

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, 2008

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2008
(UNAUDITED, REVIEWED)
AND FOR THE YEAR ENDED DECEMBER 31, 2007 (AUDITED)

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(UNAUDITED, REVIEWED)
AND FOR THE YEAR ENDED DECEMBER 31, 2007 (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 (revised 2007) “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 its subsidiaries are collectively referred to as “the Group”.

These consolidated financial statements have been prepared under the same basis as the consolidated financial statements for the year ended December 31, 2007. There has been no change in the structure of subsidiaries, jointly controlled entities and associates during the period.

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, 2007 which were prepared in accordance with generally accepted accounting principles with the exception of the matter noted in Note 2.

1. General Information (Continued)

1.5 Amendments to Accounting Standards effective in 2008.

The revised accounting standards announced by the Federation of Accounting Professions (FAP) are effective for accounting periods beginning on or after January 1, 2008. The details are as follows:

Thai Accounting Standard No.25 (revised 2007)	Cash Flow Statements
Thai Accounting Standard No.29 (revised 2007)	Leases
Thai Accounting Standard No.31 (revised 2007)	Inventories
Thai Accounting Standard No.33 (revised 2007)	Borrowing Costs
Thai Accounting Standard No.35 (revised 2007)	Presentation of Financial Statements
Thai Accounting Standard No.39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
Thai Accounting Standard No.41 (revised 2007)	Interim Financial Reporting
Thai Accounting Standard No.43 (revised 2007)	Business Combinations
Thai Accounting Standard No.49 (revised 2007)	Construction Contracts
Thai Accounting Standard No.51	Intangible Assets

Compliance with these revised accounting standards does not have significant effect on the consolidated and the separate financial statements except as discussed in Note 2.1.

2. Accounting Changes

2.1 Changes in Accounting Policies

The Company has chosen to apply Thai Accounting Standard No.43 (revised 2007) “Business Combinations” that is effective for accounting periods beginning on or after January 1, 2008. Details are as follows:

Goodwill

In accordance with this standard, the Company is not allowed to amortize goodwill arising from business combination. A test for impairment is carried out at least once a year or when there is a factor indicating that an investment might be impaired. In case that the carrying amount exceeds its recoverable amount, impairment loss is recognized in statement of income. In addition, goodwill is presented at cost less accumulated impairment losses.

The Company has adopted this standard since January 1, 2008. For goodwill recognized prior to that date, the Company applied a prospective method by not amortizing goodwill and testing for impairment instead. As a result, the carrying amount of goodwill as at January 1, 2008 was presented with the balance carried forward from December 31, 2007, amounting to Baht 12,432.05 million and was not amortized during this period. The contrary, amortization of this goodwill for the three-month and six-month periods ended June 30, 2008 were recognized amounting to Baht 418.96 million and Baht 837.64 million respectively in the consolidated financial statements. Thus, management considered that there was no impairment of this goodwill as at June 30, 2008.

Negative Goodwill

In accordance with this standard, the Company, a buyer, must assess the seller’s identification and measurement of assets and liabilities and identifiable contingent liabilities including the exceed reassessment of carrying value in business combination, when buyer’s equity net fair value of the cost at acquisition date, the differences will be recognized as revenue in statements of income.

The Company has adopted this standard since January 1, 2008, with the prospective requirements. The carried forward of retained earnings as at January 1, 2008, amounting to Baht 5,344.81 Baht were adjusted.

However, these adjustments in goodwill and negative goodwill did not affect the separate financial statements.

2. Accounting Changes

2.2 Correction of Accounting Errors

In 2007, the Company has complied with the judgment of the Supreme Administrative Court (the Court) by separating the assets to the Ministry of Finance. However, the Company still has the right to use these assets.

The Company made corrections to the accounting errors in the previous year's financial statements, by cancelling the accounting for assets separation and recognizing the right to use assets as intangible asset, leading to a difference between depreciation expenses of assets and amortization expenses of the right. The Company accounted for this change by retrospectively adjusted the financial statements for the three-month and six-month periods ended June 30, 2008 that was presented for comparative purposes. The effect of this on the statement of income in the consolidated and the separate financial statements was the same in terms of amounts. The details are as follows:

Unit: Million Baht

Statement of Income for the three-month period ended June 30, 2007

Increase in cost of sales and services	10.61
Decrease in selling and administrative expenses	0.72
Decrease in net income	9.89

Unit: Million Baht

Statement of Income for the six-month period ended June 30, 2007

Increase in cost of sales and services	19.07
Decrease in selling and administrative expenses	1.44
Decrease in net income	17.63

3. Cash and Cash Equivalents

Cash and cash equivalents as at June 30, 2008 and December 31, 2007 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Cash on hand	346.77	608.80	269.20	437.28
Deposits held at call with banks	34,784.26	16,131.67	13,065.65	4,528.47
Fixed deposits	7,997.25	10,438.23	7,500.00	8,000.00
Treasury bills	16,112.63	18,669.12	314.97	1,758.39
Promissory notes	5,264.00	783.30	4,000.00	133.30
Bank of Thailand bonds	6,499.30	28,327.17	6,499.30	28,327.17
Total	<u>71,004.21</u>	<u>74,958.29</u>	<u>31,649.12</u>	<u>43,184.61</u>

Cash and cash equivalents as at June 30, 2008 mainly bear interest at rates ranging from 0.13% to 3.80% per annum (December 31, 2007: interest rates ranging from 0.13% to 5.20% per annum).

4. Trade Accounts and Notes Receivable – Others, Net

Trade accounts and notes receivable – others, net as at June 30, 2008 and December 31, 2007 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Trade accounts receivable	100,758.72	117,023.10	83,699.24	100,439.60
Notes receivable	2,053.43	2,476.80	2,053.43	2,476.80
Total	102,812.15	119,499.90	85,752.67	102,916.40
<u>Less</u> Allowance for doubtful accounts	<u>2,424.15</u>	<u>2,564.12</u>	<u>1,551.92</u>	<u>1,647.57</u>
Trade accounts and notes receivable – others, net	<u>100,388.00</u>	<u>116,935.78</u>	<u>84,200.75</u>	<u>101,268.83</u>

Outstanding trade accounts and notes receivable – others, net as at June 30, 2008 and December 31, 2007 can be aged as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Current	94,869.36	105,867.41	79,810.94	91,734.43
Overdue				
- Not over 3 months	4,842.66	6,508.63	4,212.84	5,460.25
- Over 3 months but not over 6 months	63.37	2,288.90	11.72	1,920.31
- Over 6 months but not over 12 months	200.21	2,027.52	79.78	1,994.30
- Over 12 months	2,836.55	2,807.44	1,637.39	1,807.11
Total	102,812.15	119,499.90	85,752.67	102,916.40
<u>Less</u> Allowance for doubtful accounts	<u>2,424.15</u>	<u>2,564.12</u>	<u>1,551.92</u>	<u>1,647.57</u>
Trade accounts and notes receivable - others, net	<u>100,388.00</u>	<u>116,935.78</u>	<u>84,200.75</u>	<u>101,268.83</u>

Trade accounts and notes receivable – others, net as at June 30, 2008 include receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 18,440.06 million (December 31, 2007: Baht 28,969.72 million), and in the separate financial statements amounting to Baht 18,230.68 million (December 31, 2007: Baht 28,865.56 million).

5. Related Party Transactions

The following are significant transactions carried out with related parties:

- 5.1 Trade accounts receivable – related parties, net as at June 30, 2008 and December 31, 2007 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Subsidiaries	-	-	6,503.64	11,156.14
Jointly controlled entities	-	-	102.27	99.66
Associates	88,566.84	76,264.37	88,556.37	76,249.94
Other related parties	2,287.37	2,044.14	2,287.37	2,044.14
Total	90,854.21	78,308.51	97,449.65	89,549.88
<u>Less</u> Allowance for doubtful accounts	260.10	261.07	268.13	269.78
Trade accounts receivable – related parties, net	90,594.11	78,047.44	97,181.52	89,280.10

Outstanding trade accounts receivable – related parties, net as at June 30, 2008 and December 31, 2007 can be aged as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Current	90,176.74	78,050.35	93,731.30	85,939.67
Overdue				
- Not over 3 months	472.52	170.80	160.10	501.77
- Over 3 months but not over 6 months	184.32	83.85	196.51	414.69
- Over 6 months but not over 12 months	1.95	1.00	689.95	1.83
- Over 12 months	18.68	2.51	2,671.79	2,691.92
Total	90,854.21	78,308.51	97,449.65	89,549.88
<u>Less</u> Allowance for doubtful accounts	260.10	261.07	268.13	269.78
Trade accounts receivable – related parties, net	90,594.11	78,047.44	97,181.52	89,280.10

5. Related Party Transactions (Continued)

5.2 Other accounts receivable, advances and short-term loans – related parties, net as at June 30, 2008 and December 31, 2007 are as follows:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Other accounts receivable				
Subsidiaries	-	-	973.02	401.94
Jointly controlled entities	-	-	353.62	201.85
Associates	299.35	455.81	292.19	449.43
Other related parties	140.32	144.51	139.73	144.04
Total	439.67	600.32	1,758.56	1,197.26
<u>Less</u> Allowance for doubtful accounts	141.89	141.90	149.10	148.14
Other accounts receivable, net	297.78	458.42	1,609.46	1,049.12
Advances				
Associates	754.85	326.30	754.85	326.30
Other related parties	71.27	176.40	71.27	176.37
Total	826.12	502.70	826.12	502.67
<u>Less</u> Allowance for doubtful accounts	334.42	325.98	334.42	325.98
Advances, net	491.70	176.72	491.70	176.69
Short-term loans				
Subsidiaries	-	-	17,127.93	26,379.21
Jointly controlled entities	-	-	1,324.10	1,324.10
Associates	-	757.64	-	757.64
Total	-	757.64	18,452.03	28,460.95
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Short-term loans, net	-	757.64	18,452.03	28,460.95
Total	789.48	1,392.78	20,553.19	29,686.76

Changes in short-term loans – related parties for the six-month period ended June 30, 2008 are as follows:

	Unit: Million Baht	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Balance as at December 31, 2007	757.64	28,460.95
- Payment for loans granted	-	648.72
- Receipt from loans granted	(757.64)	(10,657.64)
Balance as at June 30, 2008	-	18,452.03

Short-term loans to related parties are unsecured and bear interest at rates ranging from 4.88% to 7.00% per annum.

5. Related Party Transactions (Continued)

5.3 Other accounts receivable, advances and long-term loans – related parties, net as at June 30, 2008 and December 31, 2007 are as follow:

	Unit: Million Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Other accounts receivable				
Subsidiaries	-	-	1,069.04	1,076.79
Associates	1,318.01	1,193.04	1,318.01	1,193.04
Total	1,318.01	1,193.04	2,387.05	2,269.83
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Other accounts receivable, net	1,318.01	1,193.04	2,387.05	2,269.83
Advances				
Associates	0.43	0.65	0.43	0.65
Total	0.43	0.65	0.43	0.65
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Advances, net	0.43	0.65	0.43	0.65
Long-term loans				
Subsidiaries	-	-	7,080.00	1,720.00
Associates	5,050.05	5,050.05	5,050.05	5,050.05
Total	5,050.05	5,050.05	12,130.05	6,770.05
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Long-term loans, net	5,050.05	5,050.05	12,130.05	6,770.05
Total	6,368.49	6,243.74	14,517.53	9,040.53

Changes in long-term loans – related parties for the six-month period ended June 30, 2008 are as follows:

	Unit: Million Baht	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Balance as at December 31, 2007	5,050.05	6,770.05
- Payment for loans granted	-	6,120.00
- Receipt from loans granted	-	(760.00)
Balance as at June 30, 2008	5,050.05	12,130.05

Long-term loans - related parties are unsecured and bear interest at rates ranging from 4.88% to 7.69% per annum.

5. Related Party Transactions (Continued)

5.4 Trade accounts payable – related parties as at June 30, 2008 and December 31, 2007 are as follow:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Subsidiaries	-	-	12,961.79	11,860.55
Jointly controlled entities	-	-	2,076.57	2,940.80
Associates	38,120.60	44,417.08	36,208.69	42,707.71
Other related parties	2,320.28	1,456.34	472.13	179.42
Total	40,440.88	45,873.42	51,719.18	57,688.48

5.5 Other accounts payable – related parties as at June 30, 2008 and December 31, 2007 are as follow:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Subsidiaries	-	-	19.35	278.54
Jointly controlled entities	-	-	7.89	1.24
Associates	249.03	379.22	242.65	369.63
Other related parties	91.28	1,491.84	44.59	1,489.21
Total	340.31	1,871.06	314.48	2,138.62

5.6 Other long-term accounts payable – related parties as at June 30, 2008 and December 31, 2007 are as follow:

Unit: Million Baht

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Subsidiaries	-	-	11.19	70.71
Jointly controlled entities	-	-	15.68	16.04
Associates	23.24	-	23.24	-
Total	23.24	-	50.11	86.75

5. Related Party Transactions (Continued)

5.7 Revenue and expense transactions carried out with related parties are as follow:

For the three-month periods ended June 30, 2008 and 2007

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Revenues				
Sales:				
Subsidiaries	-	-	12,675.34	11,216.85
Jointly controlled entities	-	-	280.89	290.53
Associates	257,976.87	137,582.36	257,952.32	134,098.00
Other related parties	5,308.59	2,414.78	5,308.59	2,414.52
Interest income:				
Subsidiaries	-	-	427.75	68.06
Jointly controlled entities	-	-	20.28	15.12
Associates	67.05	73.91	67.05	73.91
Other related parties	-	-	-	-
Dividend income:				
Subsidiaries	-	-	522.00	-
Jointly controlled entities	-	-	69.16	-
Associates	-	-	10,724.77	7,652.29
Other related parties	41.52	54.60	41.52	54.60
Other income:				
Subsidiaries	-	-	106.78	50.84
Jointly controlled entities	-	-	53.11	8.15
Associates	4,572.54	987.41	4,572.29	934.59
Other related parties	9.46	2.34	9.30	1.95
Expenses				
Purchases:				
Subsidiaries	-	-	33,504.83	19,377.86
Jointly controlled entities	-	-	6,364.34	1,342.54
Associates	166,053.63	116,565.98	162,490.93	115,303.21
Other related parties	5,292.92	1,754.58	1,646.27	1,717.05
Other expenses:				
Subsidiaries	-	-	40.47	80.11
Jointly controlled entities	-	-	0.10	-
Associates	89.42	51.77	85.39	7.36
Other related parties	174.25	187.81	172.61	210.14

5. Related Party Transactions (Continued)

5.7 Revenue and expense transactions carried out with related parties are as follow: (Continued)

For the six-month periods ended June 30, 2008 and 2007

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Revenues				
Sales:				
Subsidiaries	-	-	25,764.66	19,549.00
Jointly controlled entities	-	-	552.83	506.08
Associates	472,642.67	247,221.40	472,604.47	242,199.50
Other related parties	8,983.27	4,874.20	8,983.27	4,873.94
Interest income:				
Subsidiaries	-	-	943.67	123.49
Jointly controlled entities	-	-	40.57	23.61
Associates	136.90	155.26	136.90	155.26
Other related parties	-	-	-	-
Dividend income:				
Subsidiaries	-	-	4,141.73	3,734.76
Jointly controlled entities	-	-	69.16	-
Associates	-	-	12,422.61	7,652.29
Other related parties	41.52	54.60	41.52	54.60
Other income:				
Subsidiaries	-	-	385.61	98.68
Jointly controlled entities	-	-	59.69	14.95
Associates	6,979.53	1,475.67	6,979.04	1,387.57
Other related parties	22.31	6.11	21.98	5.72
Expenses				
Purchases:				
Subsidiaries	-	-	54,456.83	37,963.32
Jointly controlled entities	-	-	13,145.80	2,957.18
Associates	305,575.93	214,167.71	298,490.11	212,250.36
Other related parties	9,106.93	2,530.98	2,879.92	2,457.03
Other expenses:				
Subsidiaries	-	-	198.30	159.04
Jointly controlled entities	-	-	0.22	-
Associates	169.41	101.27	164.83	18.31
Other related parties	390.17	404.81	387.72	404.81

Related party transactions as stated above excluded 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.

Goods purchased from subsidiaries are at normal prices determined by the subsidiaries with reference to the global market prices.

5. Related Party Transactions (Continued)

5.8 Details of commitments to subsidiaries, jointly controlled entities, associates and other related parties are stated in Note 23.1.

5.9 Directors' remuneration

Directors' remuneration, comprising directors' meeting fees and bonuses for the three-month and six-month periods ended June 30, 2008 and 2007, is as follows:

For the three-month periods ended June 30, 2008 and 2007

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Directors' remuneration	20.43	55.04	10.13	10.09

For the six-month periods ended June 30, 2008 and 2007

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Directors' remuneration	36.85	88.62	20.74	20.53

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. Details are as follows:

For the three-month periods ended June 30, 2008 and 2007 comprising:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Sales				
Associates	2,640.00	1,828.75	2,640.00	1,828.75
Purchases				
Associates	2,640.00	1,828.75	2,640.00	1,828.75

For the six-month periods ended June 30, 2008 and 2007 comprising:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Sales				
Associates	10,208.00	2,393.64	10,208.00	2,393.64
Purchases				
Associates	10,208.00	2,393.64	10,208.00	2,393.64

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates

6.1 Investments in subsidiaries, jointly controlled entities and associates as at June 30, 2008 and December 31, 2007 are as follow:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Investments in Subsidiaries	-	-	23,669.16	15,125.00
Investments in Jointly Controlled Entities	-	-	16,643.19	15,163.44
Investments in Associates	208,015.03	189,951.19	109,472.91	105,326.75
Total	208,015.03	189,951.19	149,785.26	135,615.19

6.2 Details of subsidiaries, jointly controlled entities and associates of the Company are as follows:

Company	Country of Incorporation	Business	Shareholding Percentage	
			June 30, 2008	December 31, 2007
<u>Subsidiaries:</u>				
PTT Exploration and Production Public Co., Ltd. (PTTEP)	Thailand	Petroleum exploration and production	65.71	65.73
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
PTT Polymer Marketing Co., Ltd (PTTPM)	Thailand	Polymer marketing	75.00	75.00
Energy Complex Co., Ltd. (EnCo)	Thailand	Commercial	50.00	50.00
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	100.00
Combined Heat and Power Producing Co., Ltd. (CHPP)	Thailand	Generation and supply of electricity and chilled water	100.00	100.00
PTT International Co., Ltd. (PTT INTER)	Thailand	Petroleum	100.00	100.00
PTT Green Energy Pte. Ltd. (PTTGE)	Singapore	Petroleum	100.00	100.00

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

6.2 Details of subsidiaries, jointly controlled entities and associates of the Company are as follows:
(Continued)

Company	Country of Incorporation	Business	Shareholding Percentage	
			June 30, 2008	December 31, 2007
<u>Jointly controlled entities:</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	48.50	47.50
HMC Polymers Co., Ltd. (HMC)	Thailand	Petrochemicals	41.44	41.44
<u>Associates:</u>				
Thai Oil Public Co., Ltd. (TOP)	Thailand	Refining	49.10	49.10
Star Petroleum Refining Co., Ltd. (SPRC)	Thailand	Refining	36.00	36.00
Bangchak Petroleum Public Co., Ltd. (BCP)	Thailand	Refining	29.75	29.75
Thai Lube Blending Co., Ltd. (TLBC)	Thailand	Blending and bottling of lube oil	48.95	48.95
Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	Thailand	Oil transmission pipeline	33.19	33.19
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
IRPC Public Co., Ltd. (IRPC)	Thailand	Petrochemicals and refining	34.99	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
PTT Phenol Co., Ltd. (PPCL)	Thailand	Petrochemicals	40.00	40.00
PTT Chemical Public Co., Ltd. (PTTCH)	Thailand	Petrochemicals	49.30	49.31
PTT Utility Co., Ltd. (PTTUT)	Thailand	Generation and supply of electricity steam and water for industry	40.00	40.00
PTT ICT Solutions Co., Ltd. (PTTICT)	Thailand	Communication and technology services	20.00	20.00
PTT Aromatics and Refining Public Co., Ltd. (PTTAR)	Thailand	Petrochemicals and refining	48.66	48.66
Alliance Plant Service Co., Ltd. (APS) (Formerly NPTC Maintenance & Engineering Services Co., Ltd. (NPTC))	Thailand	Factory maintenance and engineering services	40.00	40.00

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

6.3 Investments accounted for under the equity method in the consolidated financial statements as at June 30, 2008 and December 31, 2007 are as follows:

Consolidated financial statements

Unit: Million Baht

Company	Shareholding percentage		June 30, 2008		December 31, 2007		Dividends for the six-month periods ended June 30	
	June 30, 2008	December 31, 2007	Cost method	Equity Method	Cost method	Equity method	2008	2007
Associates:								
Refining Business Group								
1 TOP	49.10	49.10	11,380.83	36,910.43	11,380.83	33,291.97	2,754.53	2,021.29
2 SPRC	36.00	36.00	14,770.48	20,241.13	14,770.48	19,093.28	1,624.77	-
3 BCP	29.75	29.75	4,060.18	5,660.03	4,060.18	4,952.40	99.88	56.60
4 PTTAR *	48.66	48.66	12,820.01	32,233.48	12,821.69	32,119.50	3,604.97	2,484.30
Oil Business Group								
5 THAPPLINE	33.19	33.19	2,682.35	194.33	2,682.35	2.00	-	-
6 TLBC	48.95	48.95	140.00	144.04	140.00	134.79	-	-
7 PA (Thailand)	35.00	35.00	131.25	-	131.25	-	-	-
8 V LPG	45.00	45.00	87.35	92.33	87.35	66.39	-	-
9 KPL	40.00	40.00	21.49	31.70	21.49	26.89	-	-
10 FST	25.00	25.00	1.13	1.33	1.13	1.36	-	-
Petrochemicals Business Group								
11 IRPC	34.99	31.50	24,271.84	34,190.17	20,363.81	25,205.08	1,313.73	737.10
12 PTTCH	49.30	49.31	33,520.89	54,240.12	32,491.96	51,527.15	3,021.51	2,261.67
13 PPCL	40.00	40.00	1,520.64	1,314.82	1,280.88	1,135.32	-	-
14 APS (Formerly NPTC)	40.00	40.00	28.51	-	28.47	28.47	-	-
Natural Gas Business Group								
15 IPT	20.00	20.00	400.19	1,449.69	400.19	1,036.12	-	-
16 AMATA NGD	50.00	50.00	80.00	188.43	80.00	211.71	80.00	70.00
17 TP	26.00	26.00	2,304.76	2,006.93	2,304.76	2,005.39	73.06	91.33
18 PTTUT	40.00	40.00	2,743.60	2,565.12	2,743.60	2,615.39	-	-
19 EMG	25.00	25.00	16,544.61	16,482.49	16,498.42	16,433.90	-	-
Other Business Group								
20 PTTICT	20.00	20.00	60.00	68.46	60.00	64.08	-	-
Total			127,570.11	208,015.03	122,348.84	189,951.19	12,572.45	7,722.29

* PTTAR : Dividend revenue for the six-month period ended June, 30, 2007 comprises dividend revenue from Rayong Refinery Public Co., Ltd. (RRC) amounting to Baht 1,397.49 million and Aromatics (Thailand) Co., Ltd. (ATC) amounting to Baht 1,086.81 million.

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

6.4 Investments accounted for under the cost method in the separate financial statements as at June 30, 2008 and December 31, 2007: (Continued)

Separate financial statements

Unit: Million Baht

Company	Shareholding percentage		Cost method		Dividends for the six-month periods ended June 30	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007	2008	2007
Subsidiaries:						
1 PTTEP	65.71	65.73	11,131.33	11,131.33	3,619.73	3,278.88
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	522.00	455.88
6 PTTLNG	100.00	100.00	1,638.25	50.00	-	-
7 PTTPM	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 PTTPL	100.00	100.00	900.00	600.00	-	-
11 PTTTRB	100.00	100.00	5,100.00	100.00	-	-
12 CHPP	100.00	100.00	270.00	270.00	-	-
13 PTT INTER	100.00	100.00	25.00	25.00	-	-
14 PTTGE	100.00	100.00	2,598.42	942.50	-	-
Jointly Controlled Entities:						
Natural Gas Business Group						
15 TTM(T)	50.00	50.00	5,320.00	5,320.00	-	-
16 TTM(M)	50.00	50.00	281.32	281.32	-	-
17 DCAP	35.00	35.00	350.00	350.00	-	-
Petrochemicals Business Group						
18 PTTAC	48.50	47.50	1,574.75	95.00	-	-
19 HMC	41.44	41.44	9,117.12	9,117.12	69.16	-

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

6.4 Investments accounted for under the cost method in the separate financial statements as at June 30, 2008 and December 31, 2007 are as follows: (Continued)

Separate financial statements (Continued)

Unit: Million Baht

Company	Shareholding percentage		Cost method		Dividends for the six-month periods ended June 30	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007	2008	2007
Associates:						
Refining Business Group						
20 TOP	49.10	49.10	11,380.83	11,380.83	2,754.53	2,021.29
21 SPRC	36.00	36.00	14,770.48	14,770.48	1,624.77	-
22 BCP	29.75	29.75	4,060.18	4,060.18	99.88	56.60
23 PTTAR *	48.66	48.66	12,820.01	12,821.69	3,604.97	2,484.30
Oil Business Group						
24 THAPPLINE	33.19	33.19	2,682.35	2,682.35	-	-
25 TLBC	48.95	48.95	140.00	140.00	-	-
26 PA (Thailand)	35.00	35.00	131.25	131.25	-	-
27 V LPG	45.00	45.00	87.35	87.35	-	-
28 KPL	40.00	40.00	21.49	21.49	-	-
Petrochemicals Business Group						
29 IRPC	34.99	31.50	24,271.84	20,363.81	1,313.73	737.10
30 PTTCH	49.30	49.31	32,079.42	32,079.42	2,951.67	2,261.67
31 PPCL	40.00	40.00	1,520.64	1,280.88	-	-
32 APS (Formerly NPTC)	40.00	40.00	28.51	28.47	-	-
Natural Gas Business Group						
33 IPT	20.00	20.00	400.19	400.19	-	-
34 TP	26.00	26.00	2,304.76	2,304.76	73.06	91.33
35 PTTUT	40.00	40.00	2,743.60	2,743.60	-	-
Others Business Group						
36 PTTICT	20.00	20.00	30.00	30.00	-	-
Total			149,785.26	135,615.19	16,633.50	11,387.05

* PTTAR : Dividend revenue for the six-month period ended June, 30, 2007 comprises dividend revenue from Rayong Refinery Public Co., Ltd. (RRC) amounting to Baht 1,397.49 million and Aromatics (Thailand) Co., Ltd. (ATC) amounting to Baht 1,086.81 million.

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

6.5 Share of net assets and results of operations from jointly controlled entities which are included in the consolidated financial statements as at June 30, 2008 and December 31, 2007 are as follows:

Balance Sheets:

As at June 30, 2008 and December 31, 2007

Unit: Million Baht

	June 30, 2008					December 31, 2007				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Current assets	2,110.12	90.82	224.63	1,205.98	2,161.07	2,364.78	85.52	200.30	23.99	2,344.75
Non-current assets	13,599.66	746.27	893.61	366.55	7,469.44	13,739.03	751.65	924.90	69.98	5,942.87
Current liabilities	(1,883.37)	(21.77)	(126.06)	(4.79)	(1,456.53)	(2,316.14)	(21.91)	(140.26)	(2.80)	(1,224.90)
Non-current liabilities	(8,247.20)	(547.15)	(673.75)	-	(721.91)	(8,302.62)	(549.11)	(696.50)	-	(24.35)
Net assets	<u>5,579.21</u>	<u>268.17</u>	<u>318.43</u>	<u>1,567.74</u>	<u>7,452.07</u>	<u>5,485.05</u>	<u>266.15</u>	<u>288.44</u>	<u>91.17</u>	<u>7,038.37</u>

Statements of Income:

For the three-month periods ended June 30, 2008 and 2007

Unit: Million Baht

	2008					2007				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Income	365.10	20.39	170.27	5.53	2,361.57	463.33	23.84	139.63	0.01	1,768.95
Expenses	(812.05)	(35.42)	(139.02)	(6.27)	(2,122.61)	(359.75)	(22.90)	(137.98)	(0.54)	(1,504.33)
Gain(loss) before taxes	(446.95)	(15.03)	31.25	(0.74)	238.96	103.58	0.94	1.65	(0.53)	264.62
Income taxes	-	0.32	-	-	(38.81)	-	8.92	-	-	(55.83)
Net income(loss)	<u>(446.95)</u>	<u>(14.71)</u>	<u>31.25</u>	<u>(0.74)</u>	<u>200.15</u>	<u>103.58</u>	<u>9.86</u>	<u>1.65</u>	<u>(0.53)</u>	<u>208.79</u>

For the six-month periods ended June 30, 2008 and 2007

Unit: Million Baht

	2008					2007				
	TTM(T)	TTM(M)	DCAP	PTTAC	HMC	TTM(T)	TTM(M)	DCAP	PTTAC	HMC
Income	771.24	46.97	304.88	5.55	4,708.64	1,078.39	51.15	275.03	0.03	4,016.63
Expenses	(677.07)	(48.46)	(274.89)	(10.14)	(4,130.76)	(722.93)	(37.85)	(278.12)	(0.61)	(3,326.31)
Gain(loss) before taxes	94.17	(1.49)	29.99	(4.59)	577.88	355.46	13.30	(3.09)	(0.58)	690.32
Income taxes	-	0.32	-	-	(94.46)	-	2.70	-	-	(117.77)
Net income(loss)	<u>94.17</u>	<u>(1.17)</u>	<u>29.99</u>	<u>(4.59)</u>	<u>483.42</u>	<u>355.46</u>	<u>16.00</u>	<u>(3.09)</u>	<u>(0.58)</u>	<u>572.55</u>

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

6.6 Significant events during the six-month period ended June 30, 2008 are as follows:

PTTEP

During the six-month period ended June 30, 2008, warrants in PTTEP were exercised under the Employee Stock Ownership Program (ESOP) as detailed in Note 15. The effect from dilution of investments amounting to Baht 31.76 million was recognized as surplus on dilution of investments in subsidiaries and associates in shareholders' equity. Hence, as at June 30, 2008, the Company's shareholding in PTTEP was 65.71%.

PTTCH

During the six-month period ended June 30, 2008, warrants in PTTCH were exercised under the Employee Stock Ownership Program (ESOP) as detailed in Note 15. The effect from dilution of investments amounting to Baht 0.91 million was recognized as surplus on dilution of investments in subsidiaries and associates in shareholders' equity. Hence, as at June 30, 2008, the Company's shareholding in PTTEP was 49.30%.

IRPC

During the six-month period ended June 30, 2008, the Company acquired 680.20 million additional ordinary shares in IRPC from third parties amounting to Baht 3,908.03 million. Goodwill arising from the acquisition was Baht 593.98 million. Hence, as at June 30, 2008, the Company's shareholding in IRPC was 34.99%.

PTTRB

PTTRB's extraordinary shareholders' meeting No. 1/2008 held on March 6, 2008 and No. 2/2008 held on March 21, 2008 passed a resolution to increase the authorized share capital of PTTRB by issuing 50 million ordinary shares at a par value of Baht 100 amounting to Baht 5,000 million. The Company made this payment on March 27, 2008.

APS (NPTC)

In accordance with NPTC's ordinary shareholders' meeting No. 1/2008 held on March 7, 2008, a resolution has passed to change the company's name from NPTC Maintenance and Engineering Services Company Limited (NPTC), to Alliance Plant Service Company Limited (APS). The change of name was registered on April, 8, 2008.

PTTGE

On April 25, 2008, PTTGE acquired a 95% stake in PT. Az.Zhara, a company registered in the Republic of Indonesia, from the existing shareholders of PT. Az.Zhara at an approximate amount of USD 22.275 million, or equivalent to approximately Baht 700 million. The acquisition was made through Sabran Brothers Pte., Ltd., a company registered in the Republic of Singapore in which PTTGE has a 100% interest. On April 25, 2008, PTTGE, PT. Az.Zhara and Sabran Brothers Pte., Ltd. fulfilled the conditions precedent of the Share Purchase Agreement. PTTGE has made certain payments for the acquisition and the existing shareholders of PT. Az.Zhara have transferred the 95% stake in PT. Az.Zhara to PTTGE (through Sabran Bothers Pte., Ltd). PTTGE (through Sabran Brothers Pte., Ltd) will make additional payments according to the agreement and the final payment will be made when all the conditions under the agreement are fulfilled. Currently, the paid-up capital of PT. Az.Zhara is Indonesian Rupiah (IDR) 1,000 million or equivalent to approximately Baht four million, which comprises 1,000 ordinary shares at IDR 1,000,000 per share.

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

6.6 Significant events during the six-month period ended June 30, 2008 are as follows: (Continue)

PTTGE (Continue)

In accordance with PTTGE's board of directors' meeting No. 3/2008 held on March 25, 2008 passed a resolution to approve a change in the currency of PTTGE's registered capital from SGD to USD. As a result, PTTGE had registered capital comprising 40 million shares amounting to USD 28 million or approximately Baht 942 million. In addition, PTTGE's board of directors' meeting passed a resolution to increase the share capital by 50 million shares of USD 1 per share amounting to USD 50 million or approximately Baht 1,655.92 million. Thus, the Company made this payment on June 11, 2008.

PPCL

In accordance with PPCL's board of directors' meeting No. 3/2008 held on March 19, 2008 gave approval to the shareholders to pay for additional shares amounting to Baht 599.40 million. On April 10, 2008, the Company made this payment according to its shareholding of 40% amounting to Baht 239.76 million.

PTTAC

In accordance with PTTAC's board of directors' meeting No. 2/2008 held on February 22, 2008 passed a resolution to increase its registered capital in the amount of Baht 12,200 million from the existing amount of Baht 200 million to Baht 12,400 million by issuing 122 million ordinary shares at a par value of Baht 100 and called for payment of these additional shares of Baht 25 each amounting to Baht 3,050 million. In addition, this meeting passed a resolution to change the percentage interest from 47.50 to 48.50. Thus, the Company paid the amount of Baht 1,479.75 million on April 25, 2008.

PTTPL

In accordance with PTTPL's board of directors' meeting No. 2/2008 held on February 20, 2008 passed a resolution to increase its registered capital in the amount of 12 million shares at Baht 25 per share amounting to Baht 300 million. Thus, the Company made this payment on May 2, 2008.

PTTLNG

PTTLNG's extraordinary shareholders' meeting No. 1/2008 held on March 20, 2008 and the ordinary shareholders' meeting for 2008 held on April 4, 2008 passed a resolution to increase the authorized share capital in the amount of Baht 6,353 million from the existing amount of Baht 50 million to Baht 6,403 million by issuing 635.30 million ordinary shares at a par value of Baht 10 and called for payment of these additional shares of Baht 2.50 each amounting to Baht 1,588.25 million. Thus, the Company made payment on April 28, 2008 amounting to Baht 1,551.00 million and on May 9, 2008 amounting to Baht 37.25 million.

6. Investments in Subsidiaries, Jointly Controlled Entities and Associates (Continued)

6.7 Additional Information in respect of Associates

- 6.7.1 The Company has not recognized the share of profit from some associates for the three-month period ended June 30, 2008, amounting to Baht (0.06) million (2007: Baht 80.23 million) and for the six-month period ended June 30, 2008, amounting to Baht 0.16 million (2007: Baht 163.22 million) since as at June 30, 2008, the Company had unrealized accumulated loss carried forward from associates amounting to Baht 69.91 million (December 31, 2007: Baht 70.07 million).
- 6.7.2 The fair value of investments in associates which have equity securities traded in the Stock Exchange of Thailand (SET) calculated by current bid price at the balance sheet date. Details are as follows:

The fair value of investments in associate as at June 30, 2008 and December 31, 2007

<u>Associates</u>	Unit: Million Baht	
	<u>June 30, 2008</u>	<u>December 31, 2007</u>
PTTCH	77,481.31	91,501.74
BCP	3,895.16	4,660.88
IRPC	27,700.16	39,004.88
TOP	52,085.67	86,642.51
PTTAR	33,165.71	62,091.98

7. Other Long-term Investments

7.1 Other long-term investments as at June 30, 2008 and December 31, 2007 are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
General investments	2,227.53	1,456.60	1,106.12	812.87
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	32.58	33.96	32.58	33.96
<u>Add</u> Allowance for increase in fair value of investments	654.10	758.70	654.10	758.70
Total	3,835.81	3,170.86	2,714.40	2,527.13

7.2 Details of other long-term investments of the Company are as follows:

Company	Country of Incorporation	Business	Shareholding Percentage	
			June 30, 2008	December 31, 2007
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	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)

7.3 Other long-term investments as at June 30, 2008 and December 31, 2007 are as follows:

Unit: Million Baht

Company	Shareholding percentage		Consolidated financial statements		Separate financial statements		Dividends for the six-month periods ended June 30	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007	2008	2007
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	1,098.75	805.50	1,098.75	805.50	-	-
7 ROC	5.91	5.91	643.73	643.73	-	-	-	236.77
8 BAPT	2.07	2.07	18.19	18.19	-	-	-	-
9 PA (Maoming)	20.00	20.00	14.83	14.83	14.83	14.83	-	-
10 KOT	10.00	-	105.09	-	-	-	-	-
11 KIF	10.00	-	43.52	-	-	-	-	-
12 KAD I	10.00	-	218.67	-	-	-	-	-
13 KAD II	10.00	-	58.39	-	-	-	-	-
14 DVSB	25.00	-	52.01	-	-	-	-	-
Total investments accounted for under the cost method			2,451.60	1,680.67	1,312.00	1,018.75		
Less Allowance for impairment of investments			224.07	224.07	205.88	205.88		
Total general investments			2,227.53	1,456.60	1,106.12	812.87		
Investments in Available-for-sale Securities								
Investments in Equity Instruments								
15 TIP	13.33	13.33	312.00	312.00	312.00	312.00	30.00	48.00
16 BAFS	7.06	7.06	24.00	24.00	24.00	24.00	11.52	6.60
Total investments in equity instruments			336.00	336.00	336.00	336.00		
Investments in Debt Securities								
Investments in Mutual Funds								
MFC Energy Fund	32.57	33.96	32.58	33.96	32.58	33.96	-	-
			954.18	955.56	954.18	955.56		
Add Allowance for increase in fair value of investments			654.10	758.70	654.10	758.70	-	-
Total investments in available-for-sale securities			1,608.28	1,714.26	1,608.28	1,714.26	-	-
Total other long-term investments			3,835.81	3,170.86	2,714.40	2,527.13	41.52	291.37

7. Other Long-term Investments (Continued)

7.4 Significant events during the six-month period ended June 30, 2008

RPCL

During the six-month period ended June, 30, 2008, RPCL called for payment from shareholders for additional shares amounting to Baht 1,955.00 million. The Company paid for its shareholding percentage of 15% amounting to Baht 293.25 million.

MFC Energy Fund

On May 6, 2008, the Company sold 0.14 million unit trust which was in accordance with a joint investment contract at Baht 10 per unit amounting to Baht 1.38 million. As a result, as of June 30, 2008, the Company's share of investment decreased to 32.57%

In the consolidated financial statements, the allowance for impairment of investments in other related companies amounting to Baht 224.07 million comprises the 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 separate financial statements the allowance amounts to Baht 205.88 million.

Affiliates of PTTT

During quarter 2, 2008, PTTT acquired shares in five companies in Malaysia in order to support the expansion of its international oil trading of PTTT. Details are as follows:

Company	Shareholding percentage	Ordinary shares (Million shares)	Amount (Million Malaysia Ringgit)	Amount (Million Baht)
1. KIC Oil Terminals Sdn Bhd (KOT)	10	3.80	9.90	105.09
2. Kadriah Integrated Facilities Sdn Bhd (KIF)	10	0.03	4.10	43.52
3. Kadriah I Ltd (KAD I)	10	0.95	20.60	218.67
4. Kadriah II Sdn Bhd (KAD II)	10	2.09	5.50	58.39
5. D'ltmate Ventures Sdn Bhd (DVSB)	25	0.00025	4.90	52.01
		6.87025	45.00	477.68

Nevertheless, the valuation of the transactions may change slightly because the settlement of processes between parties has not yet been completed.

8. Property, Plant and Equipment, Net

Property, plant and equipment, net as at June 30, 2008 and December 31, 2007 are as follows:

	Unit: Million Baht						
	Consolidated financial statements						
	Land	Buildings and building improvements	Machinery and equipment	Oil and gas properties	Other assets	Construction in progress	Total
Cost							
As at December 31, 2007	5,424.13	20,382.10	165,536.51	236,241.87	11,473.67	52,764.54	491,822.82
- Additions	355.64	119.85	742.83	19,624.03	125.38	11,987.92	32,955.65
- Borrowing costs	-	-	-	-	-	1,069.80	1,069.80
- Reclassification	175.57	343.95	3,518.52	7.64	(2,238.47)	(3,545.17)	(1,737.96)
- Disposals	-	(55.37)	(44.36)	(749.38)	(91.08)	-	(940.19)
- Currency translation differences	-	(0.04)	(6.35)	(47.29)	(5.43)	0.88	(58.23)
As at June 30, 2008	5,955.34	20,790.49	169,747.15	255,076.87	9,264.07	62,277.97	523,111.89
Accumulated Depreciation							
As at December 31, 2007	-	(9,894.57)	(62,998.81)	(95,254.12)	(7,586.77)	-	(175,734.27)
- Depreciation for the period	-	(459.36)	(2,829.42)	(10,460.94)	(474.54)	-	(14,224.26)
- Reclassification	-	(0.01)	(1,829.85)	-	1,829.85	-	(0.01)
- Disposals	-	36.35	33.40	75.71	82.19	-	227.65
- Currency translation differences	-	(0.20)	6.41	10.88	4.09	-	21.18
As at June 30, 2008	-	(10,317.79)	(67,618.27)	(105,628.47)	(6,145.18)	-	(189,709.71)
Allowance for Impairment of Assets							
As at December 31, 2007	(53.53)	(259.64)	(242.73)	(389.54)	-	-	(945.44)
- Impairment loss of assets	-	-	-	(73.74)	-	-	(73.74)
As at June 30, 2008	(53.53)	(259.64)	(242.73)	(463.28)	-	-	(1,019.18)
Net Book Value							
As at December 31, 2007	5,370.60	10,227.89	102,294.97	140,598.21	3,886.90	52,764.54	315,143.11
As at June 30, 2008	5,901.18	10,213.06	101,886.15	148,985.12	3,118.89	62,277.97	332,383.00

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

Property, plant and equipment, net as at June 30, 2008 and December 31, 2007 are as follows:
(Continued)

Unit: Million Baht

	Separate financial statements					Total
	Land	Buildings and building improvements	Machinery and equipment	Other assets	Construction in progress	
Cost						
As at December 31, 2007	4,517.72	14,464.47	146,567.16	7,318.94	45,087.79	217,956.08
- Additions	-	40.12	580.81	78.55	8,118.23	8,817.71
- Borrowing costs	-	-	-	-	942.31	942.31
- Reclassification	175.57	318.57	992.85	200.13	(3,406.26)	(1,719.14)
- Disposals	-	(44.29)	(11.39)	(22.13)	-	(77.81)
As at June 30, 2008	4,693.29	14,778.87	148,129.43	7,575.49	50,742.07	225,919.15
Accumulated Depreciation						
As at December 31, 2007	-	(7,739.66)	(58,688.30)	(4,700.10)	-	(71,128.06)
- Depreciation for the period	-	(283.20)	(2,217.36)	(389.77)	-	(2,890.33)
- Reclassification	-	(0.01)	0.20	(0.19)	-	-
- Disposals	-	32.88	10.58	20.85	-	64.31
As at June 30, 2008	-	(7,989.99)	(60,894.88)	(5,069.21)	-	(73,954.08)
Allowance for Impairment of Assets						
As at December 31, 2007	(53.53)	(259.64)	(242.73)	-	-	(555.90)
As at June 30, 2008	(53.53)	(259.64)	(242.73)	-	-	(555.90)
Net Book Value						
As at December 31, 2007	4,464.19	6,465.17	87,636.13	2,618.84	45,087.79	146,272.12
As at June 30, 2008	4,639.76	6,529.24	86,991.82	2,506.28	50,742.07	151,409.17

Borrowing costs in the consolidated financial statements amounting to Baht 1,069.80 million (December 31, 2007: Baht 2,811.64 million) and in the separate financial statements amounting to Baht 942.31 million (December 31, 2007: Baht 2,657.64 million) were capitalized as part of costs of property, plant and equipment. The Group used capitalization rates ranging from 5.34% - 7.69% (December 31, 2007: 3.34% - 7.69%).

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

Assets under finance leases comprise of vehicles included in other assets as at June 30, 2008 and December 31, 2007. Details are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Cost	846.78	858.44	767.81	744.59
<u>Less: Accumulated depreciation</u>	<u>288.89</u>	<u>210.88</u>	<u>271.57</u>	<u>196.21</u>
Net book value	<u>557.89</u>	<u>647.56</u>	<u>496.24</u>	<u>548.38</u>

9. Intangible Assets, Net

Intangible assets as at June 30, 2008 and December 31, 2007 are as follows:

	Unit: Million Baht	
	Consolidated financial statements	Separate financial statements
Net book value as at December 31, 2007	20,094.26	17,819.37
- Additions	1,175.22	220.43
- Disposals	(545.93)	(542.07)
- Amortization	(613.63)	(420.05)
- Reclassification	391.89	391.89
- Currency translation differences	(8.61)	-
Net book value as at June 30, 2008	<u>20,493.20</u>	<u>17,469.57</u>

10. Goodwill, Net

Goodwill, Net as at June 30, 2008 and December 31, 2007 is as follows:

	Unit: Million Baht
	Consolidated financial statements
Net book value as at December 31, 2007	12,432.05
- Currency translation differences	(116.22)
Net book value as at June 30, 2008	<u>12,315.83</u>

11. Advance Payments for Gas Purchased

Advance payments for gas purchased as at June 30, 2008 and December 31, 2007 are as follows:

	Unit: Million Baht	
	Consolidated financial statements	Separate financial statements
Balance as at December 31, 2007	12,702.08	15,761.74
Additions	4,545.19	4,545.19
<u>Less Make-up during the period</u>	<u>1,332.04</u>	<u>1,624.56</u>
Balance as at June 30, 2008	<u>15,915.23</u>	<u>18,682.37</u>

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 1998-2001, according to the established minimum volume 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. As at June 30, 2008, the remaining advance payments for gas purchased are for irrespective of take-up gas in 2000-2001.

In the second quarter of the year 2008, the Company paid in advance for the committed gas volumes from the Malaysia-Thailand Joint Development Area (JDA) gas field Block A-18 in Malaysia for take-up in 2007 amounting to million 4,545.19 Baht. As at June 30, 2008, the Company has not made-up gas from this gas field.

12. Long-term Loans

Long-term loans as at June 30, 2008 and December 31, 2007 are as follows:

Current Portion of Long-term Loans

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Loans – Baht currency	11,466.50	8,073.50	11,400.00	8,000.00
Loans – Baht currency – EPPO	17.84	-	17.84	-
Loans – Foreign currencies	383.12	378.97	383.12	378.97
Liabilities from finance leases	181.32	159.36	166.69	146.36
Total	<u>12,048.78</u>	<u>8,611.83</u>	<u>11,967.65</u>	<u>8,525.33</u>

12. Long-term Loans (Continued)

Long-term Loans

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Loans – Baht currency	36,253.95	43,096.50	35,000.00	42,400.00
Loans – Baht currency – EPPO	67.71	-	67.71	-
Loans – Foreign currencies	27,592.11	27,354.38	18,659.22	18,503.44
Bonds – Baht currency	108,353.00	108,353.00	89,853.00	89,853.00
Bonds – Foreign currencies	32,894.27	33,104.55	32,894.27	33,104.55
Liabilities from finance leases	408.41	478.86	358.40	428.12
Total	205,569.45	212,387.29	176,832.60	184,289.11

As at June 30, 2008, the loans amounting to Baht 41,024.67 million (December 31, 2007: Baht 44,223.44 million) in the separate financial statements were secured by the Ministry of Finance.

On March 14, 2008, the Company signed an agreement to change a certain part of the commitments in accordance with an interest rate swap for loans which the Company drew on November 30, 2006 amounting to USD 100 million at a floating interest rate of LIBOR + 0.265% per annum to a floating interest rate of LIBOR – 0.205% per annum. Parties to the contract have the right to change the interest rate under the contract until maturity to a fixed interest rate of 3.20% per annum.

On June 5, 2008, the Company entered into the participating swap (P-SWAP) agreement with a financial institution for the cancellation of commitments in accordance with a cross currency swap contract to swap JPY currency amounting to JPY 17,250 million for USD currency equivalent to USD 147.71 million which the Company had entered into on April 5, 2006. In canceling the agreement, the Company had to pay compensation to the financial institution that is a party to the contract amounting to USD 10.5 million.

On June 5, 2008 and June 6, 2008, the Company signed an agreement to change a certain part of the commitments in accordance with the participating swap (P-SWAP) which is a cross currency swap contract to swap JPY currency amounting to JPY 23,000 million for USD currency equivalent to USD 196.94 million which has an approximate premium of P-SWAP 1.38% per annum of USD currency principal, to be redeemed on April 7, 2036.

Loans from Energy Policy and Planning Office (EPPO)

On September 15, 2006, the Company entered into a Confirmation Letter of Energy Conservation Fund in accordance with the Working Capital Fund for the NGV Project in order to borrow funds from the Energy Policy and Planning Office (EPPO) at a credit limit of Baht 2,000 million. The Company received the allotted fund in the form of a loan at the actual payment within 24 months after signing date in the confirmation letter. On January 10, 2008, the Company drew the first loan amount of Baht 90 million with a redemption period of five years, and repayable every three months at an amount of Baht 4.56 million each, totalling 20 repayments. The loan bears interest at the fixed rate of 0.50% per annum and payable every three months. The first payment will be start on April 2008, and the last payment will be on January 2013.

12. Long-term Loans (Continued)

During the second quarter of the year 2008, the Company made a loan repayment amounting to Baht 4.56 million which comprised of loan principal of Baht 4.45 million and interest of Baht 0.11 million. Therefore, as at June 30, 2008, the ending balance of loans from EPPO is Baht 85.55 million.

12.1 Loans

Movements of loans in Baht currency and foreign currencies as at June 30, 2008 and December 31, 2007 are as follows:

	Consolidated financial statements			Unit: Million
	Currency			Total equivalent in Baht
	Baht	USD	JPY	
Balance as at December 31, 2007	51,170.00	615.11	23,000.00	78,903.34
- Additions	670.20	4.14	-	803.65
- Repayments	(4,034.20)	(5.54)	-	(4,222.05)
- Gain on exchange rate	-	-	-	296.29
- Current portion	(11,484.34)	(11.38)	-	(11,867.46)
Balance as at June 30, 2008	<u>36,321.66</u>	<u>602.33</u>	<u>23,000.00</u>	<u>63,913.77</u>

	Separate financial statements			Unit: Million
	Currency			Total equivalent in Baht
	Baht	USD	JPY	
Balance as at December 31, 2007	50,400.00	353.81	23,000.00	69,282.41
- Additions	90.00	-	-	90.00
- Repayments	(4,004.45)	(5.54)	-	(4,192.30)
- Gain on exchange rate	-	-	-	347.78
- Current portion	(11,417.84)	(11.38)	-	(11,800.96)
Balance as at June 30, 2008	<u>35,067.71</u>	<u>336.89</u>	<u>23,000.00</u>	<u>53,726.93</u>

12. Long-term Loans (Continued)

12.2 Bonds

Bonds as at June 30, 2008 and December 31, 2007 are as follows:

	Consolidated financial statements				Unit: Million
	June 30, 2008		December 31, 2007		
	Baht	USD	Baht	USD	
Unsecured unsubordinated bonds					
- USD currency	32,894.27	977.29	33,104.55	976.97	
- Baht currency	108,353.00	-	108,353.00	-	
Total	<u>141,247.27</u>	<u>977.29</u>	<u>141,457.55</u>	<u>976.97</u>	

	Separate financial statements				Unit: Million
	June 30, 2008		December 31, 2007		
	Baht	USD	Baht	USD	
Unsecured unsubordinated bonds					
- USD currency	32,894.27	977.29	33,104.55	976.97	
- Baht currency	89,853.00	-	89,853.00	-	
Total	<u>122,747.27</u>	<u>977.29</u>	<u>122,957.55</u>	<u>976.97</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 institutional investors amounting to Baht 4,040 million with a redemption period of ten 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 a financial institution for the 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 the financial institution, party to the contract, amounting to Baht 450 million. Consequently, the Company now has commitments in Baht currency as before.

On June 29, 2007, the Company issued unsecured unsubordinated JPY bonds (Samurai Bonds) for sale to institutional investors amounting to JPY 36,000 million (approximately Baht 10,000 million) with a redemption period of ten years at a fixed interest rate of 2.71% per annum, payable every six months. On the date of issuance of the bonds, 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. In addition, the

12. Long-term Loans (Continued)

12.2 Bonds (Continued)

Company signed an agreement to change a certain part of the commitments in accordance with a cross currency swap contract. The details are as follows:

On September 26, 2007, the Company signed an agreement to change a certain part of the commitments in accordance with a cross currency swap contract to swap USD 96.84 million at a floating interest rate of LIBOR + 0.738% per annum to a floating interest rate of LIBOR + 0.25% per annum. Parties to the contract have the right to change the interest rate under the contract until maturity to a fixed interest rate of 5.58% per annum.

On October 16, 2007, the Company signed an agreement to change a certain part of the commitments in accordance with a cross currency swap contract to swap USD 96.84 million at a floating interest rate of LIBOR + 0.738% per annum to a floating interest rate of LIBOR + 0.20% per annum if LIBOR is higher than 4.25% per annum, and to a fixed interest rate of 5.50% per annum if LIBOR is lower than or equal to 4.25% per annum.

On October 19, 2007, the Company signed an agreement to change a certain part of the commitments in accordance with a cross currency swap contract to swap USD 96.84 million at a floating interest rate of LIBOR + 0.738% per annum to a fixed interest rate of 5.37% per annum. Parties to the contract have the right to change the interest rate under the contract until maturity to a floating interest rate of LIBOR + 0.20% per annum.

On August 24, 2007, the Company entered into a cross currency swap contract for some bonds that it had issued on July 22, 2004 to swap USD bonds for THB bonds with amount of USD 50 million at a fixed interest rate of 5.75% per annum to amount of THB 1,695 million at a fixed interest rate of 5.18% per annum, to be redeemed on August 1, 2014.

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, to be redeemed on March 27, 2018. On September 27, 2005, PTTEP entered into a cross currency swap contract to swap Baht bonds for USD bonds of USD 60.82 million at an interest rate of 3.85% per annum. However, on May 2, 2007, PTTEP entered into a cross currency swap contract to swap the 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 June 15, 2007, PTTEP issued unsecured unsubordinated bonds for sale to general investors amounting to Baht 6,000 million with a redemption period of three years at a fixed interest rate of 3.60 % per annum, to be redeemed on June 15, 2010. On September 4, 2007, PTTEP entered into an interest rate swap contract (IRS) with a financial institution to swap the fixed interest rate of 3.60% per annum to a floating interest rate of the six-month fixed deposit rate plus 0.99% (6MFDR + 0.99%).

12. Long-term Loans (Continued)

12.3 Liabilities from Finance Leases

Liabilities from finance leases as at June 30, 2008 and December 31, 2007 are as follows:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Liabilities from finance leases				
- Not later than 1 year	210.37	193.17	192.67	178.04
- Later than 1 year but not later than 5 years	426.41	507.39	374.14	453.22
Future finance charges on finance leases	(47.05)	(62.34)	(41.72)	(56.78)
Present value of liabilities from finance leases	<u>589.73</u>	<u>638.22</u>	<u>525.09</u>	<u>574.48</u>
Present value of liabilities from finance leases				
- Current liabilities (Not later than 1 year)	181.32	159.36	166.69	146.36
- Non-current liabilities (Later than 1 year but not later than 5 years)	408.41	478.86	358.40	428.12
Total	<u>589.73</u>	<u>638.22</u>	<u>525.09</u>	<u>574.48</u>

13. Provision for Decommissioning Costs

The Group recognized provision for liabilities as at June 30, 2008 and December 31, 2007 for decommissioning costs expected to be incurred in the future amounting to Baht 10,917.49 million and Baht 10,990.90 million, respectively. The provision was estimated based on existing technology and current prices according to the Group's engineers and management's judgment.

14. Share Capital

14.1 Share Capital – Authorized Share Capital

	Par Value (Baht)	The number of authorized share capital (Shares)	The value of authorized share capital (Baht)
As at December 31, 2007	10	2,857,245,725	28,572,457,250
As at June 30, 2008	10	2,857,245,725	28,572,457,250

14.2 Share Capital – Issued and Paid-up Share Capital

	The number of issued and fully paid-up share capital (Shares)	The value of issued and fully paid-up share capital (Baht)	Premium on share capital (Baht)	Total (Baht)
As at December 31, 2007	2,817,388,125	28,173,881,250	21,624,238,766	49,798,120,016
Additions	1,664,700	16,647,000	311,611,200	328,258,200
As at June 30, 2008	<u>2,819,052,825</u>	<u>28,190,528,250</u>	<u>21,935,849,966</u>	<u>50,126,378,216</u>

14. Share Capital (Continued)

14.2 Share Capital – Issued and Paid-up Share Capital (Continued)

The Company 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 1, 2005	183	1 : 1	18.47	21.53	August 31, 2010
September 29, 2006	234	1 : 1	3.34	16.66	September 28, 2011
			21.81	38.19	

15. 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 proportion. 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, 2008 and 2007 are calculated as follows:

Consolidated financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2008	2007	2008	2007
Net income attributable to ordinary shareholders (Baht)	29,884,508,682	26,271,606,511	29,884,508,682	26,271,606,511
Adjustment of net income (Baht)	-	-	(146,323,493)	(61,812,332)
Net income for calculation of earnings per share (Baht)	29,884,508,682	26,271,606,511	29,738,185,189	26,209,794,179
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,818,606,829	2,805,235,254	2,833,318,241	2,813,251,586
Earnings per share (Baht/share)	10.60	9.37	10.50	9.32

15. Earnings per Share (Continued)

Basic earnings per share and diluted earnings per share in the separate financial statements for the three-month periods ended June 30, 2008 and 2007 are calculated as follows:

Separate financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2008	2007	2008	2007
Net income attributable to ordinary shareholders (Baht)	20,213,748,336	18,002,132,631	20,213,748,336	18,002,132,631
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,818,606,829	2,805,235,254	2,833,318,241	2,813,251,586
Earnings per share (Baht/share)	7.17	6.42	7.13	6.40

Basic earnings per share and diluted earnings per share in the consolidated financial statements for the six-month periods ended June 30, 2008 and 2007 are calculated as follows:

Consolidated financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2008	2007	2008	2007
Net income attributable to ordinary shareholders (Baht)	56,017,063,724	48,844,643,062	56,017,063,724	48,844,643,062
Adjustment of net income (Baht)	-	-	(234,805,454)	(66,949,476)
Net income for calculation of earnings per share (Baht)	56,017,063,724	48,844,643,062	55,782,258,270	48,777,693,586
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,818,139,775	2,805,114,391	2,832,763,389	2,810,739,982
Earnings per share (Baht/share)	19.88	17.42	19.69	17.36

Basic earnings per share and diluted earnings per share in the separate financial statements for the six-month periods ended June 30, 2008 and 2007 are calculated as follows:

Separate financial statements

	Basic Earnings per Share		Diluted Earnings per Share	
	2008	2007	2008	2007
Net income attributable to ordinary shareholders (Baht)	37,367,051,175	30,543,419,930	37,367,051,175	30,543,419,930
Weighted average number of ordinary shares for calculation of earnings per share (Shares)	2,818,139,775	2,805,114,391	2,832,763,389	2,810,739,982
Earnings per share (Baht/share)	13.26	10.89	13.19	10.87

15. Earnings per Share (Continued)

Diluted earnings 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) according to Note 14.

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 12, 2008, PTTEP registered for the change in its issued and fully paid-up capital to be 3,298.66 million ordinary shares with a par value of Baht 1 per share, totalling Baht 3,298.66 million.

PTTEP has reserved a total of 62 million ordinary shares for the exercise of warrants under the Employee Stock Ownership Plan (ESOP) for five consecutively years. As at June 30, 2008, the employees had exercised warrants for 38.65 million ordinary shares. Therefore, 23.35 million shares remained. The details are as follows:

<u>Date of issue and offer of warrants</u>	<u>Exercise price (Baht per share)</u>	<u>Exercise right (warrant per ordinary share)</u>	<u>The number of exercised warrants (Million units)</u>	<u>The number of unexercised warrants (Million units)</u>	<u>Last exercise date of warrants</u>
August 1, 2002	22.20	1 : 5	9.78	0.22	July 31, 2007
August 1, 2003	23.40	1 : 5	9.68	0.32	July 31, 2008
August 1, 2004	36.60	1 : 5	10.03	3.97	July 31, 2009
August 1, 2005	55.60	1 : 5	6.47	7.53	July 31, 2010
August 1, 2006	91.20	1 : 5	2.69	11.31	July 31, 2011
			<u>38.65</u>	<u>23.35</u>	

PTTAR

PTTAR issued and offered warrants under the Employee Stock Ownership Plan (ESOP) as follows:

<u>Date of issue and offer of warrants</u>	<u>Exercise price (Baht per share)</u>	<u>Exercise right (warrant per ordinary share)</u>	<u>The number of exercised warrants (Million units)</u>	<u>The number of unexercised warrants (Million units)</u>	<u>Last exercise date of warrants</u>
October 15, 2007	23.22	1 : 1	-	29.97	October 15, 2012

15. Earnings per Share (Continued)

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	6.71	22.29	September 28, 2011

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	143.86	764.01	June 28, 2011
September 28, 2007	2.88	1 : 1	-	38.10	September 27, 2011
			<u>143.86</u>	<u>802.11</u>	

BCP

BCP issued and offered convertible bonds to institutional investors and companies as follows:

Date of issue and offer of convertible bonds	Exercise price (Baht per share)	Exercise right (convertible bond per ordinary share)	The number of exercised convertible bonds (Million units)	The number of unexercised convertible bonds (Million units)	Last exercise date of convertible bonds
January 29, 2004	14.30	1 : 699	127.50	152.10	September 30, 2013
May 16, 2006	14.00	1 : 714	-	41.81	-
			<u>127.50</u>	<u>193.91</u>	

BCP 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
August 25, 2004	5.00	1 : 1	-	24.00	August 24, 2009
May 15, 2006	18.00	1 : 1	0.06	69.03	May 14, 2011
			<u>0.06</u>	<u>93.03</u>	

16. Other Income

Other income for the three-month periods ended June 30, 2008 and 2007 are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Interest income	765.45	974.24	907.25	480.50
Penalty income	44.09	(263.05)	67.57	(269.00)
Transportation income	1,994.55	1,530.16	2,022.79	1,552.28
Dividend income	41.52	100.13	11,357.45	7,706.89
Compensation for loan interest of advance payment for gas purchased	123.98	-	123.98	-
Gain on foreign exchange	-	1,430.58	-	1,078.43
Others	1,393.42	279.45	718.36	427.96
Total	4,363.01	4,051.51	15,197.40	10,977.06

In the consolidated financial statements and the separate financial statement for the three-month period ended June 30, 2008, there was a loss on foreign exchange amounting to million 2,961.71 Baht and million 1,701.67 Baht respectively which was presented as a part of selling and administrative expenses.

Other income for the six-month periods ended June 30, 2008 and 2007 are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Interest income	1,579.35	2,029.25	1,954.20	959.41
Penalty income	75.03	(97.18)	130.77	(102.96)
Transportation income	4,252.15	2,332.68	4,305.34	2,381.55
Dividend income	41.52	291.38	16,675.01	11,441.65
Compensation for loan interest of advance payments for gas purchased	259.68	-	259.68	-
Gain on foreign exchange	1,226.45	3,083.39	1,165.15	1,939.68
Others	2,097.02	1,213.35	1,429.07	1,340.26
Total	9,531.20	8,852.87	25,919.22	17,959.59

Compensation for loan interest of advance payments 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 payments for gas purchased.

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

Share of net income from investments under the equity method for the three-month periods ended June 30, 2008 and 2007 includes share of gain on foreign exchange as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2008	2007
Share of net income before gain on foreign exchange	14,789.58	8,370.17
<u>Add</u> Share of gain on foreign exchange	(1,434.76)	882.59
Total	13,354.82	9,252.76

Share of net income from investments under the equity method for the six-month periods ended June 30, 2008 and 2007 includes share of gain on foreign exchange as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2008	2007
Share of net income before gain on foreign exchange	20,344.09	14,684.73
<u>Add</u> Share of gain on foreign exchange	749.05	1,743.93
Total	21,093.14	16,428.66

18. Segment Information

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

Consolidated financial statements

For the three-month period ended June 30, 2008

	Oil	Exploration, production and natural gas		Petro-chemicals	Others	Unit: Million Baht	
		Natural gas	Petroleum exploration and production			Elimination	Total
Sales - others	503,880.76	70,313.57	4,755.98	10,554.10	-	-	589,504.41
- related parties	480.85	6,583.24	33,042.45	-	-	(40,106.54)	-
Petroleum royalties and remuneration	-	-	(4,838.68)	-	-	-	(4,838.68)
Net sales	504,361.61	76,896.81	32,959.75	10,554.10	-	(40,106.54)	584,665.73
Gross margin	3,071.30	16,004.63	24,419.24	398.84	-	(123.32)	43,770.69
EBITDA	947.10	16,062.74	28,914.83	245.53	(449.53)	(13.89)	45,706.78
Depreciation and amortization	615.19	1,355.13	5,959.66	36.42	78.40	(0.32)	8,044.48
EBIT	331.91	14,707.61	22,955.17	209.11	(527.93)	(13.57)	37,662.30
Share of net income (loss) from investments under the equity method	0.03	49.82	(5.53)	67.94	20,986.69	(7,744.13)	13,354.82
Interest-net							(2,207.20)
Other income							371.61
Loss on foreign exchange							(2,961.71)
Income taxes							(11,716.95)
Net Income							<u>34,502.87</u>
Attributable to:							
Equity holders of the Company							29,884.51
Minority interests							<u>4,618.36</u>
							<u>34,502.87</u>

18. Segment Information (Continued)

Consolidated financial statements

For the three-month period ended June 30, 2007

	Unit: Million Baht						
	Oil	Exploration, production and natural gas		Petro- chemicals	Others	Elimi- nation	Total
		Natural gas	Petroleum exploration and production				
Sales - others	292,716.41	54,216.24	4,677.17	17,592.71	-	-	369,202.53
- related parties	3,239.63	11,782.34	17,800.45	626.62	-	(33,449.04)	-
Petroleum royalties and remuneration	-	-	(2,993.66)	-	-	-	(2,993.66)
Net sales	295,956.04	65,998.58	19,483.96	18,219.33	-	(33,449.04)	366,208.87
Gross margin	3,836.10	13,619.49	13,925.43	4,488.29	-	298.60	36,167.91
EBITDA	2,601.15	13,909.93	16,385.32	4,806.95	(618.21)	(33.63)	37,051.51
Depreciation and amortization	511.58	1,130.78	3,943.50	822.58	82.34	350.89	6,841.67
EBIT	2,089.57	12,779.15	12,441.82	3,984.37	(700.55)	(384.52)	30,209.84
Share of net income (loss) from investments under the equity method	0.06	29.20	(13.23)	52.40	15,921.76	(6,737.43)	9,252.76
Interest-net							(1,435.16)
Other income							(311.65)
Gain on foreign exchange							1,430.58
Income taxes							(8,874.92)
Net Income							<u>30,271.45</u>
Attributable to:							
Equity holders of the Company							26,271.61
Minority interests							<u>3,999.84</u>
							<u>30,271.45</u>

18. Segment Information (Continued)

Consolidated financial statements

For the six-month period ended June 30, 2008

	Oil	Exploration, production and natural gas		Petro-chemicals	Others	Unit: Million Baht	
		Natural gas	Petroleum exploration and production			Elimination	Total
Sales - others	920,513.77	133,953.85	8,981.40	19,400.49	-	-	1,082,849.51
- related parties	981.35	12,676.21	55,987.45	-	-	(69,645.01)	-
Petroleum royalties and remuneration	-	-	(8,293.83)	-	-	-	(8,293.83)
Net sales	921,495.12	146,630.06	56,675.02	19,400.49	-	(69,645.01)	1,074,555.68
Gross margin	7,953.30	29,357.95	41,510.43	892.30	-	(303.70)	79,410.28
EBITDA	4,377.63	29,564.81	48,799.05	582.20	(766.27)	(38.24)	82,519.18
Depreciation and amortization	1,213.28	2,692.94	10,492.51	71.93	157.50	(0.64)	14,627.52
EBIT	3,164.35	26,871.87	38,306.54	510.27	(923.77)	(37.60)	67,891.66
Share of net income (loss) from investments under the equity method	0.08	67.79	(13.50)	132.53	35,283.49	(14,377.25)	21,093.14
Interest-net							(4,092.98)
Other income							552.01
Gain on foreign exchange							1,226.45
Income taxes							(22,806.07)
Net Income							<u>63,864.21</u>
Attributable to:							
Equity holders of the Company							56,017.06
Minority interests							<u>7,847.15</u>
							<u>63,864.21</u>

18. Segment Information (Continued)

Consolidated financial statements

For the six-month period ended June 30, 2007

	Oil	Exploration, production and natural gas		Petro-chemicals	Others	Unit: Million Baht	
		Natural gas	Petroleum exploration and production			Elimination	Total
Sales - others	522,469.24	105,833.39	8,763.36	32,530.88	-	-	669,596.87
- 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	527,071.91	128,175.24	37,361.37	33,164.36	-	(61,849.74)	663,923.14
Gross margin	7,615.63	24,647.02	26,842.14	8,370.89	-	113.40	67,589.08
EBITDA	5,210.72	25,057.88	31,670.56	8,946.18	(916.17)	(42.26)	69,926.91
Depreciation and amortization	997.12	2,184.70	7,530.89	1,619.61	176.45	701.78	13,210.55
EBIT	4,213.60	22,873.18	24,139.67	7,326.57	(1,092.62)	(744.04)	56,716.36
Share of net income (loss) from investments under the equity method	0.11	43.12	(15.57)	42.19	29,688.27	(13,329.46)	16,428.66
Interest-net							(2,908.86)
Other income							352.10
Gain on foreign exchange							3,083.39
Income taxes							(17,257.14)
Net Income							<u>56,414.51</u>
Attributable to:							
Equity holders of the Company							48,844.64
Minority interests							<u>7,569.87</u>
							<u>56,414.51</u>

Pricing among business groups is based on normal market prices except for pricing among groups 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 the operations.

18. 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, 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 petroleum exploration and production companies. Most domestic projects are located in the Gulf of Thailand. Overseas projects cover the Asia Pacific and Middle East regions.

Petrochemical Business

The Group conducts petrochemical business including procurement of feedstock for petrochemical plants, 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 separately reportable segments.

19. Dividend Payment

On April 11, 2008, the annual shareholders' meeting of the Company approved the dividend payments for the year 2007 of Baht 11.50 per share, amounting to Baht 32,384.17 million. On September 28, 2007, the Company paid the interim dividends for the operating results of the first-half of 2007 at Baht 5.00 per share amounting to Baht 14,065.95 million. The remaining dividends of Baht 6.50 per share amounting to Baht 18,318.22 million were paid on April 30, 2008.

20. Reclassification

For comparative purposes, the Group has reclassified certain items in the financial statements for the period ended 2007 to ensure consistency with the presentation in the financial statements for the period ended 2008 and to align with the revised Accounting Standard No. 25 "Cash Flows" which was effective on or after January 1, 2008.

In addition to this, the Group has reclassified certain items in the balance sheet as at December 31, 2007. The details are as follows; reclassification of deferred tax assets amounting to Baht 285.38 million to deferred tax liabilities in the consolidated financial statements and the separate financial statements and reclassification of property, plant and equipment, net amounting to Baht 1,084.32 million to other non-current assets in the consolidated financial statements.

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 third gas offshore and onshore pipeline project, the Sai Noi-South Bangkok Power Plant gas pipeline project, the Songkhla 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 project, the gas distribution pipelines to the Rojana Industrial Park project, Enco combined heat and power plant project, and Bangchak utility 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. Compliance with the judgment of the Supreme Administrative Court

On March 7, 2008, the Company submitted the fourth reports of progress in compliance with the judgment of the Supreme Administrative Court (the Court) by reporting the consideration of the Department of Local Administration, the Ministry of Interior and Finance Office Bangkok on the issue of house and land tax of the natural gas pipeline network system whereby there is no requirement to pay house and land tax in accordance with the House and Land Act B.E. 2475.

On April 24, 2008, the Company and the Treasury Department (with the approval of the Ministry of Finance) entered into the Memorandum for the Separation and Submission of Assets to the Ministry of Finance under the Court's judgment. On April 25, 2008, the Company submitted the fifth report of progress of compliance with the judgment of the Court.

On April 28, 2008, the Company submitted a petition to the Court seeking for another time extension to comply with the Court's judgment of an additional period of 90 days from May 1, 2008. Due to the compliance with the Court's judgment concerning the draft agreement for the use of land which is public domain property separated to the Ministry of Finance that is being reviewed by the Office of Attorney General. In addition, the separated assets are under consideration of the Department of Lands. The Court approved the Company's petition as requested; therefore, the compliance with the judgment of the Court shall be completed on July 30, 2008.

On June 3, 2008, the Ministry of Finance by the Treasury Department and the Company entered into the Agreement for the Use of State Property which were separated and submitted of assets to the Ministry of Finance. The Company has paid compensation for using these assets in its operation. The assets which are allowed to be used in accordance with the agreement are the assets that the Company separated and submitted to the Ministry of Finance under the Court's judgment in accordance with the Memorandum for the Separation and Submission of Assets to the Ministry of Finance under the Court's judgment which was signed on April 24, 2008. On June 5, 2008, the Company submitted the sixth reports on the progress of compliance with the judgment of the Court.

On July 28, 2008, the Company submitted the seventh reports on the progress of compliance with the judgment of the Court together with a petition to the Court seeking another time extension to comply with the Court's judgment of an additional period of 150 days from July 30, 2008. The Court approved the Company's request. Therefore, the compliance with the judgment of the Court shall be completed on December 29, 2008.

23. Commitments and Contingent Liabilities

Significant changes in commitments and contingent liabilities are as follows:

- 23.1 Commitments to subsidiaries, jointly controlled entities and associates:
- 23.1.1 According to a condition with a financial institution, the Company entered into two Shareholder's Commercial Support Arrangements with its associates at credit limits of USD 190 million. The Company has obligations under the arrangements in the form of extended credit for raw materials and/or advance product payments. As at June 30, 2008, the associates had not used the commercial credit line. The remaining commercial credit line was USD 190 million or approximately Baht 6,395.17 million.
- 23.1.2 The Company has an obligation with a subsidiary in a foreign country under a commercial credit agreement in the form of extended credit for raw materials at a credit limit of USD 100 million. As at June 30, 2008, the subsidiary had used USD 99.98 million of the commercial credit. The remaining commercial credit line was USD 0.02 million or approximately Baht 0.67 million.
- 23.1.3 The Company entered into Sponsor Support Agreements with two jointly controlled entities at a credit limit equal to the loan obligations of the two jointly controlled entities to a financial institution. As at June 30, 2008, the Company had a remaining commitment of USD 261.30 million or approximately Baht 8,795.04 million.
- 23.1.4 The Company has provided a loan to a jointly controlled entity at a credit limit of USD 50 million. As at June 30, 2008, the Company had made a payment on this loan totalling USD 37 million. The remaining commitment is USD 13 million or approximately Baht 437.56 million.
- 23.1.5 The Group has provided a loan to its subsidiaries at a credit limit of Baht 41,562.69 million. As at June 30, 2008, the Group had made a payment on this loan totalling Baht 30,317.98 million. The remaining commitment is Baht 11,244.71 million.
- 23.1.6 The Company has an obligation under Shareholder Agreement to pay for ordinary shares in accordance with the portion of equity held. As at June 30, 2008, the Company has the remaining commitment in the consolidated financial statements and the separate financial statement amounting to Baht 12,845.11 million.
- 23.2 As at June 30, 2008, the Group and the Company had contingent liabilities in the form of letters of guarantee amounting to Baht 1,528.65 million in the consolidated financial statements and Baht 140.64 million in the separate financial statements.
- 23.3 The Company is the subject of ten lawsuits which are under the consideration of the Court. The Company may have to pay for compensation of approximately Baht 21.72 million. However, the Company has accounted for these obligations already.
- 23.4 As discussed in Note 22, the Company has commitments to comply with the judgment of the Supreme Administrative Court (the Court). Occasionally, the Company has reported on the progress of its procedures to comply with the judgment as well as submitting related documents to the Office of the Administrative Court. Currently, the compliance procedures are under consideration of the Office of the Administrative Court with respect to the enforcement to comply with the Court's judgment.

24. Subsequent Events

24.1 The Audit Committee of the Company approved these financial statements for public issuance on August 8, 2008.
