

RPCG Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2018

1. General information

1.1 The Company's general information

RPCG Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the investment and holding company business. The registered office of the Company, which is the head office, is located at 86/2 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 Corp., Ltd., which as at 30 September 2018 and 31 December 2017 held 19.72% of the issued and paid-up capital of the Company.

1.2 Fundamental accounting assumptions

As discussed in Note 18.5 a) to the financial statements, since the year 2009 the Company has been involved in significant commercial disputes and outstanding litigations with its major raw material supplier, who stopped delivering raw materials to the Company in February 2012. This forced the Company to cease production, since it has been unable to find new suppliers of these raw materials, while some of its subsidiaries that operate in a related business have also had to cease operations. On 20 April 2015, the 2015 Annual General Meeting of the shareholders approved a resolution to permanently discontinue the refinery business in Rayong province. The Group has therefore suffered operating losses from refinery business in the years since the cessation of production in 2012. Later, in March 2016, an arbitral tribunal rendered an award by a majority vote whereby the major supplier (litigant) was to pay damages for the unlawful termination of its agreement with the Company, and the Company was to receive certain compensatory damages, the litigant filed a petition with the Civil Court to revoke the arbitration award and the Company filed a petition with the Civil Court to seek enforcement of that award. Even though some significant uncertainties that may impact on the ability of the Group to continue as a going concern as a result of the cessation of the refinery have currently eased following the management plans, the Group has suffered operating losses and as at 30 September 2018 its current liabilities exceeded its current assets by Baht 1,439 million (31 December 2017: Baht 1,212 million). Current liabilities include liabilities under the commercial disputes and outstanding litigations with its major raw material supplier.

In April 2017, 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. The Company exercised its legal right to file a petition with the Civil Court to revoke the award. These factors would raise substantial doubt regarding the ability of the Group to continue as a going concern, if the outcomes of such cases is not beneficial to the Company. However, the outcomes of the commercial disputes and outstanding litigations, cannot be concluded at this time and depend on future judicial proceedings.

The Company's management has improved 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 was as below.

- a) During the year 2014 the Company purchased the ordinary shares of Thai Public Port Co., Ltd. (TPP), which is principally engaged in the rental of oil depot and port business, at 30.00% shareholding in TPP.
- b) During the year 2015 the Company purchased additional ordinary shares of Sammakorn Plc. (SAMCO), which is principally engaged in the real estate development. As a result the Company's shareholding in SAMCO is 48.25%.

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

1.3 Basis of preparation of interim financial statements

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

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

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

1.4 Basis of consolidation

The consolidated financial statements include the financial statements of RPCG Public Company Limited and its subsidiaries (hereinafter called “the Group”), and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2017. There have been no changes in the composition of the subsidiaries in the current period.

1.5 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the 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 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 period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

(Unaudited but reviewed)

2. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Trade receivables - related parties				
Aged on the basis of due dates				
Past due				
Not over 3 months	20	84	-	-
Total trade receivables - related parties	20	84	-	-
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Past due				
Not over 3 months	32,569	47,158	-	-
3 - 6 months	634	367	-	-
6 - 12 months	247	387	-	-
Over 12 months	12,309	12,372	-	-
Total	45,759	60,284	-	-
Less: Allowance for doubtful debts	(11,620)	(11,308)	-	-
Total trade receivables - unrelated parties, net	34,139	48,976	-	-
Total trade receivables - net	34,159	49,060	-	-
Other receivables				
Advances to related parties	-	-	1,852	1,926
Accrued income	1,888	3,552	23	46
Others	10,396	10,841	3	3
Total	12,284	14,393	1,878	1,975
Less: Allowance for doubtful debts	(4,828)	(4,918)	-	-
Total other receivables - net	7,456	9,475	1,878	1,975
Total trade and other receivables - net	41,615	58,535	1,878	1,975

(Unaudited but reviewed)

3. Related party transactions

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September			
	2018	2017	2018	2017
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	4,975	706
Other income - other services	-	-	672	367
Transactions with associates				
Sales	62	112	-	-
Interest income	-	212	-	212
Land rental expenses	234	221	-	-
Office rental expenses	577	456	57	72
Other expenses	508	447	66	89
Transactions with related party				
Other expenses	59	67	59	67
Transactions with management and director				
Consulting expenses	300	300	300	300

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the nine-month periods ended 30 September				
	2018	2017	2018	2017
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	17,202	2,561
Other income - other services	-	-	2,067	1,098
Transactions with associates				
Sales	171	354	-	-
Interest income	-	212	-	212
Dividend income	31,235	18,910	31,235	18,910
Land rental expenses	687	659	-	-
Office rental expenses	1,731	1,369	170	216
Other expenses	1,423	1,446	214	285
Transactions with related party				
Other expenses	162	201	162	201
Transactions with management and director				
Consulting expenses	900	900	900	900

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.
Interest income	2.95% - 5.00% per annum
Dividend income	As declared
Other income	Contract price Guarantee fee at a rate of 1% per annum
Land and office rental expenses	Contract price
Other expenses	Contract price
Consulting expenses	Contract price

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 September	31 December	30 September	31 December	
2018	2017	2018	2017	
Trade and other receivables - related parties (Note 2)				
Trade receivables - related parties				
Associates	20	84	-	-
Total trade receivables - related parties	20	84	-	-
Other receivables - related parties				
Subsidiaries	-	-	1,852	1,926
Total other receivables - related parties	-	-	1,852	1,926
Short-term loans to related parties				
Subsidiaries	-	-	464,188	414,188
Total short-term loans to related parties	-	-	464,188	414,188
Less: Allowance for doubtful debts	-	-	(319,188)	(319,188)
Total short-term loans to related parties, net	-	-	145,000	95,000
Long-term loan to related party				
Related company	4,500	4,500	4,500	4,500
Less: Allowance for doubtful debts	(4,500)	(4,500)	(4,500)	(4,500)
Total long-term loan to related party, net	-	-	-	-
Other payables - related parties				
Associate	223	284	24	27
Related company	33	23	33	23
Total other payables - related parties	256	307	57	50

Loans to related parties

During the nine-month period ended 30 September 2018, movements of loans to related parties were as follows.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Balance as at	Increase	Decrease	Balance as at
31 December 2017	during the period	during the period	30 September 2018	
Long-term loan				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	-	-	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2017	Increase during the period	Decrease during the period	Balance as at 30 September 2018
Short-term loans				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Pure Thai Energy Co., Ltd.	95,000	50,000	-	145,000
Total	414,188	50,000	-	464,188
Less: Allowance for doubtful debts	(319,188)	-	-	(319,188)
Net	95,000	50,000	-	145,000
Long-term loan				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	-	-	-	-

As at 30 September 2018, loans to subsidiaries totaling Baht 464 million (31 December 2017: Baht 414 million) are in the form of short-term promissory notes, carrying interest at rates of 2.95% - 3.50% per annum. Short-term loans to Pure Biodiesel Co., Ltd. were guaranteed by the mortgage of land, building, machinery and oil depots.

As at 30 September 2018 and 31 December 2017, the Company set aside allowance for doubtful debts for the loans to Pure Biodiesel Co., Ltd. (PBC) 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. However, during the nine-month period ended 30 September 2018, PBC paid interest expenses to the Company amounting to Baht 14 million since it has rental income from land, building, machinery and oil depots.

The short-term loan to KP Energy Group Co., Ltd. (KPEG) was unsecured loan carrying interest at a rate of 5% per annum. As at 30 September 2018 and 31 December 2017, 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.

(Unaudited but reviewed)

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 September				
	2018	2017	2018	2017
Short-term employee benefits	2,311	2,500	1,303	1,497
Post-employment benefits	110	103	66	62
Total	<u>2,421</u>	<u>2,603</u>	<u>1,369</u>	<u>1,559</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the nine-month periods ended 30 September				
	2018	2017	2018	2017
Short-term employee benefits	7,239	7,674	4,215	4,655
Post-employment benefits	329	311	199	188
Total	<u>7,568</u>	<u>7,985</u>	<u>4,414</u>	<u>4,843</u>

4. Inventories

Movements in the allowance for reduction of cost of inventories to net realisable value account during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 1 January 2018	15,916	9,831
Add: Reduction of cost of inventories to net realisable value	1,468	-
Balance as at 30 September 2018	<u>17,384</u>	<u>9,831</u>

(Unaudited but reviewed)

5. Long-term loans to unrelated parties

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Long-term loans to unrelated parties	7,118	7,423	5,146	5,146
Less: Allowance for doubtful debts	(5,146)	(5,146)	(5,146)	(5,146)
Long-term loans to unrelated parties, net	1,972	2,277	-	-
Less: Current portion	(439)	(411)	-	-
Non-current portion	1,533	1,866	-	-

6. Pledged deposits at banks

These represented fixed deposits pledged with the banks to secure credit facilities.

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

Company	Nature of business	Country of incorporation	Shareholding percentage	Cost	(Unit: Thousand Baht)					
					Consolidated		Separate			
					financial statements		financial statements			
					Carrying amounts based on equity method		Carrying amounts based on cost method			
				30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	
Thai Public Port Co., Ltd.	Rental of oil depot and port business	Thailand	30.00	30.00	900,112	900,112	767,613	783,318	900,112	900,112
Sammakorn Plc.	Real estate development	Thailand	48.25	48.25	785,802	785,802	1,188,693	1,173,459	785,802	785,802
Total investments in associates					1,956,306	1,956,777	1,685,914	1,685,914	1,685,914	1,685,914
Less: Allowance for impairment					(139,000)	(139,000)	(151,000)	(151,000)	(151,000)	(151,000)
Investments in associates, net					1,817,306	1,817,777	1,534,914	1,534,914	1,534,914	1,534,914

Thai Public Port Co., Ltd.

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, there is the litigation which refer to land owned by TPP, the working group therefore resolved to await the final judgement of courts. During the year 2017, the Supreme Court has upheld a decision by the Court of Appeals not to revoke the title deed. Chonburi Provincial Administration has notified the Public Land Management Bureau under the Department of Lands of the Supreme Court's judgement. At present, the granting of the concession and other relevant matters are being considered by the Public Land Management Bureau under the Department of Lands.

7.2 Share of profit (loss) and dividend received

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company recognised its share of profit (loss) from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows.

(Unit: Thousand Baht)

Company	Consolidated financial statements				Separate financial statements			
	Share of profit (loss) from investments in associates				Dividend received			
	For the three-month periods		For the nine-month periods		For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September		ended 30 September		ended 30 September	
	2018	2017	2018	2017	2018	2017	2018	2017
Thai Public Port Co., Ltd.	(1,239)	3,617	45	16,267	-	-	15,750	15,750
Sammakorn Plc.	46,657	(855)	30,719	2,615	-	-	15,485	3,160
Total	45,418	2,762	30,764	18,882	-	-	31,235	18,910

7.3 Fair value of investment in listed associate

As at 30 September 2018, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 663 million (31 December 2017: Baht 855 million).

7.4 Impairment loss on investment in associate

The Company's management adopted discounted cash flows method in order to assess impairment loss on investment in Thai Public Port Co., Ltd. The discount rate at 8% per annum and long-term growth rate at 1% per annum are used in this valuation.

(Unaudited but reviewed)

8. Investments in subsidiaries

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

Company	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017
			%	%		
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)	(103,320)
Investments in subsidiaries - net					317,635	317,635

* Business suspended as at 30 September 2018 and 31 December 2017

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company had no dividend received from its subsidiaries.

9. Other long-term investment

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

10. Property, plant and equipment

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Operating assets	285,690	120,867	5,330	6,140
Ceased using assets	934,074	947,031	541,946	549,758
Total property, plant and equipment	1,219,764	1,067,898	547,276	555,898
Less: Allowance for impairment	(462,632)	(462,984)	(239,626)	(239,978)
Property, plant and equipment - net	757,132	604,914	307,650	315,920

(Unaudited but reviewed)

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	604,914	315,920
Acquisitions during the period - at cost	189,461	73
Disposals during the period	(5,817)	(671)
Depreciation for the period	(31,778)	(8,024)
Reversal of allowance for impairment of assets due to disposals	352	352
Net book value as at 30 September 2018	<u>757,132</u>	<u>307,650</u>

As at 30 September 2018, the Group had vehicles with net book values of Baht 0.1 million (31 December 2017: Baht 0.4 million) and in the separate financial statements of Baht 0.1 million (31 December 2017: Baht 0.4 million), which were acquired under finance lease agreements.

A subsidiary has mortgaged land, building, machinery and oil depots with a total book value as at 30 September 2018 of Baht 87 million (31 December 2017: Baht 88 million) as collateral to secure short-term loans received from the Company, as discussed in Note 3 to the financial statements.

11. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
The compensation for loss	26,711	26,711	26,711	26,711
Land and gas station leasehold rights	922	1,200	-	-
Prepaid corporate income tax	13,370	5,881	1,351	1,271
Prepaid expenses	111,456	35,639	-	-
Deposits	2,613	2,233	207	207
Total	<u>155,072</u>	<u>71,664</u>	<u>28,269</u>	<u>28,189</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.

During 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 (Black Dispute 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 - November 2010 amounting to Baht 27 million and Baht 53 million, respectively, plus interest 7.5% per annum of such amounts. The total compensation is Baht 117 million. In April 2017, the supplier has submitted a statement of objection and the dispute is currently under formal arbitration proceedings.

12. Bank overdrafts

Bank overdrafts of a subsidiary company are secured by a fixed deposit account of Baht 6 million, together with interest. The interest on the overdrafts is charged to the fixed deposit interest rate plus 1.25% per annum for the first Baht 6 million and at the MOR minus 0.25% per annum for amount in the excess of Baht 6 million.

13. Short-term loans from unrelated parties

As at 30 September 2018, these represented unsecured promissory notes which a subsidiary issued to individuals. The loans carried interest at rate of 1.55% - 1.58% per annum (31 December 2017: 1.45% - 1.61% per annum) and are repayable within 6 - 12 months.

(Unaudited but reviewed)

14. Income tax

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

Tax income for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September			
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal				
of temporary differences	(679)	(203)	-	-
Tax income reported in				
the income statement	<u>(679)</u>	<u>(203)</u>	<u>-</u>	<u>-</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September			
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal				
of temporary differences	(4,829)	(361)	-	-
Tax income reported in				
the income statement	<u>(4,829)</u>	<u>(361)</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

15. Discontinued operation

Details of discontinued operations for the three-month and nine-month periods ended 30 September 2018 and 2017 are presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 September			
	2018	2017	2018	2017
Revenues	-	-	-	-
Expenses				
Administrative expenses	2,378	2,787	2,378	2,787
Total expenses	2,378	2,787	2,378	2,787
Loss from discontinued operation	<u>(2,378)</u>	<u>(2,787)</u>	<u>(2,378)</u>	<u>(2,787)</u>

(Unit: Baht)

Earnings per share:

Loss per share for the period from
discontinued operation

	<u>(0.0018)</u>	<u>(0.0021)</u>	<u>(0.0018)</u>	<u>(0.0021)</u>
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(Unit: Thousand shares)

Weighted average number of ordinary
shares

	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>
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	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the nine-month periods ended 30 September			
	2018	2017	2018	2017
Revenues	-	-	-	-
Expenses				
Administrative expenses	7,158	8,407	7,208	8,407
Total expenses	7,158	(8,407)	7,208	8,407
Loss from discontinued operation	<u>(7,158)</u>	<u>(8,407)</u>	<u>(7,208)</u>	<u>(8,407)</u>

(Unit: Baht)

Earnings per share:

Loss per share for the period from
discontinued operation

	<u>(0.0055)</u>	<u>(0.0064)</u>	<u>(0.0055)</u>	<u>(0.0064)</u>
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(Unit: Thousand shares)

Weighted average number of ordinary
shares

	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>
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(Unaudited but reviewed)

The net cash flows incurred by discontinued operation for the nine-month periods ended 30 September 2018 and 2017 are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Operating activities	-	-	-	-
Investing activities	300	-	250	-
Financing activities	-	-	-	-
Net cash flows from discontinued operation	300	-	250	-

16. Basic earnings per share

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

17. Segment information

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

The following table presented revenues and loss information regarding the Group's operating segments for the three-month and nine-month periods ended 30 September 2018 and 2017.

(Unit: Million Baht)

	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	For the three-month periods ended 30 September							
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Sales and service income from external customers	847	545	-	-	-	-	847	545
Total revenues	847	545	-	-	-	-	847	545
Results								
Segment loss	(21)	(24)	-	-	-	-	(21)	(24)
Finance income	-	1	-	-	-	-	-	1
Profit (loss) from investments	(1)	3	47	-	-	-	46	3
Other income	1	3	-	-	-	-	1	3
Profit (loss) before income tax	(21)	(17)	47	-	-	-	26	(17)
Tax income	1	-	-	-	-	-	1	-
Profit (loss) for the period								
from continuing operation	(20)	(17)	47	-	-	-	27	(17)
Loss for the period from discontinued operation	(2)	(2)	-	-	-	-	(2)	(2)
Profit (loss) for the period	(22)	(19)	47	-	-	-	25	(19)

(Unaudited but reviewed)

	(Unit: Million Baht)							
	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	For the nine-month periods ended 30 September							
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Sales and service income from external customers	2,237	1,822	-	-	-	-	2,237	1,822
Total revenues	<u>2,237</u>	<u>1,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,237</u>	<u>1,822</u>
Results								
Segment loss	(57)	(58)	-	-	-	-	(57)	(58)
Profit from investments	-	16	31	3	-	-	31	19
Other income	10	13	-	-	-	-	10	13
Profit (loss) before income tax	<u>(47)</u>	<u>(29)</u>	<u>31</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>(26)</u>
Tax income	5	-	-	-	-	-	5	-
Profit (loss) for the period								
from continuing operation	<u>(42)</u>	<u>(29)</u>	<u>31</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>(26)</u>
Loss for the period from discontinued operation	(7)	(8)	-	-	-	-	(7)	(8)
Profit (loss) for the period	<u>(49)</u>	<u>(37)</u>	<u>31</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>(34)</u>

For the three-month and nine-month periods ended 30 September 2018 and 2017, the Group has no major customer with revenue of 10% or more of the entity's revenues.

18. Commitments and contingent liabilities

18.1 Capital commitments

As at 30 September 2018, capital commitments of a subsidiary totaling Baht 40.9 million were in respect of the construction of gas stations (31 December 2017: Baht 9.1 million).

18.2 Operating lease, service and research and development agreement commitments

The Group has entered into several operating lease and service agreements in respect of the leases of land, buildings, oil depots, gas stations and equipment with terms of 1 to 30 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)			
	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Payable within				
In up to 1 year	28	34	5	5
In over 1 and up to 5 years	148	101	4	4
In over 5 years	377	182	-	-

18.3 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 could be extended for another 5 years.

On 26 December 2011, the subsidiary entered into a memorandum with GPSC, whereby GPSC will construct a pipe rack and bridge to install a steam pipeline, with a construction price of Baht 58 million, and will compensate the subsidiary an amount of Baht 23 million, for the impact of its inability to supply steam as agreed. This is treated as part of the delay penalty and deducted from construction cost. The construction cost and all interest are to be paid to GPSC on a monthly basis, beginning on the first of the 37th month and to be completed within 72 months after the date GPSC commences supplying steam. The construction cost carries interest at a rate equal to MLR of a bank.

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

- 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.

As at 30 September 2018, the subsidiary has signed up to gasoline trading agreements with Esso (Thailand) Public Company Limited and was granted the right to use the "Esso" trademark at 56 gasoline stations at least 10 years. The subsidiary will continue to be the operator of these gasoline stations. Under the agreements, the subsidiary has to order fuel oil in the quantities and at the prices specified in the agreements, for such period.

18.4 Guarantees

- a) As at 30 September 2018, there were outstanding bank guarantees of Baht 207 million (31 December 2017: Baht 198 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 205 million (31 December 2017: Baht 195 million) to guarantee payments due to creditors and Baht 2 million (31 December 2017: Baht 3 million) to guarantee electricity use, among others.
- b) As at 30 September 2018 and 31 December 2017, a subsidiary has guaranteed bank credit facilities of its subsidiary amounting to Baht 10 million.

18.5 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.

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 (Black Dispute No. 114/2552) on 3 December 2009 and on 27 August 2010, the Company lodged a lawsuit against PTT and PTTGC with the Civil Court (Black Case No. 3162/2553), demanding PTT and PTTGC should pay compensation to the Company totaling Baht 29,368 million and Baht 9,382 million, respectively. The Civil Court has ordered the ongoing litigation (Black Case No. 3162/2553) be temporarily struck off in order to await the decision of the Arbitration Office.

According 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 as part of the compensation it is claiming from PTT. PTT had submitted the dispute to the Arbitration Office (Black Dispute No. 78/2555), requesting the Company to pay principal together with interest totaling Baht 1,555 million to PTT.

In April 2016, the Company received a copy of an arbitration award (Black Dispute No. 114/2552) dated 25 March 2016, pursuant to which the arbitral tribunal rendered an award by a majority vote whereby PTT was to pay damages for the unlawful termination of its agreement with the Company in the amount of Baht 390 million per annum starting from 1 February 2012 until the date on which the arbitral tribunal rendered the arbitration award (25 March 2016), together with 7.5% interest per annum on such amount of damages calculated on the date on which the arbitral tribunal rendered the arbitration award until PTT makes payment in full to the Company. However, PTT petitioned the court to revoke the award on 30 June 2016 (Black Case No. Por.3016/2559). Later, 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 (Black Dispute No. 78/2555) 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 filed a petition with the Civil Court to revoke the award (Black Case No. Por.3492/2560). 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 Civil Court has ordered the combination of Black Case No. Por.3789/2560 with Black Case No. Por.3492/2560. At present, the case is under the consideration of the Civil Court.

(Unaudited but reviewed)

- b) In March 2014, the Directors of TPP were sued by a 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. Later, in July 2016, the Appeal Court upheld the judgement of the Civil Court. In August 2018, the Supreme Court dismissed the case upheld the judgements of the Court of First Instance and Appeal Court. The lawsuit is finalised.

19. Fair value of financial instruments

As of 30 September 2018 and 31 December 2017, the Group had the following assets that were measured at fair value using level of inputs as follows.

(Unit: Million Baht)

	Consolidated financial statements							
	Level 1*		Level 2**		Level 3		Total	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017	2018	2017
Assets measured at fair value								
Current investments								
Investment units in mutual funds	176	324	-	-	-	-	176	324
Property, plant and equipment	-	-	479	491	-	-	479	491

(Unit: Million Baht)

	Separate financial statements							
	Level 1*		Level 2**		Level 3		Total	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017	2018	2017
Assets measured at fair value								
Current investments								
Investment units in mutual funds	170	291	-	-	-	-	170	291
Property, plant and equipment	-	-	302	310	-	-	302	310

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

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

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 November 2018.