

Rayong Purifier Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2011 and 2010

1. General information

1.1 Corporate information

Rayong Purifier Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and trading of fuel oil and petrochemical products. The registered office of the Company, which is the head office, is located at 14th Floor, Shinawatra Tower 3, 1010 Viphavadi Rangsit Road, Khwang Chatuchak, Khet Chatuchak, Bangkok. The Company’s branch, which is the plant, is located at 7/3 Pakorn Songkrohrad Road, Map-ta-phut, Muang Rayong, Rayong. In addition, the Company has 4 branches, which are oil depots, in Nakhonsawan, Nakhonratchasima, Chonburi and Rayong province.

The Company’s major shareholder is Petro-Instruments Company Limited, a limited company under Thai laws, which as at 31 December 2011 and 2010 held 29.87% of the issued and paid-up capital of the Company.

The Extraordinary General Meeting of the Company’s shareholders, held on 5 March 2010, approved a resolution to increase the Company’s registered capital to Baht 802.87 million (802.87 million ordinary shares with a par value of Baht 1 each), through the issue of 273 million additional ordinary shares. The offering would be through the issue of Taiwan Depositary Receipts (TDR) in the Republic of China (Taiwan). The Company registered the increase of its capital with the Ministry of Commerce on 19 March 2010.

On 3 June 2011, the Company submitted the TDR offering plan to TWSE and consequently, TWSE notified the Company by letter dated 17 August 2011 that it was returning the TDR offering plan, and requesting that the Company resubmit it once the issue of the major raw material has been clarified.

The Company's Board of Directors meeting, held on 2 September 2011, approved the following resolutions.

- 1) Acknowledge the result of TDR offering plan, whereby TWSE returned the application and announce cessation of processes related to the TDR offering plan.

- 2) Cancel the support in issuing and offering of TDR for the existing 30 million ordinary shares and return the shares to the shareholders.

1.2 Fundamental accounting assumptions

As discussed in Note 41.3 a) to the financial statements, the Company is involved in a significant commercial dispute and outstanding litigation with its major raw material supplier. At present, these are under formal arbitration proceedings and litigation, meaning their outcomes cannot be determined and depend on the future judicial process. As a consequence of the dispute, the major raw material supplier has stopped delivering raw materials to the Company since February 2012, which has forced the Company to cease production since it has been unable to find new suppliers of these raw materials. This matter raises substantial doubt about the Company's ability to continue as a going concern and to realise assets and settle liabilities in the ordinary course of business, with uncertainty regarding the results of the commercial dispute and outstanding litigation, the ability to find a new source of raw materials and the possibility of relocating the plant to be close to this new source. Therefore, the Company's financial statements have been prepared under the going concern basis, without making the adjustments to assets to their net realisable values and adjustments to liabilities to the amounts to be paid that would need to be made in the accounts if the Company were not be able to continue as a going concern.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Rayong Purifier Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Place of incorporation	Percentage of shareholding	
			2011	2010
			%	%
Pure Biodiesel Co., Ltd.	Manufacture and distribution of biodiesel (B100) and crude glycerin	Thailand	100	100
Pure Sammakorn Development Co., Ltd.	Real estate rental and service	Thailand	-	51
Pure Thai Energy Co., Ltd.	Trading of fuel oil	Thailand	100	100
SCT Petroleum Co., Ltd. and its subsidiaries	Trading of fuel oil	Thailand	100	100
SCT Sahaphan Co. Ltd.	Distribution and maintenance of gas station equipment	Thailand	78	78

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognised the liability in the transition period retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year 2011 by Baht 60 million, (0.11 Baht per share) (Separate financial statements: decreasing profit by Baht 42 million, or 0.08 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

TAS 40 (revised 2009) Investment Property

This accounting standard requires entities to choose to recognise investment property either under the cost model (with disclosure of fair value in the notes to financial statements) or the fair value model, whereby changes in fair value are to be recognised in profit or loss. Investment property was previously recognised under the caption of Property, Plant and Equipment, which is measured using the cost model. In adopting the new accounting policy, its subsidiary separately presents investment property and measures it using the fair value model, commencing in the current year. The subsidiary has recognised the effect of the change in accounting policy as an adjustment to the opening balance of retained earnings for the year. The change has the effect of increasing profit of the Company and its subsidiaries for the year 2011 by Baht 10 million (0.019 Baht per share) (Separate financial statements: nil). The cumulative effect of the change in accounting policy has been separately presented in the statement of changes in shareholders' equity.

Movements of the investment properties account during the year 2011 are summarised below.

	(Unit: Thousand Baht)
	<u>Consolidated financial statements</u>
Net book value as at 1 January 2011	-
Transferred from property, plant and equipment account	343,614
Increase due to changing in fair value	76,507
Acquisitions during period - at cost	33,917
Lost control of a subsidiary (Note 18.4)	<u>(454,038)</u>
Net book value as at 31 December 2011	<u><u>-</u></u>

4. **New accounting standards issued during the years not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current year, the Company and its subsidiaries made the changes to their significant accounting policies described in Note 3 to the financial statements, as a result of the adoption of TAS 19 Employee Benefits. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the financial statements as at 31 December 2010 and for the year ended 31 December 2010 are summarised below.

(Unit: Thousand Baht)

	31 December 2010	
	Consolidated financial statements	Separate financial statements
Statements of financial position		
Increase in provision for long-term employee benefits	24,298	21,595
Decrease in non-controlling interests of the subsidiaries	177	-
Decrease in unappropriated retained earnings	24,121	21,595

(Unit: Thousand Baht)

	For the year ended 31 December 2010	
	Consolidated financial statements	Separate financial statements
Income statements		
Increase in employee expenses	3,633	2,043
Increase in loss attributable to non-controlling interests of the subsidiaries	89	-
Decrease in profit attributable to equity holders of the Company	3,544	2,043
Decrease in basic earnings per share (Baht)	0.007	0.004

6. Significant accounting policies

6.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Revenue from transportation service

Revenue from transportation service is recognised on an accrual basis when service has been rendered.

Revenues from construction services

Revenues from construction services are recognised when services have been rendered taking into account the stage of completion. The stage of completion measured by the proportion of actual construction cost incurred up to the end of the year and the total anticipated construction cost to be incurred to completion. Provision for the total anticipated loss on construction projects will be made in the accounts as soon as the possibility of loss is ascertained.

Revenues from rental and service

Revenues from rental and service are recognised on an accrual basis in accordance with the rental period and the rates specified in the contracts.

Management fee income

Management fee income is recognised on an accrual basis in accordance with the terms and conditions specified in the contracts.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

6.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

6.3 Trade receivables

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

6.4 Inventories

Inventories are valued at the lower of average cost and net realisable value. Cost of finished goods produced includes raw materials, direct labour and production overheads.

6.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

6.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

6.7 Property, plant and equipment and depreciation

Land is stated at revalued amount. Plant and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land, factory buildings, machinery and factory equipment are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on assets" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

Building improvements	- 5 - 30 years
Buildings	- 20 - 40 years
Machinery and equipment	- 5 - 20 years
Office furniture, fixture and equipment	- 3 - 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

6.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

6.9 Intangible assets and amortisation

Intangible assets acquired are recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of software are 5 and 10 years.

No amortisation is provided on software under installation.

6.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

6.11 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to

profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.12 Treasury stock

Treasury stock is stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented as a deduction from premium on treasury stock, with any remaining amount charged to retained earnings.

6.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

6.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where property, plant and equipment were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

6.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Termination benefits

The Company and its subsidiaries have obligations in respect of the termination of employment of employees before the normal retirement date.

Termination benefits are immediately recognised as an expense.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses.

6.16 Provisions

Provisions are recognised when the Company and subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.17 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

6.18 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

7. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful debts

In determining an allowance for doubtful debts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Investment property

The subsidiary presents investment property at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach.

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land, factory buildings, machinery and factory equipment at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for factory buildings, machinery and factory equipment. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Cash	14,107	22,760	271	314
Bank deposits	103,701	160,622	14,112	44,253
Bills of exchange	406,000	20,001	406,000	20,002
Total	523,808	203,383	420,383	64,569

As at 31 December 2011, bank deposits in savings accounts and bills of exchange carried interests between 0.13% and 3.25% per annum (2010: between 0.10% and 1.90% per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2011		2010	
	Cost	Fair value	Cost	Fair value
Investment units in mutual funds	90,300	90,409	44,000	44,000
Add: Unrealised gain	109	-	-	-

Current investments - net	90,409	90,409	44,000	44,000
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(Unit: Thousand Baht)

	Separate financial statements			
	2011		2010	
	Cost	Fair value	Cost	Fair value
Investment units in mutual funds	90,300	90,409	11,000	11,000
Add: Unrealised gain	109	-	-	-
Current investments - net	90,409	90,409	11,000	11,000

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due				
Not over 3 months	77	1,015	270,422	329,703
3 - 6 months	470	-	-	-
Total trade receivables - related parties	547	1,015	270,422	329,703
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due				
Not over 3 months	589,452	609,997	383,864	415,370
3 - 6 months	573	434	-	-
6 - 12 months	329	616	-	-
Over 12 months	9,629	13,811	617	617
Total	599,983	624,858	384,481	415,987
Less: Allowance for doubtful debts	(9,145)	(11,217)	(617)	(617)
Total trade receivables - unrelated parties, net	590,838	613,641	383,864	415,370
Other receivables				
Advances - related parties	2,287	2,679	11,407	8,335
Accrued income	20,855	17,049	1,899	1,980
Others	10,066	10,473	3,910	3,724
Total	33,208	30,201	17,216	14,039
Less: Allowance for doubtful debts	(4,060)	(4,060)	(3,413)	(3,413)
Total other receivables - net	29,148	26,141	13,803	10,626
Total trade and other receivables, net	620,533	640,797	668,089	755,699

The balances of trade receivables of the Company as at 31 December 2010 included factoring accounts receivable at a commercial bank of Baht 63 million (2011: nil). The bank had a right of recourse to the Company.

11. Related party transactions

The relationship between the Company and related parties are summarised below.

Name	Relationship
Pure Thai Energy Co., Ltd.	Subsidiary
SCT Sahaphan Co., Ltd.	Subsidiary
Pure Biodiesel Co., Ltd.	Subsidiary
SCT Petroleum Co., Ltd. (SCT)	Subsidiary
Pure Intertrade Co., Ltd.	Subsidiary of SCT
Mitsumphon Petroleum Co., Ltd.	Subsidiary of SCT
Metro Petroleum Co., Ltd.	Subsidiary of SCT
Jatuchak Oil Co., Ltd.	Subsidiary of SCT
Benja Petroleum Co., Ltd.	Subsidiary of SCT
Burapha Rungroch Petroleum Co., Ltd.	Subsidiary of SCT
Jaturatis Transport Co., Ltd.	Subsidiary of SCT
Pure Sammakorn Development Co., Ltd. (PSDC)	Associate
Thai Good Petroleum Co., Ltd.	Associate
Petro-Instruments Co., Ltd.	29.87% of shares held in the Company
Sammakorn Plc.	55.87% (2010: 49%) of shares held in PSDC and common directors
Jazzy Creation Co., Ltd.	Common directors
Blue Planet Travel Co., Ltd.	Common directors
Globalization Economic and Promotion Network Co., Ltd.	Common directors
Alt Energy Co., Ltd.	Common directors
Humankind Co., Ltd.	Common directors
Mongkholchai Pattana Co., Ltd.	Common directors
World Entertainment Television Co., Ltd.	Common directors
Honest and Efficient Co., Ltd.	Common directors

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Sales	-	-	8,807	8,699
Management fee income	-	-	11	14
Dividend income	-	-	-	47
Interest income	-	-	2	2
Other income - other services	-	-	39	31
Purchases of goods	-	-	595	646
Service fee expense	-	-	8	14
Transportation expense	-	-	134	125
Other expenses	-	-	-	2
Transactions with associates				
Other expenses	1	-	-	-
Transactions with related parties				
Sales	1	-	-	-
Service income	1	17	-	-
Other expenses	2	1	1	1
Land rental expense	2	2	-	-
Interest expense	15	9	15	8

Transfer pricing policy for significant business transactions with related parties are summarised below.

Transactions	Transfer pricing policy
Sales	<p>The selling price is set out based on the market price with discount for oil wholesale business, provided according to the volumes of order.</p> <p>The selling price is set out based on the market price with the fixed rate marketing margin discount for oil retail business.</p> <p>The selling price is set out based on the market price for oil transportation business.</p> <p>The selling price is set out based on the market price with discount for manufacture and distribution of biodiesel business, provided according to the contract.</p>

Transactions	Transfer pricing policy
Management fee income	Calculation based on quantities of products sold for oil wholesale business. Contract price and at actual costs for oil retail business, oil transportation business, manufacture and distribution of biodiesel business, property rental and service business and distribution and maintenance of gas station equipment business.
Dividend income	As declared
Interest income	4.18% - 5.77% per annum and the prime rate plus 3% per annum (2010: 3.25% - 6.25% per annum).
Other income	Contract price Guarantee fee at a rate of 1% per annum
Purchases of goods	The purchase price is set out based on the market price with discount for oil wholesale business, providing according to the volumes of order. The purchase price is set out based on the market price for manufacture and distribution of biodiesel business and maintenance of gas station equipment business.
Service fee expense	Contract price
Transportation expense	Contract price
Other expenses	Contract price
Interest expense	4.95% - 5.75% per annum (2010: 4.50% - 5.75% per annum)

Significant agreements with related parties

Purchases and sales of petroleum products agreements

In April 2010, the Company entered into purchases and sales of petroleum products agreements with two subsidiaries for trading of oil products. The selling price is set based on the market price with a discount applied in accordance with the agreements. The agreements will continue in force until either party terminates them with written

notice of the intention to terminate provided to the other party not less than 1 month in advance.

Management and administration agreements

In January 2011, the Company entered into management and administration agreements with various subsidiaries to provide consultation relating to human resources, administration, information technology, law and coordination with the government. The service fees are stipulated in the agreements, which are for a period of 1 year, ended in December 2011.

Guarantee agreements

- a) The Company entered into the agreements with various subsidiaries to guarantee bank credit facilities of subsidiaries amounting to Baht 70 million. The guarantees are effective for as long as the underlying obligations have not been discharged by the subsidiaries. The Company charges a guarantee fee at a rate of 1% per annum.
- b) In 2010, the Company entered into an agreement with a subsidiary to secure payments due to a creditor amounting to Baht 30 million. The Company deducted amounts from payments that the subsidiary was entitled to receive from the Company for sales of its products and services, as collateral for the guarantee, and as at 31 December 2010, total deductions amounted to Baht 6 million (2011: nil).

Rental of oil depots agreement

In August 2009, the Company entered into an agreement with a subsidiary to provide oil depot rental services. Monthly service fees are stipulated in the agreement, which is for a period of 3 years (from 20 August 2009 to 19 August 2012). The agreement will continue in force for period of 3 months each time until terminated by either party gives with written notice of intention to terminate of not less than 1 month.

Purchases and sales of biodiesel agreement

In January 2011, the Company entered into a purchases and sales of biodiesel agreement with a subsidiary for trading of biodiesel. The purchase price was set out based on the market price with a discount in accordance with the agreement, which was for a period of 1 year, ended in December 2011.

Transportation service agreement

In June 2011, the Company entered into an agreement with a subsidiary whereby the subsidiary is to provide oil transportation services. Oil transportation service fees are charged in accordance with the rate stipulated in the agreement, which is effective from 1 June 2011 to 31 January 2012, and will continue in force until terminated by either party with written notice of its intention to terminate of not less than 60 days.

Sales management agreement

In January 2011, the Company entered into a sales management agreement with a subsidiary whereby the subsidiary is to provide sales management services and source customers. A service fee is charged in accordance with the rate stipulated in the agreement, which will continue in force until terminated by either party with written notice of its intention to terminate of not less than 1 month.

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade and other receivables - related parties (Note 10)				
<i>Trade receivables - related parties</i>				
Subsidiaries	-	-	270,422	329,703
Associates	18	-	-	-
Related companies (common directors)	60	1,015	-	-
Related person (The Company's director)	469	-	-	-
Total trade receivables - related parties	<u>547</u>	<u>1,015</u>	<u>270,422</u>	<u>329,703</u>
<i>Other receivables - related parties</i>				
Subsidiaries	-	-	11,077	7,333
Associates	494	2	287	2
Related companies (common directors)	1,793	1,677	43	-
Related person (The Company's director)	-	1,000	-	1,000
Total other receivables - related parties	<u>2,287</u>	<u>2,679</u>	<u>11,407</u>	<u>8,335</u>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term loans to related parties				
Subsidiaries	-	-	15,000	3,000
Associate	1,578	1,499	1,578	1,499
Total short-term loans to related parties	1,578	1,499	16,578	4,499
Trade and other payables - related parties (Note 23)				
Trade payables - related parties				
Subsidiaries	-	-	24,306	46,476
Related companies (common directors)	-	544	-	-
Total trade payables - related parties	-	544	24,306	46,476
Other payables - related parties				
Subsidiaries	-	-	16,698	9,479
Associates	21	-	-	-
Related companies (common directors)	348	315	308	272
Related person (The Company's director)	292	517	282	505
Total other payables - related parties	661	832	17,288	10,256
Current portion of long-term loans from related parties				
Related companies (common directors)	101,500	-	101,500	-
Related persons (Related with the Company's directors)	105,500	-	105,500	-
Total current portion of long-term loans from related parties	207,000	-	207,000	-
Long-term loans from related parties				
Related companies (common directors)	-	101,500	-	101,500
Related persons (Related with the Company's directors)	-	190,500	-	190,500
Total long-term loans from related parties	-	292,000	-	292,000
Cash placed against guarantee - related party				
Subsidiary	-	-	-	6,240
Total cash placed against guarantee - related party	-	-	-	6,240

Loans to related parties and loans from related parties

As at 31 December 2011 and 2010, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Short-term loans to related parties	Related by	Balance as at 31 December 2010	Increase during the year	Decrease during the year	Balance as at 31 December 2011
Thai Good Petroleum Co., Ltd.	Associate	1,499	79	-	1,578
Total		1,499	79	-	1,578

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans to related parties	Related by	Balance as at 31 December 2010	Increase during the year	Decrease during the year	Balance as at 31 December 2011
Pure Biodiesel Co., Ltd.	Subsidiary	-	108,000	(98,000)	10,000
Pure Thai Energy Co., Ltd.	Subsidiary	-	1,455,000	(1,455,000)	-
SCT Sahaphan Co., Ltd.	Subsidiary	3,000	86,000	(84,000)	5,000
Thai Good Petroleum Co., Ltd.	Associate	1,499	79	-	1,578
Total		4,499	1,649,079	(1,637,000)	16,578

(Unit: Thousand Baht)

		Consolidated financial statements			
Short-term loans from related parties	Related by	Balance as at 31 December 2010	Increase during the year	Decrease during the year	Balance as at 31 December 2011
Mongkholchai Pattana Co., Ltd.	Related company	-	7,000	(7,000)	-
Related persons	Related with the Company's directors	-	30,000	(30,000)	-
Total		-	37,000	(37,000)	-

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans from related parties	Related by	Balance as at 31 December 2010	Increase during the year	Decrease during the year	Balance as at 31 December 2011
Pure Biodiesel Co., Ltd.	Subsidiary	-	34,000	(34,000)	-
Total		-	34,000	(34,000)	-

(Unit: Thousand Baht)

Short-term loans from related parties		Consolidated financial statements/Separate financial statements			
		Balance as at 31 December 2010	Increase during the year	Decrease during the year	Balance as at 31 December 2011
	Related by				
Petro-Instruments Co., Ltd.	Related company	72,500	-	-	72,500
Mongkholchai Pattana Co., Ltd.	Related company	23,000	-	-	23,000
World Entertainment Television Co., Ltd.	Related company	6,000	-	-	6,000
Related persons	Related with the Company's directors	190,500	-	(85,000)	105,500
Total		292,000	-	(85,000)	207,000

As at 31 December 2011, short-term loans to subsidiaries totaling Baht 15 million (2010: Baht 3 million) are in the form of unsecured promissory notes with maturities of 7 days to 6 months, carrying interest at a rate of 5.05% per annum (2010: 4.43% per annum).

As at 31 December 2011, short-term loan to an associate amounting to Baht 1.58 million, or USD 0.05 million (2010: 1.50 million, or USD 0.05 million) is in the form of an unsecured loan with a maturity of 1 year and carries interest at the prime rate plus 3% per annum. The principal and its interest are to be repaid in full within November 2011. Consequently, in January 2012, the Company received a letter requesting an extension of the loan term to December 2012.

As at 31 December 2011, long-term loans from related parties totaling Baht 207 million (2010: 292 million) were in the form of unsecured loans with maturities of 2 years, carrying interest at rate of 5.75% per annum and payable quarterly. The principal was to be repaid in full within September 2012. In February 2012, the Company repaid the whole balance of long-term loans.

Management benefit expenses

During the years ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term employee benefits	100,677	56,974	78,484	40,214
Post-employment benefits	(10,507)	1,259	(10,507)	1,259
Termination benefits	34,011	-	28,027	-

Total	<u>124,181</u>	<u>58,233</u>	<u>96,004</u>	<u>41,473</u>
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12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2011	2010	2011	2010	2011	2010
Finished goods	840,346	932,237	(537)	(788)	839,809	931,449
Raw materials	221,090	445,858	-	-	221,090	445,858
Supplies	3,471	4,162	-	-	3,471	4,162
Total	<u>1,064,907</u>	<u>1,382,257</u>	<u>(537)</u>	<u>(788)</u>	<u>1,064,370</u>	<u>1,381,469</u>

(Unit: Thousand Baht)

	Separate financial statements	
	2011	2010
Finished goods	756,053	770,642
Raw materials	217,630	411,916
Supplies	3,471	4,162
Total	<u>977,154</u>	<u>1,186,720</u>

Inventories as at 31 December 2011 included oil of Baht 707 million reserved in accordance with the Ministry of Commerce regulations (2010: Baht 726 million and Baht 118 million of this amount represented inventories covered by agreements for the sale and purchase of oil to maintain stipulated legal reserves, which the Company is committed to sell back to the sellers upon the expiry of the agreements).

13. Short-term loans to and interest receivable from unrelated parties

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
T.C.S. Oil Co., Ltd.	21,317	21,317	21,317	21,317
Others	3,100	1,000	3,100	1,000
Total	24,417	22,317	24,417	22,317
Less: Allowance for doubtful debts	(21,317)	(21,317)	(21,317)	(21,317)
Short-term loans to and interest receivable from unrelated parties - net	<u>3,100</u>	<u>1,000</u>	<u>3,100</u>	<u>1,000</u>

On 14 January 2006, the Company entered into a Petroleum Product Business Joint Venture Agreement with T.C.S. Oil Co., Ltd. (TCS) for the purpose of the joint oil business in Cambodia. The agreement is effective for a period of 15 years, expiring in 2020. The Company is obliged to provide fuel and a Baht 35 million loan to TCS. The loan is subject to fixed interest rate at 5% per annum and payable on a monthly basis. The repayment of loan principal is stipulated in the agreement. The Company will receive share of profit from the operating results of TCS, as specified in the agreement, upon receipt of full loan repayment.

As at 31 December 2011 and 2010, loan to TCS were long-outstanding more than one year, and the Company therefore ceased accrual of interest income and set aside allowance for doubtful accounts for the full amount of the short-term loans and interest receivable.

14. Long-term loans to unrelated parties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Credit line of Baht 3.50 million	2,593	3,026	-	-
Credit line of Baht 1.90 million	1,359	1,768	1,359	1,768
Total	3,952	4,794	1,359	1,768
Less: Current portion	(887)	(842)	(428)	(409)
Non-current portion	3,065	3,952	931	1,359

The long-term loan facility of Baht 3.50 million represents a loan to an unrelated party to repay debt on behalf of a client, who has transferred a title deed of land to the subsidiary as collateral. The subsidiary has entered into a contract to sell the land back to the client when the client has repaid all debt. The loan and its interest are scheduled to be repaid in 86 monthly installments of Baht 50,000 each, ending in December 2016.

The long-term loan facility of Baht 1.90 million is an unsecured loan that carries interest at a rate of 4.50% per annum. The principal and its interest are scheduled to be repaid in 52 monthly installments of Baht 40,000 each, ending in December 2014.

15. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Refund receivable from the Oil				
Stabilization Fund	46,391	14,074	42,302	14,074
Prepaid excise tax	2,886	50,859	2,886	50,859
Value added tax refundable	34,575	20,816	33,578	16,745
Prepaid corporate income tax	4,759	12,991	3,151	8,177
Advances for purchases of inventories	41,997	49,197	-	-
Others	4,882	5,603	1,687	1,698
Total other current assets	135,490	153,540	83,604	91,553

16. Pledged deposits at banks

These represented fixed deposits pledged with the banks to secure credit facilities and as bonds in lawsuits with the court.

17. Investments in associates

17.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Consolidated financial statements		Separate financial statements	
			percentage		Cost		Carrying amounts based on equity method		Carrying amounts based on cost method	
			2011	2010	2011	2010	2011	2010	2011	2010
			(%)	(%)						
Thai Good Petroleum Co., Ltd.	Distribution of lubricant oil	Hong Kong	31.67	31.67	3,175	3,175	-	2,569	3,175	3,175
Pure Sammakorn Development Co., Ltd. (Note 18.4)	Real estate rental and service	Thailand	44.13	-	129,181	-	125,650	-	129,181	-
Total investments in associates							125,650	2,569	132,356	3,175

17.2 Share of loss and dividend received

During the years, the Company has recognised its share of loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of loss from investments in associates during the year		Dividend received during the year	
	2011	2010	2011	2010
Thai Good Petroleum Co., Ltd.	(1,092)	(1,397)	-	-
Pure Sammakorn Development Co., Ltd.	(3,531)	-	-	-
Total	(4,623)	(1,397)	-	-

17.3 Summarised financial information of associates

The financial information of the associates is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Loss for the years ended 31 December	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Thai Good Petroleum Co., Ltd.	10,026	10,026	7,210	8,609	11,742	544	6,060	2,818	(7,353)
Pure Sammakorn Development Co., Ltd.	260,000	-	504,296	-	307,772	-	26,563	-	(8,002)	-

Investment in Thai Good Petroleum Co., Ltd. was determined on the basis of financial information provided by this company's management, that was unaudited by its external auditor. However, the value of the investment is immaterial.

17.4 Investment in an associate with capital deficit

The Company recognised share of loss from investment in an associate until the value of the investment approached zero. Subsequent loss incurred by this associate has not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate. The amount of such unrecognised share of loss is set out below.

(Unit: Thousand Baht)

Company's name	Unrecognised share of loss	
	Share of loss for the year ended 31 December 2011	Cumulative share of loss up to 31 December 2011
Thai Good Petroleum Co., Ltd.	1,237	1,237

18. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2011	2010	2011	2010	2011	2010	2011	2010
			%	%				
Pure Biodiesel Co., Ltd.	Baht 280 million	Baht 280 million	100	100	279,999	279,999	-	-
Pure Thai Energy Co., Ltd.	Baht 100 million	Baht 100 million	100	100	99,994	99,994	-	-
SCT Petroleum Co., Ltd. and its subsidiaries	Baht 36 million	Baht 10 million	100	100	36,000	10,000	-	46,500
SCT Sahaphan Co., Ltd.	Baht 20 million	Baht 20 million	78	78	15,856	15,855	-	-
Pure Sammakorn Development Co., Ltd.	-	Baht 225 million	-	51	-	114,750	-	-
Total investments in subsidiaries					431,849	520,598	-	46,500

18.1 Pure Biodiesel Co., Ltd.

In early 2012, Pure Biodiesel Co., Ltd. ("PBC") shut down its plant since it had no orders from its customers and lacked liquidity to operate its business.

PBC has received promotional privileges from the Board of Investment for the manufacture of bio-diesel, pursuant to the promotion certificate No. 1840(9)/2550 issued on 30 August 2007. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on net income from the promoted operations for a period of eight years from the date the promoted activity commenced generating revenues (from 12 January 2009 to 11 January 2017).

The PBC's operating revenues for the years 2011 and 2010 are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2011	2010	2011	2010	2011	2010
Sales and services						
Domestic sales and services	1,627,353	962,320	886,200	49,339	2,513,553	1,011,659

Export sales	31,109	19,598	-	1,372	31,109	20,970
Total	<u>1,658,462</u>	<u>981,918</u>	<u>886,200</u>	<u>50,711</u>	<u>2,544,662</u>	<u>1,032,629</u>

18.2 Pure Thai Energy Co., Ltd.

As at 31 December 2011 and 2010, the Company has commitments of Baht 40 million in respect of the uncalled portion of the investment.

18.3 SCT Petroleum Co., Ltd.

The Company's Board of Directors meeting, held on 9 August 2011, approved an increase in the Company's investment in SCT Petroleum Co., Ltd. ("SCT"), whereby that company's registered capital will increase from Baht 10 million to Baht 36 million through the issue of 260,000 additional ordinary shares (par value of Baht 100 each) for offer in the same proportion to existing shareholders, a total of Baht 26 million. The purpose of the increase in share capital is to invest in Jaturatis Transport Co., Ltd. (a subsidiary in which SCT has an equity interest of 100%). SCT registered the increase of its capital with the Ministry of Commerce on 8 September 2011.

18.4 Pure Sammakorn Development Co., Ltd.

During the year 2011, Pure Sammakorn Development Co., Ltd. ("PSDC") increased its registered capital from Baht 225 million to Baht 260 million. The Company's Board of Directors meeting held on 9 August 2011 passed a resolution not to invest in the additional shares and as a result the Company has lost control of this subsidiary. The shareholding in PSDC decreased from 51.00% to 44.13%, and PSDC therefore became an associate. The purpose of the increase in share capital was to provide funds for investment in new projects. PSDC registered the increase of its capital with the Ministry of Commerce on 23 August 2011.

During the year 2011, the Company recorded loss on recognising investment retained in PSDC at fair value at the date when control was lost amounting to Baht 1 million in administrative expenses in the consolidated income statement (Separate financial statements: Recorded gain amounting to Baht 14 million in other income account).

19. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements									
	Revaluation basis			Cost basis						
	Land	Factory buildings and factory building improvements	Machinery and factory equipment	Office buildings and office building improvements	Buildings for rent and improvements	Gas station equipment	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	Total
Cost/revalued amount										
1 January 2010	173,457	176,185	1,933,830	156,201	79,958	58,757	83,677	197,848	66,779	2,926,692
Additions	-	-	292	-	12	4,830	3,551	7,720	350,759	367,164
Disposals	-	-	(74)	(27)	-	(67)	(3,884)	(1,760)	-	(5,812)
Transfers	-	462	66,271	6,166	275,763	7,740	12,840	37,123	(406,365)	-
31 December 2010	173,457	176,647	2,000,319	162,340	355,733	71,260	96,184	240,931	11,173	3,288,044
Additions	-	-	1,003	-	-	551	1,102	132	114,512	117,300
Disposals	-	-	(169)	(2,762)	-	(22,035)	(2,001)	(2,972)	-	(29,939)
Transfers	-	62	9,019	3,953	-	5,738	20,441	83,096	(122,309)	-
Transferred to investment properties account	-	-	-	-	(355,733)	-	-	-	(2,385)	(358,118)
Lost control of a subsidiary (Note 18.4)	-	-	(28,666)	-	-	-	(22,249)	-	-	(50,915)
31 December 2011	173,457	176,709	1,981,506	163,531	-	55,514	93,477	321,187	991	2,966,372
Accumulated depreciation										
1 January 2010	-	70,343	1,029,709	70,542	8,549	37,315	56,073	100,883	-	1,373,414
Depreciation for the year	-	7,117	82,682	16,628	5,955	10,685	12,857	28,168	-	164,092
Depreciation on disposals	-	-	(74)	-	-	(64)	(3,590)	(1,399)	-	(5,127)
31 December 2010	-	77,460	1,112,317	87,170	14,504	47,936	65,340	127,652	-	1,532,379
Depreciation for the year	-	7,084	85,901	12,264	-	9,075	12,482	40,154	-	166,960
Depreciation on disposals	-	-	(158)	(2,132)	-	(19,756)	(1,764)	(2,973)	-	(26,783)
Transferred to investment properties account	-	-	-	-	(14,504)	-	-	-	-	(14,504)
Lost control of a subsidiary (Note 18.4)	-	-	(4,086)	-	-	-	(7,477)	-	-	(11,563)
31 December 2011	-	84,544	1,193,974	97,302	-	37,255	68,581	164,833	-	1,646,489
Net book value										
31 December 2010	173,457	99,187	888,002	75,170	341,229	23,324	30,844	113,279	11,173	1,755,665
31 December 2011	173,457	92,165	787,532	66,229	-	18,259	24,896	156,354	991	1,319,883
Depreciation for the years										
2010 (Baht 123 million included in manufacturing cost and cost of services, and the balance in administrative expenses)										164,092
2011 (Baht 135 million included in manufacturing cost and cost of services, and the balance in administrative expenses)										166,960

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis			Cost basis				Total
	Land	Factory buildings and factory building improvements	Machinery and factory equipment	Office buildings and office building improvements	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	
Cost/revalued amount								
1 January 2010	138,660	108,594	1,473,975	57,458	39,191	11,072	13,779	1,842,729
Additions	-	-	14	-	122	4,371	8,497	13,004
Disposals	-	-	(74)	-	(3,566)	(421)	-	(4,061)
Transfers	-	-	14,527	230	1,348	-	(16,105)	-
31 December 2010	138,660	108,594	1,488,442	57,688	37,095	15,022	6,171	1,851,672
Additions	-	-	169	-	86	132	1,705	2,092
Disposals	-	-	(168)	-	(1,013)	(22)	-	(1,203)
Transfers	-	-	6,872	135	369	-	(7,376)	-
31 December 2011	138,660	108,594	1,495,315	57,823	36,537	15,132	500	1,852,561
Accumulated depreciation								
1 January 2010	-	66,651	999,962	30,969	31,873	2,518	-	1,131,973
Depreciation for the year	-	2,967	48,409	5,005	2,945	2,542	-	61,868
Depreciation on disposals	-	-	(74)	-	(3,393)	(131)	-	(3,598)
31 December 2010	-	69,618	1,048,297	35,974	31,425	4,929	-	1,190,243
Depreciation for the year	-	2,912	49,485	3,888	2,188	3,063	-	61,536
Depreciation on disposals	-	-	(158)	-	(1,013)	(22)	-	(1,193)
31 December 2011	-	72,530	1,097,624	39,862	32,600	7,970	-	1,250,586
Net book value								
31 December 2010	138,660	38,976	440,145	21,714	5,670	10,093	6,171	661,429
31 December 2011	138,660	36,064	397,691	17,961	3,937	7,162	500	601,975
Depreciation for the years								
2010 (Baht 52 million included in manufacturing cost, and the balance in administrative expenses)								61,868
2011 (Baht 53 million included in manufacturing cost, and the balance in administrative expenses)								61,536

During 2008, the Company and its subsidiaries arranged for an independent professional valuer to appraise the value of certain assets on an asset-by-asset basis. The revaluation was concluded on 4 December 2008 and the basis of the revaluation was as follows:

- a) Land and factory buildings were revalued using the market approach and the depreciated replacement cost approach, respectively.
- b) Machinery and factory equipment were revalued using the depreciated replacement cost approach.

The reappraised value of the land, factory buildings, machinery and factory equipment is Baht 261 million more than their carrying amount. The Company and its subsidiaries recognised the increase of asset value in shareholders' equity under the heading of "Revaluation surplus on assets".

Had the land, factory buildings, machinery and factory equipment been carried in the financial statements based on historical cost, their net book values as of 31 December 2011 and 2010 would have been as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Land	137,706	137,706	102,909	102,909
Factory buildings and improvements	88,159	94,556	32,058	34,345
Machinery and factory equipment	631,951	711,972	242,110	264,114

As at 31 December 2011, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 136 million (2010: Baht 81 million), and in the separate financial statements of Baht 6 million (2010: Baht 8 million).

As at 31 December 2011, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 153 million (2010: Baht 196 million) in the consolidated financial statements and Baht 96 million (2010: Baht 91 million) in the separate financial statements.

Pure Biodiesel Co., Ltd. has mortgaged its land with structures thereon and pledged machinery, with a total net book value as at 31 December 2011 of Baht 391 million (2010: Baht 420 million), as collateral to secure a bank credit facility.

Pure Sammakorn Development Co., Ltd. has mortgaged its land lease rights and construction with a net book value as at 31 December 2010 of Baht 341 million (2011: Nil due to loss of control of a subsidiary), as collateral to secure a bank credit facility. Under the rental agreement, the subsidiary is committed to transfer the construction to the lessor upon the expiration of the agreement.

20. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Software under		
	Software	installation	Total
Cost			
1 January 2010	23,954	1,747	25,701
Additions	1,271	121	1,392
Transfers	1,868	(1,868)	-
31 December 2010	27,093	-	27,093
Additions	205	-	205
Lost control of a subsidiary (Note 18.4)	(341)	-	(341)
31 December 2011	26,957	-	26,957
Amortisation			
1 January 2010	8,359	-	8,359
Amortisation	2,749	-	2,749
31 December 2010	11,108	-	11,108
Amortisation	3,085	-	3,085
Lost control of a subsidiary (Note 18.4)	(76)	-	(76)
31 December 2011	14,117	-	14,117
Net book value			
31 December 2010	15,985	-	15,985
31 December 2011	12,840	-	12,840

(Unit: Thousand Baht)

	Separate financial statements		
	Software under		
	Software	installation	Total
Cost			
1 January 2010	19,899	1,747	21,646
Additions	-	121	121
Disposals	1,868	(1,868)	-
31 December 2010	21,767	-	21,767
Additions	24	-	24
31 December 2011	21,791	-	21,791
Amortisation			
1 January 2010	7,989	-	7,989
Amortisation	2,254	-	2,254
31 December 2010	10,243	-	10,243
Amortisation	2,507	-	2,507
31 December 2011	12,750	-	12,750
Net book value			
31 December 2010	11,524	-	11,524
31 December 2011	9,041	-	9,041

21. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
The compensation for loss	26,711	26,711	26,711	26,711
Land and gas station leasehold rights	5,904	7,378	1,468	1,109
Prepaid expenses	4,917	5,563	-	-
Deposits	5,440	4,437	2,035	2,156
Long-term loan and interest receivable	1,353	1,353	1,353	1,353
Others	3,333	3,114	2,616	3,062
Total other non-current assets	47,658	48,556	34,183	34,391
Less: Allowance for doubtful debts	(1,353)	(1,353)	(1,353)	(1,353)
Other non-current assets - net	46,305	47,203	32,830	33,038

The compensation for loss is the compensation receivable because, in the third quarter of 2006, a raw material supplier delivered raw materials of a quality different to that specified in the relevant purchase agreement, with characteristics that differed from those of deliveries made to the Company under the agreement in the past. Therefore, the Company had additional cost for product improvement and compensation amounting to Baht 136 million. Based on the negotiation with the supplier, the Company will receive compensation of Baht 53 million. The difference represents inventory loss as a result of continuous and substantial falls in the prices of inventories and raw materials (inventory loss). Since this loss was a result of global market conditions with neither the Company nor the supplier could avoid, the supplier requested that each part bear responsibility for its own share of the inventory loss. The Company therefore recorded the compensation for loss in full as a deduction against cost of sales in 2006. The partial balance of Baht 26 million was paid by a credit note in November 2006 and the supplier will inform the Company of the method in payment for the remaining Baht 27 million later.

22. Short-term loans from banks

These represent notes which a subsidiary issued to the banks. The loans carry interest at the rate of 6.25% per annum (2010: 1.75% - 5.12% per annum) and are repayable within one year.

The Company and its subsidiaries have overdraft and short-term loan facilities from various banks. Details of the facilities are as follows.

		(Unit: Million Baht)	
		Credit facilities which are not drawn down	
		2011	2010
	Secured by		
The Company	Pledge of fixed deposits and factoring trade receivables of the Company	1,183	2,130
Pure Biodiesel Co. Ltd. ("PBC")	Mortgage of PBC's land with existing and future structures thereon, pledge of the PBC's machinery	74	147
Pure Sammakorn Development Co., Ltd. ("PSDC")	Pledge of PSDC's land leasehold rights and the mortgage of the structures under PSDC's projects	-	31
SCT Petroleum Co., Ltd.	Guaranteed by the Company	35	10
SCT Sahaphan Co., Ltd. (SAP)	Pledge of SAP's fixed deposits and guaranteed by the Company	12	-
Pure Thai Energy Co., Ltd. (PTEC)	Pledge of PTEC's fixed deposits and guaranteed by the Company	30	-

23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade payables - related parties	-	544	24,306	46,476
Trade payables - unrelated parties	1,512,931	1,407,202	1,476,296	1,320,798
Other payables - related parties	661	832	17,288	10,256
Other payables - unrelated parties	40,355	48,960	26,882	13,895
Accrued expenses	39,708	13,871	31,141	2,716
Retention payables	2,749	18,197	-	-
Total	<u>1,596,404</u>	<u>1,489,606</u>	<u>1,575,913</u>	<u>1,394,141</u>

24. Short-term loans from unrelated parties

These represented promissory notes which the Company and subsidiaries issued to another individual. The loans carried interest at the rates of 3.00% - 5.75% per annum (2010: 2.75% - 3.00% per annum) and were repayable within one year. In February 2012, the Company and subsidiaries repaid the short-term loans amounting to Baht 11 million (Separate financial statements: Baht 1 million).

25. Long-term loans from banks

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	2011	2010
Long-term loans from banks	140,000	357,634
Less: Current portion	(140,000)	(79,055)
Non-current portion	<u>-</u>	<u>278,579</u>

Movements in the long-term loans account during the year ended 31 December 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated
	financial statements
Balance as at 1 January 2011	357,634
Add: Received	30,265
Less: Repayment	(59,164)
Lost control of a subsidiary (Note 18.4)	(188,735)
Balance as at 31 December 2011	<u>140,000</u>

Pure Biodiesel Co., Ltd.

On 22 August 2007, Pure Biodiesel Co., Ltd. ("PBC") entered into a loan agreement with a local commercial bank granting a loan amounting to Baht 200 million for use in construction and the import of machinery for manufacturing of the bio-diesel project, on which interest is charged at a rate no higher than the Minimum Loan Rate and repayable monthly. The principal is repayable in quarterly installments of Baht 8 million from December 2008 until December 2013 and Baht 16 million from March 2014 onwards, and is to be repaid in full within June 2014.

On 30 September 2009, PBC entered into an additional loan agreement with the bank granting a loan amounting to Baht 80 million for use in improving the plant for its bio-diesel project and investment in machinery. Interest is charged on the loan at a rate no higher than the Minimum Loan Rate and repayable monthly, while principal is repayable in quarterly installments of Baht 4 million from December 2009 until September 2014.

The above loan agreements stipulate certain conditions as specified in agreements, such as that the Company's equity interest in the subsidiary must be not less than 51%, restrictions on the payment of dividends, creating lien over assets and covenants to maintain certain financial ratios according to the agreements.

In 2011, PBC was unable to maintain financial ratios covenanted under the loan agreement (this was not related to principal and interest payment), but in January 2012, received a waiver of the breach of covenant from the bank, covering the 2011 operating results. For financial reporting purposes, the Company has presented the balance of loan obtained from the bank as at 31 December 2011 amounted to Baht 140 million (2010: Baht 188 million) as a current liability in the consolidated statements of financial position.

The credit facilities are secured by the mortgage of the subsidiary's land with existing and future structures thereon and the pledge of the subsidiary's machinery.

As at 31 December 2011 and 2010, PBC has no long-term credit facilities that it has yet to draw down.

Pure Sammakorn Development Co., Ltd.

As at 31 December 2010, the long term loans of Pure Sammakorn Development Co., Ltd. ("PSDC") amounted to Baht 170 million were secured by the pledge of the PSDC's land lease right and the mortgage of the structures under the PSDC's projects This long-term loan carried interest at a rate no higher than Minimum Loan Rate (MLR) (2011: Nil due to loss of control of a subsidiary).

26. Long-term loans from unrelated parties

This represented promissory notes which the Company issued to unrelated parties. The loans carried interest at a rate of 5.75% per annum and payable quarterly. The principals were to be repaid in full within September 2012. In February 2012, the Company repaid the whole balance of long-term loans.

27. Liabilities under finance leases

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Liabilities under finance leases	120,848	81,670	6,254	8,816
Less: Deferred interest expense	(6,240)	(4,740)	(539)	(983)
Total	114,608	76,930	5,715	7,833
Less: Portion due within one year	(44,705)	(25,581)	(2,086)	(2,118)
Non-current portion	69,903	51,349	3,629	5,715

The Company and its subsidiaries entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years.

As at 31 December 2011, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	48,146	72,702	120,848
Deferred interest expense	(3,441)	(2,799)	(6,240)
Present value of future minimum lease payments	44,705	69,903	114,608

(Unit: Thousand Baht)

	Separate financial statements		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	2,393	3,861	6,254
Deferred interest expense	(307)	(232)	(539)
Present value of future minimum lease payments	2,086	3,629	5,715

28. Provision for termination benefits and provision for long-term employee benefits

Provision for termination benefits and provision for long-term employee benefits as at 31 December 2011 and 2010, which is compensations on employees' retirement, were as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Termination benefits	Long-term employee benefits
As at 1 January 2010	-	20,666
Current service cost	-	2,651
Interest cost	-	981
As at 31 December 2010	-	24,298
Current service cost	-	2,721
Interest cost	-	1,142
Termination benefits	80,855	(25,028)
Lost control of a subsidiary (Note 18.4)	-	(416)
As at 31 December 2011	<u>80,855</u>	<u>2,717</u>
	(Unit: Thousand Baht)	
	Separate financial statements	
	Termination benefits	Long-term employee benefits
As at 1 January 2010	-	19,552
Current service cost	-	1,395
Interest cost	-	648
As at 31 December 2010	-	21,595
Current service cost	-	1,460
Interest cost	-	746
Termination benefits	63,174	(23,801)
As at 31 December 2011	<u>63,174</u>	<u>-</u>

During the year 2011, the Company and two subsidiaries made plans to terminate the employment of their employees before the normal retirement date. The Company and the subsidiaries reversed the related provision for long-term employee benefits and immediately recognised provision for the termination benefits as an expense.

Termination benefit and long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2011 and 2010 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Termination benefits	80,855	-	63,174	-
Long-term employee benefits	(21,165)	3,632	(21,595)	2,043
Total	59,690	3,632	41,579	2,043

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial		Separate	
	statements		financial statements	
	2011	2010	2011	2010
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.75	4.75	4.75	4.75
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate	0.00 - 22.92	0.00 - 22.92	0.00 - 22.92	0.00 - 22.92

29. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Accrued excise tax	5,275	79,317	5,275	79,317
Value added tax payable	11,133	9,700	-	-
Advance received from customers	20,750	19,412	5,746	4,605
Guarantee on goods purchases	-	16,866	-	16,866
Others	9,446	7,898	6,717	5,828
Total	46,604	133,193	17,738	106,616

30. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting

accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

Under Section 1202 of the Thai Civil and Commercial Code, the subsidiaries are required to set aside a statutory reserve equal to at least 5% of its net profit each time the subsidiaries pay out a dividend, until such reserve reaches 10% of their registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

31. Revaluation surplus

This represents surplus arising from revaluation of land, factory buildings, machinery and factory equipment. The surplus is amortised to retained earnings on a straight-line basis over the remaining useful life of the related assets.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
Balance - beginning of year	216,413	237,735
Less: Amortised during the year	(21,075)	(21,322)
Balance - end of year	<u>195,338</u>	<u>216,413</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

32. Treasury stock

The Company's Board of Directors meeting, held on 10 August 2010, approved a resolution to resell 46,706,900 treasury shares through a public offering at a resale price of Baht 2.55 per share. The price was in accordance with the basis to be used to determine the resale price approved by the Extraordinary General Meeting of the Company's shareholders No. 1/2010, held on 5 March 2010.

In September 2010, the Company disposed all of 46.71 million treasury shares, with a cost of Baht 220.55 million, at a resale price of Baht 2.55 per share, or a total price of Baht 119.10 million. The Company realised a Baht 101.45 million loss on the sale of the shares and related selling expenses of Baht 5.51 million as a deduction against unappropriated retained earnings, and reversed treasury stock reserve to unappropriated retained earnings. The resale of the treasury shares was made through the Stock Exchange of Thailand.

33. Sales

Sales for the years ended 31 December 2011 and 2010 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Sales	24,329,516	20,043,072	19,385,729	16,286,140
Less: Oil sales back transactions	(117,850)	(498,579)	(117,850)	(498,579)
Sales - net	<u>24,211,666</u>	<u>19,544,493</u>	<u>19,267,879</u>	<u>15,787,561</u>

The Company entered into agreements to purchase oil from a number of other oil companies, in order to maintain stipulated legal reserves, with conditions that the Company must sell the oil back to those companies upon the expiry of the agreements and that the Company will be responsible for related expenses, such as insurance premium and oil storage tank rental fees. The Company recorded the oil sales back transactions as deductions from sales revenues in the income statement.

34. Other income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
Management fee income	-	-	11,464	14,340
Dividend income	-	-	-	46,500
Gain on exchange rate	18,696	11,861	18,549	11,514
Gain on recognising investment retained in the former subsidiary at fair value (Note 18.4)	-	-	14,431	-
Interest income	5,864	1,863	6,744	3,533
Other income	20,391	19,166	45,002	40,548
Total	<u>44,951</u>	<u>32,890</u>	<u>96,190</u>	<u>116,435</u>

35. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Salary, wages and other employee benefits	312,543	275,200	130,633	110,047
Termination benefits and long-term employee benefits	59,690	3,632	41,579	2,043
Depreciation and amortisation	170,046	166,841	64,043	64,123
Raw materials and consumables used	17,065,575	11,827,941	15,498,032	10,903,888
Changes in finished goods	91,891	(248,067)	14,589	(233,956)
Cost of merchandise inventories	5,032,104	7,011,169	2,818,706	4,528,450

36. Corporate income tax

No corporate income tax was payable for the year 2010 since the Company had tax loss brought forward from previous years over its profit for the year.

37. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

38. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) manufacturing and trading of fuel oil and petrochemical products, (2) manufacturing and trading of biodiesel products and (3) real estate rental and service. These operations are mainly carried on in Thailand. Below is the consolidated financial information of the Company and its subsidiaries for the years ended 31 December 2011 and 2010 by segment.

(Unit: Million Baht)

	Manufacture and trading of fuel oil and petrochemical products		Manufacture and trading of biodiesel products		Real estate rental and service		Other segments		Elimination of inter- segment transactions		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Sales and services from external customers												
Domestic	17,253	15,805	2,029	635	55	43	126	107	-	-	19,463	16,590
Overseas	4,913	3,100	31	21	-	-	-	-	-	-	4,944	3,121
Total sales and services from external customers	22,166	18,905	2,060	656	55	43	126	107	-	-	24,407	19,711
Inter-segment sales and services	9,161	9,019	485	377	2	3	245	220	(9,893)	(9,619)	-	-
Total sales and services	31,327	27,924	2,545	1,033	57	46	371	327	(9,893)	(9,619)	24,407	19,711
Segment profit (loss)	297	118	(55)	39	(3)	-	16	14	64	55	319	226
Unallocated income and expenses:												
Interest income											6	2
Other income											35	28
Share of loss from investments in associates											(5)	(1)
Finance cost											(67)	(54)
Corporate income tax											(115)	(9)
Non-controlling interests of the subsidiaries											(2)	4
Profit attributable to equity holders of the Company											171	196

(Unit: Million Baht)

	Manufacture and trading of fuel oil and petrochemical products		Manufacture and trading of biodiesel products		Real estate rental and service		Other segments		Elimination of inter- segment balances		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Inventories	1,035	1,258	26	128	-	-	4	1	(1)	(6)	1,064
Property, plant and equipment	695	766	475	513	-	381	154	113	(4)	(17)	1,320	1,756
Other assets											1,683	1,227
Total assets											4,067	4,364

Transfer prices between business segments are as set out in Note 11 to the financial statements.

39. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company or its subsidiaries and employees contributed to the fund monthly at the rates of 5% - 10% of basic salary. The fund, which is managed by BBL Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company and its subsidiaries contributed Baht 11 million (2010: Baht 11 million) to the fund.

40. Dividends

Dividends declared by the Company during the years 2011 and 2010 consist of the followings.

Dividend	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Interim dividend in respect of the income for the period as from 1 January 2010 to 30 September 2010	Board of Directors' meeting on 11 November 2010	42,378	0.08
Total dividend for 2010		<u>42,378</u>	<u>0.08</u>
Final dividend on 2010 operating results	Annual General Meeting of the shareholders on 7 April 2011	21,195	0.04
Total dividend for 2011		<u>21,195</u>	<u>0.04</u>

41. Commitments and contingent liabilities

41.1 Capital commitments

As at 31 December 2011, capital commitments of the Company and its subsidiaries totaling Baht 2 million (2010: Baht 6 million) were in respect of the purchases of machinery and equipment.

41.2 Operating lease and service agreement commitments

The Company and its subsidiaries entered into several operating lease and service agreements in respect of the leases of land, building, oil depots, gas stations, vehicles and equipment. The terms of the agreements are generally between 1 and 30 years.

As at 31 December 2011, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

Payable within	Consolidated financial statements	Separate financial statements
Less than 1 year	43	20
1 to 5 years	72	5
More than 5 years	140	9

41.3 Long-term purchase and sale commitments / Commercial dispute

- a) On 8 August 1995, the Company entered into a purchase agreement with PTT Public Company Limited (“PTT”) to purchase condensate residue raw materials that are produced by PTT Aromatics and Refining Public Company Limited in a quantity and at a price stipulated in the agreement. The agreement has a primary period of 15 years ending 2012 and may be extended. The agreement stipulated that the Company had to provide a bank guarantee of a certain amount as security against payment for goods purchased. The security will be returned to the Company upon expiry of the agreement.

On 30 September 2009, PTT sent a letter informing the Company of the cancellation of the condensate residue raw materials purchase agreement, and requesting termination of the agreement upon completion of the 15-year term (Primary period) in 2012. The Company has held discussions with PTT in order to seek a resolution that would be fair to both parties, but no resolution could be found because the parties interpret the agreement differently. The Company and the Company’s legal advisor are of the opinion that the agreement cannot be terminated since it is a long-term reciprocal agreement, and it stipulates the requirement that the Company to construct a plant to refine condensate residue of a specification that would be sourced only from PTT, and not to resell the raw materials in the same condition they are received from PTT. The agreement therefore includes a stipulation that the agreement is made on an evergreen basis, meaning that there is no specified termination date and the agreement will renew automatically at the completion of the first 15-year term (Primary period). In addition, the agreement can only be terminated with the consent of both counterparties or in the event that either party breaches the agreement. The Company has not breached any condition of the agreement. On this basis, the Company is confident that the agreement cannot be terminated, while PTT has a different opinion. Consequently, to maintain the rights of the shareholders

guaranteed and protected by law, the Company used the judicial process to make a final determination on the matter, and submitted a petition to the Arbitration Office on 3 December 2009. On 27 August 2010, the Company lodged a lawsuit against PTT with the Civil Court, demanding PTT comply with the agreement with no specified termination date. At present, the commercial dispute and outstanding litigation are under formal arbitration proceedings and litigation. Their outcomes cannot be determined and depend on the future judicial process.

On 30 November 2011, the Company received a raw material delivery plan from PTT, which is part of the normal business cooperation process between the Company and PTT, and found that such plan specified that raw materials would only be delivered until January 2012. PTT has stopped delivering raw materials to the Company since February 2012 and this has forced the Company to cease production since it has been unable to find a new source to supply these raw materials.

- b) In November 2007, a subsidiary entered into an agreement with PTT Utility Co., Ltd. ("PTTUT") to purchase steam in a quantity and at a price stipulated in the agreement, which is for a period of 15 years commencing from the facility commercial operation date or 1 October 2008. The agreement can be extended for another 5 years.

On 26 December 2011, the subsidiary entered into a memorandum with PTTUT, whereby PTTUT will construct a pipe rack and bridge to install a steam pipeline, with a construction price of Baht 58 million, and will compensate the subsidiary an amount of Baht 23 million, for the impact of its inability to supply steam as agreed. This is treated as part of the delay penalty and deducted from construction cost. The construction cost and all interest are to be paid to PTTUT on a monthly basis, beginning on the first of the 37th month and to be completed within 72 months after the date PTTUT commences supplying steam. The construction cost carries interest at a rate equal to MLR of a bank.

41.4 Guarantees

- a) As at 31 December 2011, there were outstanding bank guarantees of Baht 49 million (2010: Baht 261 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of their business. These included letters of guarantee amounting to Baht 40 million to guarantee payments due to a creditor and Baht 9 million to guarantee electricity use, among others.

- b) The Company has guaranteed bank credit facilities of subsidiaries amounting to Baht 70 million (2010: Baht 82 million).

41.5 Litigation

A subsidiary was defendant in a Baht 300,000 civil lawsuit involving breach of an oil purchase and sale contract. On 25 May 2011, the subsidiary entered into a compromise agreement and paid compensation of Baht 200,000, which was recorded in the financial statements.

42. Financial instruments

42.1 Financial risk management

The Company's and subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, accounts receivable and payable, loans receivable and payable and investments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and subsidiaries are exposed to credit risk primarily with respect to trade receivables, loans receivable, other receivables and notes receivable. The Company and subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables, loans receivable, other receivables and notes receivable as stated in the statement of financial position.

Interest rate risk

The Company's and subsidiaries' exposures to interest rate risk relate primarily to their deposits at banks, loans receivable, bank overdrafts, and loans payable with interest. However, since most of the Company and subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Fixed interest rates			Floating	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years	interest rate			
Financial assets							
Cash and cash equivalents	406	-	-	104	14	524	0.13 - 3.25
Current investments	-	-	-	-	90	90	-
Trade and other receivables	-	-	-	-	621	621	-
Short-term loans to and interest receivable from unrelated parties	3	-	-	-	-	3	5.00
Short-term loans to related parties	-	-	-	2	-	2	Prime rate plus 3.00
Pledged deposits at banks	98	-	-	-	-	98	1.87 - 2.50
Long-term loans to unrelated parties	1	3	-	-	-	4	4.50 - 5.89
	<u>508</u>	<u>3</u>	<u>-</u>	<u>106</u>	<u>725</u>	<u>1,342</u>	
Financial liabilities							
Short-term loans from banks	275	-	-	-	-	275	6.25
Trade and other payables	-	-	-	-	1,596	1,596	-
Long-term loans from banks	-	-	-	140	-	140	Not over MLR
Short-term loans from unrelated parties	13	-	-	-	-	13	3.00 - 5.75
Long-term loans from unrelated parties	24	-	-	-	-	24	5.75
Long-term loans from related parties	207	-	-	-	-	207	5.75
Liabilities under finance leases	45	70	-	-	-	115	2.88 - 7.60
	<u>564</u>	<u>70</u>	<u>-</u>	<u>140</u>	<u>1,596</u>	<u>2,370</u>	

Foreign currency risk

The Company's and subsidiaries' exposures to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company and subsidiaries reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets denominated in foreign currencies as at 31 December 2011 are summarised below.

Foreign currency	Financial assets (Thousand)	Average exchange rate as at 31 December 2011 (Baht per 1 foreign currency unit)
US dollar	10,447	31.55

Foreign exchange contracts outstanding at 31 December 2011 are summarised below.

Foreign currency	Sold amount (Thousand)	Contractual exchange rate - Sold (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	7,153	31.05 - 31.72	January - March 2012

Market risk

The Company and its subsidiaries have risk exposure with respect to the market price of oil, which tends to fluctuate significantly. The Company manages the risk by controlling the production period in order to minimise the period between receiving raw materials and selling finished goods. In order to hedge the risk, the Company may enter into forward contracts to purchase and sell crude oil and oil products.

As at 31 December 2011, the Company does not have outstanding forward contracts to purchase and sell crude oil and oil products.

42.2 Fair values of financial instruments

Since the majority of the Company and subsidiaries' financial instruments are short-term in nature, loans receivable and payable bear interest rates which are close to the market rate, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

43. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2011, the Group's debt-to-equity ratio was 1.61:1 (2010: 2.02:1) and the Company's was 1.15:1 (2010: 1.50:1).

44. Events after the reporting period

- a) Since February 2012, the Company's major raw material supplier has stopped delivering the raw materials to the Company and this has caused the Company to shut down its plant since 7 February 2012.

- b) On 17 February 2012, a meeting of the Company's Board of Directors passed a resolution to propose the payment of dividends from the 2011 operating results for approval by the 2012 Annual General Meeting of the shareholders. The proposed dividend was Baht 0.05 per share, or a total of Baht 26 million.

45. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 to the financial statements and as the result of the adoption of revised and new accounting standards as described in Note 3 and Note 5 to the financial statements, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification.

46. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2012.