



Bor. Hor. 033/2014

14th May 2014

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

Subject: Report of 1st Quarter 2014 Financial performances

The Company is pleased to report the 1st quarter 2014 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 31st March 2014; the Company's Net Profit After Tax for the 1st quarter stood at Baht 254 million compared to Net Profit After Tax of Baht 409 million in the corresponding period 2013. Details are as follows:

- 1 Sales and services stood at Baht 12,051 million reflecting an increase of almost 50% from the same period last year. This increase in revenue was mainly attributable to abundance supply of heavy crude. In early 2014, the Company entered into a crude term (up to 4 years) supply contract with a major crude supplier whereby the Company has the opportunity to procure approximately 10 million bbl of heavy crude per annum.

During the 1st quarter under reviewed, the Company procured approximately 3.2 million barrels (bbl) of crude as compared to 1.6 million bbl in the corresponding quarter of 2013. We took this opportunity to diversify our product range in the export market and thereby managed to increase revenue during a weak (in terms of demand and price) export asphalt market. The domestic asphalt sales remained healthy and reported similar sales volume in comparison to corresponding quarter of 2013.

- 2 Cost of sales and services in the 1st quarter 2014 stood at Baht 11,520 million or 95.59% (93.86% in corresponding quarter in 2013) of sales and services before the allowance for diminution in value of inventories that had been adequately hedged. The overall lower gross profit margin is due to stronger competition and weak demand in the asphalt export market.

Brent crude price started at USD 111 on the first trading day of 2014 but stayed within a range from USD 105 to USD 111 during the quarter to 31st March 14. We are pleased to say that the company's hedging strategy has been more effective in managing our crude cost and as a result, reduced the hedging exposure substantially.

- 3 Thai Baht strengthened significantly by more than 0.50 Baht per USD during the quarter and it has three implications. Firstly, the NRV provision of Baht 245 million was partly attributable to "mark to market" loss arising from the stronger Baht as the price opening and closing of Brent crude for the quarter were relatively at similar level.



Secondly, the USD export sales revenue also suffered lower revenue when reported in Thai Baht.

Thirdly, the negative impact on the above two accounting treatments was substantially countered balance by the FX gain of Baht 180 million from the USD loans, payable and receivables to fund the purchase of crude and sales in USD.

- 4 Selling and administrative expenses stood at Baht 34 million and Baht 161 million representing 0.28%, and 1.34% of sales and services, respectively. Comparatively, these expenses in the same period 2013 stood at Baht 27 million and Baht 172 million or 0.33% and 2.13% of sales and services, respectively. The company is committed to controlling these overheads while improving the operating gross profit margin.
- 5 The Group's consolidated debt to equity ratio (D/E ratio) has increased from 2.44 to 2.75 due to increased crude procurement in 1st quarter 2014. Furthermore, the D/E ratio (Total Liability/Equity) excluding crude inventory financing has also increased from 0.84 to 1.21.
- 6 Financial expense in the 1st quarter 2014 was Baht 55 million, an increase from Baht 51 million of the same period 2013 due to higher working capital needs for purchase of crude and the purchase of minority shareholding in the Malaysian refinery.
- 7 The Net Profit After Tax of Baht 254 million represented earning per share of Baht 1.66 attributable to the equity shareholders of the Company for the first quarter.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat
Managing Director