

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

Interim financial statements
and
Review report of Certified Public Accountant

For the three-month and six-month periods ended
30 June 2006

Review report of Certified Public Accountant

To the Board of Directors of Thai Oil Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thai Oil Public Company Limited and its subsidiaries as at 30 June 2006, the related consolidated statements of income for the three-month and six-month periods ended 30 June 2006, changes in shareholders' equity and cash flows for the six-month period ended 30 June 2006. I have also reviewed the balance sheet of Thai Oil Public Company Limited as at 30 June 2006, the related statements of income for the three-month and six-month periods ended 30 June 2006, changes in shareholders' equity and cash flows for the six-month period ended 30 June 2006. The management of Thai Oil Public Company Limited 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 review. The consolidated statements of income for the three-month and six-month periods ended 30 June 2005, changes in shareholders' equity and cash flows of Thai Oil Public Company Limited and its subsidiaries for the six-month period ended 30 June 2005 and the statements of income for the three-month and six-month periods ended 30 June 2005, changes in shareholders' equity and cash flows of Thai Oil Public Company Limited for the six-month period ended 30 June 2005, which have been presented for comparative purposes, were reviewed by another auditor, whose report dated 19 July 2005 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.

I conducted my review 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. Accordingly, I do not express an audit opinion on the reviewed financial statements.

Based on my review, 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.

The consolidated financial statements of Thai Oil Public Company Limited and its subsidiaries for the year ended 31 December 2005, and the financial statements of Thai Oil Public Company Limited for the same year, were audited by another auditor, whose report dated 10 February 2006 expressed an unqualified opinion on those financial statements. The consolidated balance sheet of Thai Oil Public Company Limited and its subsidiaries and the separate balance sheet of Thai Oil Public Company Limited as at 31 December 2005, which have been presented herein for comparative purposes, are components of those financial statements.

(Narong Luktham)
Certified Public Accountant
Registration No. 4700

KPMG Phoomchai Audit Ltd.
Bangkok
11 August 2006

Thai Oil Public Company Limited and its Subsidiaries

Balance sheets

As at 30 June 2006 and 31 December 2005

		Consolidated		The Company	
Assets	Note	30 June	31 December	30 June	31 December
		2006	2005	2006	2005
		(Unaudited)		(Unaudited)	
		(in thousand Baht)			
<i>Current assets</i>					
Cash and cash equivalents		5,750,178	11,251,624	1,181,505	7,411,402
Current investments		295,198	421,487	-	-
Trade accounts receivable, net	3, 4	18,280,515	17,805,388	18,081,121	16,202,765
Accounts receivable from subsidiary and related companies	3	6,459	9,985	136,570	160,260
Inventories	11	27,435,672	19,000,931	24,524,703	16,471,823
Receivable from Oil Fuel Fund		1,137,540	1,232,607	1,137,540	1,232,607
Other current assets		1,216,506	1,277,130	872,252	852,541
Total current assets		54,122,068	50,999,152	45,933,691	42,331,398
<i>Non-current assets</i>					
Investments accounted for using the equity method	5	30,000	-	22,060,523	18,887,994
Other long-term investments, net	6	-	-	-	-
Subordinated loan to subsidiary company	3	-	-	-	136,066
Long-term loans to savings co-operative of employees, net		498,411	481,311	498,411	481,311
Property, plant and equipment, net		71,618,059	71,300,909	47,272,141	46,836,764
Intangible assets		63,671	79,426	62,156	77,751
Negative goodwill, net		(545,986)	(560,611)	-	-
Deferred tax assets		227,001	206,554	214,592	194,144
Other non-current assets		1,725,238	1,662,150	1,189,118	1,178,005
Total non-current assets		73,616,394	73,169,739	71,296,941	67,792,035
Total assets		127,738,462	124,168,891	117,230,632	110,123,433

The accompanying notes are an integral part of these financial statements.

Thai Oil Public Company Limited and its Subsidiaries

Balance sheets

As at 30 June 2006 and 31 December 2005

		Consolidated		The Company	
Liabilities and shareholders' equity	Note	30 June 2006 (Unaudited)	31 December 2005	30 June 2006 (Unaudited)	31 December 2005
(in thousand Baht)					
<i>Current liabilities</i>					
Trade accounts payable	3	20,889,368	13,527,223	22,274,300	13,449,460
Current portion of long-term loans		1,525,224	1,615,852	-	-
Accounts payable to subsidiary and related companies	3	131,233	275,455	4,159	477,782
Current tax payable		2,657,432	1,991,943	2,638,343	1,963,158
Other current liabilities		2,128,384	2,662,113	1,871,758	2,013,957
Total current liabilities		27,331,641	20,072,586	26,788,560	17,904,357
<i>Non-current liabilities</i>					
Long-term loans, net		13,404,693	19,857,004	7,007,892	11,452,539
Notes, net		13,401,072	14,395,131	13,401,072	14,395,131
Deferred tax liabilities		3,117,378	2,825,449	3,067,902	2,772,781
Other non-current liabilities		228,927	166,267	419,456	332,484
Total non-current liabilities		30,152,070	37,243,851	23,896,322	28,952,935
Total liabilities		57,483,711	57,316,437	50,684,882	46,857,292
<i>Shareholders' equity</i>					
<i>Share capital</i>					
Authorised share capital	7	20,400,279	20,400,279	20,400,279	20,400,279
Issued and paid-up share capital	7	20,400,279	20,400,279	20,400,279	20,400,279
Share premium		2,456,261	2,456,261	2,456,261	2,456,261
Revaluation reserve		13,817,437	15,049,072	13,817,437	15,049,072
<i>Retained earnings</i>					
Legal reserve	11	1,284,945	1,284,945	1,284,945	1,284,945
Other		244,500	244,500	244,500	244,500
Unappropriated		28,342,328	23,831,084	28,342,328	23,831,084
Total equity of the Company's shareholders		66,545,750	63,266,141	66,545,750	63,266,141
Minority interest		3,709,001	3,586,313	-	-
Total shareholders' equity		70,254,751	66,852,454	66,545,750	63,266,141
Total liabilities and shareholders' equity		127,738,462	124,168,891	117,230,632	110,123,433

The accompanying notes are an integral part of these financial statements.

Thai Oil Public Company Limited and its Subsidiaries

Statements of income

For the three-month periods ended 30 June 2006 and 2005 (Unaudited)

		Consolidated		The Company	
	Note	2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
Revenues	8				
Revenue from sale of goods and rendering of services	3	74,720,182	63,365,616	76,107,825	63,037,318
Gain on foreign exchange		454,631	-	378,882	-
Other income	3	170,895	109,616	502,735	470,650
Share of profits from investments accounted for using the equity method	5	-	-	1,886,080	1,550,710
Total revenues		75,345,708	63,475,232	78,875,522	65,058,678
Expenses	8				
Cost of sale of goods and rendering of services	3	65,935,075	56,648,542	69,842,917	58,731,470
Selling and administrative expenses	3	294,190	274,062	148,812	385,339
Loss on foreign exchange		-	1,737,199	-	1,340,811
Total expenses		66,229,265	58,659,803	69,991,729	60,457,620
Profit before interest, financial and income tax expenses		9,116,443	4,815,429	8,883,793	4,601,058
Interest and financial expenses	3	476,719	582,344	331,760	391,784
Income tax expense		1,684,537	676,310	1,667,043	677,906
Profit after tax		6,955,187	3,556,775	6,884,990	3,531,368
Net profit of minority interest		(70,197)	(25,407)	-	-
Net profit		6,884,990	3,531,368	6,884,990	3,531,368
Basic earnings per share (in Baht)	9	3.37	1.73	3.37	1.73

The accompanying notes are an integral part of these financial statements.

Thai Oil Public Company Limited and its Subsidiaries

Statements of income

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

		Consolidated		The Company	
	Note	2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
Revenues	8				
Revenue from sale of goods and rendering of services	3	139,578,866	111,307,749	142,977,576	107,986,075
Gain on foreign exchange		2,127,979	-	1,706,991	-
Other income	3	328,694	226,092	987,751	720,239
Share of profits from investments accounted for using the equity method	5	-	-	3,831,484	2,294,021
Total revenues		142,035,539	111,533,841	149,503,802	111,000,335
Expenses	8				
Cost of sale of goods and rendering of services	3	126,943,572	99,459,402	135,273,850	99,776,123
Selling and administrative expenses	3	505,139	494,472	229,164	514,166
Loss on foreign exchange		-	1,485,896	-	1,130,727
Loss from insurance claims		-	232,053	-	-
Total expenses		127,448,711	101,671,823	135,503,014	101,421,016
Profit before interest, financial and income tax expenses		14,586,828	9,862,018	14,000,788	9,579,319
Interest and financial expenses	3	939,123	1,067,937	649,732	695,277
Income tax expense		2,395,679	1,658,544	2,379,781	1,661,736
Profit after tax		11,252,026	7,135,537	10,971,275	7,222,306
Net (profit) loss of minority interest		(280,751)	86,769	-	-
Net profit		10,971,275	7,222,306	10,971,275	7,222,306
Basic earnings per share (in Baht)	9	5.38	3.54	5.38	3.54

The accompanying notes are an integral part of these financial statements.

Thai Oil Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	Note	Consolidated							Total equity of the Company's shareholders	Minority interest	Total shareholders' equity
		Issued and paid-up share capital	Share premium	Revaluation reserve	Retained earnings						
					Legal reserve	Other	Unappropriated				
(in thousand Baht)											
Balance at 1 January 2005		20,400,279	2,456,261	17,970,644	347,290	244,500	7,877,159	49,296,133	4,279,170	53,575,303	
Depreciation of revaluation surplus of assets		-	-	(573,246)	-	-	705,551	132,305	-	132,305	
Deferred tax on revaluation of assets		-	-	(567,708)	-	-	-	(567,708)	-	(567,708)	
Change in portion of minority interest		-	-	-	-	-	-	-	(941,478)	(941,478)	
Net profit		-	-	-	-	-	7,222,306	7,222,306	(86,769)	7,135,537	
Dividends		-	-	-	-	-	(3,672,050)	(3,672,050)	(126,450)	(3,798,500)	
Balance at 30 June 2005		20,400,279	2,456,261	16,829,690	347,290	244,500	12,132,966	52,410,986	3,124,473	55,535,459	
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	3,586,313	66,852,454	
Depreciation of revaluation surplus of assets		-	-	(680,066)	-	-	680,066	-	-	-	
Deferred tax on revaluation of assets		-	-	(551,569)	-	-	-	(551,569)	-	(551,569)	
Net profit		-	-	-	-	-	10,971,275	10,971,275	280,751	11,252,026	
Dividends	11	-	-	-	-	-	(7,140,097)	(7,140,097)	(158,063)	(7,298,160)	
Balance at 30 June 2006		20,400,279	2,456,261	13,817,437	1,284,945	244,500	28,342,328	66,545,750	3,709,001	70,254,751	

The accompanying notes are an integral part of these financial statements.

Thai Oil Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	Note	Issued and paid-up share capital	Share premium	Revaluation reserve	The Company			Total equity of the Company's shareholders
					Retained earnings			
					Legal reserve	Other	Unappropriated	
(in thousand Baht)								
Balance at 1 January 2005		20,400,279	2,456,261	17,970,644	347,290	244,500	7,877,159	49,296,133
Depreciation of revaluation surplus of assets		-	-	(573,246)	-	-	705,551	132,305
Deferred tax on revaluation of assets		-	-	(567,708)	-	-	-	(567,708)
Net profit		-	-	-	-	-	7,222,306	7,222,306
Dividends		-	-	-	-	-	(3,672,050)	(3,672,050)
Balance at 30 June 2005		20,400,279	2,456,261	16,829,690	347,290	244,500	12,132,966	52,410,986
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
Depreciation of revaluation surplus of assets		-	-	(680,066)	-	-	680,066	-
Deferred tax on revaluation of assets		-	-	(551,569)	-	-	-	(551,569)
Net profit		-	-	-	-	-	10,971,275	10,971,275
Dividends	11	-	-	-	-	-	(7,140,097)	(7,140,097)
Balance at 30 June 2006		20,400,279	2,456,261	13,817,437	1,284,945	244,500	28,342,328	66,545,750

The accompanying notes are an integral part of these financial statements.

Thai Oil Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Net profit	10,971,275	7,222,306	10,971,275	7,222,306
<i>Adjustments for</i>				
Depreciation and amortisation	3,286,244	3,173,538	2,478,948	2,496,706
Unrealised (gain) loss on foreign exchange	(1,622,752)	873,964	(1,338,792)	452,509
Interest expense	909,916	975,650	626,609	605,045
Increase in allowance for doubtful accounts	1,290	-	-	-
Increase in allowance for decline in value of inventories	-	5,249	-	-
Share of profits from investments accounted for using the equity method	-	-	(3,831,484)	(2,294,021)
Loss from insurance claims	-	232,053	-	-
(Gain) loss on disposal of property, plant and equipment	15,625	(29,548)	(8,262)	(143,016)
Realisation of deferred land lease and other income	(13,913)	(31,338)	(91,790)	(73,418)
Income tax expense	2,395,679	1,658,544	2,379,781	1,661,736
Net profit (loss) of minority interest	280,750	(86,769)	-	-
Profit provided by operating activities before changes in operating assets and liabilities	16,224,114	13,993,649	11,186,285	9,927,847
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(480,557)	(5,642,329)	(1,877,242)	(6,084,323)
Accounts receivable from subsidiary and related companies	3,526	145	23,690	132,048
Inventories	(8,434,741)	(5,635,101)	(8,052,880)	(5,339,359)
Receivable from Oil Fuel Fund	95,067	1,391,548	95,067	1,391,548
Other current assets	(116,487)	592,363	(200,011)	562,194
Other non-current assets	(150,336)	(116)	(81,856)	(10,891)
Trade accounts payable	7,377,149	6,000,907	8,839,845	7,720,011
Accounts payable to subsidiary and related companies	1,044	(130,021)	(473,624)	(286,684)
Other current liabilities	(47,250)	129,081	(32,584)	147,993
Other non-current liabilities	73,319	77,039	159,102	99,829
	14,544,848	10,777,165	9,585,792	8,260,213
Income taxes paid	(2,013,466)	(2,823,477)	(1,981,491)	(2,818,811)
Net cash provided by operating activities	12,531,382	7,953,688	7,604,301	5,441,402

The accompanying notes are an integral part of these financial statements.

Thai Oil Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Decrease in current investments	126,288	103,924	-	-
Decrease in subordinated loan to subsidiary company	-	-	136,066	-
Purchase of property, plant and equipment	(3,580,236)	(1,713,141)	(2,734,402)	(550,459)
Decrease (increase) in long-term loans to savings co-operative of employees	(17,100)	11,646	(17,100)	11,646
Payment of investments in shares of subsidiary and associated companies	(30,000)	(487,968)	(30,000)	(1,557,968)
Dividends received	-	-	688,955	154,549
Proceeds from insurance claims	-	899,391	-	-
Proceeds from sales of property, plant and equipment	99,920	178,623	99,920	1,071,424
Increase in intangible assets	(3,282)	(5,655)	(3,221)	(4,156)
Net cash used in investing activities	(3,404,410)	(1,013,180)	(1,859,782)	(874,964)
<i>Cash flows from financing activities</i>				
Interest paid	(1,394,284)	(1,198,790)	(716,858)	(859,844)
Decrease in short-term loans from financial institutions	-	(947,861)	-	-
Repayment of long-term loans	(7,415,033)	(29,671,106)	(4,117,460)	(28,503,608)
Proceeds from issue of notes	-	14,245,431	-	14,245,431
Proceeds from other long-term debts	1,479,059	11,351,627	-	11,351,627
Dividends paid	(7,298,160)	(3,798,500)	(7,140,098)	(3,672,050)
Net cash used in financing activities	(14,628,418)	(10,019,199)	(11,974,416)	(7,438,444)
Net decrease in cash and cash equivalents	(5,501,446)	(3,078,691)	(6,229,897)	(2,872,006)
Cash and cash equivalents at beginning of period	11,251,624	6,667,166	7,411,402	4,170,710
Cash and cash equivalents at end of period	5,750,178	3,588,475	1,181,505	1,298,704

The accompanying notes are an integral part of these financial statements.

Thai Oil Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2006 (Unaudited)

These notes form an integral part of the financial statements.

The interim financial statements were authorised for issue by the directors on 11 August 2006.

1 General information

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

Bangkok office : 123 Sun Towers Building B, 12th 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 engaged in transportation of petroleum oil products and chemical products by waterway.

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

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

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

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

The subsidiary companies have various agreements with the Company and related companies. These include:

1.1 Power and Steam Purchase Agreements

On 19 December 1997 and 25 June 1998, a subsidiary company entered into Power and Steam Purchase Agreements for 25 years with the Company and two subsidiary companies whereby the

Thai Oil Public Company Limited and its Subsidiaries
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subsidiary company will supply electric and steam energy to the said companies at the agreed quantity and price and with a minimum take obligation.

On 1 April 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.

1.2 Cost Reimbursement Agreements

- a) On 1 April 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.
- b) On 28 July 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.

1.3 Services and Supplies Agreements

On 22 December 1997, 1 April 1998, 25 June 1998 and 28 July 1998, four 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:

- a) operate, maintain and repair the power generation plant to generate electricity and process steam to the subsidiaries' customers;
- b) manage, control and arrange for handling, inspection, storage and procurement of materials, spare parts, and equipment necessary for operations and maintenance of plant; and
- c) 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.

1.4 Land Lease Agreements

- a) On 24 November 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 September 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.

Thai Oil Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2006 (Unaudited)

- b) On 16 July 1997 and 7 November 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 September 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.
- c) On 7 August 1995 and 6 September 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 September 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.
- d) On 28 August 1997 and 22 October 1997, the Company entered into agreements with a subsidiary company to lease/sublease certain land for 25 years and 10 months up to September 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.

1.5 Raw Materials and Finished Product Purchases and Sales Agreements

On 8 September 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 will be based on the prices specified in the agreements.

Subsequently, on 28 April 2005, the Company entered into raw material and finished products purchases and sales agreements with a subsidiary company and terminated the agreement dated 8 September 1997. The term of the agreement was commencing 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.

1.6 Long-Term Maintenance Agreements

On 17 October 2001, a subsidiary company entered into two long-term combustion turbine maintenance agreements with two of its related companies. The agreements were named Scheduled Outage Parts and Repairs Agreement (for the supply and repair parts for the yearly scheduled outage) and Scheduled Outage Service Agreement (for the provision of maintenance services for the yearly scheduled outage). The subsidiary company is committed to pay for the parts and maintenance service cost as per the price specified in the agreements. These two agreements will begin on the signing date and continue until the second Major Scheduled Outage or the twelfth yearly Scheduled Outage.

1.7 By-Product Sale and Purchase Agreement

On 28 January 2005, the Company entered into by-product sale and purchase agreement with a subsidiary company. The term of the agreement was ten years commencing from 1 October 2004 onwards or terminable by mutual consent. The volume and purchase and sale prices of by-product are based on the prices specified in the agreement.

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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 have been prepared to provide an update on the financial statements for the year ended 31 December 2005. 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 2005.

Accounting policies and methods of computation applied in the interim financial statements for the three-month and six-month periods ended 30 June 2006 are consistent with those applied in the financial statements for the year ended 31 December 2005.

3 Related party transactions and balances

Related parties are those parties linked to the Group and the Company by common shareholders or directors.

Details of significant related parties and their relationship

Related companies	Relationship
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
Thai Petroleum Pipeline Co., Ltd.	Related company and/or directorship
PTT ICT Solutions Co., Ltd.	Associated company and/or directorship
Siemens Power Generation	Related company of subsidiary’s shareholder
Siemens Limited	Related company of subsidiary’s shareholder

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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 Shareholders.

Significant transactions for the three-month periods ended 30 June 2006 and 2005 with related parties are summarised as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	(in thousand Baht)			
Revenues				
<i>Revenue from sale of goods and rendering of services</i>				
PTT Public Co., Ltd.	44,162,351	31,631,391	43,377,239	30,716,297
Thaioil Marine Co., Ltd.	-	-	-	529
Thai Paraxylene Co., Ltd.	-	-	9,910,189	7,341,607
Thai Lube Base Public Co., Ltd.	-	-	338,754	-
Independent Power (Thailand) Co., Ltd.	-	-	-	34,557
<i>Interest income</i>				
Thaioil Power Co., Ltd.	-	-	-	910
Thaioil Marine Co., Ltd.	-	-	350	1,820
Thai Paraxylene Co., Ltd.	-	-	-	3,361
Thai Lube Base Public Co., Ltd.	-	-	-	53,586
<i>Land lease income</i>				
Thaioil Power Co., Ltd.	-	-	650	650
Independent Power (Thailand) Co., Ltd.	-	-	1,453	1,453
Thai Paraxylene Co., Ltd.	-	-	2,510	2,510
Thai Lube Base Public Co., Ltd.	-	-	4,824	4,824
<i>Other income</i>				
PTT Public Co., Ltd.	7,062	20,494	7,062	20,494
Thaioil Power Co., Ltd.	-	-	120,470	76,438
Independent Power (Thailand) Co., Ltd.	-	-	15,183	16,489
Thai Paraxylene Co., Ltd.	-	-	163,027	60,847
Thai Lube Base Public Co., Ltd.	-	-	86,856	28,153
Thaioil Marine Co., Ltd.	-	-	3	4
<i>Disposal of land and property-Gas station</i>				
PTT Public Co., Ltd.	105,000	-	105,000	-

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	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Expenses				
<i>Purchases</i>				
PTT Public Co., Ltd.	35,615,637	22,898,255	33,931,365	21,112,390
Thaioil Power Co., Ltd.	-	-	412,471	358,162
Thai Paraxylene Co., Ltd.	-	-	7,634,084	5,450,937
Thai Lube Base Public Co., Ltd.	-	-	1,350,972	1,009,206
<i>Other expenses</i>				
PTT Public Co., Ltd.	1,381	935	1,152	710
Thaioil Marine Co., Ltd.	-	-	3,797	14,706
Thaioil Power Co., Ltd.	-	-	-	1,606
Thai Lube Base Public Co., Ltd.	-	-	179	210,563
Thai Petroleum Pipeline Co., Ltd.	13,265	22,438	13,265	22,438
<i>Interest expenses</i>				
PTT Public Co., Ltd.	-	1,622	-	1,622
Thai Lube Base Public Co., Ltd.	-	-	-	4,702
Thai Paraxylene Co., Ltd.	-	-	370	-
<i>Directors' remuneration</i>	62,142	59,110	53,116	52,445

Significant transactions for the six-month periods ended 30 June 2006 and 2005 with related parties are summarised as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Revenues				
<i>Revenue from sale of goods and rendering of services</i>				
PTT Public Co., Ltd.	81,645,511	51,652,000	80,131,374	50,273,930
Thaioil Marine Co., Ltd.	-	-	-	529
Thai Paraxylene Co., Ltd.	-	-	17,781,307	9,294,144
Thai Lube Base Public Co., Ltd.	-	-	2,358,157	755,159
Independent Power (Thailand) Co., Ltd.	-	-	107,071	61,710
<i>Interest income</i>				
Thaioil Power Co., Ltd.	-	-	-	1,811
Thaioil Marine Co., Ltd.	-	-	796	3,690
Thai Paraxylene Co., Ltd.	-	-	-	8,913
Thai Lube Base Public Co., Ltd.	-	-	-	54,449
<i>Land lease income</i>				
Thaioil Power Co., Ltd.	-	-	1,300	1,300
Independent Power (Thailand) Co., Ltd.	-	-	2,906	2,906
Thai Paraxylene Co., Ltd.	-	-	5,020	5,020
Thai Lube Base Public Co., Ltd.	-	-	9,647	9,647

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	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Other income</i>				
PTT Public Co., Ltd.	8,794	2,101	8,774	2,101
Thaioil Power Co., Ltd.	-	-	244,595	159,764
Independent Power (Thailand) Co., Ltd.	-	-	29,916	32,863
Thai Paraxylene Co., Ltd.	-	-	298,142	103,795
Thai Lube Base Public Co., Ltd.	-	-	178,608	51,692
Thaioil Marine Co., Ltd.	-	-	3	4
<i>Disposal of land and property-Gas station</i>				
PTT Public Co., Ltd.	105,000	-	105,000	-
<i>Expenses</i>				
<i>Purchases</i>				
PTT Public Co., Ltd.	64,932,389	46,283,565	61,636,753	43,129,258
Thaioil Power Co., Ltd.	-	-	822,212	715,328
Thai Paraxylene Co., Ltd.	-	-	13,689,570	5,566,382
Thai Lube Base Public Co., Ltd.	-	-	2,271,629	1,422,452
<i>Other expenses</i>				
PTT Public Co., Ltd.	5,942	18,986	5,509	18,511
Thaioil Marine Co., Ltd.	-	-	15,283	31,218
Thaioil Power Co., Ltd.	-	-	-	3,245
Thai Lube Base Public Co., Ltd.	-	-	179	214,739
Thai Petroleum Pipeline Co., Ltd.	33,958	46,893	33,958	46,893
Siemens Limited	-	35,868	-	-
<i>Interest expenses</i>				
PTT Public Co., Ltd.	-	1,622	-	1,622
Thai Lube Base Public Co., Ltd.	-	-	-	7,544
Thai Paraxylene Co., Ltd.	-	-	370	-
<i>Directors' remuneration</i>	71,115	65,626	55,561	54,830

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Balance as at 30 June 2006 and 31 December 2005, with related parties are as follows:

Trade accounts receivable

	Consolidated		The Company	
	30 June	31 December	30 June	31 December
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
PTT Public Co., Ltd.	9,393,506	7,451,185	9,201,729	7,320,132
Thai Paraxylene Co., Ltd.	-	-	3,508,039	2,428,310
Thai Lube Base Public Co., Ltd.	-	-	117,670	46,875
Total	<u>9,393,506</u>	<u>7,451,185</u>	<u>12,827,438</u>	<u>9,795,317</u>

Accounts receivable from subsidiary and related companies

	Consolidated		The Company	
	30 June	31 December	30 June	31 December
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Other receivables</i>				
PTT Public Co., Ltd.	6,459	9,985	6,459	9,985
Thaioil Power Co., Ltd.	-	-	34,444	40,551
Thai Paraxylene Co., Ltd.	-	-	53,232	37,189
Thai Lube Base Public Co., Ltd.	-	-	25,141	31,680
Independent Power (Thailand) Co., Ltd.	-	-	4,478	8,722
Thaioil Marine Co., Ltd.	-	-	106	2,221
Total	<u>6,459</u>	<u>9,985</u>	<u>123,860</u>	<u>130,348</u>

Current portion of long-term receivable

Thaioil Marine Co., Ltd.	-	-	12,710	29,912
Total	<u>6,459</u>	<u>9,985</u>	<u>136,570</u>	<u>160,260</u>

Subordinated loan - subsidiary

	Consolidated		The Company	
	30 June	31 December	30 June	31 December
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Thai Paraxylene Co., Ltd.	-	-	-	<u>136,066</u>

On 15 March 2004, the Company provided financial support of U.S. Dollars 3 million to Thai Paraxylene Co., Ltd. under the Sponsors Financial Support Agreement dated 13 September 2000. This loan bears interest at a rate not exceeding LIBOR plus 2% per annum. During this period, the Company received all loan and related interest after the subsidiary company has already complied with the terms of condition under “the Master Agreement” and “the Credit Agreements”.

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Trade accounts payable

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
PTT Public Co., Ltd.	13,256,806	7,293,962	12,602,422	5,992,961
Thaioil Power Co., Ltd.	-	-	141,673	136,427
Thai Paraxylene Co., Ltd.	-	-	2,736,803	1,922,860
Thai Lube Base Public Co., Ltd.	-	-	293,446	230,452
Total	<u>13,256,806</u>	<u>7,293,962</u>	<u>15,774,344</u>	<u>8,282,700</u>

Accounts payable to subsidiary and related companies

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
<i>Other payables</i>				
PTT Public Co., Ltd.	778	982	-	982
Thaioil Power Co., Ltd.	-	-	-	86
Siemens Power Generation	126,487	271,752	-	-
Thai Lube Base Public Co., Ltd.	-	-	191	467,992
Thai Paraxylene Co., Ltd.	-	-	-	2,033
Thai Petroleum Pipeline Co., Ltd.	3,968	2,721	3,968	2,721
Thaioil Marine Co., Ltd.	-	-	-	3,968
Total	<u>131,233</u>	<u>275,455</u>	<u>4,159</u>	<u>477,782</u>

4 Trade accounts receivable, net

Trade accounts receivable, including balances with related parties, are classified by aging as follows:

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
Within credit terms	18,259,058	17,795,655	18,081,121	16,202,765
Overdue:				
Less than 6 months	7,991	7,625	-	-
6-12 months	10,424	73	-	-
Over 12 months	<u>4,652</u>	<u>2,355</u>	<u>-</u>	<u>-</u>
	18,282,125	17,805,708	18,081,121	16,202,765
Less allowance for doubtful accounts	<u>(1,610)</u>	<u>(320)</u>	<u>-</u>	<u>-</u>
Net	<u>18,280,515</u>	<u>17,805,388</u>	<u>18,081,121</u>	<u>16,202,765</u>

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

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5 Investments accounted for using the equity method

Movements during the six-month periods ended 30 June on investments accounted for using the equity method were as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Net book value at 1 January	-	-	18,887,994	8,327,191
Share of net profits of investments				
- equity method	-	-	3,831,484	2,294,021
Acquisitions	30,000	-	30,000	1,557,968
Dividend income	-	-	(688,955)	(154,549)
Net book value at 30 June	<u>30,000</u>	<u>-</u>	<u>22,060,523</u>	<u>12,024,631</u>
Net book value at 31 December		<u>-</u>		<u>18,887,994</u>

The dividend income in 2006 was from Thailoil Power Company Limited and Thai Lube Base Public Company Limited. The dividend income in 2005 was all from Thailoil Power Company Limited.

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Investments accounted for using the equity method as at 30 June 2006 and 31 December 2005, are as follows:

	Ownership interest		Paid-up capital		Consolidated Cost method		Equity method	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	(%)				(in thousand Baht)			
- Subsidiary companies								
Thaioil Power Co., Ltd.	54.99	54.99	2,810,000	2,810,000	1,545,500	1,545,500	-	-
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	3,551,230	3,551,230	-	-
Thai Lube Base Public Co., Ltd.	99.99	99.99	2,832,959	2,832,959	1,978,346	1,978,346	-	-
- Associated company								
PTT ICT Solutions Co., Ltd.	20.00	-	150,000	-	30,000	-	<u>30,000</u>	<u>-</u>
Total							<u>30,000</u>	<u>-</u>

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	The Company							
	Ownership interest		Paid-up capital		Cost method		Equity method	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	(%)				<i>(in thousand Baht)</i>			
- Subsidiary companies								
Thaioil Power Co., Ltd.	54.99	54.99	2,810,000	2,810,000	1,545,500	1,545,500	3,321,144	3,277,020
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	765,968	650,765
Thaioil Marine Co., Ltd.	99.99	99.99	630,000	630,000	630,000	630,000	526,480	501,862
Thai Paraxylene Co., Ltd.	99.99	99.99	5,490,852	5,490,852	3,551,230	3,551,230	9,721,720	7,330,351
Thai Lube Base Public Co., Ltd.	99.99	99.99	2,832,959	2,832,959	1,978,346	1,978,346	7,695,211	7,127,996
- Associated company								
PTT ICT Solutions Co., Ltd.	20.00	-	150,000	-	30,000	-	30,000	-
Total							<u>22,060,523</u>	<u>18,887,994</u>

PTT ICT Solutions Co., Ltd

During the period, the Company has invested in share capital of PTT ICT Solutions Co., Ltd. of Baht 30 million for 3 million ordinary shares at Baht 10 per share, Baht 10 par value per share.

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6 Other long-term investments, net

Other long-term investments of related company as at 30 June 2006 and 31 December 2005, are as follows:

		Consolidated							
		Ownership interest		Paid-up capital		Cost		Equity method	
		30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
Type of	Business	2006	2005	2006	2005	2006	2005	2006	2005
		(%)		(in thousand Baht)					
Investments recorded by cost method:									
- Related company									
Thai Petroleum Pipeline Co., Ltd.	Oil transportation by pipeline	9.43	9.43	8,267,687	8,267,687	779,497	779,497	779,497	779,497
Total								779,497	779,497
Less: allowance for loss on impairment of investments								(779,497)	(779,497)
Net								-	-

		The Company							
		Ownership interest		Paid-up capital		Cost		Equity method	
		30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
Type ofBusiness		2006	2005	2006	2005	2006	2005	2006	2005
		(%)		(in thousand Baht)					
Investments recorded by cost method:									
- Related company									
Thai Petroleum Pipeline Co., Ltd.	Oil transportation by pipeline	9.43	9.43	8,267,687	8,267,687	779,497	779,497	<u>779,497</u>	<u>779,497</u>
Total								779,497	779,497
Less: allowance for loss on impairment of investments								<u>(779,497)</u>	<u>(779,497)</u>
Net								-	-

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7 Share capital

	<i>Par Value (in Baht)</i>	2006 Number	2006 Baht (in thousand)	2005 Number	2005 Baht (in thousand)
Authorised					
At 1 January					
- Ordinary shares	10	2,040,028	20,400,279	2,040,028	20,400,279
At 30 June					
- Ordinary shares	10	<u>2,040,028</u>	<u>20,400,279</u>	<u>2,040,028</u>	<u>20,400,279</u>
Issued and fully paid					
At 1 January					
- Ordinary shares	10	2,040,028	20,400,279	2,040,028	20,400,279
At 30 June					
- Ordinary shares	10	<u>2,040,028</u>	<u>20,400,279</u>	<u>2,040,028</u>	<u>20,400,279</u>

8 Segment information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest-bearing loans, borrowings and interest expenses, and corporate assets and expenses.

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

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The business segmented financial information of the Group for the six-month periods ended 30 June 2006 and 2005, are as follows:

For the six-month period ended 30 June 2006 (in thousand Baht)							
	Oil Refining	Lube Base Oil Refining	Petro-Chemical	Power Generation	Oil and Chemical Products Transportation	Elimination	Total
Revenue from sale of goods and rendering of services	142,977,576	8,171,062	20,893,381	4,788,323	249,317	(37,500,793)	139,578,866
Cost of sale of goods and rendering of services	<u>(135,273,850)</u>	<u>(7,065,465)</u>	<u>(18,551,482)</u>	<u>(4,155,273)</u>	<u>(205,113)</u>	<u>38,307,611</u>	<u>(126,943,572)</u>
Gross profit	7,703,726	1,105,597	2,341,899	633,050	44,204	806,818	12,635,294
Gain (loss) on foreign exchange	1,706,991	(2,169)	98,213	325,344	(400)	-	2,127,979
Other income	987,751	44,550	83,576	32,158	1,974	(821,315)	328,694
Selling and administrative expenses	(229,164)	(95,161)	(77,967)	(131,812)	(23,790)	52,755	(505,139)
Interest and financial expenses	(649,732)	(86)	(67,921)	(220,972)	(978)	566	(939,123)
Net profit of minority interest	-	-	-	(190,316)	-	(90,435)	(280,751)
Income tax expense	<u>(2,379,781)</u>	<u>-</u>	<u>-</u>	<u>(15,898)</u>	<u>-</u>	<u>-</u>	<u>(2,395,679)</u>
Net profit	<u>7,139,791</u>	<u>1,052,731</u>	<u>2,377,800</u>	<u>431,554</u>	<u>21,010</u>	<u>(51,611)</u>	<u>10,971,275</u>

For the six-month period ended 30 June 2005 (in thousand Baht)							
	Oil Refining	Lube Base Oil Refining	Petro-Chemical	Power Generation	Oil and Chemical Products Transportation	Elimination	Total
Revenue from sale of goods and rendering of service	107,986,075	5,532,344	11,652,405	4,568,868	412,348	(18,844,291)	111,307,749
Cost of sale of goods and rendering of services	<u>(99,776,123)</u>	<u>(4,806,745)</u>	<u>(9,851,487)</u>	<u>(3,881,478)</u>	<u>(374,566)</u>	<u>19,230,997</u>	<u>(99,459,402)</u>
Gross profit	8,209,952	725,599	1,800,918	687,390	37,782	386,706	11,848,347
Gain (loss) on foreign exchange	(1,130,727)	3,874	(112,016)	(254,078)	7,051	-	(1,485,896)
Loss from insurance claims	-	-	-	(232,053)	-	-	(232,053)
Other income	720,239	244,231	27,551	19,697	41,621	(827,247)	226,092
Selling and administrative expenses	(514,166)	(65,792)	(72,875)	(67,752)	(26,315)	252,428	(494,472)
Interest and financial expenses	(695,277)	(57,028)	(124,415)	(264,391)	(5,826)	79,000	(1,067,937)
Net loss of minority interest	-	-	-	145,520	-	(58,751)	86,769
Income tax expense	<u>(1,661,736)</u>	<u>-</u>	<u>-</u>	<u>3,192</u>	<u>-</u>	<u>-</u>	<u>(1,658,544)</u>
Net profit	<u>4,928,285</u>	<u>850,884</u>	<u>1,519,163</u>	<u>37,525</u>	<u>54,313</u>	<u>(167,864)</u>	<u>7,222,306</u>

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9 Basic earnings per share

The calculation of basic earnings per share for the three-month and six-month periods ended 30 June 2006 and 2005 was based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding during the three-month and six-month periods ended 30 June 2006 and 2005 calculated as follows:

	3 Month ended 30 June		6 Month ended 30 June	
	2006	2005	2006	2005
Net profit (in thousand Baht)	6,884,990	3,531,368	10,971,275	7,222,306
Weighted average number of shares (in thousand shares)	2,040,028	2,040,028	2,040,028	2,040,028
Basic earnings per share (in Baht)	3.37	1.73	5.38	3.54

10 Contingent liabilities and commitments

- a) As at 30 June 2006, 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 143 million, respectively.
- b) As at 30 June 2006, the Company had outstanding contract commitments to purchase crude oil with several foreign suppliers totaling approximately U.S. Dollars 846 million.
- c) As at 30 June 2006, 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.
- d) As at 30 June 2006, a subsidiary company had various hedge agreements with two foreign 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 73.4 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) 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

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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 30 June 2006, this matter was in the process of consideration by the Supreme Court.

- f) As at 30 June 2006, the Company and subsidiary companies had various contracts with certain company for additional capital projects with an outstanding contract price equivalent to approximately Baht 20,744 million.
- g) On 23 June 2006, the Company entered into agreements with a related company in respect of two crack spread swap transactions relating to a crack margin for monthly periods ending 31 July 2006. Upon settlement, the related company or the Company will make payment if the fixed price exceeds/is lower than the floating price for each period.

11 Dividends and legal reserve

- a) At the ordinary shareholders' meeting held on 20 April 2006, the shareholders unanimously approved the distribution of cash dividends for the year ended 31 December 2005 at Baht 3.50 per share, totaling Baht 7,140 million and the appropriation of Baht 1,285 million.
- b) At the ordinary shareholders' meeting of Thai Lube Base Public Co., Ltd. held on 21 April 2006, the shareholders unanimously approved the distribution of cash dividends for the year ended 31 December 2005 at Baht 1.75 per share, totaling Baht 496 million and the appropriation of Baht 232 million or 5% of net profit.
- c) At the ordinary shareholders' meeting of Thailoil Power Co., Ltd. held on 17 March 2006, the shareholders unanimously approved the distribution of cash dividends for the year ended 31 December 2005 at Baht 1.25 per share, totaling Baht 351 million and the appropriation of Baht 36 million or 5% of net profit.
- d) As at 30 June 2006 and 31 December 2005, inventories included inventories held in reserve under regulatory requirements amounting to Baht 7,605 million and Baht 7,466 million, respectively.

12 Others

- a) 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 million. At present, the company is in the process of decrease of its preferred shares.
- b) On 19 January 2006, one of the two gas turbines, CT1, of a subsidiary company was interrupted as a result of an electric short circuit of a step-up transformer. On 20 June 2006, the subsidiary company is presently running back at normal capacity after the transformer has been already fixed. The subsidiary expects to receive compensation fund totaling approximately Baht 425 million, approximately Baht 65 million as compensation for the damaged property and Baht 360 million for business interruption.

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13 Reclassification of accounts

Certain accounts in the 2005 interim financial statements have been reclassified to conform with the presentation in the 2006 interim financial statements.