



Bor. Hor. 047/2015

13<sup>th</sup> August 2015

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

**Subject: Report of 2<sup>nd</sup> Quarter 2015 Financial performances**

The Company is pleased to report 2<sup>nd</sup> quarter 2015 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30<sup>th</sup> June 2015; the Company's Net Profit After Tax for the 2<sup>nd</sup> quarter stood at Baht 1,317 million compared to Net Profit After Tax of Baht 2 million in the corresponding period 2014. Details are as follows:

- 1 Sales and services stood at Baht 10,488 million, reflecting a decrease of 7% from the same period last year. This decrease was mainly attributable to the drop in selling price in line with lower crude price during 2<sup>nd</sup> quarter of 2015 comparing to the corresponding quarter 2014. Nevertheless, sales volume for asphalt products increased significantly by 25.3% comparing to corresponding quarter because demand in the export market remains strong in both quarters this year. As a consequence, the Group's operations in refinery, logistic and customer support services were operating at its high level of efficiency.

Cost of sales and services in the 2<sup>nd</sup> quarter 2015 stood at Baht 8,227 million or 78.44% (97.71% in corresponding quarter in 2014) of sales and services before the allowance for diminution in value of inventory that had been adequately hedged. The significantly improvement of the overall gross profit margin was mainly due to the increase in asphalt prices arising from strong demand in export market and stable lower crude cost. The Company incurred hedging loss of Baht 353 million which was compensated by higher gross profit margin of 21.55% before hedging gain/loss. FX recorded a gain of Baht 34 million in the quarter.

- 2 Selling and administrative expenses stood at Baht 54 million and Baht 232 million representing 0.52% and 2.21% of sales and services respectively. Comparatively, these expenses in the same period 2014 stood at Baht 43 million and Baht 149 million or 0.38% and 1.31% of sales and services. The increase in administration expense was mainly attributable to a one time major ship repair expenses of Baht 57 million incurred in the quarter. These repair expenses were classified as general administration expenses and most are recoverable from insurance claim in due course. The company is committed to controlling these overheads while improving the operating gross profit margin.



- 3 The allowance for doubtful accounts in Q2 of 2015 was Baht 43 million as compared to Baht 10 million in the same period of previous year. The increase was mainly due to a prolonged debt settlement by certain customers of an overseas subsidiary in China. The allowance for doubtful accounts was based on the Group's receivable aging policy for any debt outstanding more than 1 year to be fully provided.
- 4 The Group cashflow generated from operations improved significantly to Baht 1,902 million as compared to Baht 43 million in the corresponding quarter in 2014. This has positive impact to the consolidated debt/equity ratio.
- 5 The Group's consolidated debt/equity ratio continued to improve to 0.97 from 1.47 due to better crude to cash conversion cycle in 2<sup>nd</sup> quarter 2015 as compared to corresponding quarter in 2014. Furthermore, the long-term borrowing/equity ratio has also decreased to 0.36 from 0.49.
- 6 Financial expense in the 2<sup>nd</sup> quarter 2015 was Baht 40 million compared to Baht 54 million in the same period of previous year. The decrease was mainly due to 100% repayment of short-term crude financing during the period.
- 7 The Net Profit After Tax of Baht 1,317 million for the 2<sup>nd</sup> quarter 2015 represented earning per share of Baht 0.855 (par value of Baht 1 each) compare to Baht 0.001 per share in corresponding quarter of 2014 attributable to the equity shareholders of the Company.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat  
Managing Director