

ANNUAL REPORT
2018
รายงานประจำปี 2561

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Enclosure:

Financial Statements for the year ended 31 December 2018 and Independent Auditor's Report

General Information

Company Name	RPCG Public Company Limited (“Company”)
Type of Business	RPCG acts as the holding company, accompany with its fuel-retailing (former) business with the refined capacity of 17,000 Barrel per Day and one depot for the distribution of High Speed Diesel, 91 RON Gasoline, Gasohol 91, Gasohol 95, Gasohol E85, Chemicals and Fuel Oil including retail marketing
Head Office	86/2 Sammakorn Place, Ramkhamhaeng Road, Saphansoong, Bangkok 10240
Registered Capital	1,304,664,125 Baht
Ordinary shares	1,304,664,125 Shares
Par value	1 Baht
Paid registered capital	1,304,664,125 Baht
Company Register No.	0107546000202
	Telephone No. 02-372-3600
	Fax No. 02-372-3327
Factory	7/3 Pakorn Songkrohrad Road, Tambol Map-ta-phut, Amphur Muang-Rayong, Rayong Province 21150
	Telephone No. (038) 685-816 -9 Fax No. (038) 685-243
	Home page : http://www.rpcthai.com

References

Securities Registration	Thailand Security Depository Co., Ltd.
Address	93 Ratchadapisek Road, Dindaeng, Bangkok 10400
	Telephone No. 02-009-9000 Fax No. 02-009-9991
Auditor (year 2018)	Mrs.Poonnard Paucharoen
	Certified Public Accountant (Thailand) No. 5238
Address	EY Office Limited
	33 rd Floor, Lake Rajada Office Complex 193/136-137
	Rajadapisek Road, Klongtoey, Bangkok 10110
	Telephone No. 02-264-0777 Fax No. 02-264-0790

Message from the Chairman



In 2018, the Company to receive revenue streams from two core businesses which are energy and property development. The Company believes that joint-investment and co-management in high potential business will be the business strategy that can provide a superior performance in the long run.

In the property development business, the Company holds a 48.25% stake in Sammakorn Public Company Limited (“SAMCO”), a property development company that focuses on developing single-detached house, townhome, and condominium projects. SAMCO continues to generate sustainable performance. Currently, there are ten projects under development which will be launched by the year 2020. The Company has change its shareholding structure in the community mall business, consisting of 3 malls under the brand Sammakorn Place, by allowing SAMCO to increase its stake to 100% for increase in operational flexibilities. Furthermore, SAMCO has plans to expand and continues to development more projects with its over 45 years of experience, which the Company believes that SAMCO will continue to provide a sustainable growth in the future.

For the energy business, Pure Thai Energy Company Limited (“PTEC”), has signed the cooperation contracts with ESSO (Thailand) Public Company Limited (“ESSO”) for oil contracts and the use of the Esso trademark rights and to improve strengthening in retail oil business operations, changing gasoline service station under the “Pure” trademark to be a service station under the “Esso” trademark. This is a great opportunity for PTEC, a subsidiary of the Company to cap oil retail business and strengthens the business under the brand name Esso which is best known in Thailand. It also has a network and marketing plan to meet the needs of customers continuously. Currently, we have 57 branches of the gas service station under the Esso trademark.

The Company continues to look for options to invest in businesses to help strengthen the Company's business in further, include the business operation strategy of the Company. It will focus on energy investment and alternative energy.

Furthermore, the oil tank farm and deep-sea port business that the Company holds 30% stake in Thai Public Port Company Limited (“TPP”) also provided a better performance and the Company will continue to receive dividends from the TPP as well.

On behalf of the Board of Directors, I would like to express sincere gratitude to the shareholders, suppliers, customers, financial institutions, management team, and every employee for your kind supports, companionship, and dedication to help the Company in tough times throughout the year. Please be assured that the Board of Directors and all employees are committed to operate the business with good governance for the shareholders, suppliers, customers, and employees and to turn the business into profitability and generate yields to shareholders as we have done in the past.

Satja Janetumnugul

Chairman of the Board of Directors

Board of Directors

As at December 31, 2018

1. Mr. Satja Janetumnugul	Chairman of the Board
2. Mr. Supapong Krishnakan	Director
3. Mr. Suwinai Suwanhirunkul	Director
4. Mr. Suthud Khancharoensuk	Director
5. Mr. Prasit Dheeraratbongkot	Independent Director / Chairman of the Audit Committee
6. Mr. Chamni Janchai	Independent Director / Member of the Audit Committee
7. Ms. Panicha Pongsivapai	Independent Director / Member of the Audit Committee

Management Team

1. Mr. Satja Janetumnugul	Acting Managing Director
2. Mrs. Supanee Tanchaisrinakorn	General Manager-Finance & Administration Function
3. Ms. Kallaya Klaihong	General Manager-Business Development Function

Corporate Social Responsibility (CSR)

RPCG Public Company Limited and its affiliates with the board of directors and committee members recognized the corporate governance of the company align with the company's main aim under the good compliance and governance. The company's good compliance and governance is to accomplish the environmental management and including their privileges for better quality of life to earn loyalty of employees and increasing benefit of the organization, affiliates, society, environment and the country.

The company has implemented and created awareness for managing the business to rigorously follow the suit of good practices in corporate governance to its board of directors, committee members and workforces. The practices are directly involved shareholders, clients, partners, competitors, community, and the environment. Furthermore, cherishing the information system, understanding business gift giving etiquette and treating of the confidential information policy are all included.

The company has put its emphasis on the human capital for its employees to be involved in various policies and strategies such as one of the human resources policies in adding skills and values to its workforces. In regard to employment policy, the company has strictly complied with the law as well as

follows the standard of the international human rights without discrimination on nationality, gender, age, ethnicity, religion, disability, education, or other traits associated with the working process, including, the individualism and human rights. Additionally, the company has employed people with disabilities by assigning them to appropriate work tasks. Furthermore, the company is strongly against slave labor, illegal immigrant workers, including child labor.

The well-being direction has been one of the main components created specifically for its employees and organization as a whole. The procedure operated through four dimensions: body, mind, social and wisdom altogether in creating "happiness" for the employee and organization development via various activities and policies, i.e. Thai New Year Blessing organized in order to create a strong rapport between the board of directors and the employees, Family Relations Project, RPCG Energy Saving Project in encouraging the new habit for the energy and resources saving.

In addition, the company also focused on the health and safety workplace by providing purified drinking water for its employees. Additionally, the company is also continuing its annual health checkup, health insurance and life insurance for the employees.



The continuation of employee development is vital not only for the company, but also the employees. The main goal is to increase the employees' proficiency and competency through the operation in addition to creating a happy workplace environment. The company also regularly holds the new employee orientation to increase the comprehension and appreciation of the company's policies, culture and value in order to improve their skills and abilities to further their career.



The company has always put the emphasis on the importance of the mainly related to social and environmental activities for public service and donations such as supplies and blood donations, community and public relations to create the bond and understanding, maintain good relationships,

including the participation in activities such as "Helping poor children's education and livelihood Project" for giving a scholarship and giving the important ingredients for cooking to Baan-Nokkamin Foundation on July 25, 2018. For making merit of His Majesty King Maha Vajiralongkorn's Birthday (King Rama X).



Moreover, the company also held and supported various important events, festivals, and cultural activities of each region such as Children's Day, Father's Day, Religion Days, etc.



Financial Highlights

Financial Ratios	Unit	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018
Current Ratio	X	0.33	0.29	0.25
Inventory Turnover Ratio	X	43.43	47.12	54.87
Average Collection Period	Day	7	8	5
Net Profit Margin	%	(3.13)	(1.54)	(0.28)
Gross Profit Margin	%	8.27	6.91	5.73
Return on Equity	%	(5.30)	(2.80)	(0.66)
Return on Assets	%	(2.13)	(1.16)	(0.27)
Net Profit per Share	Baht	(0.05)	(0.03)	(0.01)
Book Value per Share	Baht	1.00	1.00	1.03
Debt to Equity Ratio	X	1.44	1.40	1.64
Long-term Debt to Equity Ratio	X	0.03	0.09	0.24

Financial Position and Operating Results

(Unit : Million Baht)

Financial Items	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018
Total assets	3,171	3,129	3,535
Total liabilities	1,864	1,818	2,188
Total Shareholders' equity	1,307	1,311	1,347
Revenue from sales	2,210	2,387	3,224
Total revenue	2,335	2,458	3,293
Gross profit	183	165	185
EBITDA	(3)	14	23
Loss for the year	(70)	(37)	(9)
Loss per share (Baht)	(0.05)	(0.03)	(0.01)

Future Projects

The company vision is clear, and in term of business, it always aims to expand its investment in new and promising opportunities, maintain its sustainability, and increase the remuneration to shareholders. Thus, for one of the company's main goals, the business expansion in various aspects is an essential element to generated revenues and as follows:

1. Energy Investment Project

As one of the experts in petroleum business, the company has strong ambitions and interests in expanding its business in various aspects such as petroleum service stations. The company expanded its business by engaging in the rental of its oil depot with the total capacity of 346 million liters and port business together with the rental of the port in Koh-Sichang, Chonburi Province.

Admittedly, in conformity with the government policy, the company is keen on investing in various renewable energy projects such as Very Small Power Producer Project, Solar Power Plant Project and other renewable energy projects with the purpose of utilizing the domestic agricultural products and reducing the petroleum imports.

2. Real Estate Projects

The interest in the real estate projects has been invested by the collaboration with Sammakorn Public Company Limited (SAMCO) in establishing Pure Sammakorn Development Co.,Ltd. (PSDC). The partnership between the company and SAMCO was to improve and develop the lands in Bangkok Metropolitan Region in order to create the integrated community centers under the name "Sammakorn Place Mall". The Sammakorn Place malls are exceptionally modern and close to the communities in which its three branches, namely Rangsit-Klong 2 branch, Ramkhamhaeng branch and Ratchaphruek branch with the continuity planning of the community mall projects expansion in near the future. In August 2016, the Company has restructuring the shareholding of SAMCO. As a result, SAMCO currently holds a 100% shares in PSDC and enhance the flexibility of the operation.

Besides the new investment in the community mall projects, the company also interested in expanding to other real estate projects by investing in the common shares of Sammakorn Public Company Limited (SAMCO), the property development company whose main aim is on the development of single-detached housing projects by further developing the SAMCO's previous projects. Currently, there are ten projects, namely Sammakorn-Rangsit Khlong 7 (prime-7), Sammakorn-Rangsit Khlong 7 (Zone-4), Sammakorn Chaiyapruk-Changwatana, Sammakorn Avenue-Ramintra-WongWaen, Sammakorn Avenue-Chaiyapruk-WongWaen, Chaiyapruk-WongWaen, Chaiyapruk-WongWaen 2, Sammakorn Avenue-Suvarnabhumi, Sammakorn Office Park and S9 Condominium.

In accompanying between SAMCO, the high potential business partnership, the company has set its vision upon the opportunity for the company to grow, expand and increase its businesses and revenues, in which the development of the real estate projects for the company is indispensable.

Shareholding and Management Structure

As of April 25, 2018, the list of top ten shareholders including related persons as specified in Section 258 of the Securities Act B.E. 2535 is as follows:

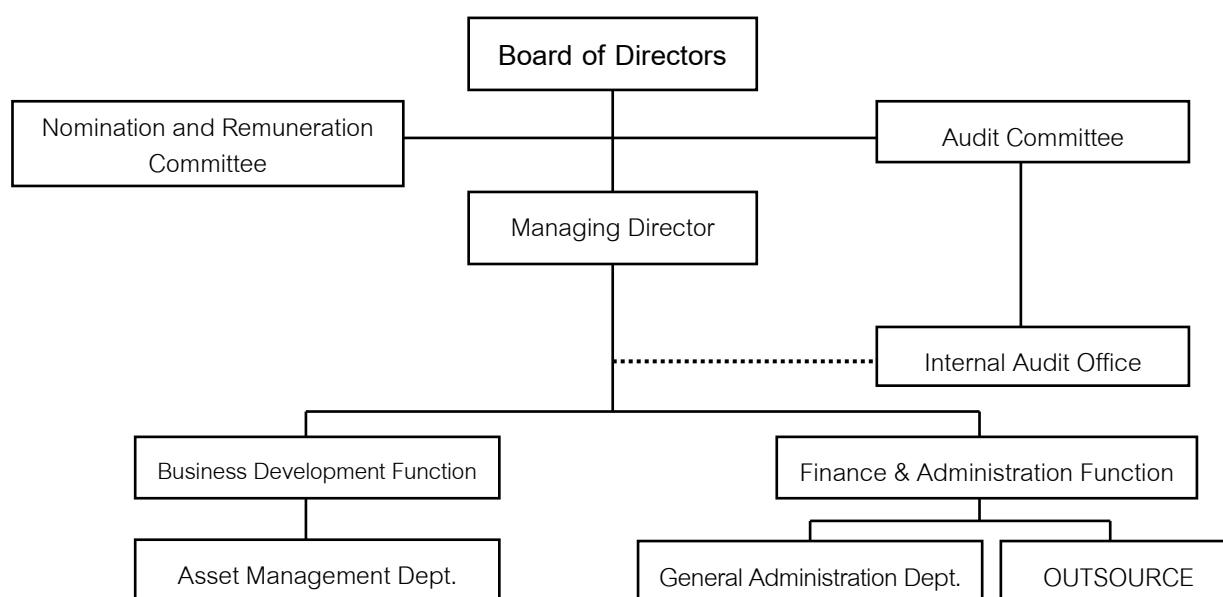
	Names of Shareholders	Number of shares	% ⁽¹⁾
1	Petro-Instruments Corp.	257,227,140	19.72
2	Ms. Montana Janetumnugul	33,981,978	2.60
3	Mr. Tawat Ungsuprasert	32,557,578	2.50
4	Ms. Prinnee Janetumnugul	28,601,578	2.19
5	Ms. Matanee Sukontarug	23,500,000	1.80
6	Mr. Satja Janetumnugul and Spouse	22,734,592	1.74
7	Ms. Pimuma Janetumnugul	21,318,950	1.63
8	Mr. Napon Janetumnugul	21,311,400	1.63
9	Mrs. Ampai Hankraivilai	17,000,000	1.30
10	Pol.Maj.Gen. Uthid Pongpanich	15,541,725	1.19

Source : List of registered shareholders of RPCG as of April 25, 2018.

Note : ⁽¹⁾ Based on the paid-up capital of 1,304,664,125 shares

Structure of RPCG Public Company Limited

As of 31 December 2018



Board of Directors

As of December 31, 2018, the Board of Directors comprises 7 directors as follows:

Name		Position
1. Mr. Satja	Janetumnugul	Chairman of the Board / Acting Managing Director
2. Mr. Suwinai	Suwanhirunkul	Director
3. Mr. Supapong	Krishnakan	Director
4. Mr. Suthud	Khancharoensuk	Director
5. Mr. Prasit	Dheeraratbongkot	Independent Director / Chairman of the Audit Committee
6. Mr. Chamni	Janchai	Independent Director / Member of the Audit Committee
7. Ms. Panicha	Pongsivapai	Independent Director / Member of the Audit Committee

Mrs. Supanee Tanchaisrinakorn : Company Secretary

The Authorized Signatory

The authorized directors composed of:

- Mr.Satja Janetumnugul , Mr.Supapong Krishnakan, Mr.Suwinai Suwanhirunkul, Mr.Suthud Khancharoensuk; two of these four directors jointly sign and stamped with the Company's seal.

Authority and Responsibilities of the Board of Directors

1. The Board of Directors may appoint any person to conduct the Company's business under the Board of Directors' supervision or may delegate authority to that person within the timeframe deemed appropriate. However, the Board of Directors may revoke or alter that authority anytime. The Board of Directors assigns the Executive Board to conduct business within the scope of authority and responsibility of the Executive Board. However, the authority of the Executive Board or the delegation of authority thereof to the appointed person(s) will exclude the power to approve transactions that may be in conflict of interests with the Company and its affiliated companies, or as specified in the Securities and Exchange Commission's announcements and regulations, except for transactions that are in accordance with the prescribed policy and criteria previously approved by the Board of Directors.
2. The Board of Directors has the authority to approve and change the authorized signatory director(s).
3. The Board of Directors may approve an interim dividend when the Company has sufficient profits and then reports the decision to the shareholders in the next shareholder meeting.
4. The Board of Directors must comply with laws and the Company's objectives, Article of Association, as well as the shareholder resolutions. However, in some cases, the Board of Directors must get the shareholders' approvals prior to implementation i.e., activities that need shareholders' approval per law requirement, related party transactions as required by SET's regulation on acquisition or disposal of assets, and those activities as required by related government agencies.
5. The Board of Directors must convene meet at least quarterly and attended by more than half of the Board of Directors members. The Board of Directors' decision is based on majority vote, in which each director has one vote. When the voting is equal, the Chairman of the meeting shall vote for the final decision.

6. The Board of Directors shall arrange for an annual general meeting of shareholders within four months after the end of the Company's fiscal year.
7. A director shall immediately inform the Company once he/she has any conflict of interests in a contract(s) executed by the Company executed or when his/her number of shares or debentures in the Company or affiliates that the director holds has increased or decreased.
8. A director shall not conduct any competing business with the Company, be a partner in any business partnership, be an unlimited-liability partner in a limited business partnership, or be a director of any private or public company that is operating competitively in similar business to that of the Company. However, the aforesaid requirements will not be in effect if the shareholders are notified of those conditions prior to appointing the said director to the Board of Directors.

Qualification of Independent Directors

The Audit Committee of the Company is independent as defined by the independent directors as follows:

1. Holding shares not exceeding on per cent of the total number of voting rights of the company, its parent company, a subsidiary, an affiliate or a juristic person with a potential conflict of interest.
2. Not being an executive director, employee, staff member or advisor who receives salary, or a person having control over the company, its parent company, a subsidiary, an affiliate, a same-level subsidiary or a juristic person with a potential conflict of interest.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as an executive or controlling persons of the company or any of its subsidiaries.
4. Not having a business relationship with the Company, its parent company, a subsidiary, an affiliate or a juristic person with a potential conflict of interest in the manner which may interfere with his/her independent judgment, and not being a major shareholder, non-independent directors or executives of any person having business relationship with the Company, its parent company, a subsidiary, an affiliate or a juristic person with a potential conflict of interest.
5. Not being an auditor of the Company, its parent company, a subsidiary, an affiliate or a juristic person with a potential conflict of interest and not being a major shareholder, the director did not perform as independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, a subsidiary, an affiliate or a juristic person with a potential conflict of interest.
6. Not being having been any type of professional advisor, including legal advisor or financial advisor, who receives an annual service fee exceeding two million baht per year from the Company, its parent company, a subsidiary, an affiliate or a juristic person with a potential conflict of interest and not being a major shareholder non-independent director, executive or partner of the professional advisor.
7. Not being a director who has been appointed as representative of the company's director, major shareholder, or shareholder who are related to the company's major shareholder.
8. Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

9. Not being a directors assigned by the board of directors to take part in the business decision-making of the Company, its parent company, a subsidiary, an affiliate, a same-level subsidiary or a juristic person with a potential conflict of interest and not being a director of the listed company, its parent company, a subsidiary, an affiliate or same-level subsidiary.
10. Having duties as prescribed in the notification of the Stock Exchange of Thailand on the qualifications and scope of work of Audit Committee.

The Audit Committee

As of December 31, 2018 the Audit Committee comprises 3 directors as follows:

Name	Position
1. Mr. Prasit Dheeraratbongkot	Chairman of the Audit Committee
2. Mr. Chamni Janchai	Member of the Audit Committee
3. Ms. Panicha Pongsivapai	Member of the Audit Committee

Mrs. Supanee Tanchaisrinakorn : Secretary to the Audit Committee:

Authority and Responsibilities of the Audit Committee

1. To review the Company's and its subsidiary financial reporting process to financial statement to ensure the accuracy and sufficient;
2. To review the Company's and its subsidiary internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer dismissal and to yearly performance evaluation of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's and its subsidiary compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be an auditor of the Company and subsidiary company as well as propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and to ensure that they are in compliance with the laws and the Exchange's regulations;
7. Review and report on the operating's result of the Company and its subsidiary to the Board of Directors to ensure that the company's risk management framework and operation efficiency and effectiveness have been evaluated regularly and suggest an improvement to be updated.;
8. Review reliability and effectiveness of information technology related to financial reporting and internal control and risk management system;
9. Review the audit plans to ensure that generally accepted principles are in practiced;

10. Review the appropriateness of the Audit Committee Charter and the Internal Audit Charter;
11. The Committee, if necessary, might seeks independent opinion from experts in other profession at the expense of the company with the Board of Director' approval. The hiring procedure should conform to the company policy;
12. To report other matters that the shareholders and general investors should be informed of, within the scope of duty and responsibility assigned by the Board of Directors;
13. To report to the Board of Directors on regular basis for Board of Directors to acknowledge the Audit Committee's activities;
14. In performing duties, in case of doubt of the existence of a conflict of interest or fraud or irregularity or material error in the internal control system or a breach of laws on securities and exchange, the requirements of the Stock Exchange of Thailand or related laws that may have a significant impact on the financial position and operating results of the Company and its subsidiary, the Audit Committee shall report it to the Board of directors for improvement / correction in a timely manner as deemed appropriate by the Audit Committee;
15. To carry out other activities under the scope of authority and responsibility given in the charter or as assigned by the Board of Directors at the approval of the Audit Committee.

The Nomination and Remuneration Committee

As of December 31, 2018, the Nomination and Remuneration Committee comprises 3 directors as follows:

Name	Position
1. Mr. Prasit Dheeraratbongkot	Chairman of the Committee
2. Mr. Chamni Janchai	Member of the Committee
3. Ms. Panicha Pongsivapai	Member of the Committee

Authority and Responsibilities of the Nomination and Remuneration Committee

1. To set up the policy and selection criteria for the Board of Directors, Sub-Committee and Managing Director
2. To select the Board of Directors, Sub-Committee and Managing Director and propose the Board of Directors and/or shareholders for their approval, as the case may be.
3. To set up the policy and remuneration payment criteria for the Board of Directors, Sub-Committee and Managing Director and propose the Board of Directors and/or shareholders for their approval, as the case may be.
4. To determine necessary and appropriate remuneration, both cash and non-cash payment, in order to attract and keep the Board of Directors, Sub-Committee and Managing Director
5. To set up criteria and methods for appraising the performance of the Board of Directors, Sub-Committee and Managing Director

6. To review the selection criteria and policy as well as the system and payment of remuneration in compliance with responsibilities, the Company's performance, and market situation by taking account of making the most of the Company benefits.
7. To perform other duties as assigned by the Board of Directors.

The Management

As of December 31, 2018 the Company's managements comprises 3 managements as follows:

Name		Position
1. Mr. Satja	Janetumnugul	Acting Managing Director
2. Mrs. Supanee	Tanchaisrinakorn	General Manager - Finance & Administration Function
3. Ms. Kallaya	Klaithong	General Manager - Business Development Function

Authority and Responsibilities of the Managing Director

The Managing Director has the authority and responsibilities to conduct business in accordance with the Board of Directors' assignment and shall follow strictly and ethically the Company's business plan or budget that has been approved by the Board of Directors. The Managing Director shall also act diligently to protect the Company's and the shareholders' best interests. The authority and responsibilities of the Managing Director are described as follows:

1. Oversee and supervise the Company's routine operation.
2. Oversee the process of recruitment, appointment, promotion, and salary adjustment, based primarily on the pre-approval of the related authority in each department.
3. Consider and approve the purchase of fixed assets with the amount not exceeding Baht 10 million. The approval must be complied with the Stock Exchange of Thailand's regulation on the acquisition and disposal of assets of the listed companies or related party transactions or regulations of related authorities.
4. Prepare and propose the Company's policy, business plan, and budget to the Board of Directors for approval and report the progress thereof to the Board of Directors on the quarterly basis.
5. Execute the policy, business plan, and budget, which have been approved by the Board of Directors. The above authority of the Managing Director shall not be valid if, in exercising such authority, the Managing Director may receive benefits or have potential conflict of interest with the Company.

The Appointment of Directors and Management

The Company sets up the Nomination and Remuneration Committee to be responsible for the appointment of directors and management. In this regard, an individual who is eligible to be appointed as

director and management of the Company must possess the qualifications as specified in the Public Company Act B.E. 2535, Section 68 and the Company's requirement, and shall not be disqualified per the SEC announcement dated December 12, 2008 on request for approval and Approval to offer new shares. The appointment process is as follows:

Appointment of the Board of Directors

The Board of Directors must comprise at least 5 members but not exceed 15 members. The directors shall be elected by the shareholders in the shareholder's meeting. At least half of the directors must have permanent residence in Thailand. According to the Company's Articles of Associations, the shareholder's meetings shall elect the directors per the following principles and methods:

- (1) One shareholder has one vote for one share held.
- (2) Each shareholder can use all of his/her eligible votes to elect only one or many director(s) but cannot split his/her votes erratically.
- (3) An individual in receipt of the highest number of votes and those in order of descent shall be elected as Directors as per the required number. In case that two or more individuals receive an equal number of votes which exceed the available positions, the Chairman of the meeting shall make the final decision.

At every Annual General Shareholder's Meeting, one-third of the directors shall resign. In case that the number of directors cannot be equally divided into three parts, the number nearest to one-third shall resign. Those outgoing directors may be re-elected.

The authorized signatory comprises the joint signatures from any two directors and stamped with the Company's seal.

Appointment of the Audit Committee

The Board of Directors appoints at least 3 persons who are qualified per the SET's announcements to be the members of the Audit Committee with three-year term.

Remunerations for the Directors and Management

Financial remuneration

In 2017, the fee for 7 directors totaled Baht 1.46 million, paid for the meeting allowances in congruence with the Company's performance.

The fee for 3 Managements totaled Baht 4.48 million, paid for salary and bonus in congruence with the Company's performance.

In 2018, the fee for 7 directors totaled Baht 1.04 million, paid for the meeting allowances in congruence with the Company's performance.

The fee for 2 Managements totaled Baht 4.19 million, paid for salary and bonus in congruence with the Company's performance.

The details of remuneration for individual directors in 2018 are as follows:

Unit : Baht

Name		Position	Board of Directors	Audit Committee	Nomination & Remuneration Committee
1. Mr.Satja	Janetumnugul	Chairman of the Board / Acting Managing Director	125,000	-	-
2. Mr.Suwina	Suwanhirunkul	Director	80,000	-	-
3. Mr.Supapong	Krishnakan	Director	40,000	-	-
4. Mr.Suthud	Khancharoensuk	Director	100,000	-	-
5. Mr.Prasit	Dheeraratbongot	Independent Director Chairman of the Audit Committee Chairman of the Nomination & Remuneration Committee	100,000	125,000	25,000
6. Mr.Chamnai	Janchai	Independent Director Member of the Audit Committee Member of the Nomination & Remuneration Committee	100,000	100,000	20,000
7. Ms.Panicha	Pongsivapa	Independent Director Member of the Audit Committee Member of the Nomination & Remuneration Committee	100,000	100,000	20,000
TOTAL			645,000	325,000	65,000

Other forms of remuneration

- In 2017, the Company's provident fund contribution for 3 Management (excluding Independent Directors) was THB 0.21 million.
- In 2018, the Company's provident fund contribution for 2 Management (excluding Independent Directors) was THB 0.42 million.

Corporate Governance

The Company perceives the importance to enforce the corporate governance practices in accordance with the Corporate Governance Policy across all levels of employees, the Management, and the Board of Directors. These practices are to ensure operating transparency, promote managerial integrity effectiveness, and efficiency across the firm, for the benefits of shareholders, customers, investors, and the general public.

1) Rights of Shareholders

The Company's Board of Directors perceives the significance of good corporate governance, the internationally standardized operation, the compliance with SET's regulations, the rights of shareholders and the promotion of their rights thereof. The Audit Committee was set up to supervise the business in various aspects so as to promote favorable corporate culture and corporate governance. This effort is a key factor encouraging the Company to achieve its desirable performances and targeted business objectives. As a result, the shareholders will reap the highest benefit out of this practice. In this regard, the Company aims that the Directors and the employees of all levels hold on to the following values:

- Perform each task with their best knowledge and capability, along with professional practices, honesty, and morality
- Formulate cooperative solidarity in workplace
- Hold firmly to rules and regulations and perform for the benefit of the Company, the country and the society as a whole
- Create mutual interactions and be readily responsive to any circumstances.

The firm has a policy to send the inviting letters for a meeting and accompanying documents to the shareholders at least 7 days earlier, in order to reach the minimum period determined by the law. Moreover, the company has a policy to treat all the shareholders equally. That is, a shareholder can vote independently to elect the board of directors, partake in resolution making, opining, and enquiring the meeting as per the meeting's agenda and proposed issue. Every shareholder has the right and equity to receive correct, well-rounded, and updated information, of which he/she can also check for its verity. The company has a policy to provide more alternatives for the shareholders by permitting an independent director to be entrusted by a shareholder, in the event the latter cannot attend the meeting.

2) Equitable Treatment of Shareholders

The firm has a policy to send the inviting letters for a meeting and accompanying documents to the shareholders at least 7 days earlier, in order to reach the minimum period determined by the law. Moreover, the company has a policy to treat all the shareholders equally. That is, a shareholder can vote independently to elect the board of directors, partake in resolution making, opining, and enquiring the meeting as per the meeting's agenda and proposed issue. Every shareholder has the right and equity to receive correct, well-rounded, and updated information, of which he/she can also check for its verity. The company has a policy to

provide more alternatives for the shareholders by permitting an independent director to be entrusted by a shareholder, in the event the latter cannot attend the meeting.

Conflict of Interest

In the past years, the company's directors and management have been considering about the eradication of the interests' conflict with prudence, honesty, and independence under the frame of decent morality. This effort is to achieve the overall benefits of the company, transparency, and protection of personal interest through exploitation. The company is in the process of initiating an instruction bill forbidding the directors, management, and operational staffs not to use the firm and its subsidiary's internal data which are significant and confidential for the pursuit of personal benefits. Besides, if there is any interrelated program, the firm will be complied with the criterion and method notified by the Stock Exchange of Thailand.

3) Roles of Stakeholders

The company is attentive to the right of the beneficiaries in all groups, be they the internal beneficiaries like staffs and the Company's and its subsidiaries' executives, or the external beneficiaries like competitors, creditor, the governmental authority and other related agents. The company actually conducts its operation in compliance with the provisions of law and other relevant regulations in order to maintain the appropriate care of these beneficiaries. In 2018, the Company ensured that all stakeholders were properly treated each stakeholder as follows:

Shareholders	The Company values the rights of shareholders and rights stipulated by the law, such as the right to attend the shareholders' meetings; the right to vote at the meeting; the right to freely express opinions at the shareholders' meetings; the Company also gives shareholders the right, as the owners of the Company, to make suggested and comments on the Company's affairs to the independent.
Employees	The Company truly believes that its employees are the most valuable assets and also support employees to improve their knowledge and skill by providing skills trainings, knowledge sharing workshops and leaning opportunities to all employees for their self-development and career growth with the Company. The Employee Performance Assessment system integrates the employees' values with the corporate objective to ensure that the business success is their mutual benefits.
Customers	The Company is determined to provide customers with maximum benefit in terms of quality and price, to develop and maintain the sustainable relationship with customer, to commitment to the customers.
Partners	The Company is operates its business by upholds promises and committed to fair and equal treatment of its suppliers and business partners to establish mutual trust.

Competitors	The Company is legally competing with the competitors by adhering to the business fairness under the trade competition act. , and not take any action that violates the intellectual property or copyright of competitors, not use dishonest methods to discredit a competitor or no trade secret violations.
Creditors	The Company honestly and strictly adheres to loan agreement, pay attention to the importance of the creditors and strive to keep good relationship with them on the best interest of the Company.
Communities, Social and Environment	The Company perceives the corporate responsibility for the environment in the society and community and for natural resources conservation. The Company supports activities that promote quality of life and create happiness for communities, society and environment.

4) Disclosure and Transparency

Corporate Governance Policy

Board of Directors established Policy on corporate governance, by recognizing the importance of benefits to the business of the Company to be stable and sustainable growth. In setting the operating guidelines, the Company focused on internal control and internal audit. Especially, Board of Directors had evaluated the adequacy of the internal control system together annually since the year 2003. And oversight of management operations by the Board of Directors had conducted under the policy effectively. For the Company had complied with good corporate governance principles, according to the guidelines of the Stock Exchange of Thailand.

In addition, the Company had also disclosed complete information in accordance with the guidelines of the Stock Exchange of Thailand which was reported both in Thai and in English through the Company's website.

Report of the Board

The Board of Director is responsible for the Company's and its subsidiaries' financial statement and information as appearing in the annual report. They also oversee the effective internal control system to ensure that the accounting records be thorough, accurate, and adequate to maintain the property, and to be notified of possible weaknesses to assure that the financial statements are free of material

Auditor's Fee

(1) Audit Fee

The Annual General Shareholder Meeting of 2018, The Company appointed EY Office Company Limited with Mrs.Poonnard Paocharoen C.P.A. Registration No.5238 or Ms.Vissuta Jariyathanakorn C.P.A. Registration No.3853 or Mr.Termphong Opanaphan C.P.A. Registration No.4501, as auditor of the Company for the year 2018. The remuneration of the audit fee of the Company and its subsidiaries for the year 2018, THB 800,000 and THB 1,015,000 respectively.

(2) The audit fee excludes non-audit fee of THB 70,752

Dividend Policy

The Company has a policy to pay dividends to shareholders at the rate of not less than 50% of net profit after deduction of all reserves. Unless there is a necessity that it cannot be paid.

The dividend payment will be considered many factors such as financial position, liquidity, business expansion and other factors that relevant in the management of the Company. The dividend payment must be approved by the shareholders as appropriate and approved by the Board of Directors.

Investor Relations

After being registered in the Stock Exchange of Thailand, the Company has a policy to nominate a person to be in charge of investor relations. This particular individual will make sure that the disclosure of general and financial information, as well as significant data affecting the price of the Company's stock, be accurate, complete, transparent, and thorough. Such information will be distributed to investors and the public via the following channels: The Stock Exchange of Thailand, List of annual data (Form 56-1) , Annual report (Form 56-2), electronic media (SCP Client), newspaper, magazine, Television, company website, shareholder journal, face-to-face interview, trip to meet domestic and international investors and meeting with stock analysts.

Procedures for Whistle-Blower

The Company has established channels for raising concerns or receiving complaints from the employees or the Company's stakeholders. The employees can send the complaints letter with indicating "Private and Strictly Confidential" to the Chairman of the Audit Committee, for the Company's stakeholders can directly send to the Chairman of the Audit Committee or via the Company's E-mail ir@rpcthai.com or The Company's address No. 86/2 Sammakorn Place, Ramkhamhaeng Road, Saphansoong, Bangkok 10240. The complaints will be investigated according to the Company's procedures and reported to the Board of Directors. All evidence and documents related to the complaints and names of the complainants will be kept confidential.

5) Board Responsibilities

Leadership and Vision

The company's board of directors is composed of well-versed, experienced directors who settle policies, vision, strategy, goal, mission, business plan, and the firm's budget. They also govern the management to operate the works effectively and efficiently as per the determined policy, within the boundary of law, the company's provisions, and the resolution of shareholders' meeting, with honesty, responsibility, and prudence; for the utmost economic value of the enterprise and supreme security of the shareholders. Besides, the company is highly attentive to an internal control system, internal auditing, appropriate method of risk management, including a checking system in order to enable the operation to be in compliance with the

law, to make the utmost effectiveness and efficiency out of the internal control system. Moreover, the board of directors has considered about the settlement and separation of duty and responsibility between the board of directors, the audit committee, the executive board, and the Managing Director.

Business ethics

The company has stood firmly on doing correct deeds in its business path. The directors, management, and all the staffs of the company have their own parts in doing the duty with honesty, under the law's boundary and their own responsibilities. They shall also exercise the prudent consideration in trading and treatment to others; abstaining from any conduct which will riskily lead to the company's infamy or damage, though that action seems to be beneficial to the company's business.

Therefore, the Company has a Code of Conducts for directors, executives and employees of the Company and its subsidiaries is determined to conduct business with transparency to ensure sustainable growth and long term value for our stakeholders, including internal and external corruption or bribery, gifts as well as donations and contributions.

Overseeing the operations of its subsidiaries and associates

The Board of Directors has oversight mechanism that can control the direction of management and responsible of subsidiaries and associated companies to maintain the benefits of the Company's investment as follows:

1. Individuals are sent to represent the Company to be a director, an executive or authorized individual in such company in proportion to the shareholding. And it is approved by the Board of Directors.
2. The scope of authority and responsibility of directors and executives representing the Company are determined by the authority of each company.
3. There is the mechanism of governance has resulted in the disclosure of the financial position and results of operations, transactions between the Company and the connected persons, acquisition or disposition of assets or any other important transaction of such company is completely accurate. And also comply the criteria related to the disclosure of information and transactions similarly to the above-mentioned criteria of the Company.
4. Determine the appropriate and sufficient internal control system in its subsidiaries by testing the internal control system and monitoring by the Internal Audit Committee of the Company.

Anti-Corruption Policy

Directors, executives, and employees must perform their duties with honesty and without involving in all forms of corruption, whether it is direct or indirect. Uphold and abide by the policies and Code of Conduct strictly.

Related Practices

- **Receiving or giving gifts, favors, other privileges**

The operation of the company includes auction or projects, procurement, coordination or activities related to the business of the Company with both public and private sectors. It must be treated with fairness, transparency and verification. Comply with the law, regulation and policy, the Company is aware of receiving or giving gifts, favors or benefits. These could pose a risk of corruption.

- **Donation or support to public or private sectors**

Donation or support to public or private sectors must be conducted with transparency and not contrary to morality, ethics, legally and adhere to the policies and procedures of such matters very seriously. This must be approved by the original affiliation before proceeding.

However, the donation or support to public or private sectors aforementioned, must not cause conflict of both personal and corporate interests. Not used as an excuse for corruption. Approval of donation or support to public or private sectors must follow the rules strictly. A report is prepared, together with documents for approval donation or support to public or private sectors, and propose to the management for consideration.

- **Political participation**

The Company operates as a politically neutral. No aid or political support to political parties or politicians in all its forms. It also does not encourage any director, executive, or employee to participate in any political activity on behalf of the Company. The Company is entitled to personal freedom under the law to participate in political activities. And it is not impersonating an employee, or any assets of the Company to take on political support or act in any manner which contributes to the misconception that the Company engages in or support any political.

So the expression and political opinion in the office or corporate premises of the Company are considered against the regulation of the Company.

- **Complaints, found clues corruption**

If corruption is found, it must be informed to the supervisor or through channels which are set up for complaints, clues, corruption or abuses. The Company has measures to protect the complainant, informant as required. Details are provided by the policy on notification of clues and protection of notifier. The Company provides channel to report clues and complaints through the **Company secretary** :

- By post to: RPCG Public Company Limited
No. 86/2 Sammakorn Place, Ramkhamhaeng Road,
Saphansoong, Bangkok 10240

- **Risk assessment of corruption**

The internal audit department is responsible for assessing the risks of corruption. By assessing, analysis, monitoring and control of risk at acceptable levels and report to the Audit Committee about the monitoring of the implementation of the policy against corruption.

- **Raising awareness against corruption**

The Company conducts internal communication to ensure that directors, executives and employees understand and recognize the importance of anti-corruption. Include policies and practices that are relevant through staff meetings, seminars and company media. Available to employees who perform duties related to the stakeholders of the Company to inform them.

- **Penalties for offenses**

Penalties for offenses shall be in accordance with the Company regulations and / or applicable laws.

The board of director's check and balance

The company's board of directors consists of 7 persons, who are:

- Directors who are not the executives – 4 persons.
- Directors who are independent – 3 persons or 43 % of the whole board.

Unification or separation of rank

The chairman of the board of directors will not be the same person with the firm's managing director, in order to give check and balance in administration. More than half of the company's board of directors is consisted of a coalition of non-executive directors and the independent directors.

Remuneration for directors and management

The firm has clearly settled the policy on the directors and management's remuneration. However, the consideration of the directors' remuneration is under the approval of the shareholder's meeting, whereas the management's remuneration is under the approval of the board of directors. This consideration will be as high as that of the industry to maintain the highly-qualified directors and management with the firm.

The Board of Director's meeting

The company has a policy to send the inviting letters for a meeting with accompanying documents to the directors' consideration at least 7 days earlier, in order to reach the minimum period determined by the law. In 2018, the board of directors had 5 meetings, with the written record, and the approved meeting report was kept for the checking by directors and related persons.

Name	Position	Meetings in the 2018			
		Board of Director	Audit Committee	Nomination & Remuneration Committee	Shareholders Meeting
		5 Times	5 Times	1 Time	1 Time
1. Mr.Satja Janetumnugul	Chairman of the Board / Acting Managing Director	5/5	-	-	1/1
2. Mr.Suwinai Suwanhirunkul	Director	4/5	-	-	1/1
3. Mr.Supapong Krishnakan	Director	2/5	-	-	1/1
4. Mr.Suthud Khancharoensuk	Director	5/5	-	-	1/1
5. Mr.Prasit Dheeraratbongot	Independent Director Chairman of the Audit Committee Chairman of the Nomination & Remuneration Committee	5/5	5/5	1/1	1/1
6. Mr.Chamni Janchai	Independent Director Member of the Audit Committee Member of the Nomination & Remuneration Committee	5/5	5/5	1/1	1/1
7.Ms.Panicha Pongsivapai	Independent Director Member of the Audit Committee Member of the Nomination & Remuneration Committee	5/5	5/5	1/1	1/1

The subcommittee

The board of directors has appointed the subcommittee board to support on corporate governance, as follows:

- The Audit committee with a 3-year term in office. The committee's body consists of 3 persons, all are the independent directors.
- The Nomination and Remuneration Committee with a 3-year term in office. The committee's body consists of 3 persons, all are not the Executive Board and committee's chairman must be the Independent director.

Internal control and audit system

The firm has clearly settled mission, duty, and operational authority of the operational staffs and executives in a form of writing, along with the use of the company's property for beneficial purposes and the job segmentation of operational staffs, control staffs, and assessment staffs; in order to create check and balance.

The company has an internal audit office that will do the checking to assure the efficiency and compliance of the firm's main operation and major financial activities with the law and provisions related to the company. The internal audit office is independent, so it can do fully the check and balance. The internal audit office can directly report the audit result to the audit committee.

Control of the Use of Internal Information

The Company has informed all executives and management of each division about their duties to report the number of shares or securities of the Company that are held by them, their spouse and minor children as well as every change of securities holding occurring as a result of any purchase, sale, transfer or acknowledgement of transfer of securities to the Securities and Exchange Commission according to Clause 59 and Clause 275 of the Securities and the Stock Exchange Act B.E. 2535.

If any directors, executives or employees violates the Company's policy on the sale and purchase of securities by using internal information, those persons shall be punished or disciplined according to the Company's rules and regulations which include warning letter, pay cut, temporary forced leave without pay or employment termination. The level of disciplinary action shall depend on the degree of the violation.

Human Resources

1. Human Resources

As of 31 December 2018, the Company and its subsidiaries had 503 employees, which can be broken down by function as follows:

Organization Structure As of 31 December 2017		Organization Structure As of 31 December 2018	
<u>Function</u>	<u>Quantities</u>	<u>Function</u>	<u>Quantities</u>
- Business & Finance	2	- Business & Finance	2
- Business Development	7	- Business Development	6
<u>Subsidiaries</u>	<u>Quantities</u>	<u>Subsidiaries</u>	<u>Quantities</u>
- PTEC	458	- PTEC	482
- SAP	1	- SAP	-
- SPG	4	- SPG	13
Total	472	Total	503

2. Remuneration

2.1 Financial Remuneration

Total remuneration to the Company's staff including salaries, overtime, fringe benefits, bonuses and provident fund contribution for the year 2017 and 2018 were Baht 105.66 million and Baht 118.72 million respectively and benefits on termination of employment.

3. Human Resource Development Policy

The Company's policy to promote the advancement of employees. The direction of the development staff. And employees at all levels. It was developed under the direction of such a system. And continued to function effectively in the current page. And are ready to take up higher in the future. With regard to the use of human resources for maximum benefit. And the merit system (Merit System) in salary and promotion. And promoted Based on skills, knowledge, abilities and potential of each employee's individual compound. Corporate Value consists of:

- Initiatives
- Accountability
- Synergy
- Sustainable

Internal Control System

According to the Board meeting no. 1/2019 held on February 20, 2019, the Audit Committee concluded that the Board of Directors and the Executives have paid a continuous and considerable attention to the internal control system. They have directed their efforts to formulate the internal control system that is sufficient and appropriate with the Company's business operation. In this regard, proper attentiveness is geared toward asset maintenance, error and damage minimization, financial management, risk management, operation inspection, as well as efforts to promote compliance to existing legal requirements, along with rules and regulations. These measures are to achieve maximum job efficiency, and build up confidence in the Company's business capability to achieve its determined goals and heighten up its added values.

In order that the internal control system be efficient, the Board of Directors has focused the Company's internal control system to the following 5 sections:

1. Organization and Environment

The Company has formulated its business goal and objectives on a clear, possible, and measurable basis. In this regard, it has modified the organizational structure to facilitate job efficiency and flexibility, as well as to correspond with incessantly changing business environments. Hence, the Company has set regulations and penalty rules to prevent the management and employees from engaging in a conflict of

interest with the Company. In addition, the policy and operational rules regarding financial transactions, selling, purchasing, and managing were also framed on the basis of fairness to all parties concerned.

2. Risk management

The Company's executives have set up a risk policy and an organization to be in charge of risk management. In this aspect, the risk management committee was founded along with a risk coordinator in each work unit. In addition to providing constant training to the employees on knowledge about risk management, the Company also assigns a person in charge of risk in each work unit, sets a plan and a measure for risk management, evaluates potentially threatening risk factors, formulates a measure for risk reduction, and follows up on risk management procedures of every work unit. The risk management committee will subsequently report its performance to the Audit Committee to be continually forwarded to the Board of Directors. Moreover, the Company has organized training on this matter to employees.

3. Controlling of the Management

The Company has distinctly delineated the scope of authority and responsibility of both the management team and the employees of all levels. The approval scope of each management level is clearly and appropriately determined, and the operations of subsidiaries and affiliated companies are continuously and constantly supervised to comply with the existing legal requirements.

4. Information Technology and Communication System

The Company has utilized the ERP information technology system to efficiently manage purchasing, selling, accounting system, inventory, and permanent assets, so that the IT database be made efficient and handy for the executive's decision making. Moreover, additional developments have been brought in to advance the existing IT system, e.g. the systems for gas station management, close-circuit TV, and video conferencing. These developments aim prominently to facilitate work coordination and supervision, to cover extensive IT usage among employees, and to increase efficiency of communication channels between the Company and its subsidiaries and affiliated firms.

5. Monitoring System

The Board of Directors has conducted a thorough consideration and monitoring on the performance of the Management team. If any deviation from the preset goal is detected, the Board of Directors will have the Executives correct it immediately. In this regard, the Internal Control Committee will report directly to the Audit Committee in due time, especially when those deviations are critical. A report on correction process and progression should also be filed.

Company's background and major development

RPCG Public Company Limited, formerly known as Rayong Purifier Public Company Limited, was established in 1995 by a joint venture between Thai businessmen with extensive experiences in the petroleum and the petrochemical businesses and Petro-Instruments Co., Ltd. The Company's main business is to refine Condensate Residual (CR), which is a by-product from the production process of PTT Global Chemical Public Company Limited (PTTGC) (formerly known as PTT Aromatics and Refining Public Company Limited (PTTAR)), into high quality petroleum and petrochemical products such as high-speed diesel oil, fuel oil, and petrochemical products for the wholesale and retail businesses. In addition, the Company is granted a fuel-trading license, according to Article 7 of Fuel Trade Act, B.E. 2543 (2000)

Since early 2012, the Company's oil refinery has been shut down as PTT Company Limited had broken the Condensate Selling Agreement, which is the Company's main raw material. This was considered as a breach of contract between PTT and the Company. The Company needed to cease the oil refinery operation indefinitely because the Company had lost the main revenue business and there were many operating expenses.

In 2015, the Company has improved business operation and restructure the business to suit the Holding Company environment, which main revenues came from energy business and the Company has discontinued oil refinery in Rayong Province permanently.

Summary of the Company's history and major developments in the past 3 years

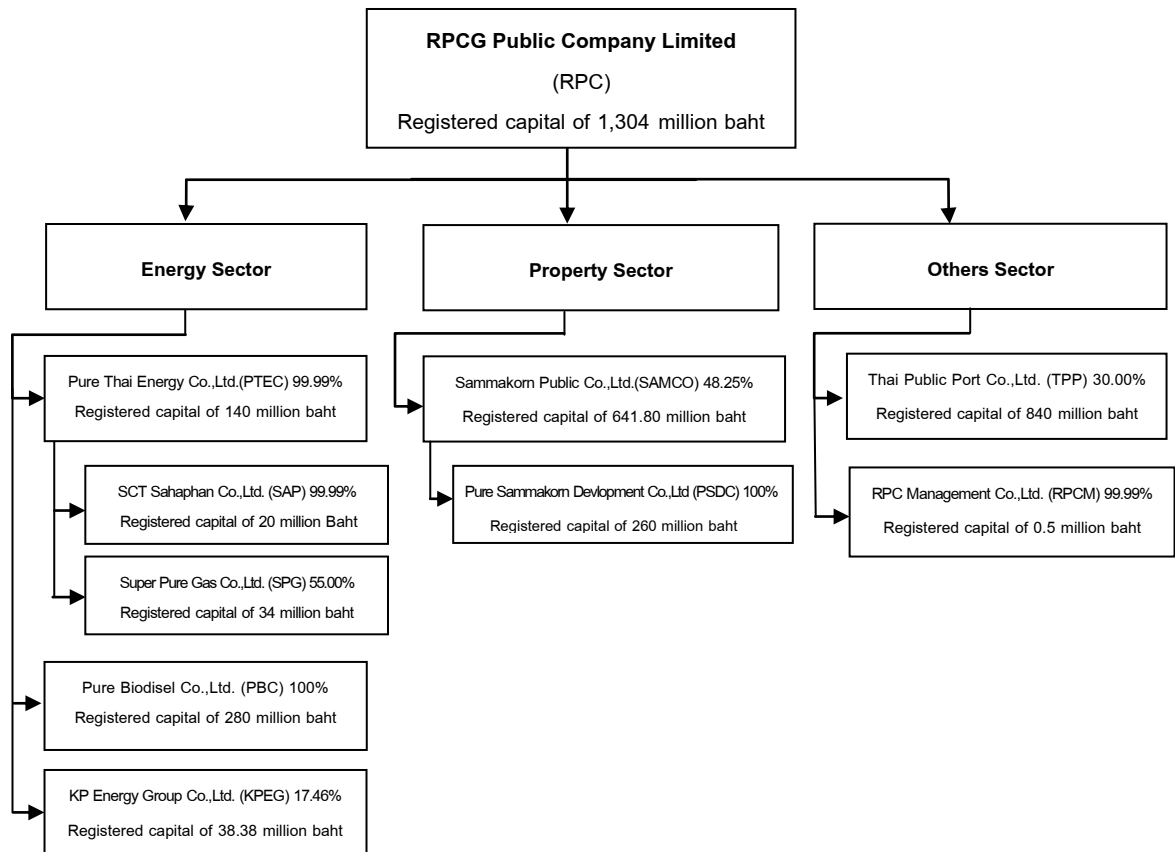
- 2016
- In April, the Company received an Arbitration Award dated March 25, 2016, pursuant to which the arbitral tribunal rendered an award by a majority vote to order PTT to pay damages for the unlawful termination of the agreement with the Company in the amount of Baht 390 million per annum starting from February 1, 2012 until the date on which the arbitral tribunal rendered the arbitration award (March 25, 2016), together with 7.5 percent interest per annum on such amount of damages calculated on the date on which the arbitral tribunal rendered the arbitration award until PTT makes payment in full to the Company.
 - In August, the Board of Directors meeting passed a resolution approving the Company's sales of 1,147,499 ordinary shares of Pure Sammakorn Development Company Limited ("PSDC") to the Sammakorn Public Company Limited ("SAMCO"), representing a 44.13% shareholding of total paid-up capital of PSDC, at a price of Baht 140 per share, totaling Baht 160,649,860.
In November, the Company received payment of the shares and already changed the share register with the Department of Business Development, Ministry of Commerce.
 - In September, the Company filed a petition to the Civil Court to object the request for revocation of the arbitration award on the case that the litigant lodged to the Civil Court.
 - In November, the Company filed a dispute to the Arbitration Office, requesting the PTT to pay the compensation of raw materials different from purchase agreement.
 - In December, the Company filed a petition with the Civil Court to seek enforcement.

- 2017-2018
- In May, The Company received a copy of the arbitral award dated April 27, 2017. The arbitral tribunal have a decree let the Company pay amount of 1,555 million Baht plus interest at the rate of 9.375 per year, calculated from the capital amount 1,518 million Baht, counted from the next date of submission of the dispute (submitted the dispute on May 18, 2012) until the Company have paid to PTT.

The Company would like to clarify that the Company disagree with the arbitral award of the arbitral tribunal. The Company consider that the arbitral award of the arbitral tribunal aforementioned, contradicted the provisions of the law and the Arbitration Act, and contradicted to the contract dispute. The Company disagree with the arbitral award. Therefore, the Company will have the right by law in filing a petition to the Civil Court to revoke of the Arbitration award.
 - In May, the Company was informed from by TPP that the Supreme Court upheld the Court of Appeals judgement not to revoke the title deed to the land. From 1997, Chonburi Province sued a unrelated companies and persons with the Thai Public Port Co., Ltd, charging that they had wrongly encroached on state land, the title deeds held, including the title deed to a plot of land owned by the associated company and used as the site of a dock and terminal project and claiming damages. Thai Public Port Co., Ltd. (TPP) is not a party in such lawsuit. Therefore the lawsuit is finished.
 - In November, the Company has approved Pure Thai Energy Company Limited (“PTEC”), has signed the cooperation contracts with ESSO (Thailand) Public Company Limited (“ESSO”) for oil contracts and the use of the Esso trademark rights. After this, gasoline service stations of PTEC will be service station under the Esso trademark, but still remain the business operation of gasoline service station by PTEC.
 - The Company has follow up on operating results to ensure that the Company is proceeding in its policy in year 2017 and 2018.

As of December 31, 2018, the Company has registered capital of THB 1,304,664,125 and paid-up capital of THB 1,304,664,125. The holding structure in its subsidiaries and associated companies are as follows:

Business Structure of RPCG Group



Overview of Business Operation for the Group of Company

RPCG Public Company Limited (RPC)

Previously, the Company is engaged in the distillation of condensate residue (CR), a by-product from the production process of PTT Global Chemical Public Company Limited (PTTGC) (formerly known as PTT Aromatics and Refining Public Company Limited (PTTAR)), to produce high quality petroleum and petrochemical products, e.g. high-speed diesel, fuel oil and other petrochemical products. RPC's refinery has a maximum capacity of 17,000 barrels per day or 80 million liters per month. Moreover, RPC also procures unleaded gasoline 91, gasohol 95, gasohol 91, high-speed diesel, and E85 from other refineries to satisfy the increased consumers demand. Besides, RPC also operates one oil depot in Rayong Province to expedite the purchasing and delivery process. Since early 2012, the Company's oil refinery has been shut down as PTT Company Limited had broken the Condensate Selling Agreement, which is the Company's main raw material. The Company needed to cease the oil refinery operation indefinitely because the Company had lost the main

revenue business and there were many operating expenses. According to the resolution of AGM 2015, held on April 20, 2015 has approved the discontinued oil refinery in Rayong Province permanent.

The Company has improved business operation and restructure the business to suit the Holding Company environment, which main revenues came from energy business are as follows.

Core Company

1. Pure Thai Energy Company Limited (PTEC)

PTEC is a subsidiary which held by RPC 99.99% of shares, the registered capital of PTEC is 140 million Baht, divided into ordinary shares of 1,400,000 shares at par value of 100 Baht per share. All shares are fully paid-up. PTEC engages in retail distribution business of high-speed diesel, Gasohol 95, Gasohol 91, Gasohol E20, Premium Diesel and Premium Gasohol 95. On November 6, 2017, Pure Thai Energy Company Limited (“PTEC”), has signed the cooperation contracts with ESSO (Thailand) Public Company Limited (“ESSO”) for oil contracts and the use of the Esso trademark rights. After this, PTEC will be service station under the Esso trademark, but still remain the business operation of gasoline service station by PTEC. As at 31 December, 2018, PTEC continue to be the operator of 57 gasoline service stations under the Esso trademark.

Subsidiaries

1. SCT Sahaphan Co., Ltd. (SAP)

SAP is a subsidiary which is held 99.99% by PTEC. The registered capital of SAP is 20 million Baht at par value of 100 Baht per share which divided into 200,000 shares. The nature of the business is selling equipment, providing construction, repair and maintenance services to petroleum service stations.

2. Super Pure Gas Co., Ltd. (SPG)

SPG is a subsidiary which is held 55% by PTEC. The registered capital of SPG is 34 million Baht. The nature of the business is selling LPG, as at 31 December 2018 the total of 4 gas stations.

3. Pure Bio-diesel Limited (PBC)

PBC is a subsidiary which is held 100% by RPC. The registered capital of PBC is 280 million Baht, at par value of 100 Baht per share which divided into 2,800,000 shares. The objectives of PBC are: 1) to produce bio-diesel (B100) from domestic palm oil which its production capacity of 300,000 liters per day or 100,000 tons per year for blending B100 into diesel fuel, referred to as Diesel B3 and Diesel B5 which are the renewable energies according to the government’s policy, and (2) to produce glycerin with production capacity of 10,000 tons per year, for usage as a raw materials in cosmetics and medical supplies. PBC obtains a BOI Promotion Certificate by which it receives an 8-year corporate income tax exemption. Present, PBC has stopped the production for indefinite period since February 2012.

4. RPC Management Co., Ltd. (RPCM)

RPCM is a subsidiary which is held 99.99% by RPC. The registered capital of RPCM is 500,000 Baht, divided into 5,000 ordinary shares at par value of 100 Baht per share, and all shares are fully paid up. RPCM engages in the business as an oil wholesale trader for trading all kinds of fuel products with major and minor dealers in nationwide such as, high-speed diesel, Gasohol 91, Gasohol 95. RPCM has stopped all trading transactions. In 2012 RPCM changed its business operation to supporting the systems management service.

Associated Companies

1. Sammakorn Public Company Limited (SAMCO)

SAMCO is an associated company which is held 48.25% by the Company. The registered capital of SAMCO is 641.80 million Baht which divided into ordinary shares of 641.80 shares at par value of 1 Baht per share. SAMCO engages in property development business with major focus in single-detached house projects and Condominium in Bangkok and metropolitan. SAMCO is actively involved in the property developed continuously as at 31 December 2018, there are ten projects, namely Sammakorn-Rangsit Khlong 7 (prime-7), Sammakorn-Rangsit Khlong 7 (Zone-4), Sammakorn Chaiyapruk-Changwatana, Sammakorn Avenue-Ramintra-WongWaen, Sammakorn Avenue-Chaiyapruk-WongWaen, Chaiyapruk-WongWaen, Chaiyapruk-WongWaen 2, Sammakorn Avenue-Suvarnabhumi, Sammakorn Office Park and S9 Condominium.

2. Pure Sammakorn Development Co.,Ltd. (PSDC)

PSDC is a joint venture between the Company, which holds 44.13%, and Sammakorn Public Company Limited ("SAMCO"), which holds 55.87%. The registered capital of PSDC is 260 million Baht, divided into 2.6 million of ordinary shares at par value of 100 Baht per share, and all shares are fully paid up. PSDC engages in the business of land development for rent, for example, department stores, office building, etc. In August 2016, the Company's Board of Directors meeting approved a resolution has sold all of the total ordinary shares in Pure Sammakorn Development Co., Ltd. "PSDC" to Sammakorn Public Company Limited "SAMCO". It makes SAMCO hold the shares in PSDC 100%.

3. Thai Public Port Co., Ltd. (TPP)

TPP is an associated company which is held 30.00% by the Company. The registered capital of TPP is 840 million Baht, which divided into ordinary shares of 105 million shares at par value of 8 Baht per share. TPP engages in the rental of oil depot and port business in Si-Chang Island, Chonburi province.

4. KP Energy Group Company Limited (KPEG)

KPEG is an associated company that the Company hold 17.46% stake. Its registered capital is THB 38.38 million and engages in a Very Small Power Producer (VSPP)

Revenue Structure

The revenue structure of the Company and its subsidiaries as of December 31, 2018 are as follows:

Sales revenue of the Company and its subsidiaries

Products	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic						
High-Speed Diesel	1,330.64	59.02	1,468.14	60.22	2,166.78	66.39
Gasoline 91, 95	3.03	0.13	5.70	0.23	-	-
Gasohol	847.28	37.58	884.01	36.26	1,030.24	31.56
Other Products	29.30	1.30	29.41	1.21	26.79	0.82
Total Domestic Sale Values	2,210.25	98.03	2,387.26	97.92	3,223.81	98.77
Service Income	44.46	1.97	50.83	2.08	40.07	1.23
Grand Total	2,254.71	100.00	2,438.09	100.00	3,263.88	100

Sales volumes of the Company and its subsidiaries

Products	2016		2017		2018	
	Million Liter	%	Million Liter	%	Million Liter	%
Domestic						
High-Speed Diesel	61.64	60.15	61.49	61.45	81.16	66.9
Gasoline 91, 95	0.10	0.10	0.18	0.18	-	-
Gasohol	38.68	37.75	36.35	36.33	38.35	31.62
Other Products	2.05	2.00	2.04	2.04	1.79	1.48
Total Domestic Sale Volumes	102.47	100.00	100.06	100.00	121.30	100

Risk Factors

The Company considered a significant risk factor which may affect its business in order to manage its risks efficiently and effectively. So the company has considered about Risk Management and Internal Control. The company has increased its focus on Risk Management and Monitoring of Risk Management Process so that implementation consistent with Good Corporate Governance Policy.

Nevertheless, the company has originates its risk evaluation process on the current global status, at this moment some other risks might not yet be mentioned due to the uncontrollable external sources which might affect the company in the future.

1) Risks from fluctuation of refined oil prices

The company deals directly with refined oil and various refined oil sellers, thus, the possibility of the fluctuation of refined oil prices are according to the following factors;

- Global economic and politic unrest, specifically, the members of Middle East countries; the main producers of natural gas and crude oil
- Global and regional level of demand and supply.
- Government regulations; national level and global level
- Weather condition

Due to the fact that all mentioned factors are caused by the uncontrollable external sources, and the selling price depends on the fluctuation of refined oil prices. The effect on financial status and the operation results might also affect the selling quantity and the value of the inventories.

Nevertheless, the company manages the situation in the positive manner by utilizing great skills from the experienced group of employees regularly analyzes the situation and keeps close attention to the refined oil prices. In addition, the specializations in managing and acquiring refined oil in fair deals as well as the good management in price positioning in the market are achieved excellently. Furthermore, the main purpose of the refined oil inventories are assigned specifically for trading purpose for each part of the country, and the arbitrate trading in form of large quantity of refined oil inventories are not the policy of the company. Furthermore, the company does not have a significant effect on the fluctuation of refined oil prices due to the majority of consumers are regular buyers who purchase daily.

2) Risks from government intervention in market prices

The possibility caused by the government intervention in national refined oil price structure, especially, during the peak of the fluctuation of refined oil prices and petroleum price in global market. The intervention from the government may affect the operations, financial statuses and company operating results.

Although, the company measures that there are some risk from government intervention, but market prices may not have the effect on the company. The reason behind this is the intervention policy is only applied temporary. The government shall adjust the price to consumers and vendors for the petroleum retail price to stay at the same purchasing rate from the refinery or other suppliers including the marketing expenditures. In addition, when the tax rate, marketing expenditures and other contributed capital are unchanged the petroleum retail price will be adjusted to stay at the same rate at the refinery in order to aid the consumers and vendors during the increase of petroleum price in the global market.

3) Risks from man-made disasters and natural disasters

As the company involvement is mainly in the petroleum business, specifically, its subsidiaries as petroleum service stations all around the country. Therefore, the probability of various types of disasters is high. Although, the natural disasters such as conflagration, flood, and etc. are unavoidable and unpreventable, the company is well aware and well prepared for any circumstances in order to prevent the cause loss of lives and damage to properties and businesses.

The company acknowledges the prevention for these types of risk by applying for the all risks insurance which focuses primary on the production assets which can be filed the claim when the accidents or disasters occurred. Furthermore, the company also recognizes the importance of the emergency training for its employees by conducting the training regularly in order to be prepared for the unexpected disasters as a contingency plan.

Risks from lawsuit cases

This risks arise from the dispute of the Black Case No. 114/2552, the dispute of the Black Case No. 78/2555 of The Thai Arbitration Institute, the civil case of black case index no. 3162/2553 of the Civil Court which the event occurred from PTT Public Company Limited (PTT) notified to terminate the Condensate Residue Purchase Agreement (CR) and completely stopped to supply the Condensate Residue (CR) as raw materials, The dispute of the Black Case No. 114/2552, the Company received an arbitration award dated 25 March 2016, pursuant to which the arbitral tribunal rendered an award by a majority vote to order PTT to pay damages for the unlawful termination of the agreement with the Company in the amount of Baht 390 million per annum starting from 1 February 2012 until the date on which the arbitral tribunal rendered the arbitration award (25 March 2016), together with 7.5% interest per annum on such amount of damages calculated on the date on which the arbitral tribunal rendered the arbitration award until PTT makes payment in full to the Company. On June 2016 PTT petitioned the court to revoke the award (Black Case No. Por.3016/2559). On December 2016, the Company filed a petition with the Civil Court to seek enforcement of the above arbitration award (Black Case No. Por.6000/2559). Moreover, the Company filed a dispute to the Arbitration Office (Dispute Black Case No. 117/2559), which the supplier sent raw materials different from purchase agreement, a part of the dispute of the Black Case No. 78/2555, the Company received a copy of an arbitration award dated 27

April 2017, pursuant to which the arbitral tribunal rendered an award to order the Company to make a final payment for condensate residue to PTT of Baht 1,555 million, together with interest at 9.375% per annum on principal of Baht 1,518 million, from the date on which the dispute was submitted to arbitration (18 May 2012) until the Company makes payment in full to PTT. The Company does not agree with the arbitration award. On 25 July 2017, the Company exercised its legal right to file a petition with the Civil Court to revoke the award (Black Case No. Por.3492/2560). Subsequently, on September 2017, PTT filed a petition with the Civil Court seeking to enforce the award (Black Case No. Por.3789/2560). The Company therefore submitted an objection to PTT's enforcement request. At present, the Company submitted statements of dispute and the commercial dispute is under consideration by the Arbitration Office, which the outcomes of the commercial dispute and outstanding litigation, cannot be concluded at this time and depend on future judicial proceedings.

Risks of the future business

The risks of future business has arisen from PTT Public Company Limited (PTT) who is the only one supplier in distribution of raw materials, failed to perform the obligations under the Agreement without default in performances by Company. The Purchase Agreement is made on a long-term basis with no predetermined end date, and does not specify the period of termination (Evergreen Basis). This issues caused Company filed the case to Arbitration and Civil Court, respectively. During the arbitration hearing, PTT Public Company Limited (PTT) stopped to supply the raw materials to the Company since the date February 1, 2012 onwards, which it is considered in default under Clause 15.5 specified that even if the dispute between the parties has not been resolved, PTT Public Company Limited (PTT) as the party, has obligated to perform its obligations under the Agreement until the final arbitration award will be made by the Arbitrators. These issues have caused the Company to stop its production for the indefinite period and lost the main income.

To compensate for loss of the main income, the Company is preparing feasibility studies of any projects, whether fuel business and other businesses. At present, the Company invested in Very Small Power Producer, the renewable energy business and has invested in real estate project.

Related Transactions

Related transactions of RPCG Public Company Limited and its subsidiaries with the connected persons in 2017 and 2018 are as follows:

Related transactions of the Company with Petro-Instruments Corp.,Ltd. (“PICO”)

Type of Transaction	Type of Connection	Amount (Million Baht)	
		2017	2018
the Company received services management and services in rental vehicles	<ul style="list-style-type: none"> Mr.Satja Janetumnugul, Director and holding 1.19% and Mr.Suthud Khancharoensuk, Director and holding 0.0001%, are directors of PICO and holding 18% 	0.27	0.20

Related transactions of the Company and its subsidiary with Pure Sammakorn Development Co., Ltd.

Type of Transaction	Type of Connection	Amount (Million Baht)	
		2017	2018
the Company paid for rental fee for office and other expenses	<ul style="list-style-type: none"> Mr.Satja Janetumnugul Director is a director of Sammakorn PCL., and Sammakorn PCL., which hold shares 100% 	0.65	0.51
Pure Thai Energy Co., Ltd. (subsidiary) sells fuel		0.03	0.02
Pure Thai Energy Co., Ltd. (subsidiary) paid for land lease, rental fee for office and other expenses		3.34	3.37

Related transactions of the Company and its subsidiary with Sammakorn Public Company Limited.

Type of Transaction	Type of Connection	Amount (Million Baht)	
		2017	2018
the Company received dividend income	<ul style="list-style-type: none"> Mr.Satja Janetumnugul Director, is a Director of Sammakorn PCL. and the Company was major shareholder of Sammakorn PCL. holding 48.25%. 	3.16	15.48
the Company received interest income		0.21	0.86
Pure Thai Energy Co., Ltd. (subsidiary) sells fuel		0.41	0.21
Pure Thai Energy Co., Ltd. (subsidiary) other expenses		0.72	1.31

Related transactions of the Company with Thai Public Port Co., Ltd.

Type of Transaction	Type of Connection	Amount (Million Baht)	
		2017	2018
the Company received dividend income	<ul style="list-style-type: none"> Mr.Satja Janetumnugul Director, is a Director of Thai Public Port PCL., which hold shares 30%. 	47.25	15.75

Related transactions of the Company with Director

Type of Transaction	Type of Connection	Amount (Million Baht)	
		2017	2018
the Company paid for consultant fee	<ul style="list-style-type: none"> Mr.Supapong Krishnkan, Director 	1.20	1.20

Management Discussion Analysis and Business Performance

	31 Dec. 2018		31 Dec. 2017		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales Revenues	3,224	97.90	2,387	97.11	837	35.06
Total revenue	3,293	100.00	2,458	100.00	835	33.97
Cost of Sales	3,039	92.29	2,222	90.40	817	36.77
Selling & Administrative expenses	284	8.62	266	10.82	18	6.77
Loss on impairment of building and equipment	0	0	4	0.16	(4)	(100)
Share of profit from investments in associates	38	1.15	44	1.79	(6)	(13.64)
Net Loss for the year	(9)	(0.27)	(37)	(1.51)	(28)	(75.68)

Revenue

For the year 2018 RPCG Public Company (the "Company") has total revenue of THB 3,293 million increased THB 835 million or equivalent to a 34% from the previous year, total revenue equals THB 2,458 million. Most of the revenue is from the sale of oil through Pure Thai Energy Co., Ltd. (PTEC) service station, which is the core company of the Company, amounting to 3,224 million baht, increased THB 837 million or equivalent to a 35%, compare to THB 2,387 million from the year 2017. Sales volume increased from the previous year by 21% due to the expansion of the gas station branches from the previous year.

Cost of Sales and Expenses

For the year 2018, the Cost of Sales of THB 3,039 million, increased THB 817 million or equivalent to a 37%, compare to THB 2,222 million from the year 2017. Due to varying income from oil sales.

In 2018, the Company has selling and administrative expenses of THB 284 million increased by THB 18 million or equivalent to a 7%, compared to THB 266 million of the same period last year. The increase was due to selling expense, employee expense, rental of gas stations and in the Year 2018, the Company had loss on the impairment of building and equipment decreased by THB 4 million. And acknowledge of the profit share from investments in associated companies was decreased by THB 6 million, compared to the year 2017.

Net Loss for the year

In the year 2018, the Company had net loss of THB 9 million, decreased by THB 28 million or 76% compared to the previous year net loss of THB 37 million, because the gross profit increased by THB 20 million and the Company had loss on the impairment of building and equipment decreased by THB 4 million. Including acknowledge of the profit share from investments in associated companies was decreased by THB 6 million.

The Board of Directors' Responsibility for Financial Statement's Report

The Board of Directors is responsible for the financial statement and information of RPCG Public Company Limited and its subsidiaries as appeared in the annual report. The financial statements was prepared in accordance with Thai Financial Reporting Standards using appropriate accounting policies with consistent practices. The judgment thereof was exercised cautiously with the best applicable estimates and adequate disclosure of important information in the financial statements remarks.

The Board of Directors has provided and maintained the efficient internal control system, to assure that the accounting records be thorough, accurate, and adequate to keep all assets, and to be notified of possible weaknesses to assure that the financial statements are free of material misstatements.

In this aspect, the Board of Directors has authorized the Audit Committee comprising non-executive committees to supervise the quality of financial statement, and the internal control system. Their opinion thereof appears in the report of Audit Committee.

The Board of Directors perceived that the Company's overall internal control system is in the acceptable and reliable level as appearing in the financial statements of the Company and its subsidiaries as of 31 December 2018.

Mr. Satja Janetumnugul

Chairman of the Board of Directors

The Audit Committee's Report

The Audit Committee (the "Committee") performed its duties in accordance with the scope of duties and responsibilities set forth in the Audit Committee Charter, which complies with the regulations of The Stock Exchange of Thailand and authorized by the Board of Directors (the "Board").

For the accounting period of 2018, the Committee has performed its duties independently. The Audit Committee convened 5 meetings, including one meeting between the Committee and the auditors without the presence of the Managements representative to consider the system of internal controls and the 2018 external audit plan of the Company and its subsidiaries as appropriate to discuss the following issues:

1. Financial Statements : The Committee reviewed RPCG Public Company Limited's (the "Company") quarterly and yearly financial statements for the accounting period of 2018 with management and external auditor. The Committee reviewed the opinion of the external auditor on the Company's financial statements and the disclosure of essential information and concurred that the financial statements were prepared

according to the compliance with the International Financial Reporting Standards (IFRS) and that the disclosure of essential information was adequate and the Auditor's report unqualified opinion to significant uncertainties, due to the involvement in a significant commercial dispute and outstanding litigation with PTT its major raw material supplier. The commercial dispute is under consideration by the Arbitration Office and the Civil Court. At present, the formal arbitration proceedings and litigation outcomes cannot be determined. The outcomes of the commercial disputes and outstanding litigations, cannot be concluded at this time and depend on judicial proceedings.

2. Related Transactions: The Committee considered the disclosure of Related Transactions and other transactions that may cause a conflict of interest, which the external auditor had expressed an opinion that the Company's transactions with related companies are disclosed in the Financial Statements and recorded in the notes to the Financial Statements. The Committee agreed with the opinion of the external auditor. Furthermore, the Committee expressed that the transactions were of sound business practices and for the best interest of the Company; and the disclosures were accurate, adequate, and in compliance with related laws and the regulations of the Stock Exchange of Thailand.

3. System of internal controls and independence of the internal audit function: The Committee reviewed the internal audit reports and the progress of the implementation of the approved Annual Audit Plan quarterly. Furthermore, the Committee advised the internal audit function to continue to perform effectively and efficiently, and diligently conducts follow-up reviews to ensure that material issues were corrected and the system of internal controls is adequate and effective. The Committee also reviewed the risk management policies in accordance with appropriately to the company situation and also reviewed the risk from lawsuit cases and the risk of the company's business in the future and agreed that the risk management process was appropriate and effective, and that the internal audit function was adequately independent.

4. Compliance with applicable laws and government regulations: The Committee reviewed the compliance with the Securities and Exchange Acts, the regulations of the Stock Exchange of Thailand (SET), and other laws relevant to the business practices of the Company. The Committee concluded that the Company's operation complied with all applicable laws and regulations and no issue existed.

5. Appointment of the external auditors and their remunerations: The Committee considered that the performance, the reputation, the scope of work, and the independency of the external auditors of the previous year to be appropriate. For the year 2019, the Committee recommended that the Board propose to the Shareholders, the appointment of the auditors from EY Office Limited to serve as the Company's external auditor for the year 2019.

6. Good Corporate Governance: The Company recognized the importance of and continued to operate within the Good Corporate Governance principles. The Committee ensured that the Company accurately and adequately disclosed relevant information and promoted good corporate governance, transparency, and ethics; thus creating confidence among of shareholders, investors, employees and other

parties. The Committee also reviewed the method of reporting the interest of the Company's directors and management in accordance with the Securities and Exchange Act.

The Audit Committee together with the legal consultant considered some issue of the Oil purchase Contract and the use of ESSO trademark rights, between the Pure Thai Energy Company Limited (a subsidiary of the Company holds 99.99% shares) and ESSO (Thailand) Public Company Limited.

In summary, the Committee has performed duties as described in the Audit Committee Charter which was approved by the Board. Furthermore, the Committee considered that the Company recognized the importance of good corporate governance which resulted in adequate and effective system of internal controls without any defects; appropriate and effective risk management process; and the Company's Financial Statement and information disclosure were accurate, completed, and in accordance with generally accepted accounting principles. The Company accurately and completely disclosed information concerning related transactions that might lead to conflict of interest; and adhered to related laws, rules, regulations, and other related requirements.

Please be informed accordingly.

On behalf of the Audit Committee



(Mr. Prasit Dheeraratbongkot)

Chairman of the Audit Committee

RPCG Public Company Limited

Details of the Directors, Executive, Controlling Persons and Company Secretary

As of December 31, 2018

Name-Surname Position	Age (years)	Education / Training	Shareholding in the Company (%) ⁽¹⁾	Relationship	Working Experience		
					During	Position	Company
1) Mr. Saija Janetumgul ▪ Chairman of the Board (Director with Authorized Signature)	64	- B.Engineering, King Mongkut's University of Technology Thonburi Thai Institute of Directors Association (IOD) - DAP: Directors Accreditation Program 20/2004	22,734,592 shares / 1.74%	-	Listed company :		
					1995-Present	Director / Chairman of the Board	2 Companies RPCG Public Company Limited
					2012-Present	Director	Sammakom Public Company Ltd.
					Holding a position of Director in related company		
					Non listed company :		
					2015-Present	Director	Thai Public Port Co., Ltd.
					2001-Present	Director	Pure Thai Energy Co., Ltd.
					2001-Present	Director	RPC Management Co., Ltd.
					2012-Present	Director	SCT Sahaphan Co, Ltd.
					2012-Present	Director	Super Pure Gas Co., Ltd.
					1998-Present	Chairman of the Board	Petro-Instruments Corp.,Ltd.
					2007-2009,2014	Director	Pure Bio-Diesel Co., Ltd
					2006-2010	Director	Pure Sammakom Development Co., Ltd.
2001-2014	Director	Jaturatis Transport Co., Ltd.					
2003-2013	Director	Pure Sillica Mining Co., Ltd. ,					
2003-2013	Director	Jatuchak Oil Co., Ltd.					
2002-2013	Director	Pure Intertrade Co., Ltd. ,					
2002-2013	Director	Tossatis Logistics Co., Ltd.					
1995-2013	Director	SCT Petroleum Co., Ltd.					

Name-Surname Position	Age (years)	Education / Training	Shareholding in the Company (%) ⁽¹⁾	Relationship	Working Experience			
					During	Position	Company	
2) Mr.Supapong Krishnakan ▪ Director (Director with Authorized Signature)	62	<ul style="list-style-type: none"> - M.S.in Chemical Engineering & Process Control Computer University of California, Davis, California, USA - M.S.c. Economics / Advance Engineering & Economics California State Polytechnic University, Pomona, California, USA - B.S. in Chemical Engineering, Chulalongkorn University, Bangkok, Thailand <p>Thai Institute of Directors Association (IOD)</p> <ul style="list-style-type: none"> - DAP: Directors Accreditation Program 15/2004 	1,791,092 shares / 0.14%	-	Listed company :		1 Company	
					1995-Present	Director	RPCG Public Company Limited	
					Holding a position of Director in related company			-None-
					Non listed company :			3 Companies
					2008-Present	Director	RPC Management Co., Ltd	
					2017-Present	Director	Pure Bio-Diesel Co., Ltd	
					1998-Present	Director	Honest and Efficient Co., Ltd.	
					2014-2015	Director	Thai Public Port Co., Ltd.	
					2006-2014	Director	Pure Sannakorn Development Co.,Ltd.	
					2008-2014	Director	Jaturatis Transport Co., Ltd.	
2012-2014	Director	SCT Sahaphan Co, Ltd.						
2008-2013	Director	Director : Pure Silica Mining Co., Ltd. SCT Petroleum Co., Ltd., Pure Intertrade Co.Ltd, Tossatis Logistics Co., Ltd. Pure Thai Energy Co., Ltd. , Jatuchak Oil Co., Ltd.						
3) Mr.Suwina Suwanhirunkul ▪ Director (Director with Authorized Signature)	63	<ul style="list-style-type: none"> - MBA Burapha University - B.Sc. (Chemical Engineering) Chulalongkorn University <p>Thai Institute of Directors Association (IOD)</p> <ul style="list-style-type: none"> - DCP: Directors Certification Program 39/2004 - Finance for Non-Finance Directors : 2003 	-	-	Listed company :		1 Company	
					1996-Present	Director	RPCG Public Company Limited	
					Holding a position of Director in related company			-None-
					Non listed company :			-None-
					2007-2017	Director	Pure Bio-Diesel Co., Ltd.	
					2006-2014	Director	Pure Sannakorn Development Co.,Ltd.	
					2005-2014	Director	Jaturatis Transport Co., Ltd.	
					2012-2014	Director	SCT Sahaphan Co, Ltd.	
					2008-2014	Director	RPC Management Co., Ltd.	
					2008-2014	Director	Pure Thai Energy Co., Ltd.	
2012-2013	Director	Director: Pure Intertrade Co., Ltd.Tossatis Logistics Co., Ltd.Pure Silica Mining Co., Ltd., Jatuchak Oil Co., Ltd.,SCT Petroleum Co., Ltd						

Name-Surname Position	Age (years)	Education / Training	Shareholding in the Company (%) ⁽¹⁾	Relationship	Working Experience			
					During	Position	Company	
4) Mr.Suthud Khancharoensuk ▪ Director (Director with Authorized Signature)	60	- MBA : Thammasat University - B.Sc., Chulalongkorn University Thai Institute of Directors Association (IOD) - DAP: Directors Accreditation Program15/2004 - Board Performance Evaluation 2/2007	10,833,356 shares / 0.83%	-	Listed company :		2 Companies	
					1996-Present	Director	RPCG Public Company Limited	
					2013-Present	Independent Director	LEASE IT Public Company Limited	
					Holding a position of Director in related company			-None-
					Non listed company :			1 Company
					1991-Present	Director	Petro-Instruments Corp.Ltd.	
					2012-2014	Director	RPC Management Co., Ltd.	
					2007-2014	Director	Pure Thai Energy Co., Ltd.	
					2012-2014	Director	SCT Sahaphan Co, Ltd.	
					2012-2014	Director	Jaturatis Transport Co., Ltd.	
2012-2014	Director	Pure Bio-Diesel Co., Ltd.						
2012-2013	Director: SCT Petroleum Co., Ltd.,Pure Silica Mining Co., Ltd.,Jatuchak Oil Co., Ltd., Tossatis Logistics Co., Ltd							
5) Mr.Prasit Dheeraratbongkot ▪ Independent Director ▪ Chairman of the Audit Committee ▪ Chairman of the Nomination and Remuneration Committee	63	- B.ENG (EE) Chulalongkorn University Thai Institute of Directors Association (IOD) - DCP: Director Certification Program (DCP62)	-	-	Listed company :		2 Companies	
					2015-Present	Independent Director / Chairman of the Audit Committee / Chairman of the Nomination & Remuneration Committee	RPCG Public Company Limited	
					2008-Present	Director /Member of the Audit Committee	Karmarts Public Company Limited	
					Holding a position of Director in related company			-None-
					Non listed company :			2 Companies
					1994-Present	Managing Director	Pure Green Company Limited	
					2002-Present	Director	Vinytec Company Limited	
					1999-Present	Advisor	H.M.Private Development Projects	
					1998-Present	Advisor	Siam Rajathanee Company Ltd.	

Name-Surname Position	Age (years)	Education / Training	Shareholding in the Company (%) ⁽¹⁾	Relationship	Working Experience		
					During	Position	Company
6) Mr. Chamni Janchai ▪ Independent Director ▪ Member of the Audit Committee ▪ Member of the Nomination and Remuneration Committee	62	- B. Account, Thammasat University - MBA, Thammasat University - Graduate Diploma in Management of Public Economy King Prajadhipok's Institute Thai Institute of Directors Association (IOD) - DAP: Directors Accreditation Program 30/2004 - Role of the Chairman Program 21/2009	-	-	Listed company : 3 Companies		
					2016-Present	Independent Director / Member of the Audit Committee / Member of the Nomination & Remuneration Committee	RPCG Public Company Limited
					1999-Present	Independent Director / Chairman of the Audit Committee	Sino-Thai Engineering and Construction Plc.
					1999-Present	Independent Director / Member of the Audit Committee	STP&I Public Company Limited
					Holding a position of Director in related company		
					Non listed company : -None- 1 Company		
					2003-Present	President	CJM Consult Co., Ltd
					2015-2018	Director / Chairman of the Executive Committee	BMP Energy Public Company Limited
					2015-2018	Director	Chumporn Biofuel Co., Ltd
					2015-2017	Director	Betong Biofuel Co., Ltd
					2015-2017	Director	Betong Green Power Co., Ltd
					2009-2015	Chairman of the Director	Max Metal Corporation Plc.
					1999-2015	President	CJ Morgan Co., Ltd.

Name-Surname Position	Age (years)	Education / Training	Shareholding in the Company (%) ⁽¹⁾	Relationship	Working Experience			
					During	Position	Company	
7) Ms. Panicha Pongsvapai ▪ Independent Director ▪ Member of the Audit Committee ▪ Member of the Nomination and Remuneration Committee	48	- Master of Science, Finance, University of Colorado at Denver - B.B.A, Management, Faculty of Commerce and Accountancy, Chulalongkorn University Thai Institute of Directors Association (IOD) - DCP: Director Certification Program 23/4/2017 - AACP: Advanced Audit Committee Program 26/2017 - Director Diploma Examination 58/2017 - BMD: Boards That Make a Difference 8/2018	-	-	Listed company :		2 Companies	
					2016-Present	Independent Director / Member of the Audit Committee / Member of the Nomination & Remuneration Committee	RPCG Public Company Limited	
					June 2014-Present	Executive Director	United Foods Public Co., Ltd.	
					2005-2014	Senior Vice President, Investment Banking Group	Bualuang Securities Public Company Limited	
					Holding a position of Director in related company			-None-
					Non listed company :			1 Company
					2018 - Present	Deputy Managing Director	Inside Out Design Co., Ltd.	
					Listed company :		2 Companies	
					2012-Present	GM-Finance & Administration Function	RPCG Public Company Limited	
					2014-Present	GM-Finance & Administration Function	Sammakorn Public Company Limited	
Holding a position of Director in related company			-None-					
Non listed company :			6 Companies					
8) Mrs.Supannee Tanchaisrinakom ▪ General Manager – Finance & Administration Function ▪ Company Secretary	52	- MBA, Finance, Ramkhamhaeng University - Bachelor of Accounting, Ramkhamhaeng University Thai Listed Companies Associated - Fundamental Practice for Corporate Secretary (FPCS) 18/2008 - Strategic Financial Leadership Program (SFLP) : 2017 Thai Institute of Directors Association (IOD) - Effective Minutes Taking (EMT) 39/2017	-	-	2018-Present	Director	Sammakorn Plus Co.,Ltd.	
					2015-Present	Director	Pure Sammakorn Development Co.,Ltd.	
					2015-Present	Director	Thai Public Port Co., Ltd.	
					2014-Present	Director	Super Pure Gas Co., Ltd.	
					2014-Present	Director	RPC Management Co., Ltd.	
					2016-Present	Director	Pro Cube Ventures Co. Ltd.	

Name-Surname Position	Age (years)	Education / Training	Shareholding in the Company (%) ⁽¹⁾	Relationship	Working Experience		
					During	Position	Company
9) Ms.Kallaya Klaithong - General Manager – Business Development Function	50	- Master of Engineering, Chulalongkorn University - Bachelor of Science (Chemical Engineering) Chulalongkorn University	-	-	Listed company :	1 Company	
					2017-Present	GM-Business Development Function	RPCG Public Company Limited
					2016-2017	GM-Asset Management Office	
					Holding a position of Director in related company		
					Non listed company :		
					Dec.2018-Present	Director	Pure Thai Energy Co., Ltd.
					2017-Present	Director	Pure Biodiesel Co., Ltd.
					2015-Present	Director	Thai Public Port Co., Ltd.
					2008-2012	Director	Director : SCT Petroleum Co., Ltd., Pure Intertrade Co., Ltd., Pure Silica Mining Co., Ltd., Jatuchak Oil Co., Ltd., Tossatis Logistics Co., Ltd ,RPC Management Co., Ltd.

Note:

⁽¹⁾ Including shareholding portion of spouse and minor child.



RPCG Public Company Limited and Its Subsidiaries

Financial Statements for the year ended
31 December 2018
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of RPCG Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of RPCG Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of RPCG Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RPCG Public Company Limited and its subsidiaries and of RPCG Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Notes 1.2, 19 and 35.5 a) of the consolidated financial statements, since the year 2009 the Company has been involved in a significant commercial dispute and outstanding litigation with its major raw material supplier, who stopped delivering raw materials to the Company in February 2012. This forced the Company to cease production, since it has been unable to find new suppliers of these raw materials, while some of its subsidiaries that operate in a related business have also had to cease operations. On 20 April 2015, the 2015 Annual General Meeting of the shareholders passed a resolution to propose the permanent discontinuance of the refinery business at Rayong province. The Group has therefore suffered operating losses from refinery business in the years since the cessation of production in 2012. Even though some significant uncertainties that may impact on the ability of the Group to continue as going concern have currently eased as a result of the management plans to improve the operations by restructuring the organisation in order to operate investment and holding company business as discussed in Note 1.2 to the financial statements, the Group has suffered operating losses and as at 31 December 2018 its current liabilities exceeded its current assets by Baht 1,392 million (2017: Baht 1,212 million). Current liabilities include liabilities under the commercial dispute and outstanding litigation with its major raw material supplier, discussed above. At present, there remains uncertainty regarding the outcomes of the commercial dispute and outstanding litigation, which cannot be concluded at this time and depend on future judicial proceedings. These events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, if the outcome of the litigation not be in favour of the Company. My opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to this matter. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, key audit matter and how audit procedures respond for such matter are described below.

Impairment of investment in associate

As discussed in Note 14 to the consolidated financial statements, as at 31 December 2018, the Company has investment in an associated company which, at cost, amounts to Baht 900 million. Such cost includes goodwill of approximately Baht 420 million. The Company recorded impairment loss on investment in the associated company totaling Baht 139 million (separate financial statements: Baht 151 million), which is a significant amount in the statement of financial position. In determining the impairment loss, management had to exercise a high degree of judgement with respect to its projections of future operating performance and cash inflows that are expected to be generated from the associated company and setting of an appropriate discount rate and long-term growth rate. There is thus a risk with respect to the amount of impairment of investment in associate.

I assessed the identification of cash generating units and the financial models selected by management and assessing whether the decisions made were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the following:

- Tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from internal source and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections.
- Evaluated the discount rate applied by management through analysis of the moving average finance costs of that company and of the industry.
- Tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates.
- I reviewed the disclosures made with respect to the impairment assessment, of investment in associated company.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Poonard Paocharoen
Certified Public Accountant (Thailand) No. 5238

EY Office Limited
Bangkok: 20 February 2019

RPCG Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	6	47,166,944	29,211,681	2,188,805	2,192,247
Current investments	7	184,647,141	323,559,733	169,615,418	290,940,549
Trade and other receivables	8, 9	38,869,276	58,535,233	3,950,023	1,974,981
Inventories	10	61,874,621	48,907,729	-	-
Short-term loans to related parties	9	100,000,000	-	100,000,000	95,000,000
Current portion of long-term loans to unrelated parties	11	449,439	760,691	-	-
Other current assets	12	41,544,852	25,601,662	6,242,581	5,922,403
Total current assets		474,552,273	486,576,729	281,996,827	396,030,180
Non-current assets					
Pledged deposits at banks	13	163,321,000	138,321,000	9,240,000	9,240,000
Long-term loans to related parties	9	-	-	145,000,000	-
Long-term loans to unrelated parties	11	1,416,853	1,866,293	-	-
Investments in associates	14	1,825,153,815	1,817,777,291	1,534,914,300	1,534,914,300
Investments in subsidiaries	15	-	-	322,438,983	317,635,233
Other long-term investment	16	-	-	-	-
Property, plant and equipment	17	885,864,468	604,913,838	350,005,586	315,920,352
Intangible assets	18	2,481,640	1,721,747	321,156	640,797
Deferred tax assets	30	19,009,530	6,283,152	-	-
Other non-current assets	19	163,334,881	71,664,030	27,186,856	28,189,400
Total non-current assets		3,060,582,187	2,642,547,351	2,389,106,881	2,206,540,082
Total assets		3,535,134,460	3,129,124,080	2,671,103,708	2,602,570,262

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	20	17,940,916	-	-	-
Trade and other payables	9, 21	1,807,174,302	1,675,640,837	1,520,779,149	1,520,676,201
Short-term loans from unrelated parties	22	800,000	900,000	-	-
Current portion of liabilities					
under finance leases		110,983	318,392	110,983	318,392
Current portion of advances received					
for renovation of gasoline stations	23	29,933,304	7,403,333	-	-
Other current liabilities	24	10,154,194	13,881,119	189,085	120,975
Total current liabilities		1,866,113,699	1,698,143,681	1,521,079,217	1,521,115,568
Non-current liabilities					
Liabilities under finance leases		-	110,983	-	110,983
Deferred tax liabilities	30	49,858,932	38,638,932	37,518,295	28,938,295
Provision for long-term employee benefits	25	12,147,814	9,891,580	2,392,671	1,835,286
Advances received for renovation of					
gasoline stations	23	259,611,804	71,351,769	-	-
Provision for decommissioning costs		378,769	364,938	-	-
Total non-current liabilities		321,997,319	120,358,202	39,910,966	30,884,564
Total liabilities		2,188,111,018	1,818,501,883	1,560,990,183	1,552,000,132

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered					
1,304,664,125 ordinary shares of Baht 1 each		1,304,664,125	1,304,664,125	1,304,664,125	1,304,664,125
Issued and paid-up					
1,304,664,125 ordinary shares of Baht 1 each		1,304,664,125	1,304,664,125	1,304,664,125	1,304,664,125
Premium on ordinary shares		335,966,599	335,966,599	335,966,599	335,966,599
Retained earnings					
Appropriated	26	80,304,817	80,304,817	80,304,817	80,304,817
Unappropriated (deficit)		(590,352,946)	(581,251,544)	(760,895,195)	(786,118,590)
Other components of shareholders' equity		202,815,771	157,190,319	150,073,179	115,753,179
Equity attributable to owners of the Company		1,333,398,366	1,296,874,316	1,110,113,525	1,050,570,130
Non-controlling interests of the subsidiaries		13,625,076	13,747,881	-	-
Total shareholders' equity		1,347,023,442	1,310,622,197	1,110,113,525	1,050,570,130
Total liabilities and shareholders' equity		3,535,134,460	3,129,124,080	2,671,103,708	2,602,570,262

The accompanying notes are an integral part of the financial statements.

Directors

RPCG Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Continuing operation					
Revenues					
Sales		3,223,807,923	2,387,263,497	-	-
Service income		40,066,040	50,825,080	-	-
Other income	28	29,523,972	19,566,914	59,325,404	60,732,725
Total revenues		3,293,397,935	2,457,655,491	59,325,404	60,732,725
Expenses					
Cost of sales		3,039,167,468	2,222,421,715	-	-
Cost of services		20,571,854	30,956,736	-	-
Selling and distribution expenses		79,081,398	62,252,935	-	-
Administrative expenses		204,982,900	203,776,650	31,371,872	37,446,246
Loss on impairment of buildings and equipment		-	3,901,791	-	-
Loss on impairment of investment in subsidiary (reversal)		-	-	(4,803,750)	21,364,450
Total expenses		3,343,803,620	2,523,309,827	26,568,122	58,810,696
Profit (loss) before share of profit from investments in associates, finance cost and income tax					
		(50,405,685)	(65,654,336)	32,757,282	1,922,029
Share of profit from investments in associates	14	37,866,007	43,815,971	-	-
Profit (loss) before finance cost and income tax		(12,539,678)	(21,838,365)	32,757,282	1,922,029
Finance cost		(1,719,390)	(3,177,905)	(22,344)	(2,041,197)
Profit (loss) before income tax		(14,259,068)	(25,016,270)	32,734,938	(119,168)
Tax income	30	12,680,383	760,503	-	-
Profit (loss) for the year from continuing operation		(1,578,685)	(24,255,767)	32,734,938	(119,168)
Discontinued operation					
Loss for the year from discontinued operation	31	(7,461,543)	(12,867,861)	(7,511,543)	(12,867,861)
Profit (loss) for the year		(9,040,228)	(37,123,628)	25,223,395	(12,987,029)
Profit (loss) attributable to:					
Equity holders of the Company		(8,917,423)	(36,674,663)	25,223,395	(12,987,029)
Non-controlling interests of the subsidiaries		(122,805)	(448,965)		
		(9,040,228)	(37,123,628)		
Basic earnings per share					
	32				
Profit (loss) attributable to equity holders of the Company		(0.01)	(0.03)	0.02	(0.01)
Weighted average number of ordinary shares (shares)		1,304,664,125	1,304,664,125	1,304,664,125	1,304,664,125

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) for the year		<u>(9,040,228)</u>	<u>(37,123,628)</u>	<u>25,223,395</u>	<u>(12,987,029)</u>
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax	25, 30	(183,979)	-	-	-
Changes in revaluation of assets					
- net of income tax	27, 30	44,880,000	38,188,300	34,320,000	29,047,040
Share of other comprehensive income of associate	14	745,452	2,634,591	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>45,441,473</u>	<u>40,822,891</u>	<u>34,320,000</u>	<u>29,047,040</u>
Other comprehensive income for the year		<u>45,441,473</u>	<u>40,822,891</u>	<u>34,320,000</u>	<u>29,047,040</u>
Total comprehensive income for the year		<u><u>36,401,245</u></u>	<u><u>3,699,263</u></u>	<u><u>59,543,395</u></u>	<u><u>16,060,011</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		36,524,050	4,148,228	<u>59,543,395</u>	<u>16,060,011</u>
Non-controlling interests of the subsidiaries		<u>(122,805)</u>	<u>(448,965)</u>		
		<u><u>36,401,245</u></u>	<u><u>3,699,263</u></u>		

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
	Equity attributable to owners of the Company				Other components of shareholders' equity			Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
					Revaluation surplus on assets	Share of other comprehensive income of associate	Total other components of shareholders' equity			
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings Appropriated - statutory reserve	Retained earnings Unappropriated (deficit)						
Balance as at 1 January 2017	1,304,664,125	335,966,599	80,304,817	(544,576,881)	116,367,428	-	116,367,428	1,292,726,088	14,196,846	1,306,922,934
Loss for the year	-	-	-	(36,674,663)	-	-	-	(36,674,663)	(448,965)	(37,123,628)
Other comprehensive income for the year	-	-	-	-	38,188,300	2,634,591	40,822,891	40,822,891	-	40,822,891
Total comprehensive income for the year	-	-	-	(36,674,663)	38,188,300	2,634,591	40,822,891	4,148,228	(448,965)	3,699,263
Balance as at 31 December 2017	<u>1,304,664,125</u>	<u>335,966,599</u>	<u>80,304,817</u>	<u>(581,251,544)</u>	<u>154,555,728</u>	<u>2,634,591</u>	<u>157,190,319</u>	<u>1,296,874,316</u>	<u>13,747,881</u>	<u>1,310,622,197</u>
Balance as at 1 January 2018	1,304,664,125	335,966,599	80,304,817	(581,251,544)	154,555,728	2,634,591	157,190,319	1,296,874,316	13,747,881	1,310,622,197
Loss for the year	-	-	-	(8,917,423)	-	-	-	(8,917,423)	(122,805)	(9,040,228)
Other comprehensive income for the year	-	-	-	(183,979)	44,880,000	745,452	45,625,452	45,441,473	-	45,441,473
Total comprehensive income for the year	-	-	-	(9,101,402)	44,880,000	745,452	45,625,452	36,524,050	(122,805)	36,401,245
Balance as at 31 December 2018	<u>1,304,664,125</u>	<u>335,966,599</u>	<u>80,304,817</u>	<u>(590,352,946)</u>	<u>199,435,728</u>	<u>3,380,043</u>	<u>202,815,771</u>	<u>1,333,398,366</u>	<u>13,625,076</u>	<u>1,347,023,442</u>

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Revaluation surplus on assets	Other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated (deficit)		Total other components of shareholders' equity	Total shareholders' equity
Balance as at 1 January 2017	1,304,664,125	335,966,599	80,304,817	(773,131,561)	86,706,139	86,706,139	1,034,510,119
Loss for the year	-	-	-	(12,987,029)	-	-	(12,987,029)
Other comprehensive income for the year	-	-	-	-	29,047,040	29,047,040	29,047,040
Total comprehensive income for the year	-	-	-	(12,987,029)	29,047,040	29,047,040	16,060,011
Balance as at 31 December 2017	<u>1,304,664,125</u>	<u>335,966,599</u>	<u>80,304,817</u>	<u>(786,118,590)</u>	<u>115,753,179</u>	<u>115,753,179</u>	<u>1,050,570,130</u>
Balance as at 1 January 2018	1,304,664,125	335,966,599	80,304,817	(786,118,590)	115,753,179	115,753,179	1,050,570,130
Profit for the year	-	-	-	25,223,395	-	-	25,223,395
Other comprehensive income for the year	-	-	-	-	34,320,000	34,320,000	34,320,000
Total comprehensive income for the year	-	-	-	25,223,395	34,320,000	34,320,000	59,543,395
Balance as at 31 December 2018	<u>1,304,664,125</u>	<u>335,966,599</u>	<u>80,304,817</u>	<u>(760,895,195)</u>	<u>150,073,179</u>	<u>150,073,179</u>	<u>1,110,113,525</u>

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax from continuing operation	(14,259,068)	(25,016,270)	32,734,938	(119,168)
Loss before tax from discontinued operation	(7,461,543)	(12,867,861)	(7,511,543)	(12,867,861)
Profit (loss) before tax	(21,720,611)	(37,884,131)	25,223,395	(12,987,029)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	43,069,047	48,410,461	8,888,259	12,977,646
Allowance for doubtful debts (reversal)	1,006,732	(87,848)	-	-
Reduction of cost of inventories to net realisable value	2,113,053	1,478,542	-	-
Gain on sale of current investments	(2,521,958)	(4,055,414)	(2,365,026)	(3,287,815)
(Gain) loss on the change in value of current investments	(634,127)	898,594	(629,321)	461,875
Loss on sale of buildings and equipment	434,758	1,358,883	420,510	2,227,339
Loss on write-off of intangible assets	2,376	-	-	-
Reversal of allowance for impairment of equipment due to disposals/write-off	(351,260)	(1,770,337)	(351,260)	(1,770,337)
Loss on impairment of buildings and equipment	-	5,041,821	-	1,140,030
Provisions for long-term employee benefits (reversal)	2,026,260	815,819	557,385	(95,353)
Provision for decommissioning costs	13,831	13,326	-	-
Loss on impairment of investment in subsidiary (reversal)	-	-	(4,803,750)	21,364,450
Dividend income from associates	-	-	(31,234,935)	(50,409,875)
Interest income	(3,387,348)	(3,538,646)	(21,706,837)	(4,837,043)
Interest expense	494,220	1,543,162	19,944	1,338,973
Share of profit from investments in associates	(37,866,007)	(43,815,971)	-	-
Loss from operating activities before changes in operating assets and liabilities	(17,321,034)	(31,591,739)	(25,981,636)	(33,877,139)
Operating assets (increase) decrease				
Trade and other receivables	18,866,763	(16,817,941)	(1,975,042)	1,465,406
Inventories	(15,079,945)	(4,968,260)	-	-
Other current assets	(15,593,190)	(4,665,770)	(320,178)	(251,346)
Other non-current assets	(83,019,004)	(33,546,144)	146,054	7,400

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating liabilities increase (decrease)				
Trade and other payables	131,532,044	14,471,964	102,948	(1,539,359)
Cash paid for termination benefits	-	(345,414)	-	(345,414)
Advances received for renovation of gasoline stations	210,790,006	78,755,102	-	-
Other current liabilities	(3,726,925)	(98,088)	68,110	(45,347)
Cash flows from (used in) operating activities	226,448,715	1,193,710	(27,959,744)	(34,585,799)
Cash paid for interest expense	(492,799)	(1,543,738)	(19,944)	(1,338,973)
Cash received from income tax refunded	1,125,223	-	1,125,223	-
Cash paid for income tax	(9,777,070)	(3,930,203)	(268,733)	(146,055)
Net cash flows from (used in) operating activities	217,304,069	(4,280,231)	(27,123,198)	(36,070,827)
Cash flows from investing activities				
Decrease (increase) in pledged deposits at banks	(25,000,000)	(9,616,751)	-	2,575,339
Interest received	3,179,810	3,480,823	21,706,837	4,849,761
Dividend received from associates	31,234,935	50,409,875	31,234,935	50,409,875
Cash paid for purchases of current investments	(359,420,000)	(1,104,844,909)	(130,000,000)	(660,624,300)
Proceeds from sale of current investments	501,488,677	1,251,159,786	254,319,478	801,163,003
Increase in short-term loans to related parties	(100,000,000)	-	(5,000,000)	(15,000,000)
Increase in long-term loans to related party	-	-	(145,000,000)	-
Decrease (increase) in long-term loans to unrelated parties	410,692	(2,277,229)	-	-
Proceeds from sale of equipment	4,238,232	2,570,043	250,472	1,211,700
Proceeds from sale of intangible assets	-	16,670	-	-
Acquisitions of equipment	(271,344,440)	(39,480,946)	(73,574)	(57,950)
Acquisitions of intangible assets	(1,659,236)	(186,000)	-	-
Net cash flows from (used in) investing activities	(216,871,330)	151,231,362	27,438,148	184,527,428
Cash flows from financing activities				
Increase in bank overdrafts	17,940,916	-	-	-
Decrease in short-term loans from unrelated parties	(100,000)	(148,125,825)	-	(148,025,825)
Repayment of liabilities under finance leases	(318,392)	(341,858)	(318,392)	(297,666)
Net cash flows from (used in) financing activities	17,522,524	(148,467,683)	(318,392)	(148,323,491)
Net increase (decrease) in cash and cash equivalents	17,955,263	(1,516,552)	(3,442)	133,110
Cash and cash equivalents at beginning of year	29,211,681	30,728,233	2,192,247	2,059,137
Cash and cash equivalents at end of year	47,166,944	29,211,681	2,188,805	2,192,247

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Supplemental cash flows information:				
Non-cash transactions				
Actuarial loss	229,974	-	-	-
Surplus on revaluation of assets (Note 27)	56,100,000	47,735,374	42,900,000	36,308,800
Share of other comprehensive income of associate	745,453	2,634,591	-	-

The accompanying notes are an integral part of the financial statements.

RPCG Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

1.1 Corporate information

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

The Company’s major shareholder is Petro-Instruments Co., Ltd., which as at 31 December 2018 and 2017 held 19.72% of the issued and paid-up capital of the Company.

1.2 Fundamental accounting assumptions

As discussed in Note 35.5 a) to the financial statements, since the year 2009 the Company has been involved in significant commercial disputes and outstanding litigations with its major raw material supplier, who stopped delivering raw materials to the Company in February 2012. This forced the Company to cease production, since it has been unable to find new suppliers of these raw materials, while some of its subsidiaries that operate in a related business have also had to cease operations. On 20 April 2015, the 2015 Annual General Meeting of the shareholders approved a resolution to permanently discontinue the refinery business in Rayong province. The Group has therefore suffered operating losses from refinery business in the years since the cessation of production in 2012. Later, in March 2016, an arbitral tribunal rendered an award by a majority vote whereby the major supplier (litigant) was to pay damages for the unlawful termination of its agreement with the Company, and the Company was to receive certain compensation damages, the litigant filed a petition with the Civil Court to revoke the arbitration award and the Company filed a petition with the Civil Court to seek enforcement of that award. Even though some significant uncertainties that may impact on the ability of the Group to continue as a going concern as a result of the cessation of the refinery have currently eased following the management plans, as at 31 December 2018 its current liabilities exceeded its current assets by Baht 1,392 million (2017: Baht 1,212 million). Current liabilities include liabilities under the commercial disputes and outstanding litigations with its major raw material supplier. In April 2017,

the arbitral tribunal rendered an award to order the Company to make a final payment for condensate residue to the major supplier. However, the Company does not agree with the arbitration award. The Company exercised its legal right to file a petition with the Civil Court to revoke the award. These factors would raise substantial doubt regarding the ability of the Group to continue as a going concern, if the outcomes of such cases is not beneficial to the Company. However, the outcomes of the commercial disputes and outstanding litigations, cannot be concluded at this time and depend on future judicial proceedings.

After the cessation of the refinery business, the Company's management has improved the operations by restructuring the organisation in order to operate investment and holding company business. They believe that they will be able to resolve the issues. The Company's investment was as below.

- a) During the year 2014 the Company purchased the ordinary shares of Thai Public Port Co., Ltd. (TPP), which is principally engaged in the rental of oil depot and port business, at 30.00% shareholding in TPP.
- b) During the year 2015 the Company purchased additional ordinary shares of Sammakorn Plc. (SAMCO), which is principally engaged in the real estate development. As a result the Company's shareholding in SAMCO is 48.25%.

In addition, the Company is seeking business partners and other new business opportunities. For these reasons, the financial statements have been prepared on the going concern basis.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of RPCG Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Place of incorporation	Percentage of Shareholding	
			2018	2017
			%	%
Pure Biodiesel Co., Ltd.*	Manufacture and distribution of biodiesel (B100) and crude glycerin	Thailand	100	100
Pure Thai Energy Co., Ltd. and its subsidiaries	Trading of fuel oil	Thailand	100	100
RPC Management Co., Ltd.*	Systems management	Thailand	100	100
<u>Subsidiaries directly held by Pure Thai Energy Co., Ltd.</u>				
SCT Sahaphan Co., Ltd.	Distribution and maintenance of gasoline station equipment	Thailand	100	100
Super Pure Gas Co., Ltd.	Trading of liquefied petroleum gas	Thailand	55	55

* Business suspended as at 31 December 2018 and 2017

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders' equity.

- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

a. Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosure in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

b. Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

c. Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Revenues from construction services

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

Revenues from rental and service

Revenues from rental and service are recognised on a straight-line basis over the lease term.

Management fee income

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade receivables

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

4.4 Inventories

Inventories are valued at the lower of average cost and net realisable value.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in the income statement.
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

4.6 Property, plant and equipment and depreciation

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

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

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

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus on assets" in other components of shareholders' equity. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in the income statement. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in respect of the same asset in "Revaluation surplus on assets" in other components of shareholders' equity.

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

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

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.7 Intangible assets and amortisation

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

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

The useful lives of computer software are 5 and 10 years.

4.8 Related party transactions

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

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

4.9 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

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

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

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, such as long-service award.

The obligation under the defined benefit plan and other employee benefits plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits plan are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits plan are recognised immediately in profit and loss.

4.13 Advances received for renovation of gasoline stations

The subsidiary records financial support for renovation of gasoline stations as advances received and recognised by net of depreciation expenses of gasoline stations in the income statement on a straight-line basis over the period of the related agreements.

4.14 Provisions

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

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows.

Allowance for doubtful debts

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

Impairment of investments

In determining an allowance for impairment of investments in subsidiaries, investments in associates and other long-term investments, the management needs to prepare projections of the cash flows expected to be generated by the investments in the future, and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Property, plant and equipment and depreciation

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

The Group measures land, factory buildings, machinery and factory equipment at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the orderly liquidation value approach for factory buildings, machinery and factory equipment. The valuation involves certain assumptions and estimates as described in Note 17 to the financial statements.

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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plan and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Group had outstanding litigation and several commercial disputes. The management has used judgement to assess of the results of the litigation and believes that there will be no additional loss incurred from that recorded as at 31 December 2018. A summary of outstanding litigation and commercial deputies are discussed in Note 35.5.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash	11,725	13,983	60	60
Bank deposits	35,442	15,229	2,129	2,132
Total	47,167	29,212	2,189	2,192

As at 31 December 2018 and 2017, bank deposits in savings accounts carried interests between 0.10% and 0.50% per annum.

7. Current investments

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2018		2017	
	Cost	Fair value	Cost	Fair value
Investment units in mutual funds				
Cost	182,520	184,647	322,067	323,560
Add: Unrealised gain	2,127	-	1,493	-
Investment units in mutual fund - net	184,647	184,647	323,560	323,560

	(Unit: Thousand Baht)			
	Separate financial statements			
	2018		2017	
	Cost	Fair value	Cost	Fair value
Investment units in mutual funds				
Cost	167,517	169,615	289,472	290,941
Add: Unrealised gain	2,098	-	1,469	-
Investment units in mutual fund - net	169,615	169,615	290,941	290,941

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade receivables - related parties				
Aged on the basis of due dates				
Past due				
Not over 3 months	35	84	-	-
Total trade receivables - related parties	35	84	-	-
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Past due				
Not over 3 months	31,411	47,158	-	-
3 - 6 months	501	367	-	-
6 - 12 months	143	387	-	-
Over 12 months	12,460	12,372	-	-
Total	44,515	60,284	-	-
Less: Allowance for doubtful debts	(11,606)	(11,308)	-	-
Total trade receivables - unrelated parties, net	32,909	48,976	-	-
Total trade receivables - net	32,944	49,060	-	-
Other receivables				
Other receivables to related parties	863	-	3,901	1,926
Accrued income	914	3,552	46	46
Others	9,775	10,841	3	3
Total	11,552	14,393	3,950	1,975
Less: Allowance for doubtful debts	(5,627)	(4,918)	-	-
Total other receivables - net	5,925	9,475	3,950	1,975
Total trade and other receivables, net	38,869	58,535	3,950	1,975

9. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Transactions with subsidiaries				
(Eliminated from the consolidated financial statements)				
Interest income	-	-	20,580	3,268
Other income - other services	-	-	2,839	1,580
Transactions with associates				
Sales	227	436	-	-
Dividend income	31,235	50,410	31,235	50,410
Interest income	863	212	863	212
Land rental expense	932	886	-	-
Office rental expense	2,322	1,962	227	288
Other expenses	1,942	1,868	287	363
Transactions with related parties				
Other expenses	204	267	204	267
Transactions with management and director				
Consulting expenses	1,200	1,200	1,200	1,200

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

Transactions	Transfer pricing policy
Sales	The selling price is set out based on the market price
Dividend income	As declared
Interest income	2.95% - 5.00% per annum
Other income	Contract price
Land and office rental expenses	Market price
Other expenses	Contract price
Consulting expenses	Contract price

Significant agreement with related party

Guarantee agreement

In 2016, a subsidiary entered into an agreement with its subsidiary to guarantee bank credit facility of its subsidiary totaling Baht 10 million. The guarantee is effective as long as the underlying obligations have not been discharged by the subsidiary. No guarantee fee was charged for the guarantee.

As at 31 December 2018 and 2017, the balances of the accounts between the Group and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Trade and other receivables - related parties (Note 8)				
<i>Trade receivables - related parties</i>				
Associates	35	84	-	-
Total trade receivables - related parties	35	84	-	-
<i>Other receivables - related parties</i>				
Subsidiaries	-	-	3,038	1,926
Associate	863	-	863	-
Total other receivables - related parties	863	-	3,901	1,926
Short-term loans to related parties				
Subsidiaries	-	-	319,188	414,188
Associate	100,000	-	100,000	-
Total short-term loans to related parties	100,000	-	419,188	414,188
Less: Allowance for doubtful debts	-	-	(319,188)	(319,188)
Total short-term loans to related parties, net	100,000	-	100,000	95,000
Long-term loans to related parties				
Subsidiary	-	-	145,000	-
Related company	4,500	4,500	4,500	4,500
Total long-term loans to related parties	4,500	4,500	149,500	4,500
Less: Allowance for doubtful debts	(4,500)	(4,500)	(4,500)	(4,500)
Total long-term loans to related parties, net	-	-	145,000	-
Other payables - related parties (Note 21)				
Associates	224	284	27	27
Related companies	15	23	15	23
Total other payables - related parties	239	307	42	50

Loans to related parties

During the year ended 31 December 2018, movements of loans to related parties were follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2017	during the year	during the year	31 December 2018
Short-term loan				
Sammakorn Plc.	-	100,000	-	100,000
Total	-	100,000	-	100,000
Long-term loan				
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	-	-	-	-

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2017	during the year	during the year	31 December 2018
Short-term loans				
Pure Biodiesel Co., Ltd.	319,188	-	-	319,188
Pure Thai Energy Co., Ltd.	95,000	50,000	(145,000)	-
Sammakorn Plc.	-	100,000	-	100,000
Total	414,188	150,000	(145,000)	419,188
Less: Allowance for doubtful debts	(319,188)	-	-	(319,188)
Net	95,000	150,000	(145,000)	100,000
Long-term loans				
Pure Thai Energy Co., Ltd.	-	145,000	-	145,000
KP Energy Group Co., Ltd.	4,500	-	-	4,500
Total	4,500	145,000	-	149,500
Less: Allowance for doubtful debts	(4,500)	-	-	(4,500)
Net	-	145,000	-	145,000

As at 31 December 2018, loans to subsidiaries and associate totaling Baht 564 million (2017: Baht 414 million) are in the form of short-term promissory notes and loan agreement, carrying interest at rates of 2.95% - 5.00% per annum (2017: 2.95% - 3.50% per annum). Short-term loans to Pure Biodiesel Co., Ltd. were guaranteed by the mortgage of land, building, machinery and oil depots. However, during the year 2018, the Company reclassified loans of Baht 145 million to Pure Thai Energy Co., Ltd. as long-term loans since the Company will not call the loans within 1 year.

As at 31 December 2018 and 2017, the Company set aside allowance for doubtful debts for the loans to Pure Biodiesel Co., Ltd. (PBC) for the whole amount, as the Company expects that the assets of the subsidiary will not be sufficient to repay the loans. On 1 October 2013, the Company ceased recognising the interest income on the loans to PBC. However, during the year 2018, PBC paid interest expenses to the Company amounting to Baht 17 million since it has rental income from the lease of land, building, machinery and oil depots.

The loan to KP Energy Group Co., Ltd. (KPEG) was unsecured loan carrying interest at a rate of 5% per annum. As at 31 December 2018 and 2017, the Company set aside allowance for doubtful debts for the full amount as the Company expects that the assets of KPEG will not be sufficient to repay the loan. On 1 January 2015, the Company ceased recognising the interest income on the loan to this company.

Management benefit expenses

During the years ended 31 December 2018 and 2017, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Short-term employee benefits	9,680	10,174	5,648	6,153
Post-employment benefits	439	415	266	251
Total	10,119	10,589	5,914	6,404

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	77,128	62,048	(15,253)	(13,140)	61,875	48,908
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
Total	79,904	64,824	(18,029)	(15,916)	61,875	48,908

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	7,055	7,055	(7,055)	(7,055)	-	-
Supplies	2,776	2,776	(2,776)	(2,776)	-	-
Total	9,831	9,831	(9,831)	(9,831)	-	-

During the year 2018, the Group reduced cost of inventories by Baht 2.11 million (2017: Baht 1.48 million) (separate financial statements: nil), to reflect the net realisable value. This was included in cost of sales.

11. Long-term loans to unrelated parties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term loans to unrelated parties	7,012	7,773	5,146	5,146
Less: Allowance for doubtful debts	(5,146)	(5,146)	(5,146)	(5,146)
Long-term loans to unrelated parties, net	1,866	2,627	-	-
Less: Current portion	(449)	(761)	-	-
Non-current portion	1,417	1,866	-	-

12. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Value added tax refundable	9,105	7,117	5,523	5,187
Prepaid expenses	27,357	16,173	701	689
Others	5,083	2,312	19	46
Total	41,545	25,602	6,243	5,922

13. Pledged deposits at banks

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

14. Investments in associates

14.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Consolidated financial statements		Separate financial statements	
			2018	2017	2018	2017	Carrying amounts based on equity method		Carrying amounts based on cost method	
			(%)	(%)	2018	2017	2018	2017	2018	2017
Thai Public Port Co., Ltd.	Rental of oil depot and port business	Thailand	30.00	30.00	900,112	900,112	765,878	783,318	900,112	900,112
Sammakorn Plc.	Real estate development	Thailand	48.25	48.25	785,802	785,802	1,198,276	1,173,459	785,802	785,802
Total investments in associates							1,964,154	1,956,777	1,685,914	1,685,914
Less: Allowance for impairment							(139,000)	(139,000)	(151,000)	(151,000)
Investments in associates, net							1,825,154	1,817,777	1,534,914	1,534,914

Thai Public Port Co., Ltd.

During the year 1998, TPP filed an application for a concession to operate on state land, located between TPP's land and the coast (port area), totaling 103 rai. In 2007, the Cabinet approved the concession for a period of 50 years. However, there is the litigation which refer to land owned by TPP, the working group therefore resolved to await the final judgement of courts. During the year 2017, the Supreme Court has upheld a decision by the Court of Appeals not to revoke the title deed. Chonburi Provincial Administration has notified the Public Land Management Bureau under the Department of Lands of the Supreme Court's judgement. At present, the granting of the concession and other relevant matters are being considered by the Public Land Management Bureau under the Department of Lands.

14.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit from investments in associates 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 profit from investments in associates during the years		Share of other comprehensive income from investments in associates during the years		Dividend received during the years	
	2018	2017	2018	2017	2018	2017
	Thai Public Port Co., Ltd.	(1,690)	16,730	-	-	15,750
Sammakorn Plc.	39,556	27,086	745	2,635	15,485	3,160
Total	37,866	43,816	745	2,635	31,235	50,410

14.3 Fair value of investment in listed associate

As at 31 December 2018, fair value of investment in Sammakorn Plc., an associate that is listed company on the Stock Exchange of Thailand, was Baht 520 million (2017: Baht 855 million).

14.4 Impairment loss on investment in associate

The Company's management adopted discounted cash flows method in order to assess impairment loss on investment in Thai Public Port Co., Ltd. The discount rate at 8% per annum and long-term growth rate at 1% per annum are used in this valuation.

14.5 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	Thai Public Port Co., Ltd.		Sammakorn Plc.	
	2018	2017	2018	2017
Current assets	61	48	2,757	2,551
Non-current assets	1,205	1,289	1,787	1,246
Current liabilities	(48)	(46)	(1,215)	(766)
Non-current liabilities	(65)	(81)	(870)	(722)
Net assets	1,153	1,210	2,459	2,309
Shareholding percentage (%)	30.00	30.00	48.25	48.25
Share of net assets	346	363	1,186	1,114
Goodwill	420	420	-	-
Eliminations	-	-	12	59
Carrying amounts of associates				
based on equity method	766	783	1,198	1,173
Less: Allowance for impairment	(139)	(139)	-	-
Carrying amounts of associates				
based on equity method, net	627	644	1,198	1,173

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	Thai Public Port Co., Ltd.		Sammakorn Plc.	
	2018	2017	2018	2017
Revenue	257	358	1,394	1,212
Profit (loss)	(6)	56	82	56
Other comprehensive income	-	-	2	6
Total comprehensive income	(6)	56	84	62

15. Investments in subsidiaries

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

Company	Paid-up capital		Shareholding percentage		Cost	
	2018	2017	2018	2017	2018	2017
			%	%		
Pure Biodiesel Co., Ltd. *	280,000	280,000	100	100	279,999	279,999
Pure Thai Energy Co., Ltd. and its subsidiaries	140,000	140,000	100	100	140,000	140,000
RPC Management Co., Ltd. *	500	500	100	100	956	956
Total investments in subsidiaries					420,955	420,955
Less: Allowance for impairment					(98,516)	(103,320)
Investments in subsidiaries - net					322,439	317,635

* Business suspended as at 31 December 2018 and 2017

During the year 2018 and 2017, the Company had no dividend received from its subsidiaries.

During the year 2018, the Company reversed the set up allowance for impairment of investment in Pure Biodiesel Co., Ltd. amounting to Baht 4.8 million (2017: set up allowance for impairment of Baht 21.4 million).

16. Other long-term investment

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost	
			2018	2017	2018	2017	2018	2017
					(%)	(%)		
KP Energy Group Co., Ltd.	Production and distribution of electricity	Thailand	38,380	38,380	17.46	17.46	5,482	5,482
Less: Allowance for impairment							(5,482)	(5,482)
Other long-term investment - net							-	-

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Operating assets	359,559	120,867	5,088	6,140
Ceased using assets	988,937	947,031	584,544	549,758
Total property, plant and equipment	1,348,496	1,067,898	589,632	555,898
Less: Allowance for impairment	(462,632)	(462,984)	(239,626)	(239,978)
Property, plant and equipment - net	885,864	604,914	350,006	315,920

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis		Cost basis				Total
	Land	Office buildings and office building improvements	Gas station equipment	Office furniture, fixture and equipment	Motor vehicles	Construction in progress	
Operating assets							
Cost/revalued amount							
1 January 2017	7,350	134,185	62,126	72,274	25,055	17,045	318,035
Additions	-	-	94	238	-	42,885	43,217
Disposals/write-off	-	(8,665)	(4,219)	(2,555)	472	-	(14,967)
Transfers	-	31,954	474	9,842	214	(42,484)	-
Adjustment	-	-	-	-	-	(3,759)	(3,759)
31 December 2017	7,350	157,474	58,475	79,799	25,741	13,687	342,526
Additions	-	-	49	254	-	270,790	271,093
Disposals/write-off	-	(4,877)	(4,083)	(24,260)	-	-	(33,220)
Transfers	-	168,374	41,207	47,094	-	(256,675)	-
31 December 2018	7,350	320,971	95,648	102,887	25,741	27,802	580,399
Accumulated depreciation							
1 January 2017	-	101,695	30,313	63,096	21,393	-	216,497
Depreciation for the year	-	13,211	978	3,755	2,194	-	20,138
Depreciation on disposals/write-off	-	(8,249)	(4,216)	(2,511)	-	-	(14,976)
31 December 2017	-	106,657	27,075	64,340	23,587	-	221,659
Depreciation for the year	-	17,656	3,898	6,437	658	-	28,649
Depreciation on disposals/write-off	-	(4,621)	(4,069)	(20,778)	-	-	(29,468)
31 December 2018	-	119,692	26,904	49,999	24,245	-	220,840
Net book value							
31 December 2017	7,350	50,817	31,400	15,459	2,154	13,687	120,867
31 December 2018	7,350	201,279	68,744	52,888	1,496	27,802	359,559
Depreciation for the years							
2017 (included in administrative expenses)							20,138
2018 (included in administrative expenses)							28,649

(Unit: Thousand Baht)

	Consolidated financial statements			
	Revaluation basis			
		Factory buildings and factory building	Machinery and factory equipment	Total
	Land	improvements		
Ceased using assets				
Revalued amount				
1 January 2017	279,394	175,768	1,511,937	1,967,099
Disposals	-	-	(6,845)	(6,845)
Revaluations	47,735	-	-	47,735
31 December 2017	327,129	175,768	1,505,092	2,007,989
Additions	-	-	250	250
Disposals	-	-	(13,651)	(13,651)
Revaluations	56,100	-	-	56,100
31 December 2018	383,229	175,768	1,491,691	2,050,688
Accumulated depreciation				
1 January 2017	-	109,004	927,449	1,036,453
Depreciation for the year	-	2,411	25,499	27,910
Depreciation on disposals	-	-	(3,405)	(3,405)
31 December 2017	-	111,415	949,543	1,060,958
Depreciation for the year	-	513	13,009	13,522
Depreciation on disposals	-	-	(12,729)	(12,729)
31 December 2018	-	111,928	949,823	1,061,751
Allowance for impairment loss				
1 January 2017	-	45,454	414,258	459,712
Increase during the year	-	733	2,539	3,272
31 December 2017	-	46,187	416,797	462,984
Reversal of allowance for impairment due to disposals	-	-	(352)	(352)
31 December 2018	-	46,187	416,445	462,632
Net book value				
31 December 2017	327,129	18,166	138,752	484,047
31 December 2018	383,229	17,653	125,423	526,305
Depreciation for the years				
2017 (included in administrative expenses)				27,910
2018 (included in administrative expenses)				13,522

(Unit: Thousand Baht)

	Separate financial statements			
	Cost basis			Total
	Office buildings and office building improvements	Office furniture, fixture and equipment	Motor vehicles	
Operating assets				
Cost				
1 January 2017	8,679	17,723	12,861	39,263
Additions	-	58	-	58
Disposals	-	(178)	-	(178)
31 December 2017	8,679	17,603	12,861	39,143
Additions	-	74	-	74
Disposals	-	(507)	-	(507)
31 December 2018	8,679	17,170	12,861	38,710
Accumulated depreciation				
1 January 2017	2,769	17,212	11,813	31,794
Depreciation for the year	539	291	557	1,387
Depreciation on disposals	-	(178)	-	(178)
31 December 2017	3,308	17,325	12,370	33,003
Depreciation for the year	535	173	418	1,126
Depreciation on disposals	-	(507)	-	(507)
31 December 2018	3,843	16,991	12,788	33,622
Net book value				
31 December 2017	5,371	278	491	6,140
31 December 2018	4,836	179	73	5,088
Depreciation for the years				
2017 (included in administrative expenses)				1,387
2018 (included in administrative expenses)				1,126

(Unit: Thousand Baht)

	Separate financial statements			
	Revaluation basis			
	Land	Factory buildings and factory building improvements	Machinery and factory equipment	Total
Ceased using assets				
Revalued amount				
1 January 2017	214,152	108,094	958,490	1,280,736
Disposals	-	-	(6,659)	(6,659)
Revaluations	36,309	-	-	36,309
31 December 2017	250,461	108,094	951,831	1,310,386
Disposals	-	-	(1,270)	(1,270)
Revaluations	42,900	-	-	42,900
31 December 2018	293,361	108,094	950,561	1,352,016
Accumulated depreciation				
1 January 2017	-	77,434	675,145	752,579
Depreciation for the year	-	949	10,321	11,270
Depreciation on disposals	-	-	(3,221)	(3,221)
31 December 2017	-	78,383	682,245	760,628
Depreciation for the year	-	430	7,012	7,442
Depreciation on disposals	-	-	(598)	(598)
31 December 2018	-	78,813	688,659	767,472
Allowance for impairment loss				
1 January 2017	-	18,482	222,126	240,608
Reversal of allowance for impairment due to disposals	-	-	(630)	(630)
31 December 2017	-	18,482	221,496	239,978
Reversal of allowance for impairment due to disposals	-	-	(352)	(352)
31 December 2018	-	18,482	221,144	239,626
Net book value				
31 December 2017	250,461	11,229	48,088	309,780
31 December 2018	293,361	10,799	40,758	344,918
Depreciation for the years				
2017 (included in administrative expenses)				11,270
2018 (included in administrative expenses)				7,442

During 2018, the Group arranged for an independent professional valuer to appraise the value of certain refinery assets on an asset-by-asset basis. The revaluation was concluded on 31 December 2018 and the basis of the revaluation was as follows.

- a) Land was revalued using the market approach. The fair value of the land was at the average of Baht 8.8 million per rai.
- b) Factory buildings, machinery and factory equipment were revalued using the orderly liquidation value approach. The orderly liquidation value is the amount expected to be obtained from finding buyers for the assets on a piecemeal basis, given the condition and location of the assets at that time and the applicable conditions. It assumes there is a reasonable period of time within which the owner is forced to sell, that the assets are sold through an intermediary or offered to the buyer for other uses, and that the buyer will pay all expenses.

The reappraised value of the land was Baht 56 million (separate financial statements: Baht 43 million) higher than the value per the previous revaluation conducted in 2017. The Group recognised the increase in asset values in shareholders' equity under the heading of "Revaluation surplus on assets".

However, the Group did not recognise the difference between the reappraised values of the buildings and equipment and their net book value in the income statement since the difference was not significant.

Had the land, factory buildings, machinery and factory equipment been carried in the financial statements on a historical cost basis, their net book values as of 31 December 2018 and 2017 would have been as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Land	141,286	141,286	105,770	105,770
Factory buildings and improvements	17,654	17,985	10,798	11,228
Machinery and factory equipment	125,425	136,582	40,758	48,090

As at 31 December 2018, the Group had vehicles with net book values of Baht 0.1 million (2017: Baht 0.4 million) and in the separate financial statements of Baht 0.1 million (2017: Baht 0.4 million), which were acquired under finance lease agreements.

A subsidiary has mortgaged land, buildings, machinery and oil depots with a total book value as at 31 December 2018 of Baht 101 million (2017: Baht 88 million), as collateral to secure short-term loans received from the Company, as discussed in Note 9 to the financial statements.

As at 31 December 2018, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 176 million (2017: Baht 180 million) in the consolidated financial statements and Baht 29 million (2017: Baht 27 million) in the separate financial statements.

18. Intangible assets

The net book values of intangible assets which are computer software as at 31 December 2018 and 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cost	26,842	25,197	19,738	19,738
Less: Accumulated amortisation	(24,360)	(23,475)	(19,417)	(19,097)
Net book value	<u>2,482</u>	<u>1,722</u>	<u>321</u>	<u>641</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	1,722	2,389	641	960
Disposals/write-off	(1)	(17)	-	-
Transfer	1,659	186	-	-
Amortisation	(898)	(836)	(320)	(319)
Net book value at end of year	<u>2,482</u>	<u>1,722</u>	<u>321</u>	<u>641</u>

Amortisation for the year was included in administrative expenses.

19. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
The compensation for loss	26,711	26,711	26,711	26,711
Land and gas station leasehold rights	861	1,200	-	-
Prepaid corporate income tax	14,387	5,881	269	1,271
Prepaid expenses	118,699	35,639	-	-
Deposits	2,677	2,233	207	207
Total	163,335	71,664	27,187	28,189

The compensation for loss is the compensation receivable because, in the third quarter of 2006, a raw material supplier delivered raw materials of a quality different to that specified in the relevant purchase agreement, with characteristics that differed from those of deliveries made to the Company under the agreement in the past. Therefore, the Company had additional cost for product improvement and compensation amounting to Baht 136 million. Based on the negotiation with the supplier, the Company will receive compensation of Baht 53 million. The difference represents inventory loss as a result of continuous and substantial falls in the prices of inventories and raw materials (inventory loss). Since this loss was a result of global market conditions with neither the Company nor the supplier could avoid, the supplier requested that each part bear responsibility for its own share of the inventory loss. The Company therefore recorded the compensation for loss in full as a deduction against cost of sales in 2006. The partial balance of Baht 26 million was paid by a credit note in November 2006 and the supplier will inform the Company of the method in payment for the remaining Baht 27 million later.

On 2 October - 20 November 2010, the supplier delivered raw materials of a quality difference to that specified in the relevant purchase agreement again. As a result, the Company had additional cost of raw materials quality improvement and other damages totaling Baht 53 million. The Company requested the compensation to the supplier but could not negotiable. Therefore, on 9 November 2016, the Company filed a dispute to the Arbitration Office (Dispute Black Case No. 117/2559), requesting the supplier to pay the compensation of raw materials quality improvement which the supplier sent raw materials different from purchase agreement in 2006 and during October and November 2010 amounting to Baht 26,700,000 and Baht 52,887,472.76, respectively, plus interest 7.5% per annum. The total compensation is Baht 116,678,438.74. In April 2017, the supplier has submitted a statement of objection and the dispute is currently under formal arbitration proceedings.

20. Bank overdrafts

Bank overdrafts of a subsidiary company are secured by a fixed deposit account of Baht 6 million, together with interest. The interest on the overdrafts is charged to the fixed deposit interest rate (F/D) plus 1.25% per annum for the first Baht 6 million and at the MOR minus 0.25% per annum for amount in the excess of Baht 6 million.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Trade payables - unrelated parties	1,747,441	1,637,496	1,518,109	1,518,109
Other payables - related parties	239	307	42	50
Other payables - unrelated parties	37,189	28,071	1,445	1,590
Accrued expenses	20,527	7,868	1,183	927
Retention payables	1,778	1,899	-	-
Total	<u>1,807,174</u>	<u>1,675,641</u>	<u>1,520,779</u>	<u>1,520,676</u>

22. Short-term loans from unrelated parties

As at 31 December 2018, these represented promissory notes which the subsidiary issued to individuals. The loans carried interest at the rates of 1.55% - 1.58% per annum (2017: 1.45% - 1.61% per annum) and are repayable within one year.

23. Advances received for renovation of gasoline stations

(Unit: Thousand Baht)

	Consolidated	
	financial statements	financial statements
	2018	2017
Advances received for renovation of gasoline stations		
at beginning of year	78,755	-
Increase during the year	226,000	79,000
Less: Amortisation for the year	(15,210)	(245)
Advances received for renovation of gasoline stations		
at end of year	289,545	78,755
Less: Current portion	(29,933)	(7,403)
Advances received for renovation of gasoline stations, net of current portion	<u>259,612</u>	<u>71,352</u>

24. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Value added tax payable	-	505	-	-
Advances received from customers	5,416	9,282	-	-
Others	4,738	4,094	189	121
Total	10,154	13,881	189	121

25. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2018 and 2017, which represents compensation payable to employees after they retire from the company, was as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provisions for long-term employee benefits at beginning of year	9,892	9,421	1,835	2,276
Included in profit or loss:				
Current service cost	1,685	1,036	502	338
Interest cost	341	258	56	44
Reversal of provision for long-term employee benefits	-	(478)	-	(478)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(1,797)	-	-	-
Financial assumptions changes	(240)	-	-	-
Experience adjustments	2,267	-	-	-
Employee benefit paid during the year	-	(345)	-	(345)
Provisions for long-term employee benefits at end of year	12,148	9,892	2,393	1,835

The Group expects to pay Baht 0.38 million of long-term employee benefits during the next year (separate financial statements: nil) (2017: Baht 0.9 million, separate financial statements: nil).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 - 15 years (separate financial statements: 10 years) (2017: 13 years (separate financial statements: 12 years)).

Key actuarial assumptions used for the valuation are as follows.

	(Unit: % per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rate	2.10 - 3.08	3.00	2.55	3.00
Future salary increase rate	3.00 - 5.00	5.00	5.00	5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Rate increase	Rate decrease	Rate increase	Rate decrease
Increase or decrease 0.5% in discount rate	(694)	745	(111)	117
Increase or decrease 1% in future salary increase rate	1,544	(998)	242	(152)

	(Unit: Thousand Baht)			
	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Rate increase	Rate decrease	Rate increase	Rate decrease
Increase or decrease 0.5% in discount rate	(821)	889	(276)	296
Increase or decrease 1% in future salary increase rate	1,796	(1,566)	596	(529)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 2.3 million (the Company only: nil). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

26. Statutory reserve

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

Under Section 1202 of the Thai Civil and Commercial Code, the subsidiaries are required to set aside a statutory reserve equal to at least 5% of its net profit each time the subsidiaries pay out a dividend, until such reserve reaches 10% of their registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

27. Revaluation surplus

This represents surplus arising from revaluation of land. Movements in the revaluation surplus account, net of income tax, during the years ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Balance - beginning of year	154,556	116,367	115,753	86,706
Add: Revaluation of assets				
during the year	56,100	47,736	42,900	36,309
Less: Effect of income tax				
from revaluation	(11,220)	(9,547)	(8,580)	(7,262)
Balance - end of year	<u>199,436</u>	<u>154,556</u>	<u>150,073</u>	<u>115,753</u>

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

28. Other income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Management fee income	1,320	6,868	-	-
Rental income	14,968	1,160	-	-
Dividend income	-	-	31,235	50,410
Gain on sale of equipment and intangible assets	3,400	868	-	-
Interest income	3,387	3,539	21,707	4,837
Other income	6,449	7,132	6,383	5,486
Total	29,524	19,567	59,325	60,733

The subsidiary has rental income from the lease of land, building, machinery and oil depots. However, the subsidiary recorded such assets under the heading “Property, plant and equipment” instead of “Investment properties” because the main objective is to sell such assets.

29. Expenses by nature

Significant expenses classified by nature are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salaries, wages and other employee benefits	116,690	103,900	9,935	9,581
Long-term employee benefits (reversal)	2,026	816	558	(96)
Depreciation and amortisation	43,069	48,410	8,888	12,978
Changes in finished goods	(15,080)	(4,969)	-	-
Cost of merchandise inventories and services	3,087,676	2,258,332	-	-
Loss on impairment of investment in subsidiary (reversal)	-	-	(4,804)	21,364
Loss on impairment of buildings and equipment (reversal)	(352)	3,271	(352)	(630)

30. Income tax

Tax income for the years ended 31 December 2018 and 2017 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(12,680)	(761)	-	-
Tax income reported in the income statement	(12,680)	(761)	-	-

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Deferred tax on actuarial loss	(46)	-	-	-
Deferred tax on gain from revaluation of land	11,220	9,547	8,580	7,262
Total	11,174	9,547	8,580	7,262

The reconciliation between accounting profit (loss) and tax income is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Accounting profit (loss) before tax				
From continuing operation	(14,259)	(25,016)	32,735	(119)
From discontinued operation	(7,462)	(12,868)	(7,512)	(12,868)
Total accounting profit (loss) before tax	(21,721)	(37,884)	25,223	(12,987)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(4,344)	(7,577)	5,045	(2,597)
Deferred tax assets which were not recognised during the year as future taxable profits may not be sufficient	11,147	16,049	8,289	10,380
Effects of non-deductible expenses				
- Other non-deductible expenses	(5,796)	201	31	127

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Effects of:				
- Income not subject to tax	(15,729)	(10,100)	(15,625)	(10,082)
- Others	1,589	1,542	2,260	2,172
Effect of elimination entries on the consolidated financial statements	453	(876)	-	-
Tax income reported in the income statement	<u>(12,680)</u>	<u>(761)</u>	<u>-</u>	<u>-</u>

The components of deferred tax assets and deferred tax liabilities are as follows.

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Deferred tax assets				
Allowance for doubtful debts	3,358	3,157	-	-
Allowance for diminution in value of inventories	1,613	1,190	-	-
Provision for long-term employee benefits	1,951	1,611	-	-
Unused tax loss	11,243	-	-	-
Others	845	325	-	-
Total	<u>19,010</u>	<u>6,283</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities				
Revaluation surplus on assets	49,859	38,639	37,518	28,938
Total	<u>49,859</u>	<u>38,639</u>	<u>37,518</u>	<u>28,938</u>

As at 31 December 2018 there are deductible temporary differences and unused tax losses totaling Baht 1,252 million (2017: Baht 1,289 million) per the consolidated financial statements and Baht 833 million (2017: Baht 875 million) per the separate financial statements. No deferred tax assets have been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses amounting to Baht 140 million per the consolidated financial statements and Baht 44 million per the separate financial statements will expire by 2023.

31. Discontinued operation

Details of discontinued operations for the years ended 31 December 2018 and 2017 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Revenues				-
Expenses				
Administrative expenses	7,462	12,868	7,512	12,868
Total expenses	7,462	12,868	7,512	12,868
Loss for the year from discontinued operation	<u>(7,462)</u>	<u>(12,868)</u>	<u>(7,512)</u>	<u>(12,868)</u>
				(Unit: Baht)
Earnings per share:				
Loss per share for the year from discontinued				
Operation	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>
				(Unit: Thousand shares)
Weighted average number of ordinary shares	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>	<u>1,304,664</u>

The net cash flows incurred by discontinued operation for 2018 and 2017 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Operating activities	-	-	-	-
Investing activities	300	1,171	250	1,171
Financing activities	-	-	-	-
Net cash flows from discontinued operation	<u>300</u>	<u>1,171</u>	<u>250</u>	<u>1,171</u>

32. Basic earnings per share

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

33. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services and have two reportable segments as follows.

- 1) Energy segment: Fuel and gas retailing through a network of gas stations, distribution and maintenance of gas station equipment and rental of oil depot and port business.
- 2) Real estate segment: Real estate development for sale and for rent.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Group operates in Thailand only. As a result, all the revenues as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the years 2018 and 2017, the Group has no major customer with revenue of 10% or more of an entity's revenues.

The following tables present revenues and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2018 and 2017.

(Unit: Million Baht)

	For the years ended 31 December							
	Energy segment		Real estate segment		Adjustments and eliminations		Consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Sales and service income from external customers	3,264	2,438	-	-	-	-	3,264	2,438
Interest income	3	3	-	-	-	-	3	3
Other income	26	16	-	-	-	-	26	16
Total revenues	3,293	2,457	-	-	-	-	3,293	2,457
Expenses								
Cost of sales and services	3,060	2,253	-	-	-	-	3,060	2,253
Depreciation and amortisation	35	47	-	-	-	-	35	47
Selling expenses	79	62	-	-	-	-	79	62
Administrative expenses	170	157	-	-	-	-	170	157
Loss on impairment of buildings and equipment	-	4	-	-	-	-	-	4
Total expenses	3,344	2,523	-	-	-	-	3,344	2,523
Loss before share of profit (loss) from investments in associates, finance cost and income tax	(51)	(66)	-	-	-	-	(51)	(66)
Share of profit (loss) from investments in associates	(2)	17	40	27	-	-	38	44
Profit (loss) before finance cost and income tax	(53)	(49)	40	27	-	-	(13)	(22)
Finance cost	(2)	(3)	-	-	-	-	(2)	(3)
Profit (loss) before income tax	(55)	(52)	40	27	-	-	(15)	(25)
Tax income	13	1	-	-	-	-	13	1
Profit (loss) for the year from continuing operation	(42)	(51)	40	27	-	-	(2)	(24)
Loss for the year from discontinued operation	(7)	(13)	-	-	-	-	(7)	(13)
Profit (loss) for the year	(49)	(64)	40	27	-	-	(9)	(37)

34. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company or its subsidiaries and employees contributed to the fund monthly at the rates of 5% - 10% of basic salary. The fund, which is managed by Aberdeen Standard Asset Management (Thailand) Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to Baht 2.9 million (2017: Baht 2.7 million) were recognised as expenses.

35. Commitments and contingent liabilities

35.1 Capital commitments

As at 31 December 2018, capital commitments of a subsidiary totaling Baht 3.0 million were in respect of the renovation of gas stations (2017: Baht 9.1 million).

35.2 Operating lease, service and research and development agreement commitments

The Group entered into several operating lease and service agreements in respect of the leases of land, building, oil depots, gas stations and equipment. The terms of the agreements are generally between 1 and 20 years, and a research and development agreement with a term of 3 years.

Future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
In up to 1 year	29	34	5	5
In over 1 and up to 5 years	168	101	4	4
In over 5 years	417	182	-	-

35.3 Long-term purchase and sale commitments

- a) In November 2007, a subsidiary (Pure Biodiesel Co., Ltd.) (PBC) entered into an agreement with Global Power Synergy Co., Ltd. (GPSC) to purchase steam in a quantity and at a price stipulated in the agreement, which is for a period of 15 years commencing from the facility commercial operation date or 1 October 2008. The agreement can be extended for another 5 years.

On 26 December 2011, the subsidiary entered into a memorandum with GPSC, whereby GPSC will construct a pipe rack and bridge to install a steam pipeline, with a construction price of Baht 58 million, and will compensate the subsidiary an amount of Baht 23 million, for the impact of its inability to supply steam as agreed. This is treated as part of the delay penalty and deducted from construction cost. The construction cost and all interest are to be paid to GPSC on a monthly basis, beginning on the first of the 37th month and to be completed within 72 months after the date GPSC commences supplying steam. The construction cost carries interest at a rate equal to MLR of a bank.

In March 2017, GPSC sent a letter notifying of the cancellation of steam purchase agreement and the memorandum regarding installation of a steam pipeline, on the grounds that PBC had breached certain conditions of the agreement, and its claim of certain damages from PBC. PBC subsequently sent a letter refusing to pay the damages.

- b) On 6 October 2017, a meeting of the Company's Board of Directors passed a resolution granting approval for a subsidiary running a retail and gasoline service station business to change from operating its service stations under the "Pure" brand to operating them under the "Esso" brand, in order to improve efficiency and the strength of its gasoline retail sales business and to support future business expansion.

As at 31 December 2018, the subsidiary has signed up to gasoline trading agreements with Esso (Thailand) Public Company Limited and was granted the right to use the "Esso" trademark at 58 gasoline stations at least 10 years. The subsidiary continues to be the operator of these gasoline stations. Under the agreements, the subsidiary has to order fuel oil in the quantities and at the prices specified in the agreements, for such period.

35.4 Guarantees

- a) As at 31 December 2018, there were outstanding bank guarantees of Baht 207 million (2017: Baht 198 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 205 million (2017: Baht 195 million) to guarantee payments due to creditors and Baht 2 million (2017: Baht 3 million) to guarantee electricity use, among others.
- b) As at 31 December 2018 and 2017, a subsidiary has guaranteed bank credit facilities of its subsidiary amounting to Baht 10 million.

35.5 Litigation and 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 Global Chemical Public Company Limited (PTTGC) in a quantity and at a price stipulated in the agreement. The agreement is on an evergreen basis, meaning that there is no specified termination date, and after the primary period of 15 years ends in 2012 it automatically renews for a second period.

On 30 September 2009, PTT sent a letter informing the Company of the cancellation of the condensate residue raw materials purchase agreement, and requesting termination of the agreement upon completion of the 15-year term (Primary period) in 2012 even though the Company did not breach the agreement and the cancellation was contrary to the purpose of the agreement. The Company and the Company's legal advisor are of the opinion that the agreement cannot be terminated since it is a long-term reciprocal agreement, and it stipulates the requirement that the Company invest in the construction of 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 automatically remain in force upon completion of the first 15-year term (Primary period) and the following periods. 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 conditions of the agreement. On this basis, the Company is confident that the agreement cannot be terminated, while PTT has a different opinion. 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. 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 (Black Dispute No. 114/2552) on 3 December 2009 and on 27 August 2010, the Company lodged a lawsuit against PTT and PTTGC with the Civil Court (Black Case No. 3162/2553), demanding PTT and PTTGC should pay compensation to the Company totaling Baht 29,368 million and Baht 9,382 million, respectively. The Civil Court has ordered the ongoing litigation (Black Case No. 3162/2553) be temporarily struck off in order to await the decision of the Arbitration Office.

According to PTT's breach of agreement, and the Company exercising its rights to undertake court action and arbitration in order to pursue these claims. The Company has exercised lien over the last payment for condensate residue, amounting to Baht 1,518 million as part of the compensation it is claiming from PTT. PTT had submitted the dispute to the Arbitration Office (Black Dispute No. 78/2555), requesting the Company to pay principal together with interest totaling Baht 1,555 million to PTT.

In April 2016, the Company received a copy of an arbitration award (Black Dispute No. 114/2552) dated 25 March 2016, pursuant to which the arbitral tribunal rendered an award by a majority vote whereby PTT was to pay damages for the unlawful termination of its agreement with the Company in the amount of Baht 390 million per annum starting from 1 February 2012 until the date on which the arbitral tribunal rendered the arbitration award (25 March 2016), together with 7.5% interest per annum on such amount of damages calculated on the date on which the arbitral tribunal rendered the arbitration award until PTT makes payment in full to the Company. However, PTT petitioned the court to revoke the award on 30 June 2016 (Black Case No. Por.3016/2559). Later, on 16 December 2016, the Company filed a petition with the Civil Court to seek enforcement of the above arbitration award (Black Case No. Por.6000/2559). The Civil Court has ordered the combination of Black Case No. Por.6000/2559 with Black Case No. Por.3016/2559. The case is currently under the consideration of the Civil Court.

In May 2017, the Company received a copy of an arbitration award (Black Dispute No. 78/2555) dated 27 April 2017, pursuant to which the arbitral tribunal rendered an award to order the Company to make a final payment for condensate residue to PTT of Baht 1,555 million, together with interest at 9.375% per annum on principal of Baht 1,518 million, from the date on which the dispute was submitted to arbitration (18 May 2012) until the Company makes payment in full to PTT. However, the Company does not agree with the arbitration award. On 25 July 2017, the Company exercised its legal right to filed a petition with the Civil Court to revoke the award (Black Case No. Por.3492/2560). Later, in September 2017, the Company received a copy of a petition filed by PTT with the Civil Court seeking to enforce the award (Black Case No. Por.3789/2560). The Civil Court has ordered the combination of Black Case No. Por.3789/2560 with Black Case No. Por. 3492/2560. At present, the case is under the consideration of the Civil Court.

- b) In March 2014, the Directors of TPP were sued by a shareholder of TPP, who petitioned the court to cancel the letter confirming payment of share price and maintenance of share price dated 30 July 2003, the copy of the share register at the time of the Baht 30 million increase in share capital in 2003, and the memorandum of understanding regarding amendment of the debt restructuring agreement dated 7 October 2003. In May 2015, the Court of First Instance dismissed the case. Later, in June 2016, the Appeal Court upheld the judgement of the Civil Court. In November 2018, the Supreme Court dismissed the case upheld the judgements of the Court of First Instance and the Appeal Court. The lawsuit is finalised.

In April 2015, the Directors of TPP, TPP and the Company were sued by another shareholder of TPP, who petitioned the court to nullify the request for the limited company registration (Form BOJ 1), the copy of shareholders' list, including the supporting documents for the increase in share capital of TPP during the years 2003 and 2014, and the memorandum of understanding regarding amendment of the debt restructuring agreement in 2003, and to seek a court order to reinstate the shareholding that was originally based on a list of shareholders in April 2002. In April 2015, the Court of First Instance dismissed the case. Later, in July 2016, the Appeal Court upheld the judgement of the Civil Court. In August 2018, the Supreme Court dismissed the case upheld the judgements of the Court of First Instance and the Appeal Court. The lawsuit is finalised.

36. Fair value hierarchy

As at 31 December 2018 and 2017, the Group had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets measured at fair value								
Current investments								
Investment units in mutual funds	185	324	-	-	-	-	185	324
Property, plant and equipment	-	-	534	491	-	-	534	491

(Unit: Million Baht)

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets measured at fair value								
Current investments								
Investment units in mutual funds	170	291	-	-	-	-	170	291
Property, plant and equipment	-	-	345	310	-	-	345	310

37. Financial instruments

37.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, accounts receivable and payable, loans receivable and payable and investments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivables, loans receivable and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables, loans receivable and other receivables as stated in the statement of financial position.

Interest rate risk

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

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

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within		interest	Non-interest		
	1 year	1-5 years	rate	bearing		
Financial assets						
Cash and cash equivalents	-	-	29	18	47	0.10 - 0.50
Current investments	-	-	-	185	185	-
Trade and other receivables	-	-	-	39	39	-
Short-term loan to related party	100	-	-	-	100	5.00
Pledged deposits at banks	163	-	-	-	163	0.90 - 1.15
Long-term loan to unrelated party	1	1	-	-	2	9.05
	<u>264</u>	<u>1</u>	<u>29</u>	<u>242</u>	<u>536</u>	
Financial liabilities						
Bank overdrafts	6	-	12	-	18	2.35 - 6.95
Trade and other payables	-	-	-	1,807	1,807	-
Short-term loans from unrelated parties	1	-	-	-	1	1.55 - 1.58
	<u>7</u>	<u>-</u>	<u>12</u>	<u>1,807</u>	<u>1,826</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2017

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within		interest	Non-interest		
	1 year	1-5 years	rate	bearing		
Financial assets						
Cash and cash equivalents	-	-	15	14	29	0.10 - 0.50
Current investments	-	-	-	324	324	-
Trade and other receivables	-	-	-	59	59	-
Pledged deposits at banks	138	-	-	-	138	1.00 - 1.30
Long-term loan to unrelated party	1	2	-	-	3	9.05
	<u>139</u>	<u>2</u>	<u>15</u>	<u>397</u>	<u>553</u>	
Financial liabilities						
Trade and other payables	-	-	-	1,676	1,676	-
Short-term loans from unrelated parties	1	-	-	-	1	1.45 - 1.61
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>1,677</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within		interest rate	Non-interest bearing		
	1 year	1-5 years				
Financial assets						
Cash and cash equivalents	-	-	1	1	2	0.10 - 0.38
Current investments	-	-	-	170	170	-
Trade and other receivables	-	-	-	4	4	-
Short-term loan to related party	100	-	-	-	100	5.00
Pledged deposits at banks	9	-	-	-	9	0.90 - 1.10
Long-term loans to related party	-	145	-	-	145	2.95
	<u>109</u>	<u>145</u>	<u>1</u>	<u>175</u>	<u>430</u>	
Financial liabilities						
Trade and other payables	-	-	-	1,521	1,521	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,521</u>	<u>1,521</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2017

	Fixed interest rates		Floating		Total	Effective interest rate (% p.a.)
	Within		interest rate	Non-interest bearing		
	1 year	1-5 years				
Financial assets						
Cash and cash equivalents	-	-	1	1	2	0.10 - 0.38
Current investments	-	-	-	291	291	-
Trade and other receivables	-	-	-	2	2	-
Short-term loans to related party	95	-	-	-	95	2.95
Pledged deposits at banks	9	-	-	-	9	0.90 - 1.10
	<u>104</u>	<u>-</u>	<u>1</u>	<u>294</u>	<u>399</u>	
Financial liabilities						
Trade and other payables	-	-	-	1,521	1,521	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,521</u>	<u>1,521</u>	

37.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature, loans receivable and payable bear interest rates which are close to the market rate, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

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

38. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 1.62:1 (2017: 1.39:1) and the Company's was 1.41:1 (2017: 1.48:1).

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2019.

บริษัท อาร์พีซีจี จำกัด (มหาชน)
RPCG PUBLIC COMPANY LIMITED