

## **Rayong Purifier Public Company Limited and its subsidiaries**

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

**For the years ended 31 December 2008 and 2007**

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

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

Rayong Purifier Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and trading of fuel oil and petrochemical products. On 1 September 2008, the Company registered the change of its head office’s address from 19 SCB Park Plaza East, Ratchadapisek Road, Khwang Chatuchak, Khet Chatuchak, Bangkok to 14th Floor, Shinawatra Tower 3, 1010 Viphavadi Rangsit Road, Khwang Chatuchak, Khet Chatuchak, Bangkok with the Ministry of Commerce. The Company’s branch, which is the plant, is located at 7/3 Pakorn Songkrohrad Road, Map-ta-phut, Muang, Rayong. In addition, the Company has 4 oil depots dispersed across the various regions of Thailand.

The Company’s major shareholder is Petro-Instrument Company Limited, a limited company under Thai laws, which as at 31 December 2008 and 2007 held 29.87% of the issued and paid-up capital of the Company.

##### **1.2 Economic crisis**

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

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

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

### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Rayong Purifier Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Place of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2008	2007	2008	2007	2008	2007
			%	%	%	%	%	%
Pure Thai Energy Co., Ltd. and its subsidiary	Trading of fuel oil and the distribution and maintenance of gas station equipment	Thailand	100	100	8.6	8.9	17.3	13.5
SCT Petroleum Co., Ltd. and its subsidiaries	Trading of fuel oil	Thailand	100	100	6.5	7.7	32.3	39.6
Pure Biodiesel Co., Ltd.	Manufacture and trading of petroleum and petrochemical products	Thailand	100	100	17.4	3.4	-	-
VTN-P Petrochemical Joint Venture Co., Ltd.	Manufacture and trading of petrochemical products	Vietnam	-	60	-	5.4	0.4	-
Pure Sammakorn Development Co., Ltd.	Real estate rental and service	Thailand	51	51	3.0	2.3	0.1	0.1

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
  - d) The financial statements of an overseas subsidiary company are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of "Translation adjustment" in shareholders' equity.
  - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
  - g) On 9 November 2007, Meeting No. 8/2007 of the Company's Board of Directors passed a resolution approving the purchase by Pure Thai Energy Co., Ltd. (PTEC), a 100% held subsidiary of the Company, of 15,300 shares (par value of Baht 100 per share) of SCT Sahaphan Co., Ltd. (SAP), equivalent to 51% of total shares, from existing shareholders of this company. SAP's principal activity is the distribution and maintenance of gas station equipment. On 1 January 2008, PTEC purchased the shares for Baht 1.53 million.
  - h) VTN-P Petrochemical Joint Venture Co., Ltd. returned capital to all shareholders in July 2008 and is in the process of registering its liquidation. The consolidated financial statements include only statements of income and cash flows of that company for the six-month period ended 30 June 2008.
- 2.3 The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

### **3. Adoption of new accounting standards**

#### **3.1 Accounting standards which are effective for the current year**

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows:

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The Company's management has assessed the effect of these standards and believes that they do not have any significant impact on the financial statements for the current year.

#### **3.2 Accounting standards which are not effective for the current year**

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards:

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The Company's management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

#### **4. Change in accounting policy for recording land, factory buildings, machinery and factory equipment**

In 2008, the Company and its subsidiaries changed their accounting policy for recording land, factory buildings, machinery and factory equipment, from stating them at cost to presenting them at a revalued amount, in order to reflect the fair value and to bring them in line with the basis used by other companies in the petrochemical industry in Thailand. The revaluation value of such assets is Baht 260.8 million (Separate financial statements: Baht 260.8 million) more than their carrying amounts. The Company and its subsidiaries recognised the increase of asset value in equity under the heading of "Revaluation surplus on assets". The change has the effect of increasing net loss in the income statement for the year ended 31 December 2008 by Baht 1.8 million, or Baht 0.004 per share (Separate financial statement: Baht 1.8 million, or Baht 0.004 per share).

#### **5. Significant accounting policies**

##### **5.1 Revenue recognition**

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### *Revenue from transportation service*

Revenue from transportation service is recognised on an accrual basis when service has been rendered.

###### *Revenues from construction services*

Revenues from construction services are recognised when services have been rendered taking into account the stage of completion. The stage of completion measured by the proportion of actual construction cost incurred up to the end of the year and the total anticipated construction cost to be incurred to completion. Provision for the total anticipated loss on construction projects will be made in the accounts as soon as the possibility of loss is ascertained.

###### *Revenues from rental and service*

Revenues from rental and service are recognised on an accrual basis in accordance with the rental period and the rates specified in the contracts.

### *Management fee income*

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

### *Interest income*

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

### *Dividends*

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

## **5.2 Cash and cash equivalents**

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

## **5.3 Trade accounts receivable**

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

## **5.4 Inventories**

Inventories are valued at the lower of cost (weighted average method) and net realisable value. Cost of work in process and finished goods produced includes raw materials, direct labour and production overheads.

## **5.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the carrying amounts of securities are included in determining income.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

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

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

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

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

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

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

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

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

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

### **5.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **5.8 Intangible assets and amortisation**

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

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

The useful life of software is 5 and 10 years.

## **5.9 Related party transactions**

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

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

## **5.10 Long-term leases**

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

## **5.11 Treasury stock**

Treasury stock is stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented as a deduction from premium on treasury stock, with any remaining amount charged to retained earnings.

## **5.12 Foreign currencies**

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

Gains and losses on exchange are included in determining income.

### **5.13 Impairment of assets**

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

### **5.14 Employee benefits**

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

### **5.15 Provisions**

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

### **5.16 Income tax**

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

## 5.17 Derivatives

### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

### **Forward contracts to purchase and sell crude oil and oil products**

In order to hedge the risk arising as a result of the significant fluctuations in the market prices of crude oil and oil products, the Company has entered into forward contracts to purchase and sell crude oil and oil products. Gains or losses arising from changes in the fair value of these forward contracts are recognised in the income statement.

## 6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

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

### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### **Property plant and equipment/Depreciation**

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

The Company measures land, factory buildings, machinery and factory equipment at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for factory buildings, machinery and factory equipment. The valuation involves certain assumptions and estimates.

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

### **Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## 7. Current investments

(Unit: Baht)

	Consolidated financial statements			
	2008		2007	
	Cost	Fair value	Cost	Fair value
Investment units in mutual funds	-	-	45,538,176	45,570,516
Add: Allowance for change in value	-	-	32,340	-
Net	-	-	45,570,516	45,570,516

## 8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<u>Trade accounts receivable - unrelated parties</u>			
Not over 3 months	116,455,975	490,740,032	46,667,731	377,873,821
3 - 6 months	854,703	14,474,286	-	-
6 - 12 months	3,726,533	4,239,175	2,341,805	-
Over 12 months	15,409,097	12,780,280	1,349,301	1,081,751
Total	136,446,308	522,233,773	50,358,837	378,955,572
Less: Allowance for doubtful accounts	(12,424,780)	(9,684,768)	(617,250)	(617,250)
Trade accounts receivable - unrelated parties, net	124,021,528	512,549,005	49,741,587	378,338,322
<u>Trade accounts receivable - related parties</u>				
Not over 3 months	453,586	12,897	309,619,424	497,124,198
3 - 6 months	-	93,016	-	-
Trade accounts receivable - related parties	453,586	105,913	309,619,424	497,124,198

## 9. Pledged deposits at financial institutions

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

## 10. Related party transactions

The relationship between the Company and related parties are summarised below.

<u>Name</u>	<u>Relationship</u>
Pure Thai Energy Co., Ltd. (PTEC)	Subsidiary
SCT Sahaphan Co., Ltd.	Subsidiary of PTEC
Pure Biodiesel Co., Ltd.	Subsidiary
VTN-P Petrochemical Joint Venture Co., Ltd.	Subsidiary
SCT Petroleum Co., Ltd. (SCT)	Subsidiary
Isan Rungreang Petroleum Co., Ltd.	Subsidiary of SCT
Mitsumphan Petroleum Co., Ltd.	Subsidiary of SCT
Metro Petroleum Co., Ltd.	Subsidiary of SCT
Jatuchak Oil Co., Ltd.	Subsidiary of SCT
Benja Petroleum Co., Ltd.	Subsidiary of SCT
Burapha Rungroch Petroleum Co., Ltd.	Subsidiary of SCT
Jaturatis Transport Co., Ltd.	Subsidiary of SCT
Pure Sammakorn Development Co., Ltd. (PSDC)	Subsidiary
Petro-Instruments Co., Ltd.	29.87% of shares held in the Company
Sammakorn Plc.	49% of shares held in PSDC and common directors
Jazzy Creation Co., Ltd.	Common directors
Blue Planet Travel Co., Ltd.	Common directors
Bac Brother Co., Ltd.	Common directors
Globalization Economic and Promotion Network Co., Ltd.	Common directors
Alt Energy Co., Ltd.	Common directors
Village Farm Marketing Co., Ltd.	Common directors
Village Farm & Friend Co., Ltd.	Common directors

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

(Unit: Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2008	2007	2008	2007	
<b><u>Transactions with subsidiaries</u></b>					
(Eliminated from the consolidated financial statements)					
Sales	-	-	8,806,592,407	8,693,053,418	Note 1
Management fee income	-	-	70,740,739	41,009,685	Note 2
Interest income	-	-	1,395,698	1,025,937	4.85% - 5.75% p.a. and LIBOR 1 month plus 2% p.a.
Other income - other services	-	-	7,790,901	6,721,373	Contract price
Purchases of goods	-	-	817,281,129	1,318,577,384	At cost
Transportation expense	-	-	206,445,016	176,911,406	Contract price
Other expenses	-	-	5,519,449	831,978	Actual cost
Sale of land	-	-	-	26,000,000	Contract price which closed to actual cost
Sale of equipment	-	-	2,054,506	-	Closed to actual cost
Purchase of equipment	-	-	822,182	-	Closed to actual cost
<b><u>Transactions with related parties</u></b>					
Rental and service income	958,024	-	-	-	Contract price
Management fee income	-	4,090,601	-	4,090,601	Note 2
Purchases of fixed assets	10,614,000	6,474,854	10,614,000	-	Contract price
Other expenses	1,754,770	2,911,474	1,187,496	1,471,068	Actual cost
Land rental expense	1,823,850	1,122,125	-	-	Contract price
Equipment rental expense	-	6,800,787	-	-	Contract price
Advertising and promotion expenses	708,540	688,700	701,540	688,700	Contract price
Interest income	-	64,726	-	64,726	7.5% p.a.
Interest expense	835,027	-	-	-	7.5% - 9.0% p.a.

Note 1 - The selling price is set out based on the market price with discount for oil wholesale business, provided according to the volumes of order.

- The selling price is set out based on the market price with the fixed rate marketing margin discount for oil retail business.

- The selling price is set out based on the market price for oil transportation business.

Note 2 - Calculation based on quantities of products sold for oil wholesale business.

- At actual costs for oil retail business, oil transportation business, property rental and service business and distribution and maintenance of gas station equipment business.

In December 2006, the Company has entered into an agreement with Globalization Economic and Promotion Network Co., Ltd. (GEPN), requesting a subsidiary of GEPN provides land in China for construction of petroleum warehouse. The price is agreed at cost based on contractual basis. This connected transaction was approved by the meeting of the Board of Directors No. 1/2007 held on 22 February 2007. Under the agreement, the Company has paid total of Baht 30 million in advance to GEPN. As at 31 December 2008 and 2007, the outstanding balance of this transaction is presented under the caption of “Advance to related party” in the balance sheets.

The balances of the accounts as at 31 December 2008 and 2007 between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b><u>Trade accounts receivable - related parties</u></b>				
<b>Subsidiaries</b>				
Pure Thai Energy Co., Ltd.	-	-	199,431,636	303,552,897
SCT Petroleum Co., Ltd.	-	-	3,525,640	8,513,480
Isan Rungreang Petroleum Co., Ltd.	-	-	30,366,489	59,373,831
Mitsumphan Petroleum Co., Ltd.	-	-	40,335,489	36,282,860
Metro Petroleum Co., Ltd.	-	-	22,707,440	71,745,670
Jatuchak Oil Co., Ltd.	-	-	7,765,060	-
Benja Petroleum Co., Ltd.	-	-	1,747,910	15,832,000
Burapha Rungroch Petroleum Co., Ltd.	-	-	1,587,300	-
Jaturatis Transport Co., Ltd.	-	-	2,152,460	1,823,460
Total trade accounts receivable - subsidiaries	-	-	309,619,424	497,124,198
<b>Related companies</b>				
Sammakorn Plc.	45,845	93,016	-	-
Village Farm & Friend Co., Ltd.	407,741	12,897	-	-
Total trade account receivable - related companies	453,586	105,913	-	-
Total trade accounts receivable - related parties	453,586	105,913	309,619,424	497,124,198

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b><u>Amounts due from related parties</u></b>				
<b>Subsidiaries</b>				
Pure Thai Energy Co., Ltd.	-	-	6,618,529	1,010,717
Pure Biodiesel Co., Ltd.	-	-	3,057,453	-
SCT Petroleum Co., Ltd.	-	-	744,494	191,476
Isan Rungreang Petroleum Co., Ltd.	-	-	511,227	640,361
Mitsumphan Petroleum Co., Ltd.	-	-	987,896	374,848
Jaturatis Transport Co., Ltd.	-	-	2,117,716	1,263,466
Metro Petroleum Co., Ltd.	-	-	351,736	507,287
Burapha Rungroch Petroleum Co., Ltd.	-	-	319,235	13,696
Benja Petroleum Co., Ltd.	-	-	111,601	157,772
Jutuchak Oil Co., Ltd.	-	-	327,741	8,774
VTN-P Petrochemical Joint Venture Co., Ltd.	-	-	-	1,619,567
Pure Sammakorn Development Co., Ltd.	-	-	985,972	642,193
SCT Sahaphan Co., Ltd.	-	-	1,194,729	-
Total amounts due from subsidiaries	-	-	17,328,329	6,430,157
<b>Related companies</b>				
SCT Sahaphan Co., Ltd.	-	2,563,980	-	2,563,980
Sammakorn Plc.	15,000	94,119	-	-
Total amounts due from related companies	15,000	2,658,099	-	2,563,980
Total amounts due from related parties	15,000	2,658,099	17,328,329	8,994,137
<b><u>Advance to related party</u></b>				
<b>Related company</b>				
Globalization Economic and Promotion Network Co., Ltd.	30,000,000	30,000,000	30,000,000	30,000,000
Total advance to related party	30,000,000	30,000,000	30,000,000	30,000,000

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b><u>Short-term loans to related parties</u></b>				
<b>Subsidiaries</b>				
Pure Biodiesel Co., Ltd.	-	-	78,000,000	-
Pure Sammakorn Development Co., Ltd.	-	-	7,981,500	-
Total short-term loans to related parties	-	-	85,981,500	-
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiaries</b>				
SCT Petroleum Co., Ltd.	-	-	853,650	-
Mitsumphan Petroleum Co., Ltd.	-	-	3,368,340	92,400
Isan Rungreang Petroleum Co., Ltd.	-	-	7,401,714	9,285,400
Total trade accounts payable - subsidiaries	-	-	11,623,704	9,377,800
<b>Related company</b>				
Sammakorn Plc.	641,725	-	-	-
Total trade accounts payable - related company	641,725	-	-	-
Total trade accounts payable - related parties	641,725	-	11,623,704	9,377,800
<b><u>Amounts due to related parties</u></b>				
<b>Subsidiaries</b>				
Pure Thai Energy Co., Ltd.	-	-	1,197,634	76,248
SCT Petroleum Co., Ltd.	-	-	4,104,080	674,090
Jaturatis Transport Co., Ltd.	-	-	9,840,684	26,015,247
Pure Sammakorn Development Co., Ltd.	-	-	-	274
SCT Sahaphan Co., Ltd.	-	-	379,234	-
Total amounts due to subsidiaries	-	-	15,521,632	26,765,859
<b>Related companies</b>				
Jazzy Creation Co., Ltd.	19,474	-	19,474	-
Petro-Instrument Co., Ltd.	10,207,532	-	10,207,532	-
Blue Planet Travel Co., Ltd.	-	89,400	-	79,200
Sammakorn Plc.	40,037	40,499	-	-
Total amounts due to related companies	10,267,043	129,899	10,227,006	79,200
Total amounts due to related parties	10,267,043	129,899	25,748,638	26,845,059

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b><u>Current portion of long-term loans</u></b>				
<b><u>from related parties</u></b>				
The Company's management	500,000	-	-	-
Subsidiary's shareholders	1,000,000	-	-	-
Subsidiary's directors	1,500,000	-	-	-
Related persons of the Company's directors	6,000,000	-	-	-
Total current portion of long-term loans from related parties	<u>9,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Rental deposits - related party</u></b>				
<b>Related company</b>				
Village Farm & Friend Co., Ltd.	<u>218,088</u>	<u>218,088</u>	<u>-</u>	<u>-</u>
Total rental deposits - related party	<u>218,088</u>	<u>218,088</u>	<u>-</u>	<u>-</u>

During the year 2008, movements of loans from / loans to related parties were as follows:

(Unit: Baht)

	Consolidated financial statements			
	Balance as at 1 January 2008	During the year		Balance as at 31 December 2008
		Acquisition of a subsidiary during the year	Increase	
<b><u>Short-term loans from related parties</u></b>				
Related persons of the Company's directors	-	2,000,000	-	(2,000,000)
Total	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,000,000)</u>
<b><u>Current portion of long-term loans from related parties</u></b>				
The Company's management	-	500,000	-	-
Subsidiary's shareholders	-	1,000,000	-	-
Subsidiary's directors	-	1,500,000	-	-
Related persons of the Company's directors	-	6,000,000	-	-
Total	<u>-</u>	<u>9,000,000</u>	<u>-</u>	<u>-</u>

(Unit: Baht)

	Separate financial statements			Balance as at 31 December 2008
	Balance as at	During the year		
	1 January	Increase	Decrease	
	2008			
<b><u>Short-term loans to related parties</u></b>				
SCT Sahaphan Co., Ltd.	-	1,500,000	(1,500,000)	-
Pure Biodiesel Co., Ltd.	-	103,000,000	(25,000,000)	78,000,000
Pure Sammakorn Development Co., Ltd.	-	7,981,500	-	7,981,500
Total	-	112,481,500	(26,500,000)	85,981,500

Short-term loans from related parties totaling Baht 2 million were in the form of unsecured promissory notes with a maturity of 12 months, carrying interest at a rate of 9.0% per annum. During the year, the subsidiary repaid the whole balance of short-term loans.

Long-term loans from related parties totaling Baht 9 million are in the form of unsecured promissory notes with maturities of 24 months, carrying interest at rates of 7.5% - 9.0% per annum.

Short-term loans to Pure Biodiesel Co., Ltd. totaling Baht 78 million are in the form of unsecured promissory notes with a maturity of 3 - 6 months, carrying interest at rates of 4.85% - 5.60% per annum.

Short-term loan to Pure Sammakorn Development Co., Ltd. of Baht 7.98 million are in the form of unsecured promissory note with a maturity of 12 months, carrying interest at a rate of 5.75% per annum.

### **Directors and management's remuneration**

In 2008, the Company and subsidiaries paid salaries, bonus, meeting allowance and other allowances to their directors and management totaling Baht 55 million (2007: Baht 66 million).

### **Guarantee obligations with related parties**

The Company had outstanding guarantees with its related parties as described in Note 35.4 to the financial statements.

## 11. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Allowance of diminution in value of inventories - reduction cost to net realisable value		Inventories-net	
	2008	2007	2008	2007	2008	2007
	Finished goods	495,048,136	1,213,334,969	(16,153,150)	-	478,894,986
Raw materials	300,914,801	392,057,435	-	-	300,914,801	392,057,435
Supplies	4,310,787	4,865,942	-	-	4,310,787	4,865,942
<b>Total</b>	<b>800,273,724</b>	<b>1,610,258,346</b>	<b>(16,153,150)</b>	<b>-</b>	<b>784,120,574</b>	<b>1,610,258,346</b>

(Unit: Baht)

Separate financial statements						
	Cost		Allowance of diminution in value of inventories - reduction cost to net realisable value		Inventories-net	
	2008	2007	2008	2007	2008	2007
	Finished goods	429,083,431	1,082,525,449	(15,226,833)	-	413,856,598
Raw materials	284,331,540	389,049,975	-	-	284,331,540	389,049,975
Supplies	4,310,787	4,436,361	-	-	4,310,787	4,436,361
<b>Total</b>	<b>717,725,758</b>	<b>1,476,011,785</b>	<b>(15,226,833)</b>	<b>-</b>	<b>702,498,925</b>	<b>1,476,011,785</b>

Inventories as at 31 December 2008 included oil of Baht 502 million (2007: Baht 871 million) reserved in accordance with the Ministry of Commerce regulations. Baht 136 million (2007: Baht 100 million) of this amount represents inventories covered by agreements for the sale and purchase of oil to maintain stipulated legal reserves, which the Company is committed to sell back to the sellers upon the expiry of the agreements.

## 12. Short-term loans and interest receivable from unrelated party

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Short-term loans and interest				
receivable from unrelated party	18,683,932	17,613,949	18,683,932	17,613,949
Less: Allowance for doubtful accounts	(18,683,932)	-	(18,683,932)	-
Short-term loans and interest				
receivable from unrelated party - net	-	17,613,949	-	17,613,949

On 14 January 2006, the Company entered into a Petroleum Product Business Joint Venture Agreement with T.C.S. Oil Co., Ltd. (TCS) for the purpose of the joint oil business in Cambodia. The agreement is effective for a period of 15 years, expiring in 2020. The Company is obliged to provide fuel and a Baht 35 million loan to TCS. The loan is subject to fixed interest rate at 5% per annum and payable on a monthly basis. The repayment of loan principal is stipulated in the agreement. The Company will receive share of profit from the operating results of TCS, as specified in the agreement, upon receipt of full loan repayment.

As at 31 December 2008, loan to TCS was long-outstanding more than one year, and the Company therefore ceased accrual of interest income and set aside allowance for doubtful accounts for the full amount of the short-term loan and interest receivable.

## 13. Other current assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Prepaid excise tax	24,347,951	74,609,502	24,347,951	74,609,502
Excise tax refundable	98,398,633	-	98,398,633	-
Refund receivable from Oil				
Stabilization Fund	40,232,752	24,651,015	40,232,752	24,651,015
Value added tax refundable	48,882,374	125,925,333	32,208,904	116,695,919
Prepaid corporate income tax	96,788,943	16,699,621	94,693,302	15,909,834
Advances for purchases of inventories	52,068,941	55,631,635	13,000,000	20,000,000
Others	37,180,926	40,042,735	19,350,833	21,173,011
Total other current assets	397,900,520	337,559,841	322,232,375	273,039,281
Less: Allowance for doubtful accounts	(3,206,019)	(3,206,019)	(3,206,019)	(3,206,019)
Other current assets - net	394,694,501	334,353,822	319,026,356	269,833,262

The excise tax refundable of Baht 98.4 million as at 31 December 2008 is the oil and oil products excise tax of which the Excise Department has approved a refund.

Prepaid corporate income tax of Baht 96.8 million as at 31 December 2008 is the 2008 prepaid corporate income tax of which the Company and its subsidiaries will request a refund in 2009. The net realisable value of this asset is subject to the result of a tax audit by the Revenue officials, but the management believes that the Company will receive the refund of the full amount. During 2008, the Company and its subsidiaries received the refund of prepaid corporate income tax of the year 2006 amounting to Baht 15.9 million from the Revenue Department.

#### 14. Investments in subsidiaries

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

Company's name	Paid-up capital		Investment proportion		Cost		Dividend received during the year	
	2008	2007	2008	2007	2008	2007	2008	2007
			%	%				
VTN-P Petrochemical Joint Venture Co., Ltd.	-	USD 3.5 million	-	60	-	86,589,330	-	-
Pure Thai Energy Co., Ltd. and its subsidiary	Baht 50 million	Baht 50 million	100	100	49,999,300	49,999,300	-	-
Pure Sammakorn Development Co., Ltd.	Baht 50 million	Baht 50 million	51	51	25,499,600	25,499,600	-	-
SCT Petroleum Co., Ltd. and its subsidiaries	Baht 10 million	Baht 10 million	100	100	9,999,965	9,999,965	-	-
Pure Biodiesel Co., Ltd.	Baht 200 million	Baht 124 million	100	100	199,999,200	123,999,200	-	-
Total investments in subsidiaries					285,498,065	296,087,395		
Less: Allowance for impairment					(40,484,114)	(95,502,767)		
Investments in subsidiaries - net					245,013,951	200,584,628		

#### **VTN-P Petrochemical Joint Venture Co., Ltd.**

In April 2007, VTN-P Petrochemical Joint Venture Co., Ltd. (VTN-P) entered into an agreement to sell and purchase assets with a buyer in Vietnam who is an unrelated party. The contract price is USD 8.35 million. VTN-P has received a deposit of 30% of the contract price, or USD 2.5 million, and this is recorded in other current liabilities, as discussed in Note 21 to the financial statements. VTN-P will receive the remaining balance when certain stipulated conditions are met, such as that VTN-P and the buyer obtain the required approvals from the competent authorities relating to the purchase, sale and transfer of the assets, the buyer obtains the approvals and licenses necessary to operate the business, a land lease agreement and land use rights certificate are obtained and the production test-run process has been successfully completed.

On 6 August 2007, a meeting of the Board of Directors of VTN-P approved the dissolution and liquidation of that company, and on 9 November 2007, a meeting No. 8/2007 of the Company's Board of Directors passed a resolution to approve the completion of such processes within 2008.

In January 2008, VTN-P received the second installment from its sale of assets, equal to 65% of the contract price, or USD 5.43 million, and recorded it in other current liabilities. Consequently, VTN-P repaid the whole balance of long-term loan to the Export and Import Bank of Thailand, who cancelled the guarantee obligations.

In May 2008, VTN-P met the stipulated conditions and recognised a gain from sales of assets amounting to USD 2.27 million. In July 2008, VTN-P received the final installment from its sale of the asset, equal to 5% of the contract price, or USD 0.42 million. Consequently, VTN-P returned capital amounting to USD 1.65 million to the Company, who recognised a net gain on return of capital of Baht 22.62 million (net of reversal of allowance for impairment of Baht 55.02 million). As at 31 December 2008, VTN-P is in the process of registering its liquidation.

#### **Pure Biodiesel Co., Ltd.**

- a) Meeting No. 2/2007 of the Company's Board of Directors, held on 1 March 2007, approved the change of the name of RPC Asia Co., Ltd. to Pure Biodiesel Co., Ltd., and an increase in the Company's investment in RPC Asia Co., Ltd. (a subsidiary in which the Company has an equity interest of 100%), whereby that company's registered capital will increase from Baht 10 million to Baht 200 million through the issue of 1.9 million additional ordinary shares at a price of Baht 100 per share, a total of Baht 190 million. The Company will purchase all additional ordinary shares. The purpose of the increase in share capital is to provide funds for investment in a bio-diesel project in Rayong province. The subsidiary registered the change of name and increase in capital with the Ministry of Commerce in May 2007.

The subsidiary called up capital of Baht 114 million during 2007 and the remaining unpaid capital of Baht 76 million was called up during the first quarter of 2008. The Company has paid in the full amount.

During 2007, the subsidiary purchased land amounting to Baht 26 million from the Company for the project. The subsidiary has already completed plant construction and started selling its products in January 2009.

b) Pure Biodiesel Co., Ltd. has received promotional privileges from the Board of Investment for the manufacture of bio-diesel, pursuant to the promotion certificate No. 1840(9)/2550 issued on 30 August 2007. Subject to certain imposed condition, the main privileges include the following:

- 1) Exemption from corporate income tax on net income from the promoted operations for a period of eight years from the date the promoted activity commenced generating revenues.

In case that there are losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against the net income of future years after the expiry of the tax exemption period, but with a time limit of five years after that period.

- 2) Exemption from income tax on dividends paid from the profits of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption period.
- 3) Exemption from import duty on machinery as approved by the Board of Investment. In order to be eligible for this privilege, the machinery must be imported within 28 February 2010.

In 2008 and 2007, the subsidiary did not have revenues from the promoted operations.

#### **SCT Sahaphan Co., Ltd.**

On 1 January 2008, Pure Thai Energy Co., Ltd. (PTEC) (a 100% held subsidiary of the Company) purchased 15,300 shares (par value of Baht 100 per share) of SCT Sahaphan Co., Ltd. (SAP) from existing shareholders, equivalent to 51% of the total registered and paid-up share capital amounting to Baht 1.53 million. SAP's principal activity is the distribution and maintenance of gas station equipment. On 16 January 2008, an extraordinary general meeting of SAP's shareholders approved the increase of the registered capital from Baht 3 million (30,000 ordinary shares of Baht 100 each) to Baht 5 million (50,000 ordinary shares of Baht 100 each), through the issuance of 20,000 additional ordinary shares with a par value of Baht 100 each, for offer in the same proportion to existing shareholders at Baht 125 per share. In February 2008, PTEC has paid for Baht 1,275,000. SAP registered the increase of its capital with the Ministry of Commerce on 12 February 2008.

## 15. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements									
	Revaluation basis			Cost basis						
	Land	Factory buildings and factory building improvements	Machinery and factory equipment	Office buildings and office building improvements	Buildings for rent and improvements	Gas station equipment	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	Total
<b>Cost/revalued amount</b>										
31 December 2007	137,364,930	189,862,494	861,534,957	121,453,939	77,309,224	29,847,784	74,742,717	84,309,565	77,099,684	1,653,525,294
Additions	-	-	634,013	26,500	-	2,674,697	2,870,933	10,454,847	553,689,730	570,350,720
Disposals	-	(101,220,560)	(108,344,323)	(1,834,229)	-	(1,269,137)	(6,955,741)	(4,189,668)	-	(223,813,658)
Transfers	340,945	3,323,489	19,385,839	11,590,370	2,466,317	1,494,444	7,700,142	60,723,451	(107,024,997)	-
Revaluations	35,751,324	19,882,654	659,355,249	-	-	-	-	-	-	714,989,227
Acquisitions of subsidiary during the year	-	-	-	-	-	21,075,177	63,748	-	-	21,138,925
31 December 2008	173,457,199	111,848,077	1,432,565,735	131,236,580	79,775,541	53,822,965	78,421,799	151,298,195	523,764,417	2,736,190,508
<b>Accumulated depreciation</b>										
31 December 2007	-	57,018,097	479,113,220	41,596,302	1,763,541	15,166,816	43,188,562	65,703,919	-	703,550,457
Depreciation for the year	-	5,620,808	57,210,831	15,120,541	3,339,477	9,710,113	10,147,847	20,266,167	-	121,415,784
Depreciation on disposals	-	(12,713,743)	(19,658,893)	(1,447,685)	-	(1,211,267)	(5,472,591)	(2,209,411)	-	(42,713,590)
Accumulated depreciation from revaluations	-	14,014,966	440,140,031	-	-	-	-	-	-	454,154,997
Acquisitions of subsidiary during the year	-	-	-	-	-	3,766,845	11,135	-	-	3,777,980
31 December 2008	-	63,940,128	956,805,189	55,269,158	5,103,018	27,432,507	47,874,953	83,760,675	-	1,240,185,628
<b>Net book value</b>										
31 December 2007	137,364,930	132,844,397	382,421,737	79,857,637	75,545,683	14,680,968	31,554,155	18,605,646	77,099,684	949,974,837
31 December 2008	173,457,199	47,907,949	475,760,546	75,967,422	74,672,523	26,390,458	30,546,846	67,537,520	523,764,417	1,496,004,880
<b>Depreciation for the years</b>										
2007 (Baht 75.9 million included in manufacturing cost, and the balance in administrative expenses)										124,102,257
2008 (Baht 78.3 million included in manufacturing cost, and the balance in administrative expenses)										121,415,784

	Separate financial statements							Total
	Revaluation basis			Cost basis				
	Land	Factory building and factory building improvements	Machinery and factory equipment	Office building and office building improvements	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	
<b>Cost/revalued amount</b>								
31 December 2007	102,908,526	88,641,934	746,792,611	29,330,659	43,318,069	2,632,207	18,051,425	1,031,675,431
Additions	-	-	12,000	-	190,015	8,065,121	68,524,977	76,792,113
Disposals	-	-	(476,371)	-	(6,688,881)	(2,155,147)	-	(9,320,399)
Transfers	-	68,999	21,057,575	3,931,143	1,792,895	-	(26,850,612)	-
Revaluation	<u>35,751,324</u>	<u>19,882,654</u>	<u>659,355,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714,989,227</u>
31 December 2008	<u>138,659,850</u>	<u>108,593,587</u>	<u>1,426,741,064</u>	<u>33,261,802</u>	<u>38,612,098</u>	<u>8,542,181</u>	<u>59,725,790</u>	<u>1,814,136,372</u>
<b>Accumulated depreciation</b>								
31 December 2007	-	44,304,355	456,756,845	21,759,754	34,557,270	2,162,368	-	559,540,592
Depreciation for the year	-	5,464,312	58,106,297	3,691,933	2,857,724	708,157	-	70,828,423
Depreciation on disposals	-	-	(85,635)	-	(5,304,596)	(908,694)	-	(6,298,925)
Accumulated depreciation from revaluation	-	14,014,966	440,140,031	-	-	-	-	454,154,997
31 December 2008	<u>-</u>	<u>63,783,633</u>	<u>954,917,538</u>	<u>25,451,687</u>	<u>32,110,398</u>	<u>1,961,831</u>	<u>-</u>	<u>1,078,225,087</u>
<b>Net book value</b>								
31 December 2007	<u>102,908,526</u>	<u>44,337,579</u>	<u>290,035,766</u>	<u>7,570,905</u>	<u>8,760,799</u>	<u>469,839</u>	<u>18,051,425</u>	<u>472,134,839</u>
31 December 2008	<u>138,659,850</u>	<u>44,809,954</u>	<u>471,823,526</u>	<u>7,810,115</u>	<u>6,501,700</u>	<u>6,580,350</u>	<u>59,725,790</u>	<u>735,911,285</u>
<b>Depreciation for the years</b>								
2007 (Baht 62.4 million included in manufacturing cost, and the balance in administrative expenses)								<u>73,039,759</u>
2008 (Baht 60.6 million included in manufacturing cost, and the balance in administrative expenses)								<u>70,828,423</u>

During 2008, the Company and its subsidiaries arranged for an independent professional valuer to appraise the value of certain assets on an asset-by-asset basis. The revaluation was concluded on 4 December 2008 and the basis of the revaluation was as follows:

- a) Land and factory buildings were revalued using the market approach and the depreciated replacement cost approach, respectively.
- b) Machinery and factory equipment were revalued using the depreciated replacement cost approach.

The revaluation value of the land, factory buildings, machinery and factory equipment is Baht 260.8 million more than their carrying amount. The Company and its subsidiaries recognised the increase of asset value in equity under the heading of "Revaluation surplus on assets".



## 16. Intangible assets

Details of intangible assets which are software are as follows:

(Unit: Baht)

	Consolidated financial statement / Separate financial statement		
	Software under		
	Software	installation	Total
<b>Cost</b>			
31 December 2007	11,257,749	6,875,874	18,133,623
Additions	484,120	3,277,676	3,761,796
Disposals	(574,520)	-	(574,520)
31 December 2008	11,167,349	10,153,550	21,320,899
<b>Accumulated amortisation</b>			
31 December 2007	6,484,325	-	6,484,325
Amortisation for the year	997,750	-	997,750
Amortisation on disposals	(574,519)	-	(574,519)
31 December 2008	6,907,556	-	6,907,556
<b>Net book value</b>			
31 December 2007	4,773,424	6,875,874	11,649,298
31 December 2008	4,259,793	10,153,550	14,413,343
<b>Amortisation for the years</b>			
2007 (included in administrative expenses)			1,228,268
2008 (included in administrative expenses)			997,750

## 17. Other non-current assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Long-term loan receivable	1,246,663	1,246,663	1,246,663	1,246,663
The compensation for loss	26,711,581	26,711,581	26,711,581	26,711,581
Advances for purchase of machinery	-	42,912,848	-	-
Land use right	-	21,818,678	-	-
Land and oil station leasehold rights	6,408,707	6,563,089	1,569,636	1,271,774
Others	7,101,552	9,507,803	4,754,134	6,441,261
Total other non-current assets	41,468,503	108,760,662	34,282,014	35,671,279
Less: Allowance for doubtful accounts	(1,246,663)	(1,246,663)	(1,246,663)	(1,246,663)
Other non-current assets - net	40,221,840	107,513,999	33,035,351	34,424,616

The compensation for loss is the compensation receivable because, in the third quarter of 2006, a raw material supplier delivered raw materials of a quality different to that specified in the relevant purchase agreement, with characteristics that differed from those of deliveries made to the Company under the agreement in the past. Therefore, the Company had additional cost for product improvement and compensation amounting to Baht 136.45 million. Based on the negotiation with the supplier, the Company will receive compensation of Baht 52.7 million. The difference represents inventory loss as a result of continuous and substantial falls in the prices of inventories and raw materials (inventory loss). Since this loss was a result of global market conditions with neither the Company nor the supplier could avoid, the supplier requested that each part bear responsibility for its own share of the inventory loss. The Company therefore recorded the compensation for loss in full as a deduction against cost of sales in 2006. The partial balance of Baht 26 million was paid by a credit note in November 2006 and the supplier will inform the Company of the method in payment for the remaining Baht 26.7 million later.

#### 18. Bank overdrafts and short-term loans from financial institutions

(Unit: Baht)

	Interest rate (% per annum)	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
Bank overdrafts	3.00 - 7.00	153,907,527	110,233,504	153,688,388	110,233,504
Short-term loans from financial institutions	3.96 - 5.50	978,000,000	110,000,000	970,000,000	110,000,000
Total		<u>1,131,907,527</u>	<u>220,233,504</u>	<u>1,123,688,388</u>	<u>220,233,504</u>

#### The Company

The Company has overdraft and revolving loan facilities from various financial institutions. These facilities are secured by the pledge of fixed deposits.

#### Subsidiary

Pure Biodiesel Co., Ltd. has an overdraft facility with a financial institution. This facility is guaranteed by the Company.

## 19. Short-term loans from unrelated parties

These represent promissory notes which the Company and subsidiaries issued to another individual. The loans carry interest at the rates of 4.0% - 5.5% per annum (2007: 4.0% - 5.0% per annum) and are repayable within one year.

## 20. Long-term loans from financial institutions

(Unit: Baht)

	Consolidated		Separate	
	financial statement	financial statement	financial statement	financial statement
	2008	2007	2008	2007
Long-term loans from financial institutions	327,908,669	130,224,784	120,000,000	-
Less: Current portion	(119,504,000)	(73,499,453)	(80,000,000)	-
Non-current portion	208,404,669	56,725,331	40,000,000	-

Movements in the long-term loans account during the year ended 31 December 2008 are summarised below.

(Unit: Baht)

	Consolidated	Separate
	financial statement	financial statement
Balance as at 1 January 2008	130,224,784	-
Add: Received	390,863,006	200,000,000
Less: Repayment	(193,179,121)	(80,000,000)
Balance as at 31 December 2008	327,908,669	120,000,000

### **The Company**

On 22 August 2007, the Company entered into a loan agreement with a local commercial bank, granting a loan facility of Baht 200 million for use in additional investment in Pure Biodiesel Co., Ltd., on which interest is charged at a rate no higher than the Minimum Loan Rate and repayable monthly. The principal is repayable in semi-annual installments of Baht 40 million, with the first of these due in June 2008, and is to be repaid in full within June 2010. It is an unsecured loan. During 2008, the Company drew down the whole amount of loan.

The loan agreement contains normal covenants as specified in the agreements pertaining to matters such as creating lien over assets and maintaining certain financial ratios according to the agreements.

As at 31 December 2008, the outstanding balance of the loan amounted to Baht 120 million (2007: Nil).

The Company has entered into credit facilities agreements with various financial institutions. As at 31 December 2008, the outstanding balance of credit facilities which are not drawn down is Baht 2,788 million (2007: Baht 2,343 million). These credit facilities are secured by the pledge of fixed deposits.

**VTN-P Petrochemical Joint Venture Co., Ltd.**

On 3 September 2004, VTN-P Petrochemical Joint Venture Co., Ltd. (VTN-P) entered into a loan agreement with the Export and Import Bank of Thailand, obtaining a credit facility of USD 3.5 million for use in the construction of its refinery. Under the loan agreement, the draw down period was from October 2004 to July 2005, and there was a grace period for principal repayment of 12 months from the date of the first draw down or 6 months from commencement of operations, whichever was earlier. The loan was repayable in semi-annual installments of USD 0.35 million, between October 2006 and October 2010, and carries interest at LIBOR plus 1.875% per annum, payable on 30 April and 31 October of every year.

The above loan agreement stipulated certain conditions as specified in the agreements, such as that the Company's equity interest in the subsidiary must be not less than 50%, and restrictions on the payment of dividends, and incurring obligations.

The loan was guaranteed by the Company, and secured by the shareholders' support agreement, and the assignment of the beneficial rights under the insurance policies covering the assets of the subsidiary to the lender.

In January 2008, VTN-P repaid the whole balance of long-term loan to the Export and Import Bank of Thailand, who cancelled all guarantee obligations (2007: the outstanding balance of the loan amounted to Baht 99.2 million, or USD 2.9 million).

### **Pure Sammakorn Development Co., Ltd.**

On 22 January 2007, Pure Sammakorn Development Co., Ltd. entered into a credit facility agreement with a financial institution totaling Baht 55 million. The credit facilities consist of long-term loan amounted to Baht 45 million and a credit facility for overdraft and letter of guarantee amounted to Baht 10 million. This long-term loan carries interest at a rate no higher than Minimum Loan Rate and repayable monthly. The principal is repayable in monthly installments of Baht 542,000, starting in February 2008 within 8 years (including grace period for principal repayment of 1 year).

The loan agreement contains normal covenants as specified in the agreements pertaining to matters such as creating lien over assets and maintaining certain financial ratios according to the agreements.

The above credit facilities are secured by the pledge of the subsidiary's land lease right and the mortgage of the constructions under the subsidiary's project.

As at 31 December 2008, the outstanding balance of the loan amounted to Baht 38 million (2007: Baht 31 million).

### **Pure Biodiesel Co., Ltd.**

On 22 August 2007, Pure Biodiesel Co., Ltd. entered into a loan agreement with a local commercial bank granting a loan amounting to Baht 200 million for use in construction and the import of machinery for manufacturing of the bio-diesel project, on which interest is charged at a rate no higher than the Minimum Loan Rate and repayable monthly. The principal is repayable in quarterly installments of Baht 8 million from December 2008 until December 2013 and Baht 16 million from March 2014 onwards, and is to be repaid in full within June 2014.

The above loan agreement stipulates certain conditions as specified in the agreements, such as that the Company's equity interest in the subsidiary must be not less than 51%, restrictions on the payment of dividends, creating lien over assets and covenants to maintain certain financial ratios according to the agreements.

As at 31 December 2008, the outstanding balance of the loan amounted to Baht 169 million (2007: Nil).

The credit facilities are secured by the mortgage of the subsidiary's land with structures thereon. In addition, the subsidiary must pledge the machinery within December 2008. As at 31 December 2008, the subsidiary is in the process of registration of such pledge.

## 21. Other current liabilities

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Advances received from customers	13,524,967	17,525,913	2,536,914	4,906,738
Advances received from sale of assets	-	84,503,929	-	-
Accrued excise tax	28,196,462	56,475,231	28,196,462	56,475,231
Value added tax payable	20,846,608	-	20,846,608	-
Corporate income tax payable	1,637,259	72,796,122	-	69,049,703
Accrued expenses	21,573,507	58,889,981	14,326,988	53,183,614
Others	11,831,070	15,969,629	2,491,192	4,722,509
<b>Total</b>	<b>97,609,873</b>	<b>306,160,805</b>	<b>68,398,164</b>	<b>188,337,795</b>

## 22. Share capital

In November 2007, the Company received additional capital totaling Baht 3,609,796 as a result of the exercise of RPC-W1 warrants of 3,609,796 shares at a price of Baht 1 per share, increasing its paid-up capital to Baht 529,870,229 as at 31 December 2007. The Company registered the increase in its share capital with the Ministry of Commerce on 4 December 2007.

On 3 April 2008, the 2008 Annual General Meeting of the Company's shareholders passed the resolutions to reduce the registered share capital from Baht 530,048,171 to Baht 529,870,229, by canceling the 177,942 ordinary authorised but unissued shares with a par value of Baht 1 each, remaining from the exercise of the warrants. The Company registered the decrease of its capital with the Ministry of Commerce on 17 April 2008.

### Reconciliation of number of ordinary shares

	(Unit: Shares)	
	2008	2007
<u>Registered share capital</u>		
Number of ordinary shares at the beginning of year	530,048,171	530,048,171
Registered capital decrease	(177,942)	-
Number of ordinary shares at the end of year	<u>529,870,229</u>	<u>530,048,171</u>
<u>Issued and paid-up share capital</u>		
Number of ordinary shares at the beginning of year	529,870,229	526,260,433
Increase from exercised warrants	-	3,609,796
Number of ordinary shares at the end of year	<u>529,870,229</u>	<u>529,870,229</u>

## 23. Warrants

On 1 August 2005, the Company issued 8,490,000 registered and non-transferable warrants to directors, advisors, management and employees of the Company and its subsidiaries. The warrants were divided into three issues, with issue No. 1 comprising 2,830,108 warrants, issue No. 2 comprising 2,829,987 warrants and issue No. 3 comprising 2,829,905 warrants, with an offer price of Baht 0 each. The life of the warrants was not more than 36 months, ending 30 November 2007, the warrants had an exercise ratio of 1 warrant to 1 new ordinary share and the exercise price was Baht 1 per share (unless there was any adjustment of the exercise price or exercise ratio). The periods to exercise each issue were as follows:

- Issue No. 1: 30 November 2005
- Issue No. 2: 30 November 2006
- Issue No. 3: 30 November 2007

The above warrants were not listed in the Stock Exchange of Thailand.

Consequently, a resolution of the 2006 Annual General Meeting of the Company's shareholders, held on 31 March 2006, approved an adjustment in the exercise ratio under ESOP No. 1. Summary of the adjustment was shown below.

Existing exercise ratio	1 warrant can be used to buy 1 ordinary share
New exercise ratio	1 warrant can be used to buy 1.25 ordinary shares
Effective date	31 March 2006
Existing number of shares	
reserved for exercise right	8,490,000 shares
Additional shares	1,415,000 shares
Total shares reserved as at	
approved date	9,905,000 shares

Movements of the warrants were as follows:

	<u>Units</u>
Balance of warrants as at 31 December 2006	3,024,131*
Warrants exercised during the year	(2,889,092)
Expired during the year	<u>(135,039)</u>
Balance of warrants as at 31 December 2007	<u>-</u>

\* Balance of warrants as at 31 December 2006 was included warrants allocated to securities re-purchasers of 194,226 units.

## 24. Revaluation surplus

This represents surplus arising from revaluation of land, factory buildings, machinery and factory equipment. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Baht)

	Consolidated financial statements / Separate financial statements	
	2008	2007
Balance - beginning of year	-	-
Add: Revalued of assets during the year	260,834,230	-
Less: Amortisation	(1,776,867)	-
Balance - end of year	<u>259,057,363</u>	<u>-</u>

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

## 25. Statutory reserve

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

## 26. Treasury stock reserve

Under the notification of the Office of the Securities and Exchange Commission No. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2548 and the notification of the Federation of Accounting Professions No. Sor. Sor. Wor. Bor. Chor. 016/2548 public companies buying back their own shares (treasury shares) must have retained earnings in an amount not less than the outstanding balance of the treasury shares, and if retained earnings are appropriated for dividend payment, the balance of retained earnings remaining after such payment must likewise be no less than the balance of the treasury shares. The Company proceeded in accordance with these guidelines and appropriated an amount of retained earnings to the treasury stock reserve equal to the amount paid to acquire the shares.

## 27. Treasury stock

On 16 January 2008, a meeting of the Company's Board of Directors approved a resolution to repurchase the Company's shares, in order to manage excess liquidity. The details are as follows:

- a) The maximum budget for the share repurchase plan is Baht 220 million.
- b) The number of shares to be repurchased is not to exceed 52,987,022 shares at par value of Baht 1 per share, equal to 10% of the total issued shares.
- c) The period for the share repurchase is 1 February 2008 to 31 July 2008.
- d) The procedure and period for the resale of the shares will be determined by the Company's Board of Directors at least 6 months but not more than 3 years after the date of completion of the share repurchase.

Details of treasury stock are as follows:

	Consolidated financial statements/ Separate financial statements	
	2008	2007
Value of treasury stock (Baht)	220,549,808	-
Number of treasury shares (Shares)	46,706,900	-
Average cost per share (Baht)	4.72	-
The percentage of number of treasury shares to the share capital issued by the Company	8.81	-

## 28. Sales

Sales for the years ended 31 December 2008 and 2007 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Sales	23,142,152,820	21,031,373,934	20,662,200,620	18,722,014,052
Less: Oil sales back transactions	(635,249,560)	(305,308,700)	(635,249,560)	(305,308,700)
Sales - net	<u>22,506,903,260</u>	<u>20,726,065,234</u>	<u>20,026,951,060</u>	<u>18,416,705,352</u>

The Company entered into agreements to purchase oil from a number of other oil companies, in order to maintain stipulated legal reserves, with conditions that the Company must sell the oil back to those companies upon the expiry of the agreements and that the Company will be responsible for related expenses, such as insurance premium and oil storage tank rental fees. The Company recorded the oil sales back transactions as deductions from sales revenues in the income statement.

## 29. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Salary and wages and other				
employee benefits	256,730,129	271,398,693	179,526,625	212,031,519
Depreciation	121,415,784	122,873,989	70,828,425	73,039,759
Amortisation expenses	997,750	1,228,268	997,750	1,228,268
Raw materials and consumables used	16,670,476,517	13,511,169,399	16,685,077,726	13,511,169,399
Changes in finished goods	678,381,328	(327,844,684)	609,842,458	(259,901,769)
Cost of merchandise inventories	4,844,762,417	6,182,387,580	2,655,295,443	4,006,374,992

## 30. Corporate income tax

No corporate income tax was payable for the year 2008, since the Company had a net taxable loss.

## 31. Earnings per share

Basic earnings per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the year by net from the treasury stock held by the Company.

### 32. Segment information

The Company and its subsidiaries' business operations principally involve the manufacturing and trading of petroleum and petrochemical products, and are carried on in the geographic area of Thailand. As a result, all of the revenues, operating income and assets reflected in these financial statements pertain to the aforementioned business segment and geographic area. Export sales for the year 2008 amounted to Baht 6,705 million (2007: Baht 3,514 million).

### 33. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company or its subsidiaries and employees contributed to the fund monthly at the rates of 5% - 10% of basic salary. The fund, which is managed by Siam Commercial Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Company and its subsidiaries contributed Baht 9.9 million (2007: Baht 8.6 million) to the fund.

### 34. Dividend paid

Dividends of the Company which were declared in 2008 and 2007 consist of the following:

		(Unit: Baht)	
Dividend	Approved by	Total dividends	Dividend per share
Final dividends on 2006 income	Annual General Meeting of the shareholders on 5 April 2007	52,626,043	0.10
Interim dividends in respect of the income for the period as from 1 January 2007 to 30 June 2007	Board of Directors' meeting on 9 August 2007	<u>63,151,252</u>	<u>0.12</u>
Total dividends for 2007		<u>115,777,295</u>	<u>0.22</u>
Final dividends on 2007 income	Annual General Meeting of the shareholders on 3 April 2008	154,619,709	0.30
Interim dividends in respect of the income for the period as from 1 January 2008 to 30 June 2008	Board of Directors' meeting on 8 August 2008	<u>82,137,477</u>	<u>0.17</u>
Total dividends for 2008		<u>236,757,186</u>	<u>0.47</u>

## 35. Commitments and contingent liabilities

### 35.1 Capital commitments

Capital commitments of the Company and its subsidiaries totaling Baht 18.3 million and USD 0.6 million (2007: Baht 41 million and USD 5 million) were in respect of construction of factory, oil stations and community mall and the purchase of machinery.

### 35.2 Operating lease commitments

- a) The Company and its subsidiaries have entered into several lease agreements in respect of the leases of land, office space, oil depots, oil stations, vehicles and equipment. The terms of the agreements are generally between 1 and 26 years.

As at 31 December 2008, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

<u>Payable within</u>	<u>Million Baht</u>
Less than 1 year	32.4
1 to 5 years	71.6
More than 5 years	94.8

During the year 2008, the Company and its subsidiaries recognised rental expenses of Baht 50.6 million.

- b) A subsidiary has commitment totaling Baht 55 million under a land rental agreement, for which the rate is adjusted every 5 years, for a period of 25 years ending 2032. During the year 2008, the subsidiary recognised rental expenses of Baht 1.7 million.

### 35.3 Long-term purchase and sale commitments

- a) In 1995, the Company entered into an agreement with PTT Public Company Limited to purchase raw materials in a quantity and at a price stipulated in the agreement, which is for a period of 15 years ending 2012 and may be extended. The agreement stipulated that the Company had to provide a bank guarantee of a certain amount as security against payment for goods purchased. The security will be returned to the Company upon expiry of the agreement.

- b) In November 2007, a subsidiary entered into an agreement with PTT Utility Co., Ltd. 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 in any case within 1 October 2008. The agreement can be extended for another 5 years.

#### **35.4 Guarantees**

- a) As at 31 December 2008, there were outstanding bank guarantees of Baht 267.3 million (2007: Baht 125.0 million and USD 13.1 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of the Company and the subsidiaries' businesses. These included letters of guarantee amounting to Baht 263 million to guarantee payments due to creditors and Baht 4.3 million to guarantee electricity use, among others.
- b) As at 31 December 2008, the Company issued letters of guarantee amounting to Baht 10 million (2007: Baht 120 million) to BankThai Public Company Limited to secure the credit facilities of Pure Biodiesel Co., Ltd. (subsidiary). The guarantees are effective for as long as the underlying obligations have not been discharged by the subsidiary. The Company charged a guarantee fee at a rate of 1%.

### **36. Financial instruments**

#### **36.1 Financial risk management**

The Company and subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable and payable, short-term loans receivable, investments, and short-term and long-term loans payable. The financial risks associated with these financial instruments and how they are managed is described below.

### **Credit risk**

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans receivable, other receivables and notes receivable. The Company and subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables, loan receivables, other receivables and notes receivable as stated in the balance sheet.

### **Interest rate risk**

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

Significant financial assets and liabilities as at 31 December 2008 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Fixed interest rates					Total	Average interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing		
	(Million Baht)						
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	70	22	92	0.125 - 1.5
Trade accounts receivable							
- unrelated parties	-	-	-	-	124	124	-
Pledged deposits at financial institutions	120	-	-	-	-	120	1.75 - 2.75
	<u>120</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>146</u>	<u>336</u>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	970	-	-	162	-	1,132	3.0 - 7.0
Trade accounts payable							
- unrelated parties	-	-	-	-	567	567	-
Accounts payable - unrelated parties	-	-	-	-	77	77	-
Amounts due to related parties	-	-	-	-	10	10	-
Short-term loans from unrelated parties	70	-	-	-	-	70	4.0 - 5.5
Long-term loans from financial institutions	-	-	-	328	-	328	Not exceed MLR
Liabilities under finance leases	1	4	-	-	-	5	6.60 - 7.60
	<u>1,041</u>	<u>4</u>	<u>-</u>	<u>490</u>	<u>654</u>	<u>2,189</u>	

### ***Foreign currency risk***

The Company and subsidiaries' exposures to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company and subsidiaries reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2008 are summarised below.

<u>Foreign currency</u>	<u>Financial assets</u>	<u>Financial liabilities</u>	<u>Average exchange rate as at 31 December 2008</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	1.27	0.62	34.94
Euro	-	0.05	49.27

The Company has entered into forward foreign currency contracts to hedge foreign currency risk, in which the remaining balance amounted to USD 1,812 as at 31 December 2008. Applicable forward selling rate is Baht 34.58 per USD 1.

### ***Market risk***

The Company and its subsidiaries have risk exposure with respect to the market price of oil, which tends to fluctuate significantly. The Company manages the risk by controlling the production period in order to minimise the period between receiving raw materials and selling finished goods. In order to hedge the risk, the Company may enter into forward contracts to purchase and sell crude oil and oil products.

As at 31 December 2008, the Company does not have outstanding forward contracts to purchase and sell crude oil and oil products.

## **36.2 Fair values of financial instruments**

Since the majority of the Company and subsidiaries' financial instruments are short-term, loans receivable and payable bear interest rates which are close to the market rate. The Company and subsidiaries expect that their fair values are not materially different from the amounts presented in the balance sheets.

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

### **37. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 2.94:1 (2007: 1.57:1) and the Company was 2.57:1 (2007: 1.43:1).

### **38. Subsequent events**

The Company's Board of Directors meeting, held on 24 February 2009, approved an increase in the Company's investment in Pure Sammakorn Development Company Limited. (a subsidiary in which the Company has an equity interest of 51%), whereby that company's registered capital will increase from Baht 50 million to Baht 225 million through the issue of 1.75 million additional ordinary shares (par value of Baht 100 each) for offer in the same proportion to existing shareholders at Baht 100 per share, a total of Baht 175 million. The purpose of the increase in share capital is to provide funds for investment in a new project of the subsidiary.

### 39. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
As	As previously	As	As previously	
reclassified	reported	reclassified	reported	
Short-term loans and interest receivable				
from unrelated party	17,613,949	16,622,224	17,613,949	16,622,224
Other current assets	334,353,822	335,345,547	269,833,262	270,824,987
Property, plant and equipment	949,974,837	961,624,135	472,134,839	483,784,137
Intangible assets	11,649,298	28,381,767	11,649,298	1,271,774
Other non-current assets	107,513,999	79,132,232	34,424,616	33,152,842
Gain on sales of fixed assets	1,125,897	-	147,130	-
Gain on exchange rate	2,088,866	-	-	-
Other income	35,307,541	36,286,307	68,253,631	68,400,761
Administrative expenses	430,340,249	428,104,252	-	-

### 40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2009.