

AUDITOR'S REVIEW REPORT AND INTERIM FINANCIAL STATEMENTS
PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2007

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2007

NOTES	CONTENTS
1	General Information
2	Accounting Changes
3	Cash and Cash Equivalents
4	Trade Accounts and Notes Receivable – Others, Net
5	Related Party Transactions
6	Investments in Subsidiaries, Associates and Joint Ventures
7	Other Long-term Investments
8	Property, Plant and Equipment, Net
9	Intangible Assets
10	Advance Payment for Gas Purchased
11	Long-term Loans
12	Provision for Decommissioning Costs
13	Share Capital
14	Earnings per Share
15	Other Income
16	Share of Net Income from Investments under Equity Method
17	Segment Information
18	Business Acquisition
19	Dividend Payment
20	Reclassification
21	Promotional Privileges
22	Commitments and Contingent Liabilities
23	Subsequent Events

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2007
(UNAUDITED, REVIEWED)
AND FOR THE YEAR ENDED DECEMBER 31, 2006 (AUDITED)

1. General Information

1.1 Purpose of the Interim Financial Statements

These interim financial statements are prepared in order to provide additional information other than that included in the most recent annual financial statements. Accordingly, these interim financial statements focus on the reporting of new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should, therefore, be read in conjunction with the most recent annual financial statements.

1.2 Preparation of the Interim Financial Statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 41 “Interim Financial Reporting”. The content of the interim financial statements comprises the balance sheets, statements of income, changes in shareholders’ equity and cash flows, as presented in the most recent annual financial statements, together with selected significant explanatory notes.

1.3 Basis of Preparation

PTT Public Company Limited (“the Company”) and subsidiaries are collectively “the Group”.

These consolidated financial statements have been prepared under the same basis as the consolidated financial statements for the year ended December 31, 2006. During the period, there was no change in the structures of joint ventures but there were changes in the structures of subsidiaries and associates as mentioned in Note 6.

1.4 Summary of Significant Accounting Policies

The Company has prepared these interim financial statements based on the same accounting policies and computation methods as applied in the financial statements for the year ended December 31, 2006 which were prepared in accordance with generally accepted accounting principles except for Note 2.

1.5 Amendment to Accounting Standard effective in 2007 and 2008

On May 2, 2007, the Federation of Accounting Professions (FAP) announced the amendments to Thai Accounting Standards as follows :

Thai Accounting Standard No.25	Cash Flow Statements
Thai Accounting Standard No.33	Borrowing Costs
Thai Accounting Standard No.44	Consolidated and Separate Financial Statements
Thai Accounting Standard No.45	Investments in Associates
Thai Accounting Standard No.46	Interests in Joint Ventures
Thai Accounting Standard No.49	Construction Contracts

1. General Information (Continued)

1.5 Amendment to Accounting Standard effective in 2007 and 2008 (Continued)

The effective date for the revised Thai Accounting Standard No. 44 “Consolidated and Separate Financial Statements”, No.45 “Investments in Associates” and No.46 “Interests in Joint Ventures” is for the accounting periods beginning on or after January 1, 2007 as mentioned in Note 2.1.

The effective date for the revised Thai Accounting Standard No. 25 “Cash Flow Statements”, No. 33 “Borrowing Costs” and No.49 “Construction Contracts” will be effective for accounting periods beginning on or after January 1, 2008. Nevertheless, the managements of the Group assessed and determined that the revised standards shall not impact significantly to the financial statement presented.

2. Accounting Changes

2.1 Changes in Accounting Policy

Since January 1, 2007, the Company has changed a method to account for investments in subsidiaries, associates and jointly controlled entities presented in the Company's financial statements from the equity method to the cost method in accordance with the Notification No. 26/2006 issued by the Federation of Accounting Professions regarding the Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (Amendment No. 1).

These changes in an accounting policy resulted in applying retrospective method to the Company's financial statements for the three-month and six-month periods ended June 30, 2006 that presented comparatively. The effects from the changes in accounting policy on the Company's balance sheets as at December 31, 2006 and statements of income for the three-month and six-month periods ended June 30, 2006 are as follows :

Unit : Million Baht

	<u>The Company</u>
<u>Balance Sheets as at December 31, 2006</u>	
Decrease in investment in subsidiaries, associates and jointly controlled entities	95,769.09
Decrease in allowances for share of net loss over investments	22.87
Decrease in surplus on dilution of investments	2,950.40
Increase in unrealized gain on available-for-sale securities	12.86
Increase in currency translation differences	994.25
Decrease in retained earnings	93,802.93
<u>Statements of Income for the three-month period ended June 30, 2006</u>	
Decrease in share of net income from investments under the equity method	16,660.13
Increase in gain on disposal of investment	2,973.20
Increase in other income	9,857.39
Decrease in net income	3,829.54
Diluted earnings per share (as stated in Note 14)	9.91
<u>Statements of Income for the six-month period ended June 30, 2006</u>	
Decrease in share of net income from investments under the equity method	30,127.62
Increase in gain on disposal of investment	2,973.20
Increase in other income	11,291.77
Decrease in net income	15,862.65
Diluted earnings per share (as stated in Note 14)	14.08

These changes are changes in accounting policy. There is no effect on the preparation of the consolidated financial statements.

2. Accounting Changes (Continued)

2.2 Changes in Accounting Estimations

The Company has changed the accounting estimates for the useful life of assets by extending of accounting useful life of gas transmission pipeline systems and gas separation plants, using prospective method since January 1, 2007 as follows :

2.2.1 Extension in the useful life of transmission pipeline systems from 25 years to 40 years by considering corrosion rates and reserved gas volumes as stated in the purchase and sale agreements between the Company and the manufacturers.

2.2.2 Extension in the useful life of gas separation plant unit#3 from 15 years to 25 years and gas separation plant unit#4 from 15 years to 20 years by considering technical factors as well as plant design.

The extension of the useful life of transmission pipeline systems and gas separation plants result in a decrease in depreciation expenses of 2007 amounting to approximately Baht 1,256 million.

3. Cash and Cash Equivalents

Cash and cash equivalents as at June 30, 2007 and December 31, 2006 are as follows :

	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Cash on hand	358.58	279.45	329.67	240.64
Deposits held at call with banks	29,823.68	26,488.86	14,163.47	11,268.47
Fixed deposits	19,875.92	19,587.96	10,300.00	9,300.00
Treasury bills	14,587.41	6,531.87	67.84	1,029.73
Promissory notes	15,488.00	29,247.22	-	-
Bank of Thailand bonds	18,610.04	4,670.89	18,610.04	4,670.89
Total	<u>98,743.63</u>	<u>86,806.25</u>	<u>43,471.02</u>	<u>26,509.73</u>

Cash and cash equivalents as at June 30, 2007 mainly bear interest at the rates ranging from 0.13% to 5.20 per annum (December 31, 2006: the interest rates ranging from 0.10% to 5.00% per annum).

4. Trade Accounts and Notes Receivable – Others, Net

Trade accounts and notes receivable – others as at June 30, 2007 and December 31, 2006 are as follows :

Unit : Million Baht

	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Trade accounts receivable	97,503.95	83,709.20	83,804.71	69,993.48
Notes receivable	2,541.48	2,390.97	2,541.48	2,390.97
Total	100,045.43	86,100.17	86,346.19	72,384.45
<u>Less</u> Allowance for doubtful accounts	<u>1,797.53</u>	<u>2,449.12</u>	<u>1,669.73</u>	<u>1,670.24</u>
Trade accounts and notes receivable – others, net	<u>98,247.90</u>	<u>83,651.05</u>	<u>84,676.46</u>	<u>70,714.21</u>

Outstanding trade accounts and notes receivable – others as at June 30, 2007 and December 31, 2006 can be analyzed by their age as follows :

Unit : Million Baht

	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Current	93,429.09	70,936.30	80,982.08	59,324.27
Overdue				
- Up to 3 months	2,737.49	2,683.07	2,037.36	1,583.28
- Over 3 – 6 months	1,250.93	959.95	1,052.14	912.32
- Over 6 – 12 months	547.58	2,257.02	478.65	2,157.81
- Over 12 months	2,080.34	9,263.83	1,795.96	8,406.77
Total	100,045.43	86,100.17	86,346.19	72,384.45
<u>Less</u> Allowance for doubtful accounts	<u>1,797.53</u>	<u>2,449.12</u>	<u>1,669.73</u>	<u>1,670.24</u>
Trade accounts and notes receivable - others, net	<u>98,247.90</u>	<u>83,651.05</u>	<u>84,676.46</u>	<u>70,714.21</u>

Trade accounts and notes receivable – others, net as at June 30, 2007 include receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 24,949.53 million (December 31, 2006: Baht 27,733.79 million), and in the Company's financial statements amounting to Baht 24,851.18 million (December 31, 2006: Baht 27,614.68 million).

5. Related Party Transactions

The following are significant transactions carried out with related parties :

5.1 Trade accounts receivable – related parties as at June 30, 2007 and December 31, 2006

Unit : Million Baht

	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Subsidiaries	-	-	9,356.95	10,415.53
Associates	47,431.51	32,013.50	45,617.62	30,462.38
Other related parties	995.56	474.45	937.04	367.09
Joint ventures	-	-	69.63	94.43
	<u>48,427.07</u>	<u>32,487.95</u>	<u>55,981.24</u>	<u>41,339.43</u>
<u>Less</u> Allowance for doubtful accounts	<u>258.88</u>	<u>254.70</u>	<u>267.03</u>	<u>262.55</u>
Total	<u>48,168.19</u>	<u>32,233.25</u>	<u>55,714.21</u>	<u>41,076.88</u>

Outstanding trade accounts receivable – related parties as at June 30, 2007 and December 31, 2006 can be analyzed by their age as follows :

Unit : Million Baht

	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Current	47,699.17	32,139.61	52,388.51	37,551.51
Overdue				
- Up to 3 months	644.73	107.39	229.12	334.70
- Over 3 – 6 months	66.31	99.46	270.35	96.15
- Over 6 – 12 months	15.54	140.21	16.04	2,050.77
- Over 12 months	1.32	1.28	3,077.22	1,306.30
	<u>48,427.07</u>	<u>32,487.95</u>	<u>55,981.24</u>	<u>41,339.43</u>
<u>Less</u> Allowance for doubtful accounts	<u>258.88</u>	<u>254.70</u>	<u>267.03</u>	<u>262.55</u>
Total	<u>48,168.19</u>	<u>32,233.25</u>	<u>55,714.21</u>	<u>41,076.88</u>

5. Related Party Transactions (Continued)

5.2 Other accounts receivable, advances and short-term loans – related parties as at June 30, 2007 and December 31, 2006

	Unit : Million Baht			
	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Other accounts receivable				
Subsidiaries	-	-	287.58	185.35
Associates	187.09	1,364.60	131.32	1,363.00
Other related parties	134.87	0.39	133.93	-
Joint ventures	-	-	171.70	132.05
	<u>321.96</u>	<u>1,364.99</u>	<u>724.53</u>	<u>1,680.40</u>
<u>Less</u> Allowance for doubtful accounts	<u>141.70</u>	<u>142.60</u>	<u>146.93</u>	<u>146.88</u>
	<u>180.26</u>	<u>1,222.39</u>	<u>577.60</u>	<u>1,533.52</u>
Advances				
Subsidiaries	-	-	0.43	500.07
Associates	314.38	308.47	314.38	308.47
Other related parties	94.71	263.39	94.00	259.46
	<u>409.09</u>	<u>571.86</u>	<u>408.81</u>	<u>1,068.00</u>
<u>Less</u> Allowance for doubtful accounts	<u>314.38</u>	<u>308.47</u>	<u>314.38</u>	<u>308.47</u>
	<u>94.71</u>	<u>263.39</u>	<u>94.43</u>	<u>759.53</u>
Short-term loans				
Subsidiaries	-	-	9,900.00	-
Joint ventures	-	-	1,324.10	302.21
	<u>-</u>	<u>-</u>	<u>11,224.10</u>	<u>302.21</u>
Total	<u>274.97</u>	<u>1,485.78</u>	<u>11,896.13</u>	<u>2,595.26</u>

Changes in short-term loans – related parties for the six-month period ended June 30, 2007 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Balance as at December 31, 2006	-	302.21
- Payment for loans granted	-	10,921.89
Balance as at June 30, 2007	<u>-</u>	<u>11,224.10</u>

Short-term loans to related parties are unsecured with the interest rates ranging from 6.05% to 7.00% per annum.

5. Related Party Transactions (Continued)

5.3 Other accounts receivable, advances and long-term loans – related parties as at June 30, 2007 and December 31, 2006

	Unit : Million Baht			
	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Other accounts receivable				
Associates	1,049.88	-	1,049.88	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	<u>1,049.88</u>	<u>-</u>	<u>1,049.88</u>	<u>-</u>
Advances				
Subsidiaries	-	-	0.86	1.08
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	<u>-</u>	<u>-</u>	<u>0.86</u>	<u>1.08</u>
Long-term loans				
Subsidiaries	-	-	814.61	240.00
Associates	<u>5,807.69</u>	<u>5,807.69</u>	<u>5,807.69</u>	<u>5,807.69</u>
	<u>5,807.69</u>	<u>5,807.69</u>	<u>6,622.30</u>	<u>6,047.69</u>
Total	<u>6,857.57</u>	<u>5,807.69</u>	<u>7,673.04</u>	<u>6,048.77</u>

Changes in long-term loans – related parties for the six-month period ended June 30, 2007 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Balance as at December 31, 2006	5,807.69	6,047.69
- Payment for loans granted	-	574.61
Balance as at June 30, 2007	<u>5,807.69</u>	<u>6,622.30</u>

Long-term loans to related parties are unsecured with the interest rates ranging from 5.00% to 7.69% per annum.

5. Related Party Transactions (Continued)

5.4 Trade accounts payable – related parties as at June 30, 2007 and December 31, 2006

Unit : Million Baht

	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Subsidiaries	-	-	8,921.82	8,369.36
Associates	29,881.79	28,793.75	29,318.69	28,162.13
Other related parties	262.85	374.29	5,825.98	267.00
Joint ventures	-	-	483.85	705.89
Total	30,144.64	29,168.04	44,550.34	37,504.38

5.5 Other accounts payable – related parties as at June 30, 2007 and December 31, 2006

Unit : Million Baht

	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Subsidiaries	-	-	124.62	233.01
Associates	145.61	449.93	98.62	89.17
Other related parties	51.31	63.16	49.20	48.76
Joint ventures	-	-	6.24	1.69
Total	196.92	513.09	278.68	372.63

5.6 Other long-term accounts payable – related parties as at June 30, 2007 and December 31, 2006

Unit : Million Baht

	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Subsidiaries	-	-	157.32	232.18
Joint ventures	-	-	16.41	16.77
Total	-	-	173.73	248.95

5. Related Party Transactions (Continued)

5.7 Revenue and expense transactions carried out with related parties

For the three-month periods ended June 30, 2007 and 2006

Unit : Million Baht

	Consolidated		The Company	
	2007	2006	2007	2006
Revenues				
Sales :				
Subsidiaries	-	-	11,201.33	35,816.58
Associates	139,411.11	91,906.92	135,926.75	87,039.59
Other related parties	2,414.78	11,780.09	2,414.52	5,169.90
Joint ventures	-	-	290.53	123.99
Interest income :				
Subsidiaries	-	-	68.06	49.27
Associates	73.91	125.25	73.91	125.25
Other related parties	-	-	-	-
Joint ventures	-	-	15.12	-
Other income :				
Subsidiaries	-	-	2,328.03	698.94
Associates	6,378.04	856.37	6,325.22	850.92
Other related parties	56.94	67.82	56.55	67.72
Joint ventures	-	-	8.15	9.09
Expenses				
Purchases :				
Subsidiaries	-	-	19,344.48	50,159.82
Associates	118,394.73	97,592.46	117,131.96	95,519.98
Other related parties	1,754.58	2,238.11	1,717.05	2,106.45
Joint ventures	-	-	1,342.54	1,884.38
Other expenses :				
Subsidiaries	-	-	113.49	65.92
Associates	51.77	9.73	7.36	5.96
Other related parties	187.81	177.09	210.14	163.72

5. Related Party Transactions (Continued)

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

For the six-month periods ended June 30, 2007 and 2006

Unit : Million Baht

	Consolidated		The Company	
	2007	2006	2007	2006
Revenues				
Sales :				
Subsidiaries	-	-	19,518.79	80,999.49
Associates	249,615.04	153,807.05	244,593.14	145,674.49
Other related parties	4,874.20	20,577.30	4,873.94	13,967.11
Joint ventures	-	-	506.08	179.72
Interest income :				
Subsidiaries	-	-	123.49	127.01
Associates	155.26	243.80	155.26	243.64
Other related parties	-	1.09	-	0.99
Joint ventures	-	-	23.61	-
Other income :				
Subsidiaries	-	-	6,125.32	1,268.12
Associates	6,855.39	1,356.96	6,767.29	1,348.44
Other related parties	71.62	152.59	71.23	152.44
Joint ventures	-	-	14.95	16.57
Expenses				
Purchases :				
Subsidiaries	-	-	37,897.99	106,051.82
Associates	216,561.35	162,353.42	214,644.00	158,211.54
Other related parties	2,530.98	4,123.54	2,457.03	3,991.88
Joint ventures	-	-	2,957.18	3,267.30
Other expenses :				
Subsidiaries	-	-	224.37	128.78
Associates	101.27	24.76	18.31	15.77
Other related parties	404.81	327.21	404.81	313.42

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

Stipulation prices between the Company and its related parties are based on the normal prices used in the same type of business in transactions with others except for the selling prices of natural gas between the Company and an associate, which have a special discount for five years from 2002 to 2007 to support the manufacturing expansion of this associate. However, the purchase volume is insignificant.

Goods purchased from a subsidiary are at normal prices determined by the subsidiary with reference to the world market prices.

5. Related Party Transactions (Continued)

5.8 Details of commitments to subsidiaries, associates, joint ventures and other related parties are stated in Note 22.1

5.9 Directors' remuneration

Directors' remuneration comprises directors' meeting allowances and bonuses.

Directors' remuneration for the three-month periods ended June 30, 2007 and 2006

Unit : Million Baht

	<u>Consolidated</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Directors' remuneration	55.04	34.39	10.09	10.12

Directors' remuneration for the six-month periods ended June 30, 2007 and 2006

Unit : Million Baht

	<u>Consolidated</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Directors' remuneration	88.62	64.41	20.53	19.92

5. Related Party Transactions (Continued)

5.10 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 for the three-month periods ended June 30, 2007 and 2006. Details are as follows :

	Consolidated		Unit : Million Baht The Company	
	2007	2006	2007	2006
	Sales			
Subsidiaries	-	-	-	239.94
Associates	-	1,335.30	-	1,335.30
Purchases				
Subsidiaries	-	-	-	-
Associates	-	690.00	-	690.00

For the six-month periods ended June 30, 2007 and 2006. Details are as follows :

	Consolidated		Unit : Million Baht The Company	
	2007	2006	2007	2006
	Sales			
Subsidiaries	-	-	-	239.94
Associates	-	2,284.06	-	2,284.06
Other related parties	-	116.81	-	116.81
Purchases				
Subsidiaries	-	-	-	239.94
Associates	-	2,284.06	-	2,284.06
Other related parties	-	116.81	-	116.81

6. Investments in Subsidiaries, Associates and Joint Ventures

6.1 Information of subsidiaries, associates and joint ventures of the Company are as follows :

Company	Country of Incorporation	Business	Shareholding Percentage	
			June 30, 2007	December 31, 2006
<u>Subsidiaries</u>				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	66.65	66.13
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	Oil international 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
PTT Phenol Co., Ltd. (PPCL)	Thailand	Petrochemicals	40.00	40.00
PTT Chemical Public Co., Ltd. (PTTCH)	Thailand	Petrochemicals	55.19	55.19
PTT Polymer Marketing Co., Ltd. (PTTPM)	Thailand	Polymer marketing	75.00	75.00
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	Communication and technology services	20.00	20.00
PTT Polymer Logistics Co., Ltd. (PTTPL)	Thailand	Logistics services	100.00	100.00
PTT Retail Business Co., Ltd. (PTTRB)	Thailand	Management services and oil marketing	100.00	-

6. Investments in Subsidiaries, Associates and Joint Ventures (Continued)

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

Company	Country of Incorporation	Business	Shareholding Percentage	
			June 30, 2007	December 31, 2006
<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	48.75
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	29.75	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	33.19	34.04
Petro Asia (Thailand) Co., Ltd. (PA (Thailand))	Thailand	Oil marketing	35.00	35.00
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	49.67	49.82
IRPC Public Co., Ltd. (IRPC) (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	47.50
HMC Polymers Co., Ltd. (HMC)	Thailand	Petrochemicals	41.44	41.44

6. Investments in Subsidiaries, Associates and Joint Ventures (Continued)

6.2 Investments accounted for under the equity method in the consolidated financial statements as at June 30, 2007 and December 31, 2006 are as follows :

Consolidated

Unit: Million Baht

Company	Shareholding percentage		June 30, 2007		December 31, 2006		Dividends for the six-month periods ended June 30	
	June 30, 2007	December 31, 2006	Cost method	Equity method	Cost method	Equity method	2007	2006
Associates:								
Refining Business Group								
1 TOP	49.54	49.54	11,483.09	32,088.48	11,483.09	28,093.30	2,021.29	3,537.27
2 SPRC	36.00	36.00	14,770.48	16,632.16	14,770.48	14,733.04	-	-
3 RRC	48.75	48.75	8,515.39	20,239.98	8,515.39	19,095.76	1,397.49	-
4 BCP	29.75	29.75	4,060.18	4,691.32	4,060.18	4,511.24	56.60	15.67
Oil Business Group								
5 THAPPLINE	33.19	34.04	2,682.35	-	2,682.35	-	-	-
6 TLBC	48.95	48.95	140.00	129.30	140.00	120.38	-	-
7 PA (Thailand)	35.00	35.00	131.25	-	131.25	-	-	-
8 VLPG	45.00	45.00	87.35	113.07	87.35	96.40	-	-
9 KPL	40.00	40.00	21.49	14.64	21.49	12.56	-	-
10 FST	25.00	25.00	1.13	1.22	1.13	1.10	-	-
Petrochemicals Business Group								
11 ATC	49.67	49.82	4,423.12	6,992.19	4,423.12	5,539.21	1,086.81	966.05
12 IRPC (TPI)	31.50	31.50	20,363.81	24,068.46	20,363.81	21,674.38	737.10	-
13 VNT	24.98	24.98	3,297.39	3,242.64	3,297.39	3,273.54	35.52	171.70
14 EFT	22.65	22.65	2.26	8.77	2.26	7.43	-	-
Natural Gas Business Group								
15 IPT	20.00	20.00	400.19	973.90	400.19	915.58	-	-
16 AMATA NGD	50.00	50.00	80.00	170.83	80.00	197.71	70.00	-
17 TP	26.00	26.00	2,304.76	1,956.21	2,304.76	1,961.34	91.33	91.32
Total			72,764.24	111,323.17	72,764.24	100,232.97	5,496.14	4,782.01

6. Investments in Subsidiaries, Associates and Joint Ventures (Continued)

6.3 Investments accounted for under the cost method in the Company's financial statements as at June 30, 2007 and December 31, 2006 are as follows :

The Company

Unit: Million Baht

Company	Shareholding percentage		Cost method		Dividends for the six-month periods ended June 30	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	2007	2006
Subsidiaries :						
1 PTTEP	66.65	66.13	11,249.10	9,615.13	3,278.88	3,474.80
2 PTTT	100.00	100.00	2.50	2.50	-	-
3 PTTCL	100.00	100.00	0.23	0.23	-	-
4 SBECL	100.00	100.00	1,154.81	1,154.81	-	-
5 PTTNGD	58.00	58.00	418.14	418.14	455.88	377.00
6 PTTLNG	100.00	100.00	50.00	50.00	-	-
7 PTTTPM	75.00	75.00	30.00	30.00	-	-
8 EnCo	50.00	50.00	400.00	400.00	-	-
9 RBA	49.00	49.00	0.49	0.49	-	-
10 PPCL	40.00	40.00	1,080.00	1,080.00	-	-
11 PTTUT	40.00	40.00	1,849.34	1,017.00	-	-
12 PTTCH	55.19	55.19	35,753.32	35,753.32	2,261.67	2,829.65
13 PTTICT	20.00	20.00	30.00	30.00	-	-
14 PTTPL	100.00	100.00	300.00	300.00	-	-
15 PTRRB	100.00	-	100.00	-	-	-
Associates:						
Refining Business Group						
16 TOP	49.54	49.54	11,483.09	11,483.09	2,021.29	3,537.27
17 SPRC	36.00	36.00	14,770.48	14,770.48	-	-
18 RRC	48.75	48.75	8,515.39	8,515.39	1,397.49	-
19 BCP	29.75	29.75	4,060.18	4,060.18	56.60	15.67

6. Investments in Subsidiaries, Associates and Joint Ventures (Continued)

6.3 Investments accounted for under the cost method in the Company's financial statements as at June 30, 2007 and December 31, 2006 are as follows : (Continued)

The Company (Continued)

Unit: Million Baht

Company	Shareholding percentage		Cost method		Dividends for the six-month periods ended June 30	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	2007	2006
Associates: (Continued)						
Oil Business Group						
20 THAPPLINE	33.19	34.04	2,682.35	2,682.35	-	-
21 TLBC	48.95	48.95	140.00	140.00	-	-
22 PA (Thailand)	35.00	35.00	131.25	131.25	-	-
23 VLPG	45.00	45.00	87.35	87.35	-	-
24 KPL	40.00	40.00	21.49	21.49	-	-
Petrochemicals Business Group						
25 ATC	49.67	49.82	4,423.12	4,423.12	1,086.81	966.05
26 IRPC	31.50	31.50	20,363.81	20,363.81	737.10	-
Natural Gas Business Group						
27 IPT	20.00	20.00	400.19	400.19	-	-
28 TP	26.00	26.00	2,304.76	2,304.76	91.33	91.32
Joint Ventures :						
Natural Gas Business Group						
29 TTM (T)	50.00	50.00	5,185.00	5,110.00	-	-
30 TTM (M)	50.00	50.00	281.32	281.32	-	-
31 DCAP	35.00	35.00	350.00	350.00	-	-
Petrochemicals Business Group						
32 PTTAC	47.50	47.50	66.50	66.50	-	-
33 HMC	41.44	41.44	9,117.12	9,117.12	-	-
Total			136,801.33	134,160.02	11,387.05	11,291.76

6. Investments in Subsidiaries, Associates and Joint Ventures (Continued)

6.4 Share of net assets and results of operations from joint ventures which are included in the consolidated financial statements as at June 30, 2007 and December 31, 2006 are as follows :

Balance Sheets :

As at June 30, 2007 and December 31, 2006

Unit : Million Baht

	June 30, 2007					December 31, 2006				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Current assets	1,811.30	87.78	209.40	10.89	4,088.33	1,535.65	89.12	200.63	13.03	4,149.17
Non-current assets	13,942.40	755.04	955.96	55.28	4,400.22	13,526.64	770.05	986.47	53.56	3,940.60
Current liabilities	(1,810.08)	(21.08)	(141.58)	(0.57)	(902.27)	(1,166.22)	(24.31)	(123.48)	(0.41)	(1,060.29)
Non-current liabilities	(8,494.43)	(562.45)	(733.25)	-	(692.81)	(8,877.34)	(586.59)	(770.00)	-	(708.55)
Net assets	<u>5,449.19</u>	<u>259.29</u>	<u>290.53</u>	<u>65.60</u>	<u>6,893.47</u>	<u>5,018.73</u>	<u>248.27</u>	<u>293.62</u>	<u>66.18</u>	<u>6,320.93</u>

Statements of Income :

For the three-month periods ended June 30, 2007 and 2006

Unit : Million Baht

	2007					2006				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Income	463.33	23.84	139.63	0.01	1,768.95	790.02	42.77	53.09	-	-
Expenses	(359.75)	(22.90)	(137.98)	(0.54)	(1,504.33)	(447.87)	(24.24)	(70.22)	-	-
Gain(loss) before taxes	103.58	0.94	1.65	(0.53)	264.62	342.15	18.53	(17.13)	-	-
Income taxes	-	8.92	-	-	(55.83)	-	(0.13)	-	-	-
Net income(loss)	<u>103.58</u>	<u>9.86</u>	<u>1.65</u>	<u>(0.53)</u>	<u>208.79</u>	<u>342.15</u>	<u>18.40</u>	<u>(17.13)</u>	<u>-</u>	<u>-</u>

Statements of Income :

For the six-month periods ended June 30, 2007 and 2006

Unit : Million Baht

	2007					2006				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Income	1,078.39	51.15	275.03	0.03	4,016.63	1,292.37	57.06	82.62	-	-
Expenses	(722.93)	(37.85)	(278.12)	(0.61)	(3,326.31)	(601.36)	(26.52)	(102.29)	-	-
Gain(loss) before taxes	355.46	13.30	(3.09)	(0.58)	690.32	691.01	30.54	(19.67)	-	-
Income taxes	-	2.70	-	-	(117.77)	-	(0.38)	-	-	-
Net income(loss)	<u>355.46</u>	<u>16.00</u>	<u>(3.09)</u>	<u>(0.58)</u>	<u>572.55</u>	<u>691.01</u>	<u>30.16</u>	<u>(19.67)</u>	<u>-</u>	<u>-</u>

6. Investments in Subsidiaries, Associates and Joint Ventures (Continued)

6.5 Significant events during the six-month period ended June 30, 2007 are as follows :

PTTEP

In the first quarter of 2007, the Company acquired 17.32 million additional ordinary shares in PTTEP from third parties amounting to Baht 1,633.98 million. Goodwill arising from the acquisition was Baht 1,189.18 million.

During the six-month period ended June 30, 2007, warrants in PTTEP were exercised under the Employee Stock Ownership Program (ESOP) as detailed in Note 14. The effect from dilution of investments amounting to Baht 15.74 million was recognized as surplus on dilution of investments in subsidiaries and associates in shareholders' equity. As a result, the Company's shareholding percentage in PTTEP as at June 30, 2007 was 66.65%.

ATC

As at June 30, 2007, the Company's shareholding percentage in ATC decreased from 49.82% to 49.67%, resulting from the exercise of warrants in ATC under the Employee Stock Ownership Program (ESOP) as detailed in Note 14. The effect from dilution amounting to Baht 0.51 million was recognized as surplus on dilution of investments in subsidiaries and associates in shareholders' equity.

TTM(T)

On March 21, 2007, TTM(T) called for payment of additional share capital from shareholders amounting to Baht 150 million. The Company paid for its shareholding percentage of 50% amounting to Baht 75 million.

THAPPLINE

On February 22, 2007, a shareholder of THAPPLINE exercised the right to acquire remaining additional preferred shares in THAPPLINE amounting 2.11 million shares at Baht 100 per share totalling Baht 211 million in accordance with the resolution of THAPPLINE's extraordinary shareholders' meeting No. 1/2005 on September 9, 2005 and No. 2/2005 on September 26, 2005. As a result, as at June 30, 2007, the Company's shareholding percentage in THAPPLINE decreased from 34.04% to 33.19%.

PTTUT

During the six-month period ended June 30, 2007, PTTUT called for payment of additional share capital from shareholders amounting to Baht 831.75 million. The Company paid for its shareholding percentage of 40% amounting to Baht 332.70 million.

PTTRB

On April 19, 2007, the Company's board of directors signed on a Share Sale and Purchase Agreement with ConocoPhillips Company (COP) for the acquisition of 4 COP's retail petroleum businesses in Thailand, namely Conoco (Thailand) Company Limited, JET /Jiffy Shops Limited, Siam Conoco Terminal Limited and its subsidiary, namely Siam Conoco Land Limited.

6. Investments in Subsidiaries, Associates and Joint Ventures (Continued)

6.5 Significant events during the six-month period ended June 30, 2007 are as follows :

PTTRB (Continued)

Subsequently, on May 25, 2007, the Company established PTT Retail Business Company Limited (PTTRB) in accordance with the resolution of the Company's board meeting No.3/2007 on March 23, 2007 with registered share capital comprising 1 million ordinary shares at Baht 100 per share totaling Baht 100 million. As a result, the Company's shareholding percentage in PTTRB was 100% to acquire the total shares in these COP subsidiaries in retail petroleum business.

On June 28, 2007, PTT Retail Business Company Limited (PTTRB) completed the acquisition of COP's retail petroleum business in Thailand under the trademark of JET /JIFFY amounting to USD 281.38 Million or approximately Baht 9,758.50 million. The purchased price has included the rights to use the JET and JIFFY trademarks for a period of 2 years, and the increment of net working capital from December 31, 2006. However, the value may be slightly adjusted to reflect all the above 4 companies' net working capitals as at the transaction completion date after being audited according to the process and procedure agreed between the parties. Thus, the final adjustment is expected to be completed within August or September 2007.

7. Other Long-term Investments

Other long-term investments as at June 30, 2007 and December 31, 2006 are as follows :

	Consolidated		Unit : Million Baht The Company	
	June 30,2007	December 31, 2006	June 30,2007	December 31, 2006
General investments	1,392.84	1,271.49	458.87	337.52
Investments in available-for-sale securities				
- Investments in equity instruments	336.00	336.00	336.00	336.00
- Investments in debt securities	585.60	585.60	585.60	585.60
- Investments in mutual funds	99.86	300.45	-	-
<u>Add</u> Allowance for increase in fair value of investments	659.25	635.78	659.00	635.00
Total	<u>3,073.55</u>	<u>3,129.32</u>	<u>2,039.47</u>	<u>1,894.12</u>

7.1 Information of other long-term investments of the Company is as follows :

Company	Country of Incorporation	Business	Shareholding Percentage	
			June 30, 2007	December 31, 2006
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
Petro Asia (Maoming) Co., Ltd. (PA (Maoming))	China	Oil marketing	20.00	-
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

7. Other Long-term Investments (Continued)

7.2 Other long-term investments as at June 30, 2007 and December 31, 2006

Unit : Million Baht

Company	Shareholding percentage		Consolidated		The Company		Dividends for the six-month periods ended June 30	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	2007	2006
<u>General Investments</u>								
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	451.50	337.50	451.50	337.50	-	-
7 API	16.67	16.67	290.24	290.24	-	-	-	-
8 ROC	5.91	5.91	643.73	643.73	-	-	236.77	-
9 BAPT	2.07	2.07	18.19	18.19	-	-	-	-
10 PA(Maoming)	20.00	-	14.83	-	14.83	-	-	-
Total investments accounted for under the cost method			1,616.91	1,488.08	664.75	535.92		
Less Allowance for impairment of investments			224.07	216.59	205.88	198.40		
Total general investments			1,392.84	1,271.49	458.87	337.52		
<u>Investments in Available-for-sale Securities</u>								
Investments in Equity Instruments								
11 TIP	13.33	13.33	312.00	312.00	312.00	312.00	48.00	48.00
12 BAFS	7.06	7.06	24.00	24.00	24.00	24.00	6.60	11.10
Total investments in equity instruments			336.00	336.00	336.00	336.00	-	-
Investments in Debt Securities								
Investments in Mutual Funds								
Add Allowance for increase in fair value of investments			659.25	635.78	659.00	635.00	-	-
Total investments in available-for-sale securities			1,680.71	1,857.83	1,580.60	1,556.60	-	-
Total other long-term investments			3,073.55	3,129.32	2,039.47	1,894.12	291.37	59.10

7. Other Long-term Investments (Continued)

7.3 Significant events during the six-month period ended June 30, 2007

RPCL

On December 13, 2006 and January 9, 2007, RPCL's ordinary shareholders' meetings passed a resolution to increase the authorized share capital of RPCL from Baht 2,325 million to Baht 3,325 million. During the six-month period ended June 30, 2007, RPCL called for payment from shareholders for the additional shares amounting to Baht 760 million. The Company paid for its shareholding percentage of 15% amounting to Baht 114.00 million.

PA (Maoming)

As at June 30, 2007, the Company transferred its investment in PA(Maoming) from current investments to other long-term investments as a result of not disposal within 1 year.

Investments in Mutual Funds

On March 13, 2007, a mutual fund of a subsidiary was closed because the number of unit trust holders did not comply with the mutual fund's regulations. The mutual fund paid average returns from liquidation to unit trust holders.

In the consolidated financial statements, allowance for impairment of investments in other companies amounting to Baht 224.07 million comprises allowance for impairment of investments in PTT Mart, PA (Huizhou), FPT, PA (Shantou), PA (Maoming) and BAPT amounting to Baht 78.40, 15.16, 44.00, 60.84, 7.48 and 18.19 million, respectively, and in the Company's financial statements the allowance amounting to Baht 205.88 million.

8. Property, Plant and Equipment, Net

Property, plant and equipment as at June 30, 2007 and December 31, 2006 are as follows :

	Consolidated						Unit : Million Baht
	Land	Buildings and building improvements	Machinery and equipment	Oil and Gas properties	Other assets	Construction in progress	Total
Cost							
As at December 31, 2006	6,586.81	17,344.13	187,622.75	199,055.41	11,977.54	90,646.96	513,233.60
- Business acquisition (Note 18)	266.87	3,165.39	1,824.08	-	955.48	5.82	6,217.64
- Additions	72.92	(83.06)	718.63	16,358.64	300.78	33,191.34	50,559.25
- Borrowing costs	-	-	-	-	-	1,660.26	1,660.26
- Reclassification	594.01	874.69	28,764.99	-	(237.12)	(30,822.77)	(826.20)
- Disposal	-	(5.01)	(215.40)	(514.78)	(111.73)	(212.12)	(1,059.04)
- Currency translation differences	-	(0.28)	(12.53)	(313.37)	0.29	(0.48)	(326.37)
As at June 30, 2007	7,520.61	21,295.86	218,702.52	214,585.90	12,885.24	94,469.01	569,459.14
Accumulated Depreciation							
As at December 31, 2006	-	(9,123.27)	(78,099.58)	(79,937.34)	(8,280.57)	-	(175,440.76)
- Business acquisition (Note 18)	-	(1,009.46)	(1,135.41)	-	(717.25)	-	(2,862.12)
- Additions	-	-	-	-	-	-	-
- Depreciation for the period	-	(413.92)	(3,820.97)	(7,299.05)	(539.40)	-	(12,073.34)
- Reclassification	-	105.85	(617.21)	-	495.63	-	(15.73)
- Disposal	-	5.47	213.26	(0.19)	93.34	-	311.88
- Currency translation differences	-	0.09	(0.44)	79.53	(0.38)	-	78.80
As at June 30, 2007	-	(10,435.24)	(83,460.35)	(87,157.05)	(8,948.63)	-	(190,001.27)
Provision on Impairment of Assets							
As at December 31, 2006	(42.87)	(373.13)	(244.96)	-	-	-	(660.96)
As at June 30, 2007	(42.87)	(373.13)	(244.96)	-	-	-	(660.96)
Net Book Value							
As at December 31, 2006	6,543.94	7,847.73	109,278.21	119,118.07	3,696.97	90,646.96	337,131.88
As at June 30, 2007	7,477.74	10,487.49	134,997.21	127,428.85	3,936.61	94,469.01	378,796.91

8. 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 at December 31, 2006	3,865.07	12,622.79	116,966.42	8,023.25	72,118.28	213,595.81
- Additions	-	21.51	410.19	148.84	10,671.04	11,251.58
- Borrowing costs	-	-	-	-	1,562.03	1,562.03
- Reclassification	417.82	768.51	25,797.53	(399.33)	(27,438.89)	(854.36)
- Disposal	-	(4.47)	(208.66)	(44.40)	(131.90)	(389.43)
As at June 30, 2007	4,282.89	13,408.34	142,965.48	7,728.36	56,780.56	225,165.63
Accumulated Depreciation						
As at December 31, 2006	-	(7,195.76)	(59,301.45)	(5,854.87)	-	(72,352.08)
- Depreciation for the period	-	(270.86)	(1,966.15)	(354.22)	-	(2,591.23)
- Reclassification	-	0.30	(583.69)	583.40	-	0.01
- Disposal	-	3.32	208.09	39.98	-	251.39
As at June 30, 2007	-	(7,463.00)	(61,643.20)	(5,585.71)	-	(74,691.91)
Provision on Impairment of Assets						
As at December 31, 2006	(42.87)	(373.13)	(244.96)	-	-	(660.96)
As at June 30, 2007	(42.87)	(373.13)	(244.96)	-	-	(660.96)
Net Book Value						
As at December 31, 2006	3,822.20	5,053.90	57,420.01	2,168.38	72,118.28	140,582.77
As at June 30, 2007	4,240.02	5,572.21	81,077.32	2,142.65	56,780.56	149,812.76

Borrowing costs in the consolidated financial statements amounting to Baht 1,660.26 million (December 31, 2006 : Baht 2,881.90 million) and in the Company's financial statements amounting to Baht 1,562.03 million (December 31, 2006 : Baht 2,778.17 million) were capitalized as part of costs of property, plant and equipment. The Group used capitalization rates ranging from 1.99% to 7.69% (December 31, 2006 from 4.00% to 7.23%)

Buildings, manufacturing plants, machinery and equipment of Baht 21,097.63 million in the consolidated financial statements were used as collateral for long-term loans amounting to Baht 8,346.17 million (the Company's financial statements : none).

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

As at June 30, 2007 and December 31, 2006, the other assets included vehicles acquired under finance leases have details as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Cost	1,082.70	851.71	619.39	546.74
Less: Accumulated	271.45	214.84	125.95	73.77
Net book value	811.25	636.87	493.44	472.97

9. Intangible Assets

Intangible assets as at June 30, 2007 and December 31, 2006 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Net book value as at December 31, 2006	22,596.92	3,665.78
- Business acquisition (Note 18)	1,000.41	-
- Additions	7,877.68	620.05
- Disposal	(14.48)	(14.48)
- Amortization	(1,119.70)	(170.10)
- Reclassification	873.64	854.58
- Currency translation differences	18.91	-
Net book value as at June 30, 2007	31,233.38	4,955.83

10. Advance Payment for Gas Purchased

Advance payments for gas purchased as at June 30, 2007 and December 31, 2006 are as follows :

	Unit : Million Baht	
	Consolidated	The Company
Balance as at December 31, 2006	16,598.18	20,629.67
Less Make-up during the period	1,626.68	2,027.02
Balance as at June 30, 2007	14,971.50	18,602.65

The Company paid in advance for the committed gas volumes from Yadana and Yetagun gas fields in the Union of Myanmar, irrespective of take-up in 1999-2001, according to the established minimum volumes in the Export Gas Sales Agreements (Take-or-Pay). The Company had the right to take certain volumes of prepaid gas (Make-up) in subsequent years, with no maturity period.

11. Long-term Loans

Long-term loans as at June 30, 2007 and December 31, 2006 are as follows :

Current Portion of Long-term Loans

	Unit : Million Baht			
	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Loans – Baht currency	5,967.49	12,258.15	5,000.00	11,000.00
Loans – Foreign currencies	559.61	391.85	381.18	391.85
Bonds – Baht currency	1,257.14	1,750.58	-	-
Bonds – Foreign currencies	6,693.96	7,002.59	-	-
Liabilities from finance leases	220.08	208.97	117.74	101.18
Total	14,698.28	21,612.14	5,498.92	11,493.03

Long-term Loans

	Unit : Million Baht			
	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Loans – Baht currency	55,803.71	52,940.73	46,400.00	44,400.00
Loans – Foreign currencies	27,927.91	29,315.14	18,569.26	19,852.01
Bonds – Baht currency	100,086.58	72,181.70	80,158.00	70,118.00
Bonds – Foreign currencies	45,954.19	43,327.16	35,599.64	30,309.76
Liabilities from finance leases	639.67	574.58	395.53	386.67
Total	230,412.06	198,339.31	181,122.43	165,066.44

As at June 30, 2007, long-term loans amounting to Baht 45,454.56 million (December 31, 2006: Baht 46,741.52 million) in the Company's financial statements were secured by the Ministry of Finance.

As at June 30, 2007, the Group's long-term loans amounting to Baht 8,346.17 million (December 31, 2006: Baht 6,764.29 million) in the consolidated financial statements were secured by machinery, buildings, manufacturing plants and structures. In addition, the Group had commitments to comply with various conditions stipulated in the loan agreements.

On March 23, 2007, the Company entered into a loan agreement amounting to Baht 6,000 million with a maturity period of 10 years, bearing a floating interest rate at maximum interest rate of six-month fixed deposit plus 1.125% per annum, payable every six months. The principal is repayable in installments of Baht 500 million every six months from September 2011 to March 2017.

11. Long-term Loans (Continued)

11.1 Loans

Movements of loans in Baht currency and foreign currencies as at June 30, 2007 and December 31, 2006 are as follows :

	Consolidated			Unit : Million
	Currency			Total equivalent in Baht
	Baht	US Dollar	Yen	
Balance as at December 31, 2006	64,230.09	655.67	23,000.00	94,905.87
- Additions	7,752.11	-	-	7,752.11
- Repayments	(10,211.02)	(18.22)	-	(10,871.46)
- Gain on exchange rate				(1,527.81)
- Current portion	(5,967.48)	(16.15)	-	(6,527.10)
Balance as at June 30, 2007	<u>55,803.70</u>	<u>621.30</u>	<u>23,000.00</u>	<u>83,731.61</u>

	The Company			Unit : Million
	Currency			Total equivalent in Baht
	Baht	US Dollar	Yen	
Balance as at December 31, 2006	55,400.00	364.63	23,000.00	75,643.86
- Additions	6,000.00	-	-	6,000.00
- Repayments	(10,000.00)	(5.36)	-	(10,194.34)
- Gain on exchange rate	-	-	-	(1,099.09)
- Current portion	(5,000.00)	(11.00)	-	(5,381.18)
Balance as at June 30, 2007	<u>46,400.00</u>	<u>348.27</u>	<u>23,000.00</u>	<u>64,969.25</u>

11. Long-term Loans (Continued)

11.2 Bonds

Bonds as at June 30, 2007 and December 31, 2006 are as follows :

	Unit : Million			
	Consolidated			
	June 30, 2007		December 31, 2006	
	USD	Baht	USD	Baht
Unsecured unsubordinated bonds				
- USD currency	1,520.16	52,648.15	1,390.67	50,329.75
- Baht currency	-	101,343.72	-	73,932.28
<u>Less</u> Current portion				
- USD currency	(193.28)	(6,700.52)	(193.28)	(7,002.59)
- Baht currency	-	(1,250.58)	-	(1,750.58)
Total	<u>1,326.88</u>	<u>146,040.77</u>	<u>1,197.39</u>	<u>115,508.86</u>

	Unit : Million			
	The Company			
	June 30, 2007		December 31, 2006	
	USD	Baht	USD	Baht
Unsecured unsubordinated bonds				
- USD currency	1,026.88	35,599.64	836.57	30,309.76
- Baht currency	-	80,158.00	-	70,118.00
Total	<u>1,026.88</u>	<u>115,757.64</u>	<u>836.57</u>	<u>100,427.76</u>

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

On June 20, 2005, the Company issued unsecured unsubordinated bonds for sale to financial institutional investors amounting to Baht 4,040 million with 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. In addition, on January 16 and January 18, 2007, the Company entered into an agreement with financial institution for cancellation of commitments in accordance with a cross currency swap contract to swap Baht currency amounting to Baht 4,040 million at an interest rate of 4.75% per annum for USD currency of USD 100 million at a fixed interest rate of 4.55% per annum. In canceling the agreement, the company received compensation from financial institution amounting to Baht 450 million. Consequently, the Company has commitments in Baht currency as before.

11. Long-term Loans (Continued)

On March 20, 2007, the Company issued unsecured unsubordinated bonds for sale to financial institutional investors amounting to Baht 6,000 million with a redemption period of 8 years at a fixed interest rate of 4.86% per annum, payable every six months, to be redeemed on March 20, 2015.

On June 29, 2007, the Company issued unsecured unsubordinated JPY bonds (Samurai Bonds) for sale to financial institutional investors amounting to JPY 36,000 million (approximately Baht 10,000 million) with a redemption period of 10 years at a fixed interest rate of 2.71% per annum, payable every six months. On the date of bond issuance, the Company entered into a cross currency swap contract to swap JPY bonds for USD bonds amounting to USD 290.51 million at a floating interest rate of LIBOR + 0.738% per annum, to be redeemed on June 29, 2017.

On March 27, 2003, PTTEP issued 2,500,000 unsecured unsubordinated bonds at a face value of Baht 1,000 per unit 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 USD bonds amounting to USD 60.82 million at an interest rate of 3.85% per annum, to be redeemed on March 27, 2018. On May 2, 2007, PTTEP entered into a cross currency swap contract to swap USD bonds back to Baht bonds amounting to Baht 2,500 million with the same bank, at a reduced interest rate of 3.30% per annum until maturity.

On February 12, 2007, PTTEP issued 3,500,000 unsecured unsubordinated bonds at a face value of Baht 1,000 per unit totalling Baht 3,500 million with a redemption period of 3 years. The bonds bear interest at a rate of 4.88% per annum, payable every six months on February 12 and August 12 of every year, to be redeemed on February 12, 2010.

On June 15, 2007, PTTEP issued three tranches of unsecured unsubordinated bonds for sale to general and institutional investors totalling Baht 12,500 million. Details are as follows :

	Tranche 1	Tranche 2	Tranche 3
Aggregate amount of bonds	6,000	3,500	3,000
Tenor	3 years	5 years	15 years NC5*
Interest rate	3.60% per annum	3.91% per annum	5.13% per annum
Maturity date	June 15, 2010	June 15, 2012	June 15, 2022
Type of offering	General Investors	General / Institutional Investors	Institutional Investors

*NC5 (Non Call 5 years): the Company has the right to redeem such bonds in Year 5 or 2012.

11. Long-term Loans (Continued)

11.3 Liabilities from Finance Leases

Liabilities from finance leases as at June 30, 2007 and December 31, 2006 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Liabilities from finance leases				
- Not later than 1 year	266.54	252.66	148.85	132.49
- Later than 1 year and not later than 5 years	686.48	620.73	424.09	420.86
Future finance charges on finance leases	(93.26)	(89.84)	(59.67)	(65.50)
Present value of liabilities from finance leases	<u>859.76</u>	<u>783.55</u>	<u>513.27</u>	<u>487.85</u>
Present value of liabilities from finance leases				
- Current liabilities (Not later than 1 year)	220.08	208.97	117.74	101.18
- Non-current liabilities (Later than 1 year and not later than 5 years)	<u>639.68</u>	<u>574.58</u>	<u>395.53</u>	<u>386.67</u>
Total	<u>859.76</u>	<u>783.55</u>	<u>513.27</u>	<u>487.85</u>

12. Provision for Decommissioning Costs

The Group recognized provision for liabilities as at June 30, 2007 and December 31, 2006 for decommissioning costs expected to be incurred in the future amounting to Baht 10,250.32 million and Baht 10,712.39 million, respectively. The provision was estimated based on existing technology and current prices by the Group's engineers and management's judgment.

13. Share Capital

As at June 30, 2007, the Company had authorized share capital of 2,857,245,725 ordinary shares (as at December 31, 2006: Baht 2,857,245,725 ordinary shares) with a par value of Baht 10 each. The issued and fully paid-up share capital was 2,805,541,325 ordinary shares (as at December 31, 2006: Baht 2,804,925,625 ordinary shares). 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
September 1, 2005	183	1 : 1	8.30	31.70	August 31, 2010
September 29, 2006	234	1 : 1	-	20.00	September 28, 2011
			<u>8.30</u>	<u>51.70</u>	

14. Earnings per Share

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

For the calculation of diluted earnings per share, the Company assumes that warrants of the Group given to directors, management and employees that can be exercised are converted to ordinary shares. The exercise of these warrants resulted in net income of the Group, recognized in the Company's financial statements, adjusted by decreases in shareholding proportions. The number of diluted shares was calculated by using 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.

Basic earnings per share and diluted earnings per share in the consolidated financial statements for the three-month periods ended June 30, 2007 and 2006 are calculated as follows:

Consolidated

	Basic Earnings per Share		Diluted Earnings per Share	
	2007	2006	2007	2006
Net income attributable to ordinary shareholders (Baht)	26,281,498,268	31,658,145,615	26,281,498,268	31,658,145,615
Adjustment of net income (Baht)	-	-	(61,812,332)	(25,212,578)
Net income for calculation of earnings per share (Baht)	22,281,498,268	31,658,145,615	26,219,685,936	31,632,933,037
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,805,235,254	2,797,245,725	2,813,251,586	2,807,135,898
Earnings per share (Baht/share)	9.37	11.32	9.32	11.27

Basic earnings per share and diluted earnings per share in the Company's financial statements for the three-month periods ended June 30, 2007 and 2006 are calculated as follows :

The Company

	Basic Earnings per Share		Diluted Earnings per Share	
	2007	2006	2007	2006
Net income attributable to ordinary shareholders (Baht)	18,012,024,388	27,828,610,456	18,012,024,388	27,828,610,456
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,805,235,254	2,797,245,725	2,813,251,586	2,807,135,898
Earnings per share (Baht/share)	6.42	9.95	6.40	9.91

14. Earnings per Share (Continued)

Basic earnings per share and diluted earnings per share in the consolidated financial statements for the six-month periods ended June 30, 2007 and 2006 are calculated as follows:

Consolidated

	Basic Earnings per Share		Diluted Earnings per Share	
	2007	2006	2007	2006
Net income attributable to ordinary shareholders (Baht)	48,862,277,691	55,380,937,432	48,862,277,691	55,380,937,432
Adjustment of net income (Baht)	-	-	(66,949,476)	(44,635,645)
Net income for calculation of earnings per share (Baht)	48,862,277,691	55,380,937,432	48,795,328,215	55,336,301,787
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,805,114,391	2,797,245,725	2,810,739,982	2,807,326,654
Earnings per share (Baht/share)	17.42	19.80	17.36	19.71

Basic earnings per share and diluted earnings per share in the Company's financial statements for the six-month periods ended June 30, 2007 and 2006 are calculated as follows :

The Company

	Basic Earnings per Share		Diluted Earnings per Share	
	2007	2006	2007	2006
Net income attributable to ordinary shareholders (Baht)	30,561,054,560	39,518,282,820	30,561,054,560	39,518,282,820
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,805,114,391	2,797,245,725	2,810,739,982	2,807,326,654
Earnings per share (Baht/share)	10.89	14.13	10.87	14.08

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

The Company issued warrants under the Employee Stock Ownership Plan (ESOP) as detailed in Note 13.

PTTEP

PTTEP had registered share capital of 3,322 million ordinary shares with a par value of Baht 1 per share, totalling Baht 3,322 million. On May 11, 2007, PTTEP registered for the change in its issued and fully paid-up capital to be 3,286.51 million ordinary shares with a par value of Baht 1 per share, totalling Baht 3,286.51 million.

14. Earnings per Share (Continued)

PTTEP has reserved ordinary shares for the exercise of warrants under the Employee Stock Ownership Plan (ESOP) for 5 years consecutively, totalling 62 million ordinary shares. As at June 30, 2007, the employees had exercised warrants for 26.51 million ordinary shares. Therefore, the remaining reserved shares were 35.49 million shares. 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	9.73	0.27	July 31, 2007
August 1, 2003	23.4	1 : 5	7.18	2.82	July 31, 2008
August 1, 2004	36.6	1 : 5	6.56	7.44	July 31, 2009
August 1, 2005	55.6	1 : 5	3.04	10.96	July 31, 2010
August 1, 2006	91.2	1 : 5	-	14.00	July 31, 2011
			<u>26.51</u>	<u>35.49</u>	

ATC

ATC issued and offered warrants under the Employee Stock Ownership Plan (ESOP) 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	14.44	0.16	November 23, 2007

PTTCH

PTTCH issued and offered warrants under the Employee Stock Ownership Plan (ESOP) 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

14. Earnings per Share (Continued)

IRPC

IRPC issued and offered warrants under the Employee Stock Ownership Plan (ESOP) 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
June 29, 2007	2.88	1 : 1	-	965	June 28, 2011

15. Other Income

Other income for the three-month periods ended June 30, 2007 and 2006 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2007	2006	2007	2006
Interest income	974.24	773.19	480.50	461.60
Penalty income	(263.05)	165.90	(269.00)	175.96
Transportation income	1,530.16	1,176.06	1,552.28	1,456.55
Dividend income	100.13	61.94	7,706.89	9,916.49
Compensation for loan interest of advance payment for gas purchased	-	382.01	-	382.01
Gain on foreign exchange	1,430.58	1,577.93	1,078.43	840.69
Others	279.45	290.12	427.96	293.59
Total	4,051.51	4,427.15	10,977.06	13,526.89

Other income for the six-month periods ended June 30, 2007 and 2006 are as follows :

	Unit : Million Baht			
	Consolidated		The Company	
	2007	2006	2007	2006
Interest income	2,029.25	1,521.58	959.41	898.92
Penalty income	(97.18)	287.70	(103.27)	323.20
Transportation income	2,332.68	2,087.94	2,381.56	2,837.02
Dividend income	291.38	62.13	11,441.65	11,350.87
Compensation for loan interest of advance payment for gas purchased	-	865.92	-	865.92
Gain on foreign exchange	3,083.39	6,564.91	1,939.68	3,114.12
Others	1,213.35	979.55	1,340.56	669.71
Total	8,852.87	12,369.73	17,959.59	20,059.76

15. Other Income (Continued)

Compensation for loan interest of 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 loans raised by the Company for advance payment for gas purchased.

16. Share of Net Income from Investments under Equity Method

Share of net income from investments under the equity method for the three-month periods ended June 30, 2007 and 2006 include share of gain on foreign exchange as follows :

	Unit : Million Baht	
	Consolidated	
	2007	2006
Share of net income before gain on foreign exchange	8,370.17	7,099.71
<u>Add</u> Share of gain on foreign exchange	882.59	282.93
Total	<u>9,252.76</u>	<u>7,382.64</u>

Share of net income from investments under the equity method for the six-month periods ended June 30, 2007 and 2006 include share of gain on foreign exchange as follows :

	Unit : Million Baht	
	Consolidated	
	2007	2006
Share of net income before gain on foreign exchange	14,684.73	9,192.50
<u>Add</u> Share of gain on foreign exchange	1,743.93	1,721.93
Total	<u>16,428.66</u>	<u>10,914.43</u>

17. Segment Information

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

Consolidated

For the three-month period ended June 30, 2007

Unit : Million Baht

	Exploration, production and natural gas			Petro- chemicals	Others	Elimi- nation	Total
	Oil	Natural gas	Petroleum exploration and production				
Sales - others	294,545.17	54,216.23	4,677.17	17,592.71	-	-	371,031.28
- related parties	3,239.63	11,782.35	17,800.45	626.62	-	(33,449.05)	-
Petroleum royalties and remuneration	-	-	(2,993.66)	-	-	-	(2,993.66)
Net sales	297,784.80	65,998.58	19,483.96	18,219.33	-	(33,449.05)	368,037.62
Gross margin	3,836.12	13,630.09	13,925.43	4,488.29	-	298.60	36,178.53
EBITDA	2,776.51	13,946.84	16,385.32	4,806.96	(524.26)	(33.64)	37,357.73
Depreciation and amortization	526.55	1,151.22	3,943.50	822.58	37.05	350.89	6,831.79
EBIT	2,249.96	12,795.62	12,441.82	3,984.38	(561.31)	(384.53)	30,525.94
Share of net income (loss) from investments under equity method	0.06	29.20	(13.23)	52.40	15,921.76	(6,737.43)	9,252.76
Interest-net							(1,513.79)
Other income							(539.23)
Gain on foreign exchange							1,430.58
Income taxes							(8,874.92)
Minority interests							(3,999.84)
Net Income							26,281.50

17. Segment Information (Continued)

Consolidated

For the three-month period ended June 30, 2006

Unit : Million Baht

	Exploration, production and natural gas			Refining	Petro- chemicals	Others	Elimi- nation	Total
	Oil	Natural gas	Petroleum exploration and production					
Sales - others	241,181.50	49,230.93	5,159.73	4,631.34	16,689.86	-	-	316,893.36
- related parties	26,653.07	12,227.36	18,115.31	27,258.67	1,542.83	-	(85,797.24)	-
Petroleum royalties and remuneration	-	-	(3,525.78)	-	-	-	-	(3,525.78)
Net sales	267,834.57	61,458.29	19,749.26	31,890.01	18,232.69	-	(85,797.24)	313,367.58
Gross margin	1,808.11	11,429.38	13,845.64	3,428.79	5,903.66	-	(97.27)	36,318.31
EBITDA	442.07	11,961.45	16,811.19	3,544.78	5,994.40	(73.79)	(304.44)	38,375.66
Depreciation and amortization	509.09	1,478.91	4,060.42	296.31	666.11	10.35	117.06	7,138.79
EBIT	(67.02)	10,482.54	12,750.77	3,248.47	5,238.29	(84.14)	(422.04)	31,236.87
Share of net income (loss) from investments under equity method	0.07	20.93	(0.50)	-	20.68	16,660.13	(9,318.67)	7,382.64
Interest-net								(2,302.40)
Other income								7,711.24
Gain on foreign exchange								1,577.93
Income taxes								(9,267.47)
Minority interests								(4,680.66)
Net Income								<u>31,658.15</u>

17. Segment Information (Continued)

Consolidated

For the six-month period ended June 30, 2007

Unit : Million Baht

	Exploration, production and natural gas			Petro- chemicals	Others	Elimi- nation	Total
	Oil	Natural gas	Petroleum exploration and production				
Sales - others	524,862.89	105,833.39	8,763.36	32,530.87	-	-	671,990.51
- related parties	4,602.67	22,341.85	34,271.74	633.48	-	(61,849.74)	-
Petroleum royalties and remuneration	-	-	(5,673.73)	-	-	-	(5,673.73)
Net sales	529,465.56	128,175.24	37,361.37	33,164.35	-	(61,849.74)	666,316.78
Gross margin	7,615.64	24,666.09	26,842.14	8,370.89	-	113.40	67,608.16
EBITDA	5,335.78	25,133.53	31,670.58	8,946.19	(1,022.25)	(42.26)	70,021.57
Depreciation and amortization	1,025.65	2,240.60	7,530.89	1,619.61	74.38	701.78	13,192.91
EBIT	4,310.13	22,892.93	24,139.69	7,326.58	(1,096.63)	(744.04)	56,828.66
Share of net income (loss) from investments under equity method	0.11	43.12	(15.57)	42.19	29,688.27	(13,329.46)	16,428.66
Interest-net							(2,827.88)
Other income							176.46
Gain on foreign exchange							3,083.40
Income taxes							(17,257.15)
Minority interests							(7,569.87)
Net Income							48,862.28

17. Segment Information (Continued)

Consolidated

For the six-month period ended June 30, 2006

Unit : Million Baht

	Exploration, production and natural gas			Refining	Petro- chemicals	Others	Elimi- nation	Total
	Oil	Natural gas	Petroleum exploration and production					
Sales - others	443,626.55	92,106.97	10,301.07	12,288.59	32,021.34	-	-	590,344.52
- related parties	59,229.36	25,538.75	34,567.83	64,100.51	3,826.27	-	(187,262.72)	-
Petroleum royalties and remuneration	-	-	(6,722.81)	-	-	-	-	(6,722.81)
Net sales	502,855.91	117,645.72	38,146.09	76,389.10	35,847.61	-	(187,262.72)	583,621.71
Gross margin	5,968.06	21,847.12	27,664.67	5,907.21	11,329.16	-	7.42	72,723.64
EBITDA	3,288.79	22,442.61	32,437.89	6,468.88	11,546.53	(326.18)	(523.50)	75,335.02
Depreciation and amortization	1,024.40	2,665.54	7,258.12	740.83	1,310.67	20.13	181.00	13,200.69
EBIT	2,264.39	19,777.07	25,179.77	5,728.05	10,235.86	(346.31)	(704.50)	62,134.33
Share of net income (loss) from investments under equity method	0.13	37.65	(1.22)	-	8.55	30,127.62	(19,258.30)	10,914.43
Interest-net								(4,273.79)
Other income								8,302.23
Gain on foreign exchange								6,564.91
Income taxes								(18,829.11)
Minority interests								(9,432.16)
Net Income								55,380.94

Pricing among business segments is based on normal market prices except for pricing among sectors within the Company, for which net market prices, after deducting management fees of 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 which are not relevant to the operations.

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

17. Segment Information (Continued)

The Group categorizes segments for major businesses as follows :

Oil Business

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

1. Oil marketing : marketing of fuel oil and lubricant products through retail, commercial and international markets
2. International oil trading : importing and exporting crude oil, fuel oil products, raw materials and petrochemical products.

Exploration, Production and Natural Gas Business

The Group conducts a fully integrated exploration, production and natural gas business, which can be categorized by business operations as follows :

1. Natural gas business : The Group conducts natural gas business including procurement, natural gas pipeline transmission, and natural gas separation and distribution in both domestic and overseas markets.
2. Petroleum exploration and production business : The Group conducts petroleum exploration and production business in both domestic and overseas markets. The Group is the operator and jointly invests with the 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 processing and distribution of finished oil products to serve both domestic and overseas customers.

Petrochemical Business

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

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

18. Business Acquisition

On May 25, 2007, the Company established PTT Retail Business Company Limited (PTTRB) with 100% interest to acquire the entire retail petroleum businesses of ConocoPhillips in Thailand. The acquisition date was June 27, 2007, as discussed in Note 6.5.

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

	Unit : Million Baht
Purchase consideration	9,553.87
<u>Less</u> Fair value of net assets acquired	<u>4,648.82</u>
Goodwill	<u>4,905.05</u>

Assets and liabilities acquired from the acquisition are as follows :

	Unit : Million Baht
Cash and cash equivalents	802.30
Current investments	15.34
Accounts receivable	221.09
Inventories, materials and supplies	374.24
Other current assets	129.50
Property, plant and equipment (Note 8)	3,355.52
Intangible assets (Note 9)	1,092.24
Other non-current assets	678.34
Accounts payable	(1,758.86)
Accrued expenses	(95.09)
Other current liabilities	(28.92)
Other non-current liabilities	<u>(136.88)</u>
Fair value of net assets	4,648.82
<u>Less</u> Purchase consideration	<u>9,553.87</u>
Goodwill	<u>4,905.05</u>

19. Dividend Payment

On April 30, 2007, the annual shareholders' meeting of the Company approved the dividend payments for the year 2006 of Baht 10.50 per share, amounting to Baht 29,451.12 million. On September 22, 2006, the Company paid the interim dividends for the operating results of the first-half of 2006 at Baht 5 per share amounting to Baht 14,023 million. The remaining dividends of Baht 5.50 per share amounting to Baht 15,428.12 million were paid on May 15, 2007.

20. Reclassification

For comparative purposes, the Group has reclassified certain items in the consolidated and the Company's financial statements for the three-month and six-month periods ended June 30, 2006 to ensure consistency with the presentation in the consolidated and the Company's financial statements for the three-month and six-month periods ended June 30, 2007. The reclassifications do not affect the reported net income.

21. Promotional Privileges

The Company received promotional privileges from the Board of Investments (BOI) under the Investment Act, B.E. 2520 (1977) for the Gas Separation Plant Unit #5 project, the Sainoi-South Bangkok Power Plant gas pipeline project, the third gas offshore and onshore pipeline project, the Song-khla Power Plant gas 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, the Gas Separation Plant Unit #6, and the distribution gas pipelines to the Rojana Industrial Park project. The promotional privileges include exemption from import duties on the machinery approved from BOI and corporate income tax exemption on net income from promotional business for eight years starting from the date on which the first sale is realized.

22. Commitments and Contingent Liabilities

Significant changes in commitments and contingent liabilities are as follows :

22.1 Commitments to subsidiaries, associates, joint ventures and other related companies are 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 at credit limits of USD 100 million and USD 90 million, respectively. The Company has obligations under the arrangements in forms of an extended credit for raw materials and/or advance product payments. As at June 30, 2007, the commercial credit lines were not used.

The Company has an obligation with a subsidiary in a foreign country under a commercial credit agreement in a form of an extended credit for raw materials at a credit limit of USD 100 million. As at June 30, 2007, the subsidiary had used the commercial credit line of USD 95.23 million. The remaining commercial credit line was USD 4.77 million or approximately Baht 165.37 million.

The Company entered into Sponsor Support Agreements with two joint ventures at a credit limit equal to the loan obligations of the two joint ventures to a financial institution. As at June 30, 2007, the Company had the remaining commitment of USD 261.30 million or approximately Baht 9,058.72 million.

The Company has provided a loan to a subsidiary according to the Company's shareholding percentage at a credit limit of Baht 800 million. As at June 30, 2007, the Company provided the loan of Baht 240 million to the subsidiary, the remaining credit limit was Baht 560 million.

As at June 30, 2007, the Group and the Company had obligations under various Shareholder Agreements to pay for ordinary shares totalling Baht 8,422.98 million in the consolidated financial statements and Baht 4,824.72 million in the Company's financial statements.

22. Commitments and Contingent Liabilities (Continued)

- 22.2 As at June 30, 2007, the Group and the Company had contingent liabilities in a form of letters of guarantee amounting to Baht 1,140.15 million in the consolidated financial statements and Baht 164.94 million in the Company's financial statements.
- 22.3 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. On December 29, 2006, the Company, as the 4th Respondent, submitted a statement to the court, on February 26, 2007, the Claimants filed a dispute over the Company's statement. On April 4, 2007, the Company prepared and submitted an additional statement to the court. Subsequently, on June 1, 2007, the Claimants prepared and submitted an explanation to dispute against the Company's additional statement to the court. On July 18, 2007, the Company prepared and submitted a dispute over the Claimants' explanation to the Supreme Administration Court. The lawsuit is currently under the consideration of the Supreme Administration Court.

23. Subsequent Events

- 23.1 On July 20, 2007, the Company's board of directors' meeting no.7/2007 passed a resolution to approve to support of the amalgamation between Aromatics (Thailand) Public Co., Ltd. or ATC and Rayong Refinery Public Co., Ltd. or RRC. The Company proposed to purchase shares in ATC and RRC shares from shareholders who objected the amalgamation in accordance with the provisions of the laws and conditions in respect of the purchase of shares. In this regard, the Company set terms and conditions for the shares purchases and informed ATC and RRC accordingly.
- 23.2 The Audit Committee of the Company approved these financial statements for public issuance on August 10, 2007.