



TIPCO ASPHALT PUBLIC COMPANY LIMITED



Bor. Hor. 038/2011

15th August 2011

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

Subject: Report of 2nd Quarter 2011 Financial performances

The Company is pleased to report the 2nd quarter 2011 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th June 2011; the Company's Net Profit After Tax for the 2nd quarter stood at Baht 22 million compared to Net Profit After Tax of Baht 343 million in the corresponding period 2010. Details are as follows:

1. Sales and services stood at Baht 4,328 million reflecting a decrease of 41% from the same period last year. The reduction in sales revenue was mainly attributable to the lower export sales in most markets due to high inventory stock maintained by the customers and the high bitumen market price. The domestic sales was also reported a slight decrease in sales revenue owing largely to the unfavorable weather conditions, and also increased bitumen price.

The supply of crude to our refinery in Malaysia has been adversely affected by the prolonged unrest in several Middle East countries. Due to the continued high volatility in the prices of Brent, it has been a very difficult task to forecast and ascertain whether the bitumen market prices will be able to sustain similar high crude price increase.

There were signs in May 2011 that high crude price became unsustainable when the Brent plunged more than \$10/bbl in a day and also OPEC could not agree on production volume forecast. The company was confident that the crude conditions have improved and decided to procure several crude cargoes towards end of this Quarter.



2. Cost of sales and services in the 2nd quarter 2011 stood at Baht 3,929 million or 90.07% of sales and services reflecting an improve from 94.52% in the same period last year; before the allowance for diminution in value of inventories that had been fully hedged.

The operating gross profit margin (i.e. excluding hedging and FX gain/loss) remains strong at Baht 399 million in 2011 compared to Baht 400 million in 2010 despite the lower sales revenue. However, the result of the Group was affected by the provision of FX and Hedging unrealized loss attributable to “mark to market” requirement for the crude just procured.

3. Selling, administrative and management’s remuneration expenses stood at Baht 27 million and Baht 158 million representing 0.62%, and 3.6% of sales and services, respectively. Comparatively, these expenses in the same period 2010 stood at Baht 35 million, and Baht 167 million or 0.48%, and 2.3% of sales and services, respectively. The company is committed to controlling these overheads while improving the operating gross profit margin.

4. Financial expense in the 2nd quarter 2011 was Baht 59 million, a decrease from Baht 77 million from the same period 2010, due to decrease in working capital financing for crude procurement. The company and subsidiaries also provided for corporate income tax of Baht 20 million during the second quarter 2011.

5. The Net Profit After Tax of Baht 22 million represents earning per share of Baht 0.14 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