

RPCG Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2015

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 trading of fuel oil, investment and holding company business. On 4 January 2016, the Company registered to change its address of the Company's office, which is the head office, with the Ministry of Commerce from located at 14th floor, Shinawatra Tower 3, 1010 Viphavadi Rangsit Road, Khwang Chatuchak, Khet Chatuchak, Bangkok to 86/2 Pure Place Community Mall Ramkhamhaeng, 3rd floor, Ramkhamhaeng Road, Saphan Sung, 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 31 December 2015 and 2014 held 19.72% of the issued and paid-up capital of the Company.

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

The meeting of the Company's Board of Directors held on 9 August 2013 approved a resolution to dissolve and liquidate the following subsidiaries 1) SCT Petroleum Co., Ltd. 2) Pure Intertrade Co., Ltd. 3) Tossatis Logistics Co., Ltd. 4) Jatuchak Oil Co., Ltd. 5) Pure Silica Mining Co., Ltd. 6) RPC Management Co., Ltd. and 7) Jaturatis Transport Co., Ltd. within 2013. On 30 September 2013, the following subsidiaries 1) SCT Petroleum Co., Ltd. 2) Pure Intertrade Co., Ltd. 3) Tossatis Logistics Co., Ltd. 4) Jatuchak Oil Co., Ltd. and 5) Pure Silica Mining Co., Ltd. registered their dissolution with the Ministry of Commerce, with the registrar accepting the registration on 30 September 2013. The meeting of the Company's Board of Directors held on 12 November 2013 passed a resolution approving a delay in the dissolution and liquidation of RPC Management Co., Ltd. and Jaturatis Transport Co., Ltd. in order to use these companies in the operation of business.

Consequently, 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. which registered its dissolution with the Ministry of Commerce, with the registrar accepting the registration on 29 December 2014.

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.

During the year 2015, SCT Petroleum Co., Ltd., Jaturatis Transport Co., Ltd., Pure Intertrade Co., Ltd. and Tossatis Logistics Co., Ltd. registered its liquidation. The Company has received cash proceeds from the subsidiaries during the year 2015.

1.2 Fundamental accounting assumptions

As discussed in Note 37.5 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 31 December 2015 its current liabilities exceeded its current assets by Baht 1,518 million (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.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of RPCG Public Company Limited ("the Company") and the following subsidiaries (hereinafter called "the Group").

| Company's name | Nature of business | Place of incorporation | Percentage of shareholding | |
|---|---|------------------------|----------------------------|------|
| | | | 2015 | 2014 |
| | | | % | % |
| Pure Biodiesel Co., Ltd.* | Manufacture and distribution of biodiesel (B100) and crude glycerin | Thailand | 100 | 100 |
| Pure Thai Energy Co., Ltd. and its subsidiaries | Trading of fuel oil and gas | Thailand | 100 | 100 |
| SCT Petroleum Co., Ltd. | Registered its liquidation | Thailand | - | 100 |
| SCT Sahaphan Co. Ltd. | Distribution and maintenance of gas station equipment | Thailand | - | 100 |
| Jaturatis Transport Co., Ltd. | Registered its liquidation | Thailand | - | 100 |
| Pure Intertrade Co., Ltd. | Registered its liquidation | Thailand | - | 100 |
| RPC Management Co., Ltd.* | Trading of fuel oil | Thailand | 100 | 100 |
| Tossatis Logistics Co., Ltd. | Registered its liquidation | Thailand | - | 100 |
| RPC Global Co., Ltd. | Trading of fuel oil and petrochemical products and investment | Hong Kong | 100 | 100 |

* Business suspended as at 31 December 2015

- b) The Company is deemed to have control over an investee or subsidiaries 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.
- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

a) Financial reporting standards that became effective in the current year

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 that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance 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 Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Revenues from construction services

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

Revenues from rental and service

Revenues from rental and service are recognised on a straight-line basis over the lease term.

Management fee income

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade receivables

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

4.4 Inventories

Inventories are valued at the lower of average cost and net realisable value.

4.5 Investments

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

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

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

4.6 Property, plant and equipment and depreciation

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

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

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

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus on assets" in other components of shareholders' equity. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in the income statement. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in respect of the same asset in "Revaluation surplus on assets" in other components of shareholders' equity.

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

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

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

4.7 Borrowing costs

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

4.8 Intangible assets and amortisation

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

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

The useful lives of computer software are 5 and 10 years.

4.9 Related party transactions

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

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

4.10 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Group elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Group initially recorded these employee benefit expenses.

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 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.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement 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

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful debts

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

Impairment of investments

In determining an allowance for impairment of investments in subsidiaries, investments in associates and other long-term investments, the management needs to prepare projections of the cash flows expected to be generated by the investments in the future, and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Allowance for impairment of non-current assets held for sale

In determining allowance for impairment of non-current assets held for sale, the management needs to make judgement 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.

Property, plant and equipment and depreciation

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

The Group measures land, factory buildings, machinery and factory equipment at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for factory buildings, machinery and factory equipment. The valuation involves certain assumptions and estimates as described in Note 18 to the financial statements.

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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Cash and cash equivalents

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---------------|----------------------|----------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash | 10,823 | 13,751 | 90 | 452 |
| Bank deposits | 33,650 | 117,973 | 8,740 | 106,296 |
| Total | 44,473 | 131,724 | 8,830 | 106,748 |

As at 31 December 2015, bank deposits in savings accounts and fixed accounts carried interests between 0.262% and 1.065% per annum (2014: 0.375% and 2.65% per annum).

7. Current investments

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|------------|---------|------------|
| | 2015 | | 2014 | |
| | Cost | Fair value | Cost | Fair value |
| Deposits in fixed-term bank accounts | | | | |
| Maturing within six-month | 15,000 | 15,000 | 3,000 | 3,000 |
| Total deposits in fixed-term bank accounts | 15,000 | 15,000 | 3,000 | 3,000 |
| Investment units in mutual funds | | | | |
| Cost | 117,055 | 118,179 | 191,092 | 191,738 |
| Add: Unrealised gain | 1,124 | - | 646 | - |
| Investment units in mutual fund - net | 118,179 | 118,179 | 191,738 | 191,738 |
| Total current investments - net | 133,179 | 133,179 | 194,738 | 194,738 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|---|-------------------------------|------------|---------|------------|
| | 2015 | | 2014 | |
| | Cost | Fair value | Cost | Fair value |
| Deposits in fixed-term bank accounts | | | | |
| Maturing within six-month | 10,000 | 10,000 | - | - |
| Total deposits in fixed-term bank accounts | 10,000 | 10,000 | - | - |
| Investment units in mutual funds | | | | |
| Cost | 95,000 | 95,926 | 161,331 | 162,082 |
| Add: Unrealised gain | 926 | - | 751 | - |
| Investment units in mutual fund - net | 95,926 | 95,926 | 162,082 | 162,082 |
| Total current investments - net | 105,926 | 105,926 | 162,082 | 162,082 |

As at 31 December 2015, bank deposits in fixed accounts carried interests between 2.60% and 3.20% per annum (2014: at a rate of 1.35% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------|----------------------|--------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade receivables - related parties | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | | | | |
| Not over 3 months | 89 | 64 | - | - |
| Total trade receivables - related parties | 89 | 64 | - | - |
| Trade receivables - unrelated parties | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | | | | |
| Not over 3 months | 29,330 | 36,937 | - | - |
| 3 - 6 months | 9 | 490 | - | - |
| 6 - 12 months | 5 | 3,178 | - | - |
| Over 12 months | 10,836 | 8,947 | - | 617 |
| Total | 40,180 | 49,552 | - | 617 |
| Less: Allowance for doubtful debts | (9,812) | (9,819) | - | (617) |
| Total trade receivables - unrelated parties, net | 30,368 | 39,733 | - | - |
| Total trade receivables - net | 30,457 | 39,797 | - | - |
| Other receivables | | | | |
| Advances to related parties | 642 | 4,338 | 2,644 | 8,487 |
| Accrued income | 7,870 | 6,812 | 743 | 1,804 |
| Others | 6,671 | 7,638 | 9 | 95 |
| Total | 15,183 | 18,788 | 3,396 | 10,386 |
| Less: Allowance for doubtful debts | (4,942) | (4,519) | - | - |
| Total other receivables - net | 10,241 | 14,269 | 3,396 | 10,386 |
| Total trade and other receivables, net | 40,698 | 54,066 | 3,396 | 10,386 |

9. 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 |

During the years, 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 Company and those related parties.

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|--------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Transactions with subsidiaries | | | | |
| (Eliminated from the consolidated financial statements) | | | | |
| Dividend income | - | - | - | 1,349 |
| Management fee income | - | - | 4,305 | 4,837 |
| Interest income | - | - | 3,660 | 5,510 |
| Other income - other services | - | - | 2,654 | 2,223 |
| Other expenses | - | - | 18 | 5 |
| Transactions with associates | | | | |
| Sales | 638 | 861 | - | - |
| Dividend income | 22,328 | 10,419 | 22,328 | 10,419 |
| Management fee income | 3,600 | 3,600 | 3,600 | 3,600 |
| Interest income | 114 | 509 | 114 | 509 |
| Land rental expense | 836 | 753 | - | - |
| Other expenses | 618 | 30 | - | - |
| Transactions with related parties | | | | |
| Management fee income | 250 | 200 | 250 | 200 |
| Other expenses | 247 | 865 | 247 | 264 |

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 expense | Contract price |

Significant agreements with related parties

Management and administration agreements

In January 2015, the Company entered into management and administration agreements with two subsidiaries to provide consultation relating to human resources, administration, information technology, law and coordination with the government. The service fees were stipulated in the agreements, which were for a period of 1 year, ended in December 2015.

Consultation agreements

In 2015, the Company entered into consultation agreements with two related companies to provide consultation relating to management, business development, accounting and finance and information technology. The service fees were stipulated in the agreements, which terminated in December 2015.

Guarantee agreements

The Company entered into the agreements with various subsidiaries to guarantee bank credit facilities of subsidiaries amounting to Baht 80 million (2014: Baht 80 million). The guarantees are effective for as long as the underlying obligations have not been discharged by the subsidiaries. The Company charges a guarantee fee at a rate of 1% per annum.

As at 31 December 2015 and 2014, the balances of the accounts between the Group and those related parties are as follows.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|---------|----------------------|-----------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade and other receivables - related parties (Note 8) | | | | |
| <i>Trade receivables - related parties</i> | | | | |
| Associates | 89 | 64 | - | - |
| Total trade receivables - related parties | 89 | 64 | - | - |
| <i>Other receivables - related parties</i> | | | | |
| Subsidiaries | - | - | 2,002 | 4,149 |
| Associates | 642 | 4,049 | 642 | 4,049 |
| Related companies (common directors) | - | 289 | - | 289 |
| Total other receivables - related parties | 642 | 4,338 | 2,644 | 8,487 |
| Short-term loans to related parties | | | | |
| Subsidiaries | - | - | 399,188 | 449,188 |
| Associates | - | 8,000 | - | 8,000 |
| Total short-term loans to related parties | - | 8,000 | 399,188 | 457,188 |
| Less: Allowance for doubtful debts | - | - | (319,188) | (200,000) |
| Total short-term loans to related parties, net | - | 8,000 | 80,000 | 257,188 |
| Long-term loans to related parties | | | | |
| 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 loans to related party, net | - | - | - | - |
| Other payables - related parties (Note 22) | | | | |
| Associates | 51 | 51 | - | - |
| Related companies (common directors) | 23 | - | 23 | - |
| Total other payables - related parties | 74 | 51 | 23 | - |

Loans to related parties

During the year ended 31 December 2015, movements of loans to related parties were follows.

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---------------------------|-----------------------------------|-----------------|-----------------|------------------|
| | Balance as at | Increase | Decrease | Balance as at |
| | 31 December 2014 | during the year | during the year | 31 December 2015 |
| Short-term loans | | | | |
| Pure Sammakorn | | | | |
| Development Co., Ltd. | 8,000 | 3,000 | (11,000) | - |
| Total | 8,000 | 3,000 | (11,000) | - |
| Long-term loan | | | | |
| KP Energy Group Co., Ltd. | 4,500 | - | - | 4,500 |
| Less: Allowance for | | | | |
| doubtful debts | (4,500) | - | - | (4,500) |
| Net | - | - | - | - |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|----------------------------|-------------------------------|-----------------|-----------------|------------------|
| | Balance as at | Increase | Decrease | Balance as at |
| | 31 December 2014 | during the year | during the year | 31 December 2015 |
| Short-term loans | | | | |
| Pure Biodiesel Co., Ltd. | 319,188 | - | - | 319,188 |
| Pure Thai Energy Co., Ltd. | 130,000 | 1,085,000 | (1,135,000) | 80,000 |
| Pure Sammakorn | | | | |
| Development Co., Ltd. | 8,000 | 3,000 | (11,000) | - |
| Total | 457,188 | 1,088,000 | (1,146,000) | 399,188 |
| Less: Allowance for | | | | |
| doubtful debts | (200,000) | (119,188) | - | (319,188) |
| Net | 257,188 | 968,812 | (1,146,000) | 80,000 |
| Long-term loan | | | | |
| KP Energy Group Co., Ltd. | 4,500 | - | - | 4,500 |
| Less: Allowance for | | | | |
| doubtful debts | (4,500) | - | - | (4,500) |
| Net | - | - | - | - |

As at 31 December 2015, short-term loans to subsidiaries totaling Baht 399 million (2014: Baht 449 million) are in the form of unsecured promissory notes with maturities of 6 - 10 months, carrying interest at rate of 3.50% per annum (2014: 3.50% per annum).

In May 2015, Pure Biodiesel Co., Ltd. has mortgaged land, buildings and oil depots with a total book value as at 31 December 2015 of Baht 116 million, as collateral to secure short-term loans received from the Company.

As at 31 December 2015, the Company set aside allowance for doubtful debts for the loans to Pure Biodiesel Co., Ltd. for the whole amount (2014: 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 year 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 31 December 2015 and 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.

Management benefit expenses

During the years ended 31 December 2015 and 2014, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Short-term employee benefits | 13,010 | 21,686 | 8,039 | 16,471 |
| Post-employment benefits | 786 | 734 | 649 | 608 |
| Total | 13,796 | 22,420 | 8,688 | 17,079 |

10. Inventories

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|----------------|-----------------------------------|---------------|--|----------------|-------------------|---------------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Finished goods | 55,128 | 64,485 | (9,961) | (8,149) | 45,167 | 56,336 |
| Supplies | 2,776 | 2,776 | - | - | 2,776 | 2,776 |
| Total | 57,904 | 67,261 | (9,961) | (8,149) | 47,943 | 59,112 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|----------------|-------------------------------|--------------|--|----------------|-------------------|--------------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Finished goods | 7,055 | 7,059 | (7,055) | (7,055) | - | 4 |
| Supplies | 2,776 | 2,776 | - | - | 2,776 | 2,776 |
| Total | 9,831 | 9,835 | (7,055) | (7,055) | 2,776 | 2,780 |

During the year 2015, the Group reduced cost of inventories by Baht 1.91 million (2014: Baht 0.12 million) (the Company only: 2014: nil), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 0.10 million (2014: Baht 0.04 million) (the Company only: 2014: nil), and reduced the amount of inventories recognised as expenses during the year.

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

On 14 January 2006, the Company entered into a Petroleum Product Business Joint Venture Agreement with T.C.S. Oil Co., Ltd. ("TCS") for the purpose of the joint oil business in Cambodia. The agreement is effective for a period of 15 years, expiring in 2020. The Company is obliged to provide fuel and a Baht 35 million loan to TCS. The loan is subject to fixed interest rate at 5% per annum and payable on a monthly basis. The repayment of loan principal is stipulated in the agreement. The Company will receive share of profit from the operating results of TCS, as specified in the agreement, upon receipt of full loan repayment. The Company ceased accrual of interest income from 1 January 2010. As at 31 December 2015, the Company has written-off such loan as TCS was unable to commence its operations as originally planned, and the Company expects that the assets of TCS will not be sufficient to repay the loan.

12. Long-term loans to unrelated parties

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------|----------------------|-------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Long-term loans to unrelated parties | 5,395 | 5,693 | 4,464 | 4,564 |
| Less: Allowance for doubtful debts | (4,464) | - | (4,464) | - |
| Long-term loans to unrelated parties, net | 931 | 5,693 | - | 4,564 |
| Less: Current portion | (931) | (548) | - | - |
| Non-current portion | - | 5,145 | - | 4,564 |

13. Other current assets

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|----------------------------------|----------------------|--------|----------------------|-------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Deposits for inventory purchases | 40,000 | 40,000 | - | - |
| Value added tax refundable | 4,068 | 3,395 | 4,068 | 3,395 |
| Prepaid expenses | 12,610 | 12,620 | 819 | 1,766 |
| Others | 5,720 | 3,264 | 2,044 | 24 |
| Total | 62,398 | 59,279 | 6,931 | 5,185 |

14. Pledged deposits at banks

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

15. Investments in associates

15.1 Details of associates

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|---------------------------------------|--------------------------|-------------------------|-------|---------|---------|---|-----------|---------------------------------------|-----------|
| | | | 2015 | 2014 | 2015 | 2014 | Carrying amounts based on equity method | | Carrying amounts based on cost method | |
| | | | (%) | (%) | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Thai Public Port Co., Ltd. | Rental of oil depot and port business | Thailand | 30.00 | 30.00 | 900,112 | 900,112 | 887,897 | 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 | 127,395 | 125,523 | 129,181 | 129,181 |
| Sammakorn Plc. | Real estate development | Thailand | 48.25 | 25.25 | 785,802 | 371,592 | 1,144,571 | 407,394 | 785,802 | 371,592 |
| Total investments in associates | | | | | | | 2,159,863 | 1,413,803 | 1,815,095 | 1,400,885 |
| Less: Allowance for impairment | | | | | | | (139,000) | - | (151,000) | - |
| Investments in associates, net | | | | | | | 2,020,863 | 1,413,803 | 1,664,095 | 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.

Details of the net assets acquired and goodwill are provided below.

(Unit: Thousand Baht)

Assets

| | |
|---------------------------|------------------|
| Project development costs | 424,103 |
| Land held for development | 332,604 |
| Investment properties | 272,735 |
| Other assets | 61,009 |
| Total assets | 1,090,451 |

(Unit: Thousand Baht)

Liabilities

| | |
|--|------------------|
| Long-term loans | 188,268 |
| Deferred tax liabilities | 40,631 |
| Other liabilities | 159,425 |
| Total liabilities | <u>388,324</u> |
| Fair value of net assets acquired | 702,127 |
| Negative goodwill | <u>(287,917)</u> |
| Purchase consideration transferred (cash paid) | <u>414,210</u> |

The Company recognised the excess of the net fair value of the identifiable assets and liabilities over the cost of the investment (negative goodwill), amounting to Baht 288 million as share of profit from investment in the income statement.

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 judgement of the above land case.

15.2 Share of comprehensive income and dividend received

During the years, the Company has 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's name | Consolidated financial statements | | Separate financial statements | | | |
|--------------------------------------|--|--------------|---|----------|------------------------------------|---------------|
| | Share of profit (loss) from investments in associates during the years | | Share of other comprehensive income from investments in associates during the years | | Dividend received during the years | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Thai Public Port Co., Ltd. | 7,011 | (19,226) | - | - | - | - |
| Pure Sammakorn Development Co., Ltd. | 1,872 | 2,631 | - | - | - | - |
| Sammakorn Plc. | 345,295 | 25,854 | - | - | 22,328 | 10,419 |
| KP Energy Group Co., Ltd. | - | (2,124) | - | - | - | - |
| Total | 354,178 | 7,135 | - | - | 22,328 | 10,419 |

Share of profit from investment in Sammakorn Plc. amounting to Baht 345 million, included the excess of the net fair value of the identifiable assets and liabilities over the cost of the investment, amounting to Baht 288 million.

15.3 Fair value of investment in listed associate

As at 31 December 2015, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 1,018 million (2014: Baht 429 million).

15.4 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

| | Thai Public Port Co., Ltd. | | Pure Sammakorn Development Co., Ltd. | | Sammakorn Plc. | |
|---|----------------------------|--------------|---|------------|----------------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Current assets | 151 | 42 | 16 | 16 | 1,476 |
| Non-current assets | 1,563 | 1,650 | 467 | 501 | 2,272 | 1,485 |
| Current liabilities | (35) | (15) | (90) | (77) | (915) | (577) |
| Non-current liabilities | (120) | (139) | (193) | (243) | (459) | (635) |
| Net assets | 1,559 | 1,538 | 200 | 197 | 2,374 | 1,612 |
| Shareholding percentage (%) | 30.00 | 30.00 | 44.13 | 44.13 | 48.25 | 25.25 |
| Share of net assets | 468 | 461 | 88 | 87 | 1,145 | 407 |
| Goodwill | 420 | 420 | 39 | 39 | - | - |
| Carrying amounts of associates based on equity method | 888 | 881 | 127 | 126 | 1,145 | 407 |
| Less: Allowance for impairment | (139) | - | - | - | - | - |
| Carrying amounts of associates based on equity method, net | 749 | 881 | 127 | 126 | 1,145 | 407 |

Summarised information about comprehensive income

(Unit: Million Baht)

| | For the year ended 31 December | | | | | |
|-----------------------------------|--------------------------------|-------------|---|----------|----------------|------------|
| | Thai Public Port Co., Ltd. | | Pure Sammakorn Development Co., Ltd. | | Sammakorn Plc. | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenue | 236 | 73 | 153 | 156 | 1,509 | 1,150 |
| Profit (loss) | 25 | (64) | 4 | 6 | 122 | 102 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | 25 | (64) | 4 | 6 | 122 | 102 |

16. Investments in subsidiaries

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

| Company | (Unit: Thousand Baht) | | | | | |
|---|-----------------------|---------|-------------------------|------|---------|----------|
| | Paid-up capital | | Shareholding percentage | | Cost | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 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 31 December 2015

The meeting of the Company's Board of Directors held on 9 August 2013 approved the resolution to dissolve and liquidate the following subsidiaries 1) SCT Petroleum Co., Ltd. 2) Pure Intertrade Co., Ltd. 3) Tossatis Logistics Co., Ltd. 4) Jatuchak Oil Co., Ltd. 5) Pure Silica Mining Co., Ltd. 6) RPC Management Co., Ltd. and 7) Jaturatis Transport Co., Ltd. within 2013. On 30 September 2013, the following subsidiaries 1) SCT Petroleum Co., Ltd. 2) Pure Intertrade Co., Ltd. 3) Tossatis Logistics Co., Ltd. 4) Jatuchak Oil Co., Ltd. and 5) Pure Silica Mining Co., Ltd. registered their dissolution with the Ministry of Commerce, with the registrar accepting the registration on 30 September 2013. The meeting of the Company's Board of Directors held on 12 November 2013 passed a resolution approving a delay in the dissolution and liquidation of RPC Management Co., Ltd. and Jaturatis Transport Co., Ltd. in order to use these companies in the operation of business. Consequently, 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., which registered its dissolution with the Ministry of Commerce, with the registrar accepting the registration on 29 December 2014.

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.

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 year 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.

16.1 Pure Biodiesel Co., Ltd.

In early 2012, Pure Biodiesel Co., Ltd. ("PBC") shut down its plant since it had no orders from its customers and lacked liquidity to operate its business. PBC had laid off its employees while paying compensation in accordance with Labour Law. In 2015 and 2014, PBC had no revenue from sales and services.

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

16.2 SCT Sahaphan Co., Ltd.

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.

17. Other long-term investment

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Paid-up capital | | Shareholding percentage | | Consolidated financial statements / Separate financial statements | |
|---------------------------|--|--------------------------|-----------------|--------|-------------------------|-------|---|---------|
| | | | Cost | | | | | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | | | (%) | (%) | | |
| 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 | | | | | | - | - |

18. Property, plant and equipment

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|-----------------------------------|-----------|-------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating assets | 96,732 | 100,600 | 15,369 | 18,737 |
| Ceased using assets | 680,911 | 1,002,615 | 245,844 | 534,144 |
| Total property, plant and equipment | 777,643 | 1,103,215 | 261,213 | 552,881 |
| Less: Allowance for impairment | (143,089) | (332,819) | (25,692) | (229,223) |
| Property, plant and equipment - net | 634,554 | 770,396 | 235,521 | 323,658 |

(Unit: Thousand Baht)

Consolidated financial statements

| | Revaluation basis | | Cost basis | | | | Total |
|--|-------------------|---|-----------------------|---|----------------|--------------------------|----------|
| | Land | Office buildings and office building improvements | Gas station equipment | Office furniture, fixture and equipment | Motor vehicles | Construction in progress | |
| Operating assets | | | | | | | |
| Cost/revalued amount | | | | | | | |
| 1 January 2014 | 7,350 | 160,118 | 66,177 | 83,604 | 27,216 | 168 | 344,633 |
| Additions | - | - | 60 | 69 | 3,176 | 22,358 | 25,663 |
| Disposals | - | (8,181) | (673) | (1,654) | (6,326) | - | (16,834) |
| Transfers | - | 2,703 | 302 | 1,962 | 2,846 | (13,805) | (5,992) |
| 31 December 2014 | 7,350 | 154,640 | 65,866 | 83,981 | 26,912 | 8,721 | 347,470 |
| Additions | - | - | 42 | 140 | 306 | 20,795 | 21,283 |
| Disposals | - | (5,591) | (1,949) | (6,418) | (2,150) | - | (16,108) |
| Transfers | - | 10,262 | 2,648 | 2,392 | 1,722 | (17,024) | - |
| Transfer to non-current assets held for sale | - | (131) | - | (3,123) | - | - | (3,254) |
| 31 December 2015 | 7,350 | 159,180 | 66,607 | 76,972 | 26,790 | 12,492 | 349,391 |
| Accumulated depreciation | | | | | | | |
| 1 January 2014 | - | 104,651 | 34,197 | 74,402 | 21,818 | - | 235,068 |
| Depreciation for the year | - | 18,027 | 1,641 | 4,184 | 3,288 | - | 27,140 |
| Depreciation on disposals | - | (8,181) | (622) | (1,471) | (5,064) | - | (15,338) |
| 31 December 2014 | - | 114,497 | 35,216 | 77,115 | 20,042 | - | 246,870 |
| Depreciation for the year | - | 17,969 | 618 | 3,472 | 2,399 | - | 24,458 |
| Depreciation on disposals | - | (5,197) | (1,785) | (6,349) | (2,151) | - | (15,482) |
| Transfer to non-current assets held for sale | - | (109) | - | (3,078) | - | - | (3,187) |
| 31 December 2015 | - | 127,160 | 34,049 | 71,160 | 20,290 | - | 252,659 |
| Allowance for impairment loss | | | | | | | |
| 1 January 2015 | - | - | - | - | - | - | - |
| Increase during the year | - | 5,808 | - | 38 | - | - | 5,846 |
| 31 December 2015 | - | 5,808 | - | 38 | - | - | 5,846 |

(Unit: Thousand Baht)

Consolidated financial statements

| | Revaluation basis | | Cost basis | | | Total | |
|---|-------------------|---|-----------------------|---|----------------|--------|--------------------------|
| | Land | Office buildings and office building improvements | Gas station equipment | Office furniture, fixture and equipment | Motor vehicles | | Construction in progress |
| Net book value | | | | | | | |
| 31 December 2014 | 7,350 | 40,143 | 30,650 | 6,866 | 6,870 | 8,721 | 100,600 |
| 31 December 2015 | 7,350 | 26,212 | 32,558 | 5,774 | 6,500 | 12,492 | 90,886 |
| Depreciation for the years | | | | | | | |
| 2014 (Baht 1 million included in manufacturing cost and cost of services, and the balance in administrative expenses) | | | | | | | 27,140 |
| 2015 (Baht 1 million included in manufacturing cost and cost of services, and the balance in administrative expenses) | | | | | | | 24,458 |

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|---|---------------------------------------|-----------|
| | Revaluation basis | | | |
| | Land | Factory buildings and factory building improvements | Machinery and factory equipment | Total |
| Ceased using assets | | | | |
| Revalued amount | | | | |
| 1 January 2014 | 279,394 | 176,412 | 1,508,048 | 1,963,854 |
| Disposals | - | (771) | - | (771) |
| Transfers | - | 127 | 5,865 | 5,992 |
| 31 December 2014 | 279,394 | 175,768 | 1,513,913 | 1,969,075 |
| Transfer to non-current assets held for sale | - | - | (956,088) | (956,088) |
| 31 December 2015 | 279,394 | 175,768 | 557,825 | 1,012,987 |
| Accumulated depreciation | | | | |
| 1 January 2014 | - | 94,130 | 782,541 | 876,671 |
| Depreciation for the year | - | 6,351 | 84,180 | 90,531 |
| Depreciation on disposals | - | (742) | - | (742) |
| 31 December 2014 | - | 99,739 | 866,721 | 966,460 |
| Depreciation for the year | - | 4,738 | 33,767 | 38,505 |
| Transfer to non-current assets held for sale | - | - | (672,889) | (672,889) |
| 31 December 2015 | - | 104,477 | 227,599 | 332,076 |
| Allowance for impairment loss | | | | |
| 1 January 2014 | - | 886 | 102,710 | 103,596 |
| Increase during the year | - | 17,301 | 211,922 | 229,223 |
| 31 December 2014 | - | 18,187 | 314,632 | 332,819 |
| Increase during the year | - | 2,459 | 13,790 | 16,249 |
| Transfer to non-current assets held for sale | - | - | (211,825) | (211,825) |
| 31 December 2015 | - | 20,646 | 116,597 | 137,243 |
| Net book value | | | | |
| 31 December 2014 | 279,394 | 57,842 | 332,560 | 669,796 |
| 31 December 2015 | 279,394 | 50,645 | 213,629 | 543,668 |
| Depreciation for the years | | | | |
| 2014 (included in administrative expenses) | | | | 90,531 |
| 2015 (included in administrative expenses) | | | | 38,505 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | |
|---|--|--|-------------------|-----------------------------|---------|
| | Cost basis | | | | |
| | Office buildings and office building improvements | Office furniture, fixture and equipment | Motor vehicles | Construction in progress | Total |
| Operating assets | | | | | |
| Cost | | | | | |
| 1 January 2014 | 44,489 | 29,282 | 17,560 | - | 91,331 |
| Additions | - | 38 | 2,870 | 5,989 | 8,897 |
| Disposals | - | (339) | (4,025) | - | (4,364) |
| Transfers | (127) | 124 | - | (5,989) | (5,992) |
| 31 December 2014 | 44,362 | 29,105 | 16,405 | - | 89,872 |
| Additions | - | 18 | - | 1,025 | 1,043 |
| Disposals | - | (392) | (1,524) | - | (1,916) |
| Transfer to non-current assets held for sale | (131) | (3,123) | - | - | (3,254) |
| 31 December 2015 | 44,231 | 25,608 | 14,881 | 1,025 | 85,745 |
| Accumulated depreciation | | | | | |
| 1 January 2014 | 27,216 | 27,922 | 14,071 | - | 69,209 |
| Depreciation for the year | 3,049 | 741 | 1,904 | - | 5,694 |
| Depreciation on disposals | - | (334) | (3,434) | - | (3,768) |
| 31 December 2014 | 30,265 | 28,329 | 12,541 | - | 71,135 |
| Depreciation for the year | 2,990 | 342 | 1,012 | - | 4,344 |
| Depreciation on disposals | - | (392) | (1,524) | - | (1,916) |
| Transfer to non-current assets held for sale | (109) | (3,078) | - | - | (3,187) |
| 31 December 2015 | 33,146 | 25,201 | 12,029 | - | 70,376 |
| Allowance for impairment loss | | | | | |
| 1 January 2015 | - | - | - | - | - |
| Increase during the year | 5,808 | 38 | - | - | 5,846 |
| 31 December 2015 | 5,808 | 38 | - | - | 5,846 |
| Net book value | | | | | |
| 31 December 2014 | 14,097 | 776 | 3,864 | - | 18,737 |
| 31 December 2015 | 5,277 | 369 | 2,852 | 1,025 | 9,523 |
| Depreciation for the years | | | | | |
| 2014 (included in administrative expenses) | | | | | 5,694 |
| 2015 (included in administrative expenses) | | | | | 4,344 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|--|--|---------|---------------------------------------|-----------|
| | Revaluation basis | | | |
| | Factory buildings and factory building improvements | | Machinery and factory equipment | Total |
| | Land | | | |
| Ceased using assets | | | | |
| Revalued amount | | | | |
| 1 January 2014 | 214,152 | 107,967 | 954,601 | 1,276,720 |
| Transfers | - | 127 | 5,865 | 5,992 |
| 31 December 2014 | 214,152 | 108,094 | 960,466 | 1,282,712 |
| Transfers | - | - | (956,088) | (956,088) |
| 31 December 2015 | 214,152 | 108,094 | 4,378 | 326,624 |
| Accumulated depreciation | | | | |
| 1 January 2014 | - | 73,049 | 619,129 | 692,178 |
| Depreciation for the year | - | 2,446 | 53,944 | 56,390 |
| 31 December 2014 | - | 75,495 | 673,073 | 748,568 |
| Depreciation for the year | - | 1,069 | 4,032 | 5,101 |
| Transfer to non-current assets held for sale | - | - | (672,889) | (672,889) |
| 31 December 2015 | - | 76,564 | 4,216 | 80,780 |
| Allowance for impairment loss | | | | |
| 1 January 2014 | - | - | - | - |
| Increase during the year | - | 17,301 | 211,922 | 229,223 |
| 31 December 2014 | - | 17,301 | 211,922 | 229,223 |
| Increase (decrease) during the year | - | 2,459 | (11) | 2,448 |
| Transfer to non-current assets held for sale | - | - | (211,825) | (211,825) |
| 31 December 2015 | - | 19,760 | 86 | 19,846 |
| Net book value | | | | |
| 31 December 2014 | 214,152 | 15,298 | 75,471 | 304,921 |
| 31 December 2015 | 214,152 | 11,770 | 76 | 225,998 |
| Depreciation for the years | | | | |
| 2014 (included in administrative expenses) | | | | 56,390 |
| 2015 (included in administrative expenses) | | | | 5,101 |

During 2013, the Group arranged for an independent professional valuer to appraise the value of certain assets on an asset-by-asset basis. The revaluation was concluded on 31 December 2013 and the basis of the revaluation was as follows.

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

Key assumptions used in the valuation are summarised below.

| | Consolidated financial statements | Separate financial statements | Result to fair value where as an increase in assumption value |
|---|---|-------------------------------------|---|
| Price per Rai (Thousand Baht) | 6,400 | 6,400 | Increase in fair value |
| Useful lives (years) | | | |
| Factory buildings and factory buildings improvements | 15 - 40 | 15 - 40 | Increase in fair value |
| Machinery and equipment | 10 - 25 | 10 - 20 | Increase in fair value |

Had the land, factory buildings, machinery and factory equipment been carried in the financial statements on a historical cost basis, their net book values as of 31 December 2015 and 2014 would have been as follows.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|------------------------------------|----------------------|---------|----------------------|---------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Land | 141,286 | 141,286 | 105,770 | 105,770 |
| Factory buildings and improvements | 50,645 | 57,842 | 11,770 | 15,298 |
| Machinery and factory equipment | 213,629 | 332,560 | 76 | 75,471 |

During the years 2015 and 2014, the management of the Group estimated the recoverable amounts of the property, plant and equipment. The basis of the revaluation was as follows.

- a) Land was revalued using the market approach.
- b) Factory buildings, machinery and factory equipment were revalued using the fair value less cost to sell approach.

Key assumptions used in the valuation are summarised below.

| | Consolidated <u>financial statements</u> | Separate <u>financial statements</u> |
|-------------------------------|---|---|
| Price per Rai (Thousand Baht) | 6,600 | 6,600 |
| Cost to sell (%) | 10 | 10 |

The reappraised values of the property, plant and equipment were Baht 22 million (2014: Baht 229 million) lower than their net book values as presented in the consolidated financial statements (separate financial statements: Baht 9 million, 2014: Baht 229 million). The Group recognised the loss on impairment of assets in the income statement for the same amount (2014: The Group recorded Baht 132 million of the loss on impairment of revalued assets as a deduction against the revaluation surplus on assets recorded in consolidated equity (separate financial statements: Baht 132 million) and recognised the remaining loss of Baht 97 million in the consolidated income statement (separate financial statements: Baht 97 million)).

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

The Company has mortgaged land with a total book value as at 31 December 2015 of Baht 211 million (2014: nil), as collateral to secure loan amounting to Baht 200 million, as discussed in Note 23 to the financial statements.

A subsidiary has mortgaged land, buildings and oil depots with a total book value as at 31 December 2015 of Baht 118 million, as collateral to secure short-term loans received from the Company, as discussed in Note 9 to the financial statements.

As at 31 December 2015, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 174 million (2014: Baht 147 million) in the consolidated financial statements and Baht 74 million (2014: Baht 62 million) in the separate financial statements.

19. Intangible assets

The net book values of intangible assets which are computer software as at 31 December 2015 and 2014 are presented below.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Cost | 25,272 | 26,814 | 20,010 | 21,584 |
| Less: Accumulated amortisation | (22,036) | (21,362) | (18,703) | (18,523) |
| Net book value | <u>3,236</u> | <u>5,452</u> | <u>1,307</u> | <u>3,061</u> |

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Net book value at beginning of year | 5,452 | 7,668 | 3,061 | 4,949 |
| Additions | 84 | 181 | - | - |
| Disposals | (28) | - | - | - |
| Amortisation | (2,272) | (2,397) | (1,754) | (1,888) |
| Net book value at end of year | <u>3,236</u> | <u>5,452</u> | <u>1,307</u> | <u>3,061</u> |

Amortisation for the year was included in administrative expenses.

20. Other non-current assets

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| The compensation for loss | 26,711 | 26,711 | 26,711 | 26,711 |
| Land and gas station leasehold rights | 2,082 | 2,575 | - | - |
| Prepaid corporate income tax | 6,025 | 7,769 | 899 | 900 |
| Prepaid expenses | 2,610 | 1,915 | - | - |
| Deposits | 2,318 | 3,079 | 160 | 1,255 |
| Others | 51 | 1,343 | 49 | 942 |
| Total | <u>39,797</u> | <u>43,392</u> | <u>27,819</u> | <u>29,808</u> |

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

21. Credit facilities from financial institutions

The Group has overdraft and short-term loan facilities from various banks. Details of the facilities are as follows.

| | | (Unit: Million Baht) | |
|--|--|---|------|
| | | Credit facilities which are not drawn down | |
| Secured by | | 2015 | 2014 |
| The Company | Pledge of fixed deposits of the Company | 70 | 70 |
| SCT Sahaphan Co., Ltd. ("SAP") | Pledge of SAP's fixed deposits and guaranteed by the Company | 11 | 11 |
| Pure Thai Energy Co., Ltd. ("PTEC") | Pledge of the Company's and PTEC's fixed deposits and guaranteed by the Company | 70 | 20 |

22. Trade and other payables

| | | (Unit: Thousand Baht) | | | |
|------------------------------------|--|-----------------------|------------------|----------------------|------------------|
| | | Consolidated | | Separate | |
| | | financial statements | | financial statements | |
| | | 2015 | 2014 | 2015 | 2014 |
| Trade payables - unrelated parties | | 1,633,531 | 1,647,235 | 1,518,109 | 1,518,109 |
| Other payables - related parties | | 74 | 51 | 23 | - |
| Other payables - unrelated parties | | 13,460 | 15,308 | 2,583 | 4,168 |
| Accrued expenses | | 10,290 | 9,798 | 6,627 | 783 |
| Retention payables | | 852 | 1,813 | - | - |
| Total | | <u>1,658,207</u> | <u>1,674,205</u> | <u>1,527,342</u> | <u>1,523,060</u> |

23. Short-term loans from unrelated parties

As at 31 December 2015, these represented promissory notes which the Group issued to another individual. The loans carried interest at rates of 1.55% - 4.00% per annum (2014: 2.00% per annum) and are repayable within 6 - 12 months. The Company has mortgaged land with a total book value of Baht 211 million as collateral to secure loan amounting to Baht 200 million.

24. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2015 and 2014, which represents compensation payable to employees after they retire from the company, was as follows.

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|----------------------|----------------------|----------------------|
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Provisions for long-term employee benefits at beginning of year | 11,612 | 8,967 | 2,755 | 1,547 |
| Current service cost | 2,176 | 2,301 | 974 | 1,146 |
| Interest cost | 447 | 344 | 110 | 62 |
| Actuarial loss (gain) arising from | | | | |
| - Financial assumptions changes | 1,138 | - | 357 | - |
| - Experience adjustments | (5,874) | - | (1,502) | - |
| Provisions for long-term employee benefits at end of year | 9,499 | 11,612 | 2,694 | 2,755 |

Long-term employee benefit expenses included in administrative expenses in the income statements for the years ended 31 December 2015 and 2014 consist of the following.

| | (Unit: Thousand Baht) | | | |
|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Current service cost | 2,176 | 2,301 | 974 | 1,146 |
| Interest cost | 447 | 344 | 110 | 62 |
| Total | 2,623 | 2,645 | 1,084 | 1,208 |

The Group expects to pay Baht 0.6 million of long-term employee benefits during the next year (Separate financial statements: nil) (2014: nil, separate financial statements: nil).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 13 years (Separate financial statements: 13 years) (2014: 12 years, separate financial statements: 12 years).

Key actuarial assumptions used for the valuation are as follows.

| | Consolidated | | Separate | |
|-----------------------------|----------------------|------|----------------------|------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| | (% per annum) | | (% per annum) | |
| Discount rate | 3.00 | 4.00 | 3.00 | 4.00 |
| Future salary increase rate | 5.00 | 5.00 | 5.00 | 5.00 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

| | Consolidated | | Separate | |
|--|----------------------|----------|----------------------|----------|
| | financial statements | | financial statements | |
| | Rate | Rate | Rate | Rate |
| | increase | decrease | increase | decrease |
| Increase or decrease 0.5% in discount rate | (648) | 706 | (185) | 200 |
| Increase or decrease 1% in future salary increase rate | 1,537 | (1,313) | 436 | (378) |

25. Other current liabilities

| | Consolidated | | Separate | |
|----------------------------------|----------------------|--------|----------------------|------|
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Value added tax payable | 1,042 | 1,067 | - | - |
| Advances received from customers | 10,347 | 10,793 | - | - |
| Others | 2,076 | 2,131 | 366 | 374 |
| Total | 13,465 | 13,991 | 366 | 374 |

26. 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 registered the increase of its registered share capital with the Ministry of Commerce on 2 January 2014.

27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

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

28. Revaluation surplus

This represents surplus arising from revaluation of land, factory buildings, machinery and factory equipment. The surplus is amortised to retained earnings on a straight-line basis over the remaining useful lives of the related assets. Movements in the revaluation surplus account, net of income tax, during the years ended 31 December 2015 and 2014 are summarised below.

| | (Unit: Thousand Baht) | | | |
|--------------------------------|-----------------------|----------------------|----------------------|----------------------|
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Balance - beginning of year | 116,367 | 244,213 | 86,706 | 214,552 |
| Less: Amortised during | | | | |
| the year | - | (22,023) | - | (22,023) |
| Less: Impaired during the year | - | (105,823) | - | (105,823) |
| Balance - end of year | 116,367 | 116,367 | 86,706 | 86,706 |

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

29. Other income

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Management fee income | 14,682 | 14,110 | 8,155 | 8,767 |
| Dividend income | - | - | 22,328 | 11,769 |
| Gain on sales of equipment and intangible assets | 13 | 653 | 12 | 653 |
| Gain on sale and return of capital by subsidiaries | - | - | 5,118 | 7,093 |
| Interest income | 6,758 | 13,515 | 6,927 | 12,803 |
| Other income | 9,440 | 9,875 | 8,154 | 8,050 |
| Total | 30,893 | 38,153 | 50,694 | 49,135 |

30. Expenses by nature

Significant expenses classified by nature are as follows.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Salaries, wages and other employee benefits | 130,907 | 142,543 | 32,022 | 40,690 |
| Long-term employee benefits | 2,623 | 2,645 | 1,084 | 1,208 |
| Depreciation and amortisation | 65,217 | 120,068 | 11,198 | 63,973 |
| Changes in finished goods | 9,357 | (1,215) | 4 | (4) |
| Cost of merchandise inventories and services | 2,181,416 | 3,032,416 | - | - |
| Loss on impairment of investments in associates, investments in subsidiaries and other long-term investments (reversal) | 139,000 | 5,482 | 150,271 | 5,676 |
| Loss on impairment of building and equipment | 26,550 | 96,945 | 12,750 | 96,945 |
| Bad debts and allowance for doubtful debts | 6,299 | 4,084 | 124,410 | 3,700 |

31. Income tax

Tax expenses (income) for the years ended 31 December 2015 and 2014 are made up as follows.

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|----------------|----------------------|----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Current income tax: | | | | |
| Current income tax charge | 3,184 | 493 | - | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 113 | (2,843) | - | (5,506) |
| Tax expenses (income) reported in the income statement | 3,297 | (2,350) | - | (5,506) |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows.

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|-----------------|----------------------|-----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Deferred tax relating to loss on impairment of revalued building and equipment | - | (26,456) | - | (26,456) |
| Deferred tax relating to actuarial gain | 718 | - | 718 | - |
| Total | 718 | (26,456) | 718 | (26,456) |

The reconciliation between accounting profit (loss) and tax expenses (income) is shown below.

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2015 | 2014 | 2015 | 2014 |
| Accounting profit (loss) before tax | | | | |
| From continuing operation | 114,714 | (100,880) | (308,118) | (80,049) |
| From discontinued operation | (12,004) | (152,584) | (12,004) | (152,584) |
| Total accounting profit (loss) before tax | <u>102,710</u> | <u>(253,464)</u> | <u>(320,122)</u> | <u>(232,633)</u> |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit (loss) before tax multiplied by income tax rate | 20,542 | (50,693) | (64,024) | (46,527) |
| Deferred tax assets which were not recognised during the year as future taxable profits may not be sufficient | 27,668 | 29,137 | 41,868 | 19,813 |
| Effects of non-deductible expenses | | | | |
| - Allowance for impairment of investments in associates and subsidiaries | 27,800 | 1,609 | 24,074 | 1,648 |
| - Other non-deductible expenses | 337 | 19,817 | 88 | 19,595 |
| Effects of: | | | | |
| - Income not subject to tax | (4,466) | (2,084) | (4,466) | (2,354) |
| - Others | 2,252 | 1,291 | 2,460 | 2,319 |
| Effect of elimination entries on the consolidated financial statements | <u>(70,836)</u> | <u>(1,427)</u> | <u>-</u> | <u>-</u> |
| Tax expenses (income) reported in the income statement | <u>3,297</u> | <u>(2,350)</u> | <u>-</u> | <u>(5,506)</u> |

The components of deferred tax assets and deferred tax liabilities are as follows.

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|---------------------|-------------------------------|---------------------|
| | Statements of financial position | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Deferred tax assets | | | | |
| Allowance for doubtful debts | 2,863 | 2,619 | - | - |
| Allowance for diminution in value of inventories | 247 | 219 | - | - |
| Provision for long-term employee benefits | 1,361 | 1,771 | - | - |
| Others | 18 | (7) | - | - |
| Total | <u>4,489</u> | <u>4,602</u> | <u>-</u> | <u>-</u> |

(Unit: Thousand Baht)

| | Statements of financial position | | | |
|---------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 31 December | 31 December | 31 December | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| Deferred tax liabilities | | | | |
| Revaluation surplus on assets | 29,092 | 29,092 | 21,677 | 21,677 |
| Total | 29,092 | 29,092 | 21,677 | 21,677 |

As at 31 December 2015 there are deductible temporary differences and unused tax losses totaling Baht 1,092 million (2014: Baht 852 million) per the consolidated financial statements and Baht 721 million (2014: Baht 513 million) per the separate financial statements. No deferred tax assets have been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses amounting to Baht 584 million per the consolidated financial statements and Baht 318 million per the separate financial statements will expire by 2020.

32. 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 31 December 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 Board 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. The Company is in the process of negotiating and collecting the debt. However, there are still other buyers interested in purchasing the assets and the Company therefore continue to classify them as non-current assets held for sale.

Details of non-current assets held for sale as at 31 December 2015 are as follows.

| | (Unit: Thousand Baht) |
|--|---|
| | Consolidated financial statements / Separate financial statements |
| Building and Building improvements | 68 |
| Machinery and equipment | 71,374 |
| Total non-current assets held for sale | 71,442 |
| Less: Allowance for impairment | (4,456) |
| Non-current assets held for sale - net | 66,986 |

A reconciliation of the net book value of non-current assets held for sale for 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 | 71,442 |
| Less: Allowance for impairment | (4,456) |
| Net book value as at 31 December 2015 | 66,986 |

Key assumptions used in the valuation are summarised below.

| | Consolidated financial statements/ Separate financial statements | Result to fair value less cost to sales where as an increase in assumption value |
|------------------|--|---|
| Cost to sell (%) | 10 | Decrease in fair value less cost to sales |

As at 31 December 2015, the Company classified the operating results of such operating segment as discontinued operation. Details of discontinued operations for the years ended 31 December 2015 and 2014 are presented below.

(Unit: Thousand Baht)

| | Consolidated financial statements / Separate financial statements | |
|--|--|------------------|
| | 2015 | 2014 |
| Revenues | - | - |
| Expenses | | |
| Administrative expenses | 12,004 | 152,584 |
| Total expenses | 12,004 | 152,584 |
| Loss for the year from discontinued operation | <u>(12,004)</u> | <u>(152,584)</u> |

(Unit: Baht)

Earnings per share:

Loss per share for the year from discontinued operation

| | | |
|--|---------------|---------------|
| | <u>(0.01)</u> | <u>(0.12)</u> |
|--|---------------|---------------|

(Unit: Thousand shares)

Weighted average number of ordinary shares

| | | |
|--|------------------|------------------|
| | <u>1,304,664</u> | <u>1,227,677</u> |
|--|------------------|------------------|

The net cash flows incurred by discontinued operation for 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 | <u>40,000</u> | <u>-</u> |

33. Basic earnings per share

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

34. Segment information

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

For management purposes, the Group is organised into business units based on its products and services and have 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.

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

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Group operates in Thailand only. As a result, all the revenues as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the years 2015 and 2014, the Group has no major customer with revenue of 10% or more of an entity's revenues.

The following tables present revenues and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2015 and 2014.

(Unit: Million Baht)

| | For the years ended 31 December | | | | | | | |
|--|---------------------------------|--------------|---------------------|-----------|------------------------------|-------------|-----------------------------------|--------------|
| | Energy segment | | Real estate segment | | Adjustments and eliminations | | Consolidated financial statements | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues from external customers | 2,420 | 3,310 | - | - | - | - | 2,420 | 3,310 |
| Inter-segment revenues | 9 | 6 | - | - | (9) | (6) | - | - |
| Interest income | 10 | 19 | - | - | (3) | (5) | 7 | 14 |
| Other income | 66 | 68 | - | - | (42) | (44) | 24 | 24 |
| Total revenues | 2,505 | 3,403 | - | - | (54) | (55) | 2,451 | 3,348 |
| Cost of sales and services | 2,208 | 3,060 | - | - | - | (1) | 2,208 | 3,059 |
| Reduction of cost of inventories to net realisable value | 2 | - | - | - | - | - | 2 | - |
| Depreciation and amortisation | 70 | 126 | - | - | (6) | (6) | 64 | 120 |
| Selling expenses | 68 | 92 | - | - | - | - | 68 | 92 |
| Administrative expenses | 335 | 244 | - | - | (154) | (14) | 181 | 230 |
| Loss on impairment of building and equipment | 27 | 97 | - | - | - | - | 27 | 97 |
| | 150 | 5 | - | - | (11) | - | 139 | 5 |
| Loss on impairment of investments in associates, investments in subsidiaries and other long-term investments | 125 | 4 | - | - | (119) | - | 6 | 4 |
| Bad debts and allowance for doubtful debts | 2,985 | 3,628 | - | - | (290) | (21) | 2,695 | 3,607 |
| Total expenses | | | | | | | | |
| Loss before share of profit (loss) from investments in associates, finance cost and income tax expenses | (480) | (225) | - | - | 236 | (34) | (244) | (259) |
| Share of profit (loss) from investments in associates | 7 | (19) | 347 | 26 | - | - | 354 | 7 |
| Finance cost | (24) | (19) | - | - | 16 | 17 | (8) | (2) |
| Tax income (expenses) | (3) | 3 | - | - | - | - | (3) | 3 |
| Profit (loss) for the year | (500) | (260) | 347 | 26 | 252 | (17) | 99 | (251) |

35. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company or its subsidiaries and employees contributed to the fund monthly at the rates of 5% - 10% of basic salary. The fund, which is managed by Aberdeen Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2015 amounting to Baht 3 million (2014: Baht 3 million) were recognised as expenses.

36. Dividends

During the year 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.

37. Commitments and contingent liabilities

37.1 Capital commitments

As at 31 December 2015, capital commitments of a subsidiary totaling Baht 2 million were in respect of the renovation of office and gas stations (2014: Baht 0.28 million).

37.2 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 | |
| | 2015 | 2014 | 2015 | 2014 |
| In up to 1 year | 26 | 21 | 7 | 9 |
| In over 1 and up to 5 years | 69 | 54 | - | - |
| In over 5 years | 81 | 71 | - | - |

37.3 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.

37.4 Guarantees

- a) As at 31 December 2015, there were outstanding bank guarantees of Baht 155 million (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 (2014: Baht 200 million) to guarantee payments due to a creditor and Baht 5 million (2014: Baht 5 million) to guarantee electricity use, among others.
- b) The Company has guaranteed bank credit facilities of subsidiaries amounting to Baht 80 million (2014: Baht 80 million).

37.5 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 judgement of Sector 2 Labor Court to the Supreme 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.

38. Fair value hierarchy

As at 31 December 2015, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

| | Consolidated Financial Statements | | | |
|--------------------------------------|-----------------------------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Current investments | | | | |
| Investment units in mutual funds | 133 | - | - | 133 |
| Property plant and equipment | - | - | 551 | 551 |
| Non-current assets held for sale | - | - | 67 | 67 |

(Unit: Million Baht)

| | Separate Financial Statements | | | |
|--------------------------------------|-------------------------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Current investments | | | | |
| Investment units in mutual funds | 106 | - | - | 106 |
| Property plant and equipment | - | - | 226 | 226 |
| Non-current assets held for sale | - | - | 67 | 67 |

39. Financial instruments

39.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015

| | Fixed interest rates | | Floating | | Total | Effective interest rate (% p.a.) |
|---|----------------------|-----------|-----------|--------------|--------------|-------------------------------------|
| | Within | | interest | Non-interest | | |
| | 1 year | 1-5 years | rate | bearing | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | - | - | 33 | 11 | 44 | 0.262 - 1.065 |
| Current investments | - | - | 15 | 118 | 133 | 2.60 - 3.20 |
| Trade and other receivables | - | - | - | 41 | 41 | - |
| Pledged deposits at banks | 233 | - | - | - | 233 | 0.875 - 2.95 |
| Long-term loans to unrelated parties | 1 | - | - | - | 1 | 5.00 |
| | <u>234</u> | <u>-</u> | <u>48</u> | <u>170</u> | <u>452</u> | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 1,658 | 1,658 | - |
| Short-term loans from unrelated parties | 201 | - | - | - | 201 | 1.55 - 4.00 |
| Liabilities under finance leases | 1 | 2 | - | - | 3 | 5.85 - 6.78 |
| | <u>202</u> | <u>2</u> | <u>-</u> | <u>1,658</u> | <u>1,862</u> | |

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014

| | Fixed interest rates | | Floating | | Total | Effective interest rate (% p.a.) |
|---|----------------------|-----------|------------|--------------|--------------|-------------------------------------|
| | Within | | interest | Non-interest | | |
| | 1 year | 1-5 years | rate | bearing | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | - | - | 118 | 14 | 132 | 0.375 - 2.65 |
| Current investments | - | - | 3 | 192 | 195 | 1.35 |
| Trade and other receivables | - | - | - | 54 | 54 | - |
| Short-term loans to related parties | 8 | - | - | - | 8 | 3.50 |
| Pledged deposits at banks | 258 | - | - | - | 258 | 1.125 - 2.90 |
| Long-term loans to unrelated parties | 1 | 4 | - | - | 5 | 5.00 - 7.00 |
| | <u>267</u> | <u>4</u> | <u>121</u> | <u>260</u> | <u>652</u> | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 1,674 | 1,674 | - |
| Short-term loans from unrelated parties | 2 | - | - | - | 2 | 2.00 |
| Liabilities under finance leases | 1 | 2 | - | - | 3 | 5.85 - 6.78 |
| | <u>3</u> | <u>2</u> | <u>-</u> | <u>1,674</u> | <u>1,679</u> | |

39.2 Fair values of financial instruments

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

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

40. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 1.44:1 (2014: 1.38:1) and the Company's was 1.83:1 (2014: 1.19:1).

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2016.