

**RPCG Public Company Limited and its subsidiaries**

**Notes to interim consolidated financial statements**

**For the three-month and six-month periods ended 30 June 2021**

**1. General information**

**1.1 The Company's general information**

RPCG Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the investment and holding company business. The registered office of the Company, which is the head office, is located at 86/2 Sammakorn Place, Ramkhamhaeng Road, Saphan Sung, Bangkok. The Company's branch, which is the plant, is located at 7/3 Pakorn Songkrohrad Road, Map-ta-phut, Muang Rayong, Rayong.

The Company's major shareholder is Petro-Instruments Corp., Ltd., which as at 30 June 2021 and 31 December 2020 held 19.72% of the issued and paid-up capital of the Company.

**1.2 Fundamental accounting assumptions**

As discussed in Note 17.5 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 the refinery business since the cessation of production in 2012. However, significant uncertainties that may impact the ability of the Group to continue as a going concern have eased as a result of the management's plans to improve the efficiency of the gasoline retail sales business, to invest in investment properties, to operate investment and holding company business and. As a result, the Company has continually received income up to the present.

(Unaudited but reviewed)

As for the disputes, 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 filed a request for the enforcement of the judgement of the Civil Court. However, the litigant disagreed with the judgement and exercised its legal right to file an appeal with the Supreme Court in March 2020. On 23 June 2021, the Supreme Court rendered judgement in concurrence with the Civil Court's judgement, to enforce the arbitration award. The lawsuit is finalised. As a result, the supplier is obliged to make payment together with interest to the Company, which was calculated up to 30 June 2021 of Baht 2,255 million.

In addition, regarding the commercial dispute and litigation with its major raw material supplier in respect of the payment of raw materials, in April 2017, the arbitral tribunal rendered an award to order the Company to make a final payment for condensate residue, a raw material, to the major supplier. However, the Company exercised its legal right to file a petition with the Civil Court to revoke the arbitration award. Later, in March 2019, the Civil Court ordered the revocation of the arbitration award. However, the supplier exercised its legal right to file an appeal with the Supreme Court in August 2019. On 23 June 2021, the Supreme Court rendered judgement in reverse of the Civil Court's judgement, to enforce the arbitration award. The lawsuit is finalised. As a result, the Company is obliged to make payment together with interest to the supplier, which was calculated up to 30 June 2021 of Baht 2,853 million. As a result, as at 30 June 2021, the Group has current assets in excess of its current liabilities by Baht 295 million (31 December 2020: current liabilities in excess of its current assets by Baht 482 million). Current assets and liabilities have included receivables and liabilities according to the court judgements. Subsequently, on 23 July 2021, the Company entered into "Debt offset memorandum" with the supplier. The memorandum is to offset the compensation for damages according to the court judgements. After the offset, the remaining debt was Baht 599 million, as discussed in Note 17.5 to the financial statements. The Company believes that it has sufficient assets to pay off the net liabilities arising from the lawsuits. Therefore, the financial statements have been prepared on a going concern basis.

### **1.3 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

### **1.4 Basis of preparation of interim financial statements**

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

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

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

### **1.5 Basis of consolidation**

The consolidated financial statements include the financial statements of RPCG Public Company Limited and its subsidiaries (hereinafter called "the Group"), and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2020. There have been no changes in the composition of the subsidiaries in the current period, except for investment in RPCG-JV 1 Company Limited and Onward Venture Company Limited as discussed in Note 10 to the financial statements.

## **1.6 New financial reporting standards**

### **a) Financial reporting standards that became effective in the current period**

During the period, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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.

### **b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

## **1.7 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

(Unaudited but reviewed)

**2. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
<b>Trade receivables - related party</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	38	11	-	-
Total trade receivables - related party	38	11	-	-
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	23,762	21,956	-	-
3 - 6 months	960	32	-	-
6 - 12 months	206	3	-	-
Over 12 months	10,439	10,447	-	-
Total	35,367	32,438	-	-
Less: Allowance for expected credit losses	(10,128)	(9,735)	-	-
Total trade receivables - unrelated parties, net	25,239	22,703	-	-
Total trade receivables - net	25,277	22,714	-	-
<b>Other receivables</b>				
Accrued income - related parties	3,716	-	6,862	3,837
Accrued income - unrelated parties	427	503	97	258
Others	4,379	3,345	1,469	39
Total	8,522	3,848	8,428	4,134
Less: Allowance for expected credit losses	(1,023)	(1,299)	-	-
Total other receivables - net	7,499	2,549	8,428	4,134
Total trade and other receivables - net	32,776	25,263	8,428	4,134

(Unaudited but reviewed)

### 3. Related party transactions

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June			
	2021	2020	2021	2020
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	870	1,046
Other income - other services	-	-	381	603
Other expenses	-	-	-	320
<b>Transactions with associates</b>				
Sales	49	45	-	-
Dividend income	9,291	-	9,291	-
Interest income	2,787	3,835	2,787	3,835
Land rental expenses	179	179	-	-
Office rental expenses	55	55	55	55
Other expenses	212	214	-	-
<b>Transactions with related party</b>				
Interest income	38	-	38	-
Other expenses	39	39	39	39

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June			
	2021	2020	2021	2020
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	4,446	6,712
Other income - other services	-	-	762	1,259
Other expenses	-	-	-	320
<b>Transactions with associates</b>				
Sales	98	95	-	-
Dividend income	9,291	27,873	9,291	27,873
Interest income	3,760	8,082	3,760	8,082
Land rental expenses	358	358	-	-
Office rental expenses	110	110	110	110
Other expenses	479	491	-	-
<b>Transactions with related party</b>				
Interest income	38	-	38	-
Other expenses	98	101	98	101

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	2.50% - 5.00% per annum
Other income	The price is set out based on the market price.
Land and office rental expenses	Rental expenses are set out based on the market price.
Other expenses	The price is set out based on the market price.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
<b>Trade and other receivables - related parties (Note 2)</b>				
<b>Trade receivables - related party</b>				
Associate	38	11	-	-
Total trade receivables - related party	38	11	-	-
<b>Other receivables - related parties</b>				
Subsidiaries	-	-	3,146	3,837
Associate	3,678	-	3,678	-
Related company	38	-	38	-
Total other receivables - related parties	3,716	-	6,862	3,837
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	499,188	319,188
Associate	500,000	-	500,000	-
Related company	40,000	-	40,000	-
Total short-term loans to related parties	540,000	-	1,039,188	319,188
Less: Allowance for expected credit losses	-	-	(319,188)	(319,188)
Total short-term loans to related parties, net	540,000	-	720,000	-
<b>Long-term loans to related parties</b>				
Subsidiary	-	-	200,000	80,000
Related company	4,500	4,500	4,500	4,500
Total long-term loans to related parties	4,500	4,500	204,500	84,500
Less: Allowance for expected credit losses	(4,500)	(4,500)	(4,500)	(4,500)
Total long-term loans to related parties, net	-	-	200,000	80,000
<b>Other payables - related parties</b>				
Associate	72	99	-	-
Related company	28	14	28	14
Total other payables - related parties	100	113	28	14
<b>Lease liabilities - related party</b>				
Related company	7,121	7,241	-	-
Total lease liabilities - related party	7,121	7,241	-	-
Less: Portion due within one year	(306)	(265)	-	-
Lease liabilities - related party, net of current portion	6,815	6,976	-	-



(Unaudited but reviewed)

**Loans to related parties**

During the six-month period ended 30 June 2021, movements of loans to related parties were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2020	Increase during the period	Decrease during the period	Balance as at 30 June 2021
<b>Short-term loans</b>				
Sammakorn Plc.	-	700,000	(200,000)	500,000
Petro-Instruments Corp., Ltd.	-	40,000	-	40,000
<b>Total</b>	<b>-</b>	<b>740,000</b>	<b>(200,000)</b>	<b>540,000</b>
<b>Long-term loan</b>				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for expected credit losses	(4,500)	-	-	(4,500)
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2020	Increase during the period	Decrease during the period	Balance as at 30 June 2021
<b>Short-term loans</b>				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Pure Thai Energy Co., Ltd.	-	180,000	-	180,000
Sammakorn Plc.	-	700,000	(200,000)	500,000
Petro-Instruments Corp., Ltd.	-	40,000	-	40,000
<b>Total</b>	<b>319,188</b>	<b>920,000</b>	<b>(200,000)</b>	<b>1,039,188</b>
Less: Allowance for expected credit losses	(319,188)	-	-	(319,188)
<b>Net</b>	<b>-</b>	<b>920,000</b>	<b>(200,000)</b>	<b>720,000</b>
<b>Long-term loans</b>				
Pure Thai Energy Co., Ltd.	80,000	120,000	-	200,000
KP Energy Group Co., Ltd.	4,500	-	-	4,500
<b>Total</b>	<b>84,500</b>	<b>120,000</b>	<b>-</b>	<b>204,500</b>
Less: Allowance for expected credit losses	(4,500)	-	-	(4,500)
<b>Net</b>	<b>80,000</b>	<b>120,000</b>	<b>-</b>	<b>200,000</b>

(Unaudited but reviewed)

As at 30 June 2021, loans to subsidiaries, associate and related company totaling Baht 1,239 million (31 December 2020: loans to subsidiaries totaling Baht 399 million) are in the form of short-term promissory notes carrying interest at rates of 2.50% - 5.00% per annum (31 December 2020: 2.92% - 3.50% per annum). Short-term loans to Pure Biodiesel Co., Ltd. were guaranteed by the mortgage of land, building, machinery and oil depots. However, the Company reclassified loans of Baht 200 million (31 December 2020: Baht 80 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 expected credit losses for the loans to Pure Biodiesel Co., Ltd. (PBC) for the whole amount, as the Company expects that the assets of PBC will not be sufficient to repay the loans.

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 expected credit losses for the full amount as the Company expects that the assets of KPEG will not be sufficient to repay the loan.

#### Directors and management's benefits

During the three-month and six-month periods ended 30 June 2021 and 2020, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 June				
	2021	2020	2021	2020
Short-term employee benefits	3,659	3,144	2,860	2,259
Post-employment benefits	362	102	243	80
Total	4,021	3,246	3,103	2,339

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the six-month periods ended 30 June				
	2021	2020	2021	2020
Short-term employee benefits	7,337	6,925	5,723	5,107
Post-employment benefits	709	204	477	159
Total	8,046	7,129	6,200	5,266

(Unaudited but reviewed)

**4. Inventories**

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	30 June	31 December	30 June	31 December	30 June	31 December
	2021	2020	2021	2020	2021	2020
Finished goods	86,906	78,518	(14,569)	(14,502)	72,337	64,016
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
<b>Total</b>	<b>89,682</b>	<b>81,294</b>	<b>(17,345)</b>	<b>(17,278)</b>	<b>72,337</b>	<b>64,016</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	30 June	31 December	30 June	31 December	30 June	31 December
	2021	2020	2021	2020	2021	2020
Finished goods	7,055	7,055	(7,055)	(7,055)	-	-
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
<b>Total</b>	<b>9,831</b>	<b>9,831</b>	<b>(9,831)</b>	<b>(9,831)</b>	<b>-</b>	<b>-</b>

During for the six-month period ended 30 June 2021, the Group reduced cost of inventories by Baht 0.07 million (2020: Baht 0.89 million) to reflect the net realisable value which was included in cost of sales (separate financial statements: nil).

**5. Short-term loans to unrelated party**

As at 30 June 2021, loans to unrelated party were guaranteed by entering into land sale with right of redemption contracts for a period of 1 year, carrying interest at a rate of 15% per annum.

**6. Long-term loans to unrelated parties**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
Long-term loans to unrelated parties	5,808	6,071	5,146	5,146
Less: Allowance for expected credit losses	(5,146)	(5,146)	(5,146)	(5,146)
Long-term loans to unrelated parties, net	662	925	-	-
Less: Current portion	(563)	(538)	-	-
Non-current portion	99	387	-	-

**7. Pledged deposits at banks**

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

**8. Other non-current financial assets**

The Company has an investment in 6,702 ordinary shares (representing 17.46% shareholding) of KP Energy Group, which is principally engaged in the production and distribution of electricity. As at 30 June 2021 and 31 December 2020, fair value of such investment was zero because of continuous operating losses and capital deficit.

**9. Investment in associate****9.1 Details of associate**

									(Unit: Thousand Baht)	
				Consolidated				Separate		
				financial statements				financial statements		
Company	Nature of business	Country of incorporation	Shareholding percentage		Carrying amounts based on					
					equity method		cost method			
			30 June	31 December	30 June	31 December	30 June	31 December		
			2021	2020	2021	2020	2021	2020		
			%	%						
Sammakorn Plc.	Real estate development	Thailand	48.25	48.25	1,200,331	1,190,086	785,802	785,802		
Total					1,200,331	1,190,086	785,802	785,802		

**9.2 Share of comprehensive income and dividend received**

During the three-month and six-month periods ended 30 June 2021 and 2020, the Company recognised its share of profit (loss) from investment in associate in the consolidated financial statements and dividend income in the separate financial statements as follows.

							(Unit: Thousand Baht)	
				Consolidated financial statements		Separate financial statements		
				Share of other comprehensive income		Dividend received for		
				from investment in associate for the		the three-month periods		
				three-month periods		ended 30 June		
Company	Share of profit (loss) from investment in associate for the three-month periods ended 30 June		Share of other comprehensive income from investment in associate for the three-month periods ended 30 June		Dividend received for the three-month periods ended 30 June			
			2021	2020	2021	2020	2021	2020
Sammakorn Plc.	9,902	(2,047)	2,221	4,043	9,291	-		
Total	9,902	(2,047)	2,221	4,043	9,291	-		

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial  
statements

Company	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investment in associate for the six-month periods ended 30 June		Share of other comprehensive income from investment in associate for the six-month periods ended 30 June		Dividend received for the six-month periods ended 30 June	
	2021	2020	2021	2020	2021	2020
Sammakorn Plc.	14,471	(20,815)	5,065	(12,619)	9,291	27,873
Total	14,471	(20,815)	5,065	(12,619)	9,291	27,873

### 9.3 Fair value of investment in listed associate

As at 30 June 2021, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 533 million (31 December 2020: Baht 375 million).

## 10. Investments in subsidiaries

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

Company	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
			%	%		
Pure Biodiesel Co., Ltd. *	280,000	280,000	100	100	279,999	279,999
Pure Thai Energy Co., Ltd. and its subsidiary	140,000	140,000	100	100	140,000	140,000
RPC Management Co., Ltd. *	500	500	100	100	956	956
RPCG-JV 1 Co., Ltd.	300,000	-	100	-	300,000	-
Onward Venture Co., Ltd.	100,000	-	100	-	9,999	-
Total investments in subsidiaries					730,954	420,955
Less: Allowance for impairment					(99,761)	(99,761)
Investments in subsidiaries - net					631,193	321,194

\* Business suspended as at 30 June 2021 and 31 December 2020

During the three-month and six-month periods ended 30 June 2021 and 2020, the Company had no dividend received from its subsidiaries.

**RPCG-JV 1 Co., Ltd.**

On 12 November 2020, the meeting of the Company's Board of Directors passed a resolution approving the incorporation of a new company named "RPCG-JV 1 Company Limited (RPCG-JV 1)", in which the Company holds 100% of the shares. This company is engaged in the business of real estate development and has a registered share capital of Baht 300 million (3 million ordinary shares at a par value of Baht 100 each).

Later, on 1 February 2021, the meeting on the establishment of RPCG-JV 1 passed a resolution to call up the first share payment of Baht 25 per share or equivalent to the amount that the Company has to pay in total of Baht 75 million. The Company made payment for such shares on 4 February 2021. RPCG-JV 1 registered its establishment with the Ministry of Commerce on 5 February 2021.

On 18 February 2021, the meeting of the Board of Directors of RPCG-JV 1 passed a resolution to call up the remaining share payment of Baht 75 per share or equivalent to the amount that the Company has to pay in total of Baht 225 million. The Company made payment for such shares on 12 March 2021.

**Onward Venture Co., Ltd.**

On 16 April 2021, the meeting of the Company's Board of Directors passed a resolution approving the incorporation of a new company named "Onward Venture Company Limited", in which the Company holds 100% of the shares. This company is engaged in the business of Pico Plus and has a registered share capital of Baht 1 million (10,000 ordinary shares at a par value of Baht 100 each). Onward Ventures Company Limited was registered the establishment of the company with the Ministry of Commerce on 19 May 2021 with the Company's directors as the founders and shareholders. Subsequently, on 1 June 2021, the Company entered into an agreement to transfer 9,997 ordinary shares from the director to the Company, and the Company made payment for such ordinary shares on 4 June 2021.

Later, on 14 June 2021, the Extraordinary General Meeting of the Shareholders of Onward Venture Company Limited passed a resolution approving the increase in registered share capital of Baht 9 million (90,000 ordinary shares at a par value of Baht 100 each). The Company made payment for such shares on 14 June 2021. Onward Venture Company Limited registered the share capital increase with the Ministry of Commerce on 23 June 2021.

(Unaudited but reviewed)

## 11. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Operating assets	591,796	573,795	5,559	6,045
Ceased using assets	965,123	972,435	575,610	579,530
Total property, plant and equipment	1,556,919	1,546,230	581,169	585,575
Less: Allowance for impairment	(464,004)	(464,004)	(240,998)	(240,998)
Property, plant and equipment - net	<u>1,092,915</u>	<u>1,082,226</u>	<u>340,171</u>	<u>344,577</u>

Movements of the property, plant and equipment account during the six-month period ended 30 June 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2021	1,082,226	344,577
Acquisitions during the period - at cost	48,178	4
Disposals during the period	(23)	-
Depreciation for the period	(37,466)	(4,410)
Net book value as at 30 June 2021	<u>1,092,915</u>	<u>340,171</u>

A subsidiary has mortgaged land, building, machinery and oil depots with a net book value as at 30 June 2021 and 31 December 2020 of Baht 101 million as collateral to secure short-term loans received from the Company, as discussed in Note 3 to the financial statements.

## 12. Right-of-use assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Cost	677,991	644,312	3,325	-
Less: Accumulated depreciation	(115,843)	(75,120)	(696)	-
Net book value	<u>562,148</u>	<u>569,192</u>	<u>2,629</u>	<u>-</u>

(Unaudited but reviewed)

Movements of the right-of-use assets account during the six-month period ended 30 June 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2021	569,192	-
Increase during the period	33,268	3,325
Adjustment due to lease modification	411	-
Depreciation for the period	(40,723)	(696)
Net book value as at 30 June 2021	<u>562,148</u>	<u>2,629</u>

### 13. Income tax

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

Income tax expense for the three-month and six-month periods ended 30 June 2021 and 2020 are made up as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 June			
	2021	2020	2021	2020
<b>Current income tax:</b>				
Interim corporate income tax charge	175,777	-	171,584	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,257)	2,219	-	-
<b>Income tax expense reported in the income statement</b>	<u>172,520</u>	<u>2,219</u>	<u>171,584</u>	<u>-</u>



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June			
	2021	2020	2021	2020
<b>Current income tax:</b>				
Interim corporate income tax charge	180,714	-	171,584	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(5,418)	867	-	-
<b>Income tax expense reported in the income statement</b>	<u>175,296</u>	<u>867</u>	<u>171,584</u>	<u>-</u>

#### 14. Discontinued operation

Details of loss from discontinued operation for the three-month and six-month periods ended 30 June 2021 and 2020 are presented below.

(Unit: Thousand Baht)

	Consolidated/separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2021	2020	2021	2020
<b>Revenues</b>				
<b>Expenses</b>				
Administrative expenses	1,960	580	3,920	1,161
<b>Total expenses</b>	<u>1,960</u>	<u>580</u>	<u>3,920</u>	<u>1,161</u>
<b>Loss from discontinued operation</b>	<u>(1,960)</u>	<u>(580)</u>	<u>(3,920)</u>	<u>(1,161)</u>

(Unit: Baht)

#### Earnings per share:

Loss per share for the period from discontinued operation	<u>(0.0015)</u>	<u>(0.0004)</u>	<u>(0.0030)</u>	<u>(0.0009)</u>
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(Unit: Thousand shares)

Weighted average number of ordinary shares	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>
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(Unaudited but reviewed)

The net cash flows incurred by discontinued operation for the six-month periods ended 30 June 2021 and 2020 are as follows.

(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	2021	2020
Operating activities	-	-
Investing activities	-	-
Financing activities	-	-
<b>Net cash flows from discontinued operation</b>	<b>-</b>	<b>-</b>

## 15. Basic earnings per share

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

## 16. Segment information

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

The following table presented revenues and profit (loss) information regarding the Group's operating segments for the three-month and six-month periods ended 30 June 2021 and 2020.

(Unit: Million Baht)

	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	For the three-month periods ended 30 June						2021	2020
	2021	2020	2021	2020	2021	2020		
<b>Revenues</b>								
Sales and service income from external customers	1,395	864	-	-	-	-	1,395	864
<b>Total revenues</b>	<b>1,395</b>	<b>864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,395</b>	<b>864</b>
<b>Results</b>								
<b>Segment loss</b>	(1)	(3)	-	-	-	-	(1)	(3)
Finance cost	(4)	(5)	-	-	-	-	(4)	(5)
Profit (loss) from investment	-	-	9	(2)	-	-	9	(2)
Other income	2	5	-	-	-	-	2	5
Income from compensation for damages according to the court judgements	921	-	-	-	-	-	921	-
<b>Profit (loss) before income tax</b>	<b>918</b>	<b>(3)</b>	<b>9</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>927</b>	<b>(5)</b>
Income tax expense	(172)	(2)	-	-	-	-	(172)	(2)
<b>Profit (loss) for the period from continuing operation</b>	<b>746</b>	<b>(5)</b>	<b>9</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>755</b>	<b>(7)</b>
Loss for the period from discontinued operation	(2)	-	-	-	-	-	(2)	-
<b>Profit (loss) for the period</b>	<b>744</b>	<b>(5)</b>	<b>9</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>753</b>	<b>(7)</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	For the six-month periods ended 30 June							
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Revenues</b>								
Sales and service income from external customers	2,700	1,934	-	-	-	-	2,700	1,934
<b>Total revenues</b>	<b>2,700</b>	<b>1,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,700</b>	<b>1,934</b>
<b>Results</b>								
<b>Segment profit (loss)</b>	1	(16)	-	-	-	-	1	(16)
Finance cost	(11)	(8)	-	-	-	-	(11)	(8)
Profit (loss) from investment	-	-	14	(21)	-	-	14	(21)
Other income	4	11	-	-	-	-	4	11
Income from compensation for damages according to the court judgements	921	-	-	-	-	-	921	-
<b>Profit (loss) before income tax</b>	<b>915</b>	<b>(13)</b>	<b>14</b>	<b>(21)</b>	<b>-</b>	<b>-</b>	<b>929</b>	<b>(34)</b>
Income tax expense	(175)	(1)	-	-	-	-	(175)	(1)
<b>Profit (loss) for the period from continuing operation</b>	<b>740</b>	<b>(14)</b>	<b>14</b>	<b>(21)</b>	<b>-</b>	<b>-</b>	<b>754</b>	<b>(35)</b>
Loss for the period from discontinued operation	(4)	(1)	-	-	-	-	(4)	(1)
<b>Profit (loss) for the period</b>	<b>736</b>	<b>(15)</b>	<b>14</b>	<b>(21)</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>(36)</b>

For the three-month and six-month periods ended 30 June 2021 and 2020, the Group has no major customer with revenue of 10% or more of the entity's revenues.

## 17. Commitments and contingent liabilities

### 17.1 Capital commitments

As at 30 June 2021, the Group had capital commitments totaling Baht 8.1 million in respect of the construction of gas stations and the installation of computer software (31 December 2020: Baht 3.0 million) (separate financial statements: capital commitments in respect of the installation of computer software were Baht 0.3 million (31 December 2020: Baht 1.3 million)).

### 17.2 Research and development agreement commitment

The Company entered into a research and development agreement together with the Company's major shareholder and a university. The Company agreed to support the budget as a cost of conducting the research project under this agreement, totaling Baht 10 million. The agreement has a period of 3 years, commencing from 15 May 2017 to 14 May 2020 and extended the period of the project to 30 September 2021.

As at 30 June 2021, the Company has future minimum payments required under such agreement of Baht 1.8 million (31 December 2020: Baht 3.5 million).

### 17.3 Long-term purchase and sale commitments

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

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

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

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

As at 30 June 2021, 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 70 gasoline stations (31 December 2020: 68 gasoline stations) 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.

#### **17.4 Guarantees**

- a) As at 30 June 2021 and 31 December 2020, there were outstanding bank guarantees of Baht 182 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 180 million to guarantee payments due to creditors and Baht 2 million to guarantee electricity use, among others.
- b) As at 30 June 2021 and 31 December 2020, a subsidiary has guaranteed bank credit facilities of its subsidiary amounting to Baht 10 million.

#### **17.5 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 pay compensation to the Company due to the cancellation of the agreement totaling Baht 29,368 million and Baht 9,382 million, respectively. The Civil Court 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 from the date on which the arbitral tribunal rendered the arbitration award until PTT makes payment in full to the Company. However, PTT lodged a petition with the Civil 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 of the judgement of the Civil Court. However, PTT disagreed with the judgement and filed an appeal with the Supreme Court in March 2020. The Company has filed an answer in response to the appeal with the Supreme Court. Later, on 23 June 2021, the Supreme Court rendered judgement in concurrence with the Civil Court's judgement, to enforce the arbitration award. The lawsuit is finalised. As a result, PTT is obliged to make payment together with interest to the Company, which was calculated up to 30 June 2021 of Baht 2,255 million.

In May 2017, the Company received a copy of an arbitration award (Black Dispute No. 78/2555) dated 27 April 2017, pursuant to which the arbitral tribunal rendered an award to order the Company to make a final payment for condensate residue to PTT of Baht 1,555 million, together with interest at 9.375% per annum on principal of Baht 1,518 million, from the date on which the dispute was submitted to arbitration (18 May 2012) until the Company makes payment in full to PTT. However, the Company does not agree with the arbitration award. On 25 July 2017, the Company exercised its legal right to file a petition with the Civil Court to revoke the award (Black Case No. Por.3492/2560). Later, in September 2017, the Company received a copy of a petition filed by PTT with the Civil Court seeking to enforce the award (Black Case No. Por.3789/2560). The Civil Court has ordered the combination of Black Case No. Por.3789/2560 with Black Case No. Por. 3492/2560. In March 2019, the Civil Court ordered the revocation of the arbitration award and dismissed the petition of PTT. However, PTT disagreed with the judgement and filed an appeal with the Supreme Court in August 2019. The Company has filed an answer in response to the appeal with the Supreme Court. Later, on 23 June

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2021, the Supreme Court rendered judgement in reverse of the Civil Court's judgement, to enforce the arbitration award. The lawsuit is finalised. As a result, the Company is obliged to make payment together with interest to PTT, which was calculated up to 30 June 2021 of Baht 2,853 million (this amount consisted of raw material payable of Baht 1,518 million previously recorded and interest of Baht 1,335 million).

Based on the final judgements, the Company is entitled to compensation plus interest of Baht 2,255 million, net of interest on last payment of raw material for which the Company had exercised a lien over the amount of Baht 1,335 million. As a result, net income from compensation for damages according to the court judgements amounts to Baht 920 million, which is recorded in the income statement.

On 23 July 2021, the Company entered into "Debt offset memorandum" with PTT. The memorandum is to offset debts between Black Disputes No. 114/2552 and 78/2555, resulting in the Company having to pay the remaining debt of Baht 599 million. At present, the Company is negotiating payment methods with PTT.

#### 18. Fair value of financial instruments

As of 30 June 2021 and 31 December 2020, the Group had the following assets that were measured at fair value using level 2\* of inputs as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 June	31 December	30 June	31 December	
2021	2020	2021	2020	
<b>Assets measured at fair value</b>				
Other current financial assets				
Investment units in mutual funds	368	1,144	68	1,144
Investment properties	147	147	147	147
Property, plant and equipment	508	516	335	339

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

#### 19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 August 2021.