



TIPCO ASPHALT PUBLIC COMPANY LIMITED



Bor. Hor. 028/2012

11<sup>th</sup> May 2012

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

**Subject: Report of 1st Quarter 2012 Financial performances**

The Company is pleased to report the 1<sup>st</sup> quarter 2012 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 31<sup>st</sup> March 2012; the Company's Net Profit After Tax for the 1<sup>st</sup> quarter stood at Baht 13 million compared to Net Profit After Tax of Baht 86 million in the corresponding period 2011. Details are as follows:

1. Sales and services stood at Baht 8,672 million reflecting an increase of 85% from the same period last year. The increment in Sale revenue was mainly attributable to the higher export sales in most markets due to availability of bitumen products from our Tipco Asphalt refinery in Malaysia and the increase in bitumen market price. The domestic sales reported a slow recovery in sale revenue owing largely to slower implementation of the Government budget allocation.

The Group managed to procure two cargoes of crude for our refinery in Malaysia during the first quarter. As a result, our refinery has been in production with full capacity and return to profit operationally. We are pleased to inform that the above sale performance is the best ever quarterly sale revenue achieved in the Tipco's history attributable to the availability of crude that serve as the engine of growth.

2. Cost of sales and services in the 1<sup>st</sup> quarter 2012 stood at Baht 8,149 million or 94.00% of sales and services reflecting an increase from 90.03% due to higher crude cost in the same period last year; before the allowance for diminution in value of inventories that had been fully hedged.



The US' embargo against IRAN that resulting high tension for war has created a potential world crude supply shortage. The market responded with extremely high price volatility which pushed Dated Brent from USD 111 to USD 127 during February 2012. Under this unexpected market hostility, the bitumen and crude market were subject to very different type of supply and demand market conditions. In reality, the price movement in bitumen market is usually lagging behind the world crude market. Nevertheless, we hedged our bitumen revenue before this crisis, and this sudden surge of Dated Brent resulted a loss of Baht 532 million, mainly due to mark to market.

3. The operating gross profit margin (i.e. excluding hedging and FX gain/loss) remains strong at Baht 523 million in 2012 compared to 455 million in 2011 in support better sale performance.
4. Selling and administrative expenses stood at Baht 30 million and Baht 137 million representing 0.34%, and 1.5% of sales and services, respectively. Comparatively, these expenses in the same period 2011 stood at Baht 27 million, and Baht 154 million or 0.58%, and 3.3% of sales and services, respectively. The company is committed to controlling these overheads while improving the operating gross profit margin.
5. Financial expense in the 1<sup>st</sup> quarter 2012 was Baht 70 million, an increase from Baht 53 million from the same period 2011 due to increase in working capital financing for crude procurement.
6. The Consolidated Net Profit After Tax (after minority interest) of Baht 6 million represents earning per share of Baht 0.04 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