

(Translation)

Ref. TBK 01/0141

March 26th, 2007

- Subject : Invitation to the 2007 Annual General Meeting of Shareholders
Thai Oil Public Company Limited (“the Company”)
- To : Shareholders
- Attachments : 1. The Minute of the 2006 Annual General Meeting of Shareholders held on April 20th, 2006
2. The Annual Report of the year 2006 in CD-ROM and the summarized version (showing the financial statement of the year 2006) as well as the correspondence for receiving the Annual Report of the year 2006
3. Proxy form A / form B / form C
4. The Procedures and Conditions and the Granting of Proxy for the Registration of Attendance of the AGM 2007
5. The summarized profile of the nominated directors (Supporting Documents for Meeting Agenda 4)
6. The 2007 Remuneration Rate for directors and committees (Supporting Documents for Meeting Agenda 5)
7. Definition of Independent Director of the Company
8. The Company’s Articles of Association concerning the shareholder’s meeting
9. Map of the Meeting place of the AGM 2007
10. List of The Company’s Directors who represent to be a proxy in the AGM 2007

Notice is hereby given that The Board of Directors’ Meeting of Thai Oil Public Company Limited No.1/2007 held on February 16th, 2007 has resolved the following significant matters:

1. Agreed for the 2007 Annual General Meeting of Shareholders (AGM) to be held on Tuesday April 10th, 2007 at 02.00 p.m. at the Makawan Rangsun Room, 3rd Floor, Army Club, located on 214 Vibhavadi-Rangsit Road, Samsen Nai, Phayathai, Bangkok. The Company’s shareholder registration book was closed on March 21st, 2007 at 12.00 a.m. until the meeting is completed in order to determine shareholders who have the right to attend the 2007 Annual General Meeting of Shareholders The 2007 AGM which will be held for the following purposes:

Agenda 1: **To certify the Minutes of the 2006 Annual General Meeting of Shareholders held on April 20th, 2006.**

Board’s opinion : After due consideration, the Board found it appropriate for the Meeting to certify the Minutes of the 2006 Annual General Meeting of Shareholders.

Agenda 2: **To certify the Operating Results for the year 2006 and to consider and approve the audited financial statements for the year ended December 31st, 2006.**

Board’s opinion : After due consideration, the Board found it appropriate for the Meeting to certify the Operating Results for the year 2006 and to approve the audited financial statements for the year 2006 ended December 31st, 2006, which have already been approved by the Company’s auditor.

Agenda 3: **approve the appropriation of profits and the dividend payment for the year 2006.**

Board's opinion : In 2006, the Company & the Subsidiaries have earned a consolidated net profit of Baht 16,595 million which is equivalent to earning per share of Baht 8.13. The Board found it appropriate to propose to the Meeting to approve dividend payment of Baht 3.50 per share with the amount of Baht 7,140 million. After deduction of the interim dividend at the rate of Baht 1.50 per share for the operation result of the first half of the year on October 4th, 2006, the remaining dividend at the rate of Baht 2.00 per share which are equivalent to Baht 4,080 million is proposed to the Meeting. The share registration book was closed for dividend payment at 12.00 a.m. on March 21st, 2007, and the dividend will be paid on May 3rd, 2007. Moreover, the Meeting is proposed to approve the appropriation of the net profit of Baht 755 million for legal reserve which will reach the maximum of legal reserve requirement at 10% of the registered capital this year.

Agenda 4: **To consider the election of directors to replace the retiring directors for the year 2007.**

Board's opinion : At this 2007 Annual General Meeting of Shareholders, one-third of the directors must be retired by rotation namely:

- 1) Mr. Prasert Bunsumpun
- 2) Mr. Norkun Sittiphong
- 3) Mr. Prapun Naigowit
- 4) Mr. Olarn Chaipravat

After due consideration, the Board found it appropriate for the Meeting to propose 4 nominated directors to be elected by the AGM 2007 namely;

- 1) Mr. Prasert Bunsumpun
- 2) Mr. Norkun Sittiphong
- 3) Lieutenant General Prayut Chan-o-cha
- 4) Mr. Apisak Thanthiwarawongse

(A Profile and biography of each nominated director is shown in Supporting Documents of the Agenda 4: attachment no.5 in the AGM invitation letter.)

Agenda 5: **To consider the remuneration of the Company's directors for 2007.**

Board's opinion : The Board found it appropriate for the Meeting to approve the remunerations for the year 2007 of the Company directors, Audit Committees, Nomination and Remuneration Committees, and Corporate Governance Committees as proposed by the Company. (Details of remuneration are shown in Supporting Documents of the Agenda 5: attachment no.6 in the AGM invitation letter.)

Agenda 6: **To consider and approve the appointment of auditors and determination of their remuneration for the year 2007.**

Board's opinion : After due consideration, the Board found it appropriate for the Meeting to appoint KPMG Phoomchai Audit Ltd. (with Mr. Thirdthong Thepmongkorn, Certified Public Accountant Registration No.3787, or Ms. Wilai Buranakittisopon, Certified Public Accountant Registration No. 3920) as the Company's auditors for the year 2007 with the total remuneration for the quarterly and year-end audits of Baht 2,100,000 (excluding traveling and other expenses).

Agenda 7: To consider and approve the issuance of debentures

Board's opinion : After due consideration, the Board found it appropriate for the Meeting to approve the company to offer and issue debenture for domestic and foreign investors in the aggregate amount of US 500 million or its equivalence, for the purposes of finance working capital, business development, capital projects and expenditure, debt repayment or Refinance and other corporate activities. Currency, tenor, interest rate, and other conditions are based on the prevailing market conditions while issuing the debenture.

Agenda 8: Other business (if any)

2. Agreed to declare the dividend from the operation result of the Company beginning from January 1st to December 31st, 2006 at the rate of Baht 3.50 per share to shareholders of the Company with the amount of Baht 7,140 million after deducts legal reserves. After deduction of the interim dividend payment of at the rate of Baht 1.50 per share for the operation result of the first half of the year on October 4th, 2006, the remaining dividend at the rate of Baht 2.00 per share, with the amount of Baht 4,080 million, will be payable. The Company's share registration book was closed on March 21st, 2007 at 12.00 a.m. in order to determine the right of the shareholder to receive the dividend which will be allocated on May 3rd, 2007.

For our shareholders, you are cordially invited to attend the 2007 Annual General Meeting of Shareholders of Thai Oil Public Company Limited on Tuesday April 10th, 2007 at 02.00 p.m. at the Makawan Rangsun Room, 3rd Floor, Army Club, located on 214 Vibhavadi-Rangsit Road, Samsen Nai, Phayathai, Bangkok. If you could not attend the Meeting in person and wish to appoint a proxy to vote on your behalf, please kindly fill up and sign the proxy form attached herewith the Company's 2007 AGM invitation letter or download the proxy form from the company website at www.thaioil.co.th from March 26th, 2007 onwards and submit the completed form to the Company by Friday April 6th, 2007.

Remark: **Please show the Proxy form B (Attachment 3) with your Identification Card or Passport to the registration officer when attending the meeting in person.**

Yours truly,
Thai Oil Public Company Limited



Viroj Mavichak
Managing Director

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(Translation)

**The Minute of 2006 Annual General Meeting of Shareholders
Thai Oil Public Company Limited**

The Meeting was held on April 20, 2006 from 2.00-4.30 p.m. in Makawan Rungsan Room 3rd Floor, Army Club, 214 Vibhavadi Rangsit Road, Samsen Nai Sub-District, Phayathai District, Bangkok, Thailand.

Attending Directors and Executives

- | | | |
|------|-----------------------------|--|
| (1) | Mr. Cherdpong Siriwit | Chairman of the Board |
| (2) | Mr. Manu Leopairote | Independent Director, and
Chairman of Audit Committee |
| (3) | Mr. Pala Sookawesh | Director, and
Chairman of Nominating and Remuneration
Committee |
| (4) | Mr. Prasert Bunsumpun | Director, and
Nominating and Remuneration Committee
Member |
| (5) | Mr. Chakramon Phasukavanich | Independent Director, and
Nominating and Remuneration Committee
Member |
| (6) | Mr. Olarn Chaipravat | Independent Director, and
Chairman of Corporate Governance
Committee |
| (7) | Mr. Prapun Naigowit | Independent Director, and
Corporate Governance Committee Member |
| (8) | Mr. Nibhat Bhukkanasut | Independent Director |
| (9) | Mr. Prajya Phinyawat | Director, and
Audit Committee Member |
| (10) | Mr. Nit Chantramonklasri | Independent Director, and
Audit Committee Member |
| (11) | Mr. Viroj Mavichak | Director, and
Managing Director |
| (12) | Mr. Somkeirt Hudthagosol | Deputy Managing Director-Business and |

(13) Mr. Dhawatchai Hengrasme

Human Resources, and
Acting Deputy Managing Director-Finance
Deputy Managing Director-Refinery

The Meeting convened at 2 p.m.

Mr. Cherdpong Siriwit, Chairman of the Board, chaired the Meeting (“the Chairman”). The eleven Board directors and two Company executives attending the Meeting, as listed above, were introduced.

The Chairman then reported, prior to proceeding with the Meeting, that the Company had a paid-up registered capital of 20,400,278,730.00 baht comprising 2,040,027,873 common shares with a par value per share of 10 baht. There were 285 shareholders and 1,043 representatives by proxy present, totaling 1,328 attendants and representing 1,348,573,668 shares, or equivalent to 66.10 percent of the total issued share capital. This constituted a quorum according to Section 103 of the Public Company Limited Act B.E. 2535 (1992), and Article 35 of the Articles of Association of the Company. The Chairman, therefore, called the 2006 Annual General Meeting of Shareholders to order to consider matters according to the agenda which had been distributed to shareholders with the notice calling this Meeting.

The Chairman informed the Meeting of the following voting process provided in the Articles of Association:

- One share was entitled to one vote. Shareholders who had a conflict of interest on any issue to be voted were disqualified from casting a vote except in voting for a director nomination.
- In voting for a resolution, the chairman of the meeting would ask for votes and count only the abstentions or votes against any proposal. These votes would then be deducted from all the qualified votes at the Meeting, the remainder of which would constitute the votes in favor of that item of business.

The Chairman then proceeded with the following items of business according to the agenda.

AGENDA ITEM 1 ADOPTION OF MINUTES OF 2005 ANNUAL GENERAL MEETING ON APRIL
28, 2005

The Chairman informed the Meeting that Section 96 of the Public Company Limited Act B.E. 2535 (1992) provided that the public company must prepare minutes of the shareholders meeting, and according to good governance practice, the minutes must be adopted at the following meeting. The Chairman, therefore, proposed that the Meeting considered adopting the minutes of the 2005 Annual General Meeting held on April 28, 2005, which had been distributed to shareholders together with the notice calling this Meeting.

The Meeting resolved unanimously to adopt the minutes of the 2005 Annual General Meeting of Shareholders held on April 28, 2005.

AGENDA ITEM 2 ADOPTION OF 2005 OPERATING RESULTS AND AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

The Chairman reported that the operating results of the Company for 2005 and the audited financial statements for the year ended December 31, 2005 were published in the 2005 Annual Report as from page 121 onward, copies of which had been distributed to shareholders together with the notice calling this Meeting. The Chairman then asked Mr. Viroj Mavichak, the Managing Director, to brief the Meeting on the operating results of the preceding year.

The Managing Director gave an eight-minute video presentation of Thairoil's operating results for 2005 according to the details and key figures published in the 2005 Annual Report.

The Chairman then invited question and comment from shareholders, but there were none.

The Meeting resolved unanimously to adopt the 2005 operating results, and to approve the audited financial results for the year ended December 31, 2005.

AGENDA ITEM 3 APPROVAL OF PROFIT APPROPRIATION AND DIVIDEND PAYMENT

At the Chairman's request, the Managing Director reported that, pursuant to Thairoil netting a profit in 2005 of 18,753 million baht, or earnings per share of 9.19 baht, the Board proposed that the Meeting approved that five percent of the profit be appropriated as legal reserve. The Board further proposed that dividend at the rate of 3.50 baht per share be paid to shareholders on May 4, 2006.

The Chairman then invited shareholders to question and comment, but there were none.

The Meeting resolved unanimously to approve the appropriation of 938 million baht as the legal reserve, and the payment of 3.50 baht per share of dividend to shareholders on May 4, 2006.

AGENDA ITEM 4 ELECTION OF DIRECTORS TO REPLACE RETIRING DIRECTORS AND 2005 REMUNERATION FOR DIRECTORS

The Chairman reported that there were three sub-items proposed under this agenda item: the election of directors to fill directorships whose terms had expired; the increase in the number of directors on the Board; and the election of the additional director.

1. Election of Retiring Directors

At the Chairman's request, the Managing Director informed the Meeting that the Public Company Limited Act of B.E. 2535 (1992), and the Articles of Association of the Company provided that the terms of one-third of the directors must expire each year at the annual general meeting. The directors whose terms had expired were eligible for re-election. At this Meeting, the following four directors had completed their terms in office:

- i. Mr. Chakramon Phasukavanich;
- ii. Mr. Nibhat Bhukkanasut;
- iii. Mr. Prajya Phinyawat; and
- iv. Mr. Nit Chantramonklasri.

The Managing Director reported that the Board, on the recommendation of the Nominating and Remuneration Committee, proposed that the Meeting considered re-appointing these

four directors for another term. The brief biographical information of each director had been distributed to shareholders together with the notice calling this Meeting.

The Chairman then invited questions and opinions from shareholders, but there were none. He, therefore, requested the Meeting to re-appoint the directors whose terms had expired, namely Mr. Chakramon Phasukavanich, Mr. Nibhat Bhukkanasut, Mr. Prajya Phinyawat, and Mr. Nit Chantramonklasri.

The Meeting resolved by majority vote to re-elect the four following directors whose terms had expired:

- (i) Mr. Chakramon Phasukavanich;
- (ii) Mr. Nibhat Bhukkanasut;
- (iii) Mr. Prajya Phinyawat; and
- (iv) Mr. Nit Chantramonklasri.

2. Additional member to the Board of Directors

The Chairman informed the Meeting that the Board, on the recommendation of the Nominating and Remuneration Committee, proposed that the Meeting approved an increase in the number of directors from 12 to 13 members.

The Chairman then invited questions and comment from shareholders, asking that all the questions be put forward by the shareholders first, followed by answers and clarification from the Board. The issues raised by shareholders were as follows:

Shareholder : Held the opinion that the current Board was already capable of guiding the Company to success and worldwide recognition. There was, therefore, no call to increase the number of directors on the Board.

In addition, the nominee was an employee of PTT Public Company Limited, and held directorships in several companies and organizations operating in the same business or which were trading partners of the Company. Were the nominee to be elected as a director of Thairoil, he would be privy to the affairs and decisions of the

Company, which could have adverse impact on the business of Thairoil. The shareholder further remarked that, apart from the nominee being professionally unqualified for the position, he was also of a suspicious character with behavior that unsettled shareholders. There should, therefore, be no increase in the size of the Board were this to lead to any legal dispute. Should the appointment result in any legal termination or revocation, the reputation of the Company would be damaged. In this event, who would be responsible for any complication that might arise as in the case of the Electricity Generating Authority of Thailand?

Shareholder

: As the ex-chairman of Thairoil's labor union, the shareholder agreed and supported the previous shareholder's comment. The current Board had made the Company successful, inspiring investor confidence in Thairoil's shares. There was, therefore, no need to increase the size of the Board. He also viewed that the nominee for the additional directorship was already a member on 16 other boards, and might not be able to fully contribute to the affairs of Thairoil.

Moreover, the Board already comprised of directors in sufficient numbers with experience in finance and accounting. The additional director nominee had a somewhat flawed history given that the majority of Company employees, or about 80 to 90 percent, recently filed formal objections to and protests against the behavior of this nominee with the Chairman and the Board. Mr. Pichai was, therefore, unqualified according to restrictions announced in the notification of the Securities and Exchange Commission, particularly under Section 3(6) and (7). The shareholder expressed concern that should a

group of staff refuse to permit the nominee to manage the Company, this could lead to difficulties that affect the price of Thairoil's stock.

Shareholder : Asked for an explanation on the reasons for proposing an additional member to the Board.

Shareholder : Requested clarification on the increase in the number of directors by an additional member. The information on the nominee for the additional directorship indicated he was a director and shareholder of Bangchak Petroleum Public Company Limited, which was in a similar business as Thairoil. It was asked whether this would violate Section 86 of the Public Company Limited Act B.E. 2535 (1992). The shareholder was also worried that the nominee would not have time to discharge his responsibilities as a Thairoil director given his directorship at 16 other organizations.

The Chairman : Explained to the Meeting that in nominating Mr. Pichai Chunhavajira as a director, the Board had taken into consideration his knowledge and experience from working with PTT which clearly demonstrated he possessed the expertise and skills that earned him recognition from investors and the Stock Exchange of Thailand. The Board, therefore, believed the expertise and skills of Mr. Pichai would be beneficial to Thairoil.

The Board consisted of independent directors from outside who were highly qualified and well respected. Adding another member to the Board would not negatively affect the management or the business of the Company as feared by the shareholders.

Mr. Prasert Bunsumpun : Added that Mr. Pichai was experienced in finance and accounting, and had been previously involved with Thairoil

as a director prior to becoming a public company. He also participated in the debt restructuring during the financial difficulty faced by the Company. The Board viewed that Mr. Pichai was a director at several organizations because of his recognized financial and accounting skills. Were Mr. Pichai to be appointed as a director, he would contribute to the successful growth and expansion of Thairoil's business.

As Mr. Pichai was an employee of PTT, which held shares in both Bangchak Petroleum and Thairoil, there should be no conflict of interest with him sitting on the boards of both companies. Instead, this should facilitate the coordination of efforts between the two refineries to generate greater revenues for both.

On for the concern that Mr. Pichai's directorships at several organizations could cut into the time he would otherwise devote to Thairoil, it was explained that the Board met six to seven times a year for about only three hours each session, which directors were able to manage. If Mr. Pichai was unable to attend the meetings, the current 12-member Board would consider him unqualified to perform as a director at Thairoil.

Mr. Manu Leopaibote : Further informed the Meeting that, having been Chairman of the Board of Thairoil from 1999 to 2005 and worked with Mr. Pichai during the debt restructuring period, considered him to have been of great assistance to the Company. Mr. Pichai was well recognized for his financial and accounting expertise, and Thammasat University conferred upon him an honorary doctorate degree. As a director of Thairoil, Mr. Pichai would, therefore, contribute to the success of the Company.

The Chairman then provided shareholders with another opportunity to discuss and ask further questions. The additional points raised were as follows:

Shareholder : From impartially listening to the concerns of minority shareholders and their reasons for the objections, it was feared that the appointment of an additional director could lead to problems further down the road. With the Board as it currently existed doing fine, there was no need to appoint an additional member. The Chairman was, therefore, requested to withdraw this sub-item from the agenda.

Shareholder : Was of the opinion that were it the intention of the Company to reward Mr. Pichai for his assistance with the debt restructuring, he should have been nominated as a director during that period, not at the present time. Based on the clarification of directors, it still remained unclear as to how the appointment of Mr. Pichai could benefit the Company's growth.

The shareholder also noted that the objections and reasons of minority shareholders would have no impact on the voting for the resolution because the item was proposed by PTT who was the major shareholder. The shareholder, therefore, proposed that the resolution was not put to a vote. Furthermore, it was asked that opportunity be given to minority shareholders to participate as directors to better understand of the work of the Board.

Shareholder : Following explanations by the Chairman and directors, it was the opinion of this minor shareholder that the Board should be respected and Mr. Pichai given the chance to perform. If his performance proved to be unproductive, Mr. Pichai could then be removed from office.

Shareholder : Requested the Chairman to guarantee that the appointment

of Mr. Pichai as an additional member to the Board would not violate any law, and that this warrant was duly recorded in the minutes of the Meeting.

The Chairman : Guaranteed that the appointment of Mr. Pichai would not violate any law. On the issue of the minutes, it was explained that the annual general meeting was a public affair. Therefore, the views expressed by each shareholder at the Meeting would be duly recorded.

Shareholder : Asked whether approval would be sought in following years for more directors given that the Public Company Limited Act allowed for the Board to comprise up to 15 directors. It should be noted that any increase in the number of directors would reduce returns to minority shareholders as more funds were allocated to pay for bonuses and meeting fees to the additional directors. This excluded warrants to be issued in future to directors and employees of Thairoil, which meant they would again be entitled to this benefit but not the minority shareholders. This was similar to what happened at PTT.

The Chairman : Clarified the query about the number of directors that presently no thought had been given to increase the Board beyond 13 members. As for the warrant, it was the general practice of profitable companies to reward executives and employees whose performances had contributed to the strong operating results. However, in the case of warrants issued by PTT, the directors of PTT were not allocated any.

The Chairman then requested that the Meeting approved one additional member to the Board, and the appointment of Mr. Pichai Chunhavajira as the additional director of the Company, both issues which the shareholders had discussed and commented at length.

The Meeting resolved by majority vote to approve:

- one additional member to the Board, raising the number from 12 to 13 directors; and
- the appointment of Mr. Pichai Chunchavajira as the additional director.

The Chairman recapped the resolution under this agenda item that the Meeting by majority vote resolved to:

- (1) Approve the re-election of the four following directors whose terms had expired:
 - (i) Mr. Chakramon Phasukavanich;
 - (ii) Mr. Nibhat Bhukkanasut;
 - (iii) Mr. Prajya Phinyawat; and
 - (iv) Mr. Nit Chantramonklasri.
- (2) Approve the addition of one more member to the Board, raising the number from 12 to 13 directors.
- (3) Approve the appointment of Mr. Pichai Chunchavajira as the additional director.

AGENDA ITEM 5 2006 REMUNERATION FOR DIRECTORS

The Chairman called on the Managing Director to make the presentation.

The Managing Director informed the Meeting that the Board, on the recommendation of the Nominating and Remuneration Committee, proposed that the shareholders fixed the 2006 remuneration for directors at the same rate as the previous year. For directors on the newly appointed Corporate Governance Committee, and the Nominating and Remuneration Committee, it was proposed that remuneration be fixed at the same rate as that of the directors on the Audit Committee.

The Board further proposed that the Meeting fixed the bonus for the 2005 performance for directors in office during 2005 in the amount of 50 million baht (or approximately 0.27 percent of the 2005 net profit).

The Chairman then invited questions and comment from shareholders, but there were none.

The Meeting resolved by more than two-thirds of shareholders present at the Meeting who were entitled to vote to approve the remuneration and bonus of directors for 2005 as follows:

(i) **Remuneration**

- 60,000 baht per month for a director
- 25,000 baht per month for an Audit Committee member
- 25,000 baht per month for a Nominating and Remuneration Committee member
- 25,000 baht per month for a Corporate Governance Committee member

Note: The Chairman of the Board, Chairman of the Audit Committee, Chairman of the Nominating and Remuneration Committee, and Chairman of the Corporate Governance Committee were awarded another 25 percent on top of the remuneration of the members of each committee.

(ii) **Bonus**

The bonus for the 2005 performance of directors serving in 2005 amounted to 50 million baht.

AGENDA ITEM 6 APPOINTMENT OF AUDITORS AND DETERMINATION OF THEIR
REMUNERATION FOR 2006

The Chairman called on the Managing Director to make the presentation.

The Managing Director reported that the Board, on the recommendation of the Audit Committee, proposed that the Meeting appointed KPMB Phoomchai Audit Limited as the Company's auditors for 2006 with the same remuneration as in 2005, which was 1,900,000 baht.

The Chairman then gave shareholders the opportunity to discuss and ask questions, but there were none.

The Meeting resolved by majority vote to appoint KPMB Phoomchai Audit Limited with

- (i) Mr. Terdthong Thepmunkorn, Certified Public Accountant, registration no. 3787, or
- (ii) Ms. Nittaya Chetchotiros, Certified Public Accountant, registration no. 4439, or

- (iii) Mr. Narong Luktharn, Certified Public Accountant, registration no. 4700, or
- (iv) Ms. Wilai Buranakittisophon, Certified Public Accountant, registration no. 3920

as the Company's auditors for 2006 with a remuneration of 1,900,000 baht.

AGENDA ITEM 7 OTHER BUSINESS

The Chairman offered the opportunity for shareholders to query and comment on other issues. The points raised were as follows:

- Shareholders** : Fifteen minutes were spent on discussions and remarks, the key points of which can be summarized as follows:
- In light of Thairoil's good cash flow and the strong Thai baht, the Company should take the opportunity to prepay foreign currency loans.
 - Financial risk management should include future exposure to exchange rate fluctuations.
 - The following recommendations on the management of oil prices and supply were made:
 - Thailand was an oil importer and should not adopt a price-pegging policy as did oil producing countries because it would breed wasteful consumption.
 - PTT should review its response to the government's oil pricing policy with a view of minimizing the impact on the country and the public.
 - Keeping the price of, for example, diesel fuel pegged instead of allowing it to move relative to cost would lead to shortages. By allowing prices to float freely, they might rise steeply but there would be

adequate supplies.

- The impact of oil imports should be minimized by using more indigenous crude oil, as well as importing oil from neighboring countries to reduce transportation costs through private-to-private, and government-to-government negotiations.

Shareholder : Given the uncertain oil situation and which could deteriorate to the point of oil rationing in the future, and with Thairoil reporting a profit of over 18,000 million baht, it was suggested that the Company appropriated part of the profit to uphold Buddhism by building a large Buddha image or Buddhist temple. The merit would bring good to the Company.

Shareholder : Because the nature of the Company's business was directly affected by oil prices and exchange rates, how did Thairoil manage these risks? Also, what was the proportion of the foreign exchange swap referred to in the note to the financial statements?

The Chairman : Asked Mr. Nitas Krongvanitchayakul, Accounting Manager and Treasurer, to respond.

Mr. Nitas

Krongvanitchayakul : Using the US dollar as the reference currency for finished oil products, sales more or less leveled with foreign currency loans, providing an intrinsic mechanism for hedging exchange rate risks. The financial statements report only the exchange rate gain/loss from the loans, while the exchange rate gain/loss from oil product sales was incorporated in the sales profit/loss.

Moreover, the impact of crude oil prices was being overseen and monitored by Thairoil's Risk Management

Committee. Rising crude prices were being offset by global undercapacity of refineries, including in this region, and new additions to meet demand growth. Therefore, in the next three to five years, Thairoil believed there would be no impact.

Managing Director : Clarified further that the impact on the Company from rising oil prices did not result from the higher crude prices; it was due to the price spread between crude oil and product. If crude and product prices moved in the same upward direction, there would be no impact on the operations of Thairoil.

On the issue of baht appreciation, Thairoil had in place measures to manage the exposure. For example, the Company had repaid US\$ 100 million of the US\$ 200 Million Revolving Credit Facility in early 2006, which substantially reduced Thairoil's interest expenses.

Shareholder : Asked why the Company incurred over 1,000 million baht in exchange rate loss.

Managing Director : The amount reported in the financial statements was the total loss from the exchange rates for the loans. This was only an accounting figure, not an actual payment.

Shareholder : With PTT also a shareholder of Rayong Refinery Public Company Limited, and attempting to list Rayong Refinery on the Stock Exchange of Thailand, what would be the impact on Thairoil were this effort successful. Further remarked that if Thairoil's directors were in principle committed to the Company's interests, the shareholders would be happy.

The Chairman : Asked Mr. Prasert Bunsumpun to respond on the question

of Rayong Refinery.

Mr. Prasert Bunsumpun : Rayong Refinery was not a new processing complex. It had been in operation for many years and marketed its refined products in Thailand. Thairoil should, therefore, not be affected in any way and would be able to continue producing at full capacity, which was presently at 104 percent. Thairoil also had long-term supply agreements with PTT which would remain unchanged for 10-14 years.

In addition, PTT had been a shareholder in Rayong Refinery prior to acquiring the stake held by Shell which it wanted to dispose. This portion of the shares would be offered to the public on the Stock Exchange of Thailand at a later date.

Shareholder : Enquired whether it was Thairoil's policy to acquire additional oil tankers.

Managing Director : Replied that the Company did not have any policy to acquire additional vessels at this time.

Shareholder : Further questioned the Board on risk management. While rising crude oil prices were generating inventory profits for the Company, how did the Board or Company executives plan to manage the risk from the loss that would incur in the event of oil prices dropping rapidly.

Mr. Manu Leopairote : With the Chairman's permission, responded that petroleum refining was only one of Thairoil's core activities. Other businesses within the Thairoil Group were Thai Lube Base Public Company Limited, Thai Paraxylene Company Limited, Thairoil Power Company Limited, Independent Power (Thailand) Company Limited, and Thairoil Marine Company Limited. The operating results in 2005 demonstrated that the activities

of Thairoil's subsidiaries contributed to the increased revenue and profit of Thairoil. This proved that the Company was far-sighted in adopting the business diversification strategy, which effectively stabilized Thairoil's revenue from oil pricing fluctuations.

Shareholder : Asked what was the Company's vision regarding strategies and approaches to volatile oil movements and the baht appreciation. Also, could some examples be given as to how the Company planned to improve performance.

The Chairman : Answered that Thairoil's Throughput Committee was responsible for monitoring changes in oil prices and foreign exchange rates. The committee also issued quarterly, monthly, weekly and daily oil pricing forecasts. The Company was mainly interested in the spread in prices of crude oil and refined products. When the timing was right, Thairoil would lock crude purchases in advance. But this approach was used for only part of the supply, not all, because of the risks involved. Price management was not the most important issue for the refinery; the refinery's top priority was overseeing the smooth running of the plant and maintaining the plant in peak condition, ready to run at full capacity whenever it was advantageous to do so. For example, during this time, the price spread was very good and plant utilization was 110 percent of capacity. In addition to good forecasts and advance locking of crude purchases, the Company also hedged oil prices in advance. But this covered only a small portion because great care must be taken and approval must first be obtained from the Board.

Shareholder : Wanted to know that, were the government to adopt an oil conservation policy during this period of rising oil prices, how would the Company handle any impact on the

Company.

- Managing Director** : Responded that whether oil prices were high or low, Thailand must have an oil conservation plan. As a company owned by Thai people, Thairoil, therefore, fully supported the oil conservation policy. Such a policy, however, did not affect the Company because the country's current total oil production was still slightly less than the rate of consumption. Therefore, while energy was being conserved, the refinery could still produce at full capacity and be able to market the production.
- Mr. Nibhat Bhukkanasut** : Requested the Chairman's permission in adding that market mechanism would bring about conservation in the face of rising oil prices. When oil prices were allowed to move freely with actual market conditions, consumers would decide for themselves whether or not to conserve energy. For this to work, it needed the market's mechanism to ensure there was no interference in the pricing process which could otherwise lead to unrealistic prices or future problems.
- Shareholder** : Asked why the Company's processing fees had fluctuated so much, and what was break-even for Thairoil.
- Managing Director** : Explained that the processing fee fluctuated according to prices of crude oil and refined products. This was particularly true since the third quarter of 2005 when prices were very volatile because of natural disasters such as the Katrina hurricane in the United States which had disabled the operations of several oil refineries in that country as well as oil tankers. There were also a number of seasonal abnormalities around the world whether in terms of very cold winters, and short and long winter seasons. Then there were the political unrests, such as terrorism,

not to mention fire incidents at two refineries in Japan in early April 2006. All these events negatively impacted on the purchase and sale of oil supplies as well as oil transportation. Price speculation and constantly changing demand and supply further contributed to the volatile processing fee.

Shareholder : Asked the Board to explain the deducted item of “Net profit of minority interests” on page 127 of the financial statements in the 2005 Annual Report. Also queried about the accident and explosion at the power plant of Independent Power (Thailand) Company Limited, and the impact on the electricity supply. Added the observation that the country’s oil conservation measures had not yet been seriously implemented.

The Chairman : Replied that the government had given priority to the issue of oil conservation by making it a national agenda. All government units were required to achieve more than 10 percent in energy savings, a measure which had been adopted as the Key Performance Indicator to gauge productivity and would affect the bonus to be paid to each government unit. In addition, the government had also promoted the use of gasohol, bio-diesel and NGV to maximize oil import reduction.

On the part of the private sector, both the business and industrial segments had expedited energy conservation because of the impact on production costs, competitiveness and business survival.

Mr. Nitas Krongvanitchayakul : Explained that the “Net profit of minority interests” item did not refer to the Company’s minority shareholders, but to the subsidiary companies in which Thairoil had invested. These included, for example, Thairoil Power Company

Limited in which the Company owned 55 percent, and Independent Power (Thailand) Company Limited in which Thairoil Power and Thairoil were shareholders.

Managing Director : Added that in 2005, the net profit of the Company and subsidiaries were over 19,000 million baht. But because Thairoil did not own all 100 percent of some subsidiaries, the net profit could only be calculated for the portion owned by Thairoil, with the portion owned by minority shareholders deducted. Therefore, the net profit for Thairoil's group of companies amounted to around 18,000 million baht as reported in the profit and loss statement.

On the query concerning the power plant of Independent Power (Thailand) Company Limited, there was no explosion. A high-voltage transformer had sustained internal damage and was sent to Japan for repairs. This was expected to be completed and the plant returned to full capacity in the second half of 2006. This incident did not affect the power purchase agreement because it fell under the force majeure clause.

Shareholder : Asked for more details on the Company's Risk Management Committee as to the field of expertise of members and who they were. Also enquired on the chance of qualifying for the upcoming power purchase project from independent power producers.

Further questioned about the trade accounts payable over 12 months at the end of 2005 which was three times higher than the amount at the end of 2004 according to the balance sheet on page 163 of the 2005 Annual Report as to whether this was bad debt.

Managing Director : Responded on the issue of the Risk Management

Committee that Thairoil had introduced risk management as part of operations management. The Board had appointed the Risk Management Committee which was chaired by the Managing Director. The Board had also appointed sub-committees to oversee various issues under the supervision of the Audit Committee. Risk studies were regularly reported to the Audit Committee and the Board.

As to the question on the independent power project for which the government would be inviting new rounds of bids, the Company was ready to submit a proposal as soon as the invitation was issued. It was believed the Company held an advantage over other bidders because the infrastructure necessary for this expansion had been put in place when constructing the original power plant.

Mr. Nitas

Krongvanitchayakul : Clarified further the query on the trade accounts payable over 12 months that these came from the subsidiaries in which Thairoil had invested. They were being followed up and were debts that had no problem. Proceedings to settle the debts were expected to be completed within this quarter.

Shareholder

: Requested for answers on three issues as follows:

1. Thairoil's targets for the 2006 operating performance;
2. The targets of Thairoil's subsidiaries for the 2006 operating performance; and
3. An assessment of the crisis between Iran and the United States as to the possibility of war.

Managing Director

: Replied that the stipulations of the Securities and Exchange Commission prohibit the Board of Company

executives from answering questions 1. and 2. with respect to the projection of the operating results of Thairoil and subsidiaries. However, given the current circumstances, it was expected that the performances of Thairoil and subsidiaries would not drop from 2005 levels.

As for the question on the conflict between Iran and the United States, this was a matter of great interest to the Company which was being closely monitored. However, it was not possible to say whether there would be war or not.

After the clarifications, the Chairman gave the shareholders another opportunity to put forward additional questions or remarks. Since there were none, the Chairman thanked all for attending and closed the Meeting.

The Meeting adjourned at 4.30 p.m.



THAI OIL PUBLIC COMPANY LIMITED
ANNUAL REPORT 2006

STRIVING FOR

EXCELLENCE



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FINANCIAL HIGHLIGHTS

OPERATING		2006	2005	2004
Sales revenue	million baht	279,109	249,111	184,801
EBITDA	million baht	25,014	29,003	25,494
Profit from normal operation ⁽¹⁾	million baht	16,647	15,948	14,906
Net profit	million baht	16,595	18,753	15,073
Earnings per share	baht per share	8.13	9.19	7.82

FINANCIAL POSITION

Total assets	million baht	124,682	124,169	115,427
Shareholders' equity - net	million baht	72,813	66,852	53,575

FINANCIAL RATIOS

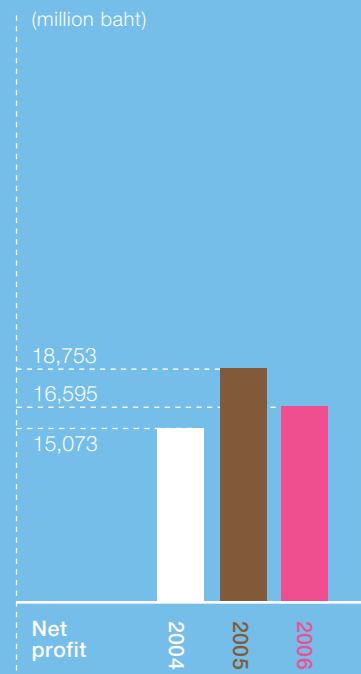
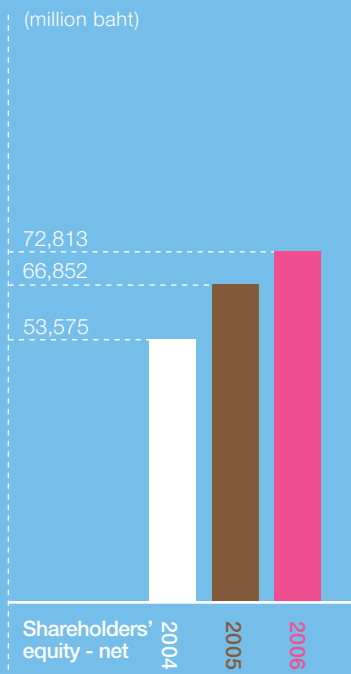
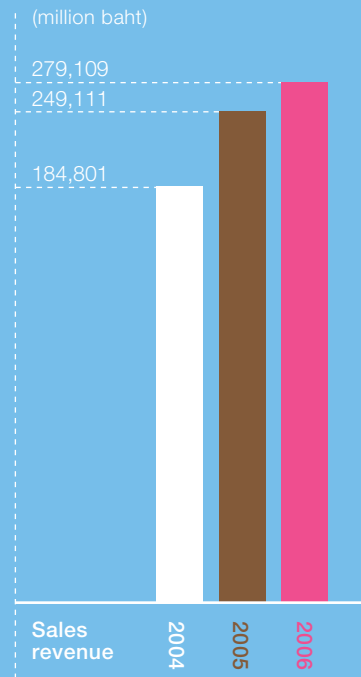
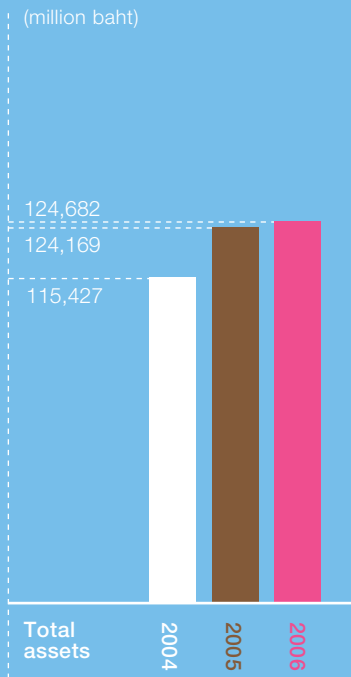
Interest coverage	times	13.1	13.5	10.6
Total liabilities to equity	times	0.7	0.9	1.2

STOCK DATA

Closing price at end of review period	baht per share	52.50	63.50	51.00
Market capitalization	million baht	107,101	129,542	104,041
Dividend payment	baht per share	3.50 ⁽²⁾	3.50	1.80
Dividend yield	percent	6.7	5.5	3.5

Note:

1. Profit from normal operation is net profit before gain / (loss) from disposal of assets, gain from reversal of impairment of assets and debt repurchase before maturity.
2. Included interim dividend of baht 1.50 per share for the first 6 months operation.



MESSAGE FROM THE BOARD OF DIRECTORS



Thaioil delivered yet another year of solid performance in 2006. The success confirms that we had the right business model and strategy to fortify and integrate our production platforms for long-term growth. It is remarkable that this success was set against the backdrop of soaring oil prices in a highly volatile global market that significantly affected consumption in Thailand and abroad. Moreover, strong oil consumption growth from rising oil price and uninspiring, the political situation in Thailand as well as severe floods in several provinces, all combined to disrupt business and operational environment. But the determined cooperation and support of Thaioil and our subsidiaries produced a year which registered an operational profit of 16,647 million baht, an increase of 699 million baht, and a net profit of 16,595 million baht.

The Board of Directors has been active in setting the vision and mission, business direction, policies, strategies and goals for the Company, and overseeing that management followed the approved plans. This was the basis of our strong operating performance. Refinery utilization rate averaged at 105 percent, in part due to the improved processing efficiency from the hot oil project which Thaioil implemented with a subsidiary company.

Thaioil had adopted an integrated approach to the management of business segments within the Group namely Paraxylene, Lube Base Oil, Power generation and Marine transport businesses. This entailed exploiting synergy opportunities through shared planning in commercial, business development, manufacturing and human resources functions between Thaioil and the subsidiaries. We also extended collaboration to the companies in the PTT group to reap maximum benefits for the Company.

The combination of these factors offset the impact of fluctuating refinery margins, enabling the consolidated Group profit to surpass the level in 2005.

Construction work on capital projects continued to progress as planned in the year under review. These included the Debottlenecking of Crude Distillation Unit 3, expansion of the Single Buoy Mooring facility, and installation of a new gas turbine. Other projects in the early stages of study and development are the ethanol project, bidding for a new IPP power plant, and upgrading oil quality to Euro IV standard and others.

Other than the integral management in areas of operational and business within the group, Thaioil also effectively focused on group financial management in order to reduce cost of borrowings in the review period where Thaioil and subsidiaries took opportunities to use excess cash to repay and prepay debt totaling 8,191 million baht.



CHERDPONG SIRIWIT
Chairman of the Board
Thai Oil Public Company Limited



VIROJ MAVICHAK
Managing Director
Thai Oil Public Company Limited

Another decisive component to the success of our operations is the long-term systematic development of our personnel to meet the needs of ongoing and future investment projects. Adopting the integrated approach, we had planned to leverage the combined potential of employees throughout the Group. We established corporate values, which are collectively referred to as POSITIVE and are: Professionalism, Ownership and commitment, Social responsibility, Integrity, Teamwork and collaboration, Initiative, Vision focus, and Excellence striving. We further encouraged a mindset centered on good governance and transparency in management, which we recognize are instrumental elements in delivering maximum value to shareholders, employees and the general public.

Our combined efforts to strive for excellence in the performance of our operations as well as in corporate governance practices have rewarded the Company with creditability rankings and awards from domestic and global institutions of reputation. For instance, we were among Platts Top 250 Global Energy Companies, ranking 33rd in Asia and 140th in the world. We were also assigned a long-term national credit rating of AA-(tha) and a short-term national credit rating of F1+(tha) by Fitch Ratings (Thailand).

Our steadfast commitment to corporate social responsibility causes is seen in the establishment of the HRH Princess Maha Chakri Sirindhorn Fund since 1991 in honor of HRH the Princess's 36th birthday. On the occasion of 50th anniversary of HRH the Princess and the Ananda Mahidol Foundation, the Thai Oil Public Company Limited Fund under Ananda Mahidol Foundation and the royal patronage had been established in 2005 which [HM the King] or [HRH the Princess] awards to students of all educational backgrounds and levels to further their education in Thailand and overseas. In 2006, in commemoration of HM the King 60th anniversary in reign, Thairoil has pledged 45 million baht and 15 million baht into the HRH Princess Maha Chakri Sirindhorn Fund and the Thai Oil Public Company Limited Fund under Ananda Mahidol Foundation, respectively, over the period of 4 years.

In response to corporate social responsibility, we undertook a study to produce ethanol from agricultural products as an alternative fuel source. Besides reducing imported fuel products, the project will improve earnings of agricultural growers, create jobs and generate revenue in reduced labor movement areas, and add value to domestic agricultural products. Excess waste from production process can be further used as internal fuel of the ethanol plant.

On behalf of the Board, we wish to thank shareholders, investors, customers, Thai and international financial institutions, and all our employees for your support of Thairoil and our subsidiaries. We will continue to run the Group of the Company with the highest standard of integrity and corporate governance to deliver maximum value in return for your trust and belief. We remain dedicated to growing Thairoil Group and maximizing our full potential in order to maintain our leading position in Thailand and moving closer to becoming a regional frontrunner.

AUDIT COMMITTEE REPORT



The Audit Committee currently comprises three members appointed by the Board of Directors namely Mr. Manu Leoparote (Chairman), Mr. Nit Chantramonklasri and Mr. Norkun Sittiphong. In addition, Mr. Somchai Wongsawat (a member since August 11, 2004) stepped down on December 1, 2006, and was succeeded by Mr. Norkun Sittiphong on December 22, 2006.

The members are qualified in economics, accounting, financing, and law, with experience in the petroleum, petrochemical and energy businesses as well.

Ms. Hasaya Nipatvaranan, Thairoil's Internal Systems Audit Manager, serves as Secretary. (She was appointed to replace Mr. Narongrit Tavorvisitporn on October 1, 2006.)

The Audit Committee met on six occasions in 2006 to review, with independent auditors and the Internal Audit Department, financial statements and related party transactions for the 2006 fiscal year. The Audit Committee also reviewed the integrity of risk management and internal financial control systems. These activities can be summarized as follows:

Review of financial statements: The Audit Committee reviewed the 2006 financial statements with members of management and external auditors. The financial reports of Thairoil and its subsidiaries were found to have been prepared in conformity with generally accepted accounting principles without any significant changes that materially affect the financial statements. The reporting process and disclosure of information in the reports were completed and prepared with such timeliness as required by the Stock Exchange of Thailand, and the Securities Exchange Commission.

Related party transactions: The Audit Committee reviewed related party transactions that could lead to conflicts of interest between related parties and the Company. All related party transactions were found to be performed in the normal course of business.

Review of risk management: The Audit Committee reviewed the policies, principles and framework of risk management, risk management plans, and the management of risks in 2006. It was concluded that risks were effectively managed and controlled, thus reducing the risk exposure to an acceptable level.



MANU LEOPAIROTE
Chairman of Audit Committee

Internal control system: The Audit Committee reviewed the effectiveness of the internal control system from reports prepared by Thaioil and its subsidiaries in 2006. The controls were concluded to be adequate and efficient in safeguarding against and reducing potential risks.

Furthermore, the Audit Committee recognizes the importance of reviewing the management of operations to ensure it conforms to Thaioil's corporate governance policies and that it creates optimum efficiency and effectiveness for the Company. This review includes the fair and equitable treatment of stakeholders through transparency and accountability in order to establish credibility among investors and stakeholders according to announcements of the Securities and Exchange Commission, and the Stock Exchange of Thailand, as well as relevant business laws.

In discharging the duties and responsibilities assigned by the Board of Directors, it is the view of the Audit Committee that: the financial statements and related party transactions conform to generally accepted accounting principles; the reporting process and disclosure of information in the financial statements are completed and prepared with such timeliness as required by the Stock Exchange of Thailand, and the Securities and Exchange Commission; the financial reports of Thaioil and its subsidiaries are complete and accurate, and consistent with good governance policy the Company has established an effective risk management system, and internal controls that are appropriate to business conditions and contain no significant weaknesses.

The Audit Committee presents these conclusions to the Board of Directors to obtain approval from the 2007 Annual General Meeting of Shareholders for the appointment of Mr. Thirdthong Thepmongkorn, certified public accountant registration no. 3787 or Ms. Wilai Buranakittisopon, certified public accountant registration no. 3920, of KPMG Phoomchai Audit Ltd, as independent auditors of the Company in 2007.

Manu Leopaiprote
Chairman of Audit Committee
February 16, 2007

COMPANY INFORMATION

COMPANY NAME	Thai Oil Public Company Limited
SYMBOL	TOP
REGISTRATION NUMBER	0107574700711
BUSINESS	Owner and operator of a highly complex refinery which integrated in related to petrochemical production that utilizes modern processing technologies to produce petroleum products predominantly for domestic distribution, Thairoil has expanded into energy-related industries of petrochemicals and lube base production, power generation, as well as marine and pipeline transportation systems for petroleum products and petrochemicals.

KEY FACTS

Date of incorporation	August 3, 1961
Date of public company registration	August 9, 2004
Registered capital	20,400,278,730 baht
Number of common shares	2,040,027,873 shares
Par value per share	10 baht

EMPLOYEES OF THAI OIL, ITS SUBSIDIARIES AND AFFILIATED COMPANIES AS AT DECEMBER 31, 2006

• Thai Oil Public Company Limited	798	employees
• Thai Lube Base Public Company Limited	139	employees
• Thai Paraxylene Company Limited	62	employees
• Thairoil Power Company Limited	none*	
• Independent Power (Thailand) Company Limited	45	employees
• Thairoil Marine Company Limited	151	employees
• Thai Petroleum Pipeline Company Limited	203	employees
• PTT ICT Solutions Company Limited	211	employees

* This subsidiary is supported by Thairoil employees under the Related Party Service and Supply Agreement

LOCATIONS

Bangkok office

123 Sun Towers Building B, 16th Floor, Vibhavadi Rangsit Road,
Chomphon, Chatuchak, Bangkok 10900

Telephone: 66 2299 0000, 66 2617 8300

Facsimile: 66 2299 0024

Telex: 85802 THAIOIL TH

Investor Relations

Telephone: 66 2299 0124

E-mail: ir@thaioil.co.th

Refinery

42/1 Moo 1, Sukhumvit Road Km 124,
Tungsukla, Sriracha, Choburi 20230

Telephone: 66 3840 8500, 66 3835 9000, 66 3835 1555

Facsimile: 66 3835 1554, 66 3835 1444, 66 3835 9019

Website

www.thaioil.co.th

REFERENCES

Securities Registrar

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
62 Ratchadapisek Road, Klongtoey, Bangkok 10110
Telephone: 66 229 2888 (Call Center)
Website: www.tsd.co.th

Debenture Registrar and Principal Paying Agent

Thai Military Bank Public Company Limited
Head of Marketing & Sales Investor Services
393 Silom Road, Bangrak, Bangkok 10500
Telephone: 66 2230 6295, 66 2230 5647
Facsimile: 66 2230 6093

Auditors

KPMG Phoomchai Audit Limited
22nd Floor, Empire Tower, 195 South Sathorn Road, Bangkok 10120
Telephone: 66 2677 2000
Facsimile: 66 2677 2222

Other Services (Issuance of new documents in case of Loss/Change of particulars in the Securities Register such as loss of share certificates and dividend cheque, change of shareholder information, and other services to shareholders)

Counter Service 1st Floor, The Stock Exchange of Thailand Building
Telephone: 66 229 2888 (Call Center)
Or
Office of Registration Services
Thailand Securities Depository Company Limited
2/7 Moo 7 (North Park), Vibhavadi Rangsit Road,
Thung Song Hong, Laksi, Bangkok 10210
Telephone: 66 2596 9302 - 10
Facsimile: 66 2832 4994 - 6

BOARD OF DIRECTORS



CHERDPONG SIRIWIT

Chairman of the Board

Shareholding

None

Education and Training:

- BSc in Economics (Hons), Thammasat University, Thailand
- MA in Economics, Georgetown University, USA
- National Defence College, Class 40, Thailand
- Certificate in Democratic Politics and Governance, Class 5, King Prajadhipok's Institute, Thailand

Current Positions:

- Chairman, PTT Public Company Limited
- Chairman, Ratchaburi Electricity Generating Holding Public Company Limited
- Chairman, PTT Exploration and Production Public Company Limited
- Chairman, PTT Chemical Public Company Limited
- Chairman, Rayong Refinery Public Company Limited
- Director, Thairoil Power Company Limited

Experience:

- 2000-2001
 - Director-General, Department of Mineral Resources, Ministry of Industry
- 2001-2002
 - Secretary General, Thai Industrial Standards Institute, Ministry of Industry
- 2002
 - Deputy Permanent Secretary, Ministry of Industry
- 2002-2006
 - Permanent Secretary, Ministry of Energy

MANU LEOPAIROTE

Director

Shareholding

None

Education and Training:

- BSc in Economics (Hons), Thammasat University, Thailand
- MSc in Economics, University of Kentucky, USA
- Diploma for Industrial Development, Nagoya Training Center, Japan
- National Defence College, Class 34, Thailand
- Certificate in Role of Chairman Program, Thai Institute of Directors Association, Thailand
- Certificate in Director Certification Program, Thai Institute of Directors Association, Thailand

Current Positions:

- Executive Chairman, Neighbouring Countries Economic Development Cooperation Agency (Public Organization)
- Member of the Council of State, Group 5 (Trade and Industry Law)
- Director, PTT Chemical Public Company Limited
- Director, PTT Exploration and Production Public Company Limited

Experience:

- 1999-2004
 - Permanent Secretary, Ministry of Industry
- 1999-2003
 - Chairman, Sugar Cane and Sugar Committee
- 2001-2003
 - Chairman, PTT Public Company Limited
- 2001-2005
 - Chairman, PTT Exploration and Production Public Company Limited
- 2004-2005
 - Director, PTT Public Company Limited



PALA SOOKAWESH

Director

Shareholding

0.01743 %

Education and Training:

- BSc (Hons) in Engineering, Chulalongkorn University, Thailand
- MSc in Industrial Engineering, Oregon State University, USA
- National Defence College, Joint Public-Private Sector, Class 3, Thailand
- Certificate in Advanced Management Program, Harvard Business School, Harvard University, USA
- Honorary Doctorate of Engineering, Chulalongkorn University, Thailand
- Certificate in Director Accreditation Program, and Role of Chairman Program, Thai Institute of Directors Association, Thailand

Current Positions:

- Chairman, The Aromatics (Thailand) Public Company Limited
- Director, PTT Exploration and Production Public Company Limited
- Director, PTT Chemical Public Company Limited
- Director, Thaioil Power Company Limited
- Director and Audit Committee Member, CPPC Public Company Limited
- Director, IRPC Public Company Limited
- Director, United Palm Oil Industry Public Company Limited
- Chairman, Thai Resources and Environmental Management Foundation

Experience:

- 1995-1999
 - Governor, Petroleum Authority of Thailand
- 1999-2001
 - Director, Petroleum Authority of Thailand
- 2003-2005
 - Director, PTT Public Company Limited

PRASERT BUNSUMPUN

Director

Shareholding

0.01890 %

Education and Training:

- BSc in Civil Engineering, Chulalongkorn University, Thailand
- MBA, Utah State University, USA
- National Defence College, Joint Public-Private Sector, Class 10, Thailand
- Certificate in Advanced Management Program, Harvard Business School, Harvard University, USA
- Certificate in Democratic Politics and Governance, Class 6, King Prajadhipok's Institute, Thailand
- Certificate in Director Accreditation Program, and Role of Chairman Program, Thai Institute of Directors Association, Thailand

Current Positions:

- Vice Chairman, IRPC Public Company Limited
- Director and President, PTT Public Company Limited
- Director, PTT Exploration and Production Public Company Limited
- Director, PTT Chemical Public Company Limited
- Director, Rayong Refinery Public Company Limited

Experience:

- 1996-1999
 - President, PTT Oil, Petroleum Authority of Thailand
- 2000-2001
 - President, PTT Natural Gas, Petroleum Authority of Thailand
- 2001-2003
 - Senior Executive Vice President, Gas Business Group, PTT Public Company Limited

**SOMCHAI WONGSAWAT**

Director

Shareholding

0.01162 %

Education and Training:

- LLB, Thammasat University, Thailand
- Barrister-at-law, Thai Bar Association, Thailand
- Master of Public and Private Management, National Institute of Development Administration, Thailand
- National Defence College, Class 38, Thailand

Current Positions:

- Resigned Directorship of Thai Oil Public Company Limited as from December 1, 2006

Experience:

- 1998-1999
 - Deputy Permanent Secretary-Technical, Ministry of Justice
- 1999
 - Deputy Permanent Secretary-Administration, Ministry of Justice
- 1999-2006
 - Permanent Secretary, Ministry of Justice
- 2006
 - Permanent Secretary, Ministry of Labor
 - Director, PTT Public Company Limited
 - Director, Airports of Thailand Public Company Limited
 - Director, Krung Thai Bank Public Company Limited

CHAKRAMON PHASUKAVANICH

Director

Shareholding

None

Education and Training:

- BSc in Economics, Chulalongkorn University, Thailand
- MSc in Economics, California State University in Northridge, USA
- Certificate of Senior Executive Development Program, Class 12, Thailand
- National Defence College, Class 39, Thailand
- Certificate in Audit Committee Program, Class 14, Thai Institute of Directors Association, Thailand

Current Positions:

- Permanent Secretary, Ministry of Industry
- Senator
- Member, Civil Service Commission
- Member, Monetary Policy Committee, Bank of Thailand
- Director, Thai Asset Management Corporation
- Member of the Council of State, Group 5
- Director, Office of Board of Investment
- Director, Small and Medium Enterprises Promotion
- Director, Small and Medium Enterprise Development Bank of Thailand
- Director, Office of Knowledge Management and Development
- Director, Thailand Automotive Institute
- Director, Thailand Productivity Institute
- Director, PTT Public Company Limited

Experience:

- 2001-2002
 - Secretary General, Board of Investment
- 2002-2004
 - Secretary General, National Economic and Social Development Board



OLARN CHAIPRAVAT

Director

Shareholding

None

Education and Training:

- BSc (Magna Cum Laude) in Economics, Wharton School, University of Pennsylvania, USA
- PhD in Economics, Massachusetts Institute of Technology, USA
- Certificate in Director Accreditation Program, and Role of Chairman Program, Thai Institute of Directors Association, Thailand

Current Positions:

- Council Member, Shinawatra University
- Honorary Advisor, Fiscal Policy Research Institute Foundation
- Director, PTT Public Company Limited
- Vice Chairman, Suksapattana Foundation
- Chairman, TSFC Securities Limited
- Director, PTT Chemical Public Company Limited
- Chairman, Thai Asset Management Corporation
- Executive Chairman, Office for National Education Standards and Quality Assessment
- Director, Chiangmai Frozen Foods Public Company Limited

Experience:

- 1982-2001
 - President and CEO, The Siam Commercial Bank Public Company Limited

PRAPUN NAIGOWIT

Director

Shareholding

None

Education and Training:

- LLB (Hons), Thammasat University, Thailand
- Barrister-at-law, Thai Bar Association, Thailand
- LLM, Tulane University, USA
- Provincial Public Prosecutor Program, Class 1, Thailand
- Crime Prevention and the Treatment of Offenders Training, UNAFEI, Japan
- Advanced Justice Administrator Course, Class 1, Office of Attorney General, Thailand
- National Defence College, Class 38, Thailand
- Certificate in Democratic Politics and Governance, Class 5, King Prajadhipok's Institute, Thailand
- Certificate in Director Certification Program, Developing CG Policy Statement Program, Finance for Non-Finance Directors Program, and Audit Committee Program, Thai Institute of Directors Association, Thailand

Current Positions:

- Resigned directorship of Thai Oil Public Company Limited as from September 15, 2006 to assume elected directorship.

Experience:

- 1999-2000
 - Director-General, International Affairs Department, Ministry of Justice
- 2000-2001
 - Director-General, Department of Litigation of the Attorney General, Ministry of Justice
- 2001-September 14, 2006
 - Deputy Attorney General, Office of the Attorney General, Ministry of Justice
 - Director, PTT Public Company Limited
 - Director and Chairman of Audit Committee, Expressway and Rapid Transit Authority of Thailand
 - Honorary Director, Consumer Protection Board
 - Member of Council of State
 - Director, The Thai Bar
 - Director, Government Information
 - Ordinary Sub-Committee of Ministry of Energy
 - Ordinary Sub-Committee of Ministry of Natural Resources and Environment
 - Director and Audit Committee member, Government Pension Fund



NIBHAT BHUKKANASUT

Director

Shareholding

None

Education and Training:

- BSc in Economics, University of Hawaii, USA
- MSc in Political Science, University of Hawaii, USA
- National Defence College, Class 35, Thailand
- Certificate in Role of Chairman Program, Thai Institute of Directors Association, Thailand

Current Positions:

- Chairman, Capital Market Development Fund Foundation
- Chairman, TCJ Asia Public Company Limited
- Advisor, The Stock Exchange of Thailand
- Advisor, Unithai Line Public Company Limited

Experience:

- 1992-1996
 - Director-General, Treasury Department, Ministry of Finance
- 1995-1996
 - Chairman, World Savings Bank Group
- 1996-1997
 - Comptroller General, Ministry of Finance
- 1997-1998
 - Deputy Permanent Secretary, Ministry of Finance
- 2003
 - Advisor, Tax Policy, Ministry of Finance

PRAJYA PHINYAWAT

Director

Shareholding

0.00723 %

Education and Training:

- BSc in Civil Engineering, Chulalongkorn University, Thailand
- MSc in Civil Engineering, Stanford University, USA
- PhD in Civil Engineering, University of Texas at Austin, USA
- National Defence College, Joint Public-Private Sector, Class 15, Thailand
- Certificate in Director Certification Program, Class 14, Thai Institute of Directors Association, Thailand

Current Positions:

- Senior Executive Vice President, Petrochemicals & Refining Business Group, PTT Public Company Limited
- Director, Thai Paraxylene Company Limited
- Director, Thai Lube Base Public Company Limited
- Director, Rayong Refinery Public Company Limited
- Director, PTT Chemical Public Company Limited
- Director, The Aromatics (Thailand) Public Company Limited
- Director, IRPC Public Company Limited

Experience:

- 1996-2000
 - President, PTT Exploration and Production Public Company Limited
- 2000-2001
 - Deputy Governor, Planning and Development, Petroleum Authority of Thailand
- 2001-2002
 - Deputy Governor, Strategy and Development, Petroleum Authority of Thailand
- 2002-2003
 - Senior Executive Vice President, Corporate Strategy and Development, PTT Public Company Limited
- 2003-2004
 - Senior Executive Vice President, Corporate Support, PTT Public Company Limited



NIT CHANTRAMONKLASRI

Director

Shareholding

None

Education and Training:

- BSc in Electrical Engineering, Chulalongkorn University, Thailand
- MSc and PhD in Industrial and Energy Technology Policy and Technology Management, Science Policy Research Unit, University of Sussex, UK
- Certificate in Director Certification Program, Director Certification Program, and Audit Committee Program, Thai Institute of Directors Association, Thailand

Current Positions:

- Director and Audit Committee member, Thai Oil Public Company Limited
- Director and Nominating Committee member, The Aromatics (Thailand) Public Company Limited
- Qualified Member, SME Venture Capital Fund
- Qualified Member, National Innovation Fund
- Qualified Member, National Energy Fund, MFC Asset Management Public Company Limited

Experience:

- 1992-1993
 - Vice President, National Science and Technology Development Agency
- 1993-1996
 - President, National Science and Technology Development Agency
- 1994-2006
 - Trustee, New International School of Thailand
- 1996-2000
 - Vice President, Thailand Development Research Institute
- 2003-2006
 - Director, National Energy Fund Administration
- 2004-2006
 - Member, National Science and Technology Committee

PICHAJ CHUNHAJIRA

Director

Shareholding

None

Education and Training:

- BA in Accounting, Thammasat University, Thailand
- MSc in Business Administration, Indiana University of Pennsylvania, USA
- Honorary Doctorate of Accounting, Thammasat University, Thailand
- National Defence College, Joint Public-Private Sector, Class 13, Thailand
- Certified Public Accountant, Registration No. 2918

Current Positions:

- Senior Executive Vice President, Corporate Finance and Accounting, PTT Public Company Limited
- Chairman, Investment Administration Sub-Committee, Social Security Fund
- Chairman, Executive Accounting Profession Committee, Federation of Accounting Professions
- Director and Executive Director, Thai Airways International Public Company Limited
- Director and Audit Committee Member, Siam Commercial Bank Public Company Limited
- Director, PTT Exploration and Production Public Company Limited
- Director, PTT Chemical Public Company Limited
- Director, Thai Petroleum Pipeline Company Limited
- Director, Thaioil Power Company Limited
- Director, The Aromatics (Thailand) Public Company Limited
- Director, Bangchak Petroleum Public Company Limited
- Director, Dhipaya Insurance Public Company Limited
- Director, Thai Lube Base Public Company Limited

Experience:

- 1996-1999
 - Deputy Governor, Corporate Finance and Accounting, Petroleum Authority of Thailand
- 2000-2001
 - President, PTT Oil, Petroleum Authority of Thailand
 - Acting Managing Director, PTT International Trading Private Limited
 - Acting Deputy Governor, Corporate Finance and Accounting, Petroleum Authority of Thailand
- 2001
 - Deputy Governor, Corporate Finance and Accounting, Petroleum Authority of Thailand

**NORKUN SITTIPHONG**

Director

Shareholding 0.00392%

Education and Training:

- BSc in Mechanical Engineering, Chulalongkorn University, Thailand
- MSc in Mechanical Engineering, Oregon State University, USA
- PhD in Mechanical Engineering, Oregon State University, USA
- National Defense College, Class 47, Thailand

Current Positions:

- Deputy Permanent Secretary, Ministry of Energy

Experience:

- 1996-2001
 - Member, Committee to Review Registration of Energy Conservation Consultants for Designated Buildings, Ministry of Science, Technology and Environment
- 1997-2002
 - Member, Sub-Committee to Review Energy Efficient Machinery, Equipment and Tools, Ministry of Science, Technology and Environment
- 1998-2001
 - Director, Thai Asset Fund 1
- 2001-2002
 - Director, Electricity Generating Authority of Thailand
- 2002-2003
 - Director, Ratchaburi Electricity Generating Holding Public Company Limited
- 2004-2006
 - Director, Electricity Generating Authority of Thailand
 - Director, Metropolitan Electricity Authority

VIROJ MAVICHAK

Director and Secretary to the Board

Shareholding 0.00135%

Education and Training:

- BSc in Civil Engineering (Hons), Chulalongkorn University, Thailand
- MSc and PhD in Civil Engineering, University of Texas at Austin, USA
- Certificate in Director Accreditation Program, and Director Certification Program, Thai Institute of Directors Association, Thailand

Current Positions:

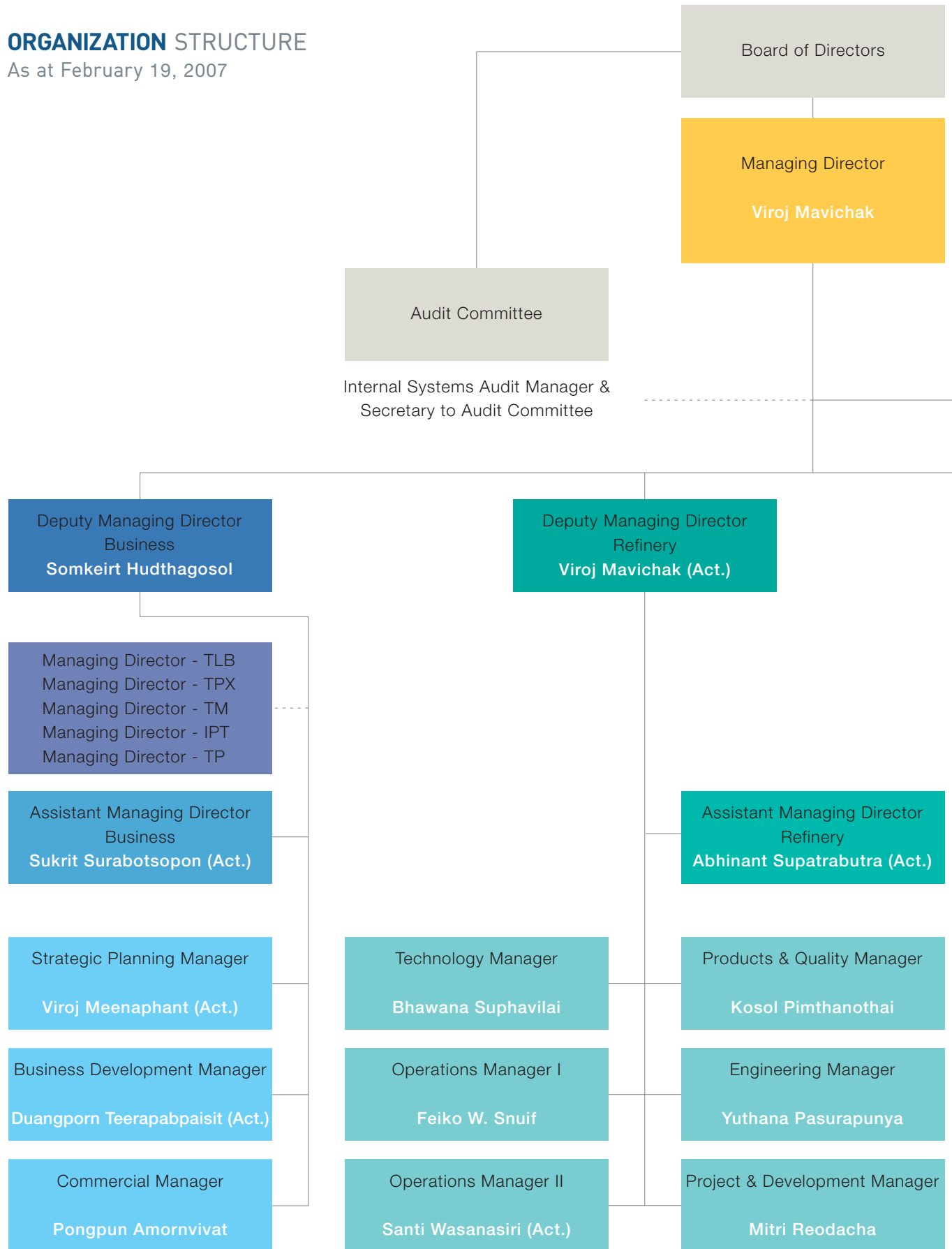
- Managing Director, Thai Oil Public Company Limited
- Senior Executive Vice President, President's Office, PTT Public Company Limited
- Director, Thai Paraxylene Company Limited
- Director, Independent Power (Thailand) Company Limited
- Director, Thail Marine Company Limited
- Director, Thai Lube Base Public Company Limited
- Director, Thail Power Company Limited
- Director, Thailand Business Council for Sustainable Development
- Advisory Director, Chulalongkorn University Engineering Alumni
- Director, Offshore Technology and Management, Asian Institute of Technology

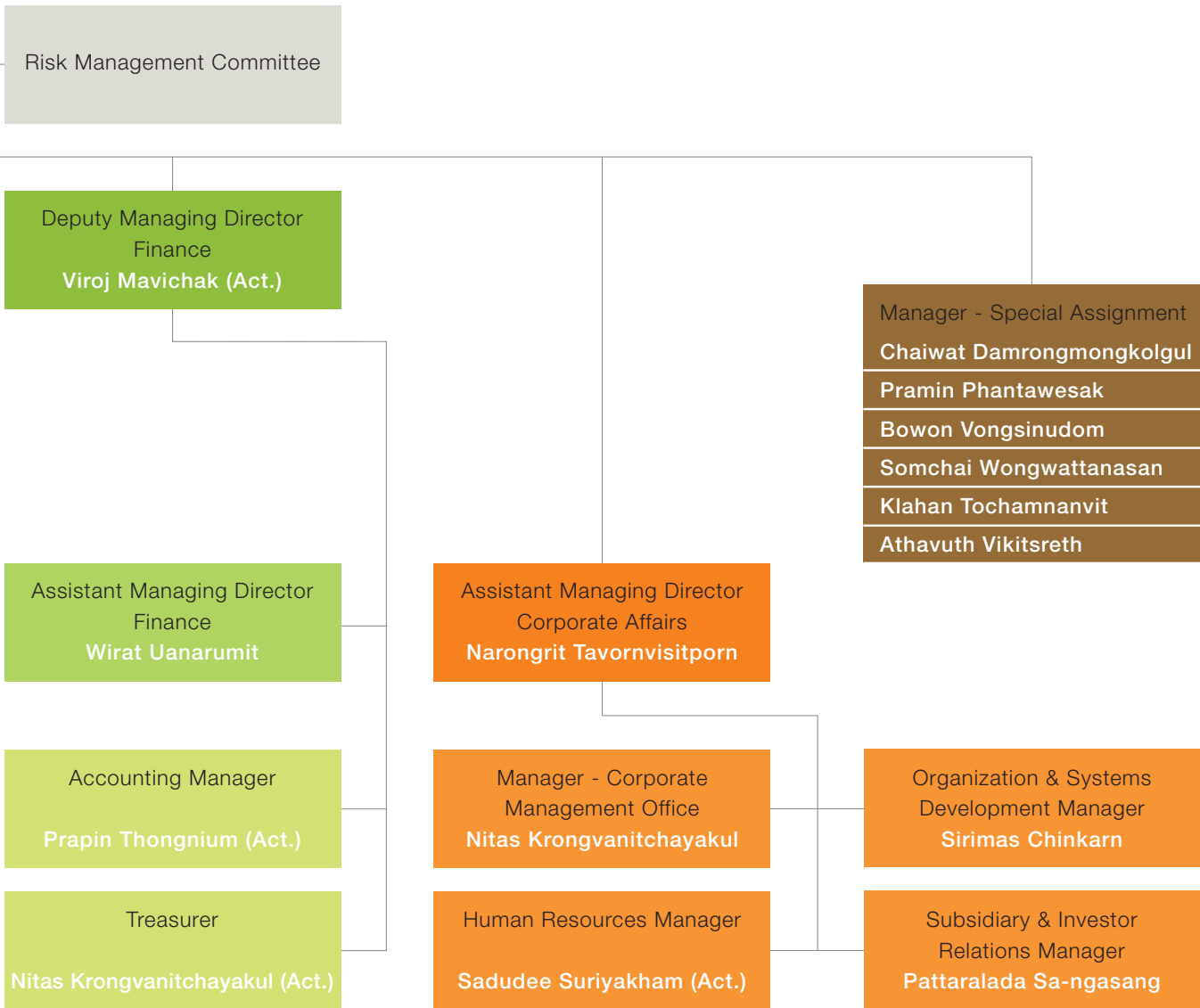
Experience:

- 2001-2005
 - Managing Director, National Petrochemical Public Company Limited
 - Chairman, NPTC Maintenance and Engineering Services Company Limited
 - Director, Thai Tank Terminal Company Limited
 - Director, PTT Phenol Company Limited
 - Director, PTT Utility Company Limited
 - Director, PTT Polymer Marketing Company Limited

ORGANIZATION STRUCTURE

As at February 19, 2007





Remark:

8/1/2005 : Mr. Chaiwat - assignment at TLB
 1/3/2006 : Mr. Bowon - assignment at PTT
 1/7/2006 : Mr. Pramin - assignment at TPX

1/7/2006 : Mr. Somchai - assignment at IPT
 1/10/2006 : Mr. Klahan - assignment at PTT
 1/10/2006 : Mr. Athavuth - assignment in Ethanol Project

MANAGEMENT TEAM

Somkeirt Hudthagosol

Deputy Managing Director - Business

Acting Deputy Managing Director - Finance ⁽²⁾



Viroj Mavichak

Managing Director

Acting Deputy Managing Director - Refinery ⁽¹⁾

Acting Deputy Managing Director - Finance ⁽¹⁾



Dhawatchai Hengrasme ⁽³⁾

Deputy Managing Director - Refinery

Narongrit Tavorvisitporn

Acting
Assistant Managing Director -
Corporate Affairs



Sukrit Surabotsopon

Acting
Assistant Managing Director -
Business



Cherdchai Suankaew

Managing Director
Thaioil Power Co., Ltd.



Pramin Phantawesak

Manager - Special Assignment
Managing Director
Thai Paraxylene Co., Ltd.



Abhinant Supatrabutra

Acting
Deputy Managing Director -
Refinery

Wirat Uanarumit

Assistant Managing Director -
Finance

Chaiwat Damrongmongkolgul

Manager - Special Assignment
Managing Director
Thai Lube Base Public Co., Ltd.

Somchai Wongwattanasan

Manager - Special Assignment
Managing Director
Independent Power
(Thailand) Co., Ltd.

Viroj Wongsathiraya ⁽⁴⁾
Acting Managing Director
Thaioil Marine Co., Ltd.



Duangporn Teerapabpaisit
Acting
Business Development Manager



Prapin Thongnium
Acting
Accounting Manager



Feiko W. Snuif
Operations Manager I



Kosol Pimthanothai
Products & Quality Manager



Nitas Krongvanitchayakul
Manager - Corporate
Management Office
and Acting Treasurer



Pongpun Amornvivat
Commercial Manager
Managing Director
Thaioil Marine Co., Ltd. ⁽⁵⁾



Pattaralada Sa-ngasang
Subsidiary & Investor
Relations Manager

Bhawana Suphailai
Technology Manager

Yuthana Pasurapunya
Engineering Manager

Sadudee Suriyakham
Acting
Human Resources Manager

Sirimas Chinkarn
Organization & Systems
Development Manager



Mitri Reodacha
Project & Development
Manager

Viroj Meenaphant
Acting
Strategic Planning Manager

Santi Wasanasiri
Acting
Operations Manager II

Athavuth Vikitsreth
Manager
Special Assignment

Remark:

- (1) Appointed on January 1, 2007
- (2) Keep in position until December 31, 2006
- (3) Retired on January 1, 2007
- (4) Appointed on January 1, 2007
- (5) Keep in position until December 31, 2006

Information on Directors and Executive Officers and Control Executives as at February 19, 2007

Name	Subsidiaries						Affiliate	
	Thaioil	Thai Paraxylene	Thai Lube Base	Thaioil Power	Independent Power (Thailand)	Thaioil Marine	Thappline	PTT ICT Solutions
1. Cherdpong Siriwit	X			✓				
2. Manu Leopairote	✓			X				
3. Pala Sookawesh	✓			✓				
4. Prasert Bunsumpun	✓		X	✓	X		X	X
5. Somchai Wongsawat	✓ ⁽¹⁾							
6. Chakramon Phasukavanich	✓							
7. Olarn Chaipravat	✓							
8. Prapun Naigowit	✓ ⁽²⁾							
9. Nibhat Bhukkanasut	✓							
10. Prajya Phinyawat	✓	✓	✓					
11. Nit Chantramonklasri	✓							
12. Pichai Chunhavajira	✓		✓	✓			✓	
13. Norkun Sittiphong	✓ ⁽³⁾							
14. Viroj Mavichak	✓ /	✓	✓	✓	✓	✓		
15. Somkeirt Hudthagosol	//	✓	✓		✓	✓		
16. Dhawatchai Hengrasme	//		✓ ⁽⁴⁾	✓ ⁽⁵⁾		✓ ⁽⁶⁾	✓	
17. Narongrit Tavornvisitporn	//							
18. Abhinant Supatrabutra	//		✓					
19. Sukrit Surabotsopon	//	✓						
20. Wirat Uanarumit	//							✓
21. Kosol Pimthanothai	//							
22. Klahan Tochamnanvit ⁽⁷⁾	//							
23. Chaiwat Damrongmonkolgul	//		✓ /					
24. Cherdchai Suankaew	//			✓ /				
25. Duangporn Teerepabpaisit	//	//						
26. Nitas Krongvanitchayakul	//							
27. Bowon Vongsinudom ⁽⁸⁾	//							
28. Prapin Thongnium	//							
29. Pramin Phantawesak	//	✓ /						

Name	Subsidiaries					Affiliate	
	Thaioil	Thai Paraxylene	Thai Lube Base	Thaioil Power	Independent Power (Thailand)	Thaioil Marine	Thappline PTT ICT Solutions
30. Pongpun Amornvivat	//					✓ / ⁽⁹⁾	
31. Feiko W. Snuif	//						
32. Pattaralada Sa-ngasang	//						
33. Bhawana Suphavilai	//						
34. Mitri Reodacha	//						
35. Yuthana Pasurapunya	//			//			
36. Viroj Meenaphant	//						
37. Viroj Wongsathiraya						✓ / ⁽¹⁰⁾	
38. Sadudee Suriyakham	//						
39. Somchai Wongwattanasan	//				✓ /	✓	
40. Santi Wasanasiri	//						
41. Sirimas Chinkarn	//						
42. Athavuth Vikitsreth	//						

X = Chairman ✓ = Director / = Managing Director // = Executive Officer

- (1) Resigned as Director of Thai Oil Plc from December 1, 2006.
- (2) Resigned as Director of Thai Oil Plc from September 15, 2006.
- (3) Director of Thai Oil Plc. from December 22, 2006.
- (4) Resigned as Director of Thai Lube Base Public Co., Ltd. from February 15, 2006.
- (5) Resigned as Director of Thaioil Power Co., Ltd. from January 23, 2006.
- (6) Resigned as Director of Thaioil Maine Co., Ltd. from December 31, 2006.
- (7) Assigned to PTT Plc. from October 1, 2006.
- (8) Assigned to PTT Plc. from March 1, 2006.
- (9) Managing Director of Thaioil Marine Co., Ltd. until December 31, 2006.
- (10) (Acting) Managing Director of Thaioil Marine Co., Ltd. from January 1, 2007.

None of our management members has a criminal record over the past 10 years with regard to: (i) conviction for a criminal offence or pending trial, except for traffic offence, misdemeanor, or other similar offences; (ii) being declared bankrupt or having assets frozen; and (iii) not being an executive or controlling officer in a company or partnership declared bankrupt or having assets frozen.

CORPORATE VALUES

DRIVE VISION

Corporate values help shape a culture that fosters teamwork, cooperation, and harmony in solving problems, facing challenges, and enjoying the highs and lows of working life together.

These characteristics drive the Group's success towards the established vision.





A YEAR OF SOLID PERFORMANCE

2006 was another year of solid performance as Thairoil and our subsidiaries achieved success in improving the efficiency of our oil refining and petrochemical production operations. Thairoil Group focused on collaborating efforts to optimize refining and production activities such as conducting joint production planning, implementing quality, safety, health and environment initiatives, and enhancing the management of financial and human resources. These drives directly contributed to the continued good operating performance, sustained business growth, and strong returns to all stakeholders that we are reporting here.

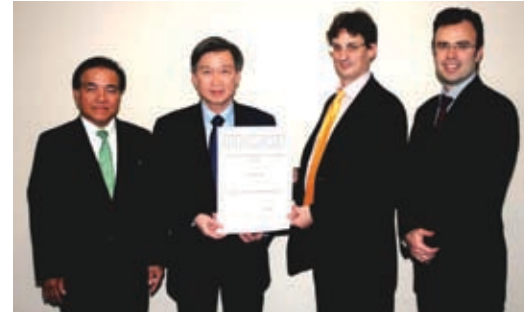
In this regard, the Group success is derived from the fundamental of being professionalism and long standing experience in refinery operation for 45 years, which are well recognized by the global industry. Another key element to the success is the excellent management system in the follow areas:

In the area of **integrated operations of refinery, related petrochemical productions and lube base oil**, Thairoil and subsidiaries were able to maintain capacity utilization at high levels by consolidating the management of Group facilities to achieve integrated optimization.

A good example is the Hot Oil Project that was researched and planned by Thairoil and Thai Lube Base. By moving excess hot oil from the base oil process to the refinery, we were able to boost Thairoil's nameplate crude processing capacity by another 5,000 barrels per day with only a minor capital investment.

The Group's oil refining, petrochemical and base oil operations also co-operated on the implementation of integrated production planning. This provided opportunities to optimize crude and feedstock supplies, and return streams, between the refinery and the petrochemical and base oil plants. As a result, the operators were able to capitalize on the distribution of finished and intermediate products at higher prices and in greater volumes but at reduced utility costs.

At Thairoil, we have long recognized the importance of implementing **quality and environmental system management** that is consistent with the Company's Quality, Safety, Health and Environment ("QSHE") policy. Our programs, procedures and performances are based on the standards of ISO 9001 combined with ISO 14001 and TIS 18001 as well as ISO/IEC 17025 in establishing management systems according to the QSHE policy that create effective management practices throughout the Group.



The Office of Natural Resources and Environmental Policy and Planning approved the Environmental Impact Assessment studies conducted on the CDU-3 Debottlenecking project, Single Buoy Mooring project, Gas turbine generation project, and TPX's aromatics production expansion project. This does not only confirm our commitment on quality and environmental management but also demonstrate the supports from surrounding social and community.

In **financial management**, the Group displayed a strong consolidated performance. In spite of volatility in crude oil and petroleum product markets, the way we structured our core activities to encompass petrochemicals and base oil allowed the Group to recognize value-added revenue from the sales of paraxylene, mixed xylenes, and base oil.

The Group's robust performance and strong financial position reflect the effectiveness of our vision in diversifying investment and revenue base across other production platforms. In 2006, our oil refining operations contributed to 45 percent of the Group's results while the contribution of subsidiary operations was as high as 55 percent.

The Group continued to focus on cost reduction efforts during the year under review. This included efficiency enhancements to financial management such as issuing lower interest bonds, prepaying loans, and negotiating with creditors for loan haircuts.

The good results of 2006 allowed the Company to pay two dividends to shareholders. The first dividend payment of 3.50 baht per share was announced for the 2005 results, and an interim dividend of 1.50 baht per share was declared for results of the first half of 2006.

Given the competitive edge we exert with our operating integrity, financial strength, cost efficiencies, and sound financial strategy, our US dollar-denominated senior unsecured bonds continued to be rated BBB by Standard & Poor's, and Baa1 by Moody's Investors Service.

Thaioil was, furthermore, very successful in diversifying our lending sources. We issued baht-denominated bonds in 2006 which were subscribed at double the issue amount by local institutional investors. Fitch Ratings assigned Thaioil and our bonds a national rating of AA-(tha), and a short-term rating of F1+(tha),



reflecting our strong operational position high operation inter-dependence with PTT plc, financial strength and competitive cost of production.

Since the high ranking given by credit rating agencies, Thaioil received recognition from several well-known international institutions, including Euromoney, Forbes Global, and Platts.

In the area of **human resources**, 2006 was a year that reflected our philosophy in managing “human capital” to develop employee capabilities identified as key to creating a high-performance organization that is committed to corporate social responsibility. We began from a foundation on which “POSITIVE” corporate values were cultivated. Over time, these values would be woven into the fabric of the organization to become part of the corporate culture which would help drive the Company’s sustained growth in alignment with our vision.

We further gave priority to the performance management system which measures performance against targets established from key performance indicators. For this purpose, the balanced scorecard approach was introduced with the objective of achieving goals in the five areas of finance, stakeholders, internal process development, strategic capability, and social and environment.

Over the past 45 years, the Company has given importance to commitment towards **Corporate Social Responsibilities**. Numbers of community-related projects, especially in the educational area, have been continuously developed. These included scholarships contribution and education fund establishments e.g. HRH Princess Maha Chakri Sirindhorn Fund in 1991 and the Company’s Fund under Ananda Mahidol Foundation in 2005. Furthermore, we also provide support in forms of scholarships and internships student for Chemical Engineering Practice School (ChEPs) run by King Mongkut University Technology Thonburi, in order to help fortifying engineer profession to support Thai industry. Besides, certain supports are given to Thai Creative and Design Center (TCDC) to enhance Thai knowledge and design creativity in international and local levels to support Thai industry and general public.

We supported a variety of community works covering religion, culture, tradition, and Thai values, as well as charitable programs involving the less fortunate and disaster victims. We also participated in the program to sell farmers diesel fuel at special price (green fuel) to help ease their burden in the face of rising oil prices.

THAI OIL'S ACHIEVEMENTS IN 2006

EUROMONEY

JANUARY

Awarded, for the second year running, Best Newly Listed Company in Asia, and Most Improved Company in Asia – 6th Ranking by Euromoney from a survey of 368 companies in Asia in 2005 among 368 nominated listed companies worldwide.

Made a prepayment of US\$ 100 million on revolving loan following Thailoil's strengthened liquidity.

Forbes

APRIL

Ranked 1st of 13 Thai public companies and 1,330th of 2,000 largest public companies in the world.

MAY

Paid dividend of 3.50 baht per share for 2005 operational results.

MARCH

Received Suriya Sasithorn awards for best calendar of the year in diary form, and outstanding desk calendar of the year in the general category.

FEBRUARY

Participated in Shell Main Product Correlation Scheme with 150 worldwide Shell-advised laboratories organized by Shell Global Solutions, and was awarded a certificate for the proficiency of our lab in testing unknown samples of oil products.



JUNE

- Standard & Poor's maintained Thairoil's senior unsecured notes BBB.
- Completed equipment installation for Hot Oil Project, which boosted refinery capacity by 5,000 barrels per day.
- Completed Installation of Mercury Removal Unit to enable processing of low-cost indigenous crude oil at higher volume.



SEPTEMBER

- Ranked 33rd in Asia and 140th in the world for Platts Top 250 Global Energy Companies.
- Fitch Ratings (Thailand) assigned Thairoil a long-term national credit rating of AA-(tha), and a short-term national credit rating of F1+(tha).

AUGUST

- Moody's Investors Service maintained its Baa1 rating of Thairoil's senior unsecured notes.



Moody's Corporation

OCTOBER

- Fitch Ratings (Thailand) affirmed a national long-term rating of AA-(tha) to Thairoil's senior unsecured bonds, and a short-term rating of F1+(tha).
- Issued bonds of 5.5 billion baht to local institutional investors through the use of cross currency swaps with overwhelming success.
- Paid interim dividend of 1.50 baht per share for results of first half of 2006 (representing 29 percent of net profits after deduction of legal reserve).
- Named one of the listed companies with outstanding corporate governance in 2006 in a survey by the Institute of Directors.

JULY

- Jointly invested in PTTICT Solution Company Limited in order to provide services to PTT and affiliated companies, resulting in Economy of 3S (Scale, Scope and Skill)



ตลาดหลักทรัพย์แห่งประเทศไทย
The Stock Exchange of Thailand

THAIOIL GROUP'S ACHIEVEMENTS IN 2006

JANUARY

- **Thai Lube Base** Undertook integrated production planning with Thairoil to maximize production of both refineries. Thai Lube Base capacity grew by 13 percent from 2005.
- **Thai Lube Base** Recorded production of over 240,000 tons of base oil achieved, which was a 17 percent growth from 2005. This was attributable to blending of feedstock with Hydrocracker bottom from Thairoil, change of catalyst in Hydrofinishing Unit, and improvement to plant capacity after major turnaround in March. Revenue increased by 170 million baht despite only 11 months of production given over one month of shutdown for turnaround.

APRIL

- **Thai Lube Base** Received refinery slop oil from Thairoil for use as fuel. Former fuels, extracts and slack waxes, were distributed as rubber processing oil and feedstock for Thairoil's Hydrocracker Units, generating 200 million baht in additional revenue.
- **Thai Paraxylene** The synergy with Thairoil opened up opportunity to replace as much as 40 percent of higher-priced fuel oil with refinery fuel gas to fuel the paraxylene plant, bringing down its production costs.

MARCH

- **Thai Lube Base** First major turnaround since incorporation. The achieved synergy reduced Thai Lube Base costs by 80 million baht.
- **Thai Paraxylene** Successfully performed online cleaning without shutting down plant and disrupting production, thus raising efficiency level.

MAY

— **Thai Paraxylene** Refinanced debt and reduced interest payment.

JUNE

— **Independent Power (Thailand)** Completed repairs on transformer that sustained technical problems during January 2006. Power plant resumed full capacity of 700 megawatts two months ahead of schedule. It was possible to maintain high production rates during the repairs because of effective production planning and having property damage and business interruption insurance policies.

OCTOBER

— **Thai Paraxylene** Solid operational results allowed for prepayment of entire long-term loans.

DECEMBER

— **Thai Paraxylene** Entered into new syndicated loan agreements with financial institutions for use in expansion project and operations.

JANUARY TO DECEMBER 2006

— **Thaioil Marine** Effective fleet management throughout 2006 improved the profit per deadweight ton by 24.13 percent over the previous year.

HUMAN RESOURCES DEVELOPMENT

The year 2006 was a true reflection of our philosophy in managing “human capital” whereby the Company provided the infrastructure that allowed employees to develop their full potential and create a high-performance organization with total commitment to corporate social responsibility.

From a foundation of employees sharing accountability for sustained organizational growth consistent with the Company’s Vision, Corporate Values were established and shaped into Thaipol’s culture. The eight values are “POSITIVE”: Professionalism, Ownership and Commitment, Social Responsibility, Integrity, Teamwork and Collaboration, Initiative, Vision Focus and Excellence Striving.

These values are transformed to be Core Competencies on which employee performances are assessed and the results are used to further employee development. The Core Competencies form the Competency Model that is also made up of Leadership and Functional Competencies.

This Competency Model is a component of our Performance Management System (PMS) under which performance is measured against targets of Key Performance Indicators (KPIs) based on the Corporate Strategy Map and the Balanced Scorecard process.

The PMS is a fundamental tool for aligning performance targets throughout the organization with the Company’s Vision, Mission and Strategy. The Corporate Strategy Map defines the expected outcomes in five dimensions: Finance, Stakeholder, Internal Process, Strategic Capability, and Social and Environment.



We have been collaborating with PTT and some of its subsidiary companies—such as PTT Chemical, PTT Exploration and Production, and The Aromatics (Thailand)—and Thairoil Group—such as Thai Lube Base, Thai Paraxylene, Thairoil Marine, and Independent Power (Thailand)—to implement cross-organizational shared services in such areas as recruitment and selection and training and development. This management initiative allows organizations to synergize on strengths, eliminate work redundancy and free up strategic resources. For Thairoil, the approach has enhanced the professional capabilities and management effectiveness of our team as well as leveraged our resources for optimum benefit.

Because we recognize that our employees are our most valuable asset, we have placed high priority on employee development and growth from the first day of becoming a member of the Thairoil family through to retirement. To prepare employees for this, we have initiated a program with continuously successful results. It is, therefore, proof that our human resources have the capacity to be a proud part of Thai society's valuable resources. Thairoil also values the family institution, which we regard as the fundamental institution for personal identity and growth. A variety of activities that focus on family ties are regularly organized by the Company throughout the year, such as the youth camp and the refinery family visit programs.

LEVERAGING SYNERGY

KEY TO GROUP SUCCESS

The Company's direction to put emphasizing on the Group Synergy Management has strengthened operational and business performance, resulting in an increase in the Group's operational profitability.

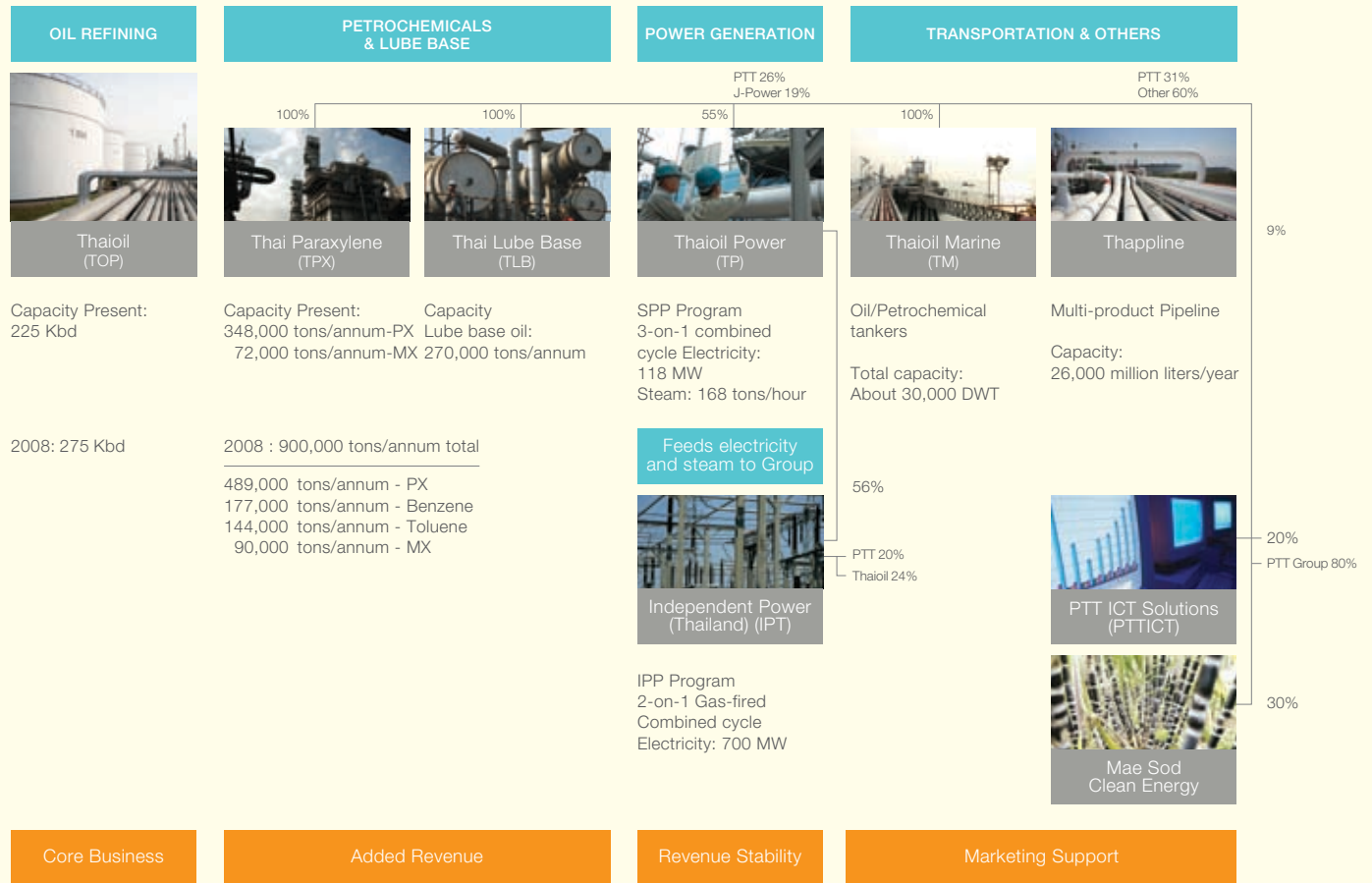




BUSINESS DESCRIPTION

The Company has been expanding into strategically related businesses to capture foreseen growth opportunities and competitive potential. Today, Thaioil and our subsidiary companies have operations in the oil refining, petrochemicals and lube base oil, power generation (small power producer and independent power producer), oil product and petrochemicals transportation (by marine tankers and pipelines), and others businesses. Our expansion model is to integrate these different production platforms to solidify our consolidated revenue-generating capacity and growth to reduce the volatility in the oil refining operation. In 2006, our subsidiaries contributed 55 percent to the consolidated net profits of Thaioil Group.

SHAREHOLDING STRUCTURE OF THAI OIL AND IN SUBSIDIARY COMPANIES



Remarks: Mae Sod Clean Energy Company Limited has just been established and not yet in commercial operation.

REVENUE STRUCTURE

	Operator ⁽⁴⁾	% of Thaioil stake	Fiscal year ending December 31					
			2004		2005		2006	
			million baht	%	million baht	%	million baht	%
A. Net Sales								
1. Oil refining	TOP	-	176,993	95	246,213	97	280,148	99
2. Lube base oil ⁽¹⁾	TLB	100	1,792	1	14,206	6	17,647	6
3. Paraxylene ^{(1) (2)}	TPX	100	2,219	1	32,127	13	41,604	15
4. Power generation	TP/IPT	55	7,281	4	11,141	5	11,820	4
5. Oil & Petrochemicals transportation	TM	100	906	-	691	-	518	-
Less: Related party transactions			(4,390)	(2)	(55,267)	(22)	(72,628)	(26)
Sub total			184,801	99	249,111	99	279,109	98
B. Profit from Foreign Exchange								
Hedging Contract								
1. Oil refining	TOP	-	-	-	-	-	81	-
C. Foreign Exchange Gains ⁽³⁾								
1. Oil refining	TOP	-	337	-	-	-	2,887	1
2. Lube base oil ⁽¹⁾	TLB	100	(12)	-	-	-	(18)	-
3. Paraxylene ⁽¹⁾	TPX	100	144	-	-	-	98	-
4. Power generation	TP/IPT	55	75	-	-	-	523	-
5. Oil & Petrochemicals transportation	TM	100	(1)	-	-	-	-	-
Sub total			543	-	-	-	3,490	1
D. Gain from Debt Repurchase								
before Maturity								
1. Oil refining	TOP	-	315	-	-	-	-	-
E. Net Insurance Claim								
1. Power generation	TP/IPT	55	20	-	-	-	393	-

	Operator ⁽⁴⁾	% of Thaioil stake	Fiscal year ending December 31					
			2004		2005		2006	
			million baht	%	million baht	%	million baht	%
F. Reversal of Asset Impairment								
1. Lube base oil ⁽¹⁾	TLB	100	-	-	2,894	1	-	-
G. Asset Sales Profit/(Loss)								
1. Oil refining	TOP	-	-	-	(305)	(-)	-	-
2. Lube base oil ⁽¹⁾	TLB	100	-	-	154	-	-	-
3. Paraxylene ⁽¹⁾	TPX	100	-	-	134	-	-	-
4. Oil & Petrochemicals transportation	TM	100	-	-	55	-	-	-
Less: Related party transactions			-	-	152	-	-	-
Sub total			-	-	190	-	-	-
H. Other Revenues ⁽⁴⁾								
1. Oil refining	TOP	-	1,040	1	1,556	1	1,455	1
2. Lube base oil ⁽¹⁾	TLB	100	85	-	343	-	131	-
3. Paraxylene ⁽¹⁾	TPX	100	5	-	110	-	206	-
4. Power generation	TP/IPT	55	63	-	44	-	70	-
5. Oil & Petrochemicals transportation	TM	100	4	-	7	-	4	-
Less: Related party transactions			(575)	-	(1,357)	(1)	(1,231)	(-)
Sub total			622	1	703	-	635	1
Total revenues (A-H)			186,301	100	252,898	100	283,708	100

Notes:

(1) For period from Thaioil's 100% ownership in Thai Lube Base and Thai Paraxylene as from October 21, 2004.

(2) Thai Paraxylene purchased Mixed Xylenes Unit from Thaioil, per production expansion plan, as from April 1, 2005.

(3) Foreign exchange net loss in 2005.

(4) Comprises received interests, export tax subsidy, revenues from services provided to subsidiaries, land lease, single-buoy mooring service charge, oil tank lease, service charge for use of oil filling station for vehicles.

(5) TOP is Thai Oil Public Company Limited

TLB is Thai Lube Base Public Company Limited

TPX is Thai Paraxylene Company Limited

TP is Thaioil Power Company Limited

IPT is Independent Power (Thailand) Company Limited in which the shareholding of Thaioil is 56% through TP and another 24% directly by Thaioil.

TM is Thaioil Marine Company Limited

QUALITY, SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

1. QUALITY MANAGEMENT

Establishing system management that complies with the standards of the Thai Industrial Standards Institute (“TISI”) and International Organization for Standardization (“ISO”) is essential to Thairoil. We do not only operate practices that meet legal requirements and government regulations, but also practice in consistency with our corporate policies, objectives, goals and agreements with customers.

To verify that our management system conforms to the standards of ISO 14001, for which we were certified in 1999, and TIS 18001, for which we were certified in 2001, Thairoil was audited and re-certified in 2005. The certifications and our commitment to sustain quality improvements underpin the successful quality system we have developed here at Thairoil.

2. LABORATORY COMPETENCE MANAGEMENT

Our laboratory management system was introduced according to the ISO/IEC 17025 standard to ensure tests are correct, accurate, timely and in compliance with legal requirements and the international standards. Our laboratory was the first in the refining and petrochemical sectors to be certified by TISI in 1996. In 2006, it was audited and successfully re-certified by TISI to meet the updated standard of ISO/IEC 17025 : 2005.

3. ENVIRONMENTAL MANAGEMENT

Management of the environment is based on our business philosophy and responsibility to society. To this end, Thairoil’s policies on Quality, Safety, Health and Environment (“QSHE”) focus on optimizing the use of all resources while safeguarding the environment and minimizing any impact our operations may have within the refinery compound or outside in the communities where we operate. The elements that are evaluated include water quality, air quality, noise, waste and effluent discharges.

3.1 Environmental Management System

An integrated approach to environmental management is a critical component of our environmental responsibility. It ensures a balanced share of benefits between the local communities and Thairoil. In 2006, our management activities extended to air and water quality monitoring, the engagement of independent



consultants to assess the environmental quality around the refinery, and developing programs for sustained management of effluent discharges from our operations. The data acquired for these programs are reported to the relevant government authorities to confirm our commitment to environmental protection. Furthermore, Thairoil is planning to erect the Shell Claus Off-Gas Treating Unit in the CDU-3 Debottlenecking Project. This will boost the efficiency in separating pure sulphur from the Sulphur Recovery Unit, which will reduce air emissions to a level well below the legal standard, thus protecting the environment.

3.2 Environmental Impact Assessment

When a project is initiated, Thairoil first identifies whether government regulations require that an Environmental Impact Assessment (“EIA”) be conducted to determine potential social and environmental risks. The Company then develops the approach to be undertaken and establishes environmental measures for all activities associated with the project. The EIA report is made public and we listen and respond to concerns raised by local communities before the project is executed. Independent consultants who are registered with the relevant government body are commissioned to conduct the EIA.

In 2006, the Office of Natural Resources and Environmental Policy and Planning approved EIA reports on four of our projects, which are:

- CDU-3 Debottlenecking Project,
- Single-Buoy Mooring 2 Project,
- Combined Cycle Power Plant Project, and
- Paraxylene Expansion Project by Thai Paraxylene.

3.3 Social and Environmental Activities

The potential implications of our operations on the quality of water, marine water, air and noise are regularly assessed by professional consultants registered with the relevant government body.

It is also important to the Company that our employees remain healthy and safe. We provide annual physical check-up to ensure their well-being. Equally important are the health, safety and social-economics of the communities in which operate. Every year we conduct field surveys of their concerns through questionnaires.

While close monitoring allows Thairoil to readily identify any potential implications on the environment, we have also established practices to protect, correct and minimize any adverse impact, both inside and outside the refinery compound, of all our operational activities. For example, our single-buoy mooring facility and jetty are fully equipped to handle oil spills and other incidents arising from the discharge of crude oil by tankers.

3.4 Sustained Environmental Monitoring System

Water Quality

The oil refining process can discharge inorganic compounds into the wastewater, affecting its quality. We, therefore, measure the chemical oxygen demand of the water in order to determine its quality and assess the efficiency of the effluent treatment system. In 2006, we changed the measuring point for effluent testing as required by the amended government regulations. We also linked our system to the government to report findings more effectively.

Air Quality

An Ambient Air Quality Monitoring Station (“AAQMS”) has been installed within the refinery compound to monitor the environmental impact on surrounding communities. Soon we will install additional AAQMS to monitor other locations of potential impact, such as within local communities and universities.

The overall meteorological condition is fundamental to assessing the carrying capacity of the air to determine its quality. Meteorological monitoring stations have been installed within the refinery compound as well as at every AAQMS. The data will be used to study pollution patterns in Laem Chabang.

At the same time, we believe that emission data recorded from refinery stacks is another effective means of monitoring air quality. A continuous emission monitoring system has been installed in refinery stacks and regularly calibrated by registered consultants to ensure the data collected is accurate and reliable.



3.5 Proactive Environmental Policy

Tackling global warming with clean development mechanisms

Climate change due to greenhouse gas emission from human activities in the transportation, industrial or agricultural sectors have contributed to global warming. We are addressing this problem according to the United Nation's Framework Convention on Climate Change ("UNFCCC"), a treaty to which Thailand is a party. The UNFCCC objective is to achieve a stabilized level of greenhouse gas concentrations.

The Kyoto Protocol is an additional agreement to UNFCCC that commits Annex I countries to legally binding targets to reduce emissions of greenhouse gas. Though Thailand ratified the Kyoto Protocol on August 28, 2002, we are a non-Annex I country. Nevertheless, we can implement Clean Development Mechanism ("CDM") project, a mechanism established by the Kyoto Protocol to achieve emissions reduction.

Thaioil and subsidiary companies recognize that global warming is a major environmental challenge. We are, therefore, keen to undertake CDM activities that lead to greenhouse gas reduction. These are, for example:

- Modifying equipment to reduce energy consumption and implementing regular maintenance to lower energy loss.
- Replacing air conditioners with energy-saving models.
- Recycling excess heat from power generation and producing electrical power in the form of steam.
- Participating in the forest planting program, which, in 2006, 999 golden shower trees planted by Thaioil in honor of His Majesty the King's 60th anniversary accession to the throne.
- Using the Shell Clausen Off-Gas Treating Unit to remove hydrogen sulphide before emitting into the air by routing the gas back to the Sulphur Recovery Unit.

Reducing greenhouse gas with modern technology

Thaioil Group uses the technology of dry low Nitrogen Oxide ("NOx") combustion to generate electrical power and limit NOx emissions in addition to using natural gas, a clean fuel. The technology significantly reduces NOx emissions to below the government standard.

We are also implementing a project to change the floating roofs of our oil storage tanks from single to dual protection. This will better minimize volatile organic compound emissions into the atmosphere, helping to reduce greenhouse gas emissions. The risk of fuel vapor ignition near tank roofs will lessen too.

4. HEALTH AND SAFETY MANAGEMENT

In recognition that health and safety management is crucial to the success of our operations, we require that all activities meet international safety standards. From designing safe processing units, installing comprehensive protection systems, fostering and promoting safety awareness in employees, planning emergency response actions that cover all potential circumstances, and establishing Loss Time Injury Frequency (“LTIF”) indicators in addition to other indicators to assess our operational efficiencies.

Thaioil has put in place a health and safety management system consistent with the TIS 18001 standard for which we were certified by MASCI in 2001. The objectives of the system are to achieve sustainable development, sustainable risk management and improvements, and best safety practices.

In 2006, we implemented the following health, safety, and fire prevention and suppression activities consistent with pertinent legal requirements that came into force during the year:

- Modification of the permit to work system
- Emergency drills by emergency response teams
- Modification of pre-incident planning, and
- Revision of risk factors and risk management plan.



Thaioil has over the years become the center for technological expertise and know-how in the area of health, safety and fire prevention and suppression. Our facilities are open to visits by interested local and foreign government entities, private corporations, and educational institutions. Our safety personnel also accept invitations as guest speakers and legislation drafting committee members. We were particularly honored in 2006 to act as advisor to Chonburi on emergency response.

QSHE activities with subsidiary companies

Integrating QSHE activities across the Thaioil Group contributes to seamless collaboration in enhancing the efficiencies of subsidiary companies. We, therefore, conduct joint trainings, organize QSHE Week throughout the Group, and share and exchange information associated with QSHE legislation.

5. 5S ACTIVITIES

Thaioil organizes regular 5S activities. We regard this to be the foundation from which to develop and enhance efficiencies in various operations. The activities also provide a good and safe working environment that cuts down unnecessary costs. Most important of all is the cultivation of a positive attitude among employees because 5S activities develop self-discipline and focus on exterior cleanliness as well as spiritual cleanliness.

ALIGNING SUSTAINED BUSINESS GROWTH WITH CORPORATE SOCIAL RESPONSIBILITY

Our vision is to be one of the leading fully integrated refining and petrochemical companies in the region recognized for our commitment to environmental and social well-being. Thaipol's track record shows our long history of supporting education programs and knowledge sharing with the community in which we operate. This responsibility is founded on our belief that people development drives sustainable community development, as advocated by HM the King. Moreover, we are committed to operating our business in a manner that is friendly to the environment, and providing consistent health care to improve the quality of life for community residents. Our dedicated involvement over the past 45 years has enabled us to grow with the community.

1. EDUCATION PROGRAMS

Scholarships and Knowledge Sharing for Sustainable Development

Our contributions to education dates back to the early days of Thaipol. We continue to award scholarships to community youths every year, though the program has shifted focus to the development of youths to their full potential.

The Princess Maha Chakri Sirindhorn Fund, set up with permission from HRH Princess Maha Chakri Sirindhorn, grants scholarships to students under royal patronage, with continuous donations from Thaipol since 1991. Royal permission was again granted in 2005 to set up the Thai Oil Public Company Limited Fund under the Ananda Mahidol Foundation to support scholarship grants to recipients under royal patronage.

Other knowledge-based programs supported by Thaipol are: the Thailand Creative and Design Center ("TCDC"), which aims to develop knowledge in design and creativity at international and local levels for youths and the general public; tours of our operations by the public to learn about environmental technology; establishment of a local radio station by Laem Chabang Municipality and the community committee to broadcast knowledge and news; and provision of safety and firefighting training for local government authorities and the interested public.

ChEPS Program

Since 1997, we have been offering on-site training for new-generation engineers under the Chemical Engineering Practice School ("ChEPS") program run by King Mongkut University Technology Thonburi. The objective of the program is to further the capability of engineering students in learning, analyzing and putting theory into practice in the real environment of a refinery. Besides providing the practice site, we are also involved in structuring the training classes, providing class instructions, and awarding scholarships without any obligation.



2. RELIGION AND LOCAL CULTURE AND CUSTOMS

Thaioil has always been active in promoting Buddhism and preserving local cultures and traditions passed down through the generations. Every year, we participate in such major festivals and customs as the parade of sculptured candles to mark Buddhist Lent, and Kathin ceremony, which are organized by the local community and government authorities or in remote areas around the country.

3. ENVIRONMENT AND HEALTH

Golden Shower Tree Planting Project

We initiated a program to plant golden shower trees in honor of HM the King inside the refinery compound and plan to expand to surrounding communities. Not only will the trees improve the community environment, it will help promote a closer relationship with community residents and local government authorities.

Mobile Health Unit Program

We over the years have been providing communities adjacent to the refinery with mobile medical and public health services, as well as promoting medical students to make visit the communities to offer health advice. In addition, we provide full support to nearby communities in their campaign to get rid off drugs in their neighborhood.

4. COMMUNITY RELATIONS

The Environmental and Community Relations Committee of Thaioil Group was formed to enable an integrated approach to community relations work by Thaioil and our subsidiaries. The committee serves as the central focus for progressing community issues and participates on behalf of the Group in all major community activities such as tri-partite meetings with the community and Laem Chabang Municipality to promote strong and structured community relationships.

In 2006, we were involved in numerous public benefit activities such as:

- Buddhist Lent candle parade
- Community Leader Program for committees of the seven communities surrounding the refinery
- Heart to Heart Program for committees of the seven communities surrounding the refinery
- Environmental Protection by Laem Chabang Youths Project; and
- Clean Campaign on Mother's Day.

These activities further strengthened our relationships with the communities of Laem Chabang Municipality and help us to co-exist in harmony and cooperation. Our involvement also promotes the community's confidence in our professional capacity for the safe and environmentally friendly management of our operations.

A hand in a white shirt sleeve holds a tablet displaying business charts. The background shows a road winding through a landscape with trees and mountains under a blue sky. The tablet screen shows a line graph with three data series (green, blue, and black) and a bar chart with four colored bars (orange, green, purple, blue). The line graph has a y-axis with values 20, 40, 60, 80, and 100. The bar chart has a y-axis with values 0, 20, 40, 60, 80, and 100.

STRATEGIC CHANGE

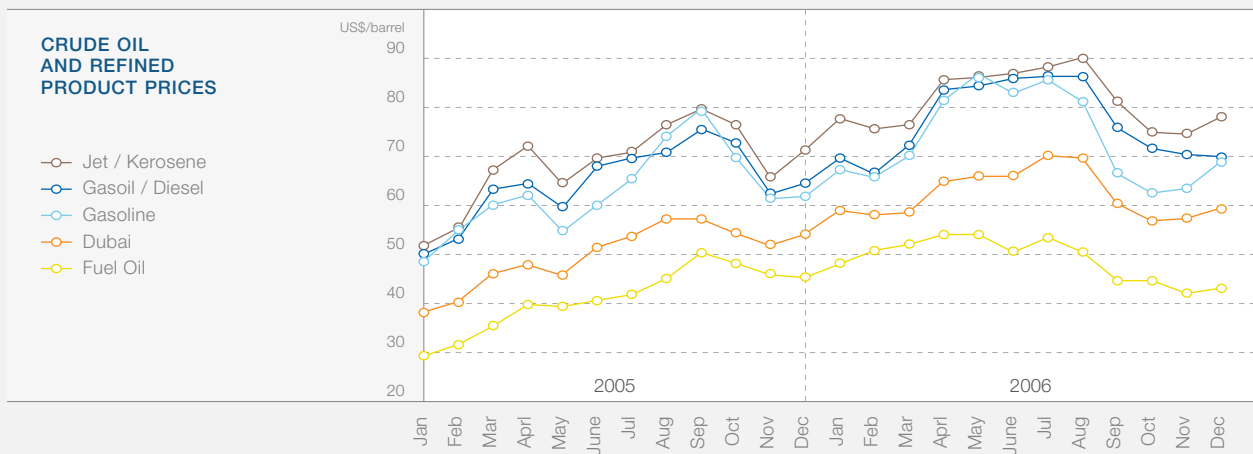
THE ROOT OF STABILITY

Commitment to the success by aligning strategic focus to secure long-term growth and flexible and timely operational responsive programs to cope with changes in business, establish strong fundamental for sustainable business continuity and growth despite the volatile external environment.



INDUSTRY OVERVIEW

PRICE MOVEMENTS



Crude oil prices were highly volatile in 2006, pushing up to 70 US dollars per barrel around mid-year. The unstable movement reflected the market's concerns about the supply and demand situation, which was influenced by these key factors:

Geopolitical tensions

Geopolitical uncertainties in many parts of the world led to surge in crude prices by oil producing countries. Major areas of tensions were: the conflict between the US and Iran over Iran's uranium enrichment program; unrest in Middle Eastern states, particularly between Israel and Hezbollah in Lebanon; and violence in Nigeria and Iraq. All these geopolitical uncertainties raised serious worries over the security of crude oil supplies.

Weather-related disruptions

There were warnings that hurricanes in the Gulf of Mexico could be as strong as in 2004 and 2005. Fear of production disruptions at US refineries pushed up crude prices at mid-year. The hurricanes were not as powerful as forecasted and the price of Dubai, a marker crude, fell during August and September.

OPEC production ceiling

The drop in Dubai crude price during the third quarter signaled the downward adjustment of OPEC production ceiling by 1.2 million barrels per day effective November 2006, and by another 0.5 million barrels per day in February 2007. The cuts helped stabilize the price of Dubai crude.

New fuel quality legislation

When the US banned the use of the additive MTBE in gasoline and replaced it with ethanol in May, refineries found it relatively difficult to produce the gasoline base stock suitable for blending with ethanol. Many had to import the required high-quality gasoline, using aromatics as a blending component with low vapor pressure to meet the new specification. As a result, gasoline imports into the US increased from the normal 1 million barrels per day to 1.5 million barrels per day from May to June. The gasoline demand increment heightened the price differential between gasoline and Dubai crude to over 20 US dollars per barrel in May. This was the major driver for Thaioil's high refining margin in the second quarter of 2006.

Regional shutdowns

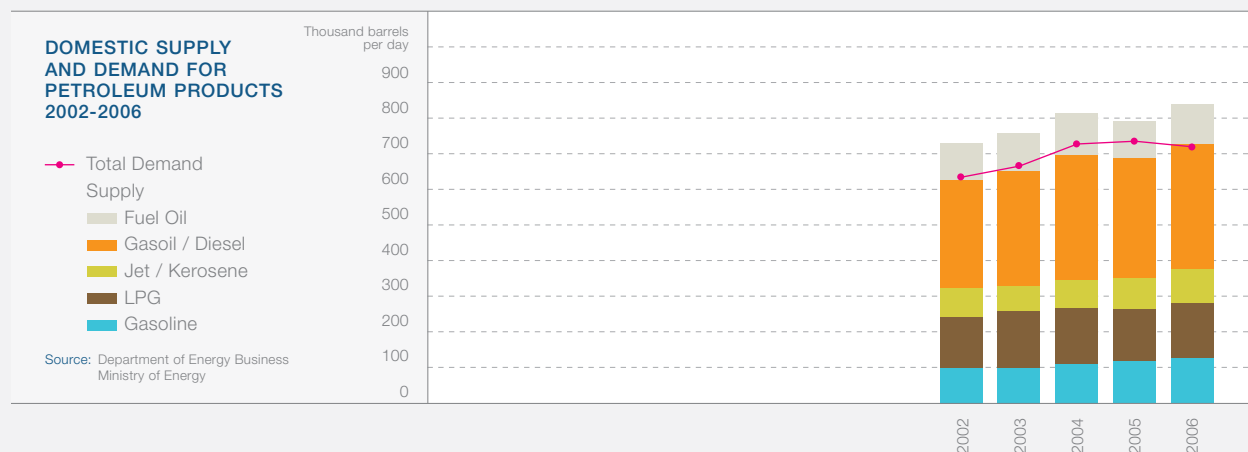
Several refineries in the region were shut down for unplanned maintenance in the second quarter of 2006. Dipping regional refining capacity raised the price differentials between refined products and crude oil.

Oil futures

Volatile oil prices, influenced by factors discussed above, led to increase futures trading by numerous hedge funds, which caused additional price fluctuations throughout 2006.

With Group operations spread across the business segments of petrochemicals (Thai Paraxylene), base oil (Thai Lube Base), tanker transport of oil products and petrochemicals (Thaioil Marine), and power generation (Independent Power (Thailand)), the subsidiaries contributed to the overall earnings and helped lessen the impact of profit swings for Thaioil Group.

DOMESTIC DEMAND AND SUPPLY BALANCE OF PETROLEUM PRODUCTS IN 2006

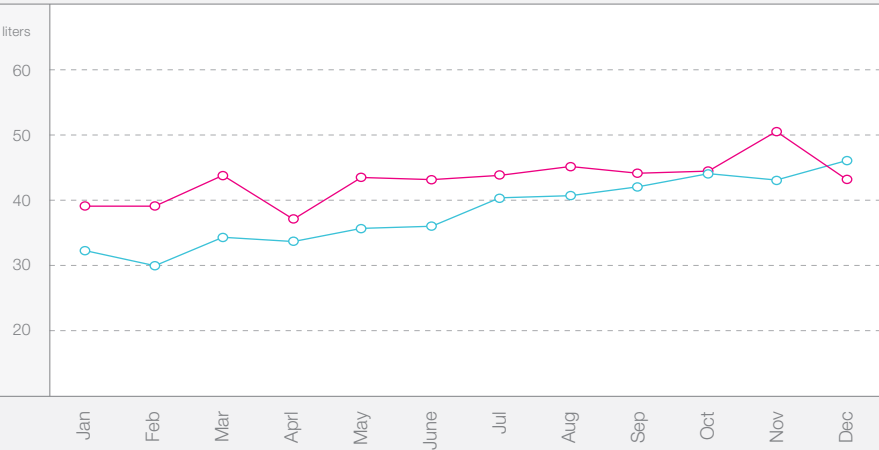


The preliminary assessment by the National Economic and Social Development Board indicated Thailand's economy in 2006 to grow by five percent. Domestic consumption was pressured by inflation and upward adjustments of interest rates. Additionally, both public and private investments were starting to slow down in the second quarter due to political and economic uncertainties that were intensifying. Strong expansion in the export sector, however, was a key element driving the overall economy toward sound growth.

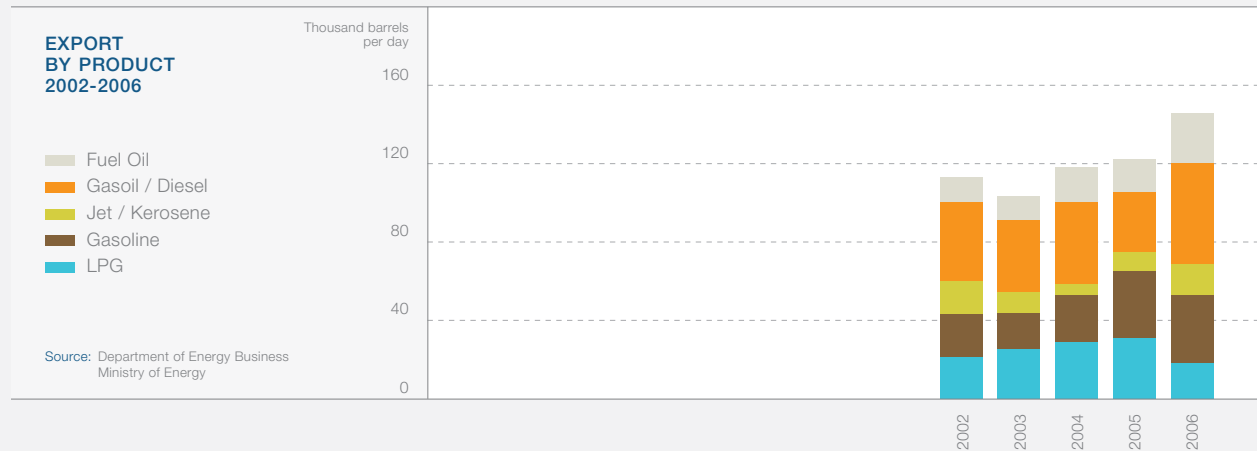
**LPG SALES TO
SERVICE STATIONS
AND INDUSTRIAL
SECTOR 2006**

—○— Industrial Sector
—○— Service Stations

Million liters



Domestic demand for petroleum products contracted by two percent, or 722,000 barrels per day. LPG exhibited the strongest demand. Its low retail price, compared to other fuels, pushed up LPG consumption in both the transportation and industrial sectors, as evident in the substantially high volumes of LPG sales at service stations and to the industrial sector from early 2006.



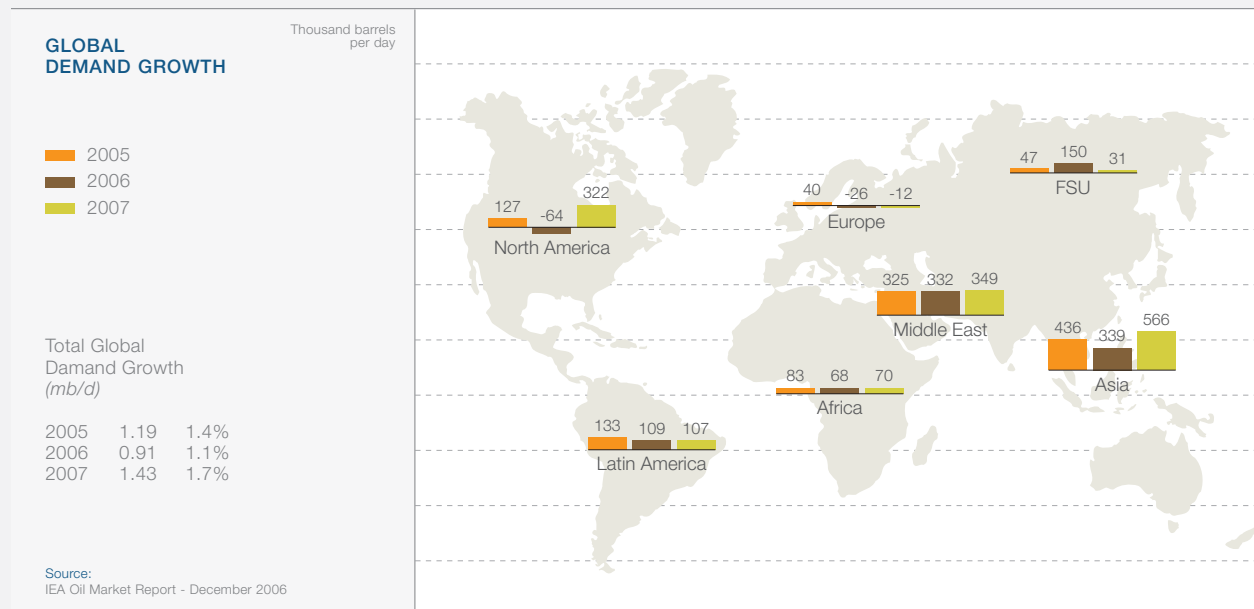
Gasoline and diesel fuel demands were being pressured by high prices, changing consumer behavior, economic slowdown, and flood disasters in the second half of the year. These factors contributed to the demand for gasoline and diesel fuel growing at a rate below the historical average.

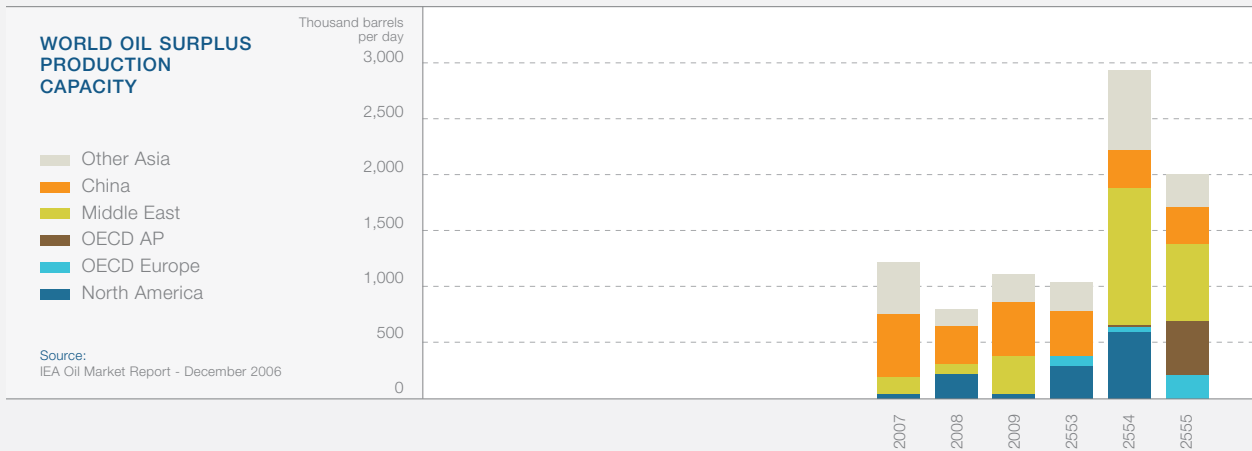
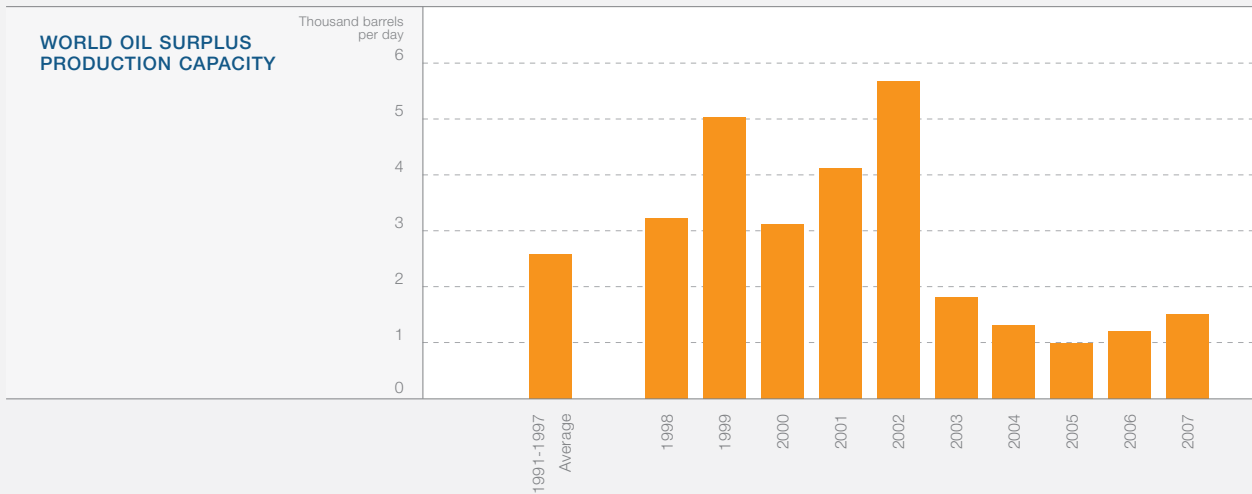
The contracting domestic demand for petroleum products combined with a supply growth of only six percent over 2005, or from 823,000 barrels per day to 873,000 barrels per day in 2006, attributed to the export of products rising 18 percent from 125,000 barrels per day in 2005 to 147,000 barrels per day in 2006. Diesel fuel topped the export list followed by Gasoline.

OUTLOOK IN 2007

It is expected that the global demand for petroleum products will increase to 1.43 million barrels per day. China, India and the US will account for the highest growth, which stem from expansion in the construction, industrial and transportation sectors. China, in particular, will invest significantly in construction ahead of the Olympic Games in 2008. Its demand for petroleum products will increase five to six percent, or 0.4 million barrels per day. Refinery capacity in Asia-Pacific will adjust upward about 0.35 million barrels per day to meet the demand hike for products.

It is further predicted that the world crude supply will grow substantially with non-OPEC countries raising their quotas by more than 2 million barrels per day. Given the upward adjustments in demand and supply, the market outlook shows high volatility in 2007.

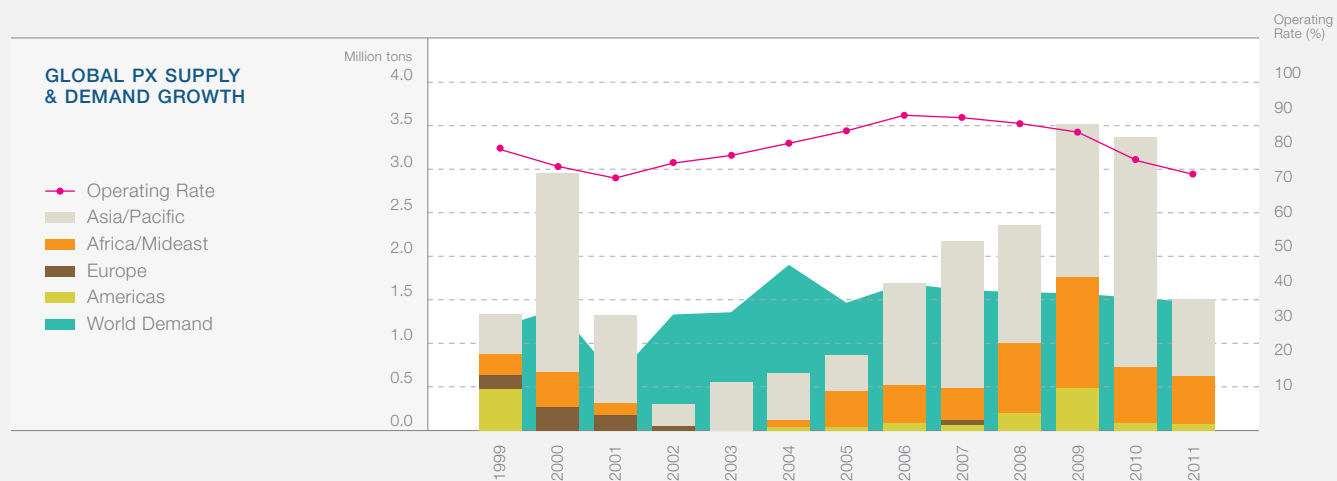




The outlook for international crude prices and Singapore product prices in 2007 will continue to fluctuate at high levels. This is because production capacities of crude oil and refineries will remain tight over the next year while China, India and the US lead the projected world demand. Thaioil will continue to focus on our leadership in the domestic market and address exposure to volatile world oil prices through enhanced risk management practices.

PARAXYLENE MARKET

Despite the forecast of increase paraxylene production capacity in Asia-Pacific, the projected supply between 2006-2008 is still not sufficient due to the increase in demand from capacity expansion of PTA, which uses PX as feedstock; in China. The supply shortage further aggravated by the shutdown of BP's 1.2-million-ton facility from end of 2006 until end of 2007 due to hurricane disruption. This dramatically reduced paraxylene imports from the US to Asia-Pacific. In addition, the supply crunch was intensified as the US enters the gasoline season in summer. Following the ban on MTBE in gasoline in the US, refiners are switching to aromatics as blending components for low pressure vapor gasoline. Thus, paraxylene production in the US decline as well as due to less availability of aromatic components. Demand for aromatics components during summer season is forecasted to remain strong over the next couple of years, tightening paraxylene supplies.

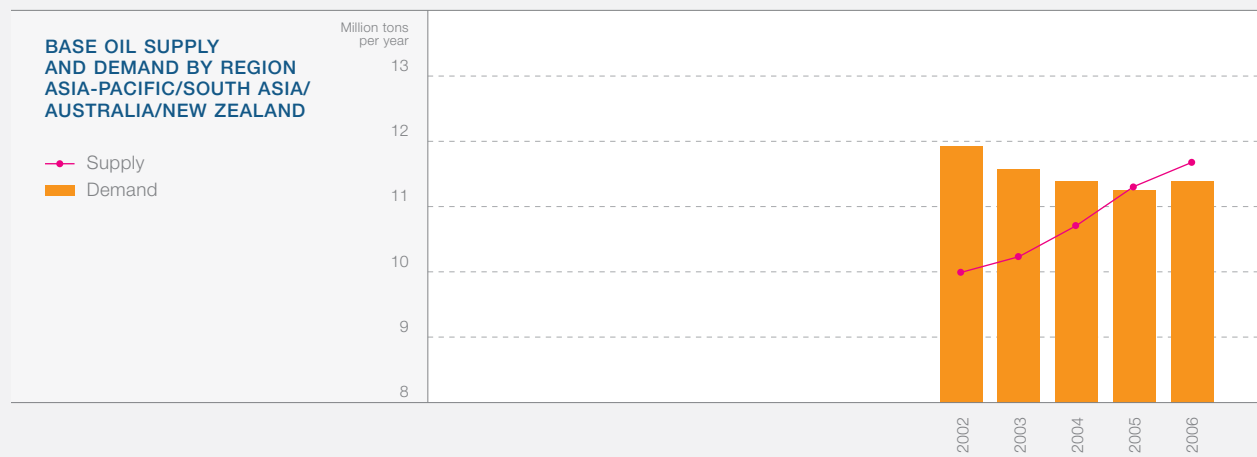


Thailand made the transition from a net paraxylene exporter to a net importer in 2006 after construction was completed on the PTA plant of Indorama Petrochemical in April, and on the third PTA unit of Siam Mitsui plant at the end of 2005. Thailand will return to be a net paraxylene exporter after the expansion of The Aromatics (Thailand) plant in mid-2008.

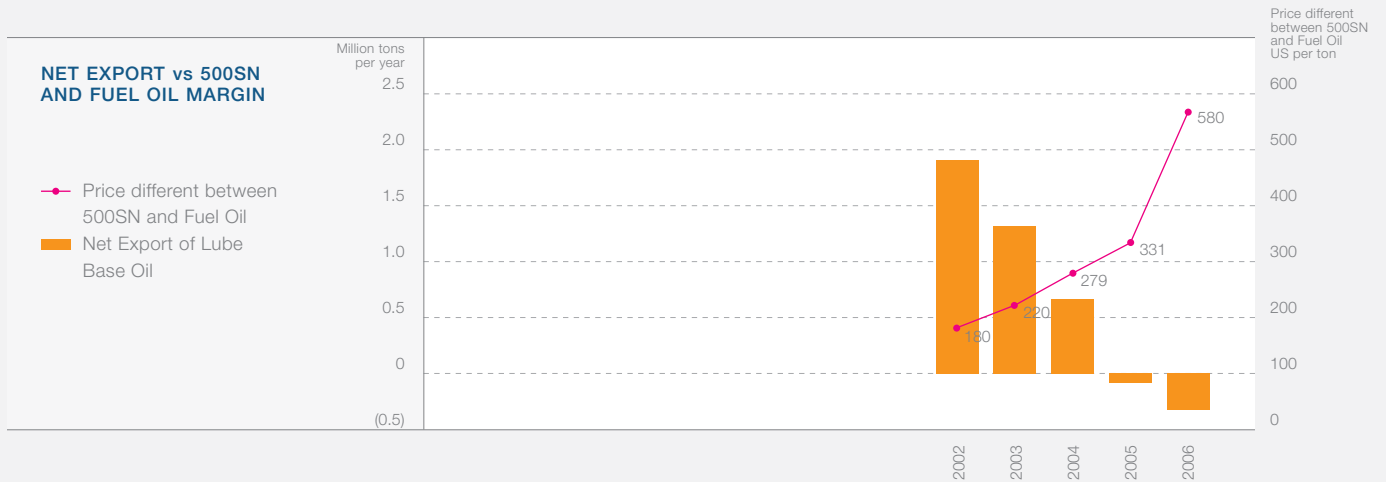
DOMESTIC PARAXYLENE SUPPLY AND DEMAND

	2005	2006	2007	2008
The Aromatics (Thailand)	450	460	550	830
ExxonMobil	418	420	480	466
Thai Paraxylene	338	343	269	490
Total supply	1,206	1,223	1,299	1,786
Tuntex Chemical (Thailand)	285	285	285	285
Siam Mitsui PTA	745	960	960	960
Indorama Petrochemical		400	430	430
Total demand	1,030	1,645	1,675	1,675
Excess supply / demand (-)	176	(422)	(376)	111

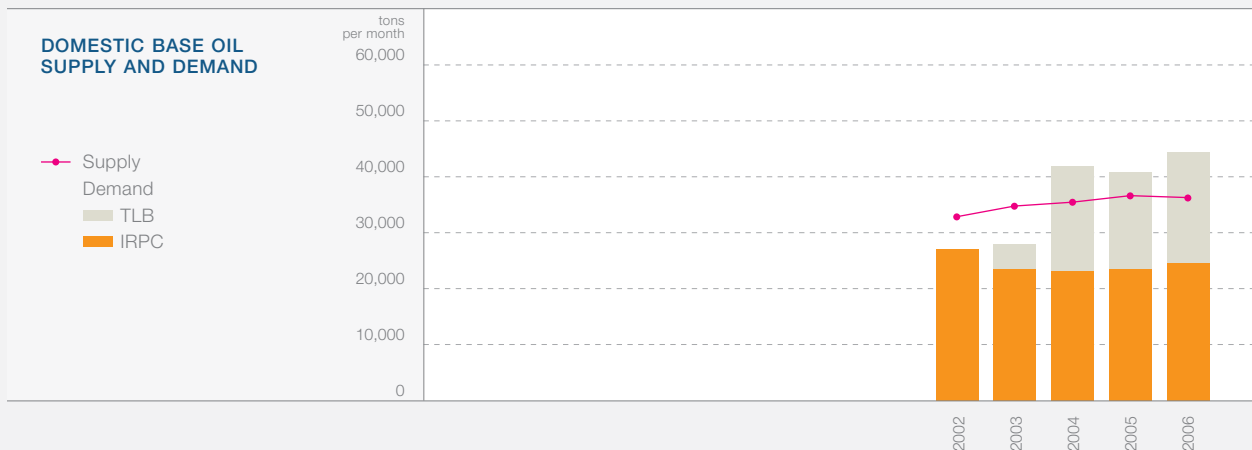
BASE OIL MARKET



The closure of many plants producing lower quality base oil over the past couple of years created a supply shortage in the region in 2006. The base oil plants in Australia, Philippines were closed down in 2002, plants in Australia in 2003, and 2004. New construction in India and capacity expansions in Japan and Korea still cannot meet the region's rising demand of three to four percent per year following the jump in economic growth in China and India.



The supply shortage sent the price of base oil 500 SN to a record high, causing the spread between 500SN and HSFO to spike as high as 580 US dollars per ton in 2006.

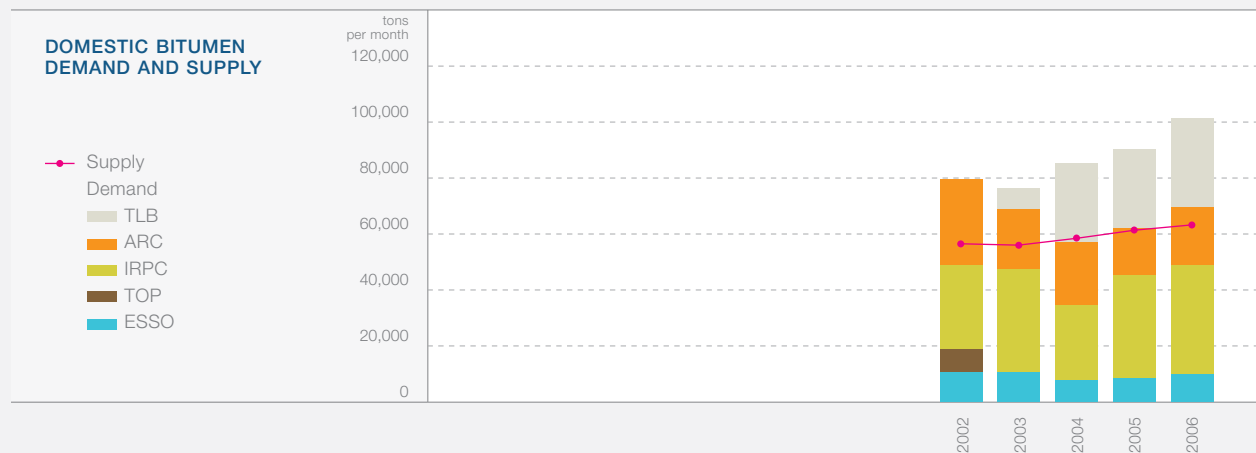


Despite major turnarounds at Thai Lube Base and IRPC in 2006, supply outperformed national demand by 10,000 tons per month. The year saw both producers continue to focus on improving refining efficiencies in order to enhance base oil production for regional export. In this respect, Thai Lube Base has gained

access to a new export market with strong demand. Moreover, the company is selling its excess by-product to Thaioil for processing into feedstock for the refinery's Hydrocracker and Fluidized Catalytic Cracker units, and the benefit derived from this value-added product is shared with the Group.

While there will be new production capacity in 2007, the continuing demand growth is expected to outperform regional base oil supply. This will pave the way for domestic base oil to be exported at higher prices, creating intense competition in Thailand for market shares.

BITUMEN MARKET



In the past few years, Thailand's demand for bitumen has been growing at an average of four to five percent per year. Primary drivers for this demand were the construction needs of the Suvarnabhumi Airport, the adjoining road network, and major highway expansions into every region. On the supply side, though, all four bitumen producers (Thai Lube Base, The Aromatics (Thailand), IRPC and Esso) exceeded demand by 20,000 metric tons per month. The surplus was exported by Thai Lube Base and IRPC.

Domestic competition among the producers was less fierce in 2006 than in the previous year due to regional demand growth, especially in China. Thai Lube Base and IRPC were able to widen their export base and increase export volumes, thereby lessening the pressure to compete for market share in Thailand.

Chinese demand for bitumen in 2007 is predicted to grow by seven to eight percent resulting from road constructions into Central China. Therefore, the export markets into China for the coming year still look healthy.

POWER INDUSTRY OUTLOOK

Thailand electricity consumption peaked at 21,064 megawatts in 2006. The installed generating capacity totaled 27,087 megawatts, with 15,795 megawatts (58 percent) of the capacity provided by the Electricity Generating Authority of Thailand (“EGAT”), 9,250 megawatts by independent power producers (“IPP”), 2,042 megawatts by small power producers (“SPP”), and the remainder by imports from neighboring countries. In October 2006, the IPP plant of BLCP Power provided new capacity addition of 673 megawatts.

EGAT’s power development plan of 2004 had projected electricity demand based on the assumption that the gross domestic product (“GDP”) would grow 6.5 percent. When the economy expanded at a lower rate, EGAT began revising the power development plan to adjust GDP growth downward. The new plan is expected to be issued in early 2007.

Presently, EGAT is in the process of inviting public bids for new IPP plants in April 2007 to meet the country’s growing electricity consumption. It is expected that 3,000 to 4,000 megawatts of capacity will be purchased from plants using natural gas and coal as primary fuels. Bids are scheduled to be submitted in October with qualified bidders announced in April 2008. The new gas-fired power plants will be required to connect to the grid in 2011 and the coal-fired power plants in 2012.

MARINE TRANSPORTATION MARKET

Regional demand for oil product tankers was strong in 2006, consistent with oil consumption growth. The tight supply situation proved to be profitable for tanker operators. The market for petrochemical tankers also expanded, particularly in China. With available transport capacity falling short of demand, tanker freight rates pushed up high.

It is predicted that tanker demand should remain firm in 2007, creating the need for more quality tankers. The tight supply market, resulting from new tanker regulations coming into force, should generate profitable returns for oil and petrochemical tankers. Presently, Thairoil Marine is studying the feasibility of the fleet expansion in order to meet Thairoil Group's future oil and petrochemical products tanker requirements.

FUTURE PROJECTS

To achieve our vision, we focus our strategy on capacity expansion of Thairoil and subsidiary companies to fulfill the growing domestic demand, product enhancement along value chain, continuous efficiency improvement, identifying sound investments with attractive returns, and expanding our investment portfolio into other related energy businesses.

Thairoil further aims to collaborate with other business group on mutual interest synergy to strengthen our competitive advantage and, thereby, consolidate our opportunity to become a leading refining and petrochemical company in the Asia-Pacific region.

CDU 3 - DEBOTTLENECKING PROJECT

Thairoil is implementing the capacity expansion of Crude Distillation Unit-3 (CDU-3), our most efficient CDU, from 115,000 to 165,000 barrels per day. This would boost our nameplate capacity from 225,000 up to 275,000 barrels per day, with the relative low-investment cost of 218 million US dollars. The project is progressing on schedule and completion is due in the last quarter of 2007.

AROMATICS EXPANSION PROJECT BY THAI PARAXYLENE

Following the CDU-3 Debottlenecking project completion, Thairoil will be capable to produce additional feedstock to Thai Paraxylene for further upgrading into more valuable aromatics products. Thai Paraxylene is therefore currently implementing a revamp project to expand its aromatics production capacity from 420,000 to 900,000 tons per annum. In addition, the product range will also expand from Paraxylene and Mixed Xylenes to a full range aromatics production, comprising of Paraxylene, Mixed Xylenes, Benzene and Toluene. This project will require a capital investment of 282 million US dollars. Construction is now in progress and to be completed in the last quarter of 2007.

NEW GAS TURBINE PROJECT

A new 38-megawatt natural gas-fired gas turbine is being installed to supply additional electricity and steam for the two expansion projects outlined above. This project costs 43 million US dollars. The major equipment has already been installed. The project is scheduled for completion in the second quarter of 2007.

SINGLE BUOY MOORING 2 PROJECT

The Company is implementing an installation of the new mooring system, together with a 14.3 kilometer 52-inch-diameter submarine pipeline. The new facility will enable Thairoil to accommodate crude carriers with a full load of 2 million barrels, compared to the existing limitation of 1.5 million barrels, to meet the increased crude oil demand following the completion of CDU-3 Debottlenecking project. The new facility will contribute crude freight savings for the Company, thereby strengthening our competitive advantage. The total cost of the project is around 150 million US dollars. Installation of the submarine pipeline commenced in January 2007 and completion is expected in the third quarter of 2007.

OTHER FUTURE EXPANSION PROJECTS

Thairoil and the subsidiary companies are investigating a number of new projects and investment opportunities that are consistent with our business vision and government policies as well as the projects that deliver environmental and social well-being.

SPECIALTY PRODUCT PROJECT BY THAI LUBE BASE

Thai Lube Base sets a strategy to continuously enhance existing product value by upgrading the quality of existing products to meet the specific needs of each customer groups. Thai Lube Base plans to develop Aromatic Extracts into Treated Distillate Aromatic Extracts (TDAE), a feedstock used to manufacture low-toxic car tires, which will substitute conventional tires across Europe in the near future.

Thai Lube Base is currently capable of producing a certain amount of TDAE with minor operational adjustment. A new processing unit, project producing to produce additional TDAE to meet the market's growing demand, is being studied along with the production of other potential specialty products.

ETHANOL PRODUCTION PROJECTS

This project is being studied to cope with new business opportunities arising from the national energy policy on the promotion of biofuels. The use of ethanol in gasoline will not only strengthen the country's energy security but also reduce MTBE imports. In addition, the ethanol project will also help stabilize revenue for the agriculture sector as a whole.

Thaioil has been studying two ethanol projects:

- 1) **Ethanol produced from cassava with a production capacity of 500,000 liters per day** The investment is approximately 150 million US dollars. This project is now in the stage of engineering design and detailed cost estimation. The plant is expected to commence commercial operation around the fourth quarter of 2008.
- 2) **Ethanol produced from sugar cane juice with a production capacity of 100,000 liters per day** Mae Sod Clean Energy Co., Ltd. a joint venture company formed by Padaeng Industry, Petrogreen and Thaioil is the first ethanol producer in Thailand who produces directly from sugar cane juice. The detailed feasibility of the project is now being conducted.

POWER PLANT PROJECT UNDER NEW IPP PROGRAM

With the consistent electricity demand growth in Thailand, the government is planning for new biddings from the private sector for power plants under the IPP program. According to the Power Development Plan which is currently being revised by the Ministry of Energy, it is estimated that the country will need an additional 3,000 to 4,000 megawatts of electrical power during 2011 to 2013.

The Company is keen to participate in this project, for which the government is expected to issue invitations to bid in April 2007. We already have an infrastructure for the construction of a gas-fired power plant of 700 to 1,400 megawatts in place, which is an advantage over other new bidders. The infrastructure includes raw water pipeline system, gas pipeline system, back up fuel tank facilities, and transmission lines connected to the grid of Electricity Generating Authority of Thailand. Environmental Impact Assessment for the project has already been approved.

PRODUCTION OF REFINED PRODUCTS TO MEET EURO IV STANDARDS

Thaioil has been studying the options to upgrade gasoline and diesel to meet Euro IV vehicle emission standards, which the Energy Policy and Planning Office (EPPO), Ministry of Energy, will enforce in Thailand in 2012. The expansion at Thai Paraxylene will enable Thaioil to produce gasoline with less than one percent of benzene content. However, additional investments are required to bring down sulphur level in both gasoline and diesel to meet the new standard.

EXPANSION OF THAIOIL MARINE TANKER FLEET

The requirements for marine transportation within PTT group, particularly for petroleum and petrochemical products, have been expanding over years. With tighter environmental regulations, it is expected that sub-standard vessels will gradually deplete from the market. Thaioil Marine has, therefore, evaluated options to add high standard petroleum and petrochemical product tankers to its fleet to serve the growing demand of the whole PTT group.

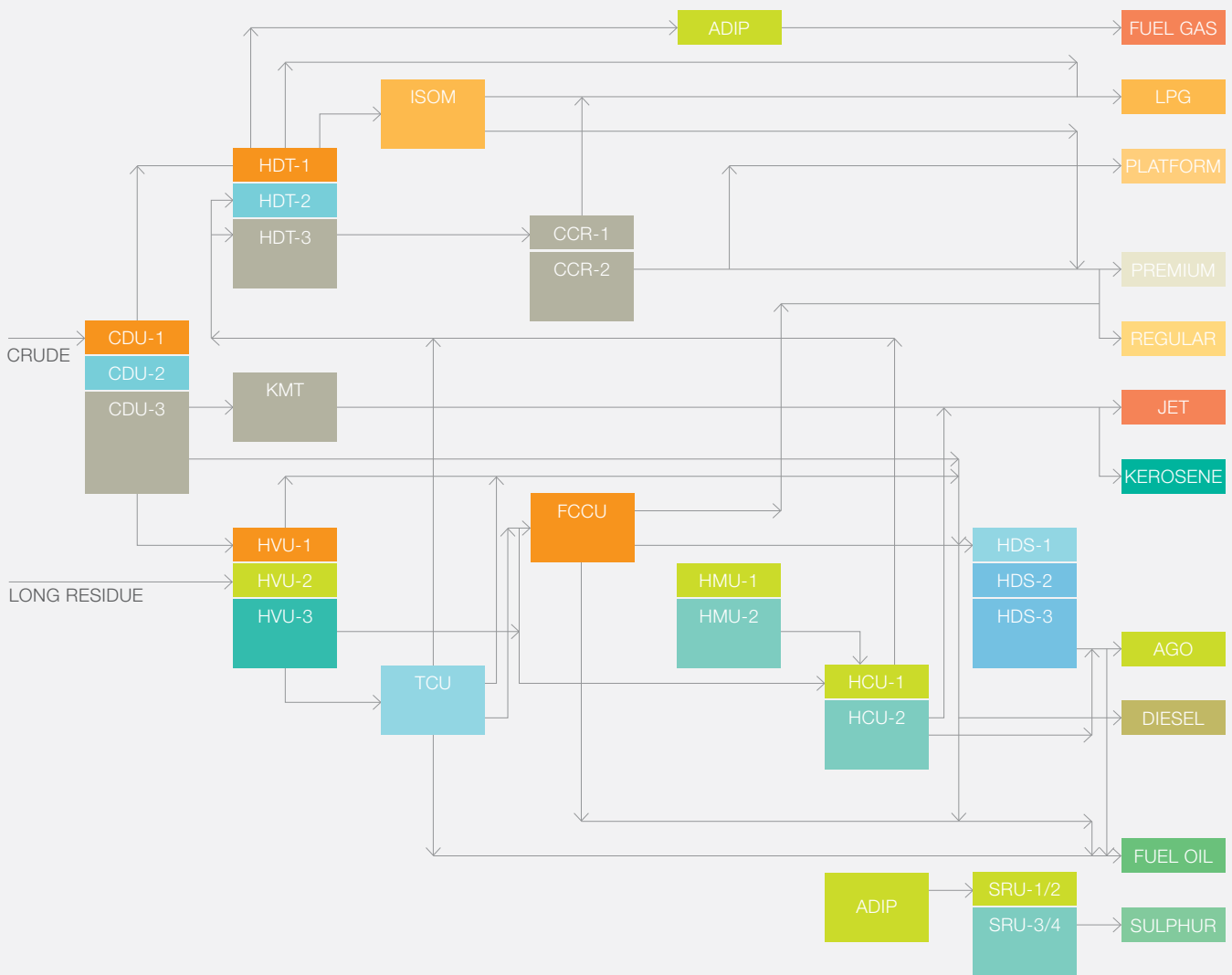
REFINING AND PETROCHEMICAL OPERATIONS

1) REFINING OPERATIONS

Thaioil processed an average 234,000 barrels per day of crude oil and other feedstocks in 2006. The refinery capacity utilization rate was 105 percent, a rise of two percent from the prior year. This performance was due to the commitment of employees in identifying ways to continually increase process efficiency, and monitoring and maintaining plant reliability. Equally crucial were the efficient energy use in refining operations and the timely shutdown of processing units for required repairs or scheduled maintenance. These efforts contributed to the refinery's reliability and efficiency, allowing Thaioil to retain our position as a leading fully integrated refining and petrochemical companies in Asia-Pacific.

Major turnarounds and the shutdown for partial catalyst replacement were carried out from October to November 2006. The work enhanced the refinery's productivity to meet energy demands in both the domestic and international markets that were expected to grow stronger toward the end of the year. Turnaround work was performed in Process Area 1 on the Crude Distillation Unit 1 (CDU-1), High Vacuum Unit 1 (HVU-1), Hydrotreater 1 (HDT-1), and Fluidized Catalytic Cracking Unit (FCCU); in Process Area 3 on High Vacuum Unit 2 (HVU-2) and Hydrocracker Unit 1 (HCU-1); and in Process Area 5 on Hydrocracker Unit 2 (HCU-2).

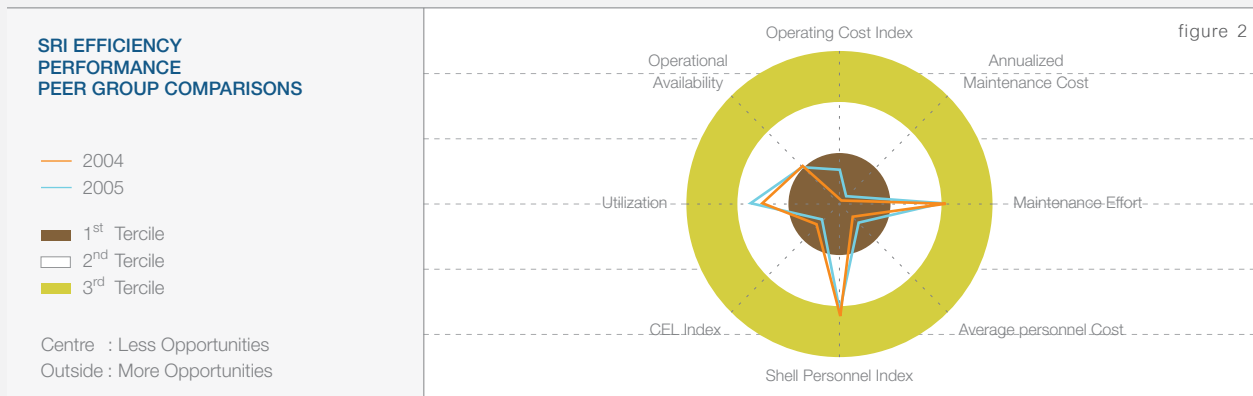
CONFIGURATIONS PROCESS FLOWCHART



2) REFINERY PERFORMANCE BENCHMARK

Thaioil Refinery demonstrated a good overall operating performance in 2005 on a number of key indicators measured by Shell Global Solutions International (SGSI) as shown in the graph below. More than 40 refineries around the globe, all of which were being provided technical services by SGSI, participated in the evaluation.

Thaioil exhibited the first tercile for the following operational parameter: Operating Cost Index, Annualized Maintenance Cost, Average Personnel Cost, Corrected Energy and Loss (CEL) Index, and Operational Availability.



Terciles are graphic representations of participating refineries arranged in order according to parameters defined by SGSI.

- The first tercile represents the best performing refineries and appears in the inner circle of the graph (less improving opportunities).
- The second tercile represents median performing refineries.
- The third tercile represents the worst performing refineries and appears on the outside of the graph (More Improving opportunities).

3) ENERGY EFFICIENCY IMPROVEMENT IN REFINING OPERATIONS

Continual improvement of the refinery's CEL index had placed Thairoil among the top performers of participating operating sites. Nevertheless, higher energy costs following soaring crude oil prices had a considerable impact on the refinery's fuel costs. In our commitment to identify new approaches to achieve greater energy efficiency gains, Solomon Associates was engaged to analyze and recommend improvements to our energy use. The opportunity was also provided for us to learn about technologies other refining facilities were employing to manage their energy consumption. The study results indicated there were opportunities to improve the energy efficiency performance at Thairoil. By investing in energy-conserving equipment in processing units, it was expected that the refinery would be able to reduce energy costs by a further 150-200 million baht per year.

After implementing stringent measures to conserve energy and reduce fuel loss, the refinery's energy use in 2006 declined by two percent from the level in 2005, which is equivalent to a saving of 150 million baht.

4) KNOWLEDGE SHARING IN REFINING AND PETROCHEMICAL SECTORS HELPS BOOST PLANT PRODUCTIVITY AND ENERGY EFFICIENCY

We recognized that sharing information with other manufacturing sites would contribute to the improvement of our refinery performance. So, in 2006, we began sharing data and collaborating with The Aromatics (Thailand) Public Company Limited on operational issues concerning the Hydrotreater and Continuous Catalyst Regeneration Reformer (CCR). The cooperation led to a reduction in costs, after completing process modifications in both units, of 70 million baht annually for the Company.

The success of this initiative paved the way for chemical plants in the PTT group—including the gas separation plant, PTT Chemicals plant, and Thai Paraxylene plant—to activate a process for exchanging and sharing operating data. Advancing the concept of information sharing can only benefit operating facilities in the sector with broader insight into energy efficiency and plant productivity gains, the achievement of which is characteristic of high performance organizations.



5) OPERATIONAL INTEGRATION WITH THAI LUBE BASE

Thaioil continued to extend our support to Thai Lube Base on its efforts to further optimize its production capacity.

Major Scheduled Turnaround

In 2006, Thaioil and Thai Lube Base collaborated on Thai Lube Base's major turnaround maintenance. This was the first major turnaround since the plant commenced operation in 1997. The turnaround was completed on schedule without the loss time accident, and achieved 80 million baht cost savings.

Integrated Production Plan

Thaioil and Thai Lube Base executed their production plan together, using the integrated LP Model (Linear Programming Model). The optimized plan enabled Thai Lube Base to utilize its spare capacity to provide VGOs (Vacuum Gas Oil) to Thaioil for further developing to gas oil, resulting in 110 ktons higher throughput, or 60 million baht more margin to Thai Lube Base.

Refinery Slop oil

Thaioil provided the refinery slop oil to replace Thai Lube Base own blended refinery fuel oil which comprised Extracts and Slack waxes. Thai Lube Base has disposed the backed-out Extracts as a rubber processing oil, and Slack waxes for further developing to gasoline/gas oil in Thaioil, resulting in 200 million baht more margin to Thai Lube Base

6) OPERATIONAL INTEGRATION WITH THAI PARAXYLENE

Thai Paraxylene succeeded in consistently improving various facets of its business and produced an outstanding performance in 2006. In a drive to secure its future as a leading petrochemical company in the region, Thai Paraxylene participated in the benchmarking study with other operating facilities in the same segment for the first time. The evaluation of its capability utilization, total production loss, total sales and marketing costs, and total maintenance costs, indicated Thai Paraxylene to be a good performer. The company was also recognized for giving high priority to enhancing its manpower capability in order to meet its production capacity expansion that was due to begin in 2007.

Integrated Production Plan

Thai Paraxylene implemented a fully integrated production planning with Thairoil during 2006. The joint decision on crude selection, production mode and product volumes allowed the overall performance of both plants to realize optimized margins.

High Plant Utilization Rate

Thai Paraxylene was able to maintain the utilization of its plant capacity at a high level by producing 342,800 tons per year of paraxylene and 45,000 tons per year of mixed xylenes. The plant was further able to extend the service life of adsorbent ADS27 beyond five years, as compared to the three-year average, saving considerable operating costs.

Energy Cost Reduction

The continuous improvements by Thai Paraxylene to its power and heat systems made it possible to perform online cleaning without shutting down the plant. Upon completion, energy efficiency was enhanced and fuel costs were lower. The plant also cut back its use of fuel oil and raised fuel gas consumption, saving Thai Paraxylene a further 130 million baht annually in energy costs.

Commercial

Thai Paraxylene distributed aromatics products—paraxylene and mixed xylenes—under long-term contracts and on the spot market according to demands in national and regional markets. In 2006, the company was able to negotiate long-term sales of paraxylene at more competitive prices.

Thai Paraxylene has always awarded high priority to building good relations with customers. In a survey conducted in 2006, 91.8 percent of the customers were satisfied with the company.



Catalyst Regeneration

In December 2006, Thai Paraxylene shut down processing units for the scheduled catalyst regeneration. The good planning and cooperation of all parties involved shortened the downtime from the planned seven days down to only five.

The paraxylene plant was started up on December 20, 2006, and the production increase was satisfactory.

Quality, Safety, Health and Environment

Thai Paraxylene received ISO 14001 certification in July 2006 for its environment management system from the Management System Certification Institute (Thailand). In September 2006, the Thai Industrial Standards Institute awarded the company certification that its test laboratory met the amended ISO/IEC 17025 standard of 2005.

The company also received the award for outstanding compliance with measures specified in the environmental impact assessment report, and for outstanding environmental management practice.

Another great achievement was attaining a safety record of 3.5 million manhours without lost-time incident on December 29, 2006. This meant the company had not sustained any lost-time incident for 10 years since its inception.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The solid performance by Thairoil and our subsidiaries in 2006 produced a profit from normal operation of 16,647 million baht, which is four percent higher than the previous year.

Fluctuating oil prices during the year placed our Gross Refinery Margin ("GRM") at 4.96 US dollars per barrel, a decline of 25 percent or 1.66 US dollar per barrel from 2005. The GRM drop was offset by Thairoil Group manufacturing facilities—which comprise the oil refinery, paraxylene plant and lube base plant—being fully integrated. This business structure resulted in an integrated margin of 7.69 US dollars per barrel, or eight percent lower than in 2005.

		2006	2005	Change
GRM - Refinery	USD/barrel	4.96	6.62	-1.66 / -25%
Integrated margin ¹	"	7.69	8.39	-0.70 / -8%
EBITDA	million baht	25,014	29,003	-3,989 / -14%
Gain (loss) on foreign exchange	"	3,489	(1,032)	+4,521 / +438%
Profit from normal operation ²	"	16,647	15,948	+699 / +4%
Net profit	"	16,595	18,753	-2,158 / -12%
Earnings per share	baht	8.13	9.19	-1.06 / -12%

1 Integrated margin is calculated from the combined GRM of Thairoil, Thai Paraxylene, and Thai Lube Base, divided by the exchange rate in each period, and divided by total feedstock of Thairoil, Thai Paraxylene, and Thai Lube Base.

2 Excluding gain or loss from asset disposal and allowance for impairment of assets.

EBITDA of Thairoil and our subsidiaries totaled 25,014 million baht, down 3,989 million baht or 14 percent from the previous year. Gain on translation of foreign currency was 3,489 million baht due to the baht strengthening by 4.9 baht per US dollar at the end of 2005 to close at 36.23 baht per US dollar. Good economic conditions and the weakening dollar attracted a high volume of foreign cash to flow into the Thai stock market despite the baht losing strength after the Bank of Thailand announced measures on Reserve Requirement on Short-Term Capital Inflow on December 18, 2006.

Thaioil and our subsidiaries gained 16,647 million baht in profit from normal operation, an increase of 699 million baht from 2005. Net profit for 2006 was 16,595 million baht, or equivalent to earnings of 8.13 baht per share. In comparison, the net profit for 2005, which included a gain from reversal impairment of TLB assets and a loss on asset disposal, was 2,158 million baht higher, which is an increase of 1.06 baht per share or 12 percent.

RESULTS OF OPERATIONS OF THAIOIL AND SUBSIDIARIES IN 2006

	TOP ⁽¹⁾	TPX	TLB	IPT	TP ⁽¹⁾	TM	Total	+ / (-) from 2005	
in million baht									%
Sales revenue	280,148	41,604	17,647	8,384	3,442	518	279,109	+29,998	+12%
EBITDA	13,334	6,125	2,768	1,996	724	81	25,014	-3,989	-14%
Interest expense	(1,394)	(96)	-	(371)	(56)	(1)	(1,917)	-236	-11%
Gain (loss) on foreign exchange	2,887	98	(18)	523	1	(1)	3,489	+4,521	+438%
Profit from normal operations	7,489	5,666	2,322	1,572	318	30	16,647	+699	+4%
Net profit/(loss)	7,497	5,666	2,322	1,573	318	30	16,595	-2,158	-12%

(1) Excluding profit (loss) sharing from subsidiaries.

- Thaioil ("TOP") Revenue from sales in 2006 was 280,148 million baht, an increase of 33,935 million baht due to higher oil product prices. Intake totaled 234,000 barrels per day, up by 5,000 barrels per day. Average GRM in 2006 of 4.96 US dollars per barrel, which is 1.66 US dollars lower than in the previous year. Complete with strong baht resulted in EBITDA of 13,334 million baht, down by 7,022 million baht over 2005. From the strong baht, though, Thaioil was able to recognize a gain of 2,887 million baht from translation of foreign currency, which is an increase of 3,621 million baht. In addition, effective financial management reduced interest expense by 34 million baht to 1,394 million baht against a backdrop of rising interest rates from levels in 2005. Net profit totaled 7,497 million baht, a fall of 2,099 million baht, or 22 percent.

- Thai Paraxylene (“TPX”) Revenue from sales in 2006 totaled 41,604 million baht, which bettered 2005 by 9,477 million baht. This was primarily due to the paraxylene price remaining consistently high as demand by PTA plants grew, as well as the replacement of the additive MTBE in unleaded gasoline with aromatics compounds in the United States as from early 2006. In addition, the supply market was tight following plant shutdowns in the region for turnaround. At the same time, feedstock costs, which use gasoline as the reference price, adjusted downward, driving the margin between paraxylene and unleaded gasoline to increase to an average of 400 to 600 US dollars per ton. EBITDA for Thai Paraxylene, as a result, grew 1,749 million baht over 2005 to 6,125 million baht. New lending terms effective in the second quarter and payment of the entire long-term loan in the last quarter combined to reduce paid interest. Net profit for 2006 totaled a record high of 5,666 million baht, up 1,996 million baht from the earlier year.
- Thai Lube Base (“TLB”) Revenue from sales in 2006 increased by 3,411 million baht over 2005 to 17,647 million baht. EBITDA was 2,768 million baht, a growth of 1,001 million baht that was due to the margin of the main products averaging between 570 and 580 US dollars per ton, or over 240 US dollars per ton higher than in 2005. Improved processing efficiency following the first major turnaround in the first quarter, including the catalyst change and the use of Thairoil’s Hydrocracker bottom in processing, led to increase lube base production. Profit from normal operation totaled 2,322 million baht, up by 724 million baht. However, compared to 2005 net profit, which included allowance for impairment of assets of 2,894 million baht and gain on asset disposal of 154 million baht, 2006 net profit was 2,324 million baht lower.
- Independent Power (Thailand) (“IPT”) Revenue from sales in 2006 was 8,384 million baht, an increase of 342 million baht. The result was in spite of the high-pressure transformer short-circuiting in January 2006, though the repair work was completed two months ahead of schedule and the power plant returned to the full capacity of 700 megawatts on June 20, 2006. The strong baht resulted in a gain from translation of foreign currency of 523 million baht. Insurance compensation for damages in the amount of 394 million baht was received, comprising 328 million baht for business interruption and 66 million baht for property damage. Payable tax on insurance claims was 98 million baht. This brought the net profit after tax to 1,573 million baht, which was 1,130 million baht higher than in 2005.

- Thairoil Power (“TP”) Revenue for sales in 2006 grew 335 million baht to total 3,442 million baht. EBITDA amounted to 724 million, a drop of 66 million baht, due to higher production costs driven by the price of fuel oil which had gone up from the same period of the earlier year. After deducting 94 million baht in tax, which Thairoil Power started paying in the second quarter after the Board of Investment tax privilege ended in March, the net profit for 2006 totaled 318 million baht, which was a drop of 154 million baht from the previous year.
- Thairoil Marine (“TM”) Revenue from services was 518 million baht, a reduction of 173 million baht over 2005. Profit from operations totaled 30 million baht, an increase of one million baht, due to successful initiatives to enhance fleet management efficiency. Fleet expansion was also undertaken to meet the requirement of PTT group. However, when compared to the net profit of 2005, which included 55 million baht in gains from the disposal of two carriers, Mahanatee and Suvarnabhumi, the 2006 net profit was lower by 54 million baht.

ANALYSIS OF FINANCIAL POSITION OF THAI OIL AND SUBSIDIARIES

in million baht	December 31, 2006	December 31, 2005	+ / -	%
Total assets	124,682	124,169	+513	-
Total liabilities	51,869	57,316	-5,447	-9%
Shareholders’ equity-net	72,813	66,852	+5,961	+9%

Total Assets

As at December 31, 2006, total assets of Thairoil and subsidiaries amounted to 124,682 million baht, an increase of 513 million baht over the previous year.

Total Liabilities

As at December 31, 2006, the total liabilities of Thairoil and subsidiaries amounted to 51,869 million baht, a reduction of 5,447 million baht. This was due primarily to 8,191 million baht of loan payments on schedule and ahead of schedule, the US-dollar-denominated loan being reduced by 2,728 million baht

upon translation as a result of baht appreciation at 4.94 baht per US dollar, and the additional debt of 5,500 million baht from Thairoil's Baht bond issue.

Shareholders' Equity-Net

As at December 31, 2006, net shareholders' equity totaled 72,813 million baht, up by 5,691 million baht over 2005. This was due to the positive results minus the annual dividend payment at 3.50 baht per share, which amounted to 7,140 million baht, and the interim dividend payment at 1.50 baht per share, which amounted to 3,060 million baht.

ANALYSIS OF CASH FLOWS AND FINANCIAL RATIOS

In 2006 cash from operating activities was 17,911 million baht, and cash from investing activities was 8,295 million baht, largely payments on projects that included the CDU-3 expansion project of 2,131 million baht, the single buoy mooring project of 2,828 million baht, the new gas turbine project of 779 million baht, the expansion project of Thai Paraxylene in the amount of 2,396 million baht. Thairoil and subsidiaries used 14,342 million baht of cash in financing activities. Combined with the beginning cash balance of 11,252 million baht, Thairoil and subsidiaries had cash balance as at December 31, 2006 of 6,525 million baht.

FINANCIAL RATIOS

		2006	2005
Liquidity (Current Ratio)	times	2.6	2.5
Total liabilities to equity	times	0.7	0.9
Long-term debt to equity	times	0.4	0.5
Interest coverage	times	13.1	13.5
Long-term debt to long-term capital	percent	29	35
Net debt to equity	times	0.3	0.4
Share price to book value	times	1.5	1.9

CONNECTED TRANSACTIONS

1. TRANSACTIONS BETWEEN THAI OIL AND/OR THAI OIL SUBSIDIARY COMPANIES AND THAI OIL'S MAJOR SHAREHOLDER

(1) Transactions between Thai oil and PTT Plc

Description

- Thai oil entered into an agreement with PTT for product offtake and crude supply whereby PTT and Thai oil agreed to purchase and sell finished petroleum products at market prices according to the product planning procedures, specifications and conditions specified in the agreement. PTT shall propose the product type and volume required for domestic distribution and/or export. The volume lifted by PTT shall be at least 49.99 percent of Thai oil's refining capacity, which is currently 220,000 barrels per day and will be increased to 270,000 barrels per day upon completion of the Crude Distillation Unit expansion. Thai oil shall notify the product type and volume to be delivered within the agreed date, and PTT shall purchase at the volume agreed by Thai oil for delivery. Furthermore, PTT shall have the first right to purchase products at market prices ahead of other customers at the maximum volume of 100 percent of Thai oil's refining capacity according to conditions specified in the agreement.

This agreement can be terminated for a number of reasons including by either party giving written notice at least 12 months in advance. However, the parties cannot give notice prior to the 13th year as from April 20, 2000.

- Thai oil entered into agreement with PTT for the supply of natural gas to Thai oil's refinery at the agreed volume for a period of eight years (2006 to 2013). Thai oil may modify the volume by giving PTT advance notice. The monthly natural gas price shall comprise of the cost of natural gas, to be calculated according to the formula specified in the agreement, and the utilization fee for the natural gas pipeline, consistent with the normal business practice. Both parties can extend the agreement by giving written notice at least six months in advance.
- Thai oil entered into forward contracts with PTT at intervals, according to the normal business practice, to hedge the risk of fluctuating oil prices. Under each contract, PTT and Thai oil pay the difference between the fixed and floating prices.

- Thailoil entered to an agreement with PTT for co-use of equipment and tools as well as personnel from the Oil Spill Response Company Limited as from July 1, 2005 for clean-up operations of oil spills in the sea or along the coastline. Thailoil shall pay an annual fee and other expenses proportionately with PTT. Both parties can extend the agreement by giving the other party written notice at least six months in advance.

(2) Transactions between Thailoil Subsidiary Companies and PTT

Description

- Thailoil Power entered into an agreement with PTT for the supply of natural gas for using in the operation of Thailoil Power's power plant for a period of 25 years (1998 to 2022). Each year, Thailoil Power is obligated to purchase natural gas at the minimum volume or pay for the natural gas as specified in the agreement (take or pay). The natural gas price shall be the market price according to the normal business practice. Both parties can extend the agreement by giving written notice at least one year in advance.
- Independent Power (Thailand) entered into an agreement with PTT for the supply of natural gas for use in the operation of the power plant of Independent Power (Thailand) for a period of 25 years (1999 to 2024). The quality and volume of natural gas are specified in the agreement. The natural gas price shall be the market price according to the normal business practice. This agreement can be terminated by the parties or upon termination of the power purchase agreement between Independent Power (Thailand) and EGAT. The parties can extend the agreement by giving written notice in advance.
- Thailoil Marine entered into an agreement with PTT for a three-year office lease. The agreement can be extended by three years at a time, the lease shall be based on actual cost, and the terms shall not differ from non-related persons.
- Thailoil Marine entered into an agreement with PTT for the chartering of oil product and chemical tankers. The agreement is valid for one year as from August 2, 2005, and can be extended by the parties giving written notice at least three months in advance.

2. TRANSACTIONS BETWEEN THAIOIL AND SUBSIDIARY OR RELATED COMPANIES

(1) Transactions with Thairoil Power

Description

- Thairoil entered into an agreement with Thairoil Power for equipment operation, maintenance, repairs and other support services, and the supply of feedstock and spare parts including legal fuel reserve. The agreement is valid for 24 years as from April 1, 1998 or until the termination of the land lease or sub-lease between Thairoil and Thairoil Power, whichever occurs first. The service fee is the actual cost plus overheads according to the normal business practice. This agreement can be terminated for a number of reasons including by either party giving notice to the other party.
- Thairoil entered into an agreement with Thairoil Power for the use of infrastructure systems. The agreement is valid for 24 years as from April 1, 1998 or until the termination of the land lease or sub-lease between Thairoil and Thairoil Power, whichever occurs first. The use of Thairoil's infrastructure systems includes power, steam and water distribution systems, control system, and other Thairoil utilities in the vicinity of the power plant. Payment by Thairoil Power shall be at the rate of two percent of its monthly revenue. This agreement can be terminated for a number of reasons including by either party giving notice to the other party.
- Thairoil entered into an agreement with Thairoil Power for lease and sub-lease of land for a period of 25 years and nine months (October 1996 to September 2022). Certain parcels of the land are in the possession of Thairoil according to the land lease with the Ministry of Finance, and other parcels are in Thairoil's ownership. The leased and sub-leased land parcels were for construction and operation of the power plant and associated activities. Combined rental shall be paid annually with adjustments every five years according to the stipulations of the lease contract with the Ministry of Finance. Upon expiration of the lease and sub-lease agreements, ownership of buildings including constructions and equipment attached to buildings which are not the plant shall transfer to the Ministry of Finance and/or Thairoil as the case may be.
- Thairoil received compensation from Thairoil Power for the minimum volume of power and steam which Thairoil Power could not meet under the terms of the power and steam purchase agreement between

Thaioil Power and Thai Lube Base during the suspended operation of Thai Lube Base. Thaioil will receive this compensation when Thai Lube Base pays Thaioil Power for the outstanding minimum power and steam purchase according to the debt restructuring program. Thaioil is obligated under the agreement for purchasing of shares in Thaioil Power dated January 31, 2000 between Thaioil and PTTEP to use best efforts in maintaining a balanced volume of power and steam by Thaioil Power.

- Thaioil entered into an agreement with Thaioil Power for the purchase of power and steam according to the agreed prices for a period of 25 years (1998 to 2022). Power and steam prices shall be at market prices. This agreement can be terminated for a number of reasons including by either party giving notice to the other party.
- Thaioil Power entered into an agreement with Thaioil for repayment of the construction cost of the natural gas pipeline for use of the pipeline for a period of 25 years as from April 1, 1998 or upon termination of the power purchase agreement with EGAT, whichever occurs first. Thaioil Power repaid such construction cost in full in 1998, which was made in installments during the term of the agreement.

(2) Transactions with Independent Power (Thailand)

Description

- Thaioil entered into an agreement with Independent Power (Thailand) for the provision as from July 28, 1998 of various support services such as human resources, personnel training, personnel selection, coordination with government authorities, and other services as notified by Independent Power (Thailand). The service charge shall be the actual cost plus overheads according to the normal business practice. The agreement will terminate upon termination of the power purchase agreement with EGAT. However, this agreement can be terminated for a number of reasons including by either party giving notice to the other party at least 120 days in advance.
- Thaioil entered into an agreement with Independent Power (Thailand) whereby Thaioil shall be compensated for the construction of the raw water pipeline in return for use of the pipeline by Independent Power (Thailand) for a period of 25 years as from July 28, 1998 or until the termination of the power purchase agreement with EGAT, whichever occurs first. Thaioil had invested in the

construction of the raw water pipeline to carry water to Thairoil's refinery. Independent Power (Thailand) shall compensate Thairoil for the construction cost annually according to the actual cost plus overheads consistent with the normal business practice.

- Thairoil entered into an agreement with Independent Power (Thailand) whereby Thairoil shall be compensated for using the land to construct transmission lines to connect Independent Power (Thailand) to EGAT's grid for a period of 25 years as from August 15, 1998 or until the termination of the power purchase agreement with EGAT, whichever occurs first. Independent Power (Thailand) shall compensate Thairoil for the land utilization according to the actual cost plus overheads consistent with the normal business practice.
- Thairoil entered into an agreement with Independent Power (Thailand) for land sub-lease for a period of 25 years and nine months (December 1996 to September 2022) for the construction and operation of the power plant and associated activities. Combined rental shall be paid annually with adjustments every five years according to the stipulations of the lease contract with the Ministry of Finance. Upon expiration of the sub-lease agreements, ownership of buildings including constructions and equipment of buildings which are not the plant shall transfer to the Ministry of Finance.
- Thairoil entered into an agreement with Independent Power (Thailand) for the supply of the legal oil reserve for a period of 25 years except when the power purchase agreement between Independent Power (Thailand) and EGAT is extended or terminated. Thairoil shall supply the legal oil reserve as notified by Independent Power (Thailand) and shall maintain the legal oil reserve at the agreed volume. Service charge shall be the actual cost plus overheads according to normal business practice.

(3) Transactions with PTT ICT Solutions

Description

- Thairoil entered into an agreement with PTT ICT Solutions for information technology and communications services for an initial period of five years as from July 1, 2006. Upon expiration, both parties shall consider extending the agreement five years at a time. Either party who wishes to amend or modify the terms and conditions of the agreement shall give written to the other party at least 180 days in advance prior to the expiration of each agreement.

(4) Transactions with Bangchak Petroleum

Description

- Thaioil entered into an agreement with Bangchak Petroleum to process the long residue of Bangchak Petroleum at Thaioil into fuel oil for distribution by Bangchak Petroleum. The agreement is valid until termination by either party by giving written notice at least 90 days in advance. Payment shall be offset with the price as specified in the agreement.

(5) Transactions with IRPC

Description

- Thaioil entered into an agreement with IRPC for the purchase of products processed from oil feedstock for IRPC according to the volume and price specified in the agreement. The agreement shall remain in effect for six months and can be extended by one month each time. The agreement shall terminate upon either party giving written notice of termination at least six months in advance.

3. TRANSACTIONS AMONG THAI OIL SUBSIDIARY AND RELATED COMPANIES

Description

- Thaioil Power entered into an agreement with Independent Power (Thailand) whereby Thaioil Power shall reserve power in the agreed amount at the fee according to the actual cost plus overheads consistent with the normal business practice. The agreement is valid for 25 years as from January 6, 2000 or until the power purchase agreement between Independent Power (Thailand) and EGAT is terminated, whichever occurs first. This agreement can be terminated for a number of reasons by the terminating party giving advance notice to the other party.
- Thaioil Power entered into agreements with Thai Paraxylene and Thai Lube Base for a period of 25 years until 2022 for the sales of power and steam according to the agreed volumes. Prices of power and steam shall be market prices with the condition that the minimum volume of power and steam shall be purchased or the minimum prices of power and steam paid as specified in the agreements. The agreements can be terminated for a number of reasons by the terminating party giving advance notice to the other party.

- Independent Power (Thailand) entered into an agreement with Siemens Limited (Thailand) on January 31, 2005 for long-term power generator maintenance. The two previous agreements for long-term generator maintenance, which were the power generator maintenance agreement with Siemens Westinghouse Services Company Limited and supply spare parts for generator maintenance contract with Siemens Westinghouse Power Corporation, were terminated. The new agreement provides maintenance service to the two new generators which Independent Power (Thailand) had installed in 2003 and 2005. Maintenance service fee shall be as specified in the agreement according to the normal business practice. The Agreement is valid for 14 years as from January 31, 2005 or until completion of two major turnarounds or until the CT1 generator reaches 100,000 hours of operation and the CT2 generator reaches 91,666 hours of operation as from going online, whichever occurs first.

4. OPINION OF AUDIT COMMITTEE ON CONNECTED TRANSACTIONS

These connected transactions were reviewed and approved by the Audit Committee on February 16, 2007. The transactions were found to be reasonable and necessary for the Company's operations, and were conducted in the normal course of business and at market prices or comparable to prices applied to non-related parties.

5. POLICY ON ENTERING CONNECTED TRANSACTIONS IN FUTURE

Thaioil's policy on entering connected transaction is to follow the regulations of the Office of the Securities and Exchange Commission and the accounting principles on disclosure of information on related persons or activities which were established by the Federation of Accounting Professions.

In future, were Thaioil to enter into a connected transaction with a potential conflict of interest, the Company will seek the opinion of the Audit Committee as to the appropriateness of such transaction. In the event, the Audit Committee does not have the expertise to review the transaction, the Company will seek the opinion of an independent expert such as an auditor or asset valuator. The opinion of the Audit Committee or expert shall form the basis for the Board of Directors or shareholders, as the case may be, to make a decision to ensure that the connected transaction will not move or transfer any interests between the Company, subsidiary companies, affiliated companies, associated companies, or shareholders of the Company, but the transaction has taken into consideration the optimum benefits to all shareholders, particularly the minority shareholders.



EFFICIENCY

F

OPERATIONAL EXCELLENCE

DRIVES COMPETITIVE EDGE

Evaluating performance in each work process against best practice benchmarks lead to continuous improvements in knowledge, capability and competencies of the personnel.

This allows us to maintain the high standards of Group products and services in order to confidently and effectively respond to competitive challenges.

SHAREHOLDING AND MANAGEMENT STRUCTURE

1. COMPANY ASSETS

On September 22, 2006, the closing date of the register, the Company's registered capital was 20,400,278,730 baht, with the paid-up capital was 20,400,278,730 baht, comprising 2,040,027,873 common shares at the par value of 10 baht per share. Besides common shares, there are no other types of shares or securities. The ten major shareholders, grouped according to their partnerships, as defined in Section 258 of the Securities and Exchange Act BE 2535, are listed below.

2. SHAREHOLDERS

As at September 22, 2006, the ten major shareholders, including shareholding referred to Section 258 of the Securities and Exchange Act BE 2535, are as follows:

Major Shareholders	Amount of Shares	Shareholding Percentage
1 PTT Public Company Limited	1,010,647,483	49.54
2 HSBC (Singapore) Nominees Pte Limited	55,480,400	2.72
3 Thai NVDR Company Limited	41,168,661	2.02
4 State Street Bank and Trust Company	37,516,561	1.84
5 Nippon Oil Corporation	36,137,200	1.77
6 State Street Bank and Trust Company, for London	34,894,119	1.71
7 Chase Nominees Limited 1	33,069,461	1.62
8 Morgan Stanley & Co International Limited	25,812,647	1.27
9 Gerlach & Co - UMB Funds	25,795,500	1.26
10 Civil Servant Pension Fund	20,027,900	0.98
	1,320,549,932	64.73

PTT Public Company Limited, the majority shareholder, is involved in establishing policies for managing and operating the Company through the approval process of the Board of Directors level.

3. DEBENTURES

3.1 Us dollar bonds

In 2005, Thairoil issued 350 million US dollars of senior unsecured 10-year notes with a maturity and single reimbursement on June 9, 2005 at an annual rate of 5.10 percent. The bond issue was rated Baa1 to reflect a stable outlook by Moody's, and assigned a BBB rating by Standard & Poor's for a stable trend.

3.2 Baht Bonds

Thairoil's offer of 5.5 billion baht of senior unsecured notes to domestic institutional investors was a success. The notes were structured in two tranches. The first tranche was a total 2,750 million baht with a three-year maturity at a fixed annual rate of 5.39 percent. The second tranche of 2,750 million baht with a seven-year maturity at a fixed annual rate of 5.70 percent. The Company further purchased a cross currency swap for US dollar denomination and changed the fixed baht currency interest to a fixed US dollar currency interest. This allows our debt structure to be consistent with our revenue structure which is US-dollar-denominated and will benefit from the US dollar interest that shows a downward trend. In addition, it will spread our lending sources.

Fitch Ratings (Thailand) assigned the Company and our bond issue AA-(tha) long-term credit rating and F1+ (tha) short-term credit ratings.

4. DIVIDEND POLICY

The Board of Directors may consider recommending the payment of an annual dividend for approval at the Annual General Meeting of Shareholders (AGM). The Board of Directors is only authorized to approve the payment of an interim dividend when the Company earns a reasonable profit. The interim dividend shall be reported at the following AGM

The present dividend payment policy is at least 25 percent of the net profit after deductions of all reserves as specified in the Company Regulations and applicable laws. However, such dividend payment depends on investment plans, other requirements and considerations as determined by the Board of Directors.

The dividend payment policy for subsidiary companies shall be decided and proposed by the Board of Directors of the subsidiaries to the AGM for approval. There is no fixed dividend payment and is subject to investment plans, other requirements and considerations as determined by the Board of Directors of the Subsidiaries.

5. MANAGEMENT STRUCTURE

The corporate structure of the Company in 2006 consists of the Board of Directors, Audit Committee, Corporate Governance Committee, Nomination and Remuneration Committee, Independent Directors, and Management Team.

6. BOARD OF DIRECTORS

Directors in 2006 were:

1	Cherdpong Siriwit	Chairman
2	Manu Leopairote	Independent Director
3	Somchai Wongsawat ⁽¹⁾	Independent Director
4	Prasert Bunsumpun	Director
5	Pala Sookawesh	Independent Director
6	Chakramon Phasukvanich	Independent Director
7	Olarn Chaipravat	Independent Director
8	Prapun Naigowit ⁽²⁾	Independent Director
9	Nibhat Bhukkanasut	Independent Director
10	Prajya Phinyawat	Director
11	Nit Chantramonklasri	Independent Director
12	Pichai Chuhavajira	Director
13	Norkun Sittiphong ⁽¹⁾	Independent Director
14	Viroj Mavichak	Director and Secretary

Remark :

(1) Mr. Somchai Wongsawat resigned on December 1, 2006 and Mr. Norkun Sittiphong was appointed to assume the vacancy on December 22, 2006.

(2) Mr. Prapun Naigowit resigned on September 15, 2006.

6.1 Directors Completing Terms And Resigning In 2006

Directors	Shareholding as at		Resigned on
	December 31, 2005	December 31, 2006	
1 Prapun Naigowit	-	-	September 15, 2006
2 Somchai Wongsawat	-	-	December 1, 2006

6.2 Authorized directors

The signatures of any two directors shall be binding on the Company when affixed with the seal of the Company.

7. BOARD COMPOSITION AND APPOINTMENT

The composition, nomination, appointment, removal or resignation of directors are stipulated in the Company Regulations, which can be summarized as follows.

- (1) The Board of Directors shall consist of not less than five members with at least half of the directors residing in Thailand and all of the directors must be appointed by the shareholders meeting. At least three members shall serve on the Audit Committee with at least one member qualified in finance and accounting. In this respect, at least half of members shall have their permanent residence in Thailand.
- (2) The shareholders meeting shall appoint directors according to the following principles and procedures:
 - i. Each shareholder shall be entitled to one vote for each share.
 - ii. Each shareholder shall be entitled to cast all the votes under (i.) for as many nominees as there are directors to be elected but shall not divide his votes among different directors in any proportion.
 - iii. Nominees who receive the largest number of votes in descending order shall be elected. In the event of nominees receiving equal votes and exceeding the number of vacancies to be filled, the chairman of the meeting shall cast the deciding vote.

- (3) At every Annual General Meeting of shareholders, one-third of the directors, or, if the number of directors cannot be divided exactly into three parts, the number of directors nearest to one-third, shall retire from office. The directors to retire from office in the first and second years following the registration of the public company transformation of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall retire from office. A retiring director may be eligible for re-election.
- (4) Any director who wishes to resign from office must submit a letter of resignation to the Company. The resignation shall be effective on the date the Company receives the letter.
- (5) Shareholders may pass a resolution at the Annual General Meeting of Shareholders to remove any director from the Board of Directors prior to the completion of his term. This requires a minimum of three-fourths of the total shareholders attending who have voting rights and holding minimum one-half of the total shares held by shareholders attending.

8. BOARD ROLES AND DUTIES

The Company Regulations provide that the roles and duties of the Board of Directors is to manage the Company's business and affairs in compliance with laws, objectives, regulations and shareholder resolutions with integrity and in the best interest of the Company and shareholders.

The Board of Directors shall elect one member as Chairman of the Board. If the Board of Directors considers it appropriate, one director or more may be elected as Vice Chairmen. The role of the Vice Chairman is defined in the Company Regulations with regard to activities assigned by the Chairman. The Company Regulations further provide that the Board of Directors shall meet at least once every three months and may hold additional meetings as required. In practice, the Board of Directors meets once every two months.

The Board of Directors has the following roles and duties:

- Review and approve activities in compliance with legal requirements.
- Regularly assess the performance of the Managing Director and fix the remuneration.

- Establish the corporate vision and assume responsibility for operating results and management performance with dedication and diligence.
- Review and approve key strategies and policies including objectives, financial targets, risks, plans and budgets, as well as oversee that management follow the established policies and plans effectively.
- Assure the integrity of accounting system, financial reporting and financial audit. Oversee the establishment of effective assessment of internal controls and internal audit, financial reports and monitoring.
- Establish the risk management policy across the organization and oversee that management follows the policy and reports regularly to the Audit Committee. System reviews and assessment of risk management shall be performed once every year and at more regular intervals when the level of risk changes. This includes giving priority to advance warning and reporting of irregularities.
- Be alert to the potential for conflict of interest among stakeholders and resolve the situation; establish guidelines for transactions that may conflict with the interest of the Company and shareholders whereby the stakeholder with the conflict of interest should withdraw from the decision process; and establish procedures for the complete and adequate disclosure of potential conflicts of interest.
- Establish and approve the written corporate governance policy. The Board of Directors shall schedule the annual evaluation of the corporate governance policy and performance.
- Encourage the publication of business ethics guidelines to enable directors, executives and all employees to understand the ethical standard adopted by the Company in conducting business. The Board of Directors shall monitor strict compliance with these guidelines.

9. SCOPE AND RESPONSIBILITIES OF THE MANAGING DIRECTOR

The Managing Directors is assigned by the Board of Directors to manage the business and affairs of the Company according to the plans and budgets approved by the Board of Directors with discipline, honesty, integrity and in the best interest of the Company and the shareholders.

The scope and responsibilities are:

- (1) Develop and propose the business plan and strategies for conducting business to the Board of Directors.
- (2) Provide the Board of Directors with information on Company activities or other required information.

- (3) Manage the business and affairs of the Company consistent with business plans and strategies approved by the Board of Directors.
- (4) Effectively structure and manage the organization according to guidelines given by the Board of Directors.
- (5) Foster a corporate culture appropriate for a national oil industry.
- (6) Perform other duties including having the authority to conduct business as assigned by the Board of Directors.
- (7) Have the authority to delegate and/or assign other persons to perform specific tasks within the framework of rules, regulations or orders established by the Board of Directors or the Company.
- (8) Prepare and present reports on the performance of the Company to the Board of Directors every two months including reports on other matters as required.

The delegation of authority, duties and responsibilities of the Managing Director shall not result in any conflict of interest with the Company or subsidiaries as defined in the announcement of the Securities and Exchange Commission.

10. CONNECTED TRANSACTIONS

In the event the Company or subsidiaries (companies in which the Company directly or indirectly has a shareholding of more than 50 percent of the registered capital of such companies) becomes involved in a connected transaction or an activity in which of substantial assets of the Company are acquired or disposed, according to the principles of the Stock Exchange of Thailand, the Company must take the action stipulated by the Stock Exchange of Thailand. Should it become necessary for the Company to seek approval from shareholders to enter a connected transaction or to acquire or dispose of substantial assets of the Company, a majority vote not be less than three-fourths of all the votes of shareholders or proxies attending the Annual General Meeting of Shareholders and eligible to vote is required without counting the votes of shareholders involved in the conflict of interest.

11. BOARD COMMITTEES

11.1 Audit Committee

The Stock Exchange of Thailand stipulates that listed companies must appoint an audit committee to audit business operations, financial reports, and internal control system, to select independent auditors, and to review of conflicts of interest, as well as to submit reports on the activities of the Audit Committee.

The Audit Committee appointed by the Board of Directors consists of:

- | | | | |
|---|----------------------|-------------|---------------|
| 1 | Manu Leopairote | As Chairman | (Independent) |
| 2 | Somchai Wongsawat | As Member | (Independent) |
| 3 | Nit Chantramonklasri | As Member | (Independent) |

Mr. Somchai Wongsawat resigned on December 1, 2006, and Mr. Norkun Sittiphong was appointed to assume the vacancy on December 22, 2006. All members of the Audit Committee are independent directors. Ms. Hasaya Nipatvaranan, Internal Systems Audit Manager, serves as Secretary to the Audit Committee (replacing Mr. Narongrit Tavorntisitporn on October 1, 2006).

The key roles and responsibilities of the Audit Committee are:

- Review the accuracy and reliability of all financial statements.
- Review the adequacy and effectiveness of internal control and internal audit systems with the Certified Public Accountant and Internal Systems Audit Manager.
- Review the Company's compliance with requirements of securities and exchange laws, Stock Exchange of Thailand regulations, and other laws applicable to the Company's business.
- Select and recommend the appointment of Certified Public Accountant and set their fees.
- Review the accuracy and adequacy of disclosed information on related party transactions or potential conflicts of interest.
- Prepare a report signed by the Chairman of the Audit Committee on the activities of the Audit Committee for disclosure in the Company's Annual Report.
- Review quarterly risk management reports prior to presenting to the Board of Directors.
- Report to the Board of Directors on the review of risk management
- Other tasks as assigned by the Board of Directors within the scope of responsibilities of the Audit Committee.

In the year under review, the Audit Committee performed as follows:

- (1) Reviewed the adequacy and effectiveness of quarterly financial reports, and internal control and internal audit systems with the Certified Public Accountant and Internal Systems Audit Manager.
- (2) Reviewed the Company's compliance with requirements of securities and exchange laws, Stock Exchange of Thailand regulations, and other laws applicable to the Company's business.
- (3) Assessed the accuracy and adequacy of disclosed information on related party transactions or potential conflicts of interest.
- (4) Selected and recommended the appointment of Certified Public Accountant independent auditors and set their fees.
- (5) Reviewed quarterly risk management reports

11.2 Corporate Governance Committee

The Board of Directors at its Meeting No. 8/2548 on November 11, 2005 appointed the Corporate Governance Committee to consist of:

- | | | | |
|---|------------------|-------------|---------------|
| 1 | Olarn Chaipravat | As Chairman | (Independent) |
| 2 | Prapun Naigowit* | As Member | (Independent) |
| 3 | Prajya Phinyawat | As Member | |

* Mr. Prapun Naigowit resigned on September 15, 2006.

Mr. Narongrit Tavorntvisitporn, Acting Assistant Managing Director-Corporate Affairs, served as Secretary to the Corporate Governance Committee.

The Corporate Governance Committee has the following duties:

- Formulate the policy for continued development of good corporate governance practices according to international standards as the basis for application by the Company.
- Formulate the policy for corporate governance assessment and oversee that the assessment is performed at the appropriate time.
- Provide guidance to the working group in preparing for corporate governance assessment by an independent party.

In the year under review, the Corporate Governance Committee performed as follows:

- (1) Set the policy on corporate governance as the framework for application.
- (2) Reviewed the revised manual on corporate governance principles.
- (3) Reviewed compliance with corporate governance principles as prescribed by the Stock Exchange of Thailand.
- (4) Arranged for the Thai Institute of Directors Association and Independent assessor to conduct corporate governance assessment of Thairoil and companies in the PTT Group

11.3 Nomination and Remuneration Committee

The Board of Directors at its Meeting No. 8/2548 on November 11, 2005 appointed the Nomination and Remuneration Committee to consist of:

- | | | | |
|---|------------------------|-------------|---------------|
| 1 | Pala Sookawesh | As Chairman | (Independent) |
| 2 | Chakramon Phasukvanich | As Member | (Independent) |
| 3 | Prasert Bunsumpun | As Member | |

Mr. Narongrit Tavorvisitporn, Acting Assistant Managing Director-Corporate Affairs, served as Secretary to the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee has the following duties:

- Establish procedures and criteria for nomination directors.
- Establish qualifications for director nominees with focus on skills, experience, and special expertise that would benefit the Company, available time, and commitment in performing duties.
- Select qualified candidates for nomination as directors and propose to the Board of Directors for approval at the shareholders meeting.
- Annually review the succession plan of top executives (Managing Director and Deputy Managing Directors) and the list of qualified candidates.

- Recommend the structure and components of director remuneration to the Board of Directors.
- Establish the criteria for reviewing remuneration consistent with the duties and responsibilities of each director by linking the compensation to the Company's overall performance to attract and retain accomplished and qualified directors of high quality.
- Reviewed the format for evaluating the performance of directors and top executives (Managing Director and Deputy Managing Directors).
- Report the result of the nomination and remuneration review to the Board of Directors.

Director Nomination

The selection of qualified candidates for nomination as directors is performed by the Nomination and Remuneration Committee. Candidates meeting the prescribed qualifications and criteria who have the knowledge, experience and expertise that would benefit the Company is proposed to the Board of Directors. If approved, the Board of Directors submits the list for election at the shareholders meeting. Resolution of the shareholders shall require a majority vote of shareholders attending and eligible to vote.

In the year under review, the Nomination and Remuneration Committee performed as follows:

- (1) Selected qualified candidates suitable for nomination as directors and proposed to the Board of Directors for approval at the shareholders meeting.
- (2) Advised the Board of Directors on the structure and components of director remuneration.
- (3) Established the criteria for considering remuneration consistent with the duties and responsibilities of each director by linking the compensation to the Company's overall performance.
- (4) Reviewed the format for evaluating the performance of the Board of Directors and top executives.
- (5) Reported the results of the nomination and compensation review to the Board of Directors.
- (6) Supported the Company in conducting business by offering shareholders the opportunity to nominate directors.

11.4 Independent Directors

Independent Directors are independent from majority shareholders or the group of majority shareholders and management. Independent Directors must have all the qualifications stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission. The qualifications of an Independent Director are:

- (1) Does not hold more than one percent of all shares with voting rights in the Company, subsidiaries or third parties with potential conflict of interest.
- (2) Within the last year, has not been involved in management or is an employee, staff, salaried consultant, or person with controlling powers in the Company, subsidiaries or third parties with potential conflict of interest.
- (3) Has no business relationship, benefits or interests, whether directly or indirectly, in the financial or operational management of the Company, subsidiaries or third parties with potential conflict of interest in a manner that lacks independence.
- (4) Is not a close relative of executives or majority shareholders of the Company, subsidiaries or third parties with potential conflict of interest. Has not been appointed as a representative to protect the interests of a director or majority shareholder.

The Independent Directors consist of:

- 1 Manu Leopairote
- 2 Pala Sookawesh
- 3 Somchai Wongsawat *
- 4 Chakramon Phasukvanich
- 5 Olarn Chaipravat
- 6 Prapun Naigowit **
- 7 Nibhat Bhukkanasut
- 8 Nit Chantramonklasri
- 9 Norkun Sittiphong*

* Mr. Somchai Wongsawat resigned on December 1, 2006, and Mr. Norkun Sittiphong was appointed to assume the vacancy on December 22 2006.

** Mr. Prapun Naigowit resigned on September 15, 2006.

Scope of Powers

Independent Directors have the power to express opinions freely in performing the assigned task of protecting the benefits of shareholders.

11.5 Risk Management Committee

The Company appointed the Risk Management Committee on October 19, 2006 consisting of Mr. Somkeirt Hudthagosol, Deputy Managing Director, as Chairman, Ms. Pearl Shinawatra, Risk Management Administrator, as Secretary to the Risk Management Committee (replacing Mr. Narongrit Tavorvisitporn).

The Risk Management Committee has the following duties:

- Oversee that the Company's overall risk management process follows plans, frameworks and processes for risk management according to the risk management policy.
- Improve the risk management policy in line with the Company's vision.
- Monitor and review risk management reports to enable business risk assessment and risk control systems to manage risks at acceptable levels.
- Encourage the creation of an appropriate risk management and internal control culture.
- Report key risk management results to the Managing Director.
- Coordinate risk management results with the Audit Committee to confirm the effectiveness and efficiency of internal controls.

In the year under review, the Risk Management Committee performed as follows:

- (1) Reviewed and considered the corporate risk management model and processes, and advised on improvements to the risk management model in order to create continuity.
- (2) Developed effectiveness in managing risk exposures at acceptable levels consistent with the Company's vision.
- (3) Approved the project to assess risk management according to the risk management and control self assessment plan in order to review risk exposures to business units and assess internal controls within the units for assurance that control measures of business units can mitigate or control risks at acceptable levels.
- (4) Advised improvements to risk management plans to raise the standard of managing risks in line with the plan.
- (5) Reported key risk management progress to the Managing Director.
- (6) Coordinated with the Audit Committee to confirm the effectiveness of the Company's risk management and control systems.

12. EXECUTIVE REMUNERATION

12.1 Monetary Remuneration

(1) Total Board Remuneration

During the 12 months ended December 31, 2006, remuneration of 14 directors totaled 11.54 million baht. This comprised remuneration in the form of director fees of 9.18 million baht, and meeting fees of 2.36 million baht.

			Director Fee ⁽¹⁾	Meeting Fee ⁽²⁾
1	Cherdpong Siriwit	Chairman	900,000.00	0.00
2	Manu Leopairote	Independent Director Audit Committee Chairman	720,000.00	371,250.00
3	Pala Sookawesh	Independent Director Nomination and Remuneration Committee Chairman	720,000.00	281,250.00
4	Prasert Bunsumpun	Director Nomination and Remuneration Committee	720,000.00	225,000.00
5	Somchai Wongsawat ⁽³⁾	Independent Director Audit Committee	660,000.00	275,000.00
6	Chakramon Phasukvanich	Independent Director Nomination and Remuneration Committee	720,000.00	225,000.00
7	Olarn Chaipravat	Independent Director Corporate Governance Committee Chairman	720,000.00	281,250.00
8	Prapun Naigowit ⁽⁴⁾	Independent Director Corporate Governance Committee	540,000.00	150,000.00
9	Nibhat Bhukkanasut	Independent Director	720,000.00	-
10	Prajya Phinyawat	Director Corporate Governance Committee	720,000.00	225,000.00
11	Nit Chantramonklasri	Independent Director Audit Committee	720,000.00	300,000.00
12	Pichai Chunhavajira ⁽⁵⁾	Director	540,000.00	-
13	Norkun Sittiphong ⁽⁶⁾	Independent Director Audit Committee	60,000.00	25,000.00
14	Viroj Mavichak	Director and Secretary	720,000.00	-
			9,180,000.00	2,358,750.00

Director remuneration in the form of special bonuses for 2005 and 2006 amounted to 50 million baht per year, according to the resolutions of the Annual General Meeting of Shareholders in 2005 and 2006.

Notes:

- (1) Total director fee and meeting fee.
- (2) Meeting fee for Sub-Board committees.
- (3) Resigned on December 1, 2006.
- (4) Resigned on September 15, 2006.
- (5) Appointed on April 20, 2006.
- (6) Appointed on December 22, 2006.

(2) Total Executive Remuneration

During the fiscal year ended December 31, 2006, remuneration paid to 22 executives totaled 119 million baht. This comprised remuneration in the form of salaries and allowances of 94.6 million baht, provident fund contributions of 6.2 million baht, and retirement gratuity payments of 18.2 million baht.

Notes:

Excluding as for the assignment to work with the others companies

- * Mr. Chainoi Puankosoom, Mr. Pamin Phantawesak, Mr. Chaiwat Damrongmonkolgul, and Mr. Bowon Vongsinudom.
- * Mr. Somchai Wongwattanasan from July 2006.
- * Mr. Klahan Tochamnanvit from October 2006.

Including as for the appointment of new coming management during the year 2006

- * Mr. Wirat Uanarumit and Mr. Feiko W. Snuif.
- * Mr. Kosol Pimtanotai and Mr. Pongpun Amornvivat from March 2006.
- * Mrs. Sadudee Suriyakham, Mr. Santi Wasanasiri, Mrs. Prapin Thongnium, Mr. Viroj Meenaphan, Ms. Duangporn Teerapabpaisit, and Mrs. Sirimas Chinkarn from October 2006.

13 OTHER REMUNERATION

Executives who were members of the provident fund received contributions at the rate of 10 percent of salaries according to the provident fund regulations generally in practice at the Company.

RISK MANAGEMENT

Thaioil aims to manage risks inherent to our business operations in a structured and consistent manner. A key component is creating a culture where sustained risk management is embedded in employee behavior and activity. We have developed procedures for staff to apply risk management principles and processes to every activity and project in order to reduce each potential risk to an acceptable level.

Our risk management plans for 2006 were all successfully implemented. We appointed a risk coordinator, set up a database system, and introduced control self assessment. Workshops were held to ensure that employees clearly understood their roles and duties, to develop risk management skills, to drive continuity in risk management performance, and to ensure that the Company had identified and managed risks effectively, followed the established framework and consistently applied risk management practices.

Major performances in risk management were reported to the Audit Committee for incorporation into the work plans of the Internal Audit Department.

Efficient risk control and management systems have greatly reduced the exposure of our business structure to risks that could affect the Company's goals and objectives. Nevertheless, the assessment performed in 2006 concluded that the following risks are associated with the operation of our business.

1. PRODUCTION FACILITIES ARE CONCENTRATED IN ONE LOCATION

With all our production facilities located in the same area, emergency situations such as political uncertainties or terrorist threats could cause an immediate disruption to our production process. This would adversely affect the agreed supply of products to our customers as well as impact on our legal reserves. To ensure our preparedness in responding effectively to any emergency situation, Thaioil has established strict security measures, fostered close relationships with news sources in local communities and government authorities, and regularly trained for emergency evacuation.

2. VOLATILE PRICES OF CRUDE OIL AND FEEDSTOCK AND FINISHED PRODUCTS

A work group has been assigned to closely monitor market forecasts and changes in collaboration with refineries and petrochemical plants under PTT Group, and to develop procedures to protect against the effects of foreign currency fluctuations including pricing measures. With adequate access to information on changing trends in crude oil, finished product and transportation markets that impact on our GRM, we can plan our response to risks with confidence and prevent or reduce these threats to acceptable levels.

3. LEGISLATIVE CHANGES THAT AFFECT BUSINESS

Thaioil and our subsidiary companies conduct our businesses within the framework of laws, rules and regulations supervised by various government units, particularly those associated with national security and energy. We have formed a work group to monitor the effects of new or changes in legislation on our operations. In addition, our integrated approach to managing Thaioil and subsidiary companies as a group can affect the performance of the Group as a whole in such areas as energy efficiency and corporate social responsibility. Management can, therefore, effectively and adequately plan processes to reduce risks arising from such legislative changes.

CORPORATE GOVERNANCE POLICIES

Thaioil is wholly committed to retaining our position as one of the country's leading corporations by strengthening shareholder and stakeholder trust, enhancing corporate value, and sustaining long-term growth. We believe this to be achievable by conducting our business within the framework of corporate governance, through which international standards are met, which ultimately benefits society and the country. Our goal is to conduct business at the highest standards of ethical practices, which is at the core of all leading corporations.

We have adopted the following corporate governance policy which forms the basis in conducting the Company's business and affairs.

- (1) All directors, executives and employees are required to fully comply with guidelines contained in the Corporate Governance Manual and in good faith after familiarizing themselves with the Corporate Governance Policy.
- (2) All directors, executives and employees are required to apply these corporate governance policy to the management of business at all levels until they are woven into the routine business processes as part of the culture of the organization.
- (3) All directors, executives and employees are required to adhere to ethical standards, treat all stakeholders equally, and discharge their duties in the interest of the Company to the best of their abilities and with honesty and integrity.
- (4) All directors, executives and employees are entitled to recommend modifications to the corporate governance policy for greater consistency with business practices, due to changing social needs, and in alignment with international standards.
- (5) Compliance with the corporate governance policy is a key performance indicator in assessing the performance of the Board of Directors and management in directing and managing the Company's affairs, and in evaluating the performance of employees.

The Corporate Governance Manual was revised in August 2006. Subsequently, seminars were held to explain the key changes to the corporate governance policy. Attendees were allowed to voice their opinions and table proposals for effectively applying the governance policy in daily management of the Company's affairs. The revised manual will be distributed to all directors, executives and employees, who must sign acknowledgement forms that they have read and understand the policy. The manual is also

available on Thail's Intranet, while new employees will be introduced to the corporate governance policy at their orientation briefing.

In November 2006, Thail was organized corporate governance web-based e-learning project. The objective was to provide directors, executives and employees with a more flexible format of learning about the key principles contained in the Corporate Governance Manual through the use of digital video. Online tests were also conducted to rate the understanding of attendees. This project will launch in April 2007.

Thail has aligned our corporate governance policy to the principles prescribed by the Stock Exchange of Thailand (the Principles Good Corporate Governance for Listed Companies in 2006) in order to raise our corporate governance performance on par with international standards.

ARTICLE 1 RIGHTS OF SHAREHOLDERS

It is the Company's policy to respect the rights of shareholders and to facilitate the exercise of those rights, including the right to attend Annual General Meeting of Shareholders (AGM) and to vote, and refraining from any action that impedes these opportunities.

Shareholders can protect their interests by exercising their rights to ask questions, express opinions, offer recommendations, and vote at AGM. Shareholders have the rights to participate in making decisions concerning on any significant corporate changes, such as the election or removal of directors, nomination of independent directors, appointment of certified public accountant, declaration of dividends, increase or reduction of capital, prescription or amendment of Company Regulations and Articles of Association, and approval of extraordinary transactions, etc.

The Company will announce the invitation of AGM on our website in advance to give shareholders sufficient time to send in questions and names of nominees for election as directors. Shareholders will receive adequate, accurate, complete, transparent, timely and verifiable information on which to form decisions. Information accompanying the agenda for AGM are posted on the Company's website prior to being mailed to shareholders.

The Company will prepare notice of the shareholder meeting specifying the meeting venue, date, time, agenda, and matters to be proposed at the meeting together with appropriate details. It shall be clearly specified whether the matter is proposed for information or consideration, and the opinion of the Board of Directors on such matter shall be included. Announcement will be made on the Company's website prior to the meeting to give shareholders an opportunity to add items to the agenda. Shareholders shall be notified of any additional items to the agenda. Notice of AGM shall be delivered to all shareholders and the registrar not less than fourteen days prior to the meeting. In the event of an emergency to protect the rights and benefits of the Company, notice can be sent not less than seven days in advance. Information regarding items to be decided at the meeting shall be posted on the Company's website prior to be delivered to shareholders.

ARTICLE 2 EQUITABLE TREATMENT OF SHAREHOLDERS

The company have treated all shareholders in equitable to promote investor confidence. Shareholders have the right to assign proxies to attend the AGM and vote on their behalf. Conditions to assigning proxies conditions are provided in the AGM invitation notice. Adequate time is allocated for the meeting and equal opportunity is provided for shareholders to express their opinions, ask questions and exercise the right to elect individual directors. Shareholders are entitled to vote on every item using the polling card distributed at the meeting. Directors and officers involved in matters on the agenda will attend the meeting to answer the questions raised by shareholders. The main questions, answers and opinions will be recorded in the minutes of the meeting for future reviewed by shareholders.

The Company has in place measures to protect the use of inside information detailed as set out in Article 4 on Disclosure and Transparency.

ARTICLE 3 ROLE OF STAKEHOLDERS

The Company recognizes the interests of all stakeholders. Each group of stakeholders are, therefore, treated with respect, as clearly defined in the Corporate Governance Manual. The guidelines provide a basis for employees to follow in discharging the important responsibility of interfacing with stakeholders, which can be summarized as follows.

- Shareholders: - The Company represents the shareholders in conducting business with transparency, putting in place reliable finance and accounting systems, creating optimum satisfaction for shareholders in the Company's long-term growth and sustained returns.
- Customers: - The Company fulfills the Customer satisfaction is achieved by providing and delivering quality products that meet requirements.
- Partners: - We conduct business with our partners fairly and honestly. The mutual interests of both sides are served through our strict compliance with legal requirements and other applicable rules and adhering to business ethics in competition.
- Employees: - We aim to foster a culture of integrity and create a good and safe working environment. Promotion of teamwork helps to boost morale and develops a perception of professional security in working for the Company.
- Community and Environment: - We respect social and environmental issues, attach great importance to preserving our limited natural resources to pass on to next generations, and promoting energy efficiency to create sustainable development.
- Government authorities and Related organizations: - We demand strict compliance with regulatory requirements on environment, safety, labor, tax and accounting, as well as government announcements applicable to other aspects of the Company's operations.

The Company requires that executives at all levels assume responsibility for ensuring employees under supervision acknowledge, understand and comply rigorously with guidelines in the Corporate Governance Manual. Employees who commit ethical violation shall receive disciplinary punishment. If an employee should discover any legal or ethical wrongdoing, complaint or report shall be made to the Chairman of the Corporate Governance Committee, or the Chairman of the Audit Committee, or the Managing Director. The Company will investigate the matter without revealing the source to protect the employee against any consequences.

ARTICLE 4 DISCLOSURE AND TRANSPARENCY

Thaioil discloses information on material matters regarding the Company, such as financial reports and other information, that are clear, concise, easy to understand, complete, adequate, reliable and timely. Governance policies and structure are also reported in the annual registration statement (Form 56-1), annual report (Form 56-2), and at the Company's website to ensure shareholders have equitable access. We further report on the responsibility of the Board of Directors for the financial statements which appear together with the audited report of the certified public accountant in the annual report.

The Company requires all employees to perform their duties with best interest of the Company. Actions and decisions must be free from the influence of personal gains of family, relatives or other associated persons. Employees must employ the same standard in complying with the rules and procedures of the Company. Measures have been adopted to deter employees from illegally using inside information for personal gains or for gains of family or associated persons and to protect non-public information and documents, such as information on business activities or future plans.

Sharing of insider information by employees shall be within the scope of assigned responsibilities. Executives are responsible for reporting ownership of securities on every acquisition and disposal to the Office of Securities and Exchange Commission. This is a key tool in promoting corporate governance with respect to inside information.

The Company has developed internal controls to protect confidential information of executives, employees and contractors in every business unit to follow.

1. Established control systems and measures within Departments and Sections to prevent confidential information from being disclosed to the public prior to formal announcement. These measures and control systems are parts of the risk management mechanism that are crucial to the Company.
2. To regard it as the duty and responsibility of all supervisors to oversee and manage important data and information from being disclosed to the outside by employees under supervision prior to formal announcement by the Company.

Employees who disclose important information and news to outsiders without approval from the Managing Director shall be subject to disciplinary action according to the Company procedures and may face criminal charges.

The Company attaches great importance to investor relations which focus on disclosure of correct, reliable and adequate information to investors, analysts and other related persons in a transparent and comprehensive manner. High-ranking executives will meet regularly with investors and securities analysts. Meetings are held to clarify quarter and annual results, visits are organized, seminars are participated in with domestic and international investors and analysts to create good understanding of how the Company is managed, which promotes good relations and good exchange of opinions.

The Company has formed the Investor Relations Unit as a focal point in conducting proactive investor relations activities according to best practices of leading international organizations. A number channels are available to communicate effectively with investors, analysts and others. Opportunity is also provided for investors to raise questions and receive Company information via various channels such as at meetings with investors and securities analysts, visits to our operations, information access at the Company's website (HYPERLINK "<http://www.thaioil.co.th>" www.thaioil.co.th), by direct phone line (66-2299-0124) and as e-mail (HYPERLINK "<mailto:ir@thaioil.co.th>" ir@thaioil.co.th), all of which provide quick access to clarify and answer questions from investors.

ARTICLE 5 BOARD RESPONSIBILITIES

5.1 Board Structure

Independent directors on the Board of Directors' represent at least one-third of all directors and must not be less than three directors. The remaining directors shall be proportionately allocated according to the investment made by each group of shareholders. All directors are highly qualified and possess none of the characteristics prohibited under the Public Company Limited Act. Directors are not over 70 years of age, are knowledgeable, capable and experienced in business management, and perform the duty of setting policies, corporate vision, strategies goals, mission, business plans and budgets as well as oversight of management of the Company by executives according to defined policies in compliance with the framework of laws, objectives, Company Regulations and shareholder resolutions. Directors discharge

their responsibilities accountably, honestly, and discretely according to principles of best practices. The Board of Directors is led by the Chairman who is a qualified leader and highly capable of guiding executives to perform effectively, adding greater economic value to the business and providing reasonable security for shareholders.

There is a clear separation of the roles of the Chairman of the Board and Managing Director. The Manager of Corporate Management Office serves as the Company's secretary to provide counsel on legal and regulatory issues on which the Board of Directors must keep abreast, as well as to oversee activities of the Board of Directors and monitor compliance with Board resolutions.

As at December 31, 2006, there were 12 directors of which one member was an executive director while the remaining 11 members were non-executive directors.

The names of the directors, and the roles and responsibilities of the Board of Directors and the Managing Director are set out in the Shareholding and Management Section, items 5-9, page 97-101.

5.2 Board Committees

The Board has established a number of committees to assist in effectively discharging its responsibilities.

As at December 31, 2006, the standing committees comprised:

- The Audit Committee of three members, all of whom were independent directors, and representing 25 percent of the Board of Directors. The qualifications of the members meet the requirements stipulated in the announcement of the Stock Exchange of Thailand regarding qualifications and scope of work of the audit committee. It has been assigned to perform audits to ensure that the systems in place provide checks and balances in the management of various activities which will promote reliability, integrity and serve the best interests of all stakeholders. The names and role and responsibilities of the Audit Committee are set out in the Shareholding and Management Section, item 11.1, page 101-103.

- The Corporate Governance Committee consisted of two members, the Committee Chairman and an Independent Director, which represented 17 percent of the Board of Directors. The names, roles and responsibilities are set out in the Shareholding and Management Structure section, item 11.2, page 103-104.
- Nominating and Remuneration Committee consisted of three members, two of whom were independent directors including the Committee Chairman, and representing 25 percent of the Board of Directors. The names, role and responsibilities are set out in the Shareholding and Management Section, item 11.3, page 104-105.
- There were a total of seven Independent Directors, which represented 58 percent of the Board of Directors. The names and scope of power are set out in the Shareholding and Management Structure section, item 11.4, page 106-107.
- Risk Management Committee comprised of 18 members from all department managers. The key role is referring to the shareholding and management section, item 11.5, page 107-108.

5.3 Responsibilities Of The Board of Directors

The Board of directors provides leadership, vision and independent decision-making for the optimum benefits of the Company and shareholders. The Board of Directors ensures a clear separation between its supervisory function and the management function, and oversees that systems are in place to enhance the legal and ethical integrity of business operations.

All directors understand the duties of the Board of Directors and the business of the Company. Duties are discharged with honesty and in good faith, using due care and diligence, and with regard for the highest benefits of the Company and the fair treatment of all shareholders.

The role and responsibilities of the Board of Directors are set out in the Shareholding and Management Structure section, item 8, page 99-100.

5.4 Board Meetings

Meetings of the Board of Directors are planned in advance and members are notified in order to arrange their schedules to attend the meetings. The Chairman of the Board approves matters to be included in the agenda in consultation with the Managing Director and in response to request by directors to incorporate other major issues in the agenda. Supporting documents are distributed to each director well before the meeting to provide sufficient time to study and reach an informed decision on each item for consideration.

Company Regulations provide that the Board of Directors meet at least once every three months with additional meetings as necessary. In practice, the Board of Directors meets at least once every two months. Notice of the meeting is delivered to directors at least seven days prior to the meeting, except in an emergency to protect the rights or benefits of the Company. An agenda is set for each meeting and adequate supporting documents are distributed sufficiently in advance to allow directors to thoroughly prepare. At the meeting, each director is entitled to freely discuss and comment. In practice, notices are delivered to all directors at least an average of 14 days prior to the meetings.

From January 1 to December 31, 2006, meetings by the Board of Directors and Board committees as well as attendance were as follows:

No. Directors	Board of Directors 9 times/year	Audit Committee ⁽¹⁾ 6 times/year	Nominating and Remuneration Committee ⁽²⁾ 3 times/year	Corporate Governance ⁽³⁾ 4 times/year	Independent Directors ⁽⁴⁾
1 Cherdpong Siriwit	9 / 9				
2 Manu Leopairote	9 / 9	6 / 6			2 / 2
3 Pala Sookawesh	9 / 9		3 / 3		2 / 2
4 Prasert Bunsumpun	8 / 9		3 / 3		
5 Somchai Wongsawat ⁽⁵⁾	8 / 9	3 / 6			1 / 2
6 Chakramon Phasukvanich	7 / 9		3 / 3		2 / 2
7 Olarn Chaipravat	9 / 9			4 / 4	2 / 2
8 Prapun Naigowit ⁽⁶⁾	7 / 9			2 / 4	1 / 2
9 Nibhat Bhukkanasut	8 / 9				2 / 2
10 Prajya Phinyawat	8 / 9			4 / 4	
11 Nit Chantramonklasri	7 / 9	6 / 6			1 / 2
12 Pichai Chunhavajira ⁽⁷⁾	7 / 9				
13 Norkun Sittiphong ⁽⁸⁾	-	-	-	-	
14 Viroj Mavichak	9 / 9				

Notes:

(1) The Audit Committee consists of 3 members, Nos. 2, 5 and 11.

(2) The Nominating and Remuneration Committee consists of 3 members, No. 3, 4 and 6.

(3) The Corporate Governance Committee consists of 3 members, Nos. 7, 8 and 10.

(4) Independent Directors consists of 9 members, No. 2, 3, 5, 6, 7, 8, 9, 11 and 13.

(5) Mr. Somchai Wongsawat resigned on December 1, 2006.

(6) Mr. Prapun Naigowit resigned on September 15, 2006.

(7) Mr. Pichai Chunhavajira is appointed to be the Board of Directors on April 20, 2006

(8) Mr. Norkun Sittiphong is appointed to be the Board of Directors & Audit committee on December 22, 2006

5.5 Performance Evaluation

The Board of Directors has established evaluations on individual directors and the collective Board to facilitate an examination of the performance of the Board. The process will set the standard of Board practice from which to measure future performances on an annual basis. The performance of Board duties and corporate governance is reported in the annual report.

The Managing Director will give the notice on the support he expects to receive from the Board of Directors.

5.6 Remuneration

It is the Company's policy to compensate directors and Managing Director at reasonable levels to motivate and retain quality directors or at levels comparable to industrial practices. The remuneration is linked to the Company's performance. The Nominating and Remuneration Committee sets the remuneration policy, payment method, and reports the nomination and remuneration performance to the Board of Directors for approval at the shareholder meeting.

Details of remuneration payments to directors and executives in 2006 are set out in the Shareholding and Management Structure section, item 12, page 109-110.

5.7 Continuing Education Of Directors and Executives

The Board promotes and facilitates training and the continuing education of those associated with the corporate governance system, such as directors, Audit Committee members, executives, Company Secretary. This enables continuous improvements to work practices. In addition, every new director receives documents and materials beneficial to performing the new duties. Sessions are also organized to educate new directors about the Company's businesses and strategic plans.

INTERNAL CONTROLS

The Company has appointed the Audit Committee which comprises members who meet the qualifications required by law on securities and stock exchange. The Internal Audit Manager has been assigned to serve as Secretary. The Audit Committee is delegated the responsibility of reviewing the adequacy and appropriateness of the Company's internal control system and internal audit to our business operations, and the effectiveness of risk management and good corporate governance. The Committee exercises independence in reviewing and evaluating the efficiency of internal controls, and monitoring that effective risk management and good corporate governance are practiced within the organization.

The Internal Systems Audit Section is responsible for reviewing and evaluating the adequacy and effectiveness of the internal control system in all key business processes of Thairoil and subsidiary companies; auditing the integrity and reliability of data derived from financial statements; evaluating the quality of operational controls operated by business units; recommending improvements in work practices to business unit managers to achieve greater efficiency; and supporting employees to conduct Control Self-assessment to enhance effectiveness according to the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission. This framework comprises five essential components.

1. Control Environment

The Company has defined our vision and mission to guide our operations; created an organizational structure that clearly identifies responsibilities; established job descriptions for every position; put in place clear and appropriate delegation of authority and accountabilities; and published operating manuals to serve as guidelines. The Company also provides employees with training to develop technical and management capabilities that enable the effective discharge of responsibilities.

2. Risk Assessment

The Company has established policies and enhanced the effectiveness of the risk management system consistent with our vision. The Risk Management Committee is delegated the responsibility of overseeing that effective risk management processes are in place; providing support to management in maintaining risk management and internal controls that are appropriate for the business environment and adequate

in effectively managing risks at an acceptable level; and encouraging employees to consistently practice risk management. The Risk Management Administrator and Risk Coordinator are assigned to monitor that risks are managed at an acceptable level and to report findings to the Risk Management Committee every month. These reports are then presented to the Audit Committee and Managing Director.

During October 2005 and July 2006, a reputable consultant firm widely recognized in the petroleum business was engaged to develop the Company's risk management information system. We can now store risk-related data online, allowing retrieval from the database for the planning of risk management at the corporate and process levels. The next step is to implement risk assessment at functional and management level to ensure that risks are managed throughout the organization by 2008 as planned.

3. Control Activities

The Company has established 13 policies (details of which are set out in the Corporate Governance Manual) as the framework for the systematic and effective operation of Thaipol's business according to our goals and targets which includes;

1. Quality, Safety, Health and Environment Policy
2. Manufacturing and Hydrocarbon Management Policy
3. Engineering and Asset Maintenance Policy
4. Connected transactions Policy
5. Purchasing Policy
6. Information Technology Policy
7. Accounting Policy
8. Internal Controls Policy
9. Conflict of Interest Policy
10. Gifts, Assets or Other benefits Policy
11. Confidentiality Policy
12. Policy on securities trading
13. Policy on human resources management

The Company has also adopted the Corporate Authorization Procedures governing delegation by the Managing Director of approval authority to management and related personnel. The authorization provides business units with operational flexibility and appropriate internal control.

4. Information and Communication

The Company has set up information systems and channels of communication inside and outside the organization that enable concerned parties to receive accurate, timely and adequate information for decision-making. We communicate with employees through the Intranet, and with external parties through our website at www.thaioil.co.th

5. Monitoring and Evaluation

The Internal Systems Audit Section reports the results of auditing and monitoring of risk management to the Audit Committee every three months. The Audit Committee considers whether the audited financial statements disclose accurately, timely and completely; whether the evaluated internal controls, risk management and corporate governance are effective and in compliance with laws on securities and stock exchange; whether connected transactions or conflict of interest are accurately disclosed and can be verified. The audit results and monitoring are reported to Department / Section managers of related business units to initiate performance improvements.

INTERNAL CONTROL AUDIT

The Audit Committee reviewed the financial statements, internal control system, and risk management in 2006, and found no material weakness or deficiency. It can be concluded that the Company has an internal control system that is reasonably effective to safeguard the assets of the Company and subsidiary companies against improper or unauthorized use by management. This is consistent with the opinion of the Company's certified public accountant that the Company's internal control is adequate and effective in defending or decreasing potential risks.

BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Thai Oil Public Company Limited and its subsidiaries (“the Company”) have been prepared in conformity with the requirements of Public Company Act B.E. 2535 (1992), the Securities and Exchange Act B.E. 2535 (1992), the Announcement of the Department of Commercial Registration dated September 14, 2001 issued in accordance with Section 11, paragraph 3 of the Accounting Act B.E. 2543 (2000), and the accounting standards prescribed by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements of the Company, which have been prepared to give assurance that the financial position, income, expenses and cash flow are true and fair, an effective internal control system has been established, accounting records have been properly and adequately maintained to safeguard assets and prevent fraud and other irregularities with material implications, suitable accounting policies have been consistently applied in the preparation of the financial statements, generally accepted accounting standards have been followed, and significant information has been adequately disclosed in notes to the financial statements. The independent auditors have provided their opinion on the financial statements of Thai Oil Public Company Limited and the consolidated financial statements of Thai Oil Public Company Limited and its subsidiaries in the Auditors' Report.



Cherdpong Siriwit
Chairman of the Board
Thai Oil Public Company Limited



Viroj Mavichak
Managing Director
Thai Oil Public Company Limited

AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

To the Shareholders of Thai Oil Public Company Limited

I have audited the accompanying consolidated and separate balance sheet as at 31 December 2006, the related statements of income, changes in shareholders' equity and cash flows for the year 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 express an opinion on these financial statements based on my audit. The consolidated and separate financial statements of Thai Oil Public Company Limited and its subsidiaries and of Thai Oil Public Company Limited as of and for the year ended 31 December 2005 were audited by another auditor whose report dated 10 February 2006, expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2006, the results of operations and cash flows for the year then ended of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited, respectively, in accordance with generally accepted accounting principles.



(Narong Luktharn)
Certified Public Accountant
Registration No. 4700

KPMG Phoomchai Audit Ltd.
Bangkok
16 February 2007

BALANCE SHEETS

As at 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

Assets	Note	Consolidated		The Company	
		2006	2005	2006	2005
Current assets					
Cash and cash equivalents	5, 16	6,525,429,668	11,251,623,779	1,393,331,570	7,411,402,311
Current investments	6, 16	456,910,727	421,487,050	-	-
Trade accounts receivable, net	4, 7	18,754,250,172	17,805,388,646	16,434,350,229	16,202,764,962
Accounts receivable from subsidiary, associated and related companies	4	13,342,149	9,984,755	71,827,105	160,259,890
Inventories	8	20,168,135,869	19,000,930,755	17,798,072,918	16,471,823,476
Receivable from Oil Fuel Fund		1,148,056,442	1,232,606,781	1,148,056,442	1,232,606,781
Other current assets	9	1,323,493,581	1,277,130,251	793,422,967	852,540,488
Total current assets		48,389,618,608	50,999,152,017	37,639,061,231	42,331,397,908

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

BALANCE SHEETS (Continued)

As at 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
Assets	Note	Consolidated		The Company	
		2006	2005	2006	2005
Non-current assets					
Investments accounted for					
using the equity method	10	44,366,812	-	26,341,722,244	18,887,993,869
Other long-term investment	11	-	-	-	-
Subordinated loan to a subsidiary company	4	-	-	-	136,065,946
Long-term loans to savings co-operative of employees		510,338,297	481,310,938	510,338,297	481,310,938
Receivables from remeasurement to fair value of cross currency swap contracts	33	80,661,130	-	80,661,130	-
Property, plant and equipment, net	4, 12, 16	74,138,169,825	71,300,909,433	48,788,645,712	46,836,763,606
Intangible assets, net	13	51,916,607	79,425,608	50,564,717	77,751,254
Negative goodwill	10	(531,361,589)	(560,610,845)	-	-
Deferred tax assets	14	210,998,367	206,553,758	210,998,367	194,144,418
Other non-current assets, net	4, 15	1,786,820,220	1,662,149,747	1,277,575,054	1,178,005,024
Total non-current assets		76,291,909,669	73,169,738,639	77,260,505,521	67,792,035,055
Total assets		124,681,528,277	124,168,890,656	114,899,566,752	110,123,432,963

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

BALANCE SHEETS (Continued)

As at 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
Liabilities and shareholders' equity	Note	Consolidated		The Company	
		2006	2005	2006	2005
Current liabilities					
Short-term loans from financial institutions	16	1,000,000,000	-	1,000,000,000	-
Trade accounts payable	4, 17	12,937,372,511	13,527,223,475	13,219,017,456	13,449,459,593
Current portion of long-term loans	12, 16	1,133,370,227	1,615,851,666	-	-
Accounts payable to subsidiary, associated and related companies	4	27,385,484	275,454,645	26,201,987	477,782,429
Income tax payable		535,635,091	1,991,943,550	342,064,178	1,963,157,761
Other current liabilities	18	3,260,565,990	2,662,112,324	3,008,579,645	2,013,957,493
Total current liabilities		18,894,329,303	20,072,585,660	17,595,863,266	17,904,357,276
Non-current liabilities					
Long-term loans	12, 16	11,150,880,499	19,857,004,148	6,766,542,000	11,452,539,000
Notes	16	18,167,917,718	14,395,131,082	18,167,917,718	14,395,131,082
Deferred tax liabilities	14	3,427,555,127	2,825,449,078	3,381,270,537	2,772,780,402
Other non-current liabilities	19	228,062,811	166,266,421	430,074,865	332,484,214
Total non-current liabilities		32,974,416,155	37,243,850,729	28,745,805,120	28,952,934,698
Total liabilities		51,868,745,458	57,316,436,389	46,341,668,386	46,857,291,974

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

BALANCE SHEETS (Continued)

As at 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
Liabilities and shareholders' equity	Note	Consolidated		The Company	
		2006	2005	2006	2005
Shareholders' equity					
Share capital	20				
Authorised share capital		20,400,278,730	20,400,278,730	20,400,278,730	20,400,278,730
Issued and paid-up share capital		20,400,278,730	20,400,278,730	20,400,278,730	20,400,278,730
Share premium	21	2,456,261,491	2,456,261,491	2,456,261,491	2,456,261,491
Revaluation reserve	12, 21	12,574,529,649	15,049,071,881	12,574,529,649	15,049,071,881
Retained earnings					
Appropriated					
Legal reserve	21	2,040,027,873	1,284,945,078	2,040,027,873	1,284,945,078
Other		244,500,000	244,500,000	244,500,000	244,500,000
Unappropriated		30,842,300,623	23,831,083,809	30,842,300,623	23,831,083,809
Total equity attributable to the Company's shareholders		68,557,898,366	63,266,140,989	68,557,898,366	63,266,140,989
Minority interest		4,254,884,453	3,586,313,278	-	-
Total shareholders' equity		72,812,782,819	66,852,454,267	68,557,898,366	63,266,140,989
Total liabilities and shareholders' equity		124,681,528,277	124,168,890,656	114,899,566,752	110,123,432,963

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

STATEMENTS OF INCOME

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
	Note	Consolidated		The Company	
		2006	2005	2006	2005
Revenues	22				
Revenue from sale of goods and rendering of services	4	279,109,124,993	249,111,048,871	280,148,125,599	246,213,166,931
Reversal of allowance for impairment of assets	4, 12	-	2,894,068,664	-	-
Gain from disposal of property, plant and equipment	12	-	190,119,571	8,218,841	-
Gain on remeasurement to fair value of cross currency swap contracts	33	80,661,130	-	80,661,130	-
Gain on foreign exchange		3,489,381,219	-	2,887,029,905	-
Gain on insurance claims	35	392,847,067	-	-	-
Other income	4, 23	635,743,836	702,697,061	1,454,777,597	1,556,039,545
Share of profits from investments accounted for using the equity method	10	-	-	9,097,718,232	9,157,384,865
Total revenues		283,707,758,245	252,897,934,167	293,676,531,304	256,926,591,341
Expenses	22				
Cost of sale of goods and rendering of services	4	260,452,782,911	225,702,614,808	272,690,636,029	231,290,158,476
Selling and administrative expenses	4, 24	1,017,397,294	964,392,039	494,529,243	755,492,077
Loss from disposal of property, plant and equipment	12	51,825,662	-	-	305,386,593
Loss on foreign exchange		-	1,032,429,451	-	734,036,531
Loss from impairment of investment	11	-	279,496,900	-	279,496,900
Loss from insurance claims		-	232,053,255	-	-
Share of loss from investments accounted for using the equity method	10	633,187	-	-	-
Total expenses		261,522,639,054	228,210,986,453	273,185,165,272	233,364,570,577

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

STATEMENTS OF INCOME (Continued)

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
	Note	Consolidated		The Company	
		2006	2005	2006	2005
Profit before interest, financial and					
income tax expenses		22,185,119,191	24,686,947,714	20,491,366,032	23,562,020,764
Interest and financial expenses	4, 26	(1,916,724,527)	(2,152,278,186)	(1,393,652,625)	(1,427,495,464)
Income tax expense	27	(2,846,727,167)	(3,406,487,266)	(2,502,679,610)	(3,381,414,553)
Profit after tax		17,421,667,497	19,128,182,262	16,595,033,797	18,753,110,747
Net profit of minority interest		(826,633,700)	(375,071,515)	-	-
Net profit		16,595,033,797	18,753,110,747	16,595,033,797	18,753,110,747
Basic earnings per share	28	8.13	9.19	8.13	9.19

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)										
	Note	Share Capital - issued and paid-up	Premium on share capital	Revaluation reserve	Consolidated		Unappropriated retained earnings	Total equity of the Company's shareholders	Minority interests	Total shareholders' equity
					Legal reserve	Other				
Balance at 1 January 2005		20,400,278,730	2,456,261,491	17,970,643,983	347,289,541	244,500,000	7,877,159,011	49,296,132,756	4,279,170,204	53,575,302,960
Depreciation of revaluation surplus of assets	12	-	-	(1,362,097,471)	-	-	1,362,097,471	-	-	-
Realisation of revaluation surplus of assets	12	-	-	(449,303,572)	-	-	448,422,288	(881,284)	-	(881,284)
Deferred tax on revaluation of assets		-	-	(1,110,171,059)	-	-	-	(1,110,171,059)	-	(1,110,171,059)
Change in portion of minority interests		-	-	-	-	-	-	-	(941,478,435)	(941,478,435)
Net profit		-	-	-	-	-	18,753,110,747	18,753,110,747	375,071,515	19,128,182,262
Legal reserve	21	-	-	-	937,655,537	-	(937,655,537)	-	-	-
Dividends		-	-	-	-	-	(3,672,050,171)	(3,672,050,171)	(126,450,006)	(3,798,500,177)
Balance at 31 December 2005		20,400,278,730	2,456,261,491	15,049,071,881	1,284,945,078	244,500,000	23,831,083,809	63,266,140,989	3,586,313,278	66,852,454,267
Depreciation of revaluation surplus of assets	12	-	-	(1,371,405,177)	-	-	1,371,405,177	-	-	-
Deferred tax on revaluation of assets	14	-	-	(1,103,137,055)	-	-	-	(1,103,137,055)	-	(1,103,137,055)
Net profit		-	-	-	-	-	16,595,033,797	16,595,033,797	826,633,700	17,421,667,497
Legal reserve	21	-	-	-	755,082,795	-	(755,082,795)	-	-	-
Dividends	30	-	-	-	-	-	(10,200,139,365)	(10,200,139,365)	(158,062,525)	(10,358,201,890)
Balance at 31 December 2006		20,400,278,730	2,456,261,491	12,574,529,649	2,040,027,873	244,500,000	30,842,300,623	68,557,898,366	4,254,884,453	72,812,782,819

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	The Company				Unappropriated retained earnings	Total equity of the Company's shareholders	
		Share capital - issued and paid-up	Premium on share capital	Revaluation reserve	Legal reserve			
Balance at 1 January 2005		20,400,278,730	2,456,261,491	17,970,643,983	347,289,541	244,500,000	7,877,159,011	49,296,132,756
Depreciation of revaluation surplus of assets	12	-	-	(1,362,097,471)	-	-	1,362,097,471	-
Realisation of revaluation surplus of assets	12	-	-	(449,303,572)	-	-	448,422,288	(881,284)
Deferred tax on revaluation of assets		-	-	(1,110,171,059)	-	-	-	(1,110,171,059)
Net profit		-	-	-	-	-	18,753,110,747	18,753,110,747
Legal reserve	21	-	-	-	937,655,537	-	(937,655,537)	-
Dividends		-	-	-	-	-	(3,672,050,171)	(3,672,050,171)
Balance at 31 December 2005		20,400,278,730	2,456,261,491	15,049,071,881	1,284,945,078	244,500,000	23,831,083,809	63,266,140,989
Depreciation of revaluation surplus of assets	12	-	-	(1,371,405,177)	-	-	1,371,405,177	-
Deferred tax on revaluation of assets	14	-	-	(1,103,137,055)	-	-	-	(1,103,137,055)
Net profit		-	-	-	-	-	16,595,033,797	16,595,033,797
Legal reserve	21	-	-	-	755,082,795	-	(755,082,795)	-
Dividends	30	-	-	-	-	-	(10,200,139,365)	(10,200,139,365)
Balance at 31 December 2006		20,400,278,730	2,456,261,491	12,574,529,649	2,040,027,873	244,500,000	30,842,300,623	68,557,898,366

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

STATEMENTS OF CASH FLOWS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

		Consolidated		The Company	
	Note	2006	2005	2006	2005
(in Baht)					
Cash flows from operating activities					
Net profit		16,595,033,797	18,753,110,747	16,595,033,797	18,753,110,747
Adjustments for					
Depreciation and amortisation		6,655,771,617	6,367,608,522	5,019,447,352	4,946,662,986
Unrealized (gain) loss on foreign exchange		(2,676,212,717)	611,120,211	(2,236,020,766)	263,132,517
Interest expense		1,860,687,158	2,040,881,232	1,343,494,149	1,319,692,804
Increase in allowance for doubtful account		1,290,184	-	-	-
Decrease in allowance for					
decline in value of inventories		-	(21,168,731)	-	-
Share of loss (profits) from investments					
accounted for using the equity method		633,187	-	(9,097,718,232)	(9,157,384,865)
Loss from insurance claims		-	232,053,255	-	-
Gain on remeasurement to fair value					
of cross currency swap contracts		(80,661,130)	-	(80,661,130)	-
Loss (gain) on disposal of property,					
plant and equipment		51,825,662	(190,119,571)	(8,218,841)	305,386,593
Loss from written-off property,					
plant and equipment and other assets		20,700,959	10,403,320	-	-
Realisation of deferred land lease					
and other income		(30,886,185)	(24,949,170)	(187,933,440)	(153,242,324)
Income tax expense		2,846,727,167	3,406,487,266	2,502,679,610	3,381,414,553
Reversal of allowance for impairment of					
property, plant and equipment		-	(2,894,068,664)	-	-
Loss from impairment of investment, net		-	279,496,900	-	279,496,900
Net profit of minority interests		826,633,700	375,071,515	-	-
		26,071,543,399	28,945,926,832	13,850,102,499	19,938,269,911

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

STATEMENTS OF CASH FLOWS (Continued)

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
	Note	Consolidated		The Company	
		2006	2005	2006	2005
Changes in operating assets and liabilities					
Trade accounts receivable		(937,463,617)	(8,079,386,124)	(227,660,700)	(6,869,146,323)
Accounts receivable from subsidiary, associated and related companies		(3,357,393)	90,558,437	88,432,785	(68,842,290)
Inventories		(1,167,205,115)	(1,355,603,108)	(1,326,249,442)	(369,730,734)
Receivable from Oil Fuel Fund		84,550,338	2,783,425,737	84,550,338	2,783,425,737
Other current assets		(362,944,064)	(136,619,067)	(261,801,151)	(131,098,096)
Other non-current assets		(372,722,932)	(9,835,966)	(311,061,554)	(26,492,338)
Trade accounts payable		(653,940,793)	2,648,649,832	(297,173,625)	2,597,994,286
Accounts payable to subsidiary, associated and related companies		23,671,943	(487,417,420)	(40,580,442)	(226,800,151)
Other current liabilities		(44,800,971)	913,179,790	18,847,302	943,471,424
Other non-current liabilities		86,174,234	(203,003,734)	247,386,094	(66,977,066)
Income tax paid		(4,812,849,163)	(4,705,379,124)	(4,635,274,061)	(4,699,099,675)
Net cash provided by operating activities		17,910,655,866	20,404,496,085	7,189,518,043	13,804,974,685

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

STATEMENTS OF CASH FLOWS (Continued)

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

	(in Baht)			
	Consolidated		The Company	
Note	2006	2005	2006	2005
Cash flows from investing activities				
(Increase) decrease in current investments	(35,423,678)	46,992,017	-	-
Decrease in long-term receivables from subsidiary companies	-	250,000,000	-	603,741,461
Decrease in subordinated loan to a subsidiary company	-	-	136,065,946	-
(Increase) decrease in long-term loans to savings co-operative of employees	(29,027,359)	11,666,189	(29,027,359)	11,666,189
Payment of investments in shares of subsidiary and related companies	(45,000,000)	(904,518,696)	(45,000,000)	(1,974,518,700)
Dividends received	-	-	1,688,989,857	154,549,994
Payment of fixed assets	(8,278,170,086)	(4,377,349,142)	(5,860,504,675)	(2,398,360,859)
Proceeds from insurance claims	-	899,390,590	-	-
Proceeds from sales of property, plant and equipment	101,880,966	375,273,208	99,942,961	1,071,468,953
Increase in intangible assets	(9,392,699)	(8,362,156)	(9,271,097)	(6,683,393)
Net cash used in investing activities	(8,295,132,856)	(3,706,907,990)	(4,018,804,367)	(2,538,136,355)

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

STATEMENTS OF CASH FLOWS (Continued)

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
	Note	Consolidated		The Company	
		2006	2005	2006	2005
Cash flows from financing activities					
Interest paid		(2,292,245,164)	(2,112,065,898)	(1,371,185,052)	(1,447,546,613)
Increase (decrease) in short-term loans from financial institutions		1,000,000,000	(1,213,417,341)	1,000,000,000	-
Proceeds from long-term loans		1,479,058,854	11,351,626,805	-	11,351,626,805
Repayments of long-term loans		(9,670,328,921)	(30,586,205,095)	(4,117,460,000)	(28,503,607,814)
Proceeds from notes issuance		5,500,000,000	14,245,431,109	5,500,000,000	14,245,431,109
Dividends paid		(10,358,201,890)	(3,798,500,177)	(10,200,139,365)	(3,672,050,171)
Net cash used in financing activities		(14,341,717,121)	(12,113,130,597)	(9,188,784,417)	(8,026,146,684)
Net (decrease) increase in cash and cash equivalents					
		(4,726,194,111)	4,584,457,498	(6,018,070,741)	3,240,691,646
Cash and cash equivalents at beginning of year		11,251,623,779	6,667,166,281	7,411,402,311	4,170,710,665
Cash and cash equivalents at end of year	5, 12	6,525,429,668	11,251,623,779	1,393,331,570	7,411,402,311
Non cash transactions					
Purchase of fixed assets on credit terms	4, 12	1,084,375,062	-	1,044,657,841	411,000,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 16 February 2007.

1. GENERAL INFORMATION

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

Sriracha office and refinery plant : 42/1 Moo 1, Sukhumvit Road Km. 124, Tungsukla, Sriracha,
Cholburi, Thailand.

Head office : 123 Suntowers Building B, 16th Floor, Vibhavadi Rangsit Road,
Chomphon, Chatuchak, Bangkok, 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 are oil refining operation. The Company comprises a highly sophisticated oil-refining complex with a capacity of approximately 220,000 barrels per day of crude oil and feedstock intake. Performance for a refinery is generally measured from capacity utilization or the number of barrels of crude and feedstock refined into petroleum products and the “gross refinery margin” (GRM) earned for each barrel of crude/feedstock processed. GRM is derived as the difference between the aggregate value of production and the aggregate cost of crude/feedstock inclusive of its transport cost and energy used in the refining process. This number is divided by the number of barrels of crude/feedstock to arrive at GRM/barrel and expressed in US Dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

Details of the Company's subsidiaries are as follows:

	Type of business	Country of incorporation	Ownership interest %	
			2006	2005
Direct subsidiaries				
Thai Paraxylene Co., Ltd.	Paraxylene manufacturing	Thailand	99.99	99.99
Thai Lube Base Public Co., Ltd.	Lube base oil refining and distribution	Thailand	99.99	99.99
Thaioil Marine Co., Ltd.	Oil and chemical products transported by marine	Thailand	99.99	99.99
Thaioil Power Co., Ltd.	Power generation	Thailand	54.99	54.99
Independent Power (Thailand) Co., Ltd.	Power generation	Thailand	24.00	24.00
Indirect subsidiary				
Independent Power (Thailand) Co., Ltd.	Power generation	Thailand	56.00	56.00

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The 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 financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except for the following discussion in other notes.

The preparation of financial statements in conformity with TAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments made by management in the application of TAS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 12.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

As at the balance sheet date, derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income. However, derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 3(d)).

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(d) Hedging

Fair value hedges

Where a derivative financial instrument hedges the changes in fair value of a recognized asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the statement of income.

The fair value of cross currency swaps is the estimated amount by using valuation techniques which refer to observable market data that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates, foreign currencies, and the current creditworthiness of the swap counterparties

Hedge of future foreign currency transactions

At the balance sheet date, gains and losses from forward foreign exchange contracts are recognised by utilizing the difference between the foreign exchange rate ruling at the end of the year and the forward contracted rate, in the statement of income.

Hedge of interest rates

The Company enters into interest rate cap option agreements with various investment-grade counterparties to hedge against its U.S. Dollar floating interest rate loans. During periods where U.S. Dollars LIBOR interest rate does not exceed the caps, the Company pays interest at the prevailing U.S. Dollars LIBOR interest rates. The cap premium is recorded as deferred charges for interest rate hedging, and is amortised based on the straight-line method over the term of the agreements. A subsidiary company enters into interest rate swap agreements with various investment-grade counter-parties to hedge against its U.S Dollars with LIBOR interest rates. The differences under interest rate swaps are recorded as adjustments to the interest expense relating to the hedged loans in the statement of income.

Hedge of Crack Spread

From time to time depending on the market condition, the Company enters into Crack Spread Swap agreements to lock in margins between benchmark petroleum products and crude including gas oil/dubai, jet fuel/dubai and fuel oil/dubai. The differences between the fixed prices of the agreement and the

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

settlement prices are recognised as gains or losses in current operations. The price differences of the outstanding agreements at the end of the year are accrued as income or expense for the year.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, saving accounts and current accounts and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed by the Group primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) Inventories

Raw materials and finished goods

Inventories are stated at the lower of cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads. Cost is calculated using the following formula:

- Crude oil and feedstock which mostly belong to the Company are valued using last-in, first-out method.
- Finished and semi-finished oil products which mostly belong to the Company are valued using monthly average cost method.
- Materials, spare parts and supplies are valued using average cost method.
- Gas oil for power plant of the subsidiary companies is valued using last-in, first-out method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(h) Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities that the Group intends and is able to hold to maturity are stated at amortised cost less impairment losses (if any). The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Equity securities which are not marketable are stated at cost less impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in the statement of income.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Property, plant and equipment

Property, plant and equipment mainly consisting of refinery plant and machinery and equipment, are stated at revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The subsidiaries' property, plant and equipment, mainly consisting of power plants, oil and liquid chemical tankers, lube base refinery plant and paraxylene plant, are stated at cost less accumulated depreciation and impairment losses.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

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Any increase in value, on revaluation, is credited to equity under the heading 'revaluation surplus' unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in equity in respect of the same asset.

The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and credited to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred from equity to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment (except the power plant of Thairoil Power Company Limited which is depreciated by the units of production method). The estimated useful lives are as follows:

Buildings	10 - 25	years
Leasehold improvements	5 - 20	years
Refinery plant of the Company (starting from 1 October 1994, depreciated over the remaining estimated useful life)	20	years
Lube base oil refinery plant of a subsidiary company	16 - 20	years
Paraxylene plant of a subsidiary company	10 - 25	years
Power plant of a subsidiary company (Independent Power (Thailand) Co., Ltd.)	25	years
Transmission facility	20	years
Machinery, equipment and plant equipment	5 - 20	years
Oil and liquid chemical tankers	9 - 14	years
Furniture, fixtures, office equipment and others	5 - 10	years
Vehicles	5	years

NOTES TO THE FINANCIAL STATEMENTS

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(j) Intangible assets

Negative goodwill

Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

Negative goodwill is stated at cost less accumulated amortisation and impairment losses (if any). Negative goodwill arising on acquisition of shares in a subsidiary in the Company's separate financial statements is included in investments.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (if any).

Amortisation

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortised but are systematically tested for impairment at each balance sheet date. The estimated useful lives are as follows:

Computer software	5 years
Licence fee	5-15 years
Negative goodwill	20 years

Deferred charges are amortised over the estimated periods to which the benefits relate, which are principally in line with the agreements to which such deferred charges relate.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
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Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
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(l) Discount on notes

Discount on notes, comprising the difference between proceeds from notes issuance and redemption value on maturity, is recognised in the statement of income over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Provident fund

Obligations for contributions to provident fund are recognised as an expense in the statement of income as incurred.

Retirement gratuity fund

Obligations for contributions to retirement gratuity fund are computed on the benefit formula at balance sheet date and are recognised as an expense in the statement of income. Benefits are payable upon retirement, disability, death or resignation.

(o) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Revenue

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

Sale of goods and services rendered

Revenue from sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income is recognised on the accrual basis principally based on services rendered.

Rental income

Rental income from investment property is recognised in the statement of income on a straight-line basis over the term of the lease.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

(q) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Repairs and maintenance

Expenditure on repairs and maintenance is charged to the statement of income in the period in which the expenditure is incurred. Expenditure of a capital nature is added to the cost of the related plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(r) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

The Company and certain subsidiary companies record deferred tax. Deferred tax is provided, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

4. 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

PTT Public Co., Ltd.
Thai Paraxylene Co., Ltd.
Thai Lube Base Public Co., Ltd.
Thaioil Power Co., Ltd.
Independent Power (Thailand) Co., Ltd.
Thaioil Marine Co., Ltd.
Measod Clean Energy Co., Ltd.
PTT ICT Solutions Co., Ltd.
Thai Petroleum Pipeline Co., Ltd.
Siemens Power Generation
Siemens Limited
Star Petroleum Refining Company Limited
Rayong Refinery Public Co., Ltd.
IRPC Public Co., Ltd.
The Aromatics (Thailand) Public Co., Ltd.
Bangchak Petroleum Public Co., Ltd.

Relationship

Major shareholder
Subsidiary and / or directorship
Subsidiary and / or directorship
Subsidiary and / or directorship
Subsidiary and / or directorship
Subsidiary and / or directorship
Associated company and / or directorship
Associated company and / or directorship
Related company and / or directorship
Related company of subsidiary's shareholder
Related company of subsidiary's shareholder
Major shareholder's associated company
Major shareholder's associated company
Major shareholder's associated company
Major shareholder's associated company
Major shareholder's associated company

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

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.

Transactions for the years ended 31 December 2006 and 2005 with related parties are summarised as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	(in thousand Baht)			
Revenues				
Revenue from sale of goods and rendering of services	171,509,951	132,621,614	206,068,130	159,410,276
Interest income	-	166,538	617	246,865
Land lease income	-	-	37,746	37,746
Other income	25,897	17,485	1,087,776	954,298
Sale of property, plant and equipment	105,000	-	105,000	1,070,000
Expenses				
Purchases of raw materials	128,831,429	109,927,466	153,402,334	125,873,753
Other expenses	89,548	137,058	115,434	369,426
Purchase of assets	-	-	-	437,376
Interest expenses	6,641	1,622	8,450	12,201
Directors' remuneration	111,515	109,928	61,539	59,720

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
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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 as follows:

	(in thousand Baht)			
	Consolidated		The Company	
	2006	2005	2006	2005
PTT Public Co., Ltd.	2,197,680	2,031,310	2,197,680	2,031,310
Thai Lube Base Public Co., Ltd.	-	-	1,810,000	1,966,033
Rayong Refinery Public Co., Ltd.	576,290	2,300,151	576,290	2,300,151
Star Petroleum Refining Co., Ltd.	576,290	2,300,151	576,290	2,300,151
Bangchak Petroleum Public Co., Ltd.	1,504,950	739,276	1,039,950	739,276
The Aromatics (Thailand) Public Co., Ltd.	-	187,530	-	187,530

Balances as at 31 December 2006 and 2005 with related parties were as follows:

Trade accounts receivable

	(in thousand Baht)			
	Consolidated		The Company	
	2006	2005	2006	2005
PTT Public Co., Ltd.	8,073,655	7,451,185	7,794,791	7,320,132
Thai Paraxylene Co., Ltd.	-	-	2,928,404	2,428,310
Thai Lube Base Public Co., Ltd.	-	-	76,978	46,875
Thaioil Power Co., Ltd.	-	-	32,363	-
IRPC Public Co., Ltd.	404,200	-	30,331	-
Bangchak Petroleum Public Co., Ltd.	949,701	562,776	945,782	562,776
Total	9,427,556	8,013,961	11,808,649	10,358,093

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

Accounts receivable from subsidiary, associated and related companies

Other receivables

	(in thousand Baht)			
	Consolidated		The Company	
	2006	2005	2006	2005
PTT Public Co., Ltd.	4,080	9,985	4,080	9,985
Thaioil Power Co., Ltd.	-	-	23,138	40,551
Thai Paraxylene Co., Ltd.	-	-	11,784	37,189
Thai Lube Base Public Co., Ltd.	-	-	17,073	31,680
Independent Power (Thailand) Co., Ltd.	-	-	5,629	8,722
Thaioil Marine Co., Ltd.	-	-	861	2,221
PTT ICT Solutions Co., Ltd.	9,262	-	9,262	-
Total	13,342	9,985	71,827	130,348

Current portion of long-term receivable

Thaioil Marine Co., Ltd.	-	-	-	29,912
Total	13,342	9,985	71,827	160,260

Subordinated loan to a subsidiary company

	(in thousand Baht)			
	Consolidated		The Company	
	2006	2005	2006	2005
Thai Paraxylene Co., Ltd.	-	-	-	136,066

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. In 2006, 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

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
PTT Public Co., Ltd.	8,323,271	7,293,962	6,655,321	5,992,961
Thaioil Power Co., Ltd.	-	-	152,992	136,427
Thai Paraxylene Co., Ltd.	-	-	2,172,438	1,922,860
Thai Lube Base Public Co., Ltd.	-	-	215,899	230,452
Bangchak Petroleum Public Co., Ltd.	60,754	607,684	60,754	607,684
IRPC Public Co., Ltd.	168	-	-	-
Total	8,384,193	7,901,646	9,257,404	8,890,384

Accounts payable to subsidiary, associated and related companies

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
PTT Public Co., Ltd.	4,972	982	2,375	982
Thaioil Power Co., Ltd.	-	-	-	86
Siemens Power Generation	-	271,752	-	-
Thai Lube Base Public Co., Ltd.	-	-	1,187	467,992
Thai Paraxylene Co., Ltd.	-	-	-	2,033
Thai Petroleum Pipeline Co., Ltd.	6,811	2,721	6,811	2,721
Thaioil Marine Co., Ltd.	-	-	227	3,968
PTT ICT Solutions Co., Ltd.	15,602	-	15,602	-
Total	27,385	275,455	26,202	477,782

NOTES TO THE FINANCIAL STATEMENTS

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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:

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For the years ended 31 December 2006 and 2005
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- 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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(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) Long-Term Maintenance Agreements

In 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.

(g) 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.

(h) 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 or 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.

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(i) 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 commenced from 1 July 2006 onwards and shall be extended for successive of five years each. Service income are specified in the agreement.

(j) 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.

(k) 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: (i) the related company has a cost overrun during pre-completion period; and (ii) 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.

(l) Product Offtake and Crude Oil Supply Agreement

On 3 April 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.

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(m) Claims Settlement Package Agreement

On 27 September 2000, the Company entered into a Claims Settlement Package Agreement with a subsidiary company to settle a dispute concerning alleged damage to such subsidiary suffered as a result of the actions of the Company's plan administrator. The Claims Settlement Package Agreement has the following significant conditions:

- The Company will pay the subsidiary company a total of U.S. Dollars 6.9 million over a ten year period in installments of varying amounts up to 31 March 2010. This amount represents compensation due and owing for 1999 under the Supplemental Supply and Offtake Agreement dated 16 February 1995 between the Company and the subsidiary company. The Supplemental Supply and Offtake Agreement was cancelled by the plan administrator of the Company.
- The Company will immediately pay the subsidiary company up to Baht 30.9 million relating to a disputed payment for by-product.
- After the completion of the debt restructuring of the subsidiary company, the Company will enter into a ten-year agreement with the subsidiary company whereby the latter will supply by-product to the Company in the agreed quantities and at the agreed price with a premium of U.S. Dollars 4 per ton on the supplied volume.
- The Company will enter into a ten-year feedstock supply agreement with the subsidiary company whereby the latter will purchase feedstock from the Company in the agreed volume.
- The Company will receive 13% of the shares in the subsidiary company, up front at par value, which is the same subscription price as for other shareholders, for the amount equivalent to the present value (at a discount rate of 10%) of the consideration paid or contribution by the Company when the conditions as discussed in Items 1), 2) and 3) above are met.

NOTES TO THE FINANCIAL STATEMENTS

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After the finalization of the Business Reorganization Plan of such subsidiary dated 16 December 2003, the Company complied with items 1) and 2) and received 36,790,463 shares on 7 January 2004. On 10 May 2005, the Company paid the compensation under item 3). The obligation under item 4) has been terminated.

(n) Agreement for Crude Oil Processing

On 20 October 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.

(o) Long Residue Cracking and Fuel Oil Exchange Agreement

On 1 June 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.

(p) Oil transportation agreements

On 28 July 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.

NOTES TO THE FINANCIAL STATEMENTS

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5. CASH AND CASH EQUIVALENTS

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Cash on hand	2,671	2,502	1,022	841
Savings accounts and current accounts	5,242,759	9,923,240	1,392,310	6,410,561
Fixed deposits	-	317,182	-	-
Promissory notes issued by financial institutions	1,280,000	8,700	-	-
Treasury bills	-	1,000,000	-	1,000,000
Total	6,525,430	11,251,624	1,393,332	7,411,402

As at 31 December 2006, savings deposits, current deposits and fixed deposits of subsidiary companies totaling Baht 1,622 million are pledged as collateral for credit facilities as discussed in Note 16. The subsidiary companies can withdraw these deposits when needed as specified in the loan agreements (2005 : Baht 1,701 million).

6. CURRENT INVESTMENTS

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Fixed deposits	204,613	18,710	-	-
Promissory notes issued by financial institutions	252,298	402,777	-	-
Total	456,911	421,487	-	-

Subsidiary companies have current investments in fixed deposits and promissory notes with terms over 3 months but not over one year with several local financial institutions. These current investments bear interest at rates of 5.0% to 6.1% per annum (2005: interest rate at rate of 2.25% to 4.00% per annum). These current investments are pledged as collateral for subsidiary companies' credit facilities as discussed in Note 16. Subsidiary companies can redeem the current investments when needed.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

7. TRADE ACCOUNTS RECEIVABLE, NET

(in thousand Baht)

	Note	Consolidated		The Company	
		2006	2005	2006	2005
Trade accounts receivable					
from related parties	4	9,427,556	8,013,961	11,808,649	10,358,093
Trade accounts receivable					
from other parties		9,328,304	9,791,748	4,625,701	5,844,672
Less allowance for doubtful					
accounts		(1,610)	(320)	-	-
Total		18,754,250	17,805,389	16,434,350	16,202,765

(in thousand Baht)

	Note	Consolidated		The Company	
		2006	2005	2006	2005
Within credit terms		18,721,499	17,782,892	16,434,350	16,202,765
Overdue:					
Less than 6 months		15,659	18,027	-	-
6-12 months		3,671	2,435	-	-
Over 12 months		15,031	2,355	-	-
		18,755,860	17,805,709	16,434,350	16,202,765
Less allowance for doubtful accounts		(1,610)	(320)	-	-
Net		18,754,250	17,805,389	16,434,350	16,202,765

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

Trade accounts receivable overdue for more than 12 months include Baht 13.4 million owed by a state enterprise. As at 31 December 2006, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

8. INVENTORIES

	(in thousand Baht)			
	Consolidated		The Company	
	2006	2005	2006	2005
Crude oil and feedstock	7,633,811	8,387,956	6,704,096	7,080,567
Materials, spare parts and supplies	918,503	913,455	660,649	650,860
Finished and semi-finished oil Products	5,175,929	4,376,289	4,002,583	3,423,789
Gas oil for power plant	9,148	6,624	-	-
Goods in transit				
- Crude oil	6,421,207	5,309,679	6,421,207	5,309,679
- Materials, spare parts and supplies	9,538	6,928	9,538	6,928
Total	20,168,136	19,000,931	17,798,073	16,471,823

As at 31 December 2006, the Company and a subsidiary had crude oil and feedstock and gas oil for power plant, respectively, valued using the last-in, first-out method at the lower of cost and net realisable value, at Baht 523 million and Baht 5 million, respectively, lower than cost calculated using the first-in, first-out method (2005: Baht 1,014 million and Baht 4 million, respectively).

As at 31 December 2006, the Company and a subsidiary's inventories as stated above included a legal reserve amounting to Baht 6,524 million and Baht 451 million (2005: Baht 7,050 million and Baht 416 million, respectively).

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

9. OTHER CURRENT ASSETS

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Value - added tax receivable	509,695	670,705	423,474	490,378
Prepaid expense	394,006	394,714	228,359	259,497
Other accounts receivable	312,276	85,643	72,080	42,078
Current portion of loan to savings co-operative of employees	34,037	31,358	34,037	31,358
Others	73,480	94,710	35,473	29,229
Total	1,323,494	1,277,130	793,423	852,540

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Net book value at 1 January	-	-	18,887,994	8,327,191
Share of net (loss) profits of investments - equity method	(633)	-	9,097,718	9,157,385
Acquisitions	45,000	-	45,000	1,557,968
Dividend income	-	-	(1,688,990)	(154,550)
Net book value at 31 December	44,367	-	26,341,722	18,887,994

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

Investments accounted for using the equity method as at 31 December 2006 and 2005, and dividend income from those investments during the years ended on those dates, were as follows:

	Ownership interest		Paid-up capital		Consolidated Cost method		Equity method		Dividend income	
	(%)				(in thousand Baht)					
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Associates										
PTT ICT Solutions Co., Ltd.	20.00	-	150,000	-	30,000	-	29,660	-	-	-
Measod Clean Energy Co., Ltd.	30.00	-	50,000	-	15,000	-	14,707	-	-	-
Total			200,000	-	45,000	-	44,367	-	-	-

	Ownership interest		Paid-up capital		The Company Cost method		Equity method		Dividend income	
	(%)				(in thousand Baht)					
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Subsidiaries										
Thaioil Power Co., Ltd.	54.99	54.99	2,810,000	2,810,000	1,545,500	1,545,500	3,709,443	3,277,020	193,188	154,550
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	1,051,029	650,765	-	-
Thaioil Marine Co., Ltd.	99.99	99.99	630,000	630,000	630,000	630,000	539,102	501,862	-	-
Thai Paraxylene Co., Ltd.	99.99	99.99	5,490,852	5,490,852	3,551,230	3,551,230	13,023,546	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	7,974,235	7,127,996	1,495,802	-
Associates										
PTT ICT Solutions Co., Ltd.	20.00	-	150,000	-	30,000	-	29,660	-	-	-
Measod Clean Energy Co., Ltd.	30.00	-	50,000	-	15,000	-	14,707	-	-	-
Total			13,734,811	13,534,811	8,238,044	8,193,044	26,341,722	18,887,994	1,688,990	154,550

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

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 straight line basis over its 20 years estimated useful life. In 2006, the Company amortised such negative goodwill of Baht 29 million (2005 : Baht 24 million), resulting in the remaining balance of the aforementioned negative goodwill of Baht 531 million as at 31 December 2006 (2005 : Baht 561 million).

Thai Paraxylene Co., Ltd.

At the ordinary shareholders' meeting held on 15 March 2005, the shareholders of Thai Paraxylene Co., Ltd. unanimously approved the increase in authorised share capital (common shares) by Baht 1,070 million from Baht 1,502 million to Baht 2,572 million. The increase in authorised share capital was registered with the Ministry of Commerce on 8 April 2005.

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 decrease of its preferred shares has not been effected.

PTT ICT Solutions Co., Ltd.

On 7 June 2006, the Company invested Baht 30 million to acquire 3 million ordinary shares representing 20% of the issued share capital of PTT ICT Solutions Co., Ltd. at their par value of Baht 10 per share.

Measod Clean Energy Co., Ltd.

On 9 October 2006, the Company entered into an agreement to invest in the establishment of Measod Clean Energy Company Limited to construct and operate an ethanol production plant, together with Padaeng Industry Public Company Limited and Petrogreen Company Limited. The Company agreed to invest Baht 30 million to acquire 30% of the share capital of Measod Clean Energy Company Limited. On 21 November 2006, Measod Clean Energy Company Limited called for payment of share capital at the rate of 50% of par value. The Company has accordingly paid Baht 15 million in respect of its shareholding.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

11. OTHER LONG-TERM INVESTMENTS

	Type of Business	Ownership interest (%)		Consolidated Paid-up capital (in thousand Baht)		Cost method	
		2006	2005	2006	2005	2006	2005
		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
Total						779,497	779,497
Less: allowance for loss on impairment of investments						(779,497)	(779,497)
Net						-	-

	Type of Business	Ownership interest (%)		The Company Paid-up capital (in thousand Baht)		Cost method	
		2006	2005	2006	2005	2006	2005
		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
Total						779,497	779,497
Less: allowance for loss on impairment of investments						(779,497)	(779,497)
Net						-	-

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

Thai Petroleum Pipeline Co., Ltd.

On 9 January 2004, the Company purchased 1,129,453 preferred shares of Thai Petroleum Pipeline Co., Ltd. (THAPPLINE) with a par value of Baht 100 each, equivalent to Baht 113 million.

At the extraordinary shareholders' meeting of THAPPLINE held on 26 September 2005, the shareholders unanimously approved the increase of 43,015,000 new preferred shares with a par value of Baht 100 each totaling Baht 4,301.5 million. The Company is entitled to purchase 4,165,516 preferred shares totaling Baht 416.55 million.

In 2005, the Company recorded an additional Baht 529.5 million allowances for loss on impairment of investments in shares of THAPPLINE, bringing the total allowance recorded to Baht 779.5 million, since THAPPLINE has recorded recurring losses for consecutive years. Subsequently in the fourth quarter 2005, THAPPLINE repaid the balance of a tariff prepayment with interest of Baht 416.3 million to the Company. Consequently, the Company reversed allowance for impairment of Baht 250 million and presented the amount net of the additional provision.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

12. PROPERTY, PLANT AND EQUIPMENT, NET

(in thousand Baht)

	Consolidated												Total
	Land	Buildings	Leasehold improvements	Refinery plant and plant equipment	Paraxylene plant	Power plant	Trans- mission facility	Machinery, equipment and plant equipment	Oil and liquid chemical tankers	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	
Cost / valuation													
At 1 January 2005	1,926,417	1,028,383	4,795	64,144,760	7,232,650	15,312,262	192,637	1,978,048	690,664	411,412	25,762	1,894,256	94,842,046
Additions	486,796	-	-	-	-	131,475	-	403,870	-	17,349	422	2,335,993	3,375,905
Transfers, net	-	2,483	-	(1,786,588)	1,374,030	921,258	-	519,305	-	9,476	-	(1,802,030)	(762,066)
Disposals	-	-	-	-	-	(811,684)	-	(920,606)	(162,868)	(9,596)	(3,213)	(215)	(1,908,182)
At 31 December 2005	2,413,213	1,030,866	4,795	62,358,172	8,606,680	15,553,311	192,637	1,980,617	527,796	428,641	22,971	2,428,004	95,547,703
Additions	290,530	-	-	-	-	-	-	3,202	-	8,442	4,230	8,787,389	9,093,793
Transfers, net	-	549	-	284,056	-	-	-	76,899	-	38,753	556	(400,813)	-
Disposals	(128,419)	(49,454)	-	(36,700)	-	-	-	(20,482)	-	(2,143)	(5,177)	-	(242,375)
At 31 December 2006	2,575,324	981,961	4,795	62,605,528	8,606,680	15,553,311	192,637	2,040,236	527,796	473,693	22,580	10,814,580	104,399,121

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in thousand Baht)

	Consolidated												Total
	Land	Buildings	Leasehold improvements	Refinery plant and plant equipment	Paraxylene plant	Power plant	Trans- mission facility	Machinery, equipment and plant equipment	Oil and liquid chemical tankers	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	
Accumulated depreciation													
At 1 January 2005	-	514,840	873	31,085,687	1,209,321	3,154,139	58,996	796,742	153,445	337,301	11,692	-	37,323,036
Depreciation charge for the year	-	39,105	227	2,627,266	419,375	680,700	9,632	190,709	38,550	18,435	4,222	-	4,028,221
Reversal of impairment losses	-	7,132	-	274,543	-	-	-	344	-	2,544	251	-	284,814
Transfers, net	-	-	-	(1,022,942)	-	-	-	-	-	-	-	-	(1,022,942)
Disposals	-	-	-	-	-	(146,022)	-	(340,829)	(21,428)	(4,968)	(2,118)	-	(515,365)
At 31 December 2005	-	561,077	1,100	32,964,554	1,628,696	3,688,817	68,628	646,966	170,567	353,312	14,047	-	40,097,764
Depreciation charge for the year	-	43,181	207	2,820,546	431,132	682,619	9,632	198,816	37,189	25,711	3,686	-	4,252,719
Reversal of impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(25,615)	-	(15,132)	-	-	-	(20,380)	-	(2,014)	(3,961)	-	(67,102)
At 31 December 2006	-	578,643	1,307	35,769,968	2,059,828	4,371,436	78,260	825,402	207,756	377,009	13,772	-	44,283,381
Impairment losses													
At 31 December 2005	397,176	-	-	-	-	-	-	-	-	-	-	-	397,176
At 31 December 2006	397,176	-	-	-	-	-	-	-	-	-	-	-	397,176

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in thousand Baht)

	Consolidated												Total
	Land	Buildings	Leasehold impro- vements	Refinery plant and plant equipment	Paraxylene plant	Power plant	Trans- mission facility	Machinery, equipment and plant equipment	Oil and liquid chemical tankers	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	
Revaluation surplus of assets													
At 1 January 2005	242,157	-	-	33,126,070	-	-	-	-	-	-	-	-	33,368,227
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(834,608)	-	-	-	-	-	-	-	-	(834,608)
At 31 December 2005	242,157	-	-	32,291,462	-	-	-	-	-	-	-	-	32,533,619
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2006	242,157	-	-	32,291,462	-	-	-	-	-	-	-	-	32,533,619

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in thousand Baht)

	Consolidated												Total
	Land	Buildings	Leasehold improvements	Refinery plant and plant equipment	Paraxylene plant	Power plant	Trans- mission facility	Machinery, equipment and plant equipment	Oil and liquid chemical tankers	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	
Accumulated depreciation													
At 1 January 2005	-	-	-	14,830,592	-	-	-	-	-	-	-	-	14,830,592
Depreciation charge for the year	-	-	-	1,840,185	-	-	-	-	-	-	-	-	1,840,185
Transfers, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(385,304)	-	-	-	-	-	-	-	-	(385,304)
At 31 December 2005	-	-	-	16,285,473	-	-	-	-	-	-	-	-	16,285,473
Depreciation charge for the year	-	-	-	1,828,540	-	-	-	-	-	-	-	-	1,828,540
Transfers, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2006	-	-	-	18,114,013	-	-	-	-	-	-	-	-	18,114,013
Net Book Value													
At 31 December 2005	2,258,194	469,789	3,695	45,399,607	6,977,984	11,864,494	124,009	1,333,651	357,229	75,329	8,924	2,428,004	71,300,909
At 31 December 2006	2,420,305	403,318	3,488	41,013,009	6,546,852	11,181,875	114,377	1,214,834	320,040	96,684	8,808	10,814,580	74,138,170

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in thousand Baht)

	Land	Buildings	The Company			Vehicles	Construction in progress	Total
			Refinery plant and plant equipment	Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others			
Cost / valuation								
At 1 January 2005	1,865,704	765,438	57,332,013	899,758	254,940	12,195	306,462	61,436,510
Additions	486,796	-	411,000	-	26	-	1,911,539	2,809,361
Transfers, net	-	-	161,892	20,690	9,280	-	(191,862)	-
Disposals	-	-	(1,759,217)	(1,944)	(4,185)	(2,613)	(215)	(1,768,174)
At 31 December 2005	2,352,500	765,438	56,145,688	918,504	260,061	9,582	2,025,924	62,477,697
Additions	286,198	-	-	-	-	-	6,207,965	6,494,163
Transfers, net	-	549	284,056	23,337	33,316	556	(341,814)	-
Disposals	(67,706)	(49,454)	-	(20,482)	(1,066)	-	-	(138,708)
At 31 December 2006	2,570,992	716,533	56,429,744	921,359	292,311	10,138	7,892,075	68,833,152

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in thousand Baht)

	Land	Buildings	Refinery plant and plant equipment	The Company Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	Total
Accumulated depreciation								
At 1 January 2005	-	423,714	28,704,558	366,708	209,731	7,595	-	29,712,306
Depreciation charge for the year	-	32,119	2,518,966	56,577	9,950	1,794	-	2,619,406
Transfers, net	-	-	-	-	-	-	-	-
Disposals	-	-	(833,678)	(1,944)	(2,548)	(1,639)	-	(839,809)
At 31 December 2005	-	455,833	30,389,846	421,341	217,133	7,750	-	31,491,903
Depreciation charge for the year	-	30,197	2,518,840	57,648	14,182	1,151	-	2,622,018
Transfers, net	-	-	-	-	-	-	-	-
Disposals	-	(25,615)	-	(20,381)	(989)	-	-	(46,985)
At 31 December 2006	-	460,415	32,908,686	458,608	230,326	8,901	-	34,066,936

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Thai Oil Public Company Limited and its Subsidiaries

(in thousand Baht)

	Land	Buildings	Refinery plant and plant equipment	The Company Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	Total
Impairment losses								
At 31 December 2005	397,176	-	-	-	-	-	-	397,176
At 31 December 2006	397,176	-	-	-	-	-	-	397,176
Revaluation surplus of assets								
At 1 January 2005	242,157	-	33,126,070	-	-	-	-	33,368,227
Additions	-	-	-	-	-	-	-	-
Transfers, net	-	-	-	-	-	-	-	-
Disposals	-	-	(834,608)	-	-	-	-	(834,608)
At 31 December 2005	242,157	-	32,291,462	-	-	-	-	32,533,619
Additions	-	-	-	-	-	-	-	-
Transfers, net	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 December 2006	242,157	-	32,291,462	-	-	-	-	32,533,619

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

(in thousand Baht)

	Land	Buildings	Refinery plant and plant equipment	The Company Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	Total
Accumulated depreciation								
At 1 January 2005	-	-	14,830,592	-	-	-	-	14,830,592
Depreciation charge for the year	-	-	1,840,185	-	-	-	-	1,840,185
Transfers, net	-	-	-	-	-	-	-	-
Disposals	-	-	(385,304)	-	-	-	-	(385,304)
At 31 December 2005	-	-	16,285,473	-	-	-	-	16,285,473
Depreciation charge for the year	-	-	1,828,540	-	-	-	-	1,828,540
Transfers, net	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 December 2006	-	-	18,114,013	-	-	-	-	18,114,013
Net Book Value								
At 31 December 2005	2,197,481	309,605	41,761,831	497,163	42,928	1,832	2,025,924	46,836,764
At 31 December 2006	2,415,973	256,118	37,698,507	462,751	61,985	1,237	7,892,075	48,788,646

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

In 2003, a subsidiary company recorded an allowance for impairment in value of fixed assets amounting to approximately Baht 3,378 million. In 2004, the subsidiary company had successfully complied with the Business Reorganization Plan. On 22 November 2004, the Central Bankruptcy Court had issued an order to lift the Business Reorganization requirement of the subsidiary company. In addition, as a result of becoming a wholly owned subsidiary of the Company in 2004 and because the businesses of both the Company and the subsidiary company are complementing and supporting each other in term of their production, the efficiency of operations of the subsidiary company is higher than before. Profits derived from operations of the subsidiary company in 2005 and 2004 are Baht 1,752 million and Baht 1,201 million, respectively, while cash flows from operations for those corresponding years are Baht 787 million and Baht 315 million, respectively. The aforementioned operating results and cash flows indicate that indicative factors of impairment of fixed assets have no longer existed. Accordingly, the management of the subsidiary company has reversed the remaining balance of allowance for impairment in value of fixed assets totaling Baht 2,894 million as income. This income is included in the consolidated statement of income of the Company for the year ended 31 December 2005.

A portion of a subsidiary company's machinery and equipment with net book value as at 31 December 2004 of approximately Baht 277.6 million, was sequestered by the Excise Department for the disputed unpaid excise tax as mentioned in Note 33 e). However the Excise Department has allowed the company to use that machinery and equipment for its operations. On 25 August 2005, the Excise Department ordered to release such sequestered machinery and equipment.

On 1 April 2005, the Company sold the Mixed-Xylenes Production Unit and Platformer 2 Unit with the attached equipment to a subsidiary company at an appraised value of Baht 1,070 million.

On 26 December 2005, the Company purchased Power and Steam Production Unit, Seawater Desalination Unit and Demineralization Unit together with attached equipments from a subsidiary company at an appraised value of Baht 437 million.

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In 2005, a subsidiary company sold its two oil and liquid chemical tankers with the attached equipment and spare parts at the price of Baht 211 million.

In 2006, the Company sold land with the attached gas station to a related company at an appraised value of Baht 105 million.

As at 31 December 2006 and 2005, the gross carrying amounts of certain fully depreciated fixed assets which are still in active use totaled approximately Baht 1,335million and Baht 1,014 million in the consolidated financial statements, respectively, and totaled approximately Baht 1,122 million and Baht 818 million in the Company's financial statements, respectively.

In 2002, the Company engaged an independent appraiser to appraise land (using the fair market value method), and refinery plant, machinery and equipment (using the income approach method to determine the value in use), whose report was dated 30 January 2003. According to this report, the value of land decreased by Baht 544.2 million: Of this, Baht 147.0 million was offset against the existing revaluation surplus of land in equity and the remaining amount of Baht 397.2 million was charged to provision for impairment of assets in the statement of income for the year ended 31 December 2002. The value of refinery plant, machinery and equipment, according to this report, approximated the carrying value of the assets at 31 December 2002.

The Company records revaluation increments in the "Revaluation reserve" account, which is presented under "Shareholders' Equity" in the balance sheets. The revaluation reserve is not available for dividend distribution.

The subsidiary companies' power plant, paraxylene plant and certain assets are mortgaged as collateral for long-term loans as discussed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
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13. INTANGIBLE ASSETS

(in thousand Baht)

	Licence fee	Consolidated Computer software	Total
Cost			
At 1 January 2005	556,303	34,584	590,887
Additions	4,996	3,366	8,362
Disposals	-	(15)	(15)
At 31 December 2005	561,299	37,935	599,234
Additions	2,941	6,452	9,393
Disposals	-	-	-
At 31 December 2006	564,240	44,387	608,627
Accumulated amortisation			
At 1 January 2005	446,679	23,802	470,481
Amortisation charge for the year	43,091	6,239	49,330
Disposals	-	(3)	(3)
At 31 December 2005	489,770	30,038	519,808
Amortisation charge for the year	34,133	2,769	36,902
Disposals	-	-	-
At 31 December 2006	523,903	32,807	556,710
Net book value			
At 31 December 2005	71,529	7,897	79,426
At 31 December 2006	40,337	11,580	51,917

NOTES TO THE FINANCIAL STATEMENTS

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(in thousand Baht)

	Licence fee	The Company Computer software	Total
Cost			
At 1 January 2005	556,303	27,202	583,505
Additions	4,157	2,526	6,683
Disposals	-	-	-
At 31 December 2005	560,460	29,728	590,188
Additions	2,941	6,330	9,271
Disposals	-	-	-
At 31 December 2006	563,401	36,058	599,459
Accumulated amortisation			
At 1 January 2005	446,679	17,272	463,951
Amortisation charge for the year	42,994	5,492	48,486
Disposals	-	-	-
At 31 December 2005	489,673	22,764	512,437
Amortisation charge for the year	34,036	2,421	36,457
Disposals	-	-	-
At 31 December 2006	523,709	25,185	548,894
Net book value			
At 31 December 2005	70,787	6,964	77,751
At 31 December 2006	39,692	10,873	50,565

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For the years ended 31 December 2006 and 2005
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14. DEFERRED TAX

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
Deferred tax assets	210,998	206,554	210,998	194,144
Deferred tax liabilities	(3,427,555)	(2,825,449)	(3,381,270)	(2,772,780)
Net	(3,216,557)	(2,618,895)	(3,170,272)	(2,578,636)

(in thousand Baht)

Movements in deferred tax assets and liabilities, prior to offsetting of balances, during the year were as follows:

	Consolidated			
	At	Charged / (credited) to		At
	1 January	Statement	Shareholders'	31 December
	2006	of income	equity	2006
		(note 27)		
Deferred tax liabilities				
Depreciation	(1,542,353)	55,595	-	(1,486,758)
Provision for hedging on foreign exchange and forward contracts	(31,353)	4,089	-	(27,264)
Amortisation of transmission facility transferred to EGAT	(52,669)	6,384	-	(46,285)
Surplus on revaluation of assets	(1,199,074)	457,135	(1,103,137)	(1,845,076)
Remeasurement to fair value of cross currency swap contracts	-	(22,172)	-	(22,172)
Total	(2,825,449)	501,031	(1,103,137)	(3,427,555)

(in thousand Baht)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
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(in thousand Baht)

	Consolidated			At 31 December 2006
	At 1 January 2006	Charged / (credited) to Statement of income (note 27)		
		Shareholders'	equity	
Deferred tax assets				
Pension fund	72,361	16,299	-	88,660
Loss on impairment of assets	119,153	-	-	119,153
Capitalized interest charged as part of cost of land	12,410	(12,410)	-	-
Others	2,630	555	-	3,185
Total	206,554	4,444	-	210,998
Net	(2,618,895)	505,475	(1,103,137)	(3,216,557)

(in thousand Baht)

	The Company			At 31 December 2006
	At 1 January 2006	Charged / (credited) to Statement of income (note 27)		
		Shareholders'	equity	
Deferred tax liabilities				
Depreciation	(1,542,353)	55,595	-	(1,486,758)
Provision for hedging on foreign exchange and forward contracts	(31,353)	4,089	-	(27,264)
Surplus on revaluation of assets	(1,199,074)	457,135	(1,103,137)	(1,845,076)
Remeasurement to fair value of Swap contracts	-	(22,172)	-	(22,172)
Total	(2,772,780)	494,647	(1,103,137)	(3,381,270)

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For the years ended 31 December 2006 and 2005
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(in thousand Baht)

	At 1 January 2006	The Company		At 31 December 2006
		Charged / (credited) to Statement of income (note 27)	Shareholders' equity	
Deferred tax assets				
Pension fund	72,361	16,299	-	88,660
Loss on impairment of assets	119,153	-	-	119,153
Others	2,630	555	-	3,185
Total	194,144	16,854	-	210,998
Net	(2,578,636)	511,501	(1,103,137)	(3,170,272)

15. OTHER NON-CURRENT ASSETS, NET

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Transmission facility transferred to EGAT, net	154,282	175,563	-	-
Deferred natural gas pipeline facilities, raw water pipeline and the use of land, net	292,668	310,338	146,488	155,278
Deferred land lease arrangement and registration fees, net	678,202	723,593	678,202	721,393
Deferred charges for interest rate hedging, net	65,516	76,473	48,640	76,473
Other deferred charges, net	484,981	266,387	362,487	183,956
Refundable deposits and others	111,171	109,796	41,758	40,905
Total	1,786,820	1,662,150	1,277,575	1,178,005

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

16. INTEREST-BEARING LIABILITIES

	Consolidated		The Company	
	2006	2005	2006	2005
	(in thousand Baht)			
Current				
Short - term loans from financial Institutions	1,000,000	-	1,000,000	-
Current portion of long-term loans - secured	1,133,370	1,615,852	-	-
	2,133,370	1,615,852	1,000,000	-
Non-current				
Long-term loans from financial institutions				
- secured	4,384,338	8,404,465	-	-
- unsecured	6,766,542	11,452,539	6,766,542	11,452,539
	11,150,880	19,857,004	6,766,542	11,452,539
Notes				
- Unsecured	18,167,918	14,395,131	18,167,918	14,395,131
Total	31,452,168	35,867,987	25,934,460	25,847,670

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	(in thousand Baht)			
Within one year	2,133,370	1,615,852	1,000,000	-
After one year but within five years	12,514,436	15,291,573	9,516,542	7,759,095
After five years	16,804,362	18,960,562	15,417,918	18,088,575
Total	31,452,168	35,867,987	25,934,460	25,847,670

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Secured interest-bearing liabilities as at 31 December were secured on the following assets:

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Current accounts, savings and fixed deposits at banks	1,879,403	2,767,038	-	-
Current investments in promissory notes	252,298	202,777	-	-
Power plant - carrying value	11,059,246	11,738,404	-	-
Paraxylene plant - carrying value	-	6,581,220	-	-
Total	13,190,947	21,289,439	-	-

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Thai Baht	11,475,248	5,893,823	9,100,000	2,600,000
U.S. Dollars	19,976,920	29,974,164	16,834,460	23,247,670
Total	31,452,168	35,867,987	25,934,460	25,847,670

NOTES TO THE FINANCIAL STATEMENTS

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Details of principal features of borrowings as at 31 December were as follows:

	Notes	Consolidated		(in thousand Baht) The Company	
		2006	2005	2006	2005
The Company :					
1. U.S. Dollars 65 million under U.S. Dollars 65 million and Baht 2,600 million Syndicated Loan Facility agreement repayable in six (6) semi-annual installments commencing in September 2008 (interest at LIBOR plus a margin of 1.18%)	16.1	2,355,002	2,676,349	2,355,002	2,676,349
2. Thai Baht under U.S. Dollars 65 million and Baht 2,600 million Syndicated Loan Facility agreement repayable in six (6) semi-annual installments commencing in September 2008 (interest at the average Baht 6-month time deposit rate plus a margin of 2.75%)	16.1	2,600,000	2,600,000	2,600,000	2,600,000
3. U.S. Dollars 50 million in 2006 and U.S. Dollars 150 million in 2005 under U.S. Dollars 200 million Revolving Credit Facility agreement, principal will be repayable in full at the fifth anniversary of the date of the agreement (interest at LIBOR plus a margin of 0.36%), prior to maturity date, it's Company's own discretion whether to make a drawdown or repayment within the availability period as well as decision to select the interest period of the amount drawdown under the relevant terms and conditions under the loan agreement	16.1	1,811,540	6,176,190	1,811,540	6,176,190

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For the years ended 31 December 2006 and 2005
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	Notes	Consolidated		(in thousand Baht) The Company	
		2006	2005	2006	2005
Subsidiaries:					
Thaioil Power Co., Ltd.	16.2				
Onshore loans					
- Tranche A		681,493	1,105,606	-	-
Independent Power (Thailand) Co., Ltd.					
Onshore loans					
- Tranche A1 (U.S. Dollars 26.4 million in 2006 and U.S. Dollars 28.8 million in 2005)	16.3	956,493	1,185,828	-	-
- Tranche A2		675,520	736,931	-	-
- Tranche A3		617,573	673,716	-	-
- Tranche A5		244,574	266,809	-	-
- Tranche E		156,088	177,618	-	-
Offshore loans					
- Tranche B (U.S. Dollars 60.3 million in 2006 and U.S. Dollars 81.1 million in 2005)		2,185,967	3,340,886	-	-

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		(in thousand Baht)			
		Consolidated		The Company	
	Notes	2006	2005	2006	2005
Thai Paraxylene Co., Ltd.	16.4				
Onshore loans					
- Tranche A1 (U.S. Dollars 33.4 million in 2005)	16.4 a)	-	1,376,286	-	-
- Tranche A2	16.4 b)	-	333,145	-	-
Offshore loans					
Tranche J (U.S. Dollars 20 million in 2005)	16.4 c)	-	823,492	-	-
Total		12,284,250	21,472,856	6,766,542	11,452,539
Less: current portion of long-term loans		(1,133,370)	(1,615,852)	(-)	(-)
Net		11,150,880	19,857,004	6,766,542	11,452,539

The Company:

16.1 In 2005, the Company prepaid all of remaining principals and cancelled the existing loan under the Refinance Facility (Baht) and Refinance Facility (Onshore Dollar) maturing in 2011 and Base Facility (U.S. Dollar) and Base Facility (Yen) maturing in 2010 together with their related security by entering into U.S. Dollars 65 million and Baht 2,600 million Syndicated Loan Facility agreement and U.S. Dollars 200 million Revolving Credit Facility agreement dated 3 June 2005 and issued ten-year-term notes at pricing rate of 99.884 % of face value of U.S. Dollars 350 million, maturing on 9 June 2015 at the interest rate of 5.10% per annum payable semi-annually in arrears of each year, commencing on 9 December 2005. The loan agreement and the Offering Circular agreement for notes have certain covenants pertaining to maintenance of certain financial ratios in the financial statements and percentage of shares held by the major shareholder. Subsequently in 2006, the Company has repaid U.S. Dollars 100 million of loan principal under U.S. Dollars 200 million Revolving Credit Facility Agreement.

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On 31 October 2006, the Company issued three-year-term and seven-year-term debentures to institutional investors for the Company's business operations totaling Baht 5,500 million at par value of Baht 1,000 each, maturing on 31 October 2009 and 2013 and bearing interest at the rate of 5.39% per annum and 5.70% per annum, respectively, which will be payable on every 30 of April and 31 of October in arrears.

As at 31 December the outstanding balances of notes were as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
Notes	18,180,780	14,411,110	18,180,780	14,411,110
Less Discount on notes	(12,862)	(15,979)	(12,862)	(15,979)
Net	18,167,918	14,395,131	(18,167,918)	14,395,131

Subsidiaries :

16.2 Thairoil Power Co., Ltd.

On 25 December 2003, Thairoil Power Co., Ltd., a local bank and a local financial institution entered into a new credit facilities agreement to obtain loan and credit facilities to repay its long-term loans and to use for general business purpose. In January 2004, the company drew down tranche A from such credit facilities to repay the former loans. As at 31 December 2006 and 2005, the details were as follows:

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Onshore loans

Tranche	Currency	Facilities (in million)	Purposes	Interest		Repayment Terms
				Years	Rates (%)	
A	Baht	1,971	Repay local long-term loan	1 - 2 3 - 9	4.00 6 month- fixed deposit rate plus 2.75	Semi-annual installments at varying amounts commencing 30 March 2004
B	Baht	200	Short-term loan business for general purposes	-	6 month-fixed deposit rate plus 3.25	-
C	Baht	75	Guarantee for cancellation before maturity of the agreement	-	1.50	-

In 2006 and 2005, Thairoil Power.Co., Ltd., repaid the above loans before maturity amounting to Baht 204 million and Baht 448 million, respectively.

16.3 Independent Power (Thailand) Co., Ltd.

On 13 February 1997 and 21 March 1997, Independent Power (Thailand) Co., Ltd. entered into a Master Facilities Agreement and other related agreements with a group of banks and financial institutions to obtain loans and credit facilities to finance project costs and to use as working capital. As at 31 December 2006, the details were as follows:

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Onshore loans

Tranche	Currency	Facilities (in million)	Purposes	Interest		Repayment Terms
				Years	Rates (%)	
A1	U.S. Dollars	40	Project cost	1-7	SIBOR plus margin of 1.375	Semi-annual installments at varying amounts commencing 21 March 2000
				8-9	SIBOR plus margin of 2.75	
				9-12	SIBOR plus margin of 1.625	
				13-17	MLR	
A2	Baht	1,000	Project cost	1-5	11.75	Semi-annual installments at varying amounts commencing 21 March 2000
				6-7	7.00	
				8-9	MLR	
				9-12	MLR less 1.25	
				13-17	MLR less 0.75	
A3	Baht	920	Project cost	1-4	MLR less 0.375	Semi-annual installments at varying amounts commencing 21 March 2000
				5-8	MLR less 0.25	
				9	MLR less 0.125	
				9-12	MLR less 1.25	
				13-17	MLR less 0.75	
A5	Baht	371.4	Project cost	1-4	MLR less 0.375	Semi-annual installments at varying amounts commencing 21 March 2000
				5-8	MLR less 0.25	
				9	MLR less 0.125	
				9-12	MLR less 1.25	
				13-17	MLR less 0.75	

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Tranche	Currency	Facilities	Purposes	Interest		Repayment Terms
		(in million)		Years	Rates (%)	
D1	Baht	520	Working capital	1-17	MOR	-
D2	Baht	60	Working capital	1-17	MOR	-
D3	Baht	20	Guarantee of facilities	1-17	1.50	-
E	Baht	308.6	New transmission facility	1-4 5-8 9 9-12 13-17	MLR less 0.375 MLR less 0.25 MLR less 0.125 MLR less 1.25 MLR less 0.75	Monthly installments at fixed amounts commencing 1 December 1999
F1	Baht	620	Debt service shortfall of Tranche A and/or Tranche E	1-7 8-17	MOR less 0.25 MOR	- -

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Offshore loans

Tranche	Currency	Facilities (in million)	Purposes	Interest		Repayment Terms
				Years	Rates (%)	
B	U.S. Dollars	144	Project cost	1-3 4-15	LIBOR plus 0.75 LIBOR plus 0.95	Semi-annual installments at varying amounts commencing 21 March 2000
F2	U.S. Dollars	32	Debt service shortfall of Tranche B	1-15	LIBOR plus 0.95	-

- MLR is the average minimum lending rate of 3 Thai banks.
- MOR is the average minimum overdraft rate of 3 Thai banks (in the case of Tranche D1).
- MOR is the average minimum overdraft rate of each lender (in the case of Tranche D2 and Tranche F1).

16.4 Thai Paraxylene Co., Ltd.

On 13 September 2000, Thai Paraxylene Co., Ltd. entered into the Amendment Agreement relating to the Credit Facilities Agreement with two local financial institutions and the JGC Loan Agreement with a foreign company to obtain the following loans:

Onshore loans

- Tranche A1 a U.S. Dollar term loan facility up to the equivalent of U.S. Dollars 54 million and a Baht term loan facility up to Baht 200 million from a local financial institution to finance the costs of constructing plant. The U.S. Dollar term loan bears interest at the rate of 3.25% per annum over LIBOR. These loans are repayable in 20 semi-annual installments at varying amounts commencing in September 2002.

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- Tranche A2 a loan facility up to Baht 585 million from a local bank to finance the costs of constructing plant. The loan bears interest at the rate of 0.75% per annum over MLR and is repayable in 20 semi-annual installments at varying amounts commencing in September 2002.

On 31 May 2006, Thai Paraxylene Co., Ltd. entered into new loan agreement with two local financial institutions to make a repayment on Tranche A of U.S. Dollars 30.7 million, which is equivalent to Baht 1,173 million, and Tranche A2 of Baht 306 million. The new loan agreements bear interest at the six-month fixed deposit rate plus margin 2.75% per annum. These loans are repayable in 8 semi-annual installments at varying amount till 15 March 2010. Subsequently, on 13 October 2006, the Company repaid the loans from two local financial institutions in full before the maturity of the agreement.

Offshore loans

- Tranche J a U.S. Dollar term loan facility up to the equivalent of U.S. Dollars 20 million from a foreign company to finance the costs of constructing plant. The loans bear interest at the fixed rate of 8% per annum and are repayable in full within (a) 12 years from the date of the first utilization, or (b) the date following the day the Tranche A loans are repaid in full, whichever occurs later.

In 2006, Thai Paraxylene Co., Ltd. made a repayment on Tranche J of U.S. Dollars 20 million.

In 2006, Thai Paraxylene Co., Ltd. entered into new syndicated loan agreements with two foreign financial institutions as followings:

- Tranche A a loan facility of Baht 2,625 million for project expansion. The loan bears interest at rate of MLR less 1.375% and can be drawdown from 2007 to 2008. This loan is repayable in 10 equal annual installments commencing on 30 April 2009.
- Tranche B a revolving loan of Baht 1,125 million for working capital. This loan bears interest at the rate of MLR less 1.375% per annum.

As at 31 December 2006 the Group had unutilized long-term credit facilities totaling Baht 13,605 million.

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17. TRADE ACCOUNTS PAYABLE

	Note	(in thousand Baht)			
		Consolidated		The Company	
		2006	2005	2006	2005
Trade accounts payable to related parties	4	8,384,193	7,901,646	9,257,404	8,890,384
Trade accounts payable to other parties		4,553,180	6,233,261	3,961,613	4,559,076
Total		12,937,373	13,527,223	13,219,017	13,449,460

18. OTHER CURRENT LIABILITIES

	(in thousand Baht)			
	Consolidated		The Company	
	2006	2005	2006	2005
Accrued operating expense	206,132	162,495	91,831	79,283
Excise duty payable	821,751	633,748	821,751	633,748
Oil fuel fund payable	504,772	436,190	504,772	436,190
Other payable	1,337,752	542,477	1,277,129	482,169
Value-added tax payable	67,670	86,516	-	-
Others	322,449	800,686	313,097	382,567
Total	3,260,566	2,662,112	3,008,580	2,013,957

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19. OTHER NON-CURRENT LIABILITIES

	Consolidated		The Company	
	2006	2005	2006	2005
Deposit and rental receive in advance	41,715	56,925	276,989	298,787
Pension Fund	153,086	33,697	153,086	33,697
Construction payable	-	41,175	-	-
Debts under Business Reorganization Plan, net of current portion shown under other current liabilities	33,262	34,469	-	-
Total	228,063	166,266	430,075	332,484

As at 31 December 2005, construction payable amounting to Baht 41.18 million was incurred from plant construction of Thai Paraxylene Co., Ltd. and will be paid in 2012 as stipulated in the construction agreement. However, during 2006, the company has already redeemed the above construction payable.

As at 31 December 2006, debts under Business Reorganization Plan, net amounting to Baht 33.26 million are the remaining debts incurred from debt restructuring under the Business Reorganization Plan dated 16 October 2003 of Thai Lube Base Public Company Limited, which debts are due from 3 years to 10 years while having interest rates as stipulated in this Plan (2005: Baht 34.47 million).

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20. SHARE CAPITAL

	Par Value (in Baht)	2006 Number	Baht (thousand share / thousand Baht)	2005 Number	Baht
Authorised					
At 1 January					
- Ordinary shares	10	2,040,028	20,400,279	2,040,028	20,400,279
At 31 December					
- 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	<u>2,040,028</u>	<u>20,400,279</u>	<u>2,040,028</u>	<u>20,400,279</u>
At 31 December					
- Ordinary shares	10	<u>2,040,028</u>	<u>20,400,279</u>	<u>2,040,028</u>	<u>20,400,279</u>

21. RESERVES

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

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Revaluation surpluses

The revaluation surpluses recognised in shareholders' equity relate to surpluses arising from the revaluations of land, refining plant and machinery and equipment.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

22. 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 expenses, and corporate assets and expenses.

Business segments

The Group comprises the following main business segments:

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

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Business segment results

(in thousand Baht)

	Oil refining		Lube base oil refining		Petrochemical*		Power generation		Oil and chemical products transportation		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	Revenue from sale of goods and rendering of services	280,148,126	246,213,167	17,647,116	14,205,982	41,603,888	32,127,478	11,820,032	11,141,458	518,041	690,508	(72,628,078)	(55,267,544)	279,109,125
Reversal of allowance for impairment of assets	-	-	-	2,894,068	-	-	-	-	-	-	-	-	-	2,894,068
Gain from disposal of fixed assets	-	(305,387)	-	153,646	-	134,387	-	(2)	-	54,745	-	152,731	-	190,120
Remeasurement to fair value of swap contracts	80,661	-	-	-	-	-	-	-	-	-	-	-	80,661	-
Gain on foreign exchange	2,887,030	-	(18,373)	-	97,686	-	523,963	-	(925)	-	-	-	3,489,381	-
Gain from insurance claims	-	-	-	-	-	-	392,847	-	-	-	-	-	392,847	-
Other income	1,454,778	1,556,040	131,162	343,151	206,151	109,809	70,037	44,123	4,053	6,513	(1,230,437)	(1,356,939)	635,744	702,697
Total revenue	284,570,595	247,463,820	17,759,905	17,596,847	41,907,725	32,371,674	12,806,879	11,185,579	521,169	751,766	(73,858,515)	(56,471,752)	283,707,758	252,897,934

* As discussed in Note 12 Thai Paraxylene Co., Ltd. purchased a Mixed-Xylenes Production Unit and Platformer 2 Unit with the attached equipment from Thai Oil Public Company Limited. Since April 2005, the Company has started to run MX unit, caused of the increase in by products sold to Thai Oil Public Company Limited.

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(in thousand Baht)

	Oil refining		Lube base oil refining		Petrochemical*		Power generation		Oil and chemical products transportation		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Cost of sales of goods and rendering of services	(272,690,636)	(231,290,158)	(15,079,365)	(12,738,756)	(35,968,741)	(28,221,494)	(10,101,998)	(9,149,920)	(434,041)	(606,904)	73,821,998	56,304,617	(260,452,783)	(225,702,615)
Selling and administrative expenses	(494,529)	(755,492)	(224,752)	(161,196)	(176,771)	(158,395)	(177,397)	(125,167)	(55,618)	(58,092)	111,670	293,950	(1,017,397)	(964,392)
Gain (loss) from disposal of fixed assets	8,219	-	-	-	-	-	717	-	(48)	-	(60,714)	-	(51,826)	-
Loss on foreign exchange	-	(734,036)	-	6,551	-	(92,158)	-	(219,500)	-	6,714	-	-	-	(1,032,429)
Loss from impairment of investments	-	(279,497)	-	-	-	-	-	-	-	-	-	-	-	(279,497)
Loss from insurance claims	-	-	-	-	-	-	-	(232,053)	-	-	-	-	-	(232,053)
Share of loss from investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	(633)	-	(633)	-
Total expenses	(273,176,946)	(233,059,183)	(15,304,117)	(12,893,401)	(36,145,512)	(28,472,047)	(10,278,678)	(9,726,640)	(489,707)	(658,282)	73,872,321	56,598,567	(261,522,639)	(228,210,986)

* As discussed in Note 12 Thai Paraxylene Co., Ltd. purchased a Mixed-Xylenes Production Unit and Platformer 2 Unit with the attached equipment from Thai Oil Public Company Limited. Since April 2005, the Company has started to run MX unit, caused of the increase in by products sold to Thai Oil Public Company Limited.

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(in thousand Baht)

	Oil refining		Lube base oil refining		Petrochemical*		Power generation		Oil and chemical products transportation		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Profit before interest financial and income tax expense	11,393,649	14,404,637	2,455,788	4,703,446	5,762,213	3,899,627	2,528,201	1,458,939	31,462	93,484	13,806	126,815	22,185,119	24,686,948
Interest and financial expenses	(1,393,653)	(1,427,495)	(179)	(57,330)	(96,157)	(229,881)	(427,722)	(519,137)	(1,437)	(9,930)	2,423	91,495	(1,916,725)	(2,152,278)
Interest and financial	(2,502,680)	(3,381,415)	(134,002)	-	-	-	(210,045)	(25,072)	-	-	-	-	(2,846,727)	(3,406,487)
Minority interest	-	-	-	-	-	-	(692,040)	(194,869)	-	-	(134,594)	(180,203)	(826,634)	(375,072)
Net profit	7,497,316	9,595,727	2,321,607	4,646,116	5,666,056	3,669,746	1,198,394	719,861	30,025	83,554	(118,365)	38,107	16,595,033	(18,753,111)

* As discussed in Note 12 Thai Paraxylene Co., Ltd. purchased a Mixed-Xylenes Production Unit and Platformer 2 Unit with the attached equipment from Thai Oil Public Company Limited. Since April 2005, the Company has started to run MX unit, caused of the increase in by products sold to Thai Oil Public Company Limited.

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Business segment financial position

(in thousand Baht)

	Oil refining		Lube base oil refining		Petrochemical*		Power generation		Oil and chemical products transportation		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Trade accounts														
receivable, net	16,434,350	16,202,765	1,137,750	694,842	4,677,234	3,745,372	2,148,748	1,979,057	58,724	54,611	(5,702,556)	(4,871,258)	18,754,250	17,805,389
Inventories	17,798,073	16,471,823	1,729,156	2,097,101	422,205	214,247	171,273	165,482	73,805	78,652	(26,376)	(26,374)	20,168,136	19,000,931
Other current assets	3,406,639	9,656,810	1,780,867	1,713,220	1,837,405	1,214,356	2,455,412	2,274,609	109,988	69,586	(123,078)	(735,748)	9,467,233	14,192,833
Investment accounted for using the equity method	26,341,722	18,887,994	-	-	-	-	-	-	-	-	(26,297,355)	(18,887,994)	44,367	-
Property, plant and equipment, net	48,788,646	46,836,764	3,813,683	4,086,129	9,867,604	8,003,698	11,742,403	12,393,965	384,731	430,798	(458,897)	(450,445)	74,138,170	71,300,909
Other non-current assets	2,130,137	2,067,277	116,379	64,774	66,930	55,798	488,101	541,853	988	1,126	(693,163)	(861,999)	2,109,372	1,868,829
Total assets	114,899,567	110,123,433	8,577,835	8,656,066	16,871,378	13,233,471	17,005,937	17,354,966	628,236	634,773	(33,301,425)	(25,833,818)	124,681,528	124,168,891
Trade accounts payable	13,219,017	13,449,460	46,131	1,091,469	3,548,235	2,505,174	1,719,228	1,332,236	22,621	27,870	(5,617,859)	(4,878,986)	12,937,373	13,527,223
Other current liabilities	4,376,846	4,454,897	273,945	131,434	58,637	711,069	1,428,982	1,931,756	15,894	47,208	(197,348)	(731,001)	5,956,956	6,545,363
Long-term loans	6,766,542	11,452,539	-	-	-	2,254,080	4,384,338	6,150,385	-	-	-	-	11,150,880	19,857,004
Notes	18,167,918	14,395,131	-	-	-	-	-	-	-	-	-	-	18,167,918	14,395,131
Other non-current liabilities	3,811,345	3,105,264	33,262	34,469	-	164,699	269,844	276,229	-	-	(458,833)	(588,946)	3,655,618	2,991,715
Total liabilities	46,341,668	46,857,291	353,338	1,257,372	3,606,872	5,635,022	7,802,392	9,690,606	38,515	75,078	(6,274,040)	(6,198,933)	51,868,745	57,316,436

* As discussed in Note 12 Thai Paraxylene Co., Ltd. purchased a Mixed-Xylenes Production Unit and Platformer 2 Unit with the attached equipment from Thai Oil Public Company Limited. Since April 2005, the Company has started to run MX unit, caused of the increase in by products sold to Thai Oil Public Company Limited.

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23. OTHER INCOME

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Interest income	309,198	278,891	102,792	313,271
Land lease income	10,383	8,727	48,129	46,473
Income from service and supply to related parties	25,897	17,485	1,087,776	954,298
Negative goodwill amortisation	29,249	24,374	-	-
Others	261,017	373,220	216,081	241,998
Total	635,744	702,697	1,454,778	1,556,040

24. SELLING AND ADMINISTRATIVE EXPENSES

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Advisory and legal fee	43,731	77,004	17,356	62,346
Employee cost	333,893	300,967	222,261	198,343
Depreciation	142,069	57,099	12,378	12,007
Others	497,704	529,322	242,534	482,796
Total	1,017,397	964,392	494,529	755,492

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25. PERSONNEL EXPENSES

	(in thousand Baht)			
	Consolidated		The Company	
	2006	2005	2006	2005
Wages and salaries	1,303,618	1,206,924	1,007,048	932,428
Contribution to defined contribution plans	64,892	59,686	51,815	48,403
Retirement gratuity fund	168,271	117,280	168,271	117,280
Other	213,648	160,911	186,976	138,412
Total	1,750,429	1,544,801	1,414,110	1,236,523

	(number of employees)			
	2006	2005	2006	2005
Number of employees as at 31 December	1,166	1,136	765	751

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group at from 5% to 15% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

The Company has a retirement gratuity fund plan to provide retirement and gratuity benefits to all of its employees. Benefits are payable upon retirement, disability, death or resignation. Provisions are computed on the benefit formula assuming all employees are terminated at the balance sheet date.

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26. INTEREST EXPENSE AND FINANCIAL EXPENSES

	(in thousand Baht)			
	Consolidated		The Company	
	2006	2005	2006	2005
Interest expense and payable to:				
- related parties	6,641	1,622	8,450	12,200
- financial institutions and others	1,854,047	2,039,259	1,335,044	1,307,493
Financial expenses	56,037	111,397	50,158	107,802
Total	1,916,725	2,152,278	1,393,652	1,427,495

27. INCOME TAX

	Note	(in thousand Baht)			
		Consolidated		The Company	
		2006	2005	2006	2005
Current tax expense					
Current year		(3,352,202)	(3,965,459)	(3,014,181)	(3,936,434)
Deferred tax expense					
Movements in temporary differences	14	505,475	558,972	511,501	555,019
Total		(2,846,727)	(3,406,487)	(2,502,680)	(3,381,415)

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Reconciliation of effective tax rate

	Consolidated 2006		The Company 2006	
	Rate	(in thousand Baht)	Rate	(in thousand Baht)
Profit before tax		20,268,395		19,097,713
Income tax using the Thai corporation tax rate	30.0%	6,080,519	30.0%	5,729,314
Income tax rate reduction	(4.7%)	(954,886)	(5.0%)	(954,886)
Tax benefit	(0.01%)	(1,592)	(0.01%)	(1,539)
Income not subject to tax and expenses not deductible for tax purposes	(11.2%)	(2,277,314)	(11.9%)	(2,270,209)
Total	14.1%	2,846,727	13.1%	2,502,680

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand after 6 September 2001 a reduction in the corporate income tax rate from 30% to 25% for taxable profit for the five consecutive accounting periods beginning on or after enactment. The Company has, accordingly, calculated income tax on its taxable profit for the years ended 31 December 2006 and 2005 at the 25% corporate income tax rate. However, its subsidiaries have calculated income tax on their taxable profit for those years at the 30% corporate tax rate.

NOTES TO THE FINANCIAL STATEMENTS

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28. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2006 was based on the profit attributable to ordinary shareholders of Baht 16,595 million (2005: Baht 18,753 million) and the weighted average number of shares outstanding during the year of 2,040,028 shares (2005 : 2,040,028 shares).

29. PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company and certain subsidiaries have been granted privileges by the Board of Investment. The privileges granted include:

- a) The Company and three subsidiaries have been exempted from payment of import duty on machinery and equipment as approved by the Board.
- b) The Company and four subsidiaries have been exempted from payment of corporate income tax for promoted operations for a period of eight years from the dates on which the income is first derived from such operations.

As promoted companies, the subsidiaries must comply with certain conditions and restrictions provided for in the promotional certificates.

30. DIVIDENDS

- a) At the annual general meeting of the shareholders of the Company held on 20 April 2006, the shareholders approved the appropriation of dividends of Baht 3.50 per share, amounting to Baht 7,140 million, from the net profit of 2005. The dividend was paid to shareholders during 2006.
- b) At the meeting of the Board of Directors of the Company held on 8 September 2006, the Board of Directors approved the appropriation of interim dividends of Baht 1.50 per share, amounting to Baht 3,060 million, from the net profit of the six-month period ended 30 June 2006. The dividend was paid to shareholders during 2006.

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31. FINANCIAL INSTRUMENTS

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Hence, the Group has hedging agreements with various investment-grade financial institutions to protect against the risk of rising interest rates.

Foreign currency risk

The Group is exposed to foreign currency risk relating to long-term debts in foreign currencies, giving rise to significant foreign exchange translation exposure from changes in foreign exchange rates. The Company's major revenue is US dollar linked while a significant portion of expenses is also U.S. dollar linked or in U.S. dollars. This acts as a natural hedge against long-term debt exposure to foreign currencies. The Group entered into short-term currency hedging contracts for short term foreign currency exposures to manage the timing difference in the receipt and expenditure of foreign currency linked items when appropriate

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As at 31 December 2006 and 2005, the foreign currency assets and liabilities were as follows:

	(in million)			
	Consolidated		The Company	
	2006	2005	2006	2005
Assets				
- U.S. Dollars	91	96	48	72
Liabilities				
- U.S. Dollars	684	486	509	315
- EURO	3	-	3	-

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The Group has no significant credit risk with any single counterparty or group of counterparties since the Group maintains business with large customers in petroleum and power industries and requires full first class collateral for the rest.

Liquidity risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Group within the normal terms of trade. To manage this risk, the Company requires all parties other than its subsidiaries to provide letters of credit, bank guarantees, bank guaranteed instruments or pledge of oil deposits kept at the Company's storage tanks as collateral, and periodically assesses the financial viability of customers.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

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The following methods and assumptions are used by Group to estimate the fair value of each class of financial instrument.

Cash and cash equivalents and accounts receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Current investments held to maturity in the normal course of business - the redemption amount approximates its fair value.

Investments in shares of subsidiary companies, for which there is no quoted market price - a reasonable estimate of fair value has been calculated based on the underlying net asset base of these investments. The fair values approximate their carrying values.

Investments in shares of related companies, for which there is no quoted market price - fair value cannot be properly calculated.

Bank overdrafts and short-term loans from financial institutions and accounts payable - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

Long-term receivables from and loans to related parties, long-term payable and long-term debts carrying a floating rate, which is considered to be market rate - the carrying amounts approximate their fair values.

Baht 5,500 million notes will be redeemed in full on maturity (see note 16). Principal and interest on these notes have been swapped to U.S. Dollars and floating rate, respectively. Fair value approximates carrying value.

U.S. Dollars 350 million notes will be redeemed in full on maturity and bear interest at fixed rate of 5.10% (see note 16). The fair value of these notes as at 31 December 2006 was approximately Baht 12,815 million. The carrying value as at that date was Baht 12,668 million.

NOTES TO THE FINANCIAL STATEMENTS

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Long-term loans with fixed rate of interest - the fair value is estimated by using the discounted cash flow analysis based on the average interest rates currently being offered for loans with similar terms to borrowers of similar credit quality are presented as follow:

	Consolidated			
	2006		2005	
	Carrying amount	Fair value (in million Baht)	Carrying amount	Fair value
Long-term loans - at fixed interest rate	-	-	823	823

32. AGREEMENTS

a) Technical Services Agreement

The Company entered into a Technical Service Agreement with Shell Global Solutions (Thailand) Limited whereby SGST gives advice and other services to support the Company's refining operations. This agreement is for a minimum period of 3 years commencing on 1 January 2005 and shall be terminated if any party notifies in writing the other party any intention of termination at least twelve months before the termination of the agreements. In consideration thereof, the Company pays a fixed annual fee to SGST plus additional fees based on agreement to Shell Global Solutions (Thailand) Limited.

b) Construction/Supply Contract

As at 31 December 2006 and 2005, the Company and subsidiary companies had various contracts with certain companies for additional capital projects with an outstanding contract price equivalent to approximately Baht 13,743 million and Baht 8,999 million, respectively.

c) Gas Supply Agreement

On 1 February 2006, 17 March 1997 and 1 March 1998, the Company and subsidiary companies entered Gas Supply Agreements with PTT Public Company Limited (PTT) whereby PTT will supply natural gas to the Company and subsidiary companies in the agreed quantities and at the agreed price. The agreements are for 8 years and 25 years, respectively.

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d) Power Purchase Agreements

Two subsidiary companies entered into 25 years Power Purchase Agreements with the Electricity Generating Authority of Thailand (EGAT) whereby these companies will supply electric power to EGAT in the agreed quantities and at the agreed price. These agreements will expire on 1 April 2023 and 15 August 2025.

e) Long-Term Leases

In 1992, the Company entered into a land lease agreement with the Treasury Department to lease the land where the refinery plant and staff housing compound are located for a period of 30 years expiring on 10 September 2022. The annual rentals for the first five years were set at Baht 111 million and are subject to an escalation adjustment at the rate of 15% every five years.

The Company paid a land lease arrangement fee of Baht 1,220 million, which was recorded as “Deferred Land Lease Arrangement Fee” shown under “Other Non-Current Assets”. This is being amortised over the period of the lease.

The Company obtained a bank guarantee from the Treasury Department totaling Baht 131 million as collateral for the annual rental.

f) Feedstock Throughput Agreement

On 4 April 2001, the Company entered into a Throughput Agreement with Esso (Thailand) Public Company Limited (Esso) to jointly participate in the construction of new tie-in facilities which are required for the receipt and carriage of feedstock from the Single Buoy Mooring into the Esso feedstock tanks. The agreement shall be valid for a period of 5 years commencing upon the date on which the tie-in facilities are ready for start-up. Esso shall pay the Company a non-refundable feedstock throughput fee as stipulated in the agreement. The maximum throughput shall not exceed 40 million barrels per year.

g) Sale and Purchase Agreements

On 26 December 2003, the Company entered into a sale and purchase agreement with The Shell Company of Thailand Limited (Shell) to sell refined petroleum products to Shell whereby Shell shall lift and purchase from the Company at domestic market price during the agreement term at the agreement volume, until terminated by not less than six months’ prior written notice given by any one party to the other.

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On 30 June 2005, the Company entered into a sale and purchase agreement with The Caltex Oil (Thailand) Limited (Caltex) to sell refined petroleum products to Caltex whereby Caltex shall lift and purchase from the Company at domestic market price during the agreement term at the agreement volume, until terminated by not less than six months' prior written notice given by any one party to the other.

h) Working Capital Facility Agreements

The Company entered into working capital facility agreements with twelve commercial banks registered in Thailand and foreign banks branch. These loan are unsecured and are comprised of committed and uncommitted lines as specified in such agreements.

i) Oil transportation agreements

On 15 June 2005 and 15 July 2005, a subsidiary company entered into two agreements with Esso (Thailand) Public Company Limited to transport oil products. The term of each agreement was one year commencing from the agreement date and is renewable annually if counter notifies in writing the company any intention of expansion at least one month or three months before the termination of the agreement as specified in each agreement.

33. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) As at 31 December 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 144 million, respectively.

b) As at 31 December 2006, the Company had outstanding contract commitments to purchase crude oil with several foreign suppliers totaling approximately U.S. Dollars 780 million.

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For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

- c) As at 31 December 2006, the Company had commitments under interest rate knockout cap agreements with 3 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.

On 31 October 2006, the Company entered into cross currency swap contracts to swap the principal of Baht debt amounting to Baht 5,500 million and the fixed interest thereon with a local financial institution to US\$ 149.25 million and floating rate of six-month USD LIBOR plus margins as stipulated in each contract. As at 31 December 2006, the remeasurement of fair value of financial assets and liabilities resulted in a gain of Baht 81 million, which was recorded separately in the statement of income for the year. The receipt and repayment terms of principal and interest of the swap contract will mature on the redemption date of notes issued on 31 October 2006. These contracts will be terminated within October 2013.

- d) A subsidiary company had various hedge agreements with two Thailand branches of a foreign bank 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 62.6 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 remains liable to the lender if the counterparty is unable to comply with the terms and conditions of such agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005
Thai Oil Public Company Limited and its Subsidiaries

- 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 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. As at 31 December 2006, this matter was in the process of consideration by the Supreme Court.

34. INSURANCE POLICY

The Group has an All Risks and Loss of Profit Insurance Policy (ALOP) from a syndicate of insurers and reinsurers for a total insured value of approximately U.S. Dollars 5,142 million. Such ALOP is renewed on an annual basis. Certain subsidiary companies have assigned their rights to insurance claim in respect of the ALOP to the lenders under the loan agreements.

35. INSURANCE CLAIMS

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. By 20 June 2006, this fault had been rectified

NOTES TO THE FINANCIAL STATEMENTS

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Thai Oil Public Company Limited and its Subsidiaries

and the turbine resumed operations at normal capacity. During the year, the subsidiary successfully settled the dispute with its insurers at the claimed amount of U.S. Dollars 10.6 million (approximately Baht 392.8 million), comprising U.S. Dollars 8.9 million (approximately Baht 326.9 million) for business interruption and U.S. Dollars 1.7 million (approximately Baht 65.9 million) for damaged property.

36. NEW AND REVISED ACCOUNTING STANDARDS NOT YET ADOPTED

On 11 October 2006, the Federation of Accounting Profession (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. This revision to TAS No. 44 is applicable to financial statements covering periods beginning on or after 1 January 2007, with early adoption encouraged.

The Company proposes to adopt the change in accounting treatment for its investments in subsidiary companies, jointly controlled entities and associate companies for the Company's 2007 financial statements. The change in accounting treatment will be applied retrospectively and the Company's 2006 financial statements, which will be included in the Company's 2007 financial statements for comparative purposes, will be restated accordingly. The effect of the change on the Company's financial statements has not presently been determined because the correctness of the figures is in the review process. The consolidated financial statements of the Group will not be affected by the change.

37. RECLASSIFICATION OF ACCOUNTS

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

AUDIT FEES OF THE AUDITORS

1. Audit Fees

The Company, subsidiaries and Thairoil Group Registered Provident Fund paid for the audit fees to the auditors' company for the latest account period amounting to Baht 3,910,000 (Three million nine hundred ten thousand baht only)

2. Non-Audit Fees

The subsidiaries paid for non-audit fees for advice relating to tax and legal amounting Baht 100,000 (a hundred thousand baht only) and for monitoring the performance compliance with the condition of the BOI Promotion Certificate amounting Baht 300,000 (Three hundred thousand baht only) to the auditors' company for the latest account period.

ABBREVIATIONS AND ACRONYMS

Unless otherwise stated, abbreviations and terms used in this annual report shall have the following meaning:

AAQMS	Ambient Air Quality Monitoring Station
ARC	Alliance Refining Company Limited
CCR	Continuous Catalyst Regeneration Reformer
CEMS	Continuous Emission Monitoring System
CDM	Clean Development Mechanism
CDU	Crude Distillation Unit
ChEPS	Chemical Engineering Practice School
Company	Thai Oil Public Company Limited
DWT	Deadweight ton
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EGAT	Electricity Generating Authority of Thailand
EIA	Environmental Impact Assessment
FCCU	Fluidized Catalytic Cracking Unit
GDP	Gross Domestic Product
GRM	Gross Refinery Margin
KPIs	Key Performance Indicators
IPP	Independent Power Producer
IPT	Independent Power (Thailand) Company Limited
ISO	International Organization of Standardization
MASCI (Thailand)	Management System Certification Institute (Thailand)
NOx	Nitrogen Oxide
PDP	Power Development Plan
PMS	Performance Management System
PTT	PTT Public Company Limited
PTTEP	PTT Exploration and Production Public Company Limited
QSHE	Quality, Safety, Health and Environment
SBM	Single Buoy Mooring
SCOT	Shell Claus Off - Gas

SGS	Shell Global Solutions
SGSI	Shell Global Solutions International
SMPCS	Shell Main Product Correlation Scheme
SPP	Small Power Producer
TDAE	Treated Distillate Aromatic Extract
Thappline	Thai Petroleum Pipeline Company Limited
TLB	Thai Lube Base Public Company Limited
TM	Thaioil Marine Company Limited
TOP / Thaioil	Thai Oil Public Company Limited
TP	Thaioil Power Company Limited
TPX	Thai Paraxylene Company Limited
TISI	Thai Industrial Standards Institute
UNFCCC	United Nation's Framework Convention on Climate Change
VOCs	Volatile Organic Compounds

Professionalism

Ownership and
Commitment

Social Responsibility

Integrity

Teamwork and
Collaboration

Initiative

Vision Focus

Excellence Striving



Positive



หนังสือมอบฉันทะ (แบบ ก.)
Proxy (Form A.)

สิ่งที่ส่งมาด้วย 3 / Attachment 3

อากรแสตมป์ 20 บาท
Duty Stamp 20 ฿

เลขทะเบียนผู้ถือหุ้น _____
Shareholders register no.

เขียนที่ _____
Written at
วันที่ _____ เดือน _____ พ.ศ. _____
Date Month Year

- 1 ข้าพเจ้า _____
I/We
อยู่บ้านเลขที่ _____ สัญชาติ _____
Address Nationality
- 2 เป็นผู้ถือหุ้นของบริษัท ไทยออยล์ จำกัด (มหาชน) (“บริษัท”)
being a shareholder of Thai Oil Public Company Limited (“the Company”)
โดยถือหุ้นจำนวนทั้งสิ้นรวม _____ หุ้น และออกเสียงลงคะแนนได้เท่ากับ _____ เสียง ดังนี้
holding the total amount of _____ shares and have the right to vote equal to _____ votes as follows:
 หุ้นสามัญ _____ หุ้น ออกเสียงลงคะแนนได้เท่ากับ _____ เสียง
ordinary share _____ shares and have the right to vote equal to _____ votes
 หุ้นบุริมสิทธิ _____ หุ้น ออกเสียงลงคะแนนได้เท่ากับ _____ เสียง
preferred share _____ shares and have the right to vote equal to _____ votes

- 3 ขอมอบฉันทะให้
Hereby appoint
- (1) นาย / นาง / นางสาว _____ อายุ _____ ปี
Mr. / Mrs. / Miss Age Years,
อยู่บ้านเลขที่ _____ ถนน _____ ตำบล/แขวง _____
residing at Road Tambol/Khwaeng
อำเภอ/เขต _____ จังหวัด _____ รหัสไปรษณีย์ _____ หรือ
Amphur/Khet Province Postal Code or
- (2) นาย / นาง / นางสาว _____ อายุ _____ ปี
Mr. / Mrs. / Ms. Age Years,
อยู่บ้านเลขที่ _____ ถนน _____ ตำบล/แขวง _____
residing at Road Tambol/Khwaeng
อำเภอ/เขต _____ จังหวัด _____ รหัสไปรษณีย์ _____ หรือ
Amphur/Khet Province Postal Code or
- (3) นาย / นาง / นางสาว _____ อายุ _____ ปี
Mr. / Mrs. / Ms. Age Years,
อยู่บ้านเลขที่ _____ ถนน _____ ตำบล/แขวง _____
residing at Road Tambol/Khwaeng
อำเภอ/เขต _____ จังหวัด _____ รหัสไปรษณีย์ _____ หรือ
Amphur/Khet Province Postal Code or

คนหนึ่งคนใดเพียงผู้เดียวเป็นผู้แทนของข้าพเจ้า เพื่อเข้าร่วมประชุมและออกเสียงลงคะแนน ในการประชุมผู้ถือหุ้นสามัญประจำปี 2550 ในวันอังคารที่ 10 เมษายน 2550 เวลา 14.00 น. ณ ห้องมัจฉาวนรังสรรค์ ชั้น 3 สโมสรทหารบก เลขที่ 214 ถนนวิภาวดีรังสิต แขวงสามเสนใน เขตพญาไท กรุงเทพมหานคร หรือที่จะพึงเลื่อนไปในวัน เวลา และสถานที่อื่นด้วย

Anyone of above as my/our proxy to attend and vote on my/our behalf at the meeting of the 2007 Annual General Meeting of Shareholders on Tuesday, April 10, 2007 at 02.00 p.m. in the Makawan Rangsun Room, 3rd Floor, Army Club, located at 214 Vibhavadi-Rangsit Road, Samsen Nai, Phayathai, Bangkok or such other date, time and place as the meeting may be adjourned.

กิจการใดที่ผู้รับมอบฉันทะได้กระทำไปในการประชุมนี้ ให้ถือเสมือนว่าข้าพเจ้าได้กระทำเองทุกประการ
Any acts performed by the proxy in this meeting shall be deemed to be the actions performed by myself/ourselves.

ลงนาม/Signed _____ ผู้มอบฉันทะ/Grantor
(_____)
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
(_____)
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
(_____)
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
(_____)

หมายเหตุ: ผู้ถือหุ้นที่มอบฉันทะ จะต้องมอบฉันทะให้ผู้รับมอบฉันทะเพียงรายเดียวเป็นผู้เข้าประชุมและออกเสียงลงคะแนน ไม่สามารถแบ่งแยกจำนวนหุ้นให้ผู้รับมอบฉันทะหลายคนเพื่อแยกการลงคะแนนเสียงได้

Remarks: A shareholder shall appoint only one proxy to attend and vote at the Meeting. A shareholder shall not appoint more than one proxy, each with the voting rights in respect of a certain portion of shares.

- (4) ข้าพเจ้าขอมอบฉันทะให้ผู้รับมอบฉันทะออกเสียงลงคะแนนแทนข้าพเจ้าในการประชุมครั้งนี้ ดังนี้
In this Meeting, I/we grant my/our proxy to vote on my/our behalf as follows:

วาระที่ 1 พิจารณารับรองรายงานการประชุมผู้ถือหุ้นสามัญ ประจำปี 2549 เมื่อวันที่ 20 เมษายน 2549

Agenda 1 To certify the Minutes of the 2006 Annual General Meeting of Shareholders held on April 20, 2006.

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:
- | | | |
|-----------------------------------|--------------------------------------|-------------------------------------|
| <input type="checkbox"/> เห็นด้วย | <input type="checkbox"/> ไม่เห็นด้วย | <input type="checkbox"/> งดออกเสียง |
| Approve | Disapprove | Abstain |

วาระที่ 2 พิจารณารับรองรายงานผลการดำเนินงานในรอบปี 2549 และพิจารณาอนุมัติงบดุลและงบกำไรขาดทุน ประจำปี สิ้นสุด ณ วันที่ 31 ธันวาคม 2549

Agenda 2 To certify the Operating Results for the year 2006 and to consider and approve the audited financial statements for the year ended December 31, 2006.

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:
- | | | |
|-----------------------------------|--------------------------------------|-------------------------------------|
| <input type="checkbox"/> เห็นด้วย | <input type="checkbox"/> ไม่เห็นด้วย | <input type="checkbox"/> งดออกเสียง |
| Approve | Disapprove | Abstain |

วาระที่ 3 พิจารณาอนุมัติจัดสรรเงินกำไรและการจ่ายเงินปันผลประจำปี 2549

Agenda 3 To consider and approve the appropriation of profits and the dividend payment for the year 2006.

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:
- | | | |
|-----------------------------------|--------------------------------------|-------------------------------------|
| <input type="checkbox"/> เห็นด้วย | <input type="checkbox"/> ไม่เห็นด้วย | <input type="checkbox"/> งดออกเสียง |
| Approve | Disapprove | Abstain |

วาระที่ 4 พิจารณาเลือกตั้งกรรมการแทนกรรมการที่ออกตามวาระในปี 2550

Agenda 4 To consider the election of directors to replace the retiring directors for the year 2007.

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

- เลือกตั้งกรรมการทั้งหมด

Vote for all the nominated directors

- | | | |
|-----------------------------------|--------------------------------------|-------------------------------------|
| <input type="checkbox"/> เห็นด้วย | <input type="checkbox"/> ไม่เห็นด้วย | <input type="checkbox"/> งดออกเสียง |
| Approve | Disapprove | Abstain |

- เลือกตั้งกรรมการเป็นรายบุคคล

Vote for an individual nominated director

ชื่อกรรมการ 1. นายประเสริฐ บุญสัมพันธ์

Name of Director: 1. Mr. Prasert Bunsumpun

- | | | |
|-----------------------------------|--------------------------------------|-------------------------------------|
| <input type="checkbox"/> เห็นด้วย | <input type="checkbox"/> ไม่เห็นด้วย | <input type="checkbox"/> งดออกเสียง |
| Approve | Disapprove | Abstain |

ชื่อกรรมการ 2. นายณอดุล สิริพิงศ์

Name of Director: 2. Mr. Norkun Sittiphong

- | | | |
|-----------------------------------|--------------------------------------|-------------------------------------|
| <input type="checkbox"/> เห็นด้วย | <input type="checkbox"/> ไม่เห็นด้วย | <input type="checkbox"/> งดออกเสียง |
| Approve | Disapprove | Abstain |

ชื่อกรรมการ 3. พลโทประยุทธ์ จันทร์โอชา

Name of Director: 3. Lieutenant General Prayut Chan-o-cha

- | | | |
|-----------------------------------|--------------------------------------|-------------------------------------|
| <input type="checkbox"/> เห็นด้วย | <input type="checkbox"/> ไม่เห็นด้วย | <input type="checkbox"/> งดออกเสียง |
| Approve | Disapprove | Abstain |

ชื่อกรรมการ 4. นายอภิศักดิ์ ตันติวรวงศ์

Name of Director: 4. Mr. Apisak Thanthiwarawongse

เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

วาระที่ 5 พิจารณากำหนดค่าตอบแทนกรรมการประจำปี 2550

Agenda 5 To consider the remuneration of the Company's directors for the year 2007.

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
 (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

วาระที่ 6 พิจารณาแต่งตั้งผู้สอบบัญชีและกำหนดค่าตอบแทนผู้สอบบัญชี ประจำปี 2550

Agenda 6 To consider and approve the appointment of auditor and their remuneration for the year 2007.

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
 (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

วาระที่ 7 พิจารณาอนุมัติวงเงินในการออกและเสนอขายหุ้นกู้

Agenda 7 To consider and approve the issuance of debentures

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
 (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

วาระที่ 8 เรื่องอื่น ๆ (ถ้ามี)

Agenda No. 8 Others (if any)

- (5) การลงคะแนนเสียงของผู้รับมอบฉันทะในวาระใดที่ไม่เป็นไปตามที่ระบุไว้ในหนังสือมอบฉันทะนี้ให้ถือว่าการลงคะแนนเสียงนั้นไม่ถูกต้องและไม่ใช่เป็นการลงคะแนนเสียงของข้าพเจ้าในฐานะผู้ถือหุ้น

Voting of proxy in any agenda that is not as specified in this proxy shall be considered as invalid and not signify my voting as a shareholder.

- (6) ในกรณีที่ข้าพเจ้าไม่ได้ระบุความประสงค์ในการออกเสียงลงคะแนนในวาระใดไว้ หรือระบุไว้ไม่ชัดเจน หรือในกรณีที่ประชุมมีการพิจารณาหรือลงมติในเรื่องใดนอกเหนือจากเรื่องที่ระบุไว้ข้างต้น รวมถึงกรณีที่มีการแก้ไขเปลี่ยนแปลงหรือเพิ่มเติมข้อเท็จจริงประการใด ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร

In case I/we have not specified my/our voting intention in any agenda or not clearly specified or in case the Meeting considers or passes any resolutions other than those specified above, including the case of any amendment or addition of any fact, the proxy shall have the rights to consider and vote on my/our behalf as he/she may deem appropriate in all respects.

กิจการใดที่ผู้รับมอบฉันทะได้กระทำไปในการประชุม ให้เสมือนถือว่ข้าพเจ้าได้กระทำเองทุกประการ

Any actions performed by the proxy in this Meeting shall be deemed to be the actions performed by myself/ourselves.

ลงนาม/Signed _____ ผู้มอบฉันทะ/Grantor
()
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()

หมายเหตุ : ตามประกาศกรมพัฒนาธุรกิจการค้า เรื่อง กำหนดแบบหนังสือมอบฉันทะ (ฉบับที่ 5) พ.ศ. 2550

Remarks: According to the notification of Department of Business Development, Ministry of Commerce regarding Proxy Form (Issue 5) 2007

1. ผู้ถือหุ้นที่มอบฉันทะ จะต้องมอบฉันทะให้ผู้รับมอบฉันทะเพียงรายเดียวเป็นผู้เข้าประชุมและออกเสียงลงคะแนน ไม่สามารถแบ่งแยกจำนวนหุ้นให้ผู้รับมอบฉันทะหลายคนเพื่อแยกการลงคะแนนเสียงได้

A shareholder shall appoint only one proxy to attend and vote at the Meeting. A shareholder shall not appoint more than one proxy, each with the voting rights in respect of a certain portion of shares.

2. วาระเลือกตั้งกรรมการสามารถเลือกตั้งกรรมการทั้งชุดหรือเลือกตั้งกรรมการเป็นรายบุคคล
Regarding the election of directors, the proxy can either elect the whole set of the nominated directors or by individual.
3. ในกรณีที่มิวาระที่จะพิจารณาในการประชุมมากกว่าวาระที่ระบุไว้ข้างต้น ผู้มอบฉันทะสามารถระบุเพิ่มเติมได้ในใบประจำต่อแบบหนังสือมอบฉันทะแบบ ข. ตามแนบ

In case there are additional agendas, the proxy can state other agenda by using the Supplemental Proxy Form B as attached.

ใบประจำต่อแบบหนังสือมอบฉันทะ แบบ ข / Supplemental Proxy Form B

การมอบฉันทะในฐานะเป็นผู้ถือหุ้นของบริษัท ไทยออยล์ จำกัด (มหาชน) (“บริษัท”)
The proxy as a shareholder of **Thai Oil Public Company Limited (“The Company”)**

ในการประชุมผู้ถือหุ้นสามัญประจำปี 2550 ในวันอังคารที่ 10 เมษายน 2550 เวลา 14.00 น. ณ ห้องมัจฉาวนรังสรรค์ ชั้น 3 สโมสรทหารบก เลขที่ 214 ถนนวิภาวดีรังสิต แขวงสามเสนใน เขตพญาไท กรุงเทพมหานคร หรือที่จะพึงเลื่อนไปในวัน เวลา และสถานที่อื่นด้วย

For the 2007 Annual General Meeting of Shareholders (“Meeting”) on Tuesday, April 10, 2007 at 02.00 p.m. in the Makawan Rangsun Room, 3rd Floor, Army Club, located at 214 Vibhavadi-Rangsit Road, Samsen Nai, Phayathai, Bangkok or such other date, time and place as the meeting may be adjourned.

วาระที่ _____ เรื่อง _____

Agenda Subject :

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

วาระที่ _____ เรื่อง _____ เลือกตั้งกรรมการ

Agenda Subject : Election of Directors (continued)

- เลือกตั้งกรรมการทั้งชุด
Vote for all the nominated directors
- เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

- เลือกตั้งกรรมการเป็นรายบุคคล
Vote for an individual nominated director
- ชื่อกรรมการ _____
Name of Director
- เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

ชื่อกรรมการ _____
Name of Director

เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

ชื่อกรรมการ _____
Name of Director

เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

ชื่อกรรมการ _____
Name of Director

เห็นด้วย ไม่เห็นด้วย งดออกเสียง
Approve Disapprove Abstain

ข้าพเจ้าขอรับรองว่า รายการในใบประจำต่อหนังสือมอบฉันทะถูกต้องบริบูรณ์และเป็นความจริงทุกประการ

I/We certify that the statements in this Supplemental Proxy Form are correct, complete and true in all respects.

ลงนาม/Signed _____ ผู้มอบฉันทะ/Grantor
()

ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()

ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()

ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()



หนังสือมอบฉันทะ (แบบ ค) (สำหรับผู้ถือหุ้นต่างประเทศที่แต่งตั้งคัสโตเดียนในประเทศไทยเท่านั้น)
Proxy (Form C) (For foreign shareholders who have custodians in Thailand Only)

เลขทะเบียนผู้ถือหุ้น _____
 Shareholders' Registration No.

เขียนที่ _____
 Written at

วันที่ _____ เดือน _____ พ.ศ. _____
 Date Month Year

(1) ข้าพเจ้า _____

I/We
 สำนักงานตั้งอยู่เลขที่ _____

Office Address

ถนน _____ ตำบล/แขวง _____ อำเภอ/เขต _____

Road Tambol/Khwaeng Amphur/Khet

จังหวัด _____ รหัสไปรษณีย์ _____

Province Postal Code

ในฐานะผู้ประกอบการธุรกิจเป็นผู้รับฝากและดูแลหุ้น (Custodian) ให้กับ (ผู้ถือหุ้น) _____

As a custodian for (Shareholder name)

ซึ่งเป็นผู้ถือหุ้นของ บริษัท ไทยออยล์ จำกัด (มหาชน) (“บริษัท”)

being a shareholder of Thai Oil Public Company Limited (“the Company”)

โดยถือหุ้นจำนวนทั้งสิ้นรวม _____ หุ้น และออกเสียงลงคะแนนได้เท่ากับ _____ เสียง ดังนี้

holding the total amount of _____ shares and have the rights to vote equal to _____ vote as follows:

หุ้นสามัญ _____ หุ้น ออกเสียงลงคะแนนได้เท่ากับ _____ เสียง

ordinary share _____ shares and have the rights to vote equal to _____ votes

หุ้นบุริมสิทธิ _____ หุ้น ออกเสียงลงคะแนนได้เท่ากับ _____ เสียง

preferred share _____ shares and have the rights to vote equal to _____ votes

(2) ขอมอบฉันทะให้ (สามารถมอบฉันทะให้กรรมการบริษัท ตามรายละเอียดในหนังสือนัดประชุม สิ่งที่ส่งมาด้วย 10)

Hereby appoint (May grant proxy to the Company's Directors of which detailed in AGM invitation letter enclosed no.10)

1. ชื่อ _____ อายุ _____ ปี อยู่บ้านเลขที่ _____

Mr./Mrs./Miss Age years, residing at

ถนน _____ ตำบล/แขวง _____ อำเภอ/เขต _____

Road Tambol/Khwaeng Amphur/Khet

จังหวัด _____ รหัสไปรษณีย์ _____ หรือ

Province Postal Code or

2. ชื่อ _____ อายุ _____ ปี อยู่บ้านเลขที่ _____

Mr./Mrs./Miss Age years, residing at

ถนน _____ ตำบล/แขวง _____ อำเภอ/เขต _____

Road Tambol/Khwaeng Amphur/Khet

จังหวัด _____ รหัสไปรษณีย์ _____ หรือ

Province Postal Code or

3. ชื่อ _____ อายุ _____ ปี อยู่บ้านเลขที่ _____

Mr./Mrs./Miss Age years, residing at

ถนน _____ ตำบล/แขวง _____ อำเภอ/เขต _____

Road Tambol/Khwaeng Amphur/Khet

จังหวัด _____ รหัสไปรษณีย์ _____

Province Postal Code

คนใดคนหนึ่งเพียงคนเดียวเป็นผู้แทนของข้าพเจ้า เพื่อเข้าร่วมประชุมและออกเสียงลงคะแนน ในการประชุมผู้ถือหุ้นสามัญประจำปี 2550 ในวันอังคารที่ 10 เมษายน 2550 เวลา 14.00 น. ณ ห้องมีฆวานรังสรรค์ ชั้น 3 สโมสรทหารบก เลขที่ 214 ถนนวิภาวดีรังสิต แขวงสามเสนใน เขตพญาไท กรุงเทพมหานคร หรือที่จะพึงเลื่อนไปในวัน เวลา และสถานที่อื่นด้วย

Anyone of the above as my/our proxy to attend and vote on my/our behalf at the 2007 Annual General Meeting of Shareholders (“Meeting”) on Tuesday, April 10, 2007 at 02.00 p.m. in the Makawan Rangsun Room, 3rd Floor, Army Club, located at 214 Vibhavadi-Rangsit Road, Samsen Nai, Phayathai, Bangkok or such other date, time and place as the meeting mat be adjourned

(3) ข้าพเจ้าขอมอบฉันทะให้ผู้รับมอบฉันทะในการเข้าร่วมประชุมและออกเสียงลงคะแนนในครั้งนี้อย่างนี้
I/we have granted to my/our proxy to attend this Meeting and vote therein will be as follows:

มอบฉันทะเท่ากับจำนวนหุ้นทั้งสิ้นที่ข้าพเจ้าถือและมีสิทธิออกเสียงลงคะแนนได้ตามข้อ (1)
Grant proxy equal to all of the number of shares held by me/us and has the right to vote in accordance with Clause (1)

มอบฉันทะบางส่วน คือ หุ้นสามัญ _____ หุ้น และมีสิทธิออกเสียงลงคะแนนได้ _____ เสียง
Grant Partial of ordinary share shares and have the right to vote votes

หุ้นบุริมสิทธิ _____ หุ้น และมีสิทธิออกเสียงลงคะแนนได้ _____ เสียง
preferred share shares and have the right to vote votes

รวมสิทธิออกเสียงลงคะแนนทั้งหมด _____ เสียง
Totaling votes

(4) ข้าพเจ้าขอมอบฉันทะให้ผู้รับมอบฉันทะออกเสียงลงคะแนนแทนข้าพเจ้าในการประชุมครั้งนี้ ดังนี้
In this Meeting, I/we grant my/our proxy to vote on my/our behalf as follows:

วาระที่ 1 **พิจารณารับรองรายงานการประชุมผู้ถือหุ้นสามัญ ประจำปี 2549 เมื่อวันที่ 20 เมษายน 2549**
Agenda 1 **To certify the Minutes of the 2006 Annual General Meeting of Shareholders held on April 20, 2006.**

(ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.

(ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

วาระที่ 2 **พิจารณารับรองรายงานผลการดำเนินงานในรอบปี 2549 และพิจารณาอนุมัติงบดุลและงบกำไรขาดทุน**
Agenda 2 **To certify the Operating Results for the year 2006 and to consider and approve the audited financial statements for the year ended December 31, 2006.**

(ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.

(ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

วาระที่ 3 **พิจารณาอนุมัติจัดสรรเงินกำไรและการจ่ายเงินปันผลประจำปี 2549**
Agenda 3 **To consider and approve the appropriation of profits and the dividend payment for the year 2006.**

(ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.

(ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

วาระที่ 4 **พิจารณาเลือกตั้งกรรมการแทนกรรมการที่ออกตามวาระในปี 2550**
Agenda 4 **To consider the election of directors to replace the retiring directors for the year 2007.**

(ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.

(ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เลือกตั้งกรรมการทั้งหมด
Vote for all the nominated directors

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

- เลือกตั้งกรรมการเป็นรายบุคคล

Vote for an individual nominated director

ชื่อกรรมการ 1. นายประเสริฐ บุญสัมพันธ์

Name of Director: 1. Mr. Prasert Bunsumpun

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

ชื่อกรรมการ 2. นายณอคุณ สิทธิพงศ์

Name of Director: 2. Mr. Norkun Sittiphong

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

ชื่อกรรมการ 3. พลโทประยุทธ์ จันทร์โอชา

Name of Director: 3. Lieutenant General Prayut Chan-o-cha

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

ชื่อกรรมการ 4. นายอภิศักดิ์ ตันติวรวงศ์

Name of Director: 4. Mr. Apisak Thanthiwarawongse

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

วาระที่ 5

Agenda 5

พิจารณากำหนดค่าตอบแทนกรรมการประจำปี 2550

To consider the remuneration of the Company's directors for the year 2007.

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

วาระที่ 6

Agenda 6

พิจารณาแต่งตั้งผู้สอบบัญชีและกำหนดค่าตอบแทนผู้สอบบัญชี ประจำปี 2550

To consider and approve the appointment of auditor and their remuneration for the year 2007.

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

วาระที่ 7

Agenda 7

พิจารณาอนุมัติวงเงินในการออกและเสนอขายหุ้นกู้

To consider and approve the issuance of debentures

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:

เห็นด้วย.....เสียง ไม่เห็นด้วย.....เสียง งดออกเสียง.....เสียง
Approve.....Vote Disapprove.....Vote Abstain.....Vote

วาระที่ 8

Agenda No. 8

เรื่องอื่น ๆ (ถ้ามี)

Others (if any)

- (5) การลงคะแนนเสียงของผู้รับมอบฉันทะในวาระใดที่ไม่เป็นไปตามที่ระบุไว้ในหนังสือมอบฉันทะนี้ให้ถือว่าการลงคะแนนเสียงนั้นไม่ถูกต้องและไม่ใช้เป็นการลงคะแนนเสียงของข้าพเจ้าในฐานะผู้ถือหุ้น

Voting of proxy in any agenda that is not as specified in this proxy shall be considered as invalid and not signify my voting as a shareholder.

- (6) ในกรณีที่ข้าพเจ้าไม่ได้ระบุความประสงค์ในการออกเสียงลงคะแนนในวาระใดไว้ หรือระบุไว้ไม่ชัดเจน หรือในกรณีที่ประชุมมีการพิจารณาหรือลงมติในเรื่องใดนอกเหนือจากเรื่องที่ระบุไว้ข้างต้น รวมถึงกรณีที่มีการแก้ไขเปลี่ยนแปลงหรือเพิ่มเติมข้อเท็จจริงประการใด ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร

In case I/we have not specified my/our voting intention in any agenda or not clearly specified or in case the Meeting considers or passes any resolutions other than those specified above, including the case of any amendment or addition of any fact, the proxy shall have the rights to consider and vote on my/our behalf as he/she may deem appropriate in all respects.

กิจการใดที่ผู้รับมอบฉันทะได้กระทำไปในการประชุม ให้เสมือนถือว่ข้าพเจ้าได้กระทำเองทุกประการ

Any actions performed by the proxy in this Meeting shall be deemed to be the actions performed by myself/ourselves.

ลงนาม/Signed _____ ผู้มอบฉันทะ/Grantor
()
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()
ลงนาม/Signed _____ ผู้รับมอบฉันทะ/Proxy
()

หมายเหตุ : ตามประกาศกรมพัฒนาธุรกิจการค้า เรื่อง กำหนดแบบหนังสือมอบฉันทะ (ฉบับที่ 5) พ.ศ. 2550

Remarks: According to the notification of Department of Business Development, Ministry of Commerce regarding Proxy Form (Issue 5) 2007

- หนังสือมอบฉันทะแบบ ค. นี้ ใช้เฉพาะกรณีที่ผู้ถือหุ้นที่ปรากฏชื่อในทะเบียนเป็นผู้ลงทุนต่างประเทศ และแต่งตั้งคัสโตเดียน (Custodian) ในประเทศไทย เป็นผู้ฝากและดูแลหุ้นเท่านั้น
Only foreign shareholders as registered in the registration book who have custodian in Thailand can use the Proxy Form C
- หลักฐานที่ต้องแนบพร้อมทั้งหนังสือมอบฉันทะ แบบ ค คือ
Evidences to be enclosed with the proxy form C are:
 - หนังสือมอบอำนาจจากผู้ถือหุ้นให้คัสโตเดียน (Custodian) เป็นผู้ดำเนินการลงนามในหนังสือมอบฉันทะแทน
Power of Attorney from shareholder authorizes a custodian to sign the Proxy form on behalf of the shareholder.
 - หนังสือยืนยันว่าผู้ลงนามในหนังสือมอบฉันทะแทนได้รับอนุญาตประกอบธุรกิจ คัสโตเดียน (Custodian)
Letter of certification to certify that the signer in the proxy Form have a permission to act as a Custodian.
- ผู้ถือหุ้นที่มอบฉันทะจะต้องมอบฉันทะให้ผู้รับมอบฉันทะเพียงรายเดียวเป็นผู้เข้าประชุมและออกเสียงลงคะแนน ไม่สามารถแบ่งแยกจำนวนหุ้นให้ผู้รับมอบฉันทะหลายคนเพื่อแยกการลงคะแนนเสียงได้
A shareholder shall appoint only one holder to attend and vote at the Meeting. A shareholder may not appoint more than one proxy holder, each with the voting right in respect of a certain portion of shares.
- วาระเลือกตั้งกรรมการสามารถเลือกตั้งกรรมการทั้งชุดหรือเลือกตั้งกรรมการเป็นรายบุคคล
Regarding the election of directors, the proxy can either elect the whole set of the directors or only a specific director.
- ในกรณีที่มิวาระที่จะพิจารณาในการประชุมมากกว่าวาระที่ระบุไว้ข้างต้น ผู้มอบฉันทะสามารถระบุเพิ่มเติมได้ในใบประจำต่อแบบหนังสือมอบฉันทะแบบ ค. ตามแนบ
In case there is further agenda, the proxy holder can state others agenda by using the attached allegation of the proxy form C.

ใบประจำต่อแบบหนังสือมอบฉันทะ แบบ ค
(สำหรับผู้ถือหุ้นต่างประเทศที่แต่งตั้งคัสโตเดียนในประเทศไทยเท่านั้น)

Supplemental Proxy Form C

(For foreign shareholders who have custodians in Thailand Only)

การมอบฉันทะในฐานะเป็นผู้ถือหุ้นของบริษัท **ไทยออยล์ จำกัด (มหาชน)** (“บริษัท”)

The proxy as a shareholder of **Thai Oil Public Company Limited** (“The Company”)

ในการประชุมผู้ถือหุ้นสามัญประจำปี 2550 ในวันอังคารที่ 10 เมษายน 2550 เวลา 14.00 น. ณ ห้องมัจฉาวานรังสรรค์ ชั้น 3 สโมสรทหารบก เลขที่ 214 ถนนวิภาวดีรังสิต แขวงสามเสนใน เขตพญาไท กรุงเทพมหานคร หรือที่จะพึงเลื่อนไปในวัน เวลา และสถานที่อื่นด้วย

For the 2007 Annual General Meeting of Shareholders (“Meeting”) on Tuesday, April 10, 2007 at 02.00 p.m. in the Makawan Rangsun Room, 3rd Floor, Army Club, located at 214 Vibhavadi-Rangsit Road, Samsen Nai, Phayathai, Bangkok or such other date, time and place as the meeting may be adjourned.

วาระที่ _____ เรื่อง _____

Agenda Subject :

- (ก) ให้ผู้รับมอบฉันทะมีสิทธิพิจารณาและลงมติแทนข้าพเจ้าได้ทุกประการตามที่เห็นสมควร
(a) To grant my/our proxy to consider and vote on my/our behalf as appropriate in all respects.
- (ข) ให้ผู้รับมอบฉันทะออกเสียงลงคะแนนตามความประสงค์ของข้าพเจ้า ดังนี้
(b) To grant my/our proxy to vote at my/our desire as follows:
- | | | |
|---|--|---|
| <input type="checkbox"/> เห็นด้วย.....เสียง | <input type="checkbox"/> ไม่เห็นด้วย.....เสียง | <input type="checkbox"/> งดออกเสียง.....เสียง |
| Approve.....Vote | Disapprove.....Vote | Abstain.....Vote |

วาระที่ _____ เรื่อง _____ เลือกตั้งกรรมการ

Agenda Subject : Election of Directors (continued)

- เลือกตั้งกรรมการทั้งหมด
Vote for all the nominated directors
- | | | |
|---|--|---|
| <input type="checkbox"/> เห็นด้วย.....เสียง | <input type="checkbox"/> ไม่เห็นด้วย.....เสียง | <input type="checkbox"/> งดออกเสียง.....เสียง |
| Approve.....Vote | Disapprove.....Vote | Abstain.....Vote |
- เลือกตั้งกรรมการเป็นรายบุคคล
Vote for an individual nominated director
- ชื่อกรรมการ _____
Name of Director
- | | | |
|---|--|---|
| <input type="checkbox"/> เห็นด้วย.....เสียง | <input type="checkbox"/> ไม่เห็นด้วย.....เสียง | <input type="checkbox"/> งดออกเสียง.....เสียง |
| Approve.....Vote | Disapprove.....Vote | Abstain.....Vote |
- ชื่อกรรมการ _____
Name of Director
- | | | |
|---|--|---|
| <input type="checkbox"/> เห็นด้วย.....เสียง | <input type="checkbox"/> ไม่เห็นด้วย.....เสียง | <input type="checkbox"/> งดออกเสียง.....เสียง |
| Approve.....Vote | Disapprove.....Vote | Abstain.....Vote |
- ชื่อกรรมการ _____
Name of Director
- | | | |
|---|--|---|
| <input type="checkbox"/> เห็นด้วย.....เสียง | <input type="checkbox"/> ไม่เห็นด้วย.....เสียง | <input type="checkbox"/> งดออกเสียง.....เสียง |
| Approve.....Vote | Disapprove.....Vote | Abstain.....Vote |
- ชื่อกรรมการ _____
Name of Director
- | | | |
|---|--|---|
| <input type="checkbox"/> เห็นด้วย.....เสียง | <input type="checkbox"/> ไม่เห็นด้วย.....เสียง | <input type="checkbox"/> งดออกเสียง.....เสียง |
| Approve.....Vote | Disapprove.....Vote | Abstain.....Vote |

ข้าพเจ้าขอรับรองว่า รายการในใบประจำต่อหนังสือมอบฉันทะถูกต้องบริบูรณ์และเป็นความจริงทุกประการ
I/We certify that the statements in this Supplemental Proxy Form are correct, complete and true in all respects.

ลงนาม/Signed _____	ผู้มอบฉันทะ/Grantor
(_____)	
ลงนาม/Signed _____	ผู้รับมอบฉันทะ/Proxy
(_____)	
ลงนาม/Signed _____	ผู้รับมอบฉันทะ/Proxy
(_____)	
ลงนาม/Signed _____	ผู้รับมอบฉันทะ/Proxy
(_____)	

Procedures and Conditions for the Registration of Attendance of the 2007 Annual General Meeting of Shareholders and the Appointment of Proxies of Thai Oil Public Company Limited

The policy of the Board of The Stock Exchange of Thailand, dated February 19th, 1999, relating to good practices for holding shareholders' meetings, establishes guidelines to be followed by listed companies to create confidence in shareholders, investors and all the relevant parties. Accordingly, in order to create transparency and fairness and to benefit the shareholders, Thai Oil Public Company Limited requires inspection of documents and other evidence showing the identity of the shareholder or its representative entitled to attend the shareholders' meeting. This shall be observed by all shareholders.

- **Personal attendance at a meeting**
 - To register attendance to a shareholders' meeting, a shareholder must provide an original identification card or an original government official identification card or an original passport (if the shareholder is a foreign national).
 - If there is a change in the name or the last name of any shareholder, such shareholder must provide evidence in relation to that change.

- **Appointment of the proxy holder**
 - A shareholder can grant a proxy to only one person to attend and vote at the shareholders' meeting by using the attached Proxy Form B; if other forms (Form A or Form C: Only for shareholders who are foreign investors and have appointed custodians in Thailand) are needed please download proxy form in Thaioil website www.thaioil.co.th.
 - A shareholder may express the intention to split his/her votes either to approve, disapprove or obtain from voting on each item on the agenda by specifying in the proxy form for the proxy holder.
 - A completed proxy form with the signature of the shareholder must be submitted to the Chairman of the meeting or the authorized persons prior to the meeting. If there is any material amendment or correction to the proxy form, a shareholder must countersign such amendment or correction. The proxy form must be affixed with a stamp duty of Baht 20.
 - A proxy holder, particularly if the proxy holder is a foreign shareholder, should arrive promptly to register at the beginning of the registration period in order to allow sufficient time for inspection of the proxy form and the supporting documents.

Documents required to support the appointment of a proxy holder

(1) **If a shareholder is a natural person**, the following documents are required to be produced to register attendance:

- A certified copy of the identification card, or the government official identification card, or the passport (if the shareholder is a foreigner) of the shareholder.
- When registering, a proxy holder must provide the original of his/her identification card, or government official identification card or the original passport (if the proxy holder is a foreigner).

(2) **If a shareholder is a juristic person**, the following procedures and documents are required to be produced to register attendance:

- A proxy form must be signed by an authorized person whose name is shown in the affidavit of that juristic person, issued by the Ministry of Commerce, or by the relevant government authority, and bear a date within 60 day period prior to the date of the shareholders' meeting. The proxy form should be sealed of the juristic person (if any).
- If the shareholder is a juristic person registered under Thai law, a copy of the Affidavit of that juristic person, issued by the Ministry of Commerce, or by the relevant government authority, and bears a date within 60 day period prior to the date of the shareholders' meeting. The copy of the Affidavit must be certified as a true copy by the authorized person of that juristic person and bear the seal of the juristic person (if any).
- If the shareholder is a foreign juristic person, an Affidavit of that juristic person, issued by the relevant government authority of the country where the juristic person is located. The Affidavit is required to be certified by a notary public or another authorised authority and bear a date within a three month period prior to the date of the shareholders' meeting.
- If a document is in a language other than English, an English translation certified as a true and correct translation by an authorised person of such juristic person.
- When registering a proxy holder must provide the original his/her identification card, or government official identification card or passport (if the proxy holder is a foreigner).

A shareholder or proxy holder may register and submit the required documents or any other evidences for inspection at the meeting place prior to the meeting from 12.00 a.m. until 02.00 p.m. on Tuesday, April 10th, 2007.

BIO DATA
Thai Oil Public Company Limited
Board of Director

Name & Surname : Prasert Bunsumpun

Date of Birth : 20 February 1952

Age : 55 years

Present Position :

- Director and President, PTT Public Company Limited

Position in Thaioil Board of Directors : Director



Education and Training:

- BSc in Civil Engineering, Chulalongkorn University, Thailand
- MBA, UTAH STATE UNIVERSITY, USA
- National Defence College, Joint Public-Private Sector, Class 10, Thailand
- Certificate in Advanced Management Program, Harvard Business School, Harvard University, USA
- Certificate in Democratic Politics and Governance, Class 6, King Prajadhipok's Institute, Thailand
- Certificate in Director Accreditation Program, and Role of Chairman Program, Thai Institute of Directors Association, (IOD)

Professional Experience:

- 1996-1999 - President, PTT Oil, Petroleum Authority of Thailand
- 2000-2001 - President, PTT Natural Gas, Petroleum Authority of Thailand
- 2001-2003 - Senior Executive Vice President, Gas Business Group, PTT Public Company Limited

Other Current Positions -

- Vice Chairman, IRPC Public Company Limited
- Director, PTT Exploration and Production Public Company Limited
- Director, PTT Chemical Public Company Limited
- Director, Rayong Refinery Public Company Limited

Name : Mr. Norkun Sittiphong

Date of Birth : 20 July 1953

Age : 54 years

Current Position :

- Deputy Permanent Secretary, Ministry of Energy



Position in Thailoil Board of Directors : Director

Education and Training:

- BSc in Mechanical Engineering, Chulalongkorn University, Thailand
- MSc in Mechanical Engineering, Oregon State University, USA
- PhD in Mechanical Engineering, Oregon State University, USA
- National Defense College, Class 47, Thailand

Professional Experience:

- 1996-2001 - Member, Committee to Review Registration of Energy Conservation Consultants for Designated Buildings, Ministry of Science Technology and Environment
- 1997-2002 - Member, Sub-Committee to Review Energy Efficient Machinery, Equipment and Tools, Ministry of Science, Technology and Environment
- 1998-2001 - Director, Thai Asset Fund 1
- 2001-2002 - Director, Electricity Generating Authority of Thailand
- 2002-2003 - Director, Ratchaburi Electricity Generating Holding Public Company Limited
- 2004-2006 - Director, Electricity Generating Authority of Thailand
- Director, Metropolitan Electricity Authority

Other Current Positions: -

Name & Rank : Lieutenant General Prayut Chan-O-Cha

Date of Birth : 21 March 1954

Age : 53 years

Present Position :

- Commanding General, 1st Army Area
- Member of the National Legislative Assembly
- Board Member of Metropolitan Electricity Authority

Position in Thailoil Board of Directors: -

Education and Training :

- Armed Forces Academies Preparatory School (AFAPS), 1972
- Chulachomkloa Royal Military Academy (CRMA), 1976
- Infantry Officer Basic Course, 1976
- Infantry Officer Advanced Course, 1981
- Command and General Staff College (CGSC), 1984

Professional Experiences :

- 2nd Infantry Battalion Commander, 21st Infantry Regiment, Queen's Guard, 1990
- 21st Infantry Regiment Commander, Queen's Guard, 1998
- Deputy Commanding General, 2nd Infantry Division, Queen's Guard, 2002
- Commanding General, 2nd Infantry Division, Queen's Guard, 2003
- Deputy Commanding General, 1st Army Area, 2005

Decorations :

- Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand, 2002
- Knight Grand Cross (First Class) of the Most Exalted Order of the White Elephant, 2005



Name : Mr. Apisak Tantivorawong

Date of Birth : 28 August 1953

Age : 54



Current Position:

- President, Krung Thai Bank Public Company Limited

Position in Thail Board of Directors: -

Education:

- MBA Industrial Management, University of Tennessee, USA.
- B.Eng. Chemical Engineering, Chulalongkorn University

Professional Experience:

- President, Siam City Bank Public Company Limited
- Senior Executive Vice President, The Industrial Finance Corporation of Thailand (IFCT)
- President, Bangkok Commercial Asset Management Co., Ltd.
- Senior Executive Vice President, Bangkok Bank of Commerce Public Co., Ltd.
- President, IFCT Finance and Security Public Co., Ltd.

Other Current Positions:

- Chairman, Thai Bankers' Association
- Director, Thai-German Ceramic Industry Public Co., Ltd.
- Director, Indorama Polymers Public Co., Ltd.

The 2007 Remuneration Rate for Directors and Committees of Thai Oil Public Company Limited

1. Remuneration for Directors and Members of Committee

To maintain the 2006 rates, which were:

- 1.1 Remuneration for directors: 60,000 Baht per month.
- 1.2 Remuneration for members of the Audit Committee: 25,000 Baht per month.
- 1.3 Remuneration for members of the Nomination and Remuneration Committee: 25,000 Baht per month.
- 1.4 Remuneration for members of the Corporate Governance Committee: 25,000 Baht per month.

Note: The Remuneration for the Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, and the Chairman of the Corporate Governance Committee shall be 25 percent higher.

2. Bonus

Directors, serving in 2006, are entitled to the bonus payment from the Operating Result of the year 2006 with the same amount as the year 2005 of Baht 50 million or approximately 0.30% of 2006 net profit.

Definition of Independent Director of the Company

Independent directors are directors being independent from majority shareholders or the group of majority shareholders and management. Independent directors must have all the qualifications stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission. The qualifications of an independent director are:

- (1) Holding share of not exceeding one percent of all shares with voting rights in Thairoil, Thairoil subsidiaries or not being third parties with potential conflict of interest.
- (2) Not involving in management or being an employee, staff, salaried consultant, or person with controlling powers in Thairoil, Thairoil subsidiaries or not being third parties with potential conflict of interest for the past of not less than one year.
- (3) Having no business relationship, benefits or interests, whether directly or indirectly, in the financial or operational management of Thairoil, Thairoil subsidiaries or third parties with potential conflict of interest in a manner that can cause to lack independence.
- (4) Not being a close relative of executives or majority shareholders of Thairoil, Thairoil subsidiaries or third parties with potential conflict of interest. Not being appointed as a representative to protect the interests of a director or majority shareholder.

The Company's Articles of Association concerning the shareholder's meeting

1. Calling of the Shareholders Meeting

Article 33. The board of directors shall call for a shareholders' meeting which is an annual ordinary general meeting of shareholders within four (4) months from the last day of the fiscal year of the Company.

Shareholders' meetings other than the one referred to in the first paragraph shall be called extraordinary general meetings. The board of directors may call for the extraordinary general meeting of shareholders at any time as deemed appropriate.

Shareholders holding shares amounting to not less than one-fifth (1/5) of the total number of shares wholly sold or shareholders numbering not less than twenty-five (25) persons holding shares amounting to not less than one-tenth (1/10) of the total number of shares wholly sold may submit their names and request the board of directors in writing to call for an extraordinary general meeting at any time, provided that, the reasons of request for calling for such meeting shall be clearly stated in the said written request. In such an event, the board of directors shall proceed to call for a shareholder meeting to be held within a period of one (1) month from the date of the receipt of such request from the said shareholders.

Article 34. In calling a shareholders' meeting, the board of directors shall prepare a written notice specifying the place, date, time, agenda of the meeting and the matters to be proposed to the meeting in appropriate detail by clearly indicating whether it is a matter proposed for acknowledgement or for consideration, as the case may be, including the opinion of the board of directors on the said matters, and the said notice shall be distributed to the shareholders and the registrar not less than seven (7) days prior to the date of the meeting. The notice shall be published in the newspaper for not less than three (3) consecutive days and not less than three (3) days prior to the date of the meeting.

The place of the meeting shall be in the province in which the head office of the Company is situated or at any other place where the board of directors prescribed.

Article 38. The matters which should be conducted by the annual general meeting of shareholders are as follows:

- (1) to consider the report of the board of directors concerning the Company's business in the past year period
- (2) to consider and approve the balance sheet, the statement of profit and loss for the past year period.

- (3) to consider and approve of profit allocation and dividend payment.
- (4) to consider and elect new directors in place of those who retire by rotation and fix the remuneration of directors;
- (5) to consider and appoint auditor and fix the remuneration of the auditor.
- (6) other business.

Article 41. The board of directors shall prepare the balance sheet and the statement of profit and loss as of the last day of the fiscal year of the Company for submission to the shareholders for consideration and approval at the annual general meeting. The board of directors shall cause balance sheet and the statement of profit and loss to be examined by an auditor prior to submission to the shareholder meeting.

Article 42. The board of directors shall deliver the following documents to the shareholders together with the notice calling for an annual general meeting of shareholders:

- (1) copies of the balance sheets and statement of profit and loss, which have already been examined by the auditor, including the auditor's report; and
- (2) annual report of the board of directors.

2. The Quorum

Article 35. At a shareholders' meeting there shall be not less than twenty five (25) shareholders and proxies (if any) attending the meeting or not less than one-half (1/2) of the total number of shareholders and in either case such shareholders shall hold shares amounting to not less than one-third (1/3) of the total number of shares sold of the Company, whereby a quorum would then be constituted.

At any shareholders' meeting, if one (1) hour has passed from the time specified for the meeting and the number of shareholders attending the meeting is still inadequate for a quorum as prescribed in the first paragraph, and if such shareholders' meeting was called as a result of a request of the shareholders, such meeting shall be cancelled. If such meeting was not called as a result of a request of the shareholders, a new meeting shall be called for and the notice calling for such meeting shall be dispatched to shareholders not less than seven (7) days prior to the date of the meeting. In the subsequent meeting, a quorum is not required.

Article 36. The chairman of the board shall be the chairman of shareholders' meetings. If the chairman of the board is not present at a meeting or cannot perform his duty, and if there is a vice-chairman, the vice-chairman present at the meeting shall be chairman of the meeting. If there is no vice-chairman or there is a

vice-chairman but he cannot perform his duty, the shareholders present at the meeting shall elect one shareholder to be the chairman of the meeting.

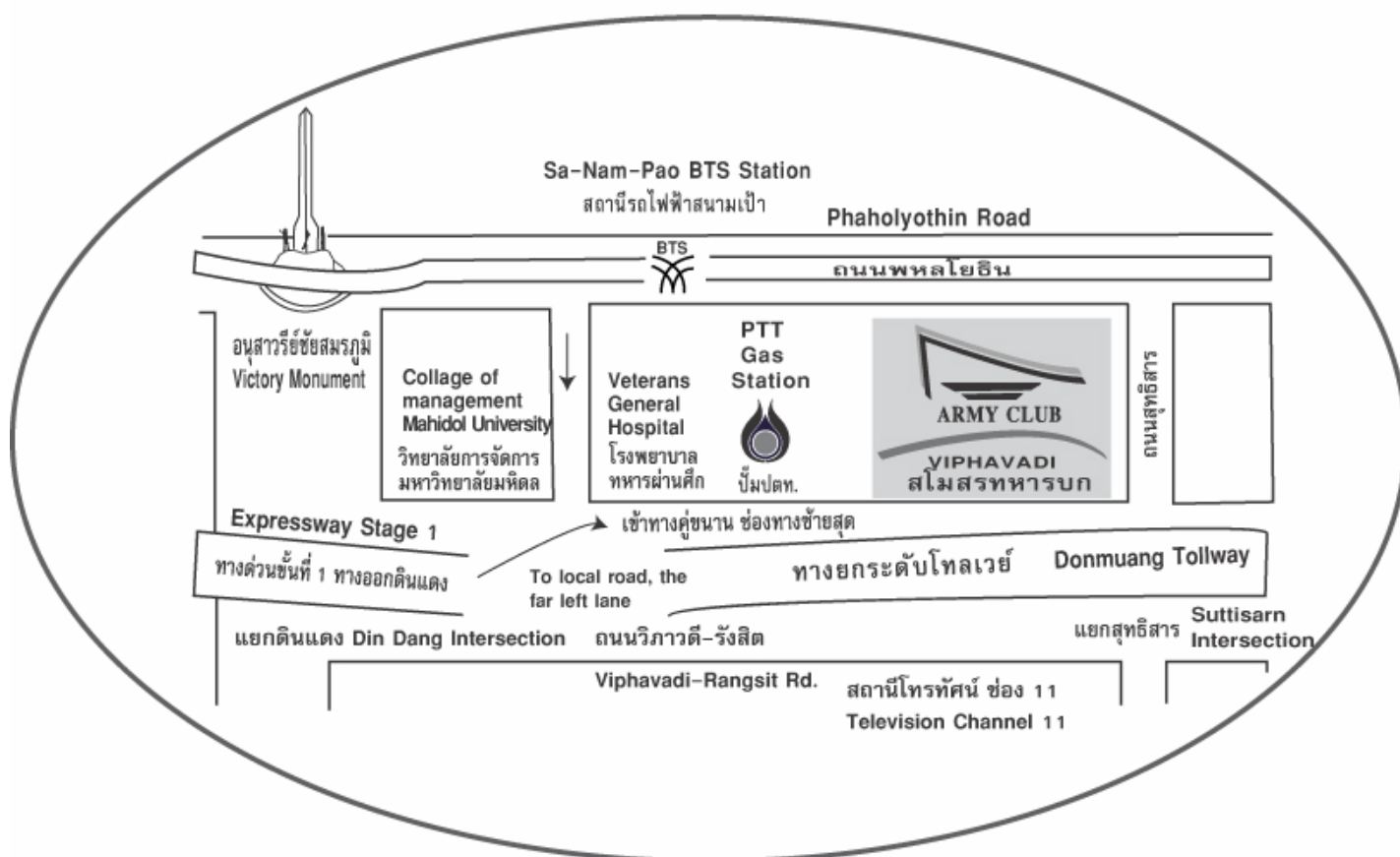
3. Voting

Article 37. A resolution of a shareholders' meeting, the shareholders shall be entitled to one (1) vote per one (1) share. Any shareholder who has a special interest in any matters shall not be entitled to vote, except for voting on the election of directors. A resolution of the Shareholders' Meeting shall require:

- (1) in an ordinary event, the majority votes of the shareholders who attend the meeting and cast their votes. In case of a tie vote, the chairman of the meeting shall have a casting vote.
- (2) in the following events, a vote of not less than three-fourths (3/4) of the total number of votes of shareholders who attend the meeting and have the right to vote:
 - (a) the sale or transfer of the whole or the substantial part of the Company's business to any other person;
 - (b) the purchase or acceptance of transfer of the business of private companies or public companies by the Company;
 - (c) the making, amending or terminating of any agreement with respect to the granting of a lease of the whole or substantial parts of the Company's business, the assignment of the management of the business of the Company to any person, or the amalgamation of the business with other persons for the purpose of profit and loss sharing;
 - (d) the amendment of the Memorandum of Associations or Articles of Association of the Company;
 - (e) the increasing or reducing the Company's capital;
 - (f) the dissolution of the Company;
 - (g) the issuance and offering of debentures of the Company;
 - (h) the amalgamation of business of the Company with other companies; or
 - (i) other activities as prescribed by law which are required the shareholders' meeting approval by a vote of not less than three-fourths (3/4) of the total number of votes of shareholders who attend the meeting and have the right to vote.

แผนที่สถานที่ประชุมสามัญผู้ถือหุ้น ประจำปี 2550
บริษัท ไทยออยล์ จำกัด (มหาชน)

MAP TO THE 2007 ANNUAL GENERAL MEETING OF SHAREHOLDERS
THAI OIL PUBLIC COMPANY LIMITED



สโมสรทหารบก
ARMY CLUB

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List of the Company's Directors who represent to be a proxy in the AGM 2007

	Thaioil Directors	Position	Address
1	Cherdpong Siriwit	Chairman	304/1 Soi Pravit Lae Puan, Prachachuen Road, Ladyao, Chatuchak, Bangkok 10900
2	Manu Leopairote	Independent Director Audit Committee Chairman	92 Soi Soonvichai 14, Bangkapi, Huaykwang, Bangkok 10240
3	Prasert Bunsumpun	Director Nominating and Remuneration Committee	91/34 Soi Wattananivet 4, Samsennok, Huaykwang, Bangkok 10320
4	Norkun Sittiphong	Independent Director Audit Committee	66/14 Noble Tara, Moo 8, Rattanatibet Road, Bangkrasor, Muang, Nontaburi 11000
5	Chakramon Phasukvanich	Independent Director Nominating and Remuneration Committee	254/241 Moo 3 Ramkamhaeng Road, Sapansoong, Bungkoom, Bangkok 10240
6	Nibhat Bhukkanasut	Independent Director	489 Soi Soonvichai 4, Rama 9 Road, Bangkapi, Huaykwang, Bangkok 10320
7	Prajya Phinyawat	Director Corporate Governance Committee	255/2 Soi Phaholyothin 45, Phaholyothin Road, Ladyao, Chatuchak, Bangkok 10900
8	Nit Chantramonklasri	Independent Director Audit Committee	9D Four Wings Mansion, Soi Sukhumvit 3, Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok 10110
9	Pichai Chunhavajira	Director	2 Soi Ramkamhaeng 21, Ramkamhaeng Road, Wangtonglang, Wangtonglang, Bangkok
10	Viroj Mavichak	Director and Secretary (Managing Director)	101/1 Soi Krungthep-Nont 13, Krungthep-Nont Road, Bangkhen, Muang, Nontaburi 11000