



Bor. Hor. 030/2018

11th May 2018

**Attention: President
The Stock Exchange of Thailand**

Subject: Report of 1st Quarter 2018 Financial performances

The Company is pleased to report 1st Quarter 2018 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 31st March 2018, Net Profit After Tax for the 1st quarter 2018 stood at Baht 304 million or 75.4% decrease as compared to Net After Tax of Baht 1,237 million in the corresponding period of 2017. Details of the Company's performance are as follows:

- 1 Sales and services stood at Baht 5,263 million, reflecting a decrease of 37% from the same period of last year. This reduction was mainly attributable to the significant drop in sale volume during 1st quarter of 2018 in international markets caused by less production of asphalt at our refinery. The reduced production was result of operations delay of crude supply in Q1 2018 and refinery shut down for maintenance during the whole month of March. However, our crude supplier is working hard to resolve its crude delivery operational issues and reassures the Company that it will continue to honour the terms of the supply contract.

Cost of sales and services in the 1st quarter 2018 stood at Baht 4,645 million or 88% (80% in corresponding quarter in 2017) of sales and services before the allowance for diminution in value of inventory and hedging. This cost increase was mainly due to the high inventory cost where we saw average Brent price of USD 67/bbl during 1st quarter 2018 as compared to USD 55/bbl during 1st quarter 2017. In addition, the company had a gain from the reversal of net realizable value (NRV) provision of Baht 18.5 million on inventory but at the same time incurred hedging cost of Baht 29.5 million mainly due to "mark to market" unrealized loss.

- 2 Selling and administrative expenses stood at Baht 36.9 million and Baht 285.5 million representing 0.70% and 5.42% of sales and services respectively. Comparatively, these expenses in the same period 2017 stood at Baht 35.2 million and Baht 285.4 million or 0.42% and 3.42% of sales and services. The company is committed to controlling overhead expenses while improving the operating gross profit margin.



- 3 The allowance for doubtful accounts in the 1st quarter 2018 increased by Baht 0.78 million mainly due to provisions for receivable outstanding due from certain customers of an overseas subsidiary in Indonesia. There was no net increase in allowance for doubtful accounts for domestic sales. The allowance for doubtful accounts was based on the prudent Group's policy for any debt outstanding more than one year to be fully provided.
- 4 The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.54 comparing to 0.60 in corresponding period a year ago.
- 5 Financial expense in the 1st quarter 2018 increased to Baht 27.7 million from Baht 25.7 million when compared with the same period of prior year due to the increase of interest rate.
- 6 The Net Profit After Tax of Baht 304 million for the 1st quarter 2018 represented earning per share of Baht 0.19 (par value of Baht 1 each) as compared to Baht 0.80 per share in corresponding quarter of 2017.

Please disseminate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat
Managing Director