



## **Management Discussion and Analysis for Business Operation**

**For the second quarter ended June 30, 2014**

### **1. Executive Summary**

In Q2/2014, the Consolidated Financial Statement recorded a revenue from sale of goods and rendering of services of Baht 40,776 million, an EBITDA of Baht 2,400 million, a net profit of Baht 1,267 million, a net profit attributable to the equity owners of the Company amounted Baht 1,258 million and earnings per share of Baht 0.91 per share. In this quarter, there was scheduled Annual Turnaround Maintenance for the refinery from May 1 to June 15, 2014 (totaling 46 days). In addition, the Company recognized revenue from the commercial operations of all 5 sites of Solar Power Plant Business Phase 3 in April 2014.

The Consolidated Financial Statement recorded a decrease of Baht 4,324 million (-10% YoY) in revenue from sale of goods and rendering of services when compared to Q2/2013, however, there was an increase in EBITDA of Baht 875 million (+57% YoY). When compared to Q1/2014, the revenue from sale of goods and rendering of services decreased by Baht 8,880 million (-18% QoQ) and EBITDA was decreased by Baht 190 million (-7% QoQ).

Refinery business reported an average crude run of 48.45 thousand barrel per day, a decreased from 95.61 thousand barrel per day in Q2/2013, from the scheduled Annual Turnaround Maintenance of the refinery in Q2/2014. Total GRM was Baht 1,094 million (7.61 \$/BBL), an increase of Baht 297 million, and a Gain from Inventory (include Inventory Hedging) of Baht 309 million. The average crude run of Q2/2014 was also decreased from that of Q1/2014, which was at 97.82 thousand barrel per day. Total GRM decreased by Baht 892 million, however a Gain from Inventory (include Inventory Hedging) increased by Baht 263 million (+585% QoQ). Furthermore, the Company had recognized an insurance compensation for replacement of the Main Column (100 KBD) of Crude Distillation Unit Number 3 of Baht 521 million and there was a gain from foreign currencies forward contract and gain on foreign exchange of Baht 87 million.

In Q2/2014, Total sales volume was 1,358 million litres, a decrease of 317 million litres (-19% YoY) from Q2/2013, from Refinery's scheduled Annual Turnaround Maintenance which led to a decrease in Wholesales and Industrial sales volumes. Nevertheless, Retail sales volume increased by 7% YoY. When compared to Q1/2014, total sales volume decreased by 288 million litres (-17% QoQ) from a decrease in sale volume through Industrial and Wholesale Business. Retail sales volume still increased by 9%.

Total Marketing Margin was 0.80 Baht per litre, an increase of 0.21 Baht per litre (+37% YoY) from that of Q2/2013. Retail Margin increased by 32% YoY from an increase in sales volume of Gasohol E20 and E85 which had higher marketing margins when compared to other products, and from an increase in Industrial Margin of 21% YoY. When compared to Q1/2014, Total Marketing Margin was increased by 0.12 Baht per litre



(+18% QoQ) from an increase in both Retail Margin and Industrial Margin of 10% QoQ and 17% QoQ respectively.

Revenues from Solar Power business (PPA of 118 MW) was recorded at Baht 712 million, an increase of Baht 291 million (+69% YoY) from the commercial operations of all 5 sites solar power plant phase 3 (PPA of 48 MW). As a result, the total Electricity Sales for Q2/2014 was 61.60 million kWh, an increase of 24.97 million kWh (+68% YoY) from Q2/2013. When compared to Q1/2014, revenue of solar power business was increased by Baht 256 million (+56% QoQ). Total electricity sales increased by 22.47 million kWh (+57% QoQ).

Revenue from Biodiesel Business was recorded at Baht 1,116 million in Q2/2014, an increase of Baht 131 million from Q2/2013 (+13% YoY) from an increase in B100 price during the period, though total sales volume of B100 was decreased by 4% YoY from a decrease in sales volume to Bangchak, due to the Refinery's Annual Turnaround Maintenance, together with the government's temporary mandate to reduce the portion of B100 mixing with diesel. When compared to Q1/2014, revenue from Biodiesel Business was decreased by 306 million (-22% QoQ) from a decrease in B100 price and a decrease in sales volume to Bangchak.

The Company and its subsidiaries' operating results were summarized as below;

Unit: Million Baht	Q2/2014	Q2/2013 <sup>1/</sup> (Restated)	YoY (%)	Q1/2014	QoQ (%)	6M 2014	6M 2013
Revenue from sale of goods and rendering of services	40,776	45,100	-10%	49,657	-18%	90,433	92,375
<b>Total EBITDA<sup>2/</sup></b>	<b>2,400</b>	<b>1,525</b>	<b>57%</b>	<b>2,589</b>	<b>-7%</b>	<b>4,989</b>	<b>5,030</b>
<i>EBITDA Refinery</i>	1,058	623	70%	1,431	-26%	2,489	3,356
<i>EBITDA Marketing<sup>3/</sup></i>	670	460	46%	607	10%	1,277	898
<i>EBITDA Solar Power<sup>4/</sup></i>	682	398	71%	441	55%	1,123	615
<i>EBITDA Biofuel<sup>5/</sup></i>	41	68	-41%	110	-63%	151	187
Profit attributable to owners of the Company	1,258	407	209%	1,562	-19%	2,820	2,604
<b>Basic earnings (loss) per share (Baht)</b>	<b>0.91</b>	<b>0.30</b>		<b>1.13</b>		<b>2.05</b>	<b>1.89</b>

1/ The Company and its subsidiaries' operating results of Q1/2013 and Q2/2013 were restated according to the new and revised TFRS that are effective from 1 January 2014.

2/ The different between total EBITDA and the sum of each business EBITDA was due to the elimination items

3/ EBITDA from Marketing Business and Bangchak Greenet Co.,Ltd

4/ EBITDA from Solar Power Plant Business, Bangchak Solar Energy Co.,Ltd. and its subsidiaries

5/ EBITDA from Bangchak Biofuel Co., Ltd. and share of profit/(loss) from Ubon Bio Ethanol Co, Ltd



### Changes in accounting policies

From 1 January 2014, according to the adoption of new and revised TFRS, the Company has changed its accounting policies in the following items which have material effects to financial statements, :

- TFRIC Interpretation 4 – Determining whether an arrangement contains a lease
- TFRIC Interpretation 13 - Customer loyalty programmes

Details can be found under section 3(b) to 3(d) of Footnotes to The Company's Financial Statements.

### The impacts to the Company's Financial Statements 2013 are as follows

#### Statement of Financial Position

Unit: Million Baht

As of 31 December 2013	Before	Effect		After
		TFRIC 4	TFRIC 13	
<b>Assets</b>				
Property, plant and equipment	31,771	1,146	-	32,917
Deferred tax assets	336	(12)	14	338
		1,134	14	
<b>Liabilities and equity</b>				
Other current liabilities	565	-	70	635
Finance lease liabilities	-	1,085	-	1,085
Retained earnings - Unappropriated	21,835	49	(56)	21,828
		1,134	14	



## Statement of Income

Unit: Million Baht

Statement of income for period	Consolidated		Separate	
	Q2/2013	6M/2013	Q2/2013	6M/2013
Profit before income tax expense – as reported	486	3,226	311	2,872
Changes before tax as a result of the adoption retrospectively of:				
TFRIC 4 Determining whether an Arrangement contains a Lease	6	11	6	11
TFRIC 13 Customer Loyalty Programmes	(5)	(13)	(5)	(13)
<b>Profit before income tax – restated</b>	<b>486</b>	<b>3,224</b>	<b>311</b>	<b>2,870</b>
Income tax expense – as reported	(66)	(586)	(62)	(569)
Changes to income tax expense as a result of the adoption retrospectively of:				
TFRIC 4 Determining whether an Arrangement contains a Lease	(1)	(2)	(1)	(2)
TFRIC 13 Customer Loyalty Programmes	1	3	1	3
<b>Income tax expense – restated</b>	<b>(66)</b>	<b>(586)</b>	<b>(62)</b>	<b>(569)</b>
<b>Profit - restated</b>	<b>420</b>	<b>2,638</b>	<b>248</b>	<b>2,301</b>
<b>Decrease in basic earnings per share (in Baht)</b>	<b>-</b>	<b>0.001</b>	<b>-</b>	<b>0.001</b>

### 2.2 A reclassification of item in Statement of Income

The expense of product transportation to customer which previously under Selling Expense then reclassified to be under Cost of sale of goods and rendering of services in order to be in line with Revenue from sales of goods and rendering of service (which include revenue of product transportation). The effects of the change are shown as follows:

Unit: Million Baht

Statement of income	Increase (Decrease)		
	Q2/2014	Q1/2014	6M/2014
Cost of sale of goods and rendering of services	96	103	199
Selling Expenses	(96)	(103)	(199)



Analysis of the Consolidated Statement of Income

Unit: Million Baht	Q2/2014	Q2/2014 <sup>1/</sup> (Restated)	YoY (%)	Q1/2014 <sup>2/</sup>	QoQ (%)	6M 2014	6M 2013
Revenue from sale of goods and rendering of services	40,776	45,100	-10%	49,657	-18%	90,433	92,375
Cost of sale of goods and rendering of services	(38,791)	(44,040)	-12%	(47,138)	-18%	(85,930)	(88,339)
<b>Gross Profit</b>	<b>1,985</b>	<b>1,060</b>	<b>87%</b>	<b>2,518</b>	<b>-24%</b>	<b>4,503</b>	<b>4,037</b>
Investment income and other income	623	1,641	-62%	89	600%	712	1,742
Selling and administrative expenses	(959)	(1,004)	-4%	(851)	13%	(1,810)	(1,927)
Gain from crude and product oil price hedging contract	83	197	-58%	90	-8%	174	217
Gain (loss) from foreign currency forward contracts	27	(1,068)	N/A	55	-51%	81	(454)
Gain (loss) on foreign exchange	60	(53)	N/A	247	-76%	307	148
Reversal of allowance for loss from impairment of assets	0.14	(34)	N/A	1	-87%	1	(27)
Share of profit (loss) of associate	(6)	4	-241%	10	-158%	4	29
<b>Profit before finance costs and income tax expense</b>	<b>1,813</b>	<b>743</b>	<b>144%</b>	<b>2,160</b>	<b>-16%</b>	<b>3,973</b>	<b>3,765</b>
Finance costs	(369)	(257)	43%	(264)	40%	(632)	(541)
<b>Profit before income tax expense</b>	<b>1,444</b>	<b>486</b>	<b>197%</b>	<b>1,896</b>	<b>-24%</b>	<b>3,341</b>	<b>3,224</b>
Income tax expense	(178)	(66)	169%	(310)	-43%	(488)	(586)
<b>Profit for the period</b>	<b>1,267</b>	<b>420</b>	<b>201%</b>	<b>1,586</b>	<b>-20%</b>	<b>2,853</b>	<b>2,638</b>
Owners of the Company	1,258	407	209%	1,562	-19%	2,820	2,604
Non-controlling interests	9	13	-35%	24	-64%	33	35
<b>Earnings per share (Baht per Share)</b>	<b>0.91</b>	<b>0.30</b>		<b>1.13</b>		<b>2.05</b>	<b>1.89</b>

Note: 1/ The Company and its subsidiaries' operating results of Q1/2013 and Q2/2013 has been restated to be consistent with the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2014.

2/ Expense of product transportation to customer which previously under Selling Expense then reclassified to be under Cost of sale of goods and rendering of services.



Sales volume in each market category of the Company

Unit: Million Litre

Marketing Business	Q2/2014	Q2/2013	YoY (%)	Q1/2014	QoQ (%)	6M/2014	6M/2013
Retail	780	727	7%	713	9%	1,493	1,457
Industrial	431	510	-16%	527	-18%	957	1,037
<b>รวม</b>	<b>1,210</b>	<b>1,237</b>	<b>-2%</b>	<b>1,240</b>	<b>-2%</b>	<b>2,450</b>	<b>2,493</b>
Wholesale Business							
Petroleum traders in accordance with section 7 <sup>1/</sup>	18	157	-88%	192	-90%	210	339
Export	130	282	-54%	214	-39%	344	536
<b>Total</b>	<b>148</b>	<b>438</b>	<b>-66%</b>	<b>406</b>	<b>-64%</b>	<b>554</b>	<b>875</b>
<b>Total Sales Volume</b>	<b>1,358</b>	<b>1,676</b>	<b>-19%</b>	<b>1,646</b>	<b>-17%</b>	<b>3,005</b>	<b>3,368</b>

Note: 1/ Total sales volume figures excluding the swap amount between petroleum traders in accordance with section 7 and the sales volume of crude

## Summary of The Company and its subsidiaries' Operating Results

### Comparison of Q2/2014 and Q2/2013 Operating Results

In Q2/2014, Consolidated Financial Statement recorded revenue from sale of goods and rendering of services of Baht 40,776 million, a decrease of Baht 4,324 million (-10% YoY); the Company's revenue from sale of goods and rendering of services decreased by 10% YoY, and the subsidiaries' revenue from sale of goods and rendering of services increased by 15% YoY. Total Sales Volumes was decreased by 317 million litre (-19% YoY) from the scheduled Annual Turnaround Maintenance of refinery. In addition, the Company recognized revenue from the commercial operations of all 5 sites of Solar Power Plant Business Phase 3.

The Company recorded other income of Baht 623 million, mainly from an Insurance Compensation for the replacement of the Main Column (100 KBD) of Crude Distillation Unit Number 3 of Baht 521 million, compared to Q2/2013 of which the Insurance Compensation was recorded at Baht 1,562 million.

The Company had a Baht 83 million gain from crude and product oil price hedging contract, decreased by Baht 114 million (-58% YoY) which was mainly from hedging transaction of GO/DB, and gain from foreign currency forward contract of Baht 27 million. At the beginning of Q2/2014, Baht/USD exchange rate was at 32.54 Baht/USD then Baht currency depreciated 0.06 Baht/USD to 32.60 Baht/USD at the end of the quarter, while in Q2/2013 Baht/USD exchange rate was at 29.43 Baht/USD then Baht currency depreciated 1.84 Baht/USD to 31.27 Baht/USD at the end of the quarter.

Gain on foreign exchange was Baht 60 million resulted from the narrow-sideway trading of Baht/USD while in Q2/2013 there was a loss from foreign exchange of Baht 53 million from the significantly depreciation of Baht currency.



Financial costs was Baht 369 million, an increase of Baht 122 million when compared to Q2/2013, due to the debenture issuance of Baht 10,000 million in April 2014.

The Company's Income tax expense was Baht 178 million. The effective tax rate was 12.30% from the revenues under BOI tax exempt privileges of solar power and biodiesel businesses.

The Consolidated Financial Statement recorded a net profit of Baht 1,267 million, an increase of Baht 846 million (+201% YoY). Net Profit attributable to the owners of the Company was Baht 1,258 million, an increase of Baht 851 million (+209% YoY). Earnings per share of 0.91 Baht, compared to 0.30 Baht in Q2/2013.

#### **Comparison of Q2/2014 and Q1/2014 Operating Results**

Consolidated revenue from sale of goods and rendering of services decreased by Baht 8,880 million from Q1/2014 (-18% QoQ); Company's revenue from sale of goods and rendering of services decreased by 18% QoQ, while its subsidiaries' revenue from sale of goods and rendering of services increased by 4% QoQ. Total Sales Volumes was decreased by 288 million litre (-17% QoQ) from the scheduled Annual Turnaround Maintenance of the refinery. In addition, the Company recognized revenue from the commercial operations of all 5 sites of Solar Power Plant Business Phase 3.

Gain from crude and product oil price hedging contract decreased by Baht 7 million (-8% QoQ), mainly from hedging of GO/DB. There was a gain from foreign currencies forward contract of Baht 27 million, a decrease of Baht 28 million (-51% QoQ) from the slight depreciation of Baht currency in Q2/2014. While in Q1/2014, gain from foreign currencies forward contract was Baht 55 million at the beginning of the quarter, Baht/USD was at 32.90 Baht/USD then appreciated 0.46 Baht/USD to 32.44 Baht/USD at the end of the quarter. Gain from foreign exchange was Baht 60 million in Q2/2014.

In Q2/2014, Financial Costs increased by Baht 105 million when compared to Q1/2014 due to the debenture issuance of Baht 10,000 million in April 2014.

Consolidated net profit was decreased by Baht 319 million (-20% QoQ). Net Profit attributable to the owners of the Company decreased by Baht 304 million (-19% QoQ). An Earnings per share was 0.91 Baht, compared to 1.13 Baht in Q1/2014.



## **2. Performance Summary**

### **2.1 Crude Oil Price Situation**

In the second quarter of 2014, an average Dubai crude oil price was increased by 1.68 \$/BBL from the average price in the previous quarter. The crude oil prices had been supported by the continuously overall increase of U.S. oil use in coming summer. Moreover, there were many good signs of U.S. economic activities going up. For instance, sales of new U.S. homes jumped 18.6% to a seasonally adjusted annual rate of 504,000 units. That was the highest level since May 2008, while the increase was the biggest since January 1992. It was pointing to be clearly gained momentum in the U.S. homes market. What's more, the consumer confidence index rose to 85.2 as the highest level since January 2008, and up from May's level of 82.2. According to consensus report, economists were expecting to see the index rise to 83.7. As another supporting factor to crude oil prices, the U.S. manufacturing PMI rose to 4-year high of 57.5 in June from a final reading of 56.4 in May, fuelling optimism over the strength of the economy. Also, the U.S. nonfarm payrolls were gain of 288,000 jobs in June while the survey reported a gain in employment of only 215,000 jobs. That was affect the unemployment rate declined to 6.1% closed on a six-year low, an evidence of economy was growing wildly heading into the second half of the year. On Asian side, the Chinese manufacturing purchasing managers index (PMI) rebounded further to 50.8 in June, a 7-year high, compared to 49.4 in May. For factors of supply side to support crude oil prices, the Islamic State of Iraq and the Levant (ISIS), had already captured much of northern and western Iraq around June. Importantly, the rebel group was trying to capture the country's largest oil refinery, namely 300,000 barrels per day (BPD) Baiji. However, there was expected that the oil markets had been concerned this issue as a short-term risk because Iraq, the second-largest producer in the OPEC, had its crude shipments from the country's south. As a result, the southern area had been largely unaffected by the unrest. Also, the concerns in oil markets would ease once an Iraqi government could deal with a Sunni insurgency threatening to break apart Iraq. As a report, Iraq exported 2.53 million barrels per day (MBD) of crude in June from its southern terminals, compared to the averaged 2.58 MBD in May as the highest level since 2003. Furthermore, the concern of East Ukraine crisis could lead to the country's supply disruption. Also, the tension between Russia and Ukraine has been continuously. It's clear that Russia's Gazprom has cut their suppliers since 16 June because Ukraine has failed to pay at least part of its gas debts of \$1.95 billion payment. In addition, the western has continuously imposed economic sanctions against Russia due to this unrest.

However, crude oil prices had some pressured factors. It was clear that overall Asian crude oil consumption to reduce due to scheduled maintenance of refineries in the region at the high level of 2.38 MBD in the second quarter, compared to 0.9 MBD in the first quarter. Moreover, the Federal Reserve (Fed) had continued to easing the stimulus program because it was clearly U.S. economic and employment situation improved. As latest meeting, the 17-18 June, FOMC drew a unanimous decision to continue to trim the Fed's monthly QE further by another US\$10bn to US\$35bn with remaining the Fed Funds Target Rate (FFTR) of 0-





0.25%. Also, the Commerce Department said that the U.S. gross domestic product (GDP) fell at a seasonally adjusted annual rate of 2.9% in the first quarter, the largest drop recorded in 5-year-round, compared to the previous estimate at 1% regression. Furthermore, the World Bank trimmed its global growth forecast to 2.8% for the year, from its 3.2% forecast in January. The reason was more difficult to achieve good economic growth in emerging markets. On European side, the ECB had cut its key refinancing rate from a historic low 0.25% to an even lower 0.15%. They also had cut its deposit rate, which it pays banks for parking funds with it overnight, into negative territory, at -0.1%. On Asian side, China's annual consumer inflation (CPI) rose 1.8% y-o-y in April, lowest in 18 months, and compared to March's 2.4% rise. For factors of supply side to pressure crude oil prices, the U.S. crude inventories had risen by 1.7 MB to 399.4 MB in the week ended April 25, the most since the EIA began publishing weekly data in 1982. As another downside risk, the International Energy Agency (IEA) said that OPEC would need to boost its output by some 900,000 BPD in the third quarter from April's level of 36.31 MB to meet rising global demand in coming summer. In addition, among the risk of Libyan unrest, Libya's oil outputs had risen to 300,000 BPD, compared to the lowest level of May's 160,000 BPD, after the El Feel field in the southwest increased production to 105,000 BPD and also the eastern Hariga oil port reopened.

For the second quarter of this year compare to last year, the average oil price was increased by \$5.33 because of good sign of improved economy in the U.S. This caused that the Fed had continuously eased the QE stimulus programme. Importantly, there were many unrests including in Iraq, Ukraine and Libya as supported factors to oil prices. However, there were some downside risks such as Chinese economy slowing down than last year.

#### **Crack Spreads Analysis**

- For the petroleum products market, an average Mogas/Dubai crack spread in the second quarter was \$16.06, compared to the average of \$14.56 in the previous quarter. The spread was driven by the U.S demand and regional demand during travelling season, also the strong demand from some Muslim countries during Ramadan, beginning of the end of June. Moreover, the spread also was supported by higher Vietnamese demand due to State-owned PetroVietnam shutting its 135 KBD Dung Quat refinery for about 45 days of full maintenance from May 19 to July. On supply side, the supply had been tighter as Asian refinery turnaround season at the level of 2.55 MB in May that could be the highest level in 2014. However, the spread had some pressure factors. For example, the overall demand in the region had been low throughout the second quarter of 2014. What's more the Japanese consumption tax rate had been increased from 5% to 8% on April1, directly impacting on local gasoline demand. In addition, the refinery of the Joint Venture Company; Saudi Aramco Total Refining and Petrochemical Co. (SATORP) had been designed to process 400,000 BPD of full capacity operation for mid-year 2014. This could lead to lower imports from Saudi Arabia and the Middle East. As another pressure, the expected supplies from Taiwan and India had been continued to rise in the second quarter of 2014 due to their refineries back from maintenance.



If compared to the same period last year, the spread had been risen by \$1.52 as peak refinery maintenance in Asian countries in the second quarter of this year at 2.38 MBD, which was higher than 2.32 MBD refinery maintenance in the same period last year.

- An average of Jet (Kerosene)/Dubai crack spread was \$14.29, compared to the average of \$17.00 in the previous quarter. The spread had weakened by slower overall demand in the region during an off-peak season in the second quarter of year. As evidence, there were no jet fuel trades in the Singapore cash market in June. Moreover, it was not provide a big help as there was too much supply in Asia, especially from India and Taiwan. In addition, there were further added capacities from new refineries in Asia and the Middle East.

If compared to the same period last year, the spread had been declined by \$1.01 as some players trying to bring down jet fuel by offering more supplies, also shutting arbitrage to the west. That dragged the spread down. It was significantly slower overall demand in this year as a main pressure.

- An average of Gasoil/Dubai crack spread was \$16.02, compared to the average of \$17.79 in the previous quarter. The spread had been weakened by slower overall demand in the region in the second quarter of the year, especially in Vietnam and China. Moreover, the Indonesian demand was lower than expected in Muslims fasting month, namely Ramadan. Also, Indonesia was set to miss its ambitious targets on the use of biodiesel this year, potentially weighing on the price of palm oil. Jakarta's energy ministry raised the minimum bio content in diesel fuel used for transport to 10%, up from 3-10% previously. For the power industry, the minimum was doubled to 20%. This could be a move to cut its oil import bills. Another pressure, China had declared Mid-May to August 1 a “no fishing” period in most of the South China Sea. On supply side, there was shutting arbitrage from Asia to the west due to slow European distillate demand. In contrast, the spread had some support factors such as some imports of Australia and plus with Asian refinery maintenance season which could lead to be low supply.

If compared to the same period last year, the spread had been declined by \$0.73. The spread was pressured by slower Chinese demand due to the slowdown of manufacturing sector and overall its economy. In addition, there were further added capacities from new refineries in Asia and the Middle East. Furthermore, the low European demand had been impacted on decreasing arbitrage to the west.

- An average of Fuel Oil/Dubai crack spread was -\$10.60, compared to the average of -\$8.45 in the previous quarter. The demand from China's private refineries (Teapot) had been remained at the low levels because they had the new crude import quotas and also the reflection of slowing Chinese economy. It was clear that China's fuel oil imports in May decreased by 30% to 1.124 million metric tonnes (MMT), which was 60% lower than a year ago. Moreover, Japan's demand for direct-burn



crude and fuel oil for power generation this summer will be 10-20% lower from a year ago due in slow power demand and utilities raising their reliance on cheaper coal and natural gas instead. However, the spread had been supported by Western arbitrage flowing to Asia likely to be low point as attractiveness. This was because of higher freight rates, while lower supply in the European region with cutting their run rates. As a report of Bloomberg survey, the arbitrage levels from the west to Asia were at 3.0 MMT in June, 3.0 MMT in May and 3.8 MMT in April. These levels were compared to the higher of 3.74 MMT in the second quarter of 2013. Lastly, overall supply was estimated to decrease due to refinery maintenance season in the region as a trig factor.

If compared to the same period last year, the spread had been declined by \$6.95. Japan had significantly turned to use cheaper coal and natural gas instead, which had mainly impacted on its fuel oil demand. Also, the demand from China's private refineries (Teapot) had been dropped because there were the new crude import quotas and also the reflection of slowing Chinese economy

The table of oil prices and crack spreads comparison

Unit: USD/bbl

	Q2/2014			Q2/2013	YoY	Q1/2014	QoQ	6M/2557	6M/2556
	MAX	MIN	AVG.	AVG.	%	AVG.	%	AVG.	AVG.
DB	111.16	101.45	106.13	100.80	+5.29%	104.45	+1.61%	105.29	104.35
UNL95/DB	20.11	13.23	16.06	14.54	+10.45%	14.56	+10.30%	15.31	16.30
IK/DB	16.41	11.23	14.29	15.30	-6.60%	17.00	-15.94%	15.64	17.68
GO/DB	18.81	12.54	16.02	16.75	-4.36%	17.79	-9.95%	16.91	18.10
FO/DB	-8.46	-12.19	-10.60	-3.65	-190.41%	-8.45	-25.44%	-9.53	-5.43



## 2.2 Refinery Business Performance

The table of refinery business performance

Refinery Business	Q2/2014	Q2/2013	YoY (%)	Q1/2014	QoQ (%)	6M/2014	6M/2013
Average Crude Run (KBD)	48.45	95.61	-49%	97.82	-50%	73.00	97.77
Utilization Rate (%)	40%	80%	-	82%	-	61%	81%
Average FX (THB/USD)	32.60	30.02	9%	32.80	-1%	32.70	29.98

Unit: Million Baht

Unit: Million Baht	Q2/2014	Q2/2013 <sup>1/</sup> (Restated)	YoY (%)	Q1/2014	QoQ (%)	6M/2014	6M/2013
Market GRM	703	1,519	-54%	1,851	-62%	2,553	3,701
GRM Hedging	83	197	-58%	90	-8%	174	217
Gain/(Loss) from Inventory (include Inventory Hedging)	309	(919)	N/A	45	585%	354	(358)
<b>Total GRM</b>	<b>1,094</b>	<b>797</b>	<b>37%</b>	<b>1,986</b>	<b>-45%</b>	<b>3,081</b>	<b>3,559</b>
<b>EBITDA</b>	<b>1,058</b>	<b>623</b>	<b>70%</b>	<b>1,431</b>	<b>-26%</b>	<b>2,489</b>	<b>3,356</b>

Unit: USD/bbl

Unit: USD/bbl	Q2/2014	Q2/2013 <sup>1/</sup> (Restated)	Δ	Q1/2014	Δ	6M/2014	6M/2013
Market GRM <sup>1/</sup>	4.89	5.82	-0.93	6.41	-1.52	5.91	6.98
GRM Hedging	0.58	0.76	-0.18	0.31	+0.27	0.40	0.41
Gain/(Loss) from Inventory (include Inventory Hedging)	2.15	(3.52)	N/A	0.16	+1.99	0.82	(0.68)
<b>Total GRM</b>	<b>7.61</b>	<b>3.05</b>	<b>+4.56</b>	<b>6.88</b>	<b>+0.74</b>	<b>7.13</b>	<b>6.71</b>

Note: 1/ The Company and its subsidiaries' operating results of Q1/2013 and Q2/2013 were restated according to the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2014.



### **Comparison of Q2/2014 and Q2/2013 operating results**

Refinery Business had an average crude run of 48.45 thousand barrel per day (Utilization rate of 40%) decreased from 95.61 thousand barrel per day in Q1/2013 due to a scheduled Annual Turnaround Maintenance of the refinery from May 1 to June 15, 2014 (totaling 46 days) and there was a replacement of the Main Column (100 KBD) of Crude Distillation Unit Number 3.

Market GRM was Baht 703 million, a decrease of Baht 817 million (-54% YoY) from scheduled Annual Turnaround Maintenance of the refinery, resulted to a lower average crude run and a higher portion of Fuel Oil product resulted from the startup of refining process which started as hydro-skimming. In Q2/2014, major products crack spread also declined, which were Gas Oil/Dubai crack spread (GO/DB), Jet Fuel/Dubai crack spread (IK/DB), and especially a significant drop in Fuel Oil/Dubai crack spread (FO/DB) from the weakening demand in Japan and China.

Refinery Business had a Baht 83 million gain from crude and product oil price hedging contract (GRM hedging), decreased by Baht 114 million (-58% YoY) and an inventory gain of Baht 309 million. Total GRM was Baht 1,094 million, an increase of Baht 297 million (+37% YoY). In addition, Refinery business had recognized an Insurance Compensation for the replacement of the Main Column of Crude Distillation Unit Number 3 of Baht 521 million. Gain from foreign currencies forward contract of Baht 27 million. Therefore, Refinery Business had an EBITDA of Baht 1,058 million, an increase of Baht 435 million (+70% YoY).

### **Comparison of Q2/2014 and Q1/2014 operating results**

In Q2/2014, Refinery Business had an average crude run of 48.45 thousand barrel per day (Utilization rate of 40%), which was decreased from 97.82 thousand barrel per day due to a scheduled Annual Turnaround Maintenance of the refinery.

Market GRM decreased by Baht 1,148 million compared to Q1/2014 (-62% QoQ) as crack spreads of Company's major products decreased which were Gas Oil/Dubai crack spread (GO/DB), Jet Fuel/Dubai crack spread (IK/DB), and especially a significant drop in Fuel Oil/Dubai crack spread (FO/DB) from the region's weakening demand in such products and Company's higher portion of Fuel Oil Product.

Gain from crude and product oil price hedging contract (GRM Hedging) decreased by Baht 7 million (-8% QoQ). Nevertheless, an inventory gain increased by Baht 263 million (+585% QoQ) from a continuously increase in Dubai crude price since the mid of the quarter. Consequently, total GRM decreased by Baht 892 million (-45% QoQ).

There was a gain from foreign currency forward contracts of Baht 27 million, a decrease of 28 million (-51% QoQ). In addition, Refinery business had recognized an Insurance Compensation for the replacement of the Main Column of Crude Distillation Unit Number 3 of Baht 521 million. Therefore, EBITDA from Refinery Business was decreased by Baht 373 million (-26% QoQ).



### 2.3 Marketing Business and Bangchak Green Net Co., Ltd.

Sales volume in each market category of Marketing Business

Unit: Million Litre

Marketing Business	Q2/2014	Q2/2013	YoY (%)	Q1/2014	QoQ (%)	6M/2014	6M/2013
Retail (Service Stations)	780	727	7%	713	9%	1,493	1,457
Industrial	431	510	-16%	527	-18%	957	1,037
<b>Total</b>	<b>1,210</b>	<b>1,237</b>	<b>-2%</b>	<b>1,240</b>	<b>-2%</b>	<b>2,450</b>	<b>2,493</b>

Sales volume in each product category of Marketing Business

Unit: Million Litre

Unit: Baht/Litre	Q2/2014	Q2/2013	YoY (%)	Q1/2014	QoQ (%)	6M/2014	6M/2013
Diesel	639	663	-4%	650	-2%	1,288	1,372
UNL 91	12	-	N/A	12	4%	24	7
Gasohol	344	324	6%	324	6%	668	616
Gasohol 91	133	135	-2%	127	4%	260	262
Gasohol 95	87	90	-3%	83	5%	170	170
Gasohol E20	84	79	5%	80	4%	164	148
Gasohol E85	40	20	102%	34	20%	74	35
Jet Fuel	147	172	-15%	181	-19%	328	352
Fuel Oil	39	46	-15%	43	-10%	82	96
LPG	16	13	30%	16	5%	32	17
Lubricant	13	18	-29%	14	-3%	27	32
Others	0.25	0.19	32%	0.61	-59%	0.86	0.77
<b>Total</b>	<b>1,210</b>	<b>1,237</b>	<b>-2%</b>	<b>1,240</b>	<b>-2%</b>	<b>2,450</b>	<b>2,493</b>

The table below shows detail of Marketing Margin

Unit: Baht per Litre

Unit: Baht/Litre	Q2/2014	Q2/2013 <sup>1/</sup> (Restated)	YoY (%)	Q1/2014	QoQ (%)	6M/2014	6M/2013
Retail Margin (Service Stations)	1.04	0.79	32%	0.95	10%	1.00	0.74
Industrial Margin	0.35	0.29	21%	0.30	17%	0.32	0.27
<b>Total Marketing Margin<sup>2/</sup></b>	<b>0.80</b>	<b>0.58</b>	<b>37%</b>	<b>0.67</b>	<b>18%</b>	<b>0.73</b>	<b>0.54</b>

Note: 1/ The Company and its subsidiaries' operating results of Q1/2013 and Q2/2013 were restated according to the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2014.

2/ Marketing Margin figure was the attributable amount to the Company only.



### **Comparison of Q2/2014 and Q2/2013 Operating Results**

In Q2/2014, total sales volumes of marketing business was 1,210 million litre, a decrease of 27 million litre (-2% YoY) due to a scheduled Annual Turnaround Maintenance of the refinery, so the Company decreased its sales volume in Industrial market to maintain sales through retail market which had higher margin. Consequently, Industrial sales volume decreased by 79 million litre (-16% YoY) which was mainly diesel and jet fuel sales volume. However, Retail sales volume increased by 52 million litre (+7% YoY).

Diesel sales volume decreased by 4% YoY as sales volume through Industrial market decreased by 24% YoY, whereas sales volume through Retail market increased 7% YoY. Gasohol products sales volume increased 6% YoY, especially for Gasohol E20 and Gasohol E85 which increased 5% and 102% respectively, from demand growth and the result of the Company's E20 and E85 service station expansion.

In Q2/2014, the Company had 684 service stations selling E20, an increase of 29 service stations from Q2/2013, and 123 service stations selling E85, an increase of 55 service stations from Q2/2013, as in 2014, the Company still continued to concentrate in selling products through service station.

Total marketing margin was 0.80 Baht per litre, an increase of 0.21 Baht per litre (+37% YoY). The margin increased in both Retail and Industrial markets. Retail Margin increased by 32% YoY from the growing number of sales volume in Gasohol products, especially E20 and E85 which had higher marketing margin compared to other products. Industrial Margin increased by 21% YoY from the less intense competition in Industrial market as some refineries were during scheduled maintenance period or temporary cease of operation led to decrease in supply of refined products.

Therefore, in Q2/2014, EBITDA of Marketing Business was Baht 670 million, an increase of Baht 211 million (+46% YoY).

### **Comparison of Q2/2014 and Q1/2014 Operating Results**

Total sales volume of marketing business in Q2/2014 decreased by 30 million litre from Q1/2014 (-2% QoQ) due to a scheduled Annual Turnaround Maintenance of the refinery. Retail sales volume increased by 9% QoQ and Industrial sales volume decreased by 18% QoQ.

Total Marketing Margin was 0.80 Baht per litre, an increase of 0.12 Baht per litre (+18% QoQ) from the concentration on selling products through service stations which had high margin. Retail Margin increased by 10% QoQ and Industrial Margin increased by 17% QoQ from the less intense competition in Industrial market. Therefore, EBITDA of Marketing Business in Q2/2014 increased by Baht 63 million (+10% QoQ).



## 2.4 Solar Power Business

Electricity Sales (Million kWh)	Q2/2014	Q2/2013	YoY (%)	Q1/2014	QoQ (%)
Phase 1	17.67	17.49	1%	18.14	-3%
Phase 2	20.09	19.14	5%	20.32	-1%
Phase 3	23.83	-	N/A	0.67	N/A
<b>Total</b>	<b>61.60</b>	<b>36.63</b>	<b>68%</b>	<b>39.13</b>	<b>57%</b>
Revenue (Million Baht)	712	422	69%	456	56%

### Comparison of Q2/2014 and Q2/2013 Operating Results

In Q2/2014 Solar Power Business (PPA of 118 MW) had a total Electricity Sales of 61.60 million kWh, an increase of 24.97 million kWh (+68% YoY) from the commercial operations of all 5 sites of Solar Power Plant Phase 3 (PPA of 48 MW) in April 2014.

	Location	PPA (MW)	COD
1	Prakhonchai, Buriram	8 MW	19 March 2014
2	Dan Khun Thot, Nakornratchasima	8 MW	10 April 2014
3	Nong Ki, Buriram	8 MW	11 April 2014
4	Kabin Buri, Chaiyaphum	16 MW	21 April 2014
5	Hua Ta Lay, Chaiyaphum	8 MW	24 April 2014

Solar Power Plant Phase 1 (PPA of 38 MW) had a total Electricity Sales of 17.67 million kWh (+1% YoY). Solar Power Plant Phase 2 (PPA of 32 MW) had a total electricity sales of 20.09 million kWh (+5% YoY) as site at Bang Pa Han, Ayutthaya Province (Commercial operated on April 5, 2013), operated for the whole quarter in 2014. Solar Power Plant Phase 3 (PPA of 48 MW) had a total Electricity Sales of 23.83 million kWh.

Total revenue from solar power business was Baht 712 million, an increase of Baht 291 million (+69% YoY). Total EBITDA was Baht 682 million, an increase of Baht 284 million (+71% YoY).

### Comparison of Q2/2014 and Q1/2014 Operating Results

In Q2/2014 Solar Power Business (PPA of 118 MW) had a total Electricity Sales of 61.60 million kWh, an increase of 22.47 million kWh (+57% YoY) from the commercial operations of all 3 phases. Solar Power Plant Phase 1 (PPA of 38 MW) had a decrease in electricity sales by 0.47 million kWh (-3% QoQ), Solar Power Plant Phase 2 (PPA of 32 MW) had a decrease in total electricity sales by 0.23 million kWh (-1% YoY). The decrease in Electricity Sales of Solar Power Plant Phase 1 and Phase 2 were from a seasonal sun path and rainstorms in April. Solar Power Plant Phase 3 had a total Electricity Sales of 23.46 million kWh from the commercial operations of all 5 sites.

Total revenue from solar power business was increased by Baht 256 million (+56% QoQ). Total EBITDA was increased by Baht 241 million (+55% QoQ).





## 2.5 Biofuel Business

Biofuel business generated an EBITDA of Baht 41 million, comprised of an EBITDA from Biodiesel Business of Baht 46 million and share of loss from Ubon Bio Ethanol Co, Ltd of Baht 6 million.

The table of biodiesel business performance (by Bangchak Biofuel Co., Ltd)

Biodiesel Business	Q2 2014	Q2 2013	YoY (%)	Q1 2014	QoQ (%)	6M/2014	6M/2013
Revenue (Million Baht)	1,116	985	13%	1,422	-22%	2,539	2,118
Utilization Rate	98%	98%	-1%	100%	-3%	99%	95%
Average Daily Production Rate (Thousand litre per day)	352	354	-1%	361	-3%	356	343
B100 Sales Volume (Million litre)	39	41	-4%	39	-0.2%	79	85
EBITDA (Million Baht)	46	64	-28%	100	-54%		

### Comparison of Q2/2014 and Q2/2013 Operating Results

In Q2/2014, Biodiesel Business had an average daily production rate of 352 thousand litre per day which was not much different from that of Q2/2013. Sales revenue was Baht 1,116 million, an increase of Baht 131 million (+13% YoY) from an increase in the selling price of B100 (According to Department of Energy Business the B100 reference price was 31.42 Baht per litre in Q2/2014, and 27.47 Baht per litre in Q2/2013). However, sales volume of B100 was decreased from the government's temporary policy to reduce the portion of B100 mixing with diesel from 7% decreased to 4% during February 17 until May 13, 2014 as there was a shortage of crude palm oil (CPO) which was the raw material of B100 production. Sales Volume also dropped from a decrease in sales volume to Bangchak due to Refinery's Annual Turnaround Maintenance which reduced its diesel sales volume.

In Q2/2014, margin per unit of B100 decreased as it was a downtrend in crude palm oil (CPO) price when compared to Q2/2013. The price of B100 continuously declined from the beginning of the quarter and resulted to an inventory loss of Baht 27 million. Therefore, Biodiesel Business recorded an EBITDA of Baht 46 million, a decrease of 18 million (-28% YoY)



### **Comparison of Q2/2014 and Q1/2014 Operating Results**

In Q2/2014, Sales revenue decreased by 306 million (-22% QoQ) from the declining selling price of B100 as there was a decline in crude palm oil (CPO) price, which was in accordance to the B100 price structure formula. (According to Department of Energy Business, Ministry of Energy: the B100 reference price was 31.42 Baht per litre in Q2/2014 and 37.33 Baht per litre in Q1/2014, and according to the Energy Policy and Planning Office, Ministry of Energy: The selling price of crude palm oil (CPO) in Q2/2014 was 27.39 Baht per litre, and 33.03 Baht per litre in Q1/2014). As such, there was an inventory loss of Baht 27 million. Therefore, Biodiesel Business EBITDA was decreased by 54 million (-54% QoQ).



### 3. Analysis of the Financial Position of the Company and its subsidiaries (Consolidated)

Unit: Million Baht

Financial Position	30 June 2014		31 December 2013 <sup>1/</sup>		△
			(Restated)		
Current assets	43,529	51%	36,568	50%	+6,961
Investments in associates	761	1%	757	1%	+4
Property, plant and equipment	37,128	44%	32,917	45%	+4,211
Other non-current assets	3,350	4%	3,295	4%	+55
<b>Total assets</b>	<b>84,769</b>	<b>100%</b>	<b>73,537</b>	<b>100%</b>	<b>+11,232</b>
Current liabilities	15,545	18%	15,433	21%	+113
Long-term borrowings (including current portion of long-term loans)	30,238	36%	20,830	28%	+9,408
Other non-current liabilities	2,214	3%	2,301	3%	-87
<b>Total liabilities</b>	<b>47,997</b>	<b>57%</b>	<b>38,563</b>	<b>52%</b>	<b>+9,434</b>
Total equity attributable to owners of the Company	36,511	43%	34,724	47%	+1,787
Non-controlling interests	261	0.31%	250	0.34%	+11
<b>Total equity</b>	<b>36,773</b>	<b>43%</b>	<b>34,974</b>	<b>48%</b>	<b>+1,798</b>
<b>Total liabilities and equity</b>	<b>84,769</b>	<b>100%</b>	<b>73,537</b>	<b>100%</b>	<b>+11,232</b>

Note: 1/ The Company and its subsidiaries' operating results of Q1/2013 and Q2/2013 were restated according to the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2014.

#### Assets

As of June 30, 2014, Total Assets of the Company and its subsidiaries were Baht 84,769 million, an increase of Baht 11,232 million when compared to the end of 2013. The changes in assets were mainly from:

- Cash and cash equivalents as of June 30, 2014 was increased by Baht 2,086 million (Details are stated under Analysis of the Cash Flow Statement, Section 4)
- Trade Accounts Receivable - net was decreased by Baht 2,827 million from a decrease in total sales volume in June 2014 compared to December 2013.
- Inventory was increased by Baht 7,496 million, as crude oil and finished oil products' inventory increased from 4.3 million barrels in December 31, 2013 to 6.4 million barrels in June 30, 2014. Though the Refinery was during Annual Turnaround Maintenance Period, the Company still bought local crude continuously to be ready after Refinery start up.



- Oil Fuel Fund subsidies receivables was decreased by Baht 336 million, as in the first half of 2014, the Company received deferred payment of 2013 Oil Fuel Fund subsidies, mainly from LPG, Gasohol E85, Gasohol E20, and high-speed Diesel products.
- Investments in subsidiaries was increased by Baht 2,975 million from an investment in Bangchak Solar Energy which the Company held 100% of total share of Baht 1,462 million, an investment in subsidiaries which the Company held 49% of total share of Baht 1,513 million which were Bangchak Solar Energy (Prachinburi) Company Limited, Bangchak Solar Energy (Chaiyaphum1) Company Limited, Bangchak Solar Energy (Buriram) Company Limited, Bangchak Solar Energy (Buriram1) Company Limited, and Bangchak Solar Energy (Nakornratchasima) Company Limited. As a statement was reported on a consolidated basis, these transactions were eliminated.
- Property, plant and equipment was increased by Baht 4,211 million, from an investment of Solar Power Plant of Baht 3,438 million, refinery machinery and equipment of Baht 1,773 million, and others of Baht 234 million. Depreciation and amortization amount in this quarter was Baht 1,234 million.

#### **Liabilities**

As of June 30, 2014, Total Liabilities of the Company and its subsidiaries were Baht 47,997 million, an increase of Baht 9,434 million from the end of 2013. The changes in liabilities were mainly from:

- Trade Accounts Payable was decreased by Baht 133 million, mainly from a decrease in Trade Account Payable between related parties of Baht 1,535 million. On December 31, 2013, there was a Trade Account Payable of crude oil and petroleum products transaction between the Company and PTT Plc. in which due date was on a public holiday but such amount had been paid in January 2014.  
Trade Accounts Payable – Others was increased, as In June 2014, the Company bought more petroleum products from other major oil companies when compared to end of 2013, to serve the Company's retail market during its scheduled Annual Turnaround Maintenance Period.
- Other Payable was increased by Baht 367 million, which were mainly from an increase in accrued expenses from Solar Power Plant Phase 3.
- Long-term loans from financial institutions and Debentures (including current portion of long-term loans) was increased by Baht 9,408 million from a Debenture Issuance of Baht 9,987 million (Net from Debenture Issuance expenses of Baht 13 million) and repayment of Long-term loans portion of Baht 521 million. There was a decrease in USD loans of Baht 58 million due to an adjustment impact in foreign exchange rate.

#### **Equities**

As of June 30, 2014, Total Equity attributable to owners of the Company was Baht 36,511 million, an increase of Baht 1,787 million from Net Profit of the first half of 2014 of Baht 2,820 million and Dividend Payment for the second half of 2013 of Baht 1,033 million. Consolidated book value was Baht 26.52 per share.



#### 4. Analysis of the Cash Flows Statement of the Company and its subsidiaries (Consolidated)

In Q2/2014, the Company and its subsidiaries had net cash received from operating activities of Baht 432 million, net cash used in investing activities of Baht 6,075 million and net cash received in financing activities of Baht 7,728 million. As a result, there was a net increase in cash and cash equivalents of Baht 2,086 million. Cash and cash equivalents on 1 January, 2014 was Baht 6,527 million, when accounted for all activities, cash and cash equivalents as of June 30, 2014 was Baht 8,613 million.

Details of cash received and used are as follows:

Cash Flows	Unit: Million Baht	
	30 June 2014	30 June 2013 <sup>1/</sup> (Restated)
Net cash received (used) from operating activities	432	(544)
Net cash used in investing activities	(6,075)	(2,978)
Net cash received (used) in financing activities	7,728	(477)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,086</b>	<b>(3,998)</b>
Cash and cash equivalents at 1 January	6,527	8,006
<b>Cash and cash equivalents at 31 June</b>	<b>8,613</b>	<b>4,007</b>

Note: 1/ The Company and its subsidiaries' operating results of Q1/2013 and Q2/2013 were restated according to the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2014.

Cash received and used details are as follows:

1. The Company and its subsidiaries had net cash received from operating activities of Baht 432 million, mainly from
  - Net cash received from operating activities of Baht 5,216 million which was from Net Profit of Baht 2,853 million added back Non-Cash Expenses of Baht 1,244 million, Finance Costs and Income Tax of Baht 1,120 million.
  - Cash used in the operating assets of Baht 4,587 million, mainly from an increase in Inventory of Baht 7,496 million, a decrease in Trade Account Receivable of Baht 2,820 million, and a decrease in Other Assets of Baht 89 million.
  - Cash used in operating liabilities of Baht 187 million, mainly from a decrease in Trade Accounts Payable of Baht 130 million, an increase in Other Payables of Baht 586 million and a decrease in Other liabilities of Baht 269 million.
  - Income Tax Paid of Baht 384 million.



2. Net cash used in investing activities of Baht 6,075 million, mainly from

- Investment in property, plant and equipment of Baht 5,583 million which were mainly from an investment in Solar Power Plant of Baht 3,438 million, refinery machinery and equipment of Baht 1,773 million and Other of Baht 372 million.
- Current investment of Baht 299 million.
- Share payment of Baht 58 million in Fuel Pipeline Transportation Co., Ltd.
- Interest income of Baht 60 million.

3. Net cash received in financing activities of Baht 7,728 million, mainly from

- Debenture Issuance of Baht 9,987 million.
- Repayment of long – term loans of Baht 521 million.
- Dividend Payment of Baht 1,055 million which was a Dividend Payment of the Company of Baht 1,033 million and payment to Non-control Interest of Baht 22 million.
- Finance costs of Baht 683 million.



## 5. Financial Ratios (Consolidated)

	Q2/2014	Q2/2013	Δ	Q1/2014	Δ	6M/2014	6M/2013
<b>Profitability Ratios (%)</b>							
EBITDA Margin	5.88%	3.38%	2.50%	5.21%	0.67%	5.52%	5.45%
Profit Margin	3.11%	0.93%	2.18%	3.19%	-0.08%	3.15%	2.86%
Return on Equity (ROE) <sup>1/</sup>	13.91%	15.09%	-1.18%	11.38%	2.53%		
Return on Assets (ROA)	8.87%	10.24%	-1.37%	7.63%	1.24%		

	30 Jun 14	31 Dec 13	Δ	31 Mar 14	Δ
<b>Liquidity Ratios (times)</b>					
Current Ratio	2.62	2.22	+0.40	1.91	+0.71
Quick Ratio	1.14	1.18	-0.04	0.88	+0.26
<b>Financial Policy Ratios (times)</b>					
DSCR <sup>2/</sup>	4.38	4.87	-0.49	4.1	+0.28
Interest bearing debt to Equity	0.85	0.63	+0.22	0.77	+0.08
Net Interest bearing debt to Equity	0.59	0.42	+0.17	0.64	-0.05

1/ Total equity attributable to owners of the Company

2/ DSCR in 2013 was excluded prepayment loan of Baht 5,500 million



**Financial Ratios Calculation**

▪ EBITDA Margin (%)	=	EBITDA / Revenue from sale of goods and rendering of services
▪ Profit Margin (%)	=	Profit attributable to owners of the Company / Revenue from sale of goods and rendering of services
▪ Return on Equity (%)	=	Profit attributable to owners of the Company (Yearly) / Total Equity attributable to owners of the Company (Average)
▪ Return on Assets (%)	=	EBIT (Yearly) / Total Asset (Average)
▪ Current Ratio (times)	=	Current Asset / Current Liabilities
▪ Quick Ratio (times)	=	(Current Asset – Inventory) / Current Liabilities
▪ DSCR	=	EBITDA (Yearly) / (Paid for long-term debt + Finance cost)
▪ Interest Bearing Debt to Equity (times)	=	Interest Bearing Debt / Total equity
▪ Net Interest bearing debt to Equity	=	(Interest Bearing Debt – Cash and cash equivalents – Current investments) / Total equity

Note:

1/ Average Total Equity attributable to owners of the Company

- Yearly = (Total Equity attributable to owners of the Company of the year before + Total Equity attributable to owners of the Company of this year) / 2
- Quarterly = (Total Equity attributable to owners of the Company of the quarter of the year before + Total Equity attributable to owners of the Company the quarter this year) / 2

2/ Average Total Assets

- Yearly = (Total Assets of the year before + Total Assets of the Company of this year) / 2
- Quarterly = (Total Assets of the Company of the quarter of the year before + Total Assets of the Company the quarter this year) / 2

3/ The numerator of ROE is defined as the Profit attributable to owners of the Company and have to be annualized.

4/ The numerator of ROA is defined as EBIT and have to be annualized.

5/ Interest Bearing Debt is defined as Short-term loans + Long-term loans (including Current portion of long-term loans) + Debentures + Finance lease liabilities (including current portion of finance lease liabilities)





## 6. Environment Management Accounting (EMA)

Having the environmental concerns and social responsibilities, the Company has prepared the environmental management accounting report since 2005. The environmental cost accounting helps the Company to keep track with the information which is useful for enhancing the environmental management effectiveness, and resource utilization. The Environmental Cost Accounting report covers refinery business unit, Bangchak and Bang Pa-in Oil distribution Centre.

Unit: Million Baht	Q2/2014	Q2/2013	Δ
<b>Material Costs of Product Outputs</b>			
: Consist of crude oil, ethanol, bio-diesel, chemical, energy and utilities in production	19,004	31,130	-12,126
<b>Material Costs of Non-Product Outputs</b>			
: Consist of slop and sludge oil, waste water, chemical surplus	88.19	15.13	73
<b>Waste and Emission Control Costs</b>			
: Consist of maintenance cost of environmental control equipment and depreciation and other fees	46.24	42.90	3
<b>Prevention and Other Environmental Management Costs</b>			
: Consist of monitoring and measurement cost, environmental management system expenses	3.51	1.84	2
<b>Total Expenses</b>	<b>19,142</b>	<b>31,190</b>	<b>-12,048</b>
<b>Benefit from by-product and waste recycling</b>			
: The revenue realization from liquid sulfur, glycerin, waste paper	7.66	1.26	6

In Q2/2014, the average crude run of the refinery was 48.45 thousand barrel per day which was decreased from Q2/2013 (-49% YoY) from the scheduled Annual Turnaround Maintenance of the refinery. Total Expenses in relation to environment decreased by Baht 12,048 million (-39% YoY) mainly from a decrease in Material Costs of Product Outputs. Material Costs of Non-Product Outputs, Waste and Emission Control Costs and Prevention and Other Environmental Management Costs were increased from the Refinery's Annual Turnaround Maintenance, however, Benefit from by-product and waste recycling increased by Baht 6 million which was from the selling of metal scraps from the maintenance.