,373,724,026	293,755,377,426	258,398,111,795

Notes to financial statements form an integral part of these financial statements.

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS
AS OF DECEMBER 31, 2006 AND 2005

Unit : Baht

	Notes	Consolidated		The Company	
		2006	2005	2006	2005
Liabilities and Shareholders' Equity (Continued)					
Shareholders' Equity					
Share capital	22				
Authorized share capital					
2,857,245,725 ordinary shares of Baht 10 each		28,572,457,250	-	28,572,457,250	-
2,837,245,725 ordinary shares of Baht 10 each		-	28,372,457,250	-	28,372,457,250
Issued and paid-up share capital					
2,804,925,625 ordinary shares of Baht 10 each		28,049,256,250	-	28,049,256,250	-
2,797,245,725 ordinary shares of Baht 10 each		-	27,972,457,250	-	27,972,457,250
Premium on share capital					
Premium on ordinary shares		19,321,453,366	17,992,830,666	19,321,453,366	17,992,830,666
Surplus on dilution of investments in subsidiaries and associates		2,950,404,482	2,142,400,359	2,950,404,482	2,142,400,359
Unrealized gain on available-for-sale securities		463,391,320	830,990,386	463,391,320	830,990,386
Currency translation differences		(994,247,170)	(800,719,785)	(994,247,170)	(800,719,785)
Retained earnings					
Appropriated					
Legal reserve	23.1	2,857,245,725	2,850,000,000	2,857,245,725	2,850,000,000
Reserve for Self-insurance Fund	23.2	888,116,510	841,395,380	888,116,510	841,395,380
Unappropriated		234,296,559,472	178,987,448,048	234,296,559,472	178,987,448,048
Total parent's shareholders' equity	2.25	287,832,179,955	230,816,802,304	287,832,179,955	230,816,802,304
Minority interests		66,490,182,938	47,616,130,766	-	-
Total Shareholders' Equity		354,322,362,893	278,432,933,070	287,832,179,955	230,816,802,304
Total Liabilities and Shareholders' Equity		751,453,469,216	649,806,657,096	581,587,557,381	489,214,914,099

Notes to financial statements form an integral part of these financial statements.

(Signed) Prasert Bunsumpun
(Prasert Bunsumpun)
President

(Signed) Pichai Chunchavajira
(Pichai Chunchavajira)
Senior Executive Vice President,
Corporate Finance & Accounting

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Unit : Baht

	Notes	Consolidated		The Company	
		2006	2005	2006	2005
Sales and services	25	#####	926,269,340,679	1,187,032,285,998	967,099,813,759
Cost of sales and services		#####	811,088,811,955	1,132,575,559,668	915,357,684,468
Gross Margin		141,769,548,129	115,180,528,724	54,456,726,330	51,742,129,291
Selling and administrative expenses		28,667,616,816	21,343,732,172	21,883,286,151	16,629,303,294
Exploration expenses		3,631,646,309	1,213,024,874	-	-
Income from Sales		109,470,285,004	92,623,771,678	32,573,440,179	35,112,825,997
Gain on disposal of invesments	35	7,130,480,089	(551,438,813)	7,130,480,089	-
Other income	26	25,221,723,112	9,435,673,595	18,967,526,808	12,745,029,541
Directors' remuneration	6.8	160,588,765	79,752,401	40,330,089	28,485,010
Income from Operations		141,661,899,440	101,428,254,059	58,631,116,987	47,829,370,528
Share of net income from investments under the equity method	27	19,139,447,260	21,651,259,802	52,537,611,460	52,984,437,048
Income before Interests and Taxes		160,801,346,700	123,079,513,861	111,168,728,447	100,813,807,576
Interest expenses	30	11,005,620,452	8,811,662,806	7,320,022,397	6,787,342,468
Income taxes	14	35,882,714,128	25,565,615,689	8,588,102,690	8,505,172,406
Income after Taxes		113,913,012,120	88,702,235,366	95,260,603,360	85,521,292,702
Income of minority interests		18,652,408,760	8,597,739,206	-	-
Income from Ordinary Activities		95,260,603,360	80,104,496,160	95,260,603,360	85,521,292,702
Extraordinary items	28	-	5,416,796,542	-	-
Net Income	2.25	95,260,603,360	85,521,292,702	95,260,603,360	85,521,292,702
Basic earnings per share	24				
Income before extraordinary items		34.02	28.63	34.02	30.57
Extraordinary items		-	1.94	-	-
Net income		34.02	30.57	34.02	30.57
Diluted earnings per share	24				
Income before extraordinary items		33.90	28.59	33.90	30.53
Extraordinary items		-	1.94	-	-
Net income	2.25	33.90	30.53	33.90	30.53

Notes to financial statements form an integral part of these financial statements.

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
CONSOLIDATED

Unit : Baht

Notes	Issued and paid-up share capital	Premium on share capital	Surplus on dilution of investments	Unrealized gain(loss) on available-for-sale securities	Currency translation differences	Retained earnings			Minority interests	Total
						Legal reserve	Reserve for Self-insurance Fund	Unappropriated		
Balance as of January 1, 2005	27,972,457,250	17,992,830,666	2,089,284,252	1,046,367,181	(765,711,742)	2,850,000,000	811,830,329	112,377,129,041	20,540,776,184	184,914,963,161
Currency translation differences	-	-	-	-	(35,008,043)	-	-	-	-	(35,008,043)
Unrealized loss on available-for-sale securities	-	-	-	(215,376,795)	-	-	-	-	-	(215,376,795)
Minority interests	-	-	-	-	-	-	-	-	27,075,354,582	27,075,354,582
Surplus on dilution of investments in subsidiaries and associates	-	-	53,116,107	-	-	-	-	-	-	53,116,107
Reserve for Self-insurance Fund	23.2	-	-	-	-	-	29,565,051	(29,565,051)	-	-
Dividends paid	-	-	-	-	-	-	-	(18,881,408,644)	-	(18,881,408,644)
Net income	-	-	-	-	-	-	-	85,521,292,702	-	85,521,292,702
Balance as of Decemberr 31, 2005	27,972,457,250	17,992,830,666	2,142,400,359	830,990,386	(800,719,785)	2,850,000,000	841,395,380	178,987,448,048	47,616,130,766	278,432,933,070
Issued and paid-up share capital	76,799,000	-	-	-	-	-	-	-	-	76,799,000
Premium on share capital	-	1,328,622,700	-	-	-	-	-	-	-	1,328,622,700
Currency translation differences	-	-	-	-	(193,527,385)	-	-	-	-	(193,527,385)
Unrealized loss on available-for-sale securities	-	-	-	(367,599,066)	-	-	-	-	-	(367,599,066)
Minority interests	-	-	-	-	-	-	-	-	18,874,052,172	18,874,052,172
Surplus on dilution of investments in subsidiaries and associates	10.7	-	808,004,123	-	-	-	-	-	-	808,004,123
Legal reserve	23.1	-	-	-	-	7,245,725	-	(7,245,725)	-	-
Reserve for Self-insurance Fund	23.2	-	-	-	-	-	46,721,130	(46,721,130)	-	-
Dividends paid	-	-	-	-	-	-	-	(39,897,525,081)	-	(39,897,525,081)
Net income	-	-	-	-	-	-	-	95,260,603,360	-	95,260,603,360
Balance as of December 31, 2006	28,049,256,250	19,321,453,366	2,950,404,482	463,391,320	(994,247,170)	2,857,245,725	888,116,510	234,296,559,472	66,490,182,938	354,322,362,893

Notes to financial statements form an integral part of these financial statements.

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
THE COMPANY

Unit : Baht

Notes	Issued and paid-up share capital	Premium on share capital	Surplus on dilution of investments	Unrealized gain(loss) on available-for-sale securities	Currency translation differences	Retained earnings			Total
						Legal reserve	Reserve for Self-insurance Fund	Unappropriated	
Balance as of January 1, 2005	27,972,457,250	17,992,830,666	2,089,284,252	1,046,367,181	(765,711,742)	2,850,000,000	811,830,329	112,377,129,041	164,374,186,977
Currency translation differences	-	-	-	-	(35,008,043)	-	-	-	(35,008,043)
Unrealized loss on available-for-sale securities	-	-	-	(215,376,795)	-	-	-	-	(215,376,795)
Surplus on dilution of investments in subsidiaries and associates	-	-	53,116,107	-	-	-	-	-	53,116,107
Reserve for Self-insurance Fund	23.2	-	-	-	-	-	29,565,051	(29,565,051)	-
Dividends paid	-	-	-	-	-	-	-	(18,881,408,644)	(18,881,408,644)
Net income	-	-	-	-	-	-	-	85,521,292,702	85,521,292,702
Balance as of Decemberr 31, 2005	27,972,457,250	17,992,830,666	2,142,400,359	830,990,386	(800,719,785)	2,850,000,000	841,395,380	178,987,448,048	230,816,802,304
Issued and paid-up share capital	76,799,000	-	-	-	-	-	-	-	76,799,000
Premium on share capital	-	1,328,622,700	-	-	-	-	-	-	1,328,622,700
Currency translation differences	-	-	-	-	(193,527,385)	-	-	-	(193,527,385)
Unrealized loss on available-for-sale securities	-	-	-	(367,599,066)	-	-	-	-	(367,599,066)
Surplus on dilution of investments in subsidiaries and associates	10.7	-	808,004,123	-	-	-	-	-	808,004,123
Legal reserve	23.1	-	-	-	-	7,245,725	-	(7,245,725)	-
Reserve for Self-insurance Fund	23.2	-	-	-	-	-	46,721,130	(46,721,130)	-
Dividends paid	-	-	-	-	-	-	-	(39,897,525,081)	(39,897,525,081)
Net income	-	-	-	-	-	-	-	95,260,603,360	95,260,603,360
Balance as of December 31, 2006	28,049,256,250	19,321,453,366	2,950,404,482	463,391,320	(994,247,170)	2,857,245,725	888,116,510	234,296,559,472	287,832,179,955

Notes to financial statements form an integral part of these financial statements.

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Unit : Baht

	Consolidated		The Company	
	2006	2005	2006	2005
Cash Flows from Operating Activities				
Net income	95,260,603,360	85,521,292,702	95,260,603,360	85,521,292,702
Adjustment of net income to net cash provided by (used in) operating activities :				
Depreciation, depletion and amortization	26,755,020,578	17,478,594,420	6,642,896,508	6,619,605,938
(Reversal of) loss on impairment of assets	1,059,150,514	(326,168,952)	1,059,150,514	(282,405,380)
(Gain) loss on disposal of assets	182,611,030	(54,121,816)	113,546,614	(16,057,805)
(Gain) loss on disposal of investments	(7,130,480,089)	551,438,813	(7,130,480,089)	-
Write-off fixed assets adjustment	(8,038,321)	(4,916,178)	(8,619,940)	(4,916,178)
Share of net income from investments under the equity method	(19,139,447,260)	(21,651,259,802)	(52,537,611,460)	(52,984,437,048)
Income of minority interests	18,652,408,760	8,597,739,206	-	-
(Gain) loss on foreign exchange	(9,548,860,892)	2,102,330,401	(4,722,995,737)	606,542,664
Unrealized gain on changes in value of investments	(2,102,695)	(578,784)	-	-
Doubtful accounts	141,026,098	(57,733,263)	124,916,188	(62,589,990)
Amortization of exploration costs	1,701,860,553	415,689,464	-	-
Amortization of bond issue expenses	8,140,262	9,575,521	-	-
Amortization of bond discounts	34,411,113	24,336,136	27,015,838	23,227,287
Deferred income taxes	1,860,964,005	(282,264,349)	(34,948,231)	412,395,246
Amortization of deferred interest from finance leases	34,588,207	6,650,074	20,914,068	6,203,909
Provision for adjustment in value of inventories	54,454,045	33,583,761	54,406,664	33,583,761
Allowance for obsolete materials and supplies	4,637,690	17,123,860	4,637,690	-
Dividends received	(493,122,953)	(40,300,000)	(65,100,000)	(40,300,000)
Allowance for loss on lawsuits	206,950,232	-	206,950,232	-
Extraordinary items	-	(7,738,280,775)	-	-
Others	6,017,441	6,581,434	1,091,066	(4,868)
Net income from operating activities before changes in operating assets and liabilities	109,640,791,678	84,609,311,873	39,016,373,285	39,832,140,238

Notes to financial statements form an integral part of these financial statements.

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Unit : Baht

	Consolidated		The Company	
	2006	2005	2006	2005
Changes in operating assets (increase) decrease				
Trade accounts and notes receivable - others	(17,149,631,808)	(19,270,730,408)	(15,236,200,602)	(16,467,730,681)
Trade accounts receivable - related parties	(24,607,888,365)	(2,948,901,721)	(2,468,576,687)	(21,314,550,000)
Other accounts receivable, advances and short-term loans to related parties	(927,586,300)	553,026,962	(839,133,243)	1,087,446,044
Inventories	(743,111,295)	(10,382,776,231)	1,149,181,710	(4,661,044,137)
Materials and supplies	(2,026,539,898)	(1,622,857,988)	(97,895,132)	(477,509,483)
Other current assets	(2,054,721,297)	(2,894,920,452)	1,579,728,423	(3,136,859,056)
Advance payment for gas purchased	3,148,447,107	2,998,896,929	3,944,997,609	3,702,109,349
Long-term advances to related parties	-	-	430,939	430,939
Other non-current assets	(971,446,994)	(4,454,580,418)	(767,323,168)	(3,039,286,966)
Changes in operating liabilities increase (decrease)				
Trade accounts payable - others	6,263,987,621	24,226,250,750	8,948,369,951	21,064,108,637
Trade accounts payable - related parties	27,582,300,900	803,629,345	5,794,809,613	13,704,873,536
Other accounts payable - related parties	1,200,304,662	(158,806,869)	213,802,942	13,902,578
Income tax payable	1,900,492,900	7,703,626,991	(129,136,792)	1,322,094,209
Accrued expenses	3,518,549,041	7,336,380,227	9,474,217	469,669,596
Other current liabilities	(742,609,035)	3,033,224,907	(446,415,796)	2,254,030,120
Deposits on LPG cylinders	361,500,720	275,315,081	361,500,720	275,315,081
Other long-term accounts payable - related parties	-	-	(111,862,335)	346,247,115
Deferred income taxes	(433,683,755)	2,121,378,295	-	-
Other non-current liabilities	511,648,523	(2,073,721,193)	174,612,983	(1,944,704,911)
	<u>(5,169,987,273)</u>	<u>5,244,434,207</u>	<u>2,080,365,352</u>	<u>(6,801,458,030)</u>
Net cash provided by operating activities	<u>104,470,804,405</u>	<u>89,853,746,080</u>	<u>41,096,738,637</u>	<u>33,030,682,208</u>

Notes to financial statements form an integral part of these financial statements.

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Unit : Baht

	Consolidated		The Company	
	2006	2005	2006	2005
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	109,915,660	24,167,971	134,964,571	19,458,581
Payment for property, plant and equipment	(88,134,108,429)	(86,012,339,109)	(36,075,981,287)	(37,106,964,863)
Payment for intangible assets	(1,056,096,179)	(732,410,918)	(261,631,981)	(288,520,582)
Long-term loans to related parties	-	(145,648,774)	(215,000,000)	(170,648,774)
Short-term loans to others	(151,104,812)	-	-	-
Short-term loans to related parties	-	(3,212,559,000)	(302,209,625)	(47,467,809,000)
Payment for investments in subsidiaries	(884,236,333)	7,084,253,455	(22,511,205,137)	(7,769,484,648)
Payment for investments in joint ventures	(6,185,792,539)	-	(10,053,620,565)	(148,995,000)
Payment for investments in associates	(3,982,001,595)	(23,982,250,884)	(3,954,862,522)	(26,195,881,564)
Payment for general investments	(87,750,000)	-	(87,750,000)	-
Payment for available-for-sale securities	(886,048,691)	-	(585,600,000)	-
Proceeds from disposal of long-term investments	13,756,244,111	8,909,861,560	19,200,638,325	784,050
Cash received from repayment of long-term loans to related parties	185,177,003	-	185,177,003	-
Cash received from repayment of short-term loans	-	599,901,700	-	599,901,700
Cash received from repayment of short-term loans to related parties	3,487,144,556	1,388,989,356	15,487,394,556	34,243,891,056
Cash received from cancellation of leasehold in gas stations	10,546,406	26,819,681	10,546,406	26,819,681
Current investments (increase) decrease	(687,810,044)	51,491,869,646	(867,561,484)	46,550,418,233
Dividends received	7,168,344,098	5,530,800,889	18,016,978,870	12,075,685,689
Net cash used in investing activities	<u>(77,337,576,788)</u>	<u>(39,028,544,427)</u>	<u>(21,879,722,870)</u>	<u>(25,631,345,441)</u>

Notes to financial statements form an integral part of these financial statements.

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Unit : Baht

Notes	Consolidated		The Company	
	2006	2005	2006	2005
Cash Flows from Financing Activities				
Cash received from the issue of ordinary shares	2,653,039,053	955,941,500	76,799,000	-
Cash received from premium on share capital	8,663,558,328	-	1,328,622,700	-
Cash received from long-term loans	36,749,412,300	27,016,641,140	18,429,533,600	8,158,000,000
Cash received from the issue of bonds	16,000,000,000	30,183,580,318	16,000,000,000	30,183,580,318
Cash received from short-term loans	450,962,550	-	-	-
Cash received from the issue of notes payable	-	12,745,891,210	-	12,745,891,210
Repayment of long-term loans	(9,958,713,993)	(45,404,672,760)	(3,388,547,068)	(413,957,637)
Repayment of notes payable	(1,000,000,000)	(11,900,276,079)	(1,000,000,000)	(11,761,000,000)
Redemption of debentures	(12,492,062,602)	-	-	-
Redemption of government bonds	(5,000,000,000)	(7,530,000,000)	(5,000,000,000)	(7,530,000,000)
Repayment of short-term loans	-	(12,470,855,218)	-	(11,602,418,968)
Repayment of liabilities from finance leases	(161,760,725)	(39,910,001)	(92,865,222)	(35,822,202)
Bank overdrafts and short-term loans from financial institutions increase (decrease)	(407,106,957)	348,325,254	-	-
Dividends paid	(48,683,543,740)	(22,304,216,814)	(39,897,525,081)	(18,881,408,644)
Net cash provided by (used in) financing activities	<u>(13,186,215,786)</u>	<u>(28,399,551,450)</u>	<u>(13,543,982,071)</u>	<u>862,864,077</u>
Effects of exchange rates on cash and cash equivalents	<u>(668,165,980)</u>	<u>(15,612,095)</u>	<u>(47,769,697)</u>	<u>643,542</u>
Currency translation differences	<u>86,592,565</u>	<u>(206,490,653)</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	13,365,438,416	22,203,547,455	5,625,263,999	8,262,844,386
Cash and cash equivalents at beginning of periods	<u>73,440,815,749</u>	<u>51,237,268,294</u>	<u>20,884,465,980</u>	<u>12,621,621,594</u>
Cash and cash equivalents at end of periods	3 <u><u>86,806,254,165</u></u>	<u><u>73,440,815,749</u></u>	<u><u>26,509,729,979</u></u>	<u><u>20,884,465,980</u></u>

Supplemental disclosure of cash flow information

Cash paid during the periods for

Interest expenses	12,613,672,055	11,822,261,106	8,816,724,768	7,539,094,393
Income taxes	31,767,885,193	21,925,344,756	7,734,934,722	6,090,209,436

Notes to financial statements form an integral part of these financial statements.

AUDITOR'S REPORT AND FINANCIAL STATEMENTS
PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. General Information

PTT Public Company Limited (“the Company”) has been incorporated as a public limited company, and listed on the Stock Exchange of Thailand. The address of its incorporated and registered office is as follows :

The Head Office of the Company is located at 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok, Thailand.

The Company’s principal activity is the operation of petroleum business. The Company has invested in subsidiaries, associates and joint ventures (“the Group”), which conduct petroleum exploration and production, natural gas, refining, oil marketing and international trading, petrochemicals and other related business as discussed in Note 31 “Segment Information”.

As of December 31, 2006 and 2005, the Group operated in 13 countries and employed 8,553 people (2005: 7,843 people). The staff costs of the Group for the year ended December 31, 2006 are Baht 9,626.18 million (2005: Baht 6,647.02 million).

2. Accounting Policies

The significant accounting policies adopted in the preparation of these consolidated and the Company’s financial statements are set out below.

2.1 Basis for Preparation of Financial Statements

The consolidated and the Company’s financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000) being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (2004), and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535 (1992).

The arrangement of items in the financial statements is in compliance with the notification of the Department of Commercial Registration, dated September 14, B.E. 2544 (2001), “Definition of the abbreviated components required in the financial statements, B.E. 2544 (2001)” under the third paragraph of section 11 of the Accounting Act, B.E. 2543 (2000).

The consolidated and the Company’s financial statements have been prepared based on the assumption that users of the financial statements have understanding of Thai generally accepted accounting principles and practices in Thailand. Consequently, the accounting principles applied may differ from generally accepted accounting principles adopted in other countries. The accompanying consolidated and the Company’s financial statements are, therefore, not intended to present financial position, operating results and cash flows in accordance with generally accepted accounting principles adopted in other countries.

The consolidated and the Company’s financial statements have been prepared under the historical cost convention in the valuation of components in the financial statements with the exception of certain amounts, which are accounted for under the fair value method as disclosed in the accounting policies.

2.1 Basis for Preparation of Financial Statements (Continued)

For the convenience of users, an English version of the consolidated and the Company's financial statements has been prepared from the statutory financial statements that were issued in Thai language.

During 2006, the Company changed its investment structures in subsidiaries, associates and joint ventures which have effects on the preparation of the consolidated and the Company's financial statements. Details are as follows :

The Company sold its entire investments in the ordinary shares of PTT Polyethylene Co., Ltd. and Bangkok Polyethylene Public Co., Ltd. which were 50% equally owned by the Company, to PTT Chemical Public Co., Ltd.

The Company initially included the subsidiaries: PTT ICT Solutions Co., Ltd. and PTT Polymer Logistics Co., Ltd, in the consolidated financial statements.

The Company initially included the joint ventures: PTT Asahi Chemicals Co., Ltd. and HMC Polymers Co., Ltd, in the consolidated financial statements.

The Company acquired an investment in additional ordinary shares of Bangchak Petroleum Public Co., Ltd. (BCP). Consequently, the Company's shareholding in BCP increased from 7.60% to 29.75%, and BCP's status changed from a related company to an associate.

The Company disposed of its ordinary shares in Rayong Refinery Public Co., Ltd. (RRC) Consequently, the Company's shareholding in RRC decreased from 100% to 48.75%, and RRC's status changed from a subsidiary to an associate.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities together with the disclosure of contingent assets and liabilities at the dates of the financial statements. Actual results may differ from those estimates.

2.3 Investments in Subsidiaries

Subsidiaries are entities over which the parent company of the Group has the power to control their financial and operating policies. The subsidiaries are included in the consolidated financial statements. Attention is directed more to the substance of the control than to the legal form.

The Group includes subsidiaries in the consolidated financial statements from the dates on which the parent company gains control over the subsidiaries, and no longer includes them from the dates on which the control ceases. The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The acquisition costs are measured as the fair value of the compensation provided by the Group plus the costs directly attributable to the acquisition. The excess of the acquisition costs over the fair value of the Group's share of identifiable assets and liabilities of the subsidiaries acquired is recorded as goodwill. The accounting policy with respect to goodwill is discussed in Note 2.15. Inter-company transactions, balances and unrealized gains or losses on transactions among companies in the Group are fully eliminated except for unrealized losses which will not be recovered by the Group in the future. If necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Group. Separate disclosure is made for minority interests in the consolidated balance sheets and statements of income.

2.3 Investments in Subsidiaries (Continued)

Investments in subsidiaries have been presented in the Company's financial statements under the equity method.

A list of subsidiaries of the Group is set out in Note 10.

2.4 Investments in Associates

Investments in associates are accounted for under the equity method in the consolidated and the Company's financial statements. Under this method, the Group's share of post-acquisition gains or losses from associates is recognized in the statements of income. The cumulative post-acquisition movements in the shareholders' equity of associates are adjusted against the costs of investments. Associates are entities on which the Group has significant influence but no control. Unrealized gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates unless the transactions provide evidence of impairment of the transferred assets.

Investments in associates include goodwill on acquisitions (net of accumulated amortization). When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group has incurred obligations in the liabilities of the associate or has to make repayments on behalf of the associate. If necessary, the accounting policies of associates have been changed to ensure consistency with the accounting policies adopted by the Group.

A list of associates of the Group is set out in Note 10.

2.5 Investments in Joint Ventures

Investments in jointly controlled entities are accounted for under the proportionate consolidation method in the consolidated financial statements. Under this method, the Group combines its share of the joint ventures' individual revenues, expenses, assets, liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognizes its share of gains or losses on sales of assets by the Group to the joint venture that is attributable to other venturers. The Group does not recognize its share from the joint ventures' purchase of assets from the Group until the joint venturer resells the assets to an independent party. However, a loss from the purchase of assets from joint ventures is recognized immediately when evidence of a reduction in the assets' net realizable value or an impairment occurs. If necessary, the accounting policies of joint ventures have been changed to ensure consistency with the accounting policies adopted by the Group. Interests in joint ventures are presented in the Company's financial statements under the equity method.

Investments in jointly controlled assets are accounted for under the proportionate consolidation method in the consolidated financial statements. Under this method, the Group includes its share of the joint ventures' individual expenses, assets and liabilities in the relevant components of its financial statements based on the Joint Operating Agreements.

A list of joint ventures of the Group is set out in Note 10.

2.6 Other Investments

The Group classifies investments other than investments in subsidiaries, associates and joint ventures as trading, available-for-sale, debt securities and general investments.

Investments in marketable securities, classified as available-for-sale securities, are carried at fair value in the balance sheets. Increases/decreases in the carrying amounts are credited/charged against unrealized gains/losses on investments in available-for-sale securities, presented separately under the shareholders' equity. Fair value is calculated by reference to the current bid prices of the Stock Exchange of Thailand at the balance sheet dates.

Investments in non-marketable securities, classified as general investments, are carried at cost in the balance sheets and are adjusted for allowance for impairment of investments to recognize unrealized losses on investments if the value of investments decreases substantially. The Group carries out a test for impairment of investments when there is a factor indicating that an investment might be impaired if the carrying value of the investment is higher than its recoverable amount. Impairment losses are recognized in the statements of income immediately.

Upon the disposal of investments, the differences between the net proceeds from disposal and the carrying amounts of investments are recognized in the statements of income.

Upon the disposal of partial investments in debt securities or equity instruments, the carrying amounts of the disposed portions are calculated under the weighted average method out of the total holding of the investments.

2.7 Related Parties

Related parties are individuals or enterprises that, directly or indirectly, control or are controlled by or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries. Associates and individuals owning, directly or indirectly, interests in the voting power of the Company that give them significant influence on the Company, key management personnel, directors or employees of the Company are also included as related parties.

In considering each possible related party relationship, attention is directed more to the substance of the relationship than to the legal form.

2.8 Foreign Currency Translations

The Group translates foreign currency transactions into Baht by using the exchange rates prevailing on the transaction dates. The monetary assets and liabilities denominated in foreign currencies are translated into Baht by using the exchange rates prevailing on the balance sheet dates. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities in foreign currencies are recognized immediately in the statements of income.

The monetary assets and liabilities of foreign operations are translated into Baht by using the closing rates at the balance sheet dates. The non-monetary assets and liabilities are translated into Baht by using the historical rates. Revenues and expenses are translated by using the average exchange rates during the periods. Differences from these translations are recognized as revenues or expenses in the statements of income.

The Group translates assets and liabilities of jointly controlled foreign entities into Baht by using the closing rates at the balance sheet dates, whereas the income statements are translated by using the average exchange rates during the periods. Differences from these translations are presented as "Currency translation differences" under the shareholders' equity.

2.8 Foreign Currency Translations (Continued)

Assets and liabilities of self-sustaining foreign entities are translated into Baht by using the closing rates at the balance sheet dates. Revenues and expenses are translated by using the average exchange rates during the periods. Differences from these translations are presented under the shareholders' equity.

Upon the disposal of foreign entities, the Group recognizes the accumulated currency translation differences recorded in the shareholders' equity as a part of gains or losses on disposal of those foreign entities.

2.9 Cash and Cash Equivalents

Cash and cash equivalents, which are carried at cost, comprise cash on hand, deposits held at call with banks and other highly liquid short-term investments with original maturity of no more than three months. Bank overdrafts and short-term loans from financial institutions are shown as current liabilities in the balance sheets.

2.10 Trade Accounts and Notes Receivable

Trade accounts receivable are carried at net realizable value. The allowance for doubtful accounts receivable is estimated from the percentages of the aging of outstanding receivables at the balance sheet dates, and anticipated non-collectible amounts based on the amounts of outstanding receivables at the balance sheet dates according to receivables' repayment history and current financial status.

2.11 Advance Payment for Gas Purchased under Take-or-Pay-Agreement

The Company has entered into gas purchase agreements with natural gas producers, under which the Company is required to take delivery of natural gas at annual minimum quantities. During each contract year, if the Company cannot accept natural gas according to the minimum quantities under the agreements, it has to make prepayments for the quantities of natural gas which it can not accept (Take-or-Pay) in the next contract year. After the end of each contract year, the Company and the natural gas producers have to agree on the volumes of gas that should be taken into the calculation for Take-or-Pay for that contract year, subject to the basis and conditions in the agreements. Under the agreements, the Company can take volumes of prepaid gas (Make-up) in subsequent years after taking delivery of natural gas at the minimum quantities for that given contract year. The Company recognizes its obligations under the agreements as advance payment for gas purchased.

2.12 Inventories

Inventories are stated at the lower of the acquisition costs or net realizable values. Costs are determined by using the weighted average cost method. Some associates apply the first-in, first-out (FIFO) or last-in, first-out (LIFO) methods to determine their inventory costs. However, the effect of differences in accounting policies for inventories is insignificant. The costs of imported petroleum products comprise various importation expenses and levies, surveyors' fees and contribution to or compensation from the Oil Stabilization Fund, as the case may be. Net realizable values are estimated selling prices in the ordinary course of business, less costs of product completion and related selling expenses. The Group recognizes an allowance for decreases in inventory value for obsolete, slow-moving and defective inventories.

2.13 Materials and Supplies

Materials and supplies are valued at the weighted average cost. Allowance is made in full for obsolete or defective and unserviceable items.

2.14 Property, Plant and Equipment

Property, plant and equipment is initially recognized at cost less accumulated depreciation and allowance for impairment.

Repair and maintenance costs are charged to the income statements during the periods in which they are incurred. The costs of major renovations are included in the carrying amounts of the assets when it is probable that the Group's future economic benefits exceed the originally assessed performance standards of the assets. The major renovations are depreciated over the remaining useful lives of the related assets.

General Properties

Depreciation is calculated by using the straight-line method over the estimated useful lives of the assets as follows :

Buildings and building improvements	10 – 30 years
Machinery and equipment	10 – 30 years
Other assets	5 – 10 years

Where the carrying amount of an asset is greater than its net realizable value, which is the higher of the present value of anticipated future cash flows from the continuing use of the asset or the amount obtainable from the sale of the asset less any disposal costs, the carrying amount is written-down immediately to its net realizable value. The decrease is recognized in the statements of income.

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from sales with the carrying amounts on the disposal dates, and are included in operating profit or loss.

The capitalization rates used to determine the amounts of borrowing costs to be capitalized are the weighted-average interest rates applicable to the outstanding borrowings during the year. Where funds are borrowed specifically for the construction or production of assets, the amounts of borrowing costs for capitalization are determined from the actual borrowing costs incurred during the year less any income from the temporary investments of those borrowings.

Oil and Gas Exploration and Production Properties

The exploration and production petroleum business accounts for oil and gas exploration and production properties by using the successful efforts method, which has the following accounting policies:

Cost of Properties

Costs of properties comprise the total acquisition costs of concession rights or the portion of acquisition costs applicable to properties as well as decommissioning costs.

If exploratory wells establish proven reserves, and are included in the plan for development in the near future, exploratory drilling costs (both tangible and intangible) are initially capitalized as proved properties, otherwise the related costs are fully charged as expenses in the statements of income.

2.14 Property, Plant and Equipment (Continued)

Exploratory costs comprising geological and geophysical costs as well as area reservation fees incurred during the exploration stage, are charged as expenses in the statements of income as incurred.

Development costs, irrespective of whether they relate to development wells or unsuccessful development wells, are capitalized.

Depreciation, Depletion and Amortization

The capitalized acquisition costs of concession rights are depleted and amortized by using the unit of production method, which is based on the estimated proven recoverable reserves. Depreciation, depletion and amortization of exploratory wells, development and equipment costs and the operating costs of supporting equipment as well as decommissioning costs, with the exception of costs arising from unsuccessful projects, are calculated by using the unit of production method, which is based on the estimated proven recoverable and development reserves. Changes in reserve estimates are recognized prospectively.

Proven recoverable and development reserves are calculated by the Group's own engineers based on information from the Group's joint ventures.

Depreciation of the gas transportation pipelines of the Yadana and Yetagun projects is calculated by using the straight-line method over an estimated useful life of 30 years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, and the difference is charged to the statements of income.

2.15 Intangible Assets

Intangible assets comprise expenditure on leasehold rights of land and/or buildings, land rights, computer software license, other operating rights, patents and goodwill. Amortization is calculated by using the straight-line method over the contract periods ranging from five to 30 years.

Goodwill represents the excess of the business acquisition costs over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiaries, associates or joint ventures at the business acquisition dates. Goodwill arising from the acquisitions of subsidiaries and joint ventures is reported in the balance sheets as an intangible asset, and is amortized by using the straight-line method over the estimated economic useful lives of no more than 20 years.

The Group reviews the carrying amounts of intangible assets in the balance sheets. Where an indication of impairment exists, the carrying amounts of the relevant intangible assets are assessed and written-down to their recoverable amounts.

2.16 Finance Leases – Where the Group is the Lessee

Leases of property, plant and equipment, where the lessee assumes substantial risks and rewards of ownership are classified as finance leases. The leased assets are capitalized at the lower of the net present value of underlying minimum lease payments or the fair value of the leased assets. Each minimum lease payment is allocated between liabilities and financial charges in order to achieve a constant interest rate on the remaining balance of the liabilities. The finance leases' liabilities less financial charges are included in long-term loans. Interest expenses are charged in the statements of income over the lease periods. Depreciation is charged on the shorter of the estimated useful lives

2.16 Finance Leases – Where the Group is the Lessee (Continued)

of the relevant assets or the lease periods. However, if it is certain that the ownership of the assets will be transferred to the lessee at the end of the lease periods, depreciation is charged over the estimated useful lives of the assets.

2.17 Operating Leases – Where the Group is the Lessee

Leases of property, plant and equipment where the lessor assumes substantial risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the statements of income by using the straight-line method over the lease periods.

Expenses incurred from the termination of operating lease agreements before maturity, i.e. the compensation paid to the lessor for such termination, are recognized as expenses for the periods in which the termination takes place.

2.18 Provision for Decommissioning Costs

The Group records provision for decommissioning costs whenever an obligation is likely to arise as a result of a past event and the amount of the obligation can be reliably estimated.

The Group recognizes provision for decommissioning costs, which is provided at the onset of the project completion, based on an estimate of the eventual costs related to the removal of the production facilities. These costs are included as part of the oil and gas properties and are amortized by using the unit of production method based on proven reserves. Provision for decommissioning costs is determined based on reviews and estimates by the Group's own engineers and management's judgment.

2.19 Pension Fund and Provident Fund

The Company contributes to the Pension Fund scheme on a monthly basis at a rate of 10% of its employees' salaries, and also contributes additional amounts to provide an adequate reserve at a rate of 100% of the pension obligation due to mature at the end of each accounting period. The contributions are included in other non-current liabilities in the balance sheets. The interest earned from the assets of the Pension Fund is recognized as income, while the contributions to the fund are recognized as expenses in the statements of income.

The Company established a Provident Fund under the name of "the Registered Provident Fund of PTT Public Company Limited and Affiliates". All employees joining the Company on or after October 1, 1993 are required to be members of the Provident Fund. Employees joining prior to October 1, 1993 may elect to be members of either the Pension Fund or the Provident Fund. The Company contributes to the Provident Fund on a monthly basis at a rate of 10% of its employees' salaries and recognizes the contributions as expenses in the statements of income.

On September 26, 2005, the Company established another Provident Fund under the name of "the Registered Provident Fund of PTT Public Company Limited and Affiliates (PTT Group)" and changed the name of the existing Provident Fund to "the Registered Provident Fund of PTT Public Company Limited and Affiliates (Fund 1)". The objective was to give its employees the opportunity to choose investments (Employees' Choices). The investment policy of Fund 1 is to invest in the combination of both debt securities and equity instruments (with investments in equity instruments constituting no more than 25% of total investments). PTT GROUP's policy is to invest in short-term debt securities with an emphasis on debt securities issued by the Government, state enterprises and financial institutions. PTT GROUP has been effective since January 2006.

2.19 Pension Fund and Provident Fund (Continued)

The Group operates the Provident Funds which are managed by independent fund managers, and contributes to the funds on a monthly basis at determined rates. The contributions to the Provident Funds are recognized as expenses in the statements of income for the periods in which they are incurred.

2.20 Income Taxes

For business without promotional privileges, the Group is taxed pursuant to the Revenue Code of Thailand, the Petroleum Income Tax Act B.E. 2514 (1971) and Amendment B.E. 2532 (1989), and the corporate income tax regulations of the Southeast Asian countries in which the Group has invested.

Deferred income taxes are provided in full in the balance sheets by using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from the allowance for doubtful accounts, accumulated depreciation on property, plant and equipment and amortization of decommissioning costs, including the previous tax losses carried forward and differences between the fair value of the derived assets and their tax bases.

The tax rates at the balance sheet dates are used in the determination of deferred income taxes.

Deferred tax assets are recognized to the extent that it is probable that the Group's future taxable profit will be available against which the temporary differences can be utilized.

2.21 Revenue Recognition

The Group recognizes sales upon the delivery of products.

Other income is recognized on the following bases:

Interest income - on a time proportional basis by using the effective yields of the interest bearing assets.

Royalty income – based on the substance of the underlying agreements.

Dividend income - when shareholders have the rights to receive dividends.

Revenues other than those mentioned above are recognized on an accrual basis.

2.22 Earnings per Share

Basic earnings per share is calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares held by third parties during the year.

For diluted earnings per share, the Group adjusts net income for the year attributable to ordinary shares. The weighted average number of ordinary shares held by third parties during the year is adjusted by the number of potential diluted ordinary shares to assume that all potential diluted ordinary shares are converted into ordinary shares.

2.23 Financial Instruments

Financial assets carried in the balance sheets comprise cash and cash equivalents, current investments, trade accounts and notes receivable, trade accounts receivable-related parties, other accounts receivable, advances, short-term loans to related parties and long-term loans to related parties. The financial liabilities carried in the balance sheets comprise bank overdrafts and short-term loans from financial institutions, trade accounts payable-others, trade accounts payable - related parties, other accounts payable - related parties and long-term loans. The particular accounting policies adopted are disclosed in the individual policy statements associated with each item.

The Group utilizes financial instruments to reduce its exposure to risks arising from the fluctuations of foreign exchange rates, interest rates and oil market prices. The principal financial instruments are as follows :

Forward Foreign Exchange Contracts

The forward foreign exchange contracts protect the Group from risks arising from the fluctuations of exchange rates by determining the future rates at which foreign currency assets will be realized or foreign currency liabilities will be settled. The forward foreign exchange contracts are recognized in the financial statements at inception. The premium or discount on the establishment of each agreement is amortized over the contract period.

Cross-currency and Interest Rate Swap Contracts

The cross-currency and interest rate swap contracts protect the Group from risks arising from the fluctuations of foreign exchange rates and interest rates. The cross-currency and interest rate swap contracts are not recognized in the financial statements at inception. The financial assets and liabilities denominated in foreign currencies as at the balance sheet dates which are protected by such contracts are translated by using the exchange rates determined in the contracts. Gains or losses on early termination of the contracts or on repayment of the borrowings before maturity are recognized in the statements of income.

Futures Oil and Gas Contracts

The Company has entered into futures oil and gas contracts to hedge risks arising from the fluctuations of oil and gas prices in the world market in accordance with the oil and gas purchase and sale agreements by determining the future buying and selling prices. Gains or losses from such contracts are recognized in the statements of income at the end of the contracts.

The risk management policies are described in Note 32: Disclosure of Financial Instruments.

2.24 Segment Information

The Company presents its financial information by business segments, not by geographical segments. The reason is that the revenues, operating results and total assets of the geographical segments other than Thailand are less than 10% of the consolidated revenues, operating results and total assets of all business segments.

2.25 Adoption of Newly Issued Accounting Standards

In October 2006, the Federation of Accounting Professions issued Notification No. 26/2006 regarding the Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), under which the investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method. (the entities which are not ready to adopt the cost method in 2006 can continue using the equity method through the end of 2006 and adopt the cost method from January 1, 2007 onwards). In this regard, the Company has elected to adopt the change in 2007. Had the Company adopted the change in 2006, its investments accounted for under the equity method would have decreased by Baht 95,769.09 million to be under the cost method, allowance for share of net loss over investments would have decreased by Baht 22.87 million, net income for the year ended December 31, 2006 would have decreased by Baht 30,706.59 million to Baht 64,554.01 million (Diluted earnings per share of Baht 22.99 per share) and shareholders’ equity in the balance sheet as of December 31, 2006 would have decreased by Baht 95,746.22 million to Baht 192,085.95 million.

3. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2006 and 2005 are as follows :

	Consolidated		Unit : Million Baht The Company	
	2006	2005	2006	2005
Cash on hand	279.45	509.21	240.64	229.68
Deposits held at call with banks	26,488.86	25,978.08	11,268.47	4,798.32
Fixed deposits	19,587.96	11,976.80	9,300.00	6,500.00
Treasury bills	6,531.87	19,577.43	1,029.73	113.57
Promissory notes	29,247.22	6,887.39	-	730.99
Bank of Thailand bonds	4,670.89	8,511.91	4,670.89	8,511.91
Total	<u>86,806.25</u>	<u>73,440.82</u>	<u>26,509.73</u>	<u>20,884.47</u>

Cash and cash equivalents as of December 31, 2006 mainly bear interest at rates ranging from 0.10% to 5.00% per annum, (December 31, 2005: the interest rates range from 0.25% to 5.75% per annum).

4. Current Investments

Current investments as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Fixed deposits	68.45	88.32	68.45	88.32
Treasury bills	391.54	-	-	-
Promissory notes	939.55	320.00	889.55	-
General investments	13.41	7.35	13.41	7.35
Unit trusts	-	299.19	-	-
Total	<u>1,412.95</u>	<u>714.86</u>	<u>971.41</u>	<u>95.67</u>

The Group's deposits at banks and promissory notes as of December 31, 2006 were issued by local financial institutions, and bear interest rates ranging from 3.50% to 5.38% per annum (2005: the interest rates range from 1.00% to 4.00% per annum).

The treasury bills of the Group as of December 31, 2006 bear interest at rates ranging from 4.78% to 5.22% per annum.

General investments as of December 31, 2006 amounting to Baht 13.41 million (2005 : Baht 7.35 million) represent investments in the ordinary shares of Petro Asia (Sanshui) Co., Ltd. amounting to Baht 6.06 million and Petro Asia (Maoming) Co., Ltd. amounting to Baht 7.35 million, net of allowance for impairment of investments. These investments are in the process of being disposed.

5. Trade Accounts and Notes Receivable – Others, Net

Trade accounts and notes receivable – others as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Trade accounts receivable	83,709.20	66,694.60	69,993.48	53,921.88
Notes receivable	2,390.97	3,206.47	2,390.97	3,206.47
Total	86,100.17	69,901.07	72,384.45	57,128.35
<u>Less</u> Allowance for doubtful accounts	<u>2,449.12</u>	<u>2,382.37</u>	<u>1,670.24</u>	<u>1,510.05</u>
Trade accounts and notes receivable – others, net	<u>83,651.05</u>	<u>67,518.70</u>	<u>70,714.21</u>	<u>55,618.30</u>

Aged trade accounts and notes receivable – others as of December 31, 2006 and 2005 can be analyzed as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Current	70,936.30	57,732.30	59,324.27	46,451.30
Overdue				
- Up to 3 months	2,683.07	2,534.70	1,583.28	2,079.64
- Over 3 - 6 months	959.95	1,444.45	912.32	1,380.87
- Over 6 - 12 months	2,257.02	1,519.06	2,157.81	1,476.47
- Over 12 months	9,263.83	6,670.56	8,406.77	5,740.07
Total	86,100.17	69,901.07	72,384.45	57,128.35
<u>Less</u> Allowance for doubtful accounts	<u>2,449.12</u>	<u>2,382.37</u>	<u>1,670.24</u>	<u>1,510.05</u>
Trade accounts and notes receivable – others, net	<u>83,651.05</u>	<u>67,518.70</u>	<u>70,714.21</u>	<u>55,618.30</u>

Trade accounts and notes receivable-others, net as of December 31, 2006 include receivables from government agencies and state enterprises amounting to Baht 27,733.79 million in the consolidated financial statements (2005: Baht 19,046.78 million), and Baht 27,614.68 million in the Company's financial statements (2005: Baht 18,881.51 million).

6. Related Party Transactions

The following are details of significant transactions carried out with related parties.

6.1 Trade accounts receivable - related parties as of December 31, 2006 and 2005

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Subsidiaries	-	-	10,415.53	20,077.16
Associates	32,013.50	19,822.83	30,462.38	18,154.13
Other related parties	474.45	2,244.18	367.09	2,244.18
Joint ventures	-	-	94.43	0.84
	<u>32,487.95</u>	<u>22,067.01</u>	<u>41,339.43</u>	<u>40,476.31</u>
<u>Less</u> Allowance for doubtful accounts	<u>254.70</u>	<u>268.14</u>	<u>262.55</u>	<u>276.42</u>
Trade accounts receivable - related parties, net	<u>32,233.25</u>	<u>21,798.87</u>	<u>41,076.88</u>	<u>40,199.89</u>

Aged trade accounts receivable - related parties as of December 31, 2006 and 2005 can be analyzed as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Current	32,139.61	21,899.84	37,551.51	35,492.97
Overdue				
- Up to 3 months	107.39	-	334.70	231.32
- Over 3 - 6 months	99.46	99.45	96.15	709.47
- Over 6 – 12 months	140.21	58.26	2,050.77	60.37
- Over 12 months	1.28	9.46	1,306.30	3,982.18
Total	<u>32,487.95</u>	<u>22,067.01</u>	<u>41,339.43</u>	<u>40,476.31</u>
<u>Less</u> Allowance for doubtful accounts	<u>254.70</u>	<u>268.14</u>	<u>262.55</u>	<u>276.42</u>
Trade accounts receivable - related parties, net	<u>32,233.25</u>	<u>21,798.87</u>	<u>41,076.88</u>	<u>40,199.89</u>

6. Related Party Transactions (Continued)

6.2 Other accounts receivable, advances and short-term loans - related parties as of December 31, 2006 and 2005

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Other accounts receivable				
Subsidiaries	-	-	185.35	577.58
Associates	1,364.60	1,173.15	1,363.00	1,170.44
Other related parties	0.39	20.62	-	12.24
Joint ventures	-	-	132.05	130.86
	<u>1,364.99</u>	<u>1,193.77</u>	<u>1,680.40</u>	<u>1,891.12</u>
<u>Less</u> Allowance for doubtful accounts	<u>142.60</u>	<u>141.71</u>	<u>146.88</u>	<u>142.02</u>
	<u>1,222.39</u>	<u>1,052.06</u>	<u>1,533.52</u>	<u>1,749.10</u>
Advances				
Subsidiaries	-	-	500.07	3.43
Associates	-	250.01	308.47	-
Other related parties	<u>263.39</u>	<u>397.22</u>	<u>259.46</u>	<u>270.13</u>
	263.39	647.23	1,068.00	273.56
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>308.47</u>	<u>-</u>
	<u>263.39</u>	<u>647.23</u>	<u>759.53</u>	<u>273.56</u>
Short-term loans				
Subsidiaries	-	-	-	12,000.25
Associates	-	3,487.14	-	3,487.14
Joint ventures	-	-	302.21	-
	<u>-</u>	<u>3,487.14</u>	<u>302.21</u>	<u>15,487.39</u>
Total	<u>1,485.78</u>	<u>5,186.43</u>	<u>2,595.26</u>	<u>17,510.05</u>

6. Related Party Transactions (Continued)

6.2 Other accounts receivable, advances and short-term loans - related parties as of December 31, 2006 and 2005 (Continued)

Changes in short-term loans - related parties for the year ended December 31, 2006 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Balance as of December 31, 2005	3,487.14	15,487.39
- Payment for loans granted	-	302.21
- Receipt from loan repayment	(3,487.14)	(15,487.39)
Balance as of December 31, 2006	-	302.21

Short-term loans to related parties are unsecured and bear interest at rates ranging from 6.03% to 6.17% per annum.

Advances and long-term loans - related parties as of December 31, 2006 and 2005

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Advances				
Subsidiaries	-	-	1.08	1.51
Associates	-	304.86	-	304.86
	-	304.86	1.08	306.37
<u>Less</u> Allowance for doubtful accounts	-	304.86	-	304.86
	-	-	1.08	1.51
Long-term loans				
Subsidiaries	-	-	240.00	25.00
Associates	5,807.69	5,807.69	5,807.69	5,807.69
Other related parties	-	185.18	-	185.18
	5,807.69	5,992.87	6,047.69	6,017.87
Total	5,807.69	5,992.87	6,048.77	6,019.38

6. Related Party Transactions (Continued)

6.3 Advances and long-term loans - related parties as of December 31, 2006 and 2005 (Continued)

Changes in long-term loans - related parties for the year ended December 31, 2006 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Balance as of December 31, 2005	5,992.87	6,017.87
- Payment for loans granted	-	215.00
- Receipt from loan repayment	(185.18)	(185.18)
Balance as of December 31, 2006	<u>5,807.69</u>	<u>6,047.69</u>

Long-term loans to related parties bear interest at rates ranging from 3.13% to 7.69% per annum.

Trade accounts payable - related parties as of December 31, 2006 and 2005

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Subsidiaries	-	-	8,369.36	12,920.87
Associates	28,793.75	17,826.54	28,162.13	17,441.24
Other related parties	374.29	800.09	267.00	800.09
Joint ventures	-	-	705.89	559.94
Total	<u>29,168.04</u>	<u>18,626.63</u>	<u>37,504.38</u>	<u>31,722.14</u>

Other accounts payable - related parties as of December 31, 2006 and 2005

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Subsidiaries	-	-	233.01	29.53
Associates	449.93	309.70	89.17	103.16
Other related parties	63.16	24.94	48.76	24.94
Joint ventures	-	-	1.69	0.51
Total	<u>513.09</u>	<u>334.64</u>	<u>372.63</u>	<u>158.14</u>

6. Related Party Transactions (Continued)

Other long-term accounts payable - related parties as of December 31, 2006 and 2005

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Subsidiaries	-	-	232.18	360.81
Joint ventures	-	-	16.77	-
Total	-	-	248.95	360.81

Revenue and expense transactions carried out with related parties

For the years ended December 31, 2006 and 2005

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Revenues				
Sales				
Subsidiaries	-	-	109,261.25	123,689.19
Associates	379,337.65	248,005.77	367,759.86	246,712.79
Other related parties	19,608.64	30,752.07	15,876.28	30,752.07
Joint ventures	-	-	641.44	37.43
Interest income				
Subsidiaries	-	-	235.74	1,646.55
Associates	441.30	399.23	440.45	399.23
Other related parties	1.53	11.01	0.99	11.01
Joint ventures	-	-	6.75	1.35
Other income				
Subsidiaries	-	-	1,862.82	3,077.19
Associates	3,577.01	3,380.85	3,531.76	3,367.82
Other related parties	167.83	129.00	167.83	125.56
Joint ventures	-	-	30.04	79.60

6. Related Party Transactions (Continued)

6.7 Revenue and expense transactions carried out with related parties (Continued)

For the years ended December 31, 2006 and 2005

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Expenses				
Purchases				
Subsidiaries	-	-	146,745.27	172,626.04
Associates	390,076.92	232,981.66	380,898.52	232,053.37
Other related parties	5,754.91	12,708.23	5,395.67	12,708.23
Joint ventures	-	-	6,478.29	-
Other expenses				
Subsidiaries	-	-	398.96	215.15
Associates	261.80	21.29	29.90	20.00
Other related parties	849.93	632.34	726.27	628.90

The above related party transactions exclude transactions carried out with government agencies and state enterprises.

The prices between the Company and its related parties are determined based on the normal prices used in the same types of business in transactions with third parties. With respect to the selling prices of natural gas between the Company and an associate, the Company has granted a special discount for five years from 2002 to 2007 to support the manufacturing capacity expansion project of the associate. However, the purchase volumes were insignificant.

The prices of goods purchased from a subsidiary are the normal selling prices determined by the subsidiary with reference to the world market prices.

6.8 Directors' remuneration

Directors' remuneration for the year ended December 31, 2006 in the consolidated financial statements amounting to Baht 160.59 million (2005: Baht 79.75 million) and in the Company's financial statements amounting to Baht 40.33 million (2005: Baht 28.49 million) comprises directors' meeting fees and bonuses.

6. Related Party Transactions (Continued)

6.9 Crude oil purchase and sale transactions carried out with related parties without the delivery of products, with the objective of maintaining crude oil reserves, were offset in the financial statements. Details are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Sales				
Subsidiaries	-	-	239.94	3,218.59
Associates	2,284.06	3,446.75	2,284.06	3,446.75
Other related parties	116.81	-	116.81	-
Purchases				
Subsidiaries	-	-	239.94	3,218.59
Associates	2,284.06	3,446.75	2,284.06	3,446.75
Other related parties	116.81	-	116.81	-

7. Inventories

Inventories as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Oil products	9,781.61	19,731.85	7,193.65	8,562.29
Gas products	397.48	413.37	396.03	413.37
Petrochemical products	4,570.33	2,985.38	-	-
Others	368.11	370.71	367.73	200.46
Total	<u>15,117.53</u>	<u>23,501.31</u>	<u>7,957.41</u>	<u>9,176.12</u>

The Company's inventories as stated above exclude the legal reserve, which is presented under other non-current assets as discussed in Note 16.

8. Materials and Supplies

Materials and supplies as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Spare parts, equipment and others	7,679.12	5,855.95	1,742.00	1,617.64
<u>Less</u> Allowance for obsolescence	<u>126.65</u>	<u>323.09</u>	<u>58.78</u>	<u>54.13</u>
Materials and supplies, net	<u>7,552.47</u>	<u>5,532.86</u>	<u>1,683.22</u>	<u>1,563.51</u>

9. Other Current Assets

Other current assets as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Other accounts receivable	7,695.30	6,830.71	5,775.46	4,722.15
<u>Less</u> Allowance for doubtful accounts	<u>1,559.98</u>	<u>599.44</u>	<u>1,557.68</u>	<u>595.19</u>
Other accounts receivable, net	6,135.32	6,231.27	4,217.78	4,126.96
Prepaid expenses	4,486.99	3,388.51	826.20	2,457.57
Refund receivable from the Oil Stabilization Fund	9,719.74	10,182.96	9,719.74	9,204.20
Accrued interest income and other accrued income	1,352.87	1,893.62	901.76	1,650.17
Undue input VAT	1,618.14	1,563.46	1,056.04	801.55
Others	<u>1,857.31</u>	<u>1,060.34</u>	<u>134.01</u>	<u>145.41</u>
Total	<u><u>25,170.37</u></u>	<u><u>24,320.16</u></u>	<u><u>16,855.53</u></u>	<u><u>18,385.86</u></u>

Other accounts receivable mainly represent excise tax and input VAT receivables.

Refund receivable from the Oil Stabilization Fund comprises compensation for locally manufactured oil or imported oil and refunds from the Oil Stabilization Fund for exported oil or oil sold to outbound transportation barges. The compensation and refund rates are determined by the Committee of Energy Policy Administration.

10. Investments Accounted for under the Equity Method

10.1 Details of subsidiaries, associates and joint ventures of the Company are as follows :

Company	Country of Incorporation	Business	Shareholding Percentage	
			2006	2005
<u>Subsidiaries</u>				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	66.13	66.32
PTT (Cambodia) Co., Ltd. (PTTCL)	Cambodia	Oil marketing	100.00	100.00
Subic Bay Energy Co., Ltd. (SBECL)	Cayman Islands	Oil marketing	100.00	100.00
Retail Business Alliance Co., Ltd. (RBA)	Thailand	Management services and oil marketing	49.00	49.00
PTT International Trading Pte. Ltd. (PTTT)	Singapore	International oil trading	100.00	100.00
PTT Natural Gas Distribution Co., Ltd. (PTTNGD)	Thailand	Natural gas	58.00	58.00
PTT LNG Co., Ltd. (PTTLNG)	Thailand	Natural gas	100.00	100.00
Bangkok Polyethylene Public Co., Ltd. (BPE)	Thailand	Petrochemicals	-	50.00
PTT Polyethylene Co., Ltd. (PTTPE)	Thailand	Petrochemicals	-	50.00
PTT Phenol Co., Ltd. (PPCL)	Thailand	Petrochemicals	40.00	40.00
PTT Chemical Public Co., Ltd. (PTTCH)	Thailand	Petrochemicals	55.19	50.03
PTT Polymer Marketing Co., Ltd (PTTPM)	Thailand	Polymer marketing	75.00	50.00
Rayong Refinery Public Co., Ltd. (RRC)	Thailand	Refining	-	100.00
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generation and supply of electricity, steam and water for industry	40.00	40.00
Energy Complex Co., Ltd. (EnCo)	Thailand	Commercial	50.00	50.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Information and communication technology services	20.00	-
PTT Polymer Logistics Co., Ltd. (PTTPL)	Thailand	Logistics services	100.00	-

10. Investments Accounted for under the Equity Method (Continued)

10.1 Details of subsidiaries, associates and joint ventures of the Company are as follows : (Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2006	2005
<u>Associates</u>				
Thai Oil Public Co., Ltd. (TOP)	Thailand	Refining	49.54	49.54
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
Rayong Refinery Public Co., Ltd. (RRC)	Thailand	Refining	48.75	-
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	29.75	-
Thai Lube Blending Co., Ltd. (TLBC)	Thailand	Blending and bottling lube oil	48.95	48.95
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil transmission pipeline	34.04	34.04
Petro Asia (Thailand) Co., Ltd. (PA (Thailand))	Thailand	Oil marketing	35.00	35.00
Petro Asia (Sanshui) Co., Ltd. (PA (Sanshui))	China	Oil marketing	-	25.00
Vietnam LPG Co., Ltd. (VLPG)	Vietnam	Bottling and selling LPG	45.00	45.00
KELOIL-PTT LPG Sdn. Bhd. (KPL)	Malaysia	Bottling and selling LPG	40.00	40.00
Aromatics (Thailand) Public Co., Ltd. (ATC)	Thailand	Petrochemicals	49.82	49.99
IRPC Public Co., Ltd. (Formerly Thai Petrochemical Industry Public Co., Ltd (TPI))	Thailand	Petrochemicals and refining	31.50	31.50
Independent Power (Thailand) Co., Ltd (IPT)	Thailand	Electricity generation	20.00	20.00
Thai Oil Power Co., Ltd. (TP)	Thailand	Generation and supply of electricity	26.00	26.00
<u>Joint Ventures</u>				
Trans Thai-Malaysia (Thailand) Co., Ltd. (TTM (T))	Thailand	Natural gas	50.00	50.00
Trans Thai-Malaysia (Malaysia) Sdn. Bhd. (TTM (M))	Malaysia	Natural gas	50.00	50.00
District Cooling System and Power Plant Co, Ltd. (DCAP)	Thailand	Generation and supply of electricity and chilled water	35.00	35.00
PTT Asahi Chemicals Co., Ltd. (PTTAC)	Thailand	Petrochemicals	47.50	-
HMC Polymers Co., Ltd. (HMC)	Thailand	Petrochemicals	41.44	-

10. Investments Accounted for under the Equity Method (Continued)

10.2 Details of the subsidiaries, associates and joint ventures of subsidiaries are as follows :

Company	Country of Incorporation	Business	Shareholding Percentage	
			2006	2005
<u>Subsidiaries of PTTEP :</u>				
PTTEP International Limited (PTTEPI)	Thailand	Petroleum exploration and production	100.00	100.00
PTTEP Offshore Investment Co., Ltd. (PTTEPO)	Cayman Islands	Commercial	100.00	100.00
PTTEP Siam Limited (PTTEP Siam)	Thailand	Petroleum exploration and production	100.00	100.00
PTTEP Services Limited (PTTEP Services)	Thailand	Services operation	100.00	100.00
PTTEP Kim Long Vietnam Co., Ltd. (PTTEPKV)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Southwest Vietnam Co., Ltd. (PTTEPSV)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Hoan – Vu Co., Ltd. (PTTEP HV)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Hoang – Long Co., Ltd. (PTTEP HL)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Oman Co., Ltd. (PTTEP OM)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP Algeria Co., Ltd. (PTTEP AG)	Cayman Islands	Petroleum exploration and production	100.00	100.00
PTTEP (Thailand) Limited (PTTEP T)	Thailand	Petroleum exploration and production	100.00	100.00
PTTEP Iran Co., Ltd. (PTTEP IR)	Iran	Petroleum	100.00	100.00
Diamond Petroleum Co., Ltd. (DPC)	Thailand	Petroleum	100.00	100.00
PTTEP Merangin Co., Ltd. (PTTEPM)	Indonesia	Petroleum	100.00	100.00
PTTEP Bahrain Co., Ltd. (PTTEP BH)	Cayman Islands	Petroleum	100.00	-
PTTEP Holding Co., Ltd. (PTTEPH)	Cayman Islands	Petroleum	100.00	-
PTTEP Indonesia Co., Ltd. (PTTEP ID)	Cayman Islands	Petroleum	100.00	-
PTTEP Bengara I Co., Ltd. (PTTEPB)	Cayman Islands	Petroleum	100.00	-

10. Investments Accounted for under the Equity Method (Continued)

10.2 Details of the subsidiaries, associates and joint ventures of subsidiaries are as follows :
(Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2006	2005
<u>Subsidiaries of SBECL :</u>				
PTT Philippines Trading Corporation (PTTTC) (Formerly Subic Bay Fuels Co., Inc. (SBFCI))	Philippines	Oil marketing	100.00	100.00
PTT Philippines Corporation (PTTPC) (Formerly Subic Bay Distribution, Inc. (SBDI))	Philippines	Oil marketing	100.00	100.00
<u>Subsidiary of PTTCL :</u>				
Houakhong Trading Co., Ltd. (Houakhong)	Laos	Oil marketing	100.00	100.00
<u>Subsidiaries of PTTCH :</u>				
TOC Glycol Co., Ltd. (TOCGC)	Thailand	Petrochemicals	100.00	100.00
Thai Ethanolamines Co., Ltd. (TEA)	Thailand	Petrochemicals	100.00	100.00
Thai Choline Chloride Co., Ltd. (TCC)	Thailand	Petrochemicals	100.00	100.00
Thai Oleochemicals Co., Ltd. (TOL)	Thailand	Petrochemicals	100.00	100.00
NPC Safety and Environmental Services Co., Ltd. (NPC S&E)	Thailand	Safety and environmental services	100.00	100.00
NPTC Maintenance & Engineering Services Co., Ltd. (NPTC)	Thailand	Factory maintenance and engineering services	60.00	60.00
Thai Tank Terminal Co., Ltd (TTT)	Thailand	Storage and transportation services for liquid chemicals, oil and gas	51.00	51.00
Bangkok Polyethylene Public Co., Ltd. (BPE)	Thailand	Petrochemicals	100.00	-
PTT Polyethylene Co., Ltd. (PTTPE)	Thailand	Petrochemicals	100.00	-
<u>Associates of PTTEP :</u>				
Energy Complex Co., Ltd. (EnCo)	Thailand	Commercial	50.00	50.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Information and communication technology services	20.00	-
<u>Associate of PTTNGD :</u>				
Amata Natural Gas Distribution Co., Ltd. (AMATA NGD)	Thailand	Natural gas	50.00	50.00
<u>Associate of SBECL :</u>				
FST Aviation Services Limited (FST)	Hong Kong	Aircraft refueling services	25.00	25.00

10. Investments Accounted for under the Equity Method (Continued)

10.2 Details of the subsidiaries, associates and joint ventures of subsidiaries are as follows :
(Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			2006	2005
<u>Associates of PTTCH :</u>				
Bangkok Polyethylene Public Co., Ltd. (BPE)	Thailand	Petrochemicals	-	50.00
PTT Polyethylene Co., Ltd. (PTTPE)	Thailand	Petrochemicals	-	50.00
PTT Phenol Co., Ltd. (PPCL)	Thailand	Petrochemicals	30.00	40.00
PTT Polymer Marketing Co., Ltd. (PTTPM)	Thailand	Polymer marketing	25.00	25.00
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generation and supply of electricity, steam and water for industry	40.00	40.00
Vinythai Public Co., Ltd. (VNT)	Thailand	Petrochemicals	24.98	23.02
Eastern Fluid Transport Co., Ltd. (EFT)	Thailand	Petrochemicals transmission pipeline system	22.65	22.65
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Information and communication technology services	20.00	-
<u>Jointly Controlled Entities of PTTEP :</u>				
Carigali - PTTEPI Operating Company Sdn. Bhd. (CPOC)	Malaysia	Petroleum	50.00	50.00
Moattama Gas Transportation Company (MGTC)	Myanmar	Overseas gas transmission pipelines	25.50	25.50
Taninthayi Pipeline LLC. (TPC)	Myanmar	Overseas gas transmission pipelines	19.3178	19.3178
Orange Energy Limited (Orange)	Thailand	Petroleum	53.9496	53.9496
B8/32 Partners Limited (B8/32 Partners)	Thailand	Petroleum	25.0009	25.0009
<u>Jointly Controlled Entity of PTTCH :</u>				
Thai Ethoxylate Co., Ltd. (TEX)	Thailand	Petrochemicals	50.00	50.00

10. Investments Accounted for under the Equity Method (Continued)

10.2 Details of the subsidiaries, associates and joint ventures of subsidiaries are as follows :
(Continued)

Joint Ventures of PTT Exploration and Production Public Co., Ltd.

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Unocal III	Thailand	Chevron Thailand Exploration and Production Limited	5.00	5.00
E 5	Thailand	Exxon Mobil Exploration and Production Korat Inc.	20.00	20.00
Phu Horm (Block E5 North)	Thailand	Hess (Thailand) Limited	20.00	20.00
S 1	Thailand	PTTEP Siam Limited	25.00	25.00
Bongkot	Thailand	PTT Exploration and Production Public Co., Ltd.	44.4445	44.4445
Pailin	Thailand	Chevron Thailand Exploration and Production Limited	45.00	45.00
Arthit	Thailand	PTT Exploration and Production Public Co., Ltd.	80.00	80.00

Joint Ventures of PTTEP International Limited

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Yetagun	Myanmar	Petronas Carigali Myanmar (Hong Kong) Ltd.	19.3178	19.3178
Yadana	Myanmar	Total E&P Myanmar	25.50	25.50
Bongkot (Block B 13/38)	Thailand	PTTEP International Limited	44.4445	44.4445
Joint Development Area Thailand – Malaysia-B17 (Block B-17 &B-17-01)	Thailand - Malaysia	Carigali – PTTEPI Operating Company Sdn. Bhd.	50.00	50.00
G 4/43	Thailand	Chevron Offshore (Thailand) Limited	15.00	15.00
Cambodia B	Cambodia	PTTEP International Limited	30.00	30.00

10. Investments Accounted for under the Equity Method (Continued)

10.2 Details of the subsidiaries, associates and joint ventures of subsidiaries are as follows : (Continued)

Joint Ventures of PTTEP Offshore Investment Co., Ltd. (PTTEPO)

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
B8/32 & 9A ¹⁾	Thailand	Chevron Offshore (Thailand) Co., Ltd.	25.0010	25.0010
Indonesia Merangin-1 ²⁾	Indonesia	PT Medco E&P Merangin	-	39.00

Joint Ventures of PTTEP Kim Long Vietnam Co., Ltd.

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Vietnam B & 48/95	Vietnam	Chevron Vietnam (Block B), Ltd.	8.50	8.50

Joint Ventures of PTTEP Southwest Vietnam Co., Ltd.

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Vietnam 52/97	Vietnam	Chevron Vietnam (Block 52), Ltd.	7.00	7.00

Joint Ventures of PTTEP Hoan-Vu Co., Ltd.

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Vietnam 9-2	Vietnam	Hoan-Vu Joint Operating Company	25.00	25.00

Joint Ventures of PTTEP Hoang-Long Co., Ltd.

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Vietnam 16-1	Vietnam	Hoang-Long Joint Operating Company	28.50	28.50

Joint Ventures of PTTEP Algeria Co., Ltd.

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Algeria 433a & 416b	Algeria	Petro Vietnam Investment and Development Company	35.00	35.00

10. Investments Accounted for under the Equity Method (Continued)

10.2 Details of the subsidiaries, associates and joint ventures of subsidiaries are as follows : (Continued)

Joint Ventures of PTTEP Siam Limited

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Phu Horm (Block EU-1)	Thailand	Hess (Thailand) Limited	20.00	20.00
S1	Thailand	PTTEP Siam Limited	75.00	75.00

Joint Ventures of PTTEP (Thailand) Limited

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Bongkot (Block G12/48)	Thailand	PTTEP (Thailand) Limited	44.4445	-
Arthit (Block G9/48)	Thailand	PTTEP (Thailand) Limited	84.00	-

Joint Ventures of PTTEP Merangin Co., Ltd.

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Indonesia Merangin-1 ²⁾	Indonesia	PT Medco E&P Merangin	39.00	-

Joint Ventures of PTTEP Bengara I Co., Ltd.

<u>Project</u>	<u>Country</u>	<u>Operator</u>	<u>Shareholding Percentage</u>	
			<u>2006</u>	<u>2005</u>
Indonesia Bengara-1	Indonesia	PT Medco E&P Bengara	40.00	-

¹⁾ PTTEPO held shares in Orange Energy Limited and B8/32 Partners Limited, which were concession holders in this project.

²⁾ In 2006, PTTEPO transferred its total shareholding in this project to PTTEP Merangin Co., Ltd.

10. Investments Accounted for under the Equity Method (Continued)

10.3 Investments accounted for under the equity method as of December 31, 2006 and 2005

Consolidated

Unit: Million Baht

Company	Shareholding percentage		2006			2005			Dividends	
	2006	2005	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments	2006	2005
Associates:										
Refining Business Group										
1 TOP	49.54	49.54	11,483.09	28,093.30	-	11,483.09	23,927.80	-	5,053.24	1,819.17
2 SPRC	36.00	36.00	14,770.48	14,733.04	-	14,770.48	12,509.94	-	-	-
3 RRC	48.75	-	8,515.39	19,095.76	-	-	-	-	-	-
4 BCP	29.75	-	4,060.18	4,511.24	-	-	-	-	15.67	-
Oil Business Group										
5 THAPPLINE	34.04	34.04	2,682.35	-	-	2,682.35	-	-	-	-
6 TLBC	48.95	48.95	140.00	120.38	-	140.00	97.75	-	-	-
7 PA (Thailand)	35.00	35.00	131.25	-	-	131.25	-	-	-	-
8 PA (Sanshui)	-	25.00	-	-	-	7.17	6.07	-	-	-
9 VLPG	45.00	45.00	87.35	96.40	-	87.35	114.00	-	-	-
10 KPL	40.00	40.00	21.49	12.56	-	21.49	11.27	-	-	-
11 FST	25.00	25.00	1.13	1.10	-	1.13	0.94	-	-	-
Petrochemicals Business Group										
12 ATC	49.83	49.99	4,423.12	5,539.21	-	4,423.12	3,851.99	-	966.05	1,331.54
13 IRPC (TPI)	31.50	31.50	20,363.81	21,674.38	-	20,364.91	20,364.91	-	-	-
14 VNT	24.98	23.02	3,297.39	3,273.54	-	3,070.87	3,127.28	-	171.70	-
15 EFT	22.65	22.65	2.26	7.43	-	2.26	6.88	-	0.52	-
Natural Gas Business Group										
16 IPT	20.00	20.00	400.19	915.58	-	400.19	556.84	-	-	-
17 AMATA NGD	50.00	50.00	80.00	197.71	-	80.00	177.47	-	60.00	-
18 TP	26.00	26.00	2,304.76	1,961.34	-	2,304.76	1,824.01	-	91.33	73.06
Total			72,764.24	100,232.97	-	59,970.42	66,577.15	-	6,358.51	3,223.77

10. Investments Accounted for under the Equity Method (Continued)

10.3 Investments accounted for under the equity method as of December 31, 2006 and 2005
(Continued)

The Company

Unit : Million Baht

Company	Shareholding percentage		2006			2005			Dividends	
	2006	2005	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments	2006	2005
Subsidiaries :										
1 PTTEP	66.09	66.32	9,615.13	62,443.79	-	9,483.34	51,724.45	-	7,188.49	3,904.67
2 PTTT	100.00	100.00	2.50	186.70	-	2.50	53.81	-	-	-
3 PTTCL	100.00	100.00	0.23	-	(22.87)	0.23	-	(58.16)	-	-
4 SBECL	100.00	100.00	1,154.81	514.29	-	0.41	-	(1,016.57)	-	-
5 PTTNGD	58.00	58.00	418.14	890.49	-	418.14	819.30	-	377.00	324.80
6 PTTLNG	100.00	100.00	50.00	25.13	-	13.25	9.53	-	-	-
7 BPE	-	50.00	-	-	-	1,694.06	1,531.64	-	-	-
8 PTTPE	-	50.00	-	-	-	900.00	875.74	-	-	-
9 PTTPM	75.00	50.00	30.00	46.51	-	20.00	24.79	-	-	-
10 RRC	-	100.00	-	-	-	13,862.35	20,406.00	-	-	-
11 EnCo	50.00	50.00	400.00	389.54	-	400.00	397.86	-	-	-
12 RBA	49.00	49.00	0.49	26.49	-	0.49	15.92	-	-	-
13 PPCL	40.00	40.00	1,080.00	1,017.57	-	320.00	303.45	-	-	-
14 PTTUT	40.00	40.00	1,017.00	946.98	-	563.00	552.63	-	-	-
15 PTTCH	55.19	50.03	35,753.32	49,507.64	-	15,714.28	26,327.08	-	4,260.10	-
16 PTTICT	20.00	-	30.00	29.66	-	-	-	-	-	-
17 PTTPL	100.00	-	300.00	298.48	-	-	-	-	-	-
Associates :										
Refining Business Group										
18 TOP	49.54	49.54	11,483.09	28,107.99	-	11,483.09	23,927.80	-	5,053.24	1,819.17
19 SPRC	36.00	36.00	14,770.48	14,733.04	-	14,770.48	12,509.94	-	-	-
20 RRC	48.75	-	8,515.39	19,095.76	-	-	-	-	-	-
21 BCP	29.75	-	4,060.18	4,511.24	-	-	-	-	15.67	-

10. Investments Accounted for under the Equity Method (Continued)

10.3 Investments accounted for under the equity method as of December 31, 2006 and 2005
(Continued)

The Company (Continued)

Unit : Million Baht

Company	Shareholding percentage		2006			2005			Dividends	
	2006	2005	Cost method	Equity method	Allowance for share of net loss over investments	Cost method	Equity method	Allowance for share of net loss over investments	2006	2005
Associates : (Continued)										
Oil Business Group										
22 THAPPLINE	34.04	34.04	2,682.35	-	-	2,682.35	-	-	-	-
23 TLBC	48.95	48.95	140.00	120.38	-	140.00	97.75	-	-	-
24 PA (Thailand)	35.00	35.00	131.25	-	-	131.25	-	-	-	-
25 PA (Sanshui)	-	25.00	-	-	-	7.17	6.07	-	-	-
26 VLPG	45.00	45.00	87.35	96.40	-	87.35	114.00	-	-	-
27 KPL	40.00	40.00	21.49	12.56	-	21.49	11.27	-	-	-
Petrochemicals Business Group										
28 ATC	49.82	49.99	4,423.12	6,170.09	-	4,423.12	4,065.98	-	966.05	1,331.54
29 IRPC(TPI)	31.50	31.50	20,363.81	22,061.26	-	20,364.91	20,364.91	-	-	-
Natural Gas Business Group										
30 IPT	20.00	20.00	400.19	915.58	-	400.19	556.84	-	-	-
31 TP	26.00	26.00	2,304.76	2,442.09	-	2,304.76	2,304.76	-	91.33	-
Joint Ventures:										
Natural Gas Business Group										
32 TTM (T)	50.00	50.00	5,110.00	5,018.73	-	4,240.00	3,018.55	-	-	-
33 TTM (M)	50.00	50.00	281.32	248.27	-	281.32	237.88	-	-	-
34 DCAP	35.00	35.00	350.00	293.63	-	350.00	333.21	-	-	-
Petrochemicals Business Group										
35 PTTAC	47.50	-	66.50	66.18	-	-	-	-	-	-
36 HMC	41.44	-	9,117.12	9,712.64	-	-	-	-	-	-
Total			134,160.02	229,929.11	(22.87)	105,079.53	170,591.16	(1,074.73)	17,951.88	7,380.18

10. Investments Accounted for under the Equity Method (Continued)

10.4 Movements in investments accounted for under the equity method for the year ended December 31, 2006 are as follows :

	Unit : Million Baht	
	<u>Consolidated</u>	<u>The Company</u>
Balance as of December 31, 2005	66,577.15	170,591.16
- Share of net income from investments under the equity method	19,139.45	52,537.61
- Dividends received	(6,358.51)	(17,951.88)
- Reclassifications	17,165.76	98.17
- Additional investments	4,181.38	28,057.33
- Business acquisition (Note 34)	-	9,117.12
- Investment disposal	-	(3,750.00)
- Business disposal (Note 35)	-	(10,452.87)
- Amortization of negative goodwill (Note 35)	-	2,132.71
- Share of net loss over investments	-	(1,051.86)
- Unrealized gain on available-for-sale securities	(13.23)	(12.85)
- Surplus on dilution of investments	300.90	808.00
- Currency translation differences	(10.78)	(193.53)
- Adjustment of inter-company accounts	(749.15)	-
Balance as of December 31, 2006	<u>100,232.97</u>	<u>229,929.11</u>

10.5 Movements in allowance for share of net loss over investments as of December 31, 2006 are as follows :

	Unit : Million Baht	
	<u>Consolidated</u>	<u>The Company</u>
Balance as of December 31, 2005	-	(1,074.73)
- Share of net income from investments under the equity method	-	55.28
- Debt to equity conversion	-	1,154.40
- Currency translation differences	-	356.46
- Reclassifications	-	(514.28)
Balance as of December 31, 2006	<u>-</u>	<u>(22.87)</u>

10. Investments Accounted for under the Equity Method (Continued)

10.6 The Company's share of the net assets and operating results of joint ventures included in the consolidated financial statements as of December 31, 2006 and 2005 is detailed as follows :

Balance Sheets :

As of December 31, 2006 and 2005

Unit : Million Baht

	2006					2005				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Current assets	1,535.65	89.12	200.63	13.03	4,149.17	941.24	128.29	58.36	-	-
Non-current assets	13,526.64	770.05	986.47	53.56	3,940.60	12,539.88	797.22	835.86	-	-
Current liabilities	(1,166.22)	(24.31)	(123.48)	(0.41)	(1,060.29)	(826.62)	(18.69)	(55.26)	-	-
Non-current liabilities	(8,877.34)	(586.59)	(770.00)	-	(708.55)	(9,635.95)	(668.94)	(505.75)	-	-
Net assets	<u>5,018.73</u>	<u>248.27</u>	<u>293.62</u>	<u>66.18</u>	<u>6,320.93</u>	<u>3,018.55</u>	<u>237.88</u>	<u>333.21</u>	<u>-</u>	<u>-</u>

Statements of Income :

For the years ended December 31, 2006 and 2005

Unit : Million Baht

	2006					2005				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Revenues	2,534.37	110.61	306.46	0.07	4,175.24	9.17	6.93	15.26	-	-
Expenses	(1,404.19)	(84.32)	(346.05)	(0.39)	(3,341.51)	(883.10)	(4.09)	(21.19)	-	-
Gain(loss) before income taxes	1,130.18	26.29	(39.59)	(0.32)	833.73	(873.93)	2.84	(5.93)	-	-
Income taxes	-	(0.59)	-	-	(90.88)	-	(1.22)	-	-	-
Net income(loss)	<u>1,130.18</u>	<u>25.70</u>	<u>(39.59)</u>	<u>(0.32)</u>	<u>742.85</u>	<u>(873.93)</u>	<u>1.62</u>	<u>(5.93)</u>	<u>-</u>	<u>-</u>

10.7 Significant events occurring during the year ended December 31, 2006

PTTEP

During the year ended December 31, 2006, warrants were exercised to purchase ordinary shares in PTTEP under its Employee Stock Ownership Program (ESOP) as detailed in Note 24. The effect from the dilution of investments amounting to Baht 80.84 million was recognized as a surplus on dilution of investments in subsidiaries and associates, presented in the balance sheet under shareholders' equity.

In addition, after the exercise of warrants in the fourth quarter of 2006, the Company acquired additional ordinary shares in PTTEP of 1.37 million shares from third parties amounting to Baht 131.78 million. Consequently, as of December 31, 2006 the Company's shareholding in PTTEP was 66.13%. Goodwill arising from the acquisition was Baht 95.16 million.

10. Investments Accounted for under the Equity Method (Continued)

10.7 Significant events occurring during the year ended December 31, 2006 (Continued)

ATC

The Company's shareholding in ATC has decreased from 49.99% to 49.82% as of December 31, 2006 due to the exercise of warrants to purchase ordinary shares in ATC under its Employee Stock Ownership Program (ESOP) as detailed in Note 24. The effect from the dilution of investments amounting to Baht 6.65 million was recognized as a surplus on dilution of investments in subsidiaries and associates, presented in the balance sheet under shareholders' equity.

PTTLNG

On January 19, 2006, PTTLNG called for payment from the Company for the total remaining unpaid shares amounting to Baht 36.75 million. The Company paid for these shares on February 28, 2006.

PTTPE

On January 25, 2006, PTTPE called for payment from shareholders for the total remaining unpaid shares amounting to Baht 500 million, including the Company's portion of Baht 250 million. The Company paid for these shares on February 22, 2006.

PPCL

PPCL's extraordinary shareholders' meetings No. 1/2006 held on February 15, 2006 and No. 2/2006 held on March 2, 2006 respectively passed and confirmed a resolution to increase the authorized share capital of PPCL by Baht 3,200 million from Baht 800 million to Baht 4,000 million by issuing 32 million additional ordinary shares at a par value of Baht 100 each. PPCL called for the first payment of Baht 1,200 million from shareholders. The Company paid for its portion of 40% amounting to Baht 480 million.

PPCL's extraordinary shareholders' meetings No. 3/2006 held on August 2, 2006 and No. 4/2006 held on August 18, 2006 respectively passed and confirmed a resolution to increase the authorized share capital of PPCL by Baht 1,400 million from Baht 4,000 million to Baht 5,400 million by issuing 14 million additional ordinary shares at a par value of Baht 100 each. PPCL called for the first payment of Baht 700 million from shareholders. The Company paid for its portion of 40% amounting to Baht 280 million. However, PTTCH purchased PPCL's additional shares for only a certain part of its entire investment portion, and ATC purchased the remaining of PTTCH's portion. As a result, PTTCH's shareholding in PPCL decreased from 40% to 30%, and ATC's shareholding in PPCL increased from 20% to 30%.

BCP

On April 10, 2006, the Company's shareholding in BCP decreased from 7.60% to 7.56% as convertible debenture shareholders exercised their convertible debentures to purchase 3.50 million ordinary shares. The effect from the dilution of investments amounting to Baht 96.67 million was recognized as a surplus on dilution of investments in subsidiaries and associates, presented in the balance sheet under shareholders' equity.

On March 16, 2006, the Company's board of directors' meeting No. 3/2006 passed a resolution to invest in additional ordinary shares and convertible debentures of BCP, with an investment limit of USD 120 million.

10. Investments Accounted for under the Equity Method (Continued)

10.7 Significant events occurring during the year ended December 31, 2006 (Continued)

BCP (Continued)

On April 21, 2006, the Company and BCP co-signed a Share Subscription Agreement under which the Company would purchase additional ordinary shares in BCP at a price of Baht 14 per share and convertible debentures at a conversion price of Baht 14 per share, with an investment limit of USD 120 million.

On May 16, 2006, the Company acquired 280.68 million additional ordinary shares in BCP at a price of Baht 14 per share amounting to Baht 3,954.86 million, including directly related acquisition costs of Baht 25.34 million. Consequently, the Company's shareholding in BCP increased from 7.56% to 29.75%, and BCP's status changed from a related company to an associate. Goodwill arising from the acquisition was Baht 257.08 million.

In addition, on the same day, the Company acquired 58,560 units of BCP's convertible debentures at a price of Baht 10,000 per unit and a conversion price of Baht 14 per share as mentioned in Note 11.

IRPC (TPI)

In the second quarter of 2006, the Company started recognizing an investment in TPI under the equity method as a result of an order from the Central Bankruptcy Court issued on April 26, 2006 to terminate the Business Reorganization Plan for TPI and its subsidiaries. On April 27, 2006, the annual general meeting of TPI's shareholders No.1/2006 approved the appointment of representatives from the Company to participate in the management and determination of financial and operating policies of TPI. The initial recognition of the investment in TPI under the equity method resulted in the difference of Baht 4,589.55 million between the acquisition costs and the book value of TPI's identifiable assets and liabilities for the Company's portion.

On October 26, 2006, TPI's extraordinary shareholders' meeting No. 2/2006 passed the resolutions to change the company's name from Thai Petrochemical Industrial Public Co., Ltd to IRPC Public Co., Ltd. and to change its seal. On October 31, 2006, TPI registered the change of the company's name with the registrar at the Ministry of Commerce, and changed its security symbol from "TPI" to "IRPC".

PTTUT

During the year ended December 31, 2006, PTTUT called for payment from shareholders for its additional shares of Baht 1,135 million. The Company paid for its portion of 40% amounting to Baht 454 million.

PTTUT's extraordinary shareholders' meetings No. 3/2006 held on December 1, 2006 and No. 4/2006 held on December 20, 2006 respectively passed and confirmed a resolution to increase the authorized share capital of PTTUT by Baht 3,384 million from Baht 3,475 million to Baht 6,859 million by issuing 33.84 million additional ordinary shares at a par value of Baht 100 each. PTTUT called for payment of Baht 36.91 per share whereby the Company's portion of 40% amounted to Baht 499.64 million. However, as of December 31, 2006 PTTUT was in the process of registering the increase in share capital with the Ministry of Commerce. As a result, the Company accounted for this amount as advance payment for share subscription.

10. Investments Accounted for under the Equity Method (Continued)

10.7 Significant events occurring during the year ended December 31, 2006 (Continued)

TTM(T)

In the second quarter of 2006, TTM(T) called for payment from shareholders for its additional shares of Baht 1,740 million. The Company paid for its portion of 50% amounting to Baht 870 million.

RRC

On June 5, 2006, RRC made an Initial Public Offering (IPO) for its 1,397.50 million ordinary shares, comprising 520 million additional ordinary shares and 877.50 million existing ordinary shares held by the Company at an IPO price of Baht 18 per share. The Company offered its 877.50 million shares jointly with RRC resulting in a gain on disposal of investments amounting to Baht 7,130.48 million as detailed in Note 35. After the IPO, the Company's shareholding in RRC decreased from 100% to 49.99%, and RRC's status changed from a subsidiary to an associate. A surplus on dilution of investments in subsidiaries and associates amounting to Baht 420.57 million was recognized in the balance sheet under shareholders' equity.

On July 7, 2006, RRC registered its additional issued and paid-up share capital of 71.39 million shares, since an over-allotment agent had exercised its rights under the green-shoe options to purchase newly issued shares from RRC. As a result, the Company's shareholding in RRC decreased from 49.99% to 48.75%. A surplus on dilution of investments in subsidiaries and associates amounting to Baht 142.19 million was recognized in the balance sheet under shareholders' equity.

PTTCH

During the year ended December 31, 2006, the Company acquired 9.17 million additional ordinary shares in PTTCH from third parties amounting to Baht 747.60 million. In addition, on September 28, 2006, PTTCH's extraordinary shareholders' meeting No. 1/2006 approved the issuance and offer of 358,974,300 additional ordinary shares in PTTCH to existing shareholders at a price of Baht 78 per share, which were subsequently sold. On December 1, 2006, the Company paid for a total of 247.33 million additional ordinary shares in PTTCH amounting to Baht 19,291.43 million. As a result, the Company's shareholding in PTTCH increased from 50.03% to 55.19%. Goodwill arising from the acquisition was Baht 1,943.90 million.

PTTICT

On June 26, 2006, the Company, PTTEP, PTTCH, TOP and ATC jointly established PTT ICT Solutions Co., Ltd. (PTTICT) with the objectives of providing all information and communication technology (ICT) services as well as developing new ICT potentials to increase business operation capacity. The initial service receivers were those companies who are currently PTTICT's shareholders and affiliates of the Group. PTTICT had initial authorized share capital of Baht 150 million, comprising 15 million shares at a par value of Baht 10 per share. Each of the shareholder companies had a 20% shareholding, representing the Company's investment portion of Baht 30 million, and PTTICT became a subsidiary of the Company.

PA(Sanshui)

On November 16, 2005, the Company, together with existing shareholders of PA(Sanshui) entered into a contract to transfer the ownership rights in the total ordinary shares of PA(Sanshui) held by them to transferees at a price of Yuan 4 million (equivalent to Baht 19.16 million). The transfer is currently being processed. As of December 31, 2006, the Company accounted for the investment in PA (Sanshui) as a current investment.

10. Investments Accounted for under the Equity Method (Continued)

10.7 Significant events occurring during the year ended December 31, 2006 (Continued)

PTTAC

On August 1, 2006, the Company, together with Asahi Kasei Chemicals Corporation (AKCC) and Marubeni Corporation (Marubeni) jointly established PTT Asahi Chemical Co., Ltd. (PTTAC) with authorized share capital of Baht 200 million, comprising two million ordinary shares at a par value of 100 Baht each. The investment proportions of the Company, AKCC and Marubeni were 47.50%, 47.50%, and 5% of the authorized share capital, respectively. The first share payment was called at Baht 35 per share, whereby the Company's portion amounted to Baht 33.25 million. As a result of the acquisition, PTTAC became joint ventures of the Company.

On October 31, 2006, PTTAC's board of directors' meeting No.2/2006 passed a resolution to call for the second payment for the authorized share capital at Baht 35 per share, whereby the Company's portion amounted to Baht 33.25 million.

HMC

On August 3, 2006, the Company acquired existing ordinary and preferred shares in HMC Polymers Co., Ltd. (HMC) from existing shareholders as well as additional shares in HMC, totalling Baht 9,117.12 million. The Company's shareholding was 41.44% of the authorized and paid-up share capital. As a result of the acquisition, HMC became joint ventures of the Company. Goodwill arising from the acquisition was Baht 3,539.17 million as detailed in Note 34.

PTTPM

On August 23, 2006, the Company's board of directors' meeting No.8/2006 approved the acquisition of all of the ordinary shares in PTTPM held by BPE, representing a 25% shareholding, comprising 100,000 shares at a price of Baht 100 per share, totalling Baht 10 million. On September 4, 2006, the Company made payment for these ordinary shares. After the acquisition, the shareholdings of the Company and PTTCH were 75% and 25%, respectively.

PTTPL

On September 11, 2006, the Company registered the establishment of PTT Polymer Logistics Co., Ltd. (PTTPL) with the objective of providing logistics services to petrochemicals affiliates of the Company. PTTPL had authorized share capital of Baht 1,200 million, consisting of 12 million shares at a par value of Baht 100 each. The Company had a shareholding of 100% in PTTPL, and therefore, PTTPL became a subsidiary of the Company. On August 31, 2006, the Company made the first share payment for a 25% shareholding amounting to Baht 300 million in accordance with the resolution of the meeting held on August 8, 2006 regarding the establishment of PTTPL.

PTTPE and BPE

On October 2, 2006, the Company sold all of its ordinary shares in PTTPE and BPE to PTTCH, amounting to 11.50 million shares and 85 million shares, respectively in accordance with the resolution of the board of directors' meeting No.8/2006 held on August 23, 2006. The Company received payments for these shares from PTTCH amounting to Baht 1,750 million and Baht 2,000 million, respectively. After the disposal, PTTCH was the only major shareholder of PTTPE and BPE with a shareholding of 100% of the total paid-up share capital of each company.

10. Investments Accounted for under the Equity Method (Continued)

10.7 Significant events occurring during the year ended December 31, 2006 (Continued)

SBECL

On July 1, 2006, two subsidiaries of SBECL changed their company names from Subic Bay Distribution, Inc. (SBDI) to PTT Philippines Corporation (PTTPC), and from Subic Bay Fuels Company, Inc. (SBFCI) to PTT Philippines Trading Corporation (PTTTC).

On November 17, 2006, SBECL registered its additional share capital of 31.62 million shares amounting to USD 31.62 million (approximately Baht 1,154.40 million) in accordance with a Joint Restructuring Agreement and the resolution of the Company's board of directors' meeting No.4/2001 held on April 26, 2001, which approved the conversion of debt to equity amounting to USD 31.62 million. However, the Company has still maintained its shareholding of 100%.

VNT (An associate of PTTCH)

During the first quarter of 2006, PTTCH acquired 59 million shares in VNT from third parties amounting to Baht 226.52 million. As a result, PTTCH's shareholding in VNT increased from 23.02% to 24.98%.

11. Other Long-term Investments

Details of other long-term investments as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
General investments	1,271.49	540.01	337.52	249.77
Investments in available-for-sale securities				
- Investments in equity instruments	336.00	441.32	336.00	441.32
- Investments in debt securities	585.60	-	585.60	-
- Investments in mutual funds	300.45	-	-	-
<u>Add Allowance for changes in value of investments</u>	<u>635.78</u>	<u>1,107.99</u>	<u>635.00</u>	<u>1,107.99</u>
Total	<u>3,129.32</u>	<u>2,089.32</u>	<u>1,894.12</u>	<u>1,799.08</u>

11. Other Long-term Investments (Continued)

11.1 Details of other long-term investments of the Company

Company	Country of Incorporation	Business	Shareholding Percentage	
			2006	2005
Petro Asia (Huizhou) Co., Ltd. (PA (Huizhou))	China	Oil marketing	25.00	25.00
Petro Asia (Shantou) Co., Ltd. (PA (Shantou))	China	Oil marketing	15.00	15.00
PTT Mart Co., Ltd. (PTT Mart)	Thailand	Management services	49.00	49.00
Fuel Pipeline Transportation Co., Ltd. (FPT)	Thailand	Oil pipeline	2.76	2.76
Intoplane Services Co., Ltd. (IPS)	Thailand	Aircraft refuelling services	16.67	16.67
Ratchaburi Power Co., Ltd. (RPCL)	Thailand	Electricity generation	15.00	15.00
Dhipaya Insurance Public Co., Ltd. (TIP)	Thailand	Insurance	13.33	13.33
Bangkok Aviation Fuel Services Public Co., Ltd. (BAFS)	Thailand	Aircraft refuelling services	7.06	7.06
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	-	7.60

11.2 Details of other long-term investments of subsidiaries

Company	Country of Incorporation	Business	Shareholding Percentage	
			2006	2005
<u>Other Long-term Investments of PTTCH :</u>				
Alliance Petrochemical Investment (Singapore) Pte. Ltd (API)	Singapore	Petrochemicals	16.67	16.67
<u>Other Long-term Investments of HMC :</u>				
Rayong Olefins Co., Ltd. (ROC)	Thailand	Petrochemicals	5.91	-
Basell Advanced Polyolefins (Thailand) Co., Ltd. (BAPT)	Thailand	Petrochemicals	2.07	-

11. Other Long-term Investments (Continued)

11.3 Other long-term investments as of December 31, 2006 and 2005

Unit : Million Baht

Company	Shareholding percentage		Consolidated		The Company		Dividends	
	2006	2005	2006	2005	2006	2005	2006	2005
General Investments								
1 PA (Huizhou)	25.00	25.00	15.16	15.16	15.16	15.16	-	-
2 PTT Mart	49.00	49.00	78.40	78.40	78.40	78.40	-	-
3 FPT	2.76	2.76	44.00	44.00	44.00	44.00	-	-
4 IPS	16.67	16.67	0.02	0.02	0.02	0.02	-	-
5 PA (Shantou)	15.00	15.00	60.84	60.84	60.84	60.84	-	-
6 RPCL	15.00	15.00	337.50	249.75	337.50	249.75	-	-
7 API	16.67	16.67	290.24	290.24	-	-	-	-
8 ROC	5.91	-	643.73	-	-	-	428.02	-
9 BAPT	2.07	-	18.19	-	-	-	-	-
Total investments accounted for under the cost method			1,488.08	738.41	535.92	448.17		
Less Allowance for impairment of investments			216.59	198.40	198.40	198.40		
Total general investments			1,271.49	540.01	337.52	249.77		
Investments in Available-for-sale Securities								
Investments in Equity Instruments								
10 TIP	13.33	13.33	312.00	312.00	312.00	312.00	48.00	30.40
11 BAFS	7.06	7.06	24.00	24.00	24.00	24.00	17.10	9.90
12 BCP	-	7.60	-	105.32	-	105.32	-	-
Total investments in equity instruments			336.00	441.32	336.00	441.32		
Investments in Debt Securities			585.60	-	585.60	-		
Investments in Mutual Funds			300.45	-	-	-		
Add Allowance for changes in value of investments			635.78	1,107.99	635.00	1,107.99		
Total investments in available-for-sale securities			1,857.83	1,549.31	1,556.60	1,549.31		
Total other long-term investments			3,129.32	2,089.32	1,894.12	1,799.08	493.12	40.30

11.4 Movements in other long-term investments for the year ended December 31, 2006 are as follows :

Unit : Million Baht

	Consolidated	The Company
Balance as of December 31, 2005	2,089.32	1,799.08
- Unrealized loss on available-for-sale-securities	(472.21)	(472.99)
- Additional investments	1,635.72	673.35
- Allowance for impairment of investments	(18.19)	-
- Reclassifications	(105.32)	(105.32)
Balance as of December 31, 2006	3,129.32	1,894.12

11. Other Long-term Investments (Continued)

11.5 Significant events occurring during the year ended December 31, 2006

RPCL

During the year ended December 31, 2006, RPCL increased its authorized share capital from Baht 1,665 million to Baht 2,325 million, and called for payment from shareholders for the additional share capital amounting to Baht 585 million. The Company paid for its portion of 15% amounting to Baht 87.75 million.

The Group accounted for investments in certain associates under the cost method, adjusted by allowance for impairment of investments, since the Company intended to dispose of these investments.

In the consolidated financial statements, allowance for impairment of investments in associates and other related companies of Baht 216.59 million comprised allowance for impairment of investments in PTT Mart, PA (Huizhou), FPT, PA (Shantou) and BAPT amounting to Baht 78.40, 15.16, 44.00, 60.84 and 18.19 million, respectively. In the Company's financial statements, the allowance amounted to Baht 198.40 million.

Investments in Debt Securities

On May 16, 2006, the Company acquired 58,560 units of name registered non-transferable unsecured subordinated convertible debentures of BCP No.1/2006, at a par value of Baht 10,000 per unit amounting to Baht 585.60 million. The interest rate is 3% per annum, payable every six months with a redemption period of 10 years starting from the date of debenture issuance. The debentures can be converted into BCP's ordinary shares at a conversion price of Baht 14 per share unless there is a subsequent revision of the conversion price in compliance with a condition under the right adjustments.

Investments in Mutual Funds

On May 25, 2006, PTTCH reclassified investments in mutual funds from trading securities to available-for-sale securities due to changes in PTTCH's investment policies.

12. Property, Plant and Equipment, Net

Property, plant and equipment as of December 31, 2006 and 2005 are as follows :

Unit : Million Baht

	Consolidated						Total
		Buildings and building improvements	Machinery and equipment	Oil and gas properties	Other assets	Construction in progress	
	Land						
Cost							
As of December 31, 2005	4,897.20	17,799.72	201,859.78	162,761.20	10,665.49	74,357.17	472,340.56
- Business acquisition (Note 34)	-	81.48	1,704.50	-	87.03	112.16	1,985.17
- Business disposal (Note 35)	(152.48)	(1,280.17)	(49,665.96)	-	-	(413.87)	(51,512.48)
- Additions	475.72	395.56	2,518.53	38,723.87	1,307.79	49,487.92	92,909.39
- Borrowing costs	-	-	-	-	-	2,881.90	2,881.90
- Reclassifications	1,366.37	352.55	31,441.00	-	226.15	(35,723.05)	(2,336.98)
- Disposal	-	(4.87)	(231.40)	(1,420.62)	(307.63)	(12.15)	(1,976.67)
- Currency translation differences	-	(0.14)	(3.70)	(1,009.04)	(1.29)	(43.12)	(1,057.29)
As of December 31, 2006	6,586.81	17,344.13	187,622.75	199,055.41	11,977.54	90,646.96	512,233.60
Accumulated Depreciation							
As of December 31, 2005	-	(8,632.76)	(84,747.13)	(65,667.67)	(7,253.93)	-	(166,301.49)
- Business acquisition (Note 34)	-	(56.61)	(1,123.35)	-	(69.08)	-	(1,249.04)
- Business disposal (Note 35)	-	401.30	16,081.63	-	-	-	16,482.93
- Depreciation for the year	-	(832.61)	(9,100.97)	(14,487.80)	(1,036.67)	-	(25,458.05)
- Reclassifications	-	(8.46)	706.25	-	(145.91)	-	551.88
- Disposal	-	5.80	81.22	(1.18)	227.48	-	313.32
- Currency translation differences	-	0.07	2.77	219.31	(2.46)	-	219.69
As of December 31, 2006	-	(9,123.27)	(78,099.58)	(79,937.34)	(8,280.57)	-	(175,440.76)
Allowance for Impairment of Assets							
As of December 31, 2005	(42.87)	(373.13)	(244.96)	-	-	-	(660.96)
As of December 31, 2006	(42.87)	(373.13)	(244.96)	-	-	-	(660.96)
Net Book Value							
As of December 31, 2005	4,854.33	8,793.83	116,867.69	97,093.53	3,411.56	74,357.17	305,378.11
As of December 31, 2006	6,543.94	7,847.73	109,278.21	119,118.07	3,696.97	90,646.96	337,131.88

12. Property, Plant and Equipment, Net (Continued)

Unit: Million Baht

	The Company					Total
	Land	Buildings and building improvements	Machinery and equipment	Other assets	Construction in progress	
Cost						
As of December 31, 2005	2,684.44	12,270.45	108,454.72	7,450.01	46,058.79	176,918.41
- Additions	63.55	126.77	1,441.14	768.64	32,379.57	34,779.67
- Borrowing costs	-	-	-	-	2,778.17	2,778.17
- Reclassifications	1,117.08	230.44	7,108.15	41.82	(9,098.25)	(600.76)
- Disposal	-	(4.87)	(37.59)	(237.22)	-	(279.68)
As of December 31, 2006	3,865.07	12,622.79	116,966.42	8,023.25	72,118.28	213,595.81
Accumulated Depreciation						
As of December 31, 2005	-	(6,684.68)	(54,282.95)	(5,340.97)	-	(66,308.60)
- Depreciation for the year	-	(513.53)	(5,054.88)	(706.16)	-	(6,274.57)
- Reclassifications	-	-	0.10	-	-	0.10
- Disposal	-	2.45	36.28	192.26	-	230.99
As of December 31, 2006	-	(7,195.76)	(59,301.45)	(5,854.87)	-	(72,352.08)
Allowance for Impairment of Assets						
As of December 31, 2005	(42.87)	(373.13)	(244.96)	-	-	(660.96)
As of December 31, 2006	(42.87)	(373.13)	(244.96)	-	-	(660.96)
Net Book Value						
As of December 31, 2005	2,641.57	5,212.64	53,926.81	2,109.04	46,058.79	109,948.85
As of December 31, 2006	3,822.20	5,053.90	57,420.01	2,168.38	72,118.28	140,582.77

Borrowing costs of Baht 2,881.90 million in the consolidated financial statements (December 31, 2005: Baht 1,458.40 million) and Baht 2,778.17 million in the Company's financial statements (December 31, 2005: Baht 1,346.02 million) were capitalized as part of costs of property, plant and equipment. The Group used capitalization rates ranging from 4.00% to 7.23% (December 31, 2005: from 4.00% to 5.00%).

Buildings, manufacturing plants, machinery and equipment of Baht 17,686.37 million in the consolidated financial statements were used as collateral for long-term loans of Baht 6,764.29 million (the Company's financial statements: none).

12. Property, Plant and Equipment, Net (Continued)

As of December 31, 2006 and 2005, the assets acquired under finance leases included in other assets are vehicles. Details are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Cost	851.71	163.20	546.74	162.21
<u>Less</u> Accumulated depreciation	214.84	45.96	73.77	45.42
Net book value	636.87	117.24	472.97	116.79

13. Intangible Assets

Intangible assets as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht					
	Consolidated					
	Computer software	Leasehold rights/rights to use	Other operating rights	Goodwill	Negative goodwill	Total
Cost						
As of December 31, 2005	1,648.56	7,863.94	1,217.37	11,714.31	(6,504.95)	15,939.23
- Business acquisition (Note 34)	37.69	-	186.45	-	-	224.14
- Business disposal (Note 35)	(66.44)	(1,068.70)	-	-	6,504.95	5,369.81
- Additions	247.75	485.09	312.65	5,736.65	-	6,782.14
- Reclassifications	42.51	676.56	107.34	-	-	826.41
- Disposal	(6.21)	(41.28)	-	-	-	(47.49)
- Currency translation differences	(0.03)	(1.11)	(4.42)	-	-	(5.56)
As of December 31, 2006	1,903.83	7,914.50	1,819.39	17,450.96	-	29,088.68
Accumulated Amortization						
As of December 31, 2005	(964.48)	(2,492.21)	(139.07)	(423.22)	704.70	(3,314.28)
- Business acquisition (Note 34)	(15.17)	-	(140.38)	-	-	(155.55)
- Business disposal (Note 35)	5.26	335.59	-	-	(3,108.45)	(2,767.60)
- Amortization for the year	(203.97)	(318.83)	(93.50)	(886.96)	2,403.75	900.49
- Reclassifications	(0.46)	(0.68)	(107.34)	-	-	(108.48)
- Disposal	3.59	20.35	-	-	-	23.94
- Currency translation differences	0.06	0.68	2.48	18.11	-	21.33
As of December 31, 2006	(1,175.17)	(2,455.10)	(477.81)	(1,292.07)	-	(5,400.15)
Allowance for Impairment of Assets						
As of December 31, 2005	-	(1,096.09)	-	-	-	(1,096.09)
- Reversal of loss on impairment of assets	-	4.48	-	-	-	4.48
As of December 31, 2006	-	(1,091.61)	-	-	-	(1,091.61)
Net Book Value						
As of December 31, 2005	684.08	4,275.64	1,078.30	11,291.09	(5,800.25)	11,528.86
As of December 31, 2006	728.66	4,367.79	1,341.58	16,158.89	-	22,596.92

13. Intangible Assets (Continued)

Unit : Million Baht

	The Company			Total
	Computer software	Leasehold rights/rights to use	Other operating rights	
Cost				
As of December 31, 2005	624.80	6,103.81	51.55	6,780.16
- Additions	74.81	187.80	-	262.61
- Reclassifications	17.91	582.84	-	600.75
- Disposal	(0.98)	(16.62)	-	(17.60)
As of December 31, 2006	716.54	6,857.83	51.55	7,625.92
Accumulated Amortization				
As of December 31, 2005	(456.36)	(2,017.88)	(33.87)	(2,508.11)
- Amortization for the year	(111.15)	(251.99)	(5.18)	(368.32)
- Reclassifications	(0.06)	-	-	(0.06)
- Disposal	0.98	6.98	-	7.96
As of December 31, 2006	(566.59)	(2,262.89)	(39.05)	(2,868.53)
Allowance for Impairment of Assets				
As of December 31, 2005	-	(1,096.09)	-	(1,096.09)
- Reversal of loss on impairment of assets	-	4.48	-	4.48
As of December 31, 2006	-	(1,091.61)	-	(1,091.61)
Net Book Value				
As of December 31, 2005	168.44	2,989.84	17.68	3,175.96
As of December 31, 2006	149.95	3,503.33	12.50	3,665.78

14. Income Taxes and Deferred Income Taxes

Details of applicable income taxes for the Group are as follows :

	<u>Tax rates</u>
Petroleum income tax on petroleum business in Thailand pursuant to the Petroleum Income Tax Act, B.E.2514 (1971) and B.E.2532 (1989)	50%
Income tax under the Revenue Code	30%
- Exemption for total net income of the Company for five accounting periods from 2002 to 2006	25%
- Exemption for net income of PTTEP not exceeding Baht 300 million for five accounting periods from 2002 to 2006	25%
Corporate income tax in the Union of Myanmar	30%
Corporate income taxes in other countries in the South-East Asia region	20% – 35%

14. Income Taxes and Deferred Income Taxes (Continued)

Income taxes recognized in the consolidated and the Company's statements of income for the years ended December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Petroleum income tax				
Current income tax	18,279.93	13,496.11	-	-
Deferred income tax	1,059.28	(220.44)	-	-
Total petroleum income tax	19,339.21	13,275.67	-	-
Income tax under the Revenue Code				
Current income tax	13,236.62	10,609.33	8,623.05	8,092.77
Deferred income tax	651.60	(257.28)	(34.95)	412.40
Total income tax under the Revenue Code	13,888.22	10,352.05	8,588.10	8,505.17
Corporate income tax in the Union of Myanmar				
Current income tax	2,433.81	1,667.73	-	-
Deferred income tax	136.76	230.65	-	-
Total corporate income tax in the Union of Myanmar	2,570.57	1,898.38	-	-
Corporate income taxes in the South-East Asia region				
Current income tax	70.90	25.50	-	-
Deferred income tax	13.81	14.01	-	-
Total corporate income taxes in other countries in the South-East Asia region	84.71	39.51	-	-
Total income tax expenses	35,882.71	25,565.61	8,588.10	8,505.17

14. Income Taxes and Deferred Income Taxes (Continued)

Deferred income taxes presented in the consolidated and the Company's balance sheets as of December 31, 2006 and 2005 are as follows :

	Consolidated	Unit : Million Baht The Company
Deferred tax assets		
Income tax under the Revenue Code		
As of December 31, 2005	1,862.25	1,184.78
Business disposal (Note 35)	(693.10)	-
Income tax expenses	51.15	34.95
As of December 31, 2006	1,220.30	1,219.73
Petroleum income tax		
As of December 31, 2005	(9.08)	-
Income tax expenses	9.08	-
As of December 31, 2006	-	-
Corporate income tax in the Philippines		
As of December 31, 2005	45.24	-
Current income tax - MCIT	14.18	-
Income tax expenses	(28.38)	-
As of December 31, 2006	31.04	-
Corporate income tax in Singapore		
As of December 31, 2005	0.04	-
Income tax expenses	0.39	-
As of December 31, 2006	0.43	-
Total deferred tax assets	1,251.77	1,219.73
Deferred tax liabilities		
Income tax under the Revenue Code		
As of December 31, 2005	274.50	277.00
Income tax expenses	584.51	(118.25)
As of December 31, 2006	859.01	158.75
Petroleum income tax		
As of December 31, 2005	10,816.31	-
Income tax expenses	634.68	-
As of December 31, 2006	11,450.99	-
Corporate income tax in the Union of Myanmar		
As of December 31, 2005	1,594.43	-
Income tax expenses	(65.21)	-
As of December 31, 2006	1,529.22	-
Total deferred tax liabilities	13,839.22	158.75

14. Income Taxes and Deferred Income Taxes (Continued)

Deferred tax assets mainly comprised allowance for doubtful accounts and accumulated depreciation of property, plant and equipment. Deferred tax liabilities mainly comprised accumulated depreciation of property, plant and equipment, amortization of decommissioning costs and unrealized gain on revaluation of decommissioning costs.

15. Advance Payment for Gas Purchased

Advance payment for gas purchased as of December 31, 2006 and 2005 is as follows :

	Unit : Million Baht	
	Consolidated	The Company
Balance as of December 31, 2005	19,746.62	24,574.67
<u>Less Make-up during the period</u>	<u>3,148.44</u>	<u>3,945.00</u>
Balance as of December 31, 2006	<u>16,598.18</u>	<u>20,629.67</u>

The Company paid in advance for the committed gas volumes purchased from the Yadana and Yetagun gas fields in the Union of Myanmar irrespective of take-up in 1999-2001, in accordance with the established minimum volumes stated in the Export Gas Sales Agreements (Take-or-Pay). The Company has the rights to take the prepaid gas (Make-up) in subsequent years, without expiry.

16. Other Non-current Assets

Other non-current assets as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Retention and refundable deposits	112.46	143.15	36.12	31.74
Prepaid expenses	1,821.47	947.04	29.54	25.08
Inventories - legal reserve	9,158.70	12,800.76	9,158.70	7,921.22
Others	<u>182.45</u>	<u>690.31</u>	<u>29.58</u>	<u>509.14</u>
Total	<u>11,275.08</u>	<u>14,581.26</u>	<u>9,253.94</u>	<u>8,487.18</u>

The Fuel Oil Trading Act B.E. 2543 (2000) categorizes the Company as an oil trader under section 7 of this Act to protect against and resolve fuel oil shortages. This Act prescribes that the oil traders under section 7 must reserve fuel oil in accordance with the categories and volumes set by the Director General of the Department of Energy Business. The Company currently reserves 5% of the trading volume, which is informed to the Director General of the Department of Energy Business, the Ministry of Energy.

17. Bank Overdrafts and Short-term Loans from Financial Institutions

Bank overdrafts and short-term loans from financial institutions of the Group as of December 31, 2006 and 2005 are short-term loans from financial institutions, bearing interest at rates ranging from 6.20% to 8.25% per annum and from 2.00% to 3.64% per annum, respectively.

18. Other Current Liabilities

Other current liabilities as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Other accounts payable	6,989.62	7,316.47	3,289.47	4,360.55
Accounts payable - forward foreign exchange contracts (purchase), net	42.43	39.31	25.20	24.39
Advances received	125.53	185.64	67.89	121.24
Undue output VAT	2,640.08	1,859.13	2,311.33	1,648.94
Retention (due not later than 1 year)	783.13	656.57	21.72	15.83
Others	<u>1,933.18</u>	<u>1,959.16</u>	<u>642.30</u>	<u>399.52</u>
Total	<u>12,513.97</u>	<u>12,016.28</u>	<u>6,357.91</u>	<u>6,570.47</u>

Accounts payable – forward foreign exchange contracts (purchase) resulted from entering into forward foreign exchange contracts to hedge risks arising from the fluctuations of the USD currency value associated with the repayment of foreign loans and the import of raw materials.

19. Long-term Loans

Long-term loans as of December 31, 2006 and 2005 are as follows :

Current Portion of Long-term Loans

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Loans – Baht currency	12,258.15	8,356.35	11,000.00	8,000.00
Loans – Foreign currencies	391.85	671.13	391.85	431.56
Bonds – Baht currency	1,750.58	4,257.14	-	-
Bonds – Foreign currencies	7,002.59	8,234.09	-	-
Liabilities from finance leases	<u>208.97</u>	<u>108.03</u>	<u>101.18</u>	<u>52.94</u>
Total	<u>21,612.14</u>	<u>21,626.74</u>	<u>11,493.03</u>	<u>8,484.50</u>

19. Long-term Loans (Continued)

Long-term Loans

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Loans – Baht currency	52,940.73	68,569.63	44,400.00	55,400.00
Loans – Foreign currencies	29,315.14	22,259.54	19,852.01	10,895.95
Bonds – Baht currency	72,181.70	53,814.29	70,118.00	50,000.00
Bonds – Foreign currencies	43,327.16	53,119.79	30,309.76	30,366.98
Liabilities from finance leases	574.58	220.09	386.67	80.14
Total	<u>198,339.31</u>	<u>197,983.34</u>	<u>165,066.44</u>	<u>146,743.07</u>

The Company's loans as of December 31, 2006 amounting to Baht 46,741.52 million (December 31, 2005: Baht 55,492.59 million) are secured by the Ministry of Finance.

The loans of three subsidiaries amounting to Baht 6,764.29 million in the consolidated financial statements as of December 31, 2006 (December 31, 2005: Baht 6,571.43 million) are secured by machinery, buildings, manufacturing plants and structures. In addition, the Group has commitments in accordance with the stipulated conditions.

On April 5, 2006, the Company signed a loan agreement of Yen 23,000 million with a maturity period of 30 years, the principal of which is repayable once at maturity. The interest is charged in USD, payable every six months at a rate of 4.45% per annum. On the same day, the Company entered into a Participating Swap contract (P-SWAP) to swap Yen for USD, equivalent to USD 196.94 million with a P-SWAP premium of approximately 1% per annum of the USD principal. The maturity date is April 7, 2036.

On November 14, 2006, the Company signed a loan agreement of USD 300 million with a maturity period of seven years, bearing interest at a floating rate of LIBOR + 0.265% per annum, payable every six months. The principal is repayable in installments of USD 37.5 million every six months from May 2010 to November 2013.

On September 26, 2006, a subsidiary signed a loan agreement for the Phenol Project with five local financial institutions totalling Baht 8,320 million. The loan agreement comprised a long-term loan of Baht 6,320 million and a short-term loan of Baht 2,000 million with a maturity period of 13 years and a grace period of three years, bearing interest at a rate equivalent to the six-month fixed deposit rate plus 2.5% to 2.625% per annum. As of December 31, 2006, the subsidiary drew down Baht 1,000 million of the long-term loan in accordance with the loan agreement.

19. Long-term Loans (Continued)

Long-term loans as of December 31, 2006 and 2005 can be classified by interest rate categories as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Floating interest rate	29,669.67	28,500.36	13,210.76	3,092.59
Fixed interest rate	190,281.79	191,109.72	163,348.71	152,134.98
Total	<u>219,951.46</u>	<u>219,610.08</u>	<u>176,559.47</u>	<u>155,227.57</u>

Interest rates charged on long-term loans as of December 31, 2006 and 2005 are as follows :

	Consolidated		The Company	
	2006	2005	2006	2005
PTT bonds	3.49%-8.75%	3.49%-8.91%	3.49%-8.75%	3.49%-8.91%
Loans – Baht currency	3.52%-9.06%	3.38%-9.06%	9.06%	8.83%-9.06%
Loans – Foreign currencies				
- US Dollar	5.35%-6.78%	3.00%-6.29%	5.35%-5.94%	3.00%-6.29%
- Japanese Yen	4.45%	-	4.45%	-
Bonds – Baht currency	2.70%-7.40%	2.70%-5.95%	4.25%-7.40%	4.25%-5.95%
Bonds – Foreign currencies	3.85%-7.86%	3.85%-7.86%	4.55%-5.88%	5.75%-5.88%
Liabilities from finance leases	1.75%-10.00%	1.75%-10.00%	5.50%-8.10%	5.50%-8.10%

19. Long-term Loans (Continued)

19.1 Loans

Movements of loans in Baht currency and foreign currencies as of December 31, 2006 and 2005 are as follows :

	Consolidated			Unit : Million
	Currency			Total equivalent in Baht
	Baht	US Dollar	Yen	
Balance as of December 31, 2005	76,925.97	356.97	-	91,621.73
- Business acquisition (Note 34)	745.97	-	-	745.97
- Business disposal (Note 35)	(11,000.00)	(150.00)	-	(16,734.89)
- Additions	5,933.15	615.00	23,000.00	36,752.01
- Repayments	(8,375.00)	(166.30)	-	(14,724.02)
- Gain on exchange rate	-	-	-	(2,754.93)
- Current portion	(12,258.15)	(26.37)	-	(12,650.00)
Balance as of December 31, 2006	51,971.94	629.30	23,000.00	82,255.87

	The Company			Unit : Million
	Currency			Total equivalent in Baht
	Baht	US Dollar	Yen	
Balance as of December 31, 2005	63,400.00	75.11	-	66,492.59
- Additions	-	300.00	23,000.00	18,429.53
- Repayments	(8,000.00)	(10.48)	-	(8,431.56)
- Gain on exchange rate	-	-	-	(846.70)
- Current portion	(11,000.00)	(10.82)	-	(11,391.85)
Balance as of December 31, 2006	44,400.00	353.81	23,000.00	64,252.01

19. Long-term Loans (Continued)

19.2 Bonds

Bonds as of December 31, 2006 and 2005 are as follows :

Unit : Million

	Consolidated			
	December 31, 2006		December 31, 2005	
	USD	Baht	USD	Baht
Unsecured unsubordinated bonds				
- USD currency	1,390.67	50,329.75	1,491.62	61,353.87
- Baht currency	-	73,932.28	-	58,071.43
<u>Less Current portion</u>				
- USD currency	(193.28)	(7,002.59)	(200.00)	(8,234.09)
- Baht currency	-	(1,750.58)	-	(4,257.14)
Total	<u>1,197.39</u>	<u>115,508.86</u>	<u>1,291.62</u>	<u>106,934.07</u>

Unit : Million

	The Company			
	December 31, 2006		December 31, 2005	
	USD	Baht	USD	Baht
Unsecured unsubordinated bonds				
- USD currency	836.57	30,309.76	737.52	30,366.98
- Baht currency	-	70,118.00	-	50,000.00
Total	<u>836.57</u>	<u>100,427.76</u>	<u>737.52</u>	<u>80,366.98</u>

The Company and the Group issued bonds and entered into various cross currency and interest rate swap contracts for some of their bonds. Details are as follows :

On June 20, 2005, the Company issued unsecured unsubordinated bonds for sales to financial institutional investors with a principal amount of Baht 4,040 million and a redemption period of 10 years at a fixed interest rate of 4.75% per annum. However, the Company entered into a cross currency swap contract to swap Baht bonds for USD bonds amounting to USD 100 million at a fixed interest rate of 4.55% per annum, to be redeemed on June 20, 2015.

19. Long-term Loans (Continued)

19.2 Bonds (Continued)

On August 25, 2005, the Company issued unsecured unsubordinated Baht bonds for sales to financial institutional investors with a principal amount of Baht 4,118 million and a redemption period of 15 years at a fixed interest rate of 5.95% per annum. However, the Company entered into a cross currency swap contract to swap Baht bonds for USD bonds amounting to USD 100 million at a fixed interest rate of 5.48% per annum, to be redeemed on August 25, 2020. In addition, on November 17 and November 22, 2006, the Company signed an agreement with a financial institution for the cancellation of commitments in accordance with a cross currency swap contract to swap Baht currency of Baht 4,118 million at an interest rate of 5.48% per annum for USD currency of USD 100 million at a fixed interest rate of 4.55% per annum. In cancelling the agreement, the Company received compensation from the financial institution amounting to Baht 465 million. Consequently, the Company has commitments in Baht currency as before.

On May 23, 2006, the Company issued two lots of unsecured unsubordinated bonds for sales to general investors and financial institutional investors with principal amounts of Baht 2,970 million and Baht 1,030 million and redemption periods of 10 years and 15 years, respectively. The interest is fixed at 6.17% and 6.53% per annum, payable every six months with redemption dates of May 23, 2016 and May 23, 2021, respectively.

On October 12, 2006, the Company issued two lots of unsecured unsubordinated bonds for sales to general investors and financial institutional investors with principal amounts of Baht 4,000 million and Baht 8,000 million, and redemption periods of five years and 10 years, respectively. The interest is fixed at 5.53% and 5.79% per annum, payable every six months with redemption dates of October 12, 2011 and October 12, 2016, respectively.

On March 27, 2003, PTTEP issued 2,500,000 unsecured unsubordinated bonds at a face value of Baht 1,000 each, totalling Baht 2,500 million with a redemption period of 15 years. The bonds bear interest at a rate of 4.625% per annum, payable every six months on March 27 and September 27 of every year. However, PTTEP entered into a cross currency swap contract to swap Baht bonds for the USD currency of USD 60.82 million at an interest rate of 3.85% per annum, to be redeemed on March 27, 2018.

19.3 Liabilities from Finance Leases

Liabilities from finance leases as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Liabilities from finance leases				
- Not more than 1 year	252.66	119.78	132.49	60.28
- More than 1 year and not more than 5 years	620.73	241.14	420.86	87.50
Future finance charges	<u>(89.84)</u>	<u>(32.80)</u>	<u>(65.50)</u>	<u>(14.70)</u>
Present value of liabilities from finance leases	<u>783.55</u>	<u>328.12</u>	<u>487.85</u>	<u>133.08</u>
Present value of liabilities from finance leases				
- Current liabilities (Not more than 1 year)	208.97	108.03	101.18	52.94
- Non-current liabilities (More than 1 year and not more than 5 years)	<u>574.58</u>	<u>220.09</u>	<u>386.67</u>	<u>80.14</u>
Total	<u>783.55</u>	<u>328.12</u>	<u>487.85</u>	<u>133.08</u>

19. Long-term Loans (Continued)

The maturity of long-term loans as of December 31, 2006 and 2005 are as follows :

Unit : Million Baht

	Consolidated					
	2006					
	Loans- foreign currencies	Loans- Baht currency	Bonds- foreign currencies	Bonds- Baht currency	Liabilities from finance leases	Total
Not more than 1 year	391.85	12,258.15	7,002.59	1,750.58	208.97	21,612.14
More than 1-2 years	405.21	8,656.26	-	1,263.70	207.80	10,532.97
More than 2-5 years	8,948.61	30,560.89	-	19,100.00	366.78	58,976.28
More than 5 years	<u>19,961.33</u>	<u>13,723.58</u>	<u>43,327.16</u>	<u>51,818.00</u>	<u>-</u>	<u>128,830.07</u>
Total	<u>29,707.00</u>	<u>65,198.88</u>	<u>50,329.75</u>	<u>73,932.28</u>	<u>783.55</u>	<u>219,951.46</u>

Unit : Million Baht

	Consolidated					
	2005					
	Loans- foreign currencies	Loans- Baht currency	Bonds- foreign currencies	Bonds- Baht currency	Liabilities from finance leases	Total
Not more than 1 year	671.13	8,356.35	8,234.09	4,257.14	108.03	21,626.74
More than 1-2 years	1,085.59	11,904.73	7,958.11	1,757.14	91.07	22,796.64
More than 2-5 years	3,540.27	29,417.64	-	2,057.15	129.02	35,144.08
More than 5 years	<u>17,633.69</u>	<u>27,247.25</u>	<u>45,161.68</u>	<u>50,000.00</u>	<u>-</u>	<u>140,042.62</u>
Total	<u>22,930.68</u>	<u>76,925.97</u>	<u>61,353.88</u>	<u>58,071.43</u>	<u>328.12</u>	<u>219,610.08</u>

19. Long-term Loans (Continued)

Unit : Million Baht

The Company						
2006						
	Loans- foreign currencies	Loans- Baht currency	Bonds- foreign currencies	Bonds- Baht currency	Liabilities from finance leases	Total
Not more than 1 year	391.85	11,000.00	-	-	101.18	11,493.03
More than 1-2 years	405.21	8,000.00	-	-	109.08	8,514.29
More than 2-5 years	6,744.78	26,400.00	-	18,300.00	277.59	51,722.37
More than 5 years	<u>12,702.02</u>	<u>10,000.00</u>	<u>30,309.76</u>	<u>51,818.00</u>	-	<u>104,829.78</u>
Total	<u>20,243.86</u>	<u>55,400.00</u>	<u>30,309.76</u>	<u>70,118.00</u>	<u>487.85</u>	<u>176,559.47</u>

Unit : Million Baht

The Company						
2005						
	Loans- foreign currencies	Loans-Baht currency	Bonds- foreign currencies	Bonds- Baht currency	Liabilities from finance leases	Total
Not more than 1 year	431.56	8,000.00	-	-	52.94	8,484.50
More than 1-2 years	445.32	11,000.00	-	-	22.53	11,467.85
More than 2-5 years	1,433.41	26,400.00	-	-	57.61	27,891.02
More than 5 years	<u>9,017.22</u>	<u>18,000.00</u>	<u>30,366.98</u>	<u>50,000.00</u>	-	<u>107,384.20</u>
Total	<u>11,327.51</u>	<u>63,400.00</u>	<u>30,366.98</u>	<u>50,000.00</u>	<u>133.08</u>	<u>155,227.57</u>

20. Provision for Decommissioning Costs

The Group recognized provision for liabilities as of December 31, 2006 for decommissioning costs expected to be incurred in the future as follows :

Unit : Million Baht

	Consolidated
Balance as of December 31, 2005	7,019.36
Exchange rate differences	(839.62)
Provision for liabilities during the year	4,532.65
Balance as of December 31, 2006	<u>10,712.39</u>

21. Other Non-current Liabilities

Other non-current liabilities as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Retention (due later than 1 year)	869.55	477.67	676.94	327.17
Provision for loss on lawsuits	218.60	12.60	218.60	12.60
Deferred revenues	335.35	328.81	227.49	240.21
Other advances received	282.43	457.79	275.68	435.34
Pension Fund	23.25	30.10	4.72	4.01
Others	587.18	381.08	-	-
Total	<u>2,316.36</u>	<u>1,688.05</u>	<u>1,403.43</u>	<u>1,019.33</u>

22. Share Capital

As of December 31, 2006, the Company had authorized share capital of 2,857,245,725 ordinary shares (as of December 31, 2005: 2,837,245,725 ordinary shares) with a par value of Baht 10 per share. The issued and fully paid-up share capital comprised 2,804,925,625 ordinary shares (as of December 31, 2005: 2,797,245,725 ordinary shares). Details are as follows :

On April 26, 2006, the Company registered an increase in share capital with the Ministry of Commerce amounting to Baht 200 million from Baht 28,372.46 million to Baht 28,572.46 million through the issue of 20,000,000 additional ordinary shares at a par value of Baht 10 each. As a result, the number of authorized ordinary shares of the Company increased from 2,837,245,725 shares to 2,857,245,725 shares.

Details of the issue and offer of warrants are as follows :

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise right (warrant per ordinary share)	The number of exercised warrants (Million units)	The number of unexercised warrants (Million units)	Last exercise date of warrants
September 1, 2005	183	1 : 1	7.68	32.32	August 31, 2010
September 29, 2006	234	1 : 1	-	20.00	September 28, 2011
			<u>7.68</u>	<u>52.32</u>	

23. Reserves

23.1 Legal Reserve

Under the Public Limited Companies Act B.E. 2535 (1992), the Company is required to appropriate not less than 5% of its annual net income as legal reserve until the reserve fund reaches 10% of its authorized share capital. The legal reserve is non-distributable.

On April 26, 2006, the Company appropriated its net income of Baht 7,245,725 as legal reserve. Accordingly, the balance of the legal reserve as of December 31, 2006 is Baht 2,857.25 million which has reached 10% of the Company's authorized share capital, as stipulated in the Act.

23.2 Reserve for Self-insurance Fund

Reserves for Self-insurance Fund as of December 31, 2006 and 2005 are detailed as follows :

	Unit : Million Baht	
	Consolidated	The Company
Balance as of December 31, 2005	841.40	841.40
Appropriated net income for the year 2006	46.72	46.72
Balance as of December 31, 2006	888.12	888.12

The Self-insurance Fund was set up with the objective of providing insurance coverage solely for the Company's business. The Company has annually appropriated its net income from operations and interest income from the fund, to the fund.

24. Earnings per Share

Basic earnings per share is calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares held by third parties during the period.

For the calculation of diluted earnings per share, the Company assumes that all warrants of the Group allocated to directors, management and employees are converted into ordinary shares. Due to the total exercise of those warrants, the net income of the Group recognized in the Company's financial statements is adjusted by decreases in shareholding proportions. The number of diluted shares is calculated by considering a market price (an average market price of the Company's ordinary shares during the period) and exercise prices. This calculation is prepared to determine the number of ordinary shares to be added to ordinary shares held by third parties for the calculation of diluted earnings per share.

24. Earnings per Share (Continued)

The calculation of basic earnings per share and diluted earnings per share in the consolidated and the Company's financial statements for the years ended December 31, 2006 and 2005 is detailed as follows :

	Basic Earnings per Share		Diluted Earnings per Share	
	2006	2005	2006	2005
Net income attributable to ordinary shareholders before extraordinary items (Baht)	95,260,603,360	80,104,496,160	95,260,603,360	80,104,496,160
Adjustment of net income (Baht)	-	-	(63,743,020)	(46,419,088)
Net income before extraordinary items for the calculation of earnings per share (Baht)	95,260,603,360	80,104,496,160	95,196,860,340	80,058,077,072
Extraordinary items (Baht)	-	5,416,796,542	-	5,416,796,542
Net income for the calculation of earnings per share (Baht)	95,260,603,360	85,521,292,702	95,196,860,340	85,474,873,614
Weighted average number of ordinary shares for the calculation of earnings per share (Shares)	2,799,752,669	2,797,245,725	2,808,118,415	2,799,953,629
Net income before extraordinary items (Baht/share)	34.02	28.63	33.90	28.59
Extraordinary items (Baht/share)	-	1.94	-	1.94
Earnings per share (Baht/share)	34.02	30.57	33.90	30.53

The adjustment of net income resulted from the issue of name registered non-transferable warrants to purchase ordinary shares, by the Company and the Group to their directors, management and employees.

Information regarding the issue of warrants to purchase ordinary shares to the Company's employees is provided in Note 22.

24. Earnings per Share (Continued)

PTTEP

On April 12, 2006, PTTEP registered a split in par value of its ordinary shares from Baht 5 per share of 664.40 million shares to Baht 1 per share of 3,322 million shares, totalling Baht 3,322 million.

As a result of the registration of the split in par value of its ordinary shares, the number of ordinary shares reserved for the exercise of warrants under PTTEP's Employee Stock Ownership Program allocated to employees changed from 12.40 million shares to 62 million shares, and the exercise rights (warrant per ordinary share) and exercise prices also changed. Details are as follows :

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise right (warrant per ordinary share)	The number of exercised warrants (Million units)	The number of unexercised warrants (Million units)	Last exercise date of warrants
August 1, 2002	22.2	1 : 5	9.65	0.35	July 31, 2007
August 1, 2003	23.4	1 : 5	7.05	2.95	July 31, 2008
August 1, 2004	36.6	1 : 5	6.41	7.59	July 31, 2009
August 1, 2005	55.6	1 : 5	2.89	11.11	July 31, 2010
August 1, 2006	91.2	1 : 5	-	14.00	July 31, 2011
			26.00	36.00	

ATC

Details of the issue and offer of warrants to purchase ordinary shares allocated to ATC's employees are as follows :

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise right (warrant per ordinary share)	The number of exercised warrants (Million units)	The number of unexercised warrants (Million units)	Last exercise date of warrants
February 2, 2004	10	1 : 1	11.55	3.05	November 23, 2007

PTTCH

Details of the issue and offer of warrants to purchase ordinary shares allocated to PTTCH's employees are as follows :

Date of issue and offer of warrants	Exercise price (Baht per share)	Exercise right (warrant per ordinary share)	The number of exercised warrants (Million units)	The number of unexercised warrants (Million units)	Last exercise date of warrants
September 29, 2006	66.50	1 : 1	-	29	September 28, 2011

25. Sales and Services

Sales and services for the years ended December 31, 2006 and 2005 are as follows :

	Consolidated		The Company	
	2006	2005	2006	2005
Oil products	857,446.01	651,892.12	883,609.72	700,697.34
Gas products	223,916.98	213,570.37	248,221.81	213,724.45
Petrochemical products	135,405.82	67,676.16	55,200.76	52,678.02
Utility products	3,608.12	-	-	-
Services	6,457.06	2,112.64	-	-
<u>Less</u> : Petroleum royalties and remuneration	<u>12,848.71</u>	<u>8,981.95</u>	<u>-</u>	<u>-</u>
Total	<u>1,213,985.28</u>	<u>926,269.34</u>	<u>1,187,032.29</u>	<u>967,099.81</u>

Sales and services for the years ended December 31, 2006 and 2005 include sales and services to government agencies and state enterprises amounting to Baht 97,954.89 million in the consolidated financial statements (2005: Baht 103,804.87 million), and amounting to Baht 97,184.52 million in the Company's financial statements (2005: Baht 102,809.92 million).

26. Other Income

Other income for the years ended December 31, 2006 and 2005 is as follows :

Unit : Million Baht

	Consolidated		The Company	
	2006	2005	2006	2005
Interest income	3,197.86	1,497.85	1,584.91	2,303.26
Penalty income	370.05	271.33	564.56	247.14
Transportation income	5,252.20	3,276.31	6,075.48	5,273.87
Dividend income	493.12	40.30	65.10	40.30
Compensation for loan interest for advance payment for gas purchased	3,544.26	2,221.33	3,544.26	2,221.33
Gain on foreign exchange	9,924.88	0.68	4,944.11	-
Others	2,439.35	2,127.87	2,189.11	2,659.13
Total	25,221.72	9,435.67	18,967.53	12,745.03

In the Company's financial statements for the year ended December 31, 2005, loss on foreign exchange of Baht 234.52 million is included in the selling and administrative expenses.

Other income for the year ended December 31, 2005 includes revenues from the settlement of a dispute between the Company and a foreign contractor over a breach of the construction contract for the laying of the Rayong - Bangpakong - Wang Noi onshore parallel natural gas pipelines. After the settlement of the dispute, the damage claims recorded by the Company decreased by Baht 826.07 million.

Compensation for loan interest for advance payment for gas purchased (Take-or-Pay) represents the Company's compensation received from the Electricity Generating Authority of Thailand (EGAT) and the Independent Power Plants (IPPs) to absorb interest on the loans obtained by the Company for advance payment for gas purchased.

27. Share of Net Income from Investments under the Equity Method

Share of net income from investments under the equity method for the years ended December 31, 2006 and 2005 includes share of gain (loss) on foreign exchange as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Share of net income before gain (loss) on foreign exchange	15,312.53	22,725.09	44,293.51	53,836.57
<u>Add share of gain (loss) on foreign exchange</u>	<u>3,826.92</u>	<u>(1,073.83)</u>	<u>8,244.10</u>	<u>(852.13)</u>
Total	<u>19,139.45</u>	<u>21,651.26</u>	<u>52,537.61</u>	<u>52,984.44</u>

28. Extraordinary items

In November 2004, the board of directors of the Company approved a short-term loan to RRC amounting to USD 1,134.75 million (Baht 44,255.25 million), bearing interest at a rate of LIBOR + 2.5% per annum for the refinancing of RRC's loans. On January 17, 2005, the lenders reduced their loans to RRC by USD 200.25 million (Baht 7,738.28 million), equivalent to 15% of the original loans of USD 1,335 million. Consequently, the loans were reduced to USD 1,134.75 million (Baht 44,255.25 million).

Gain from debt restructuring of Baht 7,738.28 million (USD 200.25 million) is presented as an extraordinary item in the consolidated statement of income for the year ended December 31, 2005 amounting to Baht 5,416.80 million, net of income tax of Baht 2,321.48 million.

29. Operating Income

The following items, classified by natures, were charged in arriving at the operating income for the years ended December 31, 2006 and 2005 :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Gain (loss) on foreign exchange	9,924.88	0.68	4,944.11	(234.52)
Depreciation of property, plant and equipment				
- Owned assets	25,311.26	17,440.88	6,187.76	6,266.53
- Assets under finance leases	146.79	38.20	86.81	37.99
Amortization of intangible assets				
- Negative goodwill	(1,516.78)	(460.92)	-	-
- Other intangible assets	616.29	460.15	368.32	315.08
Reversal of loss on impairment of property, plant and equipment				
- Current operations	(4.48)	(43.76)	(4.48)	-
Staff costs	9,626.18	6,647.02	4,753.42	4,088.02

30. Interest Expenses

Interest expenses for the years ended December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Loans from financial institutions	5,534.17	4,925.37	3,847.37	4,512.35
Bonds	4,626.35	3,541.49	2,834.61	2,123.51
Liabilities from finance leases	32.10	6.36	18.79	5.88
Others	813.00	338.44	619.25	145.60
Total	<u>11,005.62</u>	<u>8,811.66</u>	<u>7,320.02</u>	<u>6,787.34</u>

31. Segment Information

The financial information classified by business segments in the consolidated financial statements for the years ended December 31, 2006 and 2005 is as follows :

31. Segment Information (Continued)

Consolidated

For the year ended December 31, 2006

Unit : Million Baht

	Oil	Natural Gas	Petroleum exploration and production	Refining	Petro-chemicals	Others	Elimination	Total
Sales - others	930,391.06	192,554.24	19,566.30	12,288.59	72,033.80	-	-	1,226,833.99
- related parties	65,051.46	52,129.69	69,701.06	64,100.51	4,642.27	-	(255,624.99)	-
Petroleum royalties and remuneration	-	-	(12,848.71)	-	-	-	-	(12,848.71)
Net sales	995,442.52	244,683.93	76,418.65	76,389.10	76,676.07	-	(255,624.99)	1,213,985.28
Gross margin	12,860.66	43,958.71	55,308.48	5,907.21	24,177.77	-	(443.28)	141,769.55
EBITDA	5,003.40	44,805.96	63,313.21	6,468.88	24,334.12	(619.55)	(631.17)	142,674.85
Depreciation and amortization	2,054.19	5,571.19	14,898.52	740.83	2,691.66	48.22	750.42	26,755.03
EBIT	2,949.21	39,234.77	48,414.69	5,728.05	21,642.46	(667.77)	(1,381.59)	115,919.82
Share of net income (loss) from associates	0.17	80.24	(8.66)	-	215.16	52,537.61	(33,685.07)	19,139.45
Interest-net								(7,838.86)
Other income								12,650.43
Gain on foreign exchange								9,924.88
Income taxes								(35,882.71)
Minority interests								(18,652.41)
Net Income								<u>95,260.60</u>
Segment assets	132,128.60	208,468.68	149,317.62	-	116,940.40	43,113.43	-	649,968.73
Inter-company assets	1,225.95	11,182.03	8,076.58	-	719.91	1,252.30	(22,456.77)	-
Investments accounted for under the equity method	1.10	197.71	419.21	-	6,554.54	93,060.41	-	100,232.97
Total segment assets	133,355.65	219,848.42	157,813.41	-	124,214.85	137,426.14	(22,456.77)	750,201.70
Non-allocated assets								1,251.77
Total Assets								<u>751,453.47</u>
Segment liabilities	71,620.30	48,747.95	52,016.14	-	27,836.82	183,070.68	-	383,291.89
Inter-company liabilities	2,998.47	6,687.30	4,215.23	-	4,588.72	3,967.05	(22,456.77)	-
Total segment liabilities	74,618.77	55,435.25	56,231.37	-	32,425.54	187,037.73	(22,456.77)	383,291.89
Non-allocated liabilities								13,839.22
Total Liabilities								<u>397,131.11</u>
Capital Expenditure	2,942.95	35,375.73	39,419.22	31.63	13,844.88	2,408.94	-	94,023.35

31. Segment Information (Continued)

Consolidated

For the year ended December 31, 2005

Unit : Million Baht

	Oil	Natural gas	Petroleum exploration and production	Refining	Petro- chemicals	Others	Elimi- nation	Total
Sales - others	698,245.43	181,124.07	12,333.29	28,435.17	15,113.33	-	-	935,251.29
- related parties	107,017.57	27,805.72	56,021.76	112,840.20	409.94	-	(304,095.19)	-
Petroleum royalties and remuneration	-	-	(8,981.95)	-	-	-	-	(8,981.95)
Net sales	805,263.00	208,929.79	59,373.10	141,275.37	15,523.27	-	(304,095.19)	926,269.34
Gross margin	12,176.67	40,905.28	44,804.48	13,158.19	2,117.98	-	2,017.93	115,180.53
EBITDA	7,252.65	42,109.57	50,051.48	13,205.20	1,739.86	(375.52)	61.39	114,044.63
Depreciation and amortization	2,088.53	4,813.42	9,429.93	1,337.35	426.68	16.47	(633.79)	17,478.59
EBIT	5,164.12	37,296.15	40,621.55	11,867.85	1,313.18	(391.99)	695.18	96,566.04
Share of net income (loss) from associates	0.02	68.39	206.60	-	(5.67)	52,984.44	(31,602.52)	21,651.26
Interest-net								(7,302.27)
Other income								3,352.13
Gain on foreign exchange								0.69
Income taxes								(25,565.62)
Extraordinary items								5,416.80
Minority interests								(8,597.74)
Net Income								<u>85,521.29</u>
Segment assets	108,789.70	166,541.98	137,868.86	56,763.23	73,068.23	38,299.05	-	581,331.05
Inter-company assets	17,093.69	13,311.18	5,023.35	7,987.58	447.84	12,114.24	(55,977.88)	-
Investments accounted for under the equity method	0.93	177.47	397.86	-	6,523.48	59,477.41	-	66,577.15
Total segment assets	<u>125,884.32</u>	<u>180,030.63</u>	<u>143,290.07</u>	<u>64,750.81</u>	<u>80,039.55</u>	<u>109,890.70</u>	<u>(55,977.88)</u>	<u>647,908.20</u>
Non-allocated assets								<u>1,898.46</u>
Total Assets								<u>649,806.66</u>
Segment liabilities	56,414.31	39,234.99	54,241.51	16,559.15	26,967.07	165,271.45	-	358,688.48
Inter-company liabilities	10,251.61	2,801.49	4,970.27	22,600.16	4,206.98	11,147.37	(55,977.88)	-
Total segment liabilities	<u>66,665.92</u>	<u>42,036.48</u>	<u>59,211.78</u>	<u>39,159.31</u>	<u>31,174.05</u>	<u>176,418.82</u>	<u>(55,977.88)</u>	<u>358,688.48</u>
Non-allocated liabilities								<u>12,685.24</u>
Total Liabilities								<u>371,373.72</u>
Capital Expenditure	2,141.74	40,443.33	55,528.82	285.04	1,763.49	722.97	-	100,885.39

31. Segment Information (Continued)

Pricing among business segments is based on normal market prices except for pricing among business sectors within the Company for which net market prices, after the deduction of management fees with respect to petroleum terminals and operating fees, are applied.

EBITDA means Earnings before interest expenses, finance costs, income taxes, depreciation and amortization, including other expenses and income not relevant to operations.

EBIT means Earnings before interest expenses, finance costs, income taxes, including other expenses and income not relevant to operations.

The Group categorizes segments for major business as follows :

Oil Business

The Group conducts oil business, which can be categorized into two income generating activities, in both domestic and overseas markets.

1. Oil marketing : marketing of fuel oil and lubricant products through channels of retail, commercial and international markets.
2. Oil trading : international trading, import and export of crude oil, fuel oil products, raw materials and petrochemicals products.

Natural Gas Business

The Group conducts natural gas business including procurement, natural gas pipeline transmission, natural gas separation and distribution in both domestic and overseas markets.

Exploration and Production Petroleum Business

The Group conducts exploration and production petroleum business in both domestic and overseas markets. The Group is the operator and jointly invests with leading exploration and production companies. Most domestic projects are located in the Gulf of Thailand. Overseas projects cover the Asia Pacific and Middle East regions.

Refining Business

The Group conducts refining business, including the production and distribution of finished oil products for both domestic and overseas customers.

Petrochemicals Business

The Group conducts petrochemicals business, including the procurement of feedstock for petrochemicals plants, and the production and distribution of main petrochemicals products and by-products, for both domestic and overseas markets.

Other operations of the Group mainly represent other segments, none of which constitutes a separately reportable segment.

32. Disclosure of Financial Instruments

The Company has faced principal financial risks with respect to the fluctuations of exchange rates, interest rates, and oil and gas prices in the world market. Some of the Company's sale, purchase and borrowing transactions are denominated in foreign currencies. In addition, the Company's borrowings to finance its operations bear interest at both fixed and floating rates. As a result, the Company's management has entered into derivative instrument contracts to hedge all potential risk exposure. The strategies for hedging risks comprise forward foreign exchange contracts and cross-currency and interest rate swap contracts. The risk exposure associated with oil prices in the world market is managed through forward oil price contracts.

The department responsible for managing the risk exposure arising from exchange rates and oil and gas prices in the world market, has to report to the Company's management details of the costs and market prices of all financial instruments, including outstanding forward foreign exchange contracts and forward oil and gas price contracts. The reported information principally covers the risk exposure arising from :

- foreign exchange rates
- currencies and interest rates
- interest rates
- the fluctuations of oil and gas prices
- credit risks

32.1 Risks from Foreign Exchange Rates

During the year ended December 31, 2006, the Company entered into forward foreign exchange contracts (purchase) for the procurement of raw materials and the repayment of foreign loans for a total amount of USD 163 million, equivalent to approximately Baht 5,854.99 million, maturing in January and June 2007. In addition, due to the import of finished oil, the Company entered into forward foreign exchange contracts (sale) of USD 81.04 million, equivalent to approximately Baht 2,925.37 million, maturing in January 2007.

The receivable amounts and exchange rates under the forward foreign exchange contracts as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Forward foreign exchange contracts (purchase)				
At the rates of Baht 35.0818-44.0560 = 1 USD	7,217.28	10,286.72	5,854.99	10,286.72
At the rates of Baht 49.5100-49.5130 = 1 EUR	-	10.15	-	-
Total	<u>7,217.28</u>	<u>10,296.87</u>	<u>5,854.99</u>	<u>10,286.72</u>
Forward foreign exchange contracts (sale)				
At the rates of Baht 35.5000-39.3500 = 1 USD	<u>2,934.15</u>	<u>334.05</u>	<u>2,925.37</u>	<u>-</u>

32. Disclosure of Financial Instruments (Continued)

32.2 Risks from Currencies and Interest Rates

The Group entered into various cross-currency and interest rate swap contracts. The terms of the outstanding cross-currency and interest rate swap contracts as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
- Baht 4,040 million/USD 100 million	3,623.08	4,117.46	3,623.08	4,117.46
- Baht 4,118 million/USD 100 million	-	4,117.46	-	4,117.46
- USD 60.82 million /Baht 2,500 million	2,203.82	2,500.00	-	-
- USD 193.28 million /Yen 23,000 million	7,002.59	8,074.96	-	-
Total	<u>12,829.49</u>	<u>18,809.88</u>	<u>3,623.08</u>	<u>8,234.92</u>

The maturity of the contracts can be analyzed as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
More than 1 year but not more than 5 years	7,002.59	8,074.96	-	-
More than 5 years	5,826.90	10,734.92	3,623.08	8,234.92
Total	<u>12,829.49</u>	<u>18,809.88</u>	<u>3,623.08</u>	<u>8,234.92</u>

32. Disclosure of Financial Instruments (Continued)

32.3 Risks from Interest Rates

The Group entered into various interest rate swap contracts. The terms of the outstanding interest rate swap contracts as of December 31, 2006 and 2005 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
Interest rate swap contracts to swap floating for fixed rate in Baht currency	504.13	-	-	-
Interest rate swap contracts to swap floating for fixed rate in USD currency	5,028.83	-	-	-
Total	5,532.96	-	-	-

The maturity of the contracts can be analyzed as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2006	2005	2006	2005
More than 1 year but not more than 5 years	264.13	-	-	-
More than 5 years	5,268.83	-	-	-
Total	5,532.96	-	-	-

32.4 Risks from the Fluctuations of Oil Prices

The Company has entered into forward oil price contracts. As of December 31, 2006, the outstanding forward oil price contracts had maturity periods within January 2007. The total oil volume under such contracts was 0.12 million barrels.

PTTT has entered into gross refinery margin swap contracts to swap floating for fixed gross refinery margin with a total oil volume of 0.10 million barrels, maturing within one to three months.

32.5 Credit Risks

Credit risks arise when customers do not comply with the credit agreements or contracts, causing financial losses to the Company. However, the Company conducts commercial business with customers who are large companies in the electricity business group and large industrial sectors. In addition, collateral is requested for doing business with other customers. Consequently, the Company has no significant credit risk.

32. Disclosure of Financial Instruments (Continued)

32.6 Fair Value of Financial Instruments

The majority of the carrying values of financial assets and liabilities of the Group are classified as short-term. The fair values of these financial assets and liabilities approximate their carrying values.

The Group calculates the fair values of long-term loans and fixed interest rate bonds by using the discounted cash flow method based on the discounted rates of those with similar borrowing conditions. For forward foreign exchange contracts, cross-currency and interest rate swap contracts and participating swap contracts, the Group calculates their fair values by using the exchange rates determined by the Group's banks as if those contracts were cancelled as of the balance sheet dates. Forward oil and gas price contracts are presented at their fair values based on their quoted market prices as of December 31, 2006 and 2005. Details are as follows :

	Unit : Million Baht			
	Consolidated			
	2006		2005	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term loans–Baht currency	65,198.88	66,057.69	76,925.98	78,471.76
Long-term loans–Foreign currencies	29,706.99	29,503.85	22,930.67	22,198.72
Secured unsubordinated bonds – Baht currency	3,314.28	3,279.36	-	-
Unsecured unsubordinated bonds – Baht currency	70,618.00	74,306.70	58,071.43	56,919.54
Unsecured unsubordinated bonds – Foreign currencies	50,329.75	47,029.35	61,353.88	62,975.33
Forward foreign exchange contracts (purchase)	-	27.84	-	(2.15)
Forward foreign exchange contracts (sale)	-	0.42	-	(14.78)
Cross-currency and interest rate swap contracts	-	690.45	-	676.82
Participating swap contracts	-	(345.36)	-	-
Forward oil price contracts	-	7.73	-	76.35

32. Disclosure of Financial Instruments (Continued)

32.6 Fair Value of Financial Instruments (Continued)

Unit : Million Baht

	The Company			
	2006		2005	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term loans – Baht currency	55,400.00	56,258.81	63,400.00	64,946.75
Long-term loans – Foreign currencies	20,243.86	20,040.72	11,327.51	10,595.56
Unsecured unsubordinated bonds – Baht currency	70,118.00	73,806.70	50,000.00	48,967.48
Unsecured unsubordinated bonds – Foreign currencies	30,309.76	26,908.92	30,366.98	30,754.24
Forward foreign exchange contracts (purchase)	-	21.02	-	(2.01)
Forward foreign exchange contracts (sale)	-	0.56	-	-
Cross-currency and interest rate swap contracts	-	353.29	-	321.36
Participating swap contracts	-	(345.36)	-	-
Forward oil price contracts	-	(11.35)	-	23.96

33. Dividend Payment

On April 11, 2006, the annual general meeting of the Company's shareholders approved a dividend payment for the year 2005 of Baht 9.25 per share from 2,797,245,725 shares amounting to Baht 25,874.52 million. The Company made the dividend payment to its shareholders on April 25, 2006.

On August 23, 2006, the Company's board of directors' meeting No.8/2006 approved an interim dividend payment for the operating results of the first half of 2006 at Baht 5 per share from 2,804,600,425 shares amounting to Baht 14,023 million. The Company made the interim dividend payment to its shareholders on September 22, 2006.

34. Business Acquisition

During the year ended December 31, 2006, the Company acquired HMC as described in Note 10.7.

Details of the net assets acquired and goodwill are as follows :

	Unit : Million Baht
Purchase consideration (Note 10.4)	9,117.12
<u>Less</u> Fair value of net assets acquired	<u>5,577.95</u>
Goodwill	<u><u>3,539.17</u></u>

Assets and liabilities derived from the acquisition are as follows :

	Unit : Million Baht
Cash and cash equivalents	2,931.33
Accounts receivable	1,267.84
Inventories, materials and supplies	668.74
Other current assets	76.59
Other long-term investments	1,757.11
Property, plant and equipment (Note 12)	736.13
Intangible assets (Note 13)	68.59
Other non-current assets	14.01
Bank overdrafts and short-term loans from banks	(248.66)
Accounts payable	(859.43)
Current portion of long-term loans (Note 19.1)	(37.30)
Accrued expenses	(72.19)
Long-term loans (Note 19.1)	(708.67)
Other non-current liabilities	<u>(16.14)</u>
Fair value of net assets	5,577.95
<u>Less</u> Purchase consideration (Note 10.4)	<u>9,117.12</u>
Goodwill	<u><u>3,539.17</u></u>

35. Business Disposal

On June 5, 2006, RRC made an Initial Public Offering (IPO) for its 1,397.50 million ordinary shares, including 877.50 million shares held by the Company whereby the Company offered its 877.50 million shares jointly with RRC.

After the IPO, the Company's shareholding in RRC decreased from 100% to 49.99%, and RRC's status changed from a subsidiary to an associate. A gain on disposal of investments amounting to Baht 7,130.48 million arose as detailed in Note 10.7. The effect from the disposal of investments is detailed as follows :

	Unit : Million Baht
Proceeds from disposal of investments	15,450.64
<u>Less</u> Investments disposed of (Note 10.4)	10,452.87
<u>Add</u> Amortization of negative goodwill (Note 10.4)	2,132.71
Gain on disposal of investments (Note 10.7)	<u>7,130.48</u>

	Unit : Million Baht
Cash and cash equivalents	1,699.24
Accounts receivable	10,840.31
Inventories, materials and supplies	9,029.26
Other current assets	1,277.10
Property, plant and equipment (Note 12)	35,029.56
Intangible assets (Note 13)	(2,602.21)
Deferred tax assets (Note 14)	693.10
Other non-current assets	5,564.72
Bank overdrafts and short-term loans from financial institutions	(1,100.00)
Accounts payable	(14,122.16)
Other current liabilities	(2,462.36)
Long-term loans (Note 19.1)	(16,734.89)
Other non-current liabilities	<u>(11.77)</u>
Net shareholders' equity	27,099.90
<u>Less</u> Outstanding investments after business disposal	<u>16,647.03</u>
Investments disposed of (Note 10.4)	<u>10,452.87</u>

On February 17, 2005, PTTEPO sold of all of its shares in New Links to Encore Int'l Limited and received payments for shares and warranty claims for a total amount of Baht 9,101.84 million (USD 236.5 million). The net book value of investment was Baht 9,679.71 million. A loss of Baht 577.87 million arose from the investment disposal.

35. Business Disposal (Continued)

On November 17, 2005, PTTEPO sold some of its shares in Orange Energy Limited and B8/32 Partners Limited to Palang Sophon International Limited, for an amount of Baht 2,052.61 million while the net book value of investments was Baht 2,026.18 million. A gain of Baht 26.43 million arose from the investment disposal.

36. Reclassification

The Group has reclassified certain items in the consolidated and the Company's financial statements for the year ended December 31, 2005 to conform to the presentation of the consolidated and the Company's financial statements for the year ended December 31, 2006. The reclassifications do not affect the net income previously reported.

37. Promotional Privileges

The Company received promotional privileges from the Board of Investments (BOI) under the Investment Promotion Act, B.E. 2520 for the Gas Separation Plant Unit 5 project, the Sai Noi-South Bangkok Power Plant gas transmission pipeline project, the third gas offshore and onshore transmission pipeline project, the Songkhla Power Plant gas transmission pipeline project, the District Cooling and Cogeneration at Future Park Rangsit project, the Ethane Separation Plant project, the Suvarnabhumi-Phayathai NGV gas distribution pipeline project, and the gas distribution pipelines to the Rojana Industrial Park project. The promotional privileges include exemption from import duties for the machinery approved by the BOI and exemption from corporate income tax for the net income generated from the promotional business for a period of eight years from the date of initial recognition of operating revenues.

The sales from the promotional and non-promotional business for the years ended December 31, 2006 and 2005 are detailed as follows :

	Unit : Million Baht	
	The Company	
	2006	2005
Promotional business	38,014.36	28,692.51
Non-promotional business	1,149,017.93	938,407.30
Total	1,187,032.29	967,099.81

Some subsidiaries and joint ventures received promotional privileges from the BOI under the Investment Promotion Act, B.E. 2520. Details are as follows :

PTTCH received promotional privileges for its business with respect to the production of chemicals from petroleum feedstock, the production and distribution of polyethylene, the public utility generation, the jetty services for the storage and handling of liquid products, and the marine shipment services at the Mab Ta Phut Industrial Estate, Rayong. The promotional privileges cover exemption from various taxes and duties, including exemption from corporate income tax for the net income generated from the promotional business for a period of eight years from the date of initial recognition of operating revenues, and a 50% reduction from the normal rate of corporate income tax for the net income generated from investments for a period of five years from the expiry date of the corporate income tax exemption.

37. Promotional Privileges (Continued)

HMC received promotional privileges for its business with respect to the production of chemicals from petroleum feedstock. The promotional privileges cover exemption from various taxes and duties, including exemption from corporate income tax for the net income generated from the promotional business for a period of eight years from the date of initial recognition of operating revenues, and a 50% reduction from the normal rate of corporate income tax for the net income generated from investments for a period of five years from the expiry date of the corporate income tax exemption.

PTTNGD received promotional privileges which include exemption from corporate income tax for the net income generated from the promotional business for a period of eight years from the date of initial recognition of operating revenues and exemption from or a 100% reduction in import duties for the machinery approved by the BOI.

TTM-T received promotional privileges for its public utility and basic services business Category 7.1 and natural gas transmission pipeline business Category 7.7. The promotional privileges cover exemption from various taxes and duties, including exemption from corporate income tax not exceeding Baht 13,724 million for the net income generated from the promotional business for a period of eight years from the date of initial recognition of operating revenues. The amount of tax exemption is adjusted in accordance with the investment amounts excluding land and effective working capital on the date of initial operation. The promotional privileges also include a 50% reduction from the normal rate of corporate income tax for the net income generated from investments for a period of five years from the expiry date of the corporate income tax exemption, and exemption from import duties for the machinery approved by the BOI.

PTTUT received promotional privileges for its electricity, steam and water generation business. The promotional privileges cover exemption from corporate income tax for the net income generated from the promotional business for a period of eight years from the date of initial recognition of operating revenues, a 50% reduction from the normal rate of corporate income tax for the net income generated from investments for a period of five years from the expiry date of the corporate income tax exemption, and exemption from import duties for the machinery approved by the BOI.

DCAP received promotional privileges for its public utility and basic services business Category 7.1. The promotional privileges cover exemption from various taxes and duties, including exemption from corporate income tax.

PPCL received promotional privileges for its phenol and acetone production business. The promotional privileges cover exemption from corporate income tax for the net income generated from the promotional business for a period of eight years from the date of initial recognition of operating revenues, a 50% reduction from the normal rate of corporate income tax for the net income generated from investments for a period of five years from the expiry date of the corporate income tax exemption, and exemption from import duties for the machinery approved by the BOI.

With the receipt of promotional privileges, the Group must comply with all conditions and regulations stated in the Promotional Certificates.

38. Commitments and Contingent Liabilities

- 38.1 Commitments to subsidiaries, associates, joint ventures and other related companies are detailed as follows :

According to a condition with a financial institution, the Company entered into two Shareholder's Commercial Support Arrangements with its subsidiaries and associates with credit limits of USD 100 million and USD 90 million, respectively. The Company had obligations under the arrangements in the form of extended credit for raw materials and/or advance product payment. As of December 31, 2006, the subsidiaries and associates had not used the credit lines.

The Company had an obligation with a subsidiary in a foreign country under a commercial credit agreement in the form of extended credit for raw materials with a credit limit of USD 100 million. As of December 31, 2006, the subsidiary had used a commercial credit line of USD 95.23 million. The outstanding credit line was USD 4.77 million or approximately Baht 172.82 million.

The Company entered into agreements of financial support (Sponsor Support Agreements) with two joint ventures with a total credit limit equal to the loan obligations of the two joint ventures to a financial institution. As of December 31, 2006, the Company had outstanding commitments of USD 261.30 million or approximately Baht 9,467.11 million under these agreements.

The Group had obligations under various Shareholder Agreements with respect to capital injections. As of December 31, 2006, the Group had total outstanding obligations under the agreements of Baht 16,395.73 million in the consolidated financial statements and Baht 4,063.77 million in the Company's financial statements.

- 38.2 As of December 31, 2006, the Group and the Company had contingent liabilities in the form of letters of guarantee amounting to Baht 871.44 million in the consolidated financial statements and Baht 161.71 million in the Company's financial statements.

- 38.3 On August 31, 2006, the Foundation for Consumers and a group of five individuals (the "Claimants") filed a complaint to the Supreme Administration Court, naming the Prime Minister, the Cabinet and the Minister of Energy as respondents (the "Respondents"), seeking the court to order to revoke two Royal Decrees issued under the Corporatization Act B.E. 2542 (A.D. 1999) in relation to the privatization of the Petroleum Authority of Thailand to PTT Public Company Limited. The two Royal Decrees were the Royal Decree Determining the Powers, Rights and Benefits of PTT Public Company Limited B.E. 2544 (A.D. 2001) and the Royal Decree Determining the Time for Repealing the Laws Governing the Petroleum Authority of Thailand B.E. 2544 (A.D. 2001). On September 4, 2006, the Supreme Administration Court issued an order to accept this complaint. The Respondents made a statement to the court, and the Claimants prepared a dispute over the Respondents' statement and submitted it to the court in accordance with the procedures of the Administration Court. On January 22, 2007, the Respondents prepared and submitted an additional statement to the court.

However, the Company filed a petition to act as a litigant in the lawsuit. On November 28, 2006, the Supreme Administration Court issued an order to permit the Company to act as a litigant. The lawsuit is currently under the consideration of the Supreme Administration Court.

39. Subsequent Events

- 39.1 On January 5, 2007, PTTEPI exercised its pre-emptive right to purchase an additional participation interest of 3.333334% in Cambodia Block B from CE Cambodia B Ltd. (CEL), resulting in an increase in its participation interest to 33.333334%. The joint venturers have offered to pay CEL USD 3.5 million by paying an upfront amount of USD 1 million after receiving approval from the Cambodian government. PTTEPI will be required to make payment for the remaining amount when the production reaches 100 million barrels of oil equivalent onwards.
- 39.2 On January 12, 2007, PTTEP incorporated PTTEP Thai Project Company Limited with authorized share capital of Baht 1 million, consisting of 100,000 ordinary shares at a par value of Baht 10 per share. PTTEP Thai Project Company Limited was wholly owned by PTTEP (Thailand) Limited (a subsidiary of PTTEP)
- 39.3 On January 16, 2007, PTTEPO was granted Cabinet approval to be the operator in concession Block A4/48, A5/48 and A6/48 with a 100% interest.
- 39.4 According to the resolution of the annual general meeting of PTTEP's shareholders for the year 1998 to issue and offer debentures for a total amount up to Baht 10,000 million, PTTEP issued and offered Baht debentures totalling Baht 6,500 million. Consequently, the remaining balance from the approval was Baht 3,500 million for the next debenture issuance. On February 12, 2007, PTTEP issued and offered 3,500,000 unsecured unsubordinated debentures at a face value of Baht 1,000 each amounting to Baht 3,500 million. The interest is fixed at a rate of 4.88% per annum, payable every six months as of February 12 and August 12 of every year with a redemption period of three years, to be redeemed on February 12, 2010.
- 39.5 The board of directors of the Company approved these financial statements to be issued on February 23, 2007
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