

RPCG Public Company Limited and its subsidiaries
Notes to interim consolidated financial statements
For the three-month and nine-month periods ended 30 September 2015

1. General information

1.1 The Company's general information

RPCG Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the trading of fuel oil, investment and holding company business. 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 2015 and 31 December 2014 held 19.72% 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, 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. On 20 April 2015, the 2015 Annual General Meeting of the shareholders approved a resolution to permanently discontinue the refinery business in Rayong province. 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 2015 its current liabilities exceeded its current assets by Baht 1,533 million (31 December 2014: Baht 1,184 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's management has plans to improve the operations by restructuring the organisation in order to operate investment and holding company business. They believe that they will be able to resolve the issues. The Company's investment plans are as below.

- a) During the year 2014, the Company purchased Baht 900 million of the ordinary shares of Thai Public Port Co., Ltd., which is principally engaged in the rental of oil depot and port business.
- b) The Company's Board of Directors meeting held on 16 February 2015 approved a resolution to purchase 135,564,380 ordinary shares (representing 23.00% of shares held) of Sammakorn Plc. (SAMCO), an associated company, from the existing shareholders at Baht 3.05 per share, or for a total cost of Baht 413 million. The Company used its working capital and loans to finance the investment. The Company purchased the shares in March 2015, and as a result the Company's shareholding in SAMCO increased from 25.25% to 48.25%. SAMCO is principally engaged in the real estate development.

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 of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) 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 (hereinafter called “the Group”), and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2014, with the following changes in the composition of the subsidiaries in the current period.

In May 2015, SCT Petroleum Co., Ltd. registered its liquidation. The Company has received cash proceeds from the subsidiary in the second quarter of 2015.

In September 2015, Jaturatis Transport Co., Ltd., Pure Intertrade Co., Ltd. and Tossatis Logistics Co., Ltd. registered their liquidation. The Company has received cash proceeds from the subsidiaries in the third quarter of 2015.

1.5 New financial reporting standards

a) Financial reporting standard that became effective in the current period

The Group has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, some of these standards involve changes to key principles, which are summarised below.

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Group already recognises actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgment when reviewing whether the Group has control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Group's financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Group.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Group's financial statements.

b) Financial reporting standard issued during the period and not yet effective

During the period, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Group's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed below and in Note 1.5 to the financial statements.

Non-current assets held for sales

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale when the Company receives economic benefits through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In determining allowance for impairment of non-current assets held for sale, the management needs to make judgment in estimating the losses that will be incurred on the sale of the asset, taking into account net realisable value, selling method, and the condition of the non-current assets held for sale, as well as the level of demand in the market for the non-current assets held for sale, among other factors.

2. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Trade receivables - related parties				
Aged on the basis of due dates				
Over due				
Not over 3 months	59	64	-	-
Total trade receivables - related parties	59	64	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Over due				
Not over 3 months	30,046	36,937	-	-
3 - 6 months	34	490	-	-
6 - 12 months	4	3,178	-	-
Over 12 months	11,545	8,947	617	617
Total	41,629	49,552	617	617
Less: Allowance for doubtful debts	(10,248)	(9,819)	(617)	(617)
Total trade receivables - unrelated parties, net	31,381	39,733	-	-
Total trade receivables - net	31,440	39,797	-	-
Other receivables				
Other receivables - related parties	985	4,338	4,197	8,487
Accrued income	4,821	6,812	793	1,804
Others	10,446	7,638	87	95
Total	16,252	18,788	5,077	10,386
Less: Allowance for doubtful debts	(4,566)	(4,519)	-	-
Total other receivables - net	11,686	14,269	5,077	10,386
Total trade and other receivables, net	43,126	54,066	5,077	10,386

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
RPC Management Co., Ltd.	Subsidiary
RPC Global Co., Ltd.	Subsidiary
Super Pure Gas Co., Ltd.	Subsidiary of PTEC
SCT Sahaphan Co., Ltd.	Subsidiary of PTEC
Pure Sammakorn Development Co., Ltd.	Associate
Sammakorn Plc.	Associate
Thai Public Port Co., Ltd.	Associate
Petro-Instruments Co., Ltd.	19.72% of shares held in the Company
KP Energy Group Co., Ltd.	Common directors

(Unaudited but reviewed)

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	
	2015	2014	2015	2014
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Dividend income	-	-	-	1,349
Management fee income	-	-	991	1,094
Interest income	-	-	883	1,213
Other income - other services	-	-	688	879
Transactions with associates				
Sales	227	263	-	-
Management fee income	900	2,700	900	2,700
Interest income	-	199	-	199
Other income	-	900	-	900
Land rental expense	209	195	-	-
Other expense	154	179	-	-
Transactions with related parties				
Management fee income	250	-	250	-
Other expenses	154	-	154	-

(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	
	2015	2014	2015	2014
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Dividend income	-	-	-	1,349
Management fee income	-	-	3,304	3,722
Interest income	-	-	2,832	3,829
Other income - other services	-	-	1,968	1,687
Other expenses	-	-	18	-

(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	
	2015	2014	2015	2014
Transactions with associates				
Sales	481	652	-	-
Dividend income	22,328	10,420	22,328	10,420
Management fee income	2,700	2,700	2,700	2,700
Interest income	114	354	114	354
Other income	-	900	-	900
Land rental expense	617	549	-	-
Other expense	468	474	-	-
Transactions with related parties				
Management fee income	250	-	250	-
Other expenses	154	-	154	-

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.
Dividend income	As declared
Management fee income	Contract price and at actual costs
Interest income	3.50% - 5.00% per annum
Other income	Contract price
	Guarantee fee at a rate of 1% per annum
Land rental expense	Contract price
Other expenses	Contract price

(Unaudited but reviewed)

The balances of the accounts between the Group and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Trade and other receivables - related parties (Note 2)				
<i>Trade receivables - related parties</i>				
Associates	59	64	-	-
Total trade receivables - related parties	59	64	-	-
<i>Other receivables - related parties</i>				
Subsidiaries	-	-	3,212	4,149
Associates	642	4,049	642	4,049
Related companies (common directors)	343	289	343	289
Total other receivables - related parties	985	4,338	4,197	8,487
Short-term loans to related parties				
Subsidiaries	-	-	421,188	449,188
Associates	-	8,000	-	8,000
Total short-term loans to related parties	-	8,000	421,188	457,188
Less: Allowance for doubtful debts	-	-	(200,000)	(200,000)
Total short-term loans to related parties, net	-	8,000	221,188	257,188
Long-term loan to related party				
Related company (common directors)	4,500	4,500	4,500	4,500
Less: Allowance for doubtful debts	(4,500)	(4,500)	(4,500)	(4,500)
Total long-term loan to related party, net	-	-	-	-
Other payables - related parties				
Associates	51	51	-	-
Related companies (common directors)	23	-	23	-
Total other payables - related parties	74	51	23	-

Loans to related parties

During the nine-month period ended 30 September 2015, movements of loans to related parties were as follows.

(Unit: Thousand Baht)				
Consolidated financial statements				
	Balance as at 31 December 2014	Increase during the period	Decrease during the period	Balance as at 30 September 2015
Short-term loan				
Pure Sammakorn				
Development Co., Ltd.	8,000	3,000	(11,000)	-
Total	<u>8,000</u>	<u>3,000</u>	<u>(11,000)</u>	<u>-</u>
Long-term loan				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for				
doubtful debts	(4,500)	-	-	(4,500)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Unit: Thousand Baht)				
Separate financial statements				
	Balance as at 31 December 2014	Increase during the period	Decrease during the period	Balance as at 30 September 2015
Short-term loans				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Pure Thai Energy Co., Ltd.	130,000	767,000	(795,000)	102,000
Pure Sammakorn				
Development Co., Ltd.	8,000	3,000	(11,000)	-
Total	<u>457,188</u>	<u>770,000</u>	<u>(806,000)</u>	<u>421,188</u>
Less: Allowance for				
doubtful debts	(200,000)	-	-	(200,000)
Net	<u>257,188</u>	<u>770,000</u>	<u>(806,000)</u>	<u>221,188</u>
Long-term loan				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for				
doubtful debts	(4,500)	-	-	(4,500)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 30 September 2015, short-term loans to subsidiaries totaling Baht 421 million (31 December 2014: Baht 449 million) are in the form of unsecured promissory notes with maturities of 6 - 12 months, carrying interest at rate of 3.50% per annum.

(Unaudited but reviewed)

In May 2015, Pure Biodiesel Co., Ltd. has mortgaged land, buildings and oil depots with a total book value as at 30 September 2015 of Baht 118 million, as collateral to secure short-term loans received from the Company.

As at 30 September 2015 and 31 December 2014, the Company set aside allowance for doubtful debts for the loans to Pure Biodiesel Co., Ltd. amounting to Baht 200 million, as the Company expects that the assets of the subsidiary will not be sufficient to repay the loans. On 1 October 2013, the Company ceased recognising the interest income on the loans to this subsidiary.

As at 31 December 2014, short-term loans to Pure Sammakorn Development Co., Ltd. (PSDC) are unsecured loans totaling Baht 8 million with maturities of 12 months, carrying interest at a rate of 3.50% per annum. The principal and interest were to be repaid in full within May 2015. During the period 2015, PSDC repaid the whole balance of short-term loans.

The short-term loan to KP Energy Group Co., Ltd. (KPEG) was unsecured loan amounting to Baht 4.5 million with maturity of 1 year, carrying interest at a rate of 5% per annum, with principal and interest to be repaid in full within December 2014. During the year 2014, KPEG 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. As at 30 September 2015 and 31 December 2014, the Company set aside allowance for doubtful debts for the full amount as the Company expects that the assets of KPEG will not be sufficient to repay the loan. On 1 January 2015, the Company ceased recognising the interest income on the loan to this company.

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2015 and 2014, 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	
	2015	2014	2015	2014
Short-term employee benefits	2,697	6,007	1,699	5,018
Post-employment benefits	196	183	163	152
Total	2,893	6,190	1,862	5,170

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	9,500	15,201	6,049	11,999
Post-employment benefits	589	550	487	456
Total	10,089	15,751	6,536	12,455

Guarantee obligations with related parties

The Company had outstanding guarantees with its subsidiaries as described in Note 15.4 b) to the financial statements.

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 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	8,149	7,055
Add: Reduction of cost of inventories to net realisable value	1,910	-
Less: Reversal of reduction for inventories disposed and used during the period	(11)	-
Balance as at 30 September 2015	10,048	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	Nature of business	Country of incorporation	Shareholding percentage				Cost		Consolidated financial statements		Separate financial statements	
			30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
			(%)	(%)								
Thai Public Port Co., Ltd.	Rental of oil depot and port business	Thailand	30.00	30.00	900,112	900,112	877,383	880,886	900,112	900,112		
Pure Sammakorn Development Co., Ltd.	Real estate rental and service	Thailand	44.13	44.13	129,181	129,181	126,500	125,523	129,181	129,181		
Sammakorn Plc.	Real estate development	Thailand	48.25	25.25	785,802	371,592	1,064,273	407,394	785,802	371,592		
Total investments in associates							2,068,156	1,413,803	1,815,095	1,400,885		

Sammakorn Plc.

The Company's Board of Directors meeting held on 16 February 2015 approved a resolution to purchase 135,564,380 ordinary shares (representing 23.00% of shares held) of Sammakorn Plc. (SAMCO), an associated company, from the existing shareholders at Baht 3.05 per share, or for a total cost of Baht 413 million. The Company used its working capital and loans to finance the investment. The Company purchased the shares in March 2015, and as a result the Company's shareholding in SAMCO increased from 25.25% to 48.25%. SAMCO is principally engaged in the real estate development.

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. The assessment process mainly involves the identification and valuation of certain tangible assets and is to be completed within the period of 12 months from the acquisition date as 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 profit from investment in associate and investment in associate accounts as from the acquisition date of an additional interest in such company.

Thai Public Port Co., Ltd.

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. Thai Public Port Co., Ltd. (TPP) is not a party in such lawsuit. 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 the 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 the 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.

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.

During the year 1998, TPP filed an application for a concession to operate on state land, located between TPP's land and the coast (port area), totaling 103 rai. In 2007, the Cabinet approved the concession for a period of 50 years. However, at present it is in the process of preparing the concession contract and issuing the concession to TPP. The working group has passed a resolution to wait for the judgment of the above land case.

6.2 Share of profit (loss) and dividend received

During the three-month and nine-month periods ended 30 September 2015 and 2014, 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.

(Unaudited but reviewed)

(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	2015	2014	2015	2014
Thai Public Port Co., Ltd.	2,697	(10,044)	(3,503)	(17,381)	-	-	-	-
Pure Sammakorn								
Development Co., Ltd.	575	3,376	977	4,402	-	-	-	-
Sammakorn Plc.	23,385	6,538	264,997	15,239	-	-	22,328	10,420
KP Energy Group Co., Ltd.	-	(438)	-	(2,125)	-	-	-	-
Total	<u>26,657</u>	<u>(568)</u>	<u>262,471</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>22,328</u>	<u>10,420</u>

Share of profit from investment in Sammakorn Plc. amounting to Baht 265 million, included the excess of the net fair value of the identifiable assets and liabilities over the cost of the investment, amounting to Baht 240 million.

6.3 Summarised financial information of associates

The financial information of the associates is summarised below.

(Unit: Thousand Baht)

Company	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues		Profit (loss)	
	30	31	30	31	30	31	For the nine-month periods ended	30 September	2015	2014
	September	December	September	December	September	December	2015	2014	2015	2014
Thai Public Port Co., Ltd.	840,000	840,000	1,721,850	1,739,398	150,670	153,672	136,316	47,440	(11,675)	(57,936)
Pure Sammakorn										
Development Co., Ltd.	260,000	260,000	494,065	516,945	295,659	319,738	117,253	118,095	2,214	9,975
Sammakorn Plc.	589,410	589,410	3,911,352	3,552,095	1,605,864	1,211,681	906,789	737,110	53,509	60,351
KP Energy Group Co., Ltd.	-	-	-	-	-	-	-	374	-	(8,172)

6.4 Fair value investment in listed associate

As at 30 September 2015, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 1,223 million (31 December 2014: Baht 429 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 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
			%	%		
Pure Biodiesel Co., Ltd. *	280,000	280,000	100	100	279,999	279,999
Pure Thai Energy Co., Ltd. and its subsidiaries	140,000	140,000	100	100	140,000	140,000
SCT Petroleum Co., Ltd.	-	1,000	-	100	-	1,000
SCT Sahaphan Co., Ltd.	-	20,000	-	100	-	21,481
Jaturatis Transport Co., Ltd.	-	30,000	-	100	-	30,402
Pure Intertrade Co., Ltd.	-	50	-	100	-	204
RPC Management Co., Ltd. *	500	500	100	100	956	956
Tossatis Logistics Co., Ltd.	-	50	-	100	-	129
RPC Global Co., Ltd.	41	41	100	100	124	124
Total investments in subsidiaries					421,079	474,295
Less: Allowance for impairment					(350)	(30,981)
Investments in subsidiaries - net					420,729	443,314

* Business suspended as at 30 September 2015

In May 2015, SCT Petroleum Co., Ltd. registered its liquidation. The Company has received cash proceeds from the subsidiary amounting to Baht 1.11 million and reversed allowance for impairment of its investments amounting to Baht 0.04 million during the second quarter of 2015.

In September 2015, Jaturatis Transport Co., Ltd., Pure Intertrade Co., Ltd. and Tossatis Logistics Co., Ltd. registered their liquidation. The Company has received cash proceeds from the subsidiaries totaling Baht 0.72 million and reversed allowance for impairment of its investments totaling Baht 30.59 million during the third quarter of 2015.

During the three-month and nine-month periods ended 30 September 2015, the Company had no dividend received from its subsidiaries (2014: Baht 1.35 million).

The meeting of the Company's Board of Directors held on 14 May 2015 approved a resolution to dissolve and liquidate RPC Global Co., Ltd., a 100%-held subsidiary of the Company.

The Company's Board of Directors meeting held on 15 July 2015, approved the sale of 199,996 shares SCT Sahaphan Co., Ltd. (100% of total shares) to Pure Thai Energy Co., Ltd., at a net book value price of Baht 133, or a total of Baht 26,599,468. The Company sold and received for the investment in August 2015.

(Unaudited but reviewed)

8. Other long-term investment

Company	Nature of Business	Country of incorporation	Consolidated financial statements / Separate financial statements					
			Paid-up capital		Shareholding percentage		Cost	
			30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
			(Thousand Baht)	(Thousand Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)
KP Energy Group Co., Ltd.	Production and distribution of electricity	Thai	36,780	36,780	18.22	18.22	5,482	5,482
Less: Allowance for impairment							(5,482)	(5,482)
Other long-term investment - net							-	-

9. Property, plant and equipment

(Unit: Thousand Baht)							
	Consolidated				Separate		
	financial statements		financial statements		financial statements		financial statements
	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	
Operating assets	96,766	100,600	15,389	18,737			
Ceased using assets	689,510	1,002,615	246,116	534,144			
Total property, plant and equipment	786,276	1,103,215	261,505	552,881			
Less: Allowance for impairment	(120,994)	(332,819)	(17,398)	(229,223)			
Property, plant and equipment - net	665,282	770,396	244,107	323,658			

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2015 are summarised below.

(Unit: Thousand Baht)		
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2015	770,396	323,658
Acquisitions during period - at cost	15,210	18
Disposals during period	(444)	-
Depreciation for period	(48,438)	(8,127)
Transfer to non-current assets held for sale (Note 12)	(71,442)	(71,442)
Net book value as at 30 September 2015	665,282	244,107

(Unaudited but reviewed)

As at 30 September 2015, the Group had vehicles with net book values of Baht 3 million (31 December 2014: Baht 3 million) and in the separate financial statements of Baht 2 million (31 December 2014: Baht 3 million), which were acquired under finance lease agreements.

The Company has mortgaged land with a total book value as at 30 September 2015 of Baht 211 million (31 December 2014: nil), as collateral to secure loan amounting to Baht 200 million, as discussed in Note 10 to the financial statements.

A subsidiary has mortgaged land, buildings and oil depots with a total book value as at 30 September 2015 of Baht 118 million, as collateral to secure short-term loans received from the Company, as discussed in Note 3 to the financial statements.

10. Short-term loans from unrelated parties

As at 30 September 2015, these represented promissory notes which the Group issued to another individual. The loans carried interest at rates of 2% - 4% per annum (31 December 2014: 2% per annum) and are repayable within 15 - 365 days. The Company has mortgaged land with a total book value of Baht 211 million as collateral to secure loan amounting to Baht 200 million.

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.

Tax expenses (income) for the three-month and nine-month periods ended 30 September 2015 and 2014 are made up as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 September			
	2015	2014	2015	2014
Current income tax:				
Interim corporate income tax charge	934	313	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	171	(1,386)	-	(1,388)
Tax expenses (income) reported in the income statement				
	1,105	(1,073)	-	(1,388)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September			
	2015	2014	2015	2014
Current income tax:				
Interim corporate income tax charge	2,561	464	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(514)	(1,129)	-	(4,162)
Tax expenses (income) reported in the income statement				
	2,047	(665)	-	(4,162)

12. Non-current assets held for sale and discontinued operation

As discussed in Note 1.2 to the financial statements, the 2015 Annual General Meeting of the shareholders held on 20 April 2015 approved a resolution to permanently discontinue the refinery business in Rayong province. On 30 April 2015, the Company entered into a purchase and sale agreement for the refinery, machinery and oil depot with an unrelated overseas company (buyer) whereby it will sell the refinery, machinery and various equipment at a net price of Baht 185 million (net of a subsidy for decommissioning costs of Baht 15 million). The buyer agrees to pay purchase price in six installments within a period of six months from the agreement date (by 30 September 2015). As at 30 September 2015, the Company received advances from sale of the assets amounting to Baht 40 million. However, the buyer is required to settle the outstanding amount immediately upon completion of the decommissioning and movement of assets in accordance with the agreement. The sale of the Company's key machinery and equipment has been approved by the meeting of Company's Broad of Directors held on 14 May 2015. The Company therefore presented building, building improvement, machinery and equipment, which have net book values as at transfer date amounting to Baht 71 million as non-current assets held for sale.

(Unaudited but reviewed)

Details of non-current assets held for sale as at 30 September 2015 are as follows.

	(Unit: Thousand Baht)
	Consolidated financial statements / Separate financial statements
Building and Building improvements	68
Machinery and equipment	<u>71,374</u>
Total	<u>71,442</u>

A reconciliation of the net book value of non-current assets held for sale for the nine-month period ended 30 September 2015 is presented below

	(Unit: Thousand Baht)
	Consolidated financial statements / Separate financial statements
Net book value as at 1 January 2015	-
Add: Transfer from property, plant and equipment	<u>71,442</u>
Net book value as at 30 September 2015	<u>71,442</u>

As at 30 September 2015, the Company classified the operating results of such operating segment as discontinued operation. Details of discontinued operations for the three-month and nine-month periods ended 30 September 2015 and 2014 are presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements / Separate financial statements			
	For the three-month periods ended		For the nine-month periods ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
Revenues	-	-	-	-
Expenses				
Administrative expenses	276	13,894	4,828	41,612
Total expenses	<u>276</u>	<u>13,894</u>	<u>4,828</u>	<u>41,612</u>
Loss from discontinued operation	<u>(276)</u>	<u>(13,894)</u>	<u>(4,828)</u>	<u>(41,612)</u>

(Unit: Baht)

Earnings per share:

Loss per share for the period from discontinued operation	<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.00)</u>	<u>(0.03)</u>
(Unit: Thousand shares)				

Weighted average number of ordinary shares

1,304,664 1,304,664 1,304,664 1,201,732

(Unaudited but reviewed)

The net cash flows incurred by discontinued operation for the nine-month period ended 30 September 2015 and 2014 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements /	Separate financial statements
	2015	2014
Operating activities	-	-
Investing activities	40,000	-
Financing activities	-	-
Net cash flows from discontinued operation	40,000	-

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

The Group is organised into business units based on its products and services. During the current period, the Group has changed the organisation of its reportable segments from 2014 and has two reportable segments as follows.

- 1) Energy segment: Fuel and gas retailing through a network of gas stations, manufacture and distribution of biodiesel, distribution and maintenance of gas station equipment and rental of oil depot and port business.
- 2) Real estate segment: Real estate development for sale and for rent.

For the three-month and nine-month periods ended 30 September 2015 and 2014, the Group has no major customer with revenue of 10% or more of the entity's revenues.

(Unaudited but reviewed)

The following table presented revenues and profit (loss) information regarding the Group's operating segments for the three-month and nine-month periods ended 30 September 2015 and 2014.

	(Unit: Million Baht)							
	For the three-month periods ended 30 September							
	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues								
Sales and service income from external customers	576	805	-	-	-	-	576	805
Total revenues	576	805	-	-	-	-	576	805
Results								
Segment loss	(20)	(42)	-	-	-	-	(20)	(42)
Finance income (expense)	(1)	3	-	-	-	-	(1)	3
Profit (loss) from investments	3	(10)	24	10	-	-	27	-
Other income	4	6	-	-	-	-	4	6
Profit (loss) before income tax expenses	(14)	(43)	24	10	-	-	10	(33)
Tax income (expenses)	(1)	1	-	-	-	-	(1)	1
Profit (loss) for the period from continuing operation	(15)	(42)	24	10	-	-	9	(32)
Loss for the period from discontinued operation	-	(14)	-	-	-	-	-	(14)
Profit (loss) for the period	(15)	(56)	24	10	-	-	9	(46)
(Unit: Million Baht)								
	For the nine-month periods ended 30 September							
	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues								
Sales and service income from external customers	1,875	2,556	-	-	-	-	1,875	2,556
Total revenues	1,875	2,556	-	-	-	-	1,875	2,556
Results								
Segment loss	(74)	(94)	-	-	-	-	(74)	(94)
Finance income	-	10	-	-	-	-	-	10
Profit (loss) from investments	(1)	(16)	266	20	-	-	265	4
Other income	14	14	-	-	-	-	14	14
Profit (loss) before income tax expenses	(61)	(86)	266	20	-	-	205	(66)
Tax income (expenses)	(2)	1	-	-	-	-	(2)	1
Profit (loss) for the period from continuing operation	(63)	(85)	266	20	-	-	203	(65)
Loss for the period from discontinued operation	(5)	(42)	-	-	-	-	(5)	(42)
Profit (loss) for the period	(68)	(127)	266	20	-	-	198	(107)

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 30 September 2015, capital commitments of a subsidiary totaling Baht 6.15 million were in respect of the construction of buildings (31 December 2014: Construction of gas stations amounting to Baht 0.28 million).

15.2 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)

Payable within	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
In up to 1 year	21	21	6	9
In over 1 and up to 5 years	73	54	-	-
In over 5 years	94	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”) 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 September 2015, there were outstanding bank guarantees of Baht 155 million (31 December 2014: Baht 205 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 2014: 200 million) to guarantee payments due to creditors and Baht 5 million (31 December 2014: 5 million) to guarantee electricity use, among others.
- b) As at 30 September 2015 and 31 December 2014, the Company has guaranteed bank credit facilities of subsidiaries amounting to Baht 80 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 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 judgement 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. On 7 May 2015, the Supreme Court overturned the order of the Court of First Instance and ordered that the case be dismissed, which was the final judgment.
- c) In May 2011, Thai Public Port Co., Ltd., ("TPP") 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.

In March 2014, the Directors of TPP were sued by another shareholder of TPP, who petitioned the court to cancel the letter confirming payment of share price and maintenance of share price dated 30 July 2003, the copy of the share register at the time of the Baht 30 million increase in share capital in 2003, and the memorandum of understanding regarding amendment of the debt restructuring agreement dated 7 October 2003. In May 2015, the Court of First Instance dismissed the case. At present, this case is under consideration by the Appeal Court.

In April 2015, the Directors of TPP, TPP and the Company were sued by another shareholder of TPP, who petitioned the court to nullify the request for the limited company registration (Form BOJ 1), the copy of shareholders' list, including the supporting documents for the increase in share capital of TPP during the years 2003 and 2014, and the memorandum of understanding regarding amendment of the debt restructuring agreement in 2003, and to seek a court order to reinstate the shareholding that was originally based on a list of shareholders in April 2002. In April 2015, the Court of First Instance dismissed the case. At present, this case is under consideration of the Appeal Court.

16. Fair value of financial instruments

The Group uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Group endeavors to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels as follows.

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As of 30 September 2015, the Group had the following assets that were measured at fair value using Level 1 of inputs as follows.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Financial assets measured at fair value		
Current investments		
Investment units in mutual funds	125,315	98,731

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 November 2015.