

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
AND
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

EXPRESSED IN
THAI BAHT

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

To the Shareholders of The Bangchak Petroleum Public Company Limited

I have audited the consolidated balance sheets of The Bangchak Petroleum Public Company Limited and its subsidiary as of December 31, 2007 and the related consolidated statements of changes in shareholders' equity, income and cash flows for the year then ended. I have also audited the financial statements for the same period of The Bangchak Petroleum Public Company Limited. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and the company's financial statement of The Bangchak Petroleum Public Company Limited and its subsidiary for the year ended December 31, 2006 were audited by another auditor in my office, in accordance with the auditing standards, and express an un-qualified opinion as to the report dated February 12, 2007 and drawn attention that the Company and its subsidiary have changed the cost calculation method of finished petroleum products and crude oil from first-in, first-out to weighted average by restated approach effected from July 1st 2006, to conform with the accounting policies of The PTT Public Company Limited which enter into the Company's major shareholder. The change of the accounting policy has effected the inventories balances in the consolidated and the Separated financial statements as of December 31, 2006 by the increased amount of Baht 533.67 million and Baht 534.70 million respectively. The retained earnings in the consolidated and the Separated financial statements as of January 1st, 2006 have equally increased by the amount of Baht 23.13 million. The retained earnings in the consolidated and the Separated financial statements as of December 31st, 2006 have equally decreased by the amount of Baht 373.57 million.

I conducted my audits 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bangchak Petroleum Public Company Limited and its subsidiary and of The Bangchak Petroleum Public Company Limited as of December 31, 2007, the results of their operations, and cash flows for the year then ended in conformity with generally accepted accounting principles.

Without qualify opinion to the above financial statement, I draw attention to note 2.20 to the financial statements that beginning the 1st quarter in year 2007, the Company had changed its accounting policy for its investment in subsidiary in the separate financial statements from the equity method to the cost method in accordance with the Accounting Standard No. 44 “Consolidated and Separate Financial Statements” (revised 2007), the change had been applied retrospectively for the separate financial statements for the year ended December 31, 2006. In my audit, the adjustments made to the separate financial statements are appropriate and have been properly applied.

(NATSARAK SAROCHANUNJEEN)

Certified Public Account

Registration No. 4563

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 15, 2008

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

B A H T

	Notes	CONSOLIDATED		THE COMPANY ONLY	
		As of 31 ST	As of 31 ST	As of 31 ST	As of 31 ST
		December	December	December	December
		2007	2006	2007	2006
		(Restated)		(Restated)	
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	4	6,450,064,228	2,705,239,667	6,088,212,621	2,599,184,005
Short term investment	5	288,022,000	4,085,050,172	241,011,000	4,045,039,044
Trade accounts receivable - net					
Related parties	3.1	115,613,497	135,171,523	712,652,661	513,911,367
Other parties	6	5,286,555,533	2,628,449,871	5,268,273,637	2,614,298,298
Inventories - net	7	11,029,353,333	8,875,290,581	10,744,400,323	8,640,364,911
Other current assets					
Material and Supplies - net	8	336,332,480	330,044,336	336,332,480	330,044,336
Oil Fund Subsidies Receivable		196,690,719	127,657,672	196,690,719	127,657,672
Others		165,052,010	641,288,084	151,199,980	628,982,624
Total Current Assets		<u>23,867,683,800</u>	<u>19,528,191,906</u>	<u>23,738,773,421</u>	<u>19,499,482,257</u>
NON-CURRENT ASSETS					
Investments in subsidiary	1.3,3.2	-	99,300	490,000	490,000
Other long-term investments	9	12,343,357	3,837,291	11,443,357	2,937,291
Tariff prepayment - net	10	9,761,310	16,963,830	9,761,310	16,963,830
Property, plant and equipment - net	11	18,412,290,880	15,693,094,880	18,407,213,305	15,687,047,894
Intangible assets - net	12	1,267,309,355	1,337,371,120	1,265,857,291	1,335,411,435
Investment in service station - net	13	338,026,060	429,929,700	338,026,060	429,929,700
Other non-current assets					
Deferred income tax assets	14	131,028,038	228,099,928	131,028,038	228,099,928
Others	15	948,321,359	745,301,804	945,556,846	742,548,876
Total Non-Current Assets		<u>21,119,080,359</u>	<u>18,454,697,853</u>	<u>21,109,376,207</u>	<u>18,443,428,954</u>
TOTAL ASSETS		<u><u>44,986,764,159</u></u>	<u><u>37,982,889,759</u></u>	<u><u>44,848,149,628</u></u>	<u><u>37,942,911,211</u></u>

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

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

B A H T

	Notes	CONSOLIDATED		THE COMPANY ONLY	
		As of 31 ST	As of 31 ST	As of 31 ST	As of 31 ST
		December	December	December	December
		2007	2006	2007	2006
			(Restated)		(Restated)
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from					
financial institutions	16	880,000,000	1,200,000,000	880,000,000	1,200,000,000
Trade accounts payable					
Related parties	3.3	8,175,198,958	3,463,897,140	8,177,213,933	3,466,058,442
Other parties		836,418,041	730,350,157	782,749,196	679,401,993
Current portion of long-term loans	17	722,500,000	1,285,000,000	722,500,000	1,285,000,000
Other current liabilities					
Accrued excise tax and oil stabilization fund		293,807,011	291,175,607	293,807,011	291,175,607
Accrued corporate income tax		667,823,953	-	659,334,481	-
Accrued expenses		472,108,469	345,608,801	441,027,433	322,322,008
Liabilities on hedging contracts		929,062,981	486,162,737	929,062,981	486,162,737
Others		465,437,815	401,676,191	456,250,925	398,392,362
Total Current Liabilities		13,442,357,228	8,203,870,633	13,341,945,960	8,128,513,149
NON-CURRENT LIABILITIES					
Long-term loans	17	9,438,770,172	10,242,815,428	9,438,770,172	10,242,815,428
Other non-current liabilities					
Liabilities on long-term lease		460,703,710	505,662,502	460,703,710	505,662,502
Liabilities on service stations leasehold right		7,923,844	12,578,498	7,923,844	12,578,498
Reserve for pension fund		347,715,363	295,804,368	347,715,363	295,804,368
Deferred income tax liabilities	14	22,899,589	26,170,959	22,899,589	26,170,959
Others		41,725,139	51,592,994	29,123,404	39,619,989
Total Non-Current Liabilities		10,319,737,817	11,134,624,749	10,307,136,082	11,122,651,744
Total Liabilities		23,762,095,045	19,338,495,382	23,649,082,042	19,251,164,893

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

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

		B A H T			
		CONSOLIDATED		THE COMPANY ONLY	
		As of 31 ST	As of 31 ST	As of 31 ST	As of 31 ST
		December	December	December	December
Notes		2007	2006	2007	2006
			(Restated)		(Restated)
SHAREHOLDERS' EQUITY					
Share Capital - Par Value Baht 1.00 per share					
Authorized share capital					
	Common share 1,531,643,461 shares	1,531,643,461	1,531,643,461	1,531,643,461	1,531,643,461
Issued and paid - up share capital					
	Common share 1,119,132,050 shares in 2007 and	1,119,132,050	-	1,119,132,050	-
	Common share 1,119,096,351 shares in 2006	-	1,119,096,351	-	1,119,096,351
Capital Surplus					
	Premium on share capital	7,505,333,450	7,504,729,149	7,505,333,450	7,504,729,149
	Capital surplus on registered and paid-up share reduction	189,617,759	189,617,759	189,617,759	189,617,759
	Surplus on fixed assets revaluation	11 5,289,307,563	4,283,181,275	5,289,307,563	4,283,181,275
Retained earning (deficit)					
	Appropriated – legal reserve	153,164,346	153,164,346	153,164,346	153,164,346
	Unappropriated	6,967,603,946	5,394,095,497	6,942,512,418	5,441,957,438
	Total Equity of Parent Company's Shareholders	21,224,159,114	18,643,884,377	21,199,067,586	18,691,746,318
Minority interests					
	Total Shareholders' Equity	510,000	510,000	-	-
	Total Shareholders' Equity	21,224,669,114	18,644,394,377	21,199,067,586	18,691,746,318
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		44,986,764,159	37,982,889,759	44,848,149,628	37,942,911,211

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

(Signed) *General Tawat Ked-Unkoon*

(General Tawat Ked-Unkoon)

Chairman

(Signed) *Anusorn Sangnimnuan*

(Anusorn Sangnimnuan)

President

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED

FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

		BAHT							
		Issued and paid - up share capital	Premium on Share capital	Capital surplus on registered and paid-up share reduction	Surplus on fixed assets revaluation	Retained earning (Deficit)		Minority interests	Total
Note						Appropriated legal reserve	Unappropriated (Restated)		(Restated)
	Beginning balance as at January 1, 2006	687,481,908	1,951,157,333	189,617,759	4,502,376,960	153,164,346	5,385,965,769	510,000	12,870,274,075
	Accumulative effects amount from changing in accounting policy:								
	- Inventory	-	-	-	-	-	23,133,879	-	23,133,879
	Beginning balance after adjustment	687,481,908	1,951,157,333	189,617,759	4,502,376,960	153,164,346	5,409,099,648	510,000	12,893,407,954
	Issued and Paid-up share capital	18	428,117,940	-	-	-	-	-	428,117,940
	Premium on share capital	-	5,507,068,319	-	-	-	-	-	5,507,068,319
	Share capital increase from redemption of convertible debentures	-	3,496,503	-	-	-	-	-	3,496,503
	Premium on share capital from redemption of convertible debentures	-	46,503,497	-	-	-	-	-	46,503,497
	Transaction not recognised in the income statement								
	- Depreciation on the fixed assets revaluation	-	-	-	(219,195,685)	-	-	-	(219,195,685)
	Dividend payment for preferred stock	-	-	-	-	-	-	(22,491)	(22,491)
	Dividend paid	28	-	-	-	-	(206,244,572)	-	(206,244,572)
	Net profit (loss)	-	-	-	-	-	195,529,535	22,491	195,552,026
	Ending balance as at December 31, 2006	1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	153,164,346	5,398,384,611	510,000	18,648,683,491
	Beginning balance as at January 1, 2007	1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	153,164,346	5,398,384,611	510,000	18,648,683,491
	Adjustment from changing in accounting policy:								
	- Investment in subsidiary	2	-	-	-	-	(4,289,114)	-	(4,289,114)
	Beginning balance after adjustment	1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	153,164,346	5,394,095,497	510,000	18,644,394,377
	Issued and Paid-up share capital	18	35,699	-	-	-	-	-	35,699
	Premium on share capital	-	604,301	-	-	-	-	-	604,301
	Surplus on fixed assets revaluation	-	-	-	1,225,120,984	-	-	-	1,225,120,984
	Transaction not recognised in the income statement								
	- Depreciation on the fixed assets revaluation	-	-	-	(218,994,696)	-	-	-	(218,994,696)
	Dividend paid	28	-	-	-	-	(190,248,930)	-	(190,248,930)
	Net profit (loss)	-	-	-	-	-	1,763,757,379	-	1,763,757,379
	Ending balance as at December 31, 2007	1,119,132,050	7,505,333,450	189,617,759	5,289,307,563	153,164,346	6,967,603,946	510,000	21,224,669,114

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
THE COMPANY ONLY
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

	Note	BAHT						Total
		Issued and paid - up share capital	Premium on Share capital	Capital surplus on registered and paid-up share reduction	Surplus on fixed assets revaluation	Retained earning (Deficit)		
						Appropriated legal reserve	Unappropriated	
						(Restated)	(Restated)	
Beginning balance as at January 1, 2006		687,481,908	1,951,157,333	189,617,759	4,502,376,960	153,164,346	5,385,965,769	12,869,764,075
Accumulative effect amount from changing in accounting policy:								
- Inventory		-	-	-	-	-	23,133,879	23,133,879
- Investment in subsidiary	2	-	-	-	-	-	(9,102,942)	(9,102,942)
Beginning balance after adjustment		687,481,908	1,951,157,333	189,617,759	4,502,376,960	153,164,346	5,399,996,706	12,883,795,012
Issued and Paid-up share capital	18	428,117,940	-	-	-	-	-	428,117,940
Premium on share capital		-	5,507,068,319	-	-	-	-	5,507,068,319
Share capital increase from redemption of convertible debentures		3,496,503	-	-	-	-	-	3,496,503
Premium on share capital from redemption of convertible debentures		-	46,503,497	-	-	-	-	46,503,497
Transaction not recognised in the income statement								
- Depreciation on the fixed assets revaluation		-	-	-	(219,195,685)	-	-	(219,195,685)
Dividend paid	28	-	-	-	-	-	(206,244,572)	(206,244,572)
Net profit (loss)		-	-	-	-	-	248,205,304	248,205,304
Ending balance as at December 31, 2006		<u>1,119,096,351</u>	<u>7,504,729,149</u>	<u>189,617,759</u>	<u>4,283,181,275</u>	<u>153,164,346</u>	<u>5,441,957,438</u>	<u>18,691,746,318</u>
Beginning balance as at January 1, 2007		1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	153,164,346	5,441,467,438	18,691,256,318
Adjustment from changing in accounting policy:								
- Investment in subsidiary	2	-	-	-	-	-	490,000	490,000
Beginning balance after adjustment		1,119,096,351	7,504,729,149	189,617,759	4,283,181,275	153,164,346	5,441,957,438	18,691,746,318
Issued and Paid-up share capital	18	35,699	-	-	-	-	-	35,699
Premium on share capital		-	604,301	-	-	-	-	604,301
Surplus on fixed assets revaluation		-	-	-	1,225,120,984	-	-	1,225,120,984
Transaction not recognised in the income statement								-
- Depreciation on the fixed assets revaluation		-	-	-	(218,994,696)	-	-	(218,994,696)
Dividend paid	28	-	-	-	-	-	(190,248,930)	(190,248,930)
Net profit (loss)		-	-	-	-	-	1,690,803,910	1,690,803,910
Ending balance as at December 31, 2007		<u>1,119,132,050</u>	<u>7,505,333,450</u>	<u>189,617,759</u>	<u>5,289,307,563</u>	<u>153,164,346</u>	<u>6,942,512,418</u>	<u>21,199,067,586</u>

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

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

		B A H T			
		CONSOLIDATED		THE COMPANY ONLY	
Notes	2007	2006 (Restated)	2007	2006 (Restated)	
REVENUES					
Sales	21	94,979,389,602	94,269,873,360	94,133,738,943	93,538,667,989
Other incomes					
Interest income		201,442,497	176,556,635	193,080,660	171,750,103
Gain from foreign exchange	22	-	119,859,177	-	119,859,177
Gain from crude oil and product oil price					
hedging contract	25.3	-	681,505,796	-	681,505,796
Reversal of loss from Inventory write - down		57,285,234	2,432,080	54,510,520	59,005
Gain from assets disposal		-	420,951	-	-
Loss adjustment from impairment of assets		10,130,021	4,482,408	10,130,021	4,482,408
Others		207,797,176	122,023,289	201,427,424	83,531,886
Total Revenues		<u>95,456,044,530</u>	<u>95,377,153,696</u>	<u>94,592,887,568</u>	<u>94,599,856,364</u>
EXPENSES					
Cost of sales		88,887,102,519	92,148,004,412	88,524,161,416	91,721,815,757
Selling and administrative expenses		2,221,707,505	2,009,938,172	1,811,942,828	1,611,850,362
Other expenses					
Depreciation		304,103,478	301,376,653	301,410,171	298,507,222
Directors' remuneration		7,683,785	14,920,000	7,648,785	14,890,000
Loss from Inventory write - down		1,636,684	57,285,234	-	54,510,520
Loss from foreign exchange	22	46,996,035	-	46,996,035	-
Loss from crude oil and oil product price					
hedging contract		594,923,245	-	594,923,245	-
Loss from assets disposal		18,734,566	11,796,596	18,734,564	11,796,596
Loss from impairment of assets		50,657,981	459,194	50,657,981	459,194
Total Expenses		<u>92,133,545,798</u>	<u>94,543,780,261</u>	<u>91,356,475,025</u>	<u>93,713,829,651</u>
PROFIT (LOSS) BEFORE INTEREST EXPENSE AND INCOME TAX		3,322,498,732	833,373,435	3,236,412,543	886,026,713
Interest expenses	23	(655,282,570)	(744,938,400)	(655,282,570)	(744,938,400)
Income tax	14	(903,458,783)	107,116,991	(890,326,063)	107,116,991
PROFIT (LOSS) AFTER INCOME TAX		<u>1,763,757,379</u>	<u>195,552,026</u>	<u>1,690,803,910</u>	<u>248,205,304</u>
MINORITY INTERESTS		-	(22,491)	-	-
NET PROFIT (LOSS)		<u><u>1,763,757,379</u></u>	<u><u>195,529,535</u></u>	<u><u>1,690,803,910</u></u>	<u><u>248,205,304</u></u>
BASIC EARNINGS PER SHARE					
	24				
Earnings per share (Baht)		1.58	0.20	1.51	0.26
Number of weighted average shares (shares)		1,119,116,054	959,703,294	1,119,116,054	959,703,294
DILUTED EARNINGS PER SHARE					
	24				
Earnings per share (Baht)		1.38	0.20	1.32	0.26
Number of weighted average shares (shares)		1,313,109,491	1,139,270,220	1,313,109,491	1,139,270,220

The accompanying notes to financial statements are an integral part of these statement

(Signed) General Tawat Ked-Unkoon

(General Tawat Ked-Unkoon)

Chairman

(Signed) Anusorn Sangnimnuan

(Anusorn Sangnimnuan)

President

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

	B A H T			
	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006 (Restated)	2007	2006 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES :				
Net profit (loss)	1,763,757,379	195,529,535	1,690,803,910	248,205,304
Adjustments to reconcile net profit to net cash provided by (used in) Operating Activities				
Depreciation	642,126,488	649,803,560	639,433,181	646,934,130
Bad debt and doubtful debts	32,412,990	12,146,125	28,213,890	7,037,698
Amortization	196,569,206	210,916,623	196,061,584	210,800,969
Loss (gain) from foreign exchange	22 33,525,887	50,969,973	33,525,887	50,969,973
Loss (Gain) from assets impairment	40,527,960	(4,023,215)	40,527,960	(4,023,215)
Deferred income tax	14 93,800,520	(128,515,145)	93,800,520	(128,515,145)
Loss (gain) from fixed assets disposal	18,734,566	12,215,648	18,734,564	11,794,697
Reserve for pension fund	51,910,995	38,226,664	51,910,995	38,226,664
Deferred revenue	(1,687,913)	(1,237,159)	(1,687,913)	(1,237,159)
Minority interests	-	22,491	-	-
Operating gain before changes in operating assets and liabilities	2,871,678,078	1,036,055,100	2,791,324,578	1,080,193,916
Operating assets (increase), decrease				
Trade accounts receivable	(2,607,408,254)	900,169,983	(2,818,757,596)	911,148,654
Inventories	(2,154,062,752)	2,098,691,677	(2,104,035,411)	2,069,694,332
Other current assets	406,541,764	132,301,658	412,602,486	134,760,208
Operating liabilities increase, (decrease)				
Trade accounts payable	4,829,669,471	(1,346,497,619)	4,823,667,758	(1,332,452,149)
Other current liabilities	1,047,503,739	(421,272,266)	1,025,316,963	(424,255,615)
Other non - current liabilities	(8,197,045)	(12,211,755)	(8,825,774)	(11,897,347)
Net Cash Provided by (Used in) Operating Activities	4,385,725,001	2,387,236,778	4,121,293,004	2,427,191,999

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

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

B A H T

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2007	2006	2007	2006
			(Restated)		(Restated)
CASH FLOWS FROM INVESTING ACTIVITIES :					
Decrease(increase) in temporary investments		3,797,028,172	(4,085,050,172)	3,804,028,044	(4,045,039,044)
Decrease(increase) in long-term investments		(1,286,444)	7,107,750	(1,286,444)	7,107,750
Proceeds from Liquidation of a subsidiary		99,300	-	-	-
Acquisition in property, plant and equipment		(2,307,870,100)	(2,295,867,741)	(2,306,146,202)	(2,291,747,996)
Proceeds from sales of property, plant and equipment		18,613,074	21,569,067	18,613,074	21,569,067
Decrease(increase) in intangible asset:		(46,361,588)	(42,996,081)	(46,361,588)	(40,920,741)
Decrease(increase) in other non - current assets		(224,968,668)	(66,798,696)	(224,957,086)	(66,797,350)
Net Cash Provide by (Used in) Investing Activities		<u>1,235,253,746</u>	<u>(6,462,035,873)</u>	<u>1,243,889,798</u>	<u>(6,415,828,314)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase(decrease) in bank overdrafts and short-term loans from financial institution:		(320,000,000)	(800,000,000)	(320,000,000)	(800,000,000)
Proceeds from long - term loans		-	623,100,000	-	623,100,000
Payment of long - term loans		(1,366,535,256)	(524,994,572)	(1,366,535,256)	(524,994,572)
Dividend paid		(190,248,930)	(206,244,572)	(190,248,930)	(206,244,572)
Dividend payment for preferred stock		-	(22,491)	-	-
Proceeds from issued and paid-up shares capita		35,000	428,117,940	35,000	428,117,940
Proceeds from premium on shares capital		595,000	5,507,068,319	595,000	5,507,068,319
Net Cash Provided by (Used in) Financing Activities		<u>(1,876,154,186)</u>	<u>5,027,024,624</u>	<u>(1,876,154,186)</u>	<u>5,027,047,115</u>
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS - NET		3,744,824,561	952,225,529	3,489,028,616	1,038,410,800
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		2,705,239,667	1,753,014,138	2,599,184,005	1,560,773,205
CASH AND CASH EQUIVALENTS, END OF PERIOD	4	<u>6,450,064,228</u>	<u>2,705,239,667</u>	<u>6,088,212,621</u>	<u>2,599,184,005</u>
Additional disclosure for the statement of cash flow:					
Cash paid during the years for					
Interest expenses		665,157,382	732,541,130	665,157,382	732,541,130
Income tax		(223,214,123)	618,019,203	(227,857,371)	616,037,049

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

THE BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

1. GENERAL INFORMATION**1.1 General matter**

The Company was incorporated as a limited company under the Civil and Commercial Code on November 8, 1984, and changed its status to a Public Company Limited under the Public Company Limited Act on April 23, 1993. The address of the head office is 210 Moo 1, Soi Sukhumvit 64, Sukhumvit Road, Bangchak, Phakanong, Bangkok. The Company operates in Thailand and the main business is operating an oil refinery and marketing the finished products through its service stations under its company's brand. The Company's oil market includes consumers in various sectors, such as transportation, aviation, shipping, construction, industrial and agriculture. The sale of oil is also made through the major and the minor oil traders. As at December 31, 2007 and 2006, the company employed 864 and 827 employees respectively and the employees related expenses were Baht 663.82 million and Baht 576.28 million respectively.

The Bangchak Green Net Co., Ltd., a subsidiary company, was incorporated as a limited company under the Civil and Commercial Code on July 13, 1993. Its head office address is 210 Moo 1, Soi Sukhumvit 64, Sukhumvit Road, Bangchak, Phakanong, Bangkok. The Company operates in Thailand with its main business being the running of the Bangchak service stations and the consumer goods retail shops under the Lemon Green and the Bi-Chak brand. It also provides other services to accommodate future expansion in the retail business. As at December 31, 2007 and 2006, the company employed 1,837 and 1,652 employees respectively and the employee related expenses were Baht 209.71 million and Baht 189.04 million respectively.

1.2 Basis for preparation and presentation of financial statements

The financial statements of the company are prepared in accordance with the generally accepted accounting standards and presented in brief in accordance with the Department of Business Development announcement on September 14, 2001.

The company's consolidated financial statements incorporate the financial statements of The Bangchak Petroleum Public Company Limited and The Bangchak Green Net Co., Ltd., in which the company holds 49% share, For the purpose of the consolidation, all significant intercompany transactions and all intercompany account balances have been eliminated.

1.3 Related parties

Enterprises that directly, or indirectly through one or more intermediaries control, or are under common control of the Company are as follows:

Name	Type of business	Relationship	Share holding (%)
<u>Subsidiaries</u> :			
- The Bangchak Green Net Co., Ltd.	Manage BCP service station And consumer goods retailer	Holding and joint directors	49.00%
- The Retail Net Co., Ltd.	Manage BCP service station (The liquidation of the Company was completed on October 3, 2007)	Indirect holding and joint directors	48.66%
- The Bangchak Green Line Co., Ltd.	Fuel transportation. (Company is in self liquidation process)	Indirect holding and joint directors	49.00%
<u>Related companies</u> :			
- PTT Public Company Limited.*	Petroleum business	Holding and joint directors	-
- Fuel Pipeline Transportation Ltd.	Fuel pipeline transportation	Holding and joint directors	11.41%
- Thai Oil Public Company Limited. *	Oil refinery	Related company of PTT	-
- Aromatics(Thailand)Public Co.,Ltd. *	Petrochemical	Related company of PTT	-
- PTT Aromatics and Refining Public Company Limited **	Petrochemical and Refining	Related company of PTT	-
- Thai Lube Base Public Co., Ltd. *	Lubrication base refinery	Related company of PTT	-
- IRPC Public Company Limited. *	Petrochemical	Related company of PTT	-
- IRPC Oil Company Limited. *	Refined Petroleum business	Related company of PTT	-
- NPC Safety and Environmental Service Co., Ltd. **	Safety and Environmental business	Related company of PTT	-

The Bangchak Green Net Co., Ltd. did not include The Bangchak Green Line Co., Ltd. and The Retail Net Co., Ltd. in its consolidated financial statements as The Bangchak Green Line Co., Ltd. has been in the process of self-liquidation and the investment in The Bangchak Green Line Co., Ltd. was written-off whereas The Retail Net Co., Ltd. has registered the completion of its liquidation to the Ministry of Commerce on October 3, 2007 and repaid The Bangchak Green Net Co., Ltd. its investment in The Retail Net Co., Ltd.

* Relationship has been established since May 16, 2006.

** The trading transactions have been initialized during quarter 4/2007.

1.4 Adoption of new accounting standards

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, No. 38/2550 and No. 62/2550 regarding Thai Accounting Standards, and these have been published in the Royal Gazette. The Notifications mandate the use of the Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled. Thai Accounting Standards (revised version) which are not effective for the current period are as follow :

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

These accounting standards will become effective for the financial statements for fiscal years beginning on or after January 1, 2008.

However, the management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied.

1.5 Others

The financial statements of above subsidiaries are prepared in accordance with generally accepted accounting standards for non-public company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Sales Revenue

Sales are recognized as revenue when delivery of goods has occurred.

Income from operating right

Income from operating right is recognized in accordance with the substance of the contract.

Interest income

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

2.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and deposits at banks and financial institutions, which are due within 3 months.

2.3 Allowance for Doubtful Accounts

The allowance for doubtful accounts is set-up based on debts deemed uncollectible from debtors as judged from the current status of each account receivable.

2.4 Inventories

Finished petroleum products and crude oil are stated at the lower of cost determined by the weighted average basis or net realizable value. The Company and its subsidiary have changed the cost calculation method of finished petroleum products and crude oil from first-in, first-out to weighted average basis by restated approach effected from July 1 2006, to conform with the accounting policies of The PTT Public Company Limited that became the Company's major shareholder.

Lubrication oils are stated at the lower of cost determined by weighted average or net realizable value.

Consumer goods are stated at cost determined by weighted average or net realizable value.

2.5 Materials and Supplies

Materials and supplies are stated at cost determined by the weighted average less allowance for deterioration of materials and supplies.

2.6 Investments in Subsidiaries

Investments in subsidiaries, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All inter-company transactions, balances and unrealized gains (losses) on transactions between group companies have been eliminated.

Investments in subsidiaries (in the Company's financial statements) are stated at the cost method.

2.7 Other Long-Term Investments

Investments in non-marketable securities are treated as general investment and presented at cost less allowance for impairment of investment.

Investments in debt securities held-to-maturity are presented at amortized cost. The difference between cost and redemption value of an investment in debt securities is amortized by straight line over the remaining period of the investment, which is credited or changed to interest income and is added to or subtracted from the carrying amount of the securities.

2.8 Property, Plant and Equipment

Property, plant and equipment are presented by cost method net of the accumulated depreciation and the allowance for assets impairment.

The Company revalues assets every five years by an independent appraiser for machinery, equipment and refinery plants and platinum catalyst. The machinery, equipment and refinery plants comprised of boat piers, machinery and equipment in the refinery. The mentioned assets are presented based on Depreciated Replacement Cost approach less the accumulated depreciation and recorded the incremental value of the assets in "Machinery, equipment and refinery plants and platinum catalyst – Revalued." The excess of share capital from revaluation is presented under the Shareholders' Equity as "Surplus on fixed assets revaluation". Depreciation is calculated from the initial cost (Cost Model) and recorded in the statement of income. Depreciation of the revalued assets is deducted from "Surplus on fixed assets revaluation" under the Shareholders' Equity which complies with the announcement no. 25/2549 of The Federation of Accounting Professions.

Should the assets revalued be lower than their initial cost, the reduced value is charged against the surplus on fixed assets revaluation until that amount is fully depleted before booking the remaining value as expense in the profit and loss for that same accounting period.

Depreciation of buildings, machinery and equipment are computed on a straight-line method based on the estimated useful life of the assets. The details of which are as follows: -

Type of Assets	No. of Year
Building	20
Machinery, equipment and refinery plants	30
Equipment	5-20

Equipment with value of not over Baht 10,000 each and service station asset costing less than Baht 1,000 each are booked as expense in the period of purchase.

Expenditures on repairs or maintenance of buildings, machinery and equipment which extend the useful life of such assets or increase their capacity are recorded as capital expenditure. Whereas the maintenance and repair costs of buildings, machinery and equipment to have them perform to the standard level initially assessed are booked as expense in the period they occurred.

2.9 Borrowing Cost

Interest expenses incurred from loan, especially used for the construction of fixed assets, are booked as cost of assets until the assets are ready for their intended use. Such interest expenses are derived from the total amount of interests paid less the revenue earned from the loan temporary used as short-term investments.

Interest expense on loan for general purposes but partly used for the construction of fixed assets are capitalized. The capitalization of such interest is computed by multiplying the interest rate against the average assets costs during construction. Upon completion of the construction project, the interest cost is booked to expense.

2.10 Intangible Assets

Intangible assets consist of leasehold rights, license and development costs of computer software. They are presented at cost deducted by accumulated amortization.

Leasehold rights are the rights obtained from the land lease contracts, which are amortized on a straight-line method over the contractual period within 30 years.

License and development costs of computer software cover expenditures to enhance future economic benefit to the company of more than one year. They are amortized within five years on a straight-line basis.

2.11 Deferred Income Tax

The Company calculates the deferred income tax from the temporary differences between the net book value of the assets and their tax base value in accordance with the International Accounting Standards No.12, "Income Taxes" (IAS No.12).

The temporary differences arise from the allowance for doubtful accounts, pension fund reserve, and accumulated depreciation of equipment.

2.12 Impairment of assets

The Company reviews the impairment of assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount. The Company will consider the impairment for each asset item or each asset unit generating cash flows, whichever is practical.

The Company recognizes an impairment loss in the income statements whenever the carrying value of an asset exceeds its recoverable amount. The Company will reverse the impairment loss to other income whenever there is any indication that the impairment loss recognized may no longer exist or may have decreased.

2.13 Foreign Currencies

Foreign currency transactions are converted into Baht at the exchange rate on the date the transactions occur. The assets and liabilities in foreign currencies at the ending period are translated into Baht using the exchange rate as announced by the Bank of Thailand. Differences from foreign exchange translations are totally booked as income or expense.

Gains or losses resulting from debt repayment during the year are recorded as income or expense.

In cases where forward exchange contracts are made to minimize the risk exposure on foreign exchange of debts in foreign currency, the Company books the exchange rate based on the contract. The premium associated with this is amortized over the period of the contract.

2.14 Crude and Product Oil Price Hedging Contract

Selling and buying forward crude and product oil contracts are made to reduce the risk of changes in the oil price. The Company records the difference between the oil price in the contract and market price as income or expense when transactions occur.

2.15 Deferred Revenue

Deferred revenue, which represents the advance income from the lease of equipment and others, are amortized over the term of the contract.

2.16 Pension Fund Reserve

A reserve is established for pension fund to qualified employees who have worked with the Company for five years or over at the full amount of the entitled pension at the end of each accounting year.

2.17 Legal Reserve

The Company sets up the appropriation for a legal reserve of at least 5% of its net profit, less accumulated deficit brought forward (if any), until the reserve is not less than 10% of the authorized share capital.

2.18 Registered Provident Fund

The Company established a contributory provident covering substantially all employees. Members are required to make monthly contribution to the fund at either 5% or 10% of the members' salaries depending on their choice and the Company is required to make monthly contribution at the same rate.

2.19 Earnings per Share

Earnings per share is calculated from the net profit (loss) divided by the weighted average of issued and paid-up share capital. Diluted earnings per share is calculated by dividing net earnings for the year, after adjusting the effect of transactions relating to dilute potential ordinary shares, by the total sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares to be issued for conversion of all diluted potential ordinary shares into ordinary shares.

2.20 Accounting policy changes

In the quarter ended March 31, 2007 the Company had changed its accounting policy for its investments in subsidiary companies in the separate financial statements from the equity method to the cost method in accordance with the Accounting Standard No. 44 "Consolidated and Separate Financial Statements (revised 2007)". The change in accounting policy is recorded retrospectively to the separate financial statements for its investments in subsidiary companies with cost method for the year ended December 31, 2006, with effects to the Company's financial statements as follows :-

- The investments in subsidiaries as at December 31, 2006 increased by Baht 0.49 million.
- The retained earnings as of December 31, 2006 and 2005 increased and decreased by Baht 0.49 million and Baht 9.10 million respectively.
- The net income for the year ended December 31, 2006 increased by Baht 9.59 million.
- The earnings per share for the year ended December 31, 2006 increased by Baht 0.01 per share.

3. RELATED PARTY TRANSACTION

The Company had certain accounting transactions with its subsidiary and related companies which were considered normal business practice. The transactions were based on the general market price and in cases where market price was not available, the contract price was used.

Balance of assets, liabilities, account and trading transactions with subsidiary and related companies as at December 31, 2007 are as follows:

3.1 Trade accounts receivable – related parties

	Million Baht			
	Consolidated		The Company Only	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
<u>Subsidiaries</u>				
- The Bangchak Green Net Co., Ltd.	-	-	597.04	378.74
<u>Related Companies</u>				
- PTT Public Company Limited.	115.29	76.52	115.29	76.52
- The Related Companies of PTT	-	58.33	-	58.33
- Fuel Pipeline Transportation Ltd.	0.32	0.32	0.32	0.32
Total Accounts receivable -				
Related parties net	<u>115.61</u>	<u>135.17</u>	<u>712.65</u>	<u>513.91</u>

3.2 Investments in subsidiary

Name	Relationship	Authorized Share capital (Million Baht)	Holding %	Million Baht		
				The Company Only		
				December 31, 2007		
				Investments		
				Cost Method	Net Book Value	Dividend
Subsidiary :						
The Bangchak Green Net Co., Ltd.	Holding and joint directors	1	49.00%	0.49	27.84	-
				Million Baht		
				The Company Only		
				December 31, 2006		
				Investments		
				Cost Method	Net Book Value	Dividend
Subsidiary :						
The Bangchak Green Net Co., Ltd.	Holding and joint directors	1	49.00%	0.49	(42.85)	-

3.3 Trade accounts payable – related parties

	Million Baht			
	Consolidated		The Company Only	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
<u>Subsidiaries</u>				
- The Bangchak Green Net Co., Ltd.	-	-	2.01	2.16
<u>Related Companies</u>				
- PTT Public Company Limited.	6,319.29	2,120.39	6,319.29	2,120.39
- The Related Companies of PTT	1,846.71	1,336.51	1,846.71	1,336.51
- Fuel Pipeline Transportation Ltd.	9.20	7.00	9.20	7.00
Total Account Payable				
- related parties	<u>8,175.20</u>	<u>3,463.90</u>	<u>8,177.21</u>	<u>3,466.06</u>

3.4 Transaction with related parties

Transactions with related parties for the year ended December 31, 2007 and 2006 are as follows:

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Revenue from sales of oil	4,232.60	12,600.23	17,575.79	23,727.48
Revenue from operating right	-	-	73.83	74.25
Other Revenue	50.35	9.14	56.28	15.72
Cost of pipeline transportation	86.56	79.69	86.56	79.69
Crude and Product purchase	72,350.53	53,485.95	72,350.53	53,485.95
Terminal service and other	56.23	52.53	56.23	52.53

Transfer pricing with the related parties does not differ from unrelated parties.

4. CASH AND CASH EQUIVALENTS

As at December 31, 2007 and 2006 Cash and cash equivalents consisted of:

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Cash and deposits at Banks *	6,450.06	2,705.24	6,088.21	2,599.18
Fixed deposit (maturity is not longer than 3 months) *	-	-	-	-
Total	<u>6,450.06</u>	<u>2,705.24</u>	<u>6,088.21</u>	<u>2,599.18</u>

* Included Banks deposits for PQI project as at December 31, 2007 and 2006 amounting to Baht 2,918.16 million and Baht 800.12 million respectively.

The Company entered into an agreement with financial institutions to pledge the banks deposits as security for credit facilities obtained from those financial institutions, as referred in Notes 17.1.

5. SHORT TERM INVESTMENT

As at December 31, 2007 and 2006, short term investments consisted of:

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Fixed deposit	288.02	269.12	241.01	229.11
Fixed deposit for investment in PQI Project **	-	3,815.93	-	3,815.93
Total	<u>288.02</u>	<u>4,085.05</u>	<u>241.01</u>	<u>4,045.04</u>

** Part of the above investment is the excess fund of the funding proceeds for Product Quality Improvement Project (PQI) by issuing common stocks and convertible debentures.

6. TRADE ACCOUNTS RECEIVABLE – OTHER PARTIES - NET

As at December 31, 2007 and 2006, trade accounts receivable consisted of :

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Trade accounts receivable - other parties	5,378.62	2,717.81	5,357.31	2,700.11
Less : Allowance for doubtful accounts	(92.06)	(89.36)	(89.04)	(85.81)
Trade accounts receivable - other parties – net	<u>5,286.56</u>	<u>2,628.45</u>	<u>5,268.27</u>	<u>2,614.30</u>

As at December 31, 2007 and 2006, the overdue trade accounts receivable are classified by aging as follows:

	Million Baht	
	2007	2006
Over 3 months to 6 months	36.86	1.99
Over 6 months to 12 months	0.41	6.50
Over 12 months	55.42	85.67
Total	92.69	94.16

7. INVENTORIES - NET

As at December 31, 2007 and 2006, inventories consisted of :

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Crude oil	6,783.24	4,565.31	6,783.24	4,565.31
Finished oil product	4,196.74	4,311.17	3,129.56	4,129.56
Consumer product	51.01	56.09	-	-
<u>Less</u> : Allowance for devaluation	(1.64)	(57.28)	-	(54.51)
Inventories – net	11,029.35	8,875.29	10,744.40	8,640.36

Inventories as at December 31, 2007 and 2006, are included petroleum legal reserve of 331.09 million liters approximated value Baht 6,135.06 Million and 328.50 million liters approximated value Baht 4,843.45 Million respectively.

The Company entered into an agreement with financial institutions to transfer the right with certain conditions of the legal reserved inventories as security for the credit facilities obtained from those financial institutions, as referred in Notes 17.1.

8. MATERIAL AND SUPPLIES - NET

As at December 31, 2007 and 2006, material and supplies consisted of:

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Material and supplies	346.66	350.50	346.66	350.50
<u>Less</u> : Allowance for obsolescence	(10.33)	(20.46)	(10.33)	(20.46)
Material and supplies - net	336.33	330.04	336.33	330.04

9. OTHER LONG-TERM INVESTMENTS

As at December 31, 2007 and 2006, Other long-term investments consisted of :

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
<u>Investment in capital paper</u>				
- Fuel Pipeline Transportation Ltd.	181.75	181.75	181.75	181.75
<u>Less</u> : Allowance for impairment	(181.75)	(181.75)	(181.75)	(181.75)
- MFC Energy Fund	8.49	-	8.49	-
Investment in capital paper – net	8.49	-	8.49	-
<u>Investment in commercial paper</u>				
- The Express way Authority of Thailand's bond	0.90	0.90	-	-
- The Government bond	3.00	3.00	3.00	3.00
<u>Less</u> : Discount on investments	(0.05)	(0.06)	(0.05)	(0.06)
Investment in commercial paper – net	3.85	3.84	2.95	2.94
Total other long-term investments	12.34	3.84	11.44	2.94

On October 25, 2005, the Company invested in The Government's bond, B.E. 2547 no.4 with 5 years duration, amounting to Baht 2,917,337.43. The total 3,000 units bond, which face value Baht 1,000 per unit and stated interest rate at 4.25% per annum payable

twice per year in February and August, was registered on August 13, 2005. The discounted amount of Baht 82,662.57 on the stated value will be amortized by straight-line method spreading over the duration of the bond. During the year ended December 31, 2007, the Company amortized the discount to be income amounting to Baht 17,102.64.

On August 3, 2007, the Company invested in MFC Energy Fund, a redeemable special open-end mutual fund established for institutional investors, for a total committed purchase amount of Baht 200 million at a unit price of Baht 10. Payment for the investment has been called at Baht 8.4 million with the balance to be paid by installments. Return on the investment will be allocated by the fund within 15 working days after the fund manager receives the return on investment except that the investment committee decides that the proceeds are to be reinvested.

10. TARIFF PREPAYMENT - NET

The Company has provided financial support to the Fuel Pipeline Transportation Ltd. (FPT) in the form of advance payment of fuel transportation fee (Tariff Prepayment) as per the written agreement dated June 14, 1996. Subsequently, the Company, together with the other FPT creditors agreed on March 3, 1999 to restructure the FPT loan. Prior to the loan restructure, the amount owed to the Company as Tariff Prepayment was Baht 245.80 million, of this, Baht 48.75 million was converted to capital stock (preferred stock) on April 30, 1999, leaving the balance of loan as Baht 197.05 million. The loan shall be repaid in accordance with FPT's cash flow while the interest on the tariff prepayment and the custody fee (difference in interest rate MLR-2%) will be paid on a monthly basis. It turned out that FPT was able to repay some parts of the loan and due to financial difficulties it could not comply with the agreed terms. Hence, an amendment to the original agreement was made on March 28, 2002. Under the revised agreement, the remaining loan principle of Baht 187.29 million will be repaid on a monthly basis over a total number 153 periods, with the first payment made on April 30, 2002. The interest rate will be based on MLR with relaxation of 1% per annum starting from March 29, 2002. The difference in the interest shall be established as a receivable in a suspense account which will be written-off if FPT fulfill the agreement, without default, over a three-year consecutive period.

The financial statements as at December 31, 2007 show an outstanding prepaid tariff amounting Baht 139.28 million which the Company has provided an allowance for doubtful debt of Baht 129.52 million. The balance is Baht 9.76 million. The difference in the interest rates, which is pending in the suspense account, has been written-off as follows ;

	<u>Million Baht</u>
In 2004, it wrote-off the interest receivable set-up for the year 2001	21.38
In 2005, it wrote-off the interest receivable set-up for the year 2002	10.67
In 2006, it wrote-off the interest receivable set-up for the year 2003	9.40
In 2007, it wrote-off the interest receivable set-up for the year 2004	<u>8.06</u>
Total	<u>49.51</u>

The Company will consider the write-off of the interest pending in the suspense account during January 1, 2005 to December 31, 2007 amounting Baht 26.19 million annually. The allowance for doubtful debt for the interest has been fully provided.

11. PROPERTY, PLANT AND EQUIPMENT - NET

	Million Baht							
	Consolidated							
			Machinery, equipment refinery plants and terminal	Marketing and office equipment	Platinum Catalyst	Vehicles	Construction work in progress	Total
	Land	Buildings						
Cost / Revaluation								
At January 1, 2007	1,360.05	502.52	23,386.41	3,762.96	322.70	125.96	2,977.04	32,437.64
Additions	-	-	-	1.73	-	-	2,397.40	2,399.13
Borrowing Cost	-	-	-	-	-	-	25.38	25.38
Disposals	-	-	(7.23)	(112.73)	(49.60)	(0.30)	(2.42)	(172.28)
Reclassification	8.59	25.19	1,213.35	90.33	-	2.24	(214.44)	1,125.26
At December 31, 2007	1,368.64	527.71	24,592.53	3,742.29	273.10	127.90	5,182.96	35,815.13
Accumulated depreciation :								
At January 1, 2007	-	(328.21)	(13,801.84)	(1,921.70)	-	(83.85)	-	(16,135.60)
Additions	-	(16.68)	(597.98)	(229.29)	-	(16.95)	-	(860.90)
Disposals	-	-	156.35	71.81	-	0.30	-	228.46
Reclassification	-	-	(0.63)	0.36	-	-	-	(0.27)
At December 31, 2007	-	(344.89)	(14,244.10)	(2,078.82)	-	(100.50)	-	(16,768.31)
Allowance for impairment								
At January 1, 2007	(569.03)	-	(0.56)	(39.36)	-	-	-	(608.95)
Reversal of loss on impairment of assets	0.53	-	-	(26.11)	-	-	-	(25.58)
At December 31, 2007	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
Property, plant and equipment - net								
At January 1, 2007	791.02	174.31	9,584.01	1,801.90	322.70	42.11	2,977.04	15,693.09
At December 31, 2007	800.14	182.82	10,347.87	1,598.00	273.10	27.40	5,182.96	18,412.29
Depreciation included in income statements for the :								
Year ended December 31, 2006								649.80
Year ended December 31, 2007								642.13
Property, plant and equipment are classified by cost and revaluation								
Cost								
At December 31, 2006	1,360.05	502.52	13,304.57	3,762.96	134.57	125.96	2,977.04	22,167.67
Add (Less) : Reclassification	8.59	25.19	85.61	(20.67)	-	1.95	2,205.92	2,306.59
Less : Accumulated depreciation	-	(344.89)	(8,192.53)	(2,078.82)	-	(100.51)	-	(10,716.75)
Less : Allowance for impairment	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
At December 31, 2007	800.14	182.82	5,197.09	1,598.00	134.57	27.40	5,182.96	13,122.98
Revaluation								
At December 31, 2006	-	-	10,081.84	-	188.13	-	-	10,269.97
Add(Less) : Changing in appraisal surplus	-	-	1,120.50	-	(49.60)	-	-	1,070.90
Less : Accumulated depreciation	-	-	(6,051.56)	-	-	-	-	(6,051.56)
At December 31, 2007	-	-	5,150.78	-	138.53	-	-	5,289.31
Property, plant and equipment - net								
At December 31, 2007	800.14	182.82	10,347.87	1,598.00	273.10	27.40	5,182.96	18,412.29

	Million Baht							
	The Company Only							
			Machinery, equipment refinery plants and terminal	Marketing and office equipment	Platinum Catalyst	Vehicles	Construction work in progress	Total
	Land	Buildings						
Cost / Revaluation								
At January 1, 2007	1,360.05	502.52	23,386.41	3,724.61	322.70	120.90	2,977.04	32,394.23
Additions	-	-	-	-	-	-	2,397.40	2,397.40
Borrowing Cost	-	-	-	-	-	-	25.38	25.38
Disposals	-	-	(7.23)	(112.72)	(49.60)	(0.29)	(2.42)	(172.26)
Reclassification	8.59	25.19	1,213.35	90.33	-	2.24	(214.44)	1,125.26
At December 31, 2007	1,368.64	527.71	24,592.53	3,702.22	273.10	122.85	5,182.96	35,770.01
Accumulated depreciation :								
At January 1, 2007	-	(328.21)	(13,801.84)	(1,886.88)	-	(81.30)	-	(16,098.23)
Additions	-	(16.68)	(597.98)	(227.58)	-	(15.97)	-	(858.21)
Disposals	-	-	156.35	71.79	-	0.30	-	228.44
Reclassification	-	-	(0.63)	0.36	-	-	-	(0.27)
At December 31, 2007	-	(344.89)	(14,244.10)	(2,042.31)	-	(96.97)	-	(16,728.27)
Allowance for impairment								
At January 1, 2007	(569.03)	-	(0.56)	(39.36)	-	-	-	(608.95)
Reversal of loss on impairment of assets	0.53	-	-	(26.11)	-	-	-	(25.58)
At December 31, 2007	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
Property, plant and equipment - net								
At January 1, 2007	791.02	174.31	9,584.01	1,798.37	322.70	39.60	2,977.04	15,687.05
At December 31, 2007	800.14	182.82	10,347.87	1,594.44	273.10	25.88	5,182.96	18,407.21
Depreciation included in income statements for the :								
Year ended December 31, 2006								646.93
Year ended December 31, 2007								639.43
Property, plant and equipment are classified by cost and revaluation								
Cost								
At December 31, 2006	1,360.05	502.52	13,304.57	3,724.61	134.57	120.90	2,977.04	22,124.26
Add (Less) : Reclassification	8.59	25.19	85.61	(22.39)	-	1.95	2,205.92	2,304.87
Less : Accumulated depreciation	-	(344.89)	(8,192.53)	(2,042.31)	-	(96.97)	-	(10,676.70)
Less : Allowance for impairment	(568.50)	-	(0.56)	(65.47)	-	-	-	(634.53)
At December 31, 2007	800.14	182.82	5,197.09	1,594.44	134.57	25.88	5,182.96	13,117.90
Revaluation								
At December 31, 2006	-	-	10,081.84	-	188.13	-	-	10,269.97
Add(Less) : Changing in appraisal surplus	-	-	1,120.50	-	(49.60)	-	-	1,070.90
Less : Accumulated depreciation	-	-	(6,051.56)	-	-	-	-	(6,051.56)
At December 31, 2007	-	-	5,150.78	-	138.53	-	-	5,289.31
Property, plant and equipment - net								
At December 31, 2007	800.14	182.82	10,347.87	1,594.44	273.10	25.88	5,182.96	18,407.21

In December 2007, the Company has revalued the machinery, equipment and refinery plant and platinum catalyst by an independent appraiser accepted by the Securities and Exchange Commission and the Stock Exchange of Thailand and recorded the incremental value of the appraised assets amounting Baht 1,070.90 million. The surplus on fixed assets revaluation has increased to Baht 5,289.31 million.

If the depreciation of the revalued assets is recorded in the statements of income according the Revalue Model, the effects of the net income and earnings per share will be as follows :

	Million Baht			
	Consolidated		The Company Only	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net profit and earnings per share :				
Net profit (million Baht)	1,763.76	195.53	1,690.80	248.20
Earnings per share (Baht)	1.58	0.20	1.51	0.26

The effects of the net income and earnings per share, if the depreciation of the revalued assets is recorded in the statements of income according to the Revalue Model ;

Net profit (million Baht)	1,610.46	31.13	1,537.5	83.81
Earnings per share (Baht)	1.44	0.03	1.37	0.09

The Company has mortgaged its land, buildings and machinery which the net book value as at December 31, 2007 and 2006 were Baht 15,948.02 million and Baht 12,988.47 million respectively as collateral with financial institutions for the credit facilities extended to the Company by the financial institutions as mentioned in Note 17.1

Construction in progress is the investment in PQI project which is partially financed by an issuance of new common shares to PTT. The Company has entered into a long term business cooperation agreement with PTT as referred in Notes 25.3.4.

12. INTANGIBLE ASSETS - NET

As at December 31, 2007 and 2006, intangible assets consisted of:

	Million Baht			
	Consolidated		The Company Only	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Cost</u>				
Leasehold right	2,131.30	2,112.49	2,131.30	2,112.49
License and development costs of Computer software	197.16	184.21	195.20	182.13
	<u>2,328.46</u>	<u>2,296.70</u>	<u>2,326.50</u>	<u>2,294.62</u>
<u>Accumulated amortization</u>				
Leasehold right	(950.65)	(864.11)	(950.65)	(864.10)
License and development costs of Computer software	(97.86)	(84.41)	(97.35)	(84.30)
	<u>(1,048.51)</u>	<u>(948.52)</u>	<u>(1,048.00)</u>	<u>(948.40)</u>
Total	1,279.95	1,348.18	1,278.50	1,346.22
<u>Less : Allowance for impairment</u>	<u>(12.64)</u>	<u>(10.81)</u>	<u>(12.64)</u>	<u>(10.81)</u>
Intangible assets – net	<u>1,267.31</u>	<u>1,337.37</u>	<u>1,265.86</u>	<u>1,335.41</u>

On February 27, 2004, The Treasury Department permitted the Company to pay, by installments, the leasehold fee of Baht 551.63 million covering the extension of the lease agreement of state-owned land on which the company's refinery and the head office are located. The initial lease agreement, which expires on April 1, 2015, will be extended by 18 years under the new lease agreement, which will expire on March 31, 2033. The installment payments of the mentioned fee will be on an annual basis, commencing from the year 2007 - 2009 at Baht 45.97 million per annum, year 2010 - 2012 at about Baht 61.29 million per annum and year 2013 - 2015 at about Baht 76.62 million per annum. The amounts of Baht 505.66 million and Baht 45.97 million are recorded as liability, against the long-term leasehold right and other current liability. The Company has extended the length of the net book value of the leasehold right to March 31, 2033, so as to correspond with terms of the new lease agreement.

In addition, The Treasury Department also permitted the Company to utilize the mentioned leasehold right to pledge as security against loan and to place the building structures, including machinery on the leased land as collateral for credit facilities from financial institutions, as referred to in Notes 17.1.

13. INVESTMENT IN SERVICE STATIONS

The investment in service stations is for business expansion and the approach taken by the company varies. For example, the Company invests and grants franchise to others to operate or enter into, a joint venture agreement, or with investment made by the operator and the Company providing support. As at December 31, 2007 and 2006, the balances outstanding in the investment in service stations account are Baht 338.03 million and Baht 429.93 million respectively. The Company amortized the investment in service stations to expense amounting Baht 53.81 million and allowance for impairment of the investment in service stations amounting Baht 22.34 million in this accounting period.

14. INCOME TAX AND DEFERRED INCOME TAX

The Company paid income tax on rates under the Revenue Code as follows:

	<u>Tax rates</u>
- The Company	30
Net income for the portion not exceeding Baht 300 million for the accounting period of five years from 2002 to 2006	25
- Subsidiaries	15 – 30

Deferred income tax as at December 31, 2007 and 2006 are as follows:

	<u>Million Baht</u>	
	<u>Consolidated</u>	<u>The Company Only</u>
Deferred income tax assets		
As at December 31, 2006	228.10	228.10
Income tax expenses	<u>(97.07)</u>	<u>(97.07)</u>
As at December 31, 2007	<u>131.03</u>	<u>131.03</u>
Deferred income tax liabilities		
As at December 31, 2006	26.17	26.17
Income tax expenses	<u>(3.27)</u>	<u>(3.27)</u>
As at December 31, 2007	<u>22.90</u>	<u>22.90</u>

Deferred income tax is the timing differences between taxable profit and accounting profit which arise from the allowance for doubtful accounts, pension fund reserve, unutilized taxable losses carried-forward and accumulated depreciation of equipment.

In 2007, the Company has written off the deferred income tax assets amounting Baht 102 million from the utilization of tax privilege in 2006 for the investment in PQI project which was in accordance with the announcement of the Director General of the Revenue Department regarding the corporate income tax (No. 156) "Criteria, procedures and conditions for the exemption of corporate income tax for the companies that registered its shares in the Stock Exchange of Thailand according to the Securities and Exchange Acts for payments of investment or extension, modification, addition or improvement of assets but not the repair of assets according to Section 65 Tri (5) of the Revenue Codes." The Company is awaiting the result of the consideration of the Revenue Department of the examination of the Company's application for 2006 corporate income tax refund as disclosed in note 25.4.

15. OTHER NON-CURRENT ASSETS - OTHERS

As at December 31, 2007 and 2006, other non-current assets consisted of:

	<u>Million Baht</u>			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
15.1 Fixed deposit for staff welfare	210.42	186.38	210.42	186.38
15.2 Deposit for crude and product oil price hedging contract	410.89	184.22	410.89	184.22
15.3 Deferred expenses for the issuance of debentures and long-term loans	66.91	80.00	66.91	80.00
15.4 Others	<u>260.10</u>	<u>294.70</u>	<u>257.34</u>	<u>291.95</u>
Total	<u>948.32</u>	<u>745.30</u>	<u>945.56</u>	<u>742.55</u>

15.1 Fixed deposit for staff welfare

As at December 31, 2007 and 2006, the Company has fixed deposit accounts with a bank of Baht 210.42 million and Baht 186.38 million respectively with interest rates of 1.0-1.25 % per annum. The deposit is maintained to allow employees obtain credit facilities from the mentioned bank.

15.2 Deposit for crude and product oil price hedging contract

The Company made forward contracts with several overseas traders with different amounts of deposit to protect against risk from the fluctuation of crude and product oil prices. Some traders request the Company to pledge initial deposit as per the initial agreement or even more afterwards in cases where the market price deviates in the direction which the Company loses and has to settle the balance. The traders preserve the right to request the Company to transfer deposit in the similar amount that the Company has to settle in each day. The traders commit to pay interest in the agreed rate for the deposit. Vice versa, in case that the market price deviates in the direction which the Company gains, the Company preserves the right to request the traders to transfer partial or all of the deposits to the Company.

15.3 Deferred expenses for the issuance of debentures and long-term loans

In January 2004, the Company issued Baht 4,000 million convertible debentures and in February 2004, the Company entered a loan contract with Krung Thai Bank Public Company Limited for a Baht 12,500 million credit line. The Company paid fees for the issuance of convertible debentures, expenses for the loans and other expenses in the amount of Baht 114.63 million. On May, 2006, The Company issued Baht 585.60 million of convertible into common stock, subordinated registered debentures. The Company paid fees for into the issuance of convertible debentures, expense for the loans and other expense in the amount of Baht 2.63 million. This was recorded as deferred expenses for the issuance of debentures and long-term loans and amortized using the straight line accounting method based on the loan life and weighted with the debt balance.

For the year ended December 31, 2007, the amortization of expenses on the borrowing and the issuance of the convertible debentures was Baht 13.09 million.

16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2007 and 2006, bank overdrafts and short-term loans from financial institutions consisted of :

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Bank overdrafts	-	-	-	-
Short-term loans from financial institutions	880.00	1,200.00	880.00	1,200.00
Total	880.00	1,200.00	880.00	1,200.00

Short-term loans from financial institutions are part of the credit facilities covered by collateral as describe in Note 17.1. As at December 31, 2007, the Company has the short-term loan of Baht 880 million bared the interest rates at 5.875 % per annum. As at December 31, 2006, the Company has the short-term loan of Baht 1,200 million bared the interest rates at 5.10 % per annum.

17. LONG-TERM LOANS

As at December 31, 2007 and 2006, long-term loans consisted of :

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
17.1 Loans from bank	7,399.72	7,821.26	7,399.72	7,821.26
17.2 Debentures	-	800.00	-	800.00
17.3 Convertible debentures	2,761.55	2,761.56	2,761.55	2,761.56
17.4 Promissory notes	-	145.00	-	145.00
Total	10,161.27	11,527.82	10,161.27	11,527.82
Less : Current portion of long-term loans	(722.50)	(1,285.00)	(722.50)	(1,285.00)
Long-term loans	9,438.77	10,242.82	9,438.77	10,242.82

17.1 Loans from bank

17.1.1 The Company has entered a loan agreement with Krung Thai Bank Public Company Limited for working capital, for Baht 12,500 million credit line which are divided into Baht 8,500 million 10-year long-term loans and Baht 4,000 million 10-year working capital short-term loans.

In April 2006, the Company has amended the loan agreement with Krung Thai Bank Public Company Limited which the bank extended an additional credit line of Baht 2,000 million short-term loans to the Company. With the new credit line, the short-term loan credit line and the total credit line with the bank have been increased to Baht 6,000 million and Baht 14,500 million respectively.

The loan agreement secured by the mortgaged of land, buildings and machinery and the pledge of fixed deposits, fixed assets and the conditional assignment of rights over banks deposit, legal reserved Inventoried and leasehold right. The loan agreement contains certain covenants and restrictions pertaining to, restrictions on capital expenditure, dividend payment, obligations over the Company's assets and not using the loans for other than the approved purposes, the maintenance of a certain debt to equity ratio and debt service coverage ratio.

17.1.2 The Company has entered into a loan agreement with 3 Financial Institutions for the Product Quality Improvement Project (PQI) for Baht 8,800 million credit lines which are divided into Baht 8,400 million about 9-year long-term loans and Baht 400 million about 6-year long-term loans for VAT.

The loan agreement secured by the same Company's assets and contains certain covenants and restrictions as referred in Notes 17.1.1

17.2 Debentures

As at December 31, 2007, the Company has no outstanding balance of the debenture, issue no. 25/2545, because, on December 2, 2007, the Company had paid up the total 800,000 units of unsecured, unsubordinated, registered debentures with the holders' names with the interest rate of 6.25% per annum to be paid twice annually on June 2 and December 2 of each year.

17.3 Convertible debentures

On January 29, 2004, the Company issued 400,000 units of unsecured, convertible into common stock, subordinated registered debentures with holders' names. The instruments have a face value of Baht 10,000 per unit, with a 10-year maturing period and with interest of 3% per annum. The convertible value of the debenture is Baht 14.30 per a common stock, subjected to subsequent adjustment of price according to the terms of the exercise of conversion right in the Debentures. The issuance of the convertible debentures form part of the financial restructuring plan, approved by the cabinet on July 8, 2003; in which offerings are made to investing institution in the form of depository receipt against benefits derived from the convertible debentures. The issuance of the depository receipt is made by the Siam DR Co., Ltd. (which is 99% owned by The Stock Exchange of Thailand) on the basis of one depository receipt for one convertible debenture. The Ministry of Finance guarantees the investment and offers to buy back the depository receipts at the initial offered price of Baht 10,000 per unit; as specified under the term, of the depository receipts.

The holders of the depository receipts can exchange them for convertible debentures and convert the debentures into common stock. Such conversion, however, must be done on every 30th day of March, June, September and December of each year. The first conversion commences on June 30, 2004 and ends on September 30, 2013. This is in accordance with the terms and conditions relating to depository receipts and also the convertible debentures.

On May 16, 2006, the Company issued 58,560 units of unsecured, convertible into common stock, subordinated registered debentures with holders' names. The instruments have a face value of Baht 10,000 per unit, with a 10-year maturing period and with interest of 3% per annum. The convertible value of the debenture is Baht 14 per one common stock, subjected to subsequent adjustment of price according to the terms of the exercise of conversion right in the Debentures. The issuance of the convertible debentures offered to PTT Public Co., Ltd. is part of the financing for Product Quality Improvement Project (PQI)

As at December 31, 2007, the convertible debentures holders exercised the right by redeeming 182,405 units of the convertible debentures, the balance of convertible debentures was 276,155 units

17.4 Promissory note

As at December 31, 2007, the company has no outstanding balance of the promissory note. The transferable and unsecured promissory note with interest rate of 6.25% per annum of baht 145 million has matured and has been paid during 2007.

18. ISSUED AND PAID – UP SHARE CAPITAL

On May 16, 2006, the Company issued 428,092,940 units of ordinary shares, Par Value of Baht 1.00 per share, Offered price of Baht 14 per share, and have already been paid up in full amount of Baht 5,993,301,160. As at December 31, 2007, the issued and paid-up share capital is amounting to Baht 1,119,132,050.

19. CAPITAL SURPLUS ON REGISTERED AND PAID-UP SHARE REDUCTION

On July 6, 2004, the Company has registered with the Ministry of Commerce, the reduction in the Company's registered share capital from Baht 1,032,761,220 to Baht 843,143,461 and the paid up share capital from Baht 753,040,940 to Baht 563,423,181. These changes were due to the reduction of 189,617,759 shares held by the Siam DR Co., Ltd. so as to be consistent with the number of "Depository Receipts of BCP's Ordinary Shares (DR)" which were issued and offered by the Siam DR Co., Ltd. The Company received consent from the Siam DR Co., Ltd. for reducing the mentioned number of shares without capital payback. The Company also received approval to transfer the proceeds from the said share reduction of Baht 189,617,759 to the account, Capital Surplus on Registered and Paid-Up Share Reduction.

20. WARRANTS

20.1 On August 25, 2004, the Company allotted, free of charge, 24 million units of warrants for the purchase of Ordinary Shares by the Company's director, management and employees and The Bangchak Green Net Co., Ltd. (ESOP) and people to whom buying rights have been transferred. The warrant has a 5-year duration and is exercisable on a quarterly basis at one warrant per one ordinary share, at the price of Baht 5 per share.

The conditions are as follows.

- 20.1.1 45% of the total allotted warrants is exercisable on the first year duration when the closing price of the Depository Receipts of BCP's Ordinary Shares (DRs), or the closing price of the Ordinary Shares, in case there are no DRs, is at Baht 21 or higher, over a consecutive period of 5 days.
- 20.1.2 25% of the total allotted warrants is exercisable on the second year duration when the closing price of the Depository Receipts of BCP's Ordinary Shares (DRs), or the closing price of the Ordinary Shares, in case there are no DRs, is at Baht 23 or higher, over a consecutive period of 5 days.
- 20.1.3 30% of the total allotted warrants is exercisable on the third year duration when the closing price of the Depository Receipts of BCP's Ordinary Shares (DRs), or the closing price of the Ordinary Shares, in case there are no DRs, is at Baht 25 or higher, over a consecutive period of 5 days.

20.2 On May 15, 2006, the Company issued 69,092,486 units of no offering price warrants for the purchase of Ordinary Shares to the Company's existing shareholders whose names are in the share register book as at the closing date of the share register book, which is on April 20, 2006. The allocation ratio of the existing shares to the new warrants is 10 existing shares for 1 unit of warrant, Term of Warrants 5 years, exercised price Baht 18.00 per share, exercised ratio 1 warrant : 1 ordinary share (the exercised price and exercised ratio may be changed in accordance with the conditions for adjustment of rights)The warrant holders are able to exercise the warrants on the last business day of March, June, September, and December throughout the term of the warrants. The first exercise date shall be September 30, 2006, and the last exercise date shall be at the end of term of warrants, which is on May 14, 2011.

As at December 31, 2007, the warrants (BCP-W1) holders exercised the right by redeeming 60,000 warrants; the balance of the warrants (BCP-W1) was 69,032,486 warrants.

21. SALES

Sales revenue for the year ended December 31, 2007 and 2006 are as follows:

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Sales revenue from fuel products	94,933.86	94,219.21	94,014.38	93,413.76
Income from investment charge	45.53	50.66	119.36	124.91
Total	<u>94,979.39</u>	<u>94,269.87</u>	<u>94,133.74</u>	<u>93,538.67</u>

22. GAIN (LOSS) FROM FOREIGN EXCHANGE

Gain (loss) from foreign exchange for the year ended December 31, 2007 and 2006 are as follows:

	Million Baht			
	Consolidated		The Company Only	
	2007	2006	2007	2006
Realized gain (loss) from foreign exchange	(13.47)	170.83	(13.47)	170.83
Unrealized gain(loss) from foreign exchange	(33.53)	(50.97)	(33.53)	(50.97)
Total	<u>(47.00)</u>	<u>119.86</u>	<u>(47.00)</u>	<u>119.86</u>

23. INTEREST EXPENSE

The total interest expense for 2007 was Baht 680.66 million, of which Baht 25.38 million was capitalized as cost of work in progress and Baht 655.28 million was expense.

24. EARNINGS PER SHARE

The calculation of basic earnings per share and diluted earnings per share in the consolidated and the Company's financial statements for the year ended December 31, 2007 and 2006 are as follows:

	Million Baht							
	Basic Earnings per Share				Diluted Earnings per Share			
	Consolidated		The Company Only		Consolidated		The Company Only	
	2007	2006	2007	2006	2007	2006	2007	2006
Net income attributable to ordinary shareholders	1,763.76	195.53	1,690.80	248.21	1,763.76	195.53	1,690.80	248.21
Adjustment of net income	-	-	-	-	47.78	49.92	47.78	49.92
Net income for the calculation of earnings per share	1,763.76	195.53	1,690.80	248.21	1,811.54	245.45	1,738.58	298.13
Weighted average number of ordinary shares for the calculation of earnings per share (million shares)	1,119.12	959.70	1,119.12	959.70	1,313.11	1,139.27	1,313.11	1,139.27
Earnings per share (Baht/ share)	1.58	0.20	1.51	0.26	1.38	0.20	1.32	0.26

25. CONTINGENT LIABILITIES AND COMMITMENTS

25.1 Liabilities on guarantees

As at December 31, 2007, the Company's total liabilities in the form of bank guarantees is amounted to Baht 415.21 million. These guarantees are mainly to cover application for corporate income tax refund, land lease agreement and the electricity usage.

25.2 Litigation

As at December 31, 2007, the Company has allegation as follows:

25.2.1 The Company (the fifth defendant) was accused with the Ministry of Finance (the first defendant) for alleged land right transgression and demanding Baht 1,055 million in compensation. The land in question is located at the pier of the Refinery that the Company lodged against the Ministry of Finance. The civil court dismissed on April 30, 2003 and now is being appealed with the appeal court.

25.2.2 The Company was accused in accompany with the government, PTT and other private sectors, called upon to pay 210 million Baht in compensation for an infringement of the petty patentee's rights as the Patent Act in case of producing and selling Bio-diesel. Now is being appealed with the court of first instance. The Company's Legal Office has its opinion that the Company will win the case.

25.2.3 An international crude oil carrier hired by the Company has claimed to the Company for a damage caused by a crude oil lighter hired by the Company for amount of Baht 17 million. Presently, the dispute is under the consideration of an arbitrator. The Company's Legal Office has its opinion that the Company will win the dispute.

25.3 Commitments

As at December 31, 2007, the Company has commitments as follows:

25.3.1 The Company has entered into 3.07 million barrels oil price hedging contracts with foreign oil traders for oil price of the period from January 2008 to December 2008.

25.3.2 The Company has foreign currency buying and selling forward contracts covering the period to April 2008 amounting US\$ 44.61 million which is equivalent to Baht 1,504.73 million and amounting US\$ 228.01 million which is equivalent to Baht 7,686.60 million respectively. The Company also has a foreign currency selling forward contract covering the period to December 2008 amounting US\$ 23 million which is equivalent to Baht 775.80 million. In addition, the Company has a foreign currency buying and selling forward contract with conditions that the Company buy or sell the currency at the specific rates for the amounts not exceeding US\$ 23 million in 2008, US\$ 69 million in 2009 and US\$ 52 million in 2010 respectively.

25.3.3 The Company applies the financial instrument to manage the risk for PQI Project as follows:

23.3.3.1 Buying forward contracts cover the period to September 2008 amounting to US\$ 152.83 million which is equivalent to Baht 5,666.50 million.

23.3.3.2 Buying Interest Rate Swap contracts amounting to Baht 8,242 million covering the PQI Project loan principles during its construction phase.

25.3.4 The Company has entered into subscription agreements with PTT as follows:

- 23.3.4.1 Feedstock Supply Agreement, to enhance the Company's feedstock supply, which PTT will supply crude oil and other feedstocks for the refinery. The agreement has been effective since May 16, 2006 and shall be in effect for an initial period of twelve years after PQI's commercial operation date (COD).
- 23.3.4.2 Product Off-take Agreement, to accommodate the additional production outputs from the PQI project. PTT will purchase 30% of refined petroleum products (not include aviation fuel and fuel oil) from the refinery. This agreement shall be in effect for an initial period of twelve years after PQI's commercial operation date (COD).
- 23.3.4.3 The Company has signed a Head of Agreement of "Cogeneration Project" with PTT which PTT invests in a construction of a cogeneration power plant to generate 19.7 MW of electricity and 90 metric tons per hour of steam to sell to the Company. The Company is going to sign an agreement to sell and purchase of electricity and steam with PTT in quarter 1 of 2008. It is anticipated that the completion of the construction of the power plant and the commencement of its commercial operation will be around mid of 2009.

25.4 The Company has utilized the tax privilege on the allowance for corporate income tax calculation for its 2006 tax payment which was in accordance with the announcement of the Director General of the Revenue Department regarding the corporate income tax (No. 156) "Criteria, procedures and conditions for the exemption of corporate income tax for the companies that registered its shares in the Stock Exchange of Thailand according to the Securities and Exchange Acts for payments of investment or extension, modification, addition or improvement of assets but not the repair of assets according to Section 65 Tri (5) of the Revenue Codes" which the Company has paid its 2006 corporate income tax about Baht 40 million less than the case that the Company chose not to utilize the tax privilege. The Revenue Department is examining the Company's application for 2006 corporate income tax refund. The Company believes that the utilization of such tax privilege is fully in accordance with the announcement mentioned above.

26. DISCLOSURE FOR FINANCIAL INSTRUMENTS

26.1 Risk from foreign exchange rate

The Company faces the risk in foreign exchange rate as the Company's cost of goods and revenue are tied to US Dollar. The essentially major costs are crude and oil products imported from overseas in US Dollar. The selling price in Thai Baht is derived from the oil product prices in Singapore market in US Dollar multiplied by the exchange rate of US Dollar against Thai Baht on the selling date. To safeguard against risk from the fluctuation of foreign exchange, the Company applies the financial instrument to manage the risk by entering into forward contracts on foreign exchange.

26.2 Risk from interest rate

The interest rate risk depends on the fluctuation of the interest rate in the financial market, which could impact on the Company's operations and its cash flows. However, management believes that the risk is insignificant in the current financial market because the Company has applied financial instruments to manage the risk by entering into Interest Rate Swap contracts.

26.3 Risk from product oil price in the global market

Over 90% of the Company's cost is related to oil. The price of crude oil and finished oil products will fluctuate in accordance with the buying and selling price in the global market. The price of crude oil against each purchase is based on the average benchmark price in the month of delivery. Purchases of finished oil products are based on the Singapore market price at the time of delivery. From the time of crude transfers to the sale of finished products to customers takes two to three-months. As such, there is the risk arising from price fluctuation due to the timing difference. There is also the risk in the inventory value at the end of the accounting period being lower than the beginning period. In order to safeguard against such risks, the Company has established a risk management committee to monitor oil purchases, to assess situations and the trend in prices. The committee establishes policies related to oil purchases, inventory level and also the instruments for managing risks in the market. The Company also enters into hedging contracts with oil traders to minimize the risk from price fluctuation.

26.4 Risk from credit term

Credit risk refers to the risk that trade accounts receivable may default in its obligations resulting in a financial loss to the Company. However, since the Company currently sells its products to creditworthy customers and applies systematic credit control procedures on its credit sales approval process, it does not anticipate any material problem in collecting its debts. The concentration of credit risk with respect to trade receivable is limited as company debtors are spread over different type of businesses.

The carrying amount of accounts receivables recorded as shown in the balance sheets, net of a portion of allowance for doubtful debts, represents the maximum exposure to credit risk.

26.5 Fair value

The management believes that the fair value of the Company's financial assets and liabilities does not materially differ from their carrying value.

27. FINANCIAL INFORMATION BY SEGMENT OF BUSINESS

The statements of income of the Company segmented by type of business for the year ended December 31, 2007 are as follows:

	Million Baht			Total
	Refinery	Marketing	Elimination	
Sales	92,250.92	66,857.37	(64,974.54)	94,133.75
Cost of sales	(87,964.71)	(65,534.00)	64,974.54	(88,524.17)
Gross margin	4,286.21	1,323.37	-	5,609.58
Selling and administration expenses	(495.44)	(1,165.89)	-	(1,661.33)
Other incomes (expenses)	(381.07)	51.17	-	(329.90)
Depreciation and amortization	(24.23)	(435.44)	-	(459.67)
EBIT	3,385.47	(226.79)	-	3,158.68
Gain (loss) from impairment				(40.53)
Gain (loss) from foreign exchange – others				(74.82)
Interest expense – net				(462.20)
Income tax				(890.33)
Net profit				1,690.80
EBITDA	3,768.80	208.65	-	3,977.45

The statements of income of the Company segmented by type of business for the year ended December 31, 2006 are as follows:

	Million Baht			Total
	Refinery	Marketing	Elimination	
Sales	91,448.05	64,659.36	(62,568.74)	93,538.67
Cost of sales	(91,244.36)	(63,046.19)	62,568.74	(91,721.81)
Gross margin	203.69	1,613.17	-	1,816.86
Selling and administration expenses	(301.87)	(1,171.27)	-	(1,473.14)
Other incomes (expenses)	869.48	29.99	-	899.47
Depreciation and amortization	(7.43)	(444.68)	-	(452.11)
EBIT	763.87	27.21	-	791.08
Gain (loss) from impairment				4.02
Gain (loss) from foreign exchange - others				(80.82)
Interest expense – net				(573.19)
Income tax				107.12
Net profit				248.21
EBITDA	1,141.08	471.88	-	1,612.96

28. DIVIDEND

On April 27, 2007 a resolution of the Company's shareholders annual general meeting approved the distribution of dividend for the year ended December 31, 2006 at Baht 0.17 per share for 1,119,111,351 ordinary shares, amounting to Baht 190,248,930 and which was paid in May 2007.

29. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

On January 31, 2008, the Company has entered into a foreign currency selling forward contract cover the period to December 2008 amounting to US\$ 5 million.

30. ACCOUNT RECLASSIFICATION

The Company has reclassified certain items in the financial statements for the year ended December 31, 2006 to comply with the financial statements for the year ended December 31, 2007 by presenting the "Foreign currency forward contracts," previously

presented in "Other current assets" in "Other current liabilities" and reclassified the "Other account receivable" previously presented in "Other trade-account receivable" to "Other current assets". Such reclassifications do not affect the net profit or the shareholders equity as previously reported.

31. THE APPROVAL FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the designated management on February 15, 2008.

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