



Bor. Hor. 005/2013

15<sup>th</sup> February 2013

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

**Subject: Report of 2012 Audited Consolidated Financial Performance**

The Company is pleased to report the 2012 audited consolidated financial performance of its Group.

Reference to the audited financial statements ended December 31<sup>st</sup> 2012, the Company's Net Profit After Tax was Baht 642 million compared to Net Profit After Tax of Baht 578 million in the corresponding period 2011. Details are as follows:

- 1) Consolidated sales for the year 2012 recorded an outstanding performance at Baht 37.7 billion, a significant increase of 69 % from the previous year, commanding a solid presence in Asia region's bitumen market. This performance set another sale record in Tipco's history, mainly driven by its export sales in international markets whilst the domestic sales also delivered yet another outstanding performance.
- 2) The Group's consolidated gross profit margin in 2012 was 5.06% compared to 7.1% in 2011. The reduction of its Gross Profit margin were due to the sales products mix and increase of crude cost in the first half of 2012, attributable to the geopolitically tension caused by US sanction against IRAN and the later threatened to block the Strait of Hormuz thereby potentially disrupt the key supply route of crude from Middle East.
- 3) The hedging gain/loss on the "marked to market" valuation reflects the volatility of fair value accounting for crude stocks in hand and the overall result of active commodity hedging was a loss of Baht 806 million. It was a mixture of fair value accounting loss rather than cashflow as the positive net realizable value in the crude inventory could not be recognized accordingly.
- 4) The Group used USD short term loan funding as a natural hedge for all crude shipments against its future USD cashflow receivables. As a consequence, the Group made a significant FX gain of Baht 567 million attributable to the volatility of Baht/USD rate during the year. This FX gain should be viewed as a compensating factor partially to mitigate the hedging loss above as the strength and weakness of USD did occasionally affect inversely the Brent market price.



- 5) With the increase of the crude procurement activity towards the year end, the Group's consolidated debt to equity ratio (D/E ratio) has inevitably increased from 2.40 to 2.70. However, the D/E ratio (Total Liability/Equity) excluding crude inventory financing has improved from 1.66 to 1.10.
- 6) In 2012, selling and administrative expenses stood at Baht 108.8 million, and Baht 594.1 million, representing 0.29% and 1.58% of sales, respectively. Comparatively, these expenses in 2011 stood at Baht 123.9 million, and Baht 589.1 million or 0.55%, and 2.64% of sale. These expenses were tightly controlled in spite of higher sales revenue.
- 7) The Net Profit attributable to Equity holders of the Company for the year 2012 was Baht 642 million compared to Baht 578 million in 2011, representing Baht 4.21 and Baht 3.79 earnings per share respectively.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat  
Managing Director