

Rayong Purifier Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2012 and 2011

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 30 June 2012 and 31 December 2011 held 29.87% of the issued and paid-up capital of the Company.

On 30 March 2012, the 2012 Annual General Meeting of shareholders passed resolutions approving the cancellation of the allotment of 273 million additional ordinary shares through the issue of Taiwan Depository Receipts (TDR) in the Republic of China (Taiwan), and approving the allotment of these shares by private placements.

As a consequence of the impact of cessation of the delivery of raw materials to the Company in February 2012, the Company has gradually laid off employees and paid compensation in accordance with Labour Law, in order to downsize its business and reduce costs. In addition, Pure Biodiesel Co., Ltd. ("PBC") shut down its plant since it had no orders from its customers and lacked liquidity to operate its business, while Jaturatis Transport Co., Ltd. ("JTC") and SCT Petroleum Co., Ltd. ("SCT") and its 6 subsidiaries have ceased providing service and trading. PBC, JTC and SCT have gradually laid off their employees while paying compensation in accordance with Labour Law.

(Unaudited but reviewed)

In March 2012, a subsidiary (RPC Management Co., Ltd.) entered into a management agreement with an overseas unrelated company to provide consulting services on accounting and finance, information technology, human resources and others (for a period of 5 years ending in March 2017) and relating to power plants (for a period of 18 months ending in September 2013). The service fees are stipulated in the agreements.

1.2 Fundamental accounting assumptions

As discussed in Note 20.5 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. However, the Company is in the process of seeking out new business opportunities. 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, the possibility of relocating the plant to be close to this new source, the sale of assets and the search for new business opportunities. Therefore, the Company's financial statements have been prepared on 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.

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

(Unaudited but reviewed)

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.4 Basis of consolidation

The consolidated financial statements include the financial statements of Rayong Purifier Public Company Limited and its subsidiaries, and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2011, with the following changes in the composition of the subsidiaries in the current period. The changes were approved by a meeting of the Company's Board of Directors held on 3 April 2012.

- a) In April 2012, the Company restructured the ordinary shareholdings of 7 subsidiaries of SCT Petroleum Co., Ltd., a 100%-held subsidiary of the Company, so that they are all 100% directly held by the Company. The share acquisition prices were the net book values as at 31 March 2012, or a total of Baht 34 million. The restructuring was considered to be a business combination under common control.
- b) In May 2012, the Company purchased all of the ordinary shares of RPC Global Co., Ltd. (formerly known as "Globalization Economic and Promotion Network Co., Ltd.") ("RPCG") at HKD 3 per share, for a total of HKD 30,000, or at cost of Baht 123,939. RPCG, a company incorporated in Hong Kong, is principally engaged in the trading of fuel oil and petrochemical products and investment. RPCG has a registered share capital amounting to HKD 10,000 (10,000 ordinary shares with a par value of HKD 1).

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

(Unaudited but reviewed)

2. New accounting standard issued during the period not yet effective

During the period, the Federation of Accounting Professions issued the financial reporting standard No. 8 Operating Segments that is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that this financial reporting standard will not have any significant impact on the financial statements for the year when it is initially applied.

3. Trade and other receivables

(Unit: Thousand Baht)

| Consolidated | | Separate | |
|----------------------|-------------|----------------------|-------------|
| financial statements | | financial statements | |
| 30 June | 31 December | 30 June | 31 December |
| 2012 | 2011 | 2012 | 2011 |

Trade receivables - related parties

Aged on the basis of due dates

Past due

| | | | | |
|---|----|-----|---|---------|
| Not over 3 months | 84 | 77 | - | 270,422 |
| 3 - 6 months | - | 470 | - | - |
| Total trade receivables - related parties | 84 | 547 | - | 270,422 |

Trade receivables - unrelated parties

Aged on the basis of due dates

Past due

| | | | | |
|--|---------|---------|-------|---------|
| Not over 3 months | 78,833 | 589,452 | - | 383,864 |
| 3 - 6 months | 1,433 | 573 | - | - |
| 6 - 12 months | 1,243 | 329 | - | - |
| Over 12 months | 9,220 | 9,629 | 617 | 617 |
| Total | 90,729 | 599,983 | 617 | 384,481 |
| Less: Allowance for doubtful debts | (9,466) | (9,145) | (617) | (617) |
| Total trade receivables - unrelated parties, net | 81,263 | 590,838 | - | 383,864 |

Other receivables

| | | | | |
|--|---------|---------|---------|---------|
| Other receivables - related parties | 5,923 | 2,287 | 12,124 | 11,407 |
| Accrued income | 24,059 | 20,855 | 3,211 | 1,899 |
| Others | 12,524 | 10,066 | 4,398 | 3,910 |
| Total | 42,506 | 33,208 | 19,733 | 17,216 |
| Less: Allowance for doubtful debts | (4,133) | (4,060) | (3,413) | (3,413) |
| Total other receivables - net | 38,373 | 29,148 | 16,320 | 13,803 |
| Total trade and other receivables, net | 119,720 | 620,533 | 16,320 | 668,089 |

(Unaudited but reviewed)

4. 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. | Subsidiary |
| Pure Intertrade Co., Ltd. | Subsidiary |
| RPC Management Co., Ltd. (formerly known as "Mitsumphan Petroleum Co., Ltd.") | Subsidiary |
| Tossatis Logistics Co., Ltd. (formerly known as "Metro Petroleum Co., Ltd.") | Subsidiary |
| Jatuchak Oil Co., Ltd. | Subsidiary |
| Pure Silica Mining Co., Ltd. (formerly known as "Benja Petroleum Co., Ltd.") | Subsidiary |
| Thai Quartz Mining Co., Ltd. (formerly known as "Burapha Rungroch Petroleum Co., Ltd.") | Subsidiary |
| Jaturatis Transport Co., Ltd. | Subsidiary |
| RPC Global Co., Ltd. (formerly known as "Globalization Economic and Promotion Network Co., Ltd.") | Subsidiary |
| 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% of shares held in PSDC and common directors |
| Jazzy Creation Co., Ltd. | Common directors |
| Blue Planet Travel 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 |

(Unaudited but reviewed)

During the periods, 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: Million Baht)

| | Consolidated | | Separate | |
|---|-----------------------------|------|-----------------------------|-------|
| | financial statements | | financial statements | |
| | For the three-month periods | | For the three-month periods | |
| | ended 30 June | | ended 30 June | |
| | 2012 | 2011 | 2012 | 2011 |
| Transactions with subsidiaries | | | | |
| (Eliminated from the consolidated financial statements) | | | | |
| Sales | - | - | - | 2,474 |
| Management fee income | - | - | 3 | 3 |
| Dividend income | - | - | 44 | - |
| Interest income | - | - | 6 | - |
| Other income - other services | - | - | 1 | 13 |
| Purchases of goods | - | - | - | 131 |
| Service fee expense | - | - | - | 2 |
| Transportation expense | - | - | - | 37 |
| Purchases of motor vehicles | - | - | 7 | - |
| Transactions with related parties | | | | |
| Other expenses | 1 | 1 | - | 1 |
| Land rental expense | 1 | 1 | - | - |
| Interest expense | - | 4 | - | 4 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Consolidated | | Separate | |
|---|---------------------------|------|---------------------------|-------|
| | financial statements | | financial statements | |
| | For the six-month periods | | For the six-month periods | |
| | ended 30 June | | ended 30 June | |
| | 2012 | 2011 | 2012 | 2011 |
| Transactions with subsidiaries | | | | |
| (Eliminated from the consolidated financial statements) | | | | |
| Sales | - | - | 222 | 4,941 |
| Management fee income | - | - | 5 | 6 |
| Dividend income | - | - | 44 | - |
| Interest income | - | - | 8 | 1 |
| Other income - other services | - | - | 2 | 21 |
| Purchases of goods | - | - | 2 | 312 |
| Service fee expense | - | - | 2 | 4 |
| Transportation expense | - | - | 17 | 74 |
| Purchases of motor vehicles | - | - | 7 | - |
| Transactions with related parties | | | | |
| Service income | - | 1 | - | - |
| Other expenses | 1 | 1 | - | 1 |
| Land rental expense | 1 | 2 | - | - |
| Interest expense | 1 | 9 | 1 | 8 |

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

| Transactions | Transfer pricing policy |
|--------------|--|
| Sales | The selling price is set out based on the market price with discount for oil wholesale business, provided according to the volumes of order. The selling price is set out based on the market price with the fixed rate marketing margin discount for oil retail business. The selling price is set out based on the market price for oil transportation business. |

(Unaudited but reviewed)

| Transactions | Transfer pricing policy |
|-----------------------------|---|
| | 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. |
| 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 | 2.35% - 7.00% 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. |
| Purchases of motor vehicles | At net book value |
| Service fee expense | Contract price |
| Transportation expense | Contract price |
| Other expenses | Contract price |
| Interest expense | 5.75% per annum |

(Unaudited but reviewed)

As at 30 June 2012 and 31 December 2011, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 30 June | 31 December | 30 June | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| Trade and other receivables - related parties (Note 3) | | | | |
| <i>Trade receivables - related parties</i> | | | | |
| Subsidiaries | - | - | - | 270,422 |
| Associates | 11 | 18 | - | - |
| Related companies (common directors) | 73 | 60 | - | - |
| Related person (The Company's director) | - | 469 | - | - |
| Total trade receivables - related parties | <u>84</u> | <u>547</u> | <u>-</u> | <u>270,422</u> |
| <i>Other receivables - related parties</i> | | | | |
| Subsidiaries | - | - | 7,965 | 11,077 |
| Associates | 173 | 494 | 159 | 287 |
| Related companies (common directors) | 1,750 | 1,793 | - | 43 |
| Related person (The Company's director) | 4,000 | - | 4,000 | - |
| Total other receivables - related parties | <u>5,923</u> | <u>2,287</u> | <u>12,124</u> | <u>11,407</u> |
| Short-term loans to related parties | | | | |
| Subsidiaries | - | - | 351,488 | 15,000 |
| Associate | 1,585 | 1,578 | 1,585 | 1,578 |
| Total short-term loans to related parties | <u>1,585</u> | <u>1,578</u> | <u>353,073</u> | <u>16,578</u> |
| Trade and other payables - related parties | | | | |
| <i>Trade payables - related parties</i> | | | | |
| Subsidiaries | - | - | - | 24,306 |
| Total trade payables - related parties | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,306</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 June 2012 | 31 December 2011 | 30 June 2012 | 31 December 2011 |
| Other payables - related parties | | | | |
| Subsidiaries | - | - | 12 | 16,698 |
| Associates | 405 | 21 | - | - |
| Related companies (common directors) | 205 | 348 | 158 | 308 |
| Related person (The Company's director) | - | 292 | - | 282 |
| Total other payables - related parties | <u>610</u> | <u>661</u> | <u>170</u> | <u>17,288</u> |
| 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 | <u>-</u> | <u>207,000</u> | <u>-</u> | <u>207,000</u> |

Loans to related parties and loans from related parties

As at 30 June 2012 and 31 December 2011, the balances of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

| Short-term loans to related parties | Related by | Consolidated financial statements | | | |
|--|------------|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | Balance as at 31 December 2011 | Increase during the period | Decrease during the period | Balance as at 30 June 2012 |
| Thai Good Petroleum Co., Ltd. | Associate | <u>1,578</u> | <u>7</u> | <u>-</u> | <u>1,585</u> |
| Total | | <u>1,578</u> | <u>7</u> | <u>-</u> | <u>1,585</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| Separate financial statements | | | | | |
|-------------------------------------|------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| Short-term loans to related parties | Related by | Balance as at 31 December 2011 | Increase during the period | Decrease during the period | Balance as at 30 June 2012 |
| Pure Biodiesel Co., Ltd. | Subsidiary | 10,000 | 627,496 | (321,008) | 316,488 |
| Pure Thai Energy Co., Ltd. | Subsidiary | - | 485,000 | (485,000) | - |
| JaturatisTransport Co., Ltd. | Subsidiary | - | 46,000 | (22,000) | 24,000 |
| SCT Sahaphan Co., Ltd. | Subsidiary | 5,000 | 23,000 | (17,000) | 11,000 |
| Thai Good Petroleum Co., Ltd. | Associate | 1,578 | 7 | - | 1,585 |
| Total | | 16,578 | 1,181,503 | (845,008) | 353,073 |

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | |
|---------------------------------------|---------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| Short-term loans from related parties | Related by | Balance as at 31 December 2011 | Increase during the period | Decrease during the period | Balance as at 30 June 2012 |
| Related persons | Company's directors | - | 5,000 | (5,000) | - |
| Total | | - | 5,000 | (5,000) | - |

(Unit: Thousand Baht)

| Consolidated financial statements/Separate financial statements | | | | | |
|---|--------------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| Long-term loans from related parties | Related by | Balance as at 31 December 2011 | Increase during the period | Decrease during the period | Balance as at 30 June 2012 |
| 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 | 105,500 | - | (105,500) | - |
| Total | | 207,000 | - | (207,000) | - |

As at 30 June 2012, short-term loans to subsidiaries totaling Baht 351 million (31 December 2011: Baht 15 million) are in the form of unsecured promissory notes with maturities of not more than 6 months, carrying interest at rates of 4.00% - 7.00% per annum (31 December 2011: 5.05% per annum).

(Unaudited but reviewed)

As at 30 June 2012, short-term loan to an associate amounting to Baht 1.59 million, or USD 0.05 million (31 December 2011: Baht 1.58 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 were to be repaid in full within November 2011. 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 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.

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

| | For the three-month periods ended 30 June | | | |
|------------------------------|---|--------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Short-term employee benefits | (304) | 13,329 | (1,471) | 9,671 |
| Post-employment benefits | - | 533 | - | 392 |
| Termination benefits | 2,337 | - | 1,745 | - |
| Total | 2,033 | 13,862 | 274 | 10,063 |

(Unit: Thousand Baht)

| | For the six-month periods ended 30 June | | | |
|------------------------------|---|--------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Short-term employee benefits | 14,511 | 60,459 | 9,632 | 46,187 |
| Post-employment benefits | - | 1,066 | - | 784 |
| Termination benefits | 2,337 | - | 1,745 | - |
| Total | 16,848 | 61,525 | 11,377 | 46,971 |

(Unaudited but reviewed)

5. Inventories

Inventories as at 30 June 2012 included oil of Baht 5 million reserved in accordance with the Ministry of Commerce regulations (31 December 2011: Baht 707 million).

Movements in the allowance for reduction of cost of inventories to net realisable value account during the six-month period ended 30 June 2012 are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|--|---|-------------------------------------|
| Balance as at 1 January 2012 | 537 | - |
| Add: Reduction of cost of inventories to net realisable value | 1,832 | 1,748 |
| Balance as at 30 June 2012 | <u>2,369</u> | <u>1,748</u> |

6. Pledged deposits at banks

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

7. Investments in associates

7.1 Details of associates

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|-----------------------------|----------------------------|------------------|--------------|------------------|--|------------------|--|------------------|
| | | | 30 | 31 | 30 | 31 | Carrying amounts based on equity method | | Carrying amounts based on cost method | |
| | | | June 2012 | December 2011 | June 2012 | December 2011 | June 2012 | December 2011 | June 2012 | December 2011 |
| | | | (%) | (%) | | | | | | |
| Thai Good Petroleum Co., Ltd. | Distribution of lubricant oil | Hong Kong | 31.67 | 31.67 | 3,175 | 3,175 | - | - | 3,175 | 3,175 |
| Pure Sammakorn Development Co., Ltd. | Real estate rental and service | Thailand | 44.13 | 44.13 | 129,181 | 129,181 | 122,980 | 125,650 | 129,181 | 129,181 |
| Total investments in associates | | | | | | | <u>122,980</u> | <u>125,650</u> | <u>132,356</u> | <u>132,356</u> |

(Unaudited but reviewed)

7.2 Share of loss and dividend received

During the three-month and six-month periods ended 30 June 2012 and 2011, 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 | Consolidated financial statements | | | | Separate financial statements | | | |
|--------------------------------------|--|--------------|---|--------------|---|----------|---|----------|
| | Share of loss from investments in associates | | | | Dividend received | | | |
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Thai Good Petroleum Co., Ltd. | - | (423) | - | (934) | - | - | - | - |
| Pure Sammakorn Development Co., Ltd. | (1,601) | - | (2,670) | - | - | - | - | - |
| Total | (1,601) | (423) | (2,670) | (934) | - | - | - | - |

7.3 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 | | Total assets as at | | Total liabilities as at | | Total revenues | | Loss | |
|--------------------------------------|-----------------------|------------------|--------------------|------------------|-------------------------|------------------|---|-------|---------|---------|
| | 30 June 2012 | 31 December 2011 | 30 June 2012 | 31 December 2011 | 30 June 2012 | 31 December 2011 | For the six-month periods ended 30 June | | | |
| | | | | | | | 2012 | 2011 | 2012 | 2011 |
| | | | | | | | | | | |
| Thai Good Petroleum Co., Ltd. | 10,026 | 10,026 | 6,655 | 7,210 | 14,678 | 11,742 | 5,140 | 2,713 | (3,094) | (3,811) |
| Pure Sammakorn Development Co., Ltd. | 260,000 | 260,000 | 575,253 | 504,296 | 384,779 | 307,772 | 52,112 | - | (6,051) | - |

Investment in Thai Good Petroleum Co., Ltd. was determined on the basis of financial information provided by this company's management, which was not reviewed by its external auditor. However, the value of the investment is immaterial.

7.4 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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

| Company's name | Unrecognised share of loss | |
|-------------------------------|---|---|
| | Share of loss for the six-month period ended 30 June 2012 | Cumulative share of loss up to 30 June 2012 |
| Thai Good Petroleum Co., Ltd. | (980) | (2,217) |

8. Investments in subsidiaries

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

| Company's name | Paid-up capital | | Shareholding percentage | | Cost | | Dividend received during the six-month periods ended 30 June | |
|-----------------------------------|-----------------|-------------|-------------------------|-------------|---------|-------------|--|------|
| | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December | periods ended 30 June | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | | | % | % | | | | |
| Pure Biodiesel Co., Ltd. | 280,000 | 280,000 | 100 | 100 | 279,999 | 279,999 | - | - |
| Pure Thai Energy Co., Ltd. | 99,995 | 99,995 | 100 | 100 | 99,994 | 99,994 | - | - |
| SCT Petroleum Co., Ltd. | 36,000 | 36,000 | 100 | 100 | 36,000 | 36,000 | 44,208 | - |
| SCT Sahaphan Co., Ltd. | 20,000 | 20,000 | 78 | 78 | 15,856 | 15,856 | - | - |
| Jaturatis Transport Co., Ltd. | 30,000 | - | 100 | - | 30,402 | - | - | - |
| Pure Intertrade Co., Ltd. | 500 | - | 100 | - | 654 | - | - | - |
| RPC Management Co., Ltd. | 500 | - | 100 | - | 581 | - | - | - |
| Tossatis Logistics Co., Ltd. | 500 | - | 100 | - | 579 | - | - | - |
| Jatuchak Oil Co., Ltd. | 500 | - | 100 | - | 652 | - | - | - |
| Pure Silica Mining Co., Ltd. | 500 | - | 100 | - | 658 | - | - | - |
| Thai Quartz Mining Co., Ltd. | 500 | - | 100 | - | 581 | - | - | - |
| RPC Global Co., Ltd. | 41 | - | 100 | - | 124 | - | - | - |
| Total investments in subsidiaries | | | | | 466,080 | 431,849 | 44,208 | - |

As a consequence of the impact of cessation of the delivery of raw materials to the Company in February 2012, a meeting of the Company's Board of Directors held on 3 April 2012 approved a restructuring of the ordinary shareholding of 7 companies held by SCT Petroleum Co., Ltd., a 100%-held subsidiary of the Company, so that they are all 100% directly held by the Company. The share acquisition prices were the net book values as at 31 March 2012, or a total of Baht 34 million.

(Unaudited but reviewed)

Pure Thai Energy Co., Ltd.

As at 30 June 2012 and 31 December 2011, the Company had commitments of Baht 40 million in respect of the uncalled portion of the investment in Pure Thai Energy Co., Ltd. ("PTEC"). In July 2012, PTEC called up the remainder of the share capital and the Company paid in this amount.

Thai Quartz Mining Co., Ltd.

The Company's Board of Directors meeting, held on 3 April 2012, approved an increase in the Company's investment in Thai Quartz Mining Co., Ltd. ("TQM"), whereby that company's registered capital will increase from Baht 0.5 million to Baht 10 million through the issue of 95,000 additional ordinary shares (par value of Baht 100 each), a total of Baht 9.5 million. The purpose of the increase in share capital is to provide funds for use as working capital.

RPC Management Co., Ltd.

The Company's Board of Directors meeting, held on 3 April 2012, approved the sell of 1,500 shares of the investment in RPC Management Co., Ltd. (RPCM), a 100%-held subsidiary of the Company, to Khong-Charoen Transportation Co., Ltd., an unrelated company, at Baht 116.21 per share, or a total of Baht 174,315. The price is the net book value as at 31 March 2012. RPCM has a registered share capital of Baht 500,000 (5,000 ordinary shares with a par value of Baht 100 per share). The Company sold the investment and received the proceeds in July 2012. As a result of the sale, the Company's shareholding in that subsidiary decreased from 100% to 70%.

RPC Global Co., Ltd.

In May 2012, the Company purchased all ordinary shares of RPC Global Co., Ltd. ("RPCG") at HKD 3 per share, for a total of HKD 30,000, or at cost of Baht 123,939. RPCG, a company incorporated in Hong Kong, is principally engaged in the trading of fuel oil and petrochemical products and investment. RPCG has a registered share capital amounting to HKD 10,000 (10,000 ordinary shares with a par value of HKD 1 per share). The share purchase was approved by the Company's Board of Directors meeting, held on 3 April 2012.

(Unaudited but reviewed)

9. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2012 are summarised below.

| | (Unit: Thousand Baht) | |
|--|-----------------------------|-----------------------------|
| | Consolidated | Separate |
| | <u>financial statements</u> | <u>financial statements</u> |
| Net book value as at 1 January 2012 | 1,319,883 | 601,975 |
| Acquisitions during period - at cost | 14,623 | 8,486 |
| Disposals during period - net book value at disposal date | (7,217) | (7,175) |
| Depreciation for period | (87,200) | (30,969) |
| Net book value as at 30 June 2012 | <u>1,240,089</u> | <u>572,317</u> |

As at 30 June 2012, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 97 million (31 December 2011: Baht 136 million), and in the separate financial statements of Baht 3 million (31 December 2011: Baht 6 million).

Pure Biodiesel Co., Ltd. had mortgaged its land with structures thereon and pledged machinery, with a total net book value as at 31 December 2011 of Baht 391 million, as collateral to secure a bank credit facility (30 June 2012: nil since the subsidiary already repaid the whole amount of loans and redeemed all collateral).

10. Short-term loans from banks

As at 30 June 2012, the Company and its subsidiaries have overdraft and short-term loan facilities that they have yet to draw down amounting to Baht 158 million (31 December 2011: Baht 1,334 million) and the separate financial statements amounting to Baht 80 million (31 December 2011: Baht 1,183 million).

11. Short-term loans from unrelated parties

In February 2012, the Company and its subsidiaries repaid the short-term loans from unrelated parties amounting to Baht 11 million (Separate financial statements: Baht 1 million).

12. Long-term loans from banks

In February 2012, the subsidiary repaid the whole balance of long-term loans from banks.

(Unaudited but reviewed)

As at 30 June 2012 and 31 December 2011, the Company and its subsidiaries have no long-term credit facilities that they have yet to draw down.

13. Long-term loans from unrelated parties

In February 2012, the Company repaid the whole balance of long-term loans from unrelated parties.

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

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|-----------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | Termination benefits | Long-term Employee Benefits | Termination benefits | Long-term employee benefits |
| As at 1 January 2012 | 80,855 | 2,717 | 63,174 | - |
| Current service cost | - | 416 | - | - |
| Interest cost | - | 124 | - | - |
| Termination benefits | 15,184 | (626) | 8,149 | - |
| Benefits paid during the period | (83,033) | - | (62,940) | - |
| As at 30 June 2012 | 13,006 | 2,631 | 8,383 | - |

15. Dividends

Dividends declared by the Company during the six-month periods ended 30 June 2012 and 2011 consist of the followings.

| Dividend | Approved by | Total dividends (Thousand Baht) | Dividend per share (Baht) |
|----------------------------|--|------------------------------------|------------------------------|
| Final dividends for 2010 | Annual General Meeting of the shareholders on 7 April 2011 | 21,195 | 0.04 |
| Total | | 21,195 | 0.04 |
| Final dividends for 2011 | Annual General Meeting of the shareholders on 30 March 2012 | 26,493 | 0.05 |
| Interim dividends for 2012 | Extraordinary General Meeting of the shareholders on 10 May 2012 | 496,409 | 0.94 |

Total

522,902

0.99

(Unaudited but reviewed)

On 14 May 2012, the Company received notice of injunctions issued by the Civil Court in respect of Black Case No. Ror. 2/2555 and Red Case No. Ror. 2/2555. PTT Public Co., Ltd. had requested the Court injunction during the arbitration procedure, and the Court then issued an injunction prohibiting the Company from paying an interim dividend for 2012 of Baht 498 million to the shareholders unless the Court orders otherwise. The Company approached Thailand Securities Depository Co., Ltd. ("TSD") in order to coordinate with the relevant banks to suspend the dividend payment in conformity to such order. However, the Company received the order outside office hours of TSD and the banks, and as a result some shareholders received the dividend. As at 30 June 2012, there was dividend refundable amounting to Baht 107 million. The Company filed a petition with the Civil Court seeking cancelation of the injunction on 22 June 2012. The Court has made an appointment to consider the Company's petition on 17 August 2012.

16. Other income

(Unit: Thousand Baht)

| | For the three-month periods ended 30 June | | | |
|-----------------------------|---|---------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Management fee income | 6 | - | 2,261 | 2,768 |
| Gain on exchange rate | 52 | 7,271 | 51 | 7,261 |
| Interest income | 7,532 | 1,651 | 13,231 | 1,595 |
| Dividend income | - | - | 44,208 | - |
| Gains on sales of equipment | 23,953 | - | 23,918 | - |
| Other income | 9,153 | 3,505 | 5,202 | 12,997 |
| Total | 40,696 | 12,427 | 88,871 | 24,621 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | For the six-month periods ended 30 June | | | |
|-----------------------------|---|---------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Management fee income | 252 | - | 4,994 | 5,836 |
| Gain on exchange rate | 3,469 | 8,580 | 3,467 | 8,500 |
| Interest income | 12,890 | 2,301 | 20,640 | 2,576 |
| Dividend income | - | - | 44,208 | - |
| Gains on sales of equipment | 23,988 | - | 23,933 | - |
| Other income | 15,723 | 9,490 | 9,731 | 23,510 |
| Total | <u>56,322</u> | <u>20,371</u> | <u>106,973</u> | <u>40,422</u> |

17. Corporate income tax

Interim corporate income tax was calculated by multiplying pre-tax profit for the periods by the estimated effective tax rate for the year.

18. Basic earnings per share

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

19. Segment information

The Company and its subsidiaries' business operations involve four principal segments: (1) manufacturing and trading of fuel oil and petrochemical products, (2) manufacturing and trading of biodiesel products (3) oil transportation business and (4) providing management services. These operations are mainly carried on in Thailand. Below is the consolidated financial information of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2012 and 2011 and as at 30 June 2012 and 31 December 2011 by segment.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 30 June

| | Manufacture and trading of fuel oil and petrochemical products | | Manufacture and trading of biodiesel products | | Oil transportation business | | Providing management services | | Other segments | | Elimination of inter- segment transactions | | Consolidation | |
|---|--|-------|--|------|--------------------------------|------|-------------------------------------|------|----------------|------|---|---------|---------------|-------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | Sales and services from external customers | | | | | | | | | | | | | |
| Domestic | 1,098 | 4,830 | 2 | 408 | 16 | 12 | - | - | 26 | 45 | - | - | 1,142 | 5,295 |
| Overseas | - | 799 | - | 2 | - | - | 13 | - | - | - | - | - | 13 | 801 |
| Total sales and services from external customers | 1,098 | 5,629 | 2 | 410 | 16 | 12 | 13 | - | 26 | 45 | - | - | 1,155 | 6,096 |
| Inter-segment sales and services | 5 | 2,523 | - | 115 | 9 | 59 | - | - | 4 | 7 | (18) | (2,704) | - | - |
| Total sales and services | 1,103 | 8,152 | 2 | 525 | 25 | 71 | 13 | - | 30 | 52 | (18) | (2,704) | 1,155 | 6,096 |
| Segment profit (loss) | (55) | 82 | (13) | (31) | (14) | 6 | 7 | - | 1 | 4 | 3 | 20 | (71) | 81 |
| Unallocated income and expenses: | | | | | | | | | | | | | | |
| Other income | | | | | | | | | | | | | 41 | 11 |
| Share of loss from investments in associates | | | | | | | | | | | | | (2) | - |
| Finance cost | | | | | | | | | | | | | (1) | (18) |
| Corporate income tax | | | | | | | | | | | | | (1) | (36) |
| Non-controlling interests of the subsidiaries | | | | | | | | | | | | | (1) | (1) |
| Profit (loss) attributable to equity holders of the Company | | | | | | | | | | | | | (35) | 37 |

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

| | Manufacture and trading | | Manufacture and trading | | Oil transportation | | Providing | | Other segments | | Elimination of inter- | | Consolidation | |
|---|-------------------------|--------|-------------------------|-------|--------------------|------|------------|------|----------------|------|-----------------------|---------|---------------|--------|
| | of fuel oil and | | of biodiesel products | | business | | management | | | | segment transactions | | | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Sales and services from external customers | | | | | | | | | | | | | | |
| Domestic | 2,820 | 9,390 | 34 | 987 | 27 | 24 | - | - | 46 | 83 | - | - | 2,927 | 10,484 |
| Overseas | 1,935 | 2,122 | - | 15 | - | - | 13 | - | - | - | - | - | 1,948 | 2,137 |
| Total sales and services from external customers | 4,755 | 11,512 | 34 | 1,002 | 27 | 24 | 13 | - | 46 | 83 | - | - | 4,875 | 12,621 |
| Inter-segment sales and services | 291 | 5,082 | (1) | 219 | 40 | 117 | - | - | 7 | 16 | (337) | (5,434) | - | - |
| Total sales and services | 5,046 | 16,594 | 33 | 1,221 | 67 | 141 | 13 | - | 53 | 99 | (337) | (5,434) | 4,875 | 12,621 |
| Segment profit (loss) | (55) | 299 | (30) | (59) | (21) | 10 | 7 | - | (1) | 8 | 12 | 42 | (88) | 300 |
| Unallocated income and expenses: | | | | | | | | | | | | | | |
| Other income | | | | | | | | | | | | | 56 | 18 |
| Share of loss from investments in associates | | | | | | | | | | | | | (3) | (1) |
| Finance cost | | | | | | | | | | | | | (10) | (35) |
| Corporate income tax | | | | | | | | | | | | | (1) | (98) |
| Non-controlling interests of the subsidiaries | | | | | | | | | | | | | - | (2) |
| Profit (loss) attributable to equity holders of the Company | | | | | | | | | | | | | (46) | 182 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Manufacture and trading of fuel oil and petrochemical products | | Manufacture and trading of biodiesel products | | Oil transportation business | | Providing management services | | Other segments | | Elimination of inter- segment transactions | | Consolidation | |
|-------------------------------|--|----------|--|----------|--------------------------------|----------|----------------------------------|----------|----------------|----------|---|----------|---------------|----------|
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | June | December | June | December | June | December | June | December | June | December | June | December | June | December |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Inventories | 85 | 1,035 | - | 26 | - | - | - | - | 4 | 4 | - | (1) | 89 | 1,064 |
| Property, plant and equipment | 662 | 695 | 455 | 475 | 119 | 147 | - | - | 7 | 7 | (3) | (4) | 1,240 | 1,320 |
| Other assets | | | | | | | | | | | | | 2,027 | 1,683 |
| Total assets | | | | | | | | | | | | | 3,356 | 4,067 |

Transfer prices between business segments are as set out in Note 4 to the financial statements.

(Unaudited but reviewed)

20. Commitments and contingent liabilities

20.1 Capital commitments

As at 30 June 2012, capital commitments of a subsidiary totaling Baht 2 million were in respect of the construction of gas stations (31 December 2011: Baht 2 million).

20.2 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 25 years.

As at 30 June 2012, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

| Payable within | Consolidated financial statements | Separate financial statements |
|-----------------------------|--------------------------------------|----------------------------------|
| In up to 1 year | 22 | 5 |
| In over 1 and up to 5 years | 58 | 1 |
| In over 5 years | 131 | - |

20.3 Long-term purchase and sale commitments

In November 2007, a subsidiary (Pure Biodiesel Co., Ltd.) 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.

(Unaudited but reviewed)

20.4 Guarantees

- a) As at 30 June 2012, there were outstanding bank guarantees of Baht 259 million (31 December 2011: Baht 49 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 250 million to guarantee payments due to creditors 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 (31 December 2011: Baht 70 million).

20.5 Litigation and 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 ("PTTAR") in a quantity and at a price stipulated in the agreement. The agreement is on an evergreen basis, meaning that there is no specified termination date, and after the primary period of 15 years ends in 2012 it automatically renews for a second period. 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 even though the Company did not breach the agreement and the cancellation was contrary to the purpose of the agreement. 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 invest in the construction of 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 automatically remain in force upon 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

(Unaudited but reviewed)

the agreement. The Company has not breached any conditions of the agreement. On this basis, the Company is confident that the agreement cannot be terminated, while PTT has a different opinion. 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. 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 and PTTAR with the Civil Court, demanding PTT and PTTAR comply with the agreement with no specified termination date. Alternatively, if forcing PTT and PTTAR to comply with the agreement is impossible for any reason, then PTT and PTTAR should pay compensation to the Company totaling Baht 13,805,648,806.91. 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 had no supply of its main raw materials from PTT.

Subsequently, the Company submitted a request to cancel its demand to force PTT and PTTAR to comply with the agreement. On 5 July 2012, the Arbitration Office allowed the Company to cancel such issue.

The above dispute between the Company and PTT caused the Company to exercise its right to submit claims for compensation of not less than Baht 13,000 million to the Arbitration Office (Black dispute No.114/2552) and the Civil Court (Black case No. 3162/2553). Moreover, since the Company has a defence of its protracted default to PTT, the Company has exercised lien over the last payment for condensate residue amounting to Baht 1,518 million (net of bank guarantee) as part of the compensation it is claiming from PTT.

(Unaudited but reviewed)

In June 2012, the Company was informed by the Dispute Office, Office of the Court of Justice that PTT had submitted the dispute to the Arbitration Office as Dispute Black Case No. 78/2555, requesting the Company to pay principal together with interest totaling Baht 1,555 million to PTT. At present, the Company is at the stage of submitting statements of dispute.

- b) In 2011 and 2012, Jaturatis Transport Co., Ltd. (a subsidiary) was a defendant in labor lawsuits before Sector 2 Labor Court, whereby employees had lodged claims for overtime payments amounting to Baht 9 million together with interest calculated from their termination dates. The cases are in the process of being considered by the Court.

21. Events after the reporting period

The Company's Board of Directors meeting, held on 9 August 2012, approved a resolution to establish Super Pure Gas Co., Ltd., a joint investment between Pure Thai Energy Co., Ltd. ("PTEC") and Super Central Gas Co., Ltd., principally engaged in distribution of LPG and CNG gas. The joint investment company is to have a registered capital of Baht 20 million (200,000 ordinary shares with par value of Baht 100 each), with PTEC holding 55%. PTEC will use its working capital to finance the investment.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2012.