



( TRANSLATION )  
**AUDITOR'S REVIEW REPORT**

**TO : THE SHAREHOLDERS OF PTT PUBLIC COMPANY LIMITED**

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and the Company's balance sheets as of September 30, 2006, and the related consolidated and the Company's statements of income for the three-month and nine-month periods ended September 30, 2006 and 2005, changes in shareholders' equity, and cash flows for the nine-month periods ended September 30, 2006 and 2005 of PTT Public Company Limited and its subsidiaries. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to issue a report on these financial statements based on the reviews.

The Office of the Auditor General of Thailand conducted the reviews in accordance with generally accepted auditing standards applicable to review engagements. Those standards require that the Office of the Auditor General of Thailand plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards. Accordingly, the Office of the Auditor General of Thailand does not express an audit opinion.

Based on the reviews, nothing has come to attention that causes the Office of the Auditor General of Thailand to believe that the consolidated and the Company's financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

สำนักงานการตรวจเงินแผ่นดิน  
*Office of the Auditor General*

The Office of the Auditor General of Thailand previously audited the consolidated and the Company's financial statements for the year ended December 31, 2005 of PTT Public Company Limited and its subsidiaries in accordance with generally accepted auditing standards, and expressed an unqualified opinion on those statements in the report dated February 17, 2006. The consolidated and the Company's balance sheets as of December 31, 2005, presented for comparative purposes, are part of the financial statements which the Office of the Auditor General of Thailand has audited and issued a report thereon. The Office of the Auditor General of Thailand has not performed any other auditing procedures subsequent to the date of that report.

*(Signed) Pensri Soranaraks*  
(Pensri Soranaraks)  
Deputy Auditor General

*(Signed) Suchitra Sommanus*  
(Suchitra Sommanus)  
Director of Auditor Office

สำนักงานการตรวจเงินแผ่นดิน  
*Office of the Auditor General*

November 3, 2006

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2006 AND DECEMBER 31, 2005**

Unit : Baht

|   | Notes | Consolidated           |                        | The Company            |                        |
|---|-------|------------------------|------------------------|------------------------|------------------------|
|   |       | September 30, 2006     | December 31, 2005      | September 30, 2006     | December 31, 2005      |
|   |       | (Unaudited Reviewed)   | (Audited)              | (Unaudited Reviewed)   | (Audited)              |
| <b><u>Assets</u></b>  |       |                        |                        |                        |                        |
| <b>Current Assets</b>   |       |                        |                        |                        |                        |
| Cash and cash equivalents   | 2     | 47,045,506,233         | 73,440,815,749         | 7,047,314,692          | 20,884,465,980         |
| Current investments   |       | 420,869,851            | 714,861,036            | 190,869,851            | 95,671,636             |
| Trade accounts and notes receivable - others, net                               | 3     | 86,684,229,076         | 67,518,695,403         | 73,477,631,801         | 55,618,297,002         |
| Trade accounts receivable - related parties, net                                | 4.1   | 45,167,642,861         | 21,798,865,096         | 54,746,193,242         | 40,199,888,113         |
| Other accounts receivable, advances and short-term loans - related parties, net | 4.2   | 3,074,868,593          | 5,186,428,630          | 5,812,563,691          | 17,510,054,024         |
| Inventories   |       | 19,437,601,819         | 23,501,308,669         | 10,235,146,603         | 9,176,116,543          |
| Materials and supplies - net  |       | 6,538,385,447          | 5,532,864,605          | 1,709,626,725          | 1,563,510,309          |
| Other current assets  |       | 22,937,617,508         | 24,320,164,659         | 17,372,921,553         | 18,385,858,758         |
| <b>Total Current Assets</b>   |       | <b>231,306,721,388</b> | <b>222,014,003,847</b> | <b>170,592,268,158</b> | <b>163,433,862,365</b> |
| <b>Non-current Assets</b>   |       |                        |                        |                        |                        |
| Investments accounted for under the equity method                               | 5.2   | 98,869,505,409         | 66,577,148,716         | 204,554,146,711        | 170,591,164,633        |
| Other long-term investments   | 6.2   | 3,063,454,140          | 2,089,316,392          | 1,825,120,000          | 1,799,078,000          |
| Advances and long-term loans - related parties, net                             | 4.3   | 5,807,690,627          | 5,992,867,629          | 6,048,875,709          | 6,019,375,915          |
| Property, plant and equipment, net  | 7     | 312,676,959,842        | 305,378,114,996        | 131,730,225,997        | 109,948,850,665        |
| Intangible assets   | 8     | 20,250,574,063         | 11,528,865,309         | 3,273,991,818          | 3,175,955,018          |
| Deferred tax assets   |       | 1,165,404,660          | 1,898,455,921          | 1,131,553,380          | 1,184,784,823          |
| Advance payment for gas purchased   | 9     | 17,135,311,551         | 19,746,624,624         | 21,311,574,435         | 24,574,666,637         |
| Other non-current assets  |       | 12,046,578,046         | 14,581,259,662         | 10,211,630,444         | 8,487,176,043          |
| <b>Total Non-current Assets</b>   |       | <b>471,015,478,338</b> | <b>427,792,653,249</b> | <b>380,087,118,494</b> | <b>325,781,051,734</b> |
| <b>Total Assets</b>   |       | <b>702,322,199,726</b> | <b>649,806,657,096</b> | <b>550,679,386,652</b> | <b>489,214,914,099</b> |

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

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2006 AND DECEMBER 31, 2005**

Unit : Baht

|  | Notes | Consolidated            |                        | The Company             |                        |
|--|-------|-------------------------|------------------------|-------------------------|------------------------|
|  |       | September 30, 2006      | December 31, 2005      | September 30, 2006      | December 31, 2005      |
|  |       | (Unaudited<br>Reviewed) | (Audited)              | (Unaudited<br>Reviewed) | (Audited)              |
| <b><u>Liabilities and Shareholders' Equity</u></b>               |       |                         |                        |                         |                        |
| <b>Current Liabilities</b>                                       |       |                         |                        |                         |                        |
| Bank overdrafts and short-term loans from financial institutions |       | 3,093,937,021           | 3,546,735,675          | -                       | 998,410,421            |
| Trade accounts payable - others                                  |       | 70,082,130,335          | 49,488,015,557         | 67,600,216,097          | 43,920,826,386         |
| Trade accounts payable - related parties                         | 4.4   | 26,317,971,346          | 18,626,632,656         | 34,126,376,972          | 31,722,141,934         |
| Other accounts payable - related parties                         | 4.5   | 216,410,148             | 334,643,566            | 215,173,455             | 158,136,236            |
| Current portion of long-term loans                               | 10    | 32,692,922,468          | 21,626,740,361         | 14,488,618,224          | 8,484,501,371          |
| Income tax payable   |       | 14,725,699,673          | 20,935,268,286         | 1,757,113,155           | 3,997,999,648          |
| Accrued expenses   |       | 17,461,778,431          | 21,437,007,568         | 4,213,785,129           | 9,084,274,666          |
| Dividend payable   |       | 1,459,317,371           | -                      | -                       | -                      |
| Other current liabilities  |       | 11,449,723,594          | 12,016,282,093         | 5,792,254,523           | 6,570,473,569          |
| <b>Total Current Liabilities</b>                                 |       | <b>177,499,890,387</b>  | <b>148,011,325,762</b> | <b>128,193,537,555</b>  | <b>104,936,764,231</b> |
| <b>Non-current Liabilities</b>                                   |       |                         |                        |                         |                        |
| Other long-term accounts payable - related parties               | 4.6   | -                       | -                      | 279,899,535             | 360,812,624            |
| Long-term loans  | 10    | 174,314,461,023         | 197,983,341,348        | 143,552,049,601         | 146,743,072,536        |
| Allowance for share of net loss over investments                 | 5.2   | -                       | -                      | 732,291,393             | 1,074,727,910          |
| Deferred tax liabilities   |       | 13,031,770,553          | 12,685,241,571         | 152,000,000             | 276,996,795            |
| Provision for decommissioning costs                              | 11    | 6,416,325,235           | 7,019,362,087          | -                       | -                      |
| Deposits on LPG cylinders  |       | 4,234,844,073           | 3,986,404,813          | 4,234,844,073           | 3,986,404,813          |
| Other non-current liabilities                                    |       | 2,180,213,218           | 1,688,048,445          | 1,322,475,637           | 1,019,332,886          |
| <b>Total Non-current Liabilities</b>                             |       | <b>200,177,614,102</b>  | <b>223,362,398,264</b> | <b>150,273,560,239</b>  | <b>153,461,347,564</b> |
| <b>Total Liabilities</b>   |       | <b>377,677,504,489</b>  | <b>371,373,724,026</b> | <b>278,467,097,794</b>  | <b>258,398,111,795</b> |

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

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2006 AND DECEMBER 31, 2005**

Unit : Baht

|   | Notes | Consolidated                               |                                | The Company                                |                                |
|---|-------|--|--------------------------------|--|--------------------------------|
|   |       | September 30, 2006<br>(Unaudited Reviewed) | December 31, 2005<br>(Audited) | September 30, 2006<br>(Unaudited Reviewed) | December 31, 2005<br>(Audited) |
| <b>Liabilities and Shareholders' Equity (Continued)</b>           |       |  |                                |  |                                |
| <b>Shareholders' Equity</b>                                       |       |  |                                |  |                                |
| Share capital   | 12    |  |                                |  |                                |
| Authorized share capital  |       |  |                                |  |                                |
| 2,857,245,725 ordinary shares of Baht 10 each                     |       | 28,572,457,250                             | -                              | 28,572,457,250                             | -                              |
| 2,837,245,725 ordinary shares of Baht 10 each                     |       | -  | 28,372,457,250                 | -  | 28,372,457,250                 |
| Issued and paid-up share capital                                  |       |  |                                |  |                                |
| 2,804,600,425 ordinary shares of Baht 10 each                     |       | 28,046,004,250                             | -                              | 28,046,004,250                             | -                              |
| 2,797,245,725 ordinary shares of Baht 10 each                     |       | -  | 27,972,457,250                 | -  | 27,972,457,250                 |
| Premium on share capital  |       |  |                                |  |                                |
| Premium on ordinary shares  |       | 19,265,193,766                             | 17,992,830,666                 | 19,265,193,766                             | 17,992,830,666                 |
| Surplus on dilution of investments in subsidiaries and associates |       | 2,889,879,655                              | 2,142,400,359                  | 2,889,879,655                              | 2,142,400,359                  |
| Unrealized gain on available-for-sale securities                  |       | 446,146,734                                | 830,990,386                    | 446,146,734                                | 830,990,386                    |
| Currency translation differences                                  |       | (917,396,063)                              | (800,719,785)                  | (917,396,063)                              | (800,719,785)                  |
| Retained earnings   |       |  |                                |  |                                |
| Appropriated  |       |  |                                |  |                                |
| Legal reserve   | 13    | 2,857,245,725                              | 2,850,000,000                  | 2,857,245,725                              | 2,850,000,000                  |
| Reserve for Self-insurance Fund                                   |       | 841,395,380                                | 841,395,380                    | 841,395,380                                | 841,395,380                    |
| Unappropriated  |       | 218,783,819,411                            | 178,987,448,048                | 218,783,819,411                            | 178,987,448,048                |
| Total parent's shareholders' equity                               |       | 272,212,288,858                            | 230,816,802,304                | 272,212,288,858                            | 230,816,802,304                |
| Minority interests  |       | 52,432,406,379                             | 47,616,130,766                 | -  | -                              |
| <b>Total Shareholders' Equity</b>                                 |       | <b>324,644,695,237</b>                     | <b>278,432,933,070</b>         | <b>272,212,288,858</b>                     | <b>230,816,802,304</b>         |
| <b>Total Liabilities and Shareholders' Equity</b>                 |       | <b>702,322,199,726</b>                     | <b>649,806,657,096</b>         | <b>550,679,386,652</b>                     | <b>489,214,914,099</b>         |

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

(Signed) Prasert Bunsumpun  
(Prasert Bunsumpun)  
President

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

**Unaudited  
Reviewed**

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005**

**Unit : Baht**

|   | Notes | Consolidated          |                       | The Company           |                       |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |       | 2006                  | 2005                  | 2006                  | 2005                  |
| Sales and services  |       | 349,801,107,749       | 267,449,215,436       | 331,639,071,673       | 281,919,486,416       |
| Cost of sales and services                                      |       | 313,674,422,240       | 233,823,043,819       | 316,839,965,281       | 267,507,254,224       |
| <b>Gross Margin</b>   |       | <b>36,126,685,509</b> | <b>33,626,171,617</b> | <b>14,799,106,392</b> | <b>14,412,232,192</b> |
| Selling and administrative expenses                             |       | 6,804,692,965         | 5,359,904,186         | 5,190,026,102         | 3,904,246,052         |
| Exploration expenses  |       | 1,529,555,117         | 358,007,684           | -                     | -                     |
| <b>Income from Sales</b>  |       | <b>27,792,437,427</b> | <b>27,908,259,747</b> | <b>9,609,080,290</b>  | <b>10,507,986,140</b> |
| Other income  | 15    | 4,986,960,684         | 2,274,122,350         | 3,795,812,209         | 2,874,096,701         |
| Directors' remuneration   |       | 28,145,899            | 11,806,958            | 10,785,578            | 7,212,644             |
| <b>Income from Operations</b>                                   |       | <b>32,751,252,212</b> | <b>30,170,575,139</b> | <b>13,394,106,921</b> | <b>13,374,870,197</b> |
| Share of net income from investments<br>under the equity method | 16    | 6,856,679,982         | 6,749,032,159         | 14,346,434,040        | 14,795,193,222        |
| <b>Income before Interests and Taxes</b>                        |       | <b>39,607,932,194</b> | <b>36,919,607,298</b> | <b>27,740,540,961</b> | <b>28,170,063,419</b> |
| Interest expenses   |       | 2,076,945,457         | 2,269,416,148         | 1,269,037,372         | 1,709,368,632         |
| Income taxes  |       | 8,345,529,918         | 8,122,043,876         | 2,151,298,852         | 2,438,763,652         |
| <b>Income after Taxes</b>                                       |       | <b>29,185,456,819</b> | <b>26,528,147,274</b> | <b>24,320,204,737</b> | <b>24,021,931,135</b> |
| Income of minority interests                                    |       | 4,865,252,082         | 2,506,216,139         | -                     | -                     |
| <b>Net Income</b>   |       | <b>24,320,204,737</b> | <b>24,021,931,135</b> | <b>24,320,204,737</b> | <b>24,021,931,135</b> |
| <b>Basic earnings per share</b>                                 | 14    |                       |                       |                       |                       |
| Net income  |       | 8.69                  | 8.59                  | 8.69                  | 8.59                  |
| <b>Diluted earnings per share</b>                               | 14    |                       |                       |                       |                       |
| Net income  |       | 8.66                  | 8.58                  | 8.66                  | 8.58                  |

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

**Unaudited  
Reviewed**

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005**

**Unit : Baht**

|   | Notes | Consolidated           |                       | The Company           |                       |
|---|-------|------------------------|-----------------------|-----------------------|-----------------------|
|   |       | 2006                   | 2005                  | 2006                  | 2005                  |
| Sales and services  |       | 933,422,814,785        | 681,939,473,019       | 924,799,662,344       | 720,699,843,505       |
| Cost of sales and services                                      |       | 824,395,968,609        | 594,472,497,427       | 883,279,790,733       | 680,675,282,274       |
| <b>Gross Margin</b>   |       | <b>109,026,846,176</b> | <b>87,466,975,592</b> | <b>41,519,871,611</b> | <b>40,024,561,231</b> |
| Selling and administrative expenses                             |       | 19,460,828,517         | 15,970,887,015        | 14,610,172,058        | 11,499,885,949        |
| Exploration expenses  |       | 2,521,440,601          | 830,753,912           | -                     | -                     |
| <b>Income from Sales</b>  |       | <b>87,044,577,058</b>  | <b>70,665,334,665</b> | <b>26,909,699,553</b> | <b>28,524,675,282</b> |
| Gain on disposal of investments                                 | 20    | 7,130,480,089          | -                     | 7,130,480,089         | -                     |
| Other income  | 15    | 17,360,818,540         | 6,418,708,999         | 12,563,808,735        | 8,846,710,696         |
| Directors' remuneration   |       | 92,560,252             | 34,185,839            | 30,705,664            | 21,401,257            |
| <b>Income from Operations</b>                                   |       | <b>111,443,315,435</b> | <b>77,049,857,825</b> | <b>46,573,282,713</b> | <b>37,349,984,721</b> |
| Share of net income from investments<br>under the equity method | 16    | 17,771,111,930         | 17,023,660,317        | 44,474,053,851        | 42,949,775,575        |
| <b>Income before Interests and Taxes</b>                        |       | <b>129,214,427,365</b> | <b>94,073,518,142</b> | <b>91,047,336,564</b> | <b>80,299,760,296</b> |
| Interest expenses   |       | 8,041,242,292          | 6,585,803,791         | 5,083,731,326         | 5,146,203,921         |
| Income taxes  |       | 27,174,636,268         | 18,621,507,030        | 6,262,463,069         | 6,781,045,098         |
| <b>Income after Taxes</b>                                       |       | <b>93,998,548,805</b>  | <b>68,866,207,321</b> | <b>79,701,142,169</b> | <b>68,372,511,277</b> |
| Income of minority interests                                    |       | 14,297,406,636         | 5,910,492,586         | -                     | -                     |
| <b>Income from Ordinary Activities</b>                          |       | <b>79,701,142,169</b>  | <b>62,955,714,735</b> | <b>79,701,142,169</b> | <b>68,372,511,277</b> |
| Extraordinary items   |       | -                      | 5,416,796,542         | -                     | -                     |
| <b>Net Income</b>   |       | <b>79,701,142,169</b>  | <b>68,372,511,277</b> | <b>79,701,142,169</b> | <b>68,372,511,277</b> |
| <b>Basic earnings per share</b>                                 | 14    |                        |                       |                       |                       |
| Income before extraordinary items                               |       | 28.48                  | 22.50                 | 28.48                 | 24.44                 |
| Extraordinary items   |       | -                      | 1.94                  | -                     | -                     |
| Net income  |       | 28.48                  | 24.44                 | 28.48                 | 24.44                 |
| <b>Diluted earnings per share</b>                               | 14    |                        |                       |                       |                       |
| Income before extraordinary items                               |       | 28.37                  | 22.48                 | 28.37                 | 24.42                 |
| Extraordinary items   |       | -                      | 1.94                  | -                     | -                     |
| Net income  |       | 28.37                  | 24.42                 | 28.37                 | 24.42                 |

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

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005  
CONSOLIDATED**

Unit : Baht

| Notes  | Issued and paid-up<br>share capital | Premium on<br>share capital | Surplus on<br>dilution of<br>investments | Unrealized gain(loss)<br>on available-for-sale<br>securities | Currency<br>translation<br>differences | Retained earnings    |                                       |                        | Minority<br>interests | Total                  |
|--|-------------------------------------|-----------------------------|--|--|--|----------------------|---------------------------------------|------------------------|-----------------------|------------------------|
|  |                                     |                             |  |  |  | Legal<br>reserve     | Reserve for<br>Self-insurance<br>Fund | Unappropriated         |                       |                        |
| <b>Balance as of January 1, 2005</b>                                 | <b>27,972,457,250</b>               | <b>17,992,830,666</b>       | <b>2,089,284,252</b>                     | <b>1,046,367,181</b>   | <b>(765,711,742)</b>                   | <b>2,850,000,000</b> | <b>811,830,329</b>                    | <b>112,377,129,041</b> | <b>20,540,776,184</b> | <b>184,914,963,161</b> |
| Currency translation differences                                     | -                                   | -                           | -  | -  | 96,668,887                             | -                    | -                                     | -                      | -                     | 96,668,887             |
| Unrealized gain on available-for-sale securities                     | -                                   | -                           | -  | 100,412,000  | -                                      | -                    | -                                     | -                      | -                     | 100,412,000            |
| Minority interests   | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | -                      | 2,801,667,949         | 2,801,667,949          |
| Surplus on dilution of investments in subsidiaries<br>and associates | -                                   | -                           | 47,344,420                               | -  | -                                      | -                    | -                                     | -                      | -                     | 47,344,420             |
| Dividend paid  | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | (18,881,408,644)       | -                     | (18,881,408,644)       |
| Net income   | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | 68,372,511,277         | -                     | 68,372,511,277         |
| <b>Balance as of September 30, 2005</b>                              | <b>27,972,457,250</b>               | <b>17,992,830,666</b>       | <b>2,136,628,672</b>                     | <b>1,146,779,181</b>   | <b>(669,042,855)</b>                   | <b>2,850,000,000</b> | <b>811,830,329</b>                    | <b>161,868,231,674</b> | <b>23,342,444,133</b> | <b>237,452,159,050</b> |
| <b>Balance as of January 1, 2006</b>                                 | <b>27,972,457,250</b>               | <b>17,992,830,666</b>       | <b>2,142,400,359</b>                     | <b>830,990,386</b>   | <b>(800,719,785)</b>                   | <b>2,850,000,000</b> | <b>841,395,380</b>                    | <b>178,987,448,048</b> | <b>47,616,130,766</b> | <b>278,432,933,070</b> |
| Issued and paid-up share capital                                     | 73,547,000                          | -                           | -  | -  | -                                      | -                    | -                                     | -                      | -                     | 73,547,000             |
| Premium on share capital   | -                                   | 1,272,363,100               | -  | -  | -                                      | -                    | -                                     | -                      | -                     | 1,272,363,100          |
| Currency translation differences                                     | -                                   | -                           | -  | -  | (116,676,278)                          | -                    | -                                     | -                      | -                     | (116,676,278)          |
| Unrealized loss on available-for-sale securities                     | -                                   | -                           | -  | (384,843,652)  | -                                      | -                    | -                                     | -                      | -                     | (384,843,652)          |
| Minority interests   | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | -                      | 4,816,275,613         | 4,816,275,613          |
| Surplus on dilution of investments in subsidiaries<br>and associates | 5.4                                 | -                           | 747,479,296                              | -  | -                                      | -                    | -                                     | -                      | -                     | 747,479,296            |
| Legal reserve  | 13                                  | -                           | -  | -  | -                                      | 7,245,725            | -                                     | (7,245,725)            | -                     | -                      |
| Dividend paid  | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | (39,897,525,081)       | -                     | (39,897,525,081)       |
| Net income   | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | 79,701,142,169         | -                     | 79,701,142,169         |
| <b>Balance as of September 30, 2006</b>                              | <b>28,046,004,250</b>               | <b>19,265,193,766</b>       | <b>2,889,879,655</b>                     | <b>446,146,734</b>   | <b>(917,396,063)</b>                   | <b>2,857,245,725</b> | <b>841,395,380</b>                    | <b>218,783,819,411</b> | <b>52,432,406,379</b> | <b>324,644,695,237</b> |

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



**Unaudited  
Reviewed**

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005**  
**THE COMPANY**

Unit : Baht

| Notes  | Issued and paid-up<br>share capital | Premium on<br>share capital | Surplus on<br>dilution of<br>investments | Unrealized gain(loss)<br>on available-for-sale<br>securities | Currency<br>translation<br>differences | Retained earnings    |                                       |                        | Total                  |
|--|-------------------------------------|-----------------------------|--|--|--|----------------------|---------------------------------------|------------------------|------------------------|
|  |                                     |                             |  |  |  | Legal<br>reserve     | Reserve for<br>Self-insurance<br>Fund | Unappropriated         |                        |
| <b>Balance as of January 1, 2005</b>                                 | <b>27,972,457,250</b>               | <b>17,992,830,666</b>       | <b>2,089,284,252</b>                     | <b>1,046,367,181</b>   | <b>(765,711,742)</b>                   | <b>2,850,000,000</b> | <b>811,830,329</b>                    | <b>112,377,129,041</b> | <b>164,374,186,977</b> |
| Currency translation differences                                     | -                                   | -                           | -  | -  | 96,668,887                             | -                    | -                                     | -                      | 96,668,887             |
| Unrealized gain on available-for-sale securities                     | -                                   | -                           | -  | 100,412,000  | -                                      | -                    | -                                     | -                      | 100,412,000            |
| Surplus on dilution of investments in subsidiaries<br>and associates | -                                   | -                           | 47,344,420                               | -  | -                                      | -                    | -                                     | -                      | 47,344,420             |
| Dividend paid  | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | (18,881,408,644)       | (18,881,408,644)       |
| Net income   | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | 68,372,511,277         | 68,372,511,277         |
| <b>Balance as of September 30, 2005</b>                              | <b>27,972,457,250</b>               | <b>17,992,830,666</b>       | <b>2,136,628,672</b>                     | <b>1,146,779,181</b>   | <b>(669,042,855)</b>                   | <b>2,850,000,000</b> | <b>811,830,329</b>                    | <b>161,868,231,674</b> | <b>214,109,714,917</b> |
| <b>Balance as of January 1, 2006</b>                                 | <b>27,972,457,250</b>               | <b>17,992,830,666</b>       | <b>2,142,400,359</b>                     | <b>830,990,386</b>   | <b>(800,719,785)</b>                   | <b>2,850,000,000</b> | <b>841,395,380</b>                    | <b>178,987,448,048</b> | <b>230,816,802,304</b> |
| Issued and paid-up share capital                                     | 73,547,000                          | -                           | -  | -  | -                                      | -                    | -                                     | -                      | 73,547,000             |
| Premium on share capital   | -                                   | 1,272,363,100               | -  | -  | -                                      | -                    | -                                     | -                      | 1,272,363,100          |
| Currency translation differences                                     | -                                   | -                           | -  | -  | (116,676,278)                          | -                    | -                                     | -                      | (116,676,278)          |
| Unrealized loss on available-for-sale securities                     | -                                   | -                           | -  | (384,843,652)  | -                                      | -                    | -                                     | -                      | (384,843,652)          |
| Surplus on dilution of investments in subsidiaries<br>and associates | 5.4                                 | -                           | 747,479,296                              | -  | -                                      | -                    | -                                     | -                      | 747,479,296            |
| Legal reserve  | 13                                  | -                           | -  | -  | -                                      | 7,245,725            | -                                     | (7,245,725)            | -                      |
| Dividend paid  | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | (39,897,525,081)       | (39,897,525,081)       |
| Net income   | -                                   | -                           | -  | -  | -                                      | -                    | -                                     | 79,701,142,169         | 79,701,142,169         |
| <b>Balance as of September 30, 2006</b>                              | <b>28,046,004,250</b>               | <b>19,265,193,766</b>       | <b>2,889,879,655</b>                     | <b>446,146,734</b>   | <b>(917,396,063)</b>                   | <b>2,857,245,725</b> | <b>841,395,380</b>                    | <b>218,783,819,411</b> | <b>272,212,288,858</b> |

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

PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**Unaudited  
Reviewed**

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

Unit : Baht

|  | Consolidated |                       | The Company           |                       |                       |
|--|--------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | Notes        | 2006                  | 2005                  | 2006                  | 2005                  |
| <b>Cash Flows from Operating Activities</b>  |              |                       |                       |                       |                       |
| Net income   |              | 79,701,142,169        | 68,372,511,277        | 79,701,142,169        | 68,372,511,277        |
| Adjustment of net income to net cash provided by<br>(used in) operating activities :       |              |                       |                       |                       |                       |
| Depreciation, depletion and amortization   |              | 20,545,582,113        | 12,514,721,455        | 4,994,215,994         | 4,935,265,179         |
| Reversal of impairment loss of assets  |              | (4,337,883)           | (43,763,572)          | (4,337,883)           | -                     |
| Impairment loss of assets  |              | -                     | 15,366,378            | -                     | 15,366,378            |
| (Gain) loss on disposal of assets  |              | 28,257,513            | (28,705,633)          | (35,907,341)          | (20,860,868)          |
| (Gain) loss on disposal of investments   |              | (7,130,480,088)       | 577,873,705           | (7,130,480,088)       | -                     |
| Write-off fixed assets adjustment  |              | 6,591,000             | (6,209,093)           | 6,009,381             | (6,209,093)           |
| Share of net income from investments<br>under the equity method                            |              | (17,771,111,930)      | (17,023,660,317)      | (44,474,053,851)      | (42,949,775,575)      |
| Income of minority interests   |              | 14,297,406,634        | 5,910,492,586         | -                     | -                     |
| (Gain) loss on foreign exchange  |              | (7,869,452,530)       | 1,985,381,806         | (3,611,776,259)       | 406,241,431           |
| Unrealized gain on changes in value of investments   |              | (2,102,695)           | -                     | -                     | -                     |
| Doubtful accounts  |              | 28,577,455            | (133,211,384)         | 9,788,027             | (133,842,329)         |
| Amortization of exploration costs  |              | 1,168,049,314         | 198,495,138           | -                     | -                     |
| Amortization of bond issue expenses  |              | 7,181,641             | 7,181,641             | -                     | -                     |
| Amortization of bond discounts   |              | 42,604,539            | 3,653,118             | 21,122,220            | 2,821,481             |
| Deferred income taxes  |              | 651,735,946           | 1,802,676,485         | 53,231,443            | 500,837,237           |
| Amortization of deferred interest from finance leases                                      |              | 22,689,686            | 4,464,698             | 13,024,539            | 4,464,698             |
| Provision for net realizable value   |              | (36,877,569)          | 5,312,455             | (33,583,761)          | 5,312,455             |
| Dividends received   |              | (65,100,000)          | (40,300,000)          | (65,100,000)          | (40,300,000)          |
| Allowance for loss on lawsuits   |              | 205,500,000           | -                     | 205,500,000           | -                     |
| Extraordinary items  |              | -                     | (7,738,280,775)       | -                     | -                     |
| Others   |              | -                     | 8,681,779             | -                     | -                     |
| Net income from operating activities before<br>changes in operating assets and liabilities |              | <u>83,825,855,315</u> | <u>66,392,681,747</u> | <u>29,648,794,590</u> | <u>31,091,832,271</u> |

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

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005**

**Unaudited**  
**Reviewed**

Unit : Baht

|  | Consolidated |                  | The Company      |                  |                  |
|--|--------------|------------------|------------------|------------------|------------------|
|  | Notes        | 2006             | 2005             | 2006             | 2005             |
| Changes in operating assets (increase) decrease                            |              |                  |                  |                  |                  |
| Trade accounts and notes receivable - others                               |              | (18,366,530,216) | (17,697,169,024) | (17,899,841,990) | (13,570,614,609) |
| Trade accounts receivable - related parties                                |              | (35,254,127,272) | (17,277,953,874) | (14,890,162,361) | (29,956,464,553) |
| Other accounts receivable, advances and short-term loans - related parties |              | 2,778,878,060    | 38,931,040       | 639,229,397      | 482,705,706      |
| Inventories  |              | (4,865,718,053)  | (14,100,344,566) | (1,034,305,032)  | (6,181,832,365)  |
| Materials and supplies   |              | (1,028,089,711)  | (1,422,469,855)  | (65,358,534)     | (383,802,277)    |
| Other current assets   |              | 299,044,860      | (2,625,353,451)  | 1,216,829,219    | (3,927,264,171)  |
| Advance payment for gas purchased  |              | 2,611,313,073    | 2,531,857,669    | 3,263,092,202    | 3,095,503,465    |
| Long-term advances - related parties                                       |              | -                | 323,204          | -                | 323,204          |
| Other non-current assets   |              | (1,964,954,218)  | (6,099,537,034)  | (1,724,525,808)  | (4,301,531,864)  |
| Changes in operating liabilities increase (decrease)                       |              |                  |                  |                  |                  |
| Trade accounts payable - others  |              | 20,905,661,712   | 29,933,147,958   | 23,750,776,751   | 28,102,626,821   |
| Trade accounts payable - related parties                                   |              | 21,991,886,887   | 10,314,710,073   | 2,411,532,637    | 13,546,829,164   |
| Other accounts payable - related parties                                   |              | (2,073,616,901)  | (146,751,073)    | 56,339,348       | 6,733,895        |
| Income tax payable   |              | (4,571,362,123)  | 2,427,622,474    | (2,240,886,493)  | (403,992,102)    |
| Accrued expenses   |              | 553,136,475      | 6,313,540,533    | (742,728,744)    | (274,142,972)    |
| Other current liabilities  |              | (1,622,829,569)  | 1,335,593,075    | (1,007,171,266)  | 1,439,081,941    |
| Deposits on LPG cylinders  |              | 248,439,260      | 170,090,956      | 248,439,260      | 170,090,956      |
| Other long-term accounts payable - related parties                         |              | -                | -                | (80,913,090)     | 359,310,335      |
| Other non-current liabilities  |              | 445,510,375      | (1,436,787,051)  | 89,602,886       | (1,431,744,782)  |
|  |              | (19,913,357,361) | (7,740,548,946)  | (8,010,051,618)  | (13,228,184,208) |
| Net cash provided by operating activities                                  |              | 63,912,497,954   | 58,652,132,801   | 21,638,742,972   | 17,863,648,063   |

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

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005**

**Unaudited**  
**Reviewed**

Unit : Baht

|   | Consolidated |                         | The Company            |                        |                        |
|---|--------------|-------------------------|------------------------|------------------------|------------------------|
|   | Notes        | 2006                    | 2005                   | 2006                   | 2005                   |
| <b>Cash Flows from Investing Activities</b>                         |              |                         |                        |                        |                        |
| Proceeds from disposal of property, plant and equipment             |              | 68,245,640              | 13,904,175             | 65,314,989             | 9,323,672              |
| Payment for property, plant and equipment                           |              | (66,494,022,046)        | (66,045,530,046)       | (30,473,085,845)       | (27,122,354,627)       |
| Payment for intangible assets                                       |              | (813,113,076)           | (415,219,610)          | (231,177,622)          | (268,276,939)          |
| Long-term loans to related parties                                  |              | -                       | (128,284,895)          | (215,000,000)          | (128,284,895)          |
| Short-term loans to others  |              | (103,422,841)           | -                      | -                      | -                      |
| Short-term loans to related parties                                 |              | -                       | (3,212,559,000)        | (208,203,875)          | (47,467,809,000)       |
| Payment for investments in subsidiaries                             |              | (523,331,334)           | (1,002,451,236)        | (2,283,081,334)        | (1,984,451,236)        |
| Payment for investments in joint ventures                           |              | (6,181,759,750)         | -                      | (10,016,337,776)       | (148,995,000)          |
| Payment for investments in associates                               |              | (4,765,893,322)         | (2,897,938,729)        | (4,539,371,457)        | (2,887,938,729)        |
| Payment for investments in other related companies                  |              | (346,198,691)           | -                      | (45,750,000)           | -                      |
| Cash received from disposal of long-term investments                |              | 13,751,395,111          | 8,909,861,560          | 15,450,638,325         | 784,050                |
| Cash received from repayment of long-term loans to related parties  |              | 185,177,003             | -                      | 185,177,003            | -                      |
| Cash received from repayment of short-term loans                    |              | -                       | 599,901,700            | -                      | 599,901,700            |
| Cash received from repayment of short-term loans to related parties |              | 3,081,990,329           | 60,100,000             | 15,082,240,329         | 18,015,001,700         |
| Cash received from cancellation of leasehold in gas stations        |              | 6,956,187               | 26,819,681             | 6,956,187              | 26,819,681             |
| Current investments (increase) decrease                             |              | 303,280,310             | 51,626,969,495         | (88,011,784)           | 46,525,418,233         |
| Dividends received  |              | 4,847,115,031           | 5,530,350,889          | 15,070,557,961         | 12,075,685,689         |
| Net cash used in investing activities                               |              | <u>(56,983,581,449)</u> | <u>(6,934,076,016)</u> | <u>(2,239,134,899)</u> | <u>(2,755,175,701)</u> |

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

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005**

**Unaudited  
Reviewed**

Unit : Baht

|   | <u>Notes</u> | <u>Consolidated</u>          |                              | <u>The Company</u>          |                              |
|---|--------------|------------------------------|------------------------------|-----------------------------|------------------------------|
|   |              | <u>2006</u>                  | <u>2005</u>                  | <u>2006</u>                 | <u>2005</u>                  |
| <b>Cash Flows from Financing Activities</b>                                     |              |                              |                              |                             |                              |
| Cash received from the issue of ordinary shares                                 |              | 1,354,817,320                | 780,260,900                  | 73,547,000                  | -                            |
| Cash received from premium on share capital                                     |              | 1,272,363,100                | -                            | 1,272,363,100               | -                            |
| Proceeds from long-term loans   |              | 22,119,187,300               | 12,993,692,025               | 7,575,608,600               | 8,158,000,000                |
| Cash received from the issue of bonds   |              | 4,000,000,000                | 14,183,580,318               | 4,000,000,000               | 14,183,580,318               |
| Cash received from short-term loans   |              | 404,087,550                  | -                            | -                           | -                            |
| Cash received from the issue of notes payable                                   |              | -                            | 8,211,000,000                | -                           | 8,211,000,000                |
| Repayment of long-term loans  |              | (9,529,496,458)              | (45,176,731,805)             | (3,199,020,104)             | (203,086,094)                |
| Repayment of notes payable  |              | (1,000,000,000)              | (8,211,000,000)              | (1,000,000,000)             | (8,211,000,000)              |
| Redemption of debentures  |              | (3,757,142,601)              | -                            | -                           | -                            |
| Redemption of government bonds  |              | (2,000,000,000)              | (2,600,000,000)              | (2,000,000,000)             | (2,600,000,000)              |
| Repayment of short-term loans   |              | -                            | (12,470,855,218)             | -                           | (11,602,418,968)             |
| Repayment for liabilities from finance leases                                   |              | (98,771,547)                 | (25,955,427)                 | (60,895,785)                | (25,816,677)                 |
| Increase in bank overdrafts and short-term loans<br>from financial institutions |              | 993,453,087                  | 1,785,278,027                | -                           | -                            |
| Dividends paid  |              | (46,815,710,478)             | (22,300,856,564)             | (39,897,525,081)            | (18,881,408,644)             |
| Net cash used in financing activities   |              | <u>(33,057,212,727)</u>      | <u>(52,831,587,744)</u>      | <u>(33,235,922,270)</u>     | <u>(10,971,150,065)</u>      |
| Effects of exchange rates on cash and cash equivalents                          |              | <u>(380,883,409)</u>         | <u>(450,095,721)</u>         | <u>(837,091)</u>            | <u>(656,311)</u>             |
| Currency translation differences  |              | <u>113,870,115</u>           | <u>(100,405,691)</u>         | <u>-</u>                    | <u>-</u>                     |
| Net increase (decrease) in cash and cash equivalents                            |              | (26,395,309,516)             | (1,664,032,371)              | (13,837,151,288)            | 4,136,665,986                |
| Cash and cash equivalents at beginning of periods                               |              | <u>73,440,815,749</u>        | <u>51,237,268,293</u>        | <u>20,884,465,980</u>       | <u>12,621,621,594</u>        |
| <b>Cash and cash equivalents at end of periods</b>                              | <b>2</b>     | <b><u>47,045,506,233</u></b> | <b><u>49,573,235,922</u></b> | <b><u>7,047,314,692</u></b> | <b><u>16,758,287,580</u></b> |

**Supplemental disclosures of cash flow information**

**Cash paid during the periods for**

|                   |                |                |               |               |
|-------------------|----------------|----------------|---------------|---------------|
| Interest expenses | 8,010,919,165  | 8,168,627,402  | 5,691,134,310 | 5,771,194,773 |
| Income taxes      | 29,159,001,173 | 20,248,394,952 | 7,734,934,722 | 6,090,209,436 |

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

**AUDITOR'S REVIEW REPORT AND INTERIM FINANCIAL STATEMENTS**  
**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006**

**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006**

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**PTT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2006**  
**(UNAUDITED, REVIEWED)**  
**AND FOR THE YEAR ENDED DECEMBER 31, 2005 (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 changes in explanatory notes.

1.3 Basis of Preparation

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

The consolidated and the Company’s interim financial statements have been prepared under the same basis as the consolidated and the Company’s financial statements for the year ended December 31, 2005. There were changes in the structures of investments in subsidiaries, associates and joint ventures during the period, as stated in Note 5.

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, 2005 which were prepared in accordance with generally accepted accounting principles.



## 2. Cash and Cash Equivalents

Cash and cash equivalents as of September 30, 2006 and December 31, 2005 are as follows :

Unit : Million Baht

|                                  | Consolidated          |                      | The Company           |                      |
|----------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                  | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Cash on hand                     | 544.69                | 509.21               | 224.84                | 229.68               |
| Deposits held at call with banks | 27,323.54             | 25,978.08            | 1,944.62              | 4,798.32             |
| Fixed deposits                   | 9,163.45              | 11,976.80            | 2,000.00              | 6,500.00             |
| Treasury bills                   | 4,160.32              | 19,577.43            | 2,270.74              | 113.57               |
| Promissory notes                 | 5,853.51              | 6,887.39             | 607.11                | 730.99               |
| Bank of Thailand bonds           | -                     | 8,511.91             | -                     | 8,511.91             |
| <b>Total</b>                     | <b>47,045.51</b>      | <b>73,440.82</b>     | <b>7,047.31</b>       | <b>20,884.47</b>     |

Cash and cash equivalents as of September 30, 2006 mainly bear interest rates ranging from 0.10%-5.19% per annum (December 31, 2005: the interest rates range from 0.25%-5.75% per annum).

## 3. Trade Accounts and Notes Receivable – Others, Net

Trade accounts and notes receivable – others as of September 30, 2006 and December 31, 2005 are as follows :

Unit : Million Baht

|  | Consolidated          |                      | The Company           |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Trade accounts receivable                                    | 86,545.53             | 66,694.60            | 72,490.12             | 53,921.88            |
| Notes receivable   | 2,549.33              | 3,206.47             | 2,549.33              | 3,206.47             |
| <b>Total</b>   | <b>89,094.86</b>      | <b>69,901.07</b>     | <b>75,039.45</b>      | <b>57,128.35</b>     |
| <u>Less</u> Allowance for doubtful<br>accounts               | 2,410.63              | 2,382.37             | 1,561.82              | 1,510.05             |
| <b>Trade accounts and notes<br/>receivable – others, net</b> | <b>86,684.23</b>      | <b>67,518.70</b>     | <b>73,477.63</b>      | <b>55,618.30</b>     |

### 3. Trade Accounts and Notes Receivable – Others, Net (Continued)

Aged trade accounts and notes receivable – others as of September 30, 2006 and December 31, 2005 can be analyzed as follows :

|  | Unit : Million Baht   |                      |                       |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | Consolidated          |                      | The Company           |                      |
|  | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Current  | 74,294.68             | 57,732.30            | 62,109.23             | 46,451.30            |
| Overdue  |                       |                      |                       |                      |
| - Up to 3 months                                     | 2,489.98              | 2,534.70             | 1,859.15              | 2,079.64             |
| - Over 3 – 6 months                                  | 1,463.95              | 1,444.45             | 1,234.17              | 1,380.87             |
| - Over 6 – 12 months                                 | 2,209.69              | 1,519.06             | 2,089.33              | 1,476.47             |
| - Over 12 months                                     | 8,636.56              | 6,670.56             | 7,747.57              | 5,740.07             |
| Total  | 89,094.86             | 69,901.07            | 75,039.45             | 57,128.35            |
| <u>Less</u> Allowance for doubtful<br>accounts       | 2,410.63              | 2,382.37             | 1,561.82              | 1,510.05             |
| Trade accounts and notes<br>receivable - others, net | <u>86,684.23</u>      | <u>67,518.70</u>     | <u>73,477.63</u>      | <u>55,618.30</u>     |

Trade accounts and notes receivable – others, net as of September 30, 2006 include receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 28,839.64 million (December 31, 2005: Baht 19,046.78 million), and in the Company's financial statements amounting to Baht 28,707.79 million (December 31, 2005: Baht 18,881.51 million).

### 4. Related Party Transactions

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

#### 4.1 Trade accounts receivable – related parties as of September 30, 2006 and December 31, 2005

|  | Unit : Million Baht   |                      |                       |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | Consolidated          |                      | The Company           |                      |
|  | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Subsidiaries                                   | -                     | -                    | 10,929.76             | 20,077.16            |
| Associates                                     | 45,001.65             | 19,822.83            | 43,589.13             | 18,154.13            |
| Other related parties                          | 422.91                | 2,244.18             | 422.91                | 2,244.18             |
| Joint ventures                                 | -                     | -                    | 68.48                 | 0.84                 |
|  | 45,424.56             | 22,067.01            | 55,010.28             | 40,476.31            |
| <u>Less</u> Allowance for<br>doubtful accounts | 256.92                | 268.14               | 264.09                | 276.42               |
| Total  | <u>45,167.64</u>      | <u>21,798.87</u>     | <u>54,746.19</u>      | <u>40,199.89</u>     |

#### 4. Related Party Transactions (Continued)

##### 4.1 Trade accounts receivable – related parties (Continued)

Aged trade accounts receivable – related parties as of September 30, 2006 and December 31, 2005 can be analyzed as follows :

|  | Unit : Million Baht   |                      |                       |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | Consolidated          |                      | The Company           |                      |
|  | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Current  | 45,060.90             | 21,899.84            | 49,950.59             | 35,492.97            |
| Overdue  |                       |                      |                       |                      |
| - Up to 3 months                               | 48.00                 | -                    | 59.28                 | 231.32               |
| - Over 3 – 6 months                            | 246.80                | 99.45                | 1,149.69              | 709.47               |
| - Over 6 – 12 months                           | 67.55                 | 58.26                | 1,155.82              | 60.37                |
| - Over 12 months                               | 1.31                  | 9.46                 | 2,694.90              | 3,982.18             |
|  | <u>45,424.56</u>      | <u>22,067.01</u>     | <u>55,010.28</u>      | <u>40,476.31</u>     |
| <u>Less Allowance for</u><br>doubtful accounts | <u>256.92</u>         | <u>268.14</u>        | <u>264.09</u>         | <u>276.42</u>        |
| Total  | <u>45,167.64</u>      | <u>21,798.87</u>     | <u>54,746.19</u>      | <u>40,199.89</u>     |

#### 4. Related Party Transactions (Continued)

##### 4.2 Other accounts receivable, advances and short-term loans – related parties as of September 30, 2006 and December 31, 2005

Unit : Million Baht

|  | Consolidated          |                      | The Company           |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Other accounts receivable                      |                       |                      |                       |                      |
| Subsidiaries                                   | -                     | -                    | 1,532.34              | 577.58               |
| Associates                                     | 2,802.24              | 1,173.15             | 2,787.52              | 1,170.44             |
| Other related parties                          | 1.00                  | 20.62                | 0.08                  | 12.24                |
| Joint ventures                                 | -                     | -                    | 148.81                | 130.86               |
|  | <u>2,803.24</u>       | <u>1,193.77</u>      | <u>4,468.75</u>       | <u>1,891.12</u>      |
| <u>Less Allowance for</u><br>doubtful accounts | <u>141.70</u>         | <u>141.71</u>        | <u>142.10</u>         | <u>142.02</u>        |
|  | <u>2,661.54</u>       | <u>1,052.06</u>      | <u>4,326.65</u>       | <u>1,749.10</u>      |
| Advances                                       |                       |                      |                       |                      |
| Subsidiaries                                   | -                     | -                    | 0.43                  | 3.43                 |
| Associates                                     | 0.32                  | 250.01               | 0.32                  | -                    |
| Other related parties                          | 7.85                  | 397.22               | 1.80                  | 270.13               |
| Joint ventures                                 | -                     | -                    | 870.00                | -                    |
|  | <u>8.17</u>           | <u>647.23</u>        | <u>872.55</u>         | <u>273.56</u>        |
| Short-term loans                               |                       |                      |                       |                      |
| Subsidiaries                                   | -                     | -                    | -                     | 12,000.25            |
| Associates                                     | 405.16                | 3,487.14             | 405.16                | 3,487.14             |
| Joint ventures                                 | -                     | -                    | 208.20                | -                    |
|  | <u>405.16</u>         | <u>3,487.14</u>      | <u>613.36</u>         | <u>15,487.39</u>     |
| Total  | <u>3,074.87</u>       | <u>5,186.43</u>      | <u>5,812.56</u>       | <u>17,510.05</u>     |

Changes in short-term loans – related parties for the nine-month period ended September 30, 2006 are as follows :

|                                  | Unit : Million Baht |               |
|----------------------------------|---------------------|---------------|
|                                  | Consolidated        | The Company   |
| Balance as of December 31, 2005  | 3,487.14            | 15,487.39     |
| - Payment for loans granted      | -                   | 208.21        |
| - Receipt from loan repayment    | (3,081.98)          | (15,082.24)   |
| Balance as of September 30, 2006 | <u>405.16</u>       | <u>613.36</u> |

Short-term loans to related parties are unsecured with the interest rates ranging from 6.17%-7.69% per annum.

#### 4. Related Party Transactions (Continued)

##### 4.3 Advances and long-term loans – related parties as of September 30, 2006 and December 31, 2005

Unit : Million Baht

|  | Consolidated          |                      | The Company           |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Advances                                       |                       |                      |                       |                      |
| Subsidiaries                                   | -                     | -                    | 1.19                  | 1.51                 |
| Associates                                     | -                     | 304.86               | -                     | 304.86               |
|  | -                     | 304.86               | 1.19                  | 306.37               |
| <u>Less</u> Allowance for<br>doubtful accounts | -                     | 304.86               | -                     | 304.86               |
|  | -                     | -                    | 1.19                  | 1.51                 |
| Long-term loans                                |                       |                      |                       |                      |
| Subsidiaries                                   | -                     | -                    | 240.00                | 25.00                |
| Associates                                     | 5,807.69              | 5,807.69             | 5,807.69              | 5,807.69             |
| Other related parties                          | -                     | 185.18               | -                     | 185.18               |
|  | 5,807.69              | 5,992.87             | 6,047.69              | 6,017.87             |
| Total  | 5,807.69              | 5,992.87             | 6,048.88              | 6,019.38             |

Changes in long-term loans – related parties for the nine-month period ended September 30, 2006 are as follows :

Unit : Million Baht

|                                  | Consolidated | The Company |
|----------------------------------|--------------|-------------|
| Balance as of December 31, 2005  | 5,992.87     | 6,017.87    |
| - Payment for loans granted      | -            | 215.00      |
| - Receipt from loan repayment    | (185.18)     | (185.18)    |
| Balance as of September 30, 2006 | 5,807.69     | 6,047.69    |

Long-term loans to related parties are unsecured with the interest rates ranging from 5.75%-7.69% per annum.

#### 4. Related Party Transactions (Continued)

##### 4.4 Trade accounts payable – related parties as of September 30, 2006 and December 31, 2005

Unit : Million Baht

|                       | Consolidated          |                      | The Company           |                      |
|-----------------------|-----------------------|----------------------|-----------------------|----------------------|
|                       | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Subsidiaries          | -                     | -                    | 7,530.79              | 12,920.87            |
| Associates            | 26,184.00             | 17,826.54            | 25,851.09             | 17,441.24            |
| Other related parties | 133.97                | 800.09               | 132.17                | 800.09               |
| Joint ventures        | -                     | -                    | 612.33                | 559.94               |
| Total                 | <u>26,317.97</u>      | <u>18,626.63</u>     | <u>34,126.38</u>      | <u>31,722.14</u>     |

##### 4.5 Other accounts payable – related parties as of September 30, 2006 and December 31, 2005

Unit : Million Baht

|                       | Consolidated          |                      | The Company           |                      |
|-----------------------|-----------------------|----------------------|-----------------------|----------------------|
|                       | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Subsidiaries          | -                     | -                    | 80.35                 | 29.53                |
| Associates            | 189.41                | 309.70               | 104.08                | 103.16               |
| Other related parties | 27.00                 | 24.94                | 27.00                 | 24.94                |
| Joint ventures        | -                     | -                    | 3.74                  | 0.51                 |
| Total                 | <u>216.41</u>         | <u>334.64</u>        | <u>215.17</u>         | <u>158.14</u>        |

##### 4.6 Other long-term payable – related parties as of September 30, 2006 and December 31, 2005

Unit : Million Baht

|                | Consolidated          |                      | The Company           |                      |
|----------------|-----------------------|----------------------|-----------------------|----------------------|
|                | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Subsidiaries   | -                     | -                    | 262.95                | 360.81               |
| Joint ventures | -                     | -                    | 16.95                 | -                    |
| Total          | <u>-</u>              | <u>-</u>             | <u>279.90</u>         | <u>360.81</u>        |

#### 4. Related Party Transactions (Continued)

##### 4.7 Revenue and expense transactions carried out with related parties.

For the three-month periods ended September 30, 2006 and 2005

Unit : Million Baht

|                       | Consolidated |           | The Company |           |
|-----------------------|--------------|-----------|-------------|-----------|
|                       | 2006         | 2005      | 2006        | 2005      |
| Revenues              |              |           |             |           |
| Sales :               |              |           |             |           |
| Subsidiaries          | -            | -         | 14,829.21   | 38,102.98 |
| Associates            | 139,748.89   | 74,632.32 | 134,706.63  | 73,442.59 |
| Other related parties | 910.13       | 11,126.86 | 910.13      | 11,126.86 |
| Joint ventures        | -            | -         | 182.81      | 14.89     |
| Interest income :     |              |           |             |           |
| Subsidiaries          | -            | -         | 54.45       | 466.89    |
| Associates            | 97.61        | 126.31    | 97.61       | 126.31    |
| Other related parties | -            | 0.97      | -           | 0.97      |
| Joint ventures        | -            | -         | 2.07        | -         |
| Other income :        |              |           |             |           |
| Subsidiaries          | -            | -         | 323.12      | 656.68    |
| Associates            | 1,345.97     | 499.65    | 1,330.48    | 496.64    |
| Other related parties | 11.63        | 32.32     | 11.63       | 32.32     |
| Joint ventures        | -            | -         | (6.58)      | 18.86     |
| Expenses              |              |           |             |           |
| Purchases :           |              |           |             |           |
| Subsidiaries          | -            | -         | 20,590.31   | 50,300.68 |
| Associates            | 123,845.58   | 75,221.02 | 120,167.29  | 72,544.84 |
| Other related parties | 670.87       | 3,670.00  | 670.87      | 3,670.00  |
| Joint ventures        | -            | -         | 1,542.96    | -         |
| Other expenses :      |              |           |             |           |
| Subsidiaries          | -            | -         | 73.54       | 50.31     |
| Associates            | 13.00        | 5.21      | 4.38        | 4.09      |
| Other related parties | 155.25       | 144.05    | 155.25      | 144.05    |

#### 4. Related Party Transactions (Continued)

##### 4.7 Revenue and expense transactions carried out with related parties (Continued).

For the nine-month periods ended September 30, 2006 and 2005

Unit : Million Baht

|                       | Consolidated |            | The Company |            |
|-----------------------|--------------|------------|-------------|------------|
|                       | 2006         | 2005       | 2006        | 2005       |
| Revenues              |              |            |             |            |
| Sales :               |              |            |             |            |
| Subsidiaries          | -            | -          | 95,828.70   | 95,291.16  |
| Associates            | 294,053.76   | 187,462.50 | 280,264.32  | 184,124.79 |
| Other related parties | 21,604.24    | 25,569.92  | 14,994.05   | 25,569.92  |
| Joint ventures        | -            | -          | 362.52      | 26.32      |
| Interest income :     |              |            |             |            |
| Subsidiaries          | -            | -          | 181.46      | 1,214.96   |
| Associates            | 341.25       | 276.64     | 341.25      | 276.64     |
| Other related parties | 0.99         | 9.63       | 0.99        | 9.63       |
| Joint ventures        | -            | -          | 2.07        | 1.35       |
| Other income :        |              |            |             |            |
| Subsidiaries          | -            | -          | 1,591.24    | 2,237.11   |
| Associates            | 2,702.93     | 1,372.22   | 2,678.92    | 1,362.73   |
| Other related parties | 164.17       | 106.21     | 164.07      | 106.21     |
| Joint ventures        | -            | -          | 9.99        | 53.86      |
| Expenses              |              |            |             |            |
| Purchases :           |              |            |             |            |
| Subsidiaries          | -            | -          | 123,438.04  | 127,047.93 |
| Associates            | 286,265.30   | 177,129.81 | 278,378.83  | 171,142.64 |
| Other related parties | 4,911.23     | 8,466.46   | 4,779.57    | 8,466.46   |
| Joint ventures        | -            | -          | 4,810.26    | -          |
| Other expenses :      |              |            |             |            |
| Subsidiaries          | -            | -          | 202.32      | 162.36     |
| Associates            | 36.77        | 17.56      | 20.15       | 16.44      |
| Other related parties | 482.04       | 429.62     | 468.67      | 429.62     |

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

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



**4. Related Party Transactions (Continued)**

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

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

4.8 Details of commitments to subsidiaries, associates, joint ventures and other related parties are stated in Note 23.1.

## 5. Investments Accounted for under the Equity Method

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

| Company   | Country of Incorporation | Business   | Shareholding Percentage |                   |
|---|--------------------------|--|-------------------------|-------------------|
|   |                          |  | September 30, 2006      | December 31, 2005 |
| <u>Subsidiaries :</u>                                   |                          |  |                         |                   |
| PTT Exploration and Production Public Co., Ltd. (PTTEP) | Thailand                 | Petroleum exploration and production                                 | 66.10                   | 66.32             |
| PTT (Cambodia) Co., Ltd. (PTTCL)                        | Cambodia                 | Oil marketing  | 100.00                  | 100.00            |
| Subic Bay Energy Co., Ltd. (SBECL)                      | Cayman Islands           | Oil marketing  | 100.00                  | 100.00            |
| Retail Business Alliance Co., Ltd. (RBA)                | Thailand                 | Management services and oil marketing                                | 49.00                   | 49.00             |
| PTT International Trading Pte., Ltd. (PTTT)             | Singapore                | 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            |
| Bangkok Polyethylene Public Co., Ltd. (BPE)             | Thailand                 | Petrochemical  | 50.00                   | 50.00             |
| PTT Polyethylene Co., Ltd. (PTTPE)                      | Thailand                 | Petrochemical  | 50.00                   | 50.00             |
| PTT Phenol Co., Ltd. (PPCL)                             | Thailand                 | Petrochemical  | 40.00                   | 40.00             |
| PTT Chemical Public Co., Ltd. (PTTCH)                   | Thailand                 | Petrochemical  | 50.58                   | 50.03             |
| PTT Polymer Marketing Co., Ltd. (PTTPM)                 | Thailand                 | Polymer marketing  | 75.00                   | 50.00             |
| Rayong Refinery Public Co., Ltd. (RRC)                  | Thailand                 | Refining   | -                       | 100.00            |
| PTT Utility Co., Ltd. (PTTUT)                           | Thailand                 | Generation and supply of electricity, steam and water for industries | 40.00                   | 40.00             |
| Energy Complex Co., Ltd. (EnCo)                         | Thailand                 | Real estate development  | 50.00                   | 50.00             |
| PTT ICT Solutions Co., Ltd. (PTTICT)                    | Thailand                 | Information and communication technology services                    | 20.00                   | -                 |
| PTT Polymer Logistics Co., Ltd. (PTTPL)                 | Thailand                 | Logistic services  | 100.00                  | -                 |

## 5. Investments Accounted for under the Equity Method (Continued)

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

| Company  | Country of Incorporation | Business   | Shareholding Percentage |                   |
|--|--------------------------|--|-------------------------|-------------------|
|  |                          |  | September 30, 2006      | December 31, 2005 |
| <u>Associates :</u>                                      |                          |  |                         |                   |
| Thai Oil Public Co., Ltd. (TOP)                          | Thailand                 | Refining   | 49.54                   | 49.54             |
| Star Petroleum Refining Co., Ltd. (SPRC)                 | Thailand                 | Refining   | 36.00                   | 36.00             |
| Rayong Refinery Public Co., Ltd. (RRC)                   | Thailand                 | Refining   | 48.75                   | -                 |
| Bangchak Petroleum Public Co., Ltd. (BCP)                | Thailand                 | Refining   | 29.75                   | -                 |
| Thai Lube Blending Co., Ltd. (TLBC)                      | Thailand                 | Blending and bottling lube oil                         | 48.95                   | 48.95             |
| Thai Petroleum Pipeline Co., Ltd (THAPPLINE)             | Thailand                 | Oil pipeline   | 34.04                   | 34.04             |
| Petro Asia (Thailand) Co., Ltd. (PA (Thailand))          | Thailand                 | Oil marketing  | 35.00                   | 35.00             |
| Petro Asia (Sanshui) Co., Ltd. (PA (Sanshui))            | China                    | Oil marketing  | -                       | 25.00             |
| Vietnam LPG Co., Ltd. (VLPG)                             | Vietnam                  | Bottling and selling LPG                               | 45.00                   | 45.00             |
| KELOIL-PTT LPG Sdn. Bhd. (KPL)                           | Malaysia                 | Bottling and selling LPG                               | 40.00                   | 40.00             |
| Aromatics (Thailand) Public Co., Ltd. (ATC)              | Thailand                 | Petrochemical  | 49.82                   | 49.99             |
| Thai Petrochemical Industry Public Co., Ltd. (TPI)       | Thailand                 | Petrochemical 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                 | Petrochemical  | 47.50                   | -                 |
| HMC Polymers Co., Ltd (HMC)                              | Thailand                 | Petrochemical  | 41.44                   | -                 |

## 5. Investments Accounted for under the Equity Method (Continued)

5.2 Investments accounted for under the equity method as of September 30, 2006 and December 31, 2005

Consolidated

Unit : Million Baht

| Company                      | Shareholding percentage |              | September 30, 2006 |               |  | December 31, 2005 |               |  | Dividends for the nine-month periods ended September 30 |          |
|------------------------------|-------------------------|--------------|--------------------|---------------|--|-------------------|---------------|--|---|----------|
|                              | Sep 30, 2006            | Dec 31, 2005 | Cost method        | Equity method | Allowance for share of net loss over investments | Cost method       | Equity method | Allowance for share of net loss over investments | 2006  | 2005     |
| <b>Associates :</b>          |                         |              |                    |               |  |                   |               |  |   |          |
| Refining Business Group      |                         |              |                    |               |  |                   |               |  |   |          |
| 1 TOP                        | 49.54                   | 49.54        | 11,483.08          | 27,223.13     | -  | 11,483.09         | 23,927.80     | -  | 5,053.24  | 1,819.17 |
| 2 SPRC                       | 36.00                   | 36.00        | 14,770.48          | 14,605.09     | -  | 14,770.48         | 12,509.94     | -  | -   | -        |
| 3 RRC                        | 48.75                   | -            | 8,515.39           | 18,719.50     | -  | -                 | -             | -  | -   | -        |
| 4 BCP                        | 29.75                   | -            | 4,060.19           | 4,720.69      | -  | -                 | -             | -  | 15.67   | -        |
| Oil Business Group           |                         |              |                    |               |  |                   |               |  |   |          |
| 5 THAPPLINE                  | 34.04                   | 34.04        | 2,682.35           | -             | -  | 2,682.35          | -             | -  | -   | -        |
| 6 TLBC                       | 48.95                   | 48.95        | 140.00             | 117.31        | -  | 140.00            | 97.75         | -  | -   | -        |
| 7 PA (Thailand)              | 35.00                   | 35.00        | 131.25             | -             | -  | 131.25            | -             | -  | -   | -        |
| 8 PA (Sanshui)               | -                       | 25.00        | -                  | -             | -  | 7.17              | 6.07          | -  | -   | -        |
| 9 V LPG                      | 45.00                   | 45.00        | 87.35              | 95.50         | -  | 87.35             | 114.00        | -  | -   | -        |
| 10 KPL                       | 40.00                   | 40.00        | 21.49              | 8.47          | -  | 21.49             | 11.27         | -  | -   | -        |
| 11 FST                       | 25.00                   | 25.00        | 1.13               | 1.13          | -  | 1.13              | 0.94          | -  | -   | -        |
| Petrochemical Business Group |                         |              |                    |               |  |                   |               |  |   |          |
| 12 ATC                       | 49.82                   | 49.99        | 4,423.12           | 4,506.89      | -  | 4,423.12          | 3,851.99      | -  | 966.05  | 1,331.54 |
| 13 TPI                       | 31.50                   | 31.50        | 20,363.81          | 22,749.24     | -  | 20,364.91         | 20,364.91     | -  | -   | -        |
| 14 VNT                       | 24.98                   | 23.02        | 3,297.39           | 3,262.18      | -  | 3,070.87          | 3,127.28      | -  | 171.70  | -        |
| 15 EFT                       | 22.65                   | 22.65        | 2.26               | 8.34          | -  | 2.26              | 6.88          | -  | -   | -        |
| Natural Gas Business Group   |                         |              |                    |               |  |                   |               |  |   |          |
| 16 IPT                       | 20.00                   | 20.00        | 400.19             | 789.05        | -  | 400.19            | 556.84        | -  | -   | -        |
| 17 AMATA NGD                 | 50.00                   | 50.00        | 80.00              | 176.40        | -  | 80.00             | 177.47        | -  | 60.00   | -        |
| 18 TP                        | 26.00                   | 26.00        | 2,304.76           | 1,886.59      | -  | 2,304.76          | 1,824.01      | -  | 91.33   | 73.06    |
| Total                        |                         |              | 72,764.24          | 98,869.51     | -  | 59,970.42         | 66,577.15     | -  | 6,357.99  | 3,223.77 |

## 5. Investments Accounted for under the Equity Method (Continued)

5.2 Investments accounted for under the equity method as of September 30, 2006 and December 31, 2005 (Continued)

### The Company

Unit : Million Baht

| Company                 | Shareholding percentage |              | September 30, 2006 |               |  | December 31, 2005 |               |  | Dividends for the nine-month periods ended September 30 |          |
|-------------------------|-------------------------|--------------|--------------------|---------------|--|-------------------|---------------|--|---|----------|
|                         | Sep 30, 2006            | Dec 31, 2005 | Cost method        | Equity method | Allowance for share of net loss over investments | Cost method       | Equity method | Allowance for share of net loss over investments | 2006  | 2005     |
|                         |                         |              |                    |               |  |                   |               |  |   |          |
| <b>Subsidiaries :</b>   |                         |              |                    |               |  |                   |               |  |   |          |
| 1 PTTEP                 | 66.10                   | 66.32        | 9,483.34           | 58,488.06     | -  | 9,483.34          | 51,724.45     | -  | 7,188.49  | 3,904.67 |
| 2 PTTT                  | 100.00                  | 100.00       | 2.50               | 225.33        | -  | 2.50              | 53.81         | -  | -   | -        |
| 3 PTTCL                 | 100.00                  | 100.00       | 0.23               | -             | (22.13)  | 0.23              | -             | (58.16)  | -   | -        |
| 4 SBECL                 | 100.00                  | 100.00       | 0.41               | -             | (710.16)   | 0.41              | -             | (1,016.57)                                       | -   | -        |
| 5 PTTNGD                | 58.00                   | 58.00        | 418.14             | 783.87        | -  | 418.14            | 819.30        | -  | 377.00  | 324.80   |
| 6 PTTLNG                | 100.00                  | 100.00       | 50.00              | 21.98         | -  | 13.25             | 9.53          | -  | -   | -        |
| 7 BPE                   | 50.00                   | 50.00        | 1,694.06           | 1,680.74      | -  | 1,694.06          | 1,531.64      | -  | -   | -        |
| 8 PTTPE                 | 50.00                   | 50.00        | 1,150.00           | 1,102.55      | -  | 900.00            | 875.74        | -  | -   | -        |
| 9 PTTPM                 | 75.00                   | 50.00        | 30.00              | 37.30         | -  | 20.00             | 24.79         | -  | -   | -        |
| 10 RRC                  | -                       | 100.00       | -                  | -             | -  | 13,862.35         | 20,406.00     | -  | -   | -        |
| 11 EnCo                 | 50.00                   | 50.00        | 400.00             | 394.93        | -  | 400.00            | 397.86        | -  | -   | -        |
| 12 RBA                  | 49.00                   | 49.00        | 0.49               | 24.21         | -  | 0.49              | 15.92         | -  | -   | -        |
| 13 PPCL                 | 40.00                   | 40.00        | 1,080.00           | 1,036.00      | -  | 320.00            | 303.45        | -  | -   | -        |
| 14 PTTUT                | 40.00                   | 40.00        | 936.00             | 891.71        | -  | 563.00            | 552.63        | -  | -   | -        |
| 15 PTTCH                | 50.58                   | 50.03        | 16,237.62          | 28,819.53     | -  | 15,714.28         | 26,327.08     | -  | 4,260.10  | -        |
| 16 PTTICT               | 20.00                   | -            | 30.00              | 20.19         | -  | -                 | -             | -  | -   | -        |
| 17 PTTPL                | 100.00                  | -            | 300.00             | 300.00        | -  | -                 | -             | -  | -   | -        |
| <b>Associates :</b>     |                         |              |                    |               |  |                   |               |  |   |          |
| Refining Business Group |                         |              |                    |               |  |                   |               |  |   |          |
| 18 TOP                  | 49.54                   | 49.54        | 11,483.08          | 27,233.13     | -  | 11,483.09         | 23,927.80     | -  | 5,053.24  | 1,819.17 |
| 19 SPRC                 | 36.00                   | 36.00        | 14,770.48          | 14,605.09     | -  | 14,770.48         | 12,509.94     | -  | -   | -        |
| 20 RRC                  | 48.75                   | -            | 8,515.39           | 18,719.50     | -  | -                 | -             | -  | -   | -        |
| 21 BCP                  | 29.75                   | -            | 4,060.19           | 4,720.69      | -  | -                 | -             | -  | 15.67   | -        |

## 5. Investments Accounted for under the Equity Method (Continued)

### 5.2 Investments accounted for under the equity method as of September 30, 2006 and December 31, 2005 (Continued)

#### The Company (Continued)

Unit : Million Baht

| Company  | Shareholding percentage |              | September 30, 2006 |               |  | December 31, 2005 |               |  | Dividends for the nine-month periods ended September 30 |          |
|--|-------------------------|--------------|--------------------|---------------|--|-------------------|---------------|--|---|----------|
|  | Sep 30, 2006            | Dec 31, 2005 | Cost method        | Equity method | Allowance for share of net loss over investments | Cost method       | Equity method | Allowance for share of net loss over investments | 2006  | 2005     |
|  |                         |              |                    |               |  |                   |               |  |   |          |
| <b>Associates</b><br>(Continued) :                   |                         |              |                    |               |  |                   |               |  |   |          |
| Oil Business Group                                   |                         |              |                    |               |  |                   |               |  |   |          |
| 22 THAPPLINE   | 34.04                   | 34.04        | 2,682.35           | -             | -  | 2,682.35          | -             | -  | -   | -        |
| 23 TLBC  | 48.95                   | 48.95        | 140.00             | 117.31        | -  | 140.00            | 97.75         | -  | -   | -        |
| 24 PA (Thailand)                                     | 35.00                   | 35.00        | 131.25             | -             | -  | 131.25            | -             | -  | -   | -        |
| 25 PA (Sanshui)                                      | -                       | 25.00        | -                  | -             | -  | 7.17              | 6.07          | -  | -   | -        |
| 26 VLPG  | 45.00                   | 45.00        | 87.35              | 95.50         | -  | 87.35             | 114.00        | -  | -   | -        |
| 27 KPL   | 40.00                   | 40.00        | 21.49              | 8.47          | -  | 21.49             | 11.27         | -  | -   | -        |
| Petrochemical Business Group                         |                         |              |                    |               |  |                   |               |  |   |          |
| 28 ATC   | 49.82                   | 49.99        | 4,423.12           | 5,126.20      | -  | 4,423.12          | 4,065.98      | -  | 966.05  | 1,331.54 |
| 29 TPI   | 31.50                   | 31.50        | 20,363.81          | 23,052.57     | -  | 20,364.91         | 20,364.91     | -  | -   | -        |
| Natural Gas Business Group                           |                         |              |                    |               |  |                   |               |  |   |          |
| 30 IPT   | 20.00                   | 20.00        | 400.19             | 789.05        | -  | 400.19            | 556.84        | -  | -   | -        |
| 31 TP  | 26.00                   | 26.00        | 2,304.76           | 2,367.34      | -  | 2,304.76          | 2,304.76      | -  | 91.33   | -        |
| <b>Joint Ventures:</b><br>Natural Gas Business Group |                         |              |                    |               |  |                   |               |  |   |          |
| 32 TTM (T)   | 50.00                   | 50.00        | 4,240.00           | 3,871.37      | -  | 4,240.00          | 3,018.55      | -  | -   | -        |
| 33 TTM (M)   | 50.00                   | 50.00        | 281.32             | 226.82        | -  | 281.32            | 237.88        | -  | -   | -        |
| 34 DCAP  | 35.00                   | 35.00        | 350.00             | 328.97        | -  | 350.00            | 333.21        | -  | -   | -        |
| Petrochemical Business Group                         |                         |              |                    |               |  |                   |               |  |   |          |
| 35 PTTAC   | 47.50                   | -            | 33.25              | 33.08         | -  | -                 | -             | -  | -   | -        |
| 36 HMC   | 41.44                   | -            | 9,113.09           | 9,432.66      | -  | -                 | -             | -  | -   | -        |
| Total  |                         |              | 115,213.91         | 204,554.15    | (732.29)   | 105,079.53        | 170,591.16    | (1,074.73)                                       | 17,951.88   | 7,380.18 |

## 5. Investments Accounted for under the Equity Method (Continued)

5.3 The Company's share of net assets and results of operation from joint ventures included in the consolidated financial statements as of September 30, 2006 and December 31, 2005 are detailed as follows :

Balance Sheets :

As of September 30, 2006 and December 31, 2005

Unit : Million Baht

|                         | 2006            |               |               |              |                 | 2005            |               |               |       |     |
|-------------------------|-----------------|---------------|---------------|--------------|-----------------|-----------------|---------------|---------------|-------|-----|
|                         | TTM(T)          | TTM(M)        | DCAP          | PTTAC        | HMC             | TTM(T)          | TTM(M)        | DCAP          | PTTAC | HMC |
| Current assets          | 1,207.59        | 70.74         | 190.03        | 33.28        | 4,737.85        | 941.24          | 128.29        | 58.36         | -     | -   |
| Non-current assets      | 13,356.15       | 781.08        | 992.34        | -            | 2,759.88        | 12,539.88       | 797.22        | 835.86        | -     | -   |
| Current liabilities     | (1,430.56)      | (11.57)       | (153.40)      | (0.20)       | (834.18)        | (826.62)        | (18.69)       | (55.26)       | -     | -   |
| Non-current liabilities | (9,261.81)      | (613.43)      | (700.00)      | -            | (707.11)        | (9,635.95)      | (668.94)      | (505.75)      | -     | -   |
| <b>Net assets</b>       | <b>3,871.37</b> | <b>226.82</b> | <b>328.97</b> | <b>33.08</b> | <b>5,956.44</b> | <b>3,018.55</b> | <b>237.88</b> | <b>333.21</b> | -     | -   |

Statements of Income :

For the three-month periods ended September 30, 2006 and 2005

Unit : Million Baht

|                                | 2006          |                |              |               |               | 2005            |               |               |       |     |
|--------------------------------|---------------|----------------|--------------|---------------|---------------|-----------------|---------------|---------------|-------|-----|
|                                | TTM(T)        | TTM(M)         | DCAP         | PTTAC         | HMC           | TTM(T)          | TTM(M)        | DCAP          | PTTAC | HMC |
| Revenues                       | 551.84        | 4.43           | 114.63       | 0.03          | 1,766.50      | 63.33           | 1.10          | 1.10          | -     | -   |
| Expenses                       | (390.03)      | (30.50)        | (99.20)      | (0.20)        | (1,357.99)    | (287.71)        | (2.92)        | (1.65)        | -     | -   |
| Gain(loss) before income taxes | 161.81        | (26.07)        | 15.43        | (0.17)        | 408.51        | (224.38)        | (1.82)        | (0.55)        | -     | -   |
| Income taxes                   | -             | (0.07)         | -            | -             | (30.19)       | -               | (0.27)        | -             | -     | -   |
| <b>Net income(loss)</b>        | <b>161.81</b> | <b>(26.14)</b> | <b>15.43</b> | <b>(0.17)</b> | <b>378.32</b> | <b>(224.38)</b> | <b>(2.09)</b> | <b>(0.55)</b> | -     | -   |

For the nine-month periods ended September 30, 2006 and 2005

Unit : Million Baht

|                                | 2006          |             |               |               |               | 2005            |               |               |       |     |
|--------------------------------|---------------|-------------|---------------|---------------|---------------|-----------------|---------------|---------------|-------|-----|
|                                | TTM(T)        | TTM(M)      | DCAP          | PTTAC         | HMC           | TTM(T)          | TTM(M)        | DCAP          | PTTAC | HMC |
| Revenues                       | 1,844.20      | 61.49       | 197.25        | 0.03          | 1,766.50      | 5.05            | 3.09          | 1.00          | -     | -   |
| Expenses                       | (991.38)      | (57.03)     | (201.49)      | (0.20)        | (1,357.99)    | (765.87)        | (3.88)        | (6.02)        | -     | -   |
| Gain(loss) before income taxes | 852.82        | 4.46        | (4.24)        | (0.17)        | 408.51        | (760.82)        | (0.79)        | (5.02)        | -     | -   |
| Income taxes                   | -             | (0.44)      | -             | -             | (30.19)       | -               | (0.82)        | -             | -     | -   |
| <b>Net income(loss)</b>        | <b>852.82</b> | <b>4.02</b> | <b>(4.24)</b> | <b>(0.17)</b> | <b>378.32</b> | <b>(760.82)</b> | <b>(1.61)</b> | <b>(5.02)</b> | -     | -   |

## **5. Investments Accounted for under the Equity Method (Continued)**

5.4 Significant changes occurring during the nine-month period ended September 30, 2006 are as follows :

### **PTTEP**

As of September 30, 2006, the Company's shareholding in PTTEP decreased from 66.32% to 66.10% as a result of the exercise of warrants to purchase ordinary shares of PTTEP under its Employee Stock Ownership Program (ESOP) as detailed in Note 14. The effect from dilution of investments amounting to Baht 75.65 million was recognized as a surplus on dilution of investments in subsidiaries and associates in the balance sheet, presented under shareholders' equity.

### **ATC**

As of September 30, 2006, the Company's shareholding in ATC decreased from 49.99% to 49.82% as a result of the exercise of warrants to purchase ordinary shares of ATC under its Employee Stock Ownership Program (ESOP) as detailed in Note 14. The effect from dilution of investments amounting to Baht 6.61 million was recognized as a surplus on dilution of investments in subsidiaries and associates in the balance sheet, presented under shareholders' equity.

### **PTTLNG**

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

### **PTTPE**

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

### **PPCL**

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

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



## **5. Investments Accounted for under the Equity Method (Continued)**

5.4 Significant changes occurring during the nine-month period ended September 30, 2006 are as follows : (Continued)

### **BCP**

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

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

On April 21, 2006, the Company and BCP cosigned a Share Subscription Agreement to purchase BCP's additional ordinary shares at a price of Baht 14 per share and convertible debentures at a conversion price of Baht 14 per share, with an investment limit of USD 120 million.

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

In addition, on the same day, the Company acquired 58,560 units of BCP's convertible debentures at a price of Baht 10,000 per unit and a conversion price of Baht 14 per share as mentioned in Note 6.

### **TPI**

In the second quarter of 2006, the Company started recognizing an investment in TPI under the equity method as a result of an order from the Central Bankruptcy Court issued on April 26, 2006 to terminate the Business Reorganization Plan for TPI and its subsidiaries. On April 27, 2006, the annual general meeting of TPI's shareholders No.1/2006 approved the appointment of representatives from the Company to participate in management and determination of financial and operating policies of TPI. The initial recognition of the investment in TPI under the equity method resulted in a difference of Baht 12,185.89 million between acquisition costs and book values of TPI's identifiable assets and liabilities according to the Company's portion.

### **PTTUT**

In the second quarter of 2006, PTTUT called for payment of Baht 932.50 million for additional shares from shareholders. The Company paid for its portion of 40% amounting to Baht 373 million.

## **5. Investments Accounted for under the Equity Method (Continued)**

5.4 Significant changes occurring during the nine-month period ended September 30, 2006 are as follows : (Continued)

### **TTM(T)**

In the second quarter of 2006, TTM(T) called for payment of Baht 1,740 million for additional shares from shareholders. The Company paid for its portion of 50% amounting to Baht 870 million. However, as of September 30, 2006, TTM(T) was in the process of registration for an increase in share capital with the Ministry of Commerce. As a result, the Company accounted for this payment as advance payment for share subscription.

### **RRC**

On June 5, 2006, RRC made an Initial Public Offering (IPO) for 1,397.50 million of its ordinary shares, comprising 520 million additional ordinary shares and 877.50 million existing ordinary shares held by the Company at an IPO price of Baht 18 per share. The Company offered its 877.50 million shares jointly with RRC resulting in a gain on disposal of investments amounting to Baht 7,130.48 million as detailed in Note 20. After the IPO, the Company's shareholding in RRC decreased from 100% to 49.99%, and RRC's status transformed from a subsidiary to an associate. A surplus on dilution of investments in subsidiaries and associates amounting to Baht 420.57 million was recognized in the balance sheet under shareholders' equity.

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

### **VNT (An associate of PTTCH)**

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

### **PTTCH**

During the nine-month period ended September 30, 2006, the Company acquired 6.25 million ordinary shares of PTTCH amounting to Baht 523.33 million from third parties. As a result, the Company's shareholding in PTTCH increased from 50.03% to 50.58%. Goodwill arising from the acquisition was Baht 271.48 million.

### **PTTICT**

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

## **5. Investments Accounted for under the Equity Method (Continued)**

5.4 Significant changes occurring during the nine-month period ended September 30, 2006 are as follows : (Continued)

### **PA(Sanshui)**

On November 16, 2005, the Company, together with existing shareholders of PA(Sanshui) entered into a contract to transfer ownership rights in the total ordinary shares of PA(Sanshui) held by them to transferees at a price of Yuan 4 million (equivalent to Baht 19.16 million). The transfer is currently being processed. As of September 30, 2006, the Company accounted for the investment in PA (Sanshui) as a current investment.

### **PTTAC**

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

### **HMC**

On August 3, 2006, the Company acquired existing ordinary and preferred shares of HMC Polymers Co., Ltd. (HMC) from existing shareholders with additional ordinary and preferred shares of HMC, totalling Baht 9,113.09 million. The Company's shareholding was 41.44% of the authorized and paid-up share capital. As a result of the acquisition, HMC became a joint venture of the Company. Goodwill arising from the acquisition was Baht 3,535.14 million as detailed in Note 19.

### **PTTPM**

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

### **PTTPL**

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

## 6. Other Long-term Investments

Details of other long-term investments as of September 30, 2006 and December 31, 2005 are as follows :

|   | Unit : Million Baht   |                      |                       |                      |
|---|-----------------------|----------------------|-----------------------|----------------------|
|   | Consolidated          |                      | The Company           |                      |
|   | September<br>30, 2006 | December<br>31, 2005 | September<br>30, 2006 | December<br>31, 2005 |
| General investments   | 1,229.45              | 540.01               | 295.52                | 249.77               |
| Investments in available-for-sale securities                  |                       |                      |                       |                      |
| - Investments in equity instruments                           | 336.00                | 441.32               | 336.00                | 441.32               |
| - Investments in debt securities                              | 585.60                | -                    | 585.60                | -                    |
| - Investments in mutual funds                                 | 300.45                | -                    | -                     | -                    |
| <u>Add</u> Allowance for changes in fair value of investments | 611.91                | 1,107.99             | 608.00                | 1,107.99             |
| <b>Total</b>  | <b>3,063.41</b>       | <b>2,089.32</b>      | <b>1,825.12</b>       | <b>1,799.08</b>      |

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

| Company  | Country of<br>incorporation | Business                           | Shareholding<br>percentage |                      |
|--|-----------------------------|------------------------------------|----------------------------|----------------------|
|  |                             |                                    | September<br>30, 2006      | December<br>31, 2005 |
| PetroAsia (Huizhou) Co., Ltd. (PA (Huizhou))           | China                       | Oil marketing                      | 25.00                      | 25.00                |
| PetroAsia (Shantou) Co., Ltd. (PA (Shantou))           | China                       | Oil marketing                      | 15.00                      | 15.00                |
| PTT Mart Co., Ltd. (PTT Mart)                          | Thailand                    | In the process<br>of liquidation   | 49.00                      | 49.00                |
| Fuel Pipeline Transportation Co., Ltd. (FPT)           | Thailand                    | Oil pipeline                       | 2.76                       | 2.76                 |
| Intoplane Services Co., Ltd. (IPS)                     | Thailand                    | Aircraft<br>refuelling<br>services | 16.67                      | 16.67                |
| Ratchaburi Power Co., Ltd. (RPCL)                      | Thailand                    | Electricity<br>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<br>refuelling<br>services | 7.06                       | 7.06                 |
| Bangchak Petroleum Public Co., Ltd. (BCP)              | Thailand                    | Refining                           | -                          | 7.60                 |

## 6. Other Long-term Investments (Continued)

### 6.2 Other long-term investments as of September 30, 2006 and December 31, 2005

Unit : Million Baht

| Company  | Shareholding percentage |                   | Consolidated       |                   | The Company        |                   | Dividends for the nine-month periods ended September 30 |        |       |
|--|-------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|---|--------|-------|
|  | September 30, 2006      | December 31, 2005 | September 30, 2006 | December 31, 2005 | September 30, 2006 | December 31, 2005 | 2006  | 2005   |       |
| <b><u>General Investments</u></b>                          |                         |                   |                    |                   |                    |                   |   |        |       |
| 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              | 295.50            | 249.75             | 295.50            | 249.75  | -      | -     |
| 7  | API                     | 16.67             | 16.67              | 290.24            | 290.24             | -                 | -   | -      | -     |
| 8  | ROC                     | 5.91              | -                  | 643.73            | -                  | -                 | -   | 200.34 | -     |
| 9  | BAPT                    | 2.07              | -                  | 18.19             | -                  | -                 | -   | -      | -     |
| Total investments accounted for under the cost method      |                         |                   |                    | 1,446.08          | 738.41             | 493.92            | 448.17  |        |       |
| Less Allowance for impairment of investments               |                         |                   |                    | 216.59            | 198.40             | 198.40            | 198.40  |        |       |
| Total general investments                                  |                         |                   |                    | 1,229.49          | 540.01             | 295.52            | 249.77  |        |       |
| <b><u>Investments in Available-for-sale Securities</u></b> |                         |                   |                    |                   |                    |                   |   |        |       |
| <b>Investments in Equity Instruments</b>                   |                         |                   |                    |                   |                    |                   |   |        |       |
| 9  | TIP                     | 13.33             | 13.33              | 312.00            | 312.00             | 312.00            | 312.00  | 48.00  | 30.40 |
| 10   | BAFS                    | 7.06              | 7.06               | 24.00             | 24.00              | 24.00             | 24.00   | 17.10  | 9.90  |
| 11   | BCP                     | -                 | 7.60               | -                 | 105.32             | -                 | 105.32  | -      | -     |
| Total investments in equity instruments                    |                         |                   |                    | 336.00            | 441.32             | 336.00            | 441.32  |        |       |
| <b>Investments in Debt Securities</b>                      |                         |                   |                    | 585.60            | -                  | 585.60            | -   |        |       |
| <b>Investments in Mutual Funds</b>                         |                         |                   |                    | 300.45            | -                  | -                 | -   |        |       |
| Add Allowance for changes in fair value of investments     |                         |                   |                    | 611.91            | 1,107.99           | 608.00            | 1,107.99  |        |       |
| Total investments in equity instruments                    |                         |                   |                    | 1,833.96          | 1,549.31           | 1,529.60          | 1,549.31  |        |       |
| Total other long-term investments                          |                         |                   |                    | 3,063.45          | 2,089.32           | 1,825.12          | 1,799.08  | 265.44 | 40.30 |

## **6. Other Long-term Investments (Continued)**

- 6.3 Significant changes occurring during the nine-month period ended September 30, 2006 are as follows :

### **RPCL**

During the nine-month period ended September 30, 2006, RPCL increased its authorized share capital from Baht 1,665 million to Baht 2,325 million, and called for payment of Baht 305 million for additional share capital from shareholders. The Company paid for its portion of 15% amounting to Baht 45.75 million.

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

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

### **Investments in Debt Securities**

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

### **Investments in Mutual Funds**

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

## 7. Property, Plant and Equipment, Net

Property, plant and equipment as of September 30, 2006 and December 31, 2005 is as follows :

|   | Unit : Million Baht |  |                               |                              |                 |                             |              |
|---|---------------------|--|-------------------------------|------------------------------|-----------------|-----------------------------|--------------|
|   | Consolidated        |  |                               |                              |                 |                             |              |
|   | Land                | Buildings<br>and<br>building<br>improvements | Machinery<br>and<br>equipment | Oil and<br>gas<br>properties | Other<br>assets | Construction<br>in progress | Total        |
| <b>Cost</b>                               |                     |  |                               |                              |                 |                             |              |
| As of December 31, 2005                   | 4,897.20            | 17,799.72                                    | 201,859.78                    | 162,761.20                   | 10,665.49       | 74,357.17                   | 472,340.56   |
| - Business acquisition (Note 19)          | -                   | 81.48  | 1,704.50                      | -                            | 87.03           | 112.16                      | 1,985.17     |
| - Business disposal (Note 20)             | (152.48)            | (1,280.17)                                   | (49,665.96)                   | -                            | -               | (413.87)                    | (51,512.48)  |
| - Additions                               | 273.58              | 308.04                                       | 2,140.65                      | 24,701.77                    | 616.97          | 32,901.57                   | 60,942.58    |
| - Borrowing costs                         | -                   | -  | -                             | -                            | -               | 2,058.68                    | 2,058.68     |
| - Reclassification                        | 99.89               | 246.66                                       | 29,136.51                     | -                            | (1,594.27)      | (28,118.93)                 | (230.14)     |
| - Disposals                               | -                   | (4.87)                                       | (189.69)                      | (1,076.69)                   | (156.74)        | (10.17)                     | (1,438.16)   |
| - Currency translation differences        | -                   | (0.10)                                       | (10.72)                       | (715.87)                     | (0.25)          | (42.49)                     | (769.43)     |
| As of September 30, 2006                  | 5,118.19            | 17,150.76                                    | 184,975.07                    | 185,670.41                   | 9,618.23        | 80,844.12                   | 483,376.78   |
| <b>Accumulated Depreciation</b>           |                     |  |                               |                              |                 |                             |              |
| As of December 31, 2005                   | -                   | (8,632.76)                                   | (84,747.13)                   | (65,667.67)                  | (7,253.93)      | -                           | (166,301.49) |
| - Business acquisition (Note 19)          | -                   | (56.61)                                      | (1,123.35)                    | -                            | (69.08)         | -                           | (1,249.04)   |
| - Business disposal (Note 20)             | -                   | 401.30                                       | 16,081.63                     | -                            | -               | -                           | 16,482.93    |
| - Additions                               | -                   | (0.08)                                       | (25.47)                       | -                            | (1.96)          | -                           | (27.51)      |
| - Depreciation for the period             | -                   | (597.12)                                     | (6,935.46)                    | (11,350.73)                  | (558.12)        | -                           | (19,441.43)  |
| - Reclassification                        | -                   | 16.40  | (980.92)                      | -                            | 1,153.83        | -                           | 189.31       |
| - Disposals                               | -                   | 5.16   | 42.58                         | -                            | 115.73          | -                           | 163.47       |
| - Currency translation differences        | -                   | 0.06   | 1.52                          | 146.76                       | (3.44)          | -                           | 144.90       |
| As of September 30, 2006                  | -                   | (8,863.65)                                   | (77,686.60)                   | (76,871.64)                  | (6,616.97)      | -                           | (170,038.86) |
| <b>Allowance for Impairment of Assets</b> |                     |  |                               |                              |                 |                             |              |
| As of December 31, 2005                   | (42.87)             | (373.13)                                     | (244.96)                      | -                            | -               | -                           | (660.96)     |
| As of September 30, 2006                  | (42.87)             | (373.13)                                     | (244.96)                      | -                            | -               | -                           | (660.96)     |
| <b>Net Book Value</b>                     |                     |  |                               |                              |                 |                             |              |
| As of December 31, 2005                   | 4,854.33            | 8,793.83                                     | 116,867.69                    | 97,093.53                    | 3,411.56        | 74,357.17                   | 305,378.11   |
| As of September 30, 2006                  | 5,075.32            | 7,913.98                                     | 107,043.51                    | 108,798.77                   | 3,001.26        | 80,844.12                   | 312,676.96   |

## 7. Property, Plant and Equipment, Net (Continued)

Unit : Million Baht

|   | The Company                     |            |                               |                 |                             |             |
|---|---------------------------------|------------|-------------------------------|-----------------|-----------------------------|-------------|
|   | Buildings                       |            | Machinery<br>and<br>equipment | Other<br>assets | Construction<br>in progress | Total       |
|   | and<br>building<br>improvements |            |                               |                 |                             |             |
|   | Land                            |            |                               |                 |                             |             |
| <b>Cost</b>                               |                                 |            |                               |                 |                             |             |
| As of December 31, 2005                   | 2,684.44                        | 12,270.45  | 108,454.72                    | 7,450.01        | 46,058.79                   | 176,918.41  |
| - Additions                               | 34.65                           | 95.87      | 1,007.17                      | 469.52          | 23,066.24                   | 24,673.45   |
| - Borrowing costs                         | -                               | -          | -                             | -               | 2,021.15                    | 2,021.15    |
| - Reclassification                        | -                               | 153.66     | 3,369.69                      | 27.12           | (3,688.45)                  | (137.98)    |
| - Disposals                               | -                               | (4.87)     | (8.96)                        | (107.42)        | -                           | (121.25)    |
| As of September 30, 2006                  | 2,719.09                        | 12,515.11  | 112,822.62                    | 7,839.23        | 67,457.73                   | 203,353.78  |
| <b>Accumulated Depreciation</b>           |                                 |            |                               |                 |                             |             |
| As of December 31, 2005                   | -                               | (6,684.68) | (54,282.95)                   | (5,340.97)      | -                           | (66,308.60) |
| - Depreciation for the period             | -                               | (388.09)   | (3,829.15)                    | (518.07)        | -                           | (4,735.31)  |
| - Reclassification                        | -                               | -          | -                             | -               | -                           | -           |
| - Disposals                               | -                               | 2.46       | 7.69                          | 71.16           | -                           | 81.31       |
| As of September 30, 2006                  | -                               | (7,070.31) | (58,104.41)                   | (5,787.88)      | -                           | (70,962.60) |
| <b>Allowance for Impairment of Assets</b> |                                 |            |                               |                 |                             |             |
| As of December 31, 2005                   | (42.87)                         | (373.13)   | (244.96)                      | -               | -                           | (660.96)    |
| As of September 30, 2006                  | (42.87)                         | (373.13)   | (244.96)                      | -               | -                           | (660.96)    |
| <b>Net Book Value</b>                     |                                 |            |                               |                 |                             |             |
| As of December 31, 2005                   | 2,641.57                        | 5,212.64   | 53,926.81                     | 2,109.04        | 46,058.79                   | 109,948.85  |
| As of September 30, 2006                  | 2,676.22                        | 5,071.67   | 54,473.25                     | 2,051.35        | 67,457.73                   | 131,730.22  |

Borrowing costs of Baht 2,110.95 million in the consolidated financial statements and Baht 2,021.15 million in the Company's financial statements were capitalized as part of costs of property, plant and equipment (December 31, 2005 : Baht 1,346.02 million). The Group used capitalization rates ranging from 4.00%-6.20% (December 31, 2005: 5.91%)

In the consolidated financial statements, buildings, manufacturing plants, machinery and equipment of Baht 17,409.65 million were used as collaterals for long-term loans amounting to Baht 9,786.80 million. (In the Company's financial statements: none)



## 7. Property, Plant and Equipment, Net (Continued)

As of September 30, 2006 and December 31, 2005, assets acquired under finance leases included in other assets are vehicles. Details are as follows :

|                                | Unit : Million Baht   |                      |                       |                      |
|--------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                | Consolidated          |                      | The Company           |                      |
|                                | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Cost                           | 729.78                | 163.20               | 431.93                | 162.21               |
| Less: Accumulated depreciation | 211.80                | 45.96                | 85.88                 | 45.42                |
| Net book value                 | 517.98                | 117.24               | 346.05                | 116.79               |

## 8. Intangible Assets

Intangible assets as of September 30, 2006 and December 31, 2005 are as follows :

|   | Unit : Million Baht |             |
|---|---------------------|-------------|
|   | Consolidated        | The Company |
| Net book value as of December 31, 2005  | 11,528.86           | 3,175.96    |
| - Business acquisition (Note 19)        | 68.59               | -           |
| - Business disposal (Note 20)           | 2,602.21            | -           |
| - Additions                             | 4,748.04            | 230.65      |
| - Disposals                             | (6.25)              | (6.04)      |
| - Amortization                          | 1,104.46            | (258.91)    |
| - Reclassification                      | 156.58              | 127.85      |
| - Reversal of impairment loss           | 4.48                | 4.48        |
| - Currency translation differences      | 43.60               | -           |
| Net book value as of September 30, 2006 | 20,250.57           | 3,273.99    |

## 9. Advance Payment for Gas Purchased

Advance payments for gas purchased as of September 30, 2006 and December 31, 2005 are as follows :

|                                  | Unit : Million Baht |             |
|----------------------------------|---------------------|-------------|
|                                  | Consolidated        | The Company |
| Balance as of December 31, 2005  | 19,746.62           | 24,574.67   |
| Less Make-up during the period   | 2,611.31            | 3,263.10    |
| Balance as of September 30, 2006 | 17,135.31           | 21,311.57   |

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

## 10. Long-term Loans

Long-term loans as of September 30, 2006 and December 31, 2005 are as follows :

### Current Portion of Long-term Loans

|                                 | Unit : Million Baht   |                      |                       |                      |
|---------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                 | Consolidated          |                      | The Company           |                      |
|                                 | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006 | December 31,<br>2005 |
| Loans – Baht currency           | 14,469.06             | 8,356.35             | 14,000.00             | 8,000.00             |
| Loans – Foreign currencies      | 994.31                | 671.13               | 400.62                | 431.56               |
| Bonds – Baht currency           | 2,257.14              | 4,257.14             | -                     | -                    |
| Bonds – Foreign currencies      | 14,801.90             | 8,234.09             | -                     | -                    |
| Liabilities from finance leases | 170.51                | 108.03               | 88.00                 | 52.94                |
| <b>Total</b>                    | <b>32,692.92</b>      | <b>21,626.74</b>     | <b>14,488.62</b>      | <b>8,484.50</b>      |

### Long-term Loans

|                                 | Unit : Million Baht   |                      |                       |                      |
|---------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                 | Consolidated          |                      | The Company           |                      |
|                                 | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2005 | December 31,<br>2005 |
| Loans – Baht currency           | 49,103.56             | 68,569.63            | 44,400.00             | 55,400.00            |
| Loans – Foreign currencies      | 19,966.85             | 22,259.54            | 9,610.09              | 10,895.95            |
| Bonds – Baht currency           | 56,057.14             | 53,814.29            | 54,000.00             | 50,000.00            |
| Bonds – Foreign currencies      | 48,785.38             | 53,119.79            | 35,262.12             | 30,366.98            |
| Liabilities from finance leases | 401.53                | 220.09               | 279.83                | 80.14                |
| <b>Total</b>                    | <b>174,314.46</b>     | <b>197,983.34</b>    | <b>143,552.04</b>     | <b>146,743.07</b>    |

As of September 30, 2006, long-term loans of the Company amounting to Baht 50,031.16 million (December 31, 2005: Baht 55,492.59 million) are guaranteed by the Ministry of Finance.

As of September 30, 2006, long-term loans amounting to Baht 9,786.80 million (December 31, 2005: Baht 6,571.43 million) in the consolidated financial statements are long-term loans of three subsidiaries secured by machinery, buildings, manufacturing plants and structures. In addition, the Group has commitments to comply with various conditions stipulated in the loan agreements.

On September 26, 2006, a subsidiary signed a loan agreement for the Phenol Project with five local financial institutions amounting to Baht 8,320 million. The loan agreement comprised a long-term loan of Baht 6,320 million and a short-term loan of Baht 2,000 million with a maturity of 13 years and a grace period of 3 years, at an interest rate of six-month fixed deposit rate plus 2.5%-2.625% per annum. As of September 30, 2006, the subsidiary had not drawn the loan out.

## 10. Long-term Loans (Continued)

### 10.1 Loans

Movements of loans in Baht and foreign currencies as of September 30, 2006 and December 31, 2005 are detailed as follows :

|                                  | Consolidated |           |           | Unit : Million     |
|----------------------------------|--------------|-----------|-----------|--------------------|
|                                  | Currency     |           |           | Total              |
|                                  | Baht         | US Dollar | Yen       | Equivalent in Baht |
| Balance as of December 31, 2005  | 76,925.97    | 356.97    | -         | 91,621.73          |
| - Business acquisition (Note 19) | 745.97       | -         | -         | 745.97             |
| - Business disposal (Note 20)    | (11,000.00)  | (150.00)  | -         | (16,734.89)        |
| - Additions                      | 2,155.76     | 312.00    | 23,000.00 | 22,120.70          |
| - Repayments                     | (5,255.08)   | (158.11)  | -         | (11,266.91)        |
| - Gain on exchange rate          | -            | -         | -         | (1,952.82)         |
| - Current portion                | (14,469.07)  | (26.41)   | -         | (15,463.37)        |
| Balance as of September 30, 2006 | 49,103.55    | 334.45    | 23,000.00 | 69,070.41          |

|                                  | The Company |           |           | Unit : Million     |
|----------------------------------|-------------|-----------|-----------|--------------------|
|                                  | Currency    |           |           | Total              |
|                                  | Baht        | US Dollar | Yen       | Equivalent in Baht |
| Balance as of December 31, 2005  | 63,400.00   | 75.11     | -         | 66,492.59          |
| - Additions                      | -           | -         | 23,000.00 | 7,575.61           |
| - Repayments                     | (5,000.00)  | (5.20)    | -         | (5,214.14)         |
| - Gain on exchange rate          | -           | -         | -         | (443.35)           |
| - Current portion                | (14,000.00) | (10.64)   | -         | (14,400.62)        |
| Balance as of September 30, 2006 | 44,400.00   | 59.27     | 23,000.00 | 54,010.09          |

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

## 10. Long-term Loans (Continued)

### 10.2 Bonds

Bonds as of September 30, 2006 and December 31, 2005 are as follows :

|                                | Unit : Million     |                   |                   |                   |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|
|                                | Consolidated       |                   |                   |                   |
|                                | September 30, 2006 |                   | December 31, 2005 |                   |
|                                | USD                | Baht              | USD               | Baht              |
| Unsecured unsubordinated bonds |                    |                   |                   |                   |
| - USD currency                 | 1,691.00           | 63,587.28         | 1,491.62          | 61,353.87         |
| - Baht currency                | -                  | 58,314.28         | -                 | 58,071.43         |
| <u>Less</u> Current portion    |                    |                   |                   |                   |
| - USD currency                 | (393.28)           | (14,801.90)       | (200.00)          | (8,234.09)        |
| - Baht currency                | -                  | (2,257.14)        | -                 | (4,257.14)        |
| <b>Total</b>                   | <b>1,297.72</b>    | <b>104,842.52</b> | <b>1,291.62</b>   | <b>106,934.07</b> |

|                                | Unit : Million     |                  |                   |                  |
|--------------------------------|--------------------|------------------|-------------------|------------------|
|                                | The Company        |                  |                   |                  |
|                                | September 30, 2006 |                  | December 31, 2005 |                  |
|                                | USD                | Baht             | USD               | Baht             |
| Unsecured unsubordinated bonds |                    |                  |                   |                  |
| - USD currency                 | 936.90             | 35,262.12        | 737.52            | 30,366.98        |
| - Baht currency                | -                  | 54,000.00        | -                 | 50,000.00        |
| <b>Total</b>                   | <b>936.90</b>      | <b>89,262.12</b> | <b>737.52</b>     | <b>80,366.98</b> |

During the nine-month period ended September 30, 2006, the Company and the Group issued bonds and entered into various cross currency and interest rate swap agreements for some of their bonds. Details are as follows :

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

The Company issued unsecured unsubordinated bonds for sales to financial institutional investors with a principal amount of Baht 4,040 million and a redemption period of ten years at a fixed interest rate of 4.75% per annum. However, the Company entered into a cross currency swap agreement 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.

## 10. Long-term Loans (Continued)

### 10.2 Bonds (Continued)

The Company issued unsecured unsubordinated Baht bonds for sales to financial institutional investors with a principal amount of Baht 4,118 million and a redemption period of 15 years at a fixed interest rate of 5.95% per annum. However, the Company entered into a cross currency swap agreement to swap Baht bonds for USD bonds amounting to USD 100 million at a fixed interest rate of 5.48% per annum, to be redeemed on August 25, 2020.

PTTEP issued 230 unsecured unsubordinated bonds at a face value of Yen 100 million each, totalling Yen 23 billion. The bonds bear interest at a rate of 3.35% per annum with a redemption period of ten years, to be redeemed on September 19, 2007. On the date of bond issuance, PTTEP entered into a cross currency and interest rate swap agreement with a financial institution in Japan to swap Yen bonds for USD 193.28 million at an interest rate of 7.86% per annum, payable every six months.

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

### 10.3 Liabilities under Finance Lease Agreements

Liabilities under finance lease agreements as of September 30, 2006 and December 31, 2005 are as follows :

|  | Consolidated          |                      | Unit : Million Baht<br>The Company |                      |
|--|-----------------------|----------------------|------------------------------------|----------------------|
|  | September 30,<br>2006 | December 31,<br>2005 | September 30,<br>2006              | December 31,<br>2005 |
| Liabilities under finance lease agreements                               |                       |                      |                                    |                      |
| - Not later than 1 year  | 204.86                | 119.78               | 110.46                             | 60.28                |
| - Later than 1 year and not later than 5 years                           | 429.42                | 241.14               | 304.60                             | 87.51                |
| Future finance charges on finance leases                                 | (62.25)               | (32.80)              | (47.23)                            | (14.70)              |
| Present value of liabilities under finance lease agreements              | <u>572.03</u>         | <u>328.12</u>        | <u>367.83</u>                      | <u>133.09</u>        |
| Present value of liabilities under finance lease agreements              |                       |                      |                                    |                      |
| - Current liabilities (Not later than 1 year)                            | 170.51                | 108.03               | 88.00                              | 52.95                |
| - Non-current liabilities (Later than 1 year and not later than 5 years) | <u>401.52</u>         | <u>220.09</u>        | <u>279.83</u>                      | <u>80.14</u>         |
| Total  | <u><u>572.03</u></u>  | <u><u>328.12</u></u> | <u><u>367.83</u></u>               | <u><u>133.09</u></u> |

## 11. Provision for Decommissioning Costs

The Group recognized provision for liabilities as of September 30, 2006 and December 31, 2005 for decommissioning costs expected to be incurred in the future amounting to Baht 6,416.33 million and Baht 7,019.36 million, respectively. The provision for decommissioning costs has been estimated with reference to existing technology and current prices by the Group's engineers and managerial judgment.

## 12. Share Capital

As of September 30, 2006, the Company had authorized share capital of 2,857,245,725 ordinary shares (December 31, 2005: 2,837,245,725 ordinary shares) with a par value of Baht 10 per share. The issued and fully paid-up share capital was 2,804,600,425 ordinary shares (December 31, 2005: 2,797,245,725 ordinary shares). Details are as follows :

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

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

| Date of issue and offer of warrants | Exercise price (Baht/share) | Exercise right (warrant per ordinary share) | The number of exercised warrants (Million units) | The number of unexercised warrants (Million units) | Last exercise date of warrants |
|-------------------------------------|-----------------------------|---|--|--|--------------------------------|
| September 1, 2005                   | 183                         | 1 : 1                                       | 7.35   | 32.65  | August 31, 2010                |
| September 29, 2006                  | 234                         | 1 : 1                                       | -  | 20.00  | September 28, 2011             |
|                                     |                             |   | <u>7.35</u>                                      | <u>52.65</u>                                       |                                |

## 13. Reserves

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

During the second quarter of 2006, the Company appropriated its net income of Baht 7,245,725 as legal reserve. Accordingly, the new balance of legal reserve as of September 30, 2006 was Baht 2,857.25 million which had reached 10% of the authorized share capital as stipulated in the Act.

## 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 held by third parties during the period.

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

The calculation of basic earnings per share and diluted earnings per share in the consolidated and the Company's financial statements for the three-month periods ended September 30, 2006 and 2005 is detailed as follows :

#### 14. Earnings per Share (Continued)

|   | Basic Earnings per Share |                | Diluted Earnings per Share |                |
|---|--------------------------|----------------|----------------------------|----------------|
|   | 2006                     | 2005           | 2006                       | 2005           |
| Net income attributable to ordinary shareholders (Baht)                                   | 24,320,204,737           | 24,021,931,135 | 24,320,204,737             | 24,021,931,135 |
| Adjustment of net income (Baht)   | -                        | -              | (10,823,764)               | (3,218,971)    |
| Net income for calculation of earnings per share (Baht)                                   | 24,320,204,737           | 24,021,931,135 | 24,309,380,973             | 24,018,712,164 |
| Weighted average number of ordinary shares for calculation of earnings per share (Shares) | 2,799,723,939            | 2,797,245,725  | 2,807,739,099              | 2,800,425,747  |
| Earnings per share (Baht/share)   | 8.69                     | 8.59           | 8.66                       | 8.58           |

The calculation of basic earnings per share and diluted earnings per share in the consolidated and the Company's financial statements for the nine-month periods ended September 30, 2006 and 2005 is detailed as follows :

|   | Basic Earnings per Share |                | Diluted Earnings per Share |                |
|---|--------------------------|----------------|----------------------------|----------------|
|   | 2006                     | 2005           | 2006                       | 2005           |
| Net income attributable to ordinary shareholders before extraordinary items (Baht)        | 79,701,142,169           | 62,955,714,735 | 79,701,142,169             | 62,955,714,735 |
| Adjustment of net income (Baht)   | -                        | -              | (55,459,409)               | (30,875,935)   |
| Income before extraordinary items for calculation of earnings per share (Baht)            | 79,701,142,169           | 62,955,714,735 | 79,645,682,760             | 62,924,838,800 |
| Extraordinary items (Baht)  | -                        | 5,416,796,542  | -                          | 5,416,796,542  |
| Net income for calculation of earnings per share (Baht)                                   | 79,701,142,169           | 68,372,511,277 | 79,645,682,760             | 68,341,635,342 |
| Weighted average number of ordinary shares for calculation of earnings per share (Shares) | 2,798,080,874            | 2,797,245,725  | 2,807,452,045              | 2,798,317,381  |
| Income before extraordinary items (Baht/share)  | 28.48                    | 22.50          | 28.37                      | 22.48          |
| Extraordinary items (Baht/share)  | -                        | 1.94           | -                          | 1.94           |
| Earnings per share (Baht/share)   | 28.48                    | 24.44          | 28.37                      | 24.42          |

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

Information regarding the issue of the warrants to purchase ordinary shares by the Company to the Company's employees is detailed in Note 12.

## 14. Earnings per Share (Continued)

### PTTEP

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

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

| Date of issue and offer of warrants | Exercise price (Baht/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                                       | 9.59   | 0.41   | July 31, 2007                  |
| August 1, 2003                      | 23.4                        | 1 : 5                                       | 6.98   | 3.02   | July 31, 2008                  |
| August 1, 2004                      | 36.6                        | 1 : 5                                       | 6.23   | 7.77   | July 31, 2009                  |
| August 1, 2005                      | 55.6                        | 1 : 5                                       | 2.69   | 11.31  | July 31, 2010                  |
| August 1, 2006                      | 91.2                        | 1 : 5                                       | -  | 14.00  | July 31, 2011                  |
|                                     |                             |   | <u>25.49</u>                                     | <u>36.51</u>                                       |                                |

### ATC

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

| Date of issue and offer of warrants | Exercise price (Baht/share) | Exercise right (Warrant per ordinary share) | The number of exercised warrants (Million units) | The number of unexercised warrants (Million units) | Last exercise date of warrants |
|-------------------------------------|-----------------------------|---|--|--|--------------------------------|
| February 2, 2004                    | 10                          | 1 : 1                                       | 11.50  | 3.10   | November 23, 2007              |



## 15. Other Income

Other income for the three-month periods ended September 30, 2006 and 2005 is as follows :

|  | Unit : Million Baht |                 |                 |                 |
|--|---------------------|-----------------|-----------------|-----------------|
|  | Consolidated        |                 | The Company     |                 |
|  | 2006                | 2005            | 2006            | 2005            |
| Interest income  | 628.62              | 353.76          | 322.11          | 631.06          |
| Penalty income   | 119.65              | 17.73           | 96.50           | 17.48           |
| Transportation income  | 1,710.17            | 802.81          | 1,725.80        | 1,330.96        |
| Dividend income  | 207.34              | 7.50            | 6.00            | 7.50            |
| Compensation for loan interest of<br>advance payment for gas purchased | 265.85              | 348.93          | 265.85          | 348.93          |
| Gain on foreign exchange   | 1,505.68            | 586.33          | 948.50          | 397.63          |
| Others   | 549.65              | 157.06          | 431.05          | 140.54          |
| <b>Total</b>   | <b>4,986.96</b>     | <b>2,274.12</b> | <b>3,795.81</b> | <b>2,874.10</b> |

Other income for the nine-month periods ended September 30, 2006 and 2005 is as follows :

|  | Unit : Million Baht |                 |                  |                 |
|--|---------------------|-----------------|------------------|-----------------|
|  | Consolidated        |                 | The Company      |                 |
|  | 2006                | 2005            | 2006             | 2005            |
| Interest income  | 2,150.18            | 1,076.74        | 1,133.22         | 1,687.37        |
| Penalty income   | 407.35              | 317.98          | 415.39           | 308.64          |
| Transportation income  | 3,798.11            | 2,297.41        | 4,562.83         | 3,618.71        |
| Dividend income  | 269.48              | 40.30           | 65.10            | 40.30           |
| Compensation for loan interest of<br>advance payment for gas purchased | 1,131.77            | 1,189.52        | 1,131.77         | 1,189.52        |
| Gain on foreign exchange   | 8,070.60            | -               | 4,062.62         | -               |
| Others   | 1,533.33            | 1,496.76        | 1,192.88         | 2,002.17        |
| <b>Total</b>   | <b>17,360.82</b>    | <b>6,418.71</b> | <b>12,563.81</b> | <b>8,846.71</b> |

For the nine-month period ended September 30, 2005, loss on foreign exchange of Baht 361.90 million in the consolidated financial statements and Baht 167.19 million in the Company's financial statements are included as part of selling and administrative expenses.

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 (IPP) to absorb the Company's interest on loans for advance payment for gas purchased.

## 16. 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 September 30, 2006 and 2005 includes share of gain on foreign exchange as follows :

Unit : Million Baht

|   | Consolidated    |                 | The Company      |                  |
|---|-----------------|-----------------|------------------|------------------|
|   | 2006            | 2005            | 2006             | 2005             |
| Share of net income before gain on foreign exchange | 6,305.82        | 6,519.58        | 13,218.26        | 14,381.39        |
| <u>Add</u> Share of gain on foreign exchange        | <u>550.86</u>   | <u>229.45</u>   | <u>1,128.17</u>  | <u>413.80</u>    |
| Total   | <u>6,856.68</u> | <u>6,749.03</u> | <u>14,346.43</u> | <u>14,795.19</u> |

Share of net income from investments under the equity method for the nine-month periods ended September 30, 2006 and 2005 includes share of gain(loss) on foreign exchange as follows :

Unit : Million Baht

|   | Consolidated     |                   | The Company      |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | 2006             | 2005              | 2006             | 2005              |
| Share of net income before gain(loss) on foreign exchange | 15,460.72        | 18,151.48         | 38,742.17        | 44,017.29         |
| <u>Add</u> Share of gain(loss) on foreign exchange        | <u>2,310.39</u>  | <u>(1,127.82)</u> | <u>5,731.88</u>  | <u>(1,067.52)</u> |
| Total   | <u>17,771.11</u> | <u>17,023.66</u>  | <u>44,474.05</u> | <u>42,949.77</u>  |

## 17. Segment Information

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

## 17. Segment Information (Continued)

### Consolidated

For the three-month period ended September 30, 2006

Unit : Million Baht

|  | Oil        | Natural<br>gas | Petroleum<br>exploration<br>and<br>production | Petro-<br>chemical | Others    | Elimi-<br>nation | Total            |
|--|------------|----------------|---|--------------------|-----------|------------------|------------------|
| Sales - others   | 278,792.99 | 50,650.24      | 5,039.68                                      | 18,806.78          | -         | -                | 353,289.69       |
| - related parties  | 3,102.43   | 13,406.53      | 18,408.29                                     | 352.07             | -         | (35,269.32)      | -                |
| Petroleum royalties and<br>remuneration                                      | -          | -              | (3,488.58)                                    | -                  | -         | -                | (3,488.58)       |
| Net sales  | 281,895.42 | 64,056.77      | 19,959.39                                     | 19,158.85          | -         | (35,269.32)      | 349,801.11       |
| Gross margin   | 3,769.27   | 11,692.09      | 14,313.81                                     | 6,573.47           | -         | (221.95)         | 36,126.69        |
| EBITDA   | 2,307.04   | 12,074.64      | 16,413.15                                     | 6,752.72           | (365.55)  | (5.32)           | 37,176.68        |
| Depreciation and<br>amortization   | 502.60     | 1,482.77       | 4,315.80                                      | 738.06             | 13.92     | 291.73           | 7,344.88         |
| EBIT   | 1,804.44   | 10,591.87      | 12,097.35                                     | 6,014.66           | (379.47)  | (297.05)         | 29,831.80        |
| Share of net income<br>(loss) from<br>investments under the<br>equity method | 0.05       | 21.28          | (11.52)                                       | 182.20             | 14,346.43 | (7,681.76)       | 6,856.68         |
| Interest-net   |            |                |   |                    |           |                  | (1,391.01)       |
| Other income   |            |                |   |                    |           |                  | 727.83           |
| Gain on foreign<br>exchange  |            |                |   |                    |           |                  | 1,505.68         |
| Income taxes   |            |                |   |                    |           |                  | (8,345.53)       |
| Minority interests   |            |                |   |                    |           |                  | (4,865.25)       |
| Net Income   |            |                |   |                    |           |                  | <u>24,320.20</u> |

## 17. Segment Information (Continued)

### Consolidated

For the three-month period ended September 30, 2005

Unit : Million Baht

|   | Oil        | Natural<br>gas | Petroleum<br>exploration<br>and<br>production | Refining  | Petro-<br>chemical | Others    | Elimi-<br>nation | Total            |
|---|------------|----------------|---|-----------|--------------------|-----------|------------------|------------------|
| Sales - others  | 204,447.16 | 49,627.01      | 3,429.37                                      | 9,411.51  | 2,891.35           | -         | -                | 269,806.40       |
| - related parties   | 33,501.11  | 7,245.13       | 16,272.06                                     | 83,305.24 | -                  | -         | (140,323.54)     | -                |
| Petroleum royalties   | -          | -              | (2,357.19)                                    | -         | -                  | -         | -                | (2,357.19)       |
| Net sales   | 237,948.27 | 56,872.14      | 17,344.24                                     | 92,716.75 | 2,891.35           | -         | (140,323.54)     | 267,449.21       |
| Gross margin  | 2,860.50   | 11,904.91      | 13,498.36                                     | 5,076.10  | 165.04             | -         | 121.27           | 33,626.18        |
| EBITDA  | 1,937.81   | 12,246.76      | 14,674.24                                     | 5,158.72  | 104.20             | (140.04)  | (362.47)         | 33,619.22        |
| Depreciation and<br>amortization  | 521.97     | 1,311.80       | 2,411.75                                      | 454.75    | 69.87              | 4.65      | (96.58)          | 4,678.21         |
| EBIT  | 1,415.84   | 10,934.96      | 12,262.49                                     | 4,703.97  | 34.33              | (144.69)  | (265.89)         | 28,941.01        |
| Share of net<br>income(loss) from<br>investments under the<br>equity method | 0.02       | 17.72          | 100.85  | -         | (0.56)             | 14,795.20 | (8,164.20)       | 6,749.03         |
| Interest-net  |            |                |   |           |                    |           |                  | (1,966.52)       |
| Other income  |            |                |   |           |                    |           |                  | 340.33           |
| Gain on foreign<br>exchange   |            |                |   |           |                    |           |                  | 586.33           |
| Income taxes  |            |                |   |           |                    |           |                  | (8,122.04)       |
| Minority interests  |            |                |   |           |                    |           |                  | (2,506.21)       |
| Net Income  |            |                |   |           |                    |           |                  | <u>24,021.93</u> |

## 17. Segment Information (Continued)

### Consolidated

For the nine-month period ended September 30, 2006

Unit : Million Baht

|  | Oil        | Natural<br>gas | Petroleum<br>exploration<br>and<br>production | Refining  | Petro-<br>chemical | Others    | Elimi-<br>nation | Total            |
|--|------------|----------------|---|-----------|--------------------|-----------|------------------|------------------|
| Sales - others   | 722,419.54 | 142,757.20     | 15,340.75                                     | 12,288.59 | 50,828.12          | -         | -                | 943,634.20       |
| - related parties  | 62,331.79  | 38,945.28      | 52,976.12                                     | 64,100.51 | 4,178.34           | -         | (222,532.04)     | -                |
| Petroleum royalties and<br>remuneration                                  | -          | -              | (10,211.39)                                   | -         | -                  | -         | -                | (10,211.39)      |
| Net sales  | 784,751.33 | 181,702.48     | 58,105.48                                     | 76,389.10 | 55,006.46          | -         | (222,532.04)     | 933,422.81       |
| Gross margin   | 9,887.74   | 33,567.74      | 41,978.48                                     | 5,907.21  | 17,902.63          | -         | (216.95)         | 109,026.85       |
| EBITDA   | 5,356.64   | 34,517.24      | 48,851.04                                     | 6,468.88  | 18,299.25          | (673.96)  | (520.12)         | 112,298.97       |
| Depreciation and<br>amortization   | 1,527.01   | 4,148.31       | 11,573.92                                     | 740.83    | 2,048.73           | 34.05     | 472.73           | 20,545.58        |
| EBIT   | 3,829.63   | 30,368.93      | 37,277.12                                     | 5,728.05  | 16,250.52          | (708.01)  | (992.85)         | 91,753.39        |
| Share of net income(loss)<br>from investments under<br>the equity method | 0.18       | 58.93          | (12.74)                                       | -         | 190.75             | 44,474.05 | (26,940.06)      | 17,771.11        |
| Interest-net   |            |                |   |           |                    |           |                  | (5,746.67)       |
| Other income   |            |                |   |           |                    |           |                  | 9,324.76         |
| Gain on foreign exchange   |            |                |   |           |                    |           |                  | 8,070.60         |
| Income taxes   |            |                |   |           |                    |           |                  | (27,174.64)      |
| Minority interests   |            |                |   |           |                    |           |                  | (14,297.41)      |
| Net Income   |            |                |   |           |                    |           |                  | <u>79,701.14</u> |

## 17. Segment Information (Continued)

### Consolidated

For the nine-month period ended September 30, 2005

Unit : Million Baht

|  | Oil        | Natural<br>gas | Petroleum<br>exploration<br>and<br>production | Refining   | Petro-<br>chemical | Others    | Elimi-<br>nation | Total       |
|--|------------|----------------|---|------------|--------------------|-----------|------------------|-------------|
| Sales - others   | 514,315.41 | 136,574.63     | 6,441.75                                      | 23,549.84  | 6,664.31           | -         | -                | 687,545.94  |
| - related parties  | 82,616.89  | 18,342.10      | 40,946.00                                     | 83,305.24  | -                  | -         | (225,210.23)     | -           |
| Petroleum royalties  | -          | -              | (5,606.47)                                    | -          | -                  | -         | -                | (5,606.47)  |
| Net sales  | 596,932.30 | 154,916.73     | 41,781.28                                     | 106,855.08 | 6,664.31           | -         | (225,210.23)     | 681,939.47  |
| Gross margin   | 8,691.18   | 32,312.45      | 32,088.49                                     | 13,133.01  | 415.92             | -         | 825.93           | 87,466.98   |
| EBITDA   | 5,470.34   | 33,388.69      | 35,638.96                                     | 12,833.21  | 319.89             | (314.35)  | (489.54)         | 86,847.20   |
| Depreciation and<br>amortization   | 1,550.88   | 3,668.28       | 6,471.86                                      | 897.52     | 202.86             | 12.03     | (288.71)         | 12,514.72   |
| EBIT   | 3,919.46   | 29,720.41      | 29,167.10                                     | 11,935.69  | 117.03             | (326.38)  | (200.83)         | 74,332.48   |
| Share of net income(loss)<br>from investments under<br>the equity method | 0.06       | 45.53          | 139.78  | -          | (0.56)             | 42,949.78 | (26,110.93)      | 17,023.66   |
| Interest-net   |            |                |   |            |                    |           |                  | (5,507.41)  |
| Other income   |            |                |   |            |                    |           |                  | 2,000.88    |
| Loss on foreign exchange   |            |                |   |            |                    |           |                  | (361.90)    |
| Income taxes   |            |                |   |            |                    |           |                  | (18,621.51) |
| Minority interests   |            |                |   |            |                    |           |                  | (5,910.49)  |
| Extraordinary items  |            |                |   |            |                    |           |                  | 5,416.80    |
| Net Income   |            |                |   |            |                    |           |                  | 68,372.51   |

Pricing among business groups 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, and depreciation and amortization, including other expenses and income not relevant to operations.

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

The Group categorizes segments for major business as follows :

### Oil Business

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

1. Oil marketing : marketing of petroleum and lubricant products through channels of retail, commercial and international marketing.

## 17. Segment Information (Continued)

- Oil trading : international trading, import and export of crude oil, petroleum products, raw materials and petrochemical products.

### Natural Gas Business

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

### Exploration and Production Petroleum Business

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

### Petrochemical Business

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

### Refining Business

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

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

## 18. Dividend Payment

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

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

## 19. Business Acquisition

During the period ended September 30, 2006, the Company acquired HMC as described in Note 5.4.

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

|   | Unit : Million Baht    |
|---|------------------------|
|   | <u>HMC</u>             |
| Purchase consideration                        | 9,113.09               |
| <u>Less Fair value of net assets acquired</u> | <u>5,577.95</u>        |
| Goodwill                                      | <u><u>3,535.14</u></u> |

## 19. Business Acquisition (Continued)

Assets and liabilities derived from the acquisition are as follows :

|   | Unit : Million Baht |
|---|---------------------|
|   | <u>HMC</u>          |
| Cash and cash equivalents                       | 2,931.33            |
| Accounts receivable                             | 1,267.84            |
| Inventories and supplies                        | 668.74              |
| Other current assets                            | 76.59               |
| Other long-term investments                     | 1,757.11            |
| Property, plant and equipment (Note 7)          | 736.13              |
| Intangible assets (Note 8)                      | 68.59               |
| Other non-current assets                        | 14.01               |
| Bank overdrafts and short-term loans from banks | (248.66)            |
| Accounts payable                                | (859.43)            |
| Current portion of long-term loans (Note 10.1)  | (37.30)             |
| Accrued expenses                                | (72.19)             |
| Long-term loans (Note 10.1)                     | (708.67)            |
| Other non-current liabilities                   | (16.14)             |
| Fair value of net assets                        | 5,577.95            |
| <u>Less Purchase consideration</u>              | <u>9,113.09</u>     |
| Goodwill  | <u>3,535.14</u>     |

## 20. Business Disposal

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

After the IPO, the Company's shareholding in RRC decreased from 100% to 49.99%, and RRC transformed its status from a subsidiary to an associate. A gain on disposal of investments amounting to Baht 7,130.48 million occurred as detailed in Note 5.4. The effect from disposal of investments is detailed as follows :

|  | Unit : Million Baht |
|--|---------------------|
| Proceeds from disposal of investments        | 15,450.64           |
| <u>Less Investments disposed</u>             | <u>10,452.87</u>    |
| <u>Add Amortization of negative goodwill</u> | <u>2,132.71</u>     |
| Gain on disposal of investments (Note 5.4)   | <u>7,130.48</u>     |



## 20. Business Disposal (Continued)

|  | Unit : Million Baht |
|--|---------------------|
| Cash and cash equivalents  | 1,699.24            |
| Accounts receivable  | 10,840.31           |
| Inventories and supplies   | 9,029.26            |
| Other current assets   | 1,277.10            |
| Property, plant and equipment (Note 7)                           | 35,029.56           |
| Intangible assets (Note 8)                                       | (2,602.21)          |
| Other non-current assets   | 6,257.82            |
| Bank overdrafts and short-term loans from financial institutions | (1,100.00)          |
| Accounts payable   | (14,122.16)         |
| Other current liabilities  | (2,462.36)          |
| Long-term loans (Note 10.1)                                      | (16,734.89)         |
| Other non-current liabilities                                    | (11.77)             |
| Net shareholders' equity   | 27,099.90           |
| <u>Less Remaining investments after business disposal</u>        | <u>16,647.03</u>    |
| Investments disposed   | <u>10,452.87</u>    |

## 21. Reclassification

The Group has reclassified certain items in the consolidated and the Company's financial statements for the three-month and nine-month periods ended September 30, 2005 to conform to the presentation of the consolidated and the Company's financial statements for the three-month and nine-month periods ended September 30, 2006. The reclassifications do not affect the net income previously reported.

## 22. Promotional Privileges

The Company received promotional privileges from the Board of Investments (BOI) under the Investment Act, B.E. 2520 for the Gas Separation Plant Unit #5, the third main transmission pipeline project, the Sainoi-South Bangkok Power Plant transmission pipeline project, the NGV-Suvarnabhumi-Phayathai gas pipeline project and the distribution gas pipelines to the Rojana Industrial Park. The promotional privileges include exemption on import duties for machines as approved by BOI and exemption on corporate income tax for net income generated from promotional business for eight years starting from the date of initial recognition of operating revenues. With the receipt of promotional privileges, the Company must comply with all conditions and regulations stated in the Promotional Certificates.

## 23. Commitments and Contingent Liabilities

Significant changes in commitments and contingent liabilities are as follows :

### 23.1 Commitments to subsidiaries, associates, joint ventures and other related companies

In accordance with a condition provided to a financial institution, the Company entered into two Shareholder's Commercial Support Arrangements with its subsidiary and associate at contract amounts of USD 100 million and USD 90 million, respectively. The Company had obligations under those arrangements in the form of extended credit for raw materials and/or advance product payments. As of September 30, 2006, the subsidiary and associate had not used the credit amounts.

The Company had an obligation under a commercial credit agreement in the form of extended credit for raw materials to a foreign subsidiary with a credit limit of USD 100 million. As of September 30, 2006, the foreign subsidiary had used a commercial credit line of USD 93.18 million. The remaining credit line was USD 6.82 million.

The Company entered into financial support agreements (Sponsor Support Agreements) with two joint ventures at total credit limit equal to the loan obligations of those two joint ventures to a financial institution. As of September 30, 2006, the Company had the remaining commitments of USD 261.30 million under those agreements.

The Group had obligations under various Shareholder Agreements with respect to financial support in the form of capital injections. As of September 30, 2006, the Group had total remaining obligations under those agreements of Baht 6,914 million in the consolidated financial statements and Baht 3,955 million in the Company's financial statements.

23.2 As of September 30, 2006, the Group and the Company had contingent liabilities in the form of Letters of Guarantee amounting to Baht 857.42 million in the consolidated financial statements and Baht 35.06 million in the Company's financial statements.

23.3 On August 31, 2006, the Foundation for Consumers and a group of people, totalling five people (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. 1989) in relation to the privatization of the Petroleum Authority of Thailand to PTT Public Company Limited. The two Royal Decrees consist of the Royal Decree Determining Powers, Rights and Benefits of PTT Public Company Limited B.E. 2544 (A.D. 1991) and the Royal Decree Determining the Time for Repealing the Laws Governing the Petroleum Authority of Thailand B.E. 2544 (A.D. 1991). On September 4, 2006, the Supreme Administration Court issued an order to accept such complaint. Currently, the case is under the court's consideration.

## 24. Subsequent Events

24.1 On October 1, 2006, a subsidiary of PTTEP redeemed 200,000 unsubordinated bonds guaranteed by PTTEP with a face value of USD 1,000 each, totalling USD 200 million. The interest is at a rate of 7.625% per annum, payable every six months with a redemption period of ten years.

## 24. Subsequent Events (Continued)

- 24.2 On October 2, 2006, the Company sold its entire ordinary shares in PTTPE and BPE to PTTCH, amounting to 11.50 million shares and 85 million shares, respectively in accordance with the resolution of the board of directors' meeting No.8/2006 on August 23, 2006. The Company received payments for those shares from PTTCH amounting to Baht 1,750 million and Baht 2,000 million, respectively. After the sales of those shares, PTTCH was the only major shareholder of PTTPE and BPE with a shareholding of 99.99% of total paid-up share capital of each company.
- 24.3 On October 6, 2006, PTTEP incorporated three subsidiaries as follows :
- PTTEP Holding Co., Ltd. had an authorized and paid-up share capital of USD 50,000, comprising 50,000 ordinary shares at a par value of USD 1 each, wholly owned by PTTEP Offshore Investment Co., Ltd. (a subsidiary of PTTEP).
- PTTEP Indonesia Co., Ltd. had an authorized and paid-up share capital of USD 50,000, comprising 50,000 ordinary shares at a par value of USD 1 each, wholly owned by PTTEP Holding Co., Ltd. (a subsidiary of PTTEP).
- PTTEP Bengara I Co., Ltd. had an authorized and paid-up share capital of USD 50,000, comprising 50,000 ordinary shares at a par value of USD 1 each, wholly owned by PTTEP Indonesia Co., Ltd (a subsidiary of PTTEP).
- 24.4 On October 12, 2006, the Company issued two lots of unsecured unsubordinated bonds for sales to general investors and financial institutional investors with principal amounts of Baht 4,000 million and Baht 8,000 million, and redemption periods of five years and ten years, respectively. The interest is fixed at 5.53% and 5.79% per annum, payable every six months with redemption dates on October 12, 2011 and October 12, 2016, respectively.
- 24.5 On October 26, 2006, the extraordinary meeting of TPI's shareholders No.2/2006 passed a resolution to change the company's name from Thai Petrochemical Industry Public Co., Ltd. to IRPC Public Co., Ltd. and to change the company's seal. On October 31, 2006, TPI registered the change of the company's name with the registrar at the Ministry of Commerce. The security symbol of the company was changed from "TPI to "IRPC".
- 24.6 The Audit Committee of the Company will approve the financial statements for public issuance on November 9, 2006.
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