



Bor. Hor. 037/2012

14th August 2012

**To: Managing Director
 The Securities Exchange of Thailand**

Subject: Report of 2nd Quarter 2012 Financial Performances

The Company is pleased to report the 2nd quarter 2012 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th June 2012, the Company's Net Profit After Tax for the 2nd quarter stood at Baht 117 million compared to Net Profit After Tax of Baht 6 million in the corresponding period 2011. Details are as follows:

1. Sales and services stood at Baht 9,160 million reflecting an increase of 112% 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 refinery in Malaysia and the increase in bitumen market price. Domestic sales revenue reported a strong recovery owing largely increased Government budget allocation.

The Group managed to procure sufficient crude for our refinery in Malaysia during the 2nd quarter. As a result, Tipco's refinery has been in production with high capacity and return to profit operationally. We are pleased to inform that 2nd quarter 2012 has the best ever quarterly sale revenue achieved in the Tipco's history attributable to the availability of crude that served as the engine of growth.

2. Cost of sales and services in the 2nd quarter 2012 stood at Baht 9,076 million or 99.08% of sales and services reflecting an increase from 90.78% in the same period last year before the allowance for diminution in value of inventories that had been fully hedged. The main reason is due to the rapid falling physical market selling prices in response to the plunge in oil market price during the quarter.

The Eurozone crisis and slower China GDP growth have caused the oil market to plunge below USD 90/bbl from the peak USD127/bbl during the 2nd quarter. In contrast with 1st quarter, the company recorded a hedging gain of Baht 304 million from the falling market prices. This hedging is to compensate the market risk of our physical products and enable the company remain competitive in this highly volatile market.

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3. The operating gross profit margin (i.e. excluding hedging and FX gain/loss) was adversely affected by the physical market downturn and only achieved at Baht 84 million in 2012 compared to Baht 399 million in 2011. In addition, the company received Baht 50 million as other income in respect of compensation on the litigation costs from our arbitration proceeding against Glencore Singapore Ltd.
4. Selling and administrative expenses stood at Baht 24 million and Baht 143 million representing 0.3%, and 1.6% of sales and services, respectively. Comparatively, these expenses in the same period 2011 stood at Baht 27 million, and Baht 158 million or 0.6%, and 3.6% 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 2nd quarter 2012 was Baht 80 million, an increase from Baht 59 million from the same period 2011 due to increase in working capital financing for crude procurement.
6. The Consolidated Net Profit After Tax (excluding minority interest) of Baht 120 million represents earning per share of Baht 0.79 attributable to the equity shareholders of the Company for the 2nd quarter.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat
Managing Director