



Bor. Hor. 043/2014

14th August 2014

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

Subject: Report of 2nd Quarter 2014 Financial performances

The Company is pleased to report the 2nd quarter 2014 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th June 2014; the Company's Net Profit After Tax for the 2nd quarter stood at Baht 2 million compared to Net Profit After Tax of Baht 185 million in the corresponding period 2013. Details are as follows:

- 1 Sales and services stood at Baht 11,317 million reflecting an increase of 38% from the same period last year. This increase in revenue was mainly attributable to abundance supply of heavy crude. During the 2nd quarter under reviewed, the Company procured approximately 2.4 million barrels (bbl) of crude as compared to 2.4 million bbl in the corresponding quarter of 2013.

The domestic asphalt sales remained healthy and reported similar sales volume in comparison to corresponding quarter of 2013.

- 2 Cost of sales and services in the 2nd quarter 2014 stood at Baht 11,058 million or 97.71% (96.70% in corresponding quarter in 2013) of sales and services before the allowance for diminution in value of inventories that had been adequately hedged. The Company's overall lower gross profit margin was due to high crude cost, low asphalt price and weak demand in the export market. The poor export market performance was mitigated by the healthy profit margin from the domestic market.

Brent crude price started at USD 111 on the first trading day of 2014 but reduced to USD 107 in April 2014 and gradually went up to USD 112 again in June 2014. This resulted in the Company incurring a hedging loss of Baht 331 million which was partially offset by the reversal of NRV provision of Baht 224 million and FX gain of Baht 64 million. During the quarter, the Baht weakened in May 2014 at the highest rate of Baht 32.60/USD and strengthened again at end of June 2014 at Baht 32.27/USD.

- 3 Selling and administrative expenses stood at Baht 43 million and Baht 142 million representing 0.38%, and 1.25% of sales and services, respectively. Comparatively, these expenses in the same period 2013 stood at Baht 30 million and Baht 162 million or 0.37% and 1.98% of sales and services, respectively. The company is committed to controlling these overheads while improving the operating gross profit margin.



TIPCO ASPHALT PUBLIC COMPANY LIMITED



- 4 The Group's consolidated debt to equity ratio (D/E ratio) increased slightly from 2.44 to 2.46 while the D/E ratio (Total Liability/Equity) excluding crude inventory financing decreased from 0.84 to 0.80 due to decreased crude procurement in 2nd quarter 2014.
- 5 Financial expense in the 2nd quarter 2014 was Baht 54 million, an increase from Baht 44 million of the same period 2013 due to higher working capital needs for purchase of crude and the purchase of minority shareholding in the Malaysian refinery in the first quarter 2014.
- 6 The Net Profit After Tax of Baht 2 million represented earning per share of Baht 0.01 attributable to the equity shareholders of the Company for the second quarter.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat
Managing Director