

## **RPCG Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2019**

#### **1. General information**

##### **1.1 Corporate information**

RPCG Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the 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 Co., Ltd., which as at 31 December 2019 and 2018 held 19.72% of the issued and paid-up capital of the Company.

##### **1.2 Fundamental accounting assumptions**

As discussed in Note 36.5 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. In September 2019, the Civil Court ordered the litigant to pay damages to the Company in accordance with the arbitral award and the Company has filed the enforcement request according to the judgement of the Civil Court. The litigant is in the process of filing a petition for an extension of the period to file an appeal with the Supreme Court. 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 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. 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 filed 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 disagreed with the judgement and exercised its legal right to file and appeal with the Supreme Court in August 2019. 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 to the Group.

## **2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of RPCG Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Place of incorporation	Percentage of Shareholding	
			2019	2018
			%	%
Pure Biodiesel Co., Ltd.*	Manufacture and distribution of biodiesel (B100) and crude glycerin	Thailand	100	100
Pure Thai Energy Co., Ltd. and its subsidiaries	Trading of fuel oil	Thailand	100	100
RPC Management Co., Ltd.*	Systems management	Thailand	100	100
<u>Subsidiaries directly held by Pure Thai Energy Co., Ltd.</u>				
SCT Sahaphan Co., Ltd.	Distribution and maintenance of gasoline station equipment	Thailand	100	100
Super Pure Gas Co., Ltd.	Trading of liquefied petroleum gas	Thailand	55	55

\* Business suspended as at 31 December 2019 and 2018

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### 3. New financial reporting standards

#### a. Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years 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.

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

IFRS 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 IFRS 15, which certain items have been reclassified in the prior period's financial statements presented as comparative information. The reclassification is described in Note 4 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 and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which 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 expects the adoption of these accounting standards to result in the recognition of credit losses. The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables. The management of the Group is currently evaluating the impact of these standards on 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 expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets and liabilities by approximately Baht 456 million (separate financial statements: nil).

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

As described in Note 3 (a) 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 year ended 31 December 2018, with no effect to previously reported net loss or shareholders' equity, are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements

	Previous accounting policy	Increase (decrease)	IFRS 15
<b>Statement of income</b>			
<b>Profit or loss</b>			
Cost of sales	3,043,680	13,326	3,057,006
Selling and distribution expenses	79,081	(13,326)	65,755
Loss for the year	(9,040)	-	(9,040)

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts.

#### *Revenues from construction services*

Revenues from construction services are recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual construction costs incurred up to the end of the year and the total anticipated construction costs to be incurred to completion. Provision for the total anticipated loss on construction projects will be made in the accounts as soon as the possibility of loss is ascertained.

#### *Revenues from rental and service*

Revenues from rental and service are recognised on a straight-line basis over the lease term.

#### *Management fee income*

Management fee income is recognised on an accrual basis in accordance with the terms and conditions specified in the contracts.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

## **5.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **5.3 Trade receivables**

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

## **5.4 Inventories**

Inventories are valued at the lower of average cost and net realisable value.

## **5.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in the income statement.
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

## **5.6 Property, plant and equipment and depreciation**

Land is stated at revalued amount. Plant and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land, factory buildings, machinery and factory equipment are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.



Differences arising from the revaluation are dealt with in the financial statements as follows.

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus on assets" in other components of shareholders' equity. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in the income statement. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in respect of the same asset in "Revaluation surplus on assets" in other components of shareholders' equity.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives.

Building improvements	5 - 30	years
Buildings	20 - 40	years
Machinery and equipment	5 - 20	years
Office furniture, fixture and equipment	3 - 5	years
Motor vehicles	5	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

## **5.7 Intangible assets and amortisation**

Intangible assets acquired are recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The useful lives of computer software are 5 and 10 years.

## **5.8 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

## **5.9 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to the income statement over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

## **5.10 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

## **5.11 Impairment of assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement. However in cases where property, plant and equipment were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase

## **5.12 Employee benefits**

### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

## ***Post-employment benefits and other long-term employee benefits***

### *Defined contribution plans*

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, such as long-service award.

The obligation under the defined benefit plan and other employee benefits plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits plan are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits plan are recognised immediately in profit and loss.

## **5.13 Advances received for renovation of gasoline stations**

The subsidiary records financial support for renovation of gasoline stations as advances received and recognised by net of depreciation expenses of gasoline stations in the income statement on a straight-line basis over the period of the related agreements.

## **5.14 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **5.15 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.

## **5.16 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **5.17 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

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

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **6. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows.

### **Allowance for doubtful debts**

In determining an allowance for doubtful debts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Impairment of investments**

In determining an allowance for impairment of investments in subsidiaries, investments in associates and other long-term investments, the management needs to prepare projections of the cash flows expected to be generated by the investments in the future, and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Property, plant and equipment and depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Group measures land, factory buildings, machinery and factory equipment at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the orderly liquidation value approach for factory buildings, machinery and factory equipment. The valuation involves certain assumptions and estimates as described in Note 18 to the financial statements.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

#### **Post-employment benefits under defined benefit plan and other long-term employee benefits**

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### **Litigation**

The Group had outstanding litigation and several commercial disputes. The management has used judgement to assess of the results of the litigation and believes that there will be no additional loss incurred from that recorded as at 31 December 2019. A summary of outstanding litigation and commercial deputies are discussed in Note 36.5.

### **7. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	12,223	11,725	60	60
Bank deposits	92,028	35,442	6,572	2,129
<b>Total</b>	<b>104,251</b>	<b>47,167</b>	<b>6,632</b>	<b>2,189</b>

As at 31 December 2019 and 2018, bank deposits carried interests between 0.10% and 1.40% per annum.

## 8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2019		2018	
	Cost	Fair value	Cost	Fair value
<b>Deposit in fixed-term bank account</b>				
Maturing within 1 year	10,000	10,000	-	-
Total deposit in fixed-term bank account	10,000	10,000	-	-
<b>Investment units in mutual funds</b>				
Cost	424,395	425,066	182,520	184,647
Add: Unrealised gain	671	-	2,127	-
Investment units in mutual fund - net	425,066	425,066	184,647	184,647
Total current investments - net	435,066	435,066	184,674	184,674

(Unit: Thousand Baht)

	Separate financial statements			
	2019		2018	
	Cost	Fair value	Cost	Fair value
<b>Investment units in mutual funds</b>				
Cost	419,970	420,558	167,517	169,615
Add: Unrealised gain	588	-	2,098	-
Investment units in mutual fund - net	420,558	420,558	169,615	169,615

As at 31 December 2019, bank deposit in fixed accounts carried interest at a rate of 1.10% per annum.

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	32	35	-	-
Total trade receivables - related parties	32	35	-	-
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	26,690	31,411	-	-
3 - 6 months	592	501	-	-
6 - 12 months	100	143	-	-
Over 12 months	12,233	12,460	-	-
Total	39,615	44,515	-	-
Less: Allowance for doubtful debts	(11,404)	(11,606)	-	-
Total trade receivables - unrelated parties, net	28,211	32,909	-	-
Total trade receivables - net	28,243	32,944	-	-



	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Other receivables</b>				
Accrued income - related parties	1,151	863	4,189	3,901
Accrued income - unrelated parties	1,187	914	141	46
Others	9,976	9,775	38	3
Total	12,314	11,552	4,368	3,950
Less: Allowance for doubtful debts	(5,662)	(5,627)	-	-
Total other receivables - net	6,652	5,925	4,368	3,950
Total trade and other receivables - net	34,895	38,869	4,368	3,950

## 10. Related party transactions

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	21,960	20,580
Other income - other services	-	-	2,862	2,839
<b>Transactions with associates</b>				
Sales	183	227	-	-
Dividend income	53,179	31,235	53,179	31,235
Interest income	4,767	863	4,767	863
Land rental expense	841	932	-	-
Office rental expense	2,451	2,322	208	227
Other expenses	2,222	1,942	209	287
<b>Transactions with related parties</b>				
Other expenses	193	204	193	204
<b>Transactions with management and director</b>				
Consulting expenses	-	1,200	-	1,200

Transfer pricing policy for significant business transactions with related parties are summarised below.

Transactions	Transfer pricing policy
Sales	The selling price is set out based on the market price
Dividend income	As declared
Interest income	2.92% - 5.00% per annum
Other income	The price is set out based on the market price
Land and office rental expenses	The price is set out based on the market price
Other expenses	The price is set out based on the market price
Consulting expenses	Contract price

### Significant agreement with related party

#### Guarantee agreement

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

As at 31 December 2019 and 2018, the balances of the accounts between the Group and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Trade and other receivables - related parties (Note 9)</b>				
<b><i>Trade receivables - related parties</i></b>				
Associate	32	35	-	-
Total trade receivables - related parties	<u>32</u>	<u>35</u>	<u>-</u>	<u>-</u>
<b><i>Other receivables - related parties</i></b>				
Subsidiaries	-	-	3,038	3,038
Associate	1,151	863	1,151	863
Total other receivables - related parties	<u>1,151</u>	<u>863</u>	<u>4,189</u>	<u>3,901</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	319,188	319,188
Associate	200,000	100,000	200,000	100,000
Total short-term loans to related parties	200,000	100,000	519,188	419,188
Less: Allowance for doubtful debts	-	-	(319,188)	(319,188)
Total short-term loans to related parties, net	200,000	100,000	200,000	100,000
<b>Long-term loans to related parties</b>				
Subsidiary	-	-	145,000	145,000
Related company	4,500	4,500	4,500	4,500
Total long-term loans to related parties	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 (Note 22)</b>				
Associates	104	224	8	27
Related companies	15	15	15	15
Total other payables - related parties	119	239	23	42

**Loans to related parties**

During the year ended 31 December 2019, movements of loans to related parties were follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
<b>Short-term loans</b>				
Sammakorn Plc.	100,000	400,000	(300,000)	200,000
Total	100,000	400,000	(300,000)	200,000
<b>Long-term loan</b>				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	-	-	-	-

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
<b>Short-term loans</b>				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Sammakorn Plc.	100,000	400,000	(300,000)	200,000
<b>Total</b>	<b>419,188</b>	<b>400,000</b>	<b>(300,000)</b>	<b>519,188</b>
Less: Allowance for doubtful debts	(319,188)	-	-	(319,188)
<b>Net</b>	<b>100,000</b>	<b>400,000</b>	<b>(300,000)</b>	<b>200,000</b>
<b>Long-term loans</b>				
Pure Thai Energy Co., Ltd.	145,000	-	-	145,000
KP Energy Group Co., Ltd.	4,500	-	-	4,500
<b>Total</b>	<b>149,500</b>	<b>-</b>	<b>-</b>	<b>149,500</b>
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
<b>Net</b>	<b>145,000</b>	<b>-</b>	<b>-</b>	<b>145,000</b>

As at 31 December 2019, loans to subsidiaries and associate totaling Baht 664 million are in the form of short-term promissory notes (2018: loans totaling Baht 564 million were in the form of short-term promissory notes and loan agreement), carrying interest at rates of 2.92% - 5.00% per annum (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, as at 31 December 2019 and 2018, 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 year 2019, PBC paid interest expenses to the Company amounting to Baht 18 million (2018: Baht 17 million) since it has rental income from the lease of 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.

## Management benefit expenses

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	11,723	9,680	8,116	5,648
Post-employment benefits	859	439	270	266
Total	12,582	10,119	8,386	5,914

## 11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	85,975	77,128	(17,403)	(15,253)	68,572	61,875
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
Total	88,751	79,904	(20,179)	(18,029)	68,572	61,875

  

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	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 the year 2019, the Group reduced cost of inventories by Baht 2.2 million (2018: Baht 2.1 million) (separate financial statements: nil), to reflect the net realisable value. This was included in cost of sales.

## 12. Long-term loans to unrelated parties

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Long-term loans to unrelated parties	6,563	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	1,417	1,866	-	-
Less: Current portion	(492)	(449)	-	-
Non-current portion	925	1,417	-	-

## 13. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Value added tax refundable	10,669	9,105	9,163	5,523
Prepaid rental and fees for land utilisation	30,299	23,338	-	-
Others	8,364	9,102	754	720
Total	49,332	41,545	9,917	6,243

## 14. Pledged deposits at banks

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

## 15. Investments in associates

### 15.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Consolidated financial statements		Separate financial statements		
			2019	2018	2019	2018	Carrying amounts based on equity method		Carrying amounts based on cost method		
			(%)	(%)			2019	2018	2019	2018	
Thai Public Port Co., Ltd.	Rental of oil depot and port business	Thailand	-	30.00	-	900,112	-	765,878	-	900,112	
Sammakorn Plc.	Real estate development	Thailand	48.25	48.25	785,802	785,802	1,214,079	1,198,276	785,802	785,802	
Total investments in associates								1,214,079	1,964,154	785,802	1,685,914
Less: Allowance for impairment								-	(139,000)	-	(151,000)
Investments in associates, net								1,214,079	1,825,154	785,802	1,534,914

### Thai Public Port Co., Ltd.

On 16 October 2019, the Board of Directors Meeting No. 5/2019 passed a resolution approving the Company's sale of 31.5 million ordinary shares of Thai Public Port Company Limited (TPP), representing 30% shareholding, to an unrelated company at a price of Baht 31.75 per shares, totaling 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. As at 31 December 2019, the balance of notes receivable was Baht 600 million.

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

During the years, the Company has 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.

Company's name	Consolidated financial statements				(Unit: Thousand Baht) Separate financial statements	
	Share of profit (loss) from investments in associates during the years		Share of other comprehensive income from investments in associates during the years		Dividend received during the years	
	2019	2018	2019	2018	2019	2018
	Thai Public Port Co., Ltd.	(14,234)	(1,690)	-	-	31,500
Sammakorn Plc.	38,018	39,556	(536)	745	21,679	15,485
Total	23,784	37,866	(536)	745	53,179	31,235

### 15.3 Fair value of investment in listed associate

As at 31 December 2019, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 508 million (2018: Baht 520 million).

### 15.4 Impairment loss on investment in associate

As at 31 December 2018, 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.

## 15.5 Summarised financial information about material associates

### Summarised information about financial position

(Unit: Million Baht)

	Thai Public Port Co., Ltd.		Sammakorn Plc.	
	2019	2018	2019	2018
Current assets	-	61	2,629	2,757
Non-current assets	-	1,205	2,911	1,787
Current liabilities	-	(48)	(1,419)	(1,215)
Non-current liabilities	-	(65)	(1,609)	(870)
<b>Net assets</b>	-	1,153	2,512	2,459
Shareholding percentage (%)	-	30.00	48.25	48.25
<b>Share of net assets</b>	-	346	1,212	1,186
Goodwill	-	420	-	-
Eliminations	-	-	2	12
<b>Carrying amounts of associates based on equity method</b>	-	766	1,214	1,198
Less: Allowance for impairment	-	(139)	-	-
<b>Carrying amounts of associates based on equity method, net</b>	-	627	1,214	1,198

### Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	Thai Public Port Co., Ltd.		Sammakorn Plc.	
	2019*	2018	2019	2018
Revenue	151	257	2,302	1,394
Profit (loss)	(47)	(6)	192	82
Other comprehensive income	-	-	(1)	2
Total comprehensive income	(47)	(6)	191	84

\*For the period from 1 January 2019 to 16 October 2019



## 16. 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	
	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					(99,761)	(98,516)
Investments in subsidiaries - net					321,194	322,439

\* Business suspended as at 31 December 2019 and 2018

During the years 2019 and 2018, the Company had no dividend received from its subsidiaries.

During the year 2019, the Company set up allowance for impairment of investment in Pure Biodiesel Co., Ltd. amounting to Baht 1.2 million (2018: reversed the set up allowance for impairment of Baht 4.8 million).

## 17. Other long-term investment

Company's name	Nature of business	Country of incorporation	(Unit: Thousand Baht)					
			Paid-up capital		Shareholding percentage		Cost	
			2019	2018	2019	2018	2019	2018
					(%)	(%)		
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							-	-

During the years 2019 and 2018, the Company had no dividend received from other long-term investment.

## 18. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Operating assets	480,686	359,559	7,260	5,088
Ceased using assets	987,510	988,937	587,820	584,544
Total property, plant and equipment	1,468,196	1,348,496	595,080	589,632
Less: Allowance for impairment	(464,122)	(462,632)	(241,116)	(239,626)
Property, plant and equipment - net	1,004,074	885,864	353,964	350,006

(Unit: Thousand Baht)

## Consolidated financial statements

	Revaluation basis		Cost basis				Total
	Land	Office buildings and office building improvements	Gas station equipment	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	
<b>Operating assets</b>							
<b>Cost/revalued amount</b>							
1 January 2018	7,350	157,474	58,475	79,799	25,741	13,687	342,526
Additions	-	-	49	254	-	270,790	271,093
Disposals/write-off	-	(4,877)	(4,083)	(24,260)	-	-	(33,220)
Transfers	-	168,374	41,207	47,094	-	(256,675)	-
31 December 2018	7,350	320,971	95,648	102,887	25,741	27,802	580,399
Additions	-	-	55	391	3,156	163,197	166,799
Disposals/write-off	-	(3,486)	(634)	(3,176)	(10,772)	-	(18,068)
Transfers	-	56,874	16,822	18,102	-	(91,798)	-
31 December 2019	7,350	374,359	111,891	118,204	18,125	99,201	729,130
<b>Accumulated depreciation</b>							
1 January 2018	-	106,657	27,075	64,340	23,587	-	221,659
Depreciation for the year	-	17,656	3,898	6,437	658	-	28,649
Depreciation on disposals/write-off	-	(4,621)	(4,069)	(20,778)	-	-	(29,468)
31 December 2018	-	119,692	26,904	49,999	24,245	-	220,840
Depreciation for the year	-	26,419	8,797	9,486	546	-	45,248
Depreciation on disposals/write-off	-	(3,370)	(624)	(3,012)	(10,638)	-	(17,644)
31 December 2019	-	142,741	35,077	56,473	14,153	-	248,444
<b>Net book value</b>							
31 December 2018	7,350	201,279	68,744	52,888	1,496	27,802	359,559
31 December 2019	7,350	231,618	76,814	61,731	3,972	99,201	480,686
<b>Depreciation for the years</b>							
2018 (included in administrative expenses)							28,649
2019 (included in administrative expenses)							45,248

(Unit: Thousand Baht)

	Consolidated financial statements			
	Revaluation basis			
	Land	Factory buildings and factory building improvements	Machinery and factory equipment	Total
<b>Ceased using assets</b>				
<b>Revalued amount</b>				
1 January 2018	327,129	175,768	1,505,092	2,007,989
Additions	-	-	250	250
Disposals	-	-	(13,651)	(13,651)
Revaluations	56,100	-	-	56,100
31 December 2018	383,229	175,768	1,491,691	2,050,688
Revaluations	8,600	-	-	8,600
31 December 2019	391,829	175,768	1,491,691	2,059,288
<b>Accumulated depreciation</b>				
1 January 2018	-	111,415	949,543	1,060,958
Depreciation for the year	-	513	13,009	13,522
Depreciation on disposals	-	-	(12,729)	(12,729)
31 December 2018	-	111,928	949,823	1,061,751
Depreciation for the year	-	559	9,468	10,027
31 December 2019	-	112,487	959,291	1,071,778
<b>Allowance for impairment loss</b>				
1 January 2018	-	46,187	416,797	462,984
Reversal of allowance for impairment due to disposals	-	-	(352)	(352)
31 December 2018	-	46,187	416,445	462,632
Increase during the year	-	-	1,490	1,490
31 December 2019	-	46,187	417,935	464,122
<b>Net book value</b>				
31 December 2018	383,229	17,653	125,423	526,305
31 December 2019	391,829	17,094	114,465	523,388
<b>Depreciation for the years</b>				
2018 (included in administrative expenses)				13,522
2019 (included in administrative expenses)				10,027

(Unit: Thousand Baht)

	Separate financial statements			
	Cost basis			Total
	Office buildings and office building improvements	Office furniture, fixture and equipment	Motor vehicles	
<b>Operating assets</b>				
<b>Cost</b>				
1 January 2018	8,679	17,603	12,861	39,143
Additions	-	74	-	74
Disposals	-	(507)	-	(507)
31 December 2018	8,679	17,170	12,861	38,710
Additions	-	163	3,156	3,319
Disposals	-	-	(10,771)	(10,771)
31 December 2019	8,679	17,333	5,246	31,258
<b>Accumulated depreciation</b>				
1 January 2018	3,308	17,325	12,370	33,003
Depreciation for the year	535	173	418	1,126
Depreciation on disposals	-	(507)	-	(507)
31 December 2018	3,843	16,991	12,788	33,622
Depreciation for the year	526	105	382	1,013
Depreciation on disposals	-	-	(10,637)	(10,637)
31 December 2019	4,369	17,096	2,533	23,998
<b>Net book value</b>				
31 December 2018	4,836	179	73	5,088
31 December 2019	4,310	237	2,713	7,260
<b>Depreciation for the years</b>				
2018 (included in administrative expenses)				1,126
2019 (included in administrative expenses)				1,013

(Unit: Thousand Baht)

	Separate financial statements			
	Revaluation basis			
	Land	Factory buildings and factory building improvements	Machinery and factory equipment	Total
<b>Ceased using assets</b>				
<b>Revalued amount</b>				
1 January 2018	250,461	108,094	951,831	1,310,386
Disposals	-	-	(1,270)	(1,270)
Revaluations	42,900	-	-	42,900
31 December 2018	293,361	108,094	950,561	1,352,016
Revaluations	6,500	-	-	6,500
31 December 2019	299,861	108,094	950,561	1,358,516
<b>Accumulated depreciation</b>				
1 January 2018	-	78,383	682,245	760,628
Depreciation for the year	-	430	7,012	7,442
Depreciation on disposals	-	-	(598)	(598)
31 December 2018	-	78,813	688,659	767,472
Depreciation for the year	-	403	2,821	3,224
31 December 2019	-	79,216	691,480	770,696
<b>Allowance for impairment loss</b>				
1 January 2018	-	18,482	221,496	239,978
Reversal of allowance for impairment due to disposals	-	-	(352)	(352)
31 December 2018	-	18,482	221,144	239,626
Increase during the year	-	-	1,490	1,490
31 December 2019	-	18,482	222,634	241,116
<b>Net book value</b>				
31 December 2018	293,361	10,799	40,758	344,918
31 December 2019	299,861	10,396	36,447	346,704
<b>Depreciation for the years</b>				
2018 (included in administrative expenses)				7,442
2019 (included in administrative expenses)				3,224

During the year 2019, the Group arranged for an independent professional valuer to appraise the value of certain refinery assets on an asset-by-asset basis. The revaluation was concluded on 31 December 2019 and the basis of the revaluation was as follows.

- a) Land was revalued using the market approach. The fair value of the land was at the average of Baht 9 million per rai.
- b) Factory buildings, machinery and factory equipment were revalued using the orderly liquidation value approach. The orderly liquidation value is the amount expected to be obtained from finding buyers for the assets on a piecemeal basis, given the condition and location of the assets at that time and the applicable conditions. It assumes there is a reasonable period of time within which the owner is forced to sell, that the assets are sold through an intermediary or offered to the buyer for other uses, and that the buyer will pay all expenses.

The reappraised value of the land was Baht 8.6 million (separate financial statements: Baht 6.5 million) higher than the value per the previous revaluation conducted in 2018. The Group recognised the increase in asset values in shareholders' equity under the heading of "Revaluation surplus on assets".

In addition, the reappraised values of the buildings and equipment were Baht 1.5 million (2018: nil) lower than their net book values as presented in the consolidated financial statements (separate financial statements: Baht 1.5 million, 2018: nil). The Group recognised the loss on impairment of assets in the income statement for the same amount.

Had the land, factory buildings, machinery and factory equipment been carried in the financial statements on a historical cost basis, their net book values as of 31 December 2019 and 2018 would have been as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	141,286	141,286	105,770	105,770
Factory buildings and improvements	16,905	17,654	10,396	10,798
Machinery and factory equipment	114,428	125,425	36,647	40,758

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

A subsidiary has mortgaged land, buildings, machinery and oil depots with a total book value as at 31 December 2019 of Baht 102 million (2018: Baht 101 million), as collateral to secure short-term loans received from the Company, as discussed in Note 10 to the financial statements.

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 181 million (2018: Baht 176 million) in the consolidated financial statements and Baht 30 million (2018: Baht 29 million) in the separate financial statements.

## 19. Intangible assets

The net book values of intangible assets which are computer software as at 31 December 2019 and 2018 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cost	27,902	26,842	19,738	19,738
Less: Accumulated amortisation	(25,081)	(24,360)	(19,736)	(19,417)
Net book value	2,821	2,482	2	321

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	2,482	1,722	321	641
Disposals/write-off	-	(1)	-	-
Additions/transfer	1,060	1,659	-	-
Amortisation	(721)	(898)	(319)	(320)
Net book value at end of year	2,821	2,482	2	321

Amortisation for the year was included in administrative expenses.



## 20. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
The compensation for loss	26,711	26,711	26,711	26,711
Withholding tax awaiting refund	21,423	14,387	613	269
Prepaid rental and fees for land utilisation	125,279	119,560	-	-
Deposits	3,018	2,677	207	207
Total	<u>176,431</u>	<u>163,335</u>	<u>27,531</u>	<u>27,187</u>

Prepaid rental and fees for land utilisation are cash paid in advance that a subsidiary pays to landlords for the operation of gasoline 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. 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 partial balance of Baht 26 million was paid by a credit note in November 2006 and the supplier will inform the Company of the method in payment for the remaining Baht 27 million later.

On 2 October - 20 November 2010, the supplier delivered raw materials of a quality difference to that specified in the relevant purchase agreement again. As a result, the Company had additional cost of raw materials quality improvement and other damages totaling Baht 53 million. The Company requested the compensation to the supplier but could not negotiable. Therefore, on 9 November 2016, the Company filed a dispute to the Arbitration Office (Dispute Black Case No. 117/2559), requesting the supplier to pay the compensation of raw materials quality improvement which the supplier sent raw materials different from purchase agreement in 2006 and during October and November 2010 amounting to Baht 27 million and Baht 53 million, respectively, plus interest 7.5% per annum. The total compensation is Baht 117 million. Subsequently, in January 2020, the Company received a copy of an arbitration award dated 26 December 2019, whereby the Arbitral Tribunal had unanimously resolved to order the supplier to compensate the Company for damages suffered during the years 2006 and 2010, amounting to Baht 27 million and Baht 37 million, respectively, and to pay interest at a rate of 7.5% per annum from 13 September 2016 and 9 November 2011, respectively, until the supplier makes full payment to the Company. However, the supplier can file a petition to revoke the arbitral award with a court with jurisdiction within 90 days from the date of receiving the copy of the award.

## 21. Bank overdrafts

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.

## 22. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - unrelated parties	1,780,924	1,747,441	1,518,109	1,518,109
Other payables - related parties	119	239	23	42
Other payables - unrelated parties	35,450	37,189	1,464	1,445
Accrued expenses	28,031	20,527	2,032	1,183
Retention payables	2,295	1,778	-	-
Total	<u>1,846,819</u>	<u>1,807,174</u>	<u>1,521,628</u>	<u>1,520,779</u>

Trade payables - unrelated parties include liabilities under the commercial dispute and outstanding litigation with its major raw material supplier. Therefore, the Company has exercised lien over the last payment for condensate residue, amounting to Baht 1,518 million, as discussed in Note 36.5 to the financial statements.

## 23. Short-term loans from unrelated parties

As at 31 December 2019, these represented promissory notes which the subsidiary issued to individuals. The loans carried interest at the rates of 1.30% - 1.55% per annum (2018: 1.55% - 1.58% per annum) and are repayable within one year.

## 24. Advances received for renovation of gasoline stations

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2019	2018
Advances received for renovation of gasoline stations		
at beginning of year	289,545	78,755
Increase during the year	144,000	226,000
Less: Amortisation for the year	<u>(32,525)</u>	<u>(15,210)</u>
Advances received for renovation of gasoline stations		
at end of year	401,020	289,545
Less: Current portion	<u>(37,098)</u>	<u>(29,933)</u>
Advances received for renovation of gasoline stations, net of current portion	<u>363,922</u>	<u>259,612</u>

## 25. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Advances received from customers	8,758	5,416	-	-
Others	5,621	4,738	169	189
Total	14,379	10,154	169	189

## 26. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2019 and 2018, which represents compensation payable to employees after they retire from the company, was as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provisions for long-term employee benefits at beginning of year	12,148	9,892	2,393	1,835
Included in profit or loss:				
Current service cost	1,801	1,685	482	502
Interest cost	422	341	63	-
Past service cost	2,346	-	-	56
Reversal of provision for long-term employee benefits	(1,969)	-	-	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(1,797)	-	-
Financial assumptions changes	1,686	(240)	259	-
Experience adjustments	-	2,267	-	-
Provisions for long-term employee benefits at end of year	16,434	12,148	3,197	2,393

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 was 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 statements: nil) as a result. The Group reflects the effect of the change by recognising past services costs as expenses in the income statement of the current year.

The Group expects to pay Baht 0.30 million of long-term employee benefits during the next year (separate financial statements: nil) (2018: Baht 0.38 million, separate financial statements: nil).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is approximately 9 - 14 years (separate financial statements: 9 years) (2018: 10 - 15 years, separate financial statements: 10 years).

Key actuarial assumptions used for the valuation are as follows.

	(Unit: % per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	1.55 - 2.18	2.10 - 3.08	1.55	2.55
Future salary increase rate	3.00 - 5.00	3.00 - 5.00	5.00	5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2019			
	Consolidated		Separate	
	Rate	Rate	Rate	Rate
	increase	decrease	increase	decrease
Increase or decrease 0.5% in discount rate	(880)	913	(133)	89
Increase or decrease 1% in future salary increase rate	1,931	(1,669)	257	(234)

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Rate increase	Rate decrease	Rate increase	Rate decrease
Increase or decrease 0.5% in discount rate	(694)	745	(111)	117
Increase or decrease 1% in future salary increase rate	1,544	(998)	242	(152)

## 27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

Under the Civil and Commercial Code, the subsidiaries are required to set aside a statutory reserve equal to at least 5% of its net profit each time the subsidiaries pay out a dividend, until such reserve reaches 10% of their registered share capital. The statutory reserve is not available for dividend distribution.

## 28. Revaluation surplus

This represents surplus arising from revaluation of land. Movements in the revaluation surplus account, net of income tax, during the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Balance - beginning of year	199,436	154,556	150,073	115,753
Add: Revaluation of assets				
during the year	8,600	56,100	6,500	42,900
Less: Effect of income tax				
from revaluation	(1,720)	(11,220)	(1,300)	(8,580)
Balance - end of year	<u>206,316</u>	<u>199,436</u>	<u>155,273</u>	<u>150,073</u>

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

## 29. Other income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Management fee income	1,080	1,320	-	-
Rental income	19,666	14,968	-	-
Dividend income	-	-	53,179	31,235
Gain on sales of equipment and intangible assets	1,521	3,400	1,630	-
Gain on sales of investment in associate	367,856	-	199,887	-
Interest income	6,959	3,387	27,033	21,707
Other income	9,740	6,449	9,989	6,383
Total	<u>406,822</u>	<u>29,524</u>	<u>291,718</u>	<u>59,325</u>

The subsidiary has rental income from the lease of land, building, machinery and oil depots. However, the subsidiary recorded such assets under the heading “Property, plant and equipment” instead of “Investment properties” because the main objective is to sell such assets.

## 30. Expenses by nature

Significant expenses classified by nature are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salaries, wages and other employee benefits	182,259	116,690	11,572	9,935
Long-term employee benefits	2,600	2,026	545	558
Depreciation and amortisation	55,996	43,069	4,555	8,888
Changes in finished goods	(8,847)	(15,080)	-	-
Cost of merchandise inventories and services	4,022,606	3,087,676	-	-
Loss on impairment of buildings and equipment (reversal)	1,490	(352)	1,490	(352)
Reversal of loss on impairment of investment in subsidiary (reversal)	-	-	1,245	(4,804)

### 31. Income tax

Income tax revenue for the years ended 31 December 2019 and 2018 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(18)	(12,680)	-	-
<b>Income tax revenue reported in the income statement</b>	<b>(18)</b>	<b>(12,680)</b>	<b>-</b>	<b>-</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on actuarial loss	(285)	(46)	-	-
Deferred tax on gain from revaluation of land	1,720	11,220	1,300	8,580
Total	1,435	11,174	1,300	8,580

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit (loss) before tax				
From continuing operation	385,006	(14,259)	250,054	32,735
From discontinued operation	(4,712)	(7,462)	(4,712)	(7,512)
Total accounting profit (loss) before tax	<u>380,294</u>	<u>(21,721)</u>	<u>245,342</u>	<u>25,223</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	76,059	(4,344)	49,068	5,045
Utilisation of previously unrecognised deferred tax assets on temporary differences	(27,800)	-	(30,200)	-
Deferred tax assets which were not recognised during the year as future taxable profits may not be sufficient	(2,811)	11,147	(6,987)	8,289
Effects of non-deductible expenses				
- Allowance for impairment on investment in subsidiary	-	-	249	-
- Other non-deductible expenses	(5,151)	(5,796)	294	31
Effects of:				
- Income not subject to tax	(14,081)	(15,729)	(14,176)	(15,625)
- Others	2,160	1,589	1,752	2,260
Effect of elimination entries on the consolidated financial statements	<u>(28,394)</u>	<u>453</u>	<u>-</u>	<u>-</u>
Income tax revenue reported in the income statement	<u>(18)</u>	<u>(12,680)</u>	<u>-</u>	<u>-</u>

The components of deferred tax assets and deferred tax liabilities are as follows.

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Deferred tax assets</b>				
Allowance for doubtful debts	3,325	3,358	-	-
Allowance for diminution in value of inventories	2,043	1,613	-	-
Provision for long-term employee benefits	2,647	1,951	-	-
Unused tax loss	9,392	11,243	-	-
Others	1,906	845	-	-
Total	<u>19,313</u>	<u>19,010</u>	<u>-</u>	<u>-</u>
<b>Deferred tax liabilities</b>				
Revaluation surplus on assets	51,579	49,859	38,818	37,518
Total	<u>51,579</u>	<u>49,859</u>	<u>38,818</u>	<u>37,518</u>



As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 409 million (2018: Baht 1,252 million) per the consolidated financial statements and Baht 212 million (2018: Baht 833 million) per the separate financial statements. No deferred tax assets have been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses amounting to Baht 59 million per the consolidated financial statements and Baht 19 million per the separate financial statements will expire by 2024.

### 32. Discontinued operation

Details of discontinued operations for the years ended 31 December 2019 and 2018 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Revenues</b>	-	-	-	-
<b>Expenses</b>				
Administrative expenses	(4,712)	7,462	(4,712)	7,512
<b>Total expenses</b>	(4,712)	7,462	(4,712)	7,512
<b>Loss for the year from discontinued operation</b>	<u>(4,712)</u>	<u>(7,462)</u>	<u>(4,712)</u>	<u>(7,512)</u>
				(Unit: Baht)
<b>Earnings per share:</b>				
Loss per share for the year from discontinued operation	<u>(0.0036)</u>	<u>(0.0057)</u>	<u>(0.0036)</u>	<u>(0.0058)</u>
				(Unit: Thousand shares)
Weighted average number of ordinary shares	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>

The net cash flows incurred by discontinued operation for 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>	<u>-</u>	<u>300</u>	<u>-</u>	<u>250</u>

### **33. Basic earnings per share**

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

### **34. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services and have two reportable segments as follows.

- 1) Energy segment: Fuel and gas retailing through a network of gas stations, distribution and maintenance of gas station equipment and rental of oil depot and port business.
- 2) Real estate segment: Real estate development for sale and for rent.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Group operates in Thailand only. As a result, all the revenues as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the years 2019 and 2018, the Group has no major customer with revenue of 10% or more of an entity's revenues.

The following tables present revenues and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2019 and 2018.

(Unit: Million Baht)

	For the years ended 31 December							
	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenues</b>								
Sales and service income from external customers	4,281	3,264	-	-	-	-	4,281	3,264
Interest income	7	3	-	-	-	-	7	3
Other income	400	26	-	-	-	-	400	26
<b>Total revenues</b>	<b>4,688</b>	<b>3,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,688</b>	<b>3,293</b>
<b>Expenses</b>								
Cost of sales and services	4,014	3,078	-	-	-	-	4,014	3,078
Depreciation and amortisation	56	35	-	-	-	-	56	35
Selling and distribution expenses	81	66	-	-	-	-	81	66
Administrative expenses	170	165	-	-	-	-	170	165
<b>Total expenses</b>	<b>4,321</b>	<b>3,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,321</b>	<b>3,344</b>
<b>Profit (loss) before share of profit (loss) from investments in associates, finance cost and income tax</b>	<b>367</b>	<b>(51)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>367</b>	<b>(51)</b>
Share of profit (loss) from investments in associates	(14)	(2)	38	40	-	-	24	38
<b>Profit (loss) before finance cost and income tax</b>	<b>353</b>	<b>(53)</b>	<b>38</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>391</b>	<b>(13)</b>
Finance cost	(6)	(2)	-	-	-	-	(6)	(2)
<b>Profit (loss) before income tax</b>	<b>347</b>	<b>(55)</b>	<b>38</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>385</b>	<b>(15)</b>
Tax income revenue	-	13	-	-	-	-	-	13
<b>Profit (loss) for the year from continuing operation</b>	<b>347</b>	<b>(42)</b>	<b>38</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>385</b>	<b>(2)</b>
Loss for the year from discontinued operation	(5)	(7)	-	-	-	-	(5)	(7)
<b>Profit (loss) for the year</b>	<b>342</b>	<b>(49)</b>	<b>38</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>380</b>	<b>(9)</b>

### 35. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company or its subsidiaries and employees contributed to the fund monthly at the rates of 5% - 10% of basic salary. The fund, which is managed by Aberdeen Standard Asset Management (Thailand) Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the years 2019 and 2018 amounting to Baht 2.9 million were recognised as expenses.

## 36. Commitments and contingent liabilities

### 36.1 Capital commitments

As at 31 December 2019, capital commitments of a subsidiary totaling Baht 23.1 million were in respect of the renovation of gas stations (2018: Baht 3.0 million).

### 36.2 Operating lease, service and research and development agreement commitments

The Group entered into several operating lease and service agreements in respect of the leases of land, building, oil depots, gas stations and equipment. The terms of the agreements are generally between 1 and 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)

Payable within	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
In up to 1 year	33	29	7	5
In over 1 and up to 5 years	192	168	-	4
In over 5 years	562	417	-	-

### 36.3 Long-term purchase and sale commitments

- a) In November 2007, a subsidiary (Pure Biodiesel Co., Ltd.) (PBC) entered into an agreement with Global Power Synergy Co., Ltd. (GPSC) to purchase steam in a quantity and at a price stipulated in the agreement, which is for a period of 15 years commencing from the facility commercial operation date or 1 October 2008. The agreement can be extended for another 5 years.

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

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

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

As at 31 December 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 66 gasoline stations (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.

#### **36.4 Guarantees**

- a) As at 31 December 2019, there were outstanding bank guarantees of Baht 227 million (2018: 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 225 million (2018: Baht 205 million) to guarantee payments due to creditors and Baht 2 million (2018: Baht 2 million) to guarantee electricity use, among others.
- b) As at 31 December 2019 and 2018, a subsidiary has guaranteed bank credit facilities of its subsidiary amounting to Baht 10 million.

#### **36.5 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. On 3 December 2009, the Company therefore submitted a petition to the Arbitration Office (Black Dispute No. 114/2552) 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 from cancellation of the agreement 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. Due to PTT did not deliver condensate residue raw material to the Company as stated in contract. Therefore, the Company has exercised lien over the last payment for condensate residue, amounting to Baht 1,518 million. 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. In September 2019, the Civil Court ordered PTT to pay damages to the Company in accordance with the arbitral award and dismissed the petition of PTT. The Company has filed a petition for enforcement in accordance with the judgement of the Civil Court. At present, PTT is in the process of filing a petition for an extension of the period to file an appeal with the Supreme 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. In March 2019, the Civil Court ordered the revocation of the arbitration award and dismissed the petition of PTT. However, PTT disagreed with the judgement and exercised its legal right to file an appeal with the Supreme Court in August 2019.

### 37. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Level 1		Level 2		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets measured at fair value</b>						
Current investments						
Investment units in mutual funds	425	185	-	-	425	185
Property, plant and equipment	-	-	531	534	531	534

(Unit: Million Baht)

	Separate financial statements					
	Level 1		Level 2		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets measured at fair value</b>						
Current investments						
Investment units in mutual funds	421	170	-	-	421	170
Property, plant and equipment	-	-	347	345	347	345

## 38. Financial instruments

### 38.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, accounts receivable and payable, loans receivable and payable and investments. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Group is exposed to credit risk primarily with respect to trade receivables, loans receivable and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables, loans receivable and other receivables as stated in the statement of financial position.

#### **Interest rate risk**

The Group's exposures to interest rate risk relate primarily to their deposits at banks, loans receivable and loans payable with interest. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within	1-5 years	interest	Non-interest		
	1 year		rate	bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	87	17	104	0.10 - 1.40
Current investments	10	-	-	425	435	1.10
Trade and other receivables	-	-	-	35	35	-
Notes receivable	-	-	-	600	600	-
Short-term loans to related party	200	-	-	-	200	5.00
Pledged deposits at banks	153	-	-	-	153	0.22 - 1.40
Long-term loans to unrelated parties	-	1	-	-	1	9.05
	<u>363</u>	<u>1</u>	<u>87</u>	<u>1,077</u>	<u>1,528</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,847	1,847	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,847</u>	<u>1,847</u>	



(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2018

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within	1-5 years	interest	Non-interest		
	1 year		rate	bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	29	18	47	0.10 - 1.40
Current investments	-	-	-	185	185	-
Trade and other receivables	-	-	-	39	39	-
Short-term loan to related party	100	-	-	-	100	5.00
Pledged deposits at banks	163	-	-	-	163	0.90 - 1.15
Long-term loans to unrelated parties	1	1	-	-	2	9.05
	<u>264</u>	<u>1</u>	<u>29</u>	<u>242</u>	<u>536</u>	
<b>Financial liabilities</b>						
Bank overdrafts	6	-	12	-	18	2.35 - 6.95
Trade and other payables	-	-	-	1,807	1,807	-
Short-term loans from unrelated parties	1	-	-	-	1	1.55 - 1.58
	<u>7</u>	<u>-</u>	<u>12</u>	<u>1,807</u>	<u>1,826</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2019

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within	1-5 years	interest	Non-interest		
	1 year		rate	bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	4	3	7	0.10 - 1.40
Current investments	-	-	-	421	421	-
Trade and other receivables	-	-	-	4	4	-
Notes receivable	-	-	-	600	600	-
Short-term loans to related party	200	-	-	-	200	5.00
Pledged deposits at banks	49	-	-	-	49	0.90 - 1.40
Long-term loans to related party	-	145	-	-	145	2.92 - 2.95
	<u>249</u>	<u>145</u>	<u>4</u>	<u>1,028</u>	<u>1,426</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,522	1,522	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,522</u>	<u>1,522</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	interest rate	Non-interest bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	1	1	2	0.10 - 1.40
Current investments	-	-	-	170	170	-
Trade and other receivables	-	-	-	4	4	-
Short-term loan to related party	100	-	-	-	100	5.00
Pledged deposits at banks	9	-	-	-	9	0.90 - 1.10
Long-term loans to related party	-	145	-	-	145	2.95
	<u>109</u>	<u>145</u>	<u>1</u>	<u>175</u>	<u>430</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,521	1,521	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,521</u>	<u>1,521</u>	

### 38.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature, loans receivable and payable bear interest rates which are close to the market rate, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### 39. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 1.35:1 (2018: 1.62:1) and the Company's was 1.15:1 (2018: 1.41:1).

### 40. Events after the reporting period

On 19 February 2020, the meeting of the Company's Board of Directors passed a resolution to transfer of legal reserve in the amount of Baht 80,304,817 and premium on ordinary shares in the amount of Baht 335,966,599 to compensate the deficits of the Company.

### 41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2020.