

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

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 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 30 June 2011 and 31 December 2010 held 29.87% of the issued and paid-up capital of the Company.

The Extraordinary General Meeting of the Company’s shareholders No. 1/2010, held on 5 March 2010, approved a resolution to increase the Company’s registered capital from Baht 529.87 million (529.87 million ordinary shares with a par value of Baht 1 each) to Baht 802.87 million (802.87 million ordinary shares with a par value of Baht 1 each), through the issue of 273 million additional ordinary shares, with a par value of Baht 1 each. The offering will be through the issue of Taiwan Depositary Receipts (TDR) in the Republic of China (Taiwan). The offer price is to be not lower than 90% of the average market price of the 15 days prior to the date the Board of Directors pass a resolution specifying the details of this share allotment. The purpose of the increase in share capital is to provide funds to expand the Company’s business and for use as working capital. The Company registered the increase of its capital with the Ministry of Commerce on 19 March 2010.

On 4 May 2011, the Office of the Securities and Exchange Commission of Thailand approved the Company’s plan for a public offering of shares in the Republic of China (Taiwan).

(Unaudited but reviewed)

The Company's Board of Directors meeting, held on 13 May 2011, approved the following resolutions.

- 1) Offer the TDR through the GreTai Securities Market ("GTSM") or Taiwan Stock Exchange Corporation ("TWSE"), from the allotment of 170 million additional ordinary shares and the conversion of 30 million existing ordinary shares.
- 2) Submit the TDR offering plan to GTSM or TWSE.

On 3 June 2011, the Company submitted the TDR offering plan to TWSE, and it is currently being considered for approval.

## **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 Application of new accounting standards during the period**

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.

(Unaudited but reviewed)

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

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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(Unaudited but reviewed)

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 and six-month periods ended 30 June 2011 by Baht 0.98 million, or 0.002 Baht per share and Baht 1.96 million, or 0.004 Baht per share, respectively (Separate financial statements: Baht 0.55 million, or 0.001 Baht per share and Baht 1.10 million, or 0.002 Baht per share, respectively) (2010: Baht 0.91 million, or 0.002 Baht per share and Baht 1.82 million, or 0.004 Baht per share, respectively (Separate financial statements: Baht 0.51 million, or 0.001 Baht per share and Baht 1.02 million, or 0.002 Baht per share, respectively)). 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 and six-month periods ended 30 June 2011 by Baht 3.82 million (0.007 Baht per share) and Baht 7.25 million (0.014 Baht per share), respectively (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.

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.

(Unaudited but reviewed)

**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 statements for the three-month and six-month periods ended 30 June 2010 are summarised below.

(Unit: Thousand Baht)

	31 December 2010	
	Consolidated financial statements	Separate financial statements
<b>Statements of financial position</b>		
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 30 June 2010		For the six-month period ended 30 June 2010	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
<b>Income statements</b>				
Increase in employee expenses	908	510	1,816	1,021
Increase in loss attributable to non-controlling interests of the subsidiaries	27	-	54	-
Decrease in profit attributable to equity holders of the Company	881	510	1,762	1,021
Decrease in basic earnings per share (Baht)	0.002	0.001	0.004	0.002

(Unaudited but reviewed)

### 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

### 4. Trade accounts receivable

The balances of trade accounts receivable as at 30 June 2011 and 31 December 2010, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<b>Trade accounts receivable - unrelated parties</b>				
Not over 3 months	256,375	609,997	38,123	415,370
3 - 6 months	7,203	434	-	-
6 - 12 months	896	616	-	-
Over 12 months	11,964	13,811	617	617
Total	276,438	624,858	38,740	415,987
Less: Allowance for doubtful accounts	(10,097)	(11,217)	(617)	(617)
Trade accounts receivable - unrelated parties, net	266,341	613,641	38,123	415,370
<b>Trade accounts receivable - related parties</b>				
Not over 3 months	624	1,015	319,621	329,702
Total trade accounts receivable - related parties	624	1,015	319,621	329,702

The balances of trade accounts receivable of the Company as at 31 December 2010 included factoring accounts receivable at a commercial bank of Baht 63.01 million (30 June 2011: nil). 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.

**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
Mitsumphon 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
Honest and Efficient 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 30 June		periods ended 30 June	
	2011	2010	2011	2010
<b>Transactions with subsidiaries</b>				
(Eliminated from consolidated financial statements)				
Sales	-	-	2,474,365	2,132,210
Management fee income	-	-	2,768	2,861
Interest income	-	-	455	994
Other income - other services	-	-	12,706	9,155
Purchases of goods	-	-	131,170	178,973
Service fee expense	-	-	1,807	2,298
Transportation expense	-	-	36,793	26,888
Other expenses	-	-	36	21
Purchases of equipment	-	-	25	-
Sales of equipment	-	-	-	182
<b>Transactions with related parties</b>				
Sales	180	-	-	-
Service income	-	15,042	-	-
Other expenses	757	295	653	131
Land rental expense	1,126	536	-	-
Advertising and promotion expenses	1	-	-	-
Interest expense	4,299	1,378	4,018	1,047

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2011	2010	2011	2010
<b>Transactions with subsidiaries</b>				
(Eliminated from consolidated financial statements)				
Sales	-	-	4,940,888	4,563,853
Management fee income	-	-	5,836	9,111
Interest income	-	-	892	1,317
Other income - other services	-	-	20,867	18,258
Purchases of goods	-	-	311,728	340,796
Service fee expense	-	-	3,991	2,298
Transportation expense	-	-	74,076	70,582
Other expenses	-	-	90	1,402
Purchases of equipment	-	-	25	-
Sales of equipment	-	-	-	182
<b>Transactions with related parties</b>				
Sales	391	-	-	-
Rental and service income	-	166	-	-
Service income	503	15,042	-	-
Other expenses	1,094	614	815	278
Land rental expense	2,237	1,073	-	-
Advertising and promotion expenses	36	25	35	25
Interest expense	8,663	2,672	8,131	1,956

(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>4.18% - 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
Sales and purchases of equipment	Market price
Interest expense	5.75% per annum (2010: 4.50% - 5.25% per annum)

### **Significant agreements with related parties**

During the six-month period ended 30 June 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.

#### ***Transportation service agreement***

In June 2011, the Company renewed a transportation service agreement with a subsidiary, whereby the subsidiary is to provide oil transportation services. Oil transportation service fees are charged in accordance with the rate stipulated in the agreement, which is effective from 1 June 2011 to 31 December 2011.

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2011 and 31 December 2010 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<b>Trade accounts receivable - related parties</b>				
<b><i>Subsidiaries</i></b>				
Pure Thai Energy Co., Ltd.	-	-	175,089	186,242
SCT Petroleum Co., Ltd.	-	-	19,970	19,299
Pure Intertrade Co., Ltd.	-	-	6,254	229
Mitsumphan Petroleum Co., Ltd.	-	-	21,625	3,028
Metro Petroleum Co., Ltd.	-	-	-	69,362
Jatuchak Oil Co., Ltd.	-	-	24,112	24,143
Benja Petroleum Co., Ltd.	-	-	24,503	-
Burapha Rungroch Petroleum Co., Ltd.	-	-	48,068	27,399
Total trade accounts receivable - subsidiaries	-	-	319,621	329,702
<b><i>Related company</i></b>				
Sammakorn Plc.	71	1,015	-	-
Total trade account receivable - related company	71	1,015	-	-
<b><i>Related person</i></b>				
The Company's director	553	-	-	-
Total trade account receivable - related person	553	-	-	-
Total trade accounts receivable - related parties	624	1,015	319,621	329,702
<b>Amounts due from related parties</b>				
<b><i>Subsidiaries</i></b>				
Pure Thai Energy Co., Ltd.	-	-	741	754
Pure Biodiesel Co., Ltd.	-	-	7,660	5,694
SCT Petroleum Co., Ltd.	-	-	186	151
Pure Intertrade Co., Ltd.	-	-	5	9
Mitsumphan Petroleum Co., Ltd.	-	-	5	7
Jaturatis Transport Co., Ltd.	-	-	68	50
Pure Sammakorn Development Co., Ltd.	-	-	155	495
SCT Sahaphan Co., Ltd.	-	-	287	173
Total amounts due from subsidiaries	-	-	9,107	7,333

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<b>Associate</b>				
Thai Good Petroleum Co., Ltd.	50	2	50	2
Total amounts due from associate	50	2	50	2
<b>Related companies</b>				
Petro-Instruments Co., Ltd.	1,616	1,616	-	-
Sammakorn Plc.	134	61	-	-
Total amounts due from related companies	1,750	1,677	-	-
<b>Related person</b>				
The Company's director	-	1,000	-	1,000
Total amount due from related person	-	1,000	-	1,000
Total amounts due from related parties	1,800	2,679	9,157	8,335
<b>Short-term loans to related parties</b>				
<b>Subsidiary</b>				
SCT Sahaphan Co., Ltd.	-	-	13,000	3,000
Total short-term loan to subsidiary	-	-	13,000	3,000
<b>Associate</b>				
Thai Good Petroleum Co., Ltd.	1,530	1,499	1,530	1,499
Total short-term loan to associate	1,530	1,499	1,530	1,499
Total short-term loans to related parties	1,530	1,499	14,530	4,499
<b>Trade accounts payable - related parties</b>				
<b>Subsidiaries</b>				
Pure Biodiesel Co., Ltd.	-	-	9,555	46,476
SCT Petroleum Co., Ltd.	-	-	6,342	-
Total trade accounts payable - subsidiaries	-	-	15,897	46,476
<b>Related company</b>				
Sammakorn Plc.	1,092	544	-	-
Total trade account payable - related company	1,092	544	-	-
Total trade accounts payable - related parties	1,092	544	15,897	46,476

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<b>Amounts due to related parties</b>				
<b><i>Subsidiaries</i></b>				
Pure Thai Energy Co., Ltd.	-	-	32	31
Pure Biodiesel Co., Ltd.	-	-	-	148
Pure Intertrade Co., Ltd.	-	-	447	1,160
Jaturatis Transport Co., Ltd.	-	-	11,316	7,990
SCT Sahaphan Co., Ltd.	-	-	811	150
Total amounts due to subsidiaries	-	-	12,606	9,479
<b><i>Related companies</i></b>				
Blue Planet Travel Co., Ltd.	123	-	123	-
Sammakorn Plc.	37	43	-	-
Petro-Instruments Co., Ltd.	251	194	251	194
Mongkholchai Pattana Co., Ltd.	58	62	58	62
World Entertainment Television Co., Ltd.	15	16	15	16
Total amounts due to related companies	484	315	447	272
<b><i>Related persons</i></b>				
The Company's directors	598	517	430	505
Total amounts due to related persons	598	517	430	505
Total amounts due to related parties	1,082	832	13,483	10,256
<b>Short-term loans from related party</b>				
<b><i>Related company</i></b>				
Mongkholchai Pattana Co., Ltd.	7,000	-	-	-
Total short-term loans from related party	7,000	-	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<b>Long-term loans from related parties</b>				
<b><i>Related companies</i></b>				
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
<b><i>Related persons</i></b>				
Related persons of the Company's directors	170,500	190,500	170,500	190,500
Total long-term loans from related persons	170,500	190,500	170,500	190,500
Total long-term loans from related parties	272,000	292,000	272,000	292,000
<b>Cash placed against guarantee - related party</b>				
<b><i>Subsidiary</i></b>				
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 30 June 2011
	Balance as at 1 January 2011	During the period		
		Increase	Decrease	
<b>Short-term loan to related party</b>				
<b><i>Associate</i></b>				
Thai Good Petroleum Co., Ltd.	1,499	31	-	1,530
Total	1,499	31	-	1,530

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 30 June 2011
	Balance as at 1 January 2011	During the period		
		Increase	Decrease	
<b>Short-term loans to related parties</b>				
<b><i>Subsidiaries</i></b>				
Pure Biodiesel Co., Ltd.	-	98,000	(98,000)	-
Pure Thai Energy Co., Ltd.	-	930,000	(930,000)	-
SCT Sahaphan Co., Ltd.	3,000	74,000	(64,000)	13,000
Total short-term loans to subsidiaries	3,000	1,102,000	(1,092,000)	13,000
<b><i>Associate</i></b>				
Thai Good Petroleum Co., Ltd.	1,499	31	-	1,530
Total short-term loan to associate	1,499	31	-	1,530
Total	4,499	1,102,031	(1,092,000)	14,530

(Unit: Thousand Baht)

	Consolidated financial statements			Balance as at 30 June 2011
	Balance as at 1 January 2011	During the period		
		Increase	Decrease	
<b>Short-term loans from related parties</b>				
<b><i>Related company</i></b>				
Mongkolchai Pattana Co., Ltd.	-	7,000	-	7,000
Total short-term loan from related company	-	7,000	-	7,000
<b><i>Related persons</i></b>				
Related persons of the Company's directors	-	30,000	(30,000)	-
Total short-term loans from related persons	-	30,000	(30,000)	-
Total	-	37,000	(30,000)	7,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			Balance as at 30 June 2011
	Balance as at 1 January 2011	During the period		
		Increase	Decrease	
<b>Long-term loans from related parties</b>				
<b><i>Related companies</i></b>				
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
<b><i>Related persons</i></b>				
Related persons of the Company's directors	190,500	-	(20,000)	170,500
Total long-term loans from related persons	190,500	-	(20,000)	170,500
Total	292,000	-	(20,000)	272,000

As at 30 June 2011, short-term loan to a subsidiary amounting to Baht 13.00 million (31 December 2010: Baht 3.00 million) is in the form of an unsecured promissory note with a maturity of 6 months, carrying interest at a rate of 4.77% per annum (31 December 2010: 4.43% per annum).

As at 30 June 2011, short-term loan to an associate amounting to Baht 1.53 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 30 June 2011, short-term loans from a related party totaling Baht 7.00 million are in the form of unsecured promissory notes with maturities of 6 months, carrying interest at a rate of 5.75% per annum (31 December 2010: nil).

As at 30 June 2011, long-term loans from related parties totaling Baht 272.00 million (31 December 2010: Baht 292.00 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 and six-month periods ended 30 June 2011 and 2010, the Company and its subsidiaries had benefits of their directors and management recognised as expenses as summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Three-month periods ended 30 June	13,862	10,034	10,063	7,685
Six-month periods ended 30 June	61,525	36,029	46,971	30,970

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties as described in Note 27.5 to the financial statements.

## 7. Inventories

Inventories as at 30 June 2011 included oil of Baht 868.26 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 represented 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 six-month period ended 30 June 2011 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2011	788
Add: Allowance made during the period	49,220
Less: Reversal of allowance during the period	(33,538)
Balance as at 30 June 2011	<u>16,470</u>

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

As at 30 June 2011 and 31 December 2010, loans to T.C.S. Oil Co., Ltd. amounting to Baht 21.32 million had been outstanding for more than one year, and the Company has therefore ceased accrual of interest income and set aside full allowance for doubtful accounts.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2011	2010	2011	2010
Credit line of Baht 3.50 million	2,812	3,026	-	-
Credit line of Baht 1.90 million	1,566	1,768	1,566	1,768
Total	4,378	4,794	1,566	1,768
Less: Current portion	(864)	(842)	(418)	(409)
Non-current portion	3,514	3,952	1,148	1,359

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	
	30 June	31 December	30 June	31 December
	2011	2010	2011	2010
Prepaid excise tax	13,024	50,859	13,024	50,859
Refund receivable from the Oil				
Stabilization Fund	-	14,074	-	14,074
Value added tax refundable	37,808	20,817	31,856	16,745
Prepaid corporate income tax	7,473	12,990	3,151	8,177
Advances for purchases of inventories	41,200	49,197	-	-
Prepaid expenses	24,655	21,905	10,658	10,109
Others	35,198	33,478	10,810	8,401
Total other current assets	159,358	203,320	69,499	108,365
Less: Allowance for doubtful accounts	(3,413)	(3,413)	(3,413)	(3,413)
Other current assets - net	155,945	199,907	66,086	104,952

(Unaudited but reviewed)

**11. Investments in subsidiaries**

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the six-month periods ended 30 June	
	30 June	31 December	30 June	31 December	30 June	31 December		
	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 30 June 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**

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Consolidated financial statements		Separate financial statements	
			30 June	31 December	30 June	31 December	Carrying amounts based on equity method		Carrying amounts based on cost method	
			2011	2010	2011	2010	30 June	31 December	30 June	31 December
			(%)	(%)	(%)	(%)	2011	2010	2011	2010
Thai Good Petroleum Co., Ltd.	Distribution of lubricant oil	Hong Kong	31.67	31.67	3,175	3,175	-	2,569	3,175	3,175

(Unaudited but reviewed)

## 12.2 Share of loss and dividend received

During the six-month periods ended 30 June 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 financial statements		Separate 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.	(934)	(724)	-	-

## 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	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010	For the six-month periods ended 30 June			
							2011	2010	2011	2010
Thai Good Petroleum Co., Ltd.	10,026	10,026	4,259	8,609	5,119	544	2,713	1,638	(3,811)	(800)

## 12.4 Investment in an associate with capital deficit

The Company recognised share of loss from investment in an associate until the value of the investment approached zero. Subsequent loss incurred by these associate has not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate. The amount of such unrecognised share of loss is set out below.

(Unit: Thousand Baht)

Company's name	Unrecognised share of loss	
	Share of loss for the six-month period ended 30 June 2011	Cumulative share of loss up to 30 June 2011
Thai Good Petroleum Co., Ltd.	(273)	(273)



(Unaudited but reviewed)

Pure Sammakorn Development Co., Ltd. has mortgaged its land lease rights and construction with a net book value as at 30 June 2011 of Baht 345.08 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.

## 15. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
The compensation for loss	26,711	26,711	26,711	26,711
Land and gas station leasehold rights	6,916	7,378	996	1,110
Prepaid expenses	4,510	5,563	-	-
Deposits	3,885	4,437	2,156	2,156
Long-term loan and interest receivable	1,353	1,353	1,353	1,353
Others	4,394	3,114	2,912	3,062
Total other non-current assets	47,769	48,556	34,128	34,392
Less: Allowance for doubtful accounts	(1,353)	(1,353)	(1,353)	(1,353)
Other non-current assets - net	46,416	47,203	32,775	33,039

## 16. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (% per annum)	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2011	31 December 2010	30 June 2011	31 December 2010
Bank overdrafts	3.00	985	-	985	-
Short-term loans from banks	1.75 - 6.87	213,000	475,625	-	213,625
Total		213,985	475,625	985	213,625

(Unaudited but reviewed)

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	
		30 June 2011	31 December 2010
The Company	Pledge of fixed deposits and factoring trade accounts receivable of the Company	1,912	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	196	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
SCT Sahaphan Co., Ltd.	Guaranteed by the Company	11	-

#### 17. 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 6 - 12 months.

(Unaudited but reviewed)

## 18. Long-term loans from banks

(Unit: Thousand Baht)

	Secured by	Consolidated financial statements	
		30 June 2011	31 December 2010
Pure Biodiesel Co. Ltd. ("PBC")	Mortgage of PBC's land with existing and future structures thereon and pledge of the PBC's machinery	164,000	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	193,219	169,634
Total		357,219	357,634
Less: Current portion		(75,944)	(79,055)
Non-current portion		281,275	278,579

Movements in the long-term loans account during the six-month period ended 30 June 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2011	357,634
Add: Received	30,265
Less: Repayment	(30,680)
Balance as at 30 June 2011	357,219

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 30 June 2011, the outstanding balance of long-term credit facilities of the subsidiaries which are not drawn down is Baht 75.00 million (31 December 2010: Baht 105.27 million).

(Unaudited but reviewed)

## 19. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Advances received from customers	17,814	19,412	3,281	4,605
Accrued excise tax	17,639	79,317	17,639	79,317
Value added tax payable	16,067	7,365	12,307	-
Accrued expenses	15,689	14,596	9,233	2,716
Retention payable	17,828	18,198	-	-
Guarantee on goods purchases	-	16,866	-	16,866
Others	6,384	9,507	3,089	5,828
Total	91,421	165,261	45,549	109,332

## 20. Long-term loans from unrelated parties

These represent promissory notes which the Company issued to unrelated parties. The loans carry interest at a rate of 5.75% per annum and payable quarterly. The principals are to be repaid in full within September 2012.

## 21. Provision for long-term employee benefits

The principal actuarial assumptions applied at the date of the valuation in 2011 were as follows.

(Unit: % per annum)

Discount rate	4.75
Expected increase rate of salary	5.00
Employee turnover rate	0.00 - 22.92

## 22. Other income

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Management fee income	-	-	2,768	2,861
Gain on exchange rate	7,271	2,555	7,261	2,335
Interest income	1,651	364	1,595	1,256
Other income	3,505	3,817	12,997	10,264
Total	12,427	6,736	24,621	16,716

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Management fee income	-	-	5,836	9,111
Gain on exchange rate	8,580	3,174	8,500	2,758
Interest income	2,301	900	2,576	1,903
Other income	9,490	5,192	23,510	19,870
Total	20,371	9,266	40,422	33,642

### 23. Corporate income tax

Interim corporate income tax was calculated by multiplying pre-tax profit for the periods by the estimated effective tax rate for the year.

### 24. Basic earnings per share

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

### 25. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) manufacturing and trading of fuel oil and petrochemical products, (2) manufacturing and trading of biodiesel products and (3) real estate rental and service. These operations are mainly carried on in Thailand. Below is the consolidated financial information of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2011 and 2010 and as at 30 June 2011 and 31 December 2010 by segment.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 30 June

	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 transactions		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	4,830.2	4,045.4	408.4	172.2	26.1	9.1	30.6	28.7	-	-	5,295.3	4,255.4
Overseas	799.0	696.1	2.0	5.4	-	-	-	-	-	-	801.0	701.5
Total sales and services from external customers	5,629.2	4,741.5	410.4	177.6	26.1	9.1	30.6	28.7	-	-	6,096.3	4,956.9
Inter-segment sales and services	2,522.8	2,247.8	114.4	81.0	0.8	-	65.7	51.9	(2,703.7)	(2,380.7)	-	-
Total sales and services	8,152.0	6,989.3	524.8	258.6	26.9	9.1	96.3	80.6	(2,703.7)	(2,380.7)	6,096.3	4,956.9
Segment profit (loss)	81.9	13.2	(31.2)	5.1	2.8	1.6	8.0	6.5	20.2	16.6	81.7	43.0
Unallocated income and expenses:												
Interest income											1.7	0.5
Other income											9.9	5.2
Share of loss from investment in an associate											(0.4)	(0.4)
Finance cost											(18.4)	(13.2)
Corporate income tax											(36.1)	(2.7)
Non-controlling interests of the subsidiaries											(1.4)	0.6
Profit (loss)											37.0	33.0

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	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 transactions		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	9,390.2	8,331.7	987.0	269.9	48.9	14.0	58.1	60.6	-	-	10,484.2	8,676.2
Overseas	2,122.0	849.5	15.4	10.6	-	-	-	-	-	-	2,137.4	860.1
Total sales and services from external customers	11,512.2	9,181.2	1,002.4	280.5	48.9	14.0	58.1	60.6	-	-	12,621.6	9,536.3
Inter-segment sales and services	5,082.0	4,749.1	218.7	177.3	1.6	-	131.5	104.3	(5,433.8)	(5,030.7)	-	-
Total sales and services	16,594.2	13,930.3	1,221.1	457.8	50.5	14.0	189.6	164.9	(5,433.8)	(5,030.7)	12,621.6	9,536.3
Segment profit (loss)	299.2	73.0	(59.4)	13.4	5.9	0.1	12.1	12.3	41.7	31.4	299.5	130.2
Unallocated income and expenses:												
Interest income											2.3	0.9
Other income											15.8	7.4
Share of loss from investment in an associate											(0.9)	(0.7)
Finance cost											(35.3)	(25.5)
Corporate income tax											(97.4)	(4.2)
Non-controlling interests of the subsidiaries											(2.4)	1.5
Profit (loss)											181.6	109.6

(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 balances		Consolidation	
	30	31	30	31	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December	June	December	June	December
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Inventories	1,468.4	1,257.8	87.2	128.4	-	-	4.1	1.4	1.1	(6.1)	1,560.8	1,381.5
Investment properties	-	-	-	-	443.9	-	-	-	-	-	443.9	-
Property, plant and equipment	721.4	766.5	494.9	512.9	39.3	380.7	125.8	112.8	(0.3)	(17.2)	1,381.1	1,755.7
Other assets											901.9	1,226.6
Total assets											<u>4,287.7</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)

## 26. Dividends

Dividends declared by the Company during the six-month period ended 30 June 2011 consist of the following.

			(Unit: Baht)
<u>Dividend</u>	<u>Approved by</u>	<u>Total dividend</u>	<u>Dividend per share</u>
Final dividend on 2010 results of its operations	Annual General Meeting of the shareholders on 7 April 2011	21,194,737	0.04

## 27. Commitments and contingent liabilities

### 27.1 Capital commitments

As at 30 June 2011, capital commitments of the Company and its subsidiaries totaling Baht 63.00 million were in respect of construction of community mall and the purchases of machinery and equipment (31 December 2010: Baht 5.55 million).

### 27.2 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 30 June 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	43.62	19.69	
2 to 5 years	86.79	7.26	
More than 5 years	191.73	8.76	

### **27.3 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.

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.

(Unaudited but reviewed)

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.

- 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 30 June 2011, PTTUT had yet to install the equipment and pipeline to supply steam to the subsidiary.

#### **27.4 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 the Republic of China (Taiwan). As at 30 June 2011, the Company had payment commitments under the service agreements of TWD 11.93 million, Baht 1.50 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).

#### **27.5 Guarantees**

- a) As at 30 June 2011, there were outstanding bank guarantees of Baht 291.22 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 285.00 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 120 million (31 December 2010: Baht 82 million).
- c) As at 31 December 2010, the Company had issued a Baht 30 million (30 June 2011: nil) guarantee letter on behalf of Pure Biodiesel Co., Ltd. (the subsidiary) to secure payments due to a creditor of the subsidiary.

## **27.6 Litigation**

A subsidiary was defendant in a Baht 300,000 civil lawsuit involving breach of an oil purchase and sale contract. On 25 May 2011, the subsidiary entered into a compromise agreement and paid compensation of Baht 200,000, which was recorded in the financial statements.

## **28. Financial instruments**

As at 30 June 2011, the Company had outstanding forward foreign currency contracts, maturing within 3 months, to sell totaling USD 0.20 million. Applicable forward rates are Baht 30.41 - 30.47 per USD 1 (31 December 2010: USD 11.12 million with applicable forward rates of Baht 30.00 - 30.19 per USD 1).

## **29. Subsequent events**

- 1) The Company's Board of Directors meeting, held on 9 August 2011, approved an increase in the Company's investment in SCT Petroleum Co., Ltd. ("SCT") (a subsidiary in which the Company has an equity interest of 100%), whereby that company's registered capital will increase from Baht 10 million to Baht 36 million through the issue of 260,000 additional ordinary shares (par value of Baht 100 each) for offer in the same proportion to existing shareholders at Baht 100 per share, a total of Baht 26 million. The purpose of the increase in share capital is to invest in Jaturatis Transport Co., Ltd. (a subsidiary in which SCT has an equity interest of 100%).
- 2) Pure Sammakorn Development Co., Ltd. ("PSDC") (a subsidiary in which the Company has an equity interest of 51%) will increase the registered capital from Baht 225 million to Baht 260 million through the issue of 350,000 additional ordinary shares (par value of Baht 100 each) at Baht 100 per share, a total of Baht 35 million. The Company's Board of Directors meeting, held on 9 August 2011 passed a resolution not to invest in the additional shares and as a result its shareholding in PSDC will decrease from 51% to 44%. PSDC will therefore become an associate. The purpose of the increase in share capital is to provide funds for investment in new projects of the subsidiary.

## **30. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2011.