

A NEW CHAPTER OF SUCCESS



**Annual
Report
2006**

IRPC
IRPC Public Company Limited





Contents

Message from the Chairman	4
Message from the CEO	6
General Information	9
Background	10
Board of Directors	17
Management Structure	31
Shareholding Structure	43
Vision IRPC : The New Powerful Move	47
Corporate Governance	53
Internal Control	61
Environmental Responsibility	63
IRPC's Business	67
Marketing and Market Competition of Plastic Resins	79
Marketing and Market Competition of Petroleum Products	83
Production and Production Policy	86
Procurement of Feedstock	88
Risk Factors	90
Future Plans	93
Statement of Directors Responsibilities	98
Performance for the year 2006 and Management Discussion and Analysis	101
Financial Ratios	107
Connected Transactions	109
Audit Report of Certified Public Accountant	122





Message from the Chairman

I would like to thank creditors, shareholders, managements, employees and partners of IRPC Public Company Limited who have been providing great support through the crisis until the Company has come back on track again.

Your supports on turning around IRPC is a pride as doing so to one of the biggest fully integrated petrochemical companies in Southeast Asia does not only benefit yourself but also the economy and security of our beloved country as a whole.

We, the management team and employees of IRPC, insist to you that we will continuously cooperate and strive to strengthen the Company business. Other than business performance, we are moving towards international standards in management system, corporate governance system, treatment to shareholders and corporate

social responsibility. As we truly believe that it is the only way IRPC would sustain as part of Thai society.

The year 2007 is to a great extent an important year of IRPC as the Company is starting the implementation of the 5-year development plan from 2007 to 2011. The plan involves improvement and expansion to potential business within the Company core competencies such as improvement of refinery, petrochemical complexes and deep sea port also expansion to power plant and industrial estate business which the Board of Directors will act with care for the benefit of all parties.

With a clear direction and synergy from the managements and employees of IRPC, we are now ready to start the new chapter of being the best in the business which we hope

for your kind support and collaboration again in the future.

Thank you.

General 
(Mongkon Ampornpisit)
Chairman



Message from the CEO

The year 2006 is a key turning point in the history of IRPC. The success in business reorganization which brought us both valuable failure and success experience is the lesson we have learnt to move on. Besides, the approval to change the Company name to "IRPC" from the shareholders symbolizes our readiness to move toward the new future in petrochemical business.

Since IRPC is distinguish in many areas together with resources which are waiting to be proficiently managed especially our most capable human resources, our goal of being the leader in the business is not too far beyond our reach.

The IRPC's 5-year business development plan for 2007 to 2011 would set a brand new strength fundamental for our business from now on. Also an ultimate change to IRPC's resources which will be improved and managed competently for maximum effectiveness including petrochemical complexes, refinery, port, electricity, and industrial estate, etc. All staffs, moreover, are being enhanced in their capability individually and in team work. Organization structure and management system are improving promptly with good corporate governance as our core value. We, therefore, believe that our passion for success will definitely take IRPC to be the leader in Asian's petrochemical business.

May I take this opportunity to thank you for your kind cooperation and support through all the activities that brought the Company through crisis. We hopefully would like to have your continued trust and support in the future.



(Dr. Piti Yimprasert)
Chief Executive Officer

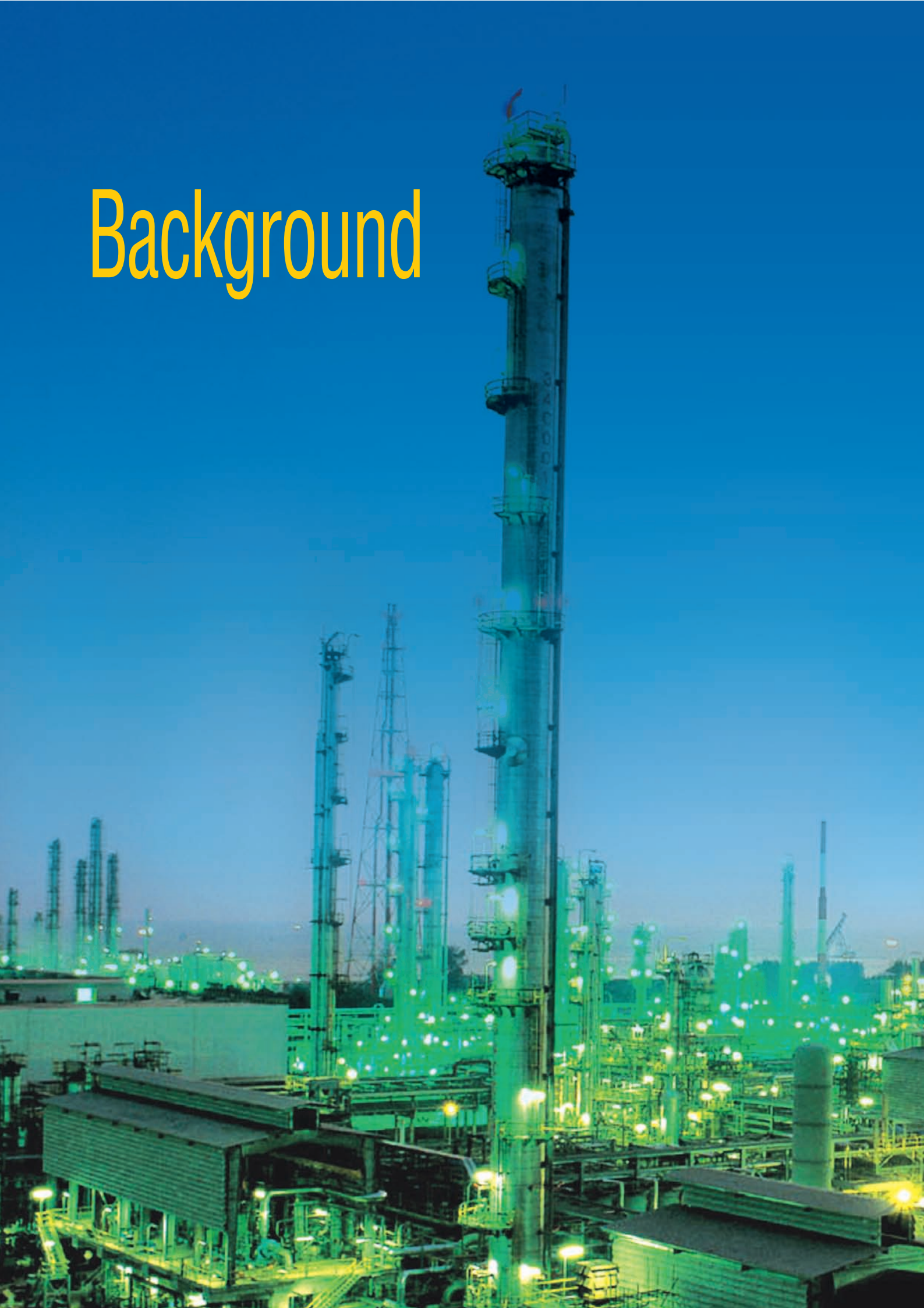


General Information



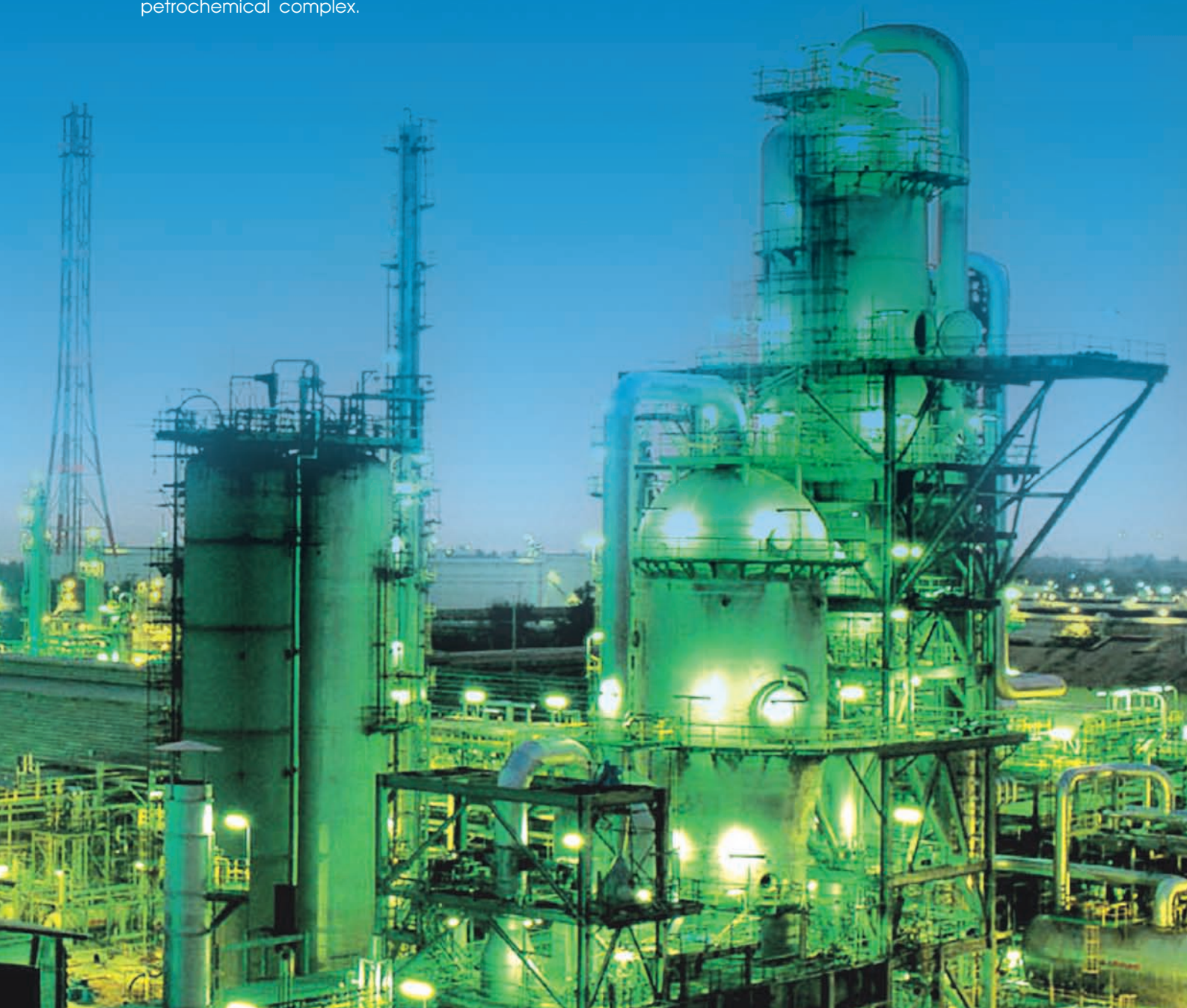
Name of Company	: IRPC Public Company Limited
Abbreviation	: IRPC
Account Number	: 10107537002567 (BorMorJor. 503)
Industry	: Resources
Sector	: Energy and Utilities
Headquarter	: 299 Moo 5 Sukhumvit Rd, Cheong Nern, Rayong, Thailand Tel. 0-3861-1333 Fax : 0-3861-2813
Bangkok Office	: 123 Sun Tower B, 12 th Floor, Vipavadee Rangsit Rd, Jomphol, Jatujak, Bangkok 10900 Tel. 0-2649-7000 Fax : 0-2649-7001
Website	: www.irpc.co.th
Registered Capital	: 20,475,000,000 Baht consists of 20,475,000,000 of common shares at par value 1 Baht
Paid up capital	: 19,500,000 Baht consists of 19,500,000 Of common shares at par value 1 baht
Registrar	: Thailand Securities Depository Company Limited 62 Stock Exchange of Thailand Building Ratchadapisek, Klong Toey Bangkok 10110 Tel. 0-2229-2800 Fax : 0-2359-1259 Call Center : 0-2229-2888
Auditor	: Mr.Nirand Leelamethawat CPA No 2316 KPMG Phumchai Co., Ltd. 50-51 Empire Tower 195 South Sathorn Bangkok 10120 Tel. 0-2677-2000 Fax : 0-2677-2222
Employees	: In 2006, the company and its subsidiaries had in total 7,155 employees, of which, 1,652 employees worked in Bangkok office and depots, and other 5,503 employees worked at the plant in Rayong

Background



IRPC Public Company Limited or **“IRPC”** (“Company”) formerly Thai Petrochemical Industry Public Company Limited or **“TPI”** was registered in 1978 by Leophairatana family. TPI had been transformed to a public company limited on October 10, 1994 and listed on the SET on March 17, 1995. IRPC started to produce applications of petroleum and petrochemical products in 1982 and expanded its line of production of various petrochemical products. It expanded the plant and infrastructures for fully integrated petrochemical complex.

IRPC was suffered from financial crisis in 1997 and had entered into rehabilitation process in 2000. The rehabilitation was successful in April 26, 2006. IRPC and its subsidiaries are currently the first fully integrated petrochemical complex in Southeast Asia. IRPC’s plants are located in an industrial area in Rayong Province with facilities to support the businesses such as deep sea port, tank farm and power plant.



Timeline Since Entering Business Rehabilitation Process

2000

- March The Central Bankruptcy Court (“Court”) ordered that the business of the Company be reorganized on March 15, 2000 and appointed the former management as the temporary Plan Administrator.
- April The Court appointed Effective Planners Co., Ltd. (“EPL”) as the Planner on April 20, 2000, following a resolution of the creditors meeting.
- September EPL was appointed as the Planner of the Company’s 7 subsidiaries on September 25, 2000.
- December On December 15, 2000, the Court approved the Business Reorganization Plan for the Company and its subsidiaries except for Rayong Tank Terminal Co.,Ltd. (RTT), and appointed EPL as the Plan Administrator. The Court had terminated RTT’s rehabilitation since the creditors did not approve the plan.

2001

- January January 16, 2001 The Central Bankruptcy Court appointed Churchill Pryce Planner Co., Ltd. as the Planner of RTT. The Court approved the RTT’s Business Reorganization Plan on August 23, 2001.
- February The Central Bankruptcy Court ordered to reduce the registered capital of the Company from 21,700 million Baht to 19,500 million Baht by writing off 220 million unallocated shares and to increase the Company’s registered share capital from 19,500 million Baht to 81,000 million Baht by issuing 6,150 million new ordinary shares at par value of 10 Baht.
- May Swap accrued interest and fees from 1998-2000 into equity by issuing 5,898,911,211 ordinary shares resulted in the Scheme Creditors holding 75% of total shares of the Company.
- June Restructured the organization by appointing new executives and Dr. Thongchat Hongladaromp as the President.
- October The Committee of Creditors approved a working capital facility of USD 79.67 million for the Company to increase its production capacity.

2002

- August

The Official Receiver submitted a petition to remove EPL from the Plan Administrator of the Company to the Central Bankruptcy Court.

2003

- April

April 21, 2003 The Central Bankruptcy Court ordered to remove EPL as the Plan Administrator of the Company and appointed the Debtor Executive and the Official Receiver as the joint temporary Plan Administrator.

- May

May 13, 2003 The Court gave approval to a petition to remove EPL from the Plan Administrator of the 6 subsidiaries and appointed the Company and the Official Receiver as the joint temporary Plan Administrator of the 6 subsidiaries.

- July

July 7, 2003 The Committee of Creditors passed a special resolution to accept the Ministry of Finance as the Plan Administrator.

July 11, 2003 The Court ordered the appointment of the Ministry of Finance to be the Plan Administrator of the Company. The Ministry of Finance or the Ministry of Finance's representatives is empowered to have rights duties and responsibilities given by the law and the Business Reorganization Plan. Representatives appointed by the Ministry of Finance as the Plan Administrator including :

1. General Mongkon Ampornpisit
2. Mr. Pakorn Malakul na Ayudhya
3. Mr. Pala Sookawesh
4. Mr. Tanong Bhidaya
5. Mr. Aree Wongsearayaya

Jul 21, 2003 The Ministry of Finance accepted to be the Plan Administrator of the Company and its 6 subsidiaries as requested by The Official Receiver.

July 23, 2003 The Committee of Creditors passed a special resolution to accept the Ministry of Finance as the Plan Administrator of the Company and its 6 subsidiaries. The Court subsequently appointed the Ministry of Finance and the Plan Administrator of the Company and its 6 subsidiaries on July 28, 2003.

2004

- October
October 4, 2004 Mr. Aree Wongsearayaya resigned from the Plan Administrator of the Company and its subsidiaries.
- November
November 10, 2004 The proposed Amended Business Reorganization Plan of the Company and its 6 subsidiaries was approved by the Court except for the change of the management and the release of the guarantee.

2005

- January
Ministry of Finance signed a Memorandum of Understanding to invest in the Company under the terms and conditions of the Business Reorganization Plan with PTT PLC., Government Pension Fund, Government Saving Bank and Vayupak Fund.
- March
March 10, 2005 Mr. Tanong Bhidaya resigned from the Plan Administrator of the Company and its subsidiaries.
March 31, 2005 Decrease the Company's registered share capital from 81,000,000,000 Baht to 78,489,112,110 Baht consisting of 7,848,911,211 shares at par value of 10 Baht.
- April
April 1, 2005 Decrease par value from 10 Baht each to 1 Baht to reduce retained loss.
April 4, 2005 Increased registered share capital by issuing 11,651,088,789 shares at par value of 1 Baht. Thus, the Company's registered share capital was increased from 7,848,911,211 shares to 19,500,000,000 shares at par value of 1 Baht.
- June
June 13, 2005 The Court approved Mr. Virabongsa Ramangkura and Mr. Aree Wongsearayaya to join the Plan Administrator.
- July
July 7, 2005 Increase the Company's registered share capital by allocating 975,000,000 shares at par value of 1 Baht to employees in the Employee Stock Option Program (ESOP). The Company's share capital was increased from 19,500,000,000 shares to 20,475,000,000 shares at par value of 1 Baht.
- November
November 2, 2005 The Court approved the petition to extend the rehabilitation period to June 30, 2006 and to amend the Company's Articles of Association.
The Company sold and transferred the whole lot of 249,007,294 shares in TPIPL to the Scheme Creditors under the exercise of the Right of First Refusal as payment for the Scheme debt in total of approximately USD 250 millions.

- December

December 13, 2005 The Strategic Investors, distribution agents for the existing shareholders and the distribution agent for the scheme creditors made payments for the equity under the plan. The Company accordingly registered to increase the paid-up capital to 19,500,000,000 shares (19,500,000,000 Ordinary shares).

The Stock Exchange of Thailand received new shares of the Company to be listed securities. on December 15, 2005

On December 29, 2005 The Company made repayment for the Scheme Debt by the proceed from sale of the Equity under the plan resulted in a significant decrease in the Company's debt obligation.

2006

- April

The Court issued an order of termination of the Business Reorganization Plan of the Company and its subsidiaries including Thai ABS Co., Ltd., TPI Aromatics Public Company Limited, TPI Oil Co., Ltd., TPI Polyol Co., Ltd., Thai Polyurethane Industry Co., Ltd., and TPI Energy Co., Ltd. on April 26, 2006

On April 27, 2006 The Company held the Annual General Meeting to appoint new directors to replace directors who resigned deceased or retired due to expiration of their term of office and appointed additional directors in order for the Company to have 25 directors.

- September

The Stock Exchange of Thailand excluded the securities of the Company from being delisted and removed NC sign from the Company's listed securities. on September 6, 2006

On September 29, 2006 The Company refinanced the Scheme Debt in total of USD 965 million equivalent with a one-year unsecured bridge financing of USD 805 million equivalent and a utilization of the Company's cash flow of USD 160 million equivalent.

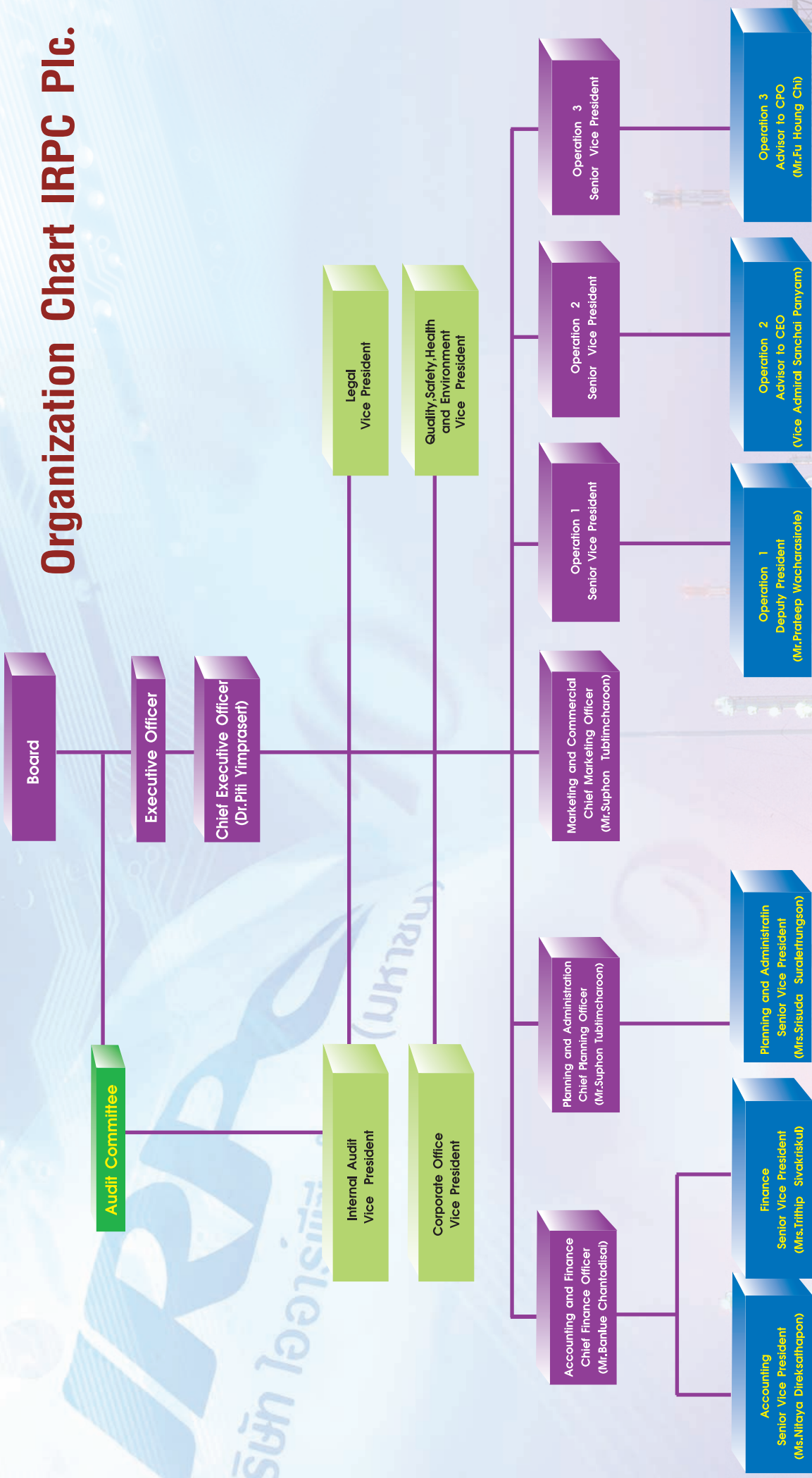
- October

On October 26, 2006 The Extraordinary General Meeting No. 2/2006 approved to change the Company name from "Thai Petrochemical Industry Public Company Limited" to "IRPC Public Company Limited"

- November

On November 6, 2006 Ticker symbol of the Company's listed securities changed from "TPI" to "IRPC"

Organization Chart IRPC Plc.



Board of Directors



General Mongkon Ampornpisit

Chairman of the Board/

Chairman of the Executive Committee

Education :

- Honorary doctorate in political science, Ramkamhaeng university
- Bachelor of science, Chulachomklat Royal Military Academy

Experience :

- 2006 - present
Chairman of the Board, IRPC Pcl.
- 2002 - 2006
Chairman, Plan Administrators, Thai Petrochemical Industry Pcl.
- 2002 - 2005
Chairman of the Board, Krung Thai Bank Pcl
- 2000 - 2002
Chairman of the Board, The New Bangkok International Airport

Board of Directors



Mr. Prasert Bunsumpun
1st Vice-Chairman of the board/
Chairman of the Nomination
and Remuneration Committee

Education :

- Bachelor of Engineering (Civil), Chulalongkorn University
- MBA, Utah State University, USA

Experience :

- 2006 - present
1st Vice-Chairman of the Board/Chairman of the Nomination and Remuneration Committee, IRPC Pcl.
- 2003 - present
President, PTT Public Company Limited
- Present
Director, PTT Exploration and Production Pcl.



Mr. Pakorn Malakul na Ayudhya
2nd Vice-Chairman of the board/
Nomination and Remuneration
Committee Director

Education :

- B.Sc. Economics, The Queen's University of Belfast, Northern Ireland

Experience :

- Present Chairman, The Thai Bond Market Association
- 2006 - present
2nd Vice-Chairman of the Board/Nomination and Remuneration Committee Director, IRPC Pcl.
- 2005 - present
Advisor to The Board of Directors,
Export-Import Bank of Thailand
- 2002 - 2006
Plan Administrators, Thai Petrochemical Industry Pcl.



Mr.Piti Yimprasert
 Director/
 Executive Committee Director /
 Chief Executive Officer

Education :

- Bachelor of Engineering (Civil), Chulalongkorn University
- M.Sc., Civil Engineering, University of Texas at Austin, USA.
- Ph.d., Civil Engineering, University of Texas at Austin, USA.

Experience :

- Present
 Director, Executive Committee Director/
 Chief Executive Officer, IRPC Pcl.
 Chairman of the Board, Thai Paraxylene Co.Ltd.,
 Chairman of the Board, Thai Oil Marine Co.Ltd.,
 Chairman of the board, IRPC A&L Co.Ltd.,
 Chairman of the board, Thai Lube Base Pcl.



Mr.Pala Sookawesh
 Director/
 Executive Committee Director

Education :

- Bachelor of Engineering (hon.) (Electrical Engineering), Chulalongkorn University
- M.S., Industrial Engineering (operation research), Oregon State University, USA.
- Honorary Doctorate Degree, Engineering, Chulalongkorn University

Experience :

- 2006 - present
 Director/Executive Committee Director, IRPC Pcl.
- 2005 - present
 Chairman of the Board, Thaioleo Chemicals Co.,Ltd.
- 2001 - present
 Chairman, Thai Resources and Environmental Management Foundation
- 2002 - 2006
 Plan Administrators, Thai Petrochemical Industry Pcl.

Board of Directors



Mr. Prajya Phinyawat
Director/
Executive Committee Director

Education :

- Bachelor of Engineering (Civil), Chulalongkorn University
- M.s. (Civil Engineering), Stanford University, USA.
- Ph.d., Civil Engineering, University of Texas at Austin, USA.

Experience :

- 2006 - present
Director/Executive Committee Director, IRPC Pcl.
- 2005
Director, PTT chemical public company limited
- 2005
Director, The Aromatics (Thailand) Pcl.
- 2004 - present
Senior Executive Vice President,
Petrochemicals and Refining Business Group,
PTT Public Company Limited



Mr. Visit Tantisunthorn
Director/
Executive Committee Director

Education :

- B.Sc., Statistics, Chulalongkorn University
- MBA, Finance, University of Wisconsin, Madison, USA.
- Advanced Management Program,
Harvard Business School, USA.

Experience :

- 2006 - Present
Director/Executive Committee Director, IRPC Pcl.
Secretary General, Government Pension Fund
Director, Lanna Resources Pcl.



Mr. Pachara Yutidhammadamrong
Director

Education :

- Bachelor Degree, Faculty of Law, Thammasart University
- Barrister at Law, Thai Bar Association, National Defence College of Thailand

Experience :

- 2006 - present
Director, IRPC Pcl.
- present
Director and Audit Committee Director Thai Airways International Pcl.
- 2005 - present
Director and Member of Audit Committee, Krung Thai Bank Pcl
Attorney General, Office of the Attorney General



Mr. Virabongsa Ramangkura
Director

Education :

- B.a. First Class Honors, Political Science, Chulalongkorn University
- M.a., Economics, University of Pennsylvania, USA.
- Ph.d., Economics, University of Pennsylvania, USA.
- Doctor of Law (Honorary), Webster University, USA.

Experience :

- 2006 - present
Director, IRPC Pcl.
Director, Thailand development research institute foundation
Director, Advance Paper Co.,Ltd.
Director, Advance Agro Pcl..
- 2005 - 2006
Plan Administrator, Thai Petrochemical Industry Pcl.
- 2005 - 2006
Chairman, Export-Import Bank of Thailand.

Board of Directors



Mr. Wachirapunthu Promprasert
Director

Education :

- Bachelor of Engineering (Mechanical Engineering), Chulalongkorn University
- Diploma in Financial Engineering, University of California Berkeley

Experience :

- 2006 - present
Director, IRPC Pcl.
- 1997 - 2003
Executive Vice President and Group Chief Financial Officer, Thai Petrochemical Industry Pcl.



**Mr. Nattachak
Pattamasingh na Ayuthaya**
Director/Nomination
and Remuneration Committee Director

Education :

- Bachelor of law (honour), Chulalongkorn University
- Master of Comparative Law, George Washington University USA.
- Master of Law, University of Pennsylvania USA.

Experience :

- 2006 - present
Director/Nomination and Remuneration Committee Director/
IRPC Pcl.
- 2004 - present
Deputy Director General, Attorney General Office
- 1999 - 2000
Deputy Director General, Songkla Administrative Court



Mrs.Paitoon Pongkesorn
Independent Director/Nomination and
Remuneration Committee Director

Education :

- Bachelor of Law, Ramkhamhang University
- Mater of Political Science, Thammasart University

Experience :

- 2006 - present
Independent Director/Nomination and Remuneration
Committee Director, IRPC Pcl.
- 2006 - present
Director, Petroleum Committee, Department of Mineral Fuels
Chairman of the Board, Thailand Privilege Card Co.,Ltd.
- 2005 - present
Deputy Director General, Revenue Department



Pol.Gen. Sereepisut Taameeyaves
Independent Director
and Chairman of Audit Committee

Education :

- Honorary Master, Political Science, Ramkamhaeng University
- Honorary Doctorate, Political Science,
Ramkhamhaeng University
- Honorary Doctorate, Public Administration,
Ubon Ratchathani University

Experience :

- Present
Acting National Commissioner General, National Police
Independent Director and Chairman
of Audit Committee IRPC Pcl.
- 2004
National Police Inspector General
- 1998
Assistant commissioner general, National Police

Board of Directors



General Pornchai Kranlert
Independent Director/Nomination and Remuneration Committee Director and Audit Committee Director

Education :

- Master of Public Administration, National Institute of Development Administration
- Bachelor of Science, Political Science, Ramkhamhaeng University
- RTA Command and General Staff College, intake 62

Experience :

- 2006 - present
Independent Director/Nomination and Remuneration Committee Director and Audit Committee Director, IRPC Pcl.
Chairman of the Board, Krungthai Property Development Co.,Ltd.



Mr. Sangiam Santad
Director and Audit Committee Director

Education :

- Bachelor, Law, Ramkhamhang University
- MPA. National Institute of Development Administration

Experience :

- 2006 - present
Director and Audit Committee Director, IRPC Pcl.
- 2005 - present
Inspector General, Office of Permanent Secretary, Ministry of Finance
Director, Tisco Corporation Pcl
- 2005 - present
Director, Tisco Bank Pcl
Director, Provincial Electricity Authority



Mr.Rutt Phanijpand
Independent Director
and Audit Committee Director

Education :

- MBA, Fort Hays Kansas State College, USA.
- B.Sc., Kasetsart University
Bachelor of science,

Experience :

- 2006 - present
Independent Director, IRPC Pcl.
- 2006
Advisor to the Board, Thai Petrochemical Industry Pcl.
Advisor to Audit committee Thai Petrochemical Industry Pcl.
- 2005 - present
Director and Chairman of Executive Committee,
Land & Houses Retail Bank Pcl.



Management
Mr.Banlue Chantadisai
Chief Financial Officer

Education :

- B.Sc., Massachusetts Institute of Technology, USA.
- MBA.,University of Chicago Business School, USA.

Experience :

- 2006 - present
Chief Financial Officer, IRPC Pcl.
- 2005 - present
Chairman Lynn Phillips Mortgage Credit Foncier Co.,Ltd
- 2003 - 2004
Director, Small Industry Credit Guarantee Corporation

Board of Directors



Mr. Suphon Tubtimcharoon
Chief Planning and Administration
Officer, Chief Marketing Officer

Education :

- B.Sc Mapua Institute of Technology, Philippines
- Diploma in Highway Engineering, King Mongkut Institute of Technology
- Certificate of Gas Engineering Scholarship under Colombo Plan

Experience :

- 2006 - present
Chief Planning and Administration Officer,
Chief Marketing Officer, IRPC Pcl.
- 2003 - present
Executive Vice President, PTT Pcl.
- 2001 - 2003
Director, Business Development Department,
Gas Business Group, PTT Pcl.



Ms. Nitaya Direksathapon
Senior Vice President,
Accounting & Finance

Education :

- B.A, Accounting (2nd Honor), Chulalongkorn University
- MBA. (Financial Management), National Institute of Development Administration

Experience :

- Present
Senior Vice President Finance & Accounting
- 2001 - 2005
Vice President, Financial Risk Management
& Credit Policy Department, PTT Pcl
- 1996 - 2001
Vice President, Financial & Accounting
Department, Natural Gas Business Unit, PTT Pcl.



Ms.Trithip Sivakrskul
Senior Vice President,
Accounting & Finance

Education :

- B.A, Finance, Chulalongkorn University
- MBA. (Finance) SASIN Graduate Institute of Business Administration, ChulalongKorn University

Experience :

- Present
Senior Vice President Finance & Accounting, IRPC Pcl.
Director and Audit Committee, Superblock pcl.
- 2005 - 2006
Advisor to the President, Muang Thai Insurance Co., Ltd.
- 2003 - 2006
Working team of the Plan Administrator of Thai Petrochemical Industry Pcl.



Mrs.Chitra Thavara
Advisor to CEO/Senior Vice President

Education :

- B.A, Commerce, Thammasart University

Experience :

- Present
Advisor to CEO Senior Vice President, IRPC Pcl.
Chief Executive Officer, IRPC Oil Co.,Ltd
Chief Executive Officer, Thai ABS Co.,Ltd
Chief Executive Officer, TPI Polyol Co.,Ltd
- 2003 - 2006
Working team of the Plan Administrator of Thai Petrochemical Industry Pcl.

Board of Directors



Ms.Srisuda Suralertrungsun
Senior Vice President,
Planning and Administration

Education :

- MM. (Executive Program) SASIN Graduate Institute of Business Administration, Chulalongkorn University
- B.A., Chulalongkorn University

Experience :

- Present
Senior Vice President Planning and Administration
- 1992-2006
Vice President Procurement, IRPC Pcl.



Mr.Prateep Wattanasriroaj
Senior Vice President
Operation 1

Education :

- B.Sc. (Chemical Engineering), Prince of Songkhla University

Experience :

- Present
Senior Vice President Operation 1
- 1981 - 2006
Complex 1 Manager, IRPC Pcl.



Vadm. Sanchai Panyam Rtn.,
Advisor to CEO
Operation 2

Education :

- B.Sc., Chemical Technology, Chulalongkorn University

Experience :

- Present
Advisor to CEO Operation 2
- 1981 - 2006
Advisor to Plan Administrator,
Thai Petrochemical Industry Pcl.
- 1997 - 1999
Deputy Director,
Northern Petroleum Development Center, Ministry of Defence



Mr. Fu Houg Chi
Advisor to CPO
Operation 3

Education :

- Ex.MBA, SASIN Graduate Institute of Business Administration, Chulalongkorn University
- Chun-Yuan College of Science & Engineering, Chun-Li Tau Yang, Taiwan r.o.c.

Experience :

- Present
Advisor to CPO Operation 3, IRPC Pcl.
- 1984 - 2006
Vice President, Petroleum
& Lube Base Oil Products Business Office,
Thai Petrochemical Industry Pcl.





Management Structure

IRPC's management consists of the Board of Directors and 3 committees including the Executive Committee, the Audit Committee and the Nomination and Remuneration Committee.

1. The Board of Directors (the "Board") consists of at least 5 and up to 17 directors, empowered to manage overall operation in compliance with the laws, the Company's objectives, the Company's Articles of Association and resolutions of Shareholders' Meetings except for:

- 1.1 Selling or transferring parts or all of the Company's business to other parties
- 1.2 Acquiring or taking over other companies or other public companies
- 1.3 Entering into, amending, or annulling contracts on the leasing parts or all of the Company's operation
- 1.4 Assigning other parties to manage the Company's business
- 1.5 Consolidating the Company's business with other parties for profit sharing
- 1.6 Amending the Company's Memorandum of Association or Articles of Association

The Board shall obtain the approval from the shareholders by not less than three-fourth (3/4) of the total votes of the shareholders or their



Management Structure



proxies presenting at the meeting and being entitled to vote.

In case the Company enters into any connected transaction, or acquisition or disposal of material assets of the Company under the rules of the Stock Exchange of Thailand, the Company shall comply with the rules as specified by the Stock Exchange of Thailand for such matter.

In case the Company shall obtain the approval from the shareholders in order to enter into the connected transaction, or acquisition or disposal of material assets of the Company, such approval shall be passed by not less than three-fourth (3/4) of the total votes of the shareholders or their proxies presenting at the meeting and being entitled to vote, by excluding the votes of the interested shareholders.

The Company held an Annual General Meeting on April 26, 2006 after exiting from rehabilitation pursuant to the Court order to appoint new directors to replace the directors who have resigned deceased or retired due to expiration of their term of office and to appoint additional directors in order for the Company to have 25 directors as stated in the Company's Articles of Association. In 2006, the Board held a total of 10 meetings with the following attendance record.

Name	Position	Attendance
1. General Mongkon Ampornpisit	Chairman	10/10
2. Mr. Prasert Bunsumpun	1 st Vice-Chairman	7/10
3. Mr. Pakorn Malakul na Ayudhya	2 nd Vice-Chairman	10/10
4. Mr. Aree Wongsearayaya ¹	Director	7/7
5. Mr. Pala Sookawesh	Director	7/10
6. Dr. Virabongsa Ramangkura	Director	10/10
7. Mr. Pachara Yutidhammadamrong	Director	8/10
8. Dr. Prajya Phinyawat	Director	9/10
9. Mr. Sangiam Santad	Director	9/10
10. Mr. Visit Tantisunthorn	Director	9/10
11. Mr. Nattachak Pattamasingsh na Ayudthaya	Director	9/10
12. Police General Seripisut Temiyawes ²	Director	10/10
13. General Pornchai Kranlert ²	Director	10/10
14. Ms. Paitoon Pongkesorn ²	Director	10/10
15. Mr. Wachirapunthu Promprasert	Director	4/10
16. Mr. Prachai Leopairatana	Director	-/5
17. Mr. Chainarong Taephaisitphongse [*]	Director	-/10
18. Mr. Chaivat Taepaisitphongse [*]	Director	-/10
19. Mr. Prateep Leopairat ^{**}	Director	-/10
20. Dr. Pramuan Leopairatana ^{**}	Director	-/10
21. Miss Malinee Leopairat ^{**}	Director	-/10
22. Mr. Kamol Iamsakulrat ^{**}	Director	-/10
23. Mr. Tavich Taychanavakul ^{**}	Director	-/10
24. Mr. Tayuth Sriyuksiri ^{**}	Director	1/10
25. Mr. Rutt Phanijpand ³	Director	8/8
26. Dr. Piti Yimprasert	Director and Secretary	10/10

Notes

- ¹ Mr. Aree Wongsearayaya resigned from the Board effective from October 17, 2006.
- ² Police General Seripisut Temiyawes, General Pornchai Kranlert, Ms. Paitoon Pongkesorn and Mr. Rutt Phanijpand are qualified independent directors.
- ³ Mr. Rutt Phanijpand was appointed by the Board to be an Advisor to the Board and an Advisor to the Audit Committee on May 22, 2006 and was received remuneration equal to the Company's directors. Mr. Rutt was elected to be a director in the Extraordinary General Meeting No. 2/2006 on October 26, 2006 to replace Mr. Prachai Leopairatana who was removed from the Board on July 20, 2006.
- ^{*} Mr. Chainarong Taephaisitphongse and Mr. Chaivat Taepaisitphongse resigned from the Board effective from January 17, 2007.
- ^{**} The shareholders resolved in the Extraordinary General Meeting No.1/2007 to remove directors no. 19-24 from the Board on January 19, 2007.

Management Structure



The authorized directors are General Mongkol Ampornpisit, Mr. Prasert Boonsumpun, Mr. Pakorn Malakul na Ayudhya, Mr. Pala Sookawesh, Dr. Virabongsa Ramangkura, Dr. Prajya Phinyawat, Mr.Visit Tantisunthorn, Mr. Wachirapunthu Promprasert and Dr. Piti Yimprasert. Any two of these nine directors are authorized to jointly sign and affix the Company's seal to bind the Company.

2. The Executive Committee is appointed to facilitate the decision making of the Board. The Executive Committee has duties and responsibilities assigned by the Board as follows :

- 2.1 Reviewing the Business Plan and the Annual Budget before proposing to the Board;
- 2.2 Considering the Company's Financial and Investment Policy in compliance with the Company's policy and approving investment rules and proposals following the Company's regulations;
- 2.3 Considering and taking actions on important matters related to the Company's business;
- 2.4 Reviewing and giving recommendations to all matters proposing to the Board;
- 2.5 Considering appointing directors of direct and indirect subsidiaries or joint ventures according to the Company's portion of shareholding or shareholders agreements;
- 2.6 Considering other matters as assigned by the Board.

Name	Position	Attendance
1. General Mongkon Ampornpisit	Chairman	8/8
2. Mr. Pala Sookawesh	Member	5/8
3. Dr. Piti Yimprasert	Member	8/8
4. Dr. Prajya Phinyawat	Member	8/8
5. Mr. Visit Tantisunthorn	Member	7/8

3. The Audit Committee has duties and responsibilities assigned by the Board pursuant to Notification of the Stock Exchange of Thailand Re : Qualifications and Scope of Work of the Audit Committees (No.1), 1999 and Best Practice Guidelines for Audit Committee as follows :

- 3.1 Reviewing the Company’s financial reporting process to ensure accuracy and adequacy by cooperating with an external auditor and the Company’s managements responsible for quarterly and annually financial reporting;
- 3.2 Ensuring that the Company has suitable and efficient internal control system and internal audit;
- 3.3 Reviewing the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Exchange or laws relating to business of the Company;
- 3.4 Considering, selecting, nominating and recommending remuneration of the Company’s external auditor;
- 3.5 Reviewing the disclosure of information of the Company in case that there is a connected transaction or transaction that may lead to conflict of interest so as to ensure the accuracy and completeness;





- 3.6 Performing any other act as assigned by the Board with approval of the Audit Committee. For example, reviewing policies on financial and risk management, reviewing management's compliance with business ethics, reviewing the Company's management important report which must be disclosed to the public according to laws;
- 3.7 Preparing a report on monitoring activities of the Audit Committee and disclosing it in an annual report of the Company and such the report must be signed by the Chairman of the Audit Committee;
- 3.8 The Audit Committee may seek for independent opinion from external advisors when deem appropriate at the Company's expenses.

Name	Position	Attendance
1. Police General Seripisut Temiyawes	Chairman	11/11
2. General Pornchai Kranlert	Member	10/11
3. Ms. Paitoon Pongkesorn	Member	11/11
4. Mr. Rutt Phanijpand ¹	Member	10/11
5. Mr. Sangiam Santad ²	Member	3/3

Notes

- ¹ Mr. Rutt Phanijpand attended as an advisor to the Audit Committee in the meeting no. 1-6/2006 then appointed by the shareholders' meeting to be a member of the Audit Committee started from the meeting no. 7/2006.
- ² The Board appointed Mr. Sangiam Santad to replace Ms. Paitoon Pongkesorn who resigned from the Audit Committee on November 21, 2006 and was appointed as an advisor to the Audit Committee.

4. The Nomination and Remuneration Committee

has duties and responsibilities as follows:

- 4.1 Selecting qualified nominees as new directors or Chief Executive Officer and giving opinion to the Board.
- 4.2 Determining the procedures and criteria for the nomination of directors or Chief Executive Officer so as to ensure transparency.
- 4.3 Considering directors' compensation to be proposed to the shareholders' meeting for approval.
- 4.4 Consider Chief Executive Officer's compensation and considering raising the Chief Executive Officer's compensation.



Name	Position	Attendance
1. Mr. Prasert Bunsumpun	Chairman	1/1
2. Mr. Pakorn Malakul na Ayudhya	Member	1/1
3. General Pornchai Kranlert	Member	1/1
4. Ms. Paitoon Pongkesorn	Member	1/1
5. Mr. Nattachak Pattamasingh na Ayudthaya	Member	-/1



Management Structure



Management Team

The Board of Directors authorized the Chief Executive Officer to act on behalf of the Company to manage business under the Board's policies.

Management and Percentage of ownership in IRPC shares as of December 29, 2006

Name	Position	% of ownership in IRPC shares
1. Dr. Piti Yimprasert	Chief Executive Officer ("CEO")	0.00153
2. Mr. Banlue Chantadisai	Chief Financial Officer ("CFO")	-
3. Mr. Suphon Tubtimcharoon	Chief Planning and Administration Officer ("CPO")/ Chief Marketing Officer	-
4. Mr. Prateep Wattanasriroj	Senior Vice President Operation 1	0.0000051
5. VADM. Sanchai Panyam RTN.	Advisor to CEO Operation 2	0.0000051
6. Mr. Fu Houng Chi	Advisor to CPO Operation 3	-
7. Ms. Chitra Thavara*	Senior Vice President	0.0064
8. Ms. Srisuda Suralertrungsun	Senior Vice President Planning & Administration	0.00092
9. Ms. Nitaya Direksathapon	Senior Vice President Finance & Accounting	-
10. Ms. Trithip Sivakrskul	Senior Vice President Finance & Accounting	-

Note

Ms. Chitra Thavara is delegated by the CEO to be the President of IRPC's subsidiaries including IRPC Oil CO., Ltd. Thai ABS Co., Ltd. and IRPC Polyol Co., Ltd.

Selection and Appointment of Directors

In 2006, the Annual General Meeting appointed new directors after the Company exited the business reorganization process and the Board of Directors Meeting appointed the Chief Executive Officer without consideration by the Nomination Committee. The Board of Directors implemented nomination process by appointed the Nomination and Remuneration Committee to select qualified persons to be nominated as directors and advisors to the Board. The Company does not disallow candidates nominated by shareholders. Voting rules to elect directors is as follow :

1. Each shareholder shall have one vote per share held.
2. Each shareholder shall exercise all votes applicable in electing one or the whole group of persons according to the number of directors required as Directors, but each shareholder cannot allocate any part of his or her votes under 1.) to any nominee.
3. Candidates with the most votes shall be appointed directors according to the number of directors required. If candidates receive an equal votes such that their election would result in a greater number of Directors than required, the chairman of the meeting shall cast a vote to decide which one(s) is appointed.



Management Compensation

1. Cash Compensation

1.1. Twenty six directors derived total compensation of Baht 20,195,581 in 2006. Cash compensation consisted of monthly allowances and meeting allowance.

Name	Directors		Executive Committee Directors	Audit Committee Directors	Nomination and Remuneration Committee Directors	Total
	Monthly Allowance	Meeting Allowance				
1. General Mongkon Ampornpisit ¹	488,000	600,000	480,000	-	-	1,568,000
2. Mr. Prasert Bunsumpun ²	366,000	315,000	-	-	60,000	741,000
3. Mr. Pakorn Malakul na Ayudhya	366,000	450,000	-	-	45,000	861,000
4. Mr. Aree Wongsearay	231,000	315,000	-	-	-	546,000
5. Mr. Pala Sookawesh	366,000	315,000	225,000	-	-	906,000
6. Dr. Virabongsa Ramangkura	366,000	450,000	-	-	-	816,000
7. Mr. Pachara Yutidhammadamrong	366,000	360,000	-	-	-	726,000
8. Dr. Prajya Phinyawat	366,000	405,000	360,000	-	-	1,131,000
9. Mr. Sangiam Santad	366,000	405,000	-	135,000	-	906,000
10. Mr. Visit Tantisunthorn	366,000	405,000	315,000	-	-	1,086,000
11. Mr. Nattachak Pattamasingh na Ayudthaya	366,000	405,000	-	-	-	771,000
12. Police General Seripisut Temiyawes	366,000	450,000	-	660,000	-	1,476,000
13. General Pornchai Kranlert	366,000	450,000	-	450,000	45,000	1,311,000
14. Ms. Paitoon Pongkesorn	366,000	450,000	-	495,000	45,000	1,356,000
15. Mr. Wachirapunthu Promprasert	366,000	180,000	-	-	-	546,000
16. Mr. Prachai Leopairatana	123,581	-	-	-	-	123,581
17. Mr. Chainarong Taepaisitphongse	366,000	-	-	-	-	366,000
18. Mr. Chaivat Taepaisitphongse	366,000	-	-	-	-	366,000
19. Mr. Prateep Leopairat	366,000	-	-	-	-	366,000
20. Dr. Pramuan Leophairatana	366,000	-	-	-	-	366,000
21. Miss Malinee Leopairat	366,000	-	-	-	-	366,000
22. Mr. Kamol Iamsakulrat	366,000	-	-	-	-	366,000
23. Mr. Tavich Taychanavakul	366,000	-	-	-	-	366,000
24. Mr. Tayuth Sriyuksiri	366,000	45,000	-	-	-	411,000
25. Mr. Rutt Phanijpand	366,000	360,000	-	450,000	-	1,176,000
26. Dr. Piti Yimprasert	366,000	450,000	360,000	-	-	1,176,000
Total	9,260,581	6,810,000	1,740,000	2,190,000	195,000	20,195,581

1.2. Ten managements derived total compensation of 65 million Baht in 2006 in form of salary and bonus. There are 5 executives that were appointed during the year. The annualized compensation for 10 executives was then be 81 million Baht.

2. Other Compensation

The Company makes contribution of 2 million Baht to the Provident Funds of 7 managements.

Ownership of IRPC shares held by directors as of December 29, 2006

Name	Position	Benefits in IRPC's contracts	IRPC Shares	% of IRPC Shares
1. General Mongkon Ampornpisit	Chairman	-	-	-
2. Mr. Prasert Bunsumpun	1 st Vice President	-	-	-
3. Mr. Pakorn Malakul na Ayudhya	2 nd Vice President	-	225	0.0000011
4. Mr. Pala Sookawesh	Director	-	-	-
5. Dr. Virabongsa Ramangkura	Director	-	-	-
6. Police General Seripisut Temiyawes	Director	-	-	-
7. General Pornchai Kranlert	Director	-	-	-
8. Dr. Prajya Phinyawat	Director	-	8,000	0.000041
9. Mr. Sangiam Santad	Director	-	-	-
10. Mr. Visit Tantisunthorn	Director	-	-	-
11. Ms. Paitoon Pongkesorn	Director	-	40,000	0.0002051
12. Mr. Pachara Yutidhammadamrong	Director	-	-	-
13. Mr. Nattachak Pattamasingh na Ayudthaya	Director	-	-	-
14. Mr. Wachirapunthu Promprasert	Director	-	-	-
15. Mr. Prateep Leopairat	Director	-	860	0.0000044
16. Dr. Pramuan Leophairatana	Director	-	962	0.0000049
17. Mr. Kamol Iamsakulrat	Director	-	3,000,000	0.0153846
18. Mr. Chainarong Taepaisitphongse	Director	-	-	-
19. Mr. Tayuth Sriyusiri	Director	-	138,346,196	0.7094677
20. Miss Malinee Leopairat	Director	-	6,276,299	0.0321861
21. Mr. Tavich Taychanavakul	Director	-	1,070,935	0.0054920
22. Mr. Chaivat Taepaisitphongse	Director	-	9,500,760	0.0487218
23. Mr. Rutt Phanijpand	Director	-	-	-
24. Dr. Piti Yimprasert	Director	-	300,000	0.0000015





Shareholding Structure

- **Common shares**

As of January 30, 2007, the company is summed up with a total registered capital of 20,475,000,000 baht, dividing into a total amount of 20,475,000,000 common shares, with par value of 1 baht while the company paid up capital is 19,500,000 baht dividing into a total amount of 19,500,000 common shares.



- **Shareholders**

The list of top ten shareholders as of December 29, 2006 is as follows :

Name of Shareholder	Amount of shares	Ratio	
1 PTT Public Co., Ltd	6,142,500,000	31.50%	(1)
2 Government Savings Bank	1,950,000,000	10.00%	(1)
3 Government Pension Fund	1,676,696,970	8.60%	(1)
4 Vayupak Fund I managed by MFC Asset Management	975,000,000	5.00%	(1)
5 Vayupak Fund I managed by KrungThai Asset Management	975,000,000	5.00%	(1)
6 Bangkok Bank (Public Co., Ltd)	504,906,708	2.59%	
7 DEUTSCHE BANK AG LONDON	300,563,391	1.54%	
8 Thai Tavee Tun Fund	243,000,000	1.25%	
9 Thai NVDR Co., Ltd	215,118,477	1.10%	
10 Mr. Tayuti Sriyuksiri	138,346,196	0.71%	

* **Note :** ⁽¹⁾ Following the amended rehabilitation plan, the strategic investors who were allocated share capital are PTT Plc. 31.5%, Government Saving Bank 10%, Government Pension Fund 10%, Vayupak Fund1 10%. Those shares are subject to a silent period for 24 months from December 13, 2005, except transfer within the group.

The Government Pension Funds had transferred its 243,000 shares (1.25%) to Thai Thavee Thun opened fund, 18,181,818 shares (0.9%) to Dhipaya Insurance Plc., and 12,121,212 shares (0.06%) to Islamic Bank of Thailand.

Vayupak Fund1 had transferred 975,000 shares (5.0%) to Vayupak Fund1 managed by MFC Asset Management and 975,000 shares (5.0%) to Vayupak Fund 1 managed by Krung Thai Asset Management.

Dividend Policy

The Company has policy to pay dividend of at least 25% of Company's net profit for the year, after deduction of all types of reserves required by the Company's Articles of Association and the laws, for each year. The Dividend payment will also be depending on the Company investment plan and other necessities as the Board of Directors consider appropriate.





Vision IRPC : The New Powerful Move

Although the recent transformation of the company's entitlement had only occurred in a short period in comparison to the company's prolonged and intense history, the company managers and staff were determined to co-operate with the organization from severe crisis, and restore the company's fully integrated petroleum refinery with a bright future.

"8 years ago, I was managing PTT's petrochemical complex and refinery. At that time, I looked at TPI and thought that the government could not let TPI fail because of its fairly large business. I never imagined myself to become a CEO of this company."

Dr.Piti Yimprasert, CEO of IRPC plc. had reflected his position as part of the business and stated that for a large business to be successful, it had required strong leadership and great experience from those who will be responsible for all the surrounding factors.

Under the new management, the company underwent several restorations and improvements that with the guide of essential targets set will help to serve further potential for the business to operate more efficiently. And to prepare for further developments in order to become a leader in refinery and petrochemical business in the region.

IRPC The New Powerful Move



In order to improve the efficiency, IRPC had done a lot of works in many areas such as financial management, cultural change, improve production efficiency and work with alliances.

For a short period of time since the new management came on board, they had gotten a very well co-operative from all of the staff. This leads to an effective efficiency improvement and cost reduction.

Managerial change to the international standard

The company initiatively introduced good corporate governance to the organization by establishing Executive Committee, Nomination and Compensation Committee, and Audit Committee that will lead to a successful operation in the future.

“Personnel are seen the most important factor to our success. As IRPC has approximately 7,000 staff, the management has to create transparency and fairness to the organization to replace the old fashioned style of management-one man show.

With that, all of IRPC's have taken part in this corporate governance scheme in terms of decision making and future planning for the first time.

These have over all given both managers and employees confidence that they can develop the corporate plan harmoniously.

Cultural change

The company's previous management handling with over 7,000 staffs will notably make the staffs be accustomed to that style of management though the corporate governance is taken as the operating framework. So there is the necessity to restructure the organization's culture according to the corporate governance in order to "encourage people to have confidence in thought, demonstration and action."

This methodology is continuously developed with the participation of people involved in business planning scheme for the company's major business.

Strategies for stability

The company holds some strategies to encourage strength and stability in this organization, setting advantages ahead of other Rival firms and allowing it to compete effectively. The company operates relatively with many extended business schemes within the organization but will only focus on 5 areas - Petroleum, Petrochemicals, Power and Electricity, Ports and Industrial Park. These businesses are bound to dominate in accordance with the development plan between the years 2007 - 2011.

- **Petroleum**

The company has made great improvements and modifications to its refinery with intention to bring forward the product's quality and efficiency. For instance, production of diesel oil had been developed and has now a much higher value. The company aims to make it to the Euro IV Standards and by having better operating refinery; the business will be able to gain a better profit margin.

- **Petrochemicals**

The production of petrochemicals offers a full range of products, varying from HDPE, PP, EPS, PS to SAN, which are used to adapt to serve everyday - used applications. These are policies on the improvement of production efficiency and product quality, which help to adjust and make suitable for the customers' needs.

- **Power and Electricity**

IRPC has a power supply of 100 Mega watts, generating both electricity and steam that is used in the production system. However, the power -generating capacity is too insufficient for the processing system requirement, especially steam, leading to such a problematic increase in costs - 3,000 million baht for steam. The company intends to bid for the IPP set up, following government policies, so as to rely upon itself with its energy supply.

- **Port**

After changes have been progressed, the company has a capability to hold a 300,000 ton vessel. This has increased the efficiency of transporting products to certain places and thus lowering the costs of transport by 2 million dollars per month. Moreover, as demands for shipment transportation have risen exceedingly, container vessels have been developed to further satisfy general needs.

- **Industrial Park**

The company covers a total area of land up to 6,700 rai, with 4,000 rai left vacant and unsettled. As a very large industry; it also provides infrastructure for relative industries in its vicinity.

Benefit to shareholders and society

The management team has demanded for approval of the dividend policy, to offer not less than 25% of net profit after deducted legal reserves. This reinforces the company's intention to operate the business with strong responsibility in order to obtain the beneficial gain.

Furthermore, the company has set up a vocational school within its area which is essentially seen as an important human resources for the near future. With that, IRPC intends to join forces with its alliances like PTT to upgrade level of experience and professionalism in its trained technicians.



Corporate Governance

IRPC recognizes the importance of good corporate governance. To achieve fair and transparent governance, the company, after rehabilitation, has placed itself in a position for improvements following the principles of good corporate governance of the Stock Exchange of Thailand as follows :

1. Corporate Governance policies : Apart from appointing the Audit Committee and the Nomination and Remuneration Committee to govern the Company's internal control and fair and transparent treatment to stakeholders for the best interest of the shareholders, the Company also appointed IRPC Good Corporate Governance Working Group (CGW) to plan and implement matters related to the Company's corporate governance on February 26, 2007.

The CGW consists of IRPC's executives and managements from different areas. It has roles and responsibilities in setting framework, planning and communicating to employees the importance of corporate governance. The goal of CGW is to incorporate corporate governance to IRPC's corporate culture, to create perception of IRPC as a good governance organization and to prepare the IRPC Handbook of Good

Corporate Governance to be proposed to the Board of Directors for approval and publicized to all employees.

2. Shareholder rights : Shareholders rights and fairness of treatments between major and retail shareholders are protected. Other than organizing the Annual General Meeting within 4 months after an end of each financial year. The Company may hold the Extraordinary General Meeting in case emergencies matters which affect or relate to the benefit of shareholders or relate to conditions, rules, or imposing laws that need approval from the shareholders arise.

In calling the meeting, IRPC distributes notification and supportive documents and publishes the notification on newspaper in compliance with the law.

IRPC arranges transportation for the shareholders on the meeting day and opens the registration about 2 hours before the meeting time. Shareholders have the right to access important information of the Company as prescribed by notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission ("SEC")

3. Stakeholders' rights : IRPC values the rights of stakeholders inside and outside the Company including shareholders, employee, partners, counter-traders, creditors and communities, society and environment. Since IRPC has refinery and complexes in Rayong Province, the Company puts a special focus on safety of communities, society and environment as well as quality of life of the local community. IRPC initiates ongoing environmental inspections, under the requirements of the government, also examine individual attitudes towards the business.

4. Shareholders meeting : After the Central Bankruptcy Court issued an order to cancel the Company's business reorganization on April 26, 2006, IRPC organized the Annual General Meeting pursuant to the Transitory Provision in the Articles of Association approved by the Central Bankruptcy Court on November 2, 2005. The meeting has one agenda which is to consider appointing new directors, appointing the Audit Committee consists of at least 3 independent directors, and authorized directors.

The shareholders resolved to appoint new directors in order to have 25 directors following

the Articles of Association. The Department of Business Development registered the change on April 28, 2006.

The Company organized another 2 Extraordinary General Meetings later in 2006. The EGM No.1/2006 held on July 20, 2006 was to consider the Scheme Debt refinancing plan of not more than USD 1 billion by funding from an issue of an unsecured bond of no more than USD 600 million or equivalent in foreign currency and/ or Baht within 4 years (2006-2009) and to consider taking action in order for the Company to have qualifications in accordance with the regulations of Stock Exchange of Thailand.

On October 26, 2006, the Company held the EGM No.2/2006 to consider changing the Company name and the Company seal also changing the Articles of Association and the Memorandum of Association in accordance with the changes in the Company name, the Company seal, the regulations of the Stock Exchange of Thailand and current situation.

The Company complies with the regulations of the Stock Exchange of Thailand when holding every meeting including distribution of notice,

Corporate Governance



related documents, and proxy to all shareholders whose names appear on the registrar in advance in accordance with the Public Company Limited Act B.E. 2535 and advertise in newspaper for 3 consecutive days before the meeting day. On the meeting day, the Company provides to shareholders a security system, registration facilities, and utilization of barcode system in registration.

After the meetings, the Company submits the minutes of each meeting to the Stock Exchange of Thailand within 14 days from the meeting date. The minutes cover significant issues and information of the meeting which they are filed for auditing and reference purpose.

5. Leadership and Vision : The appointed directors are knowledgeable, proficient, and diverse in experience. This contributes to an efficiency and effectiveness of work, the consideration of vision, mission statement, strategies, goals, business plan and budget which will add maximum economic value to the shareholders under IRPC's vision to become an ASEAN leader in the petrochemical industry. IRPC will focus on good corporate governance

through internationally accepted management practices, continuous systematic development of human resources and utilizing administration principles based upon cooperation.

6. Board of Directors Meetings : The Company had resolved to hold a monthly meeting for the Board of Directors. An annual meeting schedule for the Board of Directors meeting and the Executive Committee meeting is set up in advance. Notice and the meeting agenda and supplementary documents will be sent to each member of the board 7 days before the meeting.

At each meeting, directors openly and freely express opinions. Minutes are documented and, after receiving approval from the Board of Directors, are filed for auditing purposes and reference by Directors and related persons.

7. Conflict of interests : When making decision on any agenda in which possible conflict of interest might occur, a director who is involved or has potential conflict of interest will notify the Board of Directors and refrain from expressing opinions or voting on such agenda items.

8. Business Ethics : The Company values the conduction of business with honesty, transparency,

ethics and not taking advantage of internal and external stakeholders. IRPC is in a process of preparing the Code of Conduct for reference and complied by managements and all employees.

9. Balance of power by non-executive directors : As of January 31, 2007, the Board of Directors consisted of 16 directors of which 4 of them are qualified independent directors. The CEO is the only executive director and is operating under the Company's Articles of Association framework and resolutions of the

Board of Directors. The Audit Committee which majority are independent directors reviews management operation and efficiency of internal control procedure.

10. Combining and Segregating Authorities The Chairman and the Chief Executive Officer are two different persons. Roles and responsibilities are of the Chairman and the CEO clearly segregated. The CEO has authority and duties as given and governed by the Board of Directors.

Committee	Monthly Allowance	Meeting Allowance
1. Board of Directors		
Chairman	Baht 60,000	Baht 60,000
Members	Baht 45,000	Baht 45,000
2. Audit Committee		
Chairman	-	Baht 60,000
Members	-	Baht 45,000
3. Nomination and Remuneration Committee		
Chairman	-	Baht 60,000
Members	-	Baht 45,000
Secretary	-	Baht 27,000
4. Executive Committee		
Chairman	-	Baht 60,000
Members	-	Baht 45,000

11. Board of Directors compensation : The Nomination and Remuneration Committee considered the Board of Directors and subcommittees' compensation. The Extraordinary General Meeting No.1/2006 on July 20, 2006 approved the proposed compensation as follow :

12. Subcommittees : IRPC appointed 3 subcommittees includes the Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee which consist of directors who posses a qualified knowledge and experience that appropriate to support the work of the Directors.

13. Internal Control and Audit The Board approves operating plans, investment plan, and budget. The Company is undergoing improvement to the internal control procedure to a more efficient and acceptable risk levels. The Audit Committee, with advice from the advisors, examines the internal audit control procedure, then, present to the Board to consider taking appropriate actions to solve the problems.

The internal audit department has responsibilities to prepare an annual audit plan and auditing operations of other departments according to the plan.

14. Board of Director Reports : The Board of Directors is accountable for the consolidated financial statements of the Company and its subsidiaries and financial information (Statement of Directors Responsibility) appear in the Annual Report. The Audit Committee reviews the financial statements with IRPC's accounting managements and the external auditor to ensure accuracy and sufficient disclosure before presenting to the Board of Directors for approval every financial quarter. The Board of Directors considers the financial statements before approval in order to provide reasonable assurance that the preparation of financial statements is based on true and reasonable basis, the books and records of the Company accurately reflect all transactions and the accounting policies adopted are appropriate according to generally accepted accounting standards and notification of SET before submitted to SEC and SET.

The Board has prepared the Statement of Directors Responsibilities and published in the Annual Report together with the audited financial statements.

15. Investor Relations : IRPC values accurate, complete and transparent disclosure of information. The Company established Investor Relations Department to represent the Company in communicating with institutional investors, shareholders, analysts and related government bodies.

After IRPC exited the rehabilitation process on April 26, 2006, the Company has continuously exposed itself to analysts and institutional investors by participation in many roadshows organized by financial institutions and small group meetings organized by the Stock Exchange of Thailand. Moreover, related persons may seek a meeting with IRPC's executives to update about the Company's business performance. through 2006 :

In addition, the Company also provides information about the Company, performance, financial statements, and news and disclosures report filed with SET and SEC. Investors and interested parties may make inquiries through e-mail ir@irpc.co.th.







Internal Control

The management committee supervises and controls the important and crucial decision-making that surpasses the Chief Executive Officer's power. The company also clarifies the approval scope and power of the Chief Executive Officer and all executives. The working committee consisting of the executives involved in the project will be set up to study the projects proposed by the executives very closely and neatly before submitting to the Executive Board of Directors and the Board of Directors for the ultimate beneficiary of IRPC.

In order to prevent the leakage of the company's internal information especially the financial information before disclosing to the public, the company has limited the number of people who learn that kind of information. Moreover, the executives have to report their shareholding status together with their couples and pre-matured children bearing the company stocks according to the Securities Exchange Act B.E. 2535. Furthermore, the executives have to report the transition of their stocks to the Securities Exchange Commission (SEC) in accordance with the act No. 59 of the Securities Exchange Act B.E.2535.

The executives are prohibited not to use all inside information, the use of all inside information will be offended according to the No. 241 of the Act.





Environmental Responsibility

The company is aware of the importance of environmental conservation that supports the health and well-being of the industry, and Quality of life of people. Measures have been undertaken to protect and conserve the surroundings within vicinity of the IRPC network, covering all possible environmental impacts that may ensue.

The company began to impose environmental quality check, following the term set by the government and the environmental related organization. The results for these measures taken are as average as a standard level. Moreover, the company makes an annual survey on people's opinion and attitudes towards the company's environment policy in order to closely supervise according to environmental affecting - decreased measures together with the local environmental quality control system.

Environmental Responsibility



Besides, controlling the environmental issues, the company management also launched the ISO 14000 campaigns that several of them have been certified. In 2006, the ETP project was certified by the ISO 14001: 2004 for its quality and standard. Furthermore, the company also launched the strategic public relations and community services campaign to create positive perception of IRPC as an environmental - friendly organization





IRPC's Business

IRPC Public Company Limited and its subsidiaries is a fully integrated petrochemical company. IRPC's commercial products can be divided into 2 significant businesses :

- **Petrochemicals** - Olefins and Aromatics used as feedstock to be manufactured into different types of plastics including HDPE, PP, ABS, SAN, EPS, and PS, which serve and provide many applications for plastic use e.g. house ware, consumer packaging, furniture, etc.
- **Petroleum** - Different types of fuel oil, lube base oil and asphalt under brand "TPI" through both wholesales and retails through our gas stations and dealers' stations.

IRPC major subsidiaries consist of :

- **Thai ABS Company Limited** - Thai ABS is held 99.99% by IRPC with 2,500 million Baht in paid-up capital, Thai ABS is the manufacturer of styrenic plastic resins, including ABS/SAN, PS and EPS, which are generally distributed directly to IRPC.

IRPC's Business



- **IRPC Oil Company Limited (formerly TPI Oil Co., Ltd.)** - IRPC holds 99.99% shareholding in IRPC Oil. Its paid up capital is 2,000 million baht. The company is a distributor of IRPC's refined petroleum products, which are distributed through wholesalers. The company also operates retail business through gas stations under the brand "TPI".

- **TPI Polyol Company Limited** - TPI Polyol is owned fractionally 99.99% by IRPC. Its registered and paid up capital is 300 million baht. The company produces and distributes a wide range of polyol products, varying from Polyetherpolyol, Polyesterpolyol, Prepolymer. These are used as raw materials for the manufacturing of Polyurethane, which is used to adapt into thermal insulating foam, furniture components, flexible packaging and shoe soles.

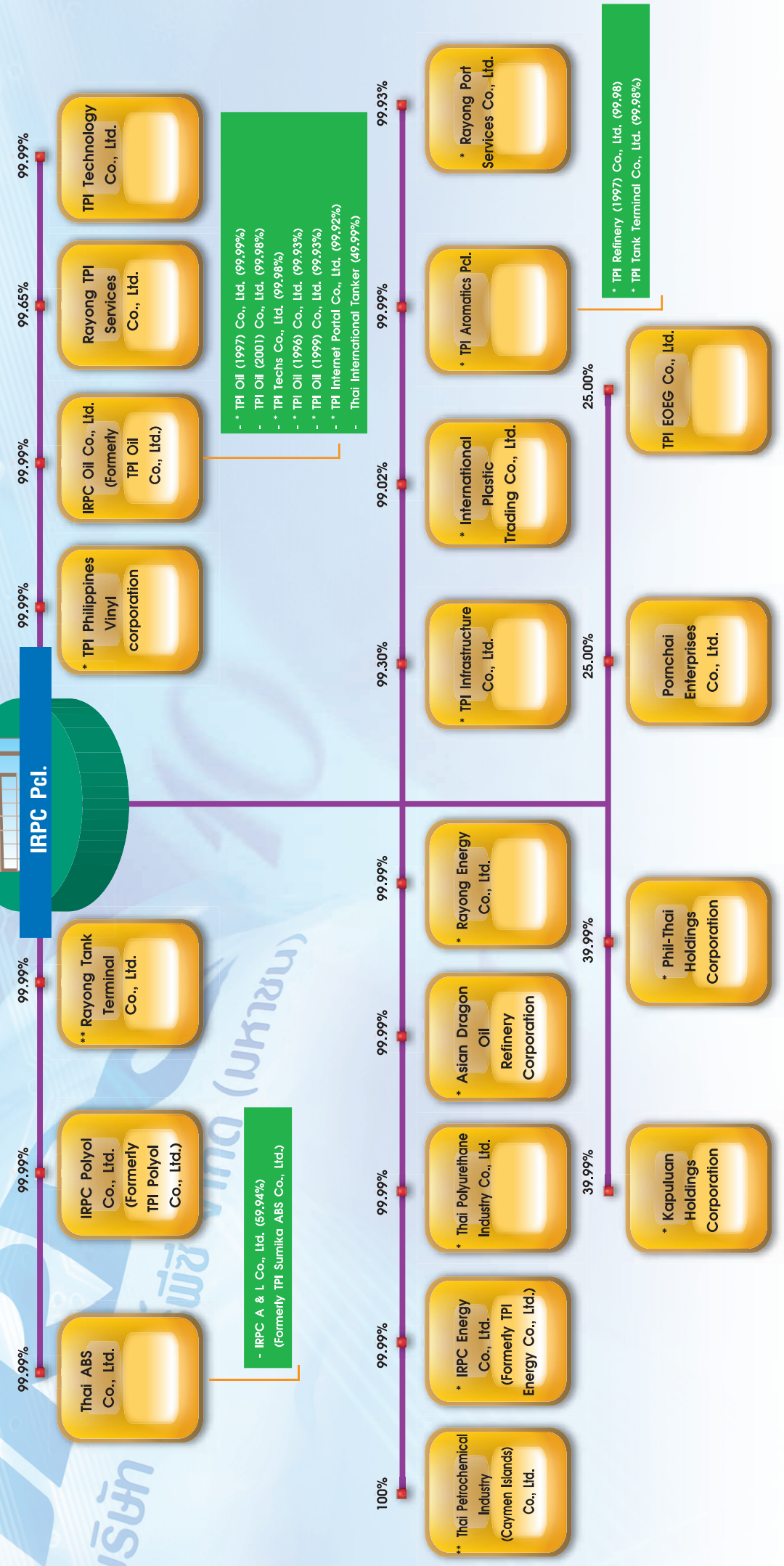
Revenue Structure

IRPC and its subsidiaries' revenue structure of 2004-2006 separated by product categories and sources of revenues :

Product	Operated by	% of shareholding	2004		2005		2006	
			Mil.	Ratio	Mil.	Ratio	Mil.	Ratio
1. Petrochemical Products								
● Plastic resins	IRPC, Thai ABS	- , 99.99	33,766	22%	38,355	19%	39,265	19%
● Olefins	IRPC	-	7,976	5%	8,418	4%	9,381	4%
● Aromatics	IRPC	-	7,463	5%	7,902	4%	9,489	5%
● Polyol	TPI Polyol	99.99	1,112	1%	1,191	1%	1,329	1%
Total			50,317	32%	55,866	27%	59,464	28%
2. Petroleum Products								
● Refined Product	IRPC, IRPC Oil	- , 99.99	73,546	47%	93,045	45%	100,518	48%
● ATB	IRPC	99.99	9,280	6%	11,718	6%	11,385	5%
● Naphtha	IRPC	99.99	8,117	5%	9,714	5%	12,071	6%
● Lube base oil	IRPC, IRPC Oil	- , 99.99	7,052	5%	9,074	4%	13,042	6%
● Asphalt wax and extract	IRPC	99.99	3,184	2%	4,796	2%	5,990	3%
Total			101,179	65%	128,346	62%	143,006	68%
3. Other Products			3,051	2%	2,920	1%	2,889	1%
Total revenue from sales			154,546	99%	187,132	91%	205,360	98%
4. Interest Revenue			-	-	341	0%	790	0%
5. Gain from sale and transfer of long-term investment in related parties			-	-	18,206	9%	-	-
6. Foreign exchange gains			1,048	1%	-	-	2,451	1%
7. Share of losses from investment accounted for using the equity method			4	0%	18	0%	-	-
8. Others			548	0%	594	0%	850	0%
Total Revenue			156,147	100%	206,292	100%	209,452	100%
Value and % of Revenue (by geographic)								
● Domestic			97,263	63%	119,343	64%	133,034	65%
● International			57,284	37%	67,789	36%	72,326	35%
Total revenue from sales			154,546	100%	187,132	100%	205,360	100%



Corporate Structure

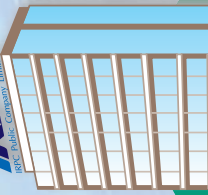


- * TPI Oil (1997) Co., Ltd. (99.99%)
- TPI Oil (2001) Co., Ltd. (99.98%)
- * TPI Techs Co., Ltd. (99.98%)
- * TPI Oil (1996) Co., Ltd. (99.93%)
- * TPI Oil (1999) Co., Ltd. (99.93%)
- * TPI Internet Portal Co., Ltd. (99.92%)
- Thai International Tanker (49.99%)

- IRPC A & L Co., Ltd. (89.94%) (Formerly TPI Sumika ABS Co., Ltd.)

- * TPI Refinery (1997) Co., Ltd. (99.98)
- * TPI Tank Terminal Co., Ltd. (99.98%)

Remark : * = Non-Active Company
 ** = RT is in the rehabilitation plan under Churchill Pryce Planner Limited and not consolidated in TPI's financial statements.



Shareholding Structure subdividing into individual business groups

Petroleum Business

99.99% IRPC Oil Company Limited
(formerly TPI Oil Company Limited)
(Distribute Refined and other petroleum products)

Others

99.99% Rayong Tank Terminal Company Limited
(Chemical tanks rental)
99.65% Rayong TPI Service Company Limited
(Security services)
99.99% TPI Technology Company Limited
(Education institute)
25.00% Pornchai Visahakit Company Limited
(Office for rent)

Inter-shareholding
49.99% Thai International Tanker Company Limited
(Shipping Services)

Petrochemical Business

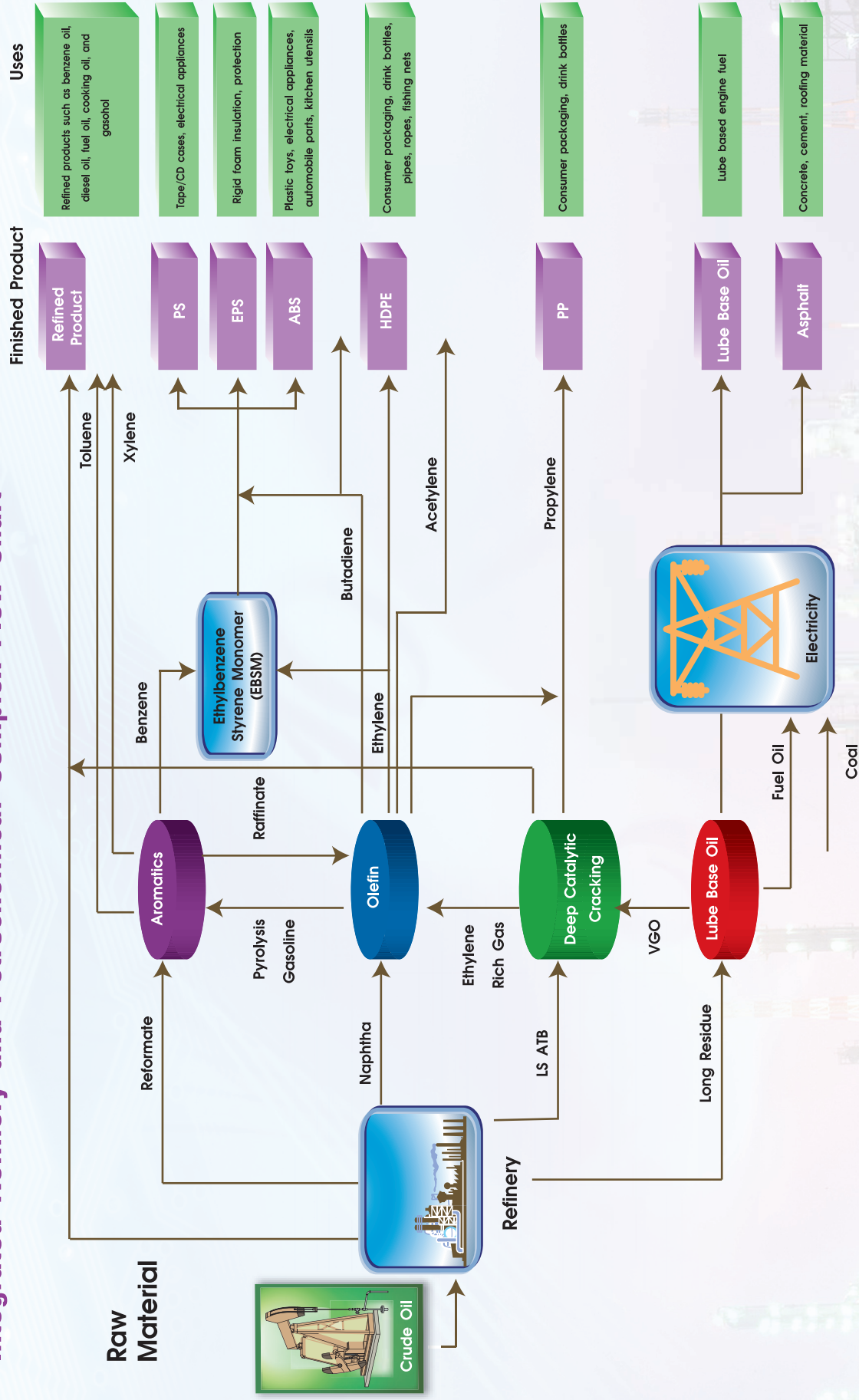
99.99% Thai ABS Company Limited
(Manufacture and distribute plastic resins ABS, SAN, EPS, PS)
99.99% IRPC polyol Company Limited
(formerly TPI Polyol Company Limited)
(Manufacturing and distribute Polyol)

Inter-shareholding
59.94% IRPC A&L Company Limited
(formerly TPI Sumika ABS Company Limited)
(distribute ABS)

Note : Only operating subsidiaries showed in this chart



Integrated Refinery and Petrochemical Complex Flow Chart



Products

IRPC has been operating two major businesses - petrochemicals and petroleum as follows :

(1) Petrochemical products

(1.1) Olefins

Olefins are including ethylene, propylene and butadiene which are feedstocks of plastic resins. Majority of capacity are used as inputs in IRPC plants. The Company has a production capacity of 728,000 tons per year.

(1.2) Aromatics

Like olefins, aromatics plants have started production in 1997. IRPC has production capacity of 367,000 tons per year for aromatics. Aromatics consist of benzene, toluene, xylene or so called BTX. Aromatics contribute as raw material inputs



in IRPC's middle-stream petrochemical plants, while a small portion is distributed to external customers.

(1.3) Plastic Resins

Plastic resins are the company's most essential product. The types of resins include HDPE, PP, ABS/SAN, PS and EPS. HDPE and PP are called polyolefins, while ABS/SAN, PS and EPS are called styrenics. These resins all possess different properties and uses as follows :

- **High Density Polyethylene - HDPE**

Marketed under the POLENE trademark, this polymer resin features properties such as high density, high stiffness, high impact strength, opacity, and good chemical resistance. HDPE are practically used for different purposes as follows :

- **Films** - HDPE is commonly used for making film; because of its high rigidity and impact strength, films can be easily pulled into thin strips. It widely serves uses such as plastic bags in supermarkets, or industrial bags and oil drums (when combined with LDPE/LLDPE), which ultimately demonstrates its ability of strength.

- **Blow Molding** - HDPE is second common for blow molding. This is due to its high impact strength, rigidity, and malleability to be molded into various shapes. HDPE is also resistant to chemical corrosion; therefore it is suitable for the manufacture of drink bottles, petrol containers, cosmetic containers, water tanks, fuel oil and chemical tanks, etc.

- **Injection Molding** with the ability to resist elasticity and high impact strength, in addition to its lightweight, HDPE is often used in injection molding, which serves benefits in terms of applications such as household items, or products for industrial use. Examples include pallets, plastic containers, consumer bags, and bottles.

- **Yarn/Monofilament Extrusion** - HDPE can also be manufactured into yarn or monofilament,

in regards to its acquired essential properties such as high inflexibility and strength. In addition to that, HDPE plastics are shiny, and are, as a whole, suitable for the production of fishing nets and woven sacks.

- **Pipe Extrusion** In addition to its high impact strength, HDPE can also be made into a flexible plastic, which can serve benefits for making different types of pipes, for example, for household use.

● **Polypropylene - PP**

Also marketed under the POLENE trademark, polypropylene plastics possess similar properties as HDPE and LDPE and can be used to some extent substitute to each other, but are slightly of better quality in terms of heat resistance and electrical conductivity. Likewise to HDPE, PP is currently being manufactured for these following uses :

- **Film** - with the requirement of transparency, PP is manufactured into thin films for the use of plastic bags, bottles, or food packaging.

- **Filament/Yarn** - yarn is manufactured to provide the uses for plastic bags or woven

sacks, while filament is used for making ropes, belts, or handles. Filament results into 3 types; filament, monofilament, and multi-filament.

- **Injection Molding** - this is suitable for the production of household items, kitchen utensils, automotive parts, electrical parts, battery cases, and paint barrels for instance.

- **Blow Molding** - food or cosmetic containers are almost certainly suitable outcomes from blow molding, as this plastic possesses such properties as transparency, hardness of surface, and high chemical resistance.

- **Sheet Extrusion** - this method of use has become increasingly common for PP, since PP sheets can be extruded for perfect shapes, are recyclable, and fairly inexpensive. These can be manufactured into folders and files, or any kinds of packaging.

- **Acrylonitrile-Butadiene-Styrene - ABS**

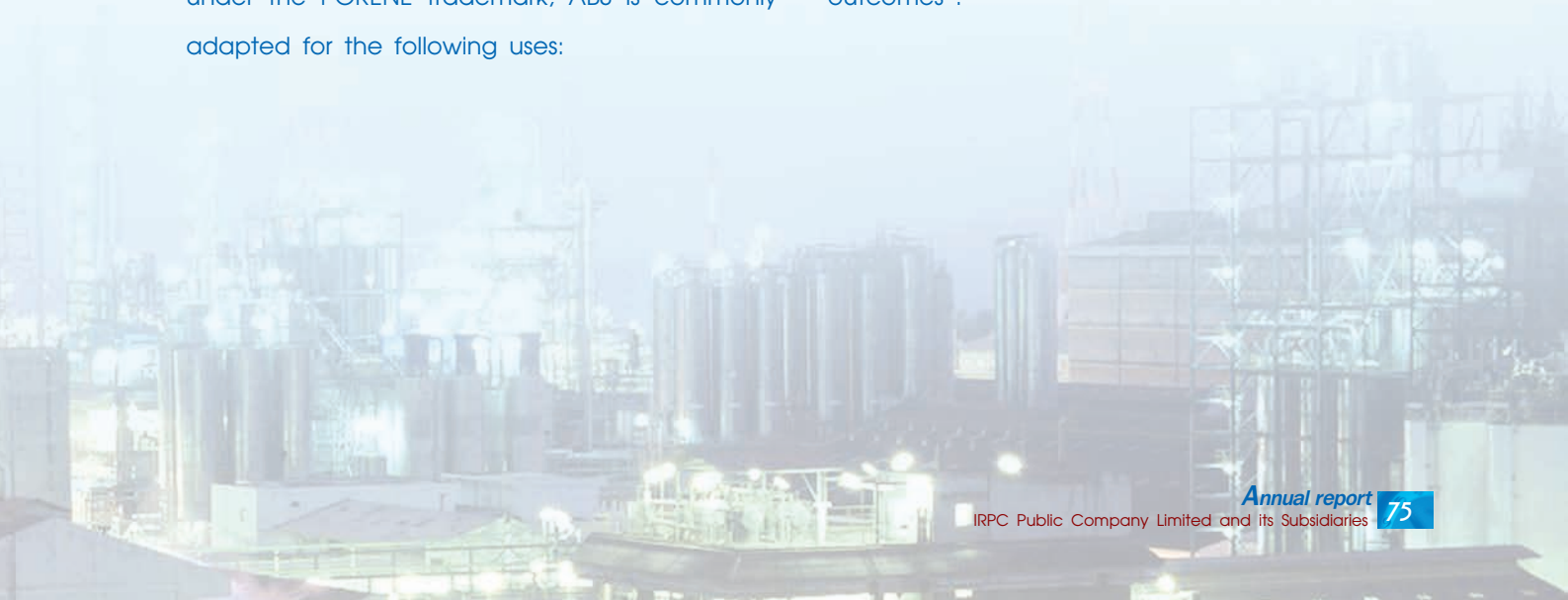
ABS, categorized as a styrenic polymer, features such significant properties as impact strength, shininess, high thermal conductivity, rigidity, and chemical resistance. As marketed under the PORENE trademark, ABS is commonly adapted for the following uses:

- **Injection Molding** - this can be applied for uses such as :

- Electrical appliances e.g. electrical parts, iron, telephones, computer keyboards, TVs, electric fans, etc.
- Automotive and motorcycle parts e.g. console box, windshields etc.
- Kitchen utensils e.g. kitchen wares and sanitary wares
- Toys - ABS has the ability to maintain its degree of strength, so even when it breaks, it will not cause a sharp point. This solidifies the product's safety for children.
- Extrusion e.g. insulating material for refrigerators

- **Acrylonitrile Styrene - SAN**

As another "PORENE" product, SAN or AS is yet to feature those of the average qualities of a styrenic polymer - transparency, high impact strength, thermal conductivity, and chemical resistance. With that, it is commonly used in injection molding to fabricate the following outcomes :





- Automotive parts e.g. headlights, turn lights. It is usually not a first choice to exercise SAN for this application, as its qualities aren't as efficient when compared to PMMA. SAN can still be used as an alternative for PMMA when aiming for a market that demands low prices.
- Household items e.g. sanitary wares, lighters, containers, etc.
- Electrical appliances e.g. blades for electric fans, air-conditioner covers, electric blenders, etc.

- **Polystyrene - PS**

As another product of PORENE, PS can be categorized into 2 different groups based on type :

- **GPPS (General Purpose Polystyrene)** GPPS offers absolute transparency, hardness and rigidity, and the malleability to be molded into different shapes easily. Disregarding the fact that GPPS has low impact strength, it is manufactured for uses that are the most appropriate, for example, tape cassettes and CD cases, electrical appliances, kitchen utensils, etc.

- **HIPS (High Impact Polystyrene)** HIPS combines a small portion of butadiene, allowing it to have greater impact strength than GPPS. It, however, doesn't acquire the transparent quality. HIPS is often used as an alternative for ABS because of its low price, preferable in some markets.

The two types of polystyrene can be manufactured to apply for uses such as :

- **Injection Molding** tape cassettes, CD/VDO cases, TV frames, kitchen utensils

- **Sheet and film extrusion** wrapping material, ice-cream container

- **Expandable Polystyrene -EPS**

Marketed under the PENTFOAM trademark, EPS is mainly developed from the building blocks of styrenic monomers. It is expandable due to the adequate input of pentane, which acts as a blowing agent in this process. In a CFC-free manufacturing procedure, EPS is a successful raw material for:

- **Packaging e.g.** rigid foam, packaging for electrical appliances
- **Block e.g.** construction works, decoration blocks, cold storage

- **Polyol**

Polyol is used as a building block for polyurethanes, which is transformed into products and parts of suitable uses such as furniture, insulating material for industrial uses, rigid foam, etc.

1. Petroleum products

Petroleum products are divided into 2 groups :

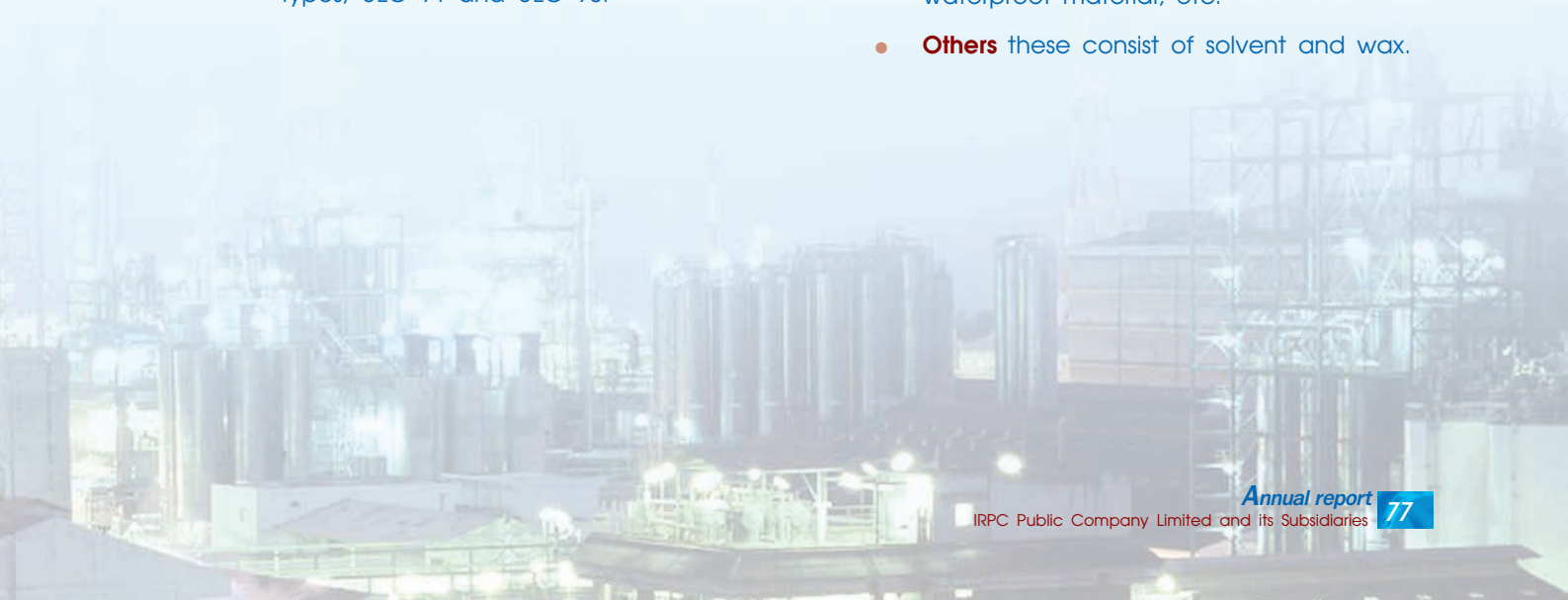
1 Refined products

- **Gasoline** used as a fuel for benzene-powered engines. Gasoline consists of 2 types; ULG 91 and ULG 95.

- **Diesel Oil** used as a fuel in industries and vehicles e.g. cars, trucks, tractors, boats, etc.
- **Kerosene** commonly used in fuel lamps, ceramic tile industries, etc.
- **Fuel Oil** with its high boiling point, fuel oil is useful for industrial uses, transportation, and electricity generation.
- **Liquefied Petroleum Gas (LPG)** derived from propane and butane, LPG can be used to provide industrial uses, and as a fuel for benzene-powered engines as well.
- **Gasohol** Combination of gasoline and ethanol used in substitution of Gasoline

2. Others

- **Lube Base Oil** lube base oil products are comprised of those of the components separated from a fractional distillation unit. Products are in a wide range and variety.
- **Asphalt** with bitumen contents in majority, asphalt is the heaviest fraction in the distillation unit, suitably used for the manufacture of roads, parking grounds, waterproof material, etc.
- **Others** these consist of solvent and wax.







Marketing and Market Competition of Plastic Resins

Marketing Strategies

- **Price**

Considering the frequent price fluctuation of plastic resins due to many factors, such as raw material costs and demand and supply in both local and global markets, the company has imposed a new policy to determine prices based on these factors, in addition to some internal factors such as inventories and cost of production. To enable further competition, the company exploits its advantage of being a fully integrated petrochemical manufacturer with fully equipped facilities such as warehouse, deep-sea port which therefore will surely facilitate the company, even when prices are down.

- **Quality**

Being a pioneer in the fully integrated petrochemical industry in Thailand, IRPC has experiences in Research and Development closely with customers for years. All IRPC products are qualified with the standards of ISO9001 version 2000, ISO14001 and Industrial Standard 18001 for HDPE

Marketing and Market Competition of Plastic Resins



and ABS/ SAN products which greatly solidify the company's high efficiency and potential in serving customer satisfaction. It also has a motivation to further the research and development for new plastic resins to suit the demands and needs, domestically and abroad.

- **Type of Customer**

IRPC's customers are of a vast amount and variety, therefore the necessity to building good connection between customers and distributors in terms of agency will help to support and provide fuller requirements for the different types of customers, and will eventually achieve improved effectiveness as intended. This particularly includes providing delivery for the right demands, and offering credits.

Distribution and Distribution Channel

- 1. **Domestic**

In 2006, 56% of its plastic resins sales were sold domestically, of which 90% were distributed through agents. Those agents have had business relations and experiences for up to 20 years. As a fully integrated refinery and petrochemical complex, with a complete range of products, the company

benefits its agents in terms of saving up costs for marketing and business operation and management. This, as a gain of value, tightens up and secures the relationship between the company and its distributors, leading to a more efficient outcome. Furthermore, products are distributed through direct selling to some of its potential customers.

2. Exports

The other 44% of the company's sales for plastic resins were sold overseas, majority distributed through agents who have close network connection with end users in countries such as Hong Kong, China, Southern Asia and South East Asia. In a strategic approach, the company stressingly targets on excelling the product quality and variety, technical services, and advisory on product development. Moreover, IRPC has surpassed export to over 100 countries worldwide, including markets in Africa, Europe, America, Middle East and Australia.

Market Competition

The company has exceeded consumer satisfaction domestically, leading it to enable

apron exportation to other countries. The country has no struggle dealing with raw materials, supply chain, distribution, therefore stabilizing the consumption of plastic resins in a high extent. Overall, the country's petrochemical industry has established more widely in the market, both domestically and overseas, in comparison to its relative countries in the ASEAN group. As an addition to its success, research and development has granted the finest of quality and efficiency in its products - this has given them further advantage over competition matter, and a larger grasp of the market share.





Marketing and Market Competition of Petroleum Products

1. Marketing Policies

IRPC stresses heavily in the quality of all petroleum products, and for it to reach its potential standards of the Ministry of Commerce. The company is also intending to offer the fullest services possible, as well as determining reasonable prices for its products.

Types of consumers and channels of distribution are concluded as follows :

- **Retail** Distribution of refined products through the 70 service providing stations located all over the country.
- **Direct** e.g. for car manufacturing companies, shipment and transportation, construction projects, etc.
- **Wholesales** products distributed to wholesalers will either be sold directly to customers, or in bulks for retail outlets.
- **Chapter 7** Products are distributed to potential customers, which are then transferred through another network or channel of distribution to deliver to another group of customers.

- **Export** Foreign exports of petroleum products via shipment and vehicle transportation. Major international export markets are in Singapore, Cambodia, Vietnam, Laos, and Myanmar.
- **Bunker** Automotive Diesel Oil (ADO) and fuel oil are sold to ships that enter TPI ports for exporting or importing goods.
- **Fishery** Diesel oil is sold to a number of fisheries around the country to use as a fuel for boats and ships.

2. Oil Market Situation

Consumption of Gasoline in 2006 had depreciated by 1.3% from the previous year, due to the cause of high determined prices set for benzene and diesel oil and the endorsement measures for alternative energy resources implemented by the government. In effect to these factors, consumption of alternative resources had accelerated inevitably, where gasohol, bio diesel, LPG and NGV are the main intakes.

Although consumption of these alternatives had risen by 5% from 2005, the production outputs did not satisfy the amount that was required due to a very limited preserve of ethanol. In response to this matters, the government continued to use MTBE as an alternative, and will prolong it until a good amount of ethanol reserves is seen suffice to produce gasohol efficiency. It is predicted that a large reserve of ethanol will be produced in 2007, and consumption of gasohol will increase in accordance with consumers' requirements and support. On the other hand, consumption of diesel has decreased by 6%. Since the government announced to float the diesel retail prices as of July 13, 2005, oil prices have been inevitably forced to increase altogether, a causing effect of declines in demands. The flooding affairs in near provinces have a cause in this too.

To resolve this matter, pricing strategies,

services and promotion need to be considered and put to action in order to retain its market share. The company had retained 9% of the market share in 2006.

Apart from the pricing strategies, which generally incline towards the competition aspect, the company also intends to expand on its customer base and distribution to be able to withstand an adequate position in the market. In addition to that, customer service is also an anticipated role in order to achieve the same target, where services provided are as follows:

- Depot
- Transportation
- Gas stations
(70 stations situated all over the country)
- Agents
- Quality control

Marketing and Market Competition of Petroleum Products





Production and Production policy

The company has set up the LDPE Plastic raisin plant in 1982 (now operated under TPI Polene Public Company Limited) and has been increasing the number of related plants including the up-stream products by building the Petroleum refinery with the production capacity of 65,000 barrels per day. In 1996, the second Petroleum refinery has been settled up with the production capacity of 150,000 barrels per day and in 2000 the overall production capacity of both refineries reached 215,000 barrels per day. The plants have been divided into 5 complexes according to product lines as follows :

Complex 1 Olefin Production Plant; consisting of : HDPE Plant, constructed in 1986, and PP Plant, constructed in 1990

Complex 2 Styrenic Production Plant, consisting of : ABS plant, constructed in 1990; EPS Plant, constructed in 1992; PS Plant, styrenic monomer plant, and aromatics plant constructed in 1997.

Complex 3 2 refineries; the first with a production capacity of 65,000 barrels/day, constructed in 1996; and the second with a production capacity of 150,000 barrels/day, constructed in 2000.

Complex 4 Olefins Plant, constructed in 1997.

Complex 5 Electrical Power Plant, 108 megawatt, constructed in 1994

Production policy

As a fully integrated refinery and petrochemical complex, the company is advanced enough to utilize the Process Industry Modeling System program (PIMS) to calculate the material balance, in order to obtain the optimum level of margin.

The company had a major turnaround for approximately 40 days. The average production then was caused to reduce from 119,000 barrels/day or 83% of its capacity in 2005 to 110,000 barrels/day or 79% in 2006.

For petrochemical complex, the olefin plant was running at 94% in 2006; aromatics plant at 83%; polyolefin plant at the average of 90%; and styrenic plant at 105%.



Procurement of Feedstock



The most important feedstock of the Company is crude oil which amounted to 93% of the total feedstocks. The Company imports majority of crude oil from several sources in the Middle East. Since crude oil is shipped directly to the Company owned deep sea port, crude oil transportation to manufacturing process is efficient and cost saving.

Value and percentage of each type of IRPC's feedstock by source

Feedstock	Value (million Baht)				Source of Feedstock in 2006		
	2006	%	2005	%	Imported	Domestic	Total
Crude oil	154,584	93%	138,659	94%	100%	0%	100%
Propylene	6,333	4%	3,836	3%	0%	100%	100%
Benzene	2,490	1%	2,320	1%	28%	72%	100%
Acrylonitrile	1,220	1%	1,165	1%	100%	0%	100%
Others (eg. chemicals and coal)	1,588	1%	1,657	1%	50%	50%	100%
Total	166,214	100%	147,638	100%	95%	5%	100%

In 2006, the Company procured 68% of crude oil from Saudi Aramco. Supply risk is low as crude oil can be procured from other suppliers.

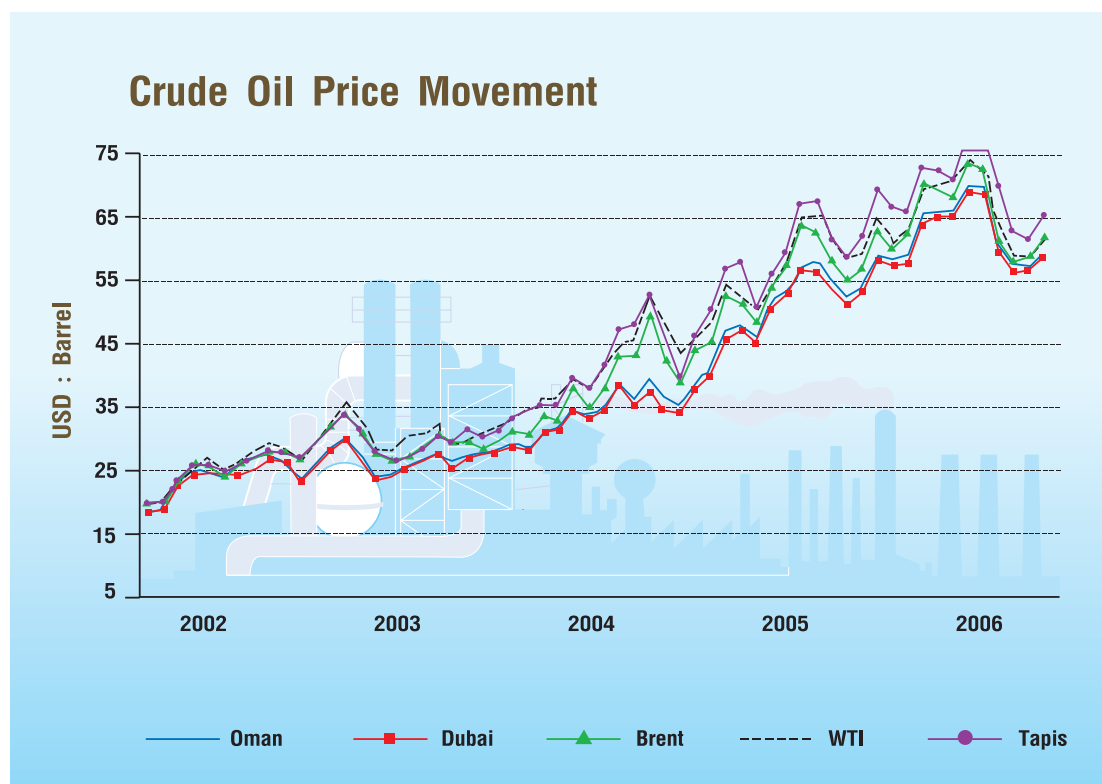
However, to ensure adequate supply of crude oil in the future, the Company has a policy to procure majority of crude oil through PTT PLC. and the rest from spot market.

Issues concerning feedstock

Major crude suppliers in the world market include countries in the Middle East such as Saudi Arabia, Iran, Oman, Dubai and countries in the

Far East such as Malaysia Indonesia and Brunei. Pricing of crude oil is calculated by referring to the regional benchmark price. Important benchmark prices are as follow :

Region	Reference price
Far East	Tapis - Malaysia
	Minas - Indonesia
Middle East	Dubai
	Oman
North Sea	Brent
USA	WTI (West Texas Intermediate)



Risk Factors



1 Risk of Strategic Investors selling IRPC shares after Locked-up period

Strategic Investors including PTT PLC., Government Pension Fund, Government Saving Bank and Vayupak Fund 1 are holding 61.5% of IRPC's paid-up capital. Shares owned by the Strategic Investor are under Locked-up condition of the Share Sales and Purchase Agreement dated June 1, 2005 for 24 months from December 13, 2005 to December 13, 2007. After the Locked-up period, the Strategic Investor may sell part or all of their IRPC shares. The possible change in ownership structure may result in a change in management. However, PTT PLC. has the first right of refusal to the other strategic shareholders' offer.

PTT PLC. has been involved in IRPC's management and operational improvement by dispatching secondments in executive and management level that possess qualification and experience in petrochemical and petroleum business to work with the Company. Moreover, IRPC cooperates with PTT Group companies for mutual benefits in production, feedstock and transportation cost reduction and additional distribution channels.

2. Risk of contingent liabilities which are still in the process of examination and authorization by the Official Receiver and the Central Bankruptcy Court or appealing by creditors or the debtor

Although the Central Bankruptcy Court ordered to cancel business reorganization of the Company since April 26, 2006, there are some contingent liabilities under examination and authorization by the Official Receiver mostly regarding claims for compensation in to total of 845 million Baht. In addition, there are contingent liabilities from 3 former management’s litigation claims which are under consideration by the Supreme Court. Later, the former management submitted additional petition which the claim amounted to 623 million Baht. However, on December 18, 2006, the Executive Committee approved the payment of 15 million Baht of salary and interest to two of the former management. Thus, there is one petition from the former management still in court process.

3. Risk from fluctuation in interest rate and currency exchange

The Company’s refinancing of the Scheme Debt by borrowing bridge facility caused a change in the debt structure to relate to two interest rates : MLR and LIBOR. A fluctuation or and increase in



these two interest rates will affect the Company’s interest expense.

In addition, the refinancing and repayment of the Scheme Debt on September 29, 2006 reduced the principle currencies from 4 including Baht Dollar Yen and Euro to 2 including Baht and Yen. The Company manages foreign exchange rate risk by using forward contracts and currency swap. Moreover, the Company structures foreign currency liabilities to balance with revenue in foreign currency (Natural Hedge).



Future Plans

At present, IRPC puts great priority on Research and Development. Combining scientific knowledge and experience of researchers and vision of managements, Research and Development function has a goal to improve products in a constant approach, in order to satisfy customers' needs, and to introduce new products to the market.

1. To improve manufacturing procedures in order to raise its products to a better quality, and increase the efficiency of production.
2. To solve all difficulties those ensue, with the aid of developed and advanced research.
3. To analyze and experiment in favor for satisfaction of all parties.

Research and development consists of :

Research on downstream petrochemical products

1. Olefin research department, constructing research on HDPE, PP, compounding, and catalysts, for example:

- Developing catalysts for producing PE and PP to increase its efficiency

Future Plan



- Developing the size and structure of HDPE powder
- Developing HDPE pipes for its higher pressure resistance
- Improving the impact strength and stiffness of PP Copolymers
- Knowing the environmental effects of manufacturing HDPE and PP, and how to manage it

2. Styrenic research department, constructing research on ABS, PS, HIPS, EPS, and compounding, for example :

- Developing new catalysts for the production of HIPS, PS and EPS to increase its efficiency
- Selecting raw materials to promote reduction in production costs, and to improve efficiency to the furthest
- Developing new plastics such as PS/SEBS/HDPE alloys, ABS/Nylon, HIPS/PC, PC/ABS rich
- Developing halogen-free flame retardants in the making of ABS and HIPS
- Utilizing the nano composite technology for ABS and HIPS

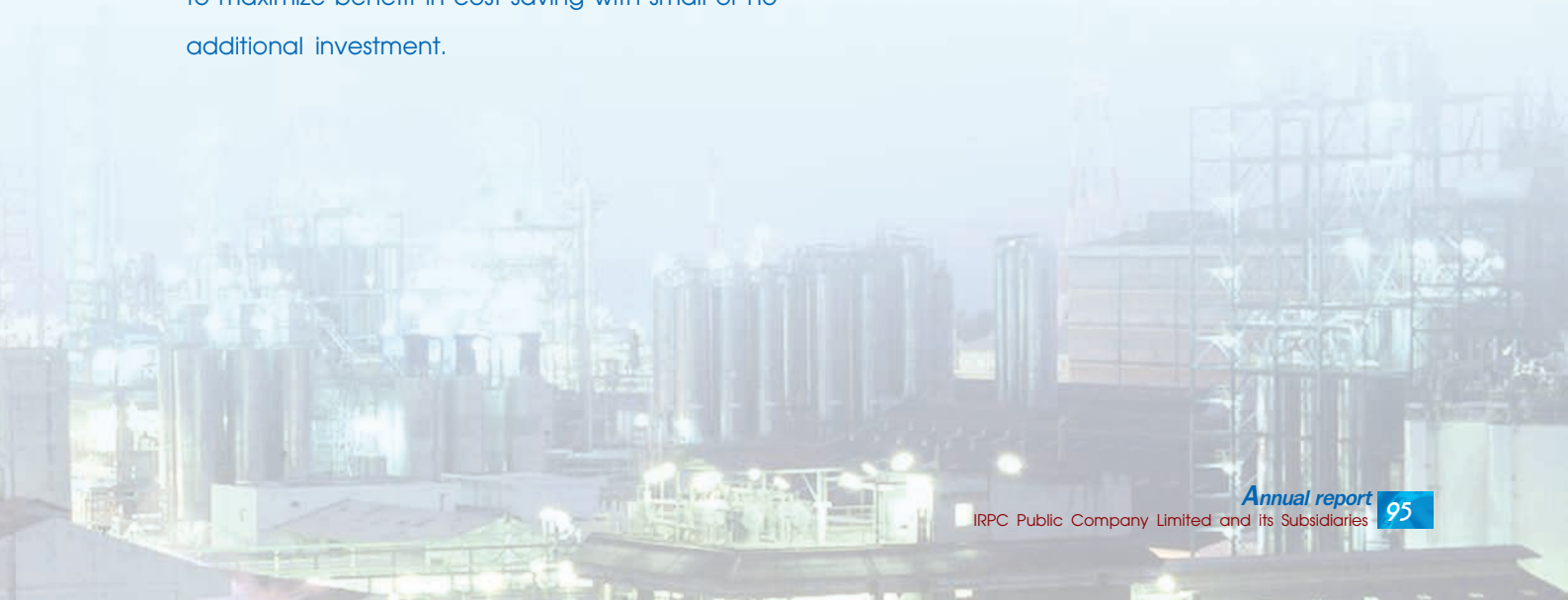
- Increasing the quality for EPS to develop its further applications in packaging
- Knowing the environmental effects of manufacturing ABS, EPS, and HIPS/PS, and how to manage it.

The Company forecast that petroleum and petrochemical industry is in downturn from 2007 - 2011 since new supply from China India and the Middle East is entering the world market driving the product prices down. Despite the advantages of being a fully integrated company, the Company sees opportunities for efficiency improvement for cost reduction and manufacturing facilities improvement to enable the Company to produce higher value-added products.

Therefore, the Company's future projects especially investments are focusing on improving IRPC's production efficiency and capital expenditure. IRPC searches for opportunities to reduce production and logistics cost and sales of non-core assets and non-profitable business. The Company also cooperates with PTT Group companies to look for win-win business opportunities to maximize benefit in cost saving with small or no additional investment.

The Planned projects include:

- Reducing crude oil inventory and products inventory to reduce working capital needs for the business and to rent out tanks. IRPC targets to reduce crude level from 15 days (2.6 million barrels) to the legal reserve level of 11 days (2 million barrels).
- Centralising support functions within PTT Group and staff rotation in the course of PTT Group's business expansion to reduce human resource cost
- Purchasing and transporting crude oil with PTT Group to reduce transportation cost
- Centralising marketing for plastic products by PTTPM to an additional distributional channel
- Selling on-core assets and non-profitable operation
- Changing ownership in subsidiaries for a more transparent organizational structure



Report of the Audit Committee

IRPC Public Company Limited

The company's current Audit Committee was appointed after the bankruptcy court's commandment of termination of the rehabilitation during the general shareholder meeting on April 27, 2006 and the extraordinary shareholder meeting on October 26, 2006. The committee, comprising 4 independent directors, is determined to carry out great management and responsibility under the regulations of the Stock Exchange of Thailand (SET). The committee's general performance in the previous year was summarized as follows :

1. Reviewing financial statements in agreement with the management team, auditors, and internal auditors to comply with Thai GAPP and SEC/SET regulations.
2. Considering the disclosure of related transactions in order to comply with Thai GAPP and SET regulations.
3. Considering the Company's corporate governance to ensure good corporate governance by hiring Dherakupt International Law Office Ltd. And Ernst &Young Corporate Services Ltd. To support roles duties and responsibilities of the Audit Committee in compliance with the principles of good corporate governance of SET.
4. Governing internal audit functions by considering the internal audit plan and workforce and providing advice for appropriate and effective operation.
5. Acknowledging information from internal sources with significant remarks on legal and internal control issues. Providing advice for the managements to take actions on the issues to comply with the principles of law and the principles of good internal control.
6. Considering the Charter of the Audit Committee to be proposed for approval by the Board of Directors.

The audit committee has thoroughly carried out tasks using their obtained knowledge, ability and experience as much as possible. However, due to the length of appointment being less than a year, considering the rehabilitation plan in present action, its performance may not have reached the absolute perfection. With that in mind, we assure that the audit committee will be able to bring out the best of performance in the future, and in a phenomenal approach, after being further informed and fed with essential knowledge in order to accomplish those missions targeted.

Pol.Gen.



(Sereepisut Taemeeyaves)

Chairman of Audit Committee

Statement of Directors Responsibilities

The financial statements of IRPC Public Company Limited and its subsidiaries have been prepared and consolidated in compliance with notification of Department of Commercial Registration dated September 14, 2001 issued under the third paragraph of section 11 of Accounting Act. B.E. 2543. The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Institute of Certified Accountants and Auditors of Thailand and with generally accepted accounting principles.

Statement of the Company's Board of Directors' responsibility for the integrity and objectivity of the financial statements

The Company's Board of Directors are responsible for the integrity and objectivity of the financial statements of IRPC Public Company Limited and its subsidiaries in providing reasonable assurance that the financial statements present fairly financial position, results of operation, cash flows, the books and records of the Company accurately reflect all transactions, the Company's assets are properly safeguarded, including the control systems designed to protect against fraud and irregularity transaction. The financial statements have been prepared with the chosen accounting policy deemed appropriate and applied on the consistency basis and significant information has been adequately disclosed in note to financial statements, in which the independent auditor expressed an opinion on the financial statements of IRPC Public Company Limited and its subsidiaries in the report of the auditor.

General



(Mongkon Ampornpisit)

Chairman



(Mr. Piti Yimprasert)

Chief Executive Officer



Performance for the year 2006 and Management's Discussion and Analysis

Performance for the year 2006

After the Company exited from rehabilitation process on April 26, 2006, the management has implemented changes in many areas to develop and enhance IRPC's competencies including :

1. Enterprise Resource Planning Improvement project (ERP) (Enterprise Resource Planning Improvement project: ERP)

The business of IRPC is large and management and administrative system is complex in nature. The Company so far has not had an integrated standardized system in the organization which became an obstacle for developing the Company's competencies. The ERP is initiated to overcome this obstacle involving more than 150 staff and taking about 1.5 years to complete in 2008. Expected outcomes from the ERP is to increase company-wide efficiency, to reduce non-value added task and paper work, to increase check-and-balance and to provide managements accessibility to information for a fast and accurate decision making.

2. Refinancing the Scheme Debt Re-financing

Since interest rates under the Financial Debt Restructuring Scheme are higher than market rates and the Company is limited by strict financial covenants which obstruct the Company from expanding the business. Therefore, the Company refinanced the Scheme Debt by borrowing bridge facility from financial institutions and repaid all the Scheme Debt on September 29, 2006 which results in a saving of 1,038 million Baht interest expense annually.

3. Re-branding

Since entering the rehabilitation process, the Company's image was not favorable affecting credibility from business partners, investors and exit from shareholders. Therefore, the habilitation process and the change in major shareholders, the Company ran a rebranding campaign by changing the Company's name to IRPC Public Company Limited, implementing the new logo and advertising and public relations through media to insist to the public the new IRPC's image.

4. Move Bangkok office to Sun Towers Building and Lao Peng Nguan Building

The Company's former Bangkok office lacked

of important facilities and is located far from PTT PLC. IRPC started to move to Sun Towers Building and Lao Peng Nguan Building since October 2006 and completed in December 2006.

5. Organizational Restructuring

Since the Company spent long time in rehabilitation process and had not revised the organization structure during the period, IRPC changed its organizational structure to improve efficiency and corporate good governance.

6. Business cooperation with PTT Group companies

IRPC and Thai Oil PCL. had done feasibility study in the Refinery Margin Improvement Project from July to September 2006. The project targeted to maximize profit through small or no additional investment. The project was implemented since January 2007.

Operating Performance

The consolidated and the Company financial statements for the year ended December 31, 2006 were prepared using financial information of four subsidiaries in that year, including TPI Aromatics PCL., TPI Oil (1997) Co., Ltd., TPI Refinery (1997) Co., Ltd. and TPI Tank Terminal Co., Ltd. which has been prepared by the management of IRPC

Public Company Limited and has not been audited by the auditors. Financial information from these subsidiaries for the year ended December 31, 2006 was not available due to the change of the Board of Directors and the management of these subsidiaries.

The Consolidated financial statements of the Company have not included the financial statements of Rayong Tank Terminal Co., Ltd. which is 99.99% held by IRPC, because such the company is under rehabilitation plan under Churchill Pryce Planner Limited.

Management of the Company does not

believe that the effect if not having the information for the subsidiaries is significant to the consolidated financial statements of the Company.

In Quarter 4 of 2006, the Company, in accordance with accounting policies of PTT Group companies, has changed the accounting policy for property, plant and equipment from revaluation of assets to historical cost. This change has been made retrospectively and the comparative figures in financial statements for the year ended December 31, 2005 have been adjusted as follows :

(Unit: Million)	Consolidated	
	2006	2005
Decrease in cost of sales	-	1,117
Decrease in selling and administrative expenses	-	22
Increase in net profit	-	1,139
Basic earning per share (Baht per share)		
Profit from ordinary activities	-	0.13
Net Profit	-	0.13
Decrease in inventories	-	75
Decrease in property, plant and equipment	-	24,324
Decrease in total assets	-	24,399
Share of profits from investments accounted for using the equity method	-	24,323

(1) Operating Performance

Comparison of IRPC and its subsidiaries' consolidated statements of income for the year 2006 and 2005.

Revenues

The Company had revenue from sales of 205,360 million Baht in 2006 which was higher than that of 2005 by 10% mainly because the increase in product price derived from the rise in price of crude oil. Sales from petroleum products accounted to 70% of total sales revenue and petrochemical and other products accounted to 29% and 1% respectively. The Company exported 35% of total products while selling 65% of total products domestically.

- **Petroleum products**

Sales revenue from petroleum products in 2006 increased from that in 2005 by 11% from 143,006 million Baht mainly because product price increasing by 18% and sales volume decreasing by 6%. Petroleum products of the Company include fuel oils, long residue, naphtha, lube base oil and asphalt. Domestic sales accounted to

67% and Export sales accounted to 33% of petroleum sales.

- **Petrochemical products**

Sales revenue of 59,465 million Baht was derived from petrochemical products in 2006 which was an increase of 6% from 2005. The main product was plastic resin which generated sales revenue of 39,265 million Baht or a 2% increase from 2005 as sales price increased by 7% and sales volume decreased by 5%.

Sales revenue of 9,381 million Baht from Olefins products increased by 11% from 2005 as sales price increased by 16%. Sales revenue of 9,489 million Baht from Aromatics products increased by 20% from 2005 as sales price increased by 24%.

Cost of sales

Cost of sales of 182,877 million Baht in 2006 was higher than that of 2005 by 23,261 million Baht or 15% as crude oil price increases. Selling and administrative expenses of 17,489 million Baht in 2006 was higher than that of 2005 by 2,831 million Baht or 19% due to the government

increasing excise tax rates. Excise tax expense for 2006 increased from that of 2005 by 2,306 million Baht or 21%.

Interest expenses

Interest expense of 2,080 million Baht in 2006 decreased by 1,039 million Baht from that of 2005 or 33% as a result from the reduction in the principle from the repayment of the Scheme Debt in December 2005.

Net profit

Net Profit of 6,823 million Baht in 2006 was lower than 61,909 million Baht of 2005 by 55,087 million Baht or 89% mainly because a reduction in refinery margin and other transactions as follows :

In 2005, the Company realized a gain in sale and transfer of investment in TPI Polene of 18,207 million Baht and a gain from rehabilitation plan of 35,559 million Baht. In Quarter 4 of 2006, the Company shut down plants for 45 days incurred turnaround expenses of 1,021 million Baht and caused an average production capacity to decrease from 179,000 barrels per day (83%) in

2005 to 170,000 barrels per day (79%) in 2006.

(2) Financial position

Comparison of the consolidated financial statements as of December 31, 2006 and 2005.

Assets

The Company had 128,098 million Baht of total assets at the end of 2006 which was slightly lower than that of 2005 by 0.1%. Current investment increased from 2005 by 6,316 million Baht as the Company increased an investment in Treasury notes and Bill of Exchange.

Property, plant and equipment at the end of the year 2006 and 2005 was 61,388 million Baht and 63,601 million Baht respectively which decreased by 2,213 million Baht or 3% due to depreciation.

Accounts Payable

At December 31, 2006, the Company had net trade accounts receivable of 6,705 million Baht which was 16% lower than that of the end of 2005. Overdue trade accounts receivable of 1,099 million Baht included trade accounts

receivables overdue more than one year in total of 212 million Baht which the Company booked an allowance for accounts receivable of 300 million Baht to cover.

The Company has policy in credit risk management by requesting collaterals from customers before any transactions such as bank guarantee, guaranteed bill of exchange, advance cheque or receive payment by cash

Liabilities

At the end of 2006 and 2005, the Company had liabilities in total of 45,145 million Baht and 51,966 million Baht which was a decrease of 6,821 million Baht or 13%. This was due to the refinancing of the Scheme Debt in September 2006 by bridge facilities of 15,200 million Baht provided by Thai banks and 47,200 million Yen or 14,433 Baht equivalent provided by foreign financial institutions together with the Company's cash flow.

Shareholders' equity

Shareholders' equity of 82,953 million Baht at December 31, 2006 increased from December 31, 2005 by 6,642 million Baht as a result of Net profit for the year 2006 of 6,823 million Baht.

Statement of cash flows

The Company's cash and cash equivalent in 2006 decreased from that in 2005 by 3,378

million Baht. Sources of funds were as follows :

- Cash flows from operating activities Net cash provided by operating activities of 11,844 million Baht derived mainly from an operating profit before change in operating assets and liabilities of 9,437 million Baht. The important use of fund in operating activities was inventory and transportation expenses.

- Cash flows from investing activities Net cash used in investing activities of 7,235 million Baht incurred from the Company's increased in short-term investment in the government's treasury notes of 6,316 million Baht.

- Cash flows from financing activities Net cash used in financing activities of 7,988 million Baht incurred from the Company's borrowing under bridge loan facility agreement in September 2006 to refinance the Scheme Debt. Thus, this resulted in an increase in bank overdraft and short-term loan by 29,916 million Baht and a reduction in repayment to the Scheme Debt of 36,214 million Baht.

Auditor's Fees

In 2006, IRPC and its subsidiaries paid KPMG Phumchai Audit Co., Ltd. by Mr. Nirand Lilamethwat, certified public accountant registration no. 2316, an audit fee of 16.45 million Baht with no other fees.

Financial Ratios

Financial ratios of IRPC's and its subsidiaries.

	2547	*2548	2549
Liquidity Ratio			
Current Ratio	0.76	3.34	1.41
Quick Ratio	0.22	1.24	0.54
Cash Ratio	0.20	0.36	0.38
Account Receivable Turnover	30.22	25.83	27.01
Receivables collection period (day)	12	14	13
Inventory Turnover	10.51	11.61	12.17
Selling Day (day)	34	31	30
Account Payable Turnover	19.61	21.38	19.93
Payables payment period (day)	18	17	18
Cash Cycle (day)	28	28	25
Gross Profit Margin	20.76%	14.70%	10.95%
Net Profit Margin	7.87%	30.01%	3.26%
Return on Common Equity	74.21%	128.07%	8.57%
Return on Equity	8.54%	45.02%	5.32%
Return on Non-Current Asset	17.62%	83.62%	15.62%
Assets Turnover	1.09	1.50	1.63
Debt-to-equity ratio	6.20	0.68	0.54
Interest Coverage	2.35	5.33	6.71

Notes : (*) Financial ratios for 2005 calculated from the restated financial statements





Connected Transactions

Details of connected transactions between IRPC and its subsidiaries and potential conflict persons which have occurred in 2005 and 2006 are disclosed in notes no. 4 to the financial statements for the year 2005 and 2006. Summary of significant transactions are as follows :

1. PTT Group: Connected transactions between IRPC and PTT Group are at arm's length and occur in a normal course of business as PTT Group and the Company are in the same business. Pricing is based on market-based reference price.

(Unit: million baht)

Potential Conflict Person	Relationship	Transaction	2005	2006	Nature and Condition of transaction
PTT Plc.	<ul style="list-style-type: none"> ● IRPC's major share holder holding 31.50% of share capital ● Shared directors : Mr. Prasert Bunsumpun 	● Sale products	114	5,595	The Company sells refined oil products and lube base oil to PTT Plc. at market price IRPC purchases Benzene from PTT Plc. to be used as feedstock
		● Purchase products	185	3,809	
		● Accounts receivable	117	216	
		● Accounts payable	63	56	
PTT Chemical Plc.	<ul style="list-style-type: none"> ● A 50% subsidiary of PTT Plc. ● Shared directors : Mr. Pala Sookawesh Mr. Prasert Bunsumpun Mr. Prajya Phinyawat 	● Sale products	2	31	IRPC sells oil products to PTT Chemical Pl. at market price IRPC purchases Propylene from PTT Chemical Plc. at market price
		● Purchase propylene	400	6,640	
		● Accounts receivable	3	3	
		● Accounts payable	449	627	
Thai Oil Plc.	<ul style="list-style-type: none"> ● PTT Plc. holding 49.54% of share capital ● Shared directors : Mr. Pala Sookawesh Mr. Prasert Bunsumpun Mr. Prajya Phinyawat 	● Purchase products	-	711	IRPC purchases crude oil from Thai Oil Plc. at market price
		● Accounts payable	-	31	
Thai Lube Base Plc.	<ul style="list-style-type: none"> ● Thai Oil Plc. holding 99.99% of share capital ● Shared directors : Mr. Prasert Bunsumpun Mr. Prajya Phinyawat 	● Purchase products	-	892	IRPC purchases oil products from Thai Lube Base Plc. at market price
		● Accounts payable	-	374	
Rayong Refinery Plc.	<ul style="list-style-type: none"> ● PTT Plc. holding 48.75% of share capital ● Shared directors : Mr. Prasert Bunsumpun Mr. Prajya Phinyawat 	● Purchase products	-	568	IRPC purchases crude oil from Rayong Refinery Plc. at market price
Star Petroleum Refinery Co., Ltd.	<ul style="list-style-type: none"> ● PTT Plc. holding 36% of share capital ● Shared directors: Mr. Prasert Bunsumpun Mr. Prajya Phinyawat 	● Purchase products	-	568	IRPC purchases crude oil from Star Petroleum Refinery Co., Ltd. at market price

2. Companies related to the former management : Connected transactions between IRPC and companies related to the former managements including Mr. Prachai Leophairatana, related persons and related companies occurred in the past. Pricing, conditions and necessity of those transactions was defined by the former management. Current changes in IRPC shareholding of Mr. Prachai Leophairatana, related persons and related companies and changes to the former IRPC's Board of Directors are as follows:

Changes in shareholding :

	1 February 2006	17 November 2006	30 June 2006	29 December 2006
Mr. Prachai Leophairatana, related persons and related companies	12.70%	9.96%	1.62%	0.90%

Changes to the former Board of Directors :

Name	April 28, 2006	July 20, 2006	January 19, 2006
Mr.Prachai Leophairatana	Director, ⁽¹⁾ terminated from the Chief Executive Officer position	Terminated before ⁽²⁾ the end of term	
Mr.Prateep Leopairut	Director, President - Marketing ⁽¹⁾	Director	DirectorTerminated before ⁽³⁾ the end of term
Mr.Pramuan Leophairatana	Director, President - Production ⁽¹⁾	Director	DirectorTerminated before ⁽³⁾ the end of term
Ms.Malinee Liewphairatana	Director	Director	DirectorTerminated before ⁽³⁾ the end of term
Mr.Kamol Iamsakulrat	Director	Director	DirectorTerminated before ⁽³⁾ the end of term
Mr.Thavich Taychanavakul	Director	Director	DirectorTerminated before ⁽³⁾ the end of term
Mr. Tayuth Sriyuksiri	Director	Director	DirectorTerminated before ⁽³⁾ the end of term
Mr.Chainarong Taephaisitphongse	Resigned from the Board of Directors effective from January 17, 2007		
Mr.Chaiwat Taephaisitphongse	Resigned from the Board of Directors effective from January 17, 2007		
Mr.Teh Liang Teik	Terminated at the end of term		
Mr.Teh Wee Heng	Deceased on October 3, 2005		
Mr.Wachirapunthu Promprasert	Director	Director	Director

⁽¹⁾ Terminated by the resolution of the Board of Directors on April 28, 2006

⁽²⁾ Terminated by the resolution of the Extraordinary General Meeting No.1/2006 on July 20, 2006

⁽³⁾ Terminated by the resolution of the Extraordinary General Meeting No.1/2550 on January 19, 2007

Potential Conflict Person	Relationship	Transaction	2005	2006	Nature and Condition of transaction
TPI Polene Public Company Limited	<ul style="list-style-type: none"> ● Leophairatana group holding more than 50% of share capital ● Currently, under business rehabilitation by TPI Polene Plc. as the Plan Administrator ● Shared directors : Mr. Prachai Leophairatana Mr. Prateep Leopairut Mr. Pramuan Leophairatana Mr. Chainarong Taephaisitphongse Mr. Kamol Iamsakulrat 	<ul style="list-style-type: none"> ● Sale ethylene ● Purchase LDPE ● Other revenues ● Selling and administrative expenses ● Accounts receivable ● Accounts payable ● Other payable and petty cash ● Other receivable and petty cash ● Guarantee of long-term loan 	5,863	6,732	<p>IRPC sells ethylene to TPI Polene Plc. at market price as feedstock to produce LDPE</p> <p>IRPC purchases LDPE from TPI Polene Plc. to resale to IRPC's customers</p> <p>See notes No.1 for details</p> <p>See notes No.2 for details</p>
			292	382	
			4	2	
			7	3	
			548	815	
			24	22	
			9	10	
			0.2	-	
			131	127	

Potential Conflict Person	Relationship	Transaction	2005	2006	Nature and Condition of transaction
TPI Concrete Co., Ltd.	<ul style="list-style-type: none"> ● A 99% subsidiary of TPI Polene Plc. ● Shared directors : Mr.Prachai Leophairatana Mr.Prateep Leopairut Mr.Pramuan Leophairatana 	<ul style="list-style-type: none"> ● Sale electricity and infrastructure ● Purchase concrete products ● Other revenues ● Other payable and petty cash ● Accounts payable 	87 7 2 2 0.01	124 11 2 2	<p>IRPC sells electricity and infrastructure to TPI Concrete Co., Ltd. at market price</p> <p>IRPC purchases concrete from TPI Concrete Co., Ltd. At market price</p>
Leophairatana Enterprises Co., Ltd.	<ul style="list-style-type: none"> ● 100% owned by Leophairatana family ● Shared directors : Mr.Prachai Leophairatana Mr.Prateep Leopairut Mr.Pramuan Leophairatana Ms.Malinee Liewphairatana 	<ul style="list-style-type: none"> ● Selling and Administrative expenses ● Other payable and petty cash 	34 79	4 63	<p>Share certificate fee which price is as contractually agreed (See notes no.1 for detail)</p>

Potential Conflict Person	Relationship	Transaction	2005	2006	Nature and Condition of transaction
Pornchai Enterprises Co., Ltd.	<ul style="list-style-type: none"> ● Leophairatana Enterprises Co., Ltd. holding 47% of share capital ● IRPC holding 25% of share capital ● TPI Polene Pcl. holding 17% of share capital ● Shared directors : Mr.Prachai Leophairatana Mr.Prateep Leopairut Mr.Pramuan Leophairatana Ms.Malinee Liewphairatana 	● Purchase products	1	1	Market price
		● Selling and Administrative expenses	46	42	See notes no.5 for details
		● Other receivable and petty cash	5	893	
		● Short-term loan	3,482	3,482	See notes 4
		● Accrued interest	1,708	1,708	Related party transactions and balances to the financial statements for the year 2006
		● Other payable and petty cash	13	16	
		● Guarantee long-term loan	225	225	

Potential Conflict Person	Relationship	Transaction	2005	2006	Nature and Condition of transaction
TPI Holding Co., Ltd.	<ul style="list-style-type: none"> ● Leophairatana Enterprises Co., Ltd. holding 51% of share capital ● Shared directors : Mr.Prachai Leophairatana Mr.Prateep Leopairut Mr.Pramuan Leophairatana Mr.Tayuth Sriyuksiri 	<ul style="list-style-type: none"> ● Selling and Administrative expenses ● Short-term loan ● Accrued interest ● Other receivable and petty cash ● Other payable and petty cash 	<p style="text-align: center;">1</p> <p>1,685</p> <p style="text-align: center;">965</p> <p style="text-align: center;">1</p> <p style="text-align: center;">3</p>	<p style="text-align: center;">1,685</p> <p style="text-align: center;">965</p> <p style="text-align: center;">1</p> <p style="text-align: center;">3</p>	<p>See notes no.1 for details</p> <p>See notes 4 Related party transactions and balances to the financial statements for the year 2006</p>
TPI EOEG Co., Ltd.	<ul style="list-style-type: none"> ● TPI Holding Co., Ltd. Holding 75% of share capital ● Shared directors : Mr.Prachai Leophairatana Mr.Prateep Leopairut Mr.Pramuan Leophairatana 	<ul style="list-style-type: none"> ● Short-term loan ● Accrued interest ● Other receivable and petty cash 	<p style="text-align: center;">829</p> <p style="text-align: center;">440</p> <p style="text-align: center;">0.2</p>	<p style="text-align: center;">829</p> <p style="text-align: center;">440</p> <p style="text-align: center;">-</p>	<p>See notes 4 Related party transactions and balances to the financial statements for the year 2006</p>

Potential Conflict Person	Relationship	Transaction	2005	2006	Nature and Condition of transaction
Thai Plastic Product Co., Ltd.	<ul style="list-style-type: none"> ● A 99% subsidiary of United Grain Industry Co., Ltd. ● Shared directors : Mr.Prachai Leophairatana Mr.Prateep Leopairut Mr.Pramuan Leophairatana Ms.Malinee Liewphairatana Mr.Chainarong Taephaisitphongse 	<ul style="list-style-type: none"> ● Sale plastics resins ● Purchase plastic products ● Accounts payable ● Accounts receivable 	81 16 7 12	114 16 1 30	Market price Market price
United Grain Industry Co., Ltd.	<ul style="list-style-type: none"> ● Leophairatana Enterprises Co., Ltd. holding 34% of share capital ● TPI Polene Plc. holding 19% of share capital ● Mr. Prachai Leophairatana holding 11% of share capital ● Shared directors : Mr. Prachai Leophairatana Mr. Prateep Leopairut Mr. Pramuan Leophairatana Ms. Malinee Liewphairatana Mr. Chainarong Taephaisitphongse 	<ul style="list-style-type: none"> ● Sale plastic resins ● Selling and administrative expenses ● Accounts payable ● Accounts receivable 	179 1 - 38	89 1 1 27	Market price

Potential Conflict Person	Relationship	Transaction	2005	2006	Nature and Condition of transaction
Thai Plastic Film Co., Ltd.	<ul style="list-style-type: none"> ● A 99% subsidiary of United Grain Industry Co., Ltd. ● Shared directors : Mr. Prachai Leophairatana Mr. Prateep Leopairut Mr. Pramuan Leophairatana Ms. Malinee Liewphairatana Mr. Chainarong Taephaisitphongse 	<ul style="list-style-type: none"> ● Sale plastic resins ● Purchase plastic products ● Accounts payable ● Accounts receivable 	58	46	Market price
			132	146	Market price
			24	11	
			20	14	
Hong Yiah Seng Co., Ltd.	<ul style="list-style-type: none"> ● A 94% subsidiary of Hong Yiah Seng Enterprises Co., Ltd. which Leophairatana group is a major shareholder and has control power. ● Shared directors : Mr. Prachai Leophairatana Mr. Prateep Leopairut Mr. Pramuan Leophairatana Mr. Chaiwat Taephaisitphongse Mr. Chainarong Taephaisitphongse Mr. Thavich Taychanavakul 	<ul style="list-style-type: none"> ● Selling and administrative expenses 	1	1	

3. Others

Potential Conflict Person	Relationship	Transaction	2005	2006	Nature and Condition of transaction
Plastic Transport Co., Ltd.	<ul style="list-style-type: none"> ● IRPC's management officers are Directors and major shareholders 	<ul style="list-style-type: none"> ● Repair and maintenance expenses ● Vehicle rental expenses ● Plastic transportation expenses ● Other receivable and petty cash ● Other payable and petty cash ● Accounts receivable 	34	45	IRPC pays Khemjira Transport Co., Ltd. transportation expenses at contractually agreed freight rates (See notes (3) for details)
			45	50	
			92	108	
			66	53	
			54	54	
			12	26	
Khemjira Transport Co., Ltd.	<ul style="list-style-type: none"> ● IRPC's management officers are Directors and major shareholders 	<ul style="list-style-type: none"> ● Sales ● Vehicle rental expenses ● Petroleum products transportation expenses ● Other receivable and petty cash ● Other payable and petty cash 	0.10	-	IRPC Oil Co., Ltd. (formerly TPI Oil Co., Ltd. pays Khemjira Transport Co., Ltd. transportation expenses at contractually agreed freight rates (See notes (3) for details)
			35	35	
			90	87	
			16	15	
			17	22	
Plan Administrator	<ul style="list-style-type: none"> ● Plan Administrator of the Company and its 6 subsidiaries during business rehabilitation process 	<ul style="list-style-type: none"> ● Rehabilitation expenses 	493	140	Pricing as agreed in the original contract See notes (4) for details

Notes :

(1) Share Certificate Fee : Share certificate fee is booked as part of selling and administrative expenses. TPI Aromatics Plc., IRPC's 99% subsidiary, borrowed ordinary share certificates from related companies and former managements to pledge as a guarantee for a loan from a commercial bank in 1997. Share certificate fee is charged at an agreed rate. However, TPI Aromatics Plc. had returned the borrowed share certificates after its exit from business rehabilitation.

(2) Contingent Liabilities : The Company has guaranteed liabilities of TPI Polene Plc. At present, TPI Polene Plc. is under business rehabilitation plan approved by the Central Bankruptcy Court on February 9, 2001 which TPI Polene Plc. was appointed as the Plan Administrator.

(3) Transportation Expenses : The Company hired Plastic Transport Co., Ltd. and Khemjira Transport Co., Ltd. to provide transport services for petrochemical and petroleum products with freight rates following contractual agreements as summarized :

Agreement	Begin Date	End Date	Detail	Freight Rate
IRPC Plc. and Plastic Transport Co., Ltd.	November 1, 2003	October 31, 2006	Transportation of plastic resins and other products	Contractually agreed freight rates notified in freight bills calculated by fixed cost + maintenance per kilometer + fuel charge per distance at market price
	November 1, 2003	October 31, 2006	Vehicles and equipments rental	Payable monthly (including VAT and excluding withholding tax) <ul style="list-style-type: none"> ● truck at 16,135.60 baht/month and 18, 404.00 baht/month ● Trailer truck at 25,134.30 baht/month
IRPC Oil Co., Ltd. (formerly TPI Oil Co., Ltd.) and Khemjira Transport Co., Ltd.	November 1, 2003	October 31, 2006	Transportation of fuel oil and petroleum products	Contractually agreed freight rates calculated by distance x freight rate not higher than market rate
	November 1, 2003	October 31, 2006	Vehicles and equipments rental	Payable monthly (including VAT and excluding withholding tax) <ul style="list-style-type: none"> ● Truck at 11,000 baht/month ● Trailer at 17,000 baht/month

Note : IRPC does not extend the contracts. However, the Company still continues to use the service at the same prices.

⁽⁴⁾ **Rehabilitation Expenses :** rehabilitation expenses for the Company and its subsidiaries in 2005 and 2006 are as follow :

(Unit: million baht)

Rehabilitation Expenses	2005	2006 (Jan 1-Apr 26)
1. Plan Administration and other consulting fee	374	87
2. Legal consulting fee	56	33
3. Creditor committee fee	49	14
4. Bank charge	13	5
5. Other expenses	1	1
Total	493	140

⁽⁵⁾ IRPC and its subsidiaries have entered into rental agreement for office space with Pornchai Enterprises Co.,Ltd. The rent term is 3 years and can roll over every 3 year for the total of 90 years. The company had paid the total rent in advance.

On November 24, 2006, the company had terminated the rental agreement which was effective from December 31, 2006. The company had also asked for a refunded rental amount of 785 Million Baht and other cash of 164 Million Baht. The company had booked this transaction as Accounts Receivables-Related party in its accounts.

Related Transactions Policies

Since the Company and its subsidiaries operate an integrated refinery and petrochemical complex and other businesses. Connected transactions between the company and its subsidiaries occur on normal basis such as sale and purchase of feedstock, sale and purchase of goods, lending and borrowing, office rental etc. These transactions are for the benefit of cost saving and marketing purpose. The policies for related transactions are as follows :

- **Sale and purchase of goods** Market price
- **Lending and Borrowing** Former contractually agreed interest rates
- **Rehabilitation expenses** Former contractually agreed prices

Connected Transactions Strategies

The future related transactions are based on normal cause of business, no special transaction or transferred pricing between the company and its subsidiaries, affiliates or shareholders. The pricing policy will continue to be on an arm length basis as same as pricing to unrelated parties. The product price supplied by IRPC's subsidiaries will be the market-based.

The disclosure of connected transactions will be in compliance with the announcement of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as the accounting standard on disclosure of information on related parties or businesses, announced by the Federation of Accounting Professional.

Future Pricing Policies

The Company will maintain the current pricing policies.

Audit Report of Certified Public Accountant

To the Shareholders of IRPC Public Company Limited

(Formerly : Thai Petrochemical Industry Public Company Limited)

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2006 and 2005 and the related statements of income, changes in shareholder's equity and cash flows for the years then ended of IRPC Public Company Limited and its subsidiaries, and of IRPC 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 audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits 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 audits referred to in the first paragraph provide 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 and 2005 and the results of operations and cash flows for the years then ended of IRPC Public Company Limited and its subsidiaries, and of IRPC Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Without qualifying my opinion I draw your attention to Notes 2, 4 and 26 to the financial statements as follows:

- a) As described in Note 2 to the financial statements, the Consolidated and Company only financial statements as at 31 December 2006 are prepared using financial information of four subsidiaries which have been prepared by the management of IRPC Public Company Limited because updated financial information on four subsidiaries was not available due to changing of the Boards of Directors and the management of those subsidiaries.

- b) As described in Note 26 to the financial statements in the preparation of the financial statements for the year ended 31 December 2006, the Company and its subsidiaries have changed their accounting policy for property, plant and equipment from revaluation of assets to historical cost. This change has been made retrospectively and the comparative figures in financial statements for the year ended 31 December 2005 have been adjusted. The effects of the change on the consolidated financial statements and the Company's financial statements as at 31 December 2005 are to reduce assets and shareholder's equity by Baht 24,399 million, increase net profit by Baht 1,139 million and increase basis earning per share by Baht 0.13 per share.
- c) In my report dated 17 February 2006, I expressed qualified opinion on the financial statements for the year ended 31 December 2005 as described in Note 4 to the financial statements, in relation to being unable to determine 1) result from termination of the land lease agreement between the Company and Rayong Tank Terminal Company Limited and 2) consent of invoice for repayment of loans from guarantee in order to adjust outstanding balances of Rayong Tank Terminal Company Limited. Since that date, such circumstances were in process of consideration of the Central Bankruptcy Court. On 23 March 2006 and 25 January 2007, the Central Bankruptcy Court ordered to dismiss and permit the management of the Company to withdraw all petitions relating to these cases. Accordingly, my present opinion on the 2005 financial statements, as presented herein, is different from that expressed in my previous report.



(Nirand Lilamethwat)
Certified Public Accountant
Registration no. 2316

KPMG Phoomchai Audit Ltd.
Bangkok
16 February 2007

Balance sheets

As at 31 December 2006 and 2005

Assets	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005 (Restated)
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	9,973,893,969	13,352,385,724	9,171,400,386	12,450,949,965
Current investments	6, 30	7,668,231,548	1,351,824,053	7,668,231,548	1,351,824,053
Trade accounts receivable, net	4, 7	6,704,923,644	7,939,771,882	8,015,706,680	9,027,743,580
Short-term loans to and receivable under the rehabilitation plan -related parties, net	4	4,606,562,559	3,717,429,699	4,553,216,421	3,758,300,552
Inventories, net	8, 26	30,697,397,463	30,315,550,136	28,188,001,934	28,597,984,020
Other receivables		411,636,386	151,990,173	326,396,264	135,735,567
Prepaid value added tax		2,372,809,187	2,102,194,870	2,059,949,276	2,040,189,263
Prepaid excise tax		264,346,964	201,895,456	264,346,964	201,895,456
Advance payment for raw material		3,293,368	1,320,413,588	6,593,620	1,319,066,339
Other current assets		609,010,545	461,559,980	530,706,233	401,860,833
Total current assets		63,312,105,633	60,915,015,561	60,784,549,326	59,285,549,628
Non-current assets					
Investments accounted for using the equity method	9, 26	-	41,999,312	4,120,207,374	4,418,149,039
Long-term investments in related parties	10	1,680,616,762	1,863,730,002	1,675,326,394	1,858,324,626
Other long-term investments		122,522,291	156,886,793	73,246,000	90,421,000
Long-term loans to and receivable under the rehabilitation plan-related parties	4	-	-	11,130,717,460	10,216,577,997
Property, plant and equipment, net	11, 26, 30	61,387,855,774	63,600,777,453	53,642,396,106	55,549,548,909
Intangible assets	12	1,574,775,588	1,694,379,193	1,572,713,921	1,693,612,526
Other non-current assets	13	20,367,591	4,509,376	15,310,440	104,000
Total non-current assets		64,786,138,006	67,362,282,129	72,229,917,695	73,826,738,097
Total assets		128,098,243,639	128,277,297,690	133,014,467,021	133,112,287,725

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

Balance sheets

As at 31 December 2006 and 2005

Liabilities and shareholders' equity	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005 (Restated)
(in Baht)					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		29,803,740,185	174,616,149	29,788,783,053	147,588,762
Trade accounts payable	4, 15	9,126,546,181	9,224,622,002	8,988,653,803	13,544,279,402
Current portion of creditors under					
the rehabilitation plan	16, 30	-	4,503,236,003	-	4,230,067,599
Short-term loans from related parties	4	996,695,106	664,306,279	3,176,220,064	2,987,269,209
Other payables		2,144,572,337	978,812,074	2,103,026,547	935,346,030
Accrued bonus expenses		990,614,239	554,015,940	869,287,283	483,951,946
Accrued freight expenses		110,347,955	384,203,358	110,347,955	383,859,698
Advance receipts for goods		1,249,974,034	1,302,492,862	1,005,891,269	1,190,846,640
Other current liabilities		417,457,021	473,596,660	355,070,429	386,942,088
Total current liabilities		44,839,947,058	18,259,901,327	46,397,280,403	24,290,151,374
Non-current liabilities					
Creditor under the rehabilitation					
plan-related parties	4	-	-	-	298,309,702
Creditors under the rehabilitation plan	16, 30	-	33,436,425,636	-	28,835,831,933
Loss on investments in subsidiaries					
exceeding carrying amount		-	-	3,495,658,336	3,201,389,944
Other non-current liabilities		304,858,441	269,853,918	301,994,472	269,853,918
Total non-current liabilities		304,858,441	33,706,279,554	3,797,652,808	32,605,385,497
Total liabilities		45,144,805,499	51,966,180,881	50,194,933,211	56,895,536,871

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

Balance sheets

As at 31 December 2006 and 2005

Liabilities and shareholders' equity	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005 (Restated)
		<i>(in Baht)</i>			
Shareholders' equity					
Share capital		17			
Authorised share capital		20,475,000,000	20,475,000,000	20,475,000,000	20,475,000,000
Issued and paid-up share capital		19,500,000,000	19,500,000,000	19,500,000,000	19,500,000,000
Premium on common shares	18	26,797,504,215	26,797,504,215	26,797,504,215	26,797,504,215
Fair value and revaluation reserve		558,230,500	778,018,900	558,230,500	778,018,900
Retained earnings					
Appropriated					
Legal reserve	18	400,000,000	-	400,000,000	-
Unappropriated	17, 26	35,884,622,829	29,462,051,473	35,563,799,095	29,141,227,739
Treasury shares	18	(226,501,324)	(226,501,324)	-	-
Total equity of the Company's shareholders		82,913,856,220	76,311,073,264	82,819,533,810	76,216,750,854
Minority interests		39,581,920	43,545	-	-
Total shareholders' equity		82,953,438,140	76,311,116,809	82,819,533,810	76,216,750,854
Total liabilities and shareholders' equity		128,098,243,639	128,277,297,690	133,014,467,021	133,112,287,725

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

Statements of income

For the years ended 31 December 2006 and 2005

	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005 (Restated)
<i>(in Baht)</i>					
Revenues	4				
Sales		205,360,447,212	187,132,128,157	207,129,234,581	195,730,704,850
Foreign exchange gains		2,450,744,547	-	2,370,907,761	-
Interest income		790,375,562	340,872,121	1,244,549,144	483,332,908
Dividends received		174,773,351	90,070,070	171,658,343	87,570,070
Gain from sale and transfer of long-term investment in related parties		-	18,206,671,497	-	18,206,671,497
Other income		675,408,664	503,817,065	600,883,609	427,697,466
Share of profits from investments accounted for using the equity method	9, 26	-	18,311,220	88,383,252	4,820,073,631
Total revenues		209,451,749,336	206,291,870,130	211,605,616,690	219,756,050,422
Expenses	4				
Cost of sales	11, 19, 26	182,876,671,245	159,615,467,940	185,623,727,177	169,706,517,309
Selling and administrative expenses	4, 11, 19, 26	17,489,297,679	14,658,751,713	16,406,695,656	13,998,056,872
Rehabilitation expenses	4	140,449,814	493,119,406	140,349,814	492,949,406
Foreign exchange losses		-	2,031,609,039	-	1,858,233,731
Share of losses from investments accounted for using the equity method	9, 26	-	-	661,176,540	41,636,768
Total expenses		200,506,418,738	176,798,948,098	202,831,949,187	186,097,394,086
Profit before interest and income tax expenses		8,945,330,598	29,492,922,032	8,773,667,503	33,658,656,336
Interest expense		2,079,518,198	3,118,068,700	1,951,096,147	2,761,043,973
Income tax expense	22	32,017,849	24,376,242	-	-
Profit after tax		6,833,794,551	26,350,477,090	6,822,571,356	30,897,612,363
Net profit of minority interests		11,223,195	-	-	-
Profit from ordinary activities		6,822,571,356	26,350,477,090	6,822,571,356	30,897,612,363
Extraordinary Item					
- Gain from rehabilitation plan		-	35,558,893,888	-	31,011,758,615
Net profit		6,822,571,356	61,909,370,978	6,822,571,356	61,909,370,978
Basic earnings per share	23, 26				
Profit from ordinary activities		0.35	3.11	0.35	3.65
Extraordinary item		-	4.21	-	3.67
Net profit		0.35	7.32	0.35	7.32

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

	Consolidated										Total shareholders' equity (Restated)	
	Reserves					Retained earnings (Deficit)						
Note	issued and paid-up share capital	Premium (Discount) on common shares	Surplus from sale of related party's shares to the public exceeding par value	Surplus on change in percentage of holding in related party	Revaluation surplus (Restated)	Fair value and revaluation reserve	Legal reserve	Unappropriated (Restated)	Treasury shares	Total equity of Company's shareholders (Restated)	Minority interests	
						(in Baht)						
Balance at 1 January 2005	78,489,112,110	(32,046,531,223)	2,250,839,446	26,000,307	38,542,555,005	4,205,345,993	1,960,000,000	(72,928,845,478)	(128,214,124)	20,368,262,036	43,545	20,368,305,681
Changes in accounting policy	-	-	-	-	(25,468,609,652)	-	-	(70,143,703)	-	(25,538,753,355)	-	(25,538,753,355)
Restated balance	78,489,112,110	(32,046,531,223)	2,250,839,446	26,000,307	13,073,945,353	4,205,345,993	1,960,000,000	(72,998,989,181)	(128,214,124)	(5,170,491,319)	43,545	(5,170,447,774)
Changes in shareholders' equity for 2005	-	-	(2,250,839,446)	(26,000,307)	(13,073,945,353)	(3,427,327,093)	-	-	(98,287,200)	(18,876,399,399)	-	(18,876,399,399)
Decrease in other surpluses	-	-	(2,250,839,446)	(26,000,307)	(13,073,945,353)	(3,427,327,093)	-	-	(98,287,200)	(18,876,399,399)	-	(18,876,399,399)
Net expense recognised directly in shareholders' equity	-	-	(2,250,839,446)	(26,000,307)	(13,073,945,353)	(3,427,327,093)	-	-	(98,287,200)	(18,876,399,399)	-	(18,876,399,399)
Net profit	11,651,068,789	26,797,504,215	-	-	-	-	-	61,909,370,978	-	61,909,370,978	-	61,909,370,978
Common share-increase in capital	11,651,068,789	26,797,504,215	-	-	-	-	-	61,909,370,978	-	61,909,370,978	-	61,909,370,978
Common share-decrease in capital for reduction of deficit	(70,640,200,899)	32,046,531,223	-	-	-	-	(1,960,000,000)	40,551,669,676	-	-	-	-
Balance at 31 December 2005	19,500,000,000	26,797,504,215	-	-	778,018,900	-	-	29,462,051,473	(226,501,324)	76,311,073,264	43,545	76,311,116,809
Balance at 1 January 2006	19,500,000,000	26,797,504,215	-	-	24,323,370,210	778,018,900	-	29,537,955,914	(226,501,324)	100,710,347,915	43,545	100,710,391,460
Changes in accounting policy	-	-	-	-	(24,323,370,210)	-	-	(75,904,441)	-	(24,399,274,651)	-	(24,399,274,651)
Restated balance	19,500,000,000	26,797,504,215	-	-	778,018,900	-	-	29,462,051,473	(226,501,324)	76,311,073,264	43,545	76,311,116,809
Changes in shareholders' equity for 2006	-	-	-	-	(219,788,400)	-	-	-	-	(219,788,400)	39,538,375	(180,250,025)
Increase (Decrease) in other surpluses	-	-	-	-	(219,788,400)	-	-	-	-	(219,788,400)	39,538,375	(180,250,025)
Net income (expense) recognised directly in shareholders' equity	-	-	-	-	(219,788,400)	-	-	-	-	(219,788,400)	39,538,375	(180,250,025)
Net profit	-	-	-	-	-	-	-	6,822,571,356	-	6,822,571,356	-	6,822,571,356
Legal reserve	-	-	-	-	-	-	400,000,000	(400,000,000)	-	-	-	-
Balance at 31 December 2006	19,500,000,000	26,797,504,215	-	-	558,230,500	-	400,000,000	35,884,622,829	(226,501,324)	82,913,856,220	39,581,920	82,953,438,140

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

Statements of changes in shareholders' For the equity years ended 31 December 2006 and 2005

	The Company							Total shareholders' equity (Restated)	
	Reserves				Retained earnings (Deficit)				
Note	Issued and paid-up share capital	Premium (Discount) on common shares	Surplus from sale of related party's shares to the public exceeding par value	Surplus on change in percentage of holding in related party	Revaluation surplus (Restated) (in Baht)	Fair value and revaluation reserve	Legal reserve	Unappropriated (Restated)	
	78,489,112,110	(32,048,531,223)	2,250,839,446	26,000,307	38,542,555,005	4,205,345,993	1,960,000,000	(73,249,669,212)	20,175,652,426
26	-	-	-	-	(25,468,609,652)	-	-	(70,143,703)	(25,538,753,355)
	78,489,112,110	(32,048,531,223)	2,250,839,446	26,000,307	13,073,945,353	4,205,345,993	1,960,000,000	(73,319,812,915)	(5,363,100,929)
Changes in shareholders' equity for 2005									
Decrease in other surpluses	-	-	(2,250,839,446)	(26,000,307)	(13,073,945,353)	(3,427,327,093)	-	-	(18,778,112,199)
Net expense recognised directly in shareholders' equity	-	-	(2,250,839,446)	(26,000,307)	(13,073,945,353)	(3,427,327,093)	-	-	(18,778,112,199)
Net profit	11,651,088,789	26,797,504,215	-	-	-	-	-	61,909,370,978	61,909,370,978
Common share-increase in capital	-	-	-	-	-	-	-	-	38,446,593,004
Common share-decrease in capital for reduction of deficit	(70,640,200,899)	32,048,531,223	-	-	-	-	(1,960,000,000)	40,551,669,676	-
Balance at 31 December 2005	19,500,000,000	26,797,504,215	-	-	-	778,018,900	-	29,141,227,739	76,216,750,854
Balance at 1 January 2006	19,500,000,000	26,797,504,215	-	-	24,323,370,210	778,018,900	-	29,217,132,180	100,616,025,505
Changes in accounting policy	-	-	-	-	(24,323,370,210)	-	-	(75,904,441)	(24,399,274,651)
Restated balance	19,500,000,000	26,797,504,215	-	-	-	778,018,900	-	29,141,227,739	76,216,750,854
Changes in shareholders' equity for 2006									
Decrease in other surpluses	-	-	-	-	-	(219,788,400)	-	-	(219,788,400)
Net expense recognised directly in shareholders' equity	-	-	-	-	-	(219,788,400)	-	-	(219,788,400)
Net profit	-	-	-	-	-	-	-	6,822,571,356	6,822,571,356
Legal reserve	-	-	-	-	-	-	400,000,000	(400,000,000)	-
Balance at 31 December 2006	19,500,000,000	26,797,504,215	-	-	-	558,230,500	400,000,000	35,563,799,095	82,819,533,810

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

Statements of cash flows

For the years ended 31 December 2006 and 2005

Note	Consolidated		The Company	
	2006	2005 (Restated)	2006	2005 (Restated)
	<i>(in Baht)</i>			
Cash flows from operating activities				
Net profit	6,822,571,356	61,909,370,978	6,822,571,356	61,909,370,978
Adjustments for				
Depreciation and amortisation	2,936,199,895	3,002,128,895	2,580,569,088	2,606,378,873
Interest income	(790,375,562)	(340,872,121)	(1,244,549,144)	(483,332,908)
Dividends income	(174,773,351)	(89,970,070)	(171,658,343)	(87,470,070)
Interest expense	2,079,518,198	3,118,068,700	1,951,096,147	2,761,043,973
Amortisation	139,754,467	149,521,407	138,418,973	148,357,580
Doubtful accounts	382,599,190	82,144,072	49,235,057	75,385,175
Decrease in provision for decline in value of inventory	(67,035,699)	(24,083,687)	(68,278,144)	(23,014,999)
Unrealised (gains) losses on exchange rate	(195,706,544)	732,690,888	(195,517,995)	684,068,304
Realised (gains) losses on exchange rate for				
repayment creditors under the rehabilitation plan	(1,710,059,908)	1,245,322,922	(1,612,294,106)	1,127,440,740
Reversal of impairment of deposit for land	(22,040,750)	(24,238,350)	(22,040,750)	(24,238,350)
Reversal of impairment of assets/rental deposits				
for office building	(10,035,430)	(10,035,430)	(9,770,043)	(9,770,043)
(Gain) loss on sale of equipment	2,904,465	(2,505,738)	(1,229,642)	(2,286,320)
Share of profits (losses) from investments				
accounted for using the equity method	-	(18,311,220)	572,793,288	(4,778,436,863)
Gain from sale and transfer of long-term				
investment in related parties	-	(18,206,671,497)	-	(18,206,671,497)
Net profit of minority interests	11,223,195	-	-	-
Gain from rehabilitation plan	-	(35,558,893,888)	-	(31,011,758,615)
Selling expense of issuing capital under				
rehabilitation plan	-	(92,035,107)	-	(92,035,107)
Income tax expense	32,017,849	24,376,242	-	-
	9,436,761,371	15,896,006,996	8,789,345,742	14,593,030,851

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

Statements of cash flows

For the years ended 31 December 2006 and 2005

Note	Consolidated		The Company	
	2006	2005 (Restated)	2006	2005 (Restated)
	(in Baht)			
Changes in operating assets and liabilities				
Trade accounts receivable	1,201,980,223	(1,917,879,748)	977,671,835	(1,752,844,622)
Inventories	(314,811,628)	(6,867,979,781)	478,260,230	(6,858,933,087)
Other receivables	(259,646,212)	1,912,498,769	(190,660,696)	1,916,058,899
Prepaid value added tax	(270,614,317)	(176,115,288)	(19,760,013)	(167,050,494)
Prepaid excise tax	(62,451,508)	(92,635,450)	(62,451,508)	(92,635,450)
Advance payment for raw material	1,317,120,220	39,492,833	1,312,472,720	38,263,181
Other current assets	(230,582,123)	104,378,050	(213,990,805)	89,503,832
Accounts payable	(196,395,503)	3,526,556,894	(4,654,086,740)	3,984,356,836
Other payables	1,166,807,185	266,158,759	1,168,727,439	264,922,978
Accrued bonus expense	436,598,300	(123,702,027)	385,335,337	(84,568,170)
Accrued freight expense	(273,855,403)	107,571,329	(273,511,743)	103,978,778
Advance receipts for goods	(52,518,829)	788,814,152	(184,955,371)	811,889,533
Other current liabilities	(63,165,926)	88,152,408	(38,046,715)	55,386,535
Proceeds from withholding tax refund	92,747,514	60,496,405	78,419,668	52,813,374
Income taxes paid	(83,953,560)	(123,836,303)	(35,594,017)	(86,416,024)
Net cash provided by operating activities	11,844,019,804	13,487,977,998	7,517,175,363	12,867,756,950

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

Statements of cash flows

For the years ended 31 December 2006 and 2005

Note	Consolidated		The Company	
	2006	2005 (Restated)	2006	2005 (Restated)
	<i>(in Baht)</i>			
Cash flows from investing activities				
Interest received	730,215,611	200,055,612	917,798,835	213,989,007
Purchase of current investments	(6,316,407,495)	(1,326,673,372)	(6,316,407,495)	(1,326,673,372)
Short-term loans to and receivable				
under the rehabilitation plan-related parties	(1,132,692,273)	(1,463,365,361)	(1,351,030,983)	(6,228,131,901)
Investments	39,687,055	(98,288,614)	(200,000)	(100,070)
Dividends received	174,773,351	89,970,070	171,658,343	87,470,070
Sale of investments	1,600	6,606,619,061	1,600	6,596,619,273
Purchase of property, plant and equipment	(722,623,150)	(404,673,244)	(662,215,145)	(365,749,704)
Sale of equipment	18,481,218	6,296,060	12,069,252	3,043,976
Purchase of intangible assets	(9,250,325)	(800,000)	(7,750,325)	-
Other non-current assets	(16,723,323)	1,092,601	(15,206,440)	-
Net cash provided by (used in) investing activities	(7,234,537,731)	3,610,232,813	(7,251,282,358)	(1,019,532,721)

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

Statements of cash flows

For the years ended 31 December 2006 and 2005

Note	Consolidated		The Company	
	2006	2005 (Restated)	2006	2005 (Restated)
	(in Baht)			
Cash flows from financing activities				
Interest paid	(2,078,382,334)	(2,915,930,193)	(1,843,256,093)	(2,494,589,212)
Bank overdraft and short-term loans from financial institutions	29,916,320,775	(119,258,466)	29,928,391,031	(94,076,224)
short-term loans from and creditors under the rehabilitation plan-related parties	332,388,828	385,049,294	(216,063,037)	348,889,384
Repayment creditors under the rehabilitation plan	(36,213,504,951)	(45,832,737,921)	(31,437,687,960)	(41,272,727,694)
Other non-current liabilities	26,888,675	-	23,173,475	-
Issue of common shares	-	38,448,593,004	-	38,448,593,004
Minority interests	28,315,179	-	-	-
Net cash used in financing activities	(7,987,973,828)	(10,034,284,282)	(3,545,442,584)	(5,063,910,742)
Net increase (decrease) in cash and cash equivalents				
	(3,378,491,755)	7,063,926,529	(3,279,549,579)	6,784,313,487
Cash and cash equivalents at beginning of year	5, 30 9,940,966,327	6,266,329,847	9,061,976,412	5,666,636,478
Cash at bank pledged as collateral at beginning of year	5, 30 3,411,419,397	22,129,348	3,388,973,553	-
Cash at bank pledged as collateral at end of year	5, 30 -	(3,411,419,397)	-	(3,388,973,553)
Cash and cash equivalents at end of year	5, 30 9,973,893,969	9,940,966,327	9,171,400,386	9,061,976,412
Non-cash transactions				
Purchase of vehicles under the finance lease agreements	26,888,675	-	23,173,475	-

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