

**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 2013**

**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.

The Company’s major shareholder is Petro-Instruments Company Limited, a limited company under Thai laws, which as at 30 June 2013 and 31 December 2012 held 29.87% of the issued and paid-up capital of the Company.

**1.2 Fundamental accounting assumptions**

As discussed in Note 15.5 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 Thai 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.

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 2012, with the following change in the composition of the subsidiary in the current period.

The Company's Board of Directors meeting, held on 9 May 2013, approved the buy back of 1,500 shares of RPC Management Co., Ltd. (RPCM) (30% of total shares) from Khong-Charoen Transportation Co., Ltd., at a price of Baht 366.31 per share, or a total of Baht 549,465. The price is the net book value as at 31 December 2012. The Company purchased and paid for the investment in May 2013. As a result of the purchase, the Company's shareholding in that subsidiary increased from 70% to 100%.

### **1.5 Application of new accounting standards during the period**

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, all of which are effective for fiscal years beginning on or after 1 January 2013.

(Unaudited but reviewed)

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

Financial Reporting Standard:

- TFRS 8                      Operating Segments

Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

**TAS 12 *Income Taxes***

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 3 to the financial statements.

**1.6 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 2012, except for the change in the accounting policies due to the adoption of TAS 12 *Income Taxes* as follows.

**Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

(Unaudited but reviewed)

### **Current tax**

Current 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.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **2. New accounting standards issued during the period not yet effective**

The Federation of Accounting Professions has issued notifications, which have been published in the Royal Gazette during the current period, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows.

	<u>Effective date</u>
Financial Reporting Standard:	
TFRS 4            Insurance Contracts	1 January 2016
Accounting Standard Interpretation:	
TSIC 29            Service Concession Arrangements: Disclosures	1 January 2014

(Unaudited but reviewed)

		<u>Effective date</u>
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of the above financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied.

**3. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard**

During the current period, the Company and its subsidiaries made the change described in Note 1.5 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

(Unaudited but reviewed)

The amounts of adjustments affecting the statements of financial position and the income statements are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	30 June 2013	31 December 2012	1 January 2012	30 June 2013	31 December 2012	1 January 2012
<b>Statements of financial position</b>						
Increase in deferred tax assets	10,308	9,661	9,100	-	-	-
Increase in deferred tax liabilities	32,863	34,927	39,068	32,863	34,927	39,068
Decrease in deficit	10,308	9,661	9,100	-	-	-
Decrease in other components of shareholders' equity	(32,863)	(34,927)	(39,068)	(32,863)	(34,927)	(39,068)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	2013	2012	2013	2012	
<b>Income statements</b>					
Increase in tax income		(3,052)	(1,405)	(2,064)	(2,071)
Decrease (increase) in loss (profit) attributable to equity holders of the Company		3,052	1,405	2,064	(2,071)
Decrease (increase) in basic loss (earnings) per share (Baht)		0.006	0.003	0.004	(0.004)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the six-month periods ended 30 June		For the six-month periods ended 30 June		
	2013	2012	2013	2012	
<b>Income statements</b>					
Increase in tax income		(2,711)	(924)	(2,064)	(2,071)
Decrease (increase) in loss (profit) attributable to equity holders of the Company		2,711	924	2,064	(2,071)
Decrease (increase) in basic loss (earnings) per share (Baht)		0.005	0.002	0.004	(0.004)

(Unaudited but reviewed)

#### 4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	76	67	-	-
Total trade receivables - related parties	76	67	-	-
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	44,748	63,839	-	-
3 - 6 months	814	1,017	-	-
6 - 12 months	692	2,058	-	-
Over 12 months	12,244	4,426	617	617
Total	58,498	71,340	617	617
Less: Allowance for doubtful debts	(11,842)	(4,679)	(617)	(617)
Total trade receivables - unrelated parties, net	46,656	66,661	-	-
<b>Other receivables</b>				
Advances - related parties	5,196	5,467	8,425	11,001
Accrued income	8,700	30,571	3,944	3,394
Others	10,709	7,868	105	388
Total	24,605	43,906	12,474	14,783
Less: Allowance for doubtful debts	(2,768)	(2,909)	(196)	(196)
Total other receivables - net	21,837	40,997	12,278	14,587
Total trade and other receivables - net	68,569	107,725	12,278	14,587

(Unaudited but reviewed)

## 5. Related party transactions

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

Name	Relationship
Pure Biodiesel Co., Ltd.	Subsidiary
Pure Thai Energy Co., Ltd. ("PTEC")	Subsidiary
SCT Petroleum Co., Ltd.	Subsidiary
SCT Sahaphan Co., Ltd.	Subsidiary
Jaturatis Transport Co., Ltd.	Subsidiary
Pure Intertrade Co., Ltd.	Subsidiary
RPC Management Co., Ltd.	Subsidiary
Tossatis Logistics Co., Ltd.	Subsidiary
Jatuchak Oil Co., Ltd.	Subsidiary
Pure Silica Mining Co., Ltd.	Subsidiary
Thai Quartz Mining Co., Ltd.	Subsidiary
RPC Global Co., Ltd.	Subsidiary
Super Pure Gas Co., Ltd.	Subsidiary of PTEC
Pure Sammakorn Development Co., Ltd.	Associate
Thai Good Petroleum Co., Ltd.	Associate
Sammakorn Plc.	Associate
KP Energy Group Co., Ltd.	Associate
Petro-Instruments Co., Ltd.	29.87% of shares held in the Company
Blue Planet Travel Co., Ltd.	Common directors
Mongkholchai Pattana Co., Ltd.	Common directors
World Entertainment Television Co., Ltd.	Common directors

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.

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements		Separate financial statements	
For the three-month periods ended 30 June		For the three-month periods ended 30 June	
2013	2012	2013	2012

**Transactions with subsidiaries**

(Eliminated from the consolidated financial statements)

Management fee income	-	-	1	3
Dividend income	-	-	-	44
Interest income	-	-	4	6
Other income - other services	-	-	1	1
Purchases of motor vehicles	-	-	1	7

**Transactions with related parties**

Dividend income	5	-	5	-
Other expenses	-	1	-	-
Land rental expense	-	1	-	-

(Unit: Million Baht)

Consolidated financial statements		Separate financial statements	
For the six-month periods ended 30 June		For the six-month periods ended 30 June	
2013	2012	2013	2012

**Transactions with subsidiaries**

(Eliminated from the consolidated financial statements)

Sales	-	-	-	222
Management fee income	-	-	2	5
Dividend income	-	-	-	44
Interest income	-	-	9	8
Other income - other services	-	-	2	2
Purchases of goods	-	-	-	2
Service fee expense	-	-	-	2
Transportation expense	-	-	-	17
Purchases of motor vehicles	-	-	1	7

**Transactions with related parties**

Dividend income	5	-	5	-
Other expenses	-	1	-	-
Land rental expense	-	1	-	-
Interest expenses	-	1	-	1

(Unaudited but reviewed)

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>
Dividend income	As declared
Management fee income	<p>Calculation based on quantities of products sold for oil wholesale business.</p> <p>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.</p>
Interest income	3.35% - 5.13% per annum (2012: 2.35% - 7.00% per annum)
Other income	<p>Contract price</p> <p>Guarantee fee at a rate of 1% per annum</p>
Purchases of goods	<p>The purchase price is set out based on the market price with discount for oil wholesale business, providing according to the volumes of order.</p> <p>The purchase price is set out based on the market price for maintenance of gas station equipment business.</p>
Service fee expense	Contract price
Transportation expense	Contract price
Purchases of motor vehicles	At net book value
Interest expense	5.75% per annum

(Unaudited but reviewed)

As at 30 June 2013 and 31 December 2012, the balances of the accounts between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
<b>Trade and other receivables - related parties (Note 4)</b>				
<b><i>Trade receivables - related parties</i></b>				
Associates	10	12	-	-
Related companies (common directors)	66	55	-	-
Total trade receivables - related parties	76	67	-	-
<b><i>Other receivables - related parties</i></b>				
Subsidiaries	-	-	3,229	5,788
Associates	196	460	196	213
Related companies (common directors)	-	7	-	-
Related person (The Company's director)	5,000	5,000	5,000	5,000
Total other receivables - related parties	5,196	5,467	8,425	11,001
Less: Allowance for doubtful debts	(196)	(196)	(196)	(196)
Total other receivables - related parties, net	5,000	5,271	8,229	10,805
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	473,833	368,988
Associate	1,524	1,524	1,524	1,524
Total short-term loans to related parties	1,524	1,524	475,357	370,512
Less: Allowance for doubtful debts	(1,524)	(1,524)	(92,024)	(16,524)
Total short-term loans to related parties, net	-	-	383,333	353,988
<b>Other payables - related parties</b>				
Subsidiaries	-	-	231	11,444
Associate	1	128	-	-
Related companies (common directors)	45	57	-	12
Total other payables - related parties	46	185	231	11,456

(Unaudited but reviewed)

### Loans to related parties and loans from related parties

As at 30 June 2013 and 31 December 2012, the balances of loans between the Company and those related parties and the movements are as follows.

(Unit: Thousand Baht)

Short-term loans to	Consolidated financial statements			
	Balance as at 31 December 2012	Increase during the period	Decrease during the period	Balance as at 30 June 2013
Thai Good Petroleum Co., Ltd.	1,524	-	-	1,524
Less: Allowance for doubtful debts	(1,524)	-	-	(1,524)
Net	-	-	-	-

(Unit: Thousand Baht)

Short-term loans to	Separate financial statements			
	Balance as at 31 December 2012	Increase during the period	Decrease during the period	Balance as at 30 June 2013
Pure Biodiesel Co., Ltd.	322,488	639,977	(643,277)	319,188
SCT Petroleum Co., Ltd.	19,000	22,000	(41,000)	-
Pure Thai Energy Co., Ltd.	-	195,000	(65,000)	130,000
JaturatisTransport Co., Ltd.	16,500	32,000	(33,000)	15,500
SCT Sahaphan Co., Ltd.	11,000	-	(11,000)	-
Thai Quartz Mining Co., Ltd.	-	16,500	(8,000)	8,500
Pure Intertrade Co., Ltd.	-	645	-	645
Thai Good Petroleum Co., Ltd.	1,524	-	-	1,524
Total	370,512	906,122	(801,277)	475,357
Less: Allowance for doubtful debts	(16,524)	(75,500)	-	(92,024)
Net	353,988	830,622	(801,277)	383,333

As at 30 June 2013, short-term loans to subsidiaries totaling Baht 474 million (31 December 2012: Baht 369 million) are in the form of unsecured promissory notes with maturities of 6 - 12 months, carrying interest at rates of 3.35% - 3.50% per annum (31 December 2012: 3.40% - 5.13% per annum).

(Unaudited but reviewed)

As at 30 June 2013 and 31 December 2012, short-term loan to an associate amounting to Baht 1.52 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. Subsequently, in January 2012, the Company received a letter requesting an extension of the loan term to December 2012. However, up to the present time the Company had not received repayment of the loan, and therefore set up allowance for doubtful debt for the full amount of the loan and interest receivable.

### Directors and management's benefits

During the three-month and six-month periods ended 30 June 2013 and 2012, 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	
	2013	2012	2013	2012
Short-term employee benefits	3,649	(304)	2,695	(1,471)
Post-employment benefits	343	2,337	284	1,745
Total	3,992	2,033	2,979	274

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	7,389	14,511	5,466	9,632
Post-employment benefits	1,376	2,337	439	1,745
Total	8,765	16,848	5,905	11,377

## 6. Inventories

Inventories as at 31 December 2012 included oil of Baht 1 million reserved in accordance with the Ministry of Commerce regulations (30 June 2013: nil).

Movements in the allowance for reduction of cost of inventories to net realisable value account during the six-month period ended 30 June 2013 are summarised below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2013	8,569	7,878
Add: Reduction of cost of inventories to net realisable value	354	-
Less: Reversal of reduction for inventories disposed and used during the period	(2,309)	(2,309)
Balance as at 30 June 2013	<u>6,614</u>	<u>5,569</u>

## 7. Pledged deposits at banks

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

## 8. Investments in associates

### 8.1 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 2013	December 2012	June 2013	December 2012	June 2013	December 2012	June 2013	December 2012
			(%)	(%)						
Pure Sammakorn Development Co., Ltd.	Real estate rental and service	Thailand	44.13	44.13	129,181	129,181	123,303	122,410	129,181	129,181
Sammakorn Plc.	Real estate development	Thailand	25.25	24.81	371,592	289,723	383,586	291,038	371,592	289,723
KP Energy Group Co., Ltd.	Production and distribution of electricity	Thailand	26.00	26.00	8,042	8,042	7,523	7,890	8,042	8,042
Thai Good Petroleum Co., Ltd.	Distribution of lubricant oil	Hong Kong	31.67	31.67	3,175	3,175	-	-	3,175	3,175
Total investments in associates							514,412	421,338	511,990	430,121
Less: Allowance for impairment							-	-	(3,175)	(3,175)
Investments in associates, net							<u>514,412</u>	<u>421,338</u>	<u>508,815</u>	<u>426,946</u>

(Unaudited but reviewed)

**Sammakorn Plc.**

In January 2013, Sammakorn Plc. ("SAMCO") offered a total of 139,410,340 ordinary shares, of which 37,213,200 shares were purchased by the Company at a total cost of Baht 82 million. As a result, the Company's shareholding in SAMCO increased from 24.81% to 25.25%.

**8.2 Share of profit (loss) and dividend received**

During the three-month and six-month periods ended 30 June 2013 and 2012, the Company recognised its share of profit (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 profit (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	
	2013	2012	2013	2012	2013	2012	2013	2012
Pure Sammakorn Development Co., Ltd.	(52)	(1,601)	893	(2,670)	-	-	-	-
Sammakorn Plc.	6,105	-	16,633	-	5,954	-	5,954	-
KP Energy Group Co., Ltd.	(191)	-	(367)	-	-	-	-	-
<b>Total</b>	<b>5,862</b>	<b>(1,601)</b>	<b>17,159</b>	<b>(2,670)</b>	<b>5,954</b>	<b>-</b>	<b>5,954</b>	<b>-</b>

**8.3 Summarised financial information of associates**

The financial information of the associates is summarised below.

(Unit: Thousand Baht)

Company	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at		as at		as at		For the six-month periods ended			
	30 June	31 December	30 June	31 December	30 June	31 December	30 June			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
(Restated)										
Pure Sammakorn Development Co., Ltd.	260,000	260,000	545,822	552,887	354,468	363,703	65,651	52,112	2,024	(6,051)
Sammakorn Plc.	589,410	450,000	3,331,864	3,147,842	1,091,133	1,252,056	617,464	-	65,875	-
KP Energy Group Co., Ltd.	25,780	25,780	26,460	22,376	9,656	1,201	-	-	(1,413)	-
Thai Good Petroleum Co., Ltd.	10,026	10,026	4,631	4,156	17,051	15,341	754	5,140	(1,013)	(3,094)

(Unaudited but reviewed)

Investments in KP Energy Group Co., Ltd. and Thai Good Petroleum Co., Ltd. were determined on the basis of financial information provided by these companies' management, which were not reviewed by their external auditors. However, the values of the investments are immaterial.

#### **8.4 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	Unrecognised share of loss	
	Share of loss for the six-month period ended 30 June 2013	Cumulative share of loss up to 30 June 2013
Thai Good Petroleum Co., Ltd.	(321)	(3,647)

#### **8.5 Fair value of investment in listed associate**

As at 30 June 2013, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 414 million (31 December 2012: Baht 270 million).

(Unaudited but reviewed)

**9. Investments in subsidiaries**

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

(Unit: Thousand Baht)

Company	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	2013	2012
	2013	2012	2013	2012	2013	2012		
			%	%				
Pure Biodiesel Co., Ltd. *	280,000	280,000	100	100	279,999	279,999	-	-
Pure Thai Energy Co., Ltd. and its subsidiary	140,000	140,000	100	100	140,000	140,000	-	-
SCT Petroleum Co., Ltd. *	36,000	36,000	100	100	36,000	36,000	-	44,208
SCT Sahaphan Co., Ltd.	20,000	20,000	100	100	21,481	21,481	-	-
Jaturatis Transport Co., Ltd. *	30,000	30,000	100	100	30,402	30,402	-	-
Pure Intertrade Co., Ltd. *	500	500	100	100	654	654	-	-
RPC Management Co., Ltd. *	500	500	100	70	956	406	-	-
Tossatis Logistics Co., Ltd. *	500	500	100	100	579	579	-	-
Jatuchak Oil Co., Ltd. *	500	500	100	100	652	652	-	-
Pure Silica Mining Co., Ltd. *	500	500	100	100	658	658	-	-
Thai Quartz Mining Co., Ltd. *	500	500	100	100	581	581	-	-
RPC Global Co., Ltd.	41	41	100	100	124	124	-	-
Total investments in subsidiaries					512,086	511,536	-	44,208
Less: Allowance for impairment					(30,402)	(30,402)		
Investments in subsidiaries - net					481,684	481,134		

\* Business suspended as at 30 June 2013

The Company's Board of Directors meeting, held on 9 May 2013, approved the buy back of 1,500 shares of RPC Management Co., Ltd. (RPCM) (30% of total shares) from Khong-Charoen Transportation Co., Ltd., at a price of Baht 366.31 per share, or a total of Baht 549,465. The price is the net book value as at 31 December 2012. The Company purchased and paid for the investment in May 2013. As a result of the purchase, the Company's shareholding in that subsidiary increased from 70% to 100%.

(Unaudited but reviewed)

## 10. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2013	1,077,309	544,525
Acquisitions during period - at cost	9,890	1,367
Disposals during period - net book value at disposal date	(1,590)	(1,509)
Depreciation for period	(61,363)	(30,664)
Net book value as at 30 June 2013	<u>1,024,246</u>	<u>513,719</u>

As at 30 June 2013, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 5 million (31 December 2012: Baht 7 million), and in the separate financial statements of Baht 2 million (31 December 2012: Baht 2 million).

As at 30 June 2013, the Company and its subsidiaries have temporarily ceased using their property, plant and equipment amounting to Baht 909 million (31 December 2012: Baht 957 million), and in the separate financial statements of Baht 494 million (31 December 2012: Baht 522 million).

## 11. Dividends

Dividends declared by the Company during the six-month period ended 30 June 2012 consist of the following.

Dividend	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
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	<u>496,409</u>	<u>0.94</u>
Total		<u>522,902</u>	<u>0.99</u>

(Unaudited but reviewed)

## 12. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses (income) for the three-month and six-month periods ended 30 June 2013 and 2012 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2013	2012	2013	2012
<b>Current income tax:</b>				
Interim corporate income tax charge	(3)	1,305	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,052)	(1,405)	(2,064)	(2,071)
<b>Tax income reported in the income statements</b>	<b>(3,055)</b>	<b>(100)</b>	<b>(2,064)</b>	<b>(2,071)</b>
			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2013	2012	2013	2012
<b>Current income tax:</b>				
Interim corporate income tax charge	-	1,305	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(2,711)	(924)	(2,064)	(2,071)
<b>Income tax expenses (income) reported in the income statements</b>	<b>(2,711)</b>	<b>381</b>	<b>(2,064)</b>	<b>(2,071)</b>

### **13. 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.

### **14. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows.

- (1) Fuel oil and petrochemical products segment: Manufactures and distributes high speed diesel, fuel oil and other petrochemical products.
- (2) Biodiesel segment: Manufactures and distributes biodiesel (B100) and glycerine.
- (3) Oil transportation segment: Provides transportation services to both large and small oil traders throughout the country.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiaries' financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Inter-segment revenues are eliminated on consolidation.

(Unaudited but reviewed)

The following tables present revenues and profit (loss) information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2013 and 2012.

(Unit: Million Baht)

	For the three-month periods ended 30 June													
	Fuel oil and petrochemical products segment		Biodiesel segment*		Oil transportation segment*		Other segments		Total segments		Adjustments and eliminations		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenues</b>														
Sales and services from external customers														
Domestic	822	1,098	-	2	-	16	13	26	835	1,142	-	-	835	1,142
Overseas	-	-	-	-	-	-	-	13	-	13	-	-	-	13
Total sales and services from external customers	822	1,098	-	2	-	16	13	39	835	1,155	-	-	835	1,155
Inter-segment sales and services	-	5	-	-	-	9	2	4	2	18	(2)	(18)	-	-
<b>Total revenues</b>	<b>822</b>	<b>1,103</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>25</b>	<b>15</b>	<b>43</b>	<b>837</b>	<b>1,173</b>	<b>(2)</b>	<b>(18)</b>	<b>835</b>	<b>1,155</b>
<b>Results</b>														
<b>Segment profit (loss)</b>	(39)	(55)	(11)	(13)	(1)	(14)	(1)	8	(52)	(74)	3	3	(49)	(71)
Finance income													6	6
Profit from investment													7	2
Other income													6	29
<b>Loss before tax income</b>													<b>(30)</b>	<b>(34)</b>
Tax income													3	1
<b>Loss for the period</b>													<b>(27)</b>	<b>(33)</b>

\* Business suspended as at 30 June 2013.

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Fuel oil and petrochemical products segment		Biodiesel segment*		Oil transportation segment*		Other segments		Total segments		Adjustments and eliminations		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<b>Revenues</b>													
Sales and services from external customers														
Domestic	1,687	2,820	-	34	-	27	26	46	1,713	2,927	-	-	1,713	2,927
Overseas	-	1,935	-	-	-	-	-	13	-	1,948	-	-	-	1,948
Total sales and services from external customers	1,687	4,755	-	34	-	27	26	59	1,713	4,875	-	-	1,713	4,875
Inter-segment sales and services	-	291	-	(1)	-	40	3	7	3	337	(3)	(337)	-	-
<b>Total revenues</b>	<b>1,687</b>	<b>5,046</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>67</b>	<b>29</b>	<b>66</b>	<b>1,716</b>	<b>5,212</b>	<b>(3)</b>	<b>(337)</b>	<b>1,713</b>	<b>4,875</b>
<b>Results</b>														
<b>Segment profit (loss)</b>	(76)	(55)	(22)	(30)	(1)	(21)	(3)	6	(102)	(100)	7	12	(95)	(88)
Finance income													9	3
Profit from investment													19	2
Other income													17	38
<b>Loss before tax income</b>													(50)	(45)
Tax income													3	-
<b>Loss for the period</b>													(47)	(45)

\* Business suspended as at 30 June 2013.

(Unaudited but reviewed)

## 15. Commitments and contingent liabilities

### 15.1 Capital commitments

As at 31 December 2012, capital commitments of a subsidiary totaling Baht 3 million were in respect of the construction of gas stations (30 June 2013: nil).

### 15.2 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 20 years.

Future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

Payable within	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
In up to 1 year	18	18	7	8
In over 1 and up to 5 years	59	60	8	11
In over 5 years	70	71	-	-

### 15.3 Long-term purchase and sale commitments

In November 2007, a subsidiary (Pure Biodiesel Co., Ltd.) entered into an agreement with Global Power Synergy Co., Ltd. (GPSC) (formerly known as "PTT Utility Co., Ltd.") 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 GPSC, whereby GPSC 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 GPSC on a monthly basis, beginning on the first of the 37th month and to be completed within 72 months after the date GPSC commences supplying steam. The construction cost carries interest at a rate equal to MLR of a bank.

#### **15.4 Guarantees**

- a) As at 30 June 2013, there were outstanding bank guarantees of Baht 205 million (31 December 2012: Baht 257 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 200 million (31 December 2012: 250 million) to guarantee payments due to creditors and Baht 5 million (31 December 2012: 7 million) to guarantee electricity use, among others.
- b) The Company has guaranteed bank credit facilities of subsidiaries amounting to Baht 100 million (31 December 2012: Baht 70 million).

#### **15.5 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 Global Chemical Public Company Limited (“PTTGC”) 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 either parties agree to expire the agreement or PTT defaults 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

(Unaudited but reviewed)

15-year term (Primary period) and the following periods. 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 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 PTTGC with the Civil Court, demanding PTT and PTTGC comply with the agreement with no specified termination date. Alternatively, if forcing PTT and PTTGC to comply with the agreement is impossible for any reason, then PTT and PTTGC should pay compensation to the Company totaling Baht 13,805,648,806.91. Consequently, the Company submitted a petition to amend the amount of the claim, to request additional compensation, totaling Baht 29,368,397,797.76. The Arbitration Office allowed the request. A presiding arbitrator has now been appointed to the commercial dispute which is under formal arbitration proceedings and the Civil Court has ordered the ongoing litigation be temporarily struck off in order to await the decision of the Arbitration Office. The outcomes of the arbitration and litigation cannot be determined at this stage and depend on the future judicial process.

Subsequently, on 30 November 2011, during the formal arbitration proceedings, 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 in breach of clause 15.5 of the agreement, which specifies that PTT should comply with the agreement until a final arbitration judgment is made. 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 to comply with the agreement. On 5 July 2012, the Arbitration Office allowed the Company to cancel such issue.

(Unaudited but reviewed)

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 29,000 million to the Arbitration Office (Black dispute No.114/2552) and the Civil Court (Black case No. 3162/2553) due to PTT's breach of agreement, and the Company exercising its rights to undertake court action and arbitration in order to pursue these claims. 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.

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 submitted statements of dispute and the commercial dispute is under formal arbitration proceedings.

- 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.
- c) In 2012, the Company was a defendant in labor lawsuits before Sector 2 Labor Court, brought by employees making claims for compensation on the grounds of unfair dismissal. The dismissals were consequence of PTT Public Company Limited stopping delivery of raw materials from February 2012, forcing the Company to cease production indefinitely. The claims for unfair dismissal total Baht 84 million. In July 2013, the Court ordered the Company to pay damages totaling Baht 1.9 million. The Company is in the process of filing an appeal.

#### **16. Events after the reporting period**

The meeting of the Company's Board of Directors held on 9 August 2013 approved the following resolutions.

- a) Sell all 950 ordinary shares of an investment in Thai Good Petroleum Co., Ltd., a 31.67%-held associate of the Company, to the existing shareholders, at USD 1 per share, or for a total of USD 950.

(Unaudited but reviewed)

- b) Sell all 4,996 ordinary shares of an investment in Thai Quartz Mining Co., Ltd., a 99.99%-held subsidiary of the Company, to an individual, at Baht 1 per share, or for a total of Baht 4,996.
- c) Dissolve and liquidate the following subsidiaries 1) SCT Petroleum Co., Ltd. 2) Pure Intertrade Co., Ltd. 3) RPC Management Co., Ltd. 4) Tossatis Logistics Co., Ltd. 5) Jatuchak Oil Co., Ltd. 6) Pure Silica Mining Co., Ltd. and 7) Jaturatis Transport Co., Ltd. within 2013.

**17. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2013.