

RPCG Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2017

1. General information

1.1 The Company's general information

RPCG Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the investment and holding company business. The registered office of the Company, which is the head office, is located at 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 Corp., Ltd., which as at 30 June 2017 and 31 December 2016 held 19.72% of the issued and paid-up capital of the Company.

1.2 Fundamental accounting assumptions

As discussed in Note 17.5 a) to the financial statements, since the year 2009 the Company has been involved in significant commercial disputes and outstanding litigations 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 operating losses from refinery business in the years since the cessation of production in 2012. Later, in March 2016, an arbitral tribunal rendered an award by a majority vote whereby the major supplier (litigant) was to pay damages for the unlawful termination of its agreement with the Company, and the Company was to receive certain compensatory damages. The Company is entitled to file application petition with the Civil Court to seek enforcement of the arbitration award by the court within 3 years from the date on which such arbitration award may be enforced. Later, on 30 June 2016, the litigant filed a petition to the Civil Court to revoke the award. On 23 September 2016, the Company filed a petition to the Civil Court to object the request for revocation of the arbitration award on the case that the litigant lodged to the Civil Court. On 16 December 2016, the Company filed a petition with the Civil Court to seek enforcement of the above arbitration award and PTT has already

(Unaudited but reviewed)

received a copy of the petition. Even though some significant uncertainties that may impact on the ability of the Group to continue as a going concern as a result of the cessation of the refinery have currently eased following the management plans, the Group has suffered operating losses and as at 30 June 2017 its current liabilities exceeded its current assets by Baht 1,244 million (31 December 2016: Baht 1,219 million). Current liabilities include liabilities under the commercial disputes and outstanding litigations with its major raw material supplier. In May 2017, the Company received a copy of an arbitration award dated 27 April 2017, pursuant to which the arbitral tribunal rendered an award to order the Company to make a final payment for condensate residue to the major supplier. However, the Company does not agree with the arbitration award. In July 2017, the Company exercised its legal right to file a petition with the Civil Court to revoke the award. These factors would raise substantial doubt regarding the ability of the Group to continue as a going concern, if the outcome of case is not beneficial to the Company. However, the outcomes of the commercial disputes and outstanding litigations, cannot be concluded at this time and depend on future judicial proceedings.

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) During the year 2015, the Company purchased additional ordinary shares of Sammakorn Plc. (SAMCO), an associated company, and as a result the Company's shareholding in SAMCO increased from 25.25% to 48.25%. SAMCO is principally engaged in the real estate development.

In addition, the Company is seeking business partners and other new business opportunities. For these reasons, the financial statements have been prepared on the going concern basis.

1.3 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

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

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

1.4 Basis of consolidation

The consolidated financial statements include the financial statements of RPCG Public Company Limited and its subsidiaries (hereinafter called “the Group”), and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2016. There have been no changes in the composition of the subsidiaries in the current period.

1.5 New financial reporting standards

During the period, the Group has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 Group’s financial statements.

1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

(Unaudited but reviewed)

2. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due				
Not over 3 months	43	46	-	-
Total trade receivables - related parties	43	46	-	-
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due				
Not over 3 months	30,391	30,769	-	-
3 - 6 months	981	792	-	-
6 - 12 months	297	382	-	-
Over 12 months	12,169	12,140	-	-
Total	43,838	44,083	-	-
Less: Allowance for doubtful debts	(11,102)	(11,019)	-	-
Total trade receivables - unrelated parties, net	32,736	33,064	-	-
Total trade receivables - net	32,779	33,110	-	-
Other receivables				
Advances to related parties	-	-	331	3,349
Accrued income	1,193	2,960	53	59
Others	11,582	10,797	42	45
Total	12,775	13,757	426	3,453
Less: Allowance for doubtful debts	(5,089)	(5,295)	-	-
Total other receivables - net	7,685	8,462	426	3,453
Total trade and other receivables - net	40,465	41,572	426	3,453

(Unaudited but reviewed)

3. Related party transactions

During the periods, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 June				
	2017	2016	2017	2016
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Management fee income	-	-	-	31
Interest income	-	-	869	797
Other income - other services	-	-	366	571
Other expenses	-	-	-	13
Transactions with associates				
Sales	115	114	-	-
Dividend income	18,910	34,130	18,910	34,130
Management fee income	-	300	-	300
Land rental expenses	219	219	-	-
Office rental expenses	456	384	72	-
Other expenses	661	383	196	-
Transactions with related party				
Other expenses	68	66	68	66
Transactions with management and director				
Consulting expenses	300	300	300	300

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the six-month periods ended 30 June				
	2017	2016	2017	2016
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Management fee income	-	-	-	217
Interest income	-	-	1,855	1,575
Other income - other services	-	-	731	1,133
Other expenses	-	-	-	13
Transactions with associates				
Sales	242	213	-	-
Dividend income	18,910	34,130	18,910	34,130
Management fee income	-	1,500	-	1,500
Land rental expenses	438	420	-	-
Office rental expenses	913	769	144	-
Other expenses	999	715	196	-
Transactions with related party				
Other expenses	134	132	134	132
Transactions with management and director				
Consulting expenses	600	600	600	600

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	2.95% - 3.50% per annum
Other income	Contract price Guarantee fee at a rate of 1% per annum
Land and office rental expenses	Contract price
Other expenses	Contract price
Consulting expenses	Contract price

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade and other receivables - related parties (Note 2)				
Trade receivables - related parties				
Associates	43	46	-	-
Total trade receivables - related parties	43	46	-	-
Other receivables - related parties				
Subsidiaries	-	-	331	3,349
Total other receivables - related parties	-	-	331	3,349
Short-term loans to related parties				
Subsidiaries	-	-	414,188	399,188
Total short-term loans to related parties	-	-	414,188	399,188
Less: Allowance for doubtful debts	-	-	(319,188)	(319,188)
Total short-term loans to related parties, net	-	-	95,000	80,000
Long-term loan to related party				
Related company	4,500	4,500	4,500	4,500
Less: Allowance for doubtful debts	(4,500)	(4,500)	(4,500)	(4,500)
Total long-term loan to related party, net	-	-	-	-
Other payables - related parties				
Associate	217	150	36	31
Related company	116	23	116	24
Total other payables - related parties	333	173	152	55

Loans to related parties

During the six-month period ended 30 June 2017, movements of loans to related parties were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2016	Increase during the period	Decrease during the period	Balance as at 30 June 2017
Long-term loan				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	-	-	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2016	Increase during the period	Decrease during the period	Balance as at 30 June 2017
Short-term loans				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Pure Thai Energy Co., Ltd.	80,000	95,000	(80,000)	95,000
Total	399,188	95,000	(80,000)	414,188
Less: Allowance for doubtful debts	(319,188)	-	-	(319,188)
Net	80,000	95,000	(80,000)	95,000
Long-term loan				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	-	-	-	-

As at 30 June 2017, short-term loans to subsidiaries totaling Baht 414 million (31 December 2016: Baht 399 million) are in the form of promissory notes with maturities of 12 months, carrying interest at rate of 2.95% - 3.50% per annum (31 December 2016: 3.50% - 5.00% per annum). Short-term loans to Pure Biodiesel Co., Ltd. were guaranteed by the mortgage of land, buildings and oil depots.

As at 30 June 2017 and 31 December 2016, the Company set aside allowance for doubtful debts for the loans to Pure Biodiesel Co., Ltd. for the whole amount, 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. At present, the Company is in the process of pursuing collection.

The short-term loan to KP Energy Group Co., Ltd. (KPEG) was unsecured loan amounting to Baht 4.5 million with maturity of 1 year, carrying interest at a rate of 5% per annum, with principal and interest to be repaid in full within December 2014. During the year 2014, KPEG requested an extension of the term of the loan to 31 December 2016, and the Company therefore reclassified the loan as a long-term loan. As at 30 June 2017 and 31 December 2016, 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. At present, the Company is in the process of pursuing collection.

(Unaudited but reviewed)

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2017 and 2016, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June			
	2017	2016	2017	2016
Short-term employee benefits	2,570	2,271	1,566	1,270
Post-employment benefits	104	124	63	86
Total	2,674	2,395	1,629	1,356

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June			
	2017	2016	2017	2016
Short-term employee benefits	5,174	4,959	3,158	2,762
Post-employment benefits	208	249	126	171
Total	5,382	5,208	3,284	2,933

4. Inventories

Movements in the allowance for reduction of cost of inventories to net realisable value account during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 1 January 2017	14,437	9,831
Add: Reduction of cost of inventories to net realisable value	496	-
Balance as at 30 June 2017	14,933	9,831

(Unaudited but reviewed)

5. Long-term loans to unrelated parties

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Long-term loans to unrelated parties	7,991	5,496	5,146	5,146
Less: Allowance for doubtful debts	(5,146)	(5,146)	(5,146)	(5,146)
Long-term loans to unrelated parties, net	2,845	350	-	-
Less: Current portion	(769)	(350)	-	-
Non-current portion	2,076	-	-	-

6. Pledged deposits at banks

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

7. Investments in associates**7.1 Details of associates**

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		(Unit: Thousand Baht)			
							Consolidated		Separate	
							financial statements		financial statements	
							Carrying amounts based on equity method		Carrying amounts based on cost method	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Thai Public Port Co., Ltd.	Rental of oil depot and port business	Thailand	30.00	30.00	900,112	900,112	810,739	813,838	900,112	900,112
Sammakorn Plc.	Real estate development	Thailand	48.25	48.25	785,802	785,802	1,147,208	1,146,899	785,802	785,802
Total investments in associates							1,957,947	1,960,737	1,685,914	1,685,914
Less: Allowance for impairment							(139,000)	(139,000)	(151,000)	(151,000)
Investments in associates, net							1,818,947	1,821,737	1,534,914	1,534,914

The Company has pledged 49.1 million ordinary shares of Baht 1 each of Sammakorn Public Company Limited for which total carrying amounts based on cost method as at 31 December 2016 of Baht 136 million as collaterals to secure short-term loans, as discussed in Note 12 to the financial statements. Subsequently, on 28 March 2017, the Company redeemed the pledge of such ordinary shares.

Thai Public Port Co., Ltd.

During the year 1997, Chonburi Province (plaintiff) sued a total of 8 unrelated companies and persons with the Group (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 judgement 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 TPP and used as the site of a dock and terminal project. Later, in July 2010, the Court of Appeals issued a judgement amending the order, whereby the title deed to a plot of land owned by TPP would not be revoked, since the order exceeded the scope of the lawsuit. In May 2017, the Supreme Court upheld the Court of Appeals' judgement not to revoke the title deed to the land. The lawsuit is finalised.

During the year 1998, TPP filed an application for a concession to operate on state land of 103 rais, located between TPP's land and the coast (port area) the Cabinet approved the concession for a period of 50 years. However, the judgement of the Chonburi Provincial Court in the above land case was to order that title deeds be revoked, including that to the plot of land owned by TPP, and the working group therefore resolved to await the final judgement of courts. The Supreme Court has now upheld a decision by the Court of Appeals not to revoke the title deeds. Chonburi Provincial Administration has notified the Public Land Management Bureau under the Department of Lands of the Supreme Court's judgement. However, the granting of the concession and other relevant matters are being considered by the Public Land Management Bureau under the Department of Lands.

(Unaudited but reviewed)

7.2 Share of profit and dividend received

During the three-month and six-month periods ended 30 June 2017 and 2016, the Company recognised its share of profit from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows.

(Unit: Thousand Baht)

Company	Consolidated financial statements				Separate financial statements			
	Share of profit from investments in associates				Dividend received			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016
Thai Public Port Co., Ltd.	6,659	2,750	12,650	11,124	15,750	-	15,750	-
Pure Sammakorn Development Co., Ltd.	-	82	-	2,586	-	-	-	-
Sammakorn Plc.	4,811	8,845	3,470	59,612	3,160	34,130	3,160	34,130
Total	11,470	11,677	16,120	73,322	18,910	34,130	18,910	34,130

7.3 Fair value of investment in listed associate

As at 30 June 2017, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 1,016 million (31 December 2016: Baht 956 million).

7.4 Impairment loss on investment in associate

The Company's management adopted discounted cash flows method in order to assess impairment loss on investment in Thai Public Port Co., Ltd. The discount rate at 10.6% per annum and long-term growth rate at 2% per annum are used in this valuation.

8. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	2017	2016	2017	2016	2017	2016
			%	%		
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
RPC Management Co., Ltd. *	500	500	100	100	956	956
Total investments in subsidiaries					420,955	420,955
Less: Allowance for impairment					(81,955)	(81,955)
Investments in subsidiaries - net					339,000	339,000

* Business suspended as at 30 June 2017

(Unaudited but reviewed)

During the three-month and six-month periods ended 30 June 2017 and 2016, the Company had no dividend received from its subsidiaries.

9. Other long-term investment

(Unit: Thousand Baht)

Company	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Consolidated financial statements / Separate financial statements	
			Cost					
			30 June 2017	31 December 2016	30 June 2017 (%)	31 December 2016 (%)	30 June 2017	31 December 2016
KP Energy Group Co., Ltd.	Production and distribution of electricity	Thailand	38,380	36,780	17.46	18.22	5,482	5,482
Less: Allowance for impairment							(5,482)	(5,482)
Other long-term investment - net							-	-

10. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Operating assets	102,376	101,538	6,840	7,471
Ceased using assets	913,105	930,646	519,098	528,157
Total property, plant and equipment	1,015,481	1,032,184	525,938	535,628
Less: Allowance for impairment	(457,941)	(459,712)	(238,837)	(240,608)
Property, plant and equipment - net	557,540	572,472	287,101	295,020

Movements of the property, plant and equipment account during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	572,472	295,020
Acquisitions during the period - at cost	10,166	40
Disposals during the period	(3,743)	(3,439)
Depreciation for the period	(23,125)	(6,290)
Reversal of allowance for impairment of assets due to write-off	1,770	1,770
Net book value as at 30 June 2017	557,540	287,101

(Unaudited but reviewed)

As at 30 June 2017, the Group had vehicles with net book values of Baht 0.5 million (31 December 2016: Baht 0.8 million) and in the separate financial statements of Baht 0.5 million (31 December 2016: Baht 0.6 million), which were acquired under finance lease agreements.

A subsidiary has mortgaged land, buildings and oil depots with a total book value as at 30 June 2017 of Baht 78 million (31 December 2016: Baht 79 million), as collateral to secure short-term loans received from the Company, as discussed in Note 3 to the financial statements.

11. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
The compensation for loss	26,711	26,711	26,711	26,711
Land and gas station leasehold rights	1,369	1,589	-	-
Prepaid corporate income tax	2,461	1,951	1,223	1,126
Prepaid expenses	27,343	1,615	-	-
Deposits	2,251	2,322	207	214
Total	60,135	34,188	28,141	28,051

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.

(Unaudited but reviewed)

On 2 October - 20 November 2010, the supplier delivered raw materials of a quality difference to that specified in the relevant purchase agreement again. As a result, the Company had additional cost of raw materials quality improvement and other damages totaling Baht 53 million. The Company requested the compensation to the supplier but could not negotiable. Therefore, on 9 November 2016, the Company filed a dispute to the Arbitration Office (Dispute Black Case No. 117/2559), requesting the supplier to pay the compensation of raw materials quality improvement which the supplier sent raw materials different from purchase agreement in 2006 and during October and November 2010 amounting to Baht 26,700,000 and Baht 52,887,472.76, respectively, plus interest 7.5% per annum of such amounts. The total compensation is Baht 116,678,438.74. In April 2017, the supplier has submitted a statement of objection and the dispute is currently under formal arbitration proceedings.

12. Short-term loans from unrelated parties

		(Unit: Thousand Baht)				
		Consolidated financial statements		Separate financial statements		
		30 June 2017	31 December 2016	30 June 2017	31 December 2016	
	Interest rate (% p.a.)	Secure by				
Promissory notes	1.48 - 1.61	Unsecured loan	900	1,000	-	-
Bill of exchange	6.01	Pledge of the ordinary shares of Sammakorn Plc.*	-	148,026	-	148,026
Total			900	149,026	-	148,026

* During the year 2017, the Company redeemed the pledge of such ordinary shares, as discussed in Note 7 to the financial statements.

13. Income tax

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

(Unaudited but reviewed)

Tax expenses (income) for the three-month and six-month periods ended 30 June 2017 and 2016 are made up as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 June				
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge (reversal)	(106)	1,751	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(3)	(629)	-	-
Tax expenses (income) reported in the income statement	(109)	1,122	-	-

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the six-month periods ended 30 June				
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	-	3,384	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(158)	(665)	-	-
Tax expenses (income) reported in the income statement	(158)	2,719	-	-

(Unaudited but reviewed)

14. Discontinued operation

Details of discontinued operations for the three-month and six-month periods ended 30 June 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
Revenues	-	-	-	-
Expenses				
Administrative expenses	2,771	221	5,620	443
Total expenses	2,771	221	5,620	443
Loss from discontinued operation	<u>(2,771)</u>	<u>(221)</u>	<u>(5,620)</u>	<u>(443)</u>

(Unit: Baht)

Earnings per share:

Loss per share for the period from discontinued operation	<u>(0.0021)</u>	<u>(0.0002)</u>	<u>(0.0043)</u>	<u>(0.0003)</u>
--	-----------------	-----------------	-----------------	-----------------

(Unit: Thousand shares)

Weighted average number of ordinary shares	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>
---	------------------	------------------	------------------	------------------

The net cash flows incurred by discontinued operation for the six-month periods ended 30 June 2017 and 2016 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2017	2016
Operating activities	-	-
Investing activities	-	-
Financing activities	-	-
Net cash flows from discontinued operation	<u>-</u>	<u>-</u>

15. Basic earnings per share

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

16. Segment information

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

The following table presented revenues and profit (loss) information regarding the Group's operating segments for the three-month and six-month periods ended 30 June 2017 and 2016.

	(Unit: Million Baht)							
	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016
	For the three-month periods ended 30 June							
Revenues								
Sales and service income from external customers	601	599	-	-	-	-	601	599
Total revenues	<u>601</u>	<u>599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>601</u>	<u>599</u>
Results								
Segment loss	(18)	(15)	-	-	-	-	(18)	(15)
Finance income (expenses)	1	(2)	-	-	-	-	1	(2)
Profit from investments	7	4	4	9	-	-	11	13
Other income	3	43	-	-	-	-	3	43
Profit (loss) before income tax expenses	(7)	30	4	9	-	-	(3)	39
Tax expenses	-	(2)	-	-	-	-	-	(2)
Profit (loss) for the period from continuing operation	(7)	28	4	9	-	-	(3)	37
Loss for the period from discontinued operation	(3)	-	-	-	-	-	(3)	-
Profit (loss) for the period	<u>(10)</u>	<u>28</u>	<u>4</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>37</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016
For the six-month periods ended 30 June								
Revenues								
Sales and service income from								
external customers	1,277	1,153	-	-	-	-	1,277	1,153
Total revenues	<u>1,277</u>	<u>1,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,277</u>	<u>1,153</u>
Results								
Segment loss	(34)	(34)	-	-	-	-	(34)	(34)
Finance expenses	(1)	(4)	-	-	-	-	(1)	(4)
Profit from investments	13	13	3	62	-	-	16	75
Other income	10	48	-	-	-	-	10	48
Profit (loss) before income tax								
expenses	(12)	23	3	62	-	-	(9)	85
Tax expenses	-	(3)	-	-	-	-	-	(3)
Profit (loss) for the period								
from continuing operation	(12)	20	3	62	-	-	(9)	82
Loss for the period from								
discontinued operation	(6)	-	-	-	-	-	(6)	-
Profit (loss) for the period	<u>(18)</u>	<u>20</u>	<u>3</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>82</u>

For the three-month and six-month periods ended 30 June 2017 and 2016, the Group has no major customer with revenue of 10% or more of the entity's revenues.

17. Commitments and contingent liabilities

17.1 Capital commitments

As at 30 June 2017, capital commitments of a subsidiary totaling Baht 12.3 million were in respect of the construction of gas stations (31 December 2016: Baht 4.9 million).

17.2 Operating lease, service and research and development agreement commitments

The Group has entered into several operating lease and service agreements in respect of the leases of land, buildings, oil depots, gas stations and equipment with terms of 1 to 20 years, and a research and development agreement with a term of 3 years.

(Unaudited but reviewed)

Future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

Payable within	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
In up to 1 year	24	23	-	-
In over 1 and up to 5 years	94	81	-	-
In over 5 years	114	83	-	-

17.3 Long-term purchase and sale commitments

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

In March 2017, GPSC sent a letter notifying of the cancellation of the steam purchase agreement and the memorandum regarding installation of a steam pipeline, on the grounds that PBC had breached certain conditions of the agreement, and its claim of certain damages from PBC. PBC subsequently sent a letter refusing to pay the damages.

17.4 Guarantees

- a) As at 30 June 2017, there were outstanding bank guarantees of Baht 174 million (31 December 2016: Baht 155 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 170 million (31 December 2016: Baht 150 million) to guarantee payments due to creditors and Baht 4 million (31 December 2016: Baht 5 million) to guarantee electricity use, among others.
- b) As at 30 June 2017 and 31 December 2016, a subsidiary has guaranteed bank credit facilities of its subsidiary amounting to Baht 10 million.

17.5 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. The Civil Court has ordered the ongoing litigation be temporarily struck off in order to await the decision of the Arbitration Office.

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.

(Unaudited but reviewed)

In June 2012, the Company was informed by the Dispute Office, Office of the Court of Justice that PTT had submitted the dispute to the Arbitration Office (Black Dispute No. 78/2555), requesting the Company to pay principal together with interest totaling Baht 1,555 million to PTT.

In April 2016, the Company received a copy of an arbitration award dated 25 March 2016, pursuant to which the arbitral tribunal rendered an award by a majority vote whereby PTT was to pay damages for the unlawful termination of its agreement with the Company in the amount of Baht 390 million per annum starting from 1 February 2012 until the date on which the arbitral tribunal rendered the arbitration award (25 March 2016), together with 7.5% interest per annum on such amount of damages calculated on the date on which the arbitral tribunal rendered the arbitration award until PTT makes payment in full to the Company. The Company can file a petition with the Civil Court to seek enforcement of the arbitration award within 3 years from the date on which the arbitration award was made. However, PTT petitioned the court to revoke the award on 30 June 2016 (Black Case No. Por.3016/2559). On 23 September 2016, the Company filed a petition to the Civil Court to object the request for revocation of the arbitration award on the case PTT lodged to the Civil Court. On 16 December 2016, the Company filed a petition with the Civil Court to seek enforcement of the above arbitration award (Black Case No. Por.6000/2559). The Civil Court has ordered the combination of Black Case No. Por.6000/2559 with Black Case No. Por.3016/2559. The case is currently under the consideration of the Civil Court.

In May 2017, the Company received a copy of an arbitration award dated 27 April 2017, pursuant to which the arbitral tribunal rendered an award to order the Company to make a final payment for condensate residue to PTT of Baht 1,555 million, together with interest at 9.375% per annum on principal of Baht 1,518 million, from the date on which the dispute was submitted to arbitration (18 May 2012) until the Company makes payment in full to PTT. However, the Company does not agree with the arbitration award. On 25 July 2017, the Company exercised its legal right to file a petition with the Civil Court to revoke the award (Black Case No. Por.3492/2560).

- b) 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 November 2012, the Appeal Court upheld the judgement of the Civil Court. In April 2017, the Supreme Court upheld the judgement of the Court of Appeals not to accept the case for consideration and ordered the case to be struck off from the Supreme Court’s case list. The lawsuit is finalised.

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. In June 2016, the Appeal Court upheld the judgement of the Civil Court. At present, this case is under consideration by the Supreme 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. In July 2016, the Appeal Court upheld the judgement of the Civil Court. At present, this case is under consideration by the Supreme Court.

(Unaudited but reviewed)

18. Fair value of financial instruments

As of 30 June 2017, the Group had the following assets that were measured at fair value using Level 1* of inputs as follows.

	(Unit: Million Baht)	
	Consolidation	Separate
	<u>financial statements</u>	<u>financial statements</u>
Financial assets measured at fair value		
Current investments		
Investment units in mutual funds	185	171

* Level 1 Use of quoted market prices in an observable active market for such assets

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2017.