



Bor. Hor. 043/2016

9th August 2016

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

Subject: Report of 2nd Quarter 2016 Financial performances

The Company is pleased to report 2nd Quarter 2016 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th June 2016, the Company's Net Profit After Tax recorded for the 2nd quarter stood at Baht 702 million compared to Net After Tax of Baht 1,317 million in the corresponding period of 2015. Details are as follows:

- 1 Sales and services stood at Baht 5,500 million, reflecting a decrease of 47.6% from the same period of last year. This decrease was mainly attributable to the drop in selling price during 2nd quarter of 2016. Nevertheless, sales volumes for asphalt products increase by 12.5% comparing to corresponding quarter in 2015 because demand in the domestic 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 high level of efficiency.

Cost of sales and services in the 2nd quarter 2016 stood at Baht 4,337 million or 78.87% (78.44% in corresponding quarter in 2015) of sales and services before the allowance for diminution in value of inventory and hedging. The overall lower gross profit margin is due to low asphalt selling price of export market.

Brent crude price start at USD 36.46 on the first trading day of 2016 but reduced to USD 33.56 in February 2016 and gradually went up to USD 49.71 in June 2016. This resulted in the company incurring a hedging loss of Bath 315 million which was partially offset by the reversal of NRV provision of Baht 113 million and FX gain of Baht 32 million. During the quarter, the Baht weakened in May 2016 at highest rate of Baht 35.77/USD and strengthened again at the ended of June 2016 at Baht 35.18/USD.

- 2 Selling and administrative expenses stood at Baht 72.0 million and Baht 235.2 million representing 1.31% and 4.28% of sales and services respectively. Comparatively, these expenses in the same period 2015 stood at Baht 54.0 million and Baht 232.2 million or 0.51%



and 2.21% of sales and services, respectively. The increase in administration expense was attributable to employee cost increase comparing to the same period of last year and expenses related to the new acquisition of 7 companies in Singapore, Vietnam, Indonesia and Thailand. The company is committed to controlling these overheads.

- 3 There was a recovery of doubtful account during 2nd quarter 2016 of Baht 52 million from customers of an overseas subsidiary in China.
- 4 The Group cashflow generated from operations decrease to Baht 3,021 million compared to Baht 3,248 million in corresponding period in 2015.
- 5 The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.55 comparing to 0.97 in corresponding period due to decrease in long-term loan, despite consolidating all the liabilities of our newly acquired foreign subsidiaries at the end of Q2 2016.
- 6 Financial expense in the 2nd quarter 2016 decreased to Baht 26.4 million from Baht 40.4 million when compared with the same period of prior year due to the decrease in long-term loan.
- 7 The Net Profit After Tax of Baht 702 million for the 2nd quarter 2016 represented earning per share of Baht 0.45 (par value of Baht 1 each) compare to Baht 0.86 per share in corresponding quarter of 2015 attributable to the equity shareholders of the Company.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat
Managing Director