

RPCG Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

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 16 November 2017, the Company registered to change its name of head office building with the Ministry of Commerce from located at 86/2 Pure Place Community Mall Ramkhamhaeng, 3rd floor, Ramkhamhaeng Road, Saphan Sung, Bangkok to 86/2 Sammakorn Place, 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 2017 and 2016 held 19.72% of the issued and paid-up capital of the Company.

1.2 Fundamental accounting assumptions

As discussed in Note 34.5 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 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 to order this major supplier (litigant) to pay damages for the unlawful termination of the agreement with the Company and the Company received certain compensation. 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 received a copy of the petition. Even though some significant uncertainties that may impact on the ability of the Group to continue as going concern as a result of the cessation of the refinery have currently eased following the management plan, the Group has suffered operating losses and as at 31 December 2017 its current liabilities exceeded its current assets by Baht 1,283 million (2016: Baht 1,219 million). Current liabilities include liabilities under the commercial dispute and outstanding litigation 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 filed 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 going concern, if the outcome of case is not beneficial to the Company. However, the outcomes of the commercial dispute and outstanding litigation, 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.

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 11 October 2016, 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 subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Place of incorporation	Percentage of Shareholding	
			2017	2016
			%	%
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
RPC Management Co., Ltd.*	Systems management	Thailand	100	100

* Business suspended as at 31 December 2017 and 2016

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

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

During the year, the Company and subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 Company and its subsidiaries’ financial statements.

b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are 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.

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 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.

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.

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 orderly liquidation value approach for factory buildings, machinery and factory equipment. The valuation involves certain assumptions and estimates as described in Note 17 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 had outstanding litigation and several commercial disputes. The management has used judgement to assess of the results of the litigation and believes that there will be no additional loss incurred from that recorded as at 31 December 2017. A summary of outstanding litigation and commercial deputies are discussed in Note 34.5.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash	13,983	12,234	60	60
Bank deposits	15,229	18,494	2,132	1,999
Total	29,212	30,728	2,192	2,059

As at 31 December 2017, bank deposits in savings accounts carried interests between 0.10% and 0.50% per annum (2016: 0.37% and 0.38% per annum).

7. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Cost	Fair value	Cost	Fair value
Investment units in mutual funds				
Cost	322,067	323,560	464,326	466,718
Add: Unrealised gain	1,493	-	2,392	-
Investment units in mutual fund - net	323,560	323,560	466,718	466,718

(Unit: Thousand Baht)

	Separate financial statements			
	2017		2016	
	Cost	Fair value	Cost	Fair value
Investment units in mutual funds				
Cost	289,472	290,941	426,722	428,653
Add: Unrealised gain	1,469	-	1,931	-
Investment units in mutual fund - net	290,941	290,941	428,653	428,653

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due				
Not over 3 months	84	46	-	-
Total trade receivables - related parties	84	46	-	-
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due				
Not over 3 months	47,158	30,769	-	-
3 - 6 months	367	792	-	-
6 - 12 months	387	382	-	-
Over 12 months	12,372	12,140	-	-
Total	60,284	44,083	-	-
Less: Allowance for doubtful debts	(11,308)	(11,019)	-	-
Total trade receivables - unrelated parties, net	48,976	33,064	-	-
Total trade receivables - net	49,060	33,110	-	-
Other receivables				
Advances to related parties	-	-	1,926	3,349
Accrued income	3,552	2,960	46	59
Others	10,841	10,797	3	45
Total	14,393	13,757	1,975	3,453
Less: Allowance for doubtful debts	(4,918)	(5,295)	-	-
Total other receivables - net	9,475	8,462	1,975	3,453
Total trade and other receivables, net	58,535	41,572	1,975	3,453

9. Related party transactions

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	
	2017	2016	2017	2016
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Management fee income	-	-	-	937
Interest income	-	-	3,268	3,592
Other income - other services	-	-	1,580	1,963
Other expenses	-	-	-	13
Transactions with associates				
Sales	436	504	-	-
Dividend income	50,410	112,880	50,410	112,880
Management fee income	-	1,500	-	1,500
Interest income	212	-	212	-
Land rental expense	886	857	-	-
Office rental expense	1,962	1,826	288	288
Other expenses	1,868	1,787	363	315
Transactions with related parties				
Other expenses	267	286	267	286
Transactions with management and director				
Consulting expenses	1,200	-	1,200	-

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% - 5.00% 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

Significant agreements with related parties

Management and administration agreement

In January 2016, the Company entered into management and administration agreement with a subsidiary to provide consultation relating to information technology. The service fee was stipulated in the agreement, which was for a period of 1 year, ended in December 2016.

Consultation agreements

In 2016, 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 June 2016.

Guarantee agreements

In 2015, the Company entered into agreements with two subsidiaries to guarantee bank credit facilities of the subsidiaries totaling Baht 80 million. The Company charges a guarantee fee at a rate of 1% per annum, which terminated in July 2016.

In 2016, a subsidiary entered into an agreement with its subsidiary to guarantee bank credit facility of its subsidiary totaling Baht 10 million. The guarantee is effective as long as the underlying obligations have not been discharged by the subsidiary. No guarantee fee was charged for the guarantee.

As at 31 December 2017 and 2016, the balances of the accounts between the Group and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade and other receivables - related parties (Note 8)				
Trade receivables - related parties				
Associates	84	46	-	-
Total trade receivables - related parties	84	46	-	-
Other receivables - related parties				
Subsidiaries	-	-	1,926	3,349
Total other receivables - related parties	-	-	1,926	3,349

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
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 (Note 21)				
Associates	284	150	27	31
Related companies	23	23	23	23
Total other payables - related parties	307	173	50	54

Loans to related parties

During the year ended 31 December 2017, movements of loans to related parties were follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Short-term loan				
Sammakorn Plc.	-	50,000	(50,000)	-
Total	-	50,000	(50,000)	-
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 2016	during the year	during the year	31 December 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
Sammakorn Plc.	-	50,000	(50,000)	-
Total	399,188	145,000	(130,000)	414,188
Less: Allowance for doubtful debts	(319,188)	-	-	(319,188)
Net	80,000	145,000	(130,000)	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 31 December 2017, short-term loans to subsidiaries totaling Baht 414 million (2016: Baht 399 million) are in the form of promissory notes with maturities of 12 months, carrying interest at rates of 2.95% - 3.50% per annum (2016: 3.50% - 5.00% per annum). Short-term loans to Pure Biodiesel Co., Ltd. were guaranteed by the mortgage of land, building, machinery and oil depots.

As at 31 December 2017 and 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 31 December 2017 and 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.

Management benefit expenses

During the years ended 31 December 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	
	2017	2016	2017	2016
Short-term employee benefits	10,174	9,373	6,153	5,097
Post-employment benefits	415	497	251	342
Total	10,589	9,870	6,404	5,439

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net		Inventories - net	
			realisable value			
	2017	2016	2017	2016	2017	2016
Finished goods	62,048	57,079	(13,140)	(11,661)	48,908	45,418
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
Total	64,824	59,855	(15,916)	(14,437)	48,908	45,418

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net		Inventories - net	
			realisable value			
	2017	2016	2017	2016	2017	2016
Finished goods	7,055	7,055	(7,055)	(7,055)	-	-
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
Total	9,831	9,831	(9,831)	(9,831)	-	-

During the year 2017, the Group reduced cost of inventories by Baht 1.48 million (2016: Baht 4.48 million) (separate financial statements: nil, 2016: Baht 2.78 million), to reflect the net realisable value. This was included in cost of sales.

11. Long-term loans to unrelated parties

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Long-term loans to unrelated parties	7,773	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	2,627	350	-	-
Less: Current portion	(761)	(350)	-	-
Non-current portion	1,866	-	-	-

12. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Value added tax refundable	7,117	6,168	5,187	4,978
Prepaid expenses	16,173	13,195	689	670
Others	2,312	1,573	46	23
Total	25,602	20,936	5,922	5,671

13. Pledged deposits at banks

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

14. Investments in associates

14.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Consolidated financial statements		Separate financial statements	
			2017	2016	2017	2016	Carrying amounts based on equity method		Carrying amounts based on cost method	
							2017	2016	2017	2016
			(%)	(%)						
Thai Public Port Co., Ltd.	Rental of oil depot and port business	Thailand	30.00	30.00	900,112	900,112	783,318	813,838	900,112	900,112
Sammakorn Plc.	Real estate development	Thailand	48.25	48.25	785,802	785,802	1,173,459	1,146,899	785,802	785,802
Total investments in associates							1,956,777	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							1,817,777	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. 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 22 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) was 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. 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, 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, 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.

14.2 Share of comprehensive income and dividend received

During the years, the Company has 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's name	Consolidated financial statements				Separate financial statements	
	Share of profit from investments in associates during the years		Share of other comprehensive income from investments in associates during the years		Dividend received during the years	
	2017	2016	2017	2016	2017	2016
Thai Public Port Co., Ltd.	16,730	4,691	-	-	47,250	78,750
Pure Sammakorn Development Co., Ltd.	-	5,987	-	-	-	-
Sammakorn Plc.	27,086	49,614	2,635	-	3,160	34,130
Total	43,816	60,292	2,635	-	50,410	112,880

14.3 Fair value of investment in listed associate

As at 31 December 2017, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 855 million (2016: Baht 956 million).

14.4 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 8% per annum and long-term growth rate at 1% per annum are used in this valuation.

14.5 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.	
	2017	2016	2017	2016	2017	2016
	Current assets	48	74	-	18	2,551
Non-current assets	1,289	1,452	-	437	1,246	1,613
Current liabilities	(46)	(114)	-	(76)	(766)	(1,090)
Non-current liabilities	(81)	(99)	-	(167)	(722)	(503)
Net assets	1,210	1,313	-	212	2,309	2,255
Shareholding percentage (%)	30.00	30.00	-	-	48.25	48.25
Share of net assets	363	394	-	-	1,114	1,088
Goodwill	420	420	-	-	-	-
Eliminations	-	-	-	-	59	59
Carrying amounts of associates						
based on equity method	783	814	-	-	1,173	1,147
Less: Allowance for impairment	(139)	(139)	-	-	-	-
Carrying amounts of associates based on equity method, net	644	675	-	-	1,173	1,147

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.	
	2017	2016	2017	2016*	2017	2016
Revenue	358	315	-	136	1,212	1,247
Profit (loss)	56	15	-	14	56	108
Other comprehensive income	-	-	-	-	6	3
Total comprehensive income	56	15	-	14	62	111

* For the period as from 1 January 2016 to 11 November 2016

15. 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	
	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					(103,320)	(81,955)
Investments in subsidiaries - net					317,635	339,000

* Business suspended as at 31 December 2017 and 2016

During the year 2017 and 2016, the Company had no dividend received from its subsidiaries.

During the year 2017, the Company set up allowance for impairment of investment in Pure Biodiesel Co., Ltd. amounting to Baht 21.4 million (2016: Baht 81.6 million).

15.1 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 2017 and 2016, 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. 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					
			2017	2016	2017	2016	2017	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							-	-

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Operating assets	120,867	101,538	6,140	7,471
Ceased using assets	947,031	930,646	549,758	528,157
Total property, plant and equipment	1,067,898	1,032,184	555,898	535,628
Less: Allowance for impairment	(462,984)	(459,712)	(239,978)	(240,608)
Property, plant and equipment - net	604,914	572,472	315,920	295,020

(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 2016	7,350	159,180	66,607	76,972	26,790	12,492	349,391
Additions	-	-	264	265	286	38,460	39,275
Disposals/write-off	-	(46,155)	(4,777)	(14,253)	(589)	-	(65,774)
Transfers	-	21,029	32	6,167	(1,432)	(33,907)	(8,111)
Reversed from non-current assets held for sale	-	131	-	3,123	-	-	3,254
31 December 2016	7,350	134,185	62,126	72,274	25,055	17,045	318,035
Additions	-	-	94	238	-	42,885	43,217
Disposals/write-off	-	(8,665)	(4,219)	(2,555)	472	-	(14,967)
Transfers	-	31,954	474	9,842	214	(42,484)	-
Adjustment	-	-	-	-	-	(3,759)	(3,759)
31 December 2017	7,350	157,474	58,475	79,799	25,741	13,687	342,526
Accumulated depreciation							
1 January 2016	-	127,160	34,049	71,160	20,290	-	252,659
Depreciation for the year	-	14,719	562	3,054	2,062	-	20,397
Depreciation on disposals/write-off	-	(40,293)	(4,298)	(14,196)	(959)	-	(59,746)
Depreciation on reversal of non-current assets held for sale	-	109	-	3,078	-	-	3,187
31 December 2016	-	101,695	30,313	63,096	21,393	-	216,497
Depreciation for the year	-	13,211	978	3,755	2,194	-	20,138
Depreciation on disposals/write-off	-	(8,249)	(4,216)	(2,511)	-	-	(14,976)
31 December 2017	-	106,657	27,075	64,340	23,587	-	221,659

(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	
Allowance for impairment loss							
1 January 2016	-	5,808	-	38	-	-	5,846
Reversal of allowance for impairment due to write-off	-	(5,808)	-	(38)	-	-	(5,846)
31 December 2016	-	-	-	-	-	-	-
31 December 2017	-	-	-	-	-	-	-
Net book value							
31 December 2016	7,350	32,490	31,813	9,178	3,662	17,045	101,538
31 December 2017	7,350	50,817	31,400	15,459	2,154	13,687	120,867
Depreciation for the years							
2016 (included in administrative expenses)							20,397
2017 (included in administrative expenses)							20,138

(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 2016	279,394	175,768	557,825	1,012,987
Write-off	-	-	(1,976)	(1,976)
Reversed from non-current assets held for sale	-	-	956,088	956,088
31 December 2016	279,394	175,768	1,511,937	1,967,099
Disposals	-	-	(6,845)	(6,845)
Revaluations	47,735	-	-	47,735
31 December 2017	327,129	175,768	1,505,092	2,007,989
Accumulated depreciation				
1 January 2016	-	104,477	227,599	332,076
Depreciation for the year	-	4,527	28,937	33,464
Depreciation on write-off	-	-	(1,976)	(1,976)
Depreciation on reversal of non-current assets held for sale	-	-	672,889	672,889
31 December 2016	-	109,004	927,449	1,036,453
Depreciation for the year	-	2,411	25,499	27,910
Depreciation on disposals	-	-	(3,405)	(3,405)
31 December 2017	-	111,415	949,543	1,060,958
Allowance for impairment loss				
1 January 2016	-	20,646	116,597	137,243
Increase during the year	-	24,808	81,380	106,188
Reversed from non-current assets held for sale	-	-	216,281	216,281
31 December 2016	-	45,454	414,258	459,712
Increase during the year	-	733	2,539	3,272
31 December 2017	-	46,187	416,797	462,984
Net book value				
31 December 2016	279,394	21,310	170,230	470,934
31 December 2017	327,129	18,166	138,752	484,047
Depreciation for the years				
2016 (included in administrative expenses)				33,464
2017 (included in administrative expenses)				27,910

(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 2016	44,231	25,608	14,881	1,025	85,745
Additions	-	166	-	287	453
Disposals/write-off	(36,819)	(11,350)	(2,020)	-	(50,189)
Transfers	1,136	176	-	(1,312)	-
Reversed from non-current assets held for sale	131	3,123	-	-	3,254
31 December 2016	8,679	17,723	12,861	-	39,263
Additions	-	58	-	-	58
Disposals	-	(178)	-	-	(178)
31 December 2017	8,679	17,603	12,861	-	39,143
Accumulated depreciation					
1 January 2016	33,146	25,201	12,029	-	70,376
Depreciation for the year	747	238	743	-	1,728
Depreciation on disposals/write-off	(31,233)	(11,305)	(959)	-	(43,497)
Depreciation on reversal of non-current assets held for sale	109	3,078	-	-	3,187
31 December 2016	2,769	17,212	11,813	-	31,794
Depreciation for the year	539	291	557	-	1,387
Depreciation on disposals	-	(178)	-	-	(178)
31 December 2017	3,308	17,325	12,370	-	33,003
Allowance for impairment loss					
1 January 2016	5,808	38	-	-	5,846
Reversal of allowance for impairment due to write-off	(5,808)	(38)	-	-	(5,846)
31 December 2016	-	-	-	-	-
31 December 2017	-	-	-	-	-
Net book value					
31 December 2016	5,910	511	1,048	-	7,469
31 December 2017	5,371	278	491	-	6,140
Depreciation for the years					
2016 (included in administrative expenses)					1,728
2017 (included in administrative expenses)					1,387

(Unit: Thousand Baht)

	Separate financial statements				
	Revaluation basis				
	Land	Factory buildings and factory building improvements		Machinery and factory equipment	Total
Ceased using assets					
Revalued amount					
1 January 2016	214,152	108,094	4,378	326,624	
Write-off	-	-	(1,976)	(1,976)	
Reversed from non-current assets held for sale	-	-	956,088	956,088	
31 December 2016	214,152	108,094	958,490	1,280,736	
Disposals	-	-	(6,659)	(6,659)	
Revaluations	36,309	-	-	36,309	
31 December 2017	250,461	108,094	951,831	1,310,386	
Accumulated depreciation					
1 January 2016	-	76,564	4,216	80,780	
Depreciation for the year	-	870	16	886	
Depreciation write-off	-	-	(1,976)	(1,976)	
Depreciation on reversal of non-current assets held for sale	-	-	672,889	672,889	
31 December 2016	-	77,434	675,145	752,579	
Depreciation for the year	-	949	10,321	11,270	
Depreciation on disposals	-	-	(3,221)	(3,221)	
31 December 2017	-	78,383	682,245	760,628	
Allowance for impairment loss					
1 January 2016	-	19,760	86	19,846	
Increase (decrease) during the year	-	(1,278)	5,759	4,481	
Reversed from non-current assets held for sale	-	-	216,281	216,281	
31 December 2016	-	18,482	222,126	240,608	
Reversal of allowance for impairment due to disposals	-	-	(630)	(630)	
31 December 2017	-	18,482	221,496	239,978	
Net book value					
31 December 2016	214,152	12,178	61,219	287,549	
31 December 2017	250,461	11,229	48,088	309,780	
Depreciation for the years					
2016 (included in administrative expenses)				886	
2017 (included in administrative expenses)				11,270	

During 2017, the Group arranged for an independent professional valuer to appraise the value of certain refinery assets on an asset-by-asset basis. The revaluation was concluded on 31 December 2017 and the basis of the revaluation was as follows.

- a) Land was revalued using the market approach. The fair value of the land was at the average of Baht 7.5 million per rai.
- b) Factory buildings, machinery and factory equipment were revalued using the orderly liquidation value approach. The orderly liquidation value is the amount expected to be obtained from finding buyers for the assets on a piecemeal basis, given the condition and location of the assets at that time and the applicable conditions. It assumes there is a reasonable period of time within which the owner is forced to sell, that the assets are sold through an intermediary or offered to the buyer for other uses, and that the buyer will pay all expenses.

The reappraised value of the land was Baht 48 million (Separate financial statements: Baht 36 million) more than the value per the previous revaluation conducted in 2013. The Group recognised the increase in asset values in shareholders' equity under the heading of "Revaluation surplus on assets".

In addition, the reappraised values of the buildings and equipment were Baht 5 million (2016: Baht 106 million) lower than their net book values as presented in the consolidated financial statements (separate financial statements: Baht 1 million, 2016: Baht 4 million). The Group recognised the loss on impairment of assets in the income statement for the same amount.

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 2017 and 2016 would have been as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Land	141,286	141,286	105,770	105,770
Factory buildings and improvements	17,985	21,311	11,228	12,178
Machinery and factory equipment	136,582	170,230	48,090	61,219

As at 31 December 2017, the Group had vehicles with net book values of Baht 0.4 million (2016: Baht 0.8 million) and in the separate financial statements of Baht 0.4 million (2016: Baht 0.6 million), which were acquired under finance lease agreements.

A subsidiary has mortgaged land, buildings, machinery and oil depots with a total book value as at 31 December 2017 of Baht 88 million (2016: Baht 78 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 2017, 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 180 million (2016: Baht 178 million) in the consolidated financial statements and Baht 27 million (2016: Baht 41 million) in the separate financial statements.

18. Intangible assets

The net book values of intangible assets which are computer software as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Cost	25,197	25,028	19,738	19,738
Less: Accumulated amortisation	(23,475)	(22,639)	(19,097)	(18,778)
Net book value	1,722	2,389	641	960

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Net book value at beginning of year	2,389	3,236	960	1,307
Disposals	(17)	-	-	-
Transfer	186	85	-	-
Amortisation	(836)	(932)	(319)	(347)
Net book value at end of year	1,722	2,389	641	960

Amortisation for the year was included in administrative expenses.

19. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
The compensation for loss	26,711	26,711	26,711	26,711
Land and gas station leasehold rights	1,200	1,589	-	-
Prepaid corporate income tax	5,881	1,951	1,271	1,126
Prepaid expenses	35,639	1,615	-	-
Deposits	2,233	2,322	207	214
Total	<u>71,664</u>	<u>34,188</u>	<u>28,189</u>	<u>28,051</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.

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. 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.

20. 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)	
		Secured by	
		Credit facilities which are not drawn down	
		2017	2016
The Company	Pledge of fixed deposits of the Company	25	25
SCT Sahaphan Co., Ltd. ("SAP")	Pledge of SAP's fixed deposits and guaranteed by the Company	10	11
Pure Thai Energy Co., Ltd. ("PTEC")	Pledge of the Company's and PTEC's fixed deposits and guaranteed by the Company	81	100

21. Trade and other payables

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Trade payables - unrelated parties		1,637,496	1,639,246	1,518,109	1,518,109
Other payables - related parties		307	173	50	54
Other payables - unrelated parties		28,071	12,775	1,590	2,268
Accrued expenses		7,868	7,942	927	1,785
Retention payables		1,899	1,033	-	-
Total		1,675,641	1,661,169	1,520,676	1,522,216

22. Short-term loans from unrelated parties

		(Unit: Thousand Baht)				
		Consolidated		Separate		
		financial statements		financial statements		
		2017	2016	2017	2016	
Interest rate	Secure by					
(% p.a.)						
Promissory notes	1.45 - 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 14 to the financial statements.

23. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2017 and 2016, which represents compensation payable to employees after they retire from the company, was as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provisions for long-term employee				
benefits at beginning of year	9,421	9,499	2,276	2,694
Current service cost	1,036	1,192	338	515
Interest cost	258	239	44	51
Reversal of provision for long-term				
employee benefits	(478)	(984)	(478)	(984)
Employee benefit paid during the year	(345)	(525)	(345)	-
Provisions for long-term employee				
benefits at end of year	<u>9,892</u>	<u>9,421</u>	<u>1,835</u>	<u>2,276</u>

Long-term employee benefit expenses included in administrative expenses in the income statements for the years ended 31 December 2017 and 2016 consist of the following.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current service cost	1,036	1,192	338	515
Interest cost	258	239	44	51
Reversal of provision for long-term				
employee benefits	(478)	(984)	(478)	(984)
Total	<u>816</u>	<u>447</u>	<u>(96)</u>	<u>(418)</u>

The Group expects to pay Baht 0.9 million of long-term employee benefits during the next year (separate financial statements: nil) (2016: Baht 0.8 million, separate financial statements: nil).

As at 31 December 2017 and 2016, the weighted average duration of the liabilities for long-term employee benefit is 13 years (separate financial statements: 12 years).

Key actuarial assumptions used for the valuation are as follows.

	(Unit: % per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Discount rate	3.00	3.00	3.00	3.00
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 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Rate increase	Rate decrease	Rate increase	Rate decrease
Increase or decrease 0.5% in discount rate	(821)	889	(276)	296
Increase or decrease 1% in future salary increase rate	1,796	(1,566)	596	(529)

	(Unit: Thousand Baht)			
	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	Rate increase	Rate decrease	Rate increase	Rate decrease
Increase or decrease 0.5% in discount rate	(726)	788	(231)	249
Increase or decrease 1% in future salary increase rate	1,594	(1,382)	501	(442)

24. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Value added tax payable	505	1,142	-	-
Advances received from customers	9,282	9,849	-	-
Subsidies for renovation of gasoline stations received in advance	78,755	-	-	-
Others	4,094	2,988	121	166
Total	92,636	13,979	121	166

25. 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.

26. Revaluation surplus

This represents surplus arising from revaluation of land. Movements in the revaluation surplus account, net of income tax, during the years ended 31 December 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Balance - beginning of year	116,367	116,367	86,706	86,706
Add: Revaluation of assets				
during the year	47,736	-	36,309	-
Less: Effect of income tax				
from revaluation	(9,547)	-	(7,262)	-
Balance - end of year	<u>154,556</u>	<u>116,367</u>	<u>115,753</u>	<u>86,706</u>

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

27. Other income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Management fee income	6,868	13,893	-	2,437
Dividend income	-	-	50,410	112,880
Gain on sale of equipment and intangible assets	868	110	-	108
Penalties for late payment and demolition of assets income	-	40,000	-	40,000
Gain on sale of associate	-	14,111	-	31,469
Interest income	3,539	2,522	4,837	4,362
Other income	8,292	9,273	5,486	8,493
Total	19,567	79,909	60,733	199,749

28. Expenses by nature

Significant expenses classified by nature are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salaries, wages and other employee benefits	103,900	115,753	9,581	17,778
Long-term employee benefits (reversal)	816	447	(96)	(418)
Depreciation and amortisation	48,410	54,712	12,978	2,961
Changes in finished goods	(4,969)	2,525	-	2,776
Cost of merchandise inventories and services	2,258,332	2,051,733	-	-
Loss on impairment of investment in subsidiary	-	-	21,364	81,605
Loss on impairment of buildings and equipment (reversal)	3,271	105,964	(630)	4,256

29. Income tax

Tax expenses (income) for the years ended 31 December 2017 and 2016 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	-	1,816	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(761)	(1,033)	-	-
Tax expenses (income) reported in the income statement	(761)	783	-	-

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax on gain from revaluation of land	9,547	-	7,262	-
Total	9,547	-	7,262	-

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax				
From continuing operation	(25,016)	(61,119)	(119)	59,620
From discontinued operation	(12,868)	(8,141)	(12,868)	(8,141)
Total accounting profit (loss) before tax	(37,884)	(69,260)	(12,987)	51,479
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(7,577)	(13,852)	(2,597)	10,296
Deferred tax assets which were not recognised during the year as future taxable profits may not be sufficient	16,049	24,418	10,380	10,390

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Effects of non-deductible expenses				
- Other non-deductible expenses	201	350	127	5
Effects of:				
- Income not subject to tax	(10,100)	(22,576)	(10,082)	(22,576)
- Others	1,542	1,422	2,172	1,885
Effect of elimination entries on the consolidated financial statements	(876)	11,021	-	-
Tax expenses (income) reported in the income statement	(761)	783	-	-

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 2017	31 December 2016	31 December 2017	31 December 2016
Deferred tax assets				
Allowance for doubtful debts	3,157	3,175	-	-
Allowance for diminution in value of inventories	1,190	895	-	-
Provision for long-term employee benefits	1,611	1,429	-	-
Others	325	24	-	-
Total	6,283	5,523	-	-
Deferred tax liabilities				
Revaluation surplus on assets	38,639	29,092	28,938	21,677
Total	38,639	29,092	28,938	21,677

As at 31 December 2017 there are deductible temporary differences and unused tax losses totaling Baht 1,289 million (2016: Baht 1,364 million) per the consolidated financial statements and Baht 875 million (2016: Baht 895 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 519 million per the consolidated financial statements and Baht 231 million per the separate financial statements will expire by 2022.

30. Discontinued operation

Details of discontinued operations for the years ended 31 December 2017 and 2016 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements / Separate financial statements	
	2017	2016
Revenues	-	-
Expenses		
Administrative expenses	12,868	8,141
Total expenses	12,868	8,141
Loss for the year from discontinued operation	<u>(12,868)</u>	<u>(8,141)</u>

	(Unit: Baht)	
	Consolidated financial statements / Separate financial statements	
	2017	2016
Earnings per share:		
Loss per share for the year from discontinued Operation	<u>(0.01)</u>	<u>(0.01)</u>
	(Unit: Thousand shares)	
Weighted average number of ordinary shares	<u>1,304,664</u>	<u>1,304,664</u>

The net cash flows incurred by discontinued operation for 2017 and 2016 are as follows.

	(Unit: Thousand Baht)	
	Consolidated financial statements / Separate financial statements	
	2017	2016
Operating activities	-	-
Investing activities	1,171	-
Financing activities	-	-
Net cash flows from discontinued operation	<u>1,171</u>	<u>-</u>

31. 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.

32. 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, 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 2017 and 2016, 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 2017 and 2016.

(Unit: Million Baht)

	For the years ended 31 December							
	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues								
Sales and service income from external customers	2,438	2,255	-	-	-	-	2,438	2,255
Inter-segment revenues	12	12	-	-	(12)	(12)	-	-
Interest income	7	6	-	-	(4)	(4)	3	2
Other income	67	207	-	-	(51)	(129)	16	78
Total revenues	2,524	2,480	-	-	(67)	(145)	2,457	2,335
Expenses								
Cost of sales and services	2,253	2,056	-	-	-	(3)	2,253	2,053
Depreciation and amortisation	49	58	-	-	(2)	(4)	47	54
Selling expenses	62	66	-	-	-	-	62	66
Administrative expenses	167	177	-	-	(10)	(6)	157	171
Loss on impairment of buildings and equipment	6	101	-	-	(2)	-	4	101
Loss on impairment of investment in subsidiary	21	82	-	-	(21)	(82)	-	-
Total expenses	2,558	2,540	-	-	(35)	(95)	2,523	2,445
Loss before share of profit from investments in associates, finance cost and income tax	(34)	(60)	-	-	(32)	(50)	(66)	(110)
Share of profit from investments in associates	17	5	27	56	-	-	44	61
Profit (loss) before finance cost and income tax	(17)	(55)	27	56	(32)	(50)	(22)	(49)
Finance cost	(18)	(27)	-	-	15	15	(3)	(12)
Profit (loss) before income tax	(35)	(82)	27	56	(17)	(35)	(25)	(61)
Tax income (expense)	-	(2)	-	-	1	1	1	(1)
Profit (loss) for the period from continuing operation	(35)	(84)	27	56	(16)	(34)	(24)	(62)
Loss for the period from discontinued operation	(13)	(8)	-	-	-	-	(13)	(8)
Profit (loss) for the year	(48)	(92)	27	56	(16)	(34)	(37)	(70)

33. 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 2017 amounting to Baht 2.7 million (2016: Baht 2.6 million) were recognised as expenses.

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2017, capital commitments of a subsidiary totaling Baht 9.1 million were in respect of the renovation of gas stations (2016: Baht 4.9 million).

34.2 Operating lease, service and research and development agreement commitments

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

Future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
In up to 1 year	34	23	5	-
In over 1 and up to 5 years	101	81	4	-
In over 5 years	182	83	-	-

34.3 Long-term purchase and sale commitments

- a) 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 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.

- b) On 6 October 2017, a meeting of the Company's Board of Directors passed a resolution granting approval for a subsidiary running a retail and gasoline service station business to change from operating its service stations under the "Pure" brand to operating them under the "Esso" brand, in order to improve efficiency and the strength of its gasoline retail sales business and to support future business expansion.

Later, in November 2017, the subsidiary signed up to an agreement with Esso (Thailand) Public Company Limited, whereby it entered into a gasoline trading contract and was granted the right to use the "Esso" trademark at 49 gasoline stations for a period of 10 years. The subsidiary will continue to be the operator of these gasoline stations. Under the agreement, the subsidiary has to order oil in the quantities and at the prices specified in the contract, for a period of 12 years.

34.4 Guarantees

- a) As at 31 December 2017, there were outstanding bank guarantees of Baht 198 million (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 195 million (2016: Baht 150 million) to guarantee payments due to creditors and Baht 3 million (2016: Baht 5 million) to guarantee electricity use, among others.
- b) As at 31 December 2017 and 2016, a subsidiary has guaranteed bank credit facilities of its subsidiary amounting to Baht 10 million.

34.5 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.

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 (Dispute Black Case 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 an arbitration award dated 25 March 2016, pursuant to which the arbitral tribunal rendered an award by a majority vote to order PTT to pay damages for the unlawful termination of the 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. 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). PTT has submitted a statement of objection, and the case is currently under the consideration of the Civil Court.

Later, in September 2017, the Company received a copy of a petition filed by PTT with the Civil Court seeking to enforce the award (Black Case No. Por. 3789/2560). The Company has submitted a statement of objection, and the case is currently under the consideration of the Civil Court.

- 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.

35. Fair value hierarchy

As at 31 December 2017, 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			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Investment units in mutual funds	324	-	-	324
Property, plant and equipment	-	491	-	491

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Investment units in mutual funds	467	-	-	467
Property, plant and equipment	-	478	-	478

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Investment units in mutual funds	291	-	-	291
Property, plant and equipment	-	310	-	310

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Investment units in mutual funds	429	-	-	429
Property, plant and equipment	-	288		288

36. Financial instruments

36.1 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 2017

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within	1-5 years	interest	Non-interest		
	1 year		rate	bearing		
Financial assets						
Cash and cash equivalents	-	-	15	14	29	0.10 - 0.50
Current investments	-	-	-	324	324	-
Trade and other receivables	-	-	-	59	59	-
Pledged deposits at banks	138	-	-	-	138	1.00 - 1.30
	<u>138</u>	<u>-</u>	<u>15</u>	<u>397</u>	<u>550</u>	
Financial liabilities						
Trade and other payables	-	-	-	1,676	1,676	-
Short-term loans from unrelated parties	1	-	-	-	1	1.45 - 1.61
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>1,677</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2016

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within	1-5 years	interest	Non-interest		
	1 year		rate	bearing		
Financial assets						
Cash and cash equivalents	-	-	19	12	31	0.37 - 0.38
Current investments	-	-	-	467	467	-
Trade and other receivables	-	-	-	42	42	-
Pledged deposits at banks	129	-	-	-	129	0.88 - 1.00
	<u>129</u>	<u>-</u>	<u>19</u>	<u>521</u>	<u>669</u>	
Financial liabilities						
Trade and other payables	-	-	-	1,661	1,661	-
Short-term loans from unrelated parties	149	-	-	-	149	1.50 - 3.95
	<u>149</u>	<u>-</u>	<u>-</u>	<u>1,661</u>	<u>1,810</u>	

36.2 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.

37. 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 2017, the Group's debt-to-equity ratio was 1.39:1 (2016: 1.43:1) and the Company's was 1.48:1 (2016: 1.64:1).

38. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2016 have been reclassified to conform to the current year's classification. The reclassification are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As	Previously	As	Previously
	reclassified	reported	reclassified	reported
Administrative expenses	223,848	222,289	48,109	48,109
Bad debts and allowance for doubtful debts	-	1,559	-	-

The reclassifications had no effect to previously reported profit or shareholders' equity.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.