

**RPCG Public Company Limited and its subsidiaries**

**Notes to interim consolidated financial statements**

**For the three-month and nine-month periods ended 30 September 2020**

**1. General information**

**1.1 The Company's general information**

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

The Company's major shareholder is Petro-Instruments Corp., Ltd., which as at 30 September 2020 and 31 December 2019 held 19.72% of the issued and paid-up capital of the Company.

**1.2 Fundamental accounting assumptions**

As discussed in Note 20.5 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. However, the litigant disagreed with the judgement and exercised its legal right to file an appeal with the Supreme Court in March 2020. 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 30 September 2020, the Group has current liabilities in excess of its current assets by Baht 375 million (31 December 2019: Baht 406 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 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. 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 litigations not be in favour to the Group.

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

The Coronavirus disease 2019 pandemic is resulting in an economic slowdown and 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 2019. There have been no changes in the composition of the subsidiaries in the current period.

## **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 (revised 2019) and new 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. 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:

#### **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
--------	-------------------------------------

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.

These standards have affected reclassification in the Group's financial statements whereby current investments are reclassified as other current financial assets and other long-term investment is reclassified as other non-current financial assets, without an impact on shareholders' equity.

### **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.

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the assets and liabilities as at 1 January 2020, without an impact on shareholders' equity and the comparative information was not restated.

The cumulative effect of the change is described in Note 2 to the financial statements.

### **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- To lightly weight information relating to the COVID-19 situation in applying the valuation technique to measure the fair value of financial assets in the form of debt instruments using Level 2 or Level 3 inputs.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

**b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of 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 management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**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 2019, except the changes in accounting policies related to financial instruments and leases.

### **1.7.1 Financial instruments**

#### ***Classification and measurement***

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss. In certain case, the Group makes an election to measure them at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

#### ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

### **1.7.2 Leases**

#### ***Right-of-use assets***

The Group recognised right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

**Lease liabilities**

At the commencement date of the lease, the Group recognised lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

**Short-term leases and Leases of low-value assets**

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

## 2. Cumulative effects of change in accounting policy due to the adoption of new financial reporting standard

As described in Note 1.6 a) to the financial statements, during the current period, the Group has adopted TFRS 16. The cumulative effect of initially applying this standard is recognised as an adjustment to assets and liabilities as at 1 January 2020, without an impact on shareholders' equity and the comparative information was not restated.

The impacts on the beginning balance of assets and liabilities of 2020 in the consolidated financial statements from change in accounting policy due to the adoption of TFRS 16, without an impact on the separate financial statements, are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		
	31 December 2019	The impacts of TFRS 16	1 January 2020
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Current assets</b>			
Other current assets	49,332	(30,299)	19,033
<b>Non-current assets</b>			
Right-of-use assets	-	602,807	602,807
Other non-current assets	176,431	(125,279)	51,152
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	1,846,819	(9,326)	1,837,493
Current portion of lease liabilities	-	14,112	14,112
<b>Non-current liabilities</b>			
Lease liabilities - net of current portion	-	442,443	442,443

(Unaudited but reviewed)

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Operating lease and service commitments as at 31 December 2019	786,948
Less: Short-term leases and leases of low-value assets	(846)
Less: Contracts reassessed as service agreements	(62)
Less: Research and development agreement	(7,350)
Less: Deferred interest expenses	(322,135)
Lease liabilities as at 1 January 2020	<u>456,555</u>
Comprise of:	
Current lease liabilities	14,112
Non-current lease liabilities	442,443
	<u>456,555</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Land and land improvement	599,147
Buildings and building improvement	3,660
<b>Total right-of-use assets</b>	<u>602,807</u>



(Unaudited but reviewed)

### 3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
<b>Trade receivables - related party</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	41	32	-	-
Total trade receivables - related party	41	32	-	-
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Past due				
Not over 3 months	17,636	26,690	-	-
3 - 6 months	125	592	-	-
6 - 12 months	14	100	-	-
Over 12 months	12,262	12,233	-	-
Total	30,037	39,615	-	-
Less: Allowance for doubtful debts	(11,582)	(11,404)	-	-
Total trade receivables - unrelated parties, net	18,455	28,211	-	-
Total trade receivables - net	18,496	28,243	-	-
<b>Other receivables</b>				
Accrued income - related parties	14	1,151	1,605	4,189
Accrued income - unrelated parties	709	1,187	431	141
Others	8,174	9,976	17	38
Total	8,897	12,314	2,053	4,368
Less: Allowance for doubtful debts	(6,437)	(5,662)	-	-
Total other receivables - net	2,460	6,652	2,053	4,368
Total trade and other receivables - net	20,956	34,895	2,053	4,368

(Unaudited but reviewed)

#### 4. Related party transactions

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September			
	2020	2019	2020	2019
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	979	6,070
Other income - other services	-	-	383	673
<b>Transactions with associates</b>				
Sales	38	47	-	-
Interest income	2,630	-	2,630	-
Land rental expenses	178	217	-	-
Office rental expenses	54	696	54	57
Other expenses	322	550	-	53
<b>Transactions with related party</b>				
Other expenses	39	42	39	42

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the nine-month periods ended 30 September				
	2020	2019	2020	2019
<b>Transactions with subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	7,691	15,689
Other income - other services	-	-	1,642	2,056
Other expenses	-	-	320	-
<b>Transactions with associates</b>				
Sales	133	139	-	-
Dividend income	27,873	53,179	27,873	53,179
Interest income	10,712	1,836	10,712	1,836
Land rental expenses	536	697	-	-
Office rental expenses	164	2,087	164	170
Other expenses	813	1,707	-	168
<b>Transactions with related party</b>				
Other expenses	140	151	140	151

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	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 September 2020	31 December 2019	30 September 2020	31 December 2019
<b>Trade and other receivables - related parties (Note 3)</b>				
<b><i>Trade receivables - related party</i></b>				
Associate	41	32	-	-
Total trade receivables - related party	41	32	-	-
<b><i>Other receivables - related parties</i></b>				
Subsidiaries	-	-	1,591	3,038
Associate	14	1,151	14	1,151
Total other receivables - related parties	14	1,151	1,605	4,189
<b>Short-term loans to related parties</b>				
Subsidiary	-	-	319,188	319,188
Associate	100,000	200,000	100,000	200,000
Total short-term loans to related parties	100,000	200,000	419,188	519,188
Less: Allowance for doubtful debts	-	-	(319,188)	(319,188)
Total short-term loans to related parties, net	100,000	200,000	100,000	200,000
<b>Long-term loans to related parties</b>				
Subsidiary	-	-	125,000	145,000
Related company	4,500	4,500	4,500	4,500
Total long-term loans to related parties, net	4,500	4,500	129,500	149,500
Less: Allowance for doubtful debts	(4,500)	(4,500)	(4,500)	(4,500)
Total long-term loans to related parties, net	-	-	125,000	145,000
<b>Other payables - related parties</b>				
Associate	645	104	-	8
Related company	14	15	14	15
Total other payables - related parties	659	119	14	23

(Unaudited but reviewed)

## Loans to related parties

During the nine-month period ended 30 September 2020, movements of loans to related parties were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2019	Increase during the period	Decrease during the period	Balance as at 30 September 2020
<b>Short-term loan</b>				
Sammakorn Plc.	200,000	400,000	(500,000)	100,000
Total	200,000	400,000	(500,000)	100,000
<b>Long-term loan</b>				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	-	-	-	-

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2019	Increase during the period	Decrease during the period	Balance as at 30 September 2020
<b>Short-term loans</b>				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Sammakorn Plc.	200,000	400,000	(500,000)	100,000
Total	519,188	400,000	(500,000)	419,188
Less: Allowance for doubtful debts	(319,188)	-	-	(319,188)
Net	200,000	400,000	(500,000)	100,000
<b>Long-term loans</b>				
Pure Thai Energy Co., Ltd.	145,000	-	(20,000)	125,000
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Total	149,500	-	(20,000)	129,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	145,000	-	(20,000)	125,000

As at 30 September 2020, loans to subsidiaries and associate totaling Baht 544 million (31 December 2019: Baht 664 million) are in the form of short-term promissory notes carrying interest at rates of 2.92% - 5.00% per annum. Short-term loans to Pure Biodiesel Co., Ltd. were guaranteed by the mortgage of land, building, machinery and oil depots. However, the Company reclassified loans of Baht 125 million (31 December 2019: Baht 145 million) to Pure Thai Energy Co., Ltd. as long-term loans since the Company will not call the loans within one year.

(Unaudited but reviewed)

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 nine-month period ended 30 September 2020, PBC paid interest expenses to the Company amounting to Baht 5 million (2019: Baht 13 million) since it has rental income from land, building, machinery and oil depots.

The loan to KP Energy Group Co., Ltd. (KPEG) was unsecured loan carrying interest at a rate of 5.00% per annum. The Company set aside allowance for doubtful debts for the full amount as the Company expects that the assets of KPEG will not be sufficient to repay the loan. On 1 January 2015, the Company ceased recognising the interest income on the loan to this company.

### Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2020 and 2019, 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 September			
	2020	2019	2020	2019
Short-term employee benefits	3,447	2,493	2,562	1,623
Post-employment benefits	102	115	79	67
Total	3,549	2,608	2,641	1,690

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September			
	2020	2019	2020	2019
Short-term employee benefits	10,372	8,005	7,669	5,401
Post-employment benefits	306	746	238	202
Total	10,678	8,751	7,907	5,603

(Unaudited but reviewed)

**5. Inventories**

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	30 September	31 December	30 September	31 December	30 September	31 December
	2020	2019	2020	2019	2020	2019
Finished goods	64,689	85,975	(14,719)	(17,403)	49,970	68,572
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
<b>Total</b>	<b>67,465</b>	<b>88,751</b>	<b>(17,495)</b>	<b>(20,179)</b>	<b>49,970</b>	<b>68,572</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	30 September	31 December	30 September	31 December	30 September	31 December
	2020	2019	2020	2019	2020	2019
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 nine-month period ended 30 September 2020, the Group reversed the write-down of cost of inventories by Baht 2.7 million and reduced the amount of inventories recognised as expenses during the year (2019: reduced cost of inventories by Baht 1.6 million to reflect the net realisable value. This was included in cost of sales) (separate financial statements: nil).

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
Long-term loans to unrelated parties	6,198	6,563	5,146	5,146
Less: Allowance for doubtful debts	(5,146)	(5,146)	(5,146)	(5,146)
Long-term loans to unrelated parties, net	1,052	1,417	-	-
Less: Current portion	(526)	(492)	-	-
Non-current portion	526	925	-	-

(Unaudited but reviewed)

**7. Other current assets**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Value added tax refundable	10,330	10,669	9,501	9,163
Prepaid rental and fees for land utilisation	-	30,299	-	-
Others	5,814	8,364	811	754
<b>Total</b>	<b>16,144</b>	<b>49,332</b>	<b>10,312</b>	<b>9,917</b>
Less: Allowance for impairment	(272)	-	-	-
<b>Other current assets - net</b>	<b>15,872</b>	<b>49,332</b>	<b>10,312</b>	<b>9,917</b>

**8. Pledged deposits at banks**

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

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

Company	Nature of business	Country of incorporation	Shareholding percentage		(Unit: Thousand Baht)					
					Consolidated		Separate			
					financial statements		financial statements			
					Carrying amounts based on equity method		Carrying amounts based on cost method			
			30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
			%	%						
Sammakorn Plc.	Real estate development	Thailand	48.25	48.25	1,159,390	1,214,080	785,802	785,082		
<b>Total</b>					<b>1,159,390</b>	<b>1,214,080</b>	<b>785,802</b>	<b>785,082</b>		

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

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Company recognised its share of profit (loss) from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows.

Company	(Unit: Thousand Baht)					
	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investments in associates for the three-month periods ended 30 September		Share of other comprehensive income from investment in associate for the three-month periods ended 30 September		Dividend received for the three-month periods ended 30 September	
	2020	2019	2020	2019	2020	2019
Thai Public Port Co., Ltd.	-	(8,386)	-	-	-	-
Sammakorn Plc.	11,282	(7,983)	(4,665)	-	-	-
<b>Total</b>	<b>11,282</b>	<b>(16,369)</b>	<b>(4,665)</b>	<b>-</b>	<b>-</b>	<b>-</b>



(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial  
statements

Company	Consolidated financial statements				Separate financial statements	
	2020	2019	2020	2019	2020	2019
			Share of other comprehensive income from investment in associate for the nine-month periods ended 30 September		Dividend received for the nine-month periods ended 30 September	
			Share of profit (loss) from investments in associates for the nine-month periods ended 30 September			
Thai Public Port Co., Ltd.	-	(11,423)	-	-	-	31,500
Sammakorn Plc.	(9,533)	41,654	(17,284)	-	27,873	21,679
Total	(9,533)	30,231	(17,284)	-	27,873	53,179

**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 30 September 2020, the balance of notes receivable was Baht 400 million (31 December 2019: Baht 600 million). On 15 October 2020, the Company has received the whole amount of the balance of notes receivable.

**9.3 Fair value of investment in listed associate**

As at 30 September 2020, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 362 million (31 December 2019: Baht 508 million).

**10. Investments in subsidiaries**

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

Company	Paid-up capital		Shareholding percentage		Cost	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
			%	%		
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)	(99,761)
Investments in subsidiaries - net					321,194	321,194

\* Business suspended as at 30 September 2020 and 31 December 2019

(Unaudited but reviewed)

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Company had no dividend received from its subsidiaries.

On 1 July 2020, the Extraordinary General Meeting of the Shareholders of Super Pure Gas Company Limited (SPG) No. 1/2020 approved the dissolution of SPG, a subsidiary of Pure Thai Energy Company Limited. On 13 July 2020, SPG registered its dissolution with the Ministry of Commerce. Currently, SPG is in the process of liquidation.

#### 11. 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 September 2020 and 31 December 2019, fair value of such investment was zero because of continuous operating losses and capital deficit.

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Company had no dividend received from such investment.

#### 12. Property, plant and equipment

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Operating assets	551,735	480,686	6,349	7,260
Ceased using assets	980,700	987,510	586,096	587,820
Total property, plant and equipment	1,532,435	1,468,196	592,445	595,080
Less: Allowance for impairment	(464,122)	(464,122)	(241,116)	(241,116)
Property, plant and equipment - net	1,068,313	1,004,074	351,329	353,964

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2020	1,004,074	353,964
Acquisitions during the period - at cost	122,011	9
Disposals during the period	(9,636)	-
Depreciation for the period	(48,136)	(2,644)
Net book value as at 30 September 2020	1,068,313	351,329

(Unaudited but reviewed)

A subsidiary has mortgaged land, building, machinery and oil depots with a net book value as at 30 September 2020 of Baht 101 million (31 December 2019: Baht 102 million) as collateral to secure short-term loans received from the Company, as discussed in Note 4 to the financial statements.

### 13. Right-of-use assets

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u>30 September 2020</u>
Cost	631,340
Less: Accumulated depreciation	(58,859)
Net book value	<u>572,481</u>

Movements of the right-of-use assets account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u>30 September 2020</u>
Net book value as at 1 January 2020	602,807
Increase during the period	28,993
Adjustment due to lease modification	(460)
Depreciation for the period	(58,859)
Net book value as at 30 September 2020	<u>572,481</u>

### 14. Other non-current assets

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
The compensation for loss	26,711	26,711	26,711	26,711
Withholding tax awaiting refund	22,208	21,423	878	613
Prepaid rental and fees for land utilisation	-	125,279	-	-
Deposits	2,799	3,018	207	207
Total	<u>51,718</u>	<u>176,431</u>	<u>27,796</u>	<u>27,531</u>

The compensation for loss is the compensation receivable because, in the third quarter of 2006, a raw material supplier delivered raw materials of a quality different to that specified in the relevant purchase agreement. 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 negotiate. 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. Later, on 1 April 2020, the supplier filed a petition with the Civil Court to revoke the award (Black Case No. Por. 1819/2563). Then, the Company has submitted a statement of objection such revocation on 25 June 2020. On 2 July 2020, the Company filed a petition with the Civil Court to seek enforcement of the above arbitration award (Black Case No. Por. 3367/2563). The Civil Court has ordered the combination of Black Case No. Por. 1819/2563 with Black Case No. Por. 3367/2563. The petition is currently under the consideration of the Civil Court.

**15. Premium on ordinary shares / Retained earnings (deficit)**

On 16 July 2020, the 2020 Annual General Meeting of the Shareholders of the Company approved a resolution to transfer of statutory 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. The Company recorded such transactions in July 2020.

(Unaudited but reviewed)

## 16. Income tax

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

Income tax (revenue) expense for the three-month and nine-month periods ended 30 September 2020 and 2019 are made up as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 September				
	2020	2019	2020	2019
<b>Current income tax:</b>				
Interim corporate income tax charge	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	962	(701)	-	-
<b>Income tax (revenue) expense reported in the income statement</b>	<u>962</u>	<u>(701)</u>	<u>-</u>	<u>-</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the nine-month periods ended 30 September				
	2020	2019	2020	2019
<b>Current income tax:</b>				
Interim corporate income tax charge	-	1,346	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	1,829	-	-	-
<b>Income tax expense reported in the income statement</b>	<u>1,829</u>	<u>1,346</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

## 17. Discontinued operation

Details of loss from discontinued operation for the three-month and nine-month periods ended 30 September 2020 and 2019 are presented below.

(Unit: Thousand Baht)

	Consolidated/separate financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019
<b>Revenues</b>	-	-	-	-
<b>Expenses</b>				
Administrative expenses	564	823	1,725	2,469
<b>Total expenses</b>	564	823	1,725	2,469
<b>Loss from discontinued operation</b>	<u>(564)</u>	<u>(823)</u>	<u>(1,725)</u>	<u>(2,469)</u>

(Unit: Baht)

### Earnings per share:

Loss per share for the period from  
discontinued operation

<u>(0.0004)</u>	<u>(0.0006)</u>	<u>(0.0013)</u>	<u>(0.0019)</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 the nine-month periods ended 30 September 2020 and 2019 are as follows.

(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	2020	2019
Operating activities	-	-
Investing activities	-	-
Financing activities	-	-
<b>Net cash flows from discontinued operation</b>	<u>-</u>	<u>-</u>

## 18. 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.

## 19. 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 nine-month periods ended 30 September 2020 and 2019.

	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	(Unit: Million Baht)							
	For the three-month periods ended 30 September							
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues</b>								
Sales and service income from external customers	1,059	1,016	-	-	-	-	1,059	1,016
<b>Total revenues</b>	<b>1,059</b>	<b>1,016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,059</b>	<b>1,016</b>
<b>Results</b>								
<b>Segment profit (loss)</b>	7	(12)	-	-	-	-	7	(12)
Finance cost	(5)	-	-	-	-	-	(5)	-
Profit (loss) from investments	-	(8)	11	(9)	-	-	11	(17)
Other income	1	9	-	-	-	-	1	9
<b>Profit (loss) before income tax</b>	<b>3</b>	<b>(11)</b>	<b>11</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>(20)</b>
Income tax revenue (expense)	(1)	1	-	-	-	-	(1)	1
<b>Profit (loss) for the period from continuing operation</b>	<b>2</b>	<b>(10)</b>	<b>11</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>(19)</b>
Loss for the period from discontinued operation	(1)	-	-	-	-	-	(1)	-
<b>Profit (loss) for the period</b>	<b>1</b>	<b>(10)</b>	<b>11</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>(19)</b>

	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	(Unit: Million Baht)							
	For the nine-month periods ended 30 September							
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues</b>								
Sales and service income from external customers	2,993	3,175	-	-	-	-	2,993	3,175
<b>Total revenues</b>	<b>2,993</b>	<b>3,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,993</b>	<b>3,175</b>
<b>Results</b>								
<b>Segment loss</b>	(9)	(28)	-	-	-	-	(9)	(28)
Finance income (cost)	(13)	2	-	-	-	-	(13)	2
Profit (loss) from investments	-	(11)	(10)	41	-	-	(10)	30
Other income	12	23	-	-	-	-	12	23
<b>Profit (loss) before income tax</b>	<b>(10)</b>	<b>(14)</b>	<b>(10)</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>27</b>
Income tax expense	(2)	(1)	-	-	-	-	(2)	(1)
<b>Profit (loss) for the period from continuing operation</b>	<b>(12)</b>	<b>(15)</b>	<b>(10)</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>(22)</b>	<b>26</b>
Loss for the period from discontinued operation	(2)	(2)	-	-	-	-	(2)	(2)
<b>Profit (loss) for the period</b>	<b>(14)</b>	<b>(17)</b>	<b>(10)</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>(24)</b>	<b>24</b>

(Unaudited but reviewed)

For the three-month and nine-month periods ended 30 September 2020 and 2019, the Group has no major customer with revenue of 10% or more of the entity's revenues.

## **20. Commitments and contingent liabilities**

### **20.1 Capital commitments**

As at 30 September 2020, the Group had capital commitments totaling Baht 4.4 million in respect of the construction of gas stations and the installation of computer software (31 December 2019: A subsidiary had capital commitments totaling Baht 23.1 million in respect of the construction of gas stations) (separate financial statements: capital commitments in respect of the installation of computer software were Baht 2.8 million (31 December 2019: nil)).

### **20.2 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 2020.

### **20.3 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.



(Unaudited but reviewed)

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 September 2020, 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 68 gasoline stations (31 December 2019: 66 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.

#### **20.4 Guarantees**

- a) As at 30 September 2020, there were outstanding bank guarantees of Baht 182 million (31 December 2019: Baht 227 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 (31 December 2019: Baht 225 million) to guarantee payments due to creditors and Baht 2 million (31 December 2019: Baht 2 million) to guarantee electricity use, among others.
- b) As at 30 September 2020 and 31 December 2019, a subsidiary has guaranteed bank credit facilities of its subsidiary amounting to Baht 10 million.

#### **20.5 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. However, PTT disagreed with the

(Unaudited but reviewed)

judgement and file an appeal with the Supreme Court in March 2020. The Company has filed a response to the appeal with the Supreme Court, and the case is currently being considered by 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 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 file an appeal with the Supreme Court in August 2019. The Company has filed a response to the appeal with the Supreme Court, and the case is currently being considered by the Supreme Court.

## 21. Fair value of financial instruments

As of 30 September 2020 and 31 December 2019, 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 September	31 December	30 September	31 December
	2020	2019	2020	2019
<b>Assets measured at fair value</b>				
Current investments/Other current financial assets				
Investment units in mutual funds	750	425	750	421
Property, plant and equipment	524	531	345	347

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

**22. Events after the reporting period**

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", which the Company holds 99.99% of the shares. This company engages in the business of real estate developments and has a registered share capital of Baht 300 million (3,000,000 ordinary shares at a par value of Baht 100 each).

**23. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2020.