



Bor. Hor. 009/2012

27<sup>th</sup> February 2012

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

**Subject: Report of 2011 Audited Consolidated Financial Performance**

The Company is pleased to report the 2011 audited consolidated financial performance of its Group in the following details:

1. The Company and its subsidiaries, "the Group" reported a 2011 consolidated net profit of Baht 736 million compared to a consolidated net profit of Baht 1,008 million in 2010. Nevertheless, it is still the second best performance records in Tipco's recent history despite very challenging operating environments in 2011.
2. Consolidated sales for the year 2011 stood at Baht 22.3 billion, a slight decrease of 13 % from the previous year, but still commanding a solid presence in bitumen and fuel oil niche market in Asia region. The lower sale revenue in international markets was limited by the availability of bitumen and fuel oil products. However, the Group still maintaining firm grip on its market network in 16 countries notably in China, Indonesia, Vietnam and Australia. On the other hand, the sales in domestic market have been adversely affected by the worst flood in Thailand during the last quarter of the year.
3. The Group's consolidated gross profit margin in 2011 was 5.44% compared to 6.26% in 2010. The reduction of Gross Profit and its margin were due to the increase of crude cost attributable to the extraordinary Middle East unrest which persisted more than six months. The world crude market responded with Brent crude price shot up to USD 127.02 in April 2011 from a low USD 93.76 in January 2011 representing a whopping 35% or USD 33.26/bbl in crude cost within approximately 100 days.
4. In 2011, the group successfully procured more than half a million metric tons of bitumen from local and overseas refineries in meeting its customers' demand. As soon as we could foresee a potential stable trend in Brent crude market in May 2011, the Group resumed its crude procurement program and secured the first cargo delivery to Tipco refinery in June 2011. Since then, it was business as usual where the Group was matching the sale volume performance in corresponding period of 2010.



5. Weather through oil price volatility during 2011 was quite a challenge with the help of various hedging products under the stringent hedging policy. The Brent price was trading at USD 93.76 in the beginning of January 2011, touched a high of USD 127.02 in April 2011 briefly but ended within an expected range at USD 107.38 for the year 2011. The hedging gain/loss reflects the volatility of crude stocks in hand marked to market valuation and the overall result of active commodity hedging was a loss of Baht 325 million. However, this hedging loss was recovered in the physical sales products revenue and as such, the overall result was a positive Gross Profit.
6. The Group made a FX gain of Baht 26 million attributable to the volatility of Baht/USD rate during the year. USD/Baht rate was trading at Baht 30.06 in the beginning of January 2011, touched the lowest at Baht 29.66 in July, but strengthened back to Baht 31.56 at the year ended December 2011. This FX gain should be viewed as compensating the lower Gross Profit as a result of lower equivalent Baht revenue (reporting currency) after conversion from USD billings.
7. In 2011, selling and administrative expenses stood at Baht 123.9 million, and Baht 589.1 million, representing 0.55% and 2.64% of sales, respectively. Comparatively, these expenses in 2010 stood at Baht 123.7 million, and Baht 555.7 million or 0.48%, and 2.16% of sale, respectively. These expenses were tightly controlled in light of lower sales revenue. Part of this expense increase was due to extra efforts and expenditures incurred for the corporate socially responsibility (CSR) in response to the worst flooding in Thailand.
8. The Group has received the arbitration award of Baht 682 million for the principle plus the interest from Glencore Singapore Pte. Ltd., to compensate the loss arising from its breach of the crude supply contract with Thai Bitumen Company Ltd. in 2008.
9. The Net Profit After Tax and Non-controlling Interests of the Subsidiaries for the year 2011 was Baht 736 million compared to Baht 1,008 million in 2010, representing Baht 4.82 and Baht 6.61 earnings per share respectively.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat  
Managing Director