

**RPCG Public Company Limited and its subsidiaries**

**Notes to interim consolidated financial statements**

**For the three-month and nine-month periods ended 30 September 2014**

**1. General information**

**1.1 Corporate information**

RPCG 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 Co., Ltd., which as at 30 September 2014 held 19.72% of the issued and paid-up capital of the Company. (31 December 2013: Mr. Wichai Thongtang held 24.43% of the issued and paid-up capital of the Company).

On 2 January 2014, the Company registered with the Ministry of Commerce the change of its name to “RPCG Public Company Limited”.

**1.2 Fundamental accounting assumptions**

As discussed in Note 14.5 a) to the financial statements, since the year 2009 the Company has been involved in a significant commercial dispute and outstanding litigation with its major raw material supplier, who stopped delivering raw materials to the Company in February 2012. This forced the Company to cease production, since it has been unable to find new suppliers of these raw materials, while some of its subsidiaries that operate in a related business have also had to cease operations. The Group has therefore suffered consistent operating losses in the years since the cessation of production in 2012. Even though some significant uncertainties that may impact on the ability of the Group to continue as going concern have currently eased as a result of the management plan, the Group has suffered operating losses and as at 30 September 2014 its current liabilities exceeded its current assets by Baht 1,339 million (31 December 2013: Baht 945 million). Current liabilities include liabilities under the commercial dispute and outstanding litigation with its major raw material supplier, discussed above. These factors would raise substantial doubt regarding the ability of the Group to continue as going concern, should the outcome of the litigation not be in favour of the Company. However, there remains uncertainty regarding the outcomes of the commercial dispute and outstanding litigation, which cannot be concluded at this time and depend on future judicial proceedings.

These factors would raise substantial doubt regarding the ability of the Group to continue as going concern. However, the Company plans to purchase Baht 900 million of the ordinary shares of Thai Public Port Co., Ltd. (TPP) that is principally engaged in the rental of oil depot and port business, and to sell the Company's key machinery and equipment to TPP at a price higher than net book value, for use in production. On 28 January 2014, the Company entered into share purchase and sale agreements with the existing shareholders of TPP. The deposits for the purchase of the shares placed in October 2013 and March 2014, totaling Baht 400 million, are regarded as part of the purchase price and the balance was paid on 18 April 2014. In addition, on 6 March 2014 the Company entered into a purchase and sale of machinery and equipment agreement with TPP. Under the agreement, the Company needs approval from its Board of Directors and shareholders. TPP plans to move the machinery and equipment to a new location for use in production. In addition, the Company is seeking business partners and other new business opportunities. For these reasons, the financial statements have been prepared on the going concern basis.

### **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 2012) 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 RPCG Public Company Limited and its subsidiaries ("the Group"), and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2013, with the following change in the composition of the subsidiaries in the current period.

In July 2014, Jatuchak Oil Co., Ltd. and Pure Silica Mining Co., Ltd. registered their liquidations. The Company has received cash proceeds from the subsidiaries in the third quarter of 2014.

## 1.5 New accounting standards

### a) Accounting standards that became effective in the current accounting year

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact.

### b) Accounting standards that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

## 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 2013.

## 2. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Not yet due				
Not over 3 months	87	58	-	-
3 - 6 months	-	2	-	-
<b>Total trade receivables - related parties</b>	<b>87</b>	<b>60</b>	<b>-</b>	<b>-</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due				
Not over 3 months	47,180	55,354	-	-
3 - 6 months	1,730	863	-	-
6 - 12 months	2,600	1,116	-	-
Over 12 months	10,488	11,587	617	617
Total	61,998	68,920	617	617
Less: Allowance for doubtful debts	(11,104)	(11,284)	(617)	(617)
Total trade receivables - unrelated parties, net	50,894	57,636	-	-
<b>Other receivables</b>				
Advances - related parties	4,062	298	7,381	4,204
Accrued income	4,918	12,967	1,286	2,714
Others	7,676	19,723	206	136
Total	16,656	32,988	8,873	7,054
Less: Allowance for doubtful debts	(3,401)	(3,470)	-	-
Total other receivables - net	13,255	29,518	8,873	7,054
Total trade and other receivables, net	64,236	87,214	8,873	7,054

### 3. 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
RPC Global Co., Ltd.	Subsidiary

(Unaudited but reviewed)

Name	Relationship
Super Pure Gas Co., Ltd.	Subsidiary of PTEC
Pure Sammakorn Development Co., Ltd.	Associate
Sammakorn Plc.	Associate
KP Energy Group Co., Ltd.	Associate
Thai Public Port Co., Ltd.	Associate
Petro-Instruments Co., Ltd.	19.72% of shares held in the Company
Blue Planet Travel Co., Ltd.	Common directors

During the periods, the Group 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 Group and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2014	2013	2014	2013
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Management fee income	-	-	1,094	1,306
Dividend income	-	-	1,349	-
Interest income	-	-	1,213	4,374
Other income - other services	-	-	879	639
Purchases of buildings and motor vehicles	-	-	-	9,484
<b>Transactions with associates</b>				
Sales	263	223	-	-
Management fee income	2,700	-	2,700	-
Interest income	199	-	199	-
Other income	900	-	900	-
Land rental expense	195	177	-	-
Other expense	179	136	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2014	2013	2014	2013
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Management fee income	-	-	3,722	3,608
Dividend income	-	-	1,349	-
Interest income	-	-	3,829	13,222
Other income - other services	-	-	1,687	2,842
Purchases of buildings and motor vehicles	-	-	-	10,284
<b>Transactions with associates</b>				
Sales	652	626	-	-
Management fee income	2,700	-	2,700	-
Dividend income	10,420	5,954	10,420	5,954
Interest income	354	-	354	-
Other income	900	-	900	-
Land rental expense	549	531	-	-
Other expense	474	428	-	-

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.
Management fee income	Contract price and at actual costs.
Dividend income	As declared
Interest income	3.50% - 5.00% per annum (2013: 3.35% - 5.13% per annum)
Other income	Contract price
Purchases of buildings and motor vehicles	Guarantee fee at a rate of 1% per annum
Land rental expense	At net book value
Other expense	Contract price

(Unaudited but reviewed)

As at 30 September 2014 and 31 December 2013, the balances of the accounts between the Group and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<b>Trade and other receivables - related parties (Note 2)</b>				
<i><b>Trade receivables - related parties</b></i>				
Associates	11	6	-	-
Related companies (common directors)	76	54	-	-
Total trade receivables - related parties	87	60	-	-
<i><b>Other receivables - related parties</b></i>				
Subsidiaries	-	-	3,319	3,906
Associates	210	9	210	9
Related companies (common directors)	3,852	289	3,852	289
Total other receivables - related parties	4,062	298	7,381	4,204
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	464,188	464,988
Associates	11,000	4,500	11,000	4,500
Total short-term loans to related parties	11,000	4,500	475,188	469,488
Less: Allowance for doubtful debts	-	-	(215,000)	(215,800)
Total short-term loans to related parties, net	11,000	4,500	260,188	253,688
<b>Long-term loan to related party</b>				
Associate	4,500	-	4,500	-
Total long-term loan to related party	4,500	-	4,500	-
<b>Other payables - related parties</b>				
Subsidiaries	-	-	-	17
Associates	3	1	-	-
Related companies (common directors)	49	45	-	-
Total other payables - related parties	52	46	-	17

(Unaudited but reviewed)

During the nine-month period ended 30 September 2014, movements of loans to related parties were as follows.

(Unit: Thousand Baht)

Consolidated financial statements				
	Balance as at 31 December 2013	Increase during the period	Decrease during the period	Balance as at 30 September 2014
<b>Short-term loans</b>				
KP Energy Group Co., Ltd.	4,500	-	(4,500)	-
Pure Sammakorn Development Co., Ltd.	-	11,000	-	11,000
Total	4,500	11,000	(4,500)	11,000
<b>Long-term loan</b>				
KP Energy Group Co., Ltd.	-	4,500	-	4,500
Total	-	4,500	-	4,500

(Unit: Thousand Baht)

Separate financial statements				
	Balance as at 31 December 2013	Increase during the period	Decrease during the period	Balance as at 30 September 2014
<b>Short-term loans</b>				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Pure Thai Energy Co., Ltd.	130,000	598,500	(598,500)	130,000
JaturatisTransport Co., Ltd.	15,800	15,000	(15,800)	15,000
KP Energy Group Co., Ltd.	4,500	-	(4,500)	-
Pure Sammakorn Development Co., Ltd.	-	11,000	-	11,000
Total	469,488	624,500	(618,800)	475,188
Less: Allowance for doubtful debts	(215,800)	-	800	(215,000)
Net	253,688	624,500	(618,000)	260,188
<b>Long-term loan</b>				
KP Energy Group Co., Ltd.	-	4,500	-	4,500
Total	-	4,500	-	4,500

As at 30 September 2014, short-term loans to subsidiaries totaling Baht 464 million (31 December 2013: Baht 465 million) are in the form of unsecured promissory notes with maturities of 6 - 10 months, carrying interest at a rate of 3.50% per annum (31 December 2013: 3.50% per annum).



(Unaudited but reviewed)

As at 30 September 2014, the Company set aside allowance for doubtful debts for the loans to Pure Biodiesel Co., Ltd. and Jaturatis Transport Co., Ltd., amounting to Baht 200 million and Baht 15 million, respectively (31 December 2013: Baht 200 million and Baht 15.8 million, respectively), as the Company expects that the assets of the subsidiaries will not be sufficient to repay the loans. On 1 October 2013, the Company ceased recognising the interest income on the loans to these subsidiaries.

As at 30 September 2014, short-term loans to Pure Sammakorn Development Co., Ltd. are unsecured loans totaling Baht 11 million with maturities of 9 - 12 months carrying interest at a rate of 3.5% per annum. The principal and interest are to be repaid in full within May 2015.

As at 31 December 2013, the short-term loan to KP Energy Group Co., Ltd. was unsecured loan amounting to Baht 4.5 million carrying interest at a rate of 5% per annum, with principal and interest to be repaid in full within December 2014. During the nine-month period ended 30 September 2014, this associate requested an extension of the term of the loan to 31 December 2016, and the Company therefore reclassified the loan as a long-term loan.

#### Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2014 and 2013, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	6,007	3,819	5,018	2,677
Post-employment benefits	183	171	152	143
Total	6,190	3,990	5,170	2,820

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	15,201	11,208	11,999	8,143
Post-employment benefits	550	1,547	456	582
Total	15,751	12,755	12,455	8,725

#### 4. Inventories

Movements in the allowance for reduction of cost of inventories to net realisable value account during the nine-month period ended 30 September 2014 are summarised below.

		(Unit: Thousand Baht)	
		Consolidated financial statements	Separate financial statements
Balance as at 1 January 2014		8,074	7,055
Add: Reduction of cost of inventories to net realisable value		90	-
Less: Reversal of reduction for inventories disposed and used during the period		(22)	-
Balance as at 30 September 2014		8,142	7,055

#### 5. Pledged deposits at banks

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

#### 6. Investments in associates

##### 6.1 Details of associates

										(Unit: Thousand Baht)
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Consolidated financial statements		Separate financial statements	
							Carrying amounts based on equity method		Carrying amounts based on cost method	
			30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
			(%)	(%)						
Thai Public Port Co., Ltd.	Rental of oil depot and port business	Thailand	30.00	-	900,113	-	882,732	-	900,113	-
Pure Sammakorn Development Co., Ltd.	Real estate rental and service	Thailand	44.13	44.13	129,181	129,181	127,294	122,892	129,181	129,181
Sammakorn Plc.	Real estate development	Thailand	25.25	25.25	371,592	371,592	396,778	391,959	371,592	371,592
KP Energy Group Co., Ltd.	Production and distribution of electricity	Thailand	18.22	26.00	8,042	8,042	5,481	7,606	8,042	8,042
Total							1,412,285	522,457	1,408,928	508,815

**Thai Public Port Co., Ltd.**

On 28 January 2014, the Company entered into share purchase and sale agreements with Bangkok Crystal Co., Ltd. and Goodwill Marketing Co., Ltd. to purchase 31.5 million ordinary shares of Thai Public Port Co., Ltd. ("TPP") at Baht 28.575 per share, or at a total cost of Baht 900,112,500. The deposits for the purchase of the shares placed in October 2013 and March 2014, totaling Baht 400 million, are regarded as part of the purchase price and the balance was paid on 18 April 2014. The Company's shareholding in TPP is 30%. TPP is principally engaged in the rental of oil depot and port business. The investment in the associate is in accordance with a resolution approved by the Extraordinary General Meeting of the shareholders No. 1/2013 held on 19 December 2013.

At present, the Company is in the process of completing its assessment of the fair value of the assets acquired and liabilities assumed at the acquisition date, in order to allocate costs of the business acquisition to such identifiable items. The assessment process mainly involves the identification and valuation of intangible assets and certain tangible assets and is to be completed within the period of 12 months from the acquisition date allowed under Thai Financial Reporting Standard 3 (revised 2009) *Business Combinations*. However, the Company has assessed the value of the assets and liabilities using its best estimate of the facts and circumstances that existed as of the acquisition date in order to preliminary allocate costs of the business acquisition to such identifiable items. These estimates may differ significantly from the completed assessment and the Company may need to retrospectively adjust share of loss from investment in associate and investment in associate as from the acquisition date.

During the year 1997, Chonburi Province (plaintiff) sued a total of 8 unrelated companies and persons (defendants), charging that they had wrongly encroached on state land, exploded rock, and destroyed the natural environment, and claiming damages. During the year 2005, Chonburi Provincial Court issued a judgment ordering the defendants to jointly indemnify the damages, and revoking the title deeds held by the defendants, including the title deed to a plot of land owned by an associated company and used as the site of a dock and terminal project. Later, in July 2010, the Court of Appeals amended the judgment, whereby the title deeds held by the defendants, including the title deed to a plot of land owned by an associated company would not be revoked, since such an order exceeded the scope of the lawsuit. However, at present, the case is under consideration of the Supreme Court. The outcome of the dispute cannot be determined and depends on future judicial proceedings.

(Unaudited but reviewed)

The Company and its legal advisor view that since TPP is not a party in such lawsuit, TPP should not be bound by the judgment of the Chonburi Provincial Court. The judgment of the Court of First Instance, ordering the revocation of the land title deeds, also exceeded the scope of the lawsuit, in which the plaintiff only demanded damages from the defendants.

#### **KP Energy Group Co., Ltd.**

During the nine-month period ended 30 September 2014, KP Energy Group Co., Ltd. (“KPEG”) increased its registered capital from Baht 26 million to Baht 37 million. The Company’s management decided not to invest in the additional shares and as a result its shareholding in KPEG decreased from 26.00% to 18.22%. KPEG registered the increase of its capital with the Ministry of Commerce on 12 September 2014.

KPEG is an associate of the Company, since the Company has significant influence over it. The Company has representatives on its Board of Directors and is involved in setting its operating policy.

### **6.2 Share of profit (loss) and dividend received**

During the three-month and nine-month periods ended 30 September 2014 and 2013, 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 September		For the nine-month periods ended 30 September		For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2014	2013	2014	2013	2014	2013	2014	2013
Thai Public Port Co., Ltd.	(10,044)	-	(17,381)	-	-	-	-	-
Pure Sammakorn Development Co., Ltd.	3,376	218	4,402	1,111	-	-	-	-
Sammakorn Plc.	6,538	8,732	15,239	25,365	-	-	10,420	5,954
KP Energy Group Co., Ltd.	(438)	83	(2,125)	(284)	-	-	-	-
Total	(568)	9,033	135	26,192	-	-	10,420	5,954

### 6.3 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					
	30	31	30	31	30	31				
	September	December	September	December	September	December				
	2014	2013	2014	2013	2014	2013	For the nine-month periods ended 30 September			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Thai Public Port Co., Ltd.	840,000	-	2,036,618	-	67,046	-	47,440	-	(57,936)	-
Pure Sammakorn Development Co., Ltd.	260,000	260,000	527,825	531,452	326,720	341,174	118,095	98,254	9,975	2,515
Sammakorn Plc.	589,410	589,410	3,561,802	3,331,068	1,263,255	1,052,632	737,110	904,495	60,351	100,458
KP Energy Group Co., Ltd.	36,780	25,780	52,693	43,187	30,563	26,058	374	-	(8,172)	(1,093)

### 6.4 Fair value investment in listed associate

As at 30 September 2014, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 500 million (31 December 2013: Baht 393 million).

## 7. 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	
	30 September	31 December	30 September	31 December	30 September	31 December
	2014	2013	2014	2013	2014	2013
			%	%		
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. **	1,000	36,000	100	100	1,000	36,000
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. **	50	500	100	100	204	654
RPC Management Co., Ltd. *	500	500	100	100	956	956
Tossatis Logistics Co., Ltd. **	50	500	100	100	129	579
Jatuchak Oil Co., Ltd.	-	500	-	100	-	652
Pure Silica Mining Co., Ltd.	-	500	-	100	-	658
RPC Global Co., Ltd.	41	41	100	100	124	124
Total investments in subsidiaries					474,295	511,505
Less: Allowance for impairment					(30,981)	(30,787)
Investments in subsidiaries - net					443,314	480,718

\* Business suspended as at 30 September 2014

\*\* Companies dissolved on 30 September 2013 and are in the liquidation process

(Unaudited but reviewed)

Movements in the allowance for impairment of investments in subsidiaries for the nine-month period ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2014	30,787
Add: Increase during the period	579
Less: Reversal due to return of capital by subsidiaries	(385)
Balance as at 30 September 2014	<u>30,981</u>

In July 2014, Jatuchak Oil Co., Ltd. and Pure Silica Mining Co., Ltd. registered their liquidations. The Company has received cash proceeds from the subsidiaries amounting to Baht 0.99 million and reversed allowance for impairment of its investments amounting to Baht 0.39 million during the third quarter of 2014.

The meeting of the Company's Board of Directors held on 13 August 2014 approved the confirmation of a resolution to dissolve and liquidate Jaturatis Transport Co., Ltd.

In August 2014, the Company received dividend amounting to Baht 1.35 million from RPC Management Co., Ltd.

In September 2014, the Company received partial returns of capital from SCT Petroleum Co., Ltd., Pure Intertrade Co., Ltd. and Tossatis Logistics Co., Ltd., totaling Baht 43 million.

## **8. Property, plant and equipment**

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2014	1,093,152	606,664
Acquisitions during period - at cost	20,442	9,409
Disposals during period	(65)	(4)
Depreciation for period	(88,504)	(46,651)
Net book value as at 30 September 2014	<u>1,025,025</u>	<u>569,418</u>

As at 30 September 2014, the Group had vehicles under finance lease agreements with net book values amounting to Baht 4 million (31 December 2013: Baht 3 million), and in the separate financial statements of Baht 3 million (31 December 2013: Baht 1 million).

As at 30 September 2014, the Group has temporarily ceased using their property, plant and equipment amounting to Baht 916 million (31 December 2013: Baht 984 million), and in the separate financial statements of Baht 542 million (31 December 2013: Baht 585 million).

**9. Share capital**

The Extraordinary General Meeting of the shareholders No.1/2013 held on 19 December 2013 approved a resolution to increase the Company's registered capital from Baht 802.87 million (802.87 million ordinary shares of Baht 1 each) to Baht 1,304.66 million (1,304.66 million ordinary shares of Baht 1 each) through the issue of 501,793,896 additional ordinary shares, with a par value of Baht 1 each, and allocate these to the existing shareholders pro rata to their shareholding (rights offering) in a ratio of 1 new share for every 1.60 existing shares, at a price of Baht 1 per share, or a total of Baht 501,793,896. The Company received payment for the additional shares on 26 February 2014, and registered the increase of its registered share capital with the Ministry of Commerce on 2 January 2014.

**10. Dividend paid**

During the nine-month period ended 30 September 2014, the Company recorded an additional interim dividend payment for 2012 of Baht 1.67 million (1.77 million shares at Baht 0.94 per share) for a shareholder who was in the process of registering as a shareholder in accordance with the process of Thailand Securities Depository Co., Ltd. as at the book closing date of 28 May 2012, and to whom the Company had yet to pay the dividend. The interim dividend for 2012 was approved by the Extraordinary General Meeting of the shareholders on 10 May 2012. The Company paid the dividend to such shareholder in May 2014.

**11. 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.

(Unaudited but reviewed)

Tax expenses (income) for the three-month and nine-month periods ended 30 September 2014 and 2013 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 September			
	2014	2013	2014	2013
<b>Current income tax:</b>				
Interim corporate income tax charge	313	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,386)	(815)	(1,388)	(1,034)
<b>Tax income reported in the income statement</b>	<b>(1,073)</b>	<b>(815)</b>	<b>(1,388)</b>	<b>(1,034)</b>

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September			
	2014	2013	2014	2013
<b>Current income tax:</b>				
Interim corporate income tax charge	464	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,129)	(3,526)	(4,162)	(3,098)
<b>Tax income reported in the income statement</b>	(665)	(3,526)	(4,162)	(3,098)

## 12. 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.



(Unaudited but reviewed)

### 13. Segment information

The Group has been organised into business units based on its products and services. During the current period, the Group has not changed the organisation of its reportable segment.

The following tables present revenues, profit (loss) and total assets information regarding the Group's operating segments for the three-month and nine-month periods ended 30 September 2014 and 2013 and as at 30 September 2014 and 31 December 2013.

(Unit: Million Baht)

	For the three-month periods ended 30 September											
	Fuel oil and petrochemical products segment		Biodiesel segment*		Other segments		Total segments		Adjustments and eliminations		Consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Revenues</b>												
Sales and services from external customers	784	797	-	-	21	23	805	820	-	-	805	820
Inter-segment revenues	-	-	-	-	2	3	2	3	(2)	(3)	-	-
<b>Total revenues</b>	<u>784</u>	<u>797</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>26</u>	<u>807</u>	<u>823</u>	<u>(2)</u>	<u>(3)</u>	<u>805</u>	<u>820</u>
<b>Results</b>												
<b>Segment profit (loss)</b>	(53)	(34)	(9)	(10)	1	3	(61)	(41)	5	4	(56)	(37)
Finance income											3	3
Profit from investments											-	9
Other income											6	6
<b>Loss before income tax expenses</b>											(47)	(19)
Tax income											1	1
<b>Loss for the period</b>											(46)	(18)

\* Business suspended as at 30 September 2014.

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Fuel oil and petrochemical products segment		Biodiesel segment*		Other segments		Total segments		Adjustments and eliminations		Consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Revenues</b>												
Sales and services from external customers	2,490	2,484	-	-	66	49	2,556	2,533	-	-	2,556	2,533
Inter-segment revenues	-	-	-	-	5	6	5	6	(5)	(6)	-	-
<b>Total revenues</b>	<u>2,490</u>	<u>2,484</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>55</u>	<u>2,561</u>	<u>2,539</u>	<u>(5)</u>	<u>(6)</u>	<u>2,556</u>	<u>2,533</u>
<b>Results</b>												
<b>Segment profit (loss)</b>	(122)	(110)	(27)	(32)	1	(1)	(148)	(143)	12	11	(136)	(132)
Finance income											10	13
Profit from investments											4	28
Other income											14	23
<b>Loss before income tax expenses</b>											(108)	(68)
Tax income											1	3
<b>Loss for the period</b>											<u>(107)</u>	<u>(65)</u>

\* Business suspended as at 30 September 2014.

(Unaudited but reviewed)

(Unit: Million Baht)

	Fuel oil and petrochemical products segment		Biodiesel segment*		Other segments		Total segments		Adjustments and eliminations		Consolidated financial statements	
	30	31	30	31	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December	September	December	September	December
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Segment assets</b>	<u>3,092</u>	<u>2,727</u>	<u>378</u>	<u>404</u>	<u>80</u>	<u>84</u>	<u>3,550</u>	<u>3,215</u>	<u>(264)</u>	<u>(274)</u>	<u>3,286</u>	<u>2,941</u>

\* Business suspended as at 30 September 2014.

**14. Commitments and contingent liabilities****14.1 Capital commitments**

As at 30 September 2014, capital commitments of a subsidiary totaling Baht 2 million were in respect of the construction of gas stations and purchases of equipment (31 December 2013: Baht 1 million).

**14.2 Operating lease and service agreement commitments**

The Group 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)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
Payable within	2014	2013	2014	2013
In up to 1 year	23	14	7	6
In over 1 and up to 5 years	60	57	-	5
In over 5 years	68	67	-	-

**14.3 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") 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.

#### **14.4 Guarantees**

- a) As at 30 September 2014, there were outstanding bank guarantees of Baht 158 million (31 December 2013: Baht 206 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 150 million (31 December 2013: 200 million) to guarantee payments due to creditors and Baht 8 million (31 December 2013: 6 million) to guarantee electricity use, among others.
- b) The Company has guaranteed bank credit facilities of subsidiaries amounting to Baht 78 million (31 December 2013: Baht 100 million).

#### **14.5 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 terminate 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 invests 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) 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.

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 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 appealed the judgment of Sector 2 Labor Court in September 2013.
- c) In May 2011, Thai Public Port Co., Ltd., an associated company, was sued in a civil case brought by a shareholder, who petitioned the court to cancel the registration of the capital reduction and capital increase carried out by the associated company during the year 2003. In August 2011, the Civil Court dismissed the case, and in July 2012, the Appeal Court upheld the judgment of the Civil Court. At present, this case is under consideration by the Supreme Court.

#### **15. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 November 2014.