

RAYONG PURIFIER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2007 AND 2006

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 and its registered office, which is the head office, is located at 19 SCB Park Plaza East, Ratchadapisek 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. In addition, the Company has 4 oil depots dispersed across the various regions of Thailand.

The Company’s major shareholder is Petro-Instruments Company Limited, a limited company under Thai laws, which as at 30 June 2007 held 30.08 percent 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 Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of 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.

1.3 Basis of consolidation

The consolidated financial statements included 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 2006. There have been no changes in the composition of the subsidiaries during the current period.

1.4 Adoption of new accounting standards during the period

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 regarding Thai Accounting Standards (TAS), which was announced in the Royal Gazette. This Notification mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures
TAS 49	Construction Contracts

a) Thai Accounting Standards effective for the current year

Thai Accounting Standards No. 44, 45 and 46 become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44, as discussed in Note 2.1 to the financial statements.

b) Thai Accounting Standards not effective for the current year

Thai Accounting Standards No. 25, 33 and 49 will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, the management has assessed the effect of these revised accounting standards and believes that they will not significantly impact on the financial statements for the year in which they are initially applied.

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 2006, except for the changes in the accounting policies as described in Note 2 to the financial statements.

2. CHANGES IN ACCOUNTING POLICIES

2.1 Recording of investments in subsidiaries in the separate financial statements

During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the three-month and six-month periods ended 30 June 2007 by Baht 2.1 million (Baht 0.01 per share) and increasing by Baht 2.7 million (Baht 0.01 per share), respectively (2006: decreasing by Baht 6.5 million (Baht 0.01 per share) and Baht 10.5 million (Baht 0.02 per share), respectively). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiaries in the Company’s separate financial statements, with no effect to the consolidated financial statements.

2.2 Inventory valuation

Since 1 January 2007, the Company and its subsidiaries have changed the calculation method of inventory cost from first-in first-out method to weighted average method, in order to reflect an actual operation and in accordance with the same basis of other companies in petrochemical industry in Thailand. The effect of this change is immaterial to the Company's financial statements. This change of inventory costing method is approved by the Revenue Department on 20 March 2007.

3. CURRENT INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Investment units in mutual funds	99,617	503	73,005	-
Bill of exchange of financial institution	10,000	-	10,000	-
Treasury bills	-	20,904	-	-
Total current investments	109,617	21,407	83,005	-

4. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable as at 30 June 2007 and 31 December 2006 are aged, based on due date, as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
<u>Trade accounts receivable - unrelated parties</u>				
Not over 3 months	448,543	416,239	343,644	341,335
3 - 6 months	5,517	2,980	67	214
6 - 12 months	921	4,312	214	143
Over 12 months	14,106	12,867	828	753
Total	469,087	436,398	344,753	342,445
Less: Allowance for doubtful accounts	(11,345)	(11,122)	(617)	(617)
Trade accounts receivable - unrelated parties, net	457,742	425,276	344,136	341,828

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(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
<u>Trade accounts receivable - related parties</u>				
Not over 3 months	182	110	337,231	254,203
3 - 6 months	-	2	-	1,053
6 - 12 months	11	2	-	-
Over 12 months	8	-	-	-
Total trade accounts receivable - related parties	201	114	337,231	255,256

5. PLEDGED DEPOSITS AT FINANCIAL INSTITUTIONS

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

6. RELATED PARTY TRANSACTIONS

The relationship between the Company and related parties can be summarised below.

<u>Name</u>	<u>Relationship</u>
Pure Thai Energy Co., Ltd.	Subsidiary
Pure Biodiesel Co., Ltd. (formerly known as “RPC Asia Co., Ltd.”)	Subsidiary
VTN-P Petrochemical Joint Venture Co., Ltd. (“VTN-P”)	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.	30.08 percent of shares held in the Company
Machine Automation Joint Stock Company	14 percent of shares held in VTN-P

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Sammakorn Plc.	49 percent 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

(UNAUDITED BUT REVIEWED)

During the periods, the Company and its subsidiaries had significant business transactions with related parties. These transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales	-	-	1,959,541	2,076,156	Note 1
Management fee income	-	-	7,632	7,009	Note 2
Interest income	-	-	399	-	5% p.a. and LIBOR 1 month plus 2.0% p.a.
Other income - other services	-	-	1,327	435	Contract price
Purchases of goods	-	-	167,102	30,637	At cost
Transportation expense	-	-	45,722	47,557	Contract price
Other expenses	-	-	228	631	Actual cost
Sale of land	-	-	26,000	-	Contract price which closed to actual cost
<u>Transactions with related parties</u>					
Management fee income	-	797	-	797	Note 2
Advertising and promotion expenses	39	168	39	168	Contract price
Other expenses	519	352	239	277	Actual cost
Purchases of fixed assets	-	9,651	-	7	Contract price

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(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the six-month		For the six-month		
	periods ended 30 June		periods ended 30 June		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales	-	-	3,990,069	3,546,502	Note 1
Management fee income	-	-	15,418	13,053	Note 2
Interest income	-	-	920	25	5% p.a. and LIBOR 1 month plus 2.0% p.a.
Other income - other services	-	-	2,936	1,370	Contract price
Purchases of goods	-	-	712,192	30,637	At cost
Transportation expense	-	-	81,923	85,952	Contract price
Other expenses	-	-	378	956	Actual cost
Sale of land	-	-	26,000	-	Contract price which closed to actual cost
<u>Transactions with related parties</u>					
Management fee income	-	1,936	-	1,936	Note 2
Advertising and promotion expenses	678	560	678	560	Contract price
Other expenses	904	760	504	612	Actual cost
Purchases of fixed assets	-	20,469	-	1,087	Contract price

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 overseas sales and oil transportation businesses.

Note 2 - Calculation based on quantities of products sold for oil wholesale and retail businesses.

Calculation at fixed rates for overseas sales business and property rental and service business.

Calculation based on quantities of delivered products for oil transportation business.

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The balances of accounts as at 30 June 2007 and 31 December 2006 between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
<u>Trade accounts receivable - related parties</u>				
Subsidiaries				
Pure Thai Energy Co., Ltd.	-	-	238,503	178,463
SCT Petroleum Co., Ltd.	-	-	15,293	14,477
Isan Rungreang Petroleum Co., Ltd.	-	-	28,771	6,848
Mitsumphan Petroleum Co., Ltd.	-	-	11,697	20,041
Metro Petroleum Co., Ltd.	-	-	3,135	17,915
Jatuchak Oil Co., Ltd.	-	-	10,456	44
Benja Petroleum Co., Ltd.	-	-	14,460	16,415
Burapha Rungroch Petroleum Co., Ltd.	-	-	13,044	-
Jaturatis Transport Co., Ltd.	-	-	1,872	1,053
Total trade accounts receivable - subsidiaries	-	-	337,231	255,256
Related company				
Sammakorn Plc.	201	114	-	-
Total trade accounts receivable - related company	201	114	-	-
Total trade accounts receivable - related parties	201	114	337,231	255,256
<u>Amounts due from related parties</u>				
Subsidiaries				
Pure Thai Energy Co., Ltd.	-	-	3,697	5,158
Pure Biodiesel Co., Ltd.	-	-	321	642
SCT Petroleum Co., Ltd.	-	-	1,789	4,746
Isan Rungreang Petroleum Co., Ltd.	-	-	1,452	3,820
Mitsumphan Petroleum Co., Ltd.	-	-	2,765	4,546
Jaturatis Transport Co., Ltd.	-	-	7,097	13,005
Metro Petroleum Co., Ltd.	-	-	391	1,773
Burapha Rungroch Petroleum Co., Ltd.	-	-	387	1,614

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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		Financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Benja Petroleum Co., Ltd.	-	-	522	584
Jatuchak Oil Co., Ltd.	-	-	389	1,711
VTN-P Petrochemical Joint Venture Co., Ltd.	-	-	1,649	28,407
Pure Sammakorn Development Co., Ltd.	-	-	411	366
Total amounts due from subsidiaries	-	-	20,870	66,372
Related company				
Sammakorn Plc.	168	8,348	-	-
Total amounts due from related company	168	8,348	-	-
Total amounts due from related parties	168	8,348	20,870	66,372
<u>Advance to related party</u>				
Related company				
Globalization Economic and Promotion Network Co., Ltd.	30,000	10,000	30,000	10,000
Total advance to related party	30,000	10,000	30,000	10,000
<u>Short-term loans to related party</u>				
Subsidiary				
VTN-P Petrochemical Joint Venture Co., Ltd.	-	-	-	28,764
Total short-term loans to related party	-	-	-	28,764
<u>Advances for purchases of inventories - related parties</u>				
Subsidiaries				
SCT Petroleum Co., Ltd.	-	-	-	21,455
Mitsumphan Petroleum Co., Ltd.	-	-	-	38,037
Isan Rungreang Petroleum Co., Ltd.	-	-	-	42,380
Total advances for purchases of inventories - related parties	-	-	-	101,872

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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
<u>Trade accounts payable - related parties</u>				
Subsidiaries				
SCT Petroleum Co., Ltd.	-	-	2,828	7,893
Mitsumphan Petroleum Co., Ltd.	-	-	-	1,102
Isan Rungreang Petroleum Co., Ltd.	-	-	-	914
Total trade accounts payable - related parties	-	-	2,828	9,909
<u>Amounts due to related parties</u>				
Subsidiaries				
Pure Thai Energy Co., Ltd.	-	-	126	122
SCT Petroleum Co., Ltd	-	-	461	-
Jaturatis Transport Co., Ltd	-	-	20,587	26,510
Pure Sammakorn Development Co., Ltd.	-	-	11	8,542
Total amounts due to subsidiaries	-	-	21,185	35,174
<u>Related companies</u>				
Jazzy Creation Co., Ltd.	-	36	-	28
Petro-Instruments Co., Ltd.	1,671	1,634	1,671	1,634
Blue Planet Travel Co., Ltd.	105	127	105	127
Sammakorn Plc.	42	43	-	-
Machine Automation Joint Stock Company	381	398	-	-
Total amounts due to related companies	2,199	2,238	1,776	1,789
Total amounts due to related parties	2,199	2,238	22,961	36,963

As at 30 June 2007, the outstanding balance of advance to related party (Globalization Economic and Promotion Network Co., Ltd.) amounted to Baht 30 million (31 December 2006: Baht 10 million) is deposit of land right for construction of petroleum warehouse in China. This connected transaction was approved by the meeting of the Board of Directors No. 1/2007 held on 22 February 2007.

During the period, movements of short-term loans to related party are as follows:

(Unit: Thousand Baht)

	Balance as at	During the period		Balance as at
	1 January 2007	Increase	Decrease	30 June 2007
<u>Separate financial statements</u>				
Short-term loans to related party				
VTN-P Petrochemical Joint Venture Co., Ltd.	28,764	20,302	(49,066)	-
Total	28,764	20,302	(49,066)	-

Directors and management's remuneration

During the period, the Company and subsidiaries paid salaries, bonus, meeting allowance and other allowances to their directors and management totaling Baht 18 million (2006: Baht 16 million).

Guarantee obligations with related parties

The Company had outstanding guarantees with its related parties as described in Note 20 to the financial statements.

7. INVENTORIES

Inventories as at 30 June 2007 included oil of Baht 600 million (31 December 2006: Baht 570 million) reserved in accordance with the Ministry of Commerce regulations. Baht 72 million (31 December 2006: Baht 95 million) of this amount represents stocks 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.

The Company entered into an agreement with a financial institution to pledge all the Company's raw materials and finished goods as collaterals for the credit facilities obtained from that financial institution as referred to in Note 12 to the financial statements.

8. OTHER SHORT-TERM LOAN RECEIVABLE

On 14 January 2006, the Company entered into a Petroleum Product Business Joint Venture Agreement with T.C.S. Oil Co., Ltd. (“T.C.S.”) 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 T.C.S. The loan is subject to fixed interest rate at 5 percent 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 T.C.S., as specified in the agreement, upon receipt of full loan repayment.

9. OTHER CURRENT ASSETS

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Value added tax refundable	52,393	183,651	48,148	178,661
Prepaid excise tax	82,880	88,772	82,880	88,772
Prepaid corporate income tax	15,912	16,427	15,910	15,910
Advances for purchases of inventories				
- unrelated parties	43,603	120,969	-	-
Others	47,567	52,972	28,401	35,506
Total other current assets	242,355	462,791	175,339	318,849
Less: Allowance for doubtful accounts	(3,206)	-	(3,206)	-
Other current assets - net	239,149	462,791	172,133	318,849

10. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries comprise investments in ordinary shares of the following companies:

(Unit: Thousand Baht)

Company's name	Separate financial statements						Dividend income for the six-month periods ended	
	Paid-up capital		Investment proportion		Cost		30 June	
	30 June	31 December	30 June	31 December	30 June	31 December	2007	2006
	2007	2006	2007	2006	2007	2006		
			Percent	Percent		(Restated)		
VTN-P Petrochemical Joint Venture Co., Ltd.	USD 3.5 million	USD 3.5 million	60	60	86,589	86,589	-	-
Pure Thai Energy Co., Ltd.	Baht 50 million	Baht 50 million	100	100	49,999	49,999	-	-
Pure Sammakorn Development Co., Ltd.	Baht 50 million	Baht 50 million	51	51	25,500	25,500	-	-
SCT Petroleum Co., Ltd. and its subsidiaries	Baht 10 million	Baht 10 million	100	100	10,000	10,000	-	-
Pure Biodiesel Co., Ltd.	Baht 76.5 million	Baht 10 million	100	100	76,500	10,000	-	-
Total investments in subsidiaries					248,588	182,088		
Less: Allowance for impairment					(95,503)	(95,503)		
Investments in subsidiaries - net					153,085	86,585		

10.1 VTN-P has already completed plant construction and a production test-run. In April 2007, VTN-P entered into an agreement to sell and purchase assets with a buyer in Vietnam who is an unrelated party, stipulating certain conditions of sale. The contract price is USD 8.35 million. VTN-P has received a deposit of 30 percent of the contract price, or USD 2.5 million, and this is recorded in other current liabilities, as discussed in Note 15 to the financial statements.

A Meeting No. 4/2007 of the Company's Board of Directors, held on 27 April 2007, approved an increase in the Company's shareholding in VTN-P Petrochemical Joint Venture Co., Ltd. from 60 percent to 100 percent. However the shares have yet to be purchased.

10.2 On 8 June 2007, Pure Sammakorn Development Co., Ltd. started commercial operations of its community mall and "Pure" gas station.

10.3 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 percent), 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.

During the second quarter of 2007, the subsidiary called up capital of Baht 66.5 million and the Company has paid in the full amount. As at 30 June 2007, the Company has commitments of Baht 123.5 million in respect of payment of the uncalled portion of the investment. In addition, the subsidiary purchased land amounting to Baht 26 million from the Company for the project, which the management expects to be completed in the middle of 2008.

11. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the six-month period ended 30 June 2007 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2007	923,094	562,293
Acquisitions during period - at cost	86,523	5,146
Disposals during period - net book value at disposal date	(1,249)	(25,854)
Depreciation for period	(60,083)	(37,081)
Translation adjustments	(9,104)	-
Net book value as at 30 June 2007	<u>939,181</u>	<u>504,504</u>

(UNAUDITED BUT REVIEWED)

As at 30 June 2007, certain motor vehicles, with a net book value of Baht 7.8 million (31 December 2006: Baht 10.2 million) in the consolidated financial statements, and Baht 0.3 million in the separate financial statements as at 31 December 2006, have been placed as collateral under financial leases with repayment periods of 36-48 months.

12. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006
Bank overdrafts	3.5 - 5.5	5,711	142,377	5,711	142,377
Short-term loans from financial institutions	5.15 - 5.68	-	585,000	-	585,000
Total bank overdrafts and short-term loans from financial institutions		5,711	727,377	5,711	727,377

The Company

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

Subsidiaries

VTN-P Petrochemical Joint Venture Co., Ltd. and Pure Biodiesel Co., Ltd. have overdraft and revolving loan facilities from various financial institutions. These facilities are guaranteed by the Company.

13. OTHER SHORT-TERM LOANS PAYABLE

These represent promissory notes which the Company and subsidiaries issued to another individual. The loans carry interest at the rate of 5.0 percent per annum (31 December 2006: 5.0 percent per annum) and are repayable within one year.

14. LONG-TERM LOANS

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	30 June 2007	31 December 2006
Long-term loans	125,054	121,361
Less: Current portion	(31,692)	(30,289)
Non-current portion	<u>93,362</u>	<u>91,072</u>

Movements in the long-term loans account during the six-month period ended 30 June 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated
	financial statements
Balance as at 1 January 2007	121,361
Add: Cash receipts from loans	23,368
Less: Repayment of loans	(14,491)
Unrealised exchange gain	(5,184)
Balance as at 30 June 2007	<u>125,054</u>

The Company has entered into credit facilities agreements with various financial institutions. As at 30 June 2007, the outstanding balance of credit facilities which are not drawn down is Baht 3,954 million (31 December 2006: Baht 2,127 million). These credit facilities are secured by the pledge of fixed deposits and raw materials and finished goods.

VTN-P Petrochemical Joint Venture Co., Ltd.

On 3 September 2004, VTN-P Petrochemical Joint Venture Co., Ltd. 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 is from October 2004 to July 2005, and there is 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 is earlier. The loan is repayable in semi-annual installments of USD 0.35 million, between October 2006 and October 2010, and carries interest at LIBOR plus 1.875 percent per annum, payable on 30 April and 31 October of every year.

(UNAUDITED BUT REVIEWED)

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

The loan is 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.

As at 30 June 2007 and 31 December 2006, the outstanding balances of the loan are Baht 101.7 million (USD 2.9 million) and Baht 121.4 million (USD 3.3 million), respectively.

Pure Sammakorn Development Co., Ltd.

On 22 January 2007, PSDC 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 MLR minus 0.5 percent per annum, payable monthly and the principal is repayable in monthly installments of Baht 0.542 million, starting in February 2008 within 8 years (including grace period for principal repayment of 1 year).

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 30 June 2007, the outstanding balance of the loan amounted to Baht 23.4 million (31 December 2006: Nil).

15. OTHER CURRENT LIABILITIES

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Advances received from customers	16,761	20,494	4,582	15,116
Advance received from sale of assets	86,737	-	-	-
Accrued excise tax	62,903	37,302	62,903	37,302
Corporate income tax payable	66,909	2,166	64,656	-
Accrued expenses	22,522	27,968	2,986	4,488
Others	13,484	10,925	2,298	7,604
Total	269,316	98,855	137,425	64,510

16. WARRANTS

On 1 August 2005, the Company issued 8,490,000 registered and non-transferable warrants (RPC-W1) to directors, advisors, management and employees of the Company and its subsidiaries. The warrants are 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 is not more than 36 months, expiring on 30 November 2007, the warrants have an exercise ratio of 1 warrant to 1 new ordinary share and the exercise price is Baht 1 per share (unless there is any adjustment of the exercise price or exercise ratio). The periods to exercise each issue are as follows:

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

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

The above warrants are not listed in the Stock Exchange of Thailand. As at 30 June 2007 and 31 December 2006, the Company has outstanding warrants of 3,024,131 units (included warrants allocated to securities re-purchasers of 194,226 units, which approved by the 2007 Annual General Meeting of shareholders held on 5 April 2007).

17. RECONCILIATION OF DILUTED EARNINGS PER SHARE

Consolidated financial statements						
For the three-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income		146,367	121,554	526,260	522,966	0.28 0.23
Effect of dilutive potential ordinary shares						
Warrants (RPC-W1)						
Diluted earnings per share						
-		-		2,767	5,995	
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares		<u>146,367</u>	<u>121,554</u>	<u>529,027</u>	<u>528,961</u>	<u>0.28</u> <u>0.23</u>
Consolidated financial statements						
For the six-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income		189,400	234,949	526,260	522,966	0.36 0.45
Effect of dilutive potential ordinary shares						
Warrants (RPC-W1)						
-		-		2,767	5,995	
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares		<u>189,400</u>	<u>234,949</u>	<u>529,027</u>	<u>528,961</u>	<u>0.36</u> <u>0.44</u>

(UNAUDITED BUT REVIEWED)

		Separate financial statements					
		For the three-month periods ended 30 June					
		Net income		Weighted average number of ordinary shares		Earnings per share	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		Thousand	Thousand	Thousand	Thousand	Baht	Baht
		Baht	Baht	shares	shares	Baht	Baht
			(Restated)				(Restated)
Basic earnings per share							
	Net income	144,266	115,067	526,260	522,966	<u>0.27</u>	<u>0.22</u>
Effect of dilutive potential ordinary shares							
	Warrants (RPC-W1)						
Diluted earnings per share		-	-	<u>2,767</u>	<u>5,995</u>		
	Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>144,266</u>	<u>115,067</u>	<u>529,027</u>	<u>528,961</u>	<u>0.27</u>	<u>0.22</u>

		Separate financial statements					
		For the six-month periods ended 30 June					
		Net income		Weighted average number of ordinary shares		Earnings per share	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		Thousand	Thousand	Thousand	Thousand	Baht	Baht
		Baht	Baht	shares	shares	Baht	Baht
			(Restated)				(Restated)
Basic earnings per share							
	Net income	192,149	224,444	526,260	522,966	<u>0.37</u>	<u>0.43</u>
Effect of dilutive potential ordinary shares							
	Warrants (RPC-W1)	-	-	<u>2,767</u>	<u>5,995</u>		
Diluted earnings per share							
	Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>192,149</u>	<u>224,444</u>	<u>529,027</u>	<u>528,961</u>	<u>0.36</u>	<u>0.42</u>

Weighted average number of ordinary shares is calculated as follows:

	(Thousand shares)	
	30 June	
	<u>2007</u>	<u>2006</u>
Issued and paid-up ordinary shares as at the beginning of period	526,260	418,373
Number of stock dividends	-	104,593
Issued and paid-up ordinary shares as at the end of period	<u>526,260</u>	<u>522,966</u>

18. DIVIDEND PAID

Dividend declared during the six-month period ended 30 June 2007 consists of the following:

		(Unit: Baht)	
Dividend	Approved by	Total dividends	Dividend per share
<u>Final dividends on 2006 income</u>	<u>Annual General Meeting of the shareholders on 5 April 2007</u>	<u>52,626,043</u>	<u>0.10</u>

19. FINANCIAL INFORMATION BY SEGMENT

The operations of the Company and its subsidiaries can be divided into two business segments, comprising the manufacturing and trading of petroleum and petrochemical products and the provision of oil transportation service, which are carried on in two geographic areas of Thailand and Vietnam. The financial information of the Company and its subsidiaries by geographical and business segments for the three-month and six-month periods ended 30 June 2007 and 2006, is as follows:

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

For the three-month periods ended 30 June

	Vietnam		Thailand				Total		Elimination		Consolidated financial statements	
	Manufacture & trading of petroleum and petrochemical products		Manufacture & trading of petroleum and petrochemical products		Oil transportation							
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales and services from external customers												
Domestic	-	-	4,396	4,518	8	9	4,404	4,527	-	-	4,404	4,527
Overseas	-	15	872	784	-	-	872	799	-	-	872	799
Total sales and services from external customers	-	15	5,268	5,302	8	9	5,276	5,326	-	-	5,276	5,326
Inter-segment sales and services												
Domestic	-	-	2,128	2,074	50	49	2,178	2,123	(2,178)	(2,123)	-	-
Total inter-segment sales and services	-	-	2,128	2,074	50	49	2,178	2,123	(2,178)	(2,123)	-	-
Total revenues	-	15	7,396	7,376	58	58	7,454	7,449	(2,178)	(2,123)	5,276	5,326
Segment operating income (loss)	(5)	(11)	202	168	4	4	201	161	(4)	2	197	163
Unallocated income (expenses):												
Other income											3	3
Interest expense											(6)	(9)
Corporate income tax											(52)	(43)
Net loss attributable to minority interest											4	7
Net income for the period											146	121

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	For the six-month periods ended 30 June											
	Vietnam		Thailand									
	Manufacture & trading of petroleum and petrochemical products		Manufacture & trading of petroleum and petrochemical products		Oil transportation		Total		Elimination		Consolidated financial statements	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales and services from external customers												
Domestic	-	-	8,512	8,097	14	28	8,526	8,125	-	-	8,526	8,125
Overseas	-	31	1,613	1,564	-	-	1,613	1,595	-	-	1,613	1,595
Total sales and services from external customers	-	31	10,125	9,661	14	28	10,139	9,720	-	-	10,139	9,720
Inter-segment sales and services												
Domestic	-	-	4,720	3,547	97	91	4,817	3,638	(4,817)	(3,638)	-	-
Total inter-segment sales and services	-	-	4,720	3,547	97	91	4,817	3,638	(4,817)	(3,638)	-	-
Total revenues	-	31	14,845	13,208	111	119	14,956	13,358	(4,817)	(3,638)	10,139	9,720
Segment operating income (loss)	(10)	(19)	267	330	8	9	265	320	(1)	-	264	320
Unallocated income (expenses):												
Other income											4	4
Interest expense											(18)	(16)
Corporate income tax											(69)	(83)
Net loss attributable to minority interest											8	10
Net income for the period											189	235

Transfer prices between business segments of the Company and its subsidiaries are as set out in Note 6 to the financial statements.

20. LETTERS OF GUARANTEES

- a) As at 30 June 2007, there were outstanding bank guarantees of Baht 107.3 million issued by banks on behalf of the Company and the subsidiaries (31 December 2006: the Company only, Baht 93.6 million) in respect of certain performance bonds required in the normal course of businesses of the Company and the subsidiaries.
- b) The Company issued letters of guarantee amounting to USD 7 million (31 December 2006: USD 7 million) to the Export and Import Bank of Thailand to secure the credit facilities of its overseas subsidiary. These guarantees are effective for as long as the underlying obligations have not been discharged by that subsidiary. No guarantee fee has been charged by the Company. In addition, all shareholders of the subsidiary entered into a Shareholder Guarantee Agreement with the Company to secure the credit facilities of the subsidiary in proportion to their shareholdings.
- c) The Company issued letters of guarantee amounting to USD 3.5 million to the Export and Import Bank of Thailand 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. No guarantee fee has been charged by the Company.
- d) SCT Petroleum Co., Ltd. (“SCT”) issued letters of guarantee to a leasing company to secure the liabilities of Jaturatis Transport Co., Ltd. (“subsidiary”) under financial leases. The guarantees are effective for as long as the underlying obligations have not been discharged by the subsidiary. The subsidiary’s balance of the related liabilities under financial leases as at 30 June 2007 amounted to Baht 2.0 million (31 December 2006: Baht 3.2 million).

21. COMMITMENTS

As at 30 June 2007, the Company and the subsidiaries have the following commitments:

- a) Capital commitments of the Company and its subsidiaries totaling Baht 7 million (31 December 2006: Baht 58 million) in respect of construction of oil stations and community mall.
- b) Capital commitments of a subsidiary of USD 6 million (31 December 2006: Nil) in respect of the purchase of machinery.

- c) Commitments of the Company and its subsidiaries totaling Baht 184 million (31 December 2006: Baht 139 million) under long-term rental and service agreements relating to the lease of land, office space, equipment, motor vehicles and part of an oil depot from the years 2007 to 2031.
- d) Commitments of a subsidiary totaling Baht 54 million (31 December 2006: Baht 55 million) under long-term rental and service agreements relating to the lease of oil stations from the years 2007 to 2020.
- e) Under a shareholders' support agreement, the Company and shareholders of a subsidiary (VTN-P Petrochemical Joint Venture Co., Ltd.) have commitments to provide adequate financial support to that subsidiary, including the provision of working capital, in proportion to their shareholdings, if the cost of a project exceeds USD 7.0 million. This complies with a condition stipulated in the loan agreement between the subsidiary and the Export and Import Bank of Thailand.
- f) 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, with an extendible period. 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.

22. FINANCIAL INSTRUMENT

As at 30 June 2007, the Company had outstanding forward foreign currency contracts to sell totaling USD 8.1 million. Applicable forward rates are Baht 34.46 - 34.64 per USD 1 and the contracts are due in July 2007.

23. SUBSEQUENT EVENTS

- a) On 9 August 2007, the Board of Directors Meeting No.7/2007 approved the payment of an interim dividend to the Company's shareholders at Baht 0.12 per share, totaling Baht 63,151,252 which will be paid on 4 September 2007.

- b) In July 2007, Pure Biodiesel Co., Ltd. received a letter from the Board of Investment informing that subsidiary that it had been granted tax privileges, subject to certain imposed conditions. The subsidiary is in the process of implementing the procedures necessary to obtain the promotional certificate.
- c) On 1 August 2007, Pure Biodiesel Co., Ltd. mortgaged its land with a book value of Baht 27 million as collateral to support a credit facility application to a bank.

24. RECLASSIFICATION

In addition to the changes in accounting policies as mentioned in Note 2 to the financial statements, which affect the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the prior period have been reclassified to conform to the current period's classification, but with no effect to previously reported net income or shareholders' equity other than from the changes in accounting policies.

25. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2007.