

Rayong Purifier Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month periods ended 31 March 2011 and 2010

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. The registered office of the Company, which is the head office, is located at 14th Floor, Shinawatra Tower 3, 1010 Viphavadi Rangsit Road, Khwang Chatuchak, Khet Chatuchak, Bangkok. The Company’s branch, which is the plant, is located at 7/3 Pakorn Songkrohrad Road, Map-ta-phut, Muang Rayong, Rayong. In addition, the Company has 4 branches, which are oil depots, in Nakhonsawan, Nakhonratchasima, Chonburi and Rayong province.

The Company’s major shareholder is Petro-Instruments Company Limited, a limited company under Thai laws, which as at 31 March 2011 and 31 December 2010 held 29.87% of the issued and paid-up capital of the Company.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) “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.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of Rayong Purifier Public Company Limited and its subsidiaries, and have been prepared on the same basis as applied for the consolidated financial statements for the year ended 31 December 2010. There have been no changes in the composition of the subsidiaries in the current period.

1.4 Adoption of new accounting standards

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

(Unaudited but reviewed)

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards will not have any significant impact on the financial statements for the current period, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognised the liability in the transition period retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses. This change results in decreasing the profit of the Company and its subsidiaries for the three-month period ended 31 March 2011 by Baht 0.98 million, or 0.002 Baht per share (Separate financial statements: decreasing profit by Baht 0.55 million, or 0.001 Baht per share) (2010: Baht 0.91 million, or 0.002 Baht per share, Separate financial statements: Baht 0.51 million, or 0.001 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 2 to the financial statements.

TAS 40 (revised 2009) Investment Property

This accounting standard requires entities to choose to recognise investment property either under the cost model (with disclosure of fair value in the notes to financial statements) or the fair value model, whereby changes in fair value are to be recognised in profit or loss. Investment property was previously recognised under the caption of Property, Plant and Equipment, which is measured using the cost model. In adopting the new accounting policy, the Company and its subsidiaries separately present investment property and measure it using the fair value model, commencing in the current period. The Company and its subsidiaries have recognised the effect of the change in accounting policy as an adjustment to the opening balance of retained earnings for the period. The change has the effect of increasing profit of the Company and its subsidiaries for the three-month period ended 31 March 2011 by Baht 3.43 million (0.006 Baht per share) (Separate financial statements: nil). The cumulative effect of the change in accounting policy has been presented in Note 2 to the financial statements.

1.5 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 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards.

Employee benefits

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

(Unaudited but reviewed)

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

2. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current period, the Company made the changes to its significant accounting policies described in Note 1.5 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position as at 31 December 2010 and the income statement for the three-month period ended 31 March 2010 are summarised below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

31 December 2010

	Consolidated financial statements	Separate financial statements
Statements of financial position		
Increase in provision for long-term employee benefits	24,298	21,595
Decrease in non-controlling interests of the subsidiaries	177	-
Decrease in unappropriated retained earnings	24,121	21,595

(Unit: Thousand Baht)

For the three-month period ended

31 March 2010

	Consolidated financial statements	Separate financial statements
Income statements		
Increase in employee expenses	908	511
Increase in loss attributable to non-controlling interests of the subsidiaries	27	-
Decrease in profit attributable to equity holders of the Company	881	511
Decrease in basic earnings per share (Baht)	0.002	0.001

3. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

(Unaudited but reviewed)

4. Trade accounts receivable

The balances of trade accounts receivable as at 31 March 2011 and 31 December 2010, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
<u>Trade accounts receivable - unrelated parties</u>				
Not over 3 months	829,818	609,997	610,212	415,370
3 - 6 months	1,568	434	-	-
6 - 12 months	101	616	-	-
Over 12 months	12,024	13,811	617	617
Total	843,511	624,858	610,829	415,987
Less: Allowance for doubtful accounts	(10,095)	(11,217)	(617)	(617)
Trade accounts receivable - unrelated parties, net	833,416	613,641	610,212	415,370
<u>Trade accounts receivable - related parties</u>				
Not over 3 months	195	1,015	364,490	329,702
Total trade accounts receivable - related parties	195	1,015	364,490	329,702

The balances of trade accounts receivable of the Company as at 31 March 2011 included factoring accounts receivable at a commercial bank of Baht 228.44 million (31 December 2010: Baht 63.01 million). The bank has a right of recourse to the Company.

5. Pledged deposits at banks

These represented fixed deposits pledged with the banks to secure credit facilities and as bonds in lawsuits with the court.

(Unaudited but reviewed)

6. Related party transactions

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

Name	Relationship
Pure Thai Energy Co., Ltd.	Subsidiary
SCT Sahaphan Co., Ltd.	Subsidiary
Pure Biodiesel Co., Ltd.	Subsidiary
SCT Petroleum Co., Ltd. (SCT)	Subsidiary
Pure Intertrade 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
Thai Good Petroleum Co., Ltd.	Associate
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
Globalization Economic and Promotion Network Co., Ltd.	Common directors
Alt Energy Co., Ltd.	Common directors
Humankind Co., Ltd.	Common directors
Mongkholchai Pattana Co., Ltd.	Common directors
World Entertainment Television Co., Ltd.	Common directors

(Unaudited but reviewed)

During the periods, 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: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	periods ended 31 March		periods ended 31 March	
	2011	2010	2011	2010
Transactions with subsidiaries				
(Eliminated from consolidated financial statements)				
Sales	-	-	2,466,523	2,431,643
Management fee income	-	-	3,068	6,250
Interest income	-	-	437	323
Other income - other services	-	-	8,161	9,103
Purchases of goods	-	-	180,558	161,823
Service fee expense	-	-	2,184	-
Transportation expense	-	-	37,283	43,694
Other expenses	-	-	54	1,381
Transactions with related parties				
Sales	211	-	-	-
Rental and service income	503	166	-	-
Other expenses	337	319	162	147
Land rental expense	1,111	537	-	-
Advertising and promotion expenses	35	25	35	25
Interest expense	4,364	1,294	4,113	909

(Unaudited but reviewed)

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

Transactions	Transfer pricing policy
Sales	<p>The selling price is set out based on the market price with discount for oil wholesale business, provided according to the volumes of order.</p> <p>The selling price is set out based on the market price with the fixed rate marketing margin discount for oil retail business.</p> <p>The selling price is set out based on the market price for oil transportation business.</p> <p>The selling price is set out based on the market price with discount for manufacture and distribution of biodiesel business, provided according to the contract.</p>
Management fee income	<p>Calculation based on quantities of products sold for oil wholesale business.</p> <p>Contract price and at actual costs for oil retail business, oil transportation business, manufacture and distribution of biodiesel business, property rental and service business and distribution and maintenance of gas station equipment business.</p>
Interest income	<p>4.42% - 5.25% per annum and the prime rate plus 3% per annum (2010: 3.50% per annum)</p>
Other income	<p>Contract price</p> <p>Guarantee fee at a rate of 1% per annum</p>
Purchases of goods	<p>The purchase price is set out based on the market price with discount for oil wholesale business, providing according to the volumes of order.</p> <p>The purchase price is set out based on the market price for manufacture and distribution of biodiesel business and maintenance of gas station equipment business.</p>

(Unaudited but reviewed)

Transactions	Transfer pricing policy
Service fee expense	Contract price
Transportation expense	Contract price
Other expenses	Contract price
Interest expense	5.75% per annum (2010: 4.50% - 5.25% per annum)

Significant agreements with related parties

During the three-month period ended 31 March 2011, the Company entered into the following new agreements with related parties.

Management and administration agreements

In January 2011, the Company entered into management and administration agreements with various subsidiaries to provide consultation relating to human resources, administration, information technology, law and coordination with the government. The service fees are stipulated in the agreements, which are for a period of 1 year, ending in December 2011.

Purchases and sales of biodiesel agreement

In January 2011, the Company entered into a purchases and sales of biodiesel agreement with a subsidiary for trading of biodiesel. The purchase price is set out based on the market price with a discount in accordance with the agreement, which is for a period of 1 year, ending in December 2011.

Sales management agreement

In January 2011, the Company entered into a sales management agreement with a subsidiary whereby the subsidiary is to provide sales management services and source customers. A service fee is charged in accordance with the rate stipulated in the agreement, which will continue in force until terminated by either party with written notice of its intention to terminate of not less than 1 month.

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2011 and 31 December 2010 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Trade accounts receivable - related parties				
<i>Subsidiaries</i>				
Pure Thai Energy Co., Ltd.	-	-	205,975	186,242
Pure Biodiesel Co., Ltd.	-	-	2,794	-
SCT Petroleum Co., Ltd.	-	-	25,569	19,299
Pure Intertrade Co., Ltd.	-	-	28,790	229
Mitsumphan Petroleum Co., Ltd.	-	-	12,018	3,028
Metro Petroleum Co., Ltd.	-	-	18,105	69,362
Jatuchak Oil Co., Ltd.	-	-	37,671	24,143
Benja Petroleum Co., Ltd.	-	-	25,677	-
Burapha Rungroch Petroleum Co., Ltd.	-	-	7,891	27,399
Total trade accounts receivable - subsidiaries	-	-	364,490	329,702
<i>Related companies</i>				
Sammakorn Plc.	195	1,015	-	-
Total trade accounts receivable - related companies	195	1,015	-	-
Total trade accounts receivable - related parties	195	1,015	364,490	329,702
Amounts due from related parties				
<i>Subsidiaries</i>				
Pure Thai Energy Co., Ltd.	-	-	1,958	754
Pure Biodiesel Co., Ltd.	-	-	4,410	5,694
SCT Petroleum Co., Ltd.	-	-	240	151
Pure Intertrade Co., Ltd.	-	-	1	9
Mitsumphan Petroleum Co., Ltd.	-	-	5	7
Jaturatis Transport Co., Ltd.	-	-	164	50
Pure Sammakorn Development Co., Ltd.	-	-	123	495
SCT Sahaphan Co., Ltd.	-	-	547	173
Total amounts due from subsidiaries	-	-	7,448	7,333

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Associate				
Thai Good Petroleum Co., Ltd.	26	2	26	2
Total amounts due from associate	26	2	26	2
Related companies				
Petro-Instruments Co., Ltd.	1,616	1,616	-	-
Sammakorn Plc.	116	61	-	-
Total amounts due from related companies	1,732	1,677	-	-
Related persons				
The Company's director	1,000	1,000	1,000	1,000
Total amounts due from related persons	1,000	1,000	1,000	1,000
Total amounts due from related parties	2,758	2,679	8,474	8,335
Short-term loans to related parties				
Subsidiary				
SCT Sahaphan Co., Ltd.	-	-	15,000	3,000
Total short-term loan to subsidiary	-	-	15,000	3,000
Associate				
Thai Good Petroleum Co., Ltd.	1,508	1,499	1,508	1,499
Total short-term loan to associate	1,508	1,499	1,508	1,499
Total short-term loans to related parties	1,508	1,499	16,508	4,499
Trade accounts payable - related parties				
Subsidiaries				
Pure Biodiesel Co., Ltd.	-	-	-	46,476
SCT Petroleum Co., Ltd.	-	-	3,298	-
Total trade accounts payable - subsidiaries	-	-	3,298	46,476
Related company				
Sammakorn Plc.	737	544	-	-
Total trade accounts payable - related company	737	544	-	-
Total trade accounts payable - related parties	737	544	3,298	46,476

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Amounts due to related parties				
<i>Subsidiaries</i>				
Pure Thai Energy Co., Ltd.	-	-	40	31
Pure Biodiesel Co., Ltd.	-	-	185	148
Pure Intertrade Co., Ltd.	-	-	1,006	1,160
Jaturatis Transport Co., Ltd.	-	-	8,864	7,990
SCT Sahaphan Co., Ltd.	-	-	5	150
Total amounts due to subsidiaries	-	-	10,100	9,479
<i>Related companies</i>				
Blue Planet Travel Co., Ltd.	19	-	19	-
Sammakorn Plc.	30	43	-	-
Petro-Instruments Co., Ltd.	194	194	194	194
Mongkholchai Pattana Co., Ltd.	117	62	62	62
World Entertainment Television Co., Ltd.	16	16	16	16
Total amounts due to related companies	376	315	291	272
<i>Related persons</i>				
The Company's directors	508	517	484	505
Related persons of the Company's directors	195	-	-	-
Total amounts due to related persons	703	517	484	505
Total amounts due to related parties	1,079	832	10,875	10,256
Short-term loans from related parties				
<i>Related company</i>				
Mongkholchai Pattana Co., Ltd.	7,000	-	-	-
Total short-term loans from related company	7,000	-	-	-
<i>Related persons</i>				
Related persons of the Company's directors	20,000	-	-	-
Total short-term loans from related persons	20,000	-	-	-
Total short-term loans from related parties	27,000	-	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Long-term loans from related parties				
<i>Related companies</i>				
Petro-Instruments Co., Ltd.	72,500	72,500	72,500	72,500
Mongkholchai Pattana Co., Ltd.	23,000	23,000	23,000	23,000
World Entertainment Television Co., Ltd.	6,000	6,000	6,000	6,000
Total long-term loans from related companies	101,500	101,500	101,500	101,500
<i>Related persons</i>				
Related persons of the Company's directors	180,500	190,500	180,500	190,500
Total long-term loans from related persons	180,500	190,500	180,500	190,500
Total long-term loans from related parties	282,000	292,000	282,000	292,000
Cash placed against guarantee - related party				
Pure Biodiesel Co., Ltd.	-	-	-	6,240
Total cash placed against guarantee - related party	-	-	-	6,240

During the period, movements of loans to / loans from related parties were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			Balance as at 31 March 2011
	Balance as at 1 January 2011	During the period		
		Increase	Decrease	
Short-term loans to related parties				
<i>Associate</i>				
Thai Good Petroleum Co., Ltd.	1,499	9	-	1,508
Total	1,499	9	-	1,508

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2011
	Balance as at 1 January 2011	During the period		
		Increase	Decrease	
Short-term loans to related parties				
<i>Subsidiaries</i>				
Pure Biodiesel Co., Ltd.	-	98,000	(98,000)	-
Pure Thai Energy Co., Ltd.	-	420,000	(420,000)	-
SCT Sahaphan Co., Ltd.	3,000	29,000	(17,000)	15,000
Total short-term loans to subsidiaries	3,000	547,000	(535,000)	15,000
<i>Associate</i>				
Thai Good Petroleum Co., Ltd.	1,499	9	-	1,508
Total short-term loan to associated	1,499	9	-	1,508
Total	4,499	547,009	(535,000)	16,508

(Unit: Thousand Baht)

	Consolidated financial statements			Balance as at 31 March 2011
	Balance as at 1 January 2011	During the period		
		Increase	Decrease	
Short-term loans from related parties				
<i>Related company</i>				
Mongkolchai Pattana Co., Ltd.	-	7,000	-	7,000
Total short-term loan from related company	-	7,000	-	7,000
<i>Related persons</i>				
Related persons of the Company's directors	-	20,000	-	20,000
Total short -term loans from related persons	-	20,000	-	20,000
Total	-	27,000	-	27,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			Balance as at 31 March 2011
	Balance as at 1 January 2011	During the period		
		Increase	Decrease	
Long-term loans from related parties				
<i>Related companies</i>				
Petro-Instruments Co., Ltd.	72,500	-	-	72,500
Mongkholchai Pattana Co., Ltd.	23,000	-	-	23,000
World Entertainment Television Co., Ltd.	6,000	-	-	6,000
Total long-term loans from related companies	101,500	-	-	101,500
<i>Related persons</i>				
Related persons of the Company's directors	190,500	-	(10,000)	180,500
Total long-term loans from related persons	190,500	-	(10,000)	180,500
Total	292,000	-	(10,000)	282,000

As at 31 March 2011, short-term loan to a subsidiary amounting to Baht 15.00 million (31 December 2010: Baht 3.00 million) is in the form of an unsecured promissory note with a maturity of 1 month, carrying interest at a rate of 4.65% per annum (31 December 2010: 4.43% per annum).

As at 31 March 2011, short-term loan to an associate amounting to Baht 1.51 million, or USD 0.05 million (31 December 2010: Baht 1.50 million, or USD 0.05 million) is in the form of an unsecured loan with a maturity of 1 year and carries interest at the prime rate plus 3% per annum. The principal and its interest are to be repaid in full within November 2011.

As at 31 March 2011, short-term loans from related parties totaling Baht 27 million were in the form of unsecured promissory notes with maturities of 3 months and 6 months, carrying interest at a rate of 5.75% per annum (31 December 2010: nil).

As at 31 March 2011, long-term loans from related parties totaling Baht 282 million (31 December 2010: Baht 292 million) are in the form of unsecured loans with maturities of 2 years, carrying interest at a rate of 5.75% per annum and payable quarterly. The principal is to be repaid in full within September 2012.

(Unaudited but reviewed)

Directors and management's benefits

During the three-month period ended 31 March 2011, the Company and its subsidiaries had salaries, bonuses, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 47.66 million (Separate financial statements: Baht 36.91 million) (2010: Baht 26.00 million, Separate financial statements: Baht 23.29 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties as described in Note 24.6 to the financial statements.

7. Inventories

Inventories as at 31 March 2011 included oil of Baht 813.66 million reserved in accordance with the Ministry of Commerce regulations (31 December 2010: Baht 725.59 million and Baht 117.85 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).

Movements in the allowance for diminution in value of inventories account during the three-month period ended 31 March 2011 are summarised below.

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>
Balance as at 1 January 2011	788
Add: Allowance made during the period	<u>49,220</u>
Balance as at 31 March 2011	<u><u>50,008</u></u>

(Unaudited but reviewed)

8. Short-term loans to and interest receivable from unrelated party

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
Short-term loans to and interest				
receivable from unrelated party	21,317	21,317	21,317	21,317
Less: Allowance for doubtful accounts	(21,317)	(21,317)	(21,317)	(21,317)
Short-term loans to and interest				
receivable from unrelated party - net	-	-	-	-

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 March 2011 and 31 December 2010, loans to TCS were 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 loans and interest receivable.

9. Long-term loans to unrelated parties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
Credit line of Baht 3.50 million	2,920	3,026	-	-
Credit line of Baht 1.90 million	1,667	1,768	1,667	1,768
Total	4,587	4,794	1,667	1,768
Less: Current portion	(853)	(842)	(413)	(409)
Non-current portion	3,734	3,952	1,254	1,359

(Unaudited but reviewed)

The long-term loan facility of Baht 3.50 million was provided to settle debt on behalf of a client, who has transferred a title deed of land to the subsidiary as collateral. The subsidiary has entered into a contract to sell the land back to the client when the client has repaid all debt. The principal and its interest are scheduled to be repaid in 86 monthly installments of Baht 50,000 each, ending in December 2016.

The long-term loan facility of Baht 1.90 million is an unsecured loan that carries interest at a rate of 4.50% per annum. The principal and its interest are scheduled to be repaid in 52 monthly installments of Baht 40,000 each, ending in December 2014.

10. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
Prepaid excise tax	19,024	50,859	19,024	50,859
Refund receivable from the Oil				
Stabilization Fund	329,047	14,074	329,047	14,074
Value added tax refundable	45,176	20,817	41,602	16,745
Prepaid corporate income tax	6,529	12,990	3,151	8,177
Advances for purchases of inventories	21,671	49,197	-	-
Prepaid expenses	23,332	21,905	10,433	10,109
Others	31,862	33,478	4,620	8,401
Total other current assets	476,641	203,320	407,877	108,365
Less: Allowance for doubtful accounts	(4,060)	(3,413)	(3,413)	(3,413)
Other current assets - net	472,581	199,907	404,464	104,952

Refund receivable from the Oil Stabilization Fund, amounting to Baht 329.05 million as at 31 March 2011 (31 December 2010: Baht 14.07 million) is compensation receivable from the Excise Department for diesel fuel.

(Unaudited but reviewed)

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the three-month periods ended 31 March	
	31 March	31 December	31 March	31 December	31 March	31 December	2011	2010
	2011	2010	2011	2010	2011	2010	2011	2010
			%	%				
Pure Biodiesel Co., Ltd.	Baht 280 million	Baht 280 million	100	100	279,999	279,999	-	-
Pure Sammakorn Development Co., Ltd.	Baht 225 million	Baht 225 million	51	51	114,750	114,750	-	-
Pure Thai Energy Co., Ltd.	Baht 100 million	Baht 100 million	100	100	99,994	99,994	-	-
SCT Petroleum Co., Ltd. and its subsidiaries	Baht 10 million	Baht 10 million	100	100	10,000	10,000	-	-
SCT Sahaphan Co., Ltd.	Baht 20 million	Baht 20 million	78	78	15,855	15,855	-	-
Total investments in subsidiaries					520,598	520,598	-	-

Pure Thai Energy Co., Ltd.

As at 31 March 2011, the Company has commitments of Baht 40 million in respect of the uncalled portion of its investment in Pure Thai Energy Co., Ltd. An increase in the Company's investment was approved by a meeting of the Company's Board of Directors, held on 22 December 2009.

12. Investment in an associate**12.1 Details of an associate**

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Consolidated financial statements		Separate financial statements	
			31 March	31 December	31 March	31 December	Carrying amounts based on equity method		Carrying amounts based on cost method	
			2011	2010	2011	2010	31 March	31 December	31 March	31 December
			%	%						
Thai Good Petroleum Co., Ltd.	Distribution of lubricant oil	Hong Kong	31.67	31.67	3,175	3,175	416	2,569	3,175	3,175

(Unaudited but reviewed)

12.2 Share of loss and dividend received

During the three-month periods ended 31 March 2011 and 2010, the Company has recognised its share of loss from investment in an associate in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated		Separate	
	financial statements		financial statements	
	Share of loss from investment in an associate during the periods		Dividend received during the periods	
	2011	2010	2011	2010
Thai Good Petroleum Co., Ltd.	(511)	(253)	-	-

12.3 Summarised financial information of associate

The financial information of the associated company, as prepared by its management, is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues	Loss		
	31	31	31	31	31	31	For the three-month periods ended 31 March			
	March 2011	December 2010	March 2011	December 2010	March 2011	December 2010	2011	2010	2011	2010
Thai Good Petroleum Co., Ltd.	10,026	10,026	6,397	8,609	5,073	544	2,098	1,638	(1,615)	(800)

13. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2011	1,755,665	661,429
Acquisitions during period - at cost	26,701	918
Disposals during period - net book value at disposal date	(230)	(1)
Depreciation for period	(41,942)	(15,326)
Transferred to investment properties account	(343,614)	-
Net book value as at 31 March 2011	1,396,580	647,020

(Unaudited but reviewed)

As at 31 March 2011, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 88.95 million (31 December 2010: Baht 80.64 million), and in the separate financial statements of Baht 7.75 million (31 December 2010: Baht 8.35 million).

Pure Biodiesel Co., Ltd. has mortgaged its land with structures thereon and pledged machinery, with a total net book value as at 31 March 2011 of Baht 412.88 million (31 December 2010: Baht 420.25 million), as collateral to secure a bank credit facility.

Pure Sammakorn Development Co., Ltd. has mortgaged its land lease rights and construction with a net book value as at 31 March 2011 of Baht 341.24 million (31 December 2010: Baht 341.23 million), as collateral to secure a bank credit facility. Under the rental agreement, the subsidiary is committed to transfer the construction to the lessor upon the expiration of the agreement.

14. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
The compensation for loss	26,711	26,711	26,711	26,711
Land and gas station leasehold rights	7,148	7,378	1,053	1,110
Prepaid expenses	5,402	5,563	-	-
Deposits	4,295	4,437	2,156	2,156
Long-term loan and interest receivable	1,353	1,353	1,353	1,353
Others	2,967	3,114	2,913	3,062
Total other non-current assets	47,876	48,556	34,186	34,392
Less: Allowance for doubtful accounts	(1,353)	(1,353)	(1,353)	(1,353)
Other non-current assets - net	46,523	47,203	32,833	33,039

(Unaudited but reviewed)

15. Short-term loans from banks

These represent notes which the Company and its subsidiaries issued to the banks. The loans carry interest at the rates of 2.30% - 5.62% per annum (31 December 2010: 1.75% - 5.12% per annum) and are repayable within one year.

The Company and its subsidiaries have overdraft and short-term loan facilities from various banks. Details of the facilities are as follows.

(Unit: Million Baht)

	Secured by	Credit facilities which are not drawn down	
		31 March	31 December
		2011	2010
The Company	Pledge of fixed deposits and factoring trade accounts receivable of the Company	2,077	2,130
Pure Biodiesel Co. Ltd. ("PBC")	Mortgage of PBC's land with existing and future structures thereon, pledge of the PBC's machinery and guaranteed by the Company	136	147
Pure Sammakorn Development Co., Ltd. ("PSDC")	Pledge of PSDC's land leasehold rights and the mortgage of the structures under PSDC's projects	31	31
SCT Petroleum Co., Ltd.	Guaranteed by the Company	35	10

16. 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 3.00% - 5.75% per annum (31 December 2010: 2.75% - 3.00% per annum) and are repayable within one year.

(Unaudited but reviewed)

17. Long-term loans from banks

		(Unit: Thousand Baht)	
		Consolidated	
		financial statements	
		31 March	31 December
		2011	2010
Pure Biodiesel Co. Ltd. ("PBC")	Mortgage of PBC's land with existing and future structures thereon and pledge of the PBC's machinery	176,000	188,000
Pure Sammakorn Development Co., Ltd. ("PSDC")	Pledge of PSDC's land leasehold rights and the mortgage of the structures under PSDC's projects	168,008	169,634
Total		344,008	357,634
Less: Current portion		(78,194)	(79,055)
Non-current portion		265,814	278,579

Movements in the long-term loans account during the three-month period ended 31 March 2011 are summarised below.

		(Unit: Thousand Baht)
		Consolidated
		financial statements
Balance as at 1 January 2011		357,634
Less: Repayment		(13,626)
Balance as at 31 March 2011		344,008

The loan agreements stipulate certain conditions as specified in 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 March 2011 and 31 December 2010, the outstanding balance of long-term credit facilities of the subsidiaries which are not drawn down is Baht 105.27 million.

(Unaudited but reviewed)

18. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Advances received from customers	15,916	19,412	3,020	4,605
Accrued excise tax	80,487	79,317	80,487	79,317
Value added tax payable	1,412	7,365	-	-
Accrued expenses	16,638	14,596	9,502	2,716
Retention payable	17,913	18,198	-	-
Guarantee on goods purchases	16,866	16,866	16,866	16,866
Others	8,293	9,507	6,261	5,828
Total	<u>157,525</u>	<u>165,261</u>	<u>116,136</u>	<u>109,332</u>

19. Long-term loan from unrelated party

This represents promissory note which the Company issued to an unrelated party. The loan carries interest at a rate of 5.75% per annum and payable quarterly. The principal is to be repaid in full within September 2012.

20. Other income

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Management fee income	-	-	3,068	6,250
Gain on exchange rate	1,309	619	1,239	423
Interest income	650	536	981	647
Other income	5,985	1,375	10,513	9,606
Total	<u>7,944</u>	<u>2,530</u>	<u>15,801</u>	<u>16,926</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 31 March

	Manufacture and trading of fuel oil and petrochemical products		Manufacture and trading of biodiesel products		Real estate rental and service		Other segments		Elimination of inter- segment revenues		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Sales and services from external customers												
Domestic	4,560.1	4,286.3	578.6	97.7	22.8	4.9	27.5	31.9	-	-	5,189.0	4,420.8
Overseas	1,323.0	153.4	13.4	5.2	-	-	-	-	-	-	1,336.4	158.6
Total sales and services from external customers	5,883.1	4,439.7	592.0	102.9	22.8	4.9	27.5	31.9	-	-	6,525.4	4,579.4
Inter-segment sales and services	2,559.2	2,501.3	104.3	96.3	0.8	-	65.8	52.4	(2,730.1)	(2,650.0)	-	-
Total sales and services	8,442.3	6,941.0	696.3	199.2	23.6	4.9	93.3	84.3	(2,730.1)	(2,650.0)	6,525.4	4,579.4
Segment profit (loss)	217.0	59.8	(28.2)	8.3	3.1	(1.5)	4.1	5.8	21.5	14.8	217.5	87.2
Unallocated income and expenses:												
Interest income											0.7	0.4
Other income											5.9	2.2
Share of loss from investment in an associate											(0.5)	(0.3)
Finance cost											(16.9)	(12.3)
Corporate income tax											(61.3)	(1.5)
Non-controlling interests of the subsidiaries											(0.9)	0.9
Profit (loss)											144.5	76.6

(Unaudited but reviewed)

(Unit: Million Baht)

	Manufacture and trading of fuel oil and petrochemical products		Manufacture and trading of biodiesel products		Real estate rental and service		Other segments		Elimination of inter- segment revenues		Consolidation	
	31	31	31	31	31	31	31	31	31	31	31	31
	March 2011	December 2010	March 2011	December 2010	March 2011	December 2010	March 2011	December 2010	March 2011	December 2010	March 2011	December 2010
Inventories	1,286.6	1,257.8	161.8	128.4	-	-	4.8	1.4	1.8	(6.1)	1,455.0	1,381.5
Investment properties	-	-	-	-	426.9	-	-	-	-	-	426.9	-
Property, plant and equipment	752.0	766.5	504.7	512.9	22.3	380.7	117.7	112.8	(0.1)	(17.2)	1,396.6	1,755.7
Other assets											1,755.6	1,226.6
Total assets											<u>5,034.1</u>	<u>4,363.8</u>

Transfer prices between business segments are as set out in Note 6 to the financial statements.

(Unaudited but reviewed)

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 31 March 2011, capital commitments of the Company and its subsidiaries totaling Baht 4.45 million were in respect of construction of community mall and the purchases of machinery and equipment (31 December 2010: Baht 5.55 million).

24.2 Operating lease and service agreement commitments

The Company and its subsidiaries entered into several operating lease and service agreements in respect of the leases of land, building, oil depots, gas stations, vehicles and equipment. The terms of the agreements are generally between 1 and 30 years.

As at 31 March 2011, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

<u>Payable within</u>	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Less than 1 year	42.02	17.19
2 to 5 years	81.63	7.35
More than 5 years	181.31	8.94

24.3 Subcontracted work commitments

As at 31 March 2011, a subsidiary has outstanding commitments of Baht 0.52 million in respect of subcontracted work (31 December 2010: Baht 0.36 million).

24.4 Long-term purchase and sale commitments / Commercial dispute

- a) 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 Aromatics and Refining Public Company Limited in a quantity and at a price stipulated in the agreement. The agreement has a primary 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.

(Unaudited but reviewed)

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. The Company has held discussions with PTT in order to seek a resolution that would be fair to both parties, but no resolution could be found because the parties interpret the agreement differently. 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, and it stipulates the requirement that the Company to construct a plant to refine condensate residue of a specification that would be sourced only from PTT, and not to resell the raw materials in the same condition they are received from PTT. The agreement therefore includes a stipulation that the agreement is made on an evergreen basis, meaning that there is no specified termination date and the agreement will renew automatically at the completion of the first 15-year term (Primary period). In addition, the agreement can only be terminated with the consent of both counterparties or in the event that either party breaches the agreement. The Company has not breached any condition of the agreement. On this basis, the Company is confident that the agreement cannot be terminated, while PTT has a different opinion. Consequently, to maintain the rights of the shareholders guaranteed and protected by law, the Company used the judicial process to make a final determination on the matter, and submitted a petition to the Arbitration Office on 3 December 2009. On 27 August 2010, the Company lodged a lawsuit against PTT with the Civil Court, demanding PTT comply with the agreement with no specified termination date.

At present, the commercial dispute and outstanding litigation are under formal arbitration proceedings and litigation. Their outcomes cannot be determined and depend on the future judicial process. Since PTT is the Company's major supplier, the outcomes may affect cost structure in the future. However, during the course of the arbitration proceedings and litigation, the Company and its subsidiaries continue their business as usual, with there being no impact on their operations.

(Unaudited but reviewed)

- b) In November 2007, a subsidiary entered into an agreement with PTT Utility Co., Ltd. ("PTTUT") 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.

As at 31 March 2011, PTTUT had yet to install the equipment and pipeline to supply steam to the subsidiary.

24.5 Financial advisory and service agreements commitment

The Company entered into financial advisory and service agreements for the purpose of allocating additional shares through an offering of Taiwan Depositary Receipts (TDR) in Taiwan. As at 31 March 2011, the Company had payment commitments under the service agreements of TWD 14.80 million, Baht 3.85 million, USD 0.07 million and 2% of the value of the shares allocated (31 December 2010: TWD 15 million, Baht 3 million and 2% of the value of the shares allocated).

24.6 Guarantees

- a) As at 31 March 2011, there were outstanding bank guarantees of Baht 271.22 million (31 December 2010: Baht 260.98 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 their business. These included letters of guarantee amounting to Baht 265.00 million to guarantee payments due to creditors and Baht 6.22 million to guarantee electricity use, among others.
- b) The Company has guaranteed bank credit facilities of subsidiaries amounting to Baht 102 million (31 December 2010: Baht 82 million).
- c) The Company has issued a Baht 30 million (31 December 2010: Baht 30 million) guarantee letter on behalf of Pure Biodiesel Co., Ltd. (the subsidiary) to secure payments due to a creditor of the subsidiary.

24.7 Litigation

As at 31 March 2011 and 31 December 2010, a subsidiary was defendant in a Baht 300,000 civil lawsuit involving breach of an oil purchase and sale contract. The court is still considering the case. The subsidiary's management believes that the subsidiary will not suffer losses as a result of this lawsuit, and accordingly no loss has been recorded in the financial statements.

(Unaudited but reviewed)

25. Financial instruments

As at 31 March 2011, the Company had outstanding forward foreign currency contracts, maturing within three-month, to sell totaling USD 7.90 million. Applicable forward rates are Baht 30.31 - 30.67 per USD 1 (31 December 2010: USD 11.12 million with applicable forward rates of Baht 30.00 - 30.19 per USD 1).

26. Subsequent events

On 7 April 2011, the 2011 Annual General Meeting of the Company's shareholders passed the resolution of approval of a dividend payment from the 2010 results of its operations for a total of Baht 0.12 per share of which interim dividend of Baht 0.08 per share, or a total of Baht 42.38 million, were paid during 2010. The remaining dividend of Baht 0.04 per share, or a total of Baht 21.19 million was paid on 21 April 2011.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2011.