

**RPCG Public Company Limited and its subsidiaries**

**Notes to interim consolidated financial statements**

**For the three-month and six-month periods ended 30 June 2019**

**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 June 2019 and 31 December 2018 held 19.72% of the issued and paid-up capital of the Company.

**1.2 Fundamental accounting assumptions**

As discussed in Note 19.5 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 compensation for 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, as at 30 June 2019, the Group has current liabilities in excess of its current assets by Baht 1,327 million (31 December 2018: Baht 1,392 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 did not agree with the arbitration award. The Company exercised its legal right to file a petition with the Civil Court to revoke the award. In March 2019, the Civil Court ordered the revocation of the arbitration award. However, the major supplier disagrees with the judgement and will exercise its legal right to appeal to the Supreme Court. These factors would raise substantial doubt regarding the ability of the Group to continue as a going concern, if the outcomes of such cases are not beneficial to the Group. However, the outcomes of the commercial disputes and outstanding litigations, cannot be concluded at this time and depends on future judicial proceedings.

After the cessation of the refinery business, 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 2018. 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 period**

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below.

##### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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 Group has adopted TFRS 15, which certain items have been reclassified in the prior period's financial statements presented as comparative information. The reclassification is described in Note 2 to the financial statements.

**(b) Financial reporting standards that will be effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

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

Financial reporting standards

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

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 Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is 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 2018, except for the recognition of transactions as follows:

### ***Free products***

Subsidiaries have distributed free products to customers who making purchases of goods under specified conditions. The subsidiaries record cost of free products as cost of sales when goods are delivered. Previously, it was recorded in selling and distribution expenses.

## **2. Reclassification arising from changes in accounting policies as a result of the adoption of new financial reporting standard**

As described in Note 1.5 to the financial statements, during the current period, the Group has adopted TFRS 15, which certain items have been reclassified in the prior period's financial statements presented as comparative information.

The amounts of the adjustments affecting the reclassification in the statement of income for the three-month and six-month periods ended 30 June 2018, with no effect to previously reported net loss or shareholders' equity, are summarised below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements

For the three-month period ended 30 June 2018

	Previous accounting policy	Increase (decrease)	TFRS 15
<b>Statement of income</b>			
<b>Profit or loss</b>			
Cost of sales	728,642	3,653	732,295
Selling and distribution expenses	18,968	(3,653)	15,315
Loss for the period	(27,471)	-	(27,471)

(Unit: Thousand Baht)

Consolidated financial statements

For the six-month period ended 30 June 2018

	Previous accounting policy	Increase (decrease)	TFRS 15
<b>Statement of income</b>			
<b>Profit or loss</b>			
Cost of sales	1,293,790	5,760	1,299,550
Selling and distribution expenses	35,263	(5,760)	29,503
Loss for the period	(43,177)	-	(43,177)

**3. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>Trade receivables - related party</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	33	35	-	-
Total trade receivables - related party	33	35	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	28,150	31,411	-	-
3 - 6 months	1,565	501	-	-
6 - 12 months	1,093	143	-	-
Over 12 months	12,362	12,460	-	-
Total	43,170	44,515	-	-
Less: Allowance for doubtful debts	(11,677)	(11,606)	-	-
Total trade receivables - unrelated parties, net	31,493	32,909	-	-
Total trade receivables - net	31,526	32,944	-	-
<b>Other receivables</b>				
Accrued income - related parties	-	863	1,080	3,901
Accrued income - unrelated parties	1,510	914	45	46
Others	9,468	9,775	3	3
Total	10,978	11,552	1,128	3,950
Less: Allowance for doubtful debts	(5,665)	(5,627)	-	-
Total other receivables - net	5,313	5,925	1,128	3,950
Total trade and other receivables - net	36,839	38,869	1,128	3,950

#### 4. 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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 June				
	2019	2018	2019	2018
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	5,064	4,480
Other income - other services	-	-	687	598
<b>Transactions with associates</b>				
Sales	45	30	-	-
Dividend income	53,179	31,235	53,179	31,235
Interest income	603	-	603	-
Land rental expenses	235	226	-	-
Office rental expenses	695	577	56	56
Other expenses	607	504	53	74
<b>Transactions with related party</b>				
Other expenses	42	42	42	42
<b>Transactions with management and director</b>				
Consulting expenses	-	300	-	300

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the six-month periods ended 30 June				
	2019	2018	2019	2018
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	9,619	12,227
Other income - other services	-	-	1,383	1,395
<b>Transactions with associates</b>				
Sales	92	109	-	-
Dividend income	53,179	31,235	53,179	31,235
Interest income	1,836	-	1,836	-
Land rental expenses	480	453	-	-
Office rental expenses	1,391	1,154	113	113
Other expenses	1,157	915	115	148
<b>Transactions with related party</b>				
Other expenses	109	103	109	103
<b>Transactions with management and director</b>				
Consulting expenses	-	600	-	600



(Unaudited but reviewed)

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
Interest income	2.92% - 5.00% per annum
Other income	Contract price
Land and office rental expenses	Contract price
Other expenses	Contract price
Consulting expenses	Contract price

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
<b>Trade and other receivables - related parties (Note 3)</b>				
<b><i>Trade receivables - related party</i></b>				
Associate	33	35	-	-
Total trade receivables - related party	33	35	-	-
<b><i>Other receivables - related parties</i></b>				
Subsidiaries	-	-	1,080	3,038
Associate	-	863	-	863
Total other receivables - related parties	-	863	1,080	3,901
<b>Short-term loans to related parties</b>				
Subsidiary	-	-	319,188	319,188
Associate	-	100,000	-	100,000
Total short-term loans to related parties	-	100,000	319,188	419,188
Less: Allowance for doubtful debts	-	-	(319,188)	(319,188)
Total short-term loans to related parties, net	-	100,000	-	100,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>Long-term loan to related parties</b>				
Subsidiary	-	-	145,000	145,000
Related company	4,500	4,500	4,500	4,500
Total long-term loan to related parties, net	4,500	4,500	149,500	149,500
Less: Allowance for doubtful debts	(4,500)	(4,500)	(4,500)	(4,500)
Total long-term loans to related parties, net	-	-	145,000	145,000
<b>Other payables - related parties</b>				
Associate	245	224	19	27
Related company	15	15	15	15
Total other payables - related parties	260	239	34	42

**Loans to related parties**

During the six-month period ended 30 June 2019, movements of loans to related parties were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2018	Increase during the period	Decrease during the period	Balance as at 30 June 2019
<b>Short-term loan</b>				
Sammakorn Plc.	100,000	-	(100,000)	-
Total	100,000	-	(100,000)	-
<b>Long-term loan</b>				
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 2018	Increase during the period	Decrease during the period	Balance as at 30 June 2019
<b>Short-term loans</b>				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Sammakorn Plc.	100,000	-	(100,000)	-
Total	419,188	-	(100,000)	319,188
Less: Allowance for doubtful debts	(319,188)	-	-	(319,188)
Net	100,000	-	(100,000)	-
<b>Long-term loans</b>				
Pure Thai Energy Co., Ltd.	145,000	-	-	145,000
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Total	149,500	-	-	149,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	145,000	-	-	145,000

As at 30 June 2019, loans to subsidiaries totaling Baht 464 million are in the form of short-term promissory notes (31 December 2018: loans to subsidiaries and associate totaling Baht 564 million were in the form of short-term promissory notes and loan agreement), carrying interest at rates of 2.92% - 3.50% per annum (31 December 2018: 2.95% - 5.00% per annum). Short-term loans to Pure Biodiesel Co., Ltd. were guaranteed by the mortgage of land, building, machinery and oil depots. However, the Company reclassified loans of Baht 145 million to Pure Thai Energy Co., Ltd. as long-term loans since the Company will not call the loans within one year.

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 PBC. However, during the six-month period ended 30 June 2019, PBC paid interest expenses to the Company amounting to Baht 8 million (2018: Baht 11 million) since it has rental income from land, building, machinery and oil depots.

The loan to KP Energy Group Co., Ltd. (KPEG) was unsecured loan carrying interest at a rate of 5.00% per annum. 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 six-month periods ended 30 June 2019 and 2018, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June			
	2019	2018	2019	2018
Short-term employee benefits	2,559	2,312	1,689	1,304
Post-employment benefits	524	109	68	67
Total	3,083	2,421	1,757	1,371

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June			
	2019	2018	2019	2018
Short-term employee benefits	5,512	4,928	3,778	2,912
Post-employment benefits	631	219	135	133
Total	6,143	5,147	3,913	3,045

### 5. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net		Inventories - net	
	30 June	31 December	30 June	31 December	30 June	31 December
	2019	2018	2019	2018	2019	2018
Finished goods	81,227	77,128	(16,309)	(15,253)	64,918	61,875
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
Total	84,003	79,904	(19,085)	(18,029)	64,918	61,875

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net		Inventories - net	
			realisable value			
	30 June	31 December	30 June	31 December	30 June	31 December
2019	2018	2019	2018	2019	2018	
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 for the six-month period ended 30 June 2019, the Group reduced cost of inventories by Baht 1.1 million (2018: Baht 1.0 million) (separate financial statements: nil), to reflect the net realisable value. This was included in cost of sales.

## 6. Long-term loans to unrelated parties

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
2019	2018	2019	2018	
Long-term loans to unrelated parties	6,792	7,012	5,146	5,146
Less: Allowance for doubtful debts	(5,146)	(5,146)	(5,146)	(5,146)
Long-term loans to unrelated parties, net	1,646	1,866	-	-
Less: Current portion	(470)	(449)	-	-
Non-current portion	1,176	1,417	-	-

## 7. Pledged deposits at banks

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

## 8. Investments in associates

### 8.1 Details of associates

(Unit: Thousand Baht)										
Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Consolidated financial statements		Separate financial statements	
			30 June	31 December	30 June	31 December	Carrying amounts based on equity method		Carrying amounts based on cost method	
			2019	2018	2019	2018	30 June	31 December	30 June	31 December
			%	%			2019	2018	2019	2018
Thai Public Port Co., Ltd.	Rental of oil depot and port business	Thailand	30.00	30.00	900,112	900,112	731,341	765,878	900,112	900,112
Sammakorn Plc.	Real estate development	Thailand	48.25	48.25	785,802	785,802	1,226,234	1,198,276	785,802	785,802
Total investments in associates							1,957,575	1,964,154	1,685,914	1,685,914
Less: Allowance for impairment							(139,000)	(139,000)	(151,000)	(151,000)
Investments in associates, net							1,818,575	1,825,154	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.

(Unaudited but reviewed)

## 8.2 Share of profit (loss) and dividend received

During the three-month and six-month periods ended 30 June 2019 and 2018, 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 ended 30 June		For the six-month periods ended 30 June		For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2019	2018	2019	2018	2019	2018	2019	2018
Thai Public Port Co., Ltd.	(1,488)	(1,372)	(3,037)	1,284	31,500	15,750	31,500	15,750
Sammakorn Plc.	45,663	(10,177)	49,637	(15,938)	21,679	15,485	21,679	15,485
Total	44,175	(11,549)	46,600	(14,654)	53,179	31,235	53,179	31,235

## 8.3 Fair value of investment in listed associate

As at 30 June 2019, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 511 million (31 December 2018: Baht 520 million).

## 8.4 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.

## 9. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	2019	2018	2019	2018	2019	2018
			%	%		
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					(98,516)	(98,516)
Investments in subsidiaries - net					322,439	322,439

\* Business suspended as at 30 June 2019 and 31 December 2018

During the three-month and six-month periods ended 30 June 2019 and 2018, the Company had no dividend received from its subsidiaries.

(Unaudited but reviewed)

**10. Other long-term investment**

						(Unit: Thousand Baht)	
Company	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Consolidated financial statements / Separate financial statements
			30 June 2019	31 December 2018	30 June 2019	31 December 2018	Cost
					%	%	
KP Energy Group Co., Ltd.	Production and distribution of electricity	Thailand	38,380	38,380	17.46	17.46	5,482
							(5,482)
							(5,482)
							-
							-

During the three-month and six-month periods ended 30 June 2019 and 2018, the Company had no dividend received from other long-term investment.

**11. Property, plant and equipment**

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Operating assets	382,613	359,559	4,990	5,088
Ceased using assets	983,891	988,937	582,897	584,544
Total property, plant and equipment	1,366,504	1,348,496	587,887	589,632
Less: Allowance for impairment	(462,632)	(462,632)	(239,626)	(239,626)
Property, plant and equipment - net	903,872	885,864	348,261	350,006

Movements of the property, plant and equipment account during the six-month period ended 30 June 2019 are summarised below.

	Consolidated financial statements		Separate financial statements	
Net book value as at 1 January 2019		885,864		350,006
Acquisitions during the period - at cost		44,571		292
Disposals during the period		(85)		-
Depreciation for the period		(26,478)		(2,037)
Net book value as at 30 June 2019		903,872		348,261

As at 31 December 2018, the Group had vehicles with net book values of Baht 0.1 million (30 June 2019: nil) and in the separate financial statements of Baht 0.1 million (30 June 2019: nil), which were acquired under finance lease agreements.



(Unaudited but reviewed)

A subsidiary has mortgaged land, building, machinery and oil depots with a total book value as at 30 June 2019 of Baht 100 million (31 December 2018: Baht 101 million) as collateral to secure short-term loans received from the Company, as discussed in Note 4 to the financial statements.

## 12. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 June 2019	31 December 2018	30 June 2019	31 December 2018	
The compensation for loss	26,711	26,711	26,711	26,711
Withholding tax awaiting refund	17,076	14,387	453	269
Prepaid rental and fees for land utilisation	128,561	119,560	-	-
Deposits	2,850	2,677	207	207
Total	175,198	163,335	27,371	27,187

Prepaid rental and fees for land utilisation are cash paid in advance that a subsidiary pays to landlords for the operation of gas station business.

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.

### **13. Bank overdrafts**

As at 30 June 2019, bank overdrafts of a subsidiary company are secured by a fixed deposit account of Baht 15 million, together with interest. The interest on the overdrafts is charged to the fixed deposit interest rate (F/D) plus 1.35% per annum for the first Baht 15 million and at the MOR minus 0.25% per annum for amount in the excess of Baht 15 million.

As at 31 December 2018, 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 (F/D) 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.

### **14. Provision for long-term employee benefits**

On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 2.3 million (separate financial statement: Nil) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the income statement in the current period.

**15. 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.

Income tax (revenue) expense for the three-month and six-month periods ended 30 June 2019 and 2018 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 June				
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	718	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	-	(774)	-	-
<b>Income tax (revenue) expense reported in the income statement</b>	<b>718</b>	<b>(774)</b>	<b>-</b>	<b>-</b>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
For the six-month periods ended 30 June				
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	2,047	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	-	(4,150)	-	-
<b>Income tax (revenue) expense reported in the income statement</b>	<b>2,047</b>	<b>(4,150)</b>	<b>-</b>	<b>-</b>

(Unaudited but reviewed)

## 16. Discontinued operation

Details of loss from discontinued operation for the three-month and six-month periods ended 30 June 2019 and 2018 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 June				
	2019	2018	2019	2018
<b>Revenues</b>	-	-	-	-
<b>Expenses</b>				
Administrative expenses	823	2,379	823	2,379
<b>Total expenses</b>	823	2,379	823	2,379
<b>Loss from discontinued operation</b>	<u>(823)</u>	<u>(2,379)</u>	<u>(823)</u>	<u>(2,379)</u>

(Unit: Baht)

### Earnings per share:

Loss per share for the period from discontinued operation

	<u>(0.0006)</u>	<u>(0.0018)</u>	<u>(0.0006)</u>	<u>(0.0018)</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		Separate	
	financial statements		financial statements	
For the six-month periods ended 30 June				
	2019	2018	2019	2018
<b>Revenues</b>	-	-	-	-
<b>Expenses</b>				
Administrative expenses	1,646	4,780	1,646	4,830
<b>Total expenses</b>	1,646	4,780	1,646	4,830
<b>Loss from discontinued operation</b>	<u>(1,646)</u>	<u>(4,780)</u>	<u>(1,646)</u>	<u>(4,830)</u>

(Unit: Baht)

### Earnings per share:

Loss per share for the period from discontinued operation

	<u>(0.0013)</u>	<u>(0.0037)</u>	<u>(0.0013)</u>	<u>(0.0037)</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 six-month periods ended 30 June 2019 and 2018 are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Operating activities	-	-	-	-
Investing activities	-	300	-	250
Financing activities	-	-	-	-
<b>Net cash flows from discontinued operation</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>250</b>

## 17. 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.

## 18. Segment information

The Group is 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 six-month periods ended 30 June 2019 and 2018.

(Unit: Million Baht)

	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	For the three-month periods ended 30 June							
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenues</b>								
Sales and service income from external customers	1,130	779	-	-	-	-	1,130	779
<b>Total revenues</b>	<b>1,130</b>	<b>779</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,130</b>	<b>779</b>
<b>Results</b>								
<b>Segment loss</b>	(14)	(17)	-	-	-	-	(14)	(17)
Finance income	1	-	-	-	-	-	1	-
Profit (loss) from investments	(1)	(2)	46	(10)	-	-	45	(12)
Other income	7	4	-	-	-	-	7	4
<b>Profit (loss) before income tax</b>	<b>(7)</b>	<b>(15)</b>	<b>46</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>(25)</b>
Income tax revenue (expense)	(1)	1	-	-	-	-	(1)	1
<b>Profit (loss) for the period</b>								
<b>from continuing operation</b>	<b>(8)</b>	<b>(14)</b>	<b>46</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>(24)</b>
Loss for the period from discontinued operation	(1)	(3)	-	-	-	-	(1)	(3)
<b>Profit (loss) for the period</b>	<b>(9)</b>	<b>(17)</b>	<b>46</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>(27)</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	For the six-month periods ended 30 June							
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenues</b>								
Sales and service income from external customers	2,159	1,390	-	-	-	-	2,159	1,390
<b>Total revenues</b>	<u>2,159</u>	<u>1,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,159</u>	<u>1,390</u>
<b>Results</b>								
<b>Segment loss</b>	(16)	(36)	-	-	-	-	(16)	(36)
Finance income	2	-	-	-	-	-	2	-
Profit (loss) from investments	(3)	1	50	(16)	-	-	47	(15)
Other income	14	9	-	-	-	-	14	9
<b>Profit (loss) before income tax</b>	<u>(3)</u>	<u>(26)</u>	<u>50</u>	<u>(16)</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>(42)</u>
Income tax revenue (expense)	(2)	4	-	-	-	-	(2)	4
<b>Profit (loss) for the period</b>								
<b>from continuing operation</b>	(5)	(22)	50	(16)	-	-	45	(38)
Loss for the period from discontinued operation	(2)	(5)	-	-	-	-	(2)	(5)
<b>Profit (loss) for the period</b>	<u>(7)</u>	<u>(27)</u>	<u>50</u>	<u>(16)</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>(43)</u>

For the three-month and six-month periods ended 30 June 2019 and 2018, the Group has no major customer with revenue of 10% or more of the entity's revenues.

## 19. Commitments and contingent liabilities

### 19.1 Capital commitments

As at 30 June 2019, capital commitments of a subsidiary totaling Baht 13.3 million were in respect of the construction of gas stations (31 December 2018: Baht 3.0 million).

### 19.2 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, buildings, 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		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
Payable within	2019	2018	2019	2018
In up to 1 year	36	29	8	5
In over 1 and up to 5 years	185	168	-	4
In over 5 years	540	417	-	-

### 19.3 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 June 2019, 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 61 gasoline stations (31 December 2018: 58 gasoline stations) for at least 10 years from the date that each station is opened under the "Esso" trademark. The subsidiary continues to be the operator of these gasoline stations. Under the agreements, the subsidiary has to order fuel in quantities and at prices as specified in the agreements throughout the contractual period.

#### **19.4 Guarantees**

- a) As at 30 June 2019 and 31 December 2018, there were outstanding bank guarantees of Baht 207 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 to guarantee payments due to creditors and Baht 2 million to guarantee electricity use, among others.
- b) As at 30 June 2019 and 31 December 2018, a subsidiary has guaranteed bank credit facilities of its subsidiary amounting to Baht 10 million.

#### **19.5 Litigation and commercial dispute**

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.

(Unaudited but reviewed)

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 file 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. In March 2019, the Civil Court ordered the revocation of the arbitration award for Black Dispute No. 78/2555 and dismissed the petition of PTT. However, PTT disagrees with the judgement and will exercise its legal right to appeal to the Supreme Court.

## 20. Fair value of financial instruments

As of 30 June 2019 and 31 December 2018, 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**		Total		
30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	
<b>Assets measured at fair value</b>						
Current investments						
Investment units in mutual funds	331	185	-	331	185	
Property, plant and equipment	-	-	529	529	534	

(Unit: Million Baht)

Separate financial statements						
Level 1*		Level 2**		Total		
30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	
<b>Assets measured at fair value</b>						
Current investments						
Investment units in mutual funds	320	170	-	320	170	
Property, plant and equipment	-	-	343	343	345	

\* 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

## 21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 August 2019.