

**Thai Oil Public Company Limited  
and its Subsidiaries**

Interim financial statements  
and  
Review Report of Certified Public Accountant

For the three-month period ended  
31 March 2007

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**Review Report of Certified Public Accountant**

**To the Board of Directors of Thai Oil Public Company Limited**

I have reviewed the accompanying consolidated and separate balance sheets as at 31 March 2007, and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews. The consolidated and the Company's statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2006 of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited, respectively, were reviewed by another auditor whose report dated 10 May 2006 stated that nothing had come to his attention that caused him to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles. As described in notes 2 and 12 to the financial statements, the consolidated and the Company's financial statements for the three-month period ended 31 March 2006 have been restated for the effects of the change in accounting policy for investments in subsidiaries and associates from the equity method of accounting to the cost method, and the effects of the change in valuation method for crude oil and feedstock to weighted average. I have reviewed the adjustments made to the consolidated and the Company's financial statements. Based on my reviews, nothing has come to my attention to indicate that those adjustments are not appropriate and properly applied.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This Standard requires that I 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 company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards. I have not performed an audit and, accordingly, I do not express an audit opinion on the reviewed financial statements.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

The consolidated and the Company's financial statements for the year ended 31 December 2006 of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited, respectively, were audited by another auditor who expressed an unqualified opinion on those financial statements in his report dated 16 February 2007. As described in notes 2 and 12 to the accompanying financial statements, the consolidated and the Company's financial statements for the year ended 31 December 2006 have been restated for the effects of the change in accounting policy for investments in subsidiaries and associates from the equity method of accounting to the cost method, and the effects of the change in valuation method for crude oil and feedstock to weighted average. I have audited the adjustments that were applied to the restatement of 2006 consolidated and separate financial statements and in my opinion these adjustments are appropriate and have been properly applied. The consolidated and separate balance sheets as at 31 December 2006, which are included in the accompanying financial statements for comparative purposes, are components of those financial statements.

(Thirddthong Thepmongkorn)  
Certified Public Accountant  
Registration No. 3787

KPMG Phoomchai Audit Ltd.  
Bangkok  
11 May 2007

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**Thai Oil Public Company Limited and its Subsidiaries**

**Balance sheets**

**As at 31 March 2007 and 31 December 2006**

		Consolidated		Separate	
		financial statements		financial statements	
Assets	Note	31 March	31 December	31 March	31 December
		2007	2006	2007	2006
		(Unaudited)	(Restated)	(Unaudited)	(Restated)
		(in thousand Baht)			
<i>Current assets</i>					
Cash and cash equivalents		14,215,876	6,525,430	6,558,331	1,393,332
Current investments		593,311	456,911	-	-
Trade accounts receivable	3, 4	19,247,986	18,754,250	18,108,557	16,434,350
Accounts receivable from subsidiary, associated and related companies	3	17,731	13,342	78,904	71,827
Inventories		25,009,016	20,686,175	22,771,098	18,194,891
Receivable from Oil Fuel Fund		1,146,456	1,148,057	1,146,456	1,148,057
Other current assets		1,098,746	1,323,493	747,760	793,423
<b>Total current assets</b>		<b>61,329,122</b>	<b>48,907,658</b>	<b>49,411,106</b>	<b>38,035,880</b>
<i>Non-current assets</i>					
Investments in subsidiaries and associates	5	45,103	44,367	8,238,421	8,238,421
Other long-term investment	6	-	-	-	-
Long-term loans to savings co-operative of employees		507,966	510,338	507,966	510,338
Receivables from remeasurement to fair value of cross currency swap contracts		497,808	80,661	497,808	80,661
Property, plant and equipment		75,641,490	74,138,170	48,943,367	48,788,646
Intangible assets		46,100	51,917	44,834	50,565
Negative goodwill	5	-524,049	(531,362)	-	-
Deferred tax assets		216,251	210,998	216,251	210,998
Other non-current assets		1,707,056	1,786,820	1,206,377	1,277,575
<b>Total non-current assets</b>		<b>78,137,725</b>	<b>76,291,909</b>	<b>59,655,024</b>	<b>59,157,204</b>
<b>Total assets</b>		<b>139,466,847</b>	<b>125,199,567</b>	<b>109,066,130</b>	<b>97,193,084</b>

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**Thai Oil Public Company Limited and its Subsidiaries**

**Balance sheets**

**As at 31 March 2007 and 31 December 2006**

Liabilities and shareholders' equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2007	2006	2007	2006
		(Unaudited)	(Restated)	(Unaudited)	(Restated)
(in thousand Baht)					
Current liabilities					
Short-term loans from financial institutions		-	1,000,000	-	1,000,000
Trade accounts payable	3	21,983,466	12,937,373	22,581,922	13,219,017
Current portion of long-term loans		964,896	1,133,370	-	-
Accounts payable to subsidiary, associated and related companies	3	36,374	27,385	40,890	26,202
Income tax payable		2,174,312	669,860	1,695,299	441,269
Other current liabilities		2,389,837	3,260,566	2,024,575	3,008,580
Total current liabilities		27,548,885	19,028,554	26,342,686	17,695,068
Non-current liabilities					
Long-term loans		11,298,117	11,150,880	6,683,770	6,766,542
Payables from remeasurement to fair value of cross currency swap contracts		14,229	-	-	-
Notes		17,785,214	18,167,918	17,785,214	18,167,918
Deferred tax liabilities		3,689,017	3,427,555	3,644,328	3,381,270
Other non-current liabilities		262,801	228,063	470,600	430,075
Total non-current liabilities		33,049,378	32,974,416	28,583,912	28,745,805
Total liabilities		60,598,263	52,002,970	54,926,598	46,440,873
Shareholders' equity					
Share capital	7				
Authorised share capital		20,400,279	20,400,279	20,400,279	20,400,279
Issued and paid-up share capital		20,400,279	20,400,279	20,400,279	20,400,279
Reserves					
Share premium		2,456,261	2,456,261	2,456,261	2,456,261
Revaluation surplus		11,960,591	12,574,530	11,960,591	12,574,530
Retained earnings					
Appropriated					
Legal reserve		2,040,028	2,040,028	2,040,028	2,040,028
Other		244,500	244,500	244,500	244,500
Unappropriated		37,321,116	31,224,086	17,037,873	13,036,613
Total equity attributable to the Company's shareholders		74,422,775	68,939,684	54,139,532	50,752,211
Minority interest		4,445,809	4,256,913	-	-
Total shareholders' equity		78,868,584	73,196,597	54,139,532	50,752,211
Total liabilities and shareholders' equity		139,466,847	125,199,567	109,066,130	97,193,084

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

Thai Oil Public Company Limited and its Subsidiaries

Statements of income

For the three-month periods ended 31 March 2007 and 2006 (Unaudited)

		Consolidated financial statements		Separate financial statements	
	Note	2007 (Unaudited)	2006 (Restated)	2007 (Unaudited)	2006 (Restated)
		<i>(in thousand Baht)</i>			
<b>Revenues</b>	8				
Revenue from sale of goods and rendering of services	3	64,427,854	64,858,684	62,591,982	66,869,751
Net foreign exchange gain		686,921	1,673,347	610,856	1,328,109
Net gain on remeasurement to fair value of cross currency swap contracts		402,918	-	417,147	-
Other income	3, 5	192,162	157,839	259,800	678,215
Share of profits from investments accounted for using the equity method	5	736	-	-	-
<b>Total revenues</b>		<b>65,710,591</b>	<b>66,689,870</b>	<b>63,879,785</b>	<b>68,876,075</b>
<b>Expenses</b>	8				
Cost of sale of goods and rendering of services	3	57,607,087	61,025,351	58,497,859	65,367,190
Selling and administrative expenses	3	188,672	210,989	97,847	80,363
<b>Total expenses</b>		<b>57,795,759</b>	<b>61,236,340</b>	<b>58,595,706</b>	<b>65,447,553</b>
<b>Profit before interest, financial and income tax expenses</b>		<b>7,914,832</b>	<b>5,453,530</b>	<b>5,284,079</b>	<b>3,428,522</b>
Interest and financial expenses		(473,624)	(462,404)	(378,683)	(317,972)
Income tax expense		(1,493,437)	(727,078)	(1,242,291)	(728,674)
<b>Profit after tax</b>		<b>5,947,771</b>	<b>4,264,048</b>	<b>3,663,105</b>	<b>2,381,876</b>
Net profit of minority interest		(188,896)	(211,150)	-	-
<b>Net profit</b>		<b>5,758,875</b>	<b>4,052,898</b>	<b>3,663,105</b>	<b>2,381,876</b>
<b>Basic earnings per share (Baht)</b>	9	<b>2.82</b>	<b>1.99</b>	<b>1.80</b>	<b>1.17</b>

# Thai Oil Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month period ended 31 March 2007 (Unaudited)

#### Thai Oil Public Company Limited and its Subsidiaries

#### Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2007 and 2006 (Unaudited)

Consolidated financial statements (Restated)									
		Reserves		Retained earnings			Total equity of		Total
	Issued and	Share	Revaluation	Legal			the Company's	Minority	shareholders'
Note	paid-up	premium	surplus	reserve	Other	Unappropriated	shareholders	interests	equity
	share capital								

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

Thai Oil Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2007 and 2006 (Unaudited)

		Separate financial statements (Restated)					
		Reserves		Retained earnings			
	Issued and	Share	Revaluation	Legal			Total equity of
Note	paid-up	premium	surplus	reserve	Other	Unappropriated	the Company's
	share capital						shareholders
(in thousand Baht)							
Balance at 1 January 2006	20,400,279	2,456,261	15,049,072	1,284,945	244,500	23,831,084	63,266,141
Change in accounting policy	12	-	-	-	-	(9,988,330)	(9,988,330)
Restated balance	20,400,279	2,456,261	15,049,072	1,284,945	244,500	13,842,754	53,277,811
Change in shareholders' equity for 2006							
Depreciation of revaluation surplus of assets	-	-	(338,155)	-	-	338,155	-
Deferred tax on revaluation of assets	-	-	(275,784)	-	-	-	(275,784)
Net profit	-	-	-	-	-	2,381,876	2,381,876
Balance at 31 March 2006	20,400,279	2,456,261	14,435,133	1,284,945	244,500	16,562,785	55,383,903
Balance at 1 January 2007	20,400,279	2,456,261	12,574,530	2,040,028	244,500	30,842,300	68,557,898
Change in accounting policy	12	-	-	-	-	(17,805,687)	(17,805,687)
Restated balance	20,400,279	2,456,261	12,574,530	2,040,028	244,500	13,036,613	50,752,211
Change in shareholders' equity for 2007							
Depreciation of revaluation surplus of assets	-	-	(338,155)	-	-	338,155	-
Deferred tax on revaluation of assets	-	-	(275,784)	-	-	-	(275,784)
Net profit	-	-	-	-	-	3,663,105	3,663,105
Balance at 31 March 2007	20,400,279	2,456,261	11,960,591	2,040,028	244,500	17,037,873	54,139,532



**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**Thai Oil Public Company Limited and its Subsidiaries**

**Statements of cash flows**

**For the three-month periods ended 31 March 2007 and 2006 (Unaudited)**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2007	2006	2007	2006
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Net profit	5,758,875	4,052,898	3,663,105	2,381,876
<b><i>Adjustments for</i></b>				
Depreciation and amortisation	1,676,946	1,632,459	1,268,325	1,233,387
Unrealised gain on foreign exchange	-526,195	-1,362,878	-437,300	-1,065,166
Interest expense	457,349	450,006	366,820	306,416
Share of profits from investments accounted for using the equity method	(736)	-	-	-
Dividend income	-	-	-	(193,187)
Net gain on remeasurement to fair value of cross currency swap contracts	(402,918)	-	(417,147)	-
Loss on disposal of property, plant and equipment	6,952	40	6,951	11
Realisation of deferred land lease and other income	-7,501	-6,409	-49,348	-46,006
Income tax expense	1,493,437	727,078	1,242,291	728,674
Net profit of minority interests	188,896	211,150	-	-
	<b>8,645,105</b>	<b>5,704,344</b>	<b>5,643,697</b>	<b>3,346,005</b>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	-529,614	731,399	-1,698,794	-722,083
Accounts receivable from subsidiary, associated and related companies	-4,389	3,935	-7,077	-9,413
Inventories	-4,322,841	-713,527	-4,576,207	-500,082
Receivable from Oil Fuel Fund	1,601	169,507	1,601	169,507
Other current assets	146,062	313,262	-34,480	293,677
Other non-current assets	-3,801	-147,156	-360	-90,755
Trade accounts payable	9,041,723	4,778,213	9,358,543	6,450,799
Accounts payable to subsidiary, associated and related companies	21,423	-7,638	14,688	-470,982
Other current liabilities	-224,759	610,434	-313,996	620,591
Other non-current liabilities	40,612	16,392	80,618	97,238
Income tax paid	(10,016)	(1,974,456)	(6,241)	(1,973,292)
<b>Net cash provided by operating activities</b>	<b>12,801,106</b>	<b>9,484,709</b>	<b>8,461,992</b>	<b>7,211,210</b>

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

Thai Oil Public Company Limited and its Subsidiaries

Statements of cash flows

For the three-month periods ended 31 March 2007 and 2006 (Unaudited)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2007	2006	2007	2006
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Dividend received	-	-	-	193,187
(Increase) decrease in current investments	-136,400	307,409	-	-
(Increase) decrease in loans to savings co-operative of employees	2,373	(10,931)	2,373	(10,931)
Purchase of property, plant and equipment	-3,851,008	-1,995,826	-2,145,817	-1,647,592
Sales of property, plant and equipment	514	-	514	-
Purchase of intangible assets	-2,774	-2,191	-2,774	-2,130
<b>Net cash used in investing activities</b>	<b>-3,987,295</b>	<b>-1,701,539</b>	<b>-2,145,704</b>	<b>-1,467,466</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	-284,948	-764,954	-151,289	-181,354
Repayment of short-term loans from financial institutions	(1,000,000)	-	(1,000,000)	-
Repayment of long-term loans	-561,199	-5,737,702	-	-4,117,460
Proceeds from long-term loans	722,782	-	-	-
Dividends paid	-	-158,063	-	-
<b>Net cash used in financing activities</b>	<b>-1,123,365</b>	<b>-6,660,719</b>	<b>-1,151,289</b>	<b>-4,298,814</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,690,446</b>	<b>1,122,451</b>	<b>5,164,999</b>	<b>1,444,930</b>
Cash and cash equivalents at beginning of period	6,525,430	11,251,624	1,393,332	7,411,402
<b>Cash and cash equivalents at end of period</b>	<b>14,215,876</b>	<b>12,374,075</b>	<b>6,558,331</b>	<b>8,856,332</b>
<b>Non-cash transactions</b>				
Purchase of property, plant and equipment on credit terms	256,136	-	169,170	-

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

These notes form an integral part of the financial statements.

The interim financial statements were authorised for issue by the directors on 11 May 2007.

**1 General information**

Thai Oil Public Company Limited, the “Company”, is incorporated in Thailand in 1961 and has its registered office as follows:

Head office	: 123 Sun Towers Building B, 16 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok, Thailand.
Sriracha office and refinery plant	: 42/1 Moo 1, Sukhumvit Road Km. 124, Tungsukla, Sriracha, Choburi, Thailand.

The Company was listed on the Stock Exchange of Thailand in October 2004.

The Company is a company in the PTT Public Company Limited (“PTT”) group of companies. PTT was incorporated in Thailand and is the major shareholder of the Company, holding 49.54% of the Company’s issued and paid-up share capital.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are as follows:

**The Company**

The principal activity of the Company is oil refining operations.

**The subsidiary companies**

Thaioil Marine Co., Ltd. is principally engaged in transportation of petroleum oil products and chemical products by waterway.

Thaioil Power Co., Ltd. is principally engaged in power plant operations with a capacity to produce electricity and steam.

Independent Power (Thailand) Co., Ltd. is principally engaged in operations with a 700 Megawatt combined cycle power plant.

Thai Lube Base Public Co., Ltd. is principally engaged in refining and distributing of lube base oil.

Thai Paraxylene Co., Ltd. is principally engaged in manufacturing of paraxylene, one of the preliminary upstream petrochemical products.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**2 Basis of preparation of financial statements**

The interim financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 41 *Interim Financial Reporting* including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2006. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2006.

The interim financial statements are presented in Thai Baht, rounded to the nearest thousand unless otherwise stated.

Accounting policies and methods of computation applied in the interim financial statements for the three-month period ended 31 March 2007 are consistent with those applied in the financial statements for the year ended 31 December 2006, except for

- a) the change in the Company’s accounting policy for investments in subsidiary companies and associate companies, which are not classified as “held for sale” investments.
- b) the change in valuation method for crude oil and feedstock from last-in, first-out and first-in, first-out to weighted average.

These changes in accounting policy, and their effect, on its financial statements, are described in note 12.

**3 Related party transactions and balances**

Related parties are those parties linked to the Group and the Company by common shareholders or directors, account transactions are determined by reference to market prices or, where no market price exists, at contractually agreed prices.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**Details of significant related parties and their relationship**

<b>Related companies</b>	<b>Relationship</b>
PTT Public Co., Ltd.	Major shareholder
Thai Paraxylene Co., Ltd.	Subsidiary and / or directorship
Thai Lube Base Public Co., Ltd.	Subsidiary and / or directorship
Thaioil Power Co., Ltd.	Subsidiary and / or directorship
Independent Power (Thailand) Co., Ltd.	Subsidiary and / or directorship
Thaioil Marine Co., Ltd.	Subsidiary and / or directorship
Measod Clean Energy Co., Ltd.	Associated company and / or directorship
PTT ICT Solutions Co., Ltd.	Associated company and / or directorship
Thai Petroleum Pipeline Co., Ltd.	Related company and / or directorship
Star Petroleum Refining Co., Ltd.	Major shareholder's associated company
Rayong Refinery Public Co., Ltd.	Major shareholder's associated company
IRPC Public Co., Ltd.	Major shareholder's associated company
The Aromatics (Thailand) Public Co., Ltd.	Major shareholder's associated company
Bangchak Petroleum Public Co., Ltd.	Major shareholder's associated company

The pricing policies for particular types of transactions are explained further below:

- 1) Revenue from sale of goods and rendering of services and purchase of goods are determined by reference to market prices or, where no market price exists, at contractually agreed prices.
- 2) Other income and other expenses are determined by contractually agreed prices.
- 3) Directors' remuneration is determined by the Company's shareholders.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

Significant transactions for the three-month periods ended 31 March 2007 and 2006 with related parties are summarised as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
<b>Major shareholder</b>				
Revenue from sale of goods and rendering of services	35,868,380	37,483,160	35,104,734	36,754,136
Purchase of crude oil and feedstock	28,900,626	29,316,752	26,392,504	27,705,388
Purchase-sale of crude oil and feed stock for legal reserve*	-	1,507,680	-	1,507,680
Other income	3,324	1,732	3,324	1,712
Expenses	4,450	4,561	4,234	4,357
<b>Subsidiaries</b>				
Revenue from sale of goods and rendering of services	-	-	8,293,489	9,997,592
Purchase of crude oil and feedstock	-	-	7,808,320	7,385,614
Purchase-sale of crude oil and feed stock for legal reserve*	-	-	562,710	-
Interest income	-	-	-	4,199
Other income	-	-	147,748	361,972
Land lease income	-	-	9,481	9,436
Expenses	-	-	9,862	13,491
<b>Associate</b>				
Expenses	8,592	-	8,592	-
<b>Other</b>				
Revenue from sale of goods and rendering of services	5,199,842	2,532,319	4,677,154	2,528,737
Purchase of crude oil and feedstock	1,710,777	1,237,494	1,603,362	1,237,494
Purchase-sale of crude oil and feed stock for legal reserve*	2,556,533	465,000	2,556,533	-
Other income	795	763	795	763
Sale of equipment	500	-	500	-
Expenses	26,369	20,693	26,369	20,693
<b>Directors' remuneration</b>	11,362	8,973	2,826	2,445

\* Paper transactions between related companies for the purchase and sale of crude oil and feedstock, which physical kept in seller's storage, were entered only for the purpose of legal maintaining minimum levels of crude oil inventory in the respective related companies, have been reversed from the financial statements for the three-month periods ended 31 March 2007 and 2006.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

Balance as at 31 March 2007 and 31 December 2006, with related parties were as follows:

***Trade accounts receivable***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	<i>(in thousand Baht)</i>			
<b>Major shareholder</b>				
PTT Public Co., Ltd.	8,201,447	8,073,655	7,965,347	7,794,791
<b>Subsidiaries</b>				
Thai Paraxylene Co., Ltd.	-	-	3,081,789	2,928,404
Thai Lube Base Public Co., Ltd.	-	-	165,862	76,978
Thaioil Power Co., Ltd.	-	-	22,697	32,363
<b>Other</b>				
Rayong Refinery Public Co., Ltd.	760,580	-	760,580	-
Star Petroleum Refining Co., Ltd.	760,580	-	760,580	-
IRPC Public Co., Ltd.	123,272	404,466	-	30,331
Bangchak Petroleum Public Co., Ltd.	744,894	949,701	699,297	945,782
	<b>10,590,773</b>	<b>9,427,822</b>	<b>13,456,152</b>	<b>11,808,649</b>
<i>Less: allowance for doubtful accounts</i>	<i>(266)</i>	<i>(266)</i>	<i>-</i>	<i>-</i>
<b>Net</b>	<b>10,590,507</b>	<b>9,427,556</b>	<b>13,456,152</b>	<b>11,808,649</b>

***Accounts receivable from subsidiary, associated and related companies***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	<i>(in thousand Baht)</i>			
<b>Major shareholder</b>				
PTT Public Co., Ltd.	2,739	4,080	2,739	4,080
<b>Subsidiaries</b>				
Thaioil Power Co., Ltd.	-	-	20,141	23,138
Thai Paraxylene Co., Ltd.	-	-	9,559	11,784
Thai Lube Base Public Co., Ltd.	-	-	26,234	17,073
Independent Power (Thailand) Co., Ltd.	-	-	4,509	5,629
Thaioil Marine Co., Ltd.	-	-	730	861
<b>Associate</b>				
PTT ICT Solutions Co., Ltd.	14,983	9,262	14,983	9,262
<b>Other</b>				
The Aromatics (Thailand) Public Co., Ltd.	9	-	9	-
	<b>17,731</b>	<b>13,342</b>	<b>78,904</b>	<b>71,827</b>
<i>Less : allowance for doubtful accounts</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Net</b>	<b>17,731</b>	<b>13,342</b>	<b>78,904</b>	<b>71,827</b>

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

*Trade accounts payable*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	<i>(in thousand Baht)</i>			
<b>Major shareholder</b>				
PTT Public Co., Ltd.	10,780,248	8,323,271	9,212,118	6,655,321
<b>Subsidiaries</b>				
Thaioil Power Co., Ltd.	-	-	169,439	152,992
Thai Paraxylene Co., Ltd.	-	-	2,309,180	2,172,438
Thai Lube Base Public Co., Ltd	-	-	446,618	215,899
<b>Other</b>				
Bangchak Petroleum Public Co., Ltd.	151,171	60,754	151,171	60,754
Star Petroleum Refining Co., Ltd.	749,676	-	749,676	-
Rayong Refinery Public Co., Ltd.	749,676	-	749,676	-
IRPC Public Co., Ltd.	7,121	168	-	-
<b>Total</b>	<b>12,437,892</b>	<b>8,384,193</b>	<b>13,787,878</b>	<b>9,257,404</b>

*Accounts payable to subsidiary, associated and related companies*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	<i>(in thousand Baht)</i>			
<b>Major shareholder</b>				
PTT Public Co., Ltd.	2,232	4,972	1,187	2,375
<b>Subsidiaries</b>				
Thai Lube Base Public Co., Ltd.	-	-	606	1,187
Thaioil Marine Co., Ltd.	-	-	4,955	227
<b>Associate</b>				
PTT ICT Solutions Co., Ltd.	25,035	15,602	25,035	15,602
<b>Related company</b>				
Thai Petroleum Pipeline Co., Ltd.	9,107	6,811	9,107	6,811
<b>Total</b>	<b>36,374</b>	<b>27,385</b>	<b>40,890</b>	<b>26,202</b>



**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

*Significant agreements with related parties*

**(a) Power and Steam Purchase Agreements**

In 1997 and 1998, a subsidiary company entered into Power and Steam Purchase Agreements for 25 years with the Company and two subsidiary companies whereby the subsidiary company will supply electric and steam energy to the said companies at the agreed quantity and price and with a minimum take or pay obligation.

In 2005, a subsidiary company entered into a Steam Purchase Agreement for 20 years with the Company whereby the subsidiary company will supply steam energy to the Company at the agreed quantity and price.

**(b) Cost Reimbursement Agreements**

In 1998, a subsidiary company entered into a Cost Reimbursement Agreement with the Company covering the construction costs of natural gas pipeline facilities and the use of the pipeline facilities. Under the terms of the agreement, the subsidiary company agreed to absorb the total investment costs advanced by the Company on the basis and conditions stipulated in the agreement. The agreement will be in effect for a period of 25 years or until the termination of the Power Purchase Agreement entered into by the subsidiary company with EGAT, whichever is sooner.

In 1998, a subsidiary company entered into three Cost Reimbursement Agreements with the Company covering the construction costs of natural gas pipeline facilities, raw water pipeline and the use of land for the construction of a transmission line connecting the subsidiary company to the Electricity Generating Authority of Thailand (EGAT). Under the terms of these agreements, the subsidiary company agreed to share these investment costs on the bases and conditions stipulated in the agreements. These agreements will be in effect for a period of 25 years or until the termination of the Power Purchase Agreement entered into by the subsidiary company with EGAT, whichever is sooner.

**(c) Services and Supplies Agreements**

During 1997-1998, subsidiary companies entered into agreements with the Company for the Company to provide the subsidiary companies with services and supplies on the scope, terms and conditions described in the agreements. These include the following:

- operate, maintain and repair the power generation plant to generate electricity and process steam to the subsidiaries' customers;
- manage, control and arrange for handling, inspection, storage and procurement of materials, spare parts, and equipment necessary for operations and maintenance of plant; and
- provide supporting services such as financial and accounting services, personnel resources with training and development of such personnel and managing such personnel to support the business operations of the subsidiary companies.

In consideration thereof, the subsidiary companies agree to pay certain fees based on the terms and conditions stipulated in the agreements.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**(d) Land Lease Agreements**

In 1997, a subsidiary company entered into agreements with the Company to lease/sublease certain parcels of land for a period of 25 years and 9 months ending in 2022 with total annual rental of Baht 1.2 million. This rent will be adjusted every 5 years. Under the terms of the agreements, the subsidiary company paid deposits and front-end fees to the Company totaling approximately Baht 16.1 million.

In 1997, a subsidiary company entered into agreements with the Company to sublease certain parcels of land for a period of 25 years and 10 months ending in 2022 with total annual rental of Baht 2.8 million. This rent will be adjusted every 5 years. Under the terms of the agreements, the subsidiary company paid deposits and front-end fees to the Company totaling approximately Baht 31.7 million.

In 1995, the Company entered into agreements with a subsidiary company to lease/sublease certain parcels of land for a period of 27 years and 8 months ending in 2022 with total annual rental of Baht 8.6 million. This rent will be adjusted every 5 years. Under the terms of the agreements, the subsidiary company paid deposits and front-end fees to the Company totaling approximately Baht 116 million.

In 1997, the Company entered into agreements with a subsidiary company to lease/sublease certain land for 25 years and 10 months up to 2022 with total annual rental of Baht 4.7 million. This rent will be adjusted every 5 years. Under the terms of the agreements, the subsidiary company paid deposits and front-end fees to the Company amounting to approximately Baht 59.1 million.

**(e) Raw Materials and Finished Product Purchases and Sales Agreements**

In 1997, the Company entered into raw materials and finished products purchases and sales agreements with a subsidiary company for a period of 20 years. The volume and purchase and sale price of raw materials and finished products are specified in the agreements.

Subsequently, in 2005, the Company entered into raw material and finished products purchases and sales agreements with a subsidiary company and terminated the previous agreement. The term of the agreement has been in effect from 1 April 2005 onwards or shall be terminated if any party gives at least six months notice in writing to the other party. The volume and purchase and sale price of raw materials and finished products are specified in the agreements.

**(f) By-Product Sale and Purchase Agreement**

In 2005, the Company entered into by-product sale and purchase agreement with a subsidiary company. The term of the agreement was 10 years commencing from 1 October 2004 onwards or terminable by mutual consent. The volume and purchase and sale prices of by-product are specified in the agreement.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**(g) *Oil-Products Sale and Purchase Agreement***

In 2006, the Company entered into two sale and purchase oil products agreements with a subsidiary company. The term of the agreements have been in effect from 1 November 2005 and 1 March 2006 onwards and shall be terminated if any party does not complies with the term and condition as stipulated in the agreements. The volume and purchase and sale prices are specified in the agreements.

**(h) *Technology and Communication Service Agreement***

In 2006, the Company entered into technology and communication service agreement with an associate. The term of the agreement was 5 years commencing from 1 July 2006 onwards and shall be extended for successive of five years each. Service income are specified in the agreement.

**(i) *Refined Petroleum Products Sale and Purchase Agreement***

In 2006, the Company entered into a sale and purchase refined petroleum products agreement with a related company for a period of 6 months. The volume and purchase and sale price of refined petroleum oil products are specified in the agreement. The agreement shall be extended for successive of 1 month each or terminated by not less than six months' prior written notice given by any one party to the other.

**(j) *Throughput Agreement***

Pursuant to the shareholders agreement entered into among the shareholders of a related company, currently held at rate of 9.43% shareholding of such company. Under the terms and conditions of the agreement, the Company commits to make a tariff prepayment not exceeding an aggregate of Baht 250 million to the related company at any time as requested by such company if the following events occur: (a) the related company has a cost overrun during pre-completion period; and (b) the related company has a cash shortfall during the post-completion period. The tariff prepayment may be redeemed by the Company when the conditions stipulated in the agreement are met. The Company paid such a payment amounting to Baht 250 million and subsequently made a full provision for this payment. In 2005, the Company received this advance payment back with interest totaling Baht 416.3 million.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**(k)     *Product Offtake and Crude Oil Supply Agreement***

In 2000, the Company entered into a Product Offtake and Crude Oil Supply Agreement with a related company whereby (a) the Company will sell and the related company will purchase refined petroleum products produced by the refinery for 49.99% of 220,000 barrels of products per day and (b) the related company will supply and the Company will purchase crude oil and/or feedstock for the refinery required to produce 49.99% of 220,000 barrels of products per stream day. The credit term for crude oil and/or feedstock shall be mutually agreed. On 13 September 2004, the Company and the related company agreed to amend the agreement to increase the required volume to 270,000 barrels per day after the completion date of the expansion of Crude Distillation Unit 3 (CDU-3) and ready for start up.

**(l)     *Agreement for Crude Oil Processing***

In 1999, the Company entered into an agreement for crude oil processing with a related company whereby the related company will supply crude oil to the Company and the Company will provide a processing service. In this regard, the Company will either receive payments from or make payments to the related company depending on whether the processing fee for the different amount of products lifted by the related company is higher or lower than the total value of Relevant Crude Intake in the same month, taking into account other expenses plus the cost of funds, if any, incurred by either party. There was no indication of expiry date specified in this agreement.

**(m)     *Long Residue Cracking and Fuel Oil Exchange Agreement***

In 2002, the Company entered into a Long Residue Cracking and Fuel Oil Exchange Agreement with a related company to exchange a related company's Long Residue for Cracking in the Company's process and receive Fuel Oil left from the process for selling in such related company's market. The agreement shall continue indefinitely until terminated by not less than ninety days' prior written notice given by any one party to the other. Payments shall be made on a net settlement basis as stipulated in the agreement.

**(n)     *Oil Transportation Agreement***

In 2005, a subsidiary company entered into an agreement with a related company to transport oil products. The term of the agreement was one year commencing from the agreement date and is renewable if counterparty notifies in writing the company any intention of expansion at least three months before the termination of the agreement.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**4 Trade accounts receivable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>Note</i>	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	<i>(in thousand Baht)</i>			
<b>Accounts receivable from related parties</b>	<b>3</b>			
Within credit terms	10,590,507	9,424,537	13,456,152	11,808,649
Overdue:				
Less than 6 months	-	3,019	-	-
6-12 months	-	-	-	-
Over 12 months	266	266	-	-
	<b>10,590,773</b>	<b>9,427,822</b>	<b>13,456,152</b>	<b>11,808,649</b>
<i>Less: allowance for doubtful accounts</i>	<i>(266)</i>	<i>(266)</i>	<i>-</i>	<i>-</i>
<b>Net</b>	<b>10,590,507</b>	<b>9,427,556</b>	<b>13,456,152</b>	<b>11,808,649</b>
<b>Accounts receivable from other parties</b>				
Within credit terms	8,620,173	9,296,963	4,652,405	4,625,701
Overdue:				
Less than 6 months	12,931	12,639	-	-
6-12 months	7,206	3,671	-	-
Over 12 months	18,193	14,765	-	-
	<b>8,658,503</b>	<b>9,328,038</b>	<b>4,652,405</b>	<b>4,625,701</b>
<i>Less : allowance for doubtful accounts</i>	<i>(1,024)</i>	<i>(1,344)</i>	<i>-</i>	<i>-</i>
<b>Net</b>	<b>8,657,479</b>	<b>9,326,694</b>	<b>4,652,405</b>	<b>4,625,701</b>
<b>Total</b>	<b>19,247,986</b>	<b>18,754,250</b>	<b>18,108,557</b>	<b>16,434,350</b>

The normal credit term granted by the Group is between 19 days to 60 days.

Trade accounts receivable from other parties overdue for more than 12 months include approximately Baht 17.2 million (31 December 2006 : Baht 13.4 million) owed by a state enterprise. As at 31 March 2007, the subsidiary is in the process of negotiation with this state enterprise and has received legal advice that the debt should be received in full. Accordingly, no allowance for doubtful account has been made in respect of this debt.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**5 Investments in subsidiaries and associates**

Movements during the three-month periods ended 31 March on investments were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006 (Restated)
	<i>(in thousand Baht)</i>			
Net book value at 1 January	44,367	-	8,238,421	8,193,421
Share of net profits of investments				
- equity method	736	-	-	-
Acquisitions	-	-	-	-
Dividend income	-	-	-	-
<b>Net book value at 31 March</b>	<b><u>45,103</u></b>	<b><u>-</u></b>	<b><u>8,238,421</u></b>	<b><u>8,193,421</u></b>
<b>Net book value at 31 December</b>		<b><u><u>44,367</u></u></b>		<b><u><u>8,238,421</u></u></b>

Investments accounted for using the equity method as at 31 March 2007 and 31 December 2006 were as follows:

	<b>Consolidated financial statements</b>							
	Ownership interest		Paid-up capital		Cost method		Equity method	
	31 March 2007	31 December 2006 (%)	31 March 2007	31 December 2006	31 March 2007	31 December 2006 (in thousand Baht)	31 March 2007	31 December 2006
<i>Associates</i>								
PTT ICT Solutions Co., Ltd.	20.00	20.00	150,000	150,000	30,000	30,000	31,101	29,660
Measod Clean Energy Co., Ltd.	30.00	30.00	50,000	50,000	15,000	15,000	14,002	14,707
<b>Total</b>			<b>200,000</b>	<b>200,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,103</b>	<b>44,367</b>

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

	<b>Separate financial statements (Restated)</b>							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	31 March 2007	31 December 2006 (%)	31 March 2007	31 December 2006	31 March 2007 (in thousand Baht)	31 December 2006	31 March 2007	31 March 2006
<b><i>Subsidiaries</i></b>								
Thaioil Power Co., Ltd.	54.99	54.99	2,810,000	2,810,000	1,545,500	1,545,500	-	193,187
Independent Power (Thailand) Co., Ltd.								
- Indirectly held by Thaioil Power Co., Ltd. and equity included as part of Thaioil Power Co., Ltd.	56.00	56.00	1,771,000	1,771,000	-	-	-	-
- Directly held by the Company	24.00	24.00			487,968	487,968	-	-
Thaioil Marine Co., Ltd.	99.99	99.99	630,000	630,000	630,000	630,000	-	-
Thai Paraxylene Co., Ltd.	99.99	99.99	5,490,852	5,490,852	3,551,227	3,551,227	-	-
Thai Lube Base Public Co., Ltd.	99.99	99.99	2,832,959	2,832,959	1,978,726	1,978,726	-	-
<b><i>Associates</i></b>								
PTT ICT Solutions Co., Ltd.	20.00	20.00	150,000	150,000	30,000	30,000	-	-
Measod Clean Energy Co., Ltd.	30.00	30.00	50,000	50,000	15,000	15,000	-	-
<b>Total</b>			<b><u>13,734,811</u></b>	<b><u>13,734,811</u></b>	<b><u>8,238,421</u></b>	<b><u>8,238,421</u></b>	<b><u>-</u></b>	<b><u>193,187</u></b>



**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**Independent Power (Thailand) Co., Ltd.**

On 16 December 2004, the Company entered into an agreement to purchase shares of Independent Power (Thailand) Co., Ltd. from Unocal Asia Pacific Ventures Ltd., a former shareholder, in the amount of 42,504,000 shares (equivalent to 24% of total shares of this company) at the price of U.S. Dollars 12.75 million. On 11 March 2005, the Company completed the acquisition as per the conditions stipulated in the above agreement. The Company recognised the difference between the cost of acquisition and the fair value of Baht 585 million as negative goodwill in the balance sheet. The negative goodwill is amortised by the straight line basis over its estimated useful life of 20 years. For the three -months period ended 31 March 2007, the Company amortised such negative goodwill by Baht 7 million, resulting in the remaining balance of the aforementioned negative goodwill of Baht 524 million as at 31 March 2007.

**Thai Paraxylene Co., Ltd.**

At the extraordinary shareholders' meeting of Thai Paraxylene Co., Ltd. held on 18 April 2005, the shareholders unanimously approved the decrease of its preferred shares in the amount of Baht 2,918.44 million. At present, the decrease of its preferred shares has not been proceeded.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**6 Other long-term investment**

Other long-term investment in a related company recorded by cost method as at 31 March 2007 and 31 December 2006 was as follows:

Consolidated financial statements							
Type of Business		Ownership interest		Paid-up capital		Cost method	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(%)		(in thousand Baht)			
Related company							
Thai Petroleum Pipeline Co., Ltd.	Oil transportation by pipeline	9.19	9.43	8,479,000	8,267,687	779,497	779,497
						779,497	779,497
Less: allowance for loss on impairment of investments						(779,497)	(779,497)
Net						-	-
Separate financial statements							
Type of Business		Ownership interest		Paid-up capital		Cost method	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(%)		(in thousand Baht)			
Related company							
Thai Petroleum Pipeline Co., Ltd.	Oil transportation by pipeline	9.19	9.43	8,479,000	8,267,687	779,497	779,497
						779,497	779,497
Less: allowance for loss on impairment of investments						(779,497)	(779,497)
Net						-	-

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**7 Share capital**

	<i>Par value (in Baht)</i>	<i>Number</i>	<i>2007 Value (in thousand share / in thousand Baht)</i>	<i>2006 Number</i>	<i>Value</i>
<b>Authorised</b>					
At 1 January					
- Ordinary shares	10	<u>2,040,028</u>	<u>20,400,279</u>	<u>2,040,028</u>	<u>20,400,279</u>
<b>At 31 March</b>					
- Ordinary shares	10	<u><b>2,040,028</b></u>	<u><b>20,400,279</b></u>	<u><b>2,040,028</b></u>	<u><b>20,400,279</b></u>
<b>Issued and fully paid</b>					
At 1 January					
- Ordinary shares	10	<u>2,040,028</u>	<u>20,400,279</u>	<u>2,040,028</u>	<u>20,400,279</u>
<b>At 31 March</b>					
- Ordinary shares	10	<u><b>2,040,028</b></u>	<u><b>20,400,279</b></u>	<u><b>2,040,028</b></u>	<u><b>20,400,279</b></u>

**8 Segment information**

Segment information is presented in respect of the Group's primary format, *business segments*, based on the Group's management and internal reporting structure.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

***Business segments***

The Group comprises the following main business segments:

<i>Segment 1</i>	Oil refining
<i>Segment 2</i>	Lube base oil refining
<i>Segment 3</i>	Petrochemical
<i>Segment 4</i>	Power generation
<i>Segment 5</i>	Oil and chemical products transportation

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

Segment revenue and results for the three-month periods ended 31 March were as follows:

	2007						
	Oil Refining	Lube Base Oil refining	Petro- Chemical	Power Generation	Oil and Chemical Products Transportation	Elimination	Total
	<i>(in thousand Baht)</i>						
Revenue from sale of goods and rendering of services	62,591,982	5,101,552	9,518,889	3,447,895	189,504	(16,421,968)	64,427,854
Cost of sale of goods and rendering of services	<u>(58,497,859)</u>	<u>(4,375,302)</u>	<u>(8,155,151)</u>	<u>(3,004,682)</u>	<u>(169,210)</u>	<u>16,595,117</u>	<u>(57,607,087)</u>
Gross profit	4,094,123	726,250	1,363,738	443,213	20,294	173,149	6,820,767
Other income	259,800	42,039	47,342	22,920	450	( 180,389)	192,162
Selling and administrative expenses	( 97,847)	( 57,100)	( 29,557)	( 15,454)	( 15,332)	26,618	( 188,672)
Share of profit from investment accounted for using the equity method	-	-	-	-	-	736	736
Gain (loss) on remeasurement To fair value of cross currency swap contracts	417,147	-	( 14,229)	-	-	-	402,918
Net foreign exchange gain (loss)	610,856	( 9,932)	( 11,757)	98,790	( 1,036)	-	686,921
Interest and financial expenses	( 378,683)	( 37)	( 3,180)	( 91,631)	( 93)	-	(473,624)
Net profit of minority interest	-	-	-	(149,127)	-	( 39,769)	( 188,896)
Income tax expense	<u>(1,242,291)</u>	<u>( 211,510)</u>	<u>-</u>	<u>( 39,636)</u>	<u>-</u>	<u>-</u>	<u>( 1,493,437)</u>
Net profit	<u>3,663,105</u>	<u>489,710</u>	<u>1,352,357</u>	<u>269,075</u>	<u>4,283</u>	<u>( 19,655)</u>	<u>5,758,875</u>

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

	2006 (Restated)						
	Oil <u>Refining</u>	Lube Base <u>Oil refining</u>	Petro- <u>Chemical</u>	Power <u>Generation</u>	Oil and Chemical Products <u>Transportation</u>	<u>Elimination</u>	<u>Total</u>
	<i>(in thousand Baht)</i>						
Revenue from sale of goods and rendering of services	66,869,751	3,598,141	9,431,796	2,439,803	121,988	(17,602,795)	64,858,684
Cost of sale of goods and rendering of services	<u>(65,367,190)</u>	<u>(3,274,742)</u>	<u>(8,201,599)</u>	<u>(2,078,148)</u>	<u>(102,604)</u>	<u>17,998,932</u>	<u>(61,025,351)</u>
Gross profit	1,502,561	323,399	1,230,197	361,655	19,384	396,137	3,833,333
Other income	678,215	15,825	36,800	16,893	711	( 590,605)	157,839
Selling and administrative expenses	( 80,363)	( 39,128)	( 33,455)	( 62,996)	( 11,584)	16,537	( 210,989)
Net foreign exchange gain (loss)	1,328,109	( 3,054)	88,078	260,815	( 601)	-	1,673,347
Interest and financial expenses	( 317,972)	( 49)	( 37,613)	( 110,427)	( 532)	4,189	(462,404)
Net profit of minority interest	-	-	-	160,208	-	( 371,358)	( 211,150)
Income tax expense	<u>( 728,674)</u>	<u>-</u>	<u>-</u>	<u>1,596</u>	<u>-</u>	<u>-</u>	<u>( 727,078)</u>
Net profit	<u>2,381,876</u>	<u>296,993</u>	<u>1,284,007</u>	<u>627,744</u>	<u>7,378</u>	<u>( 545,100)</u>	<u>4,052,898</u>

## 9 Basic earnings per share

The calculation of basic earnings per share for the consolidated and separate statement of income for the three-month period ended 31 March 2007 was based on the profit attributable to ordinary shareholders of Baht 5,759 million and Baht 3,663 million, respectively (2006 : *restated net profit attributable to ordinary shareholders of Baht 4,053 million and Baht 2,382 million, respectively*) and the weighted average number of shares outstanding during the three-month period ended 31 March 2007 of 2,040 million shares (2006 : *2,040 million shares*).

## 10 Contingent liabilities and commitments

- As at 31 March 2007, the Company and subsidiary companies were contingently liable to certain banks for letters of guarantee issued to the Treasury Department and others totaling Baht 174 million and Baht 144 million, respectively.
- As at 31 March 2007, the Company had outstanding contract commitments to purchase crude oil with several foreign suppliers totaling approximately U.S. Dollars 959 million.
- As at 31 March 2007, the Company had commitments under interest rate knockout cap agreements with certain foreign banks to hedge interest rate risk in respect of its U.S. Dollars 450 million long-term loans. These loans, which originally had floating interest rates of LIBOR plus margin, are capped under the agreements at maximum interest rates of 6.0% and 6.5% per annum with a knockout rate of 7.5% per annum. Under the terms of the agreements, the Company is entitled to be paid by its hedging counter-parties the excess of LIBOR and the maximum interest rate for the each determination interest period for periods of 7 to 10 years.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

- d) As at 31 March 2007, a subsidiary company had various hedge agreements with two Thailand branches of overseas banks to reduce the risk of movement in interest rates covering U.S. Dollar loans obtained for the construction of plant, amounting to U.S. Dollars 53 million. For the duration of the agreement, the subsidiary company has commitments to receiving payments from or making payment to the other party whenever the interest rates vary from the agreed rates based on the terms and conditions stipulated in the agreements. However, the subsidiary still has the liable commitments with the lender if the counterparty is unable to comply with terms and conditions of such agreements.
- e) As at 31 March 2007, the Company and subsidiary companies had various contracts with certain company for addition capital projects with an outstanding contract price equivalent to approximately Baht 14,105 million.
- f) During 2002 and 2001, the Customs Department and Excise Department sent letters to a subsidiary company to claim payment of excise tax including penalty and surcharge for certain shipments of imported reduced crude oil totaling Baht 253.7 million. The subsidiary company's management sent a letter to the Appeal Committee of the Excise Department to appeal this decision. On 18 April 2003, the Appeal Committee of the Excise Department took a decision to dismiss the subsidiary company's appeals and ordered the subsidiary company to pay a penalty. On 22 May 2003, the subsidiary company filed a petition against the Excise Department, the Customs Department and the Revenue Department (the Defendants) to the Central Revenue Court to reclaim excise tax which had been charged and to deny the excise tax assessed by the Excise Department. On 15 July 2004, the Central Tax Court ruled in favor of the subsidiary company and ordered the Defendants to return the tax charged plus interest and bank guarantee and to release machinery belonging to the subsidiary company which was being held in encumbrance. The Defendants requested and were granted permission from the Court to extend the appeal period to 15 September 2004. On 14 September 2004, the Defendants sent an application to the Supreme Court to appeal the Central Tax Court's decision and to suspend the execution of that decision. On 19 October 2004, the subsidiary company's management sent a letter to the Supreme Court to object to the appeal and to request for suspended execution of the decision to be reversed. In addition, on 25 August 2005, the Excise Department was ordered to release such machinery and bank guarantee. However, as at 31 March 2007, this matter was in the process of consideration by the Supreme Court.

## **11 Events after the balance sheet date**

### **The Company**

At the ordinary shareholders' meeting held on 10 April 2007, the shareholders approved the appropriation of total dividends of Baht 3.50 per share, amounting to Baht 7,140 million, from the net profit of 2006. After deducting the interim dividends of Baht 1.50 per share amounting to Baht 3,060 million were paid to shareholders during 2006, the Company will pay a final dividends of Baht 2.00 per share amounting to Baht 4,080 million.

### **Subsidiaries**

At the ordinary shareholders' meeting of Thairoil Power Co., Ltd. held on 27 April 2007, the shareholders approved the appropriation of dividends of Baht 1.25 per share, amounting to Baht 351 million, from the net profit of 2006 and the legal reserve of Baht 60 million. The dividends were paid to shareholders in May 2007.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

At the ordinary shareholders' meeting of Thai Lube Base Public Co., Ltd. held on 27 April 2007, the shareholders approved the appropriation for legal reserve of Baht 1.2 million and the distribution of cash dividends for the year 2006 in the total amount of Baht 3,000 million at Baht 10.59 per share. After deducting the interim dividend at the rate of Baht 3.53 per share which was paid to shareholders during the year 2006, the Company paid final dividends of Baht 7.06 per share amounting to Baht 2,000 million in May 2007. In addition, the shareholders approved the decrease of its ordinary shares from 283,295,915 shares at par value of Baht 10 per share to 175,789,073 shares, Baht 10 par value. The decrease of share capital amounting to Baht 1,075.06 million has been totally transferred to deduct from discount on share capital.

## **12 Change in accounting policies**

### **a) Investments in subsidiaries and associates**

The following change of accounting policy by the Company has no effect on the consolidated financial statements of the Group.

Until 31 December 2006, the Company accounted for its investments in subsidiary companies and associates in its financial statements using the equity method.

On 11 October 2006, the Federation of Accounting Professions (FAP) announced that the Thai Accounting Standard No. 44 (TAS No. 44) "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" is to be revised. FAP announcement No. 26/2006 requires a parent company which has investments in a subsidiary company, an entity under joint control, or an associate company, which is not classified as a "held for sale" investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when an announcement is made), instead of the equity method currently used.

Starting from 1 January 2007, the Company has, accordingly, changed its accounting policy for its investments in subsidiary companies and associate companies in its separate financial statements from the equity method to the cost method. The change in accounting policy has been applied retrospectively and the Company's 2006 financial statements, which are included in the Company's 2007 interim financial statements for comparative purposes, have been restated accordingly.

### **b) Inventories**

The following change of accounting policy by the Company has effect on the consolidated and separate financial statements.

Starting from 1 January 2007, the Group has changed its accounting policy in valuation method for crude oil and feedstock from last-in, first-out and first-in, first-out to weighted average. The change in method of valuation has been applied retrospectively and the Group's 2006 financial statements, which are included in the Group's 2007 interim financial statements for comparative purposes, have been restated accordingly.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

The effects of the change in accounting policy on the Company's interim and annual consolidated and separate financial statements are as follows:

	Change in accounting policy for investments in subsidiaries and associates		<b>Consolidated financial statements</b> Change in valuation method for crude oil and feedstock		Total	
	2007	2006	2007	2006	2007	2006
			<i>(in thousand Baht)</i>			
<b>Balance sheet at 1 January</b>						
Increase in retained earnings	-	-	381,786	698,900	381,786	698,900
Increase in minority interests	-	-	2,029	1,485	2,029	1,485
<b>Increase in total shareholders' equity</b>	<u>-</u>	<u>-</u>	<u>383,815</u>	<u>700,385</u>	<u>383,815</u>	<u>700,385</u>
Increase in inventory	-	-	518,039	935,799	518,039	935,799
Increase in income tax payable	-	-	(134,224)	(235,414)	(134,224)	(235,414)
<b>Increase in total assets / total liabilities</b>	<u>-</u>	<u>-</u>	<u>383,815</u>	<u>700,385</u>	<u>383,815</u>	<u>700,385</u>
<b>Statement of income for the three-month period ended 31 March 2006</b>						
Increase in cost of sale of goods	-	-	-	(16,855)	-	(16,855)
Increase in income tax expense	-	-	-	(15,936)	-	(15,936)
Increase in minority interests	-	-	-	(596)	-	(596)
<b>Decrease in net profit</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,387)</u>	<u>-</u>	<u>(33,387)</u>
<b>Decrease in earnings per share (Baht)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.02)</u>	<u>-</u>	<u>(0.02)</u>

The effect of the change in accounting policy is to reduce the reported net profit for the three-month period ended 31 March 2007 by Baht 68,009 thousand , the reported inventory and the reported income tax payable as at 31 March 2007 by Baht 97,515 thousand and Baht 29,506 thousand, respectively.



**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

	Change in accounting policy for investments in subsidiaries and associates		Separate financial statements Change in valuation method for crude oil and feedstock		Total	
	2007	2006	2007	2006	2007	2006
			<i>(in thousand Baht)</i>			
<b>Balance sheet at 1 January</b>						
Increase (decrease) in retained earnings	(18,103,301)	(10,694,573)	297,614	706,243	(17,805,687)	(9,988,330)
Decrease in investments in subsidiaries and associates	(18,103,301)	(10,694,573)	-	-	(18,103,301)	(10,694,573)
Increase in inventory	-	-	396,818	941,657	396,818	941,657
Increase in income tax payable	-	-	(99,204)	(235,414)	(99,204)	(235,414)
<b>Increase in total assets / total liabilities</b>	<b>(18,103,301)</b>	<b>(10,694,573)</b>	<b>297,614</b>	<b>706,243</b>	<b>(17,805,687)</b>	<b>(9,988,330)</b>
<b>Statement of income for the three-month period ended 31 March 2006</b>						
Increase in dividend income from subsidiaries and associates	-	193,187	-	-	-	193,187
Decrease in share of profit from investment accounted for using the equity method, net	-	(1,945,404)	-	-	-	(1,945,404)
Decrease in cost of sale of goods	-	-	-	63,743	-	63,743
Increase in income tax expense	-	-	-	(15,936)	-	(15,936)
<b>Increase (decrease) in net profit</b>	<b>-</b>	<b>(1,752,217)</b>	<b>-</b>	<b>47,807</b>	<b>-</b>	<b>(1,704,410)</b>
<b>Increase (decrease) in earnings per share (Baht)</b>	<b>-</b>	<b>(0.86)</b>	<b>-</b>	<b>0.02</b>	<b>-</b>	<b>(0.84)</b>

The effect of the change in accounting policy is to reduce the reported net profit for the three-month period ended 31 March 2007 by Baht 2,091,996 thousand , the reported investment in subsidiaries and associates as at 31 March 2007 by Baht 2,095,770 thousand, the reported inventories and the reported income tax payable as at 31 March 2007 increase by Baht 5,032 thousand and Baht 1,258 thousand, respectively.

**Thai Oil Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2007 (Unaudited)**

**13 Agreement for shipbuilding**

In 2007, a subsidiary company entered into an agreement with a foreign company for construction a tanker for transportation of petroleum oil / petro-chemical products, with a contract price of U.S. Dollars 12.3 million, excluding cost of additional works. In consideration thereof, the Company will pay the fee in 5 installments as stipulated in the agreement. In addition, the supplier will deliver such tanker within June 2008.

**14 Reclassification of accounts**

Certain accounts in the 2006 interim financial statements have been reclassified to conform with the presentation in the 2007 interim financial statements.