

1 Significant events during the current period

Coronavirus outbreak 2019 and oil price situation

From the beginning of 2022 onwards, the Coronavirus outbreak 2019 pandemic situation has not been as severe as prior year. Coupled with the recovery of economic activities in the country, this has resulted in increased demand for petroleum products in the first three months of 2022 compared with the same period 2021. In addition, the conflict between Russia and Ukraine has led to higher oil prices compared with the same period prior year. Both factors contributed to an increase in revenue from sales in the first three months of 2022 by US Dollar 735 million or Baht 27,804 million, equivalent to 61% compared with that of 2021.

Impact of oil spill incident

On 25 January 2022, an oil spill incident occurred at the Single Point Mooring (SPM) operated by SPRC. The combined response efforts of the Company and Government agency which focused on minimizing impact to the shoreline and sensitive areas - are complete. The assessment of long-term impacts or any required rehabilitation actions to the impacted areas are ongoing and will have to be assessed by the Government authorities, external experts and communities. To date, the refinery operations are continuing normally.

The Company has established a short-term and long-term recovery plan to assist those who have been affected and is currently working on the recovery under insurance policies from insurers.

The Company has recognized the related expenses in the statement of income for the three-month period ended 31 March 2022 totalling US Dollar 42.02 million or Baht 1,393.40 million as part of the administrative expenses. Such expenses and provisions mainly consist of the costs incurred for the emergency response to the oil spill incident and financial relief to impacted parties.

As at 31 March 2022, the related expenses already included the provision from the oil spill incident and the Company might incur future additional expenditures.

2 Accounting policies

Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard no. 34 Interim Financial Reporting and other financial reporting requirements issued under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

An English version of the interim financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2021.

Accounting estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

3 Segment information

The Company produces petroleum products in Thailand for both domestic and export markets, utilising the same assets. The Company has one reportable segment which is the refinery. The chief operating decision maker reviews the internal management report which reported the performance of the Company as a whole in order to assess performance and allocate resources. The chief operating decision maker assesses the performance of the reportable segment based on a measure of revenue, cost of goods sold, gross margin and earnings before interest income and expense, tax, depreciation and amortization which are the same information as these financial information.

The majority of the Company's revenue came from sale of petroleum products to customers by lifting the petroleum products, which includes LPG, gasoline, jet fuel, diesel, fuel oil, asphalt, and other products to customers via vessel, truck, or pipeline and the Company satisfied its performance obligation at a point in time.

The Company derived 38% of its revenue (2021: 45%) from its related parties. Refer to Note 9 for the amount of revenue from related parties.

4 Financial assets and liabilities

Financial assets which comprise cash and cash equivalents and trade and other receivables and financial liabilities which comprise borrowings from financial institutions and other current liabilities are presented at amortized costs. The fair values of such financial assets and liabilities is not significantly different from the carrying amount.

As at 31 March 2022, the Company has derivative liabilities measured at fair value through profit or loss which comprise cross-currency and interest rate swap contracts in amount of US Dollar 15,944,265 or Baht 533,423,395 (31 December 2021: derivative liabilities of US Dollar 9,125,341 or Baht 306,546,651). The valuation technique used to measure fair value is at level 2 which is determined using forward exchange rates that are quoted in an active market and forward interests extracted from observable yield curves.

The fair values of non-current portion of long-term borrowings from financial institutions are based on the discounted future cash flows using a discount rate based on the current lending rate as the reporting date and classified as fair value level 2.

5 Trade receivables

Outstanding trade receivables can be analyzed as follows:

	Unit: US Dollar		Unit: Baht	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Up to 3 months	615,449,118	364,919,171	20,563,518,813	12,247,830,548
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total trade receivables	615,449,118	364,919,171	20,563,518,813	12,247,830,548
<u>Less</u> Loss allowance TFRS 9	-	-	-	-
	615,449,118	364,919,171	20,563,518,813	12,247,830,548

6 Inventories

	Unit: US Dollar		Unit: Baht	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Crude oil	233,895,546	189,629,880	7,825,045,661	6,370,217,592
Petroleum products	161,844,941	123,182,805	5,414,571,074	4,138,067,649
Materials and supplies (net with allowance)	23,505,417	23,903,115	786,380,780	802,974,945
	419,245,904	336,715,800	14,025,997,515	11,311,260,186
Crude oil in transit	354,518,642	154,043,657	11,860,527,509	5,174,773,173
Inventories, net	773,764,546	490,759,457	25,886,525,024	16,486,033,359

According to the Ministry of Energy, the Company is required to maintain a minimum oil reserve of 5% of total finished products produced for domestic sales (2021: 4%) and maintain a minimum finished products reserve of 6% of total imported finished products (2021: 5%). The reserve fluctuates upon production plan and volume produced. As at 31 March 2022, the above inventories include US Dollar 197,228,609 or Baht 6,598,342,296 of crude oil set aside as minimum reserve (31 December 2021: US Dollar 127,550,265 or Baht 4,284,783,282).

During the three-month period ended 31 March 2022, US Dollar 235,842 or Baht 7,878,879 was debited to the statement of comprehensive income with respect to loss on obsolete materials and supplies.

7 Property, plant and equipment

Movements of property, plant and equipment for three-month period ended 31 March 2022 are as follows:

	Unit: US Dollar	Unit: Baht
Opening net book amount	720,951,014	24,218,835,325
Additions	899,934	29,793,079
Depreciation	(18,239,913)	(605,886,499)
Exchange differences on translating financial information	-	(103,223,648)
Closing net book amount	703,611,035	23,539,518,257

8 Borrowings

Movements of borrowings for three-month period ended 31 March 2022 are as follows:

	Unit: US Dollar	Unit: Baht
Opening net book amount	239,746,239	8,053,791,855
Repayment	(15,000,000)	(505,425,000)
Exchange differences on foreign currency	(6,855,956)	(227,843,300)
Exchange differences on translating financial information	-	(30,941,977)
Closing net book amount	217,890,283	7,289,581,578

The Company has long-term borrowing agreements with financial institutions dominated in US Dollar at interest rate of 3-month LIBOR plus 1.30% and 1.75% and dominated in Yen at interest rate of 3-month TONA plus 0.73847%.

The fair values of current portion of long-term borrowings is equal to their carrying amount, as the impact of discounting is not significant and the fair values of non-current portion of long-term borrowings from financial institutions are not significantly different from the carrying amount, which the fair value method was disclosed in Note 4.

9 Related parties transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and affiliates are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The major shareholder of the Company is Chevron South Asia Holding Pte Ltd. registered in Singapore, which owns 60.56% of the Company's shares. The remaining 39.44% of the shares are widely held. The ultimate parent company is Chevron Corporation registered in the United States of America.

Related parties	Relationship	Main transactions relating to the Company
Chevron South Asia Holding Pte. Ltd.	Major shareholder	Holding the Company's shares
Affiliates	Related parties of the ultimate parent company	Supplying of crude oil and raw materials to the Company and purchasing of products from the Company

The following transactions were carried out with related parties:

i) Sales of goods and services

For the three-month period ended	Unit: US Dollar		Unit: Baht	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Sales of goods with affiliates:				
- Chevron (Thailand) Limited	682,783,638	521,723,585	22,690,880,344	15,892,900,371
- Other affiliates	56,548,916	30,014,620	1,879,284,478	914,314,366
	739,332,554	551,738,205	24,570,164,822	16,807,214,737
Sales of services with affiliates:	260,962	246,476	8,672,507	7,508,233

The above transactions were carried out on commercial terms and conditions which are reference from market prices.

ii) Purchases of goods and services

For the three-month period ended	Unit: US Dollar		Unit: Baht	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Purchases of goods with affiliates:	1,050,353,321	507,785,284	34,906,286,878	15,468,307,666
Purchases of services with affiliates:	1,406,902	1,199,304	46,755,441	36,533,558

The above transactions were carried out on commercial terms and conditions which are reference from market prices.

iii) Outstanding balances arising from sales/purchases of goods and services

The outstanding balances at the end of the reporting period in relation to transactions with affiliates are as follows:

	Unit: US Dollar		Unit: Baht	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Account receivables	210,232,751	131,953,992	7,018,104,829	4,424,063,151
Account payables	443,135,199	222,018,533	14,825,221,015	7,458,246,379

iv) Management remuneration

The compensations paid or payable to management for employment services are as follows:

For the three-month period ended	Unit: US Dollar		Unit: Baht	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
- Salaries and other short-term employee benefits	1,734,212	1,635,082	57,632,908	49,808,361
- Retirement benefits	37,418	36,559	1,243,501	1,113,677
	1,771,630	1,671,641	58,876,409	50,922,038

10 Bank guarantees

As at 31 March 2022, the Company has bank guarantees issued on the Company's behalf relating to land use in Map Ta Phut Industrial Estate, electricity, value-added tax and others amounting to US Dollar 3.04 million or Baht 101.59 million.

11 Commitments

As at 31 March 2022, the Company had commitments as follows:

- Purchase of machinery, equipment, repair and maintenance and installations in progress of approximately US Dollar 8.00 million or Baht 267.56 million.
- Purchase of raw materials and utilities which include crude oil, hydrogen, natural gas and back-up electricity of approximately US Dollar 1,365.55 million or Baht 45,684.77 million.

12 Authorization of financial information

The interim financial information was authorized for issue by the Board of Directors on 12 May 2022.

13 Event after reporting date

On 8 April 2022, at the Annual General Meeting of Shareholders for 2022, the shareholders made the resolution to approve the annual dividend payment from the 2021 net profit at Baht 0.1785 per share, totalling USD 23.39 million or Baht 774 million. The dividend was paid to shareholders on 6 May 2022.