

RPCG Public Company Limited and its subsidiaries  
Report and consolidated financial statements  
31 December 2019

## **Independent Auditor's Report**

To the Shareholders of RPCG Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of RPCG Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of RPCG Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RPCG Public Company Limited and its subsidiaries and of RPCG Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Material Uncertainty Related to Going Concern**

I draw attention to Notes 1.2, 20 and 36.5 of the consolidated financial statements, since the year 2009 the Company has been involved in a 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 passed 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. Even though some significant uncertainties that may impact the ability of the Group to continue as a going concern have currently eased as a result of the management's plans to improve the efficiency of the gasoline retail sales business and to operate investment and holding company business as discussed in Note 1.2 to the financial statements, as at 31 December 2019, the Group has current liabilities in excess of its current assets by Baht 406 million (2018: Baht 1,392 million). Current liabilities include liabilities under the commercial disputes and outstanding litigations with its major raw material supplier, as discussed above. At present, there remains uncertainty regarding the outcomes of the commercial disputes and outstanding litigations, cannot be concluded at this time and depends on future judicial proceedings. These events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, if the outcomes of the litigation not be in favour of the Group. My opinion is not modified in respect of this matter.

## **Key Audit Matter**

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to this matter. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, key audit matter and how audit procedures respond for such matter is described below.

### **Gain on sales of investment in associate**

As discussed in Notes 15.1 and 29 to the consolidated financial statements, during the year 2019, the Company sold an investment in an associate at a price of Baht 1,000 million. The Company received cash payment amounting to Baht 200 million and the remaining amount of Baht 800 million was received in form of avaled notes receivable by a commercial bank with a term of 1 year from the date of ownership transfer and the Company recognised a gain of Baht 368 million (separate financial statements: Baht 200 million) on the sales of the investment in associate in the consolidated income statement for the year ended on that date, which is a significant to the income statement. I focused on accuracy and occurrence of the transaction in respect of the recognition of the gain on sales of investment during the year.

The audit procedures I performed on the sales of investment and the gain on this transaction included reading the share purchase agreement to consider the terms and conditions relating to the sales transaction. I inspected the notes receivable to check whether they were avaled, in order to assess the likelihood that the Company would receive full payment of the face value of the receivable notes received from the sale, and I reviewed the disclosures related to the sales in the notes to financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Poonnard Paucharoen  
Certified Public Accountant (Thailand) No. 5238

EY Office Limited  
Bangkok: 19 February 2020