



TIPCO ASPHALT PUBLIC COMPANY LIMITED



Bor. Hor.029/2013

14th May 2013

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

Re: Report of 1st Quarter 2013 Financial Performances

The Company is pleased to report the 1st quarter 2013 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 31st March 2013; the Company's Net Profit After Tax for the 1st quarter stood at Baht 406 million compared to Net Profit After Tax of Baht 15 million in the corresponding period 2012. Details are as follows:

- 1 Sales and services stood at Baht 8,065 million reflecting a slight decrease of 7% from the same period last year. The decrease in sale revenue was mainly attributable to the stronger Baht translation of USD export sales and also the decrease in bitumen market price line with crude cost. The export markets started slow limited by unexpected shortage in bitumen vessels availability during the period but the order book remain strong. The domestic sales reported higher sales volume in comparison to corresponding quarter.
- 2 Cost of sales and services in the 1st quarter 2013 stood at Baht 7,570 million or 94% of sales and services similar to corresponding quarter before the allowance for diminution in value of inventories that had been adequately hedged.

Brent crude price started at USD 112.47 on the first trading day of 2013 but rallied to above USD 118 in February 2013 and finally settled at USD 110.02 on 31st March 2013. We are pleased to say that the company's hedging strategy has been more effective in managing our crude cost and as a result, reduced the hedging exposure substantially.

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- 3 Thai Baht strengthened significantly by more than Baht 1 per USD during the quarter and it has three implications. Firstly, the NRV provision of Baht 137 million was mainly attributable to mark to market loss arising from the stronger Baht as the price opening and closing of Brent crude for the quarter were relatively at similar level.

Secondly, the USD export sales revenue also suffered lower revenue when reported in Thai Baht.

Thirdly, the negative impact on the above two accounting treatments was substantially countered balance by the FX gain of Baht 375 million from the USD TR loan, payable and receivables to fund the purchase of crude and sales in USD.

The company's FX hedging strategy uses USD funding for crude purchase to hedge its USD receivables and inventory in hand, which is a natural hedge for FX risk.

- 4 Selling and administrative expenses stood at Baht 27 million and Baht 171 million representing 0.33%, and 2.1% of sales and services, respectively. Comparatively, these expenses in the same period 2012 stood at Baht 31 million and Baht 137 million or 0.35% and 1.58% of sales and services, respectively. The company is committed to controlling these overheads while improving the operating gross profit margin.
- 5 The Group's consolidated debt to equity ratio (D/E ratio) has improved from 2.70 down to 2.20 whilst the Group continues its active crude procurement program. Furthermore, the D/E ratio (Total Liability/Equity) excluding crude inventory financing has also improved from 1.10 to 0.93.
- 6 The Net Profit After Tax of Baht 409 million represents earning per share of Baht 2.68 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